Main Street Capital CORP
Form 497
November 17, 2017

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PROSPECTUS SUPPLEMENT
(to Prospectus dated April 26, 2017)

$185,000,000

4.50% Notes due 2022

We are offering $185,000,000 in aggregate principal amount of 4.50% notes due 2022, which we refer to as the Notes. The Notes will mature on December 1, 2022. We will pay interest on the Notes on June 1 and December 1 of each year, beginning on June 1, 2018. We may redeem the Notes in whole or in part at any time or from time to time, at the redemption price set forth under the caption "Description of the Notes Optional Redemption" in this prospectus supplement. In addition, holders of the Notes can require us to repurchase some or all of the Notes at a purchase price equal to 100% of their principal amount, plus accrued and unpaid interest to, but not including, the repurchase date upon the occurrence of a "Change of Control Repurchase Event" (as defined herein). The Notes will be issued in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.

The Notes will be our direct unsecured obligations and rank *pari passu* with our existing and future unsecured indebtedness but will rank senior to our future indebtedness that is expressly subordinated in right of payment to the Notes issued by Main Street Capital Corporation. See "Summary of the Offering Ranking of Notes."

We are 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. 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.

The LMM and Middle Market securities in which we invest generally would be rated below investment grade if they were rated by rating agencies. Below investment grade securities, which are often referred to as "junk," have predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. They may also be difficult to value and are illiquid.

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.

We are an internally managed, closed-end, non-diversified management investment company that has elected to be treated as a business development company under the Investment Company Act of 1940, as amended.

Investing in the Notes involves a high degree of risk and should be considered highly speculative. See "Supplementary Risk Factors" beginning on page S-10 of this prospectus supplement and "Risk Factors" beginning on page 14 of the accompanying prospectus to read about factors you should consider, including the risk of leverage, before investing in the Notes.

This prospectus supplement and the accompanying prospectus contain important information about us that a prospective investor should know before investing in our Notes. Please read this prospectus supplement and the accompanying prospectus before investing and keep them for future reference. We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission, or SEC. This information is available free of charge by contacting us at 1300 Post Oak Boulevard, 8th Floor, Houston, Texas 77056 or by telephone at (713) 350-6000 or on our website at *www.mainstcapital.com*. Information contained on our website is not incorporated by reference into this prospectus supplement or the accompanying prospectus, and you should not consider that information to be part of this prospectus supplement or the accompanying prospectus. The SEC also maintains a website at *www.sec.gov* that contains such information.

Neither the Securities and Exchange Commission nor any state securities commission, nor any other regulatory body, has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Note	Total
Public offering price	99.156%	$183,438,600
Underwriting discount (sales load)	0.650%	$1,202,500
Proceeds to Main Street Capital Corporation (before estimated expenses of $350,000)	98.506%	$182,236,100

The public offering price set forth above does not include accrued interest, if any. Interest on the Notes will accrue from November 21, 2017 and must be paid by the purchaser if the Notes are delivered after November 21, 2017.

THE NOTES ARE NOT DEPOSITS OR OTHER OBLIGATIONS OF A BANK AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY.

Delivery of the Notes in book-entry form only through The Depository Trust Company will be made on or about November 21, 2017.

Joint Book-Running Managers

RBC Capital Markets **Goldman Sachs & Co. LLC** **Raymond James**

Co- Managers

BB&T Capital Markets **Comerica Securities** **WoodRock Securities, L.P.**

The date of this prospectus supplement is November 16, 2017.

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ABOUT THE PROSPECTUS

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering of Notes and also adds to and updates information contained in the accompanying prospectus. The second part is the accompanying prospectus, which provides more information about the securities we may offer from time to time. To the extent the information contained in this prospectus supplement differs from the information contained in the accompanying prospectus, the information in this prospectus supplement shall control.

You should rely only on the information contained in this prospectus supplement and the accompanying prospectus. Neither we nor the underwriters have authorized any other person to provide you with different information from that contained in this prospectus supplement or the accompanying prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell, or a solicitation of an offer to buy, any Notes by any person in any jurisdiction where it is unlawful for that person to make such an offer or solicitation or to any person in any jurisdiction to whom it is unlawful to make such an offer or solicitation. The information contained in this prospectus supplement and the accompanying prospectus is complete and accurate only as of their respective dates, regardless of the time of their delivery or sale of our Notes. This prospectus supplement supersedes the accompanying prospectus to the extent it contains information different from or additional to the information in that prospectus.

Forward-Looking Statements

Information contained in this prospectus supplement and the accompanying prospectus may contain forward-looking statements, which can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "anticipate," "estimate," or "continue" or the negative thereof or other variations thereon or comparable terminology. The matters described in the sections titled "Supplementary Risk Factors" in this prospectus supplement and "Risk Factors" in the accompanying prospectus and certain other factors noted throughout this prospectus supplement and the accompanying prospectus constitute cautionary statements identifying important factors with respect to any such forward-looking statements, including certain risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. We undertake no obligation to revise or update any forward-looking statements but advise you to consult any additional disclosures that we may make directly to you or through reports that we may file in the future with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. We note that the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995 does not apply to statements made in this prospectus supplement or the accompanying prospectus.

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PROSPECTUS SUMMARY

This summary highlights some of the information in this prospectus supplement and the accompanying prospectus. It is not complete and may not contain all of the information that you may want to consider. To understand the terms of the Notes offered hereby, you should read the entire prospectus supplement and the accompanying prospectus carefully. Together, these documents describe the specific terms of the Notes we are offering. You should carefully read the sections titled "Supplementary Risk Factors," "Selected Financial Data," "Interim Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Interim Financial Statements" in this prospectus supplement and the documents identified in the section titled "Available Information" in this prospectus supplement, as well as the section titled "Risk Factors" in the accompanying prospectus.

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 a variety of industry sectors. MSCC seeks to partner with entrepreneurs, business owners and management teams and generally provides "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 Main Street Mezzanine Fund, LP ("MSMF"), Main Street Capital II, LP ("MSC II") and Main Street Capital III, LP ("MSC III" and, collectively with MSMF and MSC II, 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 directly 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 or their portfolio companies ("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 under the Investment Advisers Act of 1940, as amended. Since the External Investment Manager conducts all of its investment management activities for External Parties, 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 taxable 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.

Unless otherwise noted or the context otherwise indicates, the terms "we," "us," "our," the "Company" 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") portfolio investments are primarily debt securities in privately held companies which have been originated through strategic relationships with other investment funds on a collaborative basis. Private Loan investments are typically similar in size, structure, terms and conditions to investments we hold in our LMM portfolio and Middle Market portfolio.

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 investment date.

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 are primarily debt securities in privately held companies which have been originated through strategic relationships with other investment funds on a collaborative basis, and are often referred to in the debt markets as "club deals." Private Loan investments are typically similar in size, structure, terms and conditions to investments we hold in our LMM portfolio and Middle Market portfolio. 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 ("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.

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Our external asset management business is conducted through 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 have entered into an agreement with the External Investment Manager to share employees in connection with its asset management business generally, and specifically for its relationship with HMS Income Fund, Inc. ("HMS Income"). Through this agreement, we share employees with the External Investment Manager, including their related infrastructure, business relationships, management expertise and capital raising capabilities.

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 (see "Regulation" in the accompanying prospectus). 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 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 directly incur the operating costs associated with employing investment and portfolio management professionals. 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.

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, a non-listed BDC, 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 our 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.

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. Because the External Investment Manager may receive performance-based fee compensation from HMS Income, this may provide it an incentive to allocate opportunities to HMS Income instead of us. However, both we and the External Investment Manager have policies and procedures in place to manage this conflict.

You should be aware that investments in our portfolio companies carry a number of risks including, but not limited to, investing in companies which may have limited operating histories and financial resources and other risks common to investing in below investment grade debt and equity investments in private, smaller companies. Please see "Risk Factors Risks Related to Our Investments" in the accompanying prospectus for a more complete discussion of the risks involved with investing in our portfolio companies.

Our principal executive offices are located at 1300 Post Oak Boulevard, 8th Floor, Houston, Texas 77056, and our telephone number is (713) 350-6000. We maintain a website at *http://www.mainstcapital.com*. Information contained on our website is not incorporated by reference into this prospectus supplement or the accompanying prospectus, and you should not consider that information to be part of this prospectus supplement or the accompanying prospectus.

Business Strategies

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. We have adopted the following business strategies to achieve our investment objective. Please see "Business Business Strategies" in the accompanying prospectus for a more complete discussion of our business strategies.

- *Deliver Customized Financing Solutions in the Lower Middle Market.* We offer LMM portfolio companies customized debt and equity financing solutions that are tailored to the facts and circumstances of each situation.

- *Focus on Established Companies.* We generally invest in companies with established market positions, experienced management teams and proven revenue streams.

- *Leverage the Skills and Experience of Our Investment Team.* Our investment team has significant experience in lending to and investing in LMM and Middle Market companies.

- *Invest Across Multiple Companies, Industries, Regions and End Markets.* We seek to maintain a portfolio of investments that is appropriately balanced among various companies, industries, geographic regions and end markets.

- *Capitalize on Strong Transaction Sourcing Network.* Our investment team seeks to leverage its extensive network of referral sources for portfolio company investments.

- *Benefit from Lower, Fixed, Long-Term Cost of Capital.* The SBIC licenses held by the Funds have allowed them to issue SBA-guaranteed debentures. SBA-guaranteed debentures carry long-term fixed interest rates that are generally lower than interest rates on comparable bank loans and other debt.

Investment Criteria

Our investment team has identified the following investment criteria that it believes are important in evaluating prospective portfolio companies. Our investment team uses these criteria in evaluating investment opportunities. However, not all of these criteria have been, or will be, met in connection

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with each of our investments. Please see "Business Investment Criteria" in the accompanying prospectus for a more complete discussion of our investment criteria.

Proven Management Team with Meaningful Equity Stake. We look for operationally-oriented management with direct industry experience and a successful track record. In addition, we expect the management team of each LMM portfolio company to have meaningful equity ownership in the portfolio company to better align our respective economic interests.

Established Companies with Positive Cash Flow. We seek to invest in established companies with sound historical financial performance.

Defensible Competitive Advantages/Favorable Industry Position. We primarily focus on companies having competitive advantages in their respective markets and/or operating in industries with barriers to entry, which may help to protect their market position and profitability.

Exit Alternatives. We exit our debt investments primarily through the repayment of our investment from internally generated cash flow of the portfolio company and/or a refinancing. In addition, we seek to invest in companies whose business models and expected future cash flows may provide alternate methods of repaying our investment, such as through a strategic acquisition by other industry participants or a recapitalization.

Recent Developments

In October 2017, we declared a semi-annual supplemental cash dividend of $0.275 per share payable in December 2017. This supplemental cash dividend is in addition to the previously announced regular monthly cash dividends that we declared for the fourth quarter of 2017 of $0.190 per share for each of October, November and December 2017.

In October 2017, we declared regular monthly dividends of $0.190 per share for each month of January, February and March of 2018. These regular monthly dividends equal a total of $0.570 per share for the first quarter of 2018 and represent a 2.7% increase from the regular monthly dividends declared for the first quarter of 2017. Including the semi-annual supplemental dividend declared for December 2017 and the regular monthly dividends declared for the fourth quarter of 2017 and first quarter of 2018, we will have paid $21.960 per share in cumulative dividends since our October 2007 initial public offering.

In October 2017, our Board of Directors (the "Board") increased the size of the Board from eight to nine directors and appointed Valerie L. Banner as a director to fill the vacancy created by the increase to serve until our 2018 Annual Meeting of Stockholders. Ms. Banner was also appointed to serve on the Nominating and Corporate Governance Committee of the Board.

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SUMMARY OF THE OFFERING

This prospectus supplement sets forth certain terms of the Notes that we are offering pursuant to this prospectus supplement and supplements the accompanying prospectus that is attached to the back of this prospectus supplement. You should read this section of the prospectus supplement together with the more general description of the Notes under the heading "Description of the Notes" in this prospectus supplement and in the accompanying prospectus under the heading "Description of Our Debt Securities" before investing in the Notes. Capitalized terms used in this prospectus supplement and not otherwise defined shall have the meanings ascribed to them in the accompanying prospectus or in the indenture governing the Notes.

Issuer	Main Street Capital Corporation
Title of the securities	4.50% Notes due 2022
Aggregate principal amount being offered	$185,000,000
Initial public offering price	99.156% of the aggregate principal amount
Principal payable at maturity	100% of the aggregate principal amount; the principal amount of each Note will be payable on its stated maturity date at the office of the Trustee, Paying Agent, Registrar and Transfer Agent for the Notes or at such other office in New York City as we may designate.
Interest rate	4.50% per year
Yield to maturity	4.690%
Trade date	November 16, 2017
Maturity date	December 1, 2022
Day count basis	360-day year of twelve 30-day months
Date interest starts accruing	November 21, 2017
Interest payment dates	Every June 1 and December 1, commencing June 1, 2018. If an interest payment date is a non-business day, the applicable interest payment will be made on the next business day, and no additional interest will accrue as a result of such delayed payment.
Ranking of Notes	The Notes will be our direct unsecured obligations and will rank:
	pari passu with our existing and future general unsecured and senior unsecured indebtedness, including (i) our 6.125% Notes due 2023 (the "6.125% Notes") of which approximately $90.7 million was outstanding as of November 13, 2017 and (ii) our 4.50% Notes due 2019 (the "4.50% Notes") of which approximately $175.0 million was outstanding as of November 13, 2017;
	senior to any of our future indebtedness that expressly states it is subordinated to the Notes;

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	effectively subordinated to all of our existing and future secured indebtedness (including indebtedness that is initially unsecured, but to which we subsequently grant security), to the extent of the value of the assets securing such indebtedness, including without limitation, borrowings under our credit facility, or the Credit Facility; and
	structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries, financing vehicles or similar facilities, including without limitation, the Funds' SBIC debentures.
Denominations	We will issue the Notes in denominations of $2,000 and integral multiples of $1,000 in excess thereof.
Optional redemption	We may redeem in whole or in part at any time, or from time to time, at a redemption price equal to the greater of (1) 100% of the principal amount of the Notes to be redeemed or (2) the sum of the present values of the remaining scheduled payments of principal and interest (exclusive of accrued and unpaid interest to the date of redemption) on the Notes to be redeemed, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) using the applicable Treasury Rate (as defined in "Description of the Notes") plus 40 basis points, plus, in each case, accrued and unpaid interest to, but excluding, the redemption date.
Sinking fund	The Notes will not be subject to any sinking fund.
Offer to Repurchase Upon a Change of Control Repurchase Event	If a Change of Control Repurchase Event (as defined in "Description of the Notes") occurs prior to maturity, holders will have the right, at their option, to require us to repurchase for cash some or all of the Notes at a repurchase price equal to 100% of the principal amount of the Notes being repurchased, plus accrued and unpaid interest to, but not including, the repurchase date.
Defeasance	The Notes are subject to legal and covenant defeasance by us.
Form of Notes	The Notes will be represented by global securities that will be deposited and registered in the name of The Depository Trust Company, or DTC, or its nominee. This means that, except in limited circumstances, you will not receive certificates for the Notes. Beneficial interests in the Notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Investors may elect to hold interests in the Notes through either DTC, if they are a participant, or indirectly through organizations that are participants in DTC.
Trustee, Paying Agent, Registrar and Transfer Agent	The Bank of New York Mellon Trust Company, N.A.

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Events of default	If an event of default (as described herein under "Description of the Notes") on the Notes occurs, the principal amount of the Notes, plus accrued and unpaid interest, may be declared immediately due and payable, subject to conditions set forth in the indenture.
Other covenants	In addition to any covenants described elsewhere in this prospectus supplement or the accompanying prospectus, the following covenants shall apply to the Notes:
	We agree that for the period of time during which the Notes are outstanding, we will not violate Section 18(a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act or any successor provisions, whether or not we continue to be subject to such provisions of the 1940 Act, but giving effect, in either case, to any exemptive relief granted to us by the SEC. Currently, these provisions generally prohibit us from making additional borrowings, including through the issuance of additional debt or the sale of additional debt securities, unless our asset coverage, as defined in the 1940 Act, equals at least 200% after such borrowings. See "Risk Factors Risks Relating to Our Business and Structure Previously proposed legislation may allow us to incur additional leverage" in the accompanying prospectus.
	If, at any time, we are not subject to the reporting requirements of Sections 13 or 15(d) of the Securities Exchange Act of 1934, or the Exchange Act, to file any periodic reports with the SEC, we agree to furnish to holders of the Notes and the Trustee, for the period of time during which the Notes are outstanding, our audited annual consolidated financial statements, within 90 days of our fiscal year end, and unaudited interim consolidated financial statements, within 45 days of our fiscal quarter end (other than our fourth fiscal quarter). All such financial statements will be prepared, in all material respects, in accordance with applicable United States generally accepted accounting principles, or U.S. GAAP.
Further issuances	We have the ability to issue additional debt securities under the indenture with terms different from the Notes and, without the consent of the holders thereof, to reopen the Notes and issue additional Notes.

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No Established Trading Market	The Notes are a new issue of securities with no established trading market. The Notes will not be listed on any securities exchange or quoted on any automated dealer quotation system. Although certain of the underwriters have informed us that they intend to make a market in the Notes, they are not obligated to do so, and may discontinue any such market at any time without notice. Accordingly, we cannot assure you that a liquid market for the Notes will develop or be maintained.
Use of proceeds	We intend to initially use the net proceeds from this offering to repay outstanding debt borrowed under our Credit Facility. However, through re-borrowing of the initial repayments under our Credit Facility, we intend to use the net proceeds from this offering to make investments in accordance with our investment objective and strategies described in this prospectus supplement and the accompanying prospectus, to make investments in marketable securities and idle funds investments, which may include investments in secured intermediate term bank debt, rated debt securities and other income producing investments, to pay our operating expenses and other cash obligations, and for general corporate purposes. On November 13, 2017, we had approximately $285.0 million outstanding under our Credit Facility. Our Credit Facility matures in September 2021, unless extended, and bears interest, at our election, on a per annum basis equal to (A)(i) the applicable LIBOR rate plus 1.875% or (ii) the applicable base rate plus 0.875% so long as we maintain an investment grade rating and satisfy certain agreed upon excess collateral and leverage requirements, (B) 0.125% higher in each case so long as we maintain an investment grade rating but not the agreed upon excess collateral and/or leverage requirements, and (C) 0.375% higher in each case so long as we do not maintain an investment grade rating. Amounts repaid under our Credit Facility will remain available for future borrowings. See "Use of Proceeds" below.

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SUPPLEMENTARY RISK FACTORS

Investing in the Notes involves a number of significant risks. In addition to the other information contained in this prospectus supplement and the accompanying prospectus, you should carefully consider the following supplementary risk factors together with the risk factors set forth in the accompanying prospectus before making an investment in the Notes. The risks set out below and in the accompanying prospectus are not the only risks we face. Additional risks and uncertainties not presently known to us or not presently deemed material by us might also impair our operations and performance. If any of the events described herein or in the accompanying prospectus occur, our business, financial condition and results of operations could be materially and adversely affected. In such case, the market price, if any, of the Notes could decline, and you may lose part or all of your investment.

Risks Relating to the Notes

The Notes will be unsecured and therefore will be effectively subordinated to any current or future secured indebtedness, including indebtedness under the Credit Facility.

The Notes will not be secured by any of our assets or any of the assets of our subsidiaries and will rank equally in right of payment with all of our existing and future unsubordinated, unsecured indebtedness. As a result, the Notes are effectively subordinated to any secured indebtedness we or our subsidiaries have currently incurred and may incur in the future (or any indebtedness that is initially unsecured to which we subsequently grant security) to the extent of the value of the assets securing such indebtedness. In any liquidation, dissolution, bankruptcy or other similar proceeding, the holders of any of our existing or future secured indebtedness and the secured indebtedness of our subsidiaries may assert rights against the assets pledged to secure that indebtedness in order to receive full payment of their indebtedness before the assets may be used to pay other creditors, including the holders of the Notes. As of November 13, 2017, we had $285.0 million outstanding under the Credit Facility out of $585.0 million in commitments. The indebtedness under the Credit Facility is senior to the Notes to the extent of the value of the assets securing such indebtedness.

The Notes will be structurally subordinated to the indebtedness and other liabilities of our subsidiaries.

The Notes are obligations exclusively of Main Street Capital Corporation and not of any of our subsidiaries. None of our subsidiaries is a guarantor of the Notes, and the Notes are not required to be guaranteed by any subsidiaries we may acquire or create in the future. In addition, several of our subsidiaries, specifically the Funds, maintain significant indebtedness and as a result the Notes are structurally subordinated to the indebtedness of these subsidiaries. For example, as of November 13, 2017, the Funds had collectively issued $282.8 million of the current statutory maximum of $350.0 million of SBA-guaranteed debentures, which are included in our consolidated financial statements. The assets of such subsidiaries are not directly available to satisfy the claims of our creditors, including holders of the Notes. See "Interim Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources" in this prospectus supplement for more detail on the SBA-guaranteed debentures.

Except to the extent we are a creditor with recognized claims against our subsidiaries, all claims of other creditors of our subsidiaries will have priority over our equity interests in such subsidiaries (and therefore the claims of our creditors, including holders of the Notes) with respect to the assets of such subsidiaries. Even if we are recognized as a creditor of one or more of our subsidiaries, our claims would still be effectively subordinated to any security interests in the assets of any such subsidiary and to any indebtedness or other liabilities of any such subsidiary senior to our claims. Consequently, the Notes will be structurally subordinated to all indebtedness, including the SBA-guaranteed debentures, and other liabilities of any of our subsidiaries and any subsidiaries that we may in the future acquire or establish. In addition, our subsidiaries may incur substantial additional indebtedness in the future, all of which would be structurally senior to the Notes.

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There is no active trading market for the Notes. If an active trading market does not develop for the Notes you may not be able to sell them.

The Notes are a new issue of debt securities for which there currently is no trading market. We do not intend to list the Notes on any securities exchange or for quotation of the Notes on any automated dealer quotation system. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price depending on prevailing interest rates, the market for similar securities, our credit ratings, our financial condition or other relevant factors. The underwriters may discontinue any market-making in the Notes at any time at their sole discretion. Accordingly, we cannot assure you that a liquid trading market will develop for the Notes, that you will be able to sell your Notes at a particular time or that the price you receive when you sell will be favorable. To the extent an active trading market does not develop, the liquidity and trading price for the Notes may be harmed. Accordingly, you may be required to bear the financial risk of an investment in the Notes for an indefinite period of time.

A downgrade, suspension or withdrawal of the credit rating assigned by a rating agency to us or the Notes, if any, or change in the debt markets could cause the liquidity or market value of the Notes to decline significantly.

Our credit ratings are an assessment by rating agencies of our ability to pay our debts when due. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of the Notes. These credit ratings may not reflect the potential impact of risks relating to the structure or marketing of the Notes. Credit ratings are not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization in its sole discretion. Neither we nor any underwriter undertakes any obligation to maintain our credit ratings or to advise holders of Notes of any changes in our credit ratings. The Notes will be rated by Standard & Poor's Ratings Services, or S&P. There can be no assurance that our credit ratings will remain for any given period of time or that such credit ratings will not be lowered or withdrawn entirely by the rating agency if in their judgment future circumstances relating to the basis of the credit ratings, such as adverse changes in our company, so warrant. The conditions of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future, which could have an adverse effect on the market prices of the Notes.

The indenture under which the Notes will be issued contains limited protection for holders of the Notes.

The indenture under which the Notes will be issued offers limited protection to holders of the Notes. The terms of the indenture and the Notes do not restrict our or any of our subsidiaries' ability to engage in, or otherwise be a party to, a variety of corporate transactions, circumstances or events that could have an adverse impact on your investment in the Notes. In particular, the terms of the indenture and the Notes will not place any restrictions on our or our subsidiaries' ability to:

- issue securities or otherwise incur additional indebtedness or other obligations, including (1) any indebtedness or other obligations that would be equal in right of payment to the Notes, (2) any indebtedness or other obligations that would be secured and therefore rank effectively senior in right of payment to the Notes to the extent of the values of the assets securing such debt, (3) indebtedness of ours that is guaranteed by one or more of our subsidiaries and which therefore is structurally senior to the Notes and (4) securities, indebtedness or obligations issued or incurred by our subsidiaries that would be senior to our equity interests in our subsidiaries and therefore rank structurally senior to the Notes with respect to the assets of our subsidiaries, in each case other than an incurrence of indebtedness or other obligation that would cause a violation of Section 18(a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act or any successor provisions, but giving effect, in each case, to any exemptive relief granted to us by the SEC (currently, this provision generally prohibits us from making additional borrowings,

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including through the issuance of additional debt or the sale of additional debt securities, unless our asset coverage, as defined in the 1940 Act, equals at least 200% after such borrowings);

pay dividends on, or purchase or redeem or make any payments in respect of, capital stock or other securities ranking junior in right of payment to the Notes, including subordinated indebtedness;

sell assets (other than certain limited restrictions on our ability to consolidate, merge or sell all or substantially all of our assets);

enter into transactions with affiliates;

create liens (including liens on the shares of our subsidiaries) or enter into sale and leaseback transactions;

make investments; or

create restrictions on the payment of dividends or other amounts to us from our subsidiaries.

Furthermore, the terms of the indenture and the Notes do not protect holders of the Notes in the event that we experience changes (including significant adverse changes) in our financial condition, results of operations or credit ratings, if any, as they do not require that we or our subsidiaries adhere to any financial tests or ratios or specified levels of net worth, revenues, income, cash flow or liquidity.

Our ability to recapitalize, incur additional debt and take a number of other actions that are not limited by the terms of the Notes may have important consequences for you as a holder of the Notes, including making it more difficult for us to satisfy our obligations with respect to the Notes or negatively affecting the trading value of the Notes.

Other debt we issue or incur in the future could contain more protections for its holders than the indenture and the Notes, including additional covenants and events of default. The issuance or incurrence of any such debt with incremental protections could affect the market for and trading levels and prices of the Notes.

The optional redemption provision may materially adversely affect your return on the Notes.

The Notes are redeemable in whole or in part upon certain conditions at any time or from time to time at our option. We may choose to redeem the Notes at times when prevailing interest rates are lower than the interest rate paid on the Notes. In this circumstance, you may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the Notes being redeemed.

We may not be able to repurchase the Notes upon a Change of Control Repurchase Event.

We may not be able to repurchase the Notes upon a Change of Control Repurchase Event because we may not have sufficient funds. Upon a Change of Control Repurchase Event, holders of the Notes may require us to repurchase for cash some or all of the Notes at a repurchase price equal to 100% of the aggregate principal amount of the Notes being repurchased, plus accrued and unpaid interest to, but not including, the repurchase date. The terms of our Credit Facility provide that certain change of control events will constitute an event of default thereunder entitling the lenders to accelerate any indebtedness outstanding under our Credit Facility at that time and to terminate the Credit Facility. In addition, the occurrence of a Change of Control Repurchase Event enabling the holders of the Notes to require the mandatory purchase of the Notes would constitute an event of default under our Credit Facility entitling the lenders to accelerate any indebtedness outstanding under our Credit Facility at that time and to terminate the Credit Facility. Our and our subsidiaries' future financing facilities may contain similar restrictions and provisions. Our failure to purchase such tendered Notes upon the

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occurrence of such Change of Control Repurchase Event would cause an event of default under the indenture governing the Notes and a cross-default under the agreements governing certain of our other indebtedness, which may result in the acceleration of such indebtedness requiring us to repay that indebtedness immediately. If a Change of Control Repurchase Event were to occur, we may not have sufficient funds to repay any such accelerated indebtedness. See "Description of the Notes Offer to Repurchase Upon a Change of Control Repurchase Event" in this prospectus supplement for more information.

Our amount of debt outstanding will increase as a result of this offering, and if we default on our obligations to pay our other indebtedness, we may not be able to make payments on the Notes.

As of November 13, 2017, we had approximately $833.5 million of indebtedness, including $285.0 million outstanding under the Credit Facility, $282.8 million outstanding from SBA-guaranteed debentures, approximately $90.7 million of the 6.125% Notes outstanding and approximately $175.0 million of the 4.50% Notes outstanding. Any default under the agreements governing our indebtedness, including a default under the Credit Facility, under the 6.125% Notes, under the 4.50% Notes or under other indebtedness to which we may be a party that is not waived by the required lenders or debt holders, and the remedies sought by the holders of such indebtedness could make us unable to pay principal, premium, if any, and interest on the Notes and substantially decrease the market value of the Notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness, we could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, the lenders under the Credit Facility or other debt we may incur in the future could elect to terminate their commitments, cease making further loans and institute foreclosure proceedings against our assets, and we could be forced into bankruptcy or liquidation. Our ability to generate sufficient cash flow in the future is, to some extent, subject to general economic, financial, competitive, legislative and regulatory factors as well as other factors that are beyond our control. We cannot assure you that our business will generate cash flow from operations, or that future borrowings will be available to us under the Credit Facility or otherwise, in an amount sufficient to enable us to meet our payment obligations under the Notes and our other debt and to fund other liquidity needs.

If our operating performance declines and we are not able to generate sufficient cash flow to service our debt obligations, we may in the future need to refinance or restructure our debt, including the Notes, sell assets, reduce or delay capital investments, seek to raise additional capital or seek to obtain waivers from the required lenders under the Credit Facility or the required holders of our 6.125% Notes, our 4.50% Notes or other debt that we may incur in the future to avoid being in default. If we are unable to implement one or more of these alternatives, we may not be able to meet our payment obligations under the Notes and our other debt. If we breach our covenants under the Credit Facility, the 6.125% Notes, the 4.50% Notes or other debt and seek a waiver, we may not be able to obtain a waiver from the required lenders or debt holders. If this occurs, we would be in default under the Credit Facility, the 6.125% Notes, the 4.50% Notes or other debt, the lenders or debt holders could exercise their rights as described above, and we could be forced into bankruptcy or liquidation. If we are unable to repay debt, lenders having secured obligations could proceed against the collateral securing the debt. Because the Credit Facility has, and any future credit facilities will likely have, customary cross-default provisions, if the indebtedness under the Notes, the 6.125% Notes, the 4.50% Notes, the Credit Facility or under any future credit facility is accelerated, we may be unable to repay or finance the amounts due.

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USE OF PROCEEDS

We estimate that the net proceeds we will receive from the sale of the $185.0 million aggregate principal amount of the Notes in this offering will be approximately $181.9 million, based on a public offering price of 99.156% of par, after deducting the underwriting discount and estimated offering expenses payable by us.

We intend to initially use the net proceeds from this offering to repay outstanding debt borrowed under our Credit Facility. However, through re-borrowing of the initial repayments under our Credit Facility, we intend to use the net proceeds from this offering to make investments in accordance with our investment objective and strategies described in this prospectus supplement and the accompanying prospectus, to make investments in marketable securities and idle funds investments, which may include investments in secured intermediate term bank debt, rated debt securities and other income producing investments, to pay our operating expenses and other cash obligations, and for general corporate purposes. Our ability to achieve our investment objective may be limited to the extent that the net proceeds from an offering, pending full investment, are held in interest bearing deposits or other short-term instruments. See "Risk Factors Risks Relating to Our Securities We may be unable to invest a significant portion of the net proceeds from an offering or from exiting an investment or other capital on acceptable terms, which could harm our financial condition and operating results" in the accompanying prospectus.

On November 13, 2017, we had approximately $285.0 million outstanding under our Credit Facility. Our Credit Facility matures in September 2021, unless extended, and bears interest, at our election, on a per annum basis equal to (A)(i) the applicable LIBOR rate plus 1.875% or (ii) the applicable base rate plus 0.875% so long as we maintain an investment grade rating and satisfy certain agreed upon excess collateral and leverage requirements, (B) 0.125% higher in each case so long as we maintain an investment grade rating but not the agreed upon excess collateral and/or leverage requirements, and (C) 0.375% higher in each case so long as we do not maintain an investment grade rating. Amounts repaid under our Credit Facility will remain available for future borrowings.

Affiliates of RBC Capital Markets, LLC, Goldman Sachs & Co. LLC, Raymond James & Associates, Inc., BB&T Capital Markets, a division of BB&T Securities, LLC, Comerica Securities, Inc. and WoodRock Securities, L.P., underwriters in this offering, act as lenders and/or agents under our Credit Facility. As described above, we intend to use net proceeds of this offering to repay the outstanding indebtedness under our Credit Facility, and such affiliates therefore may receive a portion of the proceeds from this offering through the repayment of those borrowings. See "Underwriting Conflicts of Interest" below.

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CAPITALIZATION

The following table sets forth our capitalization:

- on an actual basis as of September 30, 2017; and

- on an as-adjusted basis giving effect to the sale of $185.0 million aggregate principal amount of Notes in this offering, less estimated underwriting discounts and offering expenses payable by us, and the application of the proceeds thereof.

This table should be read in conjunction with "Interim Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Interim Financial Statements" in this prospectus supplement.

	As of September 30, 2017	
	Actual	As-adjusted for this Offering
	(Unaudited)	
	(in thousands, except shares)	
Cash and cash equivalents	$ 30,144	$ 30,144
Debt		
Credit facility(1)	$ 355,000	$ 173,114
SBIC debentures (par: $274,800)	269,345	269,345
4.50% Notes (par: $175,000)	173,435	173,435
6.125% Notes (par: $90,655)	88,981	88,981
Notes offered hereby		181,886
Total debt	886,761	886,761
Net Assets		
Common stock, $0.01 par value per share (150,000,000 shares authorized; 57,680,789 shares issued and outstanding)	577	577
Additional paid-in capital	1,272,175	1,272,175
Accumulated net investment income, net of cumulative dividends of $603,902	29,099	29,099
Accumulated net realized gain from investments (accumulated net realized gain from investments of $76,236 before cumulative dividends of $133,997)	(57,761)	(57,761)
Net unrealized appreciation from investments, net of income taxes	85,576	85,576
Total net assets	1,329,666	1,329,666
Total capitalization	$ 2,216,427	$ 2,216,427

(1) As of November 13, 2017, we had approximately $285.0 million outstanding under our Credit Facility. This table has not been adjusted to reflect the changes in our outstanding borrowings under the Credit Facility subsequent to September 30, 2017.

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RATIOS OF EARNINGS TO FIXED CHARGES

The following table contains our ratio of earnings to fixed charges for the periods indicated, computed as set forth below. You should read these ratios of earnings to fixed charges in connection with our interim financial statements, including the notes to those statements, included in this prospectus supplement and our audited financial statements and the related notes thereto, included in the accompanying prospectus.

	For the Nine Months Ended September 30, 2017	For the Year Ended December 31, 2016	For the Year Ended December 31, 2015	For the Year Ended December 31, 2014	For the Year Ended December 31, 2013	For the Year Ended December 31, 2012
Earnings to Fixed Charges(1)	5.53	5.09	3.98	5.54	5.78	8.37

(1) Earnings include net realized and unrealized gains or losses. Net realized and unrealized gains or losses can vary substantially from period to period.

For purposes of computing the ratios of earnings to fixed charges, earnings represent net increase in net assets resulting from operations plus (or minus) income tax expense (benefit) including excise tax expense plus fixed charges. Fixed charges include interest and credit facility fees expense and amortization of debt issuance costs.

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SELECTED FINANCIAL DATA

The selected financial and other data below reflects the consolidated financial condition and the consolidated statement of operations of Main Street and its subsidiaries as of and for the years ended December 31, 2016, 2015, 2014, 2013 and 2012, and as of September 30, 2017 and for the nine months ended September 30, 2017 and 2016. The selected financial data as of and for the years ended December 31, 2016, 2015, 2014, 2013 and 2012 have been derived from consolidated financial statements that have been audited by Grant Thornton LLP, an independent registered public accounting firm. The selected financial data as of September 30, 2017, and for the nine months ended September 30, 2017 and 2016, have been derived from unaudited financial data but, in the opinion of management, reflect all adjustments (consisting only of normal recurring adjustments) that are necessary to present fairly the financial condition and operating results for such interim periods. Interim results as of and for the nine months ended September 30, 2017 are not necessarily indicative of the results that may be expected for the year ending December 31, 2017. You should read this selected financial and other data in conjunction with our "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Senior Securities" and the financial statements and related notes thereto in the accompanying prospectus and "Interim Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Interim Financial Statements" in this prospectus supplement.

	Nine Months Ended September 30,		Twelve Months Ended December 31,				
	2017	2016	2016	2015	2014	2013	2012
	(dollars in thousands, except per share amounts)						
	(Unaudited)						
Statement of operations data:							
Investment income:							
Total interest, fee and dividend income	$ 149,944	$ 131,334	$ 178,165	$ 163,603	$ 139,939	$ 115,158	$ 88,858
Interest from idle funds and other		174	174	986	824	1,339	1,662
Total investment income	149,944	131,508	178,339	164,589	140,763	116,497	90,520
Expenses:							
Interest	(26,820)	(25,010)	(33,630)	(32,115)	(23,589)	(20,238)	(15,631)
Compensation	(13,762)	(12,081)	(16,408)	(14,852)	(12,337)	(8,560)	
General and administrative	(8,748)	(6,808)	(9,284)	(8,621)	(7,134)	(4,877)	(2,330)
Share-based compensation	(7,542)	(5,977)	(8,304)	(6,262)	(4,215)	(4,210)	(2,565)
Expenses allocated to the External Investment Manager	4,816	3,739	5,089	4,335	2,048		
Expenses reimbursed to MSCP(1)						(3,189)	(10,669)
Total expenses	(52,056)	(46,137)	(62,537)	(57,515)	(45,227)	(41,074)	(31,195)
Net investment income	97,888	85,371	115,802	107,074	95,536	75,423	59,325
Total net realized gain (loss) from investments	27,842	33,347	29,389	(21,316)	23,206	7,277	16,479
Total net realized loss from SBIC debentures	(5,217)					(4,775)	
Total net change in unrealized appreciation (depreciation) from investments	(4,358)	(28,009)	(6,576)	10,871	(776)	14,503	44,464
Total net change in unrealized appreciation (depreciation) from SBIC debentures and investment in MSCP(1)	5,408	(820)	(943)	(879)	(10,931)	4,392	(5,004)
Income tax benefit (provision)	(12,383)	1,018	1,227	8,687	(6,287)	35	(10,820)
Net increase in net assets resulting from operations	109,180	90,907	138,899	104,437	100,748	96,855	104,444
Noncontrolling interest							(54)
Net increase in net assets resulting from operations attributable to common stock	$ 109,180	$ 90,907	$ 138,899	$ 104,437	$ 100,748	$ 96,855	$ 104,390
Net investment income per share basic and diluted	$ 1.74	$ 1.66	$ 2.23	$ 2.18	$ 2.20	$ 2.06	$ 2.01
	$ 1.94	$ 1.76	$ 2.67	$ 2.13	$ 2.31	$ 2.65	$ 3.53

Net increase in net assets resulting from operations attributable to common stock per share basic and diluted							
Weighted-average shares outstanding basic and diluted	56,140,953	51,538,745	52,025,002	49,071,492	43,522,397	36,617,850	29,540,114

(1) Main Street Capital Partners, LLC

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	As of September 30, 2017	2016	2015	2014	2013	2012
		As of December 31,				
			(dollars in thousands)			
Balance sheet data:						
Assets:						
Total portfolio investments at fair value	$ 2,169,981	$ 1,996,906	$ 1,799,996	$ 1,563,330	$ 1,286,188	$ 924,431
Marketable securities and idle funds investments			3,693	9,067	13,301	28,535
Cash and cash equivalents	30,144	24,480	20,331	60,432	34,701	63,517
Interest receivable and other assets	65,464	37,123	37,638	46,406	16,054	14,580
Deferred financing costs, net of accumulated amortization	4,093	12,645	13,267	14,550	9,931	5,162
Deferred tax asset, net		9,125	4,003			
Total assets	$ 2,269,682	$ 2,080,279	$ 1,878,928	$ 1,693,785	$ 1,360,175	$ 1,036,225
Liabilities and net assets:						
Credit facility	$ 355,000	$ 343,000	$ 291,000	$ 218,000	$ 237,000	$ 132,000
SBIC debentures at fair value(1)	269,345	239,603	223,660	222,781	187,050	211,467
4.50% Notes	173,435	175,000	175,000	175,000		
6.125% Notes	88,981	90,655	90,738	90,823	90,882	
Accounts payable and other liabilities	14,357	14,205	12,292	10,701	10,549	8,593
Payable for securities purchased	23,172	2,184	2,311	14,773	27,088	20,661
Interest payable	3,609	4,103	3,959	4,848	2,556	3,562
Dividend payable	10,935	10,048	9,074	7,663	6,577	5,188
Deferred tax liability, net	1,182			9,214	5,940	11,778
Total liabilities	940,016	878,798	808,034	753,803	567,642	393,249
Total net asset value	1,329,666	1,201,481	1,070,894	939,982	792,533	642,976
Total liabilities and net assets	$ 2,269,682	$ 2,080,279	$ 1,878,928	$ 1,693,785	$ 1,360,175	$ 1,036,225
Other data:						
Weighted-average effective yield on LMM debt investments(2)(3)	11.9%	12.5%	12.2%	13.2%	14.7%	14.3%
Number of LMM portfolio companies	71	73	71	66	62	56
Weighted-average effective yield on Middle Market debt investments(2)(3)	8.7%	8.5%	8.0%	7.8%	7.8%	8.0%
Number of Middle Market portfolio companies	68	78	86	86	92	79
Weighted-average effective yield on Private Loan debt investments(2)(3)	9.3%	9.6%	9.5%	10.1%	11.3%	14.8%
Number of Private Loan portfolio companies	56	46	40	31	15	9
Expense ratios (as percentage of average net assets):						
Total expenses, including income tax expense	5.1%(7)	5.5%	4.6%	5.8%	5.8%	8.2%(4)
Operating expenses	4.1%(7)	5.6%	5.5%	5.1%	5.8%	6.1%(4)
Operating expenses, excluding interest expense	2.0%(7)	2.6%	2.4%	2.4%	3.0%	3.0%(4)
Total investment return(5)	13.7%(7)	37.4%	8.5%	3.1%	16.7%	53.6%
Total return based on change in NAV(6)	9.1%(7)	13.0%	11.1%	12.7%	15.1%	25.7%

(1) SBIC debentures for September 30, 2017, December 31, 2016, 2015, 2014, 2013, and 2012 are $274,800, $240,000, $225,000, $225,000, $200,200, and $225,000 at par, respectively, with par of $50,000 for September 30, 2017, $75,200 for December 31, 2016, 2015, 2014 and 2013, and $100,000 for December 31, 2012 recorded at fair value of $49,412, $74,803, $73,860, $72,981, $62,050, and $86,467, as of September 30, 2017, December 31, 2016, 2015, 2014, 2013, and 2012, respectively.

(2)

Weighted-average effective yield is calculated based on our debt investments at the end of each period and includes amortization of deferred debt origination fees and accretion of original issue discount, but excludes liquidation fees payable upon repayment and any debt investments on non-accrual status. Weighted-average annual effective yield is higher than what an investor in shares of Main Street's common stock will realize on its investment because it does not reflect any debt investments on non-accrual status, Main Street's expenses or any sales load paid by an investor. For information on our investments on non-accrual status, see "Interim Management's Discussion and Analysis of Financial Condition and Results of Operations Portfolio Asset Quality" elsewhere in this prospectus supplement.

(3) Including investments on non-accrual status, the weighted-average effective yield for LMM, Middle Market, and Private Loan debt investments is 10.9%, 8.7%, and 9.2%, respectively, as of September 30, 2017.

(4) Ratios are net of amounts attributable to MSC II non-controlling interest.

(5) 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 any sales load that may be paid by an investor.

(6) 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.

(7) Not annualized

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our interim financial statements and notes thereto contained elsewhere in this prospectus supplement.

Statements we make in the following discussion which express a belief, expectation or intention, as well as those that are not historical fact, are forward-looking statements that are subject to risks, uncertainties and assumptions. Our actual results, performance or achievements, or industry results, could differ materially from those we express in the following discussion as a result of a variety of factors, including the risks and uncertainties we have referred to under the headings "Supplementary Risk Factors" in this prospectus supplement and "Cautionary Statement Concerning Forward-Looking Statements" and "Risk Factors" in the accompanying prospectus.

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 a variety of industry sectors. MSCC seeks to partner with entrepreneurs, business owners and management teams and generally provides "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 Main Street Mezzanine Fund, LP ("MSMF"), Main Street Capital II, LP ("MSC II") and Main Street Capital III, LP ("MSC III" and, collectively with MSMF and MSC II, 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 directly 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 or their portfolio companies ("External Parties") and receives 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 under the Investment Advisers Act of 1940, as amended. Since the External Investment Manager conducts all of its investment management activities for External Parties, 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 taxable income or capital gains that it distributes to its stockholders.

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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.

Unless otherwise noted or the context otherwise indicates, the terms "we," "us," "our," the "Company" 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") portfolio investments are primarily debt securities in privately held companies which have been originated through strategic relationships with other investment funds on a collaborative basis. Private Loan investments are typically similar in size, structure, terms and conditions to investments we hold in our LMM portfolio and Middle Market portfolio.

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 investment date.

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 are primarily debt securities in privately held companies which have been originated through strategic relationships with other investment funds on a collaborative basis, and are often referred to in the debt markets as "club deals." Private Loan investments are typically similar in size, structure, terms and conditions to investments we hold in our LMM portfolio and Middle Market portfolio. 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 ("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

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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 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 have entered into an agreement with the External Investment Manager to share employees in connection with its asset management business generally, and specifically for its relationship with HMS Income Fund, Inc. ("HMS Income"). Through this agreement, we share employees with the External Investment Manager, including their related infrastructure, business relationships, management expertise and capital raising capabilities.

The following tables provide a summary of our investments in the LMM, Middle Market and Private Loan portfolios as of September 30, 2017 and December 31, 2016 (this information excludes the Other Portfolio investments and the External Investment Manager which are discussed further below):

	As of September 30, 2017		
	LMM(a)	Middle Market	Private Loan
	(dollars in millions)		
Number of portfolio companies	71	68	56
Fair value	$ 938.0	$ 607.5	$ 485.9
Cost	$ 804.6	$ 633.8	$ 505.6
% of portfolio at cost debt	68.1%	96.9%	94.5%
% of portfolio at cost equity	31.9%	3.1%	5.5%
% of debt investments at cost secured by first priority lien	96.3%	90.2%	91.5%
Weighted-average annual effective yield(b)	11.9%	8.7%	9.3%
Average EBITDA(c)	$ 4.3	$ 84.8	$ 38.0

(a) At September 30, 2017, we had equity ownership in approximately 99% of our LMM portfolio companies, and the average fully diluted equity ownership in those portfolio companies was approximately 38%.

(b) The weighted-average annual effective yields were computed using the effective interest rates for all debt investments at cost as of September 30, 2017, 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. Weighted-average annual effective yield is higher than what an investor in shares of our common stock will realize on its investment because it does not reflect our expenses or any sales load paid by an investor.

(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 certain portfolio companies, including seven LMM portfolio companies, two Middle Market portfolio companies and three Private Loan portfolio companies, as

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EBITDA is not a meaningful valuation metric for our investments in these portfolio companies, and those portfolio companies whose primary purpose is to own real estate.

	As of December 31, 2016		
	LMM(a)	Middle Market	Private Loan
	(dollars in millions)		
Number of portfolio companies	73	78	46
Fair value	$ 892.6	$ 630.6	$ 342.9
Cost	$ 760.3	$ 646.8	$ 357.7
% of portfolio at cost debt	69.1%	97.2%	93.5%
% of portfolio at cost equity	30.9%	2.8%	6.5%
% of debt investments at cost secured by first priority lien	92.1%	89.1%	89.0%
Weighted-average annual effective yield(b)	12.5%	8.5%	9.6%
Average EBITDA(c)	$ 5.9	$ 98.6	$ 22.7

(a) At December 31, 2016, we had equity ownership in approximately 99% 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 December 31, 2016, 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. Weighted-average annual effective yield is higher than what an investor in shares of our common stock will realize on its investment because it does not reflect our expenses or any sales load paid by an investor.

(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 certain portfolio companies, including five LMM portfolio companies, one Middle Market portfolio company and three Private Loan portfolio companies, as EBITDA is not a meaningful valuation metric for our investments in these portfolio companies.

As of September 30, 2017, we had Other Portfolio investments in eleven companies, collectively totaling approximately $99.2 million in fair value and approximately $105.6 million in cost basis and which comprised approximately 4.6% of our Investment Portfolio (as defined in " Critical Accounting Policies Basis of Presentation" below) at fair value. As of December 31, 2016, we had Other Portfolio investments in ten companies, collectively totaling approximately $100.3 million in fair value and approximately $107.1 million in cost basis and which comprised approximately 5.0% 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 September 30, 2017, there was no cost basis in this investment and the investment had a fair value of approximately $39.3 million, which comprised approximately 1.8% of our Investment Portfolio at fair value. As of December 31, 2016, there was no cost basis in this investment and the investment had a fair value of approximately $30.6 million, which comprised approximately 1.5% 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.

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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 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 directly incur the operating costs associated with employing investment and portfolio management professionals. 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 September 30, 2017 and 2016, the ratio of our total operating expenses, excluding interest expense, as a percentage of our quarterly average total assets was 1.5% on an annualized basis. For the nine months ended September 30, 2017, the ratio of our total operating expenses, excluding interest expense and the effect of certain non-recurring professional fees and other expenses as discussed further below in "Discussion and analysis of results of operations Comparison of the nine months ended September 30, 2017 and September 30, 2016", as a percentage of our quarterly average total assets was 1.5% on an annualized basis, compared to 1.4% on an annualized basis for the nine months ended September 30, 2016 and 1.5% for the year ended December 31, 2016. Including the effect of these non-recurring expenses, the ratio for the nine months ended September 30, 2017 would have been 1.6% on an annualized basis.

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, a non-listed BDC, 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 our 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. The External Investment Manager has conditionally agreed to waive a limited amount of the incentive fees otherwise earned. During the three months ended September 30, 2017 and 2016, the External Investment Manager earned $2.8 million and $2.5 million, respectively, of management fees (net of fees waived, if any) under the sub-advisory agreement with HMS Adviser. During the nine months ended September 30, 2017 and 2016, the External Investment Manager earned $8.1 million and $7.1 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

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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. Because the External Investment Manager may receive performance-based fee compensation from HMS Income, this may provide it an incentive to allocate opportunities to HMS Income instead of us. However, both we and the External Investment Manager have policies and procedures in place to manage this conflict.

CRITICAL ACCOUNTING POLICIES

Basis of Presentation

Our consolidated 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 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. Our results of operations for the three and nine months ended September 30, 2017 and 2016, cash flows for the nine months ended September 30, 2017 and 2016, and financial position as of September 30, 2017 and December 31, 2016, are presented on a consolidated basis. The effects of all intercompany transactions between us and our consolidated subsidiaries have been eliminated in consolidation.

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 and nine months ended September 30, 2017 and 2016 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, 2016. 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.

We are an investment company following the accounting and reporting guidance in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 946, *Financial Services Investment Company* ("ASC 946"). Under regulations pursuant to Article 6 of Regulation S-X applicable to BDCs and 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 any 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. 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)."

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 both September 30, 2017 and December 31, 2016, our Investment Portfolio valued at fair value represented approximately 96% of our total assets. We are required to report our investments at fair value. We follow the provisions of 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 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. See "Note B.1. Valuation of the Investment Portfolio" in the notes to consolidated financial statements for a detailed discussion of our investment portfolio valuation process and procedures.

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 September 30, 2017 and December 31, 2016 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 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

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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 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 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 September 30, 2017 and 2016, (i) approximately 1.9% and 4.0%, respectively, of our total investment income was attributable to PIK interest income not paid currently in cash and (ii) approximately 1.8% and 1.8%, respectively, of our total investment income was attributable to cumulative dividend income not paid currently in cash. For the nine months ended September 30, 2017 and 2016, (i) approximately 2.7% and 3.7%, respectively, of our total investment income was attributable to PIK interest income not paid currently in cash and (ii) approximately 1.8% and 1.1%, 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 taxable income or capital gains that MSCC distributes to its stockholders. MSCC must generally distribute at least 90% of its "investment company taxable income" (which is generally its net ordinary taxable income and realized net short-term capital gains in excess of realized net long-term capital losses) and 90% of its tax-exempt income to maintain its RIC status (pass-through tax treatment for amounts distributed). As part of maintaining RIC status, undistributed taxable income (subject to a 4% non-deductible 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 on or prior to the later of (i) filing of the U.S. federal income tax return for the applicable fiscal year or (ii) the fifteenth day of the ninth month following the close of the year in which such taxable income was generated.

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The Taxable Subsidiaries primarily 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. The Taxable Subsidiaries are each taxed at their normal corporate tax rates based on their taxable income. The income tax expense, or benefit, if any, and the related tax assets and liabilities, of the Taxable Subsidiaries are reflected in Main Street's consolidated financial statements.

The External Investment Manager is an indirect wholly owned subsidiary of MSCC through a Taxable Subsidiary and is a disregarded entity for tax purposes. The External Investment Manager has entered into a tax sharing agreement with its Taxable Subsidiary owner. Since the External Investment Manager 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, and as a result of the tax sharing agreement with its Taxable Subsidiary owner, for its stand-alone financial reporting purposes the External Investment Manager is treated as if it 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 income tax expense, or benefit, if any, and the related tax assets and liabilities, of the External Investment Manager are reflected in the External Investment Manager's separate financial statements.

The Taxable Subsidiaries and the External Investment Manager 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 consolidated 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, if necessary, 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

Our 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.

Our 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

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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 are primarily debt securities in privately held companies which have been originated through strategic relationships with other investment funds on a collaborative basis, and are often referred to in the debt markets as "club deals." Private Loan investments are typically similar in size, structure, terms and conditions to investments we hold in our LMM portfolio and Middle Market portfolio. 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 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 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 have entered into an agreement with the External Investment Manager to share employees in connection with its asset management business generally, and specifically for its relationship with HMS Income. Through this agreement, we share employees with the External Investment Manager, including their related infrastructure, business relationships, management expertise and capital raising capabilities, and we allocate the related expenses to the External Investment Manager pursuant to the sharing agreement. Our total expenses for the three months ended September 30, 2017 and 2016 are net of expenses allocated to the External Investment Manager of $1.7 million and $1.2 million, respectively. Our total expenses for the nine months ended September 30, 2017 and 2016 are net of expenses allocated to the External Investment Manager of $4.8 million and $3.7 million, respectively. 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 total contribution of the External Investment Manager to our net investment income consists of the combination of the expenses allocated to the External Investment Manager and dividend income received from the External Investment Manager. For the three months ended September 30, 2017 and 2016, the total contribution to our net investment income was $2.4 million and $2.0 million, respectively. For the nine months ended September 30, 2017 and 2016, the total contribution to our net investment income was $6.9 million and $5.8 million, respectively.

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 September 30, 2017

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and December 31, 2016 (this information excludes the Other Portfolio investments and the External Investment Manager).

Cost:	September 30, 2017	December 31, 2016
First lien debt	78.2%	76.1%
Equity	14.8%	14.5%
Second lien debt	5.8%	7.7%
Equity warrants	0.8%	1.1%
Other	0.4%	0.6%
	100.0%	100.0%

Fair Value:	September 30, 2017	December 31, 2016
First lien debt	71.1%	68.7%
Equity	22.5%	22.6%
Second lien debt	5.4%	7.2%
Equity warrants	0.6%	0.9%
Other	0.4%	0.6%
	100.0%	100.0%

Our LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments carry a number of risks including: (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" in the accompanying prospectus and "Supplementary Risk Factors" in this prospectus supplement 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 consideration various factors, including each investment's expected level of returns, the collectability of our debt investments and the ability to receive a return of the invested capital in our equity investments, comparisons to competitors and other industry participants, the portfolio company's future outlook and other factors that are deemed to be significant to the portfolio company.

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 September 30, 2017 and December 31, 2016:

	As of September 30, 2017		As of December 31, 2016	
Investment Rating	**Investments at Fair Value**	**Percentage of Total Portfolio**	**Investments at Fair Value**	**Percentage of Total Portfolio**
	(dollars in thousands)			
1	$ 246,935	26.3%	$ 253,420	28.4%
2	$ 222,964	23.8%	258,085	28.9%
3	$ 383,529	40.9%	294,807	33.0%
4	$ 67,686	7.2%	75,433	8.5%
5	$ 16,928	1.8%	10,847	1.2%
Total	$ 938,042	100.0%	$ 892,592	100.0%

Based upon our investment rating system, the weighted-average rating of our LMM portfolio was approximately 2.3 as of both September 30, 2017 and December 31, 2016.

As of September 30, 2017, our total Investment Portfolio had six investments on non-accrual status, which comprised approximately 0.4% of its fair value and 2.7% of its cost. As of December 31, 2016, our total Investment Portfolio had four investments on non-accrual status, which comprised approximately 0.6% of its fair value and 3.0% of its cost.

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, to an increase in defaults on our debt investments or in realized losses on our investments and to difficulty in maintaining historical dividend payment rates and unrealized appreciation on our equity investments. 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.

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DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS

Comparison of the three months ended September 30, 2017 and September 30, 2016

	Three Months Ended September 30,		Net Change	
	2017	2016	Amount	%
	(dollars in thousands)			
Total investment income	$ 51,786	$ 46,599	$ 5,187	11%
Total expenses	(17,757)	(16,042)	(1,715)	11%
Net investment income	34,029	30,557	3,472	11%
Net realized gain (loss) from investments	(10,706)	4,286	(14,992)	
Net change in net unrealized appreciation (depreciation) from:				
Portfolio investments	16,368	8,376	7,992	
SBIC debentures and marketable securities and idle funds	(221)	(566)	345	
Total net change in net unrealized appreciation	16,147	7,810	8,337	
Income tax benefit (provision)	(4,571)	528	(5,099)	
Net increase in net assets resulting from operations	$ 34,899	$ 43,181	$ (8,282)	19%

	Three Months Ended September 30,		Net Change	
	2017	2016	Amount	%
	(dollars in thousands, except per share amounts)			
Net investment income	$ 34,029	$ 30,557	$ 3,472	11%
Share-based compensation expense	2,476	2,137	339	16%
Distributable net investment income(a)	$ 36,505	$ 32,694	$ 3,811	12%
Net investment income per share Basic and diluted	$ 0.60	$ 0.58	$ 0.02	3%
Distributable net investment income per share Basic and diluted(a)	$ 0.64	$ 0.62	$ 0.02	3%

(a) Distributable net investment income is net investment income 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 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 is a non-U.S. GAAP measure and should not be considered as a replacement to net investment income and other earnings measures presented in accordance with U.S. GAAP. Instead, distributable net investment income should be reviewed only in connection with such U.S. GAAP measures in analyzing our financial performance. A reconciliation of net investment income in accordance with U.S. GAAP to distributable net investment income is presented in the table above.

Investment Income

For the three months ended September 30, 2017, total investment income was $51.8 million, an 11% increase over the $46.6 million of total investment income for the corresponding period of 2016. This comparable period increase was principally attributable to (i) a $4.2 million increase in interest income primarily related to higher average levels of portfolio debt investments, (ii) a $0.6 million increase in fee income, and (iii) a $0.4 million increase in dividend income from Investment Portfolio equity investments. The total investment income in the three months ended September 30, 2017 includes $1.7 million related to dividend income activity from portfolio companies that is considered to be less consistent on a recurring basis or non-recurring which is consistent with the amount from such dividend activity in the same period in 2016 and an increase of $0.4 million primarily related to higher accelerated prepayment, repricing and other activity for certain Middle Market portfolio debt investments when compared to the same period in 2016.

Expenses

For the three months ended September 30, 2017, total expenses increased to $17.8 million from $16.0 million for the corresponding period of 2016. This comparable period increase in operating expenses was principally attributable to (i) a $0.8 million increase in interest expense primarily due to the higher average interest rate on our Credit Facility in the three months ended September 30, 2017, (ii) a $0.5 million increase in general and administrative expenses, (iii) a $0.5 million increase in compensation expense related to increases in the number of personnel, base compensation levels and incentive compensation accruals and (iv) a $0.3 million increase in share-based compensation expense, with these increases partially offset by a $0.4 million increase in the expenses allocated to the External Investment Manager, in each case when compared to the same period in the prior year. For the three months ended September 30, 2017, the ratio of our total operating expenses, excluding interest expense, as a percentage of our quarterly average total assets was 1.5% on an annualized basis, which is consistent with the ratio on an annualized basis for the three months ended September 30, 2016 and for the year ended December 31, 2016.

Net Investment Income

Net investment income for the three months ended September 30, 2017 was $34.0 million, or an 11% increase, compared to net investment income of $30.6 million for the corresponding period of 2016. 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 Investment Income

For the three months ended September 30, 2017, distributable net investment income increased 12% to $36.5 million, or $0.64 per share, compared with $32.7 million, or $0.62 per share, in the corresponding period of 2016. The increase in distributable net investment income was primarily due to the higher level of total investment income, partially offset by higher operating expenses both as discussed above. Distributable net investment income on a per share basis for the three months ended September 30, 2017 reflects (i) an increase of approximately $0.01 per share from the comparable period in 2016 attributable to the net increase in the comparable levels of accelerated prepayment, repricing and other activity for certain Investment Portfolio debt investments and (ii) a greater number of average shares outstanding compared to the corresponding period in 2016 primarily due to shares issued through the ATM Program (as defined in " Liquidity and Capital Resources Capital Resources" below), shares issued pursuant to our equity incentive plans and shares issued pursuant to our dividend reinvestment plan.

Net Increase in Net Assets Resulting from Operations

The net increase in net assets resulting from operations during the three months ended September 30, 2017 was $34.9 million, or $0.61 per share, compared with $43.2 million, or $0.82 per share, during the three months ended September 30, 2016. This $8.3 million decrease from the same period in the prior year was primarily the result of (i) a $15.0 million decrease in the net realized gain (loss) from investments, from a net realized gain from investments of $4.3 million for the three months

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ended September 30, 2016 to a net realized loss from investments of $10.7 million for the three months ended September 30, 2017, and (ii) a $5.1 million change in the income tax benefit (provision) to a $4.6 million income tax provision for the three months ended September 30, 2017, with these changes partially offset by (i) an $8.0 million increase in net change in unrealized appreciation (depreciation) from portfolio investments, including the impact of accounting reversals relating to realized gains/income (losses) and (ii) a $3.5 million increase in net investment income as discussed above. The net realized loss from investments of $10.7 million for the three months ended September 30, 2017 was primarily the result of (i) the net realized loss of $9.2 million resulting from losses on the exit of two LMM investments, partially offset by the gains on the exit of three LMM investments and (ii) the net realized loss of $1.8 million in our Middle Market portfolio, which is primarily the result of the loss of $2.3 million on the exit of a Middle Market investment, partially offset by $0.5 million of net gains on other activity in our Middle Market portfolio.

The following table provides a summary of the total net unrealized appreciation of $16.1 million for the three months ended September 30, 2017:

	Three Months Ended September 30, 2017				
	LMM(a)	Middle Market	Private Loan	Other(b)	Total
	(dollars in millions)				
Accounting reversals of net unrealized appreciation recognized in prior periods due to net realized gains/income (losses) recognized during the current period	$ 7.3	$ 1.0	$	$ (0.6)	$ 7.7
Net unrealized appreciation (depreciation) relating to portfolio investments	9.1	(5.1)	0.8	3.8	8.6
Total net change in unrealized appreciation (depreciation) relating to portfolio investments	$ 16.4	$ (4.1)	$ 0.8	$ 3.2	$ 16.3
Unrealized depreciation relating to SBIC debentures(c)					(0.2)
Total net change in unrealized appreciation					$ 16.1

(a) LMM includes unrealized appreciation on 19 LMM portfolio investments and unrealized depreciation on 13 LMM portfolio investments.

(b) Other includes $2.2 million of unrealized appreciation relating to the External Investment Manager and $1.6 million of net unrealized appreciation relating to the Other Portfolio.

(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 provision for the three months ended September 30, 2017 of $4.6 million principally consisted of a deferred tax provision of $3.8 million, which is primarily the result of the net activity relating to our portfolio investments held in our Taxable Subsidiaries, including changes in net operating loss carryforwards, changes in net unrealized appreciation/depreciation and other temporary book-tax differences, and other current tax expense of $0.8 million related to (i) a $0.5 million accrual for excise tax on our estimated undistributed taxable income and (ii) other current tax expense of $0.3 million related to accruals for U.S. federal and state income taxes.

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Comparison of the nine months ended September 30, 2017 and September 30, 2016

	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016	Net Change Amount	Net Change %
	(dollars in thousands)			
Total investment income	$ 149,944	$ 131,508	$ 18,436	14%
Total expenses	(52,056)	(46,137)	(5,919)	13%
Net investment income	97,888	85,371	12,517	15%
Net realized gain from investments	27,842	33,347	(5,505)	
Net realized loss from SBIC debentures	(5,217)		(5,217)	
Net change in net unrealized appreciation (depreciation) from:				
Portfolio investments	(4,358)	(29,738)	25,380	
SBIC debentures and marketable securities and idle funds	5,408	909	4,499	
Total net change in net unrealized appreciation (depreciation)	1,050	(28,829)	29,879	
Income tax benefit (provision)	(12,383)	1,018	(13,401)	
Net increase in net assets resulting from operations	$ 109,180	$ 90,907	$ 18,273	20%

	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016	Net Change Amount	Net Change %
	(dollars in thousands, except per share amounts)			
Net investment income	$ 97,888	$ 85,371	$ 12,517	15%
Share-based compensation expense	7,542	5,977	1,565	26%
Distributable net investment income(a)	$ 105,430	$ 91,348	$ 14,082	15%
Net investment income per share Basic and diluted	$ 1.74	$ 1.66	$ 0.08	5%
Distributable net investment income per share Basic and diluted(a)	$ 1.88	$ 1.77	$ 0.11	6%

(a) Distributable net investment income is net investment income 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 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 is a non-U.S. GAAP measure and should not be considered as a replacement to net investment income and other earnings measures presented in accordance with U.S. GAAP. Instead, distributable net investment income should be reviewed only in connection with such U.S. GAAP measures in analyzing our financial performance. A reconciliation of net investment income in accordance with U.S. GAAP to distributable net investment income is presented in the table above.

Investment Income

For the nine months ended September 30, 2017, total investment income was $149.9 million, a 14% increase over the $131.5 million of total investment income for the corresponding period of 2016. This comparable period increase was principally attributable to (i) a $16.1 million increase in interest income primarily related to higher average levels of portfolio debt investments and increased activities involving existing Investment Portfolio debt investments and (ii) a $2.3 million increase in fee income. The total investment income in the nine months ended September 30, 2017 includes an increase of $5.6 million related to higher accelerated prepayment, repricing and other activity for certain Middle Market and Private Loan portfolio debt investments when compared to the same period in 2016 and

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includes $1.7 million related to dividend income activity from portfolio companies that is considered to be less consistent on a recurring basis or non-recurring which is consistent with the amount from such dividend income activity in the same period in 2016.

Expenses

For the nine months ended September 30, 2017, total expenses increased to $52.1 million from $46.1 million for the corresponding period of 2016. This comparable period increase in operating expenses was principally attributable to (i) a $1.9 million increase in general and administrative expenses, including approximately $0.6 million related to non-recurring professional fees and other expenses incurred on certain potential new portfolio investment opportunities which were terminated during the due diligence and legal documentation processes, (ii) a $1.8 million increase in interest expense, primarily due to the higher average interest rate and balance outstanding on our Credit Facility in the nine months ended September 30, 2017, (iii) a $1.7 million increase in compensation expense related to increases in the number of personnel, base compensation levels and incentive compensation accruals and (iv) a $1.6 million increase in share-based compensation expense, with these increases partially offset by a $1.1 million increase in the expenses allocated to the External Investment Manager, in each case when compared to the same period in the prior year. For the nine months ended September 30, 2017, the ratio of our total operating expenses, excluding interest expense and the non-recurring professional fees and other expenses discussed above, as a percentage of our quarterly average total assets was 1.5% on an annualized basis, compared to 1.4% on an annualized basis for the nine months ended September 30, 2016, and 1.5% for the year ended December 31, 2016. Including the effect of the non-recurring expenses, the ratio for the nine months ended September 30, 2017 was 1.6% on an annualized basis.

Net Investment Income

Net investment income for the nine months ended September 30, 2017 was $97.9 million, or a 15% increase, compared to net investment income of $85.4 million for the corresponding period of 2016. 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 Investment Income

For the nine months ended September 30, 2017, distributable net investment income increased 15% to $105.4 million, or $1.88 per share, compared with $91.3 million, or $1.77 per share, in the corresponding period of 2016. The increase in distributable net investment income was primarily due to the higher level of total investment income, partially offset by higher operating expenses both as discussed above. Distributable net investment income on a per share basis for the nine months ended September 30, 2017 reflects (i) an increase of approximately $0.10 per share from the comparable period in 2016 attributable to the net increase in the comparable levels of accelerated prepayment, repricing and other activity for certain Investment Portfolio debt investments and (ii) a greater number of average shares outstanding compared to the corresponding period in 2016 primarily due to shares issued through the ATM Program, shares issued pursuant to our equity incentive plans and shares issued pursuant to our dividend reinvestment plan.

Net Increase in Net Assets Resulting from Operations

The net increase in net assets resulting from operations during the nine months ended September 30, 2017 was $109.2 million, or $1.94 per share, compared with $90.9 million, or $1.76 per share, during the nine months ended September 30, 2016. This $18.3 million increase from the same period in the prior year was primarily the result of (i) a $29.9 million improvement in net change in unrealized appreciation (depreciation) from portfolio investments and SBIC debentures, including the impact of accounting reversals relating to realized gains/income (losses), from net unrealized

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depreciation of $28.8 million for the nine months ended September 30, 2016 to net unrealized appreciation of $1.1 million for the nine months ended September 30, 2017 and (ii) a $12.5 million increase in net investment income as discussed above, with these increases partially offset by (i) a $13.4 million change in the income tax provision from an income tax benefit of $1.0 million for the nine months ended September 30, 2016 to an income tax provision of $12.4 million for the nine months ended September 30, 2017, (ii) a $5.5 million decrease in the net realized gain from investments to a total net realized gain from investments of $27.8 million for the nine months ended September 30, 2017 and (iii) a $5.2 million realized loss on the repayment of SBIC debentures outstanding at MSC II which had previously been accounted for on the fair value method of accounting. The net realized gain from investments of $27.8 million for the nine months ended September 30, 2017 was primarily the result of (i) the net realized gain of $15.5 million resulting from gains on the exit of five LMM investments and losses on the exit of three LMM investments, (ii) realized gains of $9.3 million due to activity in our Other Portfolio, (iii) the realized gain of $2.6 million on the exit of one Private Loan investment, (iv) the realized gain of $1.4 million on the partial exit of one LMM investment and (v) the net realized loss of $0.9 million in our Middle Market portfolio, which is primarily the result of the loss of $2.3 million on the exit of a Middle Market investment, partially offset by $1.4 million of net gains on other activity in our Middle Market portfolio. The realized loss of $5.2 million on the repayment of SBIC debentures is related to the previously recognized bargain purchase gain resulting from recording the MSC II debentures at fair value on the date of the acquisition of MSC II in 2010. The effect of the realized loss is offset by the reversal of all previously recognized unrealized depreciation on these SBIC debentures due to fair value adjustments since the date of the acquisition.

The following table provides a summary of the total net unrealized appreciation of $1.1 million for the nine months ended September 30, 2017:

	Nine Months Ended September 30, 2017 (dollars in millions)				
	LMM(a)	Middle Market	Private Loan	Other(b)	Total
Accounting reversals of net unrealized appreciation recognized in prior periods due to net realized gains/income (losses) recognized during the current period	$ (15.7)	$ (1.3)	$ (2.1)	$ (8.1)	$ (27.2)
Net change in unrealized appreciation (depreciation) relating to portfolio investments	16.4	(8.7)	(2.2)	17.3	22.8
Total net change in unrealized appreciation (depreciation) relating to portfolio investments	$ 0.7	$ (10.0)	$ (4.3)	$ 9.2	$ (4.4)
Unrealized appreciation relating to SBIC debentures(c)					5.5
Total net change in unrealized appreciation					$ 1.1

(a) LMM includes unrealized appreciation on 27 LMM portfolio investments and unrealized depreciation on 29 LMM portfolio investments.

(b) Other includes $8.7 million of unrealized appreciation relating to the External Investment Manager and $8.6 million of net unrealized appreciation relating to the Other Portfolio.

(c) Relates to unrealized appreciation on the SBIC debentures held by MSC II which are accounted for on a fair value basis and includes $6.0 million of accounting reversals resulting from the reversal of previously recognized unrealized depreciation recorded since the date of acquisition of MSC II on the debentures repaid due to fair value adjustments since such date, partially offset by $0.5 million of current period unrealized depreciation on the remaining SBIC debentures.

The income tax provision for the nine months ended September 30, 2017 of $12.4 million principally consisted of a deferred tax provision of $9.9 million, which is primarily the result of the net activity relating to our portfolio investments held in our Taxable Subsidiaries, including changes in net operating loss carryforwards, changes in net unrealized appreciation/depreciation and other temporary book-tax differences, and other current tax expense of $2.5 million related to (i) a $1.6 million accrual for excise tax on our estimated undistributed taxable income and (ii) other current tax expense of $0.9 million related to accruals for U.S. federal and state income taxes.

Liquidity and Capital Resources

Cash Flows

For the nine months ended September 30, 2017, we experienced a net increase in cash and cash equivalents in the amount of approximately $5.7 million, which is the net result of approximately $51.0 million of cash used in our operating activities and approximately $56.6 million of cash provided by financing activities.

During the period, we used $51.0 million of cash from our operating activities, which resulted primarily from (i) cash flows we generated from the operating profits earned through our operating activities totaling $88.2 million, which is our $105.4 million of distributable net investment income, excluding the non-cash effects of the accretion of unearned income of $12.4 million, payment-in-kind interest income of $4.1 million, cumulative dividends of $2.7 million and the amortization expense for deferred financing costs of $2.0 million, (ii) cash uses totaling $746.9 million consisting of (a) $743.7 million for the funding of new portfolio company investments and settlement of accruals for portfolio investments existing as of December 31, 2016, (b) $2.4 million related to decreases in payables and accruals and (c) $0.8 million related to increases in other assets and (iii) cash proceeds totaling $607.6 million from the sales and repayments of debt investments and sales of and return on capital of equity investments.

During the nine months ended September 30, 2017, $56.6 million in cash was provided by financing activities, which principally consisted of (i) $118.1 million in net cash proceeds from the ATM Program (described below), (ii) $60.0 million in cash proceeds from issuance of SBIC debentures and (iii) $12.0 million in net borrowings on the Credit Facility, partially offset by (i) $102.3 million in cash dividends paid to stockholders, (ii) $25.2 million in repayment of SBIC debentures, (iii) $4.4 million for purchases of vested restricted stock from employees to satisfy their tax withholding requirements upon the vesting of such restricted stock and (iv) $1.6 million for payment of deferred debt issuance costs, SBIC debenture fees and other costs.

Capital Resources

As of September 30, 2017, we had $30.1 million in cash and cash equivalents and $230.0 million of unused capacity under the Credit Facility, which we maintain to support our investment and operating activities. As of September 30, 2017, our net asset value totaled $1,329.7 million, or $23.02 per share.

The Credit Facility, which provides additional liquidity to support our investment and operational activities, was amended in September 2017 to increase the total commitments to $585.0 million from a diversified group of fifteen lenders. The Credit Facility matures in September 2021 and contains an accordion feature which allows us to increase the total commitments under the facility to up to $750.0 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 at a rate equal to the applicable LIBOR rate (1.23% as of September 30, 2017) plus (i) 1.875% (or the applicable base rate (Prime Rate of 4.25% as of September 30, 2017) plus 0.875%) as long as we maintain an investment grade rating and meet certain agreed upon excess collateral and maximum leverage requirements, (ii) 2.0% (or the applicable base rate plus 1.0%) if we maintain an investment

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grade rating but do not meet certain excess collateral and maximum leverage requirements or (iii) 2.25% (or the applicable base rate plus 1.25%) if we do not maintain an investment grade rating. We 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 2021, 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 September 30, 2017, we had $355.0 million in borrowings outstanding under the Credit Facility, the interest rate on the Credit Facility was 3.1% and we were in compliance with all financial covenants of the Credit Facility.

Through the Funds, we have the ability to issue SBIC debentures guaranteed by the SBA at favorable interest rates and favorable terms and conditions up to a maximum amount of $350.0 million. During the nine months ended September 30, 2017, we issued $60.0 million of SBIC debentures and opportunistically prepaid $25.2 million of our existing SBIC debentures as part of an effort to manage the maturity dates of our oldest SBIC debentures, leaving $75.2 million of remaining capacity under our SBIC licenses. 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 semiannually. 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. Main Street expects to issue new SBIC debentures under the SBIC program in the future in an amount up to the regulatory maximum amount of $350.0 million for affiliated SBIC funds. On September 30, 2017, through our three wholly owned SBICs, we had $274.8 million of outstanding SBIC debentures guaranteed by the SBA, which bear a weighted-average annual fixed interest rate of approximately 3.8%, paid semiannually, and mature ten years from issuance. The first maturity related to our SBIC debentures occurs in 2019, and the weighted-average remaining duration is approximately 5.8 years as of September 30, 2017.

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"). The 6.125% Notes are unsecured obligations and rank pari passu with our current and future 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 September 30, 2017, the outstanding balance of the 6.125% Notes was $90.7 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 (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 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, 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 semiannually 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 September 30, 2017, 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 November 2015, we commenced a program with certain selling agents through which we can sell shares of our common stock by means of at-the-market offerings from time to time (the "ATM Program"). During the nine months ended September 30, 2017, we sold 3,119,247 shares of our common stock at a weighted-average price of $38.33 per share and raised $119.5 million of gross proceeds under the ATM Program. Net proceeds were $118.1 million after commissions to the selling agents on shares sold and offering costs. As of September 30, 2017, sales transactions representing 75,404 shares had not settled and are not included in shares issued and outstanding on the face of the consolidated balance sheet, but are included in the weighted-average shares outstanding in the consolidated statement of operations and in the shares used to calculate net asset value per share. As of September 30, 2017, there were 2,737,081 shares available for sale under the ATM Program.

During the year ended December 31, 2016, we sold 3,324,646 shares of our common stock at a weighted-average price of $34.17 per share and raised $113.6 million of gross proceeds under the ATM Program. Net proceeds were $112.0 million after commissions to the selling agents on shares sold and offering costs. As of December 31, 2016, sales transactions representing 42,413 shares had not settled and were not included in shares issued and outstanding on the face of the consolidated balance sheet, but were included in the weighted-average shares outstanding in the consolidated statements of operations and in the shares used to calculate net asset value per share.

We anticipate that we will continue to fund our investment activities through existing cash and cash equivalents, cash flows generated through our ongoing operating activities, utilization of available borrowings under our Credit Facility and a combination of future issuances of 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

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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 2017 annual meeting of stockholders because our common stock price per share had been trading significantly above the then current net asset value per share of our common stock since 2011. We would therefore need future approval from our stockholders to issue shares below the then current net asset value per share.

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 carry forward 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 through the Credit Facility, public debt issuances, leverage available through the SBIC program and equity offerings, 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 Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606).* ASU 2014-09 supersedes the revenue recognition requirements under ASC 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. In March 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net),* which clarified the implementation guidance on principal versus agent considerations. In April 2016, the FASB issued ASU 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing,* which clarified the implementation guidance regarding performance obligations and licensing arrangements. In May 2016, the FASB issued ASU No. 2016-12, *Revenue from Contracts with Customers (Topic 606) Narrow-Scope Improvements and Practical Expedients*, which clarified guidance on assessing collectability, presenting sales tax, measuring noncash consideration, and certain transition matters. In December 2016, the FASB issued ASU No. 2016-20, *Revenue from Contracts with Customers (Topic 606) Technical Corrections and Improvements*, which provided disclosure relief, and clarified the scope and application of the new revenue standard and related cost guidance. The new guidance will be effective for the

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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 expect to identify similar performance obligations under ASC 606 as compared with deliverables and separate units of account previously identified. As a result, we expect timing of our revenue recognition to remain the same.

In April 2015, the FASB issued ASU 2015-03, *Interest Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs,* which requires debt financing costs related to a recognized debt liability to be presented on the balance sheet as a direct deduction from the related debt liability, similar to the presentation of debt discounts. Additionally in August 2015, the FASB issued ASU 2015-15, *Interest Imputation of Interest: Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements,* which provides further clarification on the same topic and states that the SEC would not object to the deferral and presentation of debt issuance costs as an asset and subsequent amortization of the deferred costs over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. The Company adopted the guidance for debt arrangements that are not line-of-credit arrangements for the three months ended June 30, 2017. Comparative financial statements of prior interim and annual periods have been adjusted to apply the new method retrospectively. As a result of the adoption, the Company reclassified $7.9 million of deferred financing costs assets to a direct deduction from the related debt liability on the consolidated balance sheet as of December 31, 2016. The adoption of this guidance had no impact on net assets, the consolidated statements of operations or the consolidated statements of cash flows.

In May 2015, the FASB issued ASU 2015-07, *Fair Value Measurements Disclosures for Certain Entities that Calculate Net Asset Value per Share*. This amendment updates guidance intended to eliminate the diversity in practice surrounding how investments measured at net asset value under the practical expedient with future redemption dates have been categorized in the fair value hierarchy. Under the updated guidance, investments for which fair value is measured at net asset value per share using the practical expedient should no longer be categorized in the fair value hierarchy, while investments for which fair value is measured at net asset value per share but the practical expedient is not applied should continue to be categorized in the fair value hierarchy. The updated guidance requires retrospective adoption for all periods presented and is effective for interim and annual reporting periods beginning after December 15, 2015, with early adoption permitted. The Company adopted this standard during the three months ended March 31, 2016. There was no impact of the adoption of this new accounting standard on our consolidated financial statements as none of our investments are measured through the use of the practical expedient.

In February 2016, the FASB issued ASU 2016-02, Leases, which requires lessees to recognize on the balance sheet a right-of-use asset, representing its right to use the underlying asset for the lease term, and a lease liability for all leases with terms greater than 12 months. The guidance also requires qualitative and quantitative disclosures designed to assess the amount, timing, and uncertainty of cash flows arising from leases. The standard requires the use of a modified retrospective transition approach, which includes a number of optional practical expedients that entities may elect to apply. The new guidance is effective for annual periods beginning after December 15, 2018, and interim periods therein. Early application is permitted. While we continue to assess the effect of adoption, we currently believe the most significant change relates to the recognition of a new right-of-use asset and lease liability on our consolidated balance sheet for our office space operating lease. We currently have one operating lease for office space and do not expect a significant change in our leasing activity between now and adoption. See further discussion of our operating lease obligation in "Note M Commitments and Contingences" in the notes to the consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, *Compensation Stock Compensation: Improvements to Employee Share-Based Payment Accounting*, which is intended to simplify several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification

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of awards as either equity or liabilities, and classification on the statement of cash flows. The guidance is effective for annual periods beginning after December 15, 2016, and interim periods therein. Early application is permitted. The Company elected to early adopt this standard during the three months ended March 31, 2016. See further discussion of the impact of the adoption of this standard in "Note B.8. Summary of Significant Accounting Policies Share-based Compensation" in the notes to consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230)*, which is intended to reduce the existing diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The guidance is effective for annual periods beginning after December 15, 2017, and interim periods therein. Early application is permitted. The impact of the adoption of this new accounting standard on our consolidated financial statements is not expected to be material.

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 consolidated financial statements upon adoption.

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 fund equity capital and involve, to varying degrees, elements of liquidity and credit risk in excess of the amount recognized in the balance sheet. At September 30, 2017, we had a total of $146.9 million in outstanding commitments comprised of (i) 39 investments with commitments to fund revolving loans that had not been fully drawn or term loans with additional commitments not yet funded and (ii) 11 investments with equity capital commitments that had not been fully called.

Contractual Obligations

As of September 30, 2017, the future fixed commitments for cash payments in connection with our SBIC debentures, the 4.50% Notes, the 6.125% Notes and rent obligations under our office lease for each of the next five years and thereafter are as follows:

	2017	2018	2019	2020	2021	Thereafter	Total
SBIC debentures	$	$	$ 20,000	$ 55,000	$ 40,000	$ 159,800	$ 274,800
Interest due on SBIC debentures	784	10,330	10,332	9,140	6,588	20,523	57,697
Notes 6.125%						90,655	90,655
Interest due on 6.125% Notes	1,388	5,553	5,553	5,553	5,553	6,939	30,539
4.50% Notes			175,000				175,000
Interest due on 4.50% Notes	3,938	7,875	7,875				19,688
Operating Lease Obligation(1)		373	749	763	777	5,031	7,693
Total	$ 6,110	$ 24,131	$ 219,509	$ 70,456	$ 52,918	$ 282,948	$ 656,072

(1) Operating Lease Obligation means a rent payment obligation under a lease classified as an operating lease and disclosed pursuant to FASB ASC 840, as may be modified or supplemented.

As of September 30, 2017, we had $355.0 million in borrowings outstanding under our Credit Facility, and the Credit Facility is currently scheduled to mature in September 2021. The Credit Facility contains two, one-year extension options which could extend the maturity to September 2023, subject to lender approval. 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 September 30, 2017, we had a receivable of approximately $2.7 million due from the External Investment Manager which included (i) approximately $2.0 million primarily related to operating expenses incurred by us required to support the External Investment Manager's business and due from the External Investment Manager to Main Street under a tax sharing agreement (see further discussion above in " Critical Accounting Policies Income Taxes") and (ii) approximately $0.7 million of dividends declared but not paid by the External Investment Manager.

In November 2015, our Board of Directors approved and adopted the Main Street Capital Corporation Deferred Compensation Plan (the "2015 Deferred Compensation Plan"). The 2015 Deferred Compensation Plan became effective on January 1, 2016 and replaced the Deferred Compensation Plan for Non-Employee Directors previously adopted by the Board of Directors in June 2013 (the "2013 Deferred Compensation Plan"). Under the 2015 Deferred Compensation Plan, non-employee directors and certain key employees may defer receipt of some or all of their cash compensation and directors' fees, subject to certain limitations. Individuals participating in the 2015 Deferred Compensation Plan receive distributions of their respective balances based on predetermined payout schedules or other events as defined by the plan and are also able to direct investments made on their behalf among investment alternatives permitted from time to time under the plan, including phantom Main Street stock units. As of September 30, 2017, $3.8 million of compensation and directors' fees had been deferred under the 2015 Deferred Compensation Plan (including amounts previously deferred under the 2013 Deferred Compensation Plan). Of this amount, $2.4 million was deferred into phantom Main Street stock units, representing 72,228 shares of our common stock. Including phantom stock units issued through dividend reinvestment, the phantom stock units outstanding as of September 30, 2017 represented 84,963 shares of our common stock. Any amounts deferred under the plan represented by phantom Main Street stock units will not be issued or included as outstanding on the consolidated statements of changes in net assets until such shares are actually distributed to the participant in accordance with the plan, but are included in operating expenses and weighted-average shares outstanding in our consolidated statements of operations as earned.

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DESCRIPTION OF THE NOTES

The following description of the particular terms of the 4.50% Notes due 2022 supplements and, to the extent inconsistent with, replaces the description of the general terms and provisions of the debt securities set forth in the accompanying prospectus.

We will issue the Notes under a base indenture dated as of April 2, 2013, between us and The Bank of New York Mellon Trust Company, N.A., as trustee, or "the trustee," as supplemented by a separate supplemental indenture, to be dated as of the settlement date for the Notes. As used in this section, all references to the indenture mean the base indenture as supplemented by the supplemental indenture. The terms of the Notes include those expressly set forth in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended.

The following description is a summary of the material provisions of the Notes and the indenture and does not purport to be complete. This summary is subject to and is qualified by reference to all the provisions of the Notes and the indenture, including the definitions of certain terms used in the indenture. We urge you to read these documents because they, and not this description, define your rights as a holder of the Notes. You may request a copy of the indenture from us by making a written request to Main Street Capital Corporation, 1300 Post Oak Boulevard, 8th Floor, Houston, TX 77056, or by calling us collect at (713) 350-6000, or by visiting our website at *www.mainstcapital.com*. The information on our website is not incorporated by reference into this prospectus supplement or the accompanying prospectus.

For purposes of this description, references to "we," "our" and "us" refer only to Main Street Capital Corporation and not to any of our current or future subsidiaries and references to "subsidiaries" refer only to our consolidated subsidiaries and exclude any investments held by Main Street Capital Corporation in the ordinary course of business which are not, under GAAP, consolidated on the financial statements of Main Street Capital Corporation and its subsidiaries.

General

The Notes:

- will be our general unsecured, senior obligations;
- will initially be issued in an aggregate principal amount of $185,000,000;
- will mature on December 1, 2022, unless earlier redeemed or repurchased, as discussed below;
- will bear cash interest from November 21, 2017 at an annual rate of 4.50% payable semi-annually on June 1 and December 1 of each year, beginning on June 1, 2018;
- will be subject to redemption at our option as described under " Optional Redemption;"
- will be subject to repurchase by us at the option of the holders following a Change of Control Repurchase Event (as defined below under " Offer to Repurchase Upon a Change of Control Repurchase Event"), at a repurchase price equal to 100% of the principal amount of the Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the date of repurchase;
- will be issued in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof; and
- will be represented by one or more registered Notes in global form, but in certain limited circumstances may be represented by Notes in definitive form. See " Book-Entry, Settlement and Clearance."

The indenture does not limit the amount of debt that may be issued by us or our subsidiaries under the indenture or otherwise, but does contain a covenant regarding our asset coverage that would have to be satisfied at the time of our incurrence of additional indebtedness. See " Covenants Other Covenants." The indenture does not contain any financial covenants and does not restrict us from paying dividends or distributions or issuing or repurchasing our other securities. Other than restrictions described under " Offer to Repurchase Upon a Change of Control Repurchase Event" and " Merger, Consolidation or Sale of Assets" below, the indenture does not contain any covenants or other provisions designed to afford holders of the Notes protection in the event of a highly leveraged transaction involving us or in the event of a decline in our credit rating as the result of a takeover, recapitalization, highly leveraged transaction or similar restructuring involving us that could adversely affect such holders.

We may, without the consent of the holders, issue additional Notes under the indenture with the same terms as the Notes offered hereby in an unlimited aggregate principal amount; *provided* that, if such additional Notes are not fungible with the Notes offered hereby (or any other tranche of additional Notes) for U.S. federal income tax purposes, then such additional Notes will have different CUSIP numbers from the Notes offered hereby (and any such other tranche of additional Notes).

We do not intend to list the Notes on any securities exchange or any automated dealer quotation system.

Payments on the Notes; Paying Agent and Registrar; Transfer and Exchange

We will pay the principal of, and interest on, the Notes in global form registered in the name of or held by DTC, or its nominee in immediately available funds to DTC or its nominee, as the case may be, as the registered holder of such Global Note (as defined below).

Payment of principal of (and premium, if any) and any such interest on the Notes will be made at the corporate trust office of the trustee in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; *provided*, *however*, that at our option payment of interest may be made by check mailed to the address of the person entitled thereto as such address shall appear in the security register.

A holder of the Notes may transfer or exchange Notes at the office of the security registrar in accordance with the indenture. The security registrar and the trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents. No service charge will be imposed by us, the trustee or the security registrar for any registration of transfer or exchange of Notes, but we may require a holder to pay a sum sufficient to cover any transfer tax or other similar governmental charge required by law or permitted by the indenture.

The registered holder of a Note will be treated as its owner for all purposes.

Interest

The Notes will bear cash interest at a rate of 4.50% per year until maturity. Interest on the Notes will accrue from November 21, 2017 or from the most recent date on which interest has been paid or duly provided for. Interest will be payable semiannually in arrears on June 1 and December 1 of each year, beginning on June 1, 2018.

Interest will be paid to the person in whose name a Note is registered at 5:00 p.m. New York City time, or the close of business, on May 15 or November 15, as the case may be, immediately preceding the relevant interest payment date, or each, a "regular record date." Interest on the Notes will be computed on the basis of a 360-day year composed of twelve 30-day months.

If any interest payment date, the maturity date or any earlier required repurchase date upon a Change of Control Repurchase Event (defined below) of a Note falls on a day that is not a business day, the required payment will be made on the next succeeding business day and no interest on such payment will accrue in respect of the delay. The term "business day" means, with respect to any Note, each Monday, Tuesday, Wednesday, Thursday, and Friday that is not a day on which banking institutions in New York are authorized or obligated by law or executive order to close.

Ranking

The Notes will be our general unsecured obligations that rank *pari passu* with our existing and future general unsecured and senior unsecured indebtedness, including our 4.50% Notes due 2019 and our 6.125% Notes due 2023. The Notes will rank senior to any of our future indebtedness that expressly states it is subordinated to the Notes and effectively subordinated to all of our existing and future secured indebtedness (including indebtedness that is initially unsecured, but to which we subsequently grant security), to the extent of the value of the assets securing such indebtedness, including approximately $285.0 million of borrowings outstanding as of November 13, 2017 under our Credit Facility to the extent of the value of the assets securing the Credit Facility. The Notes will rank structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries, financing vehicles or similar facilities, including the Funds' $282.8 million of SBIC debentures outstanding as of November 13, 2017. In the event of our bankruptcy, liquidation, reorganization or other winding up, our assets that secure secured debt will be available to pay obligations on the Notes only after all indebtedness under such secured debt has been repaid in full from such assets. We advise you that there may not be sufficient assets remaining to pay amounts due on any or all the Notes then outstanding.

Optional Redemption

We may redeem some or all of the Notes at any time, or from time to time. If we choose to redeem any Notes prior to maturity, we will pay a redemption price (as determined by us) equal to the greater of the following amounts, plus, in each case, accrued and unpaid interest to, but excluding, the redemption date:

- 100% of the principal amount of the Notes to be redeemed, or

- the sum of the present values of the remaining scheduled payments of principal and interest (exclusive of accrued and unpaid interest to the date of redemption) on the Notes to be redeemed, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) using the applicable Treasury Rate plus 40 basis points.

If we choose to redeem any Notes, we will deliver a notice of redemption to holders of the Notes not less than 30 nor more than 60 days before the redemption date. If we are redeeming less than all of the Notes, the particular Notes to be redeemed will be selected in accordance with the indenture and, so long as the Notes are registered to DTC or its nominee, in accordance with the procedures of DTC; *provided, however*, that no such partial redemption shall reduce the portion of the principal amount of a Note not redeemed to less than $2,000. Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Notes or portions of the Notes called for redemption.

For purposes of calculating the redemption price in connection with the redemption of the Notes, on any redemption date, the following terms have the meanings set forth below:

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield-to-maturity of the Comparable Treasury Issue (computed as of the third business day immediately preceding the redemption), assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date. The redemption price and the Treasury Rate will be determined by us.

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"Comparable Treasury Issue" means the United States Treasury security selected by the Reference Treasury Dealer as having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financing practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes being redeemed.

"Comparable Treasury Price" means (1) the average of the remaining Reference Treasury Dealer Quotations for the redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Quotation Agent obtains fewer than four such reference treasury dealer quotations, the average of all such quotations.

"Quotation Agent" means a Reference Treasury Dealer selected by us.

"Reference Treasury Dealer" means RBC Capital Markets, LLC or its affiliates which are primary U.S. government securities dealers and their respective successors; *provided*, *however*, that if the foregoing or its affiliates shall cease to be a primary U.S. government securities dealer in the United States, or a "Primary Treasury Dealer," we shall select another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Quotation Agent by such Reference Treasury Dealer at 3:30 p.m. New York City time on the third business day preceding such redemption date.

All determinations made by any Reference Treasury Dealer, including the Quotation Agent, with respect to determining the redemption price will be final and binding absent manifest error.

Offer to Repurchase Upon a Change of Control Repurchase Event

If a Change of Control Repurchase Event occurs, unless we have exercised our right to redeem the Notes in full, we will make an offer to each holder of Notes to repurchase all or any part (in minimum denominations of $2,000 and integral multiples of $1,000 principal amount) of that holder's Notes at a repurchase price in cash equal to 100% of the aggregate principal amount of Notes repurchased plus any accrued and unpaid interest on the Notes repurchased to, but excluding, the date of repurchase. Within 30 days following any Change of Control Repurchase Event or, at our option, prior to any Change of Control, but after the public announcement of the Change of Control, we will mail a notice to each holder describing the transaction or transactions that constitute or may constitute the Change of Control Repurchase Event and offering to repurchase Notes on the payment date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed. The notice shall, if mailed prior to the date of consummation of the Change of Control, state that the offer to purchase is conditioned on the Change of Control Repurchase Event occurring on or prior to the payment date specified in the notice. We will comply with the requirements of Rule 14e-1 promulgated under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control Repurchase Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control Repurchase Event provisions of the Notes, we will comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations under the Change of Control Repurchase Event provisions of the Notes by virtue of such conflict.

On the Change of Control Repurchase Event payment date, subject to extension if necessary to comply with the provisions of the 1940 Act and the rules and regulations promulgated thereunder, we will, to the extent lawful:

- accept for payment all Notes or portions of Notes properly tendered pursuant to our offer;

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- deposit with the paying agent an amount equal to the aggregate purchase price in respect of all Notes or portions of Notes properly tendered; and

- deliver or cause to be delivered to the trustee the Notes properly accepted, together with an officers' certificate stating the aggregate principal amount of Notes being purchased by us.

The paying agent will promptly remit to each holder of Notes properly tendered the purchase price for the Notes, and the trustee will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new Note equal in principal amount to any unpurchased portion of any Notes surrendered; *provided* that each new Note will be in a minimum principal amount of $2,000 or an integral multiple of $1,000 in excess thereof.

We will not be required to make an offer to repurchase the Notes upon a Change of Control Repurchase Event if a third party makes an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by us and such third party purchases all Notes properly tendered and not withdrawn under its offer.

The source of funds that will be required to repurchase Notes in the event of a Change of Control Repurchase Event will be our available cash or cash generated from our operations or other potential sources, including funds provided by a purchaser in the Change of Control transaction, borrowings, sales of assets or sales of equity. We cannot assure you that sufficient funds from such sources will be available at the time of any Change of Control Repurchase Event to make required repurchases of Notes tendered. The terms of our Credit Facility provide that certain change of control events will constitute an event of default thereunder entitling the lenders to accelerate any indebtedness outstanding under our Credit Facility at that time and to terminate the Credit Facility. In addition, the occurrence of a Change of Control Repurchase Event enabling the holders of the Notes to require the mandatory purchase of the Notes would constitute an event of default under our Credit Facility entitling the lenders to accelerate any indebtedness outstanding under our Credit Facility at that time and to terminate the Credit Facility. Our and our subsidiaries' future financing facilities may contain similar restrictions and provisions. It is possible that we will not have sufficient funds at the time of the Change of Control Repurchase Event to make the required repurchase of the Notes and/or our and our subsidiaries' other debt. See "Risk Factors We may not be able to repurchase the Notes upon a Change of Control Repurchase Event" in this prospectus supplement.

The definition of "Change of Control" includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of our assets and those of our Controlled Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise, established definition of the phrase under applicable law. Accordingly, the ability of a holder of Notes to require us to repurchase the Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of our assets and the assets of our Controlled Subsidiaries taken as a whole to another person or group may be uncertain.

For purposes of the Notes:

"Below Investment Grade Rating Event" means the Notes are downgraded below Investment Grade by the Rating Agency on any date from the date of the public notice of an arrangement that results in a Change of Control until the end of the 60-day period following public notice of the occurrence of a Change of Control (which period shall be extended so long as the rating of the Notes is under publicly announced consideration for possible downgrade by the Rating Agency); *provided* that a Below Investment Grade Rating Event otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect of a particular Change of Control (and thus shall not be deemed a Below Investment Grade Rating Event for purposes of the definition of Change of Control Repurchase Event hereunder) if the Rating Agency making the reduction in rating to which this definition would otherwise apply does not announce or publicly confirm or inform the trustee in

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writing at our request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the Below Investment Grade Rating Event).

"Change of Control" means the occurrence of any of the following:

- the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation) in one or a series of related transactions, of all or substantially all of the assets of Main Street Capital Corporation and its Controlled Subsidiaries taken as a whole to any "person" or "group" (as those terms are used in Section 13(d)(3) of the Exchange Act), other than to any Permitted Holders; *provided* that, for the avoidance of doubt, a pledge of assets pursuant to any secured debt instrument of Main Street Capital Corporation or its Controlled Subsidiaries shall not be deemed to be any such sale, lease, transfer, conveyance or disposition;

- the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" or "group" (as those terms are used in Section 13(d)(3) of the Exchange Act) (other than any Permitted Holders) becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 promulgated under the Exchange Act), directly or indirectly, of more than 50% of the outstanding Voting Stock of Main Street Capital Corporation, measured by voting power rather than number of shares; or

- the approval by Main Street Capital Corporation's stockholders of any plan or proposal relating to the liquidation or dissolution of Main Street Capital Corporation.

"Change of Control Repurchase Event" means the occurrence of a Change of Control and a Below Investment Grade Rating Event.

"Controlled Subsidiary" means any subsidiary of Main Street Capital Corporation, 50% or more of the outstanding equity interests of which are owned by Main Street Capital Corporation and its direct or indirect subsidiaries and of which Main Street Capital Corporation possesses, directly or indirectly, the power to direct or cause the direction of the management or policies, whether through the ownership of voting equity interests, by agreement or otherwise.

"Investment Grade" means a rating of BBB or better by S&P (or its equivalent under any successor rating categories of S&P) (or, if such Rating Agency ceases to rate the Notes for reasons outside of our control, the equivalent investment grade credit rating from any Rating Agency selected by us as a replacement Rating Agency).

"Permitted Holders" means (i) us and (ii) one or more of our Controlled Subsidiaries.

"Rating Agency" means:

- S&P; and

- if S&P ceases to rate the Notes or fails to make a rating of the Notes publicly available for reasons outside of our control, a "nationally recognized statistical rating organization" as defined in Section (3)(a)(62) of the Exchange Act selected by us as a replacement agency for S&P.

"S&P" means Standard & Poor's Ratings Services, a division of McGraw-Hill, Inc., or any successor thereto.

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"Voting Stock" as applied to stock of any person, means shares, interests, participations or other equivalents in the equity interest (however designated) in such person having ordinary voting power for the election of a majority of the directors (or the equivalent) of such person, other than shares, interests, participations or other equivalents having such power only by reason of the occurrence of a contingency.

Covenants

In addition to the covenants described in the base indenture, the following covenants shall apply to the Notes. To the extent of any conflict or inconsistency between the base indenture and the following covenants, the following covenants shall govern:

Merger, Consolidation or Sale of Assets

Under the terms of the indenture, we are generally permitted to consolidate or merge with another entity. We are also permitted to sell all or substantially all of our assets to another entity. However, we may not take any of these actions unless all the following conditions are met:

- we are the continuing entity or, if we merge out of existence or sell our assets, the resulting or transferee entity must agree to be legally responsible for our obligations under the Notes;

- the merger or sale of assets must not cause a default on the Notes and we must not already be in default (unless the merger or sale would cure the default). For purposes of this no-default test, a default would include an Event of Default that has occurred and has not been cured, as described under "Events of Default" below. A default for this purpose would also include any event that would be an Event of Default if the requirements for giving us a notice of default or our default having to exist for a specific period of time were disregarded;

- we must deliver certain certificates and documents to the trustee; and

- we must satisfy any other requirements specified in the indenture.

Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the properties or assets of a person. As a result, it may be unclear as to whether the merger, consolidation or sale of assets covenant would apply to a particular transaction as described above absent a decision by a court of competent jurisdiction. Although these types of transactions are permitted under the indenture, certain of the foregoing transactions could constitute a Change of Control that results in a Change of Control Repurchase Event permitting each holder to require us to repurchase the Notes of such holder as described above.

An assumption by any person of obligations under the Notes and the indenture might be deemed for U.S. federal income tax purposes to be an exchange of the Notes for new Notes by the holders thereof, resulting in recognition of gain or loss for such purposes and possibly other adverse tax consequences to the holders. Holders should consult their own tax advisors regarding the tax consequences of such an assumption.

Other Covenants

- We agree that for the period of time during which the Notes are outstanding, we will not violate Section 18(a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act or any successor provisions, whether or not we continue to be subject to such provisions of the 1940 Act, but giving effect, in either case, to any exemptive relief granted to us by the SEC. Currently, these provisions generally prohibit us from making additional borrowings, including through the issuance of

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additional debt or the sale of additional debt securities, unless our asset coverage, as defined in the 1940 Act, equals at least 200% after such borrowings. See "Risk Factors Risks Relating to Our Business and Structure Previously proposed legislation may allow us to incur additional leverage" in the accompanying prospectus.

If, at any time, we are not subject to the reporting requirements of Sections 13 or 15(d) of the Exchange Act to file any periodic reports with the Commission, we agree to furnish to holders of the Notes and the trustee, for the period of time during which the Notes are outstanding, our audited annual consolidated financial statements, within 90 days of our fiscal year end, and unaudited interim consolidated financial statements, within 45 days of our fiscal quarter end (other than our fourth fiscal quarter). All such financial statements will be prepared, in all material respects, in accordance with GAAP, as applicable.

Events of Default

The term "Event of Default" in respect of the Notes means any of the following:

default in the payment of interest upon any Note when due and payable, and continuance of such default for a period of 30 days;

default in the payment of the principal (or premium, if any) of any Note when it becomes due and payable at its maturity, including upon any redemption date or required repurchase date;

we remain in breach of any other covenant or agreement in respect of the Notes for 60 days after we receive a written notice of default stating we are in breach. The notice must be sent by either the trustee or holders of at least 25% of the principal amount of the outstanding Notes;

default by us or any of our significant subsidiaries, as defined in Article 1, Rule 1-02 of Regulation S-X promulgated under the Exchange Act (but excluding any subsidiary which is (a) a non-recourse or limited recourse subsidiary, (b) a bankruptcy remote special purpose vehicle, or (c) is not consolidated with Main Street Capital Corporation for purposes of GAAP), with respect to any mortgage, agreement or other instrument under which there may be outstanding, or by which there may be secured or evidenced, any indebtedness for money borrowed in excess of $50 million in the aggregate of us and/or any such subsidiary, whether such indebtedness now exists or shall hereafter be created (i) resulting in such indebtedness becoming or being declared due and payable or (ii) constituting a failure to pay the principal or interest of any such debt when due and payable at its stated maturity, upon required repurchase, upon declaration of acceleration or otherwise, unless, in either case, such indebtedness is discharged, or such acceleration is rescinded, stayed or annulled, within a period of 30 calendar days after written notice of such failure is given to us by the trustee or to us and the trustee by the holders of at least 25% in aggregate principal amount of the Notes then outstanding; and

certain events of bankruptcy, insolvency or reorganization involving us occur and remain undischarged or unstayed for a period of 90 days.

An Event of Default for a particular series of debt securities does not necessarily constitute an Event of Default for any other series of debt securities issued under the same or any other indenture. Within 90 days after the occurrence of any default under the indenture with respect to the Notes, the trustee shall transmit notice to the holders of such default known to the trustee, unless such default shall have been cured or waived; provided, however, that, except in the case of a default in the payment of the principal of (or premium, if any, on) or interest, if any, on any Note, the trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors of the trustee in good faith determines that withholding of such notice is in the interest of the holders of the Notes; and provided further that in the case of any

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default or breach specified in the third bullet point above with respect to the Notes, no such notice shall be given until at least 60 days after the occurrence thereof.

If an Event of Default occurs and is continuing, then and in every such case (other than an Event of Default specified in the last bullet point above), the trustee or the holders of not less than 25% in principal amount of the outstanding Notes may declare the entire principal amount of, and accrued and unpaid interest on, all the Notes of that series to be due and immediately payable, by a notice in writing to us (and to the trustee if given by the holders), and upon any such declaration such principal amount and accrued and unpaid interest shall become immediately due and payable. This is called a declaration of acceleration of maturity. Notwithstanding the foregoing, in the case of the events of bankruptcy, insolvency or reorganization described in the last bullet point above, 100% of the principal amount of, and accrued and unpaid interest on, the Notes will automatically become due and payable.

At any time after a declaration of acceleration with respect to the Notes has been made and before a judgment or decree for payment of the money due has been obtained by the trustee, the holders of a majority in principal amount of the outstanding Notes, by written notice to us and the trustee, may rescind and annul such declaration and its consequences if (i) we have paid or deposited with the trustee a sum sufficient to pay all overdue installments of interest, if any, on all outstanding Notes, the principal of (and premium, if any, on) all outstanding Notes that have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates borne by or provided for in such Notes, to the extent that payment of such interest is lawful interest upon overdue installments of interest at the rate or rates borne by or provided for in such Notes, and all sums paid or advanced by the trustee and the reasonable compensation, expenses, disbursements and advances of the trustee, its agents and counsel, and (ii) all Events of Default with respect to the Notes, other than the nonpayment of the principal of (or premium, if any, on) or interest on such Notes that have become due solely by such declaration of acceleration, have been cured or waived. No such rescission will affect any subsequent default or impair any right consequent thereon.

The trustee is not required to exercise any of the rights or powers vested in it by the indenture at the request or direction of any of the holders of the Notes unless such holders shall have offered to the trustee reasonable security or indemnity against the costs, expenses, and liabilities that might be incurred by it in compliance with such request or direction. Subject to the foregoing, the holders of a majority in principal amount of the outstanding Notes shall have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee with respect to the Notes, provided that (i) such direction shall not be in conflict with any rule of law or with the indenture, (ii) the trustee may take any other action deemed proper by the trustee that is not inconsistent with such direction and (iii) the trustee need not take any action which might involve it in personal liability or be unjustly prejudicial to the holders of the Notes not consenting. No delay or omission in exercising any right or remedy will be treated as a waiver of that right, remedy, or Event of Default.

Before you are allowed to bypass the trustee and bring your own lawsuit or other formal legal action or take other steps to enforce your rights or protect your interests relating to the debt securities, the following must occur:

- you must give the trustee written notice that an Event of Default has occurred and remains uncured;

- the holders of not less than 25% in principal amount of the outstanding Notes must make a written request to the trustee to take action because of the default and must offer reasonable indemnity, security, or both to the trustee against the cost, expenses, and liabilities of taking that action;

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- the trustee must not have taken action for 60 days after receipt of the above notice and offer of indemnity and/or security; and

- the holders of a majority in principal amount of the Notes must not have given the trustee a direction inconsistent with the above notice during that 60-day period.

However, you are entitled at any time to bring a lawsuit for the payment of money due on your debt securities on or after the due date.

Holders of a majority in principal amount of the Notes may waive any past defaults other than:

- in respect of the payment of principal, any premium or interest; or

- in respect of a covenant that cannot be modified or amended with the consent of the holder of each outstanding Note affected.

Book-entry and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and how to declare or cancel an acceleration of maturity.

Each year, we will furnish to each trustee a written statement of certain of our officers certifying that to their knowledge we are in compliance with the indenture governing the Notes, or else specifying any default.

Satisfaction and Discharge; Defeasance

We may satisfy and discharge our obligations under the indenture by delivering to the security registrar for cancellation all outstanding Notes or by depositing with the trustee or delivering to the holders, as applicable, after the Notes have become due and payable, or otherwise, moneys sufficient to pay all of the outstanding Notes and paying all other sums payable under the indenture by us. Such discharge is subject to terms contained in the indenture.

In addition, the Notes are subject to defeasance and covenant defeasance, in each case, in accordance with the terms of the indenture. "Covenant defeasance" refers to our ability, under current United States federal tax law and the indenture, to be released from some of the restrictive covenants in the indenture if certain conditions are satisfied. See "Description of Our Debt Securities Defeasance Covenant Defeasance" in the accompanying prospectus for more information. "Defeasance" or "full defeasance" refers to our ability, if there is a change in United States federal tax law or if we obtain an IRS ruling, to legally release ourselves from all payment and other obligations on the Notes if we put in place certain arrangements for you to be repaid. See "Description of Our Debt Securities Defeasance Full Defeasance" in the accompanying prospectus for more information.

Trustee

The Bank of New York Mellon Trust Company, N.A., is the trustee, security registrar and paying agent. The Bank of New York Mellon Trust Company, N.A., in each of its capacities, including without limitation as trustee, security registrar and paying agent, assumes no responsibility for the accuracy or completeness of the information concerning us or our affiliates or any other party contained in this document or the related documents or for any failure by us or any other party to disclose events that may have occurred and may affect the significance or accuracy of such information, or for any information provided to it by us, including but not limited to settlement amounts and any other information.

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Governing Law

The indenture provides that it and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York without regard to principles of conflicts of laws.

Book-Entry, Settlement and Clearance

Global Notes

The Notes will be initially issued in the form of one or more registered Notes in global form, without interest coupons, or the Global Notes. Upon issuance, each of the Global Notes will be deposited with the trustee as custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

Ownership of beneficial interests in a Global Note will be limited to persons who have accounts with DTC, or the DTC participants, or persons who hold interests through DTC participants. We expect that under procedures established by DTC:

- upon deposit of a Global Note with DTC's custodian, DTC will credit portions of the principal amount of the Global Note to the accounts of the DTC participants designated by the underwriters; and

- ownership of beneficial interests in a Global Note will be shown on, and transfer of ownership of those interests will be effected only through, records maintained by DTC (with respect to interests of DTC participants) and the records of DTC participants (with respect to other owners of beneficial interests in the Global Note).

Beneficial interests in Global Notes may not be exchanged for Notes in physical, certificated form except in the limited circumstances described below.

Book-Entry Procedures for Global Notes

All interests in the Global Notes will be subject to the operations and procedures of DTC. We provide the following summary of those operations and procedures solely for the convenience of investors. The operations and procedures of DTC are controlled by that settlement system and may be changed at any time. Neither we nor the underwriters are responsible for those operations or procedures.

DTC has advised us that it is:

- a limited purpose trust company organized under the laws of the State of New York;

- a "banking organization" within the meaning of the New York State Banking Law;

- a member of the Federal Reserve System;

- a "clearing corporation" within the meaning of the Uniform Commercial Code; and

- a "clearing agency" registered under Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between its participants through electronic book-entry changes to the accounts of its participants. DTC's participants include securities brokers and dealers, including the underwriters; banks and trust companies; clearing corporations and other organizations. Indirect access to DTC's system is also available to others such as banks, brokers, dealers and trust companies; these indirect participants clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly. Investors who are not DTC participants may beneficially own securities held by or on behalf of DTC only through DTC participants or indirect participants in DTC.

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So long as DTC's nominee is the registered owner of a Global Note, that nominee will be considered the sole owner or holder of the Notes represented by that Global Note for all purposes under the indenture. Except as provided below, owners of beneficial interests in a Global Note:

- will not be entitled to have Notes represented by the Global Note registered in their names;
- will not receive or be entitled to receive physical, certificated Notes; and
- will not be considered the owners or holders of the Notes under the indenture for any purpose, including with respect to the giving of any direction, instruction or approval to the trustee under the indenture.

As a result, each investor who owns a beneficial interest in a Global Note must rely on the procedures of DTC to exercise any rights of a holder of Notes under the indenture (and, if the investor is not a participant or an indirect participant in DTC, on the procedures of the DTC participant through which the investor owns its interest).

Payments of principal and interest with respect to the Notes represented by a Global Note will be made by the trustee to DTC's nominee as the registered holder of the Global Note. Neither we nor the trustee will have any responsibility or liability for the payment of amounts to owners of beneficial interests in a Global Note, for any aspect of the records relating to or payments made on account of those interests by DTC, or for maintaining, supervising or reviewing any records of DTC relating to those interests.

Payments by participants and indirect participants in DTC to the owners of beneficial interests in a Global Note will be governed by standing instructions and customary industry practice and will be the responsibility of those participants or indirect participants and DTC.

Transfers between participants in DTC will be effected under DTC's procedures and will be settled in same-day funds.

Certificated Notes

Notes in physical, certificated form will be issued and delivered to each person that DTC identifies as a beneficial owner of the related Notes only if:

- DTC notifies us at any time that it is unwilling or unable to continue as depositary for the Global Notes and a successor depositary is not appointed within 90 days; or
- DTC ceases to be registered as a clearing agency under the Exchange Act and a successor depositary is not appointed within 90 days.

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

The following discussion is a summary of certain material U.S. federal income tax consequences relevant to the purchase, ownership and disposition of the Notes, but does not purport to be a complete analysis of all potential tax consequences. The discussion is based upon the Internal Revenue Code of 1986, as amended (the "Code"), the regulations promulgated thereunder by the U.S. Treasury (the "Treasury Regulations"), rulings and pronouncements issued by the Internal Revenue Service (the "IRS"), and judicial decisions, all as of the date hereof and all of which are subject to change at any time. Any such change may be applied retroactively in a manner that could adversely affect a holder of the Notes. We have not sought any ruling from the IRS with respect to the statements made and the conclusions reached in the following discussion, and there can be no assurance that the IRS will agree with such statements and conclusions.

This discussion does not address all of the U.S. federal income tax consequences that may be relevant to a holder in light of such holder's particular circumstances or to holders subject to special rules, including, without limitation:

- banks, insurance companies and other financial institutions;
- U.S. expatriates and certain former citizens or long-term residents of the United States;
- holders subject to the alternative minimum tax;
- dealers in securities or currencies;
- traders in securities;
- partnerships, S corporations or other pass-through entities;
- U.S. holders (as defined below) whose functional currency is not the U.S. dollar;
- controlled foreign corporations;
- tax-exempt organizations;
- passive foreign investment companies;
- persons holding the Notes as part of a "straddle," "hedge," "conversion transaction" or other risk reduction transaction; and
- persons deemed to sell the Notes under the constructive sale provisions of the Code.

In addition, this discussion is limited to persons purchasing the Notes for cash at original issue and at their original "issue price" within the meaning of Section 1273 of the Code (i.e., the first price at which a substantial amount of the Notes are sold to the public for cash). Moreover, the effects of other U.S. federal tax laws (such as estate and gift tax laws) and any applicable state, local or foreign tax laws are not discussed. The discussion deals only with Notes held as "capital assets" within the meaning of Section 1221 of the Code.

If an entity taxable as a partnership holds the Notes, the tax treatment of an owner of the entity generally will depend on the status of the particular owner in question and the activities of the entity. Owners of any such entity should consult their tax advisors as to the specific tax consequences to them of holding the Notes indirectly through ownership of such entity.

YOU ARE URGED TO CONSULT YOUR TAX ADVISOR WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO YOUR PARTICULAR SITUATION AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER

THE LAWS OF ANY STATE, LOCAL, FOREIGN OR OTHER TAXING JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.

U.S. Holders

The following is a summary of the material U.S. federal income tax consequences that will apply to you if you are a "U.S. holder" of a Note. As used herein, "U.S. holder" means a beneficial owner of a Note who is for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States, including an alien individual who is a lawful permanent resident of the United States or meets the "substantial presence" test under Section 7701(b) of the Code;
- a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust, if a U.S. court can exercise primary supervision over the administration of the trust and one or more "United States persons" within the meaning of Section 7701(a)(30) of the Code can control all substantial trust decisions, or, if the trust was in existence on August 20, 1996, and it has elected to continue to be treated as a United States person.

Payments of Interest

Stated interest on the Notes generally will be taxable to a U.S. holder as ordinary income at the time that such interest is received or accrued, in accordance with such U.S. holder's method of tax accounting for U.S. federal income tax purposes.

Sale or Other Taxable Disposition of Notes

A U.S. holder will recognize gain or loss on the sale, exchange, redemption, retirement or other taxable disposition of a Note equal to the difference between the amount realized upon the disposition (less any portion allocable to any accrued and unpaid interest, which will be taxable as interest to the extent not previously included in income) and the U.S. holder's adjusted tax basis in the Note. A U.S. holder's adjusted tax basis in a Note generally will be equal to the amount that the U.S. holder paid for the Note less any principal payments received by the U.S. holder. Any gain or loss will be a capital gain or loss, and will be a long-term capital gain or loss if the U.S. holder has held the Note for more than one year at the time of disposition. Otherwise, such gain or loss will be a short-term capital gain or loss. Long-term capital gains recognized by certain non-corporate U.S. holders, including individuals, are currently subject to a reduced tax rate. The deductibility of capital losses is subject to limitations.

Information Reporting and Backup Withholding

A U.S. holder may be subject to information reporting and backup withholding when such U.S. holder receives interest payments on the Notes held or upon the proceeds received upon the sale or other disposition of such Notes (including a redemption or retirement of the Notes). Certain U.S. holders generally are not subject to information reporting or backup withholding. A U.S. holder will be subject to backup withholding if such U.S. holder is not otherwise exempt and such U.S. holder:

- fails to furnish the U.S. holder's taxpayer identification number ("TIN"), which, for an individual, ordinarily is his or her social security number;
- furnishes an incorrect TIN;

- is notified by the IRS that the U.S. holder has failed properly to report payments of interest or dividends; or

- fails to certify, under penalties of perjury, on an IRS Form W-9 (Request for Taxpayer Identification Number and Certification) or a suitable substitute form (or other applicable certificate), that the U.S. holder has furnished a correct TIN and that the IRS has not notified the U.S. holder that the U.S. holder is subject to backup withholding.

U.S. holders should consult their tax advisors regarding their qualification for an exemption from backup withholding and the procedures for obtaining such an exemption, if applicable. Backup withholding is not an additional tax, and taxpayers may use amounts withheld as a credit against their U.S. federal income tax liability or may claim a refund if they timely provide certain information to the IRS.

Unearned Income Medicare Contribution

A tax of 3.8% will be imposed on certain "net investment income" (or "undistributed net investment income", in the case of estates and trusts) received by individuals with adjusted modified gross incomes in excess of $200,000 ($250,000 in the case of married individuals filing jointly) and certain estates and trusts. "Net investment income" as defined for U.S. federal Medicare contribution purposes generally includes interest payments and gain recognized from the sale or other disposition of the Notes. Tax-exempt trusts, which are not subject to income taxes generally, and foreign individuals will not be subject to this tax. U.S. holders should consult their own tax advisors regarding the effect, if any, of this tax on their ownership and disposition of the Notes.

Non-U.S. Holders

The following is a summary of certain material U.S. federal income tax consequences that will apply to you if you are a "Non-U.S. holder" of a Note. A "Non-U.S. holder" is a beneficial owner of a Note who is not a U.S. holder or a partnership for U.S. federal income tax purposes. Special rules may apply to Non-U.S. holders that are subject to special treatment under the Code, including controlled foreign corporations, passive foreign investment companies, U.S. expatriates, and foreign persons eligible for benefits under an applicable income tax treaty with the U.S. Such Non-U.S. holders should consult their tax advisors to determine the U.S. federal, state, local and other tax consequences that may be relevant to them including any reporting requirements.

Payments of Interest

Generally, interest income paid to a Non-U.S. holder that is not effectively connected with the Non-U.S. holder's conduct of a U.S. trade or business is subject to withholding tax at a rate of 30% (or, if applicable, a lower treaty rate). Nevertheless, interest paid on a Note to a Non-U.S. holder that is not effectively connected with the Non-U.S. holder's conduct of a U.S. trade or business generally will not be subject to U.S. federal withholding tax provided that:

- such Non-U.S. holder does not directly or indirectly own 10% or more of the total combined voting power of all classes of our voting stock;

- such Non-U.S. holder is not a controlled foreign corporation that is related to us through actual or constructive stock ownership and is not a bank that received such Note on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business; and

- either (1) the Non-U.S. holder certifies in a statement provided to us or the paying agent, under penalties of perjury, that it is the beneficial owner of the Notes and not a "United States person" within the meaning of the Code and provides its name and address, (2) a securities

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clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business and holds the Note on behalf of the Non-U.S. holder certifies to us or the paying agent under penalties of perjury that it, or the financial institution between it and the Non-U.S. holder, has received from the Non-U.S. holder a statement, under penalties of perjury, that such Non-U.S. holder is the beneficial owner of the Notes and is not a United States person and provides us or the paying agent with a copy of such statement or (3) the Non-U.S. holder holds its Note directly through a "qualified intermediary" and certain conditions are satisfied.

Even if the above conditions are not met, a Non-U.S. holder generally will be entitled to a reduction in or an exemption from withholding tax on interest if the Non-U.S. holder provides us or our paying agent with a properly executed IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, or a suitable substitute form (or other applicable certificate) claiming an exemption from or reduction of the withholding tax under the benefit of an income tax treaty between the United States and the Non-U.S. holder's country of residence. A Non-U.S. holder is required to inform the recipient of any change in the information on such statement within 30 days of such change. Special certification rules apply to Non-U.S. holders that are pass-through entities rather than corporations or individuals.

If interest paid to a Non-U.S. holder is effectively connected with the Non-U.S. holder's conduct of a U.S. trade or business, then, the Non-U.S. holder will be exempt from U.S. federal withholding tax, so long as the Non-U.S. holder has provided an IRS Form W-8ECI or substantially similar substitute form stating that the interest that the Non-U.S. holder receives on the Notes is effectively connected with the Non-U.S. holder's conduct of a trade or business in the United States. In such a case, a Non-U.S. holder will be subject to tax on the interest it receives on a net income basis in the same manner as if such Non-U.S. holder were a U.S. holder. In addition, if the Non-U.S. holder is a foreign corporation, such interest may be subject to a branch profits tax at a rate of 30% or lower applicable treaty rate.

Sale or Other Taxable Disposition of Notes

Any gain realized by a Non-U.S. holder on the sale, exchange, retirement, redemption or other taxable disposition of a Note generally will not be subject to U.S. federal income tax unless:

- the gain is effectively connected with the Non-U.S. holder's conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, the Non-U.S. holder maintains a U.S. permanent establishment to which such gain is attributable); or

- the Non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of sale, exchange or other disposition, certain conditions are met and the Non-U.S. holder is not eligible for relief under an applicable income tax treaty.

A Non-U.S. holder described in the first bullet point above will be required to pay U.S. federal income tax on the net gain derived from the sale or other taxable disposition generally in the same manner as if such Non-U.S. holder were a U.S. holder, and if such Non-U.S. holder is a foreign corporation, it may also be required to pay an additional branch profits tax at a 30% rate (or a lower rate if so specified by an applicable income tax treaty). A Non-U.S. holder described in the second bullet point above will be subject to U.S. federal income tax at a rate of 30% (or, if applicable, a lower treaty rate) on the gain derived from the sale or other taxable disposition, which may be offset by certain U.S. source capital losses, even though the Non-U.S. holder is not considered a resident of the United States.

Certain other exceptions may be applicable, and Non-U.S. holders should consult their own tax advisors with regard to whether taxes will be imposed on capital gain in their individual circumstances.

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Information Reporting and Backup Withholding

The amount of interest that we pay to any Non-U.S. holder on the Notes will be reported to the Non-U.S. holder and to the IRS annually on an IRS Form 1042-S, regardless of whether any tax was actually withheld. Copies of these information returns may also be made available under the provisions of a specific income tax treaty or agreement to the tax authorities of the country in which the Non-U.S. holder resides. However, a Non-U.S. holder generally will not be subject to backup withholding and certain other information reporting with respect to payments that we make to the Non-U.S. holder, provided that we do not have actual knowledge or reason to know that such Non-U.S. holder is a "United States person," within the meaning of the Code, and the Non-U.S. holder has given us the statement described above under "Non-U.S. holders Payments of Interest."

If a Non-U.S. holder sells or exchanges a Note through a United States broker or the United States office of a foreign broker, the proceeds from such sale or exchange will be subject to information reporting and backup withholding unless the Non-U.S. holder provides a withholding certificate or other appropriate documentary evidence establishing that such holder is not a U.S. holder to the broker and such broker does not have actual knowledge or reason to know that such holder is a U.S. holder, or the Non-U.S. holder is an exempt recipient eligible for an exemption from information reporting and backup withholding. If a Non-U.S. holder sells or exchanges a Note through the foreign office of a broker who is a United States person or has certain enumerated connections with the United States, the proceeds from such sale or exchange will be subject to information reporting unless the Non-U.S. holder provides to such broker a withholding certificate or other documentary evidence establishing that such holder is not a U.S. holder and such broker does not have actual knowledge or reason to know that such evidence is false, or the Non-U.S. holder is an exempt recipient eligible for an exemption from information reporting. In circumstances where information reporting by the foreign office of such a broker is required, backup withholding will be required only if the broker has actual knowledge that the holder is a U.S. holder.

A Non-U.S. holder generally will be entitled to credit any amounts withheld under the backup withholding rules against the Non-U.S. holder's U.S. federal income tax liability or may claim a refund provided that the required information is furnished to the IRS in a timely manner.

Non-U.S. holders are urged to consult their tax advisors regarding the application of information reporting and backup withholding in their particular situations, the availability of an exemption therefrom, and the procedures for obtaining such an exemption, if available.

Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act, or FATCA, and U.S. Treasury Regulations and other IRS administrative guidance thereunder generally impose a U.S. federal withholding tax of 30% on U.S. source interest on a debt obligation and, if paid after December 31, 2018, the gross proceeds from the disposition of a debt obligation of a type that produces U.S. source interest, which, in each case, would include the Notes, to certain non-U.S. entities (including, in some circumstances, where such an entity is acting as an intermediary) that fail to comply with certain certification and information reporting requirements, including reporting requirements regarding its United States account holders (in the case of foreign financial institutions) or beneficial United States owners (in the case of non-financial foreign entities). Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States with respect to FATCA may be subject to different rules. In addition, under certain circumstances, a Non-U.S. holder might be eligible for refunds or credits of any taxes imposed pursuant to FATCA. Prospective investors in the Notes should consult their own tax advisors regarding the effect, if any, of the FATCA rules for them based on their particular circumstances.

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UNDERWRITING

Under the terms and subject to the conditions contained in an underwriting agreement dated November 16, 2017, the underwriters named below, for whom RBC Capital Markets, LLC is acting as representative, have severally agreed to purchase, and we have agreed to sell to them, the aggregate principal amount of Notes indicated below:

Name		Principal Amount
RBC Capital Markets, LLC	$	62,900,000
Goldman Sachs & Co. LLC	$	51,800,000
Raymond James & Associates, Inc	$	27,750,000
BB&T Capital Markets, a division of BB&T Securities, LLC	$	22,200,000
Comerica Securities, Inc	$	14,615,000
WoodRock Securities, L.P	$	5,735,000
Total	$	185,000,000

The underwriting agreement provides that the obligations of the underwriters to pay for and accept delivery of the Notes offered hereby are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are severally obligated to take and pay for all Notes offered hereby if any such Notes are taken. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part. We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act.

Commissions and Discounts

An underwriting discount of 0.650% per Note will be paid by us.

The following table shows the total underwriting discounts and commissions that we are to pay to the underwriters in connection with this offering.

	Per Note		Total
Public offering price	99.156%	$	183,438,600
Underwriting discount	0.650%	$	1,202,500
Proceeds, before expenses, to us	98.506%	$	182,236,100

The underwriters propose to offer some of the Notes to the public at the public offering price set forth on the cover page of this prospectus supplement and some of the Notes to certain other broker-dealers at the public offering price less a concession not in excess of 0.400% of the aggregate principal amount of the Notes. The underwriters may allow, and the dealers may reallow, a discount not in excess of 0.250% of the aggregate principal amount of the Notes. After the initial offering of the Notes to the public, the public offering price and such concessions may be changed. No such change shall change the amount of proceeds to be received by us as set forth on the cover page of this prospectus supplement. The expenses of the offering, not including the underwriting discount, are estimated at $350,000 and are payable by us.

We expect that delivery of the Notes will be made against payment therefore on or about November 21, 2017, which will be the third business day following the date of the pricing of the Notes.

No Sales of Similar Securities

Subject to certain exceptions, we have agreed not to directly or indirectly, offer, pledge, sell, contract to sell, grant any option for the sale of, or otherwise transfer or dispose of any debt securities issued or guaranteed by the Company that are substantially similar to the Notes or any securities convertible into or exercisable or exchangeable for such debt securities for a period of 30 days after the date of this prospectus supplement without first obtaining the written consent of the representative. This consent may be given at any time without public notice.

Listing

The Notes are a new issue of securities with no established trading market. The Notes will not be listed on any securities exchange or quoted on any automated dealer quotation system.

We have been advised by the underwriters that they presently intend to make a market in the Notes after completion of the offering as permitted by applicable laws and regulations. The underwriters are not obligated, however, to make a market in the Notes and any such market-making may be discontinued at any time in the sole discretion of the underwriters without any notice. Accordingly, no assurance can be given as to the liquidity of, or development of a public trading market for, the Notes. If an active public trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected.

Price Stabilization and Short Positions

In connection with the offering, the underwriters may purchase and sell Notes in the open market. These transactions may include short sales, purchases to cover positions created by short sales and stabilizing transactions. Short sales involve the sale by the underwriters of a greater number of Notes than required to be purchased in this offering. Covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions consist of certain bids or purchases of Notes made for the purpose of preventing or retarding a decline in the market price of the Notes while the offering is in progress.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representative has repurchased Notes sold by or for the account of such underwriter in stabilizing or short covering transactions.

Any of these activities may cause the price of the Notes to be higher than the price that otherwise would exist in the open market in the absence of such transactions. These transactions may be discontinued at any time without any notice relating thereto.

Conflicts of Interest

Affiliates of RBC Capital Markets, LLC, Goldman Sachs & Co. LLC, Raymond James & Associates, Inc., BB&T Capital Markets, a division of BB&T Securities, LLC, Comerica Securities, Inc. and WoodRock Securities, L.P., underwriters in this offering, act as lenders and/or agents under our Credit Facility. Certain of the net proceeds from the sale of our Notes, not including underwriting compensation, may be paid to such affiliates of RBC Capital Markets, LLC, Goldman Sachs & Co. LLC, Raymond James & Associates, Inc., BB&T Capital Markets, a division of BB&T Securities, LLC, Comerica Securities, Inc. and WoodRock Securities, L.P. in connection with the repayment of debt owed under our Credit Facility. As a result, RBC Capital Markets, LLC, Goldman Sachs & Co. LLC, Raymond James & Associates, Inc., BB&T Capital Markets, a division of BB&T Securities, LLC, Comerica Securities, Inc. and WoodRock Securities, L.P. and/or their affiliates may receive more than 5% of the net proceeds of this offering, not including underwriting compensation.

The underwriters and/or their affiliates from time to time provide and may in the future provide investment banking, commercial banking and financial advisory services to us, for which they have received and may receive customary compensation.

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In addition, the underwriters and/or their affiliates may from time to time refer investment banking clients to us as potential portfolio investments. If we invest in those clients, we may indirectly utilize net proceeds from this offering to fund such investments, and the referring underwriter or its affiliate may receive placement fees from its client in connection with such financing, which placement fees may be paid out of the amount funded by us.

The addresses of the underwriters are: RBC Capital Markets, LLC, 200 Vesey Street, 8th Floor, New York, NY 10281; Goldman Sachs & Co. LLC, 200 West Street, New York, NY 10282; Raymond James & Associates, Inc., 880 Carillon Parkway, St. Petersburg, Florida 33716; BB&T Capital Markets, a division of BB&T Securities, LLC, 901 East Byrd Street, Suite 300, Richmond, Virginia 23219; Comerica Securities, Inc., 201 West Fort St., 3rd Floor, Detroit, MI 48226; and WoodRock Securities, L.P., 4265 San Felipe, Suite 600, Houston, Texas 77027.

Selling Restrictions

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of Notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State at any time:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the representative for any such offer; or

(d) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the

Notes in circumstances in which Section 21(1) of the FSMA would not, if the company was not an authorized person, apply to the company; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Hong Kong

The Notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, Notes, debentures and units of Notes and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Notes under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

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LEGAL MATTERS

Certain legal matters regarding the Notes offered hereby will be passed upon for us by Eversheds Sutherland (US) LLP, Washington D.C., and certain legal matters in connection with this offering will be passed upon for the underwriters by Fried, Frank, Harris, Shriver & Jacobson LLP, New York, New York.

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INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The audited consolidated financial statements, financial highlights, Schedule 12-14 and the schedule of Senior Securities of Main Street Capital Corporation, included in this prospectus supplement and elsewhere in the registration statement have been so included in reliance upon the reports of Grant Thornton LLP, independent registered public accountants, as stated in their reports appearing herein. Grant Thornton LLP's principal business address is Grant Thornton Tower, 171 North Clark, Suite 200, Chicago, Illinois 60601.

AVAILABLE INFORMATION

We have filed with the SEC a universal shelf registration statement on Form N-2, together with all amendments and related exhibits, under the Securities Act, with respect to the Notes offered by this prospectus supplement. The registration statement contains additional information about us and the Notes being offered by this prospectus supplement.

We file with or submit to the SEC annual, quarterly and current reports, proxy statements and other information meeting the informational requirements of the Exchange Act. You may inspect and copy these reports, proxy statements and other information, as well as the registration statement and related exhibits and schedules, at the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800- SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements and other information filed electronically by us with the SEC, which are available on the SEC's website at *www.sec.gov*. Copies of these reports, proxy and information statements and other information may be obtained, after paying a duplicating fee, by electronic request at the following e-mail address: *publicinfo@sec.gov*, or by writing the SEC's Public Reference Section, 100 F Street, N.E., Washington, D.C. 20549.

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INTERIM FINANCIAL STATEMENTS

MAIN STREET CAPITAL CORPORATION

Consolidated Balance Sheets

(dollars in thousands, except shares and per share amounts)

	September 30, 2017 (Unaudited)	December 31, 2016
ASSETS		
Portfolio investments at fair value:		
Control investments (cost: $527,609 and $439,674 as of September 30, 2017 and December 31, 2016, respectively)	$ 715,873	$ 594,282
Affiliate investments (cost: $376,957 and $394,699 as of September 30, 2017 and December 31, 2016, respectively)	338,231	375,948
Non-Control/Non-Affiliate investments (cost: $1,144,962 and $1,037,510 as of September 30, 2017 and December 31, 2016, respectively)	1,115,877	1,026,676
Total investments (cost: $2,049,528 and $1,871,883 as of September 30, 2017 and December 31, 2016, respectively)	2,169,981	1,996,906
Cash and cash equivalents	30,144	24,480
Interest receivable and other assets	39,374	35,133
Receivable for securities sold	26,090	1,990
Deferred financing costs (net of accumulated amortization of $5,344 and $4,598 as of September 30, 2017 and December 31, 2016, respectively)	4,093	4,718
Deferred tax asset, net		9,125
Total assets	$ 2,269,682	$ 2,072,352
LIABILITIES		
Credit facility	$ 355,000	$ 343,000
SBIC debentures (par: $274,800 and $240,000 as of September 30, 2017 and December 31, 2016, respectively)	269,345	235,686
4.50% Notes (par: $175,000 as of both September 30, 2017 and December 31, 2016)	173,435	172,893
6.125% Notes (par: $90,655 as of both September 30, 2017 and December 31, 2016)	88,981	88,752
Accounts payable and other liabilities	14,357	14,205
Payable for securities purchased	23,172	2,184
Interest payable	3,609	4,103
Dividend payable	10,935	10,048
Deferred tax liability, net	1,182	
Total liabilities	940,016	870,871
Commitments and contingencies (Note M)		
NET ASSETS		
Common stock, $0.01 par value per share (150,000,000 shares authorized; 57,680,789 and 54,312,444 shares issued and outstanding as of September 30, 2017 and December 31, 2016, respectively)	577	543
Additional paid-in capital	1,272,175	1,143,883

Accumulated net investment income, net of cumulative dividends of $603,902 and $521,297 as of September 30, 2017 and December 31, 2016, respectively		29,099		19,033
Accumulated net realized gain from investments (accumulated net realized gain from investments of $76,236 before cumulative dividends of $133,997 as of September 30, 2017 and accumulated net realized gain from investments of $48,394 before cumulative dividends of $107,281 as of December 31, 2016)		(57,761)		(58,887)
Net unrealized appreciation, net of income taxes		85,576		96,909
Total net assets		1,329,666		1,201,481
Total liabilities and net assets	$	2,269,682	$	2,072,352
NET ASSET VALUE PER SHARE	$	23.02	$	22.10

The accompanying notes are an integral part of these consolidated financial statements

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MAIN STREET CAPITAL CORPORATION

Consolidated Statements of Operations

(dollars in thousands, except shares and per share amounts)

(Unaudited)

	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
INVESTMENT INCOME:				
Interest, fee and dividend income:				
Control investments	$ 15,145	$ 14,826	$ 42,720	$ 40,398
Affiliate investments	10,134	9,619	29,601	27,095
Non-Control/Non-Affiliate investments	26,507	22,149	77,623	63,841
Interest, fee and dividend income	51,786	46,594	149,944	131,334
Interest, fee and dividend income from marketable securities and idle funds investments		5		174
Total investment income	51,786	46,599	149,944	131,508
EXPENSES:				
Interest	(9,420)	(8,573)	(26,820)	(25,010)
Compensation	(4,777)	(4,309)	(13,762)	(12,081)
General and administrative	(2,748)	(2,247)	(8,748)	(6,808)
Share-based compensation	(2,476)	(2,137)	(7,542)	(5,977)
Expenses allocated to the External Investment Manager	1,664	1,224	4,816	3,739
Total expenses	(17,757)	(16,042)	(52,056)	(46,137)
NET INVESTMENT INCOME	34,029	30,557	97,888	85,371
NET REALIZED GAIN (LOSS):				
Control investments	(2,848)	17,862	259	32,220
Affiliate investments	(9,896)	(3,447)	12,920	25,260
Non-Control/Non-Affiliate investments	2,038	(10,033)	14,663	(22,452)
Marketable securities and idle funds investments		(96)		(1,681)
SBIC debentures			(5,217)	
Total net realized gain (loss)	(10,706)	4,286	22,625	33,347
NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION):				
Portfolio investments	16,368	8,376	(4,358)	(29,738)
Marketable securities and idle funds investments		235		1,729
SBIC debentures	(221)	(801)	5,408	(820)
Total net change in unrealized appreciation (depreciation)	16,147	7,810	1,050	(28,829)
INCOME TAXES:				
Federal and state income, excise and other taxes	(799)	(904)	(2,489)	(2,372)
Deferred taxes	(3,772)	1,432	(9,894)	3,390
Income tax benefit (provision)	(4,571)	528	(12,383)	1,018
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	$ 34,899	$ 43,181	$ 109,180	$ 90,907

NET INVESTMENT INCOME PER SHARE BASIC AND DILUTED	$	0.60	$	0.58	$	1.74	$	1.66
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS PER SHARE BASIC AND DILUTED	$	0.61	$	0.82	$	1.94	$	1.76
DIVIDENDS PAID PER SHARE:								
Regular monthly dividends	$	0.555	$	0.540	$	1.665	$	1.620
Supplemental dividends						0.275		0.275
Total dividends	$	0.555	$	0.540	$	1.940	$	1.895
WEIGHTED AVERAGE SHARES OUTSTANDING BASIC AND DILUTED		57,109,104		52,613,277		56,140,953		51,538,745

The accompanying notes are an integral part of these consolidated financial statements

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MAIN STREET CAPITAL CORPORATION

Consolidated Statements of Changes in Net Assets

(dollars in thousands, except shares)

(Unaudited)

	Common Stock						
	Number of Shares	Par Value	Additional Paid-In Capital	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
Balances at December 31, 2015	50,413,744	$ 504	$ 1,011,467	$ 7,181	$ (49,653)	$ 101,395	$ 1,070,894
Public offering of common stock, net of offering costs	1,996,793	20	64,239				64,259
Share-based compensation			5,977				5,977
Purchase of vested stock for employee payroll tax withholding	(80,750)	(1)	(2,592)				(2,593)
Dividend reinvestment	339,544	3	10,645				10,648
Amortization of directors' deferred compensation			464				464
Issuance of restricted stock, net of forfeited shares	262,586	3	(3)				
Dividends to stockholders				(54,131)	(43,881)		(98,012)
Cumulative-effect to retained earnings for excess tax benefit						1,806	1,806
Net increase (decrease) resulting from operations				85,371	33,347	(27,811)	90,907
Balances at September 30, 2016	52,931,917	$ 529	$ 1,090,197	$ 38,421	$ (60,187)	$ 75,390	$ 1,144,350
Balances at December 31, 2016	54,354,857	$ 543	$ 1,143,883	$ 19,033	$ (58,887)	$ 96,909	$ 1,201,481
Public offering of common stock, net of offering costs	3,119,581	31	118,087				118,118
Share-based compensation			7,542				7,542
Purchase of vested stock for employee payroll tax withholding	(113,371)	(1)	(4,350)				(4,351)
Investment through issuance of unregistered shares	11,464		442				442
Dividend reinvestment	158,301	2	6,085				6,087
Amortization of directors' deferred compensation			488				488
Issuance of restricted stock, net of forfeited shares	225,361	2	(2)				
Dividends to stockholders				(82,605)	(26,716)		(109,321)
Net increase (decrease) resulting from operations				92,671	27,842	(11,333)	109,180
Balances at September 30, 2017	57,756,193	$ 577	$ 1,272,175	$ 29,099	$ (57,761)	$ 85,576	$ 1,329,666

The accompanying notes are an integral part of these consolidated financial statements

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MAIN STREET CAPITAL CORPORATION

Consolidated Statements of Cash Flows

(dollars in thousands)

(Unaudited)

	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net increase in net assets resulting from operations	$ 109,180	$ 90,907
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used in) operating activities:		
Investments in portfolio companies	(743,695)	(420,036)
Proceeds from sales and repayments of debt investments in portfolio companies	527,562	274,907
Proceeds from sales and return of capital of equity investments in portfolio companies	80,078	73,017
Investments in marketable securities and idle funds investments		(523)
Proceeds from sales and repayments of marketable securities and idle funds investments		4,316
Net change in net unrealized (appreciation) depreciation	(1,050)	28,829
Net realized gain	(22,625)	(33,347)
Accretion of unearned income	(12,403)	(7,073)
Payment-in-kind interest	(4,122)	(4,911)
Cumulative dividends	(2,711)	(1,470)
Share-based compensation expense	7,542	5,977
Amortization of deferred financing costs	2,022	1,931
Deferred tax (benefit) provision	9,894	(3,390)
Changes in other assets and liabilities:		
Interest receivable and other assets	(2,848)	(685)
Interest payable	(494)	(398)
Accounts payable and other liabilities	640	(247)
Deferred fees and other	2,050	1,644
Net cash provided by (used in) operating activities	(50,980)	9,448
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from public offering of common stock, net of offering costs	118,118	64,259
Dividends paid	(102,347)	(86,655)
Proceeds from issuance of SBIC debentures	60,000	6,000
Repayments of SBIC debentures	(25,200)	
Proceeds from credit facility	394,000	254,000
Repayments on credit facility	(382,000)	(232,000)
Payment of deferred loan costs and SBIC debenture fees	(1,576)	(925)
Purchases of vested stock for employee payroll tax withholding	(4,351)	(2,593)
Other		(83)
Net cash provided by financing activities	56,644	2,003
Net increase in cash and cash equivalents	5,664	11,451
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	24,480	20,331
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 30,144	$ 31,782

Supplemental cash flow disclosures:				
Interest paid	$	25,200	$	23,368
Taxes paid	$	3,162	$	1,762
Non-cash financing activities:				
Shares issued pursuant to the DRIP	$	6,087	$	10,648

The accompanying notes are an integral part of these consolidated financial statements

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments

September 30, 2017

(dollars in thousands)

(Unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Control Investments(5)					
Access Media Holdings, LLC(10)	Private Cable Operator				
		5% Current / 5% PIK Secured Debt (Maturity July 22, 2020)(19)	$ 23,529	$ 23,529	$ 19,440
		Preferred Member Units (7,771,500 units)		7,665	150
		Member Units (45 units)		1	
				31,195	19,590
ASC Interests, LLC	Recreational and Educational Shooting Facility				
		11% Secured Debt (Maturity July 31, 2018)	1,925	1,917	1,925
		Member Units (1,500 units)(8)		1,500	1,820
				3,417	3,745
Bond-Coat, Inc.	Casing and Tubing Coating Services				
		12% Secured Debt (Maturity December 28, 2017)	11,596	11,586	11,596
		Common Stock (57,508 shares)		6,350	8,430
				17,936	20,026
Café Brazil, LLC	Casual Restaurant Group				
		Member Units (1,233 units)(8)		1,742	5,390
CBT Nuggets, LLC	Produces and Sells IT Training Certification Videos				
		Member Units (416 units)(8)		1,300	71,850
Charps, LLC	Pipeline Maintenance and Construction				
		12% Secured Debt (Maturity February 3, 2022)	18,400	18,217	18,217
		Preferred Member Units (1,600 units)		400	400
				18,617	18,617
Clad-Rex Steel, LLC	Specialty Manufacturer of Vinyl-Clad Metal				
		LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.74%, Secured Debt (Maturity December 20, 2021)(9)	13,680	13,558	13,680

Member Units (717 units)(8)		7,280	8,520
10% Secured Debt (Clad-Rex Steel RE Investor, LLC) (Maturity December 20, 2036)	1,188	1,177	1,177
Member Units (Clad-Rex Steel RE Investor, LLC) (800 units)		210	210
		22,225	23,587

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

September 30, 2017

(dollars in thousands)

(Unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
CMS Minerals Investments	Oil & Gas Exploration & Production				
		Member Units (CMS Minerals II, LLC) (100 units)(8)		3,491	2,582
Copper Trail Energy Fund I, LP(12)(13)	Investment Partnership				
		LP Interests (Fully diluted 30.1%)		2,500	2,500
Datacom, LLC	Technology and Telecommunications Provider				
		8% Secured Debt (Maturity May 30, 2018)	1,350	1,350	1,350
		5.25% Current / 5.25% PIK Secured Debt (Maturity May 30, 2019)(19)	12,133	12,088	11,370
		Class A Preferred Member Units		1,181	1,360
		Class B Preferred Member Units (6,453 units)		6,030	
				20,649	14,080
Gamber-Johnson Holdings, LLC	Manufacturer of Ruggedized Computer Mounting Systems				
		LIBOR Plus 11.00% (Floor 1.00%), Current Coupon 12.24%, Secured Debt (Maturity June 24, 2021)(9)	23,680	23,480	23,680
		Member Units (8,619 units)(8)		14,844	22,960
				38,324	46,640
Garreco, LLC	Manufacturer and Supplier of Dental Products				
		LIBOR Plus 10.00% (Floor 1.00%), Current Coupon 11.30%, Secured Debt (Maturity March 31, 2020)(9)	5,724	5,678	5,678
		Member Units (1,200 units)		1,200	1,830
				6,878	7,508
GRT Rubber Technologies LLC	Manufacturer of Engineered Rubber Products				
		LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.24%, Secured Debt (Maturity December 19, 2019)(9)	12,030	11,969	12,030
		Member Units (5,879 units)(8)		13,065	20,680

			25,034	32,710
Gulf Manufacturing, LLC	Manufacturer of Specialty Fabricated Industrial Piping Products			
		Member Units (438 units)(8)	2,980	10,680

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

September 30, 2017

(dollars in thousands)

(Unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Gulf Publishing Holdings, LLC	Energy Industry Focused Media and Publishing				
		LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.74%, Secured Debt (Maturity September 30, 2020)(9)	80	80	80
		12.5% Secured Debt (Maturity April 29, 2021)	12,800	12,697	12,697
		Member Units (3,681 units)		3,681	4,330
				16,458	17,107
Harborside Holdings, LLC	Real Estate Holding Company				
		Member units (100 units)		6,206	9,400
Harrison Hydra-Gen, Ltd.	Manufacturer of Hydraulic Generators				
		Common Stock (107,456 shares)		718	2,800
HW Temps LLC	Temporary Staffing Solutions				
		LIBOR Plus 13.00% (Floor 1.00%), Current Coupon 14.24%, Secured Debt (Maturity July 2, 2020)(9)	9,976	9,913	9,913
		Preferred Member Units (3,200 units)		3,942	3,940
				13,855	13,853
Hydratec, Inc.	Designer and Installer of Micro-Irrigation Systems				
		Common Stock (7,095 shares)(8)		7,095	15,480
IDX Broker, LLC	Provider of Marketing and CRM Tools for the Real Estate Industry				
		11.5% Secured Debt (Maturity November 15, 2018)	10,050	10,023	10,050
		Member Units (5,400 units)(8)		5,606	9,000
				15,629	19,050
Jensen Jewelers of Idaho, LLC	Retail Jewelry Store				
		Prime Plus 6.75% (Floor 2.00%), Current Coupon 11.00%, Secured Debt (Maturity November 14, 2019)(9)	4,105	4,062	4,105
		Member Units (627 units)(8)		811	4,460
				4,873	8,565

KBK Industries, LLC	Manufacturer of Specialty Oilfield and Industrial Products				
		10% Secured Debt (Maturity September 28, 2020)	750	750	750
		12.5% Secured Debt (Maturity September 28, 2020)	5,900	5,900	5,900
		Member Units (325 units)(8)		783	4,060
				7,433	10,710

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

September 30, 2017

(dollars in thousands)

(Unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Lamb Ventures, LLC	Aftermarket Automotive Services Chain				
		11% Secured Debt (Maturity July 1, 2022)	10,079	10,024	10,024
		Preferred Equity (non-voting)		400	400
		Member Units (742 units)(8)		5,273	6,430
		9.5% Secured Debt (Lamb's Real Estate Investment I, LLC) (Maturity March 31, 2027)	432	428	432
		Member Units (Lamb's Real Estate Investment I, LLC) (1,000 units)(8)		625	520
				16,750	17,806
Marine Shelters Holdings, LLC	Fabricator of Marine and Industrial Shelters				
		12% PIK Secured Debt (Maturity December 28, 2017)(14)	3,131	3,078	
		Preferred Member Units (3,810 units)		5,352	
				8,430	
Market Force Information, LLC	Provider of Customer Experience Management Services				
		LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.32%, Secured Debt (Maturity July 28, 2022)(9)	512	512	512
		LIBOR Plus 11.00% (Floor 1.00%), Current Coupon 12.32%, Secured Debt (Maturity July 28, 2022)(9)	23,520	23,293	23,293
		Member Units (657,113 units)		14,700	14,700
				38,505	38,505
MH Corbin Holding LLC	Manufacturer and Distributor of Traffic Safety Products				
		10% Secured Debt (Maturity August 31, 2020)	12,775	12,694	12,694
		Preferred Member Units (4,000 shares)		6,000	6,000
				18,694	18,694
Mid-Columbia Lumber Products, LLC	Manufacturer of Finger-Jointed Lumber Products				
			1,750	1,750	1,750

10% Secured Debt (Maturity December 18, 2017)			
12% Secured Debt (Maturity December 18, 2017)	3,900	3,900	3,900
Member Units (3,554 units)		1,810	980
9.5% Secured Debt (Mid-Columbia Real Estate, LLC) (Maturity May 13, 2025)	802	802	802
Member Units (Mid-Columbia Real Estate, LLC) (500 units)(8)		790	1,290
		9,052	8,722

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

September 30, 2017

(dollars in thousands)

(Unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
MSC Adviser I, LLC(16)	Third Party Investment Advisory Services				
		Member Units (Fully diluted 100.0%)(8)			39,304
Mystic Logistics Holdings, LLC	Logistics and Distribution Services Provider for Large Volume Mailers				
		12% Secured Debt (Maturity August 15, 2019)	7,768	7,686	7,768
		Common Stock (5,873 shares)		2,720	6,590
				10,406	14,358
NAPCO Precast, LLC	Precast Concrete Manufacturing				
		LIBOR Plus 8.50%, Current Coupon 9.82%, Secured Debt (Maturity May 31, 2019)	11,475	11,433	11,433
		Member Units (2,955 units)(8)		2,975	10,830
				14,408	22,263
NRI Clinical Research, LLC	Clinical Research Service Provider				
		LIBOR Plus 6.50% (Floor 1.50%), Current Coupon 8.00%, Secured Debt (Maturity January 15, 2018)(9)	400	400	400
		14% Secured Debt (Maturity January 15, 2018)	4,205	4,205	4,205
		Warrants (251,723 equivalent units; Expiration September 8, 2021; Strike price $0.01 per unit)		252	500
		Member Units (500,000 units)		765	2,500
				5,622	7,605
NRP Jones, LLC	Manufacturer of Hoses, Fittings and Assemblies				
		8% Current / 4% PIK Secured Debt (Maturity December 22, 2019)(19)	15,037	15,037	15,037
		Member Units (65,208 units)		3,717	1,260
				18,754	16,297
NuStep, LLC	Designer, Manufacturer and Distributor of Fitness Equipment				

		12% Secured Debt (Maturity January 31, 2022)	20,600	20,411	20,411
		Preferred Member Units (406 units)		10,200	10,200
				30,611	30,611
OMi Holdings, Inc.	Manufacturer of Overhead Cranes				
		Common Stock (1,500 shares)(8)		1,080	12,740
Pegasus Research Group, LLC	Provider of Telemarketing and Data Services				
		Member Units (460 units)(8)		1,290	9,350

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

September 30, 2017

(dollars in thousands)

(Unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
PPL RVs, Inc.	Recreational Vehicle Dealer				
		LIBOR Plus 7.00% (Floor 0.50%), Current Coupon 8.30%, Secured Debt (Maturity November 15, 2021)(9)	16,100	15,965	16,100
		Common Stock (1,962 shares)(8)		2,150	11,780
				18,115	27,880
Principle Environmental, LLC (d/b/a TruHorizon Environmental Solutions)	Noise Abatement Service Provider				
		13% Secured Debt (Maturity April 30, 2020)	7,477	7,335	7,335
		Preferred Member Units (19,631 units)		4,600	8,220
		Warrants (1,018 equivalent units; Expiration January 31, 2021; Strike price $0.01 per unit)		1,200	420
				13,135	15,975
Quality Lease Service, LLC	Provider of Rigsite Accommodation Unit Rentals and Related Services				
		Zero Coupon Secured Debt (Maturity June 8, 2020)	7,341	7,341	6,950
		Member Units (1,000 units)		2,768	4,838
				10,109	11,788
River Aggregates, LLC	Processor of Construction Aggregates				
		Zero Coupon Secured Debt (Maturity June 30, 2018)	750	686	686
		Member Units (1,150 units)(8)		1,150	4,410
		Member Units (RA Properties, LLC) (1,500 units)		369	2,510
				2,205	7,606
SoftTouch Medical Holdings LLC	Provider of In-Home Pediatric Durable Medical Equipment				
		LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.24%, Secured Debt (Maturity October 31, 2019)(9)	7,140	7,107	7,140
		Member Units (4,450 units)(8)		4,930	9,540

	12,037	16,680

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

September 30, 2017

(dollars in thousands)

(Unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
The MPI Group, LLC	Manufacturer of Custom Hollow Metal Doors, Frames and Accessories				
		9% Secured Debt (Maturity October 2, 2018)	2,924	2,923	2,619
		Series A Preferred Units (2,500 units)		2,500	
		Warrants (1,424 equivalent units; Expiration July 1, 2024; Strike price $0.01 per unit)		1,096	
		Member Units (MPI Real Estate Holdings, LLC) (100 units)(8)		2,300	2,390
				8,819	5,009
Uvalco Supply, LLC	Farm and Ranch Supply Store				
		9% Secured Debt (Maturity January 1, 2019)	474	474	474
		Member Units (1,867 units)(8)		3,579	4,307
				4,053	4,781
Vision Interests, Inc.	Manufacturer / Installer of Commercial Signage				
		13% Secured Debt (Maturity December 23, 2018)	2,814	2,794	2,794
		Series A Preferred Stock (3,000,000 shares)		3,000	3,000
		Common Stock (1,126,242 shares)		3,706	
				9,500	5,794
Ziegler's NYPD, LLC	Casual Restaurant Group				
		6.5% Secured Debt (Maturity October 1, 2019)	1,000	995	995
		12% Secured Debt (Maturity October 1, 2019)	300	300	300
		14% Secured Debt (Maturity October 1, 2019)	2,750	2,750	2,750
		Warrants (587 equivalent units; Expiration September 29, 2018; Strike price $0.01 per unit)		600	190
		Preferred Member Units (10,072 units)		2,834	3,400
				7,479	7,635
Subtotal Control Investments (33.0% of total investments at fair value)				$ 527,609	$ 715,873

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

September 30, 2017

(dollars in thousands)

(Unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Affiliate Investments(6)					
AFG Capital Group, LLC	Provider of Rent-to-Own Financing Solutions and Services				
		Warrants (42 equivalent units; Expiration November 7, 2024; Strike price $0.01 per unit)		$ 259	$ 750
		Member Units (186 units)(8)		1,200	3,130
				1,459	3,880
Barfly Ventures, LLC(10)	Casual Restaurant Group				
		12% Secured Debt (Maturity August 31, 2020)	8,715	8,568	8,689
		Options (2 equivalent units)		397	780
		Warrant (1 equivalent unit; Expiration August 31, 2025; Strike price $1.00 per unit)		473	440
				9,438	9,909
BBB Tank Services, LLC	Maintenance, Repair and Construction Services to the Above-Ground Storage Tank Market				
		LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.74%, Secured Debt (Maturity April 8, 2021)(9)	800	797	797
		15% Secured Debt (Maturity April 8, 2021)	4,027	3,995	3,995
		Member Units (800,000 units)		800	580
				5,592	5,372
Boccella Precast Products LLC	Manufacturer of Precast Hollow Core Concrete				
		LIBOR Plus 10.00% (Floor 1.00%), Current Coupon 11.30%, Secured Debt (Maturity June 30, 2022)(9)	16,400	16,223	16,223
		Member Units (2,160,000 units)		2,160	2,160
				18,383	18,383
Boss Industries, LLC	Manufacturer and Distributor of Air, Power and Other Industrial Equipment				

Preferred Member Units (2,242 units)(8)	2,570	3,730

MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

September 30, 2017

(dollars in thousands)

(Unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Bridge Capital Solutions Corporation	Financial Services and Cash Flow Solutions Provider				
		13% Secured Debt (Maturity July 25, 2021)	7,500	5,810	5,810
		Warrants (63 equivalent shares; Expiration July 25, 2026; Strike price $0.01 per share)		2,132	3,370
		13% Secured Debt (Mercury Service Group, LLC) (Maturity July 25, 2021)	1,000	992	1,000
		Preferred Member Units (Mercury Service Group, LLC) (17,742 units)(8)		1,000	1,000
				9,934	11,180
Buca C, LLC	Casual Restaurant Group				
		LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.48%, Secured Debt (Maturity June 30, 2020)(9)	21,204	21,078	21,078
		Preferred Member Units (6 units; 6% cumulative)(8)(19)		4,115	4,110
				25,193	25,188
CAI Software LLC	Provider of Specialized Enterprise Resource Planning Software				
		12% Secured Debt (Maturity October 10, 2019)	3,483	3,466	3,483
		Member Units (65,356 units)(8)		654	3,040
				4,120	6,523
CapFusion, LLC(13)	Non-Bank Lender to Small Businesses				
		13% Secured Debt (Maturity March 25, 2021)(14)	11,320	10,260	6,678
		Warrants (1,600 equivalent units; Expiration March 24, 2026; Strike price $0.01 per unit)		1,200	
				11,460	6,678
Chandler Signs Holdings, LLC(10)	Sign Manufacturer				
		12% Secured Debt (Maturity July 4, 2021)	4,500	4,466	4,500

		Class A Units (1,500,000 units)(8)	1,500	2,650
			5,966	7,150
Condit Exhibits, LLC	Tradeshow Exhibits / Custom Displays Provider			
		Member Units (3,936 units)(8)	100	1,840

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

September 30, 2017

(dollars in thousands)

(Unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Congruent Credit Opportunities Funds(12)(13)	Investment Partnership				
		LP Interests (Congruent Credit Opportunities Fund II, LP) (Fully diluted 19.8%)(8)		5,730	1,515
		LP Interests (Congruent Credit Opportunities Fund III, LP) (Fully diluted 17.4%)(8)		17,869	18,714
				23,599	20,229
Dos Rios Partners(12)(13)	Investment Partnership				
		LP Interests (Dos Rios Partners, LP) (Fully diluted 20.2%)		5,996	6,427
		LP Interests (Dos Rios Partners A, LP) (Fully diluted 6.4%)		1,904	1,889
				7,900	8,316
Dos Rios Stone Products LLC(10)	Limestone and Sandstone Dimension Cut Stone Mining Quarries				
		Class A Units (2,000,000 units)(8)		2,000	1,870
East Teak Fine Hardwoods, Inc.	Distributor of Hardwood Products				
		Common Stock (6,250 shares)(8)		480	630
East West Copolymer & Rubber, LLC	Manufacturer of Synthetic Rubbers				
		12% Current / 2% PIK Secured Debt (Maturity October 17, 2019)(14)(15)	3,734	3,626	
		Warrants (2,510,790 equivalent units; Expiration October 15, 2024; Strike price $0.01 per unit)		50	
				3,676	
EIG Fund Investments(12)(13)	Investment Partnership				
		LP Interests (EIG Global Private Debt Fund-A, L.P.) (Fully diluted 11.1%)(8)		295	247
Freeport Financial Funds(12)(13)	Investment Partnership				
		LP Interests (Freeport Financial SBIC Fund LP) (Fully diluted 9.3%)(8)		5,974	5,519
		LP Interests (Freeport First Lien Loan Fund III LP) (Fully diluted		7,559	7,507

6.0%)(8)			
		13,533	13,026

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

September 30, 2017

(dollars in thousands)

(Unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Gault Financial, LLC (RMB Capital, LLC)	Purchases and Manages Collection of Healthcare and other Business Receivables				
		10.5% Secured Debt (Maturity January 1, 2019)	12,592	12,592	11,642
		Warrants (29,032 equivalent units; Expiration February 9, 2022; Strike price $0.01 per unit)		400	
				12,992	11,642
Guerdon Modular Holdings, Inc.	Multi-Family and Commercial Modular Construction Company				
		13% Secured Debt (Maturity August 13, 2019)	10,708	10,622	10,622
		Preferred Stock (404,998 shares)		1,140	950
		Common Stock (212,033 shares)		2,983	
				14,745	11,572
Harris Preston Fund Investments(12)(13)	Investment Partnership				
		LP Interests (HPEP 3, L.P.) (Fully diluted 9.9%)		943	943
		LP Interests (2717 MH, L.P.) (Fully diluted 7.0%)		400	400
				1,343	1,343
Hawk Ridge Systems, LLC(13)	Value-Added Reseller of Engineering Design and Manufacturing Solutions				
		10% Secured Debt (Maturity December 2, 2021)	9,500	9,417	9,417
		Preferred Member Units (226 units)(8)		2,850	3,230
		Preferred Member Units (HRS Services, ULC) (226 units)(8)		150	170
				12,417	12,817
Houston Plating and Coatings, LLC	Provider of Plating and Industrial Coating Services				
		8% Unsecured Convertible Debt (Maturity May 1, 2022)	3,000	3,000	3,080

		Member Units (315,756 units)	2,179	5,560
			5,179	8,640
I-45 SLF LLC(12)(13)	Investment Partnership			
		Member Units (Fully diluted 20.0%; 24.4% profits interest)(8)	16,200	16,897
L.F. Manufacturing Holdings, LLC(10)	Manufacturer of Fiberglass Products			
		Member Units (2,179,001 units)	2,019	1,850

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(dollars in thousands)

(Unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Meisler Operating LLC	Provider of Short-term Trailer and Container Rental				
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.80%, Secured Debt (Maturity June 7, 2022)(9)	16,800	16,626	16,626
		Member Units (Milton Meisler Holdings LLC) (32,000 units)		3,200	3,200
				19,826	19,826
OnAsset Intelligence, Inc.	Provider of Transportation Monitoring / Tracking Products and Services				
		12% PIK Secured Debt (Maturity June 30, 2021)(19)	4,943	4,943	4,943
		10% PIK Unsecured Debt (Maturity June 30, 2021)(19)	47	47	47
		Preferred Stock (912 shares)		1,981	
		Warrants (5,333 equivalent shares; Expiration April 18, 2021; Strike price $0.01 per share)		1,919	
				8,890	4,990
OPI International Ltd.(13)	Provider of Man Camp and Industrial Storage Services				
		Common Stock (20,766,317 shares)		1,371	
PCI Holding Company, Inc.	Manufacturer of Industrial Gas Generating Systems				
		12% Secured Debt (Maturity March 31, 2019)	12,975	12,906	12,906
		Preferred Stock (1,740,000 shares)		1,740	2,610
		Preferred Stock (1,500,000 shares; 20% cumulative)(8)(19)		3,927	4,550
				18,573	20,066
Rocaceia, LLC (Quality Lease and Rental Holdings, LLC)	Provider of Rigsite Accommodation Unit Rentals and Related Services				
		12% Secured Debt (Maturity January 8, 2018)(14)(15)	30,785	30,281	250
		Preferred Member Units (250 units)		2,500	

				32,781	250
Tin Roof Acquisition Company	Casual Restaurant Group				
		12% Secured Debt (Maturity November 13, 2018)	13,010	12,933	12,933
		Class C Preferred Stock (Fully diluted 10.0%; 10% cumulative)(8)(19)		2,951	2,951
				15,884	15,884

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
UniTek Global Services, Inc.(11)	Provider of Outsourced Infrastructure Services				
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.80%, Secured Debt (Maturity January 13, 2019)(9)	8,535	8,528	8,535
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.80% / 1.00% PIK, Current Coupon Plus PIK 10.80%, Secured Debt (Maturity January 13, 2019)(9)(19)	137	137	137
		15% PIK Unsecured Debt (Maturity July 13, 2019)(19)	833	833	833
		Preferred Stock (2,596,567 shares; 19% cumulative)(8)(19)		2,725	2,720
		Preferred Stock (4,935,377 shares; 13.5% cumulative)(8)(19)		7,115	7,080
		Common Stock (1,075,992 shares)			2,320
				19,338	21,625
Universal Wellhead Services Holdings, LLC(10)	Provider of Wellhead Equipment, Designs, and Personnel to the Oil & Gas Industry				
		Preferred Member Units (UWS Investments, LLC) (716,949 units)		717	800
		Member Units (UWS Investments, LLC) (4,000,000 units)		4,000	1,230
				4,717	2,030
Valley Healthcare Group, LLC	Provider of Durable Medical Equipment				
		LIBOR Plus 12.50% (Floor 0.50%), Current Coupon 13.74%, Secured Debt (Maturity December 29, 2020)(9)	11,846	11,759	11,759
		Preferred Member Units (Valley Healthcare Holding, LLC) (1,600 units)		1,600	1,600
				13,359	13,359
Volusion, LLC	Provider of Online Software-as-a-Service eCommerce Solutions				
		11.5% Secured Debt (Maturity January 26, 2020)	16,734	15,049	15,049
				14,000	14,000

	Preferred Member Units (4,876,670 units) Warrants (1,831,355 equivalent units; Expiration January 26, 2025; Strike price $0.01 per unit)	2,576	2,240
		31,625	31,289
Subtotal Affiliate Investments (15.6% of total investments at fair value)		$ 376,957	$ 338,231

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Non-Control/Non-Affiliate Investments(7)					
AAC Holdings, Inc.(11)	Substance Abuse Treatment Service Provider	LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 8.06%, Secured Debt (Maturity June 30, 2023)(9)	$ 11,826	$ 11,538	$ 11,826
Adams Publishing Group, LLC(10)	Local Newspaper Operator	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.33%, Secured Debt (Maturity November 3, 2020)(9)	8,572	8,338	8,411
ADS Tactical, Inc.(10)	Value-Added Logistics and Supply Chain Provider to the Defense Industry	LIBOR Plus 7.50% (Floor 0.75%), Current Coupon 8.83%, Secured Debt (Maturity December 31, 2022)(9)	13,014	12,757	12,757
Aethon United BR LP(10)	Oil & Gas Exploration & Production	LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 7.98%, Secured Debt (Maturity September 8, 2023)(9)	3,438	3,386	3,386
Ahead, LLC(10)	IT Infrastructure Value Added Reseller	LIBOR Plus 6.50%, Current Coupon 7.84%, Secured Debt (Maturity November 2, 2020)	13,688	13,406	13,688
Allflex Holdings III Inc.(11)	Manufacturer of Livestock Identification Products	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.31%, Secured Debt (Maturity July 19, 2021)(9)	14,516	14,443	14,619
American Scaffold Holdings, Inc.(10)	Marine Scaffolding Service Provider	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.83%, Secured Debt (Maturity March 31, 2022)(9)	7,125	7,036	7,089

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(Unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
American Teleconferencing Services, Ltd.(11)	Provider of Audio Conferencing and Video Collaboration Solutions				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.78%, Secured Debt (Maturity December 8, 2021)(9)	10,873	10,182	10,519
		LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.74%, Secured Debt (Maturity June 6, 2022)(9)	3,714	3,584	3,689
				13,766	14,208
Anchor Hocking, LLC(11)	Household Products Manufacturer				
		LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.32%, Secured Debt (Maturity June 4, 2018)(9)	2,260	2,260	2,299
		Member Units (440,620 units)		4,928	3,800
				7,188	6,099
Apex Linen Service, Inc.	Industrial Launderers				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.24%, Secured Debt (Maturity October 30, 2022)(9)	2,400	2,400	2,400
		13% Secured Debt (Maturity October 30, 2022)	14,416	14,345	14,345
				16,745	16,745
Arcus Hunting LLC.(10)	Manufacturer of Bowhunting and Archery Products and Accessories				
		LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.30%, Secured Debt (Maturity November 13, 2019)(9)	17,138	17,027	17,138
ATI Investment Sub, Inc.(11)	Manufacturer of Solar Tracking Systems				
		LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.49%, Secured Debt (Maturity June 22, 2021)(9)	7,614	7,456	7,595
ATS Workholding, Inc.(10)	Manufacturer of Machine Cutting Tools and Accessories				
		LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.73%, Secured Debt (Maturity March 10, 2019)(9)	6,173	6,153	5,663

ATX Networks Corp.(11)(13)(21)	Provider of Radio Frequency Management Equipment				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.33%, Secured Debt (Maturity June 11, 2021)(9)	9,666	9,542	9,569

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(Unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Berry Aviation, Inc.(10)	Airline Charter Service Operator				
		13.75% Secured Debt (Maturity January 30, 2020)	5,627	5,595	5,627
		Common Stock (553 shares)		400	880
				5,995	6,507
BigName Commerce, LLC(10)	Provider of Envelopes and Complimentary Stationery Products				
		LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.55%, Secured Debt (Maturity May 11, 2022)(9)	2,504	2,475	2,475
Binswanger Enterprises, LLC(10)	Glass Repair and Installation Service Provider				
		LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 9.34%, Secured Debt (Maturity March 9, 2022)(9)	15,383	15,104	15,104
		Member Units (1,050,000 units)		1,050	940
				16,154	16,044
Bluestem Brands, Inc.(11)	Multi-Channel Retailer of General Merchandise				
		LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.81%, Secured Debt (Maturity November 6, 2020)(9)	12,315	12,128	8,734
Brainworks Software, LLC(10)	Advertising Sales and Newspaper Circulation Software				
		Prime Plus 9.25% (Floor 3.25%), Current Coupon 13.50%, Secured Debt (Maturity July 22, 2019)(9)	6,733	6,700	6,502
Brightwood Capital Fund Investments(12)(13)	Investment Partnership				
		LP Interests (Brightwood Capital Fund III, LP) (Fully diluted 1.7%)(8)		12,000	10,328
		LP Interests (Brightwood Capital Fund IV, LP) (Fully diluted 0.8%)(8)		500	500
				12,500	10,828
Brundage-Bone Concrete Pumping, Inc.(11)	Construction Services Provider				

		10.375% Secured Debt (Maturity September 1, 2023)	3,000	2,987	3,090
California Pizza Kitchen, Inc.(11)	Casual Restaurant Group				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.24%, Secured Debt (Maturity August 23, 2022)(9)	12,902	12,860	12,816

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(dollars in thousands)

(Unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
CDHA Management, LLC(10)	Dental Services				
		LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.68%, Secured Debt (Maturity December 5, 2021)(9)	4,356	4,290	4,356
Cengage Learning Acquisitions, Inc.(11)	Provider of Educational Print and Digital Services				
		LIBOR Plus 4.25% (Floor 1.00%), Current Coupon 5.49%, Secured Debt (Maturity June 7, 2023)(9)	9,304	8,834	8,603
Cenveo Corporation(11)	Provider of Commercial Printing, Envelopes, Labels, and Printed Office Products				
		6% Secured Debt (Maturity August 1, 2019)	19,130	16,846	15,161
Charlotte Russe, Inc(11)	Fast-Fashion Retailer to Young Women				
		LIBOR Plus 5.50% (Floor 1.25%), Current Coupon 6.82%, Secured Debt (Maturity May 22, 2019)(9)	17,058	15,660	7,559
Clarius BIGS, LLC(10)	Prints & Advertising Film Financing				
		15% PIK Secured Debt (Maturity January 5, 2015)(14)(17)	2,924	2,924	88
Construction Supply Investments, LLC(10)	Distribution Platform of Specialty Construction Materials to Professional Concrete and Masonry Contractors				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.24%, Secured Debt (Maturity June 30, 2023)(9)	7,313	7,276	7,276
		Member Units (28,000 units)		3,723	3,723
				10,999	10,999
Covenant Surgical Partners, Inc.(11)	Ambulatory Surgical Centers				
		8.75% Secured Debt (Maturity August 1, 2019)	2,800	2,755	2,892

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
CST Industries Inc.(11)	Storage Tank Manufacturer				
		PRIME Plus 5.25% (Floor 2.50%), Current Coupon 9.50%, Secured Debt (Maturity October 14, 2017)(9)	1,590	1,574	1,590
		PRIME Plus 5.25% (Floor 2.50%), Current Coupon 9.50%, Secured Debt (Maturity May 22, 2017)(9)(17)	9,102	9,102	8,875
				10,676	10,465
CTVSH, PLLC(10)	Emergency Care and Specialty Service Animal Hospital				
		LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 9.32%, Secured Debt (Maturity August 3, 2022)(9)	12,000	11,883	11,883
Darr Equipment LP(10)	Heavy Equipment Dealer				
		12% Current / 2% PIK Secured Debt (Maturity April 15, 2020)(19)	21,455	21,113	21,164
		Warrants (915,734 equivalent units; Expiration April 15, 2024; Strike price $1.50 per unit)		474	10
				21,587	21,174
Digital River, Inc.(11)	Provider of Outsourced e-Commerce Solutions and Services				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.82%, Secured Debt (Maturity February 12, 2021)(9)	15,184	15,102	15,260
Digital Room LLC(11)	Pure-Play e-Commerce Print Business				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.24%, Secured Debt (Maturity November 21, 2022)(9)	7,339	7,207	7,302
Drilling Info Holdings, Inc.	Information Services for the Oil and Gas Industry				
		Common Stock (3,788,865 shares)(8)			8,410
ECP-PF Holdings Group, Inc.(10)	Fitness Club Operator				
		LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.30%, Secured Debt (Maturity November 26, 2019)(9)	5,625	5,597	5,625

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
EnCap Energy Fund Investments(12)(13)	Investment Partnership				
		LP Interests (EnCap Energy Capital Fund VIII, L.P.) (Fully diluted 0.1%)(8)		3,881	2,177
		LP Interests (EnCap Energy Capital Fund VIII Co-Investors, L.P.) (Fully diluted 0.3%)		2,227	1,549
		LP Interests (EnCap Energy Capital Fund IX, L.P.) (Fully diluted 0.1%)(8)		4,189	3,508
		LP Interests (EnCap Energy Capital Fund X, L.P.) (Fully diluted 0.1%)(8)		5,522	5,284
		LP Interests (EnCap Flatrock Midstream Fund II, L.P.) (Fully diluted 0.8%)(8)		5,812	5,611
		LP Interests (EnCap Flatrock Midstream Fund III, L.P.) (Fully diluted 0.2%)		3,317	3,494
				24,948	21,623
Evergreen Skills Lux S.á r.l. (d/b/a Skillsoft)(11)(13)	Technology-based Performance Support Solutions				
		LIBOR Plus 8.25% (Floor 1.00%), Current Coupon 9.49%, Secured Debt (Maturity April 28, 2022)(9)	6,999	6,872	5,760
Extreme Reach, Inc.(11)	Integrated TV and Video Advertising Platform				
		LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity February 7, 2020)(9)	9,032	9,017	9,028
Felix Investments Holdings II(10)	Oil & Gas Exploration & Production				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.81%, Secured Debt (Maturity August 9, 2022)(9)	3,333	3,264	3,264
Flavors Holdings Inc.(11)	Global Provider of Flavoring and Sweetening Products				
		LIBOR Plus 5.75% (Floor 1.00%), Current Coupon 7.08%, Secured Debt (Maturity April 3, 2020)(9)	13,271	12,763	12,640

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
GI KBS Merger Sub LLC(11)	Outsourced Janitorial Services to Retail/Grocery Customers				
		LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.32%, Secured Debt (Maturity October 29, 2021)(9)	6,807	6,728	6,803
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.81%, Secured Debt (Maturity April 29, 2022)(9)	3,800	3,653	3,705
				10,381	10,508
Grace Hill, LLC(10)	Online Training Tools for the Multi-Family Housing Industry				
		Prime Plus 5.25% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity August 15, 2019)(9)	1,215	1,206	1,215
		LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.53%, Secured Debt (Maturity August 15, 2019)(9)	11,465	11,407	11,465
				12,613	12,680
Great Circle Family Foods, LLC(10)	Quick Service Restaurant Franchise				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.31%, Secured Debt (Maturity October 28, 2019)(9)	7,320	7,283	7,320
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)	4,767	4,759	3,551
		13.75% Secured Debt (Maturity July 31, 2018)	2,055	2,034	205
				6,793	3,756
GST Autoleather, Inc.(11)	Automotive Leather Manufacturer				
		LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.65%, Secured Debt (Maturity July 10, 2020)(9)	19,409	18,909	15,042
Guitar Center, Inc.(11)	Musical Instruments Retailer				
			16,625	15,902	15,087

		6.5% Secured Debt (Maturity April 15, 2019)			
Hojeij Branded Foods, LLC(10)	Multi-Airport, Multi-Concept Restaurant Operator				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.30%, Secured Debt (Maturity July 20, 2022)(9)	12,000	11,882	11,925

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Hoover Group, Inc.(10)(13)	Provider of Storage Tanks and Related Products to the Energy and Petrochemical Markets				
		LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.48%, Secured Debt (Maturity January 28, 2021)(9)	8,481	7,977	7,803
Hostway Corporation(11)	Managed Services and Hosting Provider				
		LIBOR Plus 6.75% (Floor 1.25%), Current Coupon 8.08%, Secured Debt (Maturity December 13, 2019)(9)	20,150	19,752	19,621
		LIBOR Plus 6.75% (Floor 1.25%), Current Coupon 8.08%, Secured Debt (Maturity December 13, 2018)(9)	2,433	2,329	2,293
				22,081	21,914
Hunter Defense Technologies, Inc.(11)	Provider of Military and Commercial Shelters and Systems				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.31%, Secured Debt (Maturity August 5, 2019)(9)	16,381	15,985	16,258
Hydrofarm Holdings LLC(10)	Wholesaler of Horticultural Products				
		LIBOR Plus 7.00%, Current Coupon 8.24%, Secured Debt (Maturity May 12, 2022)	6,750	6,625	6,625
iEnergizer Limited(11)(13)(21)	Provider of Business Outsourcing Solutions				
		LIBOR Plus 6.00% (Floor 1.25%), Current Coupon 7.25%, Secured Debt (Maturity May 1, 2019)(9)	11,589	11,298	11,560
Implus Footcare, LLC(10)	Provider of Footwear and Related Accessories				
		LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 8.08%, Secured Debt (Maturity September 15, 2021)(9)	19,372	19,101	19,101
Indivior Finance LLC(11)(13)	Specialty Pharmaceutical Company Treating Opioid Dependence				
			3,178	3,057	3,206

LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.32%, Secured Debt (Maturity December 19, 2019)(9)

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Industrial Services Acquisition, LLC(10)	Industrial Cleaning Services				
		11.25% Current / 0.75% PIK Unsecured Debt (Maturity December 17, 2022)(19)	4,544	4,467	4,544
		Member Units (Industrial Services Investments, LLC) (900,000 units)		900	810
				5,367	5,354
Inn of the Mountain Gods Resort and Casino(11)	Hotel & Casino Owner & Operator				
		9.25% Secured Debt (Maturity November 30, 2020)	6,249	5,976	5,624
Intertain Group Limited(11)(13)(21)	Business-to-Consumer Online Gaming Operator				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.74%, Secured Debt (Maturity April 8, 2022)(9)	4,049	4,002	4,095
iPayment, Inc.(11)	Provider of Merchant Acquisition				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.31%, Secured Debt (Maturity April 11, 2023)(9)	12,000	11,887	12,150
iQor US Inc.(11)	Business Process Outsourcing Services Provider				
		LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.34%, Secured Debt (Maturity April 1, 2021)(9)	995	985	988
irth Solutions, LLC	Provider of Damage Prevention Information Technology Services				
		Member Units (27,893 units)		1,441	1,920
Jacent Strategic Merchandising, LLC(10)	General Merchandise Distribution				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.82%, Secured Debt (Maturity September 16, 2020)(9)	11,239	11,178	11,239
Jackmont Hospitality, Inc.(10)	Franchisee of Casual Dining Restaurants				
		LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 7.99%, Secured Debt (Maturity May 26, 2021)(9)	4,390	4,378	4,390

Jacuzzi Brands LLC(11)	Manufacturer of Bath and Spa Products				
		LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.33%, Secured Debt (Maturity June 28, 2023)(9)	3,975	3,898	3,955

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Joerns Healthcare, LLC(11)	Manufacturer and Distributor of Health Care Equipment & Supplies				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.82% Secured Debt (Maturity May 9, 2020)(9)	13,387	13,290	12,556
Keypoint Government Solutions, Inc.(10)	Provider of Pre-Employment Screening Services				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.30%, Secured Debt (Maturity April 18, 2024)(9)	12,344	12,228	12,228
Larchmont Resources, LLC(11)	Oil & Gas Exploration & Production				
		LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.32%, PIK Secured Debt (Maturity August 7, 2020)(9)(19)	2,377	2,377	2,329
		Member Units (Larchmont Intermediate Holdco, LLC) (2,828 units)		353	976
				2,730	3,305
LifeMiles Ltd.(11)(13)(21)	Operator of Latin American Coalition Loyalty Program				
		LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.82%, Secured Debt (Maturity August 18, 2022)(9)	2,500	2,475	2,525
LKCM Headwater Investments I, L.P.(12)(13)	Investment Partnership				
		LP Interests (Fully diluted 2.3%)		2,500	3,967
Logix Acquisition Company, LLC(10)	Competitive Local Exchange Carrier				
		LIBOR Plus 8.28% (Floor 1.00%), Current Coupon 9.54%, Secured Debt (Maturity June 24, 2021)(9)(23)	8,358	8,241	8,358
Looking Glass Investments, LLC(12)(13)	Specialty Consumer Finance				
		Member Units (2.5 units)		125	125
		Member Units (LGI Predictive Analytics LLC) (190,712 units)(8)		116	128
				241	253

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

September 30, 2017

(dollars in thousands)

(Unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
LSF9 Atlantis Holdings, LLC(11)	Provider of Wireless Telecommunications Carrier Services				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.24%, Secured Debt (Maturity May 1, 2023)(9)	8,000	7,904	8,048
Lulu's Fashion Lounge, LLC(10)	Fast Fashion E-Commerce Retailer				
		LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.24%, Secured Debt (Maturity August 28, 2022)(9)	13,636	13,233	13,534
Messenger, LLC(10)	Supplier of Specialty Stationery and Related Products to the Funeral Industry				
		LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.49%, Secured Debt (Maturity September 9, 2020)(9)	17,803	17,714	17,803
NBG Acquisition Inc(11)	Wholesaler of Home Décor Products				
		LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.91%, Secured Debt (Maturity April 26, 2024)(9)	4,430	4,362	4,408
Minute Key, Inc.	Operator of Automated Key Duplication Kiosks				
		12% Secured Debt (Maturity September 19, 2019)	16,582	16,350	16,582
		Warrants (1,437,409 equivalent shares; Expiration May 20, 2025; Strike price $0.01 per share)		280	1,050
				16,630	17,632
New Media Holdings II LLC(11)(13)	Local Newspaper Operator				
		LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.49%, Secured Debt (Maturity July 14, 2022)(9)	17,759	17,371	17,787
NNE Partners, LLC(10)	Oil & Gas Exploration & Production				
		LIBOR Plus 8.00%, Current Coupon 9.31%, Secured Debt (Maturity March 2, 2022)	10,500	10,404	10,404

North American Lifting Holdings, Inc.(11)	Crane Service Provider	LIBOR Plus 4.50% (Floor 1.00%), Current Coupon 5.83%, Secured Debt (Maturity November 27, 2020)(9)	7,765	6,871	7,163

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

September 30, 2017

(dollars in thousands)

(Unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Novetta Solutions, LLC(11)	Provider of Advanced Analytics Solutions for Defense Agencies				
		LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.34%, Secured Debt (Maturity October 17, 2022)(9)	9,706	9,359	9,439
NTM Acquisition Corp.(11)	Provider of B2B Travel Information Content				
		LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.55%, Secured Debt (Maturity June 7, 2022)(9)	6,268	6,202	6,236
Ospemifene Royalty Sub LLC (QuatRx)(10)	Estrogen-Deficiency Drug Manufacturer and Distributor				
		11.5% Secured Debt (Maturity November 15, 2026)(14)	5,071	5,071	1,391
P.F. Chang's China Bistro, Inc.(11)	Casual Restaurant Group				
		LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.24%, Secured Debt (Maturity September 1, 2022)(9)	5,000	4,852	4,800
Pardus Oil and Gas, LLC(11)	Oil & Gas Exploration & Production				
		13% PIK Secured Debt (Maturity November 12, 2021)(19)	2,053	2,053	1,351
		5% PIK Secured Debt (Maturity May 13, 2022)(19)	1,029	1,029	132
		Member Units (2,472 units)		2,472	
				5,554	1,483
Paris Presents Incorporated(11)	Branded Cosmetic and Bath Accessories				
		LIBOR Plus 8.75% (Floor 1.00%), Current Coupon 9.99%, Secured Debt (Maturity December 31, 2021)(9)	4,500	4,469	4,455
Parq Holdings Limited Partnership(11)(13)(21)	Hotel & Casino Operator				
		LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.73%, Secured Debt (Maturity December 17, 2020)(9)	7,500	7,411	7,481
Permian Holdco 2, Inc.(11)	Storage Tank Manufacturer				
			219	219	219

14% PIK Unsecured Debt (Maturity October 15, 2021)(19)		
Preferred Stock (Permian Holdco 1, Inc.) (154,558 units)	799	799
Common Stock (Permian Holdco 1, Inc.) (154,558 units)		
	1,018	1,018

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Consolidated Schedule of Investments (Continued)

September 30, 2017

(dollars in thousands)

(Unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Pernix Therapeutics Holdings, Inc.(10)	Pharmaceutical Royalty				
		12% Secured Debt (Maturity August 1, 2020)	3,129	3,129	1,971
Point.360(10)	Fully Integrated Provider of Digital Media Services				
		Warrants (65,463 equivalent shares; Expiration July 7, 2020; Strike price $0.75 per share)		69	
		Common Stock (163,658 shares)		273	9
				342	9
PPC/SHIFT LLC(10)	Provider of Digital Solutions to Automotive Industry				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.33%, Secured Debt (Maturity December 22, 2021)(9)	6,869	6,741	6,869
Prowler Acquisition Corp.(11)	Specialty Distributor to the Energy Sector				
		LIBOR Plus 4.50% (Floor 1.00%), Current Coupon 5.83%, Secured Debt (Maturity January 28, 2020)(9)	11,170	9,607	9,941
PT Network, LLC(10)	Provider of Outpatient Physical Therapy and Sports Medicine Services				
		PRIME Plus 5.50% (Floor 2.00%), Current Coupon 9.75%, Secured Debt (Maturity November 30, 2021)(9)	634	612	634
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.82%, Secured Debt (Maturity November 30, 2021)(9)	17,578	17,388	17,578
				18,000	18,212
PSC Industrial Holdings Corp(11)	Diversified Industrial Service Provider				
		LIBOR Plus 4.75% (Floor 1.00%), Current Coupon 5.99%, Secured Debt (Maturity December 5, 2020)(9)	5,596	5,275	5,587
QBS Parent, Inc.(11)	Provider of Software and Services to the Oil & Gas Industry				

LIBOR Plus 4.75% (Floor 1.00%), Current Coupon 6.06%, Secured Debt (Maturity August 7, 2021)(9)	14,272	14,104	13,916

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

September 30, 2017

(dollars in thousands)

(Unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Redbox Automated Retail, LLC(11)	Operator of Home Media Entertainment Kiosks				
		LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.74%, Secured Debt (Maturity September 27, 2021)(9)	10,500	10,224	10,605
Resolute Industrial, LLC(10)	HVAC Equipment Rental and Remanufacturing				
		LIBOR Plus 7.62% (Floor 1.00%), Current Coupon 8.95%, Secured Debt (Maturity July 26, 2022)(9)(24)	17,088	16,759	16,759
		Member Units (601 units)		750	750
				17,509	17,509
RGL Reservoir Operations Inc.(11)(13)(21)	Oil & Gas Equipment and Services				
		LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.33%, Secured Debt (Maturity August 13, 2021)(9)	3,880	3,808	698
RM Bidder, LLC(10)	Scripted and Unscripted TV and Digital Programming Provider				
		Warrants (327,532 equivalent units; Expiration October 20, 2025; Strike price $14.28 per unit)		425	
		Member Units (2,779 units)		46	25
				471	25
SAExploration, Inc.(10)(13)(21)	Geophysical Services Provider				
		Common Stock (50 shares)		65	
SAFETY Investment Holdings, LLC	Provider of Intelligent Driver Record Monitoring Software and Services				
		Member Units (2,000,000 units)		2,000	1,670
Salient Partners L.P.(11)	Provider of Asset Management Services				
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.80%, Secured Debt (Maturity June 9, 2021)(9)	10,369	10,143	10,058

Sigma Electric Manufacturing Corporation(10)(13)	Manufacturer and Distributor of Electrical Fittings and Parts				
		LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.58%, Secured Debt (Maturity October 13, 2021)(9)	12,438	12,175	12,437

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Consolidated Schedule of Investments (Continued)

September 30, 2017

(dollars in thousands)

(Unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
SiTV, LLC(11)	Cable Networks Operator				
		10.375% Secured Debt (Maturity July 1, 2019)	7,304	4,814	4,948
SMART Modular Technologies, Inc.(10)(13)	Provider of Specialty Memory Solutions				
		LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.56%, Secured Debt (Maturity August 8, 2022)(9)	15,000	14,708	14,925
Sorenson Communications, Inc.(11)	Manufacturer of Communication Products for Hearing Impaired				
		LIBOR Plus 5.75% (Floor 2.25%), Current Coupon 8.00%, Secured Debt (Maturity April 30, 2020)(9)	13,268	13,198	13,359
		9% Secured Debt (Maturity October 31, 2020)	2,666	2,532	2,600
				15,730	15,959
Staples Canada ULC(10)(13)(21)	Office Supplies Retailer				
		LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.46%, Secured Debt (Maturity September 12, 2023)(9)(22)	20,000	19,604	19,023
Strike, LLC(11)	Pipeline Construction and Maintenance Services				
		LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity November 30, 2022)(9)	9,625	9,363	9,769
		LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 9.45%, Secured Debt (Maturity May 30, 2019)(9)	500	475	512
				9,838	10,281
Subsea Global Solutions, LLC(10)	Underwater Maintenance and Repair Services				
		LIBOR Plus 6.00% (Floor 1.50%), Current Coupon 7.50%, Secured Debt (Maturity March 17, 2020)(9)	7,706	7,651	7,706
Synagro Infrastructure Company, Inc(11)	Waste Management Services				
		LIBOR Plus 5.25% (Floor 1.00%), Current Coupon 6.58%, Secured Debt (Maturity August 22, 2020)(9)	9,161	8,913	8,749

Tectonic Holdings, LLC	Financial Services Organization			
		Member Units (200,000 units)(8)	2,000	2,000

MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

September 30, 2017

(dollars in thousands)

(Unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
TE Holdings, LLC(11)	Oil & Gas Exploration & Production				
		Member Units (97,048 units)		970	291
TeleGuam Holdings, LLC(11)	Cable and Telecom Services Provider				
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.73%, Secured Debt (Maturity April 12, 2024)(9)	7,750	7,598	7,828
TGP Holdings III LLC(11)	Outdoor Cooking & Accessories				
		LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.33%, Secured Debt (Maturity September 25, 2024)(9)	8,000	7,920	8,050
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.83%, Secured Debt (Maturity September 25, 2025)(9)	5,000	4,925	5,025
				12,845	13,075
The Container Store, Inc.(11)	Operator of Stores Offering Storage and Organizational Products				
		LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.33%, Secured Debt (Maturity August 15, 2021)(9)	10,000	9,707	9,631
TMC Merger Sub Corp.(11)	Refractory & Maintenance Services Provider				
		LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity October 31, 2022)(9)(25)	13,741	13,618	13,809
TOMS Shoes, LLC(11)	Global Designer, Distributor, and Retailer of Casual Footwear				
		LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.82%, Secured Debt (Maturity October 30, 2020)(9)	4,875	4,589	2,331
Turning Point Brands, Inc.(10)(13)	Marketer/Distributor of Tobacco Products				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.32%, Secured Debt (Maturity May 17, 2022)(9)(24)	8,458	8,381	8,436

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Consolidated Schedule of Investments (Continued)

September 30, 2017

(dollars in thousands)

(Unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
TVG-I-E CMN ACQUISITION, LLC(10)	Organic Lead Generation for Online Postsecondary Schools				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.24%, Secured Debt (Maturity November 3, 2021)(9)	6,338	6,229	6,337
Tweddle Group, Inc.(11)	Provider of Technical Information Services to Automotive OEMs				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.31%, Secured Debt (Maturity October 21, 2022)(9)	6,195	6,086	6,210
U.S. TelePacific Corp.(11)	Provider of Communications and Managed Services				
		LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.32%, Secured Debt (Maturity May 2, 2023)(9)	17,955	17,834	17,533
US Joiner Holding Company(11)	Marine Interior Design and Installation				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.34%, Secured Debt (Maturity April 16, 2020)(9)	13,500	13,390	13,400
VIP Cinema Holdings, Inc.(11)	Supplier of Luxury Seating to the Cinema Industry				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.34%, Secured Debt (Maturity March 1, 2023)(9)	7,800	7,764	7,884
Virtex Enterprises, LP(10)	Specialty, Full-Service Provider of Complex Electronic Manufacturing Services				
		12% Secured Debt (Maturity December 27, 2018)	1,667	1,595	1,595
		Preferred Class A Units (14 units; 5% cumulative)(8)		333	904
		Warrants (11 equivalent units; Expiration December 27, 2023; Strike price $0.001 per unit)		186	443
				2,114	2,942

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

September 30, 2017

(dollars in thousands)

(Unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Vistar Media, Inc.(10)	Operator of Digital Out-of-Home Advertising Platform				
		LIBOR Plus 10.00% (Floor 1.00%), Current Coupon 11.33%, Secured Debt (Maturity February 16, 2022)(9)	3,375	3,088	3,088
		Warrants (70,207 equivalent shares; Expiration February 17, 2027; Strike price $0.01 per share)		331	331
				3,419	3,419
Wellnext, LLC(10)	Manufacturer of Supplements and Vitamins				
		LIBOR Plus 10.10% (Floor 1.00%), Current Coupon 11.34%, Secured Debt (Maturity July 21, 2022)(9)(23)	9,930	9,852	9,930
Wireless Vision Holdings, LLC(10)	Provider of Wireless Telecommunications Carrier Services				
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.83%, Secured Debt (Maturity September 29, 2022)(9)(23)	6,711	6,576	6,576
Wirepath LLC(11)	E-Commerce Provider into Connected Home Market				
		LIBOR Plus 5.25% (Floor 1.00%), Current Coupon 6.56%, Secured Debt (Maturity August 5, 2024)(9)	5,000	4,981	5,042
Zilliant Incorporated	Price Optimization and Margin Management Solutions				
		Preferred Stock (186,777 shares)		154	260
		Warrants (952,500 equivalent shares; Expiration June 15, 2022; Strike price $0.001 per share)		1,071	1,190
				1,225	1,450
Subtotal Non-Control/Non-Affiliate Investments (51.4% of total investments at fair value)				$ 1,144,962	$ 1,115,877
Total Portfolio Investments, September 30, 2017				$ 2,049,528	$ 2,169,981

(1) All investments are Lower Middle Market portfolio investments, unless otherwise noted. See Note B for a description of Lower Middle Market portfolio investments. 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 a summary of geographic location of portfolio companies.

(4) Principal is net of repayments. Cost is net of repayments 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.

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

September 30, 2017

(dollars in thousands)

(Unaudited)

(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. A majority of the variable rate loans in the Company's investment portfolio bear interest at a rate that may be determined by reference to either LIBOR or an alternate Base Rate (commonly based on the Federal Funds Rate or the Prime Rate), which typically resets semi-annually, quarterly, or monthly at the borrower's option. The borrower may also elect to have multiple interest reset periods for each loan. For each such loan, the Company has provided the weighted average annual stated interest rate in effect at September 30, 2017. As noted in this schedule, 66% (based on the par amount of the loans) of the loans contain LIBOR floors which range between 0.50% and 2.25%, with a weighted-average LIBOR floor of approximately 1.02%.

(10) Private Loan portfolio investment. See Note B for a description of Private Loan portfolio investments.

(11) Middle Market portfolio investment. See Note B for a description of Middle Market portfolio investments.

(12) Other Portfolio investment. See Note B for a description 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) 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.

(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) Investment fair value was determined using significant unobservable inputs, unless otherwise noted. See Note C for further discussion.

(19) PIK interest income and cumulative dividend income represent income not paid currently in cash.

(20) All portfolio company headquarters are based in the United States, unless otherwise noted.

(21) Portfolio company headquarters are located outside of the United States.

(22) In connection with the Company's debt investment in Staples Canada ULC to help mitigate any potential adverse change in foreign exchange rates during the term of the Company's investment, the Company entered into a forward foreign currency contract with Cadence Bank to lend $24.2 million Canadian Dollars and receive $20.0 million U.S. Dollars with a settlement date of September 12, 2018. The unrealized appreciation on the forward foreign currency contract is $0.5 million as of September 30, 2017. This unrealized appreciation is offset by the foreign currency translation depreciation on the investment.

(23) The Company has entered into an intercreditor agreement that entitles the Company to the "last out" tranche of the first lien secured loans, whereby the "first out" tranche will receive priority as to the "last out" tranche with respect to payments of principal, interest, and any other amounts due thereunder. Therefore, the Company receives a higher interest rate than the contractual stated interest rate of LIBOR plus 7.50% (Floor 1.00%) per the Credit Agreement and the Consolidated Schedule of Investments above reflects such higher rate.

(24) As part of the credit agreement with the portfolio company, the Company is entitled to the "last out" tranche of the first lien secured loans, whereby the "first out" tranche receives priority over the "last out" tranche with respect to payments of principal, interest, and any other amounts due thereunder. The rate the Company receives per the Credit Agreement is the same as the rate reflected in the Consolidated Schedule of Investments above.

(25) The Company has entered into an intercreditor agreement that entitles the Company to the "first out" tranche of the first lien secured loans, whereby the "first out" tranche will receive priority as to the "last out" tranche with respect to payments of principal, interest, and any other amounts due thereunder. Therefore, the Company receives a lower interest rate than the contractual stated interest rate of LIBOR plus 6.64% (Floor 1.00%) per the Credit Agreement and the Consolidated Schedule of Investments above reflects such lower rate.

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(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Control Investments(5)					
Access Media Holdings, LLC(10)	Private Cable Operator				
		5% Current / 5% PIK Secured Debt (Maturity July 22, 2020)(19)	$ 22,664	$ 22,664	$ 19,700
		Preferred Member Units (6,581,250 units)		6,475	240
		Member Units (45 units)		1	
				29,140	19,940
Ameritech College Operations, LLC	For-Profit Nursing and Healthcare College				
		10% Secured Debt (Maturity November 30, 2019)	514	514	514
		13% Secured Debt (Maturity November 30, 2019)	489	489	489
		13% Secured Debt (Maturity January 31, 2020)	3,025	3,025	3,025
		Preferred Member Units (294 units)		2,291	2,291
				6,319	6,319
ASC Interests, LLC	Recreational and Educational Shooting Facility				
		11% Secured Debt (Maturity July 31, 2018)	2,100	2,084	2,100
		Member Units (1,500 units)(8)		1,500	2,680
				3,584	4,780
Bond-Coat, Inc.	Casing and Tubing Coating Services				
		12% Secured Debt (Maturity December 28, 2017)	11,596	11,556	11,596
		Common Stock (57,508 shares)		6,350	6,660
				17,906	18,256
Café Brazil, LLC	Casual Restaurant Group				
		Member Units (1,233 units)(8)		1,742	6,040
CBT Nuggets, LLC	Produces and Sells IT Training Certification Videos				
		Member Units (416 units)(8)		1,300	55,480

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Consolidated Schedule of Investments (Continued)

December 31, 2016

(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Clad-Rex Steel, LLC	Specialty Manufacturer of Vinyl-Clad Metal				
		LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.50%, Secured Debt (Maturity December 20, 2018)(9)	400	396	396
		LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.50%, Secured Debt (Maturity December 20, 2021)(9)	14,080	13,941	13,941
		Member Units (717 units)		7,280	7,280
		10% Secured Debt (Clad-Rex Steel RE Investor, LLC) (Maturity December 20, 2036)	1,202	1,190	1,190
		Member Units (Clad-Rex Steel RE Investor, LLC) (800 units)		210	210
				23,017	23,017
CMS Minerals Investments	Oil & Gas Exploration & Production				
		Preferred Member Units (CMS Minerals LLC) (458 units)(8)		2,104	3,682
		Member Units (CMS Minerals II, LLC) (100 units)(8)		3,829	3,381
				5,933	7,063
Datacom, LLC	Technology and Telecommunications Provider				
		8% Secured Debt (Maturity May 30, 2017)	900	900	900
		5.25% Current / 5.25% PIK Secured Debt (Maturity May 30, 2019)(19)	11,713	11,651	11,049
		Class A Preferred Member Units		1,181	1,368
		Class B Preferred Member Units (6,453 units)		6,030	1,529
				19,762	14,846
Gamber-Johnson Holdings, LLC	Manufacturer of Ruggedized Computer Mounting Systems				
		LIBOR Plus 11.00% (Floor 1.00%), Current Coupon 12.00%, Secured Debt (Maturity June 24, 2021)(9)	24,080	23,846	23,846
		Member Units (8,619 units)		14,844	18,920
				38,690	42,766
Garreco, LLC	Manufacturer and Supplier of Dental				

Products				
	14% Secured Debt (Maturity January 12, 2018)	5,250	5,219	5,219
	Member Units (1,200 units)		1,200	1,150
			6,419	6,369

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

December 31, 2016

(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
GRT Rubber Technologies LLC	Manufacturer of Engineered Rubber Products				
		LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, Secured Debt (Maturity December 19, 2019)(9)	13,274	13,188	13,274
		Member Units (5,879 units)(8)		13,065	20,310
				26,253	33,584
Gulf Manufacturing, LLC	Manufacturer of Specialty Fabricated Industrial Piping Products				
		9% PIK Secured Debt (Ashland Capital IX, LLC) (Maturity June 30, 2017)(19)	777	777	777
		Member Units (438 units)(8)		2,980	8,770
				3,757	9,547
Gulf Publishing Holdings, LLC	Energy Industry Focused Media and Publishing				
		12.5% Secured Debt (Maturity April 29, 2021)	10,000	9,911	9,911
		Member Units (3,124 units)		3,124	3,124
				13,035	13,035
Harrison Hydra-Gen, Ltd.	Manufacturer of Hydraulic Generators				
		Common Stock (107,456 shares)(8)		718	3,120
Hawthorne Customs and Dispatch Services, LLC	Facilitator of Import Logistics, Brokerage, and Warehousing				
		Member Units (500 units)		589	280
		Member Units (Wallisville Real Estate, LLC) (588,210 units)(8)		1,215	2,040
				1,804	2,320
HW Temps LLC	Temporary Staffing Solutions				
		LIBOR Plus 13.00% (Floor 1.00%), Current Coupon 14.00%, Secured Debt (Maturity July 2, 2020)(9)	10,576	10,500	10,500
		Preferred Member Units (3,200 units)(8)		3,942	3,940

				14,442	14,440
Hydratec, Inc.	Designer and Installer of Micro-Irrigation Systems				
		Common Stock (7,095 shares)(8)		7,095	15,640
IDX Broker, LLC	Provider of Marketing and CRM Tools for the Real Estate Industry				
		12.5% Secured Debt (Maturity November 15, 2018)	10,950	10,904	10,950
		Member Units (5,400 units)(8)		5,606	7,040
				16,510	17,990

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Consolidated Schedule of Investments (Continued)

December 31, 2016

(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Indianapolis Aviation Partners, LLC	Fixed Base Operator				
		15% Secured Debt (Maturity January 15, 2017)	3,100	3,100	3,100
		Warrants (1,046 equivalent units; Expiration September 15, 2019; Strike price $0.01 per unit)		1,129	2,649
				4,229	5,749
Jensen Jewelers of Idaho, LLC	Retail Jewelry Store				
		Prime Plus 6.75% (Floor 2.00%), Current Coupon 10.25%, Secured Debt (Maturity November 14, 2019)(9)	4,055	3,996	4,055
		Member Units (627 units)(8)		811	4,460
				4,807	8,515
Lamb Ventures, LLC	Aftermarket Automotive Services Chain				
		11% Secured Debt (Maturity May 31, 2018)	7,657	7,657	7,657
		Preferred Equity (non-voting)		400	400
		Member Units (742 units)(8)		5,273	5,990
		9.5% Secured Debt (Lamb's Real Estate Investment I, LLC) (Maturity December 31, 2041)	1,170	1,170	1,170
		Member Units (Lamb's Real Estate Investment I, LLC) (1,000 units)(8)		625	1,340
				15,125	16,557
Lighting Unlimited, LLC	Commercial and Residential Lighting Products and Design Services				
		8% Secured Debt (Maturity August 22, 2017)	1,514	1,514	1,514
		Preferred Equity (non-voting)		434	410
		Warrants (71 equivalent units; Expiration June 14, 2021; Strike price $0.01 per unit)		54	
		Member Units (700 units)		100	
				2,102	1,924
Marine Shelters Holdings, LLC	Fabricator of Marine and Industrial Shelters				
		12% PIK Secured Debt (Maturity December 28, 2017)(14)	9,967	9,914	9,387
		Preferred Member Units (3,810 units)		5,352	

				15,266	9,387
MH Corbin Holding LLC	Manufacturer and Distributor of Traffic Safety Products				
		10% Secured Debt (Maturity August 31, 2020)	13,300	13,197	13,197
		Preferred Member Units (4,000 shares)		6,000	6,000
				19,197	19,197

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December 31, 2016

(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
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 (3,554 units)		1,810	2,480
		9.5% Secured Debt (Mid Columbia Real Estate, LLC) (Maturity May 13, 2025)	836	836	836
		Member Units (Mid Columbia Real Estate, LLC) (250 units)(8)		250	600
				8,546	9,566
MSC Adviser I, LLC(16)	Third Party Investment Advisory Services				
		Member Units (Fully diluted 100.0%)(8)			30,617
Mystic Logistics Holdings, LLC	Logistics and Distribution Services Provider for Large Volume Mailers				
		12% Secured Debt (Maturity August 15, 2019)	9,176	9,053	9,176
		Common Stock (5,873 shares)		2,720	5,780
				11,773	14,956
NAPCO Precast, LLC	Precast Concrete Manufacturing				
		Prime Plus 2.00% (Floor 7.00%), Current Coupon 9.00%, Secured Debt (Maturity February 1, 2019)(9)	2,713	2,693	2,713
		18% Secured Debt (Maturity February 1, 2019)	3,952	3,922	3,952
		Member Units (2,955 units)(8)		2,975	10,920
				9,590	17,585
NRI Clinical Research, LLC	Clinical Research Service Provider				
		LIBOR Plus 6.50% (Floor 1.50%), Current Coupon 8.00%, Secured Debt (Maturity September 8, 2017)(9)	200	200	200
		14% Secured Debt (Maturity September 8, 2017)	4,261	4,228	4,261
		Warrants (251,723 equivalent units; Expiration September 8, 2021; Strike		252	680

	price $0.01 per unit)		
	Member Units (1,454,167 units)	765	2,462
		5,445	7,603

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Consolidated Schedule of Investments (Continued)

December 31, 2016

(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
NRP Jones, LLC	Manufacturer of Hoses, Fittings and Assemblies				
		6% Current / 6% PIK Secured Debt (Maturity December 22, 2016)(17)(19)	13,915	13,915	13,915
		Warrants (14,331 equivalent units; Expiration December 22, 2022; Strike price $0.01 per unit)		817	130
		Member Units (50,877 units)		2,900	410
				17,632	14,455
OMi Holdings, Inc.	Manufacturer of Overhead Cranes				
		Common Stock (1,500 shares)(8)		1,080	13,080
Pegasus Research Group, LLC	Provider of Telemarketing and Data Services				
		Member Units (460 units)(8)		1,290	8,620
PPL RVs, Inc.	Recreational Vehicle Dealer				
		LIBOR Plus 7.00% (Floor 0.50%), Current Coupon 7.93%, Secured Debt (Maturity November 15, 2021)(9)	18,000	17,826	17,826
		Common Stock (1,962 shares)(8)		2,150	11,780
				19,976	29,606
Principle Environmental, LLC	Noise Abatement Service Provider				
		12% Secured Debt (Maturity April 30, 2017)	4,060	4,060	4,060
		12% Current / 2% PIK Secured Debt (Maturity April 30, 2017)(19)	3,378	3,378	3,378
		Preferred Member Units (19,631 units)		4,663	5,370
		Warrants (1,036 equivalent units; Expiration January 31, 2021; Strike price $0.01 per unit)		1,200	270
				13,301	13,078
Quality Lease Service, LLC	Provider of Rigsite Accommodation Unit Rentals and Related Services				
		8% PIK Secured Debt (Maturity June 8, 2020)(19)	7,068	7,068	7,068
		Member Units (1,000 units)		1,118	3,188
				8,186	10,256

River Aggregates, LLC	Processor of Construction Aggregates				
		Zero Coupon Secured Debt (Maturity June 30, 2018)	750	627	627
		Member Units (1,150 units)(8)		1,150	4,600
		Member Units (RA Properties, LLC) (1,500 units)		369	2,510
				2,146	7,737

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Consolidated Schedule of Investments (Continued)

December 31, 2016

(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
SoftTouch Medical Holdings LLC	Provider of In-Home Pediatric Durable Medical Equipment				
		LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, Secured Debt (Maturity October 31, 2019)(9)	7,140	7,096	7,140
		Member Units (4,450 units)(8)		4,930	9,170
				12,026	16,310
The MPI Group, LLC	Manufacturer of Custom Hollow Metal Doors, Frames and Accessories				
		9% Secured Debt (Maturity October 2, 2018)	2,924	2,922	2,922
		Series A Preferred Units (2,500 units)		2,500	
		Warrants (1,424 equivalent units; Expiration July 1, 2024; Strike price $0.01 per unit)		1,096	
		Member Units (MPI Real Estate Holdings, LLC) (100 units)(8)		2,300	2,300
				8,818	5,222
Uvalco Supply, LLC	Farm and Ranch Supply Store				
		9% Secured Debt (Maturity January 1, 2019)	872	872	872
		Member Units (2,011 units)(8)		3,843	4,640
				4,715	5,512
Vision Interests, Inc.	Manufacturer / Installer of Commercial Signage				
		13% Secured Debt (Maturity December 23, 2018)	2,814	2,814	2,814
		Series A Preferred Stock (3,000,000 shares)		3,000	3,000
		Common Stock (1,126,242 shares)		3,706	
				9,520	5,814
Ziegler's NYPD, LLC	Casual Restaurant Group				
		6.5% Secured Debt (Maturity October 1, 2019)	1,000	994	994
		12% Secured Debt (Maturity October 1, 2019)	300	300	300
		14% Secured Debt (Maturity October 1, 2019)	2,750	2,750	2,750
		Warrants (587 equivalent units; Expiration September 29, 2018; Strike		600	240

	price $0.01 per unit)		
	Preferred Member Units (10,072 units)	2,834	4,100
		7,478	8,384
Subtotal Control Investments (29.8% of total investments at fair value)		$ 439,674	$ 594,282

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Consolidated Schedule of Investments (Continued)

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(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Affiliate Investments(6)					
AFG Capital Group, LLC	Provider of Rent-to-Own Financing Solutions and Services				
		Warrants (42 equivalent units; Expiration November 7, 2024; Strike price $0.01 per unit)		$ 259	$ 670
		Member Units (186 units)(8)		1,200	2,750
				1,459	3,420
Barfly Ventures, LLC(10)	Casual Restaurant Group				
		12% Secured Debt (Maturity August 31, 2020)	5,958	5,860	5,827
		Options (2 equivalent units)		397	490
		Warrant (1 equivalent unit; Expiration August 31, 2025; Strike price $1.00 per unit)		473	280
				6,730	6,597
BBB Tank Services, LLC	Maintenance, Repair and Construction Services to the Above-Ground Storage Tank Market				
		LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.50%, Secured Debt (Maturity April 8, 2021)(9)	800	797	797
		15% Current Secured Debt (Maturity April 8, 2021)	4,027	3,991	3,991
		Member Units (800,000 units)		800	800
				5,588	5,588
Boss Industries, LLC	Manufacturer and Distributor of Air, Power and Other Industrial Equipment				
		Preferred Member Units (2,242 units)(8)		2,426	2,800
Bridge Capital Solutions Corporation	Financial Services and Cash Flow Solutions Provider				
		13% Secured Debt (Maturity July 25, 2021)	7,500	5,610	5,610
		Warrants (63 equivalent shares; Expiration April 18, 2022; Strike price $0.01 per share)		2,132	3,370
		13% Secured Debt (Mercury Service Group, LLC)	1,000	991	1,000

(Maturity July 25, 2021)		
Preferred Member Units (Mercury Service Group, LLC) (17,742 units)(8)	1,000	1,000
	9,733	10,980

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Consolidated Schedule of Investments (Continued)

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(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Buca C, LLC	Casual Restaurant Group				
		LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.25%, Secured Debt (Maturity June 30, 2020)(9)	22,671	22,504	22,671
		Preferred Member Units (6 units; 6% cumulative)(8)(19)		3,937	4,660
				26,441	27,331
CAI Software LLC	Provider of Specialized Enterprise Resource Planning Software				
		12% Secured Debt (Maturity October 10, 2019)	3,683	3,660	3,683
		Member Units (65,356 units)(8)		654	2,480
				4,314	6,163
CapFusion, LLC(13)	Non-Bank Lender to Small Businesses				
		13% Secured Debt (Maturity March 25, 2021)	14,400	13,202	13,202
		Warrants (1,600 equivalent units; Expiration March 24, 2026; Strike price $0.01 per unit)		1,200	1,200
				14,402	14,402
Chandler Signs Holdings, LLC(10)	Sign Manufacturer				
		12% Secured Debt (Maturity July 4, 2021)	4,500	4,461	4,500
		Class A Units (1,500,000 units)(8)		1,500	3,240
				5,961	7,740
Condit Exhibits, LLC	Tradeshow Exhibits / Custom Displays Provider				
		Member Units (3,936 units)(8)		100	1,840
Congruent Credit OpportunitiesFunds(12)(13)	Investment Partnership				
		LP Interests (Congruent Credit Opportunities Fund II, LP) (Fully diluted 19.8%)(8)		5,730	1,518
		LP Interests (Congruent Credit Opportunities Fund III, LP) (Fully diluted 17.4%)(8)		15,754	16,181

				21,484	17,699
Daseke, Inc.	Specialty Transportation Provider				
		12% Current / 2.5% PIK Secured Debt (Maturity July 31, 2018)(19)	21,799	21,632	21,799
		Common Stock (19,467 shares)		5,213	24,063
				26,845	45,862

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(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Dos Rios Partners(12)(13)	Investment Partnership				
		LP Interests (Dos Rios Partners, LP) (Fully diluted 20.2%)		5,996	4,925
		LP Interests (Dos Rios Partners A, LP) (Fully diluted 6.4%)		1,904	1,444
				7,900	6,369
Dos Rios Stone Products LLC(10)	Limestone and Sandstone Dimension Cut Stone Mining Quarries				
		Class A Units (2,000,000 units)(8)		2,000	2,070
East Teak Fine Hardwoods, Inc.	Distributor of Hardwood Products				
		Common Stock (6,250 shares)(8)		480	860
East West Copolymer & Rubber, LLC	Manufacturer of Synthetic Rubbers				
		12% Current / 2% PIK Secured Debt (Maturity October 17, 2019)(19)	9,699	9,591	8,630
		Warrants (2,510,790 equivalent units; Expiration October 15, 2024; Strike price $0.01 per unit)		50	
				9,641	8,630
EIG Fund Investments(12)(13)	Investment Partnership				
		LP Interests (EIG Global Private Debt fund-A, L.P.) (Fully diluted 11.1%)(8)		2,804	2,804
EIG Traverse Co-Investment, L.P.(12)(13)	Investment Partnership				
		LP Interests (Fully diluted 22.2%)(8)		9,805	9,905
Freeport Financial Funds(12)(13)	Investment Partnership				
		LP Interests (Freeport Financial SBIC Fund LP) (Fully diluted 9.3%)(8)		5,974	5,620
		LP Interests (Freeport First Lien Loan Fund III LP) (Fully diluted 6.0%)(8)		4,763	4,763
				10,737	10,383
Gault Financial, LLC (RMB Capital, LLC)	Purchases and Manages Collection of Healthcare				

	and other Business Receivables				
		10% Current Secured Debt (Maturity January 1, 2019)	13,046	13,046	11,079
		Warrants (29,025 equivalent units; Expiration February 9, 2022; Strike price $0.01 per unit)		400	
				13,446	11,079

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(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Glowpoint, Inc.	Provider of Cloud Managed Video Collaboration Services				
		12% Secured Debt (Maturity October 18, 2018)	9,000	8,949	3,997
		Common Stock (7,711,517 shares)(26)		3,958	2,080
				12,907	6,077
Guerdon Modular Holdings, Inc.	Multi-Family and Commercial Modular Construction Company				
		9% Current / 4% PIK Secured Debt (Maturity August 13, 2019)(19)	10,708	10,594	10,594
		Preferred Stock (404,998 shares)		1,140	1,140
		Common Stock (212,033 shares)		2,983	80
				14,717	11,814
Hawk Ridge Systems, LLC(13)	Value-Added Reseller of Engineering Design and Manufacturing Solutions				
		10% Secured Debt (Maturity December 2, 2021)	10,000	9,901	9,901
		Preferred Member Units (226 units)(8)		2,850	2,850
		Preferred Member Units (HRS Services, ULC) (226 units)		150	150
				12,901	12,901
Houston Plating and Coatings, LLC	Provider of Plating and Industrial Coating Services				
		Member Units (265,756 units)		1,429	4,000
I-45 SLF LLC(12)(13)	Investment Partnership				
		Member units (Fully diluted 20.0%; 24.4% profits interest)(8)		14,200	14,586
Indianhead Pipeline Services, LLC	Provider of Pipeline Support Services				
		12% Secured Debt (Maturity February 6, 2017)	5,100	5,079	5,079
		Preferred Member Units (33,819 units; 8% cumulative)(8)(19)		2,339	2,677
		Warrants (31,928 equivalent units; Expiration August 6, 2022; Strike price $0.001 per unit)		459	
		Member Units (14,732 units)		1	

	7,878	7,756

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(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
KBK Industries, LLC	Manufacturer of Specialty Oilfield and Industrial Products				
		10% Secured Debt (Maturity September 28, 2017)	1,250	1,250	1,250
		12.5% Secured Debt (Maturity September 28, 2017)	5,900	5,889	5,889
		Member Units (250 units)		341	2,780
				7,480	9,919
L.F. Manufacturing Holdings,LLC(10)	Manufacturer of Fiberglass Products				
		Member Units (2,179,001 units)		2,019	1,380
OnAsset Intelligence, Inc.	Provider of Transportation Monitoring / Tracking Products and Services				
		12% PIK Secured Debt (Maturity December 31, 2015)(17)(19)	4,519	4,519	4,519
		Preferred Stock (912 shares)		1,981	
		Warrants (5,333 equivalent shares; Expiration April 18, 2021; Strike price $0.01 per share)		1,919	
				8,419	4,519
OPI International Ltd.(13)	Provider of Man Camp and Industrial Storage Services				
		10% Unsecured Debt (Maturity April 8, 2018)	473	473	473
		Common Stock (20,766,317 shares)		1,371	1,600
				1,844	2,073
PCI Holding Company, Inc.	Manufacturer of Industrial Gas Generating Systems				
		12% Secured Debt (Maturity March 31, 2019)	13,000	12,898	13,000
		Preferred Stock (1,500,000 shares; 20% cumulative)(8)(19)		3,379	5,370
				16,277	18,370
Rocaceia, LLC (Quality Lease and Rental Holdings, LLC)	Provider of Rigsite Accommodation Unit				

Rentals and Related Services					
	12% Secured Debt (Maturity January 8, 2018)(14)(15)	30,785	30,281	250
	Preferred Member Units (250 units)		2,500	
			32,781	250

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(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Tin Roof Acquisition Company	Casual Restaurant Group				
		12% Secured Debt (Maturity November 13, 2018)	13,511	13,385	13,385
		Class C Preferred Stock (Fully diluted 10.0%; 10% cumulative)(8)(19)		2,738	2,738
				16,123	16,123
UniTek Global Services, Inc.(11)	Provider of Outsourced Infrastructure Services				
		LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity January 13, 2019)(9)	5,021	5,010	5,021
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity January 13, 2019)(9)	824	824	824
		15% PIK Unsecured Debt (Maturity July 13, 2019)(19)	745	745	745
		Preferred Stock (4,935,377 shares; 13.5% cumulative)(8)(19)		5,814	6,410
		Common Stock (705,054 shares)			3,010
				12,393	16,010
Universal Wellhead Services Holdings, LLC(10)	Provider of Wellhead Equipment, Designs, and Personnel to the Oil & Gas Industry				
		Preferred Member Units (UWS Investments, LLC) (716,949 units)		717	720
		Member Units (UWS Investments, LLC) (4,000,000 units)		4,000	610
				4,717	1,330
Valley Healthcare Group, LLC	Provider of Durable Medical Equipment				
		LIBOR Plus 12.50% (Floor 0.50%), Current Coupon 13.12%, Secured Debt (Maturity December 29, 2020)(9)	12,956	12,844	12,844
		Preferred Member Units (Valley Healthcare Holding, LLC) (1,600 units)		1,600	1,600
				14,444	14,444

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(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Volusion, LLC	Provider of Online Software-as-a-Service eCommerce Solutions				
		11.5% Secured Debt (Maturity January 26, 2020)	17,500	15,298	15,298
		Preferred Member Units (4,876,670 units)		14,000	14,000
		Warrants (1,831,355 equivalent units; Expiration January 26, 2025; Strike price $0.01 per unit)		2,576	2,576
				31,874	31,874
Subtotal Affiliate Investments (18.8% of total investments at fair value)				$ 394,699	$ 375,948

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(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Non-Control/Non-Affiliate Investments(7)					
Adams Publishing Group, LLC(10)	Local Newspaper Operator	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.00%, Secured Debt (Maturity November 3, 2020)(9)	$ 7,662	$ 7,544	$ 7,662
Ahead, LLC(10)	IT Infrastructure Value Added Reseller	LIBOR Plus 6.50%, Current Coupon 7.50%, Secured Debt (Maturity November 2, 2020)	14,250	13,906	14,303
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)	14,795	14,706	14,809
American Scaffold Holdings, Inc.(10)	Marine Scaffolding Service Provider	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity March 31, 2022)(9)	7,359	7,258	7,323
American Seafoods Group, LLC(11)	Catcher and Processor of Alaskan Pollock	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity August 19, 2021)(9)	9,634	9,624	9,634
American Teleconferencing Services, Ltd.(11)	Provider of Audio Conferencing and Video Collaboration Solutions	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity December 8, 2021)(9)	11,163	10,345	10,933
		LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.50%, Secured Debt (Maturity June 6, 2022)(9)	3,714	3,569	3,569
				13,914	14,502

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(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Anchor Hocking, LLC(11)	Household Products Manufacturer				
		LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, Secured Debt (Maturity June 4, 2018)(9)	2,277	2,277	2,231
		Member Units (440,620 units)		4,928	3,305
				7,205	5,536
AP Gaming I, LLC(10)	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)	7,209	7,099	7,194
Apex Linen Service, Inc.	Industrial Launderers				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity October 30, 2022)(9)	2,400	2,400	2,400
		13% Secured Debt (Maturity October 30, 2022)	14,416	14,337	14,337
				16,737	16,737
Applied Products, Inc.(10)	Adhesives Distributor				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity September 30, 2019)(9)	3,527	3,499	3,518
Arcus Hunting LLC.(10)	Manufacturer of Bowhunting and Archery Products and Accessories				
		LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.00%, Secured Debt (Maturity November 13, 2019)(9)	13,947	13,796	13,947
Artel, LLC(11)	Provider of Secure Satellite Network and IT Solutions				
		LIBOR Plus 7.00% (Floor 1.25%), Current Coupon 8.25%, Secured Debt (Maturity November 27, 2017)(9)	7,050	6,920	6,592

ATI Investment Sub, Inc.(11)	Manufacturer of Solar Tracking Systems				
		LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.25%, Secured Debt (Maturity June 22, 2021)(9)	9,500	9,322	9,476

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
ATS Workholding, Inc.(10)	Manufacturer of Machine Cutting Tools and Accessories				
		LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.50%, Secured Debt (Maturity March 10, 2019)(9)	6,173	6,146	5,924
ATX Networks Corp.(11)(13)(21)	Provider of Radio Frequency Management Equipment				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity June 11, 2021)(9)	11,790	11,604	11,584
Berry Aviation, Inc.(10)	Airline Charter Service Operator				
		13.75% Secured Debt (Maturity January 30, 2020)	5,627	5,588	5,627
		Common Stock (553 shares)		400	820
				5,988	6,447
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)	12,880	12,635	11,227
Brainworks Software, LLC(10)	Advertising Sales and Newspaper Circulation Software				
		Prime Plus 9.25% (Floor 3.25%), Current Coupon 13.00%, Secured Debt (Maturity July 22, 2019)(9)	6,733	6,684	6,733
Brightwood Capital Fund Investments(12)(13)	Investment Partnership				
		LP Interests (Brightwood Capital Fund III, LP) (Fully diluted 1.6%)(8)		12,000	11,094
		LP Interests (Brightwood Capital Fund IV, LP) (Fully diluted 0.9%)		500	500
				12,500	11,594
Brundage-Bone Concrete Pumping, Inc.(11)	Construction Services Provider				
		10.375% Secured Debt (Maturity September 1, 2021)	3,000	2,985	3,240

California Pizza Kitchen, Inc.(11)	Casual Restaurant Group				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity August 23, 2022)(9)	4,988	4,940	4,976

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Cenveo Corporation(11)	Provider of Commercial Printing, Envelopes, Labels, and Printed Office Products				
		6% Secured Debt (Maturity August 1, 2019)	13,130	11,097	11,719
CDHA Management, LLC(10)	Dental Services				
		LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.25%, Secured Debt (Maturity December 5, 2021)(9)	4,491	4,415	4,415
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)	14,346	14,141	8,724
Clarius BIGS, LLC(10)	Prints & Advertising Film Financing				
		15% PIK Secured Debt (Maturity January 5, 2015)(14)(17)	2,928	2,928	88
Compact Power Equipment, Inc.	Equipment / Tool Rental				
		12% Secured Debt (Maturity October 1, 2017)	4,100	4,095	4,100
		Series A Preferred Stock (4,298,435 shares)		1,079	4,180
				5,174	8,280
Compuware Corporation(11)	Provider of Software and Supporting Services				
		LIBOR Plus 5.25% (Floor 1.00%), Current Coupon 6.25%, Secured Debt (Maturity December 15, 2019)(9)	8,345	8,187	8,398
Construction Supply Investments, LLC(10)	Distribution Platform of Specialty Construction Materials to Professional Concrete and Masonry Contractors				
		LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.50%, Secured Debt (Maturity June 30, 2023)(9)	8,500	8,416	8,416
		Member Units (20,000 units)		2,000	2,000
				10,416	10,416

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
ContextMedia Health, LLC(11)	Provider of Healthcare Media Content				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity December 23, 2021)(9)	8,000	7,201	7,320
Covenant Surgical Partners, Inc.(11)	Ambulatory Surgical Centers				
		8.75% Secured Debt (Maturity August 1, 2019)	800	800	772
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)	6,366	6,286	6,382
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)	9,102	9,084	9,102
Darr Equipment LP(10)	Heavy Equipment Dealer				
		12% Current / 2% PIK Secured Debt (Maturity April 15, 2020)(19)	21,130	20,697	20,748
		Warrants (915,734 equivalent units; Expiration April 15, 2024; Strike price $1.50 per unit)		474	10
				21,171	20,758
Digital River, Inc.(11)	Provider of Outsourced e-Commerce Solutions and Services				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity February 12, 2021)(9)	15,184	15,086	15,317
Digital Room LLC(11)	Pure-Play e-Commerce Print Business				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity November 21, 2022)(9)	7,625	7,475	7,549
Drilling Info Holdings, Inc.	Information Services for the Oil and Gas Industry				
		Common Stock (3,788,865 shares)		1,335	10,410

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
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	5,589	5,625
EnCap Energy Fund Investments(12)(13)	Investment Partnership				
		LP Interests (EnCap Energy Capital Fund VIII, L.P.) (Fully diluted 0.1%)(8)		3,877	1,955
		LP Interests (EnCap Energy Capital Fund VIII Co-Investors, L.P.) (Fully diluted 0.4%)		2,200	1,225
		LP Interests (EnCap Energy Capital Fund IX, L.P.) (Fully diluted 0.1%)(8)		3,957	3,680
		LP Interests (Encap Energy Capital Fund X, L.P.) (Fully diluted 0.1%)		3,039	3,039
		LP Interests (EnCap Flatrock Midstream Fund II, L.P.) (Fully diluted 0.8%)(8)		9,116	10,452
		LP Interests (EnCap Flatrock Midstream Fund III, L.P.) (Fully diluted 0.2%)(8)		2,513	2,461
				24,702	22,812
Evergreen Skills Lux S.á r.l. (d/b/a Skillsoft)(11)(13)	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	6,857	5,274
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 3, 2020)(9)	12,483	12,082	10,174
GI KBS Merger Sub LLC(11)	Outsourced Janitorial Services to Retail/Grocery Customers				
		LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity October 29,	3,900	3,851	3,842

	2021)(9)			
	LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity April 29, 2022)(9)	800	787	760
			4,638	4,602

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Grace Hill, LLC(10)	Online Training Tools for the Multi-Family Housing Industry				
		Prime Plus 5.25% (Floor 1.00%), Current Coupon 9.00%, Secured Debt (Maturity August 15, 2019)(9)	634	623	634
		LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity August 15, 2019)(9)	11,552	11,472	11,552
				12,095	12,186
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)	7,648	7,598	7,648
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)	4,813	4,787	3,734
		13.75% Secured Debt (Maturity July 31, 2018)	2,000	1,962	1,205
				6,749	4,939
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)	13,317	13,215	13,017
Guitar Center, Inc.(11)	Musical Instruments Retailer				
		6.5% Secured Debt (Maturity April 15, 2019)	14,625	13,890	13,272
Hojeij Branded Foods, LLC(10)	Multi-Airport, Multi-Concept Restaurant Operator				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity July 27, 2021)(9)	5,432	5,390	5,432
Hoover Group, Inc.(10)(13)	Provider of Storage Tanks and Related Products to the Energy and Petrochemical Markets				

LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.25%, Secured Debt (Maturity January 28, 2021)(9)	8,546	7,963	7,963

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Horizon Global Corporation(11)(13)	Auto Parts Manufacturer				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity June 30, 2021)(9)	9,375	9,249	9,551
Hostway Corporation(11)	Managed Services and Hosting Provider				
		LIBOR Plus 6.75% (Floor 1.25%), Current Coupon 8.00%, Secured Debt (Maturity December 13, 2019)(9)	10,577	10,515	10,028
Hunter Defense Technologies, Inc.(11)	Provider of Military and Commercial Shelters and Systems				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity August 5, 2019)(9)	9,606	9,120	8,933
Hygea Holdings, Corp.(10)	Provider of Physician Services				
		LIBOR Plus 9.25%, Current Coupon 10.17%, Secured Debt (Maturity February 24, 2019)	7,875	7,381	7,615
		Warrants (5,990,452 equivalent shares; Expiration February 24, 2023; Strike price $0.01 per share)		369	1,530
				7,750	9,145
iEnergizer Limited(11)(13)(21)	Provider of Business Outsourcing Solutions				
		LIBOR Plus 6.00% (Floor 1.25%), Current Coupon 7.25%, Secured Debt (Maturity May 1, 2019)(9)	9,918	9,467	9,621
Indivior Finance LLC(11)(13)	Specialty Pharmaceutical Company Treating Opioid Dependence				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity December 19, 2019)(9)	6,750	6,455	6,809
Industrial Container Services, LLC(10)	Steel Drum Reconditioner				
		LIBOR Plus 5.75% (Floor 1.00%), Current Coupon 6.75%, Secured Debt (Maturity December 31, 2018)(9)	8,949	8,932	8,949

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Industrial Services Acquisition, LLC(10)	Industrial Cleaning Services				
		11.25% Current / 0.75% PIK Unsecured Debt (Maturity December 17, 2022)(19)	4,519	4,433	4,433
		Member Units (Industrial Services Investments, LLC) (900,000 units)		900	900
				5,333	5,333
Infinity Acquisition Finance Corp.(11)	Application Software for Capital Markets	7.25% Unsecured Debt (Maturity August 1, 2022)	5,700	5,366	4,802
Inn of the Mountain Gods Resort and Casino(11)	Hotel & Casino Owner & Operator	9.25% Secured Debt (Maturity November 30, 2020)	6,249	5,924	5,687
Intertain Group Limited(11)(13)(21)	Business-to-Consumer Online Gaming Operator	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity April 8, 2022)(9)	4,426	4,364	4,465
iPayment, Inc.(11)	Provider of Merchant Acquisition	LIBOR Plus 5.25% (Floor 1.50%), Current Coupon 6.75%, Secured Debt (Maturity May 8, 2017)(9)	14,918	14,907	14,395
iQor US Inc.(11)	Business Process Outsourcing Services Provider	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity April 1, 2021)(9)	9,812	9,671	9,413
irth Solutions, LLC	Provider of Damage Prevention Information Technology Services	Member Units (27,893 units)		1,441	1,790
Jackmont Hospitality, Inc.(10)	Franchisee of Casual Dining Restaurants	LIBOR Plus 4.25% (Floor 1.00%), Current Coupon 5.25% / 2.50% PIK, Current Coupon Plus PIK 7.75%, Secured Debt (Maturity May 26, 2021)(9)(19)	4,445	4,429	4,445

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
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)	14,655	14,560	13,776
JSS Holdings, Inc.(11)	Aircraft Maintenance Program Provider				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity August 31, 2021)(9)	12,829	12,562	12,765
Kendra Scott, LLC(11)	Jewelry Retail Stores				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity July 17, 2020)(9)	5,578	5,536	5,550
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)	5,459	5,443	5,431
LaMi Products, LLC(10)	General Merchandise Distribution				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity September 16, 2020)(9)	10,735	10,658	10,735
Larchmont Resources, LLC(11)	Oil & Gas Exploration & Production				
		LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, PIK Secured Debt (Maturity August 7, 2020)(9)(19)	2,260	2,260	2,209
		Member Units (Larchmont Intermediate Holdco, LLC) (2,828 units)		353	1,193
				2,613	3,402
LKCM Headwater Investments I, L.P.(12)(13)	Investment Partnership				
		LP Interests (Fully diluted 2.3%)		2,500	3,627

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Logix Acquisition Company, LLC(10)	Competitive Local Exchange Carrier				
		LIBOR Plus 8.28% (Floor 1.00%), Current Coupon 9.28%, Secured Debt (Maturity June 24, 2021)(9)(22)	8,593	8,457	8,593
Looking Glass Investments, LLC(12)(13)	Specialty Consumer Finance				
		9% Unsecured Debt (Maturity June 30, 2020)	188	188	188
		Member Units (2.5 units)		125	125
		Member Units (LGI Predictive Analytics LLC) (190,712 units)(8)		160	160
				473	473
Messenger, LLC(10)	Supplier of Specialty Stationery and Related Products to the Funeral Industry				
		LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.25%, Secured Debt (Maturity September 9, 2020)(9)	14,403	14,326	14,403
Minute Key, Inc.	Operator of Automated Key Duplication Kiosks				
		10% Current / 2% PIK Secured Debt (Maturity September 19, 2019)(19)	15,700	15,404	15,404
		Warrants (1,437,409 equivalent shares; Expiration May 20, 2025; Strike price $0.01 per share)		280	470
				15,684	15,874
Mood Media Corporation(11)(13)	Provider of Electronic Equipment				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity May 1, 2019)(9)	14,805	14,645	14,312
New Media Holdings II LLC(11)(13)	Local Newspaper Operator				
		LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity June 4, 2020)(9)	14,888	14,632	14,813

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
North American Lifting Holdings, Inc.(11)	Crane Service Provider				
		LIBOR Plus 4.50% (Floor 1.00%), Current Coupon 5.50%, Secured Debt (Maturity November 27, 2020)(9)	3,865	3,235	3,375
North Atlantic Trading Company, Inc.(11)	Marketer/Distributor of Tobacco Products				
		LIBOR Plus 6.50% (Floor 1.25%), Current Coupon 7.75%, Secured Debt (Maturity January 13, 2020)(9)	9,396	9,343	9,337
Novitex Intermediate, LLC(11)	Provider of Document Management Services				
		LIBOR Plus 6.75% (Floor 1.25%), Current Coupon 8.00%, Secured Debt (Maturity July 7, 2020)(9)	9,335	9,175	8,985
NTM Acquisition Corp.(11)	Provider of B2B Travel Information Content				
		LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity June 7, 2022)(9)	4,144	4,085	4,128
Ospemifene Royalty Sub LLC (QuatRx)(10)	Estrogen-Deficiency Drug Manufacturer and Distributor				
		11.5% Secured Debt (Maturity November 15, 2026)(14)	5,071	5,071	2,088
Pardus Oil and Gas, LLC(11)	Oil & Gas Exploration & Production				
		13% PIK Secured Debt (Maturity November 12, 2021)(19)	1,869	1,869	1,869
		5% PIK Secured Debt (Maturity May 13, 2022)(19)	992	992	562
		Member Units (2,472 units)		2,472	970
				5,333	3,401
Paris Presents Incorporated(11)	Branded Cosmetic and Bath Accessories				
		LIBOR Plus 8.75% (Floor 1.00%), Current Coupon 9.75%, Secured Debt (Maturity December 31, 2021)(9)	2,000	1,969	1,960
Parq Holdings Limited Partnership(11)(13)(21)	Hotel & Casino Operator				
			7,500	7,394	7,388

LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity December 17, 2020)(9)

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Permian Holdco 2, Inc.(11)	Storage Tank Manufacturer				
		14% PIK Unsecured Debt (Maturity October 15, 2021)(19)	198	198	198
		Preferred Stock (Permian Holdco 1, Inc.) (154,558 units)		799	799
		Common Stock (Permian Holdco 1, Inc.) (154,558 units)			
				997	997
Pernix Therapeutics Holdings, Inc.(10)	Pharmaceutical Royalty				
		12% Secured Debt (Maturity August 1, 2020)	3,447	3,447	3,326
Pet Holdings ULC(11)(13)(21)	Retailer of Pet Products and Supplies to Consumers				
		LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.50%, Secured Debt (Maturity July 5, 2022)(9)	2,494	2,470	2,503
Pike Corporation(11)	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)	14,000	13,720	14,082
Point.360(10)	Fully Integrated Provider of Digital Media Services				
		Warrants (65,463 equivalent shares; Expiration July 7, 2020; Strike price $0.75 per share)		69	
		Common Stock (163,658 shares)		273	63
				342	63
Polycom, Inc.(11)	Provider of Audio and Video Communication Solutions				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity September 27, 2023)(9)	12,089	11,617	12,194
PPC/SHIFT LLC(10)	Provider of Digital Solutions to Automotive				

	Industry				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity June 6, 2022)(9)	7,000	6,852	6,852

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Prowler Acquisition Corp.(11)	Specialty Distributor to the Energy Sector				
		LIBOR Plus 4.50% (Floor 1.00%), Current Coupon 5.50%, Secured Debt (Maturity January 28, 2020)(9)	9,519	7,904	7,044
PT Network, LLC(10)	Provider of Outpatient Physical Therapy and Sports Medicine Services				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity November 30, 2021)(9)	16,225	15,979	15,979
QBS Parent, Inc.(11)	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)	11,274	11,201	11,161
Raley's(11)	Family-Owned Supermarket Chain				
		LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity May 18, 2022)(9)	4,195	4,125	4,242
Redbox Automated Retail, LLC(11)	Operator of Home Media Entertainment Kiosks				
		LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity September 27, 2021)(9)	15,000	14,581	14,629
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	2,978	2,987
RGL Reservoir Operations Inc.(11)(13)(21)	Oil & Gas Equipment and Services				
		LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity August 13, 2021)(9)	3,910	3,826	880

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

December 31, 2016

(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
RM Bidder, LLC(10)	Scripted and Unscripted TV and Digital Programming Provider				
		Warrants (327,532 equivalent units; Expiration October 20, 2025; Strike price $14.28 per unit)		425	300
		Member Units (2,779 units)		46	44
				471	344
SAExploration, Inc.(10)(13)(21)	Geophysical Services Provider				
		Common Stock (50 shares)		65	3
SAFETY Investment Holdings, LLC	Provider of Intelligent Driver Record Monitoring Software and Services				
		Member Units (2,000,000 units)		2,000	2,000
Salient Partners L.P.(11)	Provider of Asset Management Services				
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity June 9, 2021)(9)	10,812	10,538	10,352
School Specialty, Inc.(11)	Distributor of Education Supplies and Furniture				
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity June 11, 2019)(9)	5,712	5,632	5,784
Sigma Electric Manufacturing Corporation(10)(13)	Manufacturer and Distributor of Electrical Fittings and Parts				
		LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.25%, Secured Debt (Maturity October 13, 2021)(9)	12,500	12,200	12,200
Sorenson Communications, Inc.(11)	Manufacturer of Communication Products for Hearing Impaired				
		LIBOR Plus 5.75% (Floor 2.25%), Current Coupon 8.00%, Secured Debt (Maturity April 30, 2020)(9)	13,371	13,283	13,271
Strike, LLC(11)	Pipeline Construction and Maintenance Services				
			10,000	9,666	9,864

LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 9.00%, Secured Debt (Maturity November 30, 2022)(9)

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

December 31, 2016

(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Subsea Global Solutions, LLC(10)	Underwater Maintenance and Repair Services				
		LIBOR Plus 6.00% (Floor 1.50%), Current Coupon 7.50%, Secured Debt (Maturity March 17, 2020)(9)	5,629	5,588	5,624
Synagro Infrastructure Company, Inc(11)	Waste Management Services				
		LIBOR Plus 5.25% (Floor 1.00%), Current Coupon 6.25%, Secured Debt (Maturity August 22, 2020)(9)	4,714	4,659	4,136
Targus International, LLC(11)	Distributor of Protective Cases for Mobile Devices				
		15% PIK Secured Debt (Maturity December 31, 2019)(19)	1,140	1,140	1,140
		Common Stock (Targus Cayman HoldCo Limited) (249,614 shares)(13)		2,555	2,260
				3,695	3,400
TE Holdings, LLC(11)	Oil & Gas Exploration & Production				
		Member Units (97,048 units)		970	728
TeleGuam Holdings, LLC(11)	Cable and Telecom Services Provider				
		LIBOR Plus 4.00% (Floor 1.25%), Current Coupon 5.25%, Secured Debt (Maturity December 10, 2018)(9)	7,622	7,613	7,546
		LIBOR Plus 7.50% (Floor 1.25%), Current Coupon 8.75%, Secured Debt (Maturity June 10, 2019)(9)	10,500	10,442	10,290
				18,055	17,836
The Topps Company, Inc.(11)	Trading Cards & Confectionary				
		LIBOR Plus 6.00% (Floor 1.25%), Current Coupon 7.25%, Secured Debt (Maturity October 2, 2020)(9)	2,218	2,208	2,226
TMC Merger Sub Corp.(11)	Refractory & Maintenance Services Provider				
		LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity October 31, 2022)(9)(23)	12,500	12,376	12,438

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

December 31, 2016

(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
TOMS Shoes, LLC(11)	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)	4,913	4,567	3,635
Travel Leaders Group, LLC(11)	Travel Agency Network Provider				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity December 7, 2020)(9)	10,994	10,936	10,975
Truck Bodies and Equipment International, Inc.(10)	Manufacturer of Dump Truck Bodies and Dump Trailers				
		LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity March 31, 2021)(9)	15,750	15,602	15,602
TVG-I-E CMN ACQUISITION, LLC(10)	Organic Lead Generation for Online Postsecondary Schools				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity November 3, 2021)(9)	6,459	6,334	6,334
Tweddle Group, Inc.(11)	Provider of Technical Information Services to Automotive OEMs				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity October 21, 2022)(9)	8,462	8,295	8,419
UniRush, LLC	Provider of Prepaid Debit Card Solutions				
		12% Secured Debt (Maturity February 1, 2019)	12,000	10,981	12,000
		Warrants (444,725 equivalent units; Expiration February 2, 2026; Strike price $10.27 per unit)		1,250	1,250
				12,231	13,250
US Joiner Holding Company(11)	Marine Interior Design and Installation				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured	11,514	11,435	11,456

Debt (Maturity April 16, 2020)(9)

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Consolidated Schedule of Investments (Continued)

December 31, 2016

(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
U.S. TelePacific Corp.(10)	Provider of Communications and Managed Services				
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity February 24, 2021)(9)	7,500	7,377	7,377
VCVH Holding Corp. (Verisk)(11)	Healthcare Technology Services Focused on Revenue Maximization				
		LIBOR Plus 9.25% (Floor 1.00%), Current Coupon 10.25%, Secured Debt (Maturity June 1, 2024)(9)	1,500	1,464	1,488
Virtex Enterprises, LP(10)	Specialty, Full-Service Provider of Complex Electronic Manufacturing Services				
		12% Secured Debt (Maturity December 27, 2018)	1,667	1,559	1,559
		Preferred Class A Units (14 units; 5% cumulative)(8)		333	612
		Warrants (11 equivalent units; Expiration December 27, 2023; Strike price $0.001 per unit)		186	220
				2,078	2,391
Wellnext, LLC(10)	Manufacturer of Supplements and Vitamins				
		LIBOR Plus 9.00% (Floor 0.50%), Current Coupon 9.85%, Secured Debt (Maturity May 23, 2021)(9)	10,058	9,968	10,058
Western Dental Services, Inc.(11)	Dental Care Services				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity November 1, 2018)(9)	4,904	4,902	4,885
Wilton Brands LLC(11)	Specialty Housewares Retailer				
		LIBOR Plus 7.25% (Floor 1.25%), Current Coupon 8.50%, Secured Debt (Maturity August 30, 2018)(9)	1,153	1,147	1,093
Worley Claims Services, LLC(10)	Insurance Adjustment Management and Services Provider				
			6,386	6,342	6,386

LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 9.00%, Secured Debt (Maturity October 31, 2020)(9)

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

December 31, 2016

(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
YP Holdings LLC(11)	Online and Offline Advertising Operator				
		LIBOR Plus 11.00% (Floor 1.25%), Current Coupon 12.25%, Secured Debt (Maturity June 4, 2018)(9)	11,428	10,969	11,398
Zilliant Incorporated	Price Optimization and Margin Management Solutions				
		Preferred Stock (186,777 shares)		154	260
		Warrants (952,500 equivalent shares; Expiration June 15, 2022; Strike price $0.001 per share)		1,071	1,190
				1,225	1,450
Subtotal Non-Control/Non-Affiliate Investments (51.4% of total investments at fair value)				$ 1,037,510	$ 1,026,676
Total Portfolio Investments, December 31, 2016				$ 1,871,883	$ 1,996,906

(1) All investments are Lower Middle Market portfolio investments, unless otherwise noted. See Note B for a description of Lower Middle Market portfolio investments. 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 a summary of geographic location of portfolio companies.

(4) Principal is net of repayments. Cost is net of repayments 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. A majority of the variable rate loans in the Company's investment portfolio bear interest at a rate that may be determined by reference to either LIBOR or an alternate Base Rate (commonly based on the Federal Funds Rate or the Prime Rate), which typically resets semi-annually, quarterly, or monthly at the borrower's option. The borrower may also elect to have multiple interest reset periods for each loan. For each such loan, the Company has provided the weighted average annual stated interest rate in effect at December 31, 2016. As noted in this schedule, 64% (based on the par amount of the loans) of the loans contain LIBOR floors which range between 0.50% and 2.25%, with a weighted-average LIBOR floor of approximately 1.04%.

(10) Private Loan portfolio investment. See Note B for a description of Private Loan portfolio investments.

(11) Middle Market portfolio investment. See Note B for a description of Middle Market portfolio investments.

(12) Other Portfolio investment. See Note B for a description 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) 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.

(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.

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

December 31, 2016

(dollars in thousands)

(17) Maturity date is under on-going negotiations with the portfolio company and other lenders, if applicable.

(18) Investment value was determined using significant unobservable inputs, unless otherwise noted.

(19) PIK interest income and cumulative dividend income represent income not paid currently in cash.

(20) All portfolio company headquarters are based in the United States, unless otherwise noted.

(21) Portfolio company headquarters are located outside of the United States.

(22) The Company has entered into an intercreditor agreement that entitles the Company to the "last out" tranche of the first lien secured loans, whereby the "first out" tranche will receive priority as to the "last out" tranche with respect to payments of principal, interest, and any other amounts due thereunder. Therefore, the Company receives a higher interest rate than the contractual stated interest rate of LIBOR plus 7.50% (Floor 1.00%) per the Credit Agreement and the Consolidated Schedule of Investments above reflects such higher rate.

(23) The Company has entered into an intercreditor agreement that entitles the Company to the "first out" tranche of the first lien secured loans, whereby the "first out" tranche will receive priority as to the "last out" tranche with respect to payments of principal, interest, and any other amounts due thereunder. Therefore, the Company receives a lower interest rate than the contractual stated interest rate of LIBOR plus 6.64% (Floor 1.00%) per the Credit Agreement and the Consolidated Schedule of Investments above reflects such lower rate.

(26) Investment fair value was determined using observable inputs in non-active markets for which sufficient observable inputs were available. See note C for further discussion.

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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 a variety of industry sectors. MSCC seeks to partner with entrepreneurs, business owners and management teams and generally provides "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 Main Street Mezzanine Fund, LP ("MSMF"), Main Street Capital II, LP ("MSC II") and Main Street Capital III, LP ("MSC III" and, collectively with MSMF and MSC II, 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 directly 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 or their portfolio companies ("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 under the Investment Advisers Act of 1940, as amended. Since the External Investment Manager conducts all of its investment management activities for External Parties, 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 taxable 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.

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

MAIN STREET CAPITAL CORPORATION

Notes to Consolidated Financial Statements (Continued)

(Unaudited)

2. Basis of Presentation

Main Street's consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). The Company is an investment company following accounting and reporting guidance in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 946, *Financial Services-Investment Company* ("ASC 946"). 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 (see Note C Fair Value Hierarchy for Investments and Debentures Portfolio Composition Investment Portfolio Composition for additional discussion of Main Street's Investment Portfolio and definitions for the terms Private Loan and Other Portfolio). Main Street's results of operations for the three and nine months ended September 30, 2017 and 2016, cash flows for the nine months ended September 30, 2017 and 2016, and financial position as of September 30, 2017 and December 31, 2016, are presented on a consolidated basis. The effects of all intercompany transactions between Main Street and its consolidated subsidiaries have been eliminated in consolidation.

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 and nine months ended September 30, 2017 and 2016 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, 2016. 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 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. Accordingly, as noted above, MSCC's consolidated financial statements include the financial position and operating results for the Funds and the Taxable Subsidiaries. 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)."

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MAIN STREET CAPITAL CORPORATION

Notes to Consolidated Financial Statements (Continued)

(Unaudited)

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 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 privately held 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 in privately held companies which have been originated through strategic relationships with other investment funds on a collaborative basis, and are often referred to in the debt markets as "club deals." Private Loan investments are typically similar in size, structure, terms and conditions to investments Main Street holds in its LMM portfolio and 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 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

MAIN STREET CAPITAL CORPORATION

Notes to Consolidated Financial Statements (Continued)

(Unaudited)

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 and adjusts the fair value for other factors that would affect the fair value of the investment. 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 allocating 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. Due to SEC deadlines for Main Street's quarterly and annual financial reporting, the operating results of a portfolio company used in the current period valuation are generally the results from the period ended three months prior to such valuation date and 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

MAIN STREET CAPITAL CORPORATION

Notes to Consolidated Financial Statements (Continued)

(Unaudited)

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 company. Main Street's estimate of the expected repayment date of its debt securities is generally the 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 and adjusts the investment's fair value for factors known to Main Street that would affect that fund's NAV, including, but not limited to, fair values for individual investments held by the fund if Main Street holds the same investment or for a publicly traded investment. In addition, in determining the fair value of the investment, Main Street considers 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 analyzes and provides observations, recommendations and an assurance certification regarding the Company's determinations of the fair value of its LMM portfolio company investments. 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 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

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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 and received an assurance certification from its independent financial advisory services firm in arriving at Main Street's determination of fair value on its investments in a total of 38 LMM portfolio companies for the nine months ended September 30, 2017, representing approximately 65% of the total LMM portfolio at fair value as of September 30, 2017, and on a total of 46 LMM portfolio companies for the nine months ended September 30, 2016, representing approximately 75% of the total LMM portfolio at fair value as of September 30, 2016. Excluding its 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 September 30, 2017 and 2016, as applicable, and its investments in the LMM portfolio companies that were not reviewed because their equity is publicly traded or they hold real estate for which a third-party appraisal is obtained on at least an annual basis, the percentage of the LMM portfolio reviewed and certified by its independent financial advisory services firm for the nine months ended September 30, 2017 and 2016 was 72% and 80% of the total LMM portfolio at fair value as of September 30, 2017 and 2016, 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. Because the vast majority of the Middle Market portfolio investments are typically valued using third-party quotes or other independent pricing services (including 96% and 94% of the Middle Market portfolio investments as of September 30, 2017 and December 31, 2016, respectively), Main Street does not generally consult with any financial advisory services firms in connection with determining the fair value of its Middle Market investments.

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.

In addition to its internal valuation process, in arriving at estimates of fair value for its investments in its Private Loan 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 analyzes and provides observations and recommendations and an assurance certification regarding the Company's determinations of the fair value of its Private Loan portfolio company investments. The nationally recognized independent financial advisory services firm is generally consulted relative to Main Street's investments in each Private Loan portfolio company at least once every calendar year, and for Main Street's investments in new Private Loan portfolio companies, at least once in the twelve-month period subsequent to the initial investment. In certain

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instances, Main Street 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 Private Loan portfolio companies. Such instances include, but are not limited to, situations where the fair value of Main Street's investment in a Private Loan portfolio company is determined to be insignificant relative to the total Investment Portfolio. Main Street consulted with and received an assurance certification from its independent financial advisory services firm in arriving at its determination of fair value on its investments in a total of 19 Private Loan portfolio companies for the nine months ended September 30, 2017, representing approximately 44% of the total Private Loan portfolio at fair value as of September 30, 2017, and on a total of 20 Private Loan portfolio companies for the nine months ended September 30, 2016, representing approximately 56% of the total Private Loan portfolio at fair value as of September 30, 2016. Excluding its investments in new Private Loan portfolio companies which have not been in the Investment Portfolio for at least twelve months subsequent to the initial investment as of September 30, 2017 and 2016, as applicable, and investments in its Private Loan portfolio companies that were not reviewed because the investment is valued based upon third-party quotes or other independent pricing, the percentage of the Private Loan portfolio reviewed and certified by its independent financial advisory services firm for the nine months ended September 30, 2017 and 2016 was 74% and 80% of the total Private Loan portfolio at fair value as of September 30, 2017 and 2016, respectively.

For valuation purposes, all of Main Street's Other Portfolio investments are non-control investments. Main Street's Other Portfolio investments comprised 4.6% and 5.0% of Main Street's Investment Portfolio at fair value as of September 30, 2017 and December 31, 2016, respectively. Similar to the LMM investment portfolio, market quotations for Other Portfolio equity investments are generally not readily available. For Other Portfolio equity investments, Main Street generally determines the fair value of its investments using the NAV valuation method. For its 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. For its Other Portfolio debt investments for which third-party quotes or other independent pricing are available and appropriate, Main Street 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 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 comparables. 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 its ability to control the capital structure of the company, as well as the timing of a potential exit, in connection with determining the fair value of the External Investment Manager.

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

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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 an internally developed 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 September 30, 2017 and December 31, 2016 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 U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the 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 consolidated 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 materially from the values that would have been determined had a ready market for the securities existed.

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.

At September 30, 2017, cash balances totaling $26.5 million exceeded Federal Deposit Insurance Corporation 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. Interest, Dividend and Fee Income

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 policies, 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

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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 sold or written off, Main Street removes it from non-accrual status.

As of September 30, 2017, Main Street's total Investment Portfolio had six investments on non-accrual status, which comprised approximately 0.4% of its fair value and 2.7% of its cost. As of December 31, 2016, Main Street's total Investment Portfolio had four investments on non-accrual status, which comprised approximately 0.6% of its fair value and 3.0% of its cost.

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 September 30, 2017 and 2016, (i) approximately 1.9% and 4.0%, respectively, of Main Street's total investment income was attributable to PIK interest income not paid currently in cash and (ii) approximately 1.8% and 1.8%, respectively, of Main Street's total investment income was attributable to cumulative dividend income not paid currently in cash. For the nine months ended September 30, 2017 and 2016, (i) approximately 2.7% and 3.7%, respectively, of Main Street's total investment income was attributable to PIK interest income not paid currently in cash and (ii) approximately 1.8% and 1.1%, respectively, of Main Street's total investment income was attributable to cumulative dividend income not paid currently in cash.

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 income over the life of the financing.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
	(dollars in thousands)			
Interest, fee and dividend income:				
Interest income	$ 39,814	$ 35,580	$ 117,340	$ 101,181
Dividend income	10,088	9,730	25,198	25,094
Fee income	1,884	1,284	7,406	5,059
Total interest, fee and dividend income	$ 51,786	$ 46,594	$ 149,944	$ 131,334

5. Deferred Financing Costs

Deferred financing costs include commitment fees and other costs related to Main Street's multi-year revolving credit facility (the "Credit Facility", as discussed further in Note F) and its notes (as discussed further in Note G), as well as the commitment fees and leverage fees (approximately 3.4% of the total commitment and draw amounts, as applicable) on the SBIC debentures (as discussed further in Note E) which are not accounted for under the fair value option under ASC 825 (as discussed further in Note B.11.). Deferred financing costs in connection with the Credit Facility are capitalized as an asset. Deferred financing costs in connection with all other debt arrangements not using the fair value option are a direct deduction from the related debt liability.

6. Equity Offering Costs

The Company's offering costs are charged against the proceeds from equity offerings when the proceeds are received.

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 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 or warrants with an exercise price below the fair value of the underlying equity (together, "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 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.

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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 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 interest income. For the three months ended September 30, 2017 and 2016, approximately 3.8% and 3.2%, respectively, of Main Street's total investment income was attributable to interest income from the accretion of discounts associated with debt investments, net of any premium reduction. For the nine months ended September 30, 2017 and 2016, approximately 3.7% and 3.0%, respectively, of Main Street's total investment income was attributable to interest income from 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.

Effective January 1, 2016, Main Street elected early adoption of Accounting Standards Update ("ASU") 2016-09, *Compensation Stock Compensation: Improvements to Employee Share-Based Payment Accounting* ("ASU 2016-09," as discussed further below in Note B.13.). ASU 2016-09 requires that all excess tax benefits and tax deficiencies (including tax benefits of dividends on share-based payment awards) should be recognized as income tax expense or benefit in the income statement and no longer delay recognition of a tax benefit until the tax benefit is realized through a reduction to taxes payable. The tax effects of exercised or vested awards should be treated as discrete items in the reporting period in which they occur. Additionally, ASU 2016-09 allows an entity to make an entity-wide accounting policy election to either estimate the number of awards that are expected to vest, net of forfeitures, (current GAAP) or account for forfeitures when they occur. Amendments related to the timing of when excess tax benefits are recognized, minimum statutory withholding requirements, forfeitures and intrinsic value should be applied using a modified retrospective transition method by means of a cumulative-effect adjustment to equity as of the beginning of the period in which the guidance is adopted. As such, Main Street recorded a $1.8 million adjustment to "Net Unrealized Appreciation, Net of Income Taxes" on the consolidated balance sheet to capture the cumulative tax effect as of January 1, 2016. Main Street has elected to account for forfeitures as they occur and this change had no impact on its consolidated financial statements. The additional amendments (cash flows classification, minimum statutory tax withholding requirements and classification of awards as either a liability or equity) did not have an effect on Main Street's consolidated financial statements.

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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 taxable income or capital gains that MSCC distributes to its stockholders. MSCC must generally distribute at least 90% of its "investment company taxable income" (which is generally its net ordinary taxable income and realized net short-term capital gains in excess of realized net long-term capital losses) and 90% of its tax-exempt income to maintain its RIC status (pass-through tax treatment for amounts distributed). As part of maintaining RIC status, undistributed taxable income (subject to a 4% non-deductible 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 on or prior to the later of (i) the filing of the U.S. federal income tax return for the applicable fiscal year or (ii) the fifteenth day of the ninth month following the close of the year in which such taxable income was generated.

The Taxable Subsidiaries primarily 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. The Taxable Subsidiaries are each taxed at their normal corporate tax rates based on their taxable income. The income tax expense, or benefit, if any, and the related tax assets and liabilities, of the Taxable Subsidiaries are reflected in Main Street's consolidated financial statements.

The External Investment Manager is an indirect wholly owned subsidiary of MSCC through a Taxable Subsidiary and is a disregarded entity for tax purposes. The External Investment Manager has entered into a tax sharing agreement with its Taxable Subsidiary owner. Since the External Investment Manager 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, and as a result of the tax sharing agreement with its Taxable Subsidiary owner, for its stand-alone financial reporting purposes the External Investment Manager is treated as if it 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 income tax expense, or benefit, if any, and the related tax assets and liabilities, of the External Investment Manager are reflected in the External Investment Manager's separate financial statements.

The Taxable Subsidiaries and the External Investment Manager 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 consolidated 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, if necessary, 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.

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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.

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 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, therefore, 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 ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 supersedes the revenue recognition requirements under ASC 605, *Revenue Recognition*,

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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. In March 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net),* which clarified the implementation guidance on principal versus agent considerations. In April 2016, the FASB issued ASU 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing,* which clarified the implementation guidance regarding performance obligations and licensing arrangements. In May 2016, the FASB issued ASU No. 2016-12, *Revenue from Contracts with Customers (Topic 606) Narrow-Scope Improvements and Practical Expedients*, which clarified guidance on assessing collectability, presenting sales tax, measuring noncash consideration, and certain transition matters. In December 2016, the FASB issued ASU No. 2016-20, *Revenue from Contracts with Customers (Topic 606) Technical Corrections and Improvements*, which provided disclosure relief, and clarified the scope and application of the new revenue standard and related cost guidance. 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 expects to identify similar performance obligations under ASC 606 as compared with deliverables and separate units of account previously identified. As a result, Main Street expects timing of its revenue recognition to remain the same.

In April 2015, the FASB issued ASU 2015-03, *Interest Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs,* which requires debt financing costs related to a recognized debt liability to be presented on the balance sheet as a direct deduction from the related debt liability, similar to the presentation of debt discounts. Additionally in August 2015, the FASB issued ASU 2015-15, *Interest Imputation of Interest: Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements,* which provides further clarification on the same topic and states that the SEC would not object to the deferral and presentation of debt issuance costs as an asset and subsequent amortization of the deferred costs over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. Main Street adopted the guidance for debt arrangements that are not line-of-credit arrangements as of June 30, 2017. Comparative financial statements of prior interim and annual periods have been adjusted to apply the new method retrospectively. As a result of the adoption, Main Street reclassified $7.9 million of deferred financing costs assets to a direct deduction from the related debt liability on the consolidated balance sheet as of December 31, 2016. The adoption of this guidance had no impact on net assets, the consolidated statements of operations or the consolidated statements of cash flows.

In May 2015, the FASB issued ASU 2015-07, *Fair Value Measurements Disclosures for Certain Entities that Calculate Net Asset Value per Share*. This amendment updates guidance intended to

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eliminate the diversity in practice surrounding how investments measured at net asset value under the practical expedient with future redemption dates have been categorized in the fair value hierarchy. Under the updated guidance, investments for which fair value is measured at net asset value per share using the practical expedient should no longer be categorized in the fair value hierarchy, while investments for which fair value is measured at net asset value per share but the practical expedient is not applied should continue to be categorized in the fair value hierarchy. The updated guidance requires retrospective adoption for all periods presented and is effective for interim and annual reporting periods beginning after December 15, 2015, with early adoption permitted. Main Street adopted this standard during the three months ended March 31, 2016. There was no impact of the adoption of this new accounting standard on Main Street's consolidated financial statements as none of its investments are measured through the use of the practical expedient.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires lessees to recognize on the balance sheet a right-of-use asset, representing its right to use the underlying asset for the lease term, and a lease liability for all leases with terms greater than 12 months. The guidance also requires qualitative and quantitative disclosures designed to assess the amount, timing, and uncertainty of cash flows arising from leases. The standard requires the use of a modified retrospective transition approach, which includes a number of optional practical expedients that entities may elect to apply. The new guidance is effective for annual periods beginning after December 15, 2018, and interim periods therein. Early application is permitted. While Main Street continues to assess the effect of adoption, Main Street currently believes the most significant change relates to the recognition of a new right-of-use asset and lease liability on its consolidated balance sheet for its office space operating lease. Main Street currently has one operating lease for office space and does not expect a significant change in the leasing activity between now and adoption. See further discussion of the operating lease obligation in Note M.

In March 2016, the FASB issued ASU 2016-09, which is intended to simplify several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The new guidance is effective for annual periods beginning after December 15, 2016, and interim periods therein. Early application is permitted. Main Street elected to early adopt this standard during the three months ended March 31, 2016. See further discussion of the impact of the adoption of this standard in Note B.8.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230)*, which is intended to reduce the existing diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The guidance is effective for annual periods beginning after December 15, 2017, and interim periods therein. Early application is permitted. The impact of the adoption of this new accounting standard on Main Street's consolidated financial statements is not expected to be material.

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 consolidated financial statements upon adoption.

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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 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

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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 September 30, 2017, all of Main Street's LMM portfolio investments consisted of illiquid securities issued by private companies. As a result, as of September 30, 2017, the fair value determination for all of Main Street's LMM portfolio investments primarily consisted of unobservable inputs. As a result, all of Main Street's LMM portfolio investments were categorized as Level 3 as of September 30, 2017. As of December 31, 2016, all of Main Street's LMM portfolio investments except for the equity investment in one portfolio company consisted of illiquid securities issued by private companies. The investment which was the exception was in a company with publicly traded equity. As a result, as of December 31, 2016, the fair value determination for Main Street's 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 December 31, 2016, except for the one publicly traded equity security which was categorized as Level 2.

As of September 30, 2017 and December 31, 2016, 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 September 30, 2017 and December 31, 2016.

As of September 30, 2017 and December 31, 2016, 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 September 30, 2017 and December 31, 2016.

As of September 30, 2017 and December 31, 2016, 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 September 30, 2017 and December 31, 2016.

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;

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- 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;
- 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 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.

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The following tables provide a summary of the significant unobservable inputs used to fair value Main Street's Level 3 portfolio investments as of September 30, 2017 and December 31, 2016:

Type of Investment	Fair Value as of September 30, 2017 (in thousands)	Valuation Technique	Significant Unobservable Inputs	Range(3)	Weighted Average(3)	Median(3)
Equity investments	$ 606,493	Discounted cash flow	WACC	9.9% - 22.7%	12.4%	12.8%
		Market comparable / Enterprise Value	EBITDA multiple(1)	4.5x - 8.5x(2)	7.3x	6.0x
Debt investments	$ 893,108	Discounted cash flow	Risk adjusted discount factor	7.1% - 15.2%(2)	10.9%	10.6%
			Expected principal recovery percentage	3.0% - 100.0%	99.8%	100.0%
Debt investments	$ 670,380	Market approach	Third-party quote	10.0 - 103.3		
Total Level 3 investments	$ 2,169,981					

(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 4.4% - 28.1%.

(3) Does not include investments for which the valuation technique does not include the use of the applicable fair value input.

Type of Investment	Fair Value as of December 31, 2016 (in thousands)	Valuation Technique	Significant Unobservable Inputs	Range(3)	Weighted Average(3)	Median(3)
Equity investments	$ 567,003	Discounted cash flow	WACC	10.4% - 23.1%	13.0%	13.7%
		Market comparable / Enterprise Value	EBITDA multiple(1)	4.5x - 8.5x(2)	7.1x	6.0x
Debt investments	$ 808,895	Discounted cash flow	Risk adjusted discount factor	7.4% - 15.9%(2)	11.8%	11.6%
			Expected principal recovery percentage	3.0% - 100.0%	99.7%	100.0%
Debt investments	$ 618,928	Market approach	Third-party quote	22.5 - 108.0		
Total Level 3 investments	$ 1,994,826					

(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 3.3x - 17.5x and the range for risk adjusted discount factor is 4.8% - 38.0%.

(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 tables provide a summary of changes in fair value of Main Street's Level 3 portfolio investments for the nine month periods ended September 30, 2017 and 2016 (amounts in thousands):

Type of Investment	Fair Value as of December 31, 2016	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 September 30, 2017
Debt	$ 1,427,823	$	$ (556,538)	$ 701,633	$ 12,988	$ (16,362)	$ (6,056)	$ 1,563,488
Equity	549,453		(41,250)	68,286	(27,562)	39,244	6,873	595,044
Equity Warrant	17,550		(3,261)	331	(1,542)	(812)	(817)	11,449
	$ 1,994,826	$	$ (601,049)	$ 770,250	$ (16,116)	$ 22,070	$	$ 2,169,981

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

Type of Investment	Fair Value as of December 31, 2015	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 September 30, 2016
Debt	1,265,544		(289,261)	385,476	34,567	(3,893)	(5,998)	1,386,435
Equity	519,966		(14,797)	61,543	(59,681)	3,821	5,998	516,850
Equity Warrant	10,646		(1,011)	4,750	1,011	(574)		14,822
	1,796,156		(305,069)	451,769	(24,103)	(646)		1,918,107

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

As of September 30, 2017 and December 31, 2016, 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, 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 estimated market interest rates in isolation would result in a significantly lower (higher) fair value measurement.

The following tables provide a summary of the significant unobservable inputs used to fair value Main Street's Level 3 SBIC debentures as of September 30, 2017 and December 31, 2016 (amounts in thousands):

Type of Instrument	Fair Value as of September 30, 2017	Valuation Technique	Significant Unobservable Inputs	Range	Weighted Average
SBIC debentures	$ 49,412	Discounted cash flow	Estimated market interest rates	4.1% - 4.9%	4.3%

Type of Instrument	Fair Value as of December 31, 2016	Valuation Technique	Significant Unobservable Inputs	Range	Weighted Average
SBIC debentures	$ 74,803	Discounted cash flow	Estimated market interest rates	3.4% - 5.3%	4.2%

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The following tables provide a summary of changes for the Level 3 SBIC debentures recorded at fair value for the nine month periods ended September 30, 2017 and 2016 (amounts in thousands):

Type of Instrument	Fair Value as of December 31, 2016	Repayments	Net Realized Loss	New SBIC Debentures	Net Unrealized (Appreciation) Depreciation	Fair Value as of September 30, 2017
SBIC debentures at fair value	$ 74,803	$ (25,200)	$ 5,217	$	$ (5,408)	$ 49,412

Type of Instrument	Fair Value as of December 31, 2015	Repayments	Net Realized Loss	New SBIC Debentures	Net Unrealized (Appreciation) Depreciation	Fair Value as of September 30, 2016
SBIC debentures at fair value	$ 73,860	$	$	$	$ 820	$ 74,680

At September 30, 2017 and December 31, 2016, 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 Measurements (in thousands)		
At September 30, 2017	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
LMM portfolio investments	$ 938,042	$	$	$ 938,042
Middle Market portfolio investments	607,476			607,476
Private Loan portfolio investments	485,929			485,929
Other Portfolio investments	99,230			99,230
External Investment Manager	39,304			39,304
Total portfolio investments	2,169,981			2,169,981
Marketable securities and idle funds investments				
Total investments	$ 2,169,981	$	$	$ 2,169,981
SBIC debentures at fair value	$ 49,412	$	$	$ 49,412

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		Fair Value Measurements (in thousands)		
At December 31, 2016	**Fair Value**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
LMM portfolio investments	$ 892,592	$	$ 2,080	$ 890,512
Middle Market portfolio investments	630,578			630,578
Private Loan portfolio investments	342,867			342,867
Other Portfolio investments	100,252			100,252
External Investment Manager	30,617			30,617
Total portfolio investments	1,996,906		2,080	1,994,826
Marketable securities and idle funds investments				
Total investments	$ 1,996,906	$	$ 2,080	$ 1,994,826
SBIC debentures at fair value	$ 74,803	$	$	$ 74,803

Investment Portfolio Composition

Main Street's 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 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 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 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 are primarily debt securities in privately held companies which have been originated through strategic relationships with other investment funds on a collaborative basis, and are often referred to in the debt markets as "club deals." Private Loan investments are typically similar in size, structure, terms and conditions to investments Main Street holds in its LMM portfolio and Middle Market portfolio. 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.

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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. For Other Portfolio investments, Main Street generally receives distributions related to the assets held by the portfolio company. Those assets are typically expected to be liquidated over a five to ten year period.

Main Street's external asset management business is conducted through its 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. Main Street entered into an agreement with the External Investment Manager to share employees 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 shares employees with the External Investment Manager, including their related infrastructure, business relationships, management expertise and capital raising capabilities, and Main Street allocates the related expenses to the External Investment Manager pursuant to the sharing agreement. Main Street's total expenses for the three months ended September 30, 2017 and 2016 are net of expenses allocated to the External Investment Manager of $1.7 million and $1.2 million, respectively. Main Street's total expenses for the nine months ended September 30, 2017 and 2016 are net of expenses allocated to the External Investment Manager of $4.8 million and $3.7 million, respectively.

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 and nine months ended September 30, 2017 and 2016, Main Street did not record investment income from any single portfolio company in excess of 10% of total investment income.

The following tables provide a summary of Main Street's investments in the LMM, Middle Market and Private Loan portfolios as of September 30, 2017 and December 31, 2016 (this information

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excludes the Other Portfolio investments and the External Investment Manager which are discussed further below):

	As of September 30, 2017		
	LMM(a)	Middle Market	Private Loan
		(dollars in millions)	
Number of portfolio companies	71	68	56
Fair value	$ 938.0	$ 607.5	$ 485.9
Cost	$ 804.6	$ 633.8	$ 505.6
% of portfolio at cost debt	68.1%	96.9%	94.5%
% of portfolio at cost equity	31.9%	3.1%	5.5%
% of debt investments at cost secured by first priority lien	96.3%	90.2%	91.5%
Weighted-average annual effective yield(b)	11.9%	8.7%	9.3%
Average EBITDA(c)	$ 4.3	$ 84.8	$ 38.0

(a) At September 30, 2017, Main Street had equity ownership in approximately 99% of its LMM portfolio companies, and the average fully diluted equity ownership in those portfolio companies was approximately 38%.

(b) The weighted-average annual effective yields were computed using the effective interest rates for all debt investments at cost as of September 30, 2017, 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. Weighted-average annual effective yield is higher than what an investor in shares of Main Street's common stock will realize on its investment because it does not reflect Main Street's expenses or any sales load paid by an investor.

(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 certain portfolio companies, including seven LMM portfolio companies, two Middle Market portfolio companies and three Private Loan portfolio companies, as EBITDA is not a meaningful valuation metric for Main Street's investments in these

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portfolio companies, and those portfolio companies whose primary purpose is to own real estate.

	As of December 31, 2016		
	LMM(a)	Middle Market	Private Loan
		(dollars in millions)	
Number of portfolio companies	73	78	46
Fair value	$ 892.6	$ 630.6	$ 342.9
Cost	$ 760.3	$ 646.8	$ 357.7
% of total investments at cost debt	69.1%	97.2%	93.5%
% of total investments at cost equity	30.9%	2.8%	6.5%
% of debt investments at cost secured by first priority lien	92.1%	89.1%	89.0%
Weighted-average annual effective yield(b)	12.5%	8.5%	9.6%
Average EBITDA(c)	$ 5.9	$ 98.6	$ 22.7

(a) At December 31, 2016, Main Street had equity ownership in approximately 99% 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 December 31, 2016, 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. Weighted-average annual effective yield is higher than what an investor in shares of Main Street's common stock will realize on its investment because it does not reflect Main Street's expenses or any sales load paid by an investor.

(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 certain portfolio companies, including five LMM portfolio companies, one Middle Market portfolio company and three Private Loan portfolio companies, as EBITDA is not a meaningful valuation metric for Main Street's investments in these portfolio companies.

As of September 30, 2017, Main Street had Other Portfolio investments in eleven companies, collectively totaling approximately $99.2 million in fair value and approximately $105.6 million in cost basis and which comprised approximately 4.6% of Main Street's Investment Portfolio at fair value. As of December 31, 2016, Main Street had Other Portfolio investments in ten companies, collectively totaling approximately $100.3 million in fair value and approximately $107.1 million in cost basis and which comprised approximately 5.0% 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 September 30, 2017, there was no cost basis in this investment and the investment had a fair value of approximately $39.3 million, which comprised approximately 1.8% of Main Street's Investment Portfolio at fair value. As of December 31, 2016, there was no cost basis in this investment and the investment had a fair value of approximately $30.6 million, which comprised approximately 1.5% of Main Street's Investment Portfolio at fair value.

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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 September 30, 2017 and December 31, 2016 (this information excludes the Other Portfolio investments and the External Investment Manager).

Cost:	September 30, 2017	December 31, 2016
First lien debt	78.2%	76.1%
Equity	14.8%	14.5%
Second lien debt	5.8%	7.7%
Equity warrants	0.8%	1.1%
Other	0.4%	0.6%
	100.0%	100.0%

Fair Value:	September 30, 2017	December 31, 2016
First lien debt	71.1%	68.7%
Equity	22.5%	22.6%
Second lien debt	5.4%	7.2%
Equity warrants	0.6%	0.9%
Other	0.4%	0.6%
	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 September 30, 2017 and December 31, 2016 (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.

Cost:	September 30, 2017	December 31, 2016
Southwest	26.4%	29.7%
Midwest	23.1%	23.0%
West	18.9%	16.1%
Northeast	15.1%	14.8%
Southeast	13.1%	13.1%
Canada	2.3%	1.7%
Other Non-United States	1.1%	1.6%
	100.0%	100.0%

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Fair Value:	September 30, 2017	December 31, 2016
Southwest	26.6%	31.0%
West	21.6%	18.3%
Midwest	21.4%	21.2%
Northeast	14.8%	13.9%
Southeast	12.5%	12.7%
Canada	2.0%	1.4%
Other Non-United States	1.1%	1.5%
	100.0%	100.0%

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

MAIN STREET CAPITAL CORPORATION

Notes to Consolidated Financial Statements (Continued)

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as of September 30, 2017 and December 31, 2016 (this information excludes the Other Portfolio investments and the External Investment Manager).

Cost:	**September 30, 2017**	**December 31, 2016**
Energy Equipment & Services	6.9%	7.5%
Hotels, Restaurants & Leisure	6.6%	6.5%
Machinery	6.3%	5.6%
Construction & Engineering	6.1%	5.3%
Specialty Retail	5.2%	4.4%
Media	4.5%	5.7%
Commercial Services & Supplies	4.5%	5.0%
Electronic Equipment, Instruments & Components	4.2%	4.5%
Professional Services	3.6%	1.4%
Health Care Providers & Services	3.5%	3.0%
Diversified Telecommunication Services	3.1%	3.3%
Leisure Equipment & Products	3.1%	0.9%
IT Services	3.0%	3.9%
Diversified Consumer Services	2.9%	2.8%
Internet Software & Services	2.7%	3.6%
Computers & Peripherals	2.7%	2.2%
Software	2.2%	2.6%
Health Care Equipment & Supplies	2.0%	2.3%
Communications Equipment	2.0%	2.3%
Aerospace & Defense	2.0%	0.9%
Distributors	1.9%	1.1%
Diversified Financial Services	1.9%	2.3%
Food Products	1.9%	2.6%
Building Products	1.9%	2.1%
Oil, Gas & Consumable Fuels	1.8%	1.2%
Auto Components	1.6%	3.0%
Construction Materials	1.6%	0.7%
Internet & Catalog Retail	1.3%	0.7%
Road & Rail	1.0%	1.5%
Real Estate Management & Development	1.0%	0.7%
Air Freight & Logistics	1.0%	1.0%
Consumer Finance	0.7%	1.5%
Other(1)	5.3%	7.9%
	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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Fair Value:	**September 30, 2017**	**December 31, 2016**
Machinery	7.4%	6.7%
Hotels, Restaurants & Leisure	6.5%	6.5%
Construction & Engineering	6.2%	5.6%
Diversified Consumer Services	6.2%	5.5%
Energy Equipment & Services	5.7%	5.8%
Specialty Retail	5.2%	4.6%
Commercial Services & Supplies	4.2%	5.0%
Media	4.1%	5.2%
Electronic Equipment, Instruments & Components	3.8%	3.9%
Professional Services	3.5%	1.3%
Health Care Providers & Services	3.3%	2.9%
IT Services	3.1%	3.7%
Computers & Peripherals	3.0%	2.3%
Leisure Equipment & Products	2.9%	0.9%
Diversified Telecommunication Services	2.7%	2.5%
Internet Software & Services	2.6%	3.5%
Software	2.2%	2.6%
Health Care Equipment & Supplies	2.1%	2.4%
Communications Equipment	2.0%	2.3%
Aerospace & Defense	1.9%	0.8%
Diversified Financial Services	1.8%	2.3%
Distributors	1.8%	1.1%
Food Products	1.8%	2.4%
Building Products	1.8%	1.9%
Construction Materials	1.8%	1.0%
Oil, Gas & Consumable Fuels	1.5%	1.1%
Auto Components	1.4%	2.9%
Air Freight & Logistics	1.2%	1.1%
Real Estate Management & Development	1.1%	0.7%
Internet & Catalog Retail	1.1%	0.6%
Road & Rail	1.0%	2.5%
Consumer Finance	0.6%	1.3%
Other(1)	4.5%	7.1%
	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 September 30, 2017 and December 31, 2016, Main Street had no portfolio investment that was greater than 10% of the Investment Portfolio at fair value.

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Unconsolidated Significant Subsidiaries

In accordance with Rules 3-09 and 4-08(g) of Regulation S-X, Main Street must determine which of its unconsolidated controlled portfolio companies, if any, are considered "significant subsidiaries." In evaluating these unconsolidated controlled portfolio companies, there are three tests utilized to determine if any of Main Street's Control Investments (as defined in Note A, including those unconsolidated portfolio companies defined as Control Investments in which Main Street does not own greater than 50% of the voting securities) are considered significant subsidiaries: the investment test, the asset test and the income test. Rule 3-09 of Regulation S-X, as interpreted by the SEC, requires Main Street to include separate audited financial statements of an unconsolidated majority-owned subsidiary (Control Investments in which Main Street owns greater than 50% of the voting securities) in an annual report if any of the three tests exceed 20% of Main Street's total investments at fair value, total assets or total income, respectively. Rule 4-08(g) of Regulation S-X requires summarized financial information of a Control Investment in an annual report if any of the three tests exceeds 10% of Main Street's annual total amounts and Rule 10-01(b)(1) of Regulation S-X requires summarized financial information in a quarterly report if any of the three tests exceeds 20% of Main Street's year-to-date total amounts.

As of September 30, 2017 and December 31, 2016, Main Street had no single investment that represented greater than 20% of its total Investment Portfolio at fair value and no single investment whose total assets represented greater than 20% of its total assets. After performing the income test for the nine months ended September 30, 2017 and 2016, Main Street determined that the income from no single investment generated more than 20% of Main Street's total income.

NOTE D EXTERNAL INVESTMENT MANAGER

As discussed further 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 External Parties.

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, a non-listed BDC, 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. The External Investment Manager has conditionally agreed to waive a limited amount of the incentive fees otherwise earned. During the three months ended September 30, 2017 and 2016, the External Investment Manager earned $2.8 million and $2.5 million, respectively, of management fees (net of fees waived, if any) under the sub-advisory agreement with HMS Adviser. During the nine months ended September 30, 2017 and 2016, the External Investment Manager earned $8.1 million and $7.1 million, respectively, of management fees (net of fees waived, if any) under the sub-advisory agreement with HMS Adviser.

MAIN STREET CAPITAL CORPORATION

Notes to Consolidated Financial Statements (Continued)

(Unaudited)

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 statements of operations in "Net Change in Unrealized Appreciation (Depreciation) Portfolio investments."

The External Investment Manager is an indirect wholly owned subsidiary of MSCC through a Taxable Subsidiary and is a disregarded entity for tax purposes. The External Investment Manager has entered into a tax sharing agreement with its Taxable Subsidiary owner. Since the External Investment Manager 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, and as a result of the tax sharing agreement with its Taxable Subsidiary owner, for financial reporting purposes the External Investment Manager is treated as if it 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. Main Street owns the External Investment Manager through the Taxable Subsidiary 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. As a result of the above described financial reporting and tax treatment, 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 shares employees with the External Investment Manager and allocates costs related to such shared employees 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 September 30, 2017 and 2016, Main Street allocated $1.7 million and $1.2 million of total expenses, respectively, to the External Investment Manager. For the nine months ended September 30, 2017 and 2016, Main Street allocated $4.8 million and $3.7 million of total expenses, respectively, to the External Investment Manager. The total contribution of the External Investment Manager to Main Street's net investment income consists of the combination of the expenses allocated to the External Investment Manager and dividend income received from the External Investment Manager. For the three months ended September 30, 2017 and 2016, the total contribution to Main Street's net investment income was $2.4 million and $2.0 million, respectively. For the nine months ended September 30, 2017 and 2016, the total contribution to Main Street's net investment income was $6.9 million and $5.8 million, respectively. Summarized financial information from the separate financial statements of the External Investment Manager as of

MAIN STREET CAPITAL CORPORATION

Notes to Consolidated Financial Statements (Continued)

(Unaudited)

September 30, 2017 and December 31, 2016 and for the three and nine months ended September 30, 2017 and 2016 is as follows:

	As of September 30, 2017	As of December 31, 2016
	(dollars in thousands)	
Cash	$	$
Accounts receivable HMS Income	2,842	2,496
Total assets	$ 2,842	$ 2,496
Accounts payable to MSCC and its subsidiaries	$ 2,007	$ 1,635
Dividend payable to MSCC and its subsidiaries	712	719
Taxes payable	123	142
Equity		
Total liabilities and equity	$ 2,842	$ 2,496

	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
	(dollars in thousands)			
Management fee income	$ 2,789	$ 2,471	$ 8,083	$ 7,058
Expenses allocated from MSCC or its subsidiaries: Salaries, share-based compensation and other personnel costs	(1,033)	(833)	(2,978)	(2,522)
Other G&A expenses	(631)	(391)	(1,838)	(1,217)
Total allocated expenses	(1,664)	(1,224)	(4,816)	(3,739)
Pre-tax income	1,125	1,247	3,267	3,319
Tax expense	(413)	(454)	(1,135)	(1,210)
Net income	$ 712	$ 793	$ 2,132	$ 2,109

NOTE E SBIC DEBENTURES

Due to each of the Funds' status as a licensed SBIC, Main Street has the ability to issue, through the Funds, debentures guaranteed by the SBA up to a maximum amount of $350.0 million through its three existing SBIC licenses. SBIC debentures payable were $274.8 million and $240.0 million at September 30, 2017 and December 31, 2016, respectively. SBIC debentures provide for interest to be paid semiannually, with principal due at the applicable 10-year maturity date of each debenture. During the nine months ended September 30, 2017, Main Street issued $60.0 million of SBIC debentures and opportunistically prepaid $25.2 million of existing SBIC debentures as part of an effort to manage the maturity dates of the oldest SBIC debentures, leaving $75.2 million of additional capacity under Main Street's SBIC licenses as of September 30, 2017. As a result of this prepayment, Main Street recognized a realized loss of $5.2 million due to the previously recognized gain recorded as a result of recording the MSC II debentures at fair value on the date of the acquisition of MSC II. The effect of the realized loss is offset by the reversal of all previously recognized unrealized depreciation due to fair

MAIN STREET CAPITAL CORPORATION

Notes to Consolidated Financial Statements (Continued)

(Unaudited)

value adjustments since the date of the acquisition. Main Street expects to issue new SBIC debentures under the SBIC program in the future in an amount up to the regulatory maximum amount of $350.0 million for affiliated SBIC funds. The weighted-average annual interest rate on the SBIC debentures was 3.8% and 4.1% as of September 30, 2017 and December 31, 2016, respectively. The first principal maturity due under the existing SBIC debentures is in 2019 and the weighted-average remaining duration as of September 30, 2017 was approximately 5.8 years. For the three months ended September 30, 2017 and 2016, Main Street recognized interest expense attributable to the SBIC debentures of $2.7 million and $2.5 million, respectively. For the nine months ended September 30, 2017 and 2016, Main Street recognized interest expense attributable to the SBIC debentures of $7.7 million and $7.5 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.

As of September 30, 2017, the recorded value of the SBIC debentures was $269.3 million which consisted of (i) $49.4 million recorded at fair value or $0.6 million less than the $50.0 million par value of the SBIC debentures issued in MSC II, (ii) $149.8 million par value of SBIC debentures outstanding held in MSMF, with a recorded value of $147.4 million that was net of unamortized debt issuance costs of $2.4 million and (iii) $75.0 million par value of SBIC debentures outstanding held in MSC III with a recorded value of $72.6 million that was net of unamortized debt issuance costs of $2.4 million. As of September 30, 2017, 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 $256.0 million or $18.8 million less than the $274.8 million par 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 was amended in September 2017 to increase total commitments to $585.0 million from a diversified group of fifteen lenders. The Credit Facility matures in September 2021 and contains an accordion feature which allows Main Street to increase the total commitments under the facility to up to $750.0 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 at a rate equal to the applicable LIBOR rate (1.23% as of September 30, 2017) plus (i) 1.875% (or the applicable base rate (Prime Rate of 4.25% as of September 30, 2017) plus 0.875%) as long as Main Street maintains an investment grade rating and meets certain agreed upon excess collateral and maximum leverage requirements, (ii) 2.0% (or the applicable base rate plus 1.0%) if Main Street maintains an investment grade rating but does not meet certain excess collateral and maximum leverage requirements or (iii) 2.25% (or the applicable base rate plus 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 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 2021, and

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Notes to Consolidated Financial Statements (Continued)

(Unaudited)

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 September 30, 2017, Main Street had $355.0 million in borrowings outstanding under the Credit Facility. As of September 30, 2017, if Main Street had adopted the fair value option under ASC 825 for its Credit Facility, Main Street estimates its fair value would approximate its recorded value. Main Street recognized interest expense related to the Credit Facility, including unused commitment fees and amortization of deferred issuance costs, of $3.1 million and $2.5 million for the three months ended September 30, 2017 and 2016, respectively, and $8.3 million and $6.7 million for the nine month periods ended September 30, 2017 and 2016, respectively. As of September 30, 2017, the interest rate on the Credit Facility was 3.1%. The average interest rate was 3.1% and 2.9% for the three and nine months ended September 30, 2017. As of September 30, 2017, 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 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 September 30, 2017, the outstanding balance of the 6.125% Notes was $90.7 million and the recorded value of $89.0 million was net of unamortized debt issuance costs of $1.7 million. As of September 30, 2017, if Main Street had adopted the fair value option under ASC 825 for the 6.125% Notes, Main Street estimates the fair value would be approximately $93.9 million. Main Street recognized interest expense related to the 6.125% Notes, including amortization of deferred issuance costs, of $1.5 million for each of the three months ended September 30, 2017 and 2016, and $4.4 million for each of the nine months ended September 30, 2017 and 2016.

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

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limitations and exceptions that are described in the 6.125% Notes Indenture. As of September 30, 2017, Main Street was in compliance with these covenants.

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 semiannually 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 September 30, 2017, the outstanding balance of the 4.50% Notes was $175.0 million and the recorded value of $173.4 million was net of unamortized debt issuance costs of $1.6 million. As of September 30, 2017, if Main Street had adopted the fair value option under ASC 825 for the 4.50% Notes, Main Street estimates its fair value would be approximately $176.7 million. Main Street recognized interest expense related to the 4.50% Notes, including amortization of unamortized deferred issuance costs, of $2.1 million for each of the three months ended September 30, 2017 and 2016, and $6.4 million for each of the nine months ended September 30, 2017 and 2016.

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 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. As of September 30, 2017, Main Street was in compliance with these covenants.

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NOTE H FINANCIAL HIGHLIGHTS

	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Per Share Data:		
NAV at the beginning of the period	$ 22.10	$ 21.24
Net investment income(1)	1.74	1.66
Net realized gain(1)(2)	0.40	0.65
Net change in net unrealized appreciation (depreciation)(1)(2)	0.02	(0.56)
Income tax benefit (provision)(1)(2)	(0.22)	0.01
Net increase in net assets resulting from operations(1)	1.94	1.76
Dividends paid from net investment income	(1.46)	(1.06)
Distributions from capital gains	(0.48)	(0.84)
Total dividends paid	(1.94)	(1.90)
Impact of the net change in monthly dividends declared prior to the end of the period and paid in the subsequent period	(0.01)	(0.01)
Accretive effect of stock offerings (issuing shares above NAV per share)	0.84	0.42
Accretive effect of DRIP issuance (issuing shares above NAV per share)	0.04	0.06
Other(3)	0.05	0.05
NAV at the end of the period	$ 23.02	$ 21.62
Market value at the end of the period	$ 39.75	$ 34.33
Shares outstanding at the end of the period	57,756,193	52,931,917

(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.

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(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.

	Nine Months Ended September 30,	
	2017	2016
	(dollars in thousands)	
NAV at end of period	$ 1,329,666	$ 1,144,350
Average NAV	$ 1,264,457	$ 1,097,839
Average outstanding debt	$ 846,255	$ 792,966
Ratio of total expenses, including income tax expense, to average NAV(1)(2)	5.10%	4.11%
Ratio of operating expenses to average NAV(2)(3)	4.12%	4.20%
Ratio of operating expenses, excluding interest expense, to average NAV(2)(3)	2.00%	1.92%
Ratio of net investment income to average NAV(2)	7.74%	7.78%
Portfolio turnover ratio(2)	28.31%	18.11%
Total investment return(2)(4)	13.68%	25.35%
Total return based on change in NAV(2)(5)	9.09%	8.49%

(1) Total expenses are the sum of operating expenses and net income tax provision/benefit. Net income tax provision/benefit includes the accrual of net deferred tax provision/benefit relating to the net unrealized appreciation/depreciation on portfolio investments held in Taxable Subsidiaries and due to the change in the 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 provision/benefit in calculating its total expenses even though these net deferred taxes are not currently payable/receivable.

(2) Not annualized.

(3) Unless otherwise noted, operating expenses include interest, compensation, general and administrative and share-based compensation expenses, net of expenses allocated to the External Investment Manager.

(4) 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 any sales load that may be paid by an investor.

(5) 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. Non-operating changes include any items that affect net asset value other than the net increase in net assets resulting from operations, such as the effects of stock offerings, shares issued under the DRIP and equity incentive plans and other miscellaneous items.

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NOTE I DIVIDENDS, DISTRIBUTIONS AND TAXABLE INCOME

Main Street paid regular monthly dividends of $0.185 per share for each month of January through September 2017, totaling $31.5 million, or $0.555 per share, for the three months ended September 30, 2017, and $92.9 million, or $1.665 per share, for the nine months ended September 30, 2017. The third quarter 2017 regular monthly dividends represent a 2.8% increase from the regular monthly dividends paid for the third quarter of 2016. Additionally, Main Street paid a $0.275 per share semi-annual supplemental dividend, totaling $15.6 million, in June 2017 compared to $14.2 million, or $0.275 per share, paid in June 2016. The regular monthly dividends equaled a total of approximately $28.3 million, or $0.540 per share, for the three months ended September 30, 2016, and $83.1 million, or $1.620 per share, for the nine months ended September 30, 2016.

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 taxable income or capital gains that MSCC distributes to its stockholders. MSCC must generally distribute at least 90% of its "investment company taxable income" (which is generally its net ordinary taxable income and realized net short-term capital gains in excess of realized net long-term capital losses) and 90% of its tax-exempt income to maintain its RIC status (pass-through tax treatment for amounts distributed). As part of maintaining RIC status, undistributed taxable income (subject to a 4% non-deductible 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 on or prior to the later of (i) filing of the U.S. federal income tax return for the applicable fiscal year or (ii) the fifteenth day of the ninth month following the close of the year in which such taxable income was generated.

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.

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Notes to Consolidated Financial Statements (Continued)

(Unaudited)

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 nine months ended September 30, 2017 and 2016.

	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
	(estimated, dollars in thousands)	
Net increase in net assets resulting from operations	$ 109,180	$ 90,907
Book tax difference from share-based compensation expense	(3,352)	(708)
Net change in net unrealized (appreciation) depreciation	(1,050)	28,829
Income tax provision (benefit)	12,383	(1,018)
Pre-tax book loss not consolidated for tax purposes	1,386	16,771
Book income and tax income differences, including debt origination, structuring fees, dividends, realized gains (losses) and changes in estimates	2,711	(4,141)
Estimated taxable income(1)	121,258	130,640
Taxable income earned in prior year and carried forward for distribution in current year	42,362	29,683
Taxable income earned prior to period end and carried forward for distribution next period	(65,233)	(72,094)
Dividend payable as of period end and paid in the following period	10,934	9,783
Total distributions accrued or paid to common stockholders	$ 109,321	$ 98,012

(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.

The Taxable Subsidiaries primarily 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. The Taxable Subsidiaries are each taxed at their normal corporate tax rates based on their taxable income. The income tax expense, or benefit, if any, and the related tax assets and liabilities, of the Taxable Subsidiaries are reflected in Main Street's consolidated financial statements.

MAIN STREET CAPITAL CORPORATION

Notes to Consolidated Financial Statements (Continued)

(Unaudited)

The income tax expense, or benefit, and the related tax assets and liabilities generated by the Taxable Subsidiaries, if any, are reflected in Main Street's consolidated financial statements. For the three months ended September 30, 2017, Main Street recognized a net income tax provision of $4.6 million, principally consisting of a deferred tax provision of $3.8 million, which is primarily the result of the net activity relating to the portfolio investments held in the Taxable Subsidiaries, including changes in the loss carryforwards, changes in net unrealized appreciation or depreciation and other temporary book-tax differences, and a $0.8 million current tax expense, which is primarily related to a $0.5 million accrual for excise tax on Main Street's estimated undistributed taxable income and $0.3 million provision for current U.S. federal income and state taxes. For the nine months ended September 30, 2017, Main Street recognized a net income tax provision of $12.4 million, principally consisting of a deferred tax provision of $9.9 million, which is primarily the result of the net activity relating to the portfolio investments held in the Taxable Subsidiaries, including changes in the loss carryforwards, changes in net unrealized appreciation or depreciation and other temporary book-tax differences, and $2.5 million current tax expense, which is primarily related to a $1.6 million accrual for excise tax on Main Street's estimated undistributed taxable income and $0.9 million provision for current U.S. federal income and state taxes. For the three months ended September 30, 2016, Main Street recognized a net income tax benefit of $0.5 million, principally consisting of a deferred tax benefit of $1.4 million, which is primarily the result of the net activity relating to the portfolio investments held in the Taxable Subsidiaries, including changes in the loss carryforwards, changes in net unrealized appreciation or depreciation and other temporary book tax differences, partially offset by a $0.9 million current tax expense, which is primarily related to a $1.0 million accrual for excise tax on Main Street's estimated undistributed taxable income. For the nine months ended September 30, 2016, Main Street recognized a net income tax benefit of $1.0 million, principally consisting of a deferred tax benefit of $3.4 million, which is primarily the result of the net activity relating to the portfolio investments held in the Taxable Subsidiaries, including changes in the loss carryforwards, changes in net unrealized appreciation or depreciation and temporary book tax differences, partially offset by a $2.4 million current tax expense which is composed of a (i) $2.1 million accrual for excise tax on Main Street's estimated undistributed taxable income and (ii) $0.3 million of accruals for current U.S. federal income and state taxes.

The net deferred tax liability at September 30, 2017 was $1.2 million compared to a net deferred tax asset of $9.1 million at December 31, 2016, primarily related to loss carryforwards, timing differences in net unrealized appreciation or depreciation and other temporary book-tax differences relating to portfolio investments held by the Taxable Subsidiaries. In addition, during the three months ended March 31, 2016, Main Street recorded a one-time $1.8 million increase to deferred tax assets for previously unrecognized excess tax benefits associated with share-based compensation due to the early adoption of the accounting standard ASU 2016-09 (See further discussion in Note B.8.). For the nine months ended September 30, 2017, the Taxable Subsidiaries utilized capital loss carryforwards totaling approximately $1.7 million. As of September 30, 2017, for U.S. federal income tax purposes, the Taxable Subsidiaries had a capital loss carryforward of $12.8 million which, if unused, will expire in taxable years 2020 and 2021. At September 30, 2017, for U.S. federal income tax purposes, the Taxable Subsidiaries had a net operating loss carryforward which, if unused, will expire in various taxable years from 2029 through 2037. The timing and manner in which Main Street will utilize any loss carryforwards in any year, or in total, may be limited in the future under the provisions of the Code.

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MAIN STREET CAPITAL CORPORATION

Notes to Consolidated Financial Statements (Continued)

(Unaudited)

NOTE J COMMON STOCK

During November 2015, Main Street commenced a program with certain selling agents through which it can sell shares of its common stock by means of at-the-market offerings from time to time (the "ATM Program"). During the nine months ended September 30, 2017, Main Street sold 3,119,247 shares of its common stock at a weighted-average price of $38.33 per share and raised $119.5 million of gross proceeds under the ATM Program. Net proceeds were $118.1 million after commissions to the selling agents on shares sold and offering costs. As of September 30, 2017, sales transactions representing 75,404 shares had not settled and are not included in shares issued and outstanding on the face of the consolidated balance sheet, but are included in the weighted-average shares outstanding in the consolidated statement of operations and in the shares used to calculate net asset value per share. As of September 30, 2017, there were 2,737,081 shares available for sale under the ATM Program.

During the year ended December 31, 2016, Main Street sold 3,324,646 shares of its common stock at a weighted-average price of $34.17 per share and raised $113.6 million of gross proceeds under the ATM Program. Net proceeds were $112.0 million after commissions to the selling agents on shares sold and offering costs. As of December 31, 2016, sales transactions representing 42,413 shares had not settled and were not included in shares issued and outstanding on the face of the consolidated balance sheet, but were included in the weighted-average shares outstanding in the consolidated statements of operations and in the shares used to calculate net asset value per share.

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 nine months ended September 30, 2017, $6.1 million of the total $108.4 million in dividends paid to stockholders represented DRIP participation. During this period, the DRIP participation requirements were satisfied with the issuance of 158,301 newly issued shares. For the nine months ended September 30, 2016, $10.6 million of the total $97.3 million in dividends paid to stockholders represented DRIP participation. During this period, the DRIP participation requirements were satisfied with the issuance of 339,544 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.

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 2015 Equity and Incentive Plan (the "Equity and Incentive Plan"). These shares generally vest over a three-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 under the Equity and Incentive Plan, net of shares forfeited, if any, and the remaining shares of restricted stock available for issuance as of September 30, 2017.

Restricted stock authorized under the plan	3,000,000
Less net restricted stock granted during:	
Year ended December 31, 2015	(900)
Year ended December 31, 2016	(260,514)
Nine months ended September 30, 2017	(223,868)
Restricted stock available for issuance as of September 30, 2017	2,514,718

As of September 30, 2017, the following table summarizes the restricted stock issued to Main Street's non-employee directors and the remaining shares of restricted stock available for issuance pursuant to the Main Street Capital Corporation 2015 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	300,000
Less net restricted stock granted during:	
Year ended December 31, 2015	(6,806)
Year ended December 31, 2016	(6,748)
Nine months ended September 30, 2017	(5,201)
Restricted stock available for issuance as of September 30, 2017	281,245

For the three months ended September 30, 2017 and 2016, Main Street recognized total share-based compensation expense of \$2.5 million and \$2.1 million, respectively, related to the restricted stock issued to Main Street employees and non-employee directors, and, for the nine months ended September 30, 2017 and 2016, Main Street recognized total share-based compensation expense of \$7.5 million and \$6.0 million, respectively, related to the restricted stock issued to Main Street employees and non-employee directors.

As of September 30, 2017, there was \$13.3 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 1.9 years as of September 30, 2017.

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MAIN STREET CAPITAL CORPORATION

Notes to Consolidated Financial Statements (Continued)

(Unaudited)

NOTE M COMMITMENTS AND CONTINGENCIES

At September 30, 2017, Main Street had the following outstanding commitments (in thousands):

		Amount
Investments with equity capital commitments that have not yet funded:		
Congruent Credit Opportunities Funds		
Congruent Credit Opportunities Fund II, LP	$	8,488
Congruent Credit Opportunities Fund III, LP		12,131
	$	20,619
Encap Energy Fund Investments		
EnCap Energy Capital Fund VIII, L.P.	$	419
EnCap Energy Capital Fund IX, L.P.		708
EnCap Energy Capital Fund X, L.P.		4,611
EnCap Flatrock Midstream Fund II, L.P.		7,443
EnCap Flatrock Midstream Fund III, L.P.		4,183
	$	17,364
Brightwood Capital Fund Investments		
Brightwood Capital Fund III, LP	$	3,000
Brightwood Capital Fund IV, LP		4,500
	$	7,500
Freeport Fund Investments		
Freeport First Lien Loan Fund III LP	$	4,941
Freeport Financial SBIC Fund LP		1,375
	$	6,316
EIG Fund Investments	$	4,780
HPEP 3, L.P.	$	4,057
LKCM Headwater Investments I, L.P.	$	2,500
Copper Trail Energy Fund I, LP	$	2,500
Dos Rios Partners		
Dos Rios Partners, LP	$	1,594
Dos Rios Partners A, LP		506
	$	2,100
I-45 SLF LLC	$	800
Access Media Holdings, LLC	$	779

Total equity commitments	$	69,315

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MAIN STREET CAPITAL CORPORATION

Notes to Consolidated Financial Statements (Continued)

(Unaudited)

		Amount
Investments with commitments to fund revolving loans that have not been fully drawn or term loans with additional commitments not yet funded:		
Wireless Vision Holdings, LLC	$	8,289
Minute Key, Inc.		8,000
PT Network, LLC		7,300
NNE Partners, LLC		7,000
Resolute Industrial, LLC		5,750
Charps, LLC		4,000
Hojeij Branded Foods, LLC		3,590
CDHA Management, LLC		3,373
Strike, LLC		2,000
Boccella Precast Products LLC		2,000
CST Industries Inc.		1,987
Felix Investments Holdings II		1,667
Hawk Ridge Systems, LLC		1,600
Meisler Operating LLC		1,600
Aethon United BR LP		1,563
IDX Broker, LLC		1,500
Lamb Ventures, LLC		1,500
Messenger, LLC		1,417
TGP Holdings III LLC		1,255
Gamber-Johnson Holdings, LLC		1,200
NuStep, LLC		1,200
Subsea Global Solutions, LLC		1,114
Market Force Information, LLC		1,088
LaMi Products, LLC		1,030
CTVSH, PLLC		800
Apex Linen Service, Inc.		800
Mystic Logistics Holdings, LLC		800
Pardus Oil and Gas, LLC		663
NRI Clinical Research, LLC		600
PPC/SHIFT LLC		500
UniTek Global Services, Inc.		483
Grace Hill, LLC		444
Clad-Rex Steel, LLC		400
Gulf Publishing Holdings, LLC		320
Arcus Hunting LLC		240
OnAsset Intelligence, Inc.		224
Permian Holdco 2, Inc.		116
BigName Commerce, LLC		101
Jensen Jewelers of Idaho, LLC		50
Total loan commitments	$	77,564
Total commitments	$	146,879

Main Street will fund its unfunded commitments from the same sources it uses to fund its investment commitments that are funded at the time they are made (which are typically through existing cash and cash equivalents and borrowings under the Credit Facility). Main Street follows a

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MAIN STREET CAPITAL CORPORATION

Notes to Consolidated Financial Statements (Continued)

(Unaudited)

process to manage its liquidity and ensure that it has available capital to fund its unfunded commitments as necessary. The Company had total unrealized depreciation of $0.1 million on the outstanding unfunded commitments as of September 30, 2017.

Main Street has an operating lease for its office space in Houston, Texas. Total rent expense incurred by Main Street for the three months ended September 30, 2017 and 2016 was $0.2 million and $0.1 million, respectively. Total rent expense incurred by Main Street for each of the nine months ended September 30, 2017 and 2016 was $0.5 million and $0.4 million, respectively.

The following table shows future minimum payments under Main Street's operating lease as of September 30, 2017:

For the Years Ended December 31,	Amount
2017	$
2018	373
2019	749
2020	763
2021	777
Thereafter	5,031
Total	$ 7,693

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 September 30, 2017, Main Street had a receivable of approximately $2.7 million due from the External Investment Manager which included (i) approximately $2.0 million related primarily to operating expenses incurred by MSCC or its subsidiaries required to support the External Investment Manager's business and due from the External Investment Manager to Main Street under a tax sharing agreement (see further discussion in Note D) and (ii) approximately $0.7 million of dividends declared but not paid by the External Investment Manager.

In November 2015, Main Street's Board of Directors approved and adopted the Main Street Capital Corporation Deferred Compensation Plan (the "2015 Deferred Compensation Plan"). The 2015 Deferred Compensation Plan became effective on January 1, 2016 and replaced the Deferred Compensation Plan for Non-Employee Directors previously adopted by the Board of Directors in June 2013 (the "2013 Deferred Compensation Plan"). Under the 2015 Deferred Compensation Plan, non-employee directors and certain key employees may defer receipt of some or all of their cash compensation and directors' fees, subject to certain limitations. Individuals participating in the 2015 Deferred Compensation Plan receive distributions of their respective balances based on predetermined

MAIN STREET CAPITAL CORPORATION

Notes to Consolidated Financial Statements (Continued)

(Unaudited)

payout schedules or other events as defined by the plan and are also able to direct investments made on their behalf among investment alternatives permitted from time to time under the plan, including phantom Main Street stock units. As of September 30, 2017, $3.8 million of compensation and directors' fees had been deferred under the 2015 Deferred Compensation Plan (including amounts previously deferred under the 2013 Deferred Compensation Plan). Of this amount, $2.4 million was deferred into phantom Main Street stock units, representing 72,228 shares of Main Street's common stock. Including phantom stock units issued through dividend reinvestment, the phantom stock units outstanding as of September 30, 2017 represented 84,963 shares of Main Street's common stock. Any amounts deferred under the plan represented by phantom Main Street stock units will not be issued or included as outstanding on the consolidated statements of changes in net assets until such shares are actually distributed to the participant in accordance with the plan, but are included in operating expenses and weighted-average shares outstanding in Main Street's consolidated statements of operations as earned.

NOTE O SUBSEQUENT EVENTS

In October 2017, Main Street declared a semi-annual supplemental cash dividend of $0.275 per share payable in December 2017. This supplemental cash dividend is in addition to the previously announced regular monthly cash dividends that Main Street declared for the fourth quarter of 2017 of $0.190 per share for each of October, November and December 2017.

In October 2017, Main Street declared regular monthly dividends of $0.190 per share for each month of January, February and March of 2018. These regular monthly dividends equal a total of $0.570 per share for the first quarter of 2018 and represent a 2.7% increase from the regular monthly dividends declared for the first quarter of 2017. Including the semi-annual supplemental dividend declared for December 2017 and the regular monthly dividends declared for the fourth quarter of 2017 and first quarter of 2018, Main Street will have paid $21.960 per share in cumulative dividends since its October 2007 initial public offering.

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Schedule 12-14

MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments In and Advances to Affiliates
September 30, 2017
(dollars in thousands)

Company	Investment(1)	Amount of Realized Gain/(Loss)	Amount of Unrealized Gain/(Loss)	Amount of Interest, Fees or Dividends Credited to Income(2)	December 31, 2016 Fair Value	Gross Additions(3)	Gross Reductions(4)	September 30, 2017 Fair Value
Majority-owned investments								
Café Brazil, LLC	Member Units	$	$ (650)	$ 127	$ 6,040	$	$ 650	$ 5,390
Clad-Rex Steel, LLC	LIBOR Plus 9.50% (Floor 1.00)		121	1,163	14,337	143	800	13,680
	Member Units		1,240	311	7,280	1,240		8,520
	10% Secured Debt			89	1,190		13	1,177
	Member Units				210			210
CMS Minerals Investments	Preferred Member Units	1,405	(1,578)	96	3,682		3,682	
	Member Units		(461)	185	3,381		799	2,582
Gamber-Johnson Holdings, LLC	LIBOR Plus 11.00% (Floor 1.00%)		200	2,235	23,846	235	401	23,680
	Member Units		4,040	353	18,920	4,040		22,960
GRT Rubber Technologies LLC	LIBOR Plus 9.00% (Floor 1.00%)		(25)	996	13,274	25	1,269	12,030
	Member Units		370	584	20,310	370		20,680
Harborside Holdings, LLC	Member Units		3,194			9,400		9,400
Hydratec, Inc.	Common Stock		(160)	1,343	15,640		160	15,480
IDX Broker, LLC	11.5% Secured Debt		(19)	971	10,950	19	919	10,050
	Member Units		1,960	136	7,040	1,960		9,000
Jensen Jewelers of Idaho, LLC	Prime Plus 6.75% (Floor 2.00%)		(16)	331	4,055	516	466	4,105
	Member Units			127	4,460			4,460
Lamb Ventures, LLC	11% Secured Debt			709	7,657	2,795	428	10,024
	Preferred Equity				400			400
	Member Units		440	40	5,990	440		6,430
	9.5% Secured Debt		4	54	1,170	432	1,170	432
	Member Units		(820)	850	1,340		820	520
Lighting Unlimited, LLC	8% Secured Debt			29	1,514		1,514	
	Preferred Equity	(434)	24		410	24	434	
	Warrants	(54)	54			54	54	

	Member Units	(100)	100			100	100	
Mid-Columbia Lumber Products, LLC	10% Secured Debt			133	1,750			1,750
	12% Secured Debt			355	3,900			3,900
	Member Units		(1,500)	5	2,480		1,500	980
	9.5% Secured Debt			59	836		34	802
	Member Units		150	43	600	690		1,290
MSC Adviser I, LLC	Member Units		8,687	2,132	30,617	8,687		39,304
Mystic Logistics Holdings, LLC	12% Secured Debt		(42)	824	9,176	42	1,450	7,768
	Common Stock		810		5,780	810		6,590
NRP Jones, LLC	8% Current/4% PIK Secured Debt			1,302	13,915	1,122		15,037
	Warrants		687		130	687	817	
	Member Units		33		410	850		1,260
PPL RVs, Inc.	LIBOR Plus 7.00% (Floor 0.50%)		135	1,123	17,826	174	1,900	16,100
	Common Stock			100	11,780			11,780
Principle Environmental, LLC	Zero Coupon Secured Debt			738	7,438		103	7,335
	Preferred Member Units	(63)	2,913		5,370	2,913	63	8,220
	Warrants		150		270	150		420
Quality Lease Service, LLC	8% PIK Secured Debt		(391)	273	7,068	273	391	6,950
	Member Units				3,188	1,650		4,838
The MPI Group, LLC	9% Secured Debt		(303)	201	2,922	1	304	2,619
	Series A Preferred Units							
	Warrants							
	Member Units		90	92	2,300	90		2,390
Uvalco Supply, LLC	9% Secured Debt			45	872		398	474
	Member Units	69	(69)	146	4,640		333	4,307
Vision Interests, Inc.	13% Secured Debt			285	2,814		20	2,794
	Series A Preferred Stock				3,000			3,000
	Common Stock							

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Company	Investment(1)	Amount of Realized Gain/(Loss)	Amount of Unrealized Gain/(Loss)	Amount of Interest, Fees or Dividends Credited to Income(2)	December 31, 2016 Fair Value	Gross Additions(3)	Gross Reductions(4)	September 30, 2017 Fair Value
Ziegler's NYPD, LLC	6.5% Secured Debt			51	994	1		995
	12% Secured Debt			27	300			300
	14% Secured Debt			292	2,750			2,750
	Warrants		(50)		240		50	190
	Preferred Member Units		(700)		4,100		700	3,400
Other controlled investments								
Access Media Holdings, LLC	5% Current/5% PIK Secured Debt		(1,125)	1,768	19,700	865	1,125	19,440
	Preferred Member Units		(1,280)		240	1,191	1,281	150
	Member Units							
Ameritech College Operations, LLC	13% Secured Debt			96	1,003		1,003	
	13% Secured Debt			285	3,025		3,025	
	Preferred Member Units	(3,321)		198	2,291	3,900	6,191	
ASC Interests, LLC	11% Secured Debt		(8)	164	2,100	8	183	1,925
	Member Units		(860)		2,680		860	1,820
Bond-Coat, Inc.	12% Secured Debt		(29)	1,085	11,596	29	29	11,596
	Common Stock		1,770		6,660	1,770		8,430
CBT Nuggets, LLC	Member Units		16,370	5,155	55,480	16,370		71,850
Charps, LLC	12% Secured Debt			1,794		19,017	800	18,217
	Preferred Member Units					400		400
Copper Trail Energy Fund I, LP	Member Units					2,500		2,500
Datacom, LLC	8% Secured Debt			72	900	720	270	1,350
	5.25% Current / 5.25% PIK Secured Debt		(116)	963	11,049	437	116	11,370
	Class A Preferred Member Units		(8)		1,368		8	1,360
	Class B Preferred Member Units		(1,529)		1,529		1,529	
Garreco, LLC	LIBOR Plus 10.00% (Floor 1.00%)			534	5,219	985	526	5,678
	Member Units		680		1,150	680		1,830
Gulf Manufacturing, LLC	9% PIK Secured Debt			51	777		777	
	Member Units		1,910	281	8,770	1,910		10,680
Gulf Publishing Holdings, LLC	LIBOR Plus 9.50% (Floor 1.00%)			2		80		80
	12% Secured Debt			1,142	9,911	2,786		12,697

	Member Units		649	40	3,124	1,206		4,330
Harrison Hydra-Gen, Ltd.	Common Stock		(320)		3,120		320	2,800
Hawthorne Customs and Dispatch Services, LLC	Member Units	(159)	309		280	309	589	
	Member Units	632	(825)	127	2,040		2,040	
HW Temps LLC	LIBOR Plus 13.00% (Floor 1.00%)			1,095	10,500	13	600	9,913
	Preferred Member Units			105	3,940			3,940
Indianapolis Aviation Partners, LLC	15% Secured Debt			292	3,100		3,100	
	Warrants	2,385	(1,520)		2,649		2,649	
KBK Industries, LLC	10% Secured Debt			81	1,250	100	600	750
	12.5% Secured Debt			571	5,889	11		5,900
	Member Units		837	75	2,780	1,280		4,060
Marine Shelters Holdings, LLC	12% PIK Secured Debt		(2,551)		9,387		9,387	
	Preferred Member Units	(101)				100	100	
Market Force Information, LLC	LIBOR Plus 7.00% (Floor 1.00%)			9		512		512
	LIBOR Plus 11.00% (Floor 1.00%)			767		23,293		23,293
	Member Units					14,700		14,700
MH Corbin Holding LLC	10% Secured Debt			1,003	13,197	21	524	12,694
	Preferred Member Units			105	6,000			6,000
NAPCO Precast, LLC	LIBOR Plus 8.50%			621		11,433		11,433
	Prime Plus 2.00% (Floor 7.00%)		(20)	122	2,713	20	2,733	
	18% Secured Debt		(30)	327	3,952	31	3,983	
	Member Units		(90)	264	10,920		90	10,830
NRI Clinical Research, LLC	LIBOR Plus 6.50% (Floor 1.50%)			27	200	200		400
	14% Secured Debt		(33)	508	4,261	34	90	4,205
	Warrants		(180)		680		180	500
	Member Units		38		2,462	360	322	2,500
NuStep, LLC	12% Secured Debt			2,003		20,411		20,411
	Preferred Member Units					10,200		10,200
OMi Holdings, Inc.	Common Stock		(340)	672	13,080		340	12,740
Pegasus Research Group, LLC	Member Units		730	207	8,620	730		9,350
River Aggregates, LLC	Zero Coupon Secured Debt			59	627	59		686
	Member Units		(190)		4,600		190	4,410
	Member Units				2,510			2,510
SoftTouch Medical	LIBOR Plus 9.00% (Floor 1.00%)		(11)	557	7,140	11	11	7,140

Holdings LLC	Member Units	370	758	9,170	370	9,540

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Company	Investment(1)	Amount of Realized Gain/(Loss)	Amount of Unrealized Gain/(Loss)	Amount of Interest, Fees or Dividends Credited to Income(2)	December 31, 2016 Fair Value	Gross Additions(3)	Gross Reductions(4)	September 30, 2017 Fair Value
Other								
Amounts related to investments transferred to or from other 1940 Act classification during the period				(220)	(9,919)			
		$ 259	$ 31,216	$ 42,720	$ 594,282	$ 178,985	$ 67,313	$ 715,873
Affiliate Investments								
AFG Capital Group, LLC	Warrants	$	$ 80	$	$ 670	$ 80	$	$ 750
	Member Units		380	26	2,750	380		3,130
Barfly Ventures, LLC	12% Secured Debt		154	734	5,827	2,862		8,689
	Options		290		490	290		780
	Warrants		160		280	160		440
BBB Tank Services, LLC	LIBOR Plus 9.50% (Floor 1.00%)			65	797			797
	15% Secured Debt			463	3,991	4		3,995
	Member Units		(220)		800		220	580
Boccella Precast Products LLC	LIBOR Plus 10.0% (Floor 1.00%)			718		16,223		16,223
	Member Units			7		2,160		2,160
Boss Industries, LLC	Preferred Member Units		786	266	2,800	930		3,730
Bridge Capital Solutions Corporation	13% Secured Debt			939	5,610	200		5,810
	Warrants				3,370			3,370
	13% Secured Debt		(1)	100	1,000	1	1	1,000
	Preferred Member Units			75	1,000			1,000
Buca C, LLC	LIBOR Plus 7.25% (Floor 1.00%)		(167)	1,420	22,671	40	1,633	21,078
	Preferred Member Units		(728)	177	4,660	177	727	4,110
CAI Software LLC	12% Secured Debt		(6)	326	3,683	6	206	3,483
	Member Units		560	59	2,480	560		3,040
CapFusion, LLC	13% Secured Debt		(3,582)	1,401	13,202	138	6,662	6,678
	Warrants		(1,200)		1,200		1,200	
Chandler Signs Holdings, LLC	12% Secured Debt		(5)	415	4,500	5	5	4,500
	Class A Units		(590)	63	3,240		590	2,650
Condit Exhibits, LLC	Member Units			61	1,840			1,840
Congruent Credit Opportunities	LP Interests (Fund II)		(3)	2	1,518		3	1,515

Funds	LP Interests (Fund III)		418	1,144	16,181	2,533		18,714
Daseke, Inc.	12% Current / 2.5% PIK Secured Debt		(167)	676	21,799	255	22,054	
	Common Stock	22,859	(18,849)		24,063		24,063	
Dos Rios Partners	LP Interests (Dos Rios Partners, LP)		1,502		4,925	1,502		6,427
	LP Interests (Dos Rios Partners A, LP)		445		1,444	445		1,889
Dos Rios Stone Products LLC	Class A Units		(200)		2,070		200	1,870
East Teak Fine Hardwoods, Inc.	Common Stock		(230)	50	860		230	630
East West Copolymer & Rubber, LLC	12% Current/2% PIK Secured Debt		(2,665)		8,630		8,630	
	Warrants							
EIG Fund Investments	LP Interests (EIG Global Private Debt fund-A, L.P.)	71	(48)	90	2,804	352	2,909	247
	LP Interests (EIG Traverse Co-Investment, L.P.)		(100)	1,534	9,905		9,905	
Freeport Financial Fund Investments	LP Interests (Freeport Financial SBIC Fund LP)		(101)	306	5,620		101	5,519
	LP Interests (Freeport First Lien Loan Fund III LP)		(52)	503	4,763	2,796	52	7,507
Gault Financial, LLC (RMB Capital, LLC)	10.5% Current Secured Debt		1,016	976	11,079	1,017	454	11,642
	Warrants							
Glowpoint, Inc.	12% Secured Debt	(6,450)	4,951	685	3,997	5,003	9,000	
	Common Stock	(3,974)	1,878		2,080	1,878	3,958	
Guerdon Modular Holdings, Inc.	13% Secured Debt			1,084	10,594	28		10,622
	Preferred Stock		(190)		1,140		190	950
	Common Stock		(80)		80		80	
HPEP 3, L.P.	LP Interests (HPEP 3, L.P.)					943		943
	LP Interests (2717 MH, L.P.)					400		400
Hawk Ridge Systems, LLC	10% Secured Debt			774	9,901	16	500	9,417
	Preferred Member Units		380	265	2,850	380		3,230
	Preferred Member Units		20	6	150	20		170
Houston Plating and Coatings, LLC	8% Unsecured Convertible Debt		80	104		3,080		3,080
	Member Units		810	4	4,000	1,560		5,560

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Company	Investment(1)	Amount of Realized Gain/(Loss)	Amount of Unrealized Gain/(Loss)	Amount of Interest, Fees or Dividends Credited to Income(2)	December 31, 2016 Fair Value	Gross Additions(3)	Gross Reductions(4)	September 30, 2017 Fair Value
I-45 SLF LLC	Member Units		311	2,148	14,586	2,311		16,897
Indianhead Pipeline Services, LLC	12% Secured Debt			947	5,079	563	5,642	
	Preferred Member Units		(338)	514	2,677	514	3,191	
	Warrants	134	459			459	459	
	Member Units	272	1			1	1	
L.F. Manufacturing Holdings, LLC	Member Units		470		1,380	470		1,850
Meisler Operating LLC	LIBOR Plus 8.50% (Floor 1.00%)			818		16,626		16,626
	Member Units					3,200		3,200
OnAsset Intelligence, Inc.	12% PIK Secured Debt	(28)		424	4,519	424		4,943
	10% PIK Secured Debt			1		47		47
	Preferred Stock							
	Warrants							
OPI International Ltd.	10% Unsecured Debt	(86)	(473)	16	473		473	
	Common Stock		(1,600)		1,600		1,600	
PCI Holding Company, Inc.	12% Secured Debt		(102)	1,522	13,000	333	427	12,906
	Preferred Stock		(1,368)	548	5,370	548	1,368	4,550
	Preferred Stock		870			2,610		2,610
Rocaceia, LLC (Quality Lease and Rental Holdings, LLC)	12% Secured Debt				250			250
	Preferred Member Units							
Tin Roof Acquisition Company	12% Secured Debt			1,248	13,385	49	501	12,933
	Class C Preferred Stock			213	2,738	213		2,951
UniTek Global Services, Inc.	LIBOR Plus 8.50% (Floor 1.00%)		(4)	507	5,021	3,518	4	8,535
	LIBOR Plus 8.50% (Floor 1.00%)			33	824	3	690	137
	15% PIK Unsecured Debt			94	745	88		833
	Preferred Stock		(632)	1,302	6,410	1,302	632	7,080
	Preferred Stock		(5)	207		2,725	5	2,720
	Common Stock		(690)		3,010		690	2,320
Universal Wellhead Services Holdings, LLC	Preferred Member Units		80		720	80		800
	Member Units		620		610	620		1,230
Valley Healthcare Group, LLC	LIBOR Plus 12.50% (Floor 0.50%)			1,306	12,844	25	1,110	11,759

	Preferred Member Units				1,600			1,600
Volusion, LLC	11.5% Secured Debt			2,015	15,298	517	766	15,049
	Preferred Member Units				14,000			14,000
	Warrants		(337)		2,576		336	2,240
Other								
Amounts related to investments transferred to or from other 1940 Act classification during the period		122		220	9,919			
		$ 12,920	$ (18,012)	$ 29,601	$ 375,948	$ 83,670	$ 111,468	$ 338,231
Total Non-Control/Non-Affiliate investments		$ 14,663	$ (17,562)	$ 77,623				
Total Portfolio Investments		$ 27,842	$ (4,358)	$ 149,944				

This schedule should be read in conjunction with Main Street's consolidated financial statements, including the consolidated schedule of investments and notes to the consolidated financial statements.

(1) The principal amount, the ownership detail for equity investments and if the investment is income producing is included in the consolidated schedule of investments.

(2) Represents the total amount of interest, fees and dividends credited to income for the portion of the period for which an investment was included in Control or Affiliate categories, respectively. For investments transferred between Control and Affiliate categories during the period, any income or investment balances related to the time period it was in the category other than the one shown at period end is included in "Amounts from investments transferred from other 1940 Act classifications during the period."

(3) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, follow-on investments and accrued PIK interest, and the exchange of one or more existing securities for one or more new securities. Gross additions also include net increases in

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unrealized appreciation or net decreases in net unrealized depreciation as well as the movement of an existing portfolio company into this category and out of a different category.

(4) Gross reductions include decreases in the cost basis of investments resulting from principal repayments or sales and the exchange of one or more existing securities for one or more new securities. Gross reductions also include net increases in net unrealized depreciation or net decreases in unrealized appreciation as well as the movement of an existing portfolio company out of this category and into a different category.

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Schedule 12-14

MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments In and Advances to Affiliates
September 30, 2016
(dollars in thousands)
(Unaudited)

Company	Investment(1)	Amount of Realized Gain/(Loss)	Amount of Unrealized Gain/(Loss)	Amount of Interest, Fees or Dividends Credited to Income(2)	December 31, 2015 Fair Value	Gross Additions(3)	Gross Reductions(4)	September 30, 2016 Fair Value
Control Investments								
Majority-owned investments								
Café Brazil, LLC	Member Units	$	$ (760)	$ 416	7,330	$	$ 760	$ 6,570
CMS Minerals LLC	Member Units		(62)	101		4,083	190	3,893
	Preferred Member Units		(2,783)	1,172	6,914		3,543	3,371
Gamber-Johnson	LIBOR Plus 11.00% (Floor 1.00%)			884		19,798		19,798
Holdings, LLC	Member Units			354		12,124		12,124
GRT Rubber	LIBOR Plus 9.00% (Floor 1.00%)		94	1,118	15,988	134	2,638	13,484
Technologies LLC	Member Units		2,450	335	15,580	2,450		18,030
Hydratec, Inc.	Common Stock		810	1,270	14,950	810		15,760
IDX Broker, LLC	12.5% Secured Debt		(16)	1,099	11,350	16	116	11,250
	Member Units		250	68	6,440	250		6,690
Jensen Jewelers of	Prime Plus 6.75% (Floor 2.00%)		(22)	359	4,055	522	372	4,205
Idaho, LLC	Member Units		(100)	159	4,750		100	4,650
Lamb's Venture, LLC	LIBOR Plus 5.75%		1	7		352	213	139
	11% Secured Debt			653	7,962		227	7,735
	Preferred Equity				328	72		400
	Member Units		1,190	50	4,690	1,190		5,880
	9.5% Secured Debt			65	919		37	882
	Member Units		380	45	1,240	380		1,620
Lighting Unlimited, LLC	8% Secured Debt			92	1,514			1,514
	Preferred Equity				430			430
	Warrants		(30)		40		30	10
	Member Units		(270)	(81)	350		270	80
Mid-Columbia Lumber Products, LLC	10% Secured Debt			133	1,750			1,750
	12% Secured Debt			356	3,900			3,900
	Member Units		(280)	4	2,580		280	2,300
	9.5% Secured Debt			62	881		34	847
	Member Units		50	16	550	50		600

MSC Adviser I, LLC	Member Units		2,861	2,110	27,272	2,861		30,133
Mystic Logistics Holdings, LLC	12% Secured Debt		(33)	892	9,448	32	304	9,176
	Common Stock		(820)		5,970		820	5,150
NRP Jones, LLC	6% Current / 6% PIK Secured Debt			1,426	12,948	683		13,631
	Warrants		(320)		450		320	130
	Member Units		(1,070)		1,480		1,070	410
PPL RVs, Inc.	11.1% Secured Debt			820	9,710			9,710
	Common Stock		2,010	261	9,770	2,010		11,780
Principle Environmental, LLC	12% Secured Debt		(21)	392	4,060	21	21	4,060
	12% Current / 2% PIK Secured Debt		(1)	354	3,310	52	1	3,361
	Preferred Member Units		(1,460)		6,060		1,460	4,600
	Warrants		(290)		310		290	20
Quality Lease Service, LLC	8% PIK Secured Debt			392	6,538	391		6,929
	Member Units				2,638	250		2,888
Southern RV, LLC	13% Secured Debt		(104)	157	11,400	104	11,504	
	Member Units	13,918	(13,420)	957	15,100		15,100	
	13% Secured Debt	440	(30)	45	3,250	30	3,280	
	Member Units		(720)		1,200		1,200	
The MPI Group, LLC	9% Secured Debt			202	2,921	1		2,922
	Series A Preferred Units		(330)		690		330	360
	Warrants							
	Member Units		70	95	2,230	70		2,300
Travis Acquisition LLC	12% Secured Debt		(43)	340	3,513	43	3,556	
	Member Units	17,862	(7,380)	2,812	14,480		14,480	
Uvalco Supply, LLC	9% Secured Debt			77	1,314		328	986
	Member Units		(600)	140	5,460		600	4,860

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Company	Investment(1)	Amount of Realized Gain/(Loss)	Amount of Unrealized Gain/(Loss)	Amount of Interest, Fees or Dividends Credited to Income(2)	December 31, 2015 Fair Value	Gross Additions(3)	Gross Reductions(4)	September 30, 2016 Fair Value
Vision Interests, Inc.	13% Secured Debt			312	3,052	15	182	2,885
	Series A Preferred Stock		(180)		3,550		180	3,370
	Common Stock		(70)		210		70	140
Ziegler's NYPD, LLC	6.5% Secured Debt			51	992	1		993
	12% Secured Debt			37	500		200	300
	14% Secured Debt			293	2,750			2,750
	Warrants		170		50	170		220
	Preferred Member Units		300		3,400	300		3,700
Other controlled investments								
Access Media Holdings, LLC	5.00% Current / 5.00% PIK Secured Debt		(1,486)	1,689	20,380	826	1,486	19,720
	Preferred Member Units		(3,482)		2,000	1,732	3,482	250
	Member Units							
AmeriTech College, LLC	10% Secured Debt			76	1,003	1		1,004
	10% Secured Debt			230	3,025			3,025
	Preferred Member Units			86	2,291			2,291
ASC Interests, LLC	11% Secured Debt		(10)	205	2,500	10	260	2,250
	Member Units		450	65	2,230	450		2,680
Bond-Coat, Inc.	12% Secured Debt		(26)	1,085	11,596	17	17	11,596
	Common Stock		(4,050)		9,140		4,050	5,090
CBT Nuggets, LLC	Member Units		10,680	6,225	42,120	10,680		52,800
Datacom, LLC	8% Secured Debt			33		900		900
	5.25% Current / 5.25% PIK Secured Debt		(450)	878	10,970	369	451	10,888
	Class A Preferred Member Units		138		1,181	137		1,318
	Class B Preferred Member Units		(3,310)		5,079		3,310	1,769
Garreco, LLC	14% Secured Debt			636	5,739	22	250	5,511
	Member Units		(120)	5	1,270		120	1,150
Gulf Manufacturing, LLC	9% PIK Secured Debt			53	777			777
	Member Units		(5,000)		13,770		5,000	8,770
Gulf Publishing Holdings, LLC	12.5% Secured Debt			645		9,907		9,907
	Member Units			62		3,124		3,124
Harrison Hydra-Gen, Ltd.	9% Secured Debt			9	5,010		5,010	

	Preferred Stock			2	1,361	2	1,363	
	Common Stock		740	137	2,600	740		3,340
Hawthorne Customs and Dispatch Services, LLC	Member Units		(180)		460		180	280
	Member Units		(180)	141	2,220		180	2,040
HW Temps LLC	LIBOR Plus 9.50% (Floor 1.00%)			814	9,884	412		10,296
	Preferred Member Units		418	354	3,942	418		4,360
Indianapolis Aviation Partners, LLC	15% Secured Debt		(5)	417	3,100	5	5	3,100
	Warrants		109		2,540	109		2,649
Marine Shelters Holdings, LLC (LoneStar Marine Shelters)	12% PIK Secured Debt		(430)	886	8,870	939	430	9,379
	Preferred Member Units		(3,975)		4,881		3,975	906
MH Corbin Holding LLC	10% Secured Debt			1,062	13,869	21	525	13,365
	Preferred Member Units			105	6,000			6,000
NAPCO Precast, LLC	Prime Plus 2.00% (Floor 7.00%)		22	219	4,005		1,292	2,713
	18% Secured Debt		31	609	4,924		972	3,952
	Member Units		2,080	645	8,590	2,080		10,670
NRI Clinical Research, LLC	14% Secured Debt		46	519	4,539	79	108	4,510
	Warrants		310		340	310		650
	Member Units		979		1,342	979		2,321
OMi Holdings, Inc.	Common Stock		750		13,640	750		14,390
Pegasus Research Group, LLC (Televerde)	Member Units		1,780	339	6,840	1,780		8,620
River Aggregates, LLC	Zero Coupon Secured Debt			52	556	53		609
	Member Units		770	345	3,830	770		4,600
	Member Units		150		2,360	150		2,510
SoftTouch Medical Holdings LLC	LIBOR Plus 9.00% (Floor 1.00%)		48	606	8,010	65	850	7,225
	Member Units		2,959	262	5,710	2,960		8,670
Other								
Amounts related to investments transferred to or from other 1940 Act classification during the period								
		$ 32,220	$ (20,823)	$ 40,398	555,011	$ 90,062	$ 97,422	$ 547,651

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Company	Investment(1)	Amount of Realized Gain/(Loss)	Amount of Unrealized Gain/(Loss)	Amount of Interest, Fee or Dividends Credited to Income(2)	December 31, 2015 Fair Value	Gross Additions(3)	Gross Reductions(4)	September 30, 2016 Fair Value
Affiliate Investments								
AFG Capital Group, LLC	11% Secured Debt	$	$ (179)	$ 1,313	$ 12,790	$ 349	$ 13,139	$
	Warrants		130		490	130		620
	Member Units		510		2,020	510		2,530
Barfly Ventures, LLC	12% Secured Debt		(94)	862	4,042	1,813	94	5,761
	Options		23			420		420
	Warrants		(233)		473		233	240
BBB Tank Services, LLC	LIBOR Plus 7.50% (Floor 1.00%)			6		332		332
	12% Current / 1% PIK Secured Debt			298		3,982		3,982
	Member Units					800		800
Boss Industries, LLC	Preferred Member Units		(113)	199	2,586	133	113	2,606
Bridge Capital Solutions Corporation	13% Secured Debt			984	6,890	5,660	7,000	5,550
	Warrants		80		1,300	2,012		3,312
	13% Secured Debt			40		990		990
	Preferred Member Units			19		1,000		1,000
Buca C, LLC	LIBOR Plus 7.25% (Floor 1.00%)		174	1,595	25,299	231	3,159	22,371
	Preferred Member Units		1,720	168	3,711	1,888		5,599
CAI Software LLC	12% Secured Debt		(12)	391	4,661	12	893	3,780
	Member Units		1,150	69	1,000	1,150		2,150
CapFusion, LLC	13% Secured Debt			1,003		11,566		11,566
	Warrants					1,200		1,200
Chandler Signs Holdings, LLC	12% Secured Debt		41	456		4,500		4,500
	Class A Units		1,450	82		2,950		2,950
Condit Exhibits, LLC	Member Units		770	130	1,010	770		1,780
Congruent Credit Opportunities Funds	LP Interests (Fund II)		(561)	400	2,834		1,395	1,439
	LP Interests (Fund III)		218	730	12,024	3,952		15,976
Daseke, Inc.	12% Current / 2.5% PIK Secured Debt		(61)	2,427	21,253	468	61	21,660
	Common Stock		(1,020)		22,660		1,020	21,640
Dos Rios Partners	LP Interests (Fund)		(43)		2,031	2,133	43	4,121
			(134)		648	677	134	1,191

	LP Interests (Fund A)							
Dos Rios Stone Products LLC	Class A Units			51		2,000		2,000
East Teak Fine Hardwoods, Inc.	Common Stock			37	860			860
East West Copolymer & Rubber, LLC	12% Secured Debt			949	9,463	71		9,534
	Warrants				50			50
EIG Fund Investments	LP Interests			225	718	2,070		2,788
EIG Traverse Co-Investment, L.P.	LP Interests		222	895	4,755	5,272		10,027
Freeport Financial Funds	LP Interests (Fund)		(425)	296	6,045		425	5,620
	LP Interests (Fund III)			357	2,077	1,487		3,564
Gault Financial, LLC (RMB Capital, LLC)	10% Secured Debt			1,156	10,930	123		11,053
	Warrants							
Glowpoint, Inc.	8% Secured Debt			17	397	1	398	
	12% Secured Debt		(2,305)	843	8,929	17	2,307	6,639
	Common Stock		(1,680)		3,840		1,680	2,160
Guerdon Modular Holdings, Inc.	LIBOR Plus 8.50% (Floor 1.00%)			20	(15)	975	960	
	9% Current / 4% PIK Secured Debt			1,080	10,295	181		10,476
	Preferred Stock					1,140		1,140
	Common Stock		(1,910)		1,990		1,910	80
Houston Plating and Coatings, LLC	Member Units		(4,493)	(23)	8,440	433	4,493	4,380
I-45 SLF LLC	Member units		386	1,196	7,200	5,386		12,586
Indianhead Pipeline Services, LLC	12% Secured Debt			609	5,853	95	675	5,273
	Preferred Member Units		338	31	2,302	368		2,670
	Warrants							
	Member Units	(1,254)						
KBK Industries, LLC	10% Secured Debt			23		1,000	300	700
	12.5% Secured Debt		(25)	572	5,900	11	25	5,886
	Member Units		(590)	(8)	3,680		590	3,090
L.F. Manufacturing Holdings, LLC	Member Units		(105)		1,485		105	1,380
MPS Denver, LLC	Member Units				1,130	124	1,254	
OnAsset Intelligence, Inc.	12% PIK Secured Debt			378	4,006	378		4,384
	Preferred Stock		(1,380)		1,380		1,380	
	Warrants							

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Company	Investment(1)	Amount of Realized Gain/(Loss)	Amount of Unrealized Gain/(Loss)	Amount of Interest, Fee or Dividends Credited to Income(2)	December 31, 2015 Fair Value	Gross Additions(3)	Gross Reductions(4)	September 30, 2016 Fair Value
OPI International Ltd.	10% Unsecured Debt			36	473			473
	Common Stock				3,200			3,200
PCI Holding Company, Inc.	12% Secured Debt		112	946		13,000		13,000
	Preferred Stock		(297)	450	4,887	450	297	5,040
Radial Drilling Services Inc.	12% Secured Debt	(1,433)	2,441	20	1,500	2,461	3,961	
	Warrants	(760)	758			758	758	
Rocaceia, LLC (Quality Lease and Rental Holdings, LLC)	12% Secured Debt				250			250
	Preferred Member Units	(2)						
Samba Holdings, Inc.	12.5% Secured Debt		(110)	1,100	24,662	110	24,772	
	Common Stock	28,709	(28,133)		30,220		30,220	
Tin Roof Acquisition Company	12% Secured Debt			1,304	13,807	45	313	13,539
	Class C Preferred Stock			193	2,477	193		2,670
UniTek Global Services, Inc.	LIBOR Plus 7.50% (Floor 1.00%)			192	2,812	1		2,813
	LIBOR Plus 8.50% (Floor 1.00%)			86	1,255	7	447	815
	15% PIK Unsecured Debt			82	638	76		714
	Preferred Stock		165	495	5,540	660		6,200
	Common Stock		2,580			2,580		2,580
Universal Wellhead Services Holdings, LLC	Class A Preferred Units		(1,840)		3,000		1,840	1,160
Valley Healthcare Group, LLC	LIBOR Plus 12.50% (Floor 0.50%)			1,069	10,297	425	100	10,622
	Preferred Member Units					1,600		1,600
Volusion, LLC	10.5% Secured Debt			1,591	16,199	192		16,391
	Preferred Member Units				14,000			14,000
	Warrants				1,400			1,400
Other								
Amounts related to investments transferred to or from other 1940 Act classification during the period				(345)	(15,530)			
		$ 25,260	$ (32,475)	$ 27,095	$ 350,519	$ 93,318	$ 106,494	$ 352,873

Total Non-Control/Non-Affiliate investments	$ (22,452)	$ 23,560	$ 63,841
Total Portfolio Investments	$ 35,028	$ (29,738)	$ 131,334

This schedule should be read in conjunction with Main Street's consolidated financial statements, including the consolidated schedule of investments and notes to the consolidated financial statements.

(1) The principal amount, the ownership detail for equity investments and if the investment is income producing is included in the consolidated schedule of investments.

(2) Represents the total amount of interest, fees and dividends credited to income for the portion of the period for which an investment was included in Control or Affiliate categories, respectively. For investments transferred between Control and Affiliate categories during the period, any income or investment balances related to the time period it was in the category other than the one shown at period end is included in "Amounts from investments transferred from other 1940 Act classifications during the period."

(3) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, follow-on investments and accrued PIK interest, and the exchange of one or more existing securities for one or more new securities. Gross additions also include net increases in unrealized appreciation or net decreases in net unrealized depreciation as well as the movement of an existing portfolio company into this category and out of a different category.

(4) Gross reductions include decreases in the cost basis of investments resulting from principal repayments or sales and the exchange of one or more existing securities for one or more new securities. Gross reductions also include net increases in net unrealized depreciation or net decreases in unrealized appreciation as well as the movement of an existing portfolio company out of this category and into a different category.

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PROSPECTUS

$1,500,000,000

Common Stock
Preferred Stock
Warrants
Subscription Rights
Debt Securities
Units

We may offer, from time to time in one or more offerings, up to $1,500,000,000 of our common stock, preferred stock, warrants representing rights to purchase shares of our common stock, preferred stock, or debt securities, subscription rights, debt securities or units, which we refer to, collectively, as the "securities." Our securities may be offered at prices and on terms to be disclosed in one or more supplements to this prospectus. The offering price per share of our common stock, less any underwriting commissions or discounts, will not be less than the net asset value per share of our common stock at the time of the offering, except (i) with the requisite approval of our common stockholders or (ii) under such other circumstances as the Securities and Exchange Commission may permit. We did not seek stockholder authorization to issue common stock at a price below net asset value per share at our 2016 annual meeting of stockholders, and we are not currently seeking such approval at our 2017 annual meeting of stockholders, because our common stock price per share has been trading significantly above the current net asset value per share of our common stock, but we may seek such authorization at future annual meetings or special meetings of stockholders. Sales of common stock at prices below net asset value per share dilute the interests of existing stockholders, have the effect of reducing our net asset value per share and may reduce our market price per share. In addition, we have received stockholder approval to issue warrants, options or rights to subscribe for, convert to, or purchase shares of our common stock at a price per share below the net asset value per share subject to the applicable requirements of the Investment Company Act of 1940, as amended. There is no expiration date on our ability to issue such warrants, options, rights or convertible securities based on this stockholder approval. Moreover, continuous sales of common stock below net asset value may have a negative impact on total returns and could have a negative impact on the market price of our shares of common stock. See "Sales of Common Stock Below Net Asset Value."

Shares of closed-end investment companies such as us frequently trade at a discount to their net asset value. This risk is separate and distinct from the risk that our net asset value per share may decline. We cannot predict whether our common stock will trade above, at or below net asset value. You should read this prospectus and the applicable prospectus supplement carefully before you invest in our common stock.

Our securities may be offered to one or more purchasers directly by us, through agents designated from time to time by us, or to or through underwriters or dealers. The prospectus supplement relating to the offering will identify any agents or underwriters involved in the sale of our securities, and will disclose any applicable purchase price, fee, commission or discount arrangement between us and our agents or underwriters or among our underwriters or the basis upon which such amount may be calculated. See "Plan of Distribution." We may not sell any of our securities through agents, underwriters or dealers without delivery of a prospectus supplement describing the method and terms of the offering of such securities, which must be delivered to each purchaser at, or prior to, the earlier of delivery of a confirmation of sale or delivery of the securities.

We are 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. 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.

The LMM and Middle Market securities in which we invest generally would be rated below investment grade if they were rated by rating agencies. Below investment grade securities, which are often referred to as "junk," have predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. They may also be difficult to value and are illiquid.

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.

We are an internally managed, closed-end, non-diversified management investment company that has elected to be treated as a business development company under the Investment Company Act of 1940, as amended.

Our common stock is listed on the New York Stock Exchange ("NYSE") under the symbol "MAIN." On April 25, 2017, the last reported sale price of our common stock on the NYSE was $39.80 per share, and the net asset value per share of our common stock on December 31, 2016 (the last date prior to the date of this prospectus on which we determined our net asset value per share) was $22.10.

Investing in our securities involves a high degree of risk, and should be considered highly speculative. See "Risk Factors" beginning on page 14 to read about factors you should consider, including the risk of leverage and dilution, before investing in our securities.

This prospectus and the accompanying prospectus supplement contain important information about us that a prospective investor should know before investing in our securities. Please read this prospectus and the accompanying prospectus supplement before investing and keep them for future reference. We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission, or SEC. This information is available free of charge by contacting us at 1300 Post Oak Boulevard, 8th Floor, Houston, Texas 77056 or by telephone at (713) 350-6000 or on our website at *www.mainstcapital.com*. Information contained on our website is not incorporated by reference into this prospectus, and you should not consider that information to be part of this prospectus. The SEC also maintains a website at *www.sec.gov* that contains such information.

Neither the Securities and Exchange Commission nor any state securities commission, nor any other regulatory body, has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is April 26, 2017

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This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission, or SEC, using the "shelf" registration process. Under the shelf registration process, we may offer, from time to time, up to $1,500,000,000 of our securities on terms to be determined at the time of the offering. This prospectus provides you with a general description of the securities that we may offer. Each time we use this prospectus to offer securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. To the extent required by law, we will amend or supplement the information contained in this prospectus and any accompanying prospectus supplement to reflect any material changes to such information subsequent to the date of the prospectus and any accompanying prospectus supplement and prior to the completion of any offering pursuant to the prospectus and any accompanying prospectus supplement. Please carefully read this prospectus and any accompanying prospectus supplement together with the additional information described under "Available Information" and "Risk Factors" before you make an investment decision.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus or any accompanying supplement to this prospectus. You must not rely on any unauthorized information or representations not contained in this prospectus or

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any accompanying prospectus supplement as if we had authorized it. This prospectus and any accompanying prospectus supplement do not constitute an offer to sell or a solicitation of any offer to buy any security other than the registered securities to which they relate, nor do they constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The information contained in this prospectus and any accompanying prospectus supplement is accurate as of the dates on their covers.

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PROSPECTUS SUMMARY

This summary highlights some of the information in this prospectus. It is not complete and may not contain all of the information that you may want to consider. You should read the entire prospectus and any prospectus supplement carefully, including the section entitled "Risk Factors." Yield information contained in this prospectus related to debt investments in our investment portfolio is not intended to approximate a return on your investment in us and does not take into account other aspects of our business, including our operating and other expenses, or other costs incurred by you in connection with your investment in us.

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 provides "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 Main Street Mezzanine Fund, LP ("MSMF"), Main Street Capital II, LP ("MSC II") and Main Street Capital III, LP ("MSC III" and, collectively with MSMF and MSC II, 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"). We received our third SBIC licence for MSC III in August 2016. 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 directly 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 or their portfolio companies ("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 under Investment Advisers Act of 1940, as amended (the "Advisers Act"). Since the External Investment Manager conducts all of its investment management activities for External Parties, 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 taxable 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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Unless otherwise noted or the context otherwise indicates, the terms "we," "us," "our," the "Company" and "Main Street" refer to MSCC and its consolidated subsidiaries, which include the Funds and the Taxable Subsidiaries.

The following diagram depicts Main Street's organizational structure:

* Each of the Taxable Subsidiaries is directly or indirectly wholly owned by MSCC.

** Accounted for as a portfolio investment at fair value, as opposed to a consolidated subsidiary.

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") portfolio investments are primarily debt securities in privately held companies which have been originated through strategic relationships with other investment funds on a collaborative basis. Private Loan investments are typically similar in size, structure, terms and conditions to investments we hold in our LMM portfolio and Middle Market portfolio.

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 investment date.

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 are primarily debt securities in privately held companies which have been originated through strategic relationships with other investment funds on a collaborative basis, and are often referred to in the debt markets as "club deals." Private Loan investments are typically similar in size, structure, terms and conditions to investments we hold in our LMM portfolio and Middle Market portfolio. 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 ("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 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 have entered into an agreement with the External Investment Manager to share employees in connection with its asset management business generally, and specifically for its relationship with HMS Income Fund, Inc. ("HMS Income"). Through this agreement, we share employees with the External Investment Manager, including their related infrastructure, business relationships, management expertise and capital raising capabilities.

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 (see "Regulation"). 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 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 directly incur the operating costs associated with employing investment and portfolio management professionals. 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.

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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, a non-listed BDC, 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 our 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.

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. Because the External Investment Manager may receive performance-based fee compensation from HMS Income, this may provide it an incentive to allocate opportunities to HMS Income instead of us. However, we and the External Investment Manager have policies and procedures in place to avoid this conflict.

You should be aware that investments in our portfolio companies carry a number of risks including, but not limited to, investing in companies which may have limited operating histories and financial resources and other risks common to investing in below investment grade debt and equity investments in private, smaller companies. Please see "Risk Factors Risks Related to Our Investments" for a more complete discussion of the risks involved with investing in our portfolio companies.

Our principal executive offices are located at 1300 Post Oak Boulevard, 8th Floor, Houston, Texas 77056, and our telephone number is (713) 350-6000. We maintain a website at *http://www.mainstcapital.com*. Information contained on our website is not incorporated by reference into this prospectus, and you should not consider that information to be part of this prospectus.

Business Strategies

Our principal investment objective is to maximize our portfolio's total return by generating current income from our debt investments and realizing capital appreciation from our equity and equity-related investments, including warrants, convertible securities and other rights to acquire equity securities in a portfolio company. We have adopted the following business strategies to achieve our investment objective. Please see "Business Business Strategies" for a more complete discussion of our business strategies.

Deliver Customized Financing Solutions in the Lower Middle Market. We offer LMM portfolio companies customized debt and equity financing solutions that are tailored to the facts and circumstances of each situation.

Focus on Established Companies. We generally invest in companies with established market positions, experienced management teams and proven revenue streams.

Leverage the Skills and Experience of Our Investment Team. Our investment team has significant experience in lending to and investing in LMM and Middle Market companies.

Invest Across Multiple Companies, Industries, Regions and End Markets. We seek to maintain a portfolio of investments that is appropriately balanced among various companies, industries, geographic regions and end markets.

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- *Capitalize on Strong Transaction Sourcing Network.* Our investment team seeks to leverage its extensive network of referral sources for portfolio company investments.

- *Benefit from Lower, Fixed, Long-Term Cost of Capital.* The SBIC licenses held by the Funds have allowed them to issue SBA-guaranteed debentures. SBA-guaranteed debentures carry long-term fixed interest rates that are generally lower than interest rates on comparable bank loans and other debt.

Risk Factors

Investing in our securities involves a high degree of risk. You should consider carefully the information found in "Risk Factors," including the following risks:

- Deterioration in the economy and financial markets increases the likelihood of adverse effects on our financial position and results of operations. Such economic adversity could impair our portfolio companies' financial positions and operating results and affect the industries in which we invest, which could, in turn, harm our operating results.

- Our Investment Portfolio is and will continue to be recorded at fair value, with our Board of Directors having final responsibility for overseeing, reviewing and approving, in good faith, our determination of fair value and, as a result, there is and will continue to be uncertainty as to the value of our portfolio investments.

  - Typically, there is not a public market for the securities of the privately held LMM companies in which we have invested and will generally continue to invest. As a result, we value these securities quarterly at fair value based on inputs from management, a nationally recognized independent financial advisory services firm (on a rotational basis) and our audit committee with the oversight, review and approval of our Board of Directors.

  - In addition, the market for investments in Middle Market companies is generally not a liquid market, and therefore, we primarily use observable inputs to determine the fair value of these investments quarterly through obtaining third party quotes and other independent pricing, which are reviewed by our audit committee with the oversight, review and approval of our Board of Directors.

- Our financial condition and results of operations depends on our ability to effectively manage and deploy capital.

- We may face increasing competition for investment opportunities.

- Regulations governing our operation as a BDC will affect our ability to, and the way in which we, raise additional capital.

- The Funds are licensed by the SBA, and therefore subject to SBA regulations.

- Because we borrow money, the potential for gain or loss on amounts invested in us is magnified and may increase the risk of investing in us.

  - We, through the Funds, issue debt securities guaranteed by the SBA and sold in the capital markets. As a result of its guarantee of the debt securities, the SBA has fixed dollar claims on the assets of the Funds that are superior to the claims of our securities holders.

We will be subject to corporate-level U.S. federal income tax if we are unable to qualify as a RIC under Subchapter M of the Code.

We may not be able to pay distributions to our stockholders, our distributions may not grow over time, and a portion of distributions paid to our stockholders may be a return of capital, which is a distribution of the stockholders' invested capital.

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We may have difficulty paying the distributions required to maintain RIC tax treatment under the Code if we recognize income before or without receiving cash representing such income, including from amortization of original issue discount, contractual payment-in-kind, or PIK, interest, contractual preferred dividends, or amortization of market discount. Investments structured with these features may represent a higher level of credit risk compared to investments generating income which must be paid in cash on a current basis.

Because we intend to distribute substantially all of our taxable income to our stockholders to maintain our status as a RIC, we will continue to need additional capital to finance our growth, and regulations governing our operation as a BDC will affect our ability to, and the way in which we, raise additional capital and make distributions.

Stockholders may incur dilution if we sell shares of our common stock in one or more offerings at prices below the then current net asset value per share of our common stock or issue securities to subscribe to, convert to or purchase shares of our common stock.

Our investments in portfolio companies involve higher levels of risk, and we could lose all or part of our investment. Investing in our portfolio companies involves a number of significant risks. Among other things, these companies:

- may have limited financial resources and may be unable to meet their obligations under their debt instruments that we hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of us realizing any guarantees from subsidiaries or affiliates of our portfolio companies that we may have obtained in connection with our investment, as well as a corresponding decrease in the value of the equity components of our investments;

- may have shorter operating histories, narrower product lines, smaller market shares and/or significant customer concentrations than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;

- are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation, termination or significant under-performance of one or more of these persons could have a material adverse impact on our portfolio company and, in turn, on us;

- generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position; and

- generally have less publicly available information about their businesses, operations and financial condition. We are required to rely on the ability of our management team and investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies. If we are unable to uncover all material information about these companies, we may not make a fully informed investment decision, and may lose all or part of our investment.

Our portfolio companies may incur debt that ranks equally with, or senior to, our investments in such companies.

We are a non-diversified investment company within the meaning of the 1940 Act, and therefore we are not limited with respect to the proportion of our assets that may be invested in securities of a single issuer.

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Shares of closed-end investment companies, including BDCs, may trade at a discount to their net asset value.

We may be unable to invest a significant portion of the net proceeds from an offering or from exiting an investment or other capital on acceptable terms, which could harm our financial condition and operating results.

The market price of our securities may be volatile and fluctuate significantly.

Investment Criteria

Our investment team has identified the following investment criteria that it believes are important in evaluating prospective portfolio companies. Our investment team uses these criteria in evaluating investment opportunities. However, not all of these criteria have been, or will be, met in connection with each of our investments. Please see "Business Investment Criteria" for a more complete discussion of our investment criteria.

Proven Management Team with Meaningful Equity Stake. We look for operationally-oriented management with direct industry experience and a successful track record. In addition, we expect the management team of each LMM portfolio company to have meaningful equity ownership in the portfolio company to better align our respective economic interests.

Established Companies with Positive Cash Flow. We seek to invest in established companies with sound historical financial performance.

Defensible Competitive Advantages/Favorable Industry Position. We primarily focus on companies having competitive advantages in their respective markets and/or operating in industries with barriers to entry, which may help to protect their market position and profitability.

Exit Alternatives. We exit our debt investments primarily through the repayment of our investment from internally generated cash flow of the portfolio company and/or a refinancing. In addition, we seek to invest in companies whose business models and expected future cash flows may provide alternate methods of repaying our investment, such as through a strategic acquisition by other industry participants or a recapitalization.

Recent Developments

In January 2017, we led a new portfolio investment to facilitate the majority recapitalization of NuStep, Inc. ("NuStep"), the leading manufacturer of recumbent cross-trainers focused primarily on the physical therapy, physical rehabilitation and active aging markets. We, along with HMS Income, partnered with the NuStep's management team to facilitate the recapitalization of NuStep, with us funding $30.8 million in a combination of first-lien, senior secured term debt and direct equity investment. Headquartered in Ann Arbor, Michigan, NuStep serves customers across a variety of end markets, including physical therapy and rehabilitation clinics, skilled nursing facilities, fitness centers, hospitals, retirement communities and individual consumers. NuStep manufactures all of its products at its manufacturing facilities in Ann Arbor and sells its products throughout the United States and across a wide variety of international markets.

In February 2017, we led a new portfolio investment to facilitate the management-led buyout of Charps Welding & Fabricating, Inc. ("Charps"), a premier specialty contractor focused on the maintenance, repair, fabrication and construction of oil and gas pipelines. We, along with HMS Income, partnered with the Charps' management team to facilitate the buyout, with us funding $18.8 million in a combination of first-lien, senior secured term debt and a direct equity investment. Headquartered in Clearbrook, Minnesota, and founded in 1999, Charps provides various pipeline services to customers focused on energy transmission and distribution. Charps primarily performs work in the Midwest, Ohio

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Valley and Eastern U.S., and its pipeline services include pipeline integrity services, emergency response, hydrostatic testing, existing line replacement, pipeline fabrication and new construction and installation.

During February 2017, we declared regular monthly dividends of $0.185 per share for each of April, May and June 2017. These regular monthly dividends equal a total of $0.555 per share for the second quarter of 2017. The second quarter 2017 regular monthly dividends represent a 2.8% increase from the dividends declared for the second quarter of 2016.

During February 2017, we completed the exit of our debt and equity investments in Daseke, Inc. ("Daseke"). Daseke is a leading consolidator of the open-deck trucking market and the largest owner of open-deck capacity in North America. Main Street made its initial investment in Daseke in December 2008 and realized a gain of approximately $22.9 million on the exit of its equity investment in Daseke.

During April 2017, we declared a semi-annual supplemental cash dividend of $0.275 per share payable in June 2017. This supplemental cash dividend is in addition to the previously announced regular monthly cash dividends that we declared for the second quarter of 2017 of $0.185 per share for each of April, May and June 2017. Including the semi-annual supplemental dividend declared for June 2017 and the regular dividends declared for the second quarter of 2017, we will have paid $19.99 per share in cumulative dividends since our October 2007 initial public offering.

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The Offering

We may offer, from time to time, up to $1,500,000,000 of our securities, on terms to be determined at the time of the offering. Our securities may be offered at prices and on terms to be disclosed in one or more prospectus supplements.

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

Set forth below is additional information regarding the offering of our securities:

Use of proceeds	We intend to use the net proceeds from any offering to make investments in accordance with our investment objective and strategies described in this prospectus or any prospectus supplement, to make investments in "Marketable securities and idle funds investments," which may include investments in secured intermediate term bank debt, rated debt securities and other income producing investments, to pay our operating expenses and other cash obligations, and for general corporate purposes. See "Use of Proceeds."
New York Stock Exchange symbols	"MAIN" (common stock); and "MSCA" (6.125% notes due 2023).
Dividends and distributions	Our dividends and other distributions, if any, will be determined by our Board of Directors from time to time. Our ability to declare dividends depends on our earnings, our overall financial condition (including our liquidity position), maintenance of our RIC status and such other factors as our Board of Directors may deem relevant from time to time. When we make distributions, we are required to determine the extent to which such distributions are paid out of current or accumulated earnings, recognized capital gains or capital. To the extent there is a return of capital (a distribution of the stockholders' invested capital), investors will be required to reduce their basis in our stock for federal tax purposes. In the future, our distributions may include a return of capital.

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Taxation	MSCC has elected to be treated for U.S. federal income tax purposes as a RIC under Subchapter M of the Code. Accordingly, we generally will not pay corporate-level U.S. federal income taxes on any net ordinary income or capital gains that we distribute to our stockholders as dividends. To maintain our qualification as a RIC for U.S. federal income tax purposes, we must meet specified source-of-income and asset diversification requirements and distribute annually at least 90% of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. Depending on the level of taxable income earned in a tax year, we may choose to carry forward taxable income in excess of current year distributions into the next tax year and pay a 4% U.S. federal excise tax on such income. Any such carryover taxable income must be distributed through a dividend declared prior to filing the final tax return related to the year which generated such taxable income. See "Material U.S. Federal Income Tax Considerations."
Dividend reinvestment plan	We have adopted a dividend reinvestment plan that provides for the reinvestment of dividends on behalf of our registered stockholders who hold their shares with American Stock Transfer and Trust Company, the plan administrator and our transfer agent and registrar, or certain brokerage firms that have elected to participate in our dividend reinvestment plan, unless a stockholder has elected to receive dividends in cash. As a result, if we declare a cash dividend, our registered stockholders (or stockholders holding shares through participating brokerage firms) who have not "opted out" of our dividend reinvestment plan by the dividend record date will have their cash dividend automatically reinvested into additional shares of our common stock. Stockholders who receive dividends in the form of stock will be subject to the same federal, state and local tax consequences as stockholders who elect to receive their dividends in cash. See "Dividend Reinvestment Plan."
Trading at a discount	Shares of closed-end investment companies frequently trade at a discount to their net asset value. This risk is separate and distinct from the risk that our net asset value per share may decline. We cannot predict whether our shares will trade above, at or below net asset value.

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Sales of common stock below net asset value	The offering price per share of our common stock, less any underwriting commissions or discounts, will not be less than the net asset value per share of our common stock at the time of the offering, except (i) with the requisite approval of our common stockholders or (ii) under such other circumstances as the Securities and Exchange Commission may permit. In addition, we cannot issue shares of our common stock below net asset value unless our Board of Directors determines that it would be in our and our stockholders' best interests to do so. We did not seek stockholder authorization to issue common stock at a price below net asset value per share at our 2016 annual meeting of stockholders, and we are not currently seeking such approval at our 2017 annual meeting of stockholders, because our common stock price per share has been trading significantly above the current net asset value per share of our common stock, but we may seek such authorization at future annual meetings or special meetings of stockholders. In addition, we have received stockholder approval to issue warrants, options or rights to subscribe for, convert to, or purchase shares of our common stock at a price per share below the net asset value per share subject to the applicable requirements of the 1940 Act. There is no expiration date on our ability to issue such warrants, options, rights or convertible securities based on this stockholder approval. Sales by us of our common stock at a discount from our net asset value pose potential risks for our existing stockholders whether or not they participate in the offering, as well as for new investors who participate in the offering. See "Sales of Common Stock Below Net Asset Value."
Available Information	We file annual, quarterly and current reports, proxy statements and other information with the SEC under the Securities Exchange Act of 1934, or the "Exchange Act." You can inspect any materials we file with the SEC, without charge, at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. The information we file with the SEC is available free of charge by contacting us at 1300 Post Oak Boulevard, 8th Floor, Houston, TX 77056, by telephone at (713) 350-6000 or on our website at *http://www.mainstcapital.com*. The SEC also maintains a website that contains reports, proxy statements and other information regarding registrants, including us, that file such information electronically with the SEC. The address of the SEC's website is *http://www.sec.gov*. Information contained on our website or on the SEC's website about us is not incorporated into this prospectus, and you should not consider information contained on our website or on the SEC's website to be part of this prospectus.

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FEES AND EXPENSES

The following table is intended to assist you in understanding the costs and expenses that an investor in this offering will bear directly or indirectly. We caution you that some of the percentages indicated in the table below are estimates and may vary. Except where the context suggests otherwise, whenever this prospectus contains a reference to fees or expenses paid by "you," "us" or "Main Street," or that "we" will pay fees or expenses, stockholders will indirectly bear such fees or expenses as investors in us.

Stockholder Transaction Expenses:	
Sales load (as a percentage of offering price)	%(1)
Offering expenses (as a percentage of offering price)	%(2)
Dividend reinvestment plan expenses	%(3)
Total stockholder transaction expenses (as a percentage of offering price)	%(4)
Annual Expenses (as a percentage of net assets attributable to common stock):	
Operating expenses	2.83%(5)
Interest payments on borrowed funds	2.93%(6)
Income tax expense	%(7)
Acquired fund fees and expenses	0.40%(8)
Total annual expenses	6.16%

(1) In the event that our securities are sold to or through underwriters, a corresponding prospectus supplement will disclose the applicable sales load.

(2) In the event that we conduct an offering of our securities, a corresponding prospectus supplement will disclose the estimated offering expenses.

(3) The expenses of administering our dividend reinvestment plan are included in operating expenses.

(4) Total stockholder transaction expenses may include sales load and will be disclosed in a future prospectus supplement, if any.

(5) Operating expenses in this table represent the estimated expenses of MSCC and its consolidated subsidiaries.

(6) Interest payments on borrowed funds represent our estimated annual interest payments on borrowed funds based on current debt levels as adjusted for projected increases (but not decreases) in debt levels over the next twelve months.

(7) Income tax expense relates to the accrual of (a) deferred tax provision (benefit) on the net unrealized appreciation (depreciation) from portfolio investments held in Taxable Subsidiaries and (b) excise, state and other taxes. Deferred taxes are non-cash in nature and may vary significantly from period to period. We are required to include deferred taxes in calculating our annual expenses even though deferred taxes are not currently payable or receivable. Due to the variable nature of deferred tax expense, which can be a large portion of the income tax expense, and the difficulty in providing an estimate for future periods, this income tax expense estimate is based upon the actual amount of income tax expense for the year ended December 31, 2016. However, since the income tax benefit at December 31, 2016 was $1.2 million, which would have resulted in a (0.10%) percentage of net assets attributable to common stock, 0.00% was used.

(8) Acquired fund fees and expenses represent the estimated indirect expense incurred due to investments in other investment companies and private funds.

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Example

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock. In calculating the following expense amounts, we have assumed we would have no additional leverage and that our annual operating expenses would remain at the levels set forth in the table above. In the event that shares to which this prospectus relates are sold to or through underwriters, a corresponding prospectus supplement will restate this example to reflect the applicable sales load.

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a $1,000 investment, assuming a 5.0% annual return	$ 61	$ 182	$ 299	$ 581

The example and the expenses in the table above should not be considered a representation of our future expenses, and actual expenses may be greater or less than those shown. While the example assumes, as required by the SEC, a 5.0% annual return, our performance will vary and may result in a return greater or less than 5.0%. In addition, while the example assumes reinvestment of all dividends at net asset value, participants in our dividend reinvestment plan will receive a number of shares of our common stock, determined by dividing the total dollar amount of the dividend payable to a participant by (i) the market price per share of our common stock at the close of trading on the dividend payment date in the event that we use newly issued shares to satisfy the share requirements of the dividend reinvestment plan or (ii) the average purchase price of all shares of common stock purchased by the administrator of the dividend reinvestment plan in the event that shares are purchased in the open market to satisfy the share requirements of the dividend reinvestment plan, which may be at, above or below net asset value. See "Dividend Reinvestment Plan" for additional information regarding our dividend reinvestment plan.

RISK FACTORS

Investing in our securities involves a number of significant risks. In addition to the other information contained in this prospectus and any accompanying prospectus supplement, you should consider carefully the following information before making an investment in our securities. The risks set out below are not the only risks we face. Additional risks and uncertainties not presently known to us or not presently deemed material by us might also impair our operations and performance. If any of the following events occur, our business, financial condition and results of operations could be materially and adversely affected. In such case, our net asset value, the trading price of our common stock and the value of our other securities could decline, and you may lose all or part of your investment.

RISKS RELATING TO ECONOMIC CONDITIONS

Deterioration in the economy and financial markets increases the likelihood of adverse effects on our financial position and results of operations. Such economic adversity could impair our portfolio companies' financial positions and operating results and affect the industries in which we invest, which could, in turn, harm our operating results.

The broader fundamentals of the United States economy remain mixed. 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. In addition, a prolonged continuation of the decline in oil and natural gas prices experienced over the last two years would adversely affect the credit quality of our debt investments and the underlying operating performance of our equity investments in energy-related businesses. Consequently, we can provide no assurance that the performance of certain portfolio companies will not be negatively impacted by economic cycles, industry cycles or other conditions, which could also have a negative impact on our future results.

Although we have been able to secure access to additional liquidity, including through the Credit Facility, public debt issuances, leverage available through the SBIC program and equity offerings, the potential for volatility in the debt and equity capital markets provides no assurance that debt or equity capital will be available to us in the future on favorable terms, or at all. Further, if the price of our common stock falls below our net asset value per share, we will be limited in our ability to sell new shares if we do not have stockholder authorization to sell shares at a price below net asset value per share. 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 2016 annual meeting of stockholders, and we are not currently seeking such approval at our 2017 annual meeting of stockholders, because our common stock price has been trading significantly above the net asset value per share of our common stock since 2011.

RISKS RELATING TO OUR BUSINESS AND STRUCTURE

Our Investment Portfolio is and will continue to be recorded at fair value, with our Board of Directors having final responsibility for overseeing, reviewing and approving, in good faith, our determination of fair value and, as a result, there is and will continue to be uncertainty as to the value of our portfolio investments.

Under the 1940 Act, we are required to carry our portfolio investments at market value or, if there is no readily available market value, at fair value as determined by us with our Board of Directors having final responsibility for overseeing, reviewing and approving, in good faith, our determination of fair value and our valuation procedures. Typically, there is not a public market for the securities of the privately held LMM or Private Loan companies in which we have invested and will generally continue to invest. As a result, we value these securities quarterly at fair value based on inputs from management, a nationally recognized independent financial advisory services firm (on a rotational

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basis) and our audit committee with the oversight, review and approval of our Board of Directors. In addition, the market for investments in Middle Market companies is generally not a liquid market, and therefore, we primarily use 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, which are reviewed by our audit committee with the oversight, review and approval of our Board of Directors. See "Note B.1. Valuation of the Investment Portfolio" in the notes to consolidated financial statements contained in this prospectus for a detailed discussion of our investment portfolio valuation process and procedures.

The determination of fair value and consequently, the amount of unrealized gains and losses in our portfolio, are to a certain degree, subjective and dependent on a valuation process approved by our Board of Directors. Certain factors that may be considered in determining the fair value of our investments include external events, such as private mergers, sales and acquisitions involving comparable companies. Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, our determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed. Due to this uncertainty, our fair value determinations may cause our net asset value on a given date to materially understate or overstate the value that we may ultimately realize on one or more of our investments. As a result, investors purchasing our securities based on an overstated net asset value would pay a higher price than the value of our investments might warrant. Conversely, investors selling our securities during a period in which the net asset value understates the value of our investments may receive a lower price for their securities than the value of our investments might warrant.

Our financial condition and results of operations depends on our ability to effectively manage and deploy capital.

Our ability to achieve our investment objective of maximizing 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, depends on our ability to effectively manage and deploy capital, which depends, in turn, on our investment team's ability to identify, evaluate and monitor, and our ability to finance and invest in, companies that meet our investment criteria.

Accomplishing our investment objective on a cost-effective basis is largely a function of our investment team's handling of the investment process, its ability to provide competent, attentive and efficient services and our access to investments offering acceptable terms. In addition to monitoring the performance of our existing investments, members of our investment team are also called upon, from time to time, to provide managerial assistance to some of our portfolio companies. These demands on their time may distract them or slow the rate of investment.

Even if we are able to grow and build upon our investment operations, any failure to manage our growth effectively could have a material adverse effect on our business, financial condition, results of operations and prospects. The results of our operations will depend on many factors, including the availability of opportunities for investment, readily accessible short and long-term funding alternatives in the financial markets and economic conditions. Furthermore, if we cannot successfully operate our business or implement our investment policies and strategies as described herein, it could negatively impact our ability to pay dividends.

We may face increasing competition for investment opportunities.

We compete for investments with other investment funds (including private equity funds, debt funds, mezzanine funds, collateralized loan obligation funds, or CLOs, BDCs, and SBICs), as well as

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traditional financial services companies such as commercial banks and other sources of funding. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, some competitors may have a lower cost of capital and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments than we have. These characteristics could allow our competitors to consider a wider variety of investments, establish more relationships and offer better pricing and more flexible structuring than we are able to do. We may lose investment opportunities if we do not match our competitors' pricing, terms and structure. If we are forced to match our competitors' pricing, terms and structure, we may not be able to achieve acceptable returns on our investments or may bear substantial risk of capital loss. A significant part of our competitive advantage stems from the fact that the market for investments in LMM companies is underserved by traditional commercial banks and other financing sources. A significant increase in the number and/or the size of our competitors in this target market could force us to accept less attractive investment terms. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a BDC.

We are dependent upon our key investment personnel for our future success.

We depend on the members of our investment team, particularly Vincent D. Foster, Dwayne L. Hyzak, Curtis L. Hartman, David L. Magdol, K. Colton Braud, III, Nicholas T. Meserve, and Rodger A. Stout for the identification, review, final selection, structuring, closing and monitoring of our investments. These employees have significant investment expertise and relationships that we rely on to implement our business plan. Although we have entered into a non-compete agreement with Mr. Foster, we have no guarantee that he or any other employees will remain employed with us. If we lose the services of these individuals, we may not be able to operate our business as we expect, and our ability to compete could be harmed, which could cause our operating results to suffer.

Our success depends on attracting and retaining qualified personnel in a competitive environment.

Our growth will require that we retain new investment and administrative personnel in a competitive market. Our ability to attract and retain personnel with the requisite credentials, experience and skills depends on several factors including, but not limited to, our ability to offer competitive wages, benefits and professional growth opportunities. Many of the entities, including investment funds (such as private equity funds, debt funds and mezzanine funds) and traditional financial services companies, with which we compete for experienced personnel have greater resources than we have.

The competitive environment for qualified personnel may require us to take certain measures to ensure that we are able to attract and retain experienced personnel. Such measures may include increasing the attractiveness of our overall compensation packages, altering the structure of our compensation packages through the use of additional forms of compensation, or other steps. The inability to attract and retain experienced personnel would have a material adverse effect on our business.

Our business model depends to a significant extent upon strong referral relationships, and our inability to maintain or develop these relationships, as well as the failure of these relationships to generate investment opportunities, could adversely affect our business.

We expect that members of our management team will maintain their relationships with intermediaries, financial institutions, investment bankers, commercial bankers, financial advisors, attorneys, accountants, consultants and other individuals within our network, and we will rely to a significant extent upon these relationships to provide us with potential investment opportunities. If our management team fails to maintain its existing relationships or develop new relationships with sources of investment opportunities, we will not be able to grow our Investment Portfolio. In addition, individuals with whom members of our management team have relationships are not obligated to provide us with investment opportunities, and, therefore, there is no assurance that such relationships will generate investment opportunities for us.

There are significant potential conflicts of interest which could impact our investment returns.

Our executive officers and employees, through the External Investment Manager, may manage other investment funds that operate in the same or a related line of business as we do. Accordingly, they may have obligations to such other entities, the fulfillment of which obligations may not be in the best interests of us or our stockholders. During May 2012, we entered into an investment sub-advisory agreement with HMS Adviser, which is the investment advisor to HMS Income, a non-listed BDC, 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 our 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. The sub-advisory relationship requires us to commit resources to achieving HMS Income's investment objective, while such resources were previously solely devoted to achieving our investment objective. Our investment objective and investment strategies are very similar to those of HMS Income and it is likely that an investment appropriate for us or HMS Income would be appropriate for the other entity. As a result, we and HMS Income requested an exemptive order from the SEC permitting co-investments by us and HMS Income in certain negotiated transactions where our co-investing would otherwise be prohibited under the 1940 Act. The SEC granted the exemptive order in April 2014, and 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. As a consequence, it may be more difficult for us to maintain or increase the size of our Investment Portfolio in the future. Although we will endeavor to allocate investment opportunities in a fair and equitable manner, including in accordance with the conditions set forth in the exemptive order issued by the SEC when relying on such order, we may face conflicts in allocating investment opportunities between us and HMS Income. Because the External Investment Manager may receive performance-based fee compensation from HMS Income, this may provide an incentive to allocate opportunities to HMS Income instead of us. We have implemented an allocation policy to ensure the equitable distribution of investment opportunities and, as a result, may be unable to participate in certain investments based upon such allocation policy.

Regulations governing our operation as a BDC will affect our ability to, and the way in which we, raise additional capital.

Our business will require capital to operate and grow. We may acquire such additional capital from the following sources:

Senior Securities. We may issue debt securities or preferred stock and/or borrow money from banks or other financial institutions, which we refer to collectively as senior securities. As a result of issuing senior securities, we will be exposed to additional risks, including the following:

- Under the provisions of the 1940 Act, we are permitted, as a BDC, to issue senior securities only in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 200% immediately after each issuance of senior securities. We have received exemptive relief from the SEC to permit us to exclude the SBA-guaranteed debentures of the Funds from our 200% asset

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coverage test under the 1940 Act. If the value of our assets declines, we may be unable to satisfy this test. If that happens, we will be prohibited from issuing debt securities or preferred stock and/or borrowing money from banks or other financial institutions and may not be permitted to declare a dividend or make any distribution to stockholders or repurchase shares until such time as we satisfy this test.

Any amounts that we use to service our debt or make payments on preferred stock will not be available for dividends to our common stockholders.

It is likely that any senior securities or other indebtedness we issue will be governed by an indenture or other instrument containing covenants restricting our operating flexibility. Additionally, some of these securities or other indebtedness may be rated by rating agencies, and in obtaining a rating for such securities and other indebtedness, we may be required to abide by operating and investment guidelines that further restrict operating and financial flexibility.

We and, indirectly, our stockholders will bear the cost of issuing and servicing such securities and other indebtedness.

Preferred stock or any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock, including separate voting rights and could delay or prevent a transaction or a change in control to the detriment of the holders of our common stock.

Any unsecured debt issued by us would rank (i) pari passu with our current and future unsecured indebtedness and effectively subordinated to all of our existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness, and (ii) structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries, including the SBA-guaranteed debentures issued by the Funds.

Additional Common Stock. The 1940 Act prohibits us from selling shares of our common stock at a price below the current net asset value per share of such stock, with certain exceptions. One such exception is prior stockholder approval of issuances below current net asset value per share provided that 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 2016 annual meeting of stockholders, and we are not currently seeking such approval at our 2017 annual meeting of stockholders, because our common stock price has been trading significantly above the net asset value per share of our common stock since 2011. We may, however, sell our common stock, warrants, options or rights to acquire our common stock, at a price below the current net asset value of the common stock if our Board of Directors determines that such sale is in the best interests of our stockholders, and our stockholders approve such sale. See " Stockholders may incur dilution if we sell shares of our common stock in one or more offerings at prices below the then current net asset value per share of our common stock or issue securities to subscribe to, convert to or purchase shares of our common stock" for a discussion of the risks related to us issuing shares of our common stock below net asset value. Our stockholders have authorized us to issue warrants, options or rights to subscribe for, convert to, or purchase shares of our common stock at a price per share below the net asset value per share, subject to the applicable requirements of the 1940 Act. There is no expiration date on our ability to issue such warrants, options, rights or convertible securities based on this stockholder approval. If we raise additional funds by issuing more common stock or senior securities convertible into, or exchangeable for, our common stock, the percentage ownership of our stockholders at that time would decrease, and they may experience dilution. Moreover, we can offer no assurance that we will be able to issue and sell additional equity securities in the future, on favorable terms or at all.

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The Funds are licensed by the SBA, and therefore subject to SBA regulations.

The Funds, our wholly owned subsidiaries, are licensed to act as SBICs and are regulated by the SBA. The SBA also places certain limitations on the financing terms of investments by SBICs in portfolio companies and prohibits SBICs from providing funds for certain purposes or to businesses in a few prohibited industries. Compliance with SBA requirements may cause the Funds to forego attractive investment opportunities that are not permitted under SBA regulations.

Further, the SBA regulations require, among other things, that a licensed SBIC be periodically examined by the SBA and audited by an independent auditor, in each case to determine the SBIC's compliance with the relevant SBA regulations. The SBA prohibits, without prior SBA approval, a "change of control" of an SBIC or transfers that would result in any person (or a group of persons acting in concert) owning 10% or more of a class of capital stock of a licensed SBIC. If the Funds fail to comply with applicable SBIC regulations, the SBA could, depending on the severity of the violation, limit or prohibit their use of SBIC debentures, declare outstanding SBIC debentures immediately due and payable, and/or limit them from making new investments. In addition, the SBA can revoke or suspend a license for willful or repeated violation of, or willful or repeated failure to observe, any provision of the Small Business Investment Act of 1958 or any rule or regulation promulgated thereunder. Such actions by the SBA would, in turn, negatively affect us.

Because we borrow money, the potential for gain or loss on amounts invested in us is magnified and may increase the risk of investing in us.

Borrowings, also known as leverage, magnify the potential for loss on investments in our indebtedness and gain or loss on investments in our equity capital. As we use leverage to partially finance our investments, you will experience increased risks of investing in our securities. We, through the Funds, issue debt securities guaranteed by the SBA and sold in the capital markets. As a result of its guarantee of the debt securities, the SBA has fixed dollar claims on the assets of the Funds that are superior to the claims of our securities holders. We may also borrow from banks and other lenders, including under our Credit Facility, and may issue debt securities or enter into other types of borrowing arrangements in the future. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Capital Resources" for a discussion regarding our outstanding indebtedness. If the value of our assets decreases, leveraging would cause net asset value to decline more sharply than it otherwise would have had we not leveraged our business. Similarly, any decrease in our income would cause net investment income to decline more sharply than it would have had we not leveraged our business. Such a decline could negatively affect our ability to pay common stock dividends, scheduled debt payments or other payments related to our securities. Use of leverage is generally considered a speculative investment technique.

As of December 31, 2016, we, through the Funds, had $240.0 million of outstanding indebtedness guaranteed by the SBA, which had a weighted-average annualized interest cost of approximately 4.1%. The debentures guaranteed by the SBA have a maturity of ten years, with a current weighted-average remaining maturity of 4.9 years as of December 31, 2016, and require semiannual payments of interest. We will need to generate sufficient cash flow to make required interest payments on the debentures. If we are unable to meet the financial obligations under the debentures, the SBA, as a creditor, will have a superior claim to the assets of the Funds over our stockholders in the event we liquidate or the SBA exercises its remedies under such debentures as the result of a default by us.

In addition, as of December 31, 2016, we had $343.0 million outstanding under our Credit Facility. Borrowings under the Credit Facility bear interest, subject to our election, on a per annum basis at a rate equal to the applicable LIBOR rate (0.77% as of December 31, 2016) plus (i) 1.875% (or the applicable base rate (Prime Rate of 3.75% as of December 31, 2016) plus 0.875%), as long as we maintain an investment grade rating and meet certain agreed upon excess collateral and maximum

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leverage requirements, (ii) 2.0% (or the applicable base rate plus 1.0%) if we maintain an investment grade rating but do not meet certain excess collateral and maximum leverage requirements or (iii) 2.25% (or the applicable base rate plus 1.25%) if we do not maintain an investment grade rating. We pay unused commitment fees of 0.25% per annum on the unused lender commitments under the Credit Facility. If we are unable to meet the financial obligations under the Credit Facility, the Credit Facility lending group will have a superior claim to the assets of MSCC and its subsidiaries (excluding the assets of the Funds) over our stockholders in the event we liquidate or the lending group exercises its remedies under the Credit Facility as the result of a default by us.

In April 2013, we issued $92.0 million in aggregate principal amount of 6.125% Notes due 2023 (the "6.125% Notes"). As of December 31, 2016, the outstanding balance of the 6.125% Notes was $90.7 million. The 6.125% Notes are unsecured obligations and rank pari passu with our current and future 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. The 6.125% Notes bear interest at a rate of 6.125% per year.

In November 2014, we issued $175.0 million in aggregate principal amount of 4.50% unsecured notes due 2019 (the "4.50% Notes" and, together with the 6.125% Notes, the "Notes") at an issue price of 99.53%. As of December 31, 2016, the outstanding balance of the 4.50% Notes was $175.0 million. The 4.50% Notes are unsecured obligations and rank pari passu with our current and future 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, 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.

Illustration. The following table illustrates the effect of leverage on returns from an investment in our common stock assuming various annual returns, net of expenses. The calculations in the table below are hypothetical and actual returns may be higher or lower than those appearing below.

Assumed Return on Our Portfolio(1)
(net of expenses)

	(10.0)%	**(5.0)%**	**0.0%**	**5.0%**	**10.0%**
Corresponding net return to common stockholder(2)	(20.0)%	(11.3)%	(2.7)%	6.0%	14.6%

(1) Assumes $2,080.3 million in total assets, $848.7 million in debt outstanding, $1,201.5 million in net assets, and a weighted-average interest rate of 3.8%. Actual interest payments may be different.

(2) In order for us to cover our annual interest payments on indebtedness, we must achieve annual returns on our December 31, 2016 total assets of at least 1.6%.

Our ability to achieve our investment objective may depend in part on our ability to access additional leverage on favorable terms by issuing debentures guaranteed by the SBA through the Funds, by borrowing from banks or insurance companies or by issuing other debt securities and there can be no assurance that such additional leverage can in fact be achieved.

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All of our assets are subject to security interests under our secured Credit Facility or subject to a superior claim over our stockholders by the SBA and if we default on our obligations under the Credit Facility or with respect to our SBA-guaranteed debentures, we may suffer adverse consequences, including foreclosure on our assets.

Substantially all of our assets are currently pledged as collateral under our Credit Facility or are subject to a superior claim over our stockholders by the SBA. If we default on our obligations under the Credit Facility or our SBA-guaranteed debentures, the lenders and/or the SBA may have the right to foreclose upon and sell, or otherwise transfer, the collateral subject to their security interests or their superior claim. In such event, we may be forced to sell our investments to raise funds to repay our outstanding borrowings in order to avoid foreclosure and these forced sales may be at times and at prices we would not consider advantageous. Moreover, such deleveraging of our company could significantly impair our ability to effectively operate our business in the manner in which we have historically operated. As a result, we could be forced to curtail or cease new investment activities and lower or eliminate the dividends that we have historically paid to our stockholders. In addition, if the lenders exercise their right to sell the assets pledged under our Credit Facility, such sales may be completed at distressed sale prices, thereby diminishing or potentially eliminating the amount of cash available to us after repayment of the amounts outstanding under the Credit Facility.

Previously proposed legislation may allow us to incur additional leverage.

As a BDC, under the 1940 Act we generally are not permitted to incur indebtedness unless immediately after such borrowing we have an asset coverage for total borrowings of at least 200% (i.e., the amount of debt may not exceed 50% of the value of our assets). Legislation introduced in the U.S. House of Representatives during the 114th Congress proposed to modify this section of the 1940 Act and increase the amount of debt that BDCs may incur by modifying the asset coverage percentage from 200% to 150%. If such legislation is passed, we may be able to incur additional indebtedness in the future and, therefore, your risk of an investment in our securities may increase.

Further downgrades of the U.S. credit rating, automatic spending cuts or another government shutdown could negatively impact our liquidity, financial condition and earnings.

Recent U.S. debt ceiling and budget deficit concerns have increased the possibility of additional credit-rating downgrades and economic slowdowns, or a recession in the U.S. Although U.S. lawmakers passed legislation to raise the federal debt ceiling on multiple occasions, ratings agencies have lowered or threatened to lower the long-term sovereign credit rating on the United States. The impact of this or any further downgrades to the U.S. government's sovereign credit rating or its perceived creditworthiness could adversely affect the U.S. and global financial markets and economic conditions. Absent further quantitative easing by the Federal Reserve, these developments could cause interest rates and borrowing costs to rise, which may negatively impact our ability to access the debt markets on favorable terms. In addition, disagreement over the federal budget has caused the U.S. federal government to shut down for periods of time. Continued adverse political and economic conditions could have a material adverse effect on our business, financial condition and results of operations.

It is unclear how increased regulatory oversight and changes in the method for determining LIBOR may affect the value of the financial obligations to be held or issued by us that are linked to LIBOR, or how such changes could affect our results of operations or financial condition.

As a result of concerns about the accuracy of the calculation of LIBOR, a number of British Bankers' Association, or BBA, member banks entered into settlements with certain regulators and law enforcement agencies with respect to the alleged manipulation of LIBOR, and there are ongoing investigations by regulators and governmental authorities in various jurisdictions. Following a review of LIBOR conducted at the request of the U.K. government, on September 28, 2012, recommendations for reforming the setting and governing of LIBOR were released, which are referred to as the Wheatley Review. The Wheatley Review made a number of recommendations for changes with respect to LIBOR, including the introduction of S-5 statutory regulation of LIBOR, the transfer of responsibility for LIBOR from the BBA to an independent administrator, changes to the method of the compilation of lending rates and new regulatory oversight and enforcement mechanisms for rate-setting and a reduction in the number of currencies and tenors for which LIBOR is published. Based on the Wheatley Review and on a subsequent public and governmental consultation process, on March 25, 2013, the U.K. Financial Services Authority published final rules for the U.K. Financial Conduct Authority's regulation and supervision of LIBOR, which are referred to as the FCA Rules. In particular, the FCA Rules include requirements that (1) an independent LIBOR administrator monitor and survey LIBOR submissions to identify breaches of practice standards and/or potentially manipulative behavior, and (2) firms submitting data to LIBOR establish and maintain a clear conflicts of interest policy and appropriate systems and controls. The FCA Rules took effect on April 2, 2013, and on July 9, 2013, NYSE Euronext was chosen to serve as the independent LIBOR administrator commencing in 2014. It is uncertain what additional regulatory changes or what changes, if any, in the method of determining LIBOR may be required or made by the U.K. government or other governmental or regulatory authorities. Accordingly, uncertainty as to the nature of such changes may adversely affect the market for or value of any LIBOR-linked securities, loans, derivatives and other financial obligations or extensions of credit held by or due to us or on our overall financial condition or results of operations. In addition, any further changes or reforms to the determination or supervision of LIBOR may result in a sudden or prolonged increase or decrease in reported LIBOR, which could have an adverse impact on the market for or value of any LIBOR-linked securities, loans, derivatives and other financial obligations or extensions of credit held by or due to us or on our overall financial condition or results of operations.

In addition, in November 2014, the Federal Reserve established a working group, the Alternative Reference Rates Committee ("ARRC"), to identify a set of alternative interest reference rates to LIBOR. In a May 2016 interim report, the ARRC narrowed its choice to two LIBOR alternatives. The first choice is the Overnight Bank Funding Rate ("OBFR"), which consists of domestic and foreign unsecured borrowing in U.S. dollars. The Federal Reserve has been calculating the OBFR and publishing it since March 2016. The second alternative rate to LIBOR is the Treasury General Collateral ("GC") rate, which is composed of repo transactions secured by treasuries or other assets accepted as collateral by the majority of intermediaries in the repo market. No specific rate for the GC alternative has yet been specified to serve as a replacement for LIBOR, and it remains undefined. The transition to any alternative rate will require careful and deliberate consideration and implementation so as to not disrupt the stability of financial markets. Regulators, financial institutions, benchmark administrators, and borrowers will need to strategize and implement these changes in a manner that is least disruptive. There is no guarantee that a transition from LIBOR to an alternative will not result in financial market disruptions, significant increases in benchmark rates, or borrowing costs to borrowers.

We may experience fluctuations in our quarterly results.

We could experience fluctuations in our quarterly operating results due to a number of factors, including our ability or inability to make investments in companies that meet our investment criteria, the interest rate payable on the debt securities we acquire, the level of portfolio dividend and fee income, the level of our expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which we encounter competition in our markets and general economic conditions. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods.

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Our Board of Directors may change our operating policies and strategies without prior notice or stockholder approval, the effects of which may be adverse.

Our Board of Directors has the authority to modify or waive our current operating policies, investment criteria and strategies without prior notice and without stockholder approval. We cannot predict the effect any changes to our current operating policies, investment criteria and strategies would have on our business, net asset value, operating results and value of our stock. However, the effects might be adverse, which could negatively impact our ability to pay interest and principal payments to holders of our debt instruments and dividends to our stockholders and cause our investors to lose all or part of their investment in us.

We will be subject to corporate-level U.S. federal income tax if we are unable to qualify as a RIC under Subchapter M of the Code.

To maintain RIC tax treatment under the Code, we must meet the following annual distribution, income source and asset diversification requirements:

- The annual distribution requirement (the "Annual Distribution Requirement") for a RIC will be satisfied if we distribute to our stockholders on an annual basis at least 90% of our net ordinary taxable income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. Depending on the level of taxable income earned in a tax year, we may choose to carry forward taxable income in excess of current year distributions into the next tax year and pay a 4% U.S. federal excise tax on such income. Any such carryover taxable income must be distributed through a dividend declared prior to filing the final tax return related to the year which generated such taxable income. For more information regarding tax treatment, see "Material U.S. Federal Income Tax Considerations Taxation as a Regulated Investment Company." Because we use debt financing, we are subject to certain asset coverage ratio requirements under the 1940 Act and are (and may in the future become) subject to certain financial covenants under loan and credit agreements that could, under certain circumstances, restrict us from making distributions necessary to satisfy the distribution requirement. In addition, because we receive non-cash sources of income such as PIK interest which involves us recognizing taxable income without receiving the cash representing such income, we may have difficulty meeting the distribution requirement. If we are unable to obtain cash from other sources, we could fail to qualify for RIC tax treatment and thus become subject to corporate-level U.S. federal income tax.

- The source-of-income requirement will be satisfied if we obtain at least 90% of our gross income for each year from distributions, interest, gains from the sale of stock or securities or similar sources.

- The asset diversification requirement will be satisfied if we meet certain asset diversification requirements at the end of each quarter of our taxable year. To satisfy this requirement, at least 50% of the value of our assets must consist of cash, cash equivalents, U.S. Government securities, securities of other RICs, and other acceptable securities; and no more than 25% of the value of our assets can be invested in the securities, other than U.S. government securities or securities of other RICs, (i) of one issuer, (ii) of two or more issuers that are controlled, as determined under applicable Code rules, by us and that are engaged in the same or similar or related trades or businesses or (iii) of certain "qualified publicly traded partnerships."

Failure to meet these requirements may result in our having to dispose of certain investments quickly in order to prevent the loss of RIC status. Because most of our investments will be in private companies, and therefore will be illiquid, any such dispositions could be made at disadvantageous prices and could result in substantial losses. Moreover, if we fail to maintain RIC tax treatment for any reason and are subject to corporate income tax, the resulting corporate taxes could substantially reduce our net assets, the amount of income available for distribution and the amount of our distributions.

We may not be able to pay distributions to our stockholders, our distributions may not grow over time, and a portion of distributions paid to our stockholders may be a return of capital, which is a distribution of the stockholders' invested capital.

We intend to pay distributions to our stockholders out of assets legally available for distribution. We cannot assure you that we will achieve investment results that will allow us to pay a specified level of cash distributions, previously projected distributions for future periods, or year-to-year increases in cash distributions. Our ability to pay distributions might be adversely affected by, among other things, the impact of one or more of the risk factors described herein. In addition, the inability to satisfy the asset coverage test applicable to us as a BDC could limit our ability to pay distributions. All distributions will be paid at the discretion of our Board of Directors and will depend on our earnings, our financial condition, maintenance of our RIC status, compliance with applicable BDC regulations, compliance with our debt covenants, each of the Funds' compliance with applicable SBIC regulations and such other factors as our Board of Directors may deem relevant from time to time. We cannot assure you that we will pay distributions to our stockholders in the future.

When we make distributions, we will be required to determine the extent to which such distributions are paid out of current or accumulated taxable earnings, recognized capital gains or capital. To the extent there is a return of capital, investors will be required to reduce their basis in our stock for federal tax purposes, which may result in higher tax liability when the shares are sold, even if they have not increased in value or have lost value. In addition, any return of capital will be net of any sales load and offering expenses associated with sales of shares of our common stock. In the future, our distributions may include a return of capital.

We may have difficulty paying the distributions required to maintain RIC tax treatment under the Code if we recognize income before or without receiving cash representing such income.

We will include in income certain amounts that we have not yet received in cash, such as: (i) amortization of original issue discount, which may arise if we receive warrants in connection with the origination of a loan such that ascribing a value to the warrants creates original issue discount in the debt instrument, if we invest in a debt investment at a discount to the par value of the debt security or possibly in other circumstances; (ii) contractual payment-in-kind, or PIK, interest, which represents contractual interest added to the loan balance and due at the end of the loan term; (iii) contractual preferred dividends, which represents contractual dividends added to the preferred stock and due at the end of the preferred stock term, subject to adequate profitability at the portfolio company; or (iv) amortization of market discount, which is associated with loans purchased in the secondary market at a discount to par value. Such amortization of original issue discounts, increases in loan balances as a result of contractual PIK arrangements, cumulative preferred dividends, or amortization of market discount will be included in income before we receive the corresponding cash payments. We also may be required to include in income certain other amounts before we receive such amounts in cash. Investments structured with these features may represent a higher level of credit risk compared to investments generating income which must be paid in cash on a current basis. For the year ended December 31, 2016, (i) approximately 3.6% of our total investment income was attributable to PIK income not paid currently in cash, (ii) approximately 0.8% of our total investment income was attributable to amortization of original issue discount, (iii) approximately 1.2% of our total investment income was attributable to cumulative dividend income not paid currently in cash, and (iv) approximately 2.3% of our total investment income was attributable to amortization of market discount on loans purchased in the secondary market at a discount.

Since, in certain cases, we may recognize taxable income before or without receiving cash representing such income, we may have difficulty meeting the Annual Distribution Requirement necessary to maintain RIC tax treatment under the Code. Accordingly, we may have to sell some of our investments at times and/or at prices we would not consider advantageous, raise additional debt or equity capital or forgo new investment opportunities for this purpose. If we are not able to obtain cash from other sources, we may fail to qualify for RIC tax treatment and thus become subject to corporate-level U.S. federal income tax. For additional discussion regarding the tax implications of a RIC, please see "Material U.S. Federal Income Tax Considerations Taxation as a Regulated Investment Company."

We may in the future choose to pay dividends in our own stock, in which case you may be required to pay tax in excess of the cash you receive.

We may distribute taxable dividends that are payable in part in our stock. Under certain applicable provisions of the Code and the Treasury regulations, distributions payable by us in cash or in shares of stock (at the stockholders election) would satisfy the Annual Distribution Requirement. The IRS has issued private letter rulings providing that a dividend payable in stock or in cash at the election of the stockholders will be treated as a taxable dividend eligible for the dividends paid deduction provided that at least 20% of the total dividend is payable in cash and certain other requirements are satisfied. Taxable stockholders receiving such dividends will be required to include the full amount of the dividend as ordinary income (or as long-term capital gain to the extent such dividend is properly reported as a capital gain dividend) to the extent of our current and accumulated earnings and profits for U.S. federal income tax purposes. As a result, a U.S. stockholder may be required to pay tax with respect to such dividends in excess of any cash received. If a U.S. stockholder sells the stock it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our stock at the time of the sale. Furthermore, with respect to non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in stock. In addition, if a significant number of our stockholders determine to sell shares of our stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our stock.

Each of the Funds, as an SBIC, may be unable to make distributions to us that will enable us to meet or maintain RIC status, which could result in the imposition of an entity-level tax.

In order for us to continue to qualify for RIC tax treatment and to minimize corporate-level U.S. federal taxes, we will be required to distribute substantially all of our net ordinary taxable income and net capital gain income, including taxable income from certain of our subsidiaries, which includes the income from the Funds. We will be partially dependent on the Funds for cash distributions to enable us to meet the RIC distribution requirements. The Funds may be limited by the Small Business Investment Act of 1958, and SBIC regulations governing SBICs, from making certain distributions to us that may be necessary to enable us to maintain our status as a RIC. We may have to request a waiver of the SBA's restrictions for the Funds to make certain distributions to maintain our eligibility for RIC status. We cannot assure you that the SBA will grant such waiver and if the Funds are unable to obtain a waiver, compliance with the SBIC regulations may result in loss of RIC tax treatment and a consequent imposition of an entity-level tax on us.

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Because we intend to distribute substantially all of our taxable income to our stockholders to maintain our status as a RIC, we will continue to need additional capital to finance our growth, and regulations governing our operation as a BDC will affect our ability to, and the way in which we, raise additional capital and make distributions.

In order to satisfy the requirements applicable to a RIC and to minimize corporate-level U.S. federal taxes, we intend to distribute to our stockholders substantially all of our net ordinary taxable income and net capital gain income. We may carry forward excess undistributed taxable income into the next year, net of the 4% U.S. federal excise tax. Any such carryover taxable income must be distributed through a dividend declared prior to filing the final tax return related to the year which generated such taxable income. As a BDC, we generally are required to meet an asset coverage ratio, as defined in the 1940 Act, of at least 200% immediately after each issuance of senior securities. This requirement limits the amount that we may borrow and may prohibit us from making distributions. Because we will continue to need capital to grow our Investment Portfolio, this limitation may prevent us from incurring debt and require us to raise additional equity at a time when it may be disadvantageous to do so.

While we expect to be able to borrow and to issue additional debt and equity securities, we cannot assure you that debt and equity financing will be available to us on favorable terms, or at all. In addition, as a BDC, we generally are not permitted to issue equity securities priced below net asset value without stockholder approval. If additional funds are not available to us, we could be forced to curtail or cease new investment activities, and our net asset value could decline.

Stockholders may incur dilution if we sell shares of our common stock in one or more offerings at prices below the then current net asset value per share of our common stock or issue securities to subscribe to, convert to or purchase shares of our common stock.

The 1940 Act prohibits us from selling shares of our common stock at a price below the current net asset value per share of such stock, with certain exceptions. One such exception is prior stockholder approval of issuances below net asset value provided that 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 2016 annual meeting 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, and we do not currently expect to seek such approval at our 2017 annual meeting of stockholders for the same reason. We may, however, seek such authorization at future annual or special meetings of stockholders. Our stockholders have previously approved a proposal to authorize us to issue securities to subscribe to, convert to, or purchase shares of our common stock in one or more offerings. Any decision to sell shares of our common stock below the then current net asset value per share of our common stock or securities to subscribe to, convert to, or purchase shares of our common stock would be subject to the determination by our Board of Directors that such issuance is in our and our stockholders' best interests.

If we were to sell shares of our common stock below net asset value per share, such sales would result in an immediate dilution to the net asset value per share. This dilution would occur as a result of the sale of shares at a price below the then current net asset value per share of our common stock and a proportionately greater decrease in a stockholder's interest in our earnings and assets and voting interest in us than the increase in our assets resulting from such issuance. In addition, if we issue securities to subscribe to, convert to or purchase shares of common stock, the exercise or conversion of such securities would increase the number of outstanding shares of our common stock. Any such exercise would be dilutive on the voting power of existing stockholders, and could be dilutive with regard to dividends and our net asset value, and other economic aspects of the common stock.

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Because the number of shares of common stock that could be so issued and the timing of any issuance is not currently known, the actual dilutive effect cannot be predicted; however, the example below illustrates the effect of dilution to existing stockholders resulting from the sale of common stock at prices below the net asset value of such shares. Please see "Sales of Common Stock Below Net Asset Value" for a more complete discussion of the potentially dilutive impacts of an offering at a price less than net asset value, or NAV, per share.

Illustration: Example of Dilutive Effect of the Issuance of Shares Below Net Asset Value. Assume that Company XYZ has 1,000,000 total shares outstanding, $15,000,000 in total assets and $5,000,000 in total liabilities. The net asset value per share of the common stock of Company XYZ is $10.00. The following table illustrates the reduction to net asset value, or NAV, and the dilution experienced by Stockholder A following the sale of 40,000 shares of the common stock of Company XYZ at $9.50 per share, a price below its NAV per share.

	Prior to Sale Below NAV	Following Sale Below NAV	Percentage Change
Reduction to NAV			
Total Shares Outstanding	1,000,000	1,040,000	4.0%
NAV per share	$ 10.00	$ 9.98	(0.2)%
Dilution to Existing Stockholder			
Shares Held by Stockholder A	10,000	10,000(1)	0.0%
Percentage Held by Stockholder A	1.00%	0.96%	(3.8)%
Total Interest of Stockholder A in NAV	$ 100,000	$ 99,808	(0.2)%

(1) Assumes that Stockholder A does not purchase additional shares in the sale of shares below NAV.

Changes in laws or regulations governing our operations may adversely affect our business or cause us to alter our business strategy.

We, the Funds, and our portfolio companies are subject to applicable local, state and federal laws and regulations. New legislation may be enacted or new interpretations, rulings or regulations could be adopted, including those governing the types of investments we are permitted to make, any of which could harm us and our stockholders, potentially with retroactive effect. In addition, any change to the SBA's current debenture SBIC program could have a significant impact on our ability to obtain lower-cost leverage through the Funds, and therefore, our ability to compete with other finance companies.

Additionally, any changes to the laws and regulations governing our operations relating to permitted investments may cause us to alter our investment strategy in order to avail ourselves of new or different opportunities. Such changes could result in material differences to the strategies and plans set forth herein and may result in our investment focus shifting from the areas of expertise of our investment team to other types of investments in which our investment team may have less expertise or little or no experience. Thus, any such changes, if they occur, could have a material adverse effect on our results of operations and the value of your investment.

Terrorist attacks, acts of war or natural disasters may affect any market for our securities, impact the businesses in which we invest and harm our business, operating results and financial condition.

Terrorist acts, acts of war or natural disasters may disrupt our operations, as well as the operations of the businesses in which we invest. Such acts have created, and continue to create, economic and political uncertainties and have contributed to global economic instability. Future terrorist activities, military or security operations, or natural disasters could further weaken the domestic/global economies and create additional uncertainties, which may negatively impact the businesses in which we invest directly or indirectly and, in turn, could have a material adverse impact on our business, operating results and financial condition. Losses from terrorist attacks and natural disasters are generally uninsurable.

We are highly dependent on information systems and systems failures could significantly disrupt our business, which may, in turn, negatively affect the market price of our common stock and our ability to pay dividends.

Our business is highly dependent on our and third parties' communications and information systems. Any failure or interruption of those systems, including as a result of the termination of an agreement with any third-party service providers, could cause delays or other problems in our activities. Our financial, accounting, data processing, backup or other operating systems and facilities may fail to operate properly or become disabled or damaged as a result of a number of factors including events that are wholly or partially beyond our control and adversely affect our business. There could be:

- sudden electrical or telecommunications outages;
- natural disasters such as earthquakes, tornadoes and hurricanes;
- events arising from local or larger scale political or social matters, including terrorist acts; and
- cyber attacks.

RISKS RELATED TO OUR INVESTMENTS

Our investments in portfolio companies involve higher levels of risk, and we could lose all or part of our investment.

Investing in our portfolio companies involves a number of significant risks. Among other things, these companies:

- may have limited financial resources and may be unable to meet their obligations under their debt instruments that we hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of us realizing any guarantees from subsidiaries or affiliates of our portfolio companies that we may have obtained in connection with our investment, as well as a corresponding decrease in the value of the equity components of our investments;
- may have shorter operating histories, narrower product lines, smaller market shares and/or significant customer concentrations than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;
- are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation, termination or significant under-performance of one or more of these persons could have a material adverse impact on our portfolio company and, in turn, on us;
- generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position; and
- generally have less publicly available information about their businesses, operations and financial condition. We are required to rely on the ability of our management team and investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies. If we are unable to uncover all material information about these companies,

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- we may not make a fully informed investment decision, and may lose all or part of our investment.

In addition, in the course of providing significant managerial assistance to certain of our portfolio companies, certain of our officers and directors may serve as directors on the boards of such companies. To the extent that litigation arises out of our investments in these companies, our officers and directors may be named as defendants in such litigation, which could result in an expenditure of funds (through our indemnification of such officers and directors) and the diversion of management time and resources.

Continuation of the decline in oil and natural gas prices for a prolonged period of time could have a material adverse effect on us.

A prolonged continuation of the decline in oil and natural gas prices would adversely affect (i) the credit quality of our debt investments and (ii) the underlying operating performance of our equity investments in energy-related businesses and in geographic areas which are more sensitive to the health of the oil and gas industries. A decrease in credit quality and the operating performance would, in turn, negatively affect the fair value of these investments, which would consequently negatively affect our net asset value. Should the decline in oil and natural gas prices experienced over the last two years persist, it is likely that the ability of these investments to satisfy financial or operating covenants imposed by us or other lenders will be adversely affected, thereby negatively impacting their financial condition and their ability to satisfy their debt service and other obligations to us. Likewise, should the decline in oil and natural gas prices persist, it is likely that our energy-related portfolio companies' and other affected companies' cash flow and profit generating capacities would also be adversely affected thereby negatively impacting their ability to pay us dividends or distributions on our equity investments.

We may be exposed to higher risks with respect to our investments that include original issue discount or PIK interest.

Our investments may include original issue discount and contractual PIK interest, which represents contractual interest added to a loan balance and due at the end of such loan's term. To the extent original issue discount or PIK interest constitute a portion of our income, we are exposed to typical risks associated with such income being required to be included in taxable and accounting income prior to receipt of cash, including the following:

- original issue discount and PIK instruments may have higher yields, which reflect the payment deferral and credit risk associated with these instruments;
- original issue discount and PIK accruals may create uncertainty about the source of our distributions to stockholders;
- original issue discount and PIK instruments may have unreliable valuations because their continuing accruals require continuing judgments about the collectability of the deferred payments and the value of the collateral; and
- original issue discount and PIK instruments may represent a higher credit risk than coupon loans.

The lack of liquidity in our investments may adversely affect our business.

We invest, and will continue to invest in companies whose securities are not publicly traded, and whose securities will be subject to legal and other restrictions on resale or will otherwise be less liquid than publicly traded securities. The illiquidity of these investments may make it difficult for us to sell these investments when desired. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we had previously recorded

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these investments. As a result, we do not expect to achieve liquidity in our investments in the near-term. Our investments are usually subject to contractual or legal restrictions on resale or are otherwise illiquid because there is usually no established trading market for such investments. The illiquidity of most of our investments may make it difficult for us to dispose of them at a favorable price, and, as a result, we may suffer losses.

We may not have the funds or ability to make additional investments in our portfolio companies.

We may not have the funds or ability to make additional investments in our portfolio companies. After our initial investment in a portfolio company, we may be called upon from time to time to provide additional funds to such company or have the opportunity to increase our investment through the extension of additional loans, the exercise of a warrant to purchase equity securities, or the funding of additional equity investments. There is no assurance that we will make, or will have sufficient funds to make, follow-on investments. Any decisions not to make a follow-on investment or any inability on our part to make such an investment may have a negative impact on a portfolio company in need of such an investment, may result in a missed opportunity for us to increase our participation in a successful operation or may reduce the expected yield on the investment.

Our portfolio companies may incur debt that ranks equally with, or senior to, our investments in such companies.

We invest primarily in the secured term debt of LMM, Private Loan and Middle Market companies and equity issued by LMM companies. Our portfolio companies may have, or may be permitted to incur, other debt that ranks equally with, or senior to, the debt in which we invest. By their terms, such debt instruments may entitle the holders to receive payment of interest or principal on or before the dates on which we are entitled to receive payments with respect to the debt instruments in which we invest. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of debt instruments ranking senior to our investment in that portfolio company would typically be entitled to receive payment in full before we receive any distribution. After repaying such senior creditors, such portfolio company may not have any remaining assets to use for repaying its obligation to us. In the case of debt ranking equally with debt instruments in which we invest, we would have to share on an equal basis any distributions with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company.

There may be circumstances where our debt investments could be subordinated to claims of other creditors or we could be subject to lender liability claims.

Even though we may have structured certain of our investments as secured loans, if one of our portfolio companies were to go bankrupt, depending on the facts and circumstances, and based upon principles of equitable subordination as defined by existing case law, a bankruptcy court could subordinate all or a portion of our claim to that of other creditors and transfer any lien securing such subordinated claim to the bankruptcy estate. The principles of equitable subordination defined by case law have generally indicated that a claim may be subordinated only if its holder is guilty of misconduct or where the senior loan is re-characterized as an equity investment and the senior lender has actually provided significant managerial assistance to the bankrupt debtor. We may also be subject to lender liability claims for actions taken by us with respect to a borrower's business or instances where we exercise control over the borrower. It is possible that we could become subject to a lender's liability claim, including as a result of actions taken in rendering significant managerial assistance or actions to compel and collect payments from the borrower outside the ordinary course of business.

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Second priority liens on collateral securing loans that we make to our portfolio companies may be subject to control by senior creditors with first priority liens. If there is a default, the value of the collateral may not be sufficient to repay in full both the first priority creditors and us.

Certain loans that we make are secured by a second priority security interest in the same collateral pledged by a portfolio company to secure senior debt owed by the portfolio company to commercial banks or other traditional lenders. Often the senior lender has procured covenants from the portfolio company prohibiting the incurrence of additional secured debt without the senior lender's consent. Prior to and as a condition of permitting the portfolio company to borrow money from us secured by the same collateral pledged to the senior lender, the senior lender will require assurances that it will control the disposition of any collateral in the event of bankruptcy or other default. In many such cases, the senior lender will require us to enter into an "intercreditor agreement" prior to permitting the portfolio company to borrow from us. Typically the intercreditor agreements we are requested to execute expressly subordinate our debt instruments to those held by the senior lender and further provide that the senior lender shall control: (1) the commencement of foreclosure or other proceedings to liquidate and collect on the collateral; (2) the nature, timing and conduct of foreclosure or other collection proceedings; (3) the amendment of any collateral document; (4) the release of the security interests in respect of any collateral; and (5) the waiver of defaults under any security agreement. Because of the control we may cede to senior lenders under intercreditor agreements we may enter, we may be unable to realize the proceeds of any collateral securing some of our loans.

Finally, the value of the collateral securing our debt investment will ultimately depend on market and economic conditions, the availability of buyers and other factors. Therefore, there can be no assurance that the proceeds, if any, from the sale or sales of all of the collateral would be sufficient to satisfy the loan obligations secured by our first or second priority liens. There is also a risk that such collateral securing our investments will decrease in value over time, will be difficult to sell in a timely manner, will be difficult to appraise and will fluctuate in value based upon the success of the portfolio company and market conditions. If such proceeds are not sufficient to repay amounts outstanding under the loan obligations secured by our second priority liens, then we, to the extent not repaid from the proceeds of the sale of the collateral, will only have an unsecured claim against the company's remaining assets, if any.

We are a non-diversified investment company within the meaning of the 1940 Act, and therefore we are not limited with respect to the proportion of our assets that may be invested in securities of a single issuer.

We are classified as a non-diversified investment company within the meaning of the 1940 Act, which means that we are not limited by the 1940 Act with respect to the proportion of our assets that we may invest in securities of a single issuer. To the extent that we assume large positions in the securities of a small number of issuers, our net asset value may fluctuate to a greater extent than that of a diversified investment company as a result of changes in the financial condition or the market's assessment of the issuer. We may also be more susceptible to any single economic or regulatory occurrence than a diversified investment company. Beyond our RIC asset diversification requirements, we do not have fixed guidelines for diversification, and our investments could be concentrated in relatively few portfolio companies. See " We will be subject to corporate-level U.S. federal income tax if we are unable to qualify as a RIC under Subchapter M of the Code."

We generally will not control our portfolio companies.

We do not, and do not expect to, control the decision making in many of our portfolio companies, even though we may have board representation or board observation rights, and our debt agreements may contain certain restrictive covenants. As a result, we are subject to the risk that a portfolio company in which we invest will make business decisions with which we disagree and the management of such company, as representatives of the holders of their common equity, will take risks or otherwise act in ways that do not serve our interests as debt investors. Due to the lack of liquidity for our investments in non-traded companies, we may not be able to dispose of our interests in our portfolio companies as readily as we would like or at an appropriate valuation. As a result, a portfolio company may make decisions that would decrease the value of our portfolio holdings.

Defaults by our portfolio companies will harm our operating results.

A portfolio company's failure to satisfy financial or operating covenants imposed by us or other lenders could lead to non-payment of interest and other defaults and, potentially, termination of its loans and foreclosure on its secured assets, which could trigger cross-defaults under other agreements and jeopardize a portfolio company's ability to meet its obligations under the debt or equity securities that we hold. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants, with a defaulting portfolio company.

Any unrealized depreciation we experience in our portfolio may be an indication of future realized losses, which could reduce our income and gains available for distribution.

As a BDC, we are required to carry our investments at market value or, if no market value is ascertainable, at the fair value as determined in good faith by our Board of Directors. Decreases in the market values or fair values of our investments will be recorded as unrealized depreciation. Any unrealized depreciation in our portfolio could be an indication of a portfolio company's inability to meet its repayment obligations to us with respect to affected loans or a potential impairment of the value of affected equity investments. This could result in realized losses in the future and ultimately in reductions of our income and gains available for distribution in future periods.

Prepayments of our debt investments by our portfolio companies could adversely impact our results of operations and reduce our return on equity.

We are subject to the risk that the investments we make in our portfolio companies may be repaid prior to maturity. When this occurs, we will generally reinvest these proceeds in temporary investments, pending their future investment in new portfolio companies. These temporary investments will typically have substantially lower yields than the debt being prepaid and we could experience significant delays in reinvesting these amounts. Any future investment in a new portfolio company may also be at lower yields than the debt that was repaid. As a result, our results of operations could be materially adversely affected if one or more of our portfolio companies elect to prepay amounts owed to us. Additionally, prepayments could negatively impact our return on equity, which could result in a decline in the market price of our securities.

Changes in interest rates may affect our cost of capital, net investment income and value of our investments.

Some of our debt investments will bear interest at variable rates and may be negatively affected by changes in market interest rates. An increase in market interest rates would increase the interest costs and reduce the cash flows of our portfolio companies that have variable rate debt instruments, a situation which could reduce the value of the investment. The value of our investments could also be reduced from an increase in market interest rates as rates available to investors could make an investment in our securities less attractive than alternative investments. In addition, an increase in interest rates would make it more expensive for us to use debt to finance our investments. As a result, a significant increase in market interest rates could increase our cost of capital, which would reduce our net investment income. Conversely, decreases in market interest rates could negatively impact the interest income from our variable rate debt investments. A decrease in market interest rates may also have an adverse impact on our returns by requiring us to accept lower yields on our debt investments and by increasing the risk that our portfolio companies will prepay our debt investments, resulting in the need to redeploy capital at potentially lower rates.

We may not realize gains from our equity investments.

Certain investments that we have made in the past and may make in the future include warrants or other equity securities. Investments in equity securities involve a number of significant risks, including the risk of further dilution as a result of additional issuances, inability to access additional capital and failure to pay current distributions. Investments in preferred securities involve special risks, such as the risk of deferred distributions, credit risk, illiquidity and limited voting rights. In addition, we may from time to time make non-control, equity investments in portfolio companies. Our goal is ultimately to realize gains upon our disposition of such equity interests. However, the equity interests we receive may not appreciate in value and, in fact, may decline in value. Accordingly, we may not be able to realize gains from our equity interests, and any gains that we do realize on the disposition of any equity interests may not be sufficient to offset any other losses we experience. We also may be unable to realize any value if a portfolio company does not have a liquidity event, such as a sale of the business, recapitalization or public offering, which would allow us to sell the underlying equity interests. We often seek puts or similar rights to give us the right to sell our equity securities back to the portfolio company issuer; however, we may be unable to exercise these put rights for the consideration provided in our investment documents if the issuer is in financial distress.

Our Marketable securities and idle funds investments are subject to risks similar to our portfolio company investments.

Marketable securities and idle funds investments can include, among other things, secured and unsecured debt investments, independently rated debt investments, diversified bond funds and publicly traded debt and equity securities. Many of these investments in debt obligations are, or would be if rated, below investment grade quality. Indebtedness of below investment grade quality, which is often referred to as "junk," is regarded as having predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal, similar to our portfolio investments in our portfolio companies. See " Our investments in portfolio companies involve higher levels of risk, and we could lose all or part of our investment." Many of these Marketable securities and idle funds investments are purchased through over the counter or other markets and are therefore liquid at the time of purchase but may subsequently become illiquid due to events relating to the issuer of the securities, market events, economic conditions or investor perceptions. See " The lack of liquidity in our investments may adversely affect our business" for a description of risks related to holding illiquid investments. In addition, domestic and foreign markets are complex and interrelated, so that events in one sector of the world markets or economy, or in one geographical region, can reverberate and have materially negative consequences for other market, economic or regional sectors in a manner that may not be foreseen and which may materially affect the market price of our Marketable securities and idle funds investments. Other risks that our portfolio investments are subject to are also applicable to these Marketable securities and idle funds investments.

Our investments in foreign securities may involve significant risks in addition to the risks inherent in U.S. investments.

Our investments in foreign securities may involve significant risks in addition to the risks inherent in investments in U.S. securities. Our investment strategy contemplates potential investments in debt securities of foreign companies. Investing in foreign companies may expose us to additional risks not typically associated with investing in securities of U.S. companies. These risks include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the U.S., higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Although most of our investments will be U.S. dollar denominated, any investments denominated in a foreign currency will be subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation, and political developments.

RISKS RELATING TO OUR SECURITIES

Shares of closed-end investment companies, including BDCs, may trade at a discount to their net asset value.

Shares of closed-end investment companies, including BDCs, may trade at a discount to net asset value. This characteristic of closed-end investment companies and BDCs is separate and distinct from the risk that our net asset value per share may decline. We cannot predict whether our common stock will trade at, above or below net asset value. In addition, 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. See " Risks Relating to Our Business and Structure Stockholders may incur dilution if we sell shares of our common stock in one or more offerings at prices below the then current net asset value per share of our common stock or issue securities to subscribe to, convert to or purchase shares of our common stock" for a discussion related to us issuing shares of our common stock below net asset value.

We may be unable to invest a significant portion of the net proceeds from an offering or from exiting an investment or other capital on acceptable terms, which could harm our financial condition and operating results.

Delays in investing the net proceeds raised in an offering or from exiting an investment or other capital may cause our performance to be worse than that of other fully invested BDCs or other lenders or investors pursuing comparable investment strategies. We cannot assure you that we will be able to identify any investments that meet our investment objective or that any investment that we make will produce a positive return. We may be unable to invest the net proceeds of any offering or from exiting an investment or other capital on acceptable terms within the time period that we anticipate or at all, which could harm our financial condition and operating results.

We anticipate that, depending on market conditions and the amount of the capital, it may take us a substantial period of time to invest substantially all the capital in securities meeting our investment objective. During this period, we will invest the capital primarily in Marketable securities and idle funds investments, which may produce returns that are significantly lower than the returns which we expect to achieve when our portfolio is fully invested in securities meeting our investment objective. As a result, any distributions that we pay during such period may be substantially lower than the distributions that we may be able to pay when our portfolio is fully invested in securities meeting our investment objective. In addition, until such time as the net proceeds of any offering or from exiting an investment or other capital are invested in new securities meeting our investment objective, the market price for our securities may decline. Thus, the initial return on your investment may be lower than when, if ever, our portfolio is fully invested in securities meeting our investment objective.

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Investing in our securities may involve an above average degree of risk.

The investments we make in accordance with our investment objective may result in a higher amount of risk than alternative investment options and a higher risk of volatility or loss of principal. Our investments in portfolio companies involve higher levels of risk, and therefore, an investment in our securities may not be suitable for someone with lower risk tolerance.

The market price of our securities may be volatile and fluctuate significantly.

Fluctuations in the trading prices of our securities may adversely affect the liquidity of the trading market for our securities and, if we seek to raise capital through future securities offerings, our ability to raise such capital. The market price and liquidity of the market for our securities may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include:

- significant volatility in the market price and trading volume of securities of BDCs or other companies in our sector, which are not necessarily related to the operating performance of these companies;
- changes in regulatory policies, accounting pronouncements or tax guidelines, particularly with respect to RICs, BDCs or SBICs;
- the exclusion of BDC common stock from certain market indices, such as what happened with respect to the Russell indices and the Standard and Poor's indices, could reduce the ability of certain investment funds to own our common stock and limit the number of owners of our common stock and otherwise negatively impact the market price of our common stock;
- inability to obtain any exemptive relief that may be required by us in the future from the SEC;
- loss of our BDC or RIC status or either of the Funds' status as an SBIC;
- changes in our earnings or variations in our operating results;
- changes in the value of our portfolio of investments;
- any shortfall in our investment income or net investment income or any increase in losses from levels expected by investors or securities analysts;
- loss of a major funding source;
- fluctuations in interest rates;
- the operating performance of companies comparable to us;
- departure of our key personnel;

- global or national credit market changes; and

- general economic trends and other external factors.

Provisions of the Maryland General Corporation Law and our articles of incorporation and bylaws could deter takeover attempts and have an adverse impact on the price of our common stock.

The Maryland General Corporation Law and our articles of incorporation and bylaws contain provisions that may have the effect of discouraging, delaying or making difficult a change in control of our company or the removal of our incumbent directors. The existence of these provisions, among others, may have a negative impact on the price of our common stock and may discourage third-party bids for ownership of our company. These provisions may prevent any premiums being offered to you for our common stock.

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We may in the future determine to issue preferred stock, which could adversely affect the market value of our common stock.

The issuance of shares of preferred stock with dividend or conversion rights, liquidation preferences or other economic terms favorable to the holders of preferred stock could adversely affect the market price for our common stock by making an investment in the common stock less attractive. In addition, the dividends on any preferred stock we issue must be cumulative. Payment of dividends and repayment of the liquidation preference of preferred stock must take preference over any dividends or other payments to our common stockholders, and holders of preferred stock are not subject to any of our expenses or losses and are not entitled to participate in any income or appreciation in excess of their stated preference (other than convertible preferred stock that converts into common stock). In addition, under the 1940 Act, preferred stock constitutes a "senior security" for purposes of the 200% asset coverage test.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

Some of the statements in this prospectus and any accompanying prospectus supplement constitute forward-looking statements because they relate to future events or our future performance or financial condition. The forward-looking statements contained in this prospectus and any accompanying prospectus supplement may include statements as to:

- our future operating results and dividend projections;
- our business prospects and the prospects of our portfolio companies;
- the impact of the investments that we expect to make;
- the ability of our portfolio companies to achieve their objectives;
- our expected financings and investments;
- the adequacy of our cash resources and working capital; and
- the timing of cash flows, if any, from the operations of our portfolio companies.

In addition, words such as "anticipate," "believe," "expect" and "intend" indicate a forward-looking statement, although not all forward-looking statements include these words. The forward-looking statements contained in this prospectus and any accompanying prospectus supplement involve risks and uncertainties. Our actual results could differ materially from those implied or expressed in the forward-looking statements for any reason, including the factors set forth in "Risk Factors" and elsewhere in this prospectus and any accompanying prospectus supplement. Other factors that could cause actual results to differ materially include:

- changes in the economy;
- risks associated with possible disruption in our operations or the economy generally due to terrorism or natural disasters; and
- future changes in laws or regulations and conditions in our operating areas.

We have based the forward-looking statements included in this prospectus and will base the forward-looking statements included in any accompanying prospectus supplement on information available to us on the date of this prospectus and any accompanying prospectus supplement, as appropriate, and we assume no obligation to update any such forward-looking statements, except as required by law. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to refer to any additional disclosures that we may make directly to you, including in the form of a prospectus supplement or post-effective amendment to the registration statement, or through reports that we in

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the future may file with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

USE OF PROCEEDS

We intend to use the net proceeds from any offering to make investments in accordance with our investment objective and strategies described in this prospectus or any prospectus supplement, to make investments in Marketable securities and idle funds investments, which may include investments in secured intermediate term bank debt, rated debt securities and other income producing investments, to pay our operating expenses and other cash obligations, and for general corporate purposes. Our ability to achieve our investment objective may be limited to the extent that the net proceeds from an offering, pending full investment, are held in interest-bearing deposits or other short-term instruments. See "Risk Factors Risks Relating to Our Securities We may be unable to invest a significant portion of the net proceeds from an offering or from exiting an investment or other capital on acceptable terms, which could harm our financial condition and operating results." The supplement to this prospectus relating to an offering will more fully identify the use of proceeds from such an offering.

PRICE RANGE OF COMMON STOCK AND DISTRIBUTIONS

Our common stock is traded on the New York Stock Exchange ("NYSE") under the symbol "MAIN." Prior to October 14, 2010, our common stock was traded on the NASDAQ Global Select Market under the same symbol "MAIN." Our common stock began trading on the NASDAQ Global Select Market on October 5, 2007. Prior to that date, there was no established public trading market for our common stock.

The following table sets forth, for the periods indicated, the range of high and low closing prices of our common stock as reported on the NYSE, and the sales price as a percentage of the net asset value per share of our common stock.

	NAV(1)	Price Range High	Price Range Low	Premium of High Sales Price to NAV(2)	Premium of Low Sales Price to NAV(2)
Year ending December 31, 2017					
Second Quarter (through April 25, 2017)	*	$ 39.80	$ 38.08	*	*
First Quarter	*	$ 38.27	$ 35.39	*	*
Year ending December 31, 2016					
Fourth Quarter	$ 22.10	$ 37.36	$ 32.23	69%	46%
Third Quarter	21.62	34.59	32.61	60%	51%
Second Quarter	21.11	32.90	30.52	56%	45%
First Quarter	21.18	31.46	26.35	49%	24%
Year ending December 31, 2015					
Fourth Quarter	$ 21.24	$ 32.28	$ 27.69	52%	30%
Third Quarter	21.79	33.08	26.38	52%	21%
Second Quarter	21.84	32.59	30.47	49%	40%
First Quarter	21.87	31.47	27.87	44%	27%

(1) Net asset value per share, or NAV, is determined as of the last day in the relevant quarter and therefore may not reflect the net asset value per share on the date of the high and low sales prices. The net asset values shown are based on outstanding shares at the end of each period. Net asset value has not yet been determined for the first or second quarters of 2017.

(2) Calculated as the respective high or low share price divided by NAV for such quarter.

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On April 25, 2017 the last sale price of our common stock on the NYSE was $39.80 per share, and there were approximately 266 holders of record of the common stock which did not include stockholders for whom shares are held in "nominee" or "street name." The net asset value per share of our common stock on December 31, 2016 (the last date prior to the date of this prospectus on which we determined our net asset value per share) was $22.10, and the premium of the April 25, 2017 closing price of our common stock was 80% to this net asset value per share.

Shares of BDCs may trade at a market price that is less than the value of the net assets attributable to those shares. The possibility that our shares of common stock will trade at a discount from net asset value per share or at premiums that are unsustainable over the long term are separate and distinct from the risk that our net asset value per share will decrease. It is not possible to predict whether our common stock will trade at, above, or below net asset value per share. Since our IPO in October 2007, our shares of common stock have traded at prices both less than and exceeding our net asset value per share.

We currently pay regular monthly dividends and semi-annual supplemental dividends to our stockholders. Our monthly dividends, if any, will be determined by our Board of Directors on a quarterly basis. Our semi-annual supplemental dividends, if any, will be determined by our Board of Directors based upon our undistributed taxable income. The following table summarizes our dividends declared to date:

Date Declared	Record Date	Payment Date		Amount(1)
Fiscal year 2017				
February 22, 2017	May 19, 2017	June 14, 2017	$	0.185
February 22, 2017	April 20, 2017	May 15, 2017	$	0.185
February 22, 2017	March 21, 2017	April 13, 2017	$	0.185
November 2, 2016	February 22, 2017	March 15, 2017	$	0.185
November 2, 2016	January 20, 2017	February 15, 2017	$	0.185
November 2, 2016	December 30, 2016	January 13, 2017	$	0.185(2)
			$	1.110
Fiscal year 2016				
October 18, 2016	December 16, 2016	December 23, 2016	$	0.275(2)
August 2, 2016	November 21, 2016	December 13, 2016	$	0.185(2)
August 2, 2016	October 20, 2016	November 15, 2016	$	0.185(2)
August 2, 2016	September 21, 2016	October 14, 2016	$	0.185(2)
May 3, 2016	August 19, 2016	September 15, 2016	$	0.180(2)
May 3, 2016	July 21, 2016	August 15, 2016	$	0.180(2)
May 3, 2016	July 1, 2016	July 15, 2016	$	0.180(2)
April 20, 2016	June 20, 2016	June 27, 2016	$	0.275(2)
February 23, 2016	May 20, 2016	June 15, 2016	$	0.180(2)
February 23, 2016	April 21, 2016	May 16, 2016	$	0.180(2)
February 23, 2016	March 21, 2016	April 15, 2016	$	0.180(2)
November 3, 2015	February 22, 2016	March 15, 2016	$	0.180(2)
November 3, 2015	January 22, 2016	February 17, 2016	$	0.180(2)
November 3, 2015	December 30, 2015	January 15, 2016	$	0.180(3)
			$	2.725

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Date Declared	Record Date	Payment Date	Amount(1)
Fiscal year 2015			
October 20, 2015	December 17, 2015	December 24, 2015	$ 0.275(3)
August 3, 2015	November 20, 2015	December 14, 2015	$ 0.180(3)
August 3, 2015	October 21, 2015	November 16, 2015	$ 0.180(3)
August 3, 2015	September 21, 2015	October 15, 2015	$ 0.180(3)
May 5, 2015	August 20, 2015	September 15, 2015	$ 0.175(3)
May 5, 2015	July 21, 2015	August 14, 2015	$ 0.175(3)
May 5, 2015	July 1, 2015	July 15, 2015	$ 0.175(3)
April 22, 2015	June 18, 2015	June 25, 2015	$ 0.275(3)
February 24, 2015	May 20, 2015	June 15, 2015	$ 0.175(3)
February 24, 2015	April 21, 2015	May 15, 2015	$ 0.175(3)
February 24, 2015	March 20, 2015	April 15, 2015	$ 0.175(3)
November 6, 2014	February 20, 2015	March 16, 2015	$ 0.170(3)
November 6, 2014	January 21, 2015	February 13, 2015	$ 0.170(3)
November 6, 2014	December 31, 2014	January 15, 2015	$ 0.170(4)
Total			$ 2.650

Fiscal year 2014			
October 23, 2014	December 18, 2014	December 24, 2014	$ 0.275(4)
August 4, 2014	November 20, 2014	December 15, 2014	$ 0.170(4)
August 4, 2014	October 20, 2014	November 14, 2014	$ 0.170(4)
August 4, 2014	September 19, 2014	October 15, 2014	$ 0.170(4)
May 6, 2014	August 20, 2014	September 15, 2014	$ 0.165(4)
May 6, 2014	July 21, 2014	August 15, 2014	$ 0.165(4)
May 6, 2014	June 30, 2014	July 15, 2014	$ 0.165(4)
April 21, 2014	June 20, 2014	June 25, 2014	$ 0.275(4)
February 26, 2014	May 21, 2014	June 16, 2014	$ 0.165(4)
February 26, 2014	April 20, 2014	May 15, 2014	$ 0.165(4)
February 26, 2014	March 21, 2014	April 15, 2014	$ 0.165(4)
November 6, 2013	February 20, 2014	March 14, 2014	$ 0.165(4)
November 6, 2013	January 21, 2014	February 14, 2014	$ 0.165(4)
November 6, 2013	December 30, 2013	January 15, 2014	$ 0.165(5)
Total			$ 2.545

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		Amount(1)
Fiscal year 2013		
Total	$	2.660(5)(6)
Fiscal year 2012		
Total	$	1.710(6)(7)
Fiscal year 2011		
Total	$	1.560(7)
Fiscal year 2010		
Total	$	1.500(8)
Fiscal year 2009		
Total	$	1.500(9)(10)
Fiscal year 2008		
Total	$	1.425(10)
Fiscal year 2007		
Total	$	0.330(11)
Cumulative dividends declared or paid	$	19.715

(1) The determination of the tax attributes of Main Street's distributions is made annually, based upon its taxable income for the full year and distributions paid for the full year. Ordinary dividend distributions from a RIC do not qualify for the tax rate applicable to "qualified 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.

(2) These dividends attributable to fiscal year 2016 were comprised of ordinary income of $1.911 per share, long term capital gain of $0.761 per share, and qualified dividend income of $0.058 per share, and included dividends with a record date during fiscal year 2016, including the dividend declared and accrued as of December 31, 2016 and paid on January 13, 2017, pursuant to the Code.

(3)
These dividends attributable to fiscal year 2015 were comprised of ordinary income of $2.325 per share, long term capital gain of $0.231 per share, and qualified dividend income of $0.105 per share, and included dividends with a record date during fiscal year 2015, including the dividend declared and accrued as of December 31, 2015 and paid on January 15, 2016, pursuant to the Code.

(4)
These dividends attributable to fiscal year 2014 were comprised of ordinary income of $2.083 per share, long term capital gain of $0.419 per share, and qualified dividend income of $0.048 per share, and included dividends with a record date during fiscal year 2014, including the dividend declared and accrued as of December 31, 2014 and paid on January 15, 2015, pursuant to the Code.

(5)
These dividends attributable to fiscal year 2013 were comprised of ordinary income of $1.872 per share, long term capital gain of $0.346 per share, and qualified dividend income of $0.457 per share, and included dividends with a record date during fiscal year 2013, including the dividend declared and accrued as of December 31, 2013 and paid on January 15, 2014, pursuant to the Code.

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(6)
These dividends attributable to fiscal year 2012 were comprised of ordinary income of $0.923 per share, long term capital gain of $0.748 per share, and qualified dividend income of $0.054 per share, and included dividends with a record date during fiscal year 2012, including the dividend declared and accrued as of December 31, 2012 and paid on January 15, 2013, pursuant to the Code.

(7)
These dividends attributable to fiscal year 2011 were comprised of ordinary income of $1.253 per share, long term capital gain of $0.373 per share, and qualified dividend income of $0.069 per share, and included dividends with a record date during fiscal year 2011, including the dividend declared and accrued as of December 31, 2011 and paid on January 16, 2012, pursuant to the Code.

(8)
These dividends attributable to fiscal year 2010 were comprised of ordinary income of $1.220 per share, long term capital gain of $0.268 per share, and qualified dividend income of $0.012 per share.

(9)
These dividends attributable to fiscal year 2009 were comprised of ordinary income of $1.218 per share and long term capital gain of $0.157 per share and excluded the $0.125 paid on January 15, 2009 which had been declared and accrued as of December 31, 2008.

(10)
These dividends attributable to fiscal year 2008 were comprised of ordinary income of $0.953 per share and long term capital gain of $0.597 per share, and included dividends with a record date during fiscal year 2008, including the $0.125 per share dividend declared and accrued as of December 31, 2008 and paid on January 15, 2009, pursuant to the Code.

(11)
This quarterly dividend attributable to fiscal year 2007 was comprised of ordinary income of $0.105 per share and long term capital gain of $0.225 per share.

In accordance with the IRC sections 871(k) and 881(e), the following percentages represent the portion of our dividends that constitute interest-related dividends and short-term capital gains dividends for non-U.S. residents and foreign corporations.

Including the long-term capital gains discussed above, the following percentages represent the total dividends which are exempt from United States withholding tax.

Payment Dates	**Interest-Related Dividends and Short-Term Capital Gain Dividend**	**Distributions Exempt from U.S. Withholding Tax(1)**
2/17/2016	68.96%	75.79%
From 3/15/2016 to 5/16/2016	75.79%	75.79%
From 6/15/2016 to 6/27/2016	75.00%	75.00%
7/15/2016	0.00%	75.00%
8/15/2016	0.00%	92.75%
9/15/2016	0.00%	100.00%
From 10/14/2016 to 11/15/2016	0.00%	70.00%
12/13/2016	66.06%	70.00%
From 12/23/2016 to 1/13/2017	70.00%	70.00%

To the extent non-U.S. resident taxes were withheld on ordinary dividends distributed, this information may be considered in connection with any claims for refund of such taxes to be filed by the non-U.S. resident stockholder with the Internal Revenue Service.

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To obtain and maintain RIC tax treatment, we must, among other things, distribute at least 90% of our net ordinary taxable income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. We will be subject to a 4% non-deductible U.S. federal excise tax on certain undistributed taxable income unless we distribute in a timely manner an amount at least equal to the sum of (1) 98% of our net ordinary taxable income for each calendar year, (2) 98.2% of our capital gain net income for the one-year period ending December 31 in that calendar year and (3) any taxable income recognized, but not distributed, in preceding years on which we paid no U.S. federal income tax. Dividends declared and paid by us in a year will generally differ from taxable income for that year, as such dividends may include the distribution of current year taxable income, less amounts carried over into the following year, and the distribution of prior year taxable income carried over into and distributed in the current year. For amounts we carry over into the following year, we will be required to pay a 4% U.S. federal excise tax on the amount by which 98% of our annual ordinary taxable income and 98.2% of capital gains exceeds our distributions for the year. We may retain for investment some or all of our net capital gains (i.e., realized net long-term capital gains in excess of realized net short-term capital losses) and treat such amounts as deemed distributions to our stockholders. If we do this, our stockholders will be treated as if they had received actual distributions of the capital gains we retained and then reinvested the net after-tax proceeds in our common stock. In general, our stockholders also would be eligible to claim a tax credit (or, in certain circumstances, a tax refund) equal to their allocable shares of the tax we paid on the capital gains deemed distributed to them. We can offer no assurance that we will achieve results that will permit the payment of any cash distributions and, if we issue senior securities, we may be prohibited from making distributions if doing so causes us to fail to maintain the asset coverage ratios stipulated by the 1940 Act or if distributions are limited by the terms of any of our borrowings.

We may distribute taxable dividends that are payable in part in our stock. Under certain applicable provisions of the Code and the Treasury regulations, distributions payable by us in cash or in shares of stock (at the stockholders election) would satisfy the Annual Distribution Requirement. The IRS has issued private letter rulings providing that a dividend payable in stock or in cash at the election of the stockholders will be treated as a taxable dividend eligible for the dividends paid deduction provided that at least 20% of the total dividend is payable in cash and certain other requirements are satisfied. Taxable stockholders receiving such dividends will be required to include the full amount of the dividend as ordinary income (or as long-term capital gain to the extent such dividend is properly reported as a capital gain dividend), to the extent of our current and accumulated earnings and profits for U.S. federal income tax purposes. As a result, a U.S. stockholder may be required to pay tax with respect to such dividends in excess of any cash received. If a U.S. stockholder sells the stock it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our stock at the time of the sale. Furthermore, with respect to non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in stock. In addition, if a significant number of our stockholders determine to sell shares of our stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our stock.

We have adopted a dividend reinvestment plan ("DRIP") that provides for the reinvestment of dividends on behalf of our stockholders, unless a stockholder has elected to receive dividends in cash. As a result, if we declare a cash dividend, our 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 new shares of common stock or through open market purchases of common stock by the DRIP plan administrator. Newly issued shares will be valued based upon the final closing price of MSCC's common stock on a valuation date determined for each dividend by our Board of Directors. Shares purchased in the open market to satisfy the DRIP requirements will be valued based upon the average

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price of the applicable shares purchased by the DRIP plan administrator, before any associated brokerage or other costs.

RATIOS OF EARNINGS TO FIXED CHARGES

The following table contains our ratio of earnings to fixed charges for the periods indicated, computed as set forth below. You should read these ratios of earnings to fixed charges in connection with our consolidated financial statements, including the notes to those statements, included in this prospectus.

	For the Year Ended December 31, 2016	For the Year Ended December 31, 2015	For the Year Ended December 31, 2014	For the Year Ended December 31, 2013	For the Year Ended December 31, 2012
Earnings to Fixed Charges(1)	5.09	3.98	5.54	5.78	8.37

(1) Earnings include net realized and unrealized gains or losses. Net realized and unrealized gains or losses can vary substantially from period to period.

For purposes of computing the ratios of earnings to fixed charges, earnings represent net increase in net assets resulting from operations plus (or minus) income tax expense (benefit) including excise tax expense plus fixed charges. Fixed charges include interest and credit facility fees expense and amortization of debt issuance costs.

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SELECTED FINANCIAL DATA

The selected financial and other data below reflects the consolidated financial condition and the consolidated statement of operations of Main Street and its subsidiaries as of and for the years ended December 31, 2016, 2015, 2014, 2013 and 2012. The selected financial data as of and for the years ended December 31, 2016, 2015, 2014, 2013 and 2012 have been derived from consolidated financial statements that have been audited by Grant Thornton LLP, an independent registered public accounting firm. You should read this selected financial and other data in conjunction with our "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Senior Securities" and the financial statements and related notes in this prospectus.

	Twelve Months Ended December 31,				
	2016	2015	2014	2013	2012
	(dollars in thousands, except per share amounts)				
Statement of operations data:					
Investment income:					
Total interest, fee and dividend income	$ 178,165	$ 163,603	$ 139,939	$ 115,158	$ 88,858
Interest from idle funds and other	174	986	824	1,339	1,662
Total investment income	178,339	164,589	140,763	116,497	90,520
Expenses:					
Interest	(33,630)	(32,115)	(23,589)	(20,238)	(15,631)
Compensation	(16,408)	(14,852)	(12,337)	(8,560)	
General and administrative	(9,284)	(8,621)	(7,134)	(4,877)	(2,330)
Share-based compensation	(8,304)	(6,262)	(4,215)	(4,210)	(2,565)
Expenses charged to the External Investment Manager	5,089	4,335	2,048		
Expenses reimbursed to MSCP(1)				(3,189)	(10,669)
Total expenses	(62,537)	(57,515)	(45,227)	(41,074)	(31,195)
Net investment income	115,802	107,074	95,536	75,423	59,325
Total net realized gain (loss) from investments	29,389	(21,316)	23,206	7,277	16,479
Total net realized loss from SBIC debentures				(4,775)	
Total net change in unrealized appreciation (depreciation) from investments	(6,576)	10,871	(776)	14,503	44,464
Total net change in unrealized appreciation (depreciation) from SBIC debentures and investment in MSCP(1)	(943)	(879)	(10,931)	4,392	(5,004)
Income tax benefit (provision)	1,227	8,687	(6,287)	35	(10,820)
Net increase in net assets resulting from operations	138,899	104,437	100,748	96,855	104,444
Noncontrolling interest					(54)
Net increase in net assets resulting from operations attributable to common stock	$ 138,899	$ 104,437	$ 100,748	$ 96,855	$ 104,390
Net investment income per share basic and diluted	$ 2.23	$ 2.18	$ 2.20	$ 2.06	$ 2.01
Net increase in net assets resulting from operations attributable to common stock per share basic and diluted	$ 2.67	$ 2.13	$ 2.31	$ 2.65	$ 3.53
Weighted-average shares outstanding basic and diluted	52,025,002	49,071,492	43,522,397	36,617,850	29,540,114

(1) As defined in "Management's Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies Basis of Presentation."

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	As of December 31, 2016	2015	2014	2013	2012
	(dollars in thousands)				
Balance sheet data:					
Assets:					
Total portfolio investments at fair value	$ 1,996,906	$ 1,799,996	$ 1,563,330	$ 1,286,188	$ 924,431
Marketable securities and idle funds investments		3,693	9,067	13,301	28,535
Cash and cash equivalents	24,480	20,331	60,432	34,701	63,517
Interest receivable and other assets	37,123	37,638	46,406	16,054	14,580
Deferred financing costs, net of accumulated amortization	12,645	13,267	14,550	9,931	5,162
Deferred tax asset, net	9,125	4,003			
Total assets	$ 2,080,279	$ 1,878,928	$ 1,693,785	$ 1,360,175	$ 1,036,225
Liabilities and net assets:					
Credit facility	$ 343,000	$ 291,000	$ 218,000	$ 237,000	$ 132,000
SBIC debentures at fair value(1)	239,603	223,660	222,781	187,050	211,467
4.50% Notes	175,000	175,000	175,000		
6.125% Notes	90,655	90,738	90,823	90,882	
Accounts payable and other liabilities	14,205	12,292	10,701	10,549	8,593
Payable for securities purchased	2,184	2,311	14,773	27,088	20,661
Interest payable	4,103	3,959	4,848	2,556	3,562
Dividend payable	10,048	9,074	7,663	6,577	5,188
Deferred tax liability, net			9,214	5,940	11,778
Total liabilities	878,798	808,034	753,803	567,642	393,249
Total net asset value	1,201,481	1,070,894	939,982	792,533	642,976
Total liabilities and net assets	$ 2,080,279	$ 1,878,928	$ 1,693,785	$ 1,360,175	$ 1,036,225
Other data:					
Weighted-average effective yield on LMM debt investments(2)	12.5%	12.2%	13.2%	14.7%	14.3%
Number of LMM portfolio companies	73	71	66	62	56
Weighted-average effective yield on Middle Market debt investments(2)	8.5%	8.0%	7.8%	7.8%	8.0%
Number of Middle Market portfolio companies	78	86	86	92	79
Weighted-average effective yield on Private Loan debt investments(2)	9.6%	9.5%	10.1%	11.3%	14.8%
Number of Private Loan portfolio companies	46	40	31	15	9
Expense ratios (as percentage of average net assets):					
Total expenses, including income tax expense	5.5%	4.6%	5.8%	5.8%	8.2%(3)
Operating expenses	5.6%	5.5%	5.1%	5.8%	6.1%(3)
Operating expenses, excluding interest expense	2.6%	2.4%	2.4%	3.0%	3.0%(3)
Total investment return(4)	37.4%	8.5%	3.1%	16.7%	53.6%
Total return based on change in NAV(5)	13.0%	11.1%	12.7%	15.1%	25.7%

(1) SBIC debentures for December 31, 2016, 2015, 2014, 2013, and 2012 are $240,000, $225,000, $225,000, $200,200, and $225,000 at par, respectively, with par of $75,200 for December 31, 2016, 2015, 2014 and 2013, and $100,000 for December 31, 2012 recorded at fair value of $74,803, $73,860, $72,981, $62,050, and $86,467, as of December 31, 2016, 2015, 2014, 2013, and 2012, respectively.

(2) Weighted-average effective yield is calculated based on our debt investments at the end of each period and includes amortization of deferred debt origination fees and accretion of original issue discount, but excludes liquidation fees payable upon repayment and any debt investments on non-accrual status. Weighted-average annual effective yield is higher than what an investor in shares of Main Street's common stock will realize on its investment because it does not reflect any debt investments on non-accrual status, Main Street's expenses or any sales load paid by an investor. For information on our investments on non-accrual status, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Portfolio Asset Quality" elsewhere in this prospectus.

(3) Ratios are net of amounts attributable to MSC II non-controlling interest.

(4) 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 any sales load that may be paid by an investor.

(5) 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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our consolidated financial statements and the notes thereto included elsewhere in this prospectus.

Statements we make in the following discussion which express a belief, expectation or intention, as well as those that are not historical fact, are forward-looking statements that are subject to risks, uncertainties and assumptions. Our actual results, performance or achievements, or industry results, could differ materially from those we express in the following discussion as a result of a variety of factors, including the risks and uncertainties we have referred to under the headings "Cautionary Statement Concerning Forward-Looking Statements" and "Risk Factors" in this prospectus.

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 provides "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 Main Street Mezzanine Fund, LP ("MSMF"), Main Street Capital II, LP ("MSC II") and Main Street Capital III, LP ("MSC III" and, collectively with MSMF and MSC II, 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 directly 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 or their portfolio companies ("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 under Investment Advisers Act of 1940, as amended (the "Advisers Act"). Since the External Investment Manager conducts all of its investment management activities for External Parties, 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 taxable 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

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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.

Unless otherwise noted or the context otherwise indicates, the terms "we," "us," "our," the "Company" 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") portfolio investments are primarily debt securities in privately held companies which have been originated through strategic relationships with other investment funds on a collaborative basis. Private Loan investments are typically similar in size, structure, terms and conditions to investments we hold in our LMM portfolio and Middle Market portfolio.

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 investment date.

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 are primarily debt securities in privately held companies which have been originated through strategic relationships with other investment funds on a collaborative basis, and are often referred to in the debt markets as "club deals." Private Loan investments are typically similar in size, structure, terms and conditions to investments we hold in our LMM portfolio and Middle Market portfolio. 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 ("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 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 have entered into an agreement with the External Investment Manager to share employees in connection with its asset management business generally, and specifically for its relationship with HMS Income Fund, Inc. ("HMS Income"). Through this agreement, we share employees with the External Investment Manager, including their related infrastructure, business relationships, management expertise and capital raising capabilities.

The following tables provide a summary of our investments in the LMM, Middle Market and Private Loan portfolios as of December 31, 2016 and 2015 (this information excludes the Other Portfolio investments and the External Investment Manager which are discussed further below):

	As of December 31, 2016		
	LMM(a)	Middle Market	Private Loan
		(dollars in millions)	
Number of portfolio companies	73	78	46
Fair value	$ 892.6	$ 630.6	$ 342.9
Cost	$ 760.3	$ 646.8	$ 357.7
% of portfolio at cost debt	69.1%	97.2%	93.5%
% of portfolio at cost equity	30.9%	2.8%	6.5%
% of debt investments at cost secured by first priority lien	92.1%	89.1%	89.0%
Weighted-average annual effective yield(b)	12.5%	8.5%	9.6%
Average EBITDA(c)	$ 5.9	$ 98.6	$ 22.7

(a) At December 31, 2016, we had equity ownership in approximately 99% 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 December 31, 2016, 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. Weighted-average annual effective yield is higher than what an investor in shares of our common stock will realize on its investment because it does not reflect our expenses or any sales load paid by an investor.

(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 certain portfolio companies, including five LMM portfolio companies, one Middle Market portfolio

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company and three Private Loan portfolio companies, as EBITDA is not a meaningful valuation metric for our investments in these portfolio companies.

	As of December 31, 2015		
	LMM(a)	Middle Market	Private Loan
	(dollars in millions)		
Number of portfolio companies	71	86	40
Fair value	$ 862.7	$ 586.9	$ 248.3
Cost	$ 685.6	$ 637.2	$ 268.6
% of portfolio at cost debt	70.4%	98.3%	94.3%
% of portfolio at cost equity	29.6%	1.7%	5.7%
% of debt investments at cost secured by first priority lien	91.8%	86.6%	87.3%
Weighted-average annual effective yield(b)	12.2%	8.0%	9.5%
Average EBITDA(c)	$ 6.0	$ 98.8	$ 13.1

(a) At December 31, 2015, we had equity ownership in approximately 96% 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 December 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. Weighted-average annual effective yield is higher than what an investor in shares of our common stock will realize on its investment because it does not reflect our expenses or any sales load paid by an investor.

(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 certain portfolio companies, including five LMM portfolio companies, three Middle Market portfolio companies and six Private Loan portfolio companies, as EBITDA is not a meaningful valuation metric for our investments in these portfolio companies, and those portfolio companies whose primary purpose is to own real estate.

As of December 31, 2016, we had Other Portfolio investments in ten companies, collectively totaling approximately $100.3 million in fair value and approximately $107.1 million in cost basis and which comprised approximately 5.0% of our Investment Portfolio (as defined in " Critical Accounting Policies Basis of Presentation" below) at fair value. As of December 31, 2015, we had Other Portfolio investments in ten companies, collectively totaling approximately $74.8 million in fair value and approximately $75.2 million in cost basis and which comprised approximately 4.2% 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 December 31, 2016, there was no cost basis in this investment and the investment had a fair value of approximately $30.6 million, which comprised approximately 1.5% of our Investment Portfolio at fair value. As of December 31, 2015, there was no cost basis in this investment and the investment had a fair value of approximately $27.3 million, which comprised approximately 1.5% 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.

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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 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 directly incur the operating costs associated with employing investment and portfolio management professionals. 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 years ended December 31, 2016 and 2015, the ratio of our total operating expenses, excluding interest expense, as a percentage of our quarterly average total assets was 1.5% and 1.4%, respectively.

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, a non-listed BDC, 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 our 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. The External Investment Manager has conditionally agreed to waive a limited amount of the incentive fees otherwise earned. During the years ended December 31, 2016, 2015 and 2014, the External Investment Manager earned $9.5 million, $7.8 million and $2.8 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. Because the External Investment Manager may receive performance-based fee compensation from HMS Income, this may provide it an incentive to allocate opportunities to HMS Income instead of us. However, both we and the External Investment Manager have policies and procedures in place to manage this conflict.

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CRITICAL ACCOUNTING POLICIES

Basis of Presentation

Our consolidated 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 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 and cash flows for the years ended December 31, 2016, 2015 and 2014 and financial position as of December 31, 2016 and 2015, are presented on a consolidated basis. The effects of all intercompany transactions between us and our consolidated subsidiaries have been eliminated in consolidation.

Under regulations pursuant to Article 6 of Regulation S-X applicable to BDCs and Accounting Standards Codification ("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 any 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. 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)."

Portfolio Investment 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 both December 31, 2016 and 2015, our Investment Portfolio valued at fair value represented approximately 96% of our total assets. We are required to report our investments at fair value. We follow the provisions of 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 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. See "Note B.1. Valuation of the Investment Portfolio" in the notes to consolidated financial statements for a detailed discussion of our investment portfolio valuation process and procedures.

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

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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 December 31, 2016 and 2015 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 services that do not meet these criteria are treated as debt origination fees and are deferred and accreted into 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 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 years ended December 31, 2016, 2015 and 2014, (i) approximately 3.6%, 2.2% and 3.3% respectively, of our total investment income was attributable to PIK interest income not paid currently in cash and (ii) approximately 1.2%, 1.0%, 1.3%, respectively, of our total investment income was attributable to cumulative dividend income not paid currently in cash.

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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 taxable income or capital gains that MSCC distributes to its stockholders. MSCC must generally distribute at least 90% of its "investment company taxable income" (which is generally its net ordinary taxable income and realized net short-term capital gains in excess of realized net long-term capital losses) and 90% of its tax-exempt income to maintain its RIC status (pass-through tax treatment for amounts distributed). As part of maintaining RIC status, undistributed taxable income (subject to a 4% non-deductible 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 on or prior to the later of (i) filing of the U.S. federal income tax return for the applicable fiscal year or (ii) the fifteenth day of the ninth month following the close of the year in which such taxable income was generated.

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

The Taxable Subsidiaries 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 consolidated 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, if necessary, 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

Our 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

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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.

Our 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 are primarily debt securities in privately held companies which have been originated through strategic relationships with other investment funds on a collaborative basis, and are often referred to in the debt markets as "club deals." Private Loan investments are typically similar in size, structure, terms and conditions to investments we hold in our LMM portfolio and Middle Market portfolio. 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 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 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 have entered into an agreement with the External Investment Manager to share employees in connection with its asset management business generally, and specifically for its relationship with HMS Income. Through this agreement, we share employees with the External Investment Manager, including their related infrastructure, business relationships, management expertise and capital raising capabilities. In the first quarter of 2014, we began allocating costs to the External Investment Manager pursuant to the sharing agreement. Our total expenses for the years ended December 31, 2016, 2015 and 2014 are net of expenses allocated to the External Investment Manager of $5.1 million, $4.3 million and $2.0 million, respectively. 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 total contribution of the External Investment Manager to our net investment income consists of the combination of the expenses allocated to the External Investment Manager and dividend income from the External Investment Manager. For the years ended December 31, 2016, 2015 and 2014, the total contribution to our net investment income was $7.9 million, $6.5 million and $2.5 million, respectively.

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 December 31, 2016

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and 2015 (this information excludes the Other Portfolio investments and the External Investment Manager).

Cost:	December 31, 2016	December 31, 2015
First lien debt	76.1%	75.8%
Equity	14.5%	13.5%
Second lien debt	7.7%	8.7%
Equity warrants	1.1%	0.9%
Other	0.6%	1.1%
	100.0%	100.0%

Fair Value:	December 31, 2016	December 31, 2015
First lien debt	68.7%	66.1%
Equity	22.6%	24.9%
Second lien debt	7.2%	7.7%
Equity warrants	0.9%	0.6%
Other	0.6%	0.7%
	100.0%	100.0%

Our LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments carry a number of risks including: (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" 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 consideration various factors, including each investment's expected level of returns, the collectability of our debt investments and the ability to receive a return of the invested capital in our equity investments, comparisons to competitors and other industry participants, the portfolio company's future outlook and other factors that are deemed to be significant to the portfolio company.

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.

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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 December 31, 2016 and 2015:

	As of December 31, 2016		As of December 31, 2015	
Investment Rating	**Investments at Fair Value**	**Percentage of Total Portfolio**	**Investments at Fair Value**	**Percentage of Total Portfolio**
	(dollars in thousands)			
1	$ 253,420	28.4%	$ 332,606	38.6%
2	258,085	28.9%	143,268	16.6%
3	294,807	33.0%	277,160	32.1%
4	75,433	8.5%	107,926	12.5%
5	10,847	1.2%	1,750	0.2%
Total	$ 892,592	100.0%	$ 862,710	100.0%

Based upon our investment rating system, the weighted-average rating of our LMM portfolio was approximately 2.3 and 2.2 as of December 31, 2016 and 2015, respectively.

As of December 31, 2016, our total Investment Portfolio had four investments on non-accrual status, which comprised approximately 0.6% of its fair value and 3.0% of its cost. As of December 31, 2015, our total Investment Portfolio had six investments on non-accrual status, which comprised approximately 0.4% of its fair value and 3.7% of its cost.

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, to an increase in defaults on our debt investments and to difficulty in maintaining historical dividend payment rates on our equity investments. 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.

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DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS

Comparison of the year ended December 31, 2016 and 2015

	Twelve Months Ended December 31, 2016	Twelve Months Ended December 31, 2015	Net Change Amount	Net Change %
	(dollars in thousands)			
Total investment income	$ 178,339	$ 164,589	$ 13,750	8%
Total expenses	(62,537)	(57,515)	(5,022)	9%
Net investment income	115,802	107,074	8,728	8%
Net realized gain (loss) from investments	29,389	(21,316)	50,705	
Net change in net unrealized appreciation (depreciation) from:				
Portfolio investments	(8,305)	11,048	(19,353)	
SBIC debentures and marketable securities and idle funds	786	(1,056)	1,842	
Total net change in net unrealized appreciation (depreciation)	(7,519)	9,992	(17,511)	
Income tax benefit	1,227	8,687	(7,460)	
Net increase in net assets resulting from operations	$ 138,899	$ 104,437	$ 34,462	33%

	Twelve Months Ended December 31, 2016	Twelve Months Ended December 31, 2015	Net Change Amount	Net Change %
	(dollars in thousands, except per share amounts)			
Net investment income	$ 115,802	$ 107,074	$ 8,728	8%
Share-based compensation expense	8,304	6,262	2,042	33%
Distributable net investment income(a)	$ 124,106	$ 113,336	$ 10,770	10%
Net investment income per share Basic and diluted	$ 2.23	$ 2.18	$ 0.05	2%
Distributable net investment income per share Basic and diluted(a)	$ 2.39	$ 2.31	$ 0.08	3%

(a) Distributable net investment income is net investment income 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 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 is a non-U.S. GAAP measure and should not be considered as a replacement to net investment income and other earnings measures presented in accordance with U.S. GAAP. Instead, distributable net investment income should be reviewed only in connection with such U.S. GAAP measures in analyzing our financial performance. A reconciliation of net investment income in accordance with U.S. GAAP to distributable net investment income is presented in the table above.

Investment Income

For the year ended December 31, 2016, total investment income was $178.3 million, an 8% increase over the $164.6 million of total investment income for the corresponding period of 2015. This comparable period increase was principally attributable to (i) a $7.4 million increase in interest income primarily related to higher average levels of portfolio debt investments and (ii) a $7.9 million increase

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in dividend income from Investment Portfolio equity investments, partially offset by (i) a $0.7 million decrease in fee income and (ii) a $0.8 million decrease in investment income from Marketable securities and idle funds investments. The $13.8 million increase in total investment income in the year ended December 31, 2016 includes an increase of $1.7 million related to dividend income activity from portfolio companies that is considered to be less consistent on a recurring basis or non-recurring during the period when compared to the same period in 2015, partially offset by a decrease of $0.4 million primarily related to lower accelerated prepayment and repricing activity for certain Investment Portfolio debt investments when compared to the same period in 2015.

Expenses

For the year ended December 31, 2016, total expenses increased to $62.5 million from $57.5 million for the corresponding period of 2015. This comparable period increase in operating expenses was principally attributable to (i) a $2.0 million increase in share-based compensation expense, (ii) a $1.6 million increase in compensation expense related to increases in the number of personnel, base compensation levels and incentive compensation accruals, (iii) a $1.5 million increase in interest expense, primarily due to an increase in interest expense on the Credit Facility due to the higher average interest rate and balance outstanding in the year ended December 31, 2016 and (iv) a $0.7 million increase in general and administrative expenses, with these increases partially offset by a $0.8 million increase in the expenses allocated to the External Investment Manager, in each case when compared to the same period in the prior year. For the year ended December 31, 2016, the ratio of our total operating expenses, excluding interest expense, as a percentage of our quarterly average total assets was 1.5% compared to 1.4% for the year ended December 31, 2015.

Net Investment Income

Net investment income for the year ended December 31, 2016 was $115.8 million, or an 8% increase, compared to net investment income of $107.1 million for the corresponding period of 2015. 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 Investment Income

For the year ended December 31, 2016, distributable net investment income increased 10% to $124.1 million, or $2.39 per share, compared with $113.3 million, or $2.31 per share, in the corresponding period of 2015. The increase in distributable net investment income was primarily due to the higher level of total investment income, partially offset by higher operating expenses both as discussed above. Distributable net investment income on a per share basis for the year ended December 31, 2016 reflects an increase of approximately $0.03 per share from the comparable period in 2015 attributable to the increase in dividend income that is considered to be less consistent on a recurring basis or non-recurring, partially offset by (i) a decrease of approximately $0.01 per share from the comparable period in 2015 attributable to the net decrease in the comparable levels of accelerated prepayment, repricing and other activity for certain Investment Portfolio debt investments and (ii) a greater number of average shares outstanding compared to the corresponding period in 2015 primarily due to the March 2015 equity offering, shares issued through the ATM Program (as defined in " Liquidity and Capital Resources Capital Resources" below) and shares issued pursuant to our restricted stock plan and dividend reinvestment plan.

Net Increase in Net Assets Resulting from Operations

The net increase in net assets resulting from operations during the year ended December 31, 2016 was $138.9 million, or $2.67 per share, compared with $104.4 million, or $2.13 per share, during the year ended December 31, 2015. This $34.5 million increase from the same period in the prior year

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period was primarily the result of (i) a $50.7 million increase in the net realized gain (loss) from investments from a net realized loss of $21.3 million during the year ended December 31, 2015 to a net realized gain of $29.4 million for the year ended December 31, 2016 and (ii) an $8.7 million increase in net investment income as discussed above, partially offset by (i) a $17.5 million decrease in net change in unrealized appreciation (depreciation), including accounting reversals relating to the realized gains (losses), from net unrealized appreciation of $10.0 million for the year ended December 31, 2015 to net unrealized depreciation of $7.5 million for the year ended December 31, 2016 and (ii) a $7.5 million decrease in the income tax benefit from the same period in the prior year. The net realized gain of $29.4 million for the year ended December 31, 2016 was primarily the result of (i) the net realized gain of $57.5 million on the exit five LMM investments and (ii) the net realized gain of $4.2 million due to activity in our Other Portfolio, partially offset by (i) the realized loss of $9.6 million on the exit of three Private Loan investments, (ii) the realized loss of $17.0 million related to the restructuring of five Middle Market investments, (iii) the net realized loss of $4.7 million on the exit of two Middle Market investments and (iv) the realized loss of $1.6 million on the exit of a Marketable securities and idle funds investment.

The following table provides a summary of the total net unrealized depreciation of $7.5 million for the year ended December 31, 2016:

	Twelve Months Ended December 31, 2016				
	LMM(a)	Middle Market	Private Loan	Other(b)	Total
	(dollars in millions)				
Accounting reversals of net unrealized (appreciation) depreciation recognized in prior periods due to net realized (gains)/losses recognized during period	$ (53.1)	$ 25.7	$ 9.5	$ (3.5)	$ (21.4)
Net change in unrealized appreciation (depreciation) relating to portfolio investments	8.2	8.4	(4.0)	0.5	13.1
Total net change in unrealized appreciation (depreciation) relating to portfolio investments	$ (44.9)	$ 34.1	$ 5.5	$ (3.0)	$ (8.3)
Net change in unrealized appreciation relating to marketable securities					1.7
Unrealized depreciation relating to SBIC debentures(c)					(0.9)
Total net change in unrealized appreciation (depreciation)					$ (7.5)

(a) LMM includes unrealized appreciation on 31 LMM portfolio investments and unrealized depreciation on 27 LMM portfolio investments.

(b) Other includes $3.3 million of unrealized appreciation relating to the External Investment Manager offset by $2.8 million of net unrealized depreciation relating to the Other Portfolio.

(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 year ended December 31, 2016 of $1.2 million principally consisted of a deferred tax benefit of $3.3 million, which is primarily the result of the net activity relating to our portfolio investments held in our Taxable Subsidiaries, including changes in loss carryforwards, changes in net unrealized appreciation/depreciation and other temporary book-tax differences, partially offset by other current tax expense related to (i) a $1.7 million accrual for excise tax on our estimated undistributed taxable income and (ii) other current tax expense of $0.4 million related to accruals for U.S. federal and state income taxes.

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Comparison of years ended December 31, 2015 and 2014

	Twelve Months Ended December 31,		Net Change	
	2015	**2014**	**Amount**	**%**
	(dollars in thousands)			
Total investment income	$ 164,589	$ 140,763	$ 23,826	17%
Total expenses	(57,515)	(45,227)	(12,288)	27%
Net investment income	107,074	95,536	11,538	12%
Net realized gain (loss) from investments	(21,316)	23,206	(44,522)	
Net change in net unrealized appreciation (depreciation) from:				
Portfolio investments	11,048	(824)	11,872	
SBIC debentures and marketable securities and idle funds	(1,056)	(10,883)	9,827	
Total net change in net unrealized appreciation (depreciation)	9,992	(11,707)	21,699	
Income tax benefit (provision)	8,687	(6,287)	14,974	
Net increase in net assets resulting from operations	$ 104,437	$ 100,748	$ 3,689	4%

	Twelve Months Ended December 31,		Net Change	
	2015	**2014**	**Amount**	**%**
	(dollars in thousands, except per share amounts)			
Net investment income	$ 107,074	$ 95,536	$ 11,538	12%
Share-based compensation expense	6,262	4,215	2,047	49%
Distributable net investment income(a)	$ 113,336	$ 99,751	$ 13,585	14%
Net investment income per share Basic and diluted	$ 2.18	$ 2.20	$ (0.02)	(1)%
Distributable net investment income per share Basic and diluted(a)	$ 2.31	$ 2.29	$ 0.02	1%

(a) Distributable net investment income is net investment income 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 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 is a non U.S. GAAP measure and should not be considered as a replacement to net investment income and other earnings measures presented in accordance with U.S. GAAP. Instead, distributable net investment income should be reviewed only in connection with such U.S. GAAP measures in analyzing our financial performance. A reconciliation of net investment income in accordance with U.S. GAAP to distributable net investment income is presented in the table above.

Investment Income

For the year ended December 31, 2015, total investment income was $164.6 million, a 17% increase over the $140.8 million of total investment income for the corresponding period of 2014. This comparable period increase was principally attributable to (i) a $21.0 million net increase in interest income primarily related to higher average levels of portfolio debt investments, (ii) a $0.7 million net increase in fee income and (iii) a $2.0 million net increase in dividend income from Investment Portfolio equity investments. The $23.8 million increase in total investment income in the year ended

December 31, 2015 includes a decrease of $1.7 million primarily related to a decrease in interest income due to lower accelerated prepayment and repricing activity for certain Investment Portfolio debt investments when compared to the same period in 2014 and a decrease of $1.6 million related to dividend income activity from portfolio companies that is considered to be less consistent on a recurring basis during the period when compared to the same period in 2014.

Expenses

For the year ended December 31, 2015, total expenses increased to $57.5 million from $45.2 million for the corresponding period of 2014. This comparable period increase in operating expenses was principally attributable to (i) a $8.5 million increase in interest expense, primarily due to a $7.3 million increase as a result of the issuance of our 4.50% Notes in November 2014 and an increase of $0.8 million related to interest on the Credit Facility due to the higher average balance outstanding in 2015, both when compared to the prior year, and (ii) a $2.5 million increase in compensation expense related to increases in the number of personnel, base compensation levels and incentive compensation accruals, (iii) a $2.0 million increase in share-based compensation expense and (iv) a $1.5 million increase in general and other administrative expenses, with these increases partially offset by a $2.3 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 years ended December 31, 2015 and 2014, the ratio of our total operating expenses, excluding interest expense, as a percentage of our quarterly average total assets was 1.4%.

Distributable Net Investment Income

For the year ended December 31, 2015, distributable net investment income increased 14% to $113.3 million, or $2.31 per share, compared with $99.8 million, or $2.29 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 year ended December 31, 2015 reflects (i) a decrease of approximately $0.05 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 as discussed above, (ii) a decrease of approximately $0.04 per share attributable to the decrease in the dividend income that is considered to be less consistent on a recurring basis as discussed above and (iii) 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, the shares issued through the ATM Program (as defined in " Liquidity and Capital Resources Capital Resources" below) and shares issued pursuant to our dividend reinvestment plan.

Net Investment Income

Net investment income for the year ended December 31, 2015 was $107.1 million, or a 12% increase, compared to net investment income of $95.5 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.

Net Increase in Net Assets Resulting from Operations

The net increase in net assets resulting from operations during the year ended December 31, 2015 was $104.4 million, or $2.13 per share, compared with $100.7 million, or $2.31 per share, during the year ended December 31, 2014. This increase from the prior year period was primarily the result of (i) a $11.5 million increase in net investment income as discussed above and (ii) a $21.7 million increase in net change in unrealized appreciation (depreciation), including accounting reversals relating

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to the realized gains (losses), to net unrealized appreciation of $10.0 million for the year ended December 31, 2015 and (iii) a $15.0 million increase due to the change in the income tax benefit (provision) from the prior year period to an income tax benefit of $8.7 million for the year ended December 31, 2015, with these changes partially offset by a $44.5 million decrease due to the change in the net realized gain (loss) from investments from a net realized gain of $23.2 million during the year ended December 31, 2014 to a net realized loss of $21.3 million for the year ended December 31, 2015. The net realized loss of $21.3 million for the year ended December 31, 2015 was primarily the result of (i) the net realized losses relating to the restructure of two Private Loan investments totaling $13.8 million and two Middle Market investments totaling $9.1 million, (ii) the net realized loss on the exit of a Private Loan investment of $4.7 million and (iii) the exits of several Marketable securities and idle funds investments of $1.4 million, partially offset by the net realized gains on the exits of three LMM investments totaling $5.4 million and from an Other Portfolio investment of $2.5 million.

The following table provides a summary of the total net unrealized appreciation of $10.0 million for the year ended December 31, 2015:

	Twelve Months Ended December 31, 2015				
	LMM(a)	**MM**	**PL**	**Other(b)**	**Total**
	(dollars in millions)				
Accounting reversals of net unrealized (appreciation) depreciation recognized in prior periods due to net realized gains/losses recognized during period	$ (5.0)	$ 6.9	$ 13.1	$ (2.6)	$ 12.4
Net change in unrealized appreciation (depreciation) relating to portfolio investments	48.4	(38.1)	(22.8)	11.2	(1.3)
Total net change in unrealized appreciation (depreciation) relating to portfolio investments	$ 43.4	$ (31.2)	$ (9.7)	$ 8.6	$ 11.1
Net change in unrealized depreciation relating to marketable securities					(0.2)
Unrealized depreciation relating to SBIC debentures(c)					(0.9)
Total net change in unrealized appreciation (depreciation)					$ 10.0

(a) LMM includes unrealized appreciation on 36 LMM portfolio investments and unrealized depreciation on 21 LMM portfolio investments.

(b) Other includes $11.7 million of unrealized appreciation relating to the External Investment Manager, offset by $0.5 million of net unrealized depreciation relating to the Other Portfolio.

(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 year ended December 31, 2015 of $8.7 million principally consisted of a deferred tax benefit of $11.7 million, which is primarily the result of the net activity relating to our portfolio investments held in our Taxable Subsidiaries, including changes in net operating loss carryforwards, changes in net unrealized appreciation/depreciation and other temporary book-tax differences, partially offset by other current taxes of $3.0 million, which includes $1.8 million related to accruals for U.S. federal income, state and other taxes and $1.2 million for excise taxes.

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Liquidity and Capital Resources

Cash Flows

For the year ended December 31, 2016, we experienced a net increase in cash and cash equivalents in the amount of approximately $4.1 million, which is the result of approximately $42.7 million of cash used by our operating activities and approximately $46.9 million of cash provided by financing activities.

During the period, we used $42.7 million of cash from our operating activities, which resulted primarily from (i) cash flows we generated from the operating profits earned through our operating activities totaling $107.8 million, which is our $124.1 million of distributable net investment income, excluding the non-cash effects of the accretion of unearned income of $10.2 million, payment-in-kind interest income of $6.5 million, cumulative dividends of $2.2 million and the amortization expense for deferred financing costs of $2.6 million, (ii) cash uses totaling $641.7 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, 2015, which collectively total $641.2 million, and (b) $0.5 million from the purchase of Marketable securities and idle funds investments and (iii) cash proceeds totaling $491.2 million from (a) $486.2 million in cash proceeds from the sales and repayments of debt investments and sales of and return on capital of equity investments and (b) $4.3 million of cash proceeds from the sale of Marketable securities and idle funds investments and (c) $0.7 million related to increases in payables and accruals.

During the year ended December 31, 2016, $46.9 million in cash was provided by financing activities, which principally consisted of (i) $112.0 million in net cash proceeds from the ATM Program (described below), (ii) $52.0 million in net cash proceeds from the Credit Facility and (iii) $15.0 million in cash proceeds from issuance of SBIC debentures, partially offset by (i) $127.5 million in cash dividends paid to stockholders, (ii) $2.6 million for purchases of vested restricted stock from employees to satisfy their tax withholding requirements upon the vesting of such restricted stock and (iii) $2.0 million for payment of deferred loan costs, SBIC debenture fees and other costs.

For the year ended December 31, 2015, we experienced a net decrease in cash and cash equivalents in the amount of $40.1 million, which is the net result of $131.4 million of cash used for our operating activities and $91.3 million of cash provided by financing activities.

During the period, we used $131.4 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 $101.8 million, which is our $113.3 million of distributable net investment income, excluding the non-cash effects of the accretion of unearned income of $8.9 million, payment-in-kind interest income of $3.6 million, cumulative dividends of $1.6 million and the amortization expense for deferred financing costs of $2.6 million, (ii) cash uses totaling $848.0 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 $838.4 million, (b) the funding of new Marketable securities and idle funds investments totaling $5.8 million, (c) $2.3 million related to decreases in payables and accruals and (d) increases in other assets of $1.5 million, and (iii) cash proceeds totaling $614.8 million from (a) $605.3 million in cash proceeds from the repayments of debt investments and sales of equity investments in portfolio companies and (b) $9.5 million of cash proceeds from the sale of Marketable securities and idle funds investments.

During the year ended December 31, 2015, $91.3 million in cash was provided by financing activities, which principally consisted of (i) $132.0 million in net cash proceeds from a public equity offering in March 2015 and through equity issuances under the ATM Program (described below) in the fourth quarter of 2015 and (ii) $73.0 million in net cash proceeds from the Credit Facility, partially offset by (iii) $110.7 million in cash dividends paid to stockholders and (iv) $3.0 million for payment of deferred loan costs, SBIC debenture fees and other costs.

Capital Resources

As of December 31, 2016, we had $24.5 million in cash and cash equivalents and $212.0 million of unused capacity under the Credit Facility, which we maintain to support our investment and operating activities. As of December 31, 2016, our net asset value totaled $1,201.5 million, or $22.10 per share.

The Credit Facility, which provides additional liquidity to support our investment and operational activities, provides for commitments of $555.0 million from a diversified group of fourteen lenders. The Credit Facility was amended during 2016 to extend the maturity one year to September 2021. The Credit Facility also contains an accordion feature which allows us to increase the total commitments under the facility to up to $750.0 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 at a rate equal to the applicable LIBOR rate (0.77% as of December 31, 2016) plus (i) 1.875% (or the applicable base rate (Prime Rate of 3.75% as of December 31, 2016) plus 0.875%) as long as we maintain an investment grade rating and meet certain agreed upon excess collateral and maximum leverage requirements, (ii) 2.0% (or the applicable base rate plus 1.0%) if we maintain an investment grade rating but do not meet certain excess collateral and maximum leverage requirements or (iii) 2.25% (or the applicable base rate plus 1.25%) if we do not maintain an investment grade rating. We 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 2021, 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 December 31, 2016, we had $343.0 million in borrowings outstanding under the Credit Facility, the interest rate on the Credit Facility was 2.5% 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 and favorable terms and conditions. In addition, in December 2015, the 2016 omnibus spending bill approved by Congress and signed into law by the President increased the amount of SBA-guaranteed debentures that affiliated SBIC funds can have outstanding from $225.0 million to $350.0 million. This new legislation allowed us to issue additional SBIC debentures, subject to SBA approval, above the $225.0 million that we had outstanding prior to the legislation. In August 2016, we received a license from the SBA to form and operate a third SBIC, which at the time provided us with access up to an additional $125.0 million of long-term, fixed interest rate debt capital through the issuance of SBA-guaranteed debentures. During the year ended December 31, 2016, we have issued $15.0 million of SBIC debentures, leaving $110.0 million of remaining capacity under our SBIC licenses. 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 semiannually. 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 December 31, 2016, through our three wholly owned SBICs, we had $240.0 million of outstanding SBIC debentures guaranteed by the SBA, which bear a weighted-average annual fixed interest rate of approximately 4.1%, paid semiannually, and mature ten years from issuance. The first maturity related to our SBIC debentures occurs in 2017, and the weighted-average remaining duration is approximately 4.9 years as of December 31, 2016.

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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"). The 6.125% Notes are unsecured obligations and rank pari passu with our current and future 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 December 31, 2016, the outstanding balance of the 6.125% Notes was $90.7 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 (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 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, 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 semiannually 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 December 31, 2016, 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, 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 follow-on 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

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additional shares and after deducting underwriting discounts and estimated offering expenses payable by us, of approximately $127.8 million.

During November 2015, we commenced a program with certain selling agents through which we can sell shares of our common stock by means of at-the-market offerings from time to time (the "ATM Program"). During the year ended December 31, 2015, we sold 140,568 shares of our common stock at a weighted-average price of $31.98 per share and raised $4.5 million of gross proceeds under the ATM Program. Net proceeds were $4.3 million after commissions to the selling agents on shares sold and offering costs.

During the year ended December 31, 2016, we sold 3,324,646 shares of our common stock at a weighted-average price of $34.17 per share and raised $113.6 million of gross proceeds under the ATM Program. Net proceeds were $112.0 million after commissions to the selling agents on shares sold and offering costs. As of December 31, 2016, sales transactions representing 42,413 shares had not settled and are not included in shares issued and outstanding on the face of the consolidated balance sheet, but are included in the weighted-average shares outstanding in the consolidated statement of operations and in the shares used to calculate our net asset value per share. As of December 31, 2016, 1,534,786 shares were available for sale under the ATM Program.

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 issuances of 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 2016 annual meeting 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 since 2011. We would therefore need future approval from our stockholders to issue shares below the then current net asset value per share.

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 carry forward 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.

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Although we have been able to secure access to additional liquidity, including through the Credit Facility, public debt issuances, leverage available through the SBIC program and equity offerings, 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 Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 supersedes the revenue recognition requirements under ASC 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. In March 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net),* which clarified the implementation guidance on principal versus agent considerations. In April 2016, the FASB issued ASU 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing,* which clarified the implementation guidance regarding performance obligations and licensing arrangements. In May 2016, the FASB issued ASU No. 2016-12, *Revenue from Contracts with Customers (Topic 606) Narrow-Scope Improvements and Practical Expedients*, which clarified guidance on assessing collectability, presenting sales tax, measuring noncash consideration, and certain transition matters. 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 expect to identify similar performance obligations under ASC 606 as compared with deliverables and separate units of account previously identified. As a result, we expect timing of our revenue recognition to remain the same.

In May 2015, the FASB issued ASU 2015-07, *Fair Value Measurements Disclosures for Certain Entities that Calculate Net Asset Value per Share*. This amendment updates guidance intended to eliminate the diversity in practice surrounding how investments measured at net asset value under the practical expedient with future redemption dates have been categorized in the fair value hierarchy. Under the updated guidance, investments for which fair value is measured at net asset value per share using the practical expedient should no longer be categorized in the fair value hierarchy, while investments for which fair value is measured at net asset value per share but the practical expedient is not applied should continue to be categorized in the fair value hierarchy. The updated guidance requires retrospective adoption for all periods presented and is effective for interim and annual reporting periods beginning after December 15, 2015, with early adoption permitted. The Company adopted this standard during the three months ended March 31, 2016. There was no impact of the adoption of this new accounting standard on our consolidated financial statements as none of our investments are measured through the use of the practical expedient.

In February 2016, the FASB issued ASU 2016-02, Leases, which requires lessees to recognize on the balance sheet a right of use asset, representing its right to use the underlying asset for the lease term, and a lease liability for all leases with terms greater than 12 months. The guidance also requires qualitative and quantitative disclosures designed to assess the amount, timing, and uncertainty of cash flows arising from leases. The standard requires the use of a modified retrospective transition approach, which includes a number of optional practical expedients that entities may elect to apply. The new guidance is effective for annual periods beginning after December 15, 2018, and interim periods therein. Early application is permitted. While we continue to assess the effect of adoption, we currently believe the most significant change relates to the recognition of a new right-of-use asset and lease liability on our consolidated balance sheet for our office space operating lease. We currently have one operating lease for office space and do not expect a significant change in our leasing activity between now and adoption. See further discussion of our operating lease obligation in "Note N Commitments and Contingences" in the notes to the consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, *Compensation Stock Compensation: Improvements to Employee Share-Based Payment Accounting*, which is intended to simplify several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The guidance is effective for annual periods beginning after December 15, 2016, and interim periods therein. Early application is permitted. The Company elected to early adopt this standard during the three months ended March 31, 2016. See further discussion of the impact of the adoption of this standard in "Note B.8. Summary of Significant Accounting Policies Share-based Compensation" in the notes to consolidated financial statements

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230)*, which is intended to reduce the existing diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The guidance is effective for annual periods beginning after December 15, 2017, and interim periods therein. Early application is permitted. The impact of the adoption of this new accounting standard on our consolidated financial statements is not expected to be material.

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 consolidated financial statements upon adoption.

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 fund equity capital and involve, to varying degrees, elements of liquidity and credit risk in excess of the amount recognized in the balance sheet. At December 31, 2016, we had a total of $120.2 million in outstanding commitments comprised of (i) 28 investments with commitments to fund revolving loans that had not been fully drawn or term loans with additional commitments not yet funded and (ii) eight investments with equity capital commitments that had not been fully called.

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Contractual Obligations

As of December 31, 2016, the future fixed commitments for cash payments in connection with our SBIC debentures, the 4.50% Notes, the 6.125% Notes and rent obligations under our office lease for each of the next five years and thereafter are as follows:

	2017	2018	2019	2020	2021	Thereafter	Total
SBIC debentures	$ 15,000	$ 10,200	$ 20,000	$ 55,000	$ 40,000	$ 99,800	$ 240,000
Interest due on SBIC debentures(1)	9,757	8,538	8,216	7,018	4,472	9,176	47,177
Notes 6.125%						90,655	90,655
Interest due on 6.125% Notes	5,553	5,553	5,553	5,553	5,553	6,939	34,704
4.50% Notes			175,000				175,000
Interest due on 4.50% Notes	7,875	7,875	7,875				23,625
Operating Lease Obligation(2)	185	683	749	763	777	4,959	8,116
Total	$ 38,370	$ 32,849	$ 217,393	$ 68,334	$ 50,802	$ 211,529	$ 619,277

(1) The interest due on the $15.0 million of SBIC debentures drawn in 2016 does not have a final rate that has been fixed by the SBA as of December 31, 2016. In March 2017, the final rate for these SBIC debentures will be determined and, thereafter, the rate will be fixed for the ensuing 10 years. For this $15.0 million of the SBIC debentures, the table above assumes a ten year fixed rate from March 2017 to maturity based on the most recent fixed rate charged by the SBA. The rates and related future interest payments for these debentures will be adjusted once the final rate is determined.

(2) Operating Lease Obligation means a rent payment obligation under a lease classified as an operating lease and disclosed pursuant to FASB ASC 840, as may be modified or supplemented.

As of December 31, 2016, we had $343.0 million in borrowings outstanding under our Credit Facility, and the Credit Facility is currently scheduled to mature in September 2021. The Credit Facility contains two, one-year extension options which could extend the maturity to September 2023, subject to lender approval. 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 December 31, 2016, we had a receivable of approximately $2.4 million due from the External Investment Manager which included approximately $1.6 million primarily 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 $0.7 million.

In November 2015, our Board of Directors approved and adopted the Main Street Capital Corporation Deferred Compensation Plan (the "2015 Deferred Compensation Plan"). The 2015 Deferred Compensation Plan became effective on January 1, 2016 and replaced the Deferred Compensation Plan for Non-Employee Directors previously adopted by the Board of Directors in June 2013 (the "2013 Deferred Compensation Plan"). Under the 2015 Deferred Compensation Plan, non-employee directors and certain key employees may defer receipt of some or all of their cash compensation and directors' fees, subject to certain limitations. Individuals participating in the 2015 Deferred Compensation Plan receive distributions of their respective balances based on predetermined payout schedules or other events as defined by the plan and are also able to direct investments made on their behalf among investment alternatives permitted from time to time under the plan, including

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phantom Main Street stock units. As of December 31, 2016, $2.0 million of compensation and directors' fees had been deferred under the 2015 Deferred Compensation Plan (including amounts previously deferred under the 2013 Deferred Compensation Plan). Of this amount, $1.7 million was deferred into phantom Main Street stock units, representing 55,866 shares of our common stock. Including phantom stock units issued through dividend reinvestment, the phantom stock units outstanding as of December 31, 2016 represented 64,839 shares of our common stock. Any amounts deferred under the plan represented by phantom stock units will not be issued or included as outstanding on the consolidated statement of changes in net assets until such shares are actually distributed to the participant in accordance with the plan, but are included in operating expenses and weighted-average shares outstanding in our consolidated statement of operations as earned.

SENIOR SECURITIES

Information about our senior securities is shown in the following table as of December 31 for the years indicated in the table, unless otherwise noted. Grant Thornton LLP's report on the senior securities table as of December 31, 2016, is an exhibit to the registration statement of which this prospectus is a part.

Class and Year	Total Amount Outstanding Exclusive of Treasury Securities(1) (dollars in thousands)	Asset Coverage per Unit(2)	Involuntary Liquidating Preference per Unit(3)	Average Market Value per Unit(4)
SBIC Debentures				
2007	$ 55,000	3,094		N/A
2008	55,000	3,043		N/A
2009	65,000	2,995		N/A
2010	180,000	2,030		N/A
2011	220,000	2,202		N/A
2012	225,000	2,763		N/A
2013	200,200	2,476		N/A
2014	225,000	2,323		N/A
2015	225,000	2,368		N/A
2016	240,000	2,415		N/A
Credit Facility				
2010	$ 39,000	2,030		N/A
2011	107,000	2,202		N/A
2012	132,000	2,763		N/A
2013	237,000	2,476		N/A
2014	218,000	2,323		N/A
2015	291,000	2,368		N/A
2016	343,000	2,415		N/A
6.125% Notes				
2013	$ 90,882	2,476		$ 24.35
2014	90,823	2,323		24.78
2015	90,738	2,368		25.40
2016	90,655	2,415		25.76
4.50% Notes				
2014	$ 175,000	2,323		N/A
2015	175,000	2,368		N/A
2016	175,000	2,415		N/A

(1) Total amount of each class of senior securities outstanding at the end of the period presented.

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(2) Asset coverage per unit is the ratio of the carrying value of our total consolidated assets, less all liabilities and indebtedness not represented by senior securities, to the aggregate amount of senior securities representing indebtedness. Asset coverage per unit is expressed in terms of dollar amounts per $1,000 of indebtedness.

(3) The amount to which such class of senior security would be entitled upon the involuntary liquidation of the issuer in preference to any security junior to it. The "   " indicates information which the Securities and Exchange Commission expressly does not require to be disclosed for certain types of senior securities.

(4) Average market value per unit for our 6.125% Notes represents the average of the daily closing prices as reported on the NYSE during the period presented. Average market value per unit for our SBIC Debentures, Credit Facility and 4.50% Notes are not applicable because these are not registered for public trading.

BUSINESS

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 provides "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 Main Street Mezzanine Fund, LP ("MSMF"), Main Street Capital II, LP ("MSC II") and Main Street Capital III, LP ("MSC III" and, collectively with MSMF and MSC II, 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 directly 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 or their portfolio companies ("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 External Parties, 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 taxable income or capital gains that it distributes to its stockholders.

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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.

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

The following diagram depicts Main Street's organizational structure:

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* Each of the Taxable Subsidiaries is directly or indirectly wholly owned by MSCC.

** Accounted for as a portfolio investment at fair value, as opposed to a consolidated subsidiary.

Overview of our Business

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") portfolio investments are primarily debt securities in privately held companies which have been originated through strategic relationships with other investment funds on a collaborative basis. Private Loan investments are typically similar in size, structure, terms and conditions to investments we hold in our LMM portfolio and Middle Market portfolio.

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

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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 investment date.

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 are primarily debt securities in privately held companies which have been originated through strategic relationships with other investment funds on a collaborative basis, and are often referred to in the debt markets as "club deals." Private Loan investments are typically similar in size, structure, terms and conditions to investments we hold in our LMM portfolio and Middle Market portfolio. 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 ("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 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 have entered into an agreement with the External Investment Manager to share employees in connection with its asset management business generally, and specifically for its relationship with HMS Income Fund, Inc. ("HMS Income"). Through this agreement, we share employees with the External Investment Manager, including their related infrastructure, business relationships, management expertise and capital raising capabilities.

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 (see "Regulation"). 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 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 directly incur the operating costs associated with employing investment and portfolio

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management professionals. 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.

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, a non-listed BDC, 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 our 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.

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. Because the External Investment Manager may receive performance-based fee compensation from HMS Income, this may provide it an incentive to allocate opportunities to HMS Income instead of us. However, we and the External Investment Manager have policies and procedures in place to avoid this conflict.

Business Strategies

Our principal investment objective is to maximize our portfolio's total return by generating current income from our debt investments and realizing capital appreciation from our equity and equity-related investments, including warrants, convertible securities and other rights to acquire equity securities in a portfolio company. We have adopted the following business strategies to achieve our investment objective:

Deliver Customized Financing Solutions in the Lower Middle Market. We offer LMM portfolio companies customized debt and equity financing solutions that are tailored to the facts and circumstances of each situation. We believe our ability to provide a broad range of customized financing solutions to LMM companies sets us apart from other capital providers that focus on providing a limited number of financing solutions. Our ability to invest across a company's capital structure, from senior secured loans to subordinated debt to equity securities, allows us to offer LMM portfolio companies a comprehensive suite of financing options, or a "one stop" financing solution.

Focus on Established Companies. We generally invest in companies with established market positions, experienced management teams and proven revenue streams. We believe that those companies generally possess better risk-adjusted return profiles than newer companies that are building their management teams or are in the early stages of building a revenue base. We also believe that established companies in our targeted size range also generally provide opportunities for capital appreciation.

Leverage the Skills and Experience of Our Investment Team. Our investment team has significant experience in lending to and investing in LMM and Middle Market companies. The members of our investment team have broad investment backgrounds, with prior experience at private investment funds, investment banks and other financial services companies, and currently include

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five certified public accountants and three Chartered Financial Analyst® (CFA) charter holders. The expertise of our investment team in analyzing, valuing, structuring, negotiating and closing transactions should provide us with competitive advantages by allowing us to consider customized financing solutions and non-traditional or complex structures for our portfolio companies. Also, the reputation of our investment team has and should continue to enable us to generate additional revenue in the form of management and incentive fees in connection with us providing advisory services to other investment funds.

Invest Across Multiple Companies, Industries, Regions and End Markets. We seek to maintain a portfolio of investments that is appropriately balanced among various companies, industries, geographic regions and end markets. This portfolio balance is intended to mitigate the potential effects of negative economic events for particular companies, regions, industries and end markets.

Capitalize on Strong Transaction Sourcing Network. Our investment team seeks to leverage its extensive network of referral sources for portfolio company investments. We have developed a reputation in our marketplace as a responsive, efficient and reliable source of financing, which has created a growing stream of proprietary deal flow for us.

Benefit from Lower, Fixed, Long-Term Cost of Capital. The SBIC licenses held by the Funds have allowed them to issue SBA-guaranteed debentures. SBA-guaranteed debentures carry long-term fixed interest rates that are generally lower than interest rates on comparable bank loans and other debt. Because lower-cost SBA leverage is, and will continue to be, a significant part of our capital base through the Funds, our relative cost of debt capital should be lower than many of our competitors. In addition, the SBIC leverage that we receive through the Funds represents a stable, long-term component of our capital structure with proper matching of duration and cost compared to our LMM portfolio investments. We also maintain an investment grade rating from Standard & Poor's Ratings Services which provides us the opportunity and flexibility to obtain additional, attractive long-term financing options to supplement our capital structure.

Investment Criteria

Our investment team has identified the following investment criteria that it believes are important in evaluating prospective portfolio companies. Our investment team uses these criteria in evaluating investment opportunities. However, not all of these criteria have been, or will be, met in connection with each of our investments:

Proven Management Team with Meaningful Equity Stake. We look for operationally-oriented management with direct industry experience and a successful track record. In addition, we expect the management team of each LMM portfolio company to have meaningful equity ownership in the portfolio company to better align our respective economic interests. We believe management teams with these attributes are more likely to manage the companies in a manner that both protects our debt investment and enhances the value of our equity investment.

Established Companies with Positive Cash Flow. We seek to invest in established companies with sound historical financial performance. We typically focus on LMM companies that have historically generated EBITDA of $3 million to $20 million and commensurate levels of free cash flow. We also pursue investments in debt securities of Middle Market companies that are generally established companies with sound historical financial performance that are generally larger in size than LMM companies. We generally do not invest in start-up companies or companies with speculative business plans.

Defensible Competitive Advantages/Favorable Industry Position. We primarily focus on companies having competitive advantages in their respective markets and/or operating in industries with barriers to entry, which may help to protect their market position and profitability.

Exit Alternatives. We exit our debt investments primarily through the repayment of our investment from internally generated cash flow of the portfolio company and/or a refinancing. In addition, we seek to invest in companies whose business models and expected future cash flows may provide alternate methods of repaying our investment, such as through a strategic acquisition by other industry participants or a recapitalization.

Investment Portfolio

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." Our 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 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 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 that we originate on a collaborative basis with other investment funds, and are often referred to in the debt markets as "club deals." Our Other Portfolio investments primarily consist of investments which are not consistent with the typical profiles for our LMM, Middle Market and 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.

Debt Investments

Historically, we have made LMM debt investments principally in the form of single tranche debt. Single tranche debt financing involves issuing one debt security that blends the risk and return profiles of both first lien secured and subordinated debt. We believe that single tranche debt is more appropriate for many LMM companies given their size in order to reduce structural complexity and potential conflicts among creditors.

Our LMM debt investments generally have a term of five to seven years from the original investment date, with limited required amortization prior to maturity, and provide for monthly or quarterly payment of interest at fixed interest rates generally between 10% and 14% per annum, payable currently in cash. In some instances, we have provided floating interest rates for our single tranche debt securities. In addition, certain LMM debt investments may have a form of interest that is not paid currently but is accrued and added to the loan balance and paid at maturity. We refer to this form of interest as payment-in-kind, or PIK, interest. We typically structure our LMM debt investments with the maximum seniority and collateral that we can reasonably obtain while seeking to achieve our total return target. In most cases, our LMM debt investment will be collateralized by a first priority lien on substantially all the assets of the portfolio company. In addition to seeking a senior lien position in the capital structure of our LMM portfolio companies, we seek to limit the downside potential of our LMM debt investments by negotiating covenants that are designed to protect our LMM debt investments while affording our portfolio companies as much flexibility in managing their businesses as is reasonable. Such restrictions may include affirmative and negative covenants, default penalties, lien protection, change of control or change of management provisions, key-man life insurance, guarantees,

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equity pledges, personal guaranties, where appropriate, and put rights. In addition, we typically seek board representation or observation rights in all of our LMM portfolio companies.

While we will continue to focus our LMM debt investments primarily on single tranche debt investments, we also anticipate structuring some of our debt investments as mezzanine loans. We anticipate that these mezzanine loans will be primarily junior secured or unsecured, subordinated loans that provide for relatively high fixed interest rates payable currently in cash that will provide us with significant interest income plus the additional opportunity for income and gains through PIK interest and equity warrants and other similar equity instruments issued in conjunction with these mezzanine loans. These loans typically will have interest-only payments in the early years, with amortization of principal deferred to the later years of the mezzanine loan term. Typically, our mezzanine loans will have maturities of three to five years. We will generally target fixed interest rates of 12% to 14%, payable currently in cash for our mezzanine loan investments with higher targeted total returns from equity warrants or PIK interest.

We also pursue debt investments in Middle Market companies. Our Middle Market portfolio investments primarily consist of direct investments 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 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 debt investments in our Middle Market portfolio have rights and protections that are similar to those in our LMM debt investments, which may include affirmative and negative covenants, default penalties, lien protection, change of control provisions, guarantees and equity pledges. The Middle Market debt investments generally have floating interest rates at LIBOR plus a margin, and are typically subject to LIBOR floors.

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 and typically have a term of between three and seven years from the original investment date.

Warrants

In connection with our debt investments, we occasionally receive equity warrants to establish or increase our equity interest in the portfolio company. Warrants we receive in connection with a debt investment typically require only a nominal cost to exercise, and thus, as a portfolio company appreciates in value, we may achieve additional investment return from this equity interest. We typically structure the warrants to provide provisions protecting our rights as a minority-interest holder, as well as secured or unsecured put rights, or rights to sell such securities back to the portfolio company, upon the occurrence of specified events. In certain cases, we also may obtain registration rights in connection with these equity interests, which may include demand and "piggyback" registration rights.

Direct Equity Investments

We also will seek to make direct equity investments in situations where it is appropriate to align our interests with key management and stockholders of our LMM portfolio companies, and to allow for participation in the appreciation in the equity values of our LMM portfolio companies. We usually make our direct equity investments in connection with debt investments in our LMM portfolio companies. In addition, we may have both equity warrants and direct equity positions in some of our LMM portfolio companies. We seek to maintain fully diluted equity positions in our LMM portfolio companies of 5% to 50%, and may have controlling equity interests in some instances. We have a value orientation toward our direct equity investments and have traditionally been able to purchase our equity investments at reasonable valuations.

Investment Process

Our investment committee is responsible for all aspects of our LMM investment process. The current members of our investment committee are Vincent D. Foster, our Chairman and Chief Executive Officer, Dwayne L. Hyzak, our President, Chief Operating Officer and Senior Managing Director, Curtis L. Hartman, our Vice-Chairman, Chief Credit Officer and Senior Managing Director, and David Magdol, our Vice-Chairman, Chief Investment Officer and Senior Managing Director.

Our credit committee is responsible for all aspects of our Middle Market portfolio investment process. The current members of our credit committee are Messrs. Foster, Hartman and Rodger A. Stout, our Executive Vice President.

Investment process responsibility for each Private Loan portfolio investment is delegated to either the investment committee or the credit committee based upon the nature of the investment and the manner in which it was originated. Similarly, the investment processes for each Private Loan portfolio investment, from origination to close and to eventual exit, will follow the processes for our LMM portfolio investments or our Middle Market portfolio investments as outlined below, or a combination thereof.

Our investment strategy involves a "team" approach, whereby potential transactions are screened by several members of our investment team before being presented to the investment committee or the credit committee, as applicable. Our investment committee and credit committee each meet on an as needed basis depending on transaction volume. We generally categorize our investment process into seven distinct stages:

Deal Generation/Origination

Deal generation and origination is maximized through long-standing and extensive relationships with industry contacts, brokers, commercial and investment bankers, entrepreneurs, service providers such as lawyers, financial advisors, accountants and current and former portfolio companies and investors. Our investment team has focused its deal generation and origination efforts on LMM and Middle Market companies, and we have developed a reputation as a knowledgeable, reliable and active source of capital and assistance in these markets.

Screening

During the screening process, if a transaction initially meets our investment criteria, we will perform preliminary due diligence, taking into consideration some or all of the following information:

- a comprehensive financial model based on quantitative analysis of historical financial performance, projections and pro forma adjustments to determine the estimated internal rate of return;
- a brief industry and market analysis;
- direct industry expertise imported from other portfolio companies or investors;
- preliminary qualitative analysis of the management team's competencies and backgrounds;
- potential investment structures and pricing terms; and
- regulatory compliance.

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Upon successful screening of a proposed LMM transaction, the investment team makes a recommendation to our investment committee. If our investment committee concurs with moving forward on the proposed LMM transaction, we typically issue a non-binding term sheet to the company. For Middle Market portfolio investments, the initial term sheet is typically issued by the borrower, through the syndicating bank, and is screened by the investment team which makes a recommendation to our credit committee.

Term Sheet

For proposed LMM transactions, the non-binding term sheet will include the key economic terms based upon our analysis performed during the screening process as well as a proposed timeline and our qualitative expectation for the transaction. While the term sheet for LMM investments is non-binding, we typically receive an expense deposit in order to move the transaction to the due diligence phase. Upon execution of a term sheet, we begin our formal due diligence process.

For proposed Middle Market transactions, the initial term sheet will include key economic terms and other conditions proposed by the borrower and its representatives and the proposed timeline for the investment, which are reviewed by our investment team to determine if such terms and conditions are in agreement with our investment objectives.

Due Diligence

Due diligence on a proposed LMM investment is performed by a minimum of two of our investment professionals, whom we refer to collectively as the investment team, and certain external resources, who together conduct due diligence to understand the relationships among the prospective portfolio company's business plan, operations and financial performance. Our LMM due diligence review includes some or all of the following:

- site visits with management and key personnel;
- detailed review of historical and projected financial statements;
- operational reviews and analysis;
- interviews with customers and suppliers;
- detailed evaluation of company management, including background checks;
- review of material contracts;
- in-depth industry, market and strategy analysis;
- regulatory compliance analysis; and
- review by legal, environmental or other consultants, if applicable.

Due diligence on a proposed Middle Market investment is generally performed on materials and information obtained from certain external resources and assessed internally by a minimum of two of our investment professionals, who work to understand the relationships among the prospective portfolio company's business plan, operations and financial performance using the accumulated due diligence information. Our Middle Market due diligence review includes some or all of the following:

detailed review of historical and projected financial statements;

in-depth industry, market, operational and strategy analysis;

regulatory compliance analysis; and

detailed review of the company's management team and their capabilities.

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During the due diligence process, significant attention is given to sensitivity analyses and how the company might be expected to perform given downside, base-case and upside scenarios. In certain cases, we may decide not to make an investment based on the results of the diligence process.

Document and Close

Upon completion of a satisfactory due diligence review of a proposed LMM portfolio investment, the investment team presents the findings and a recommendation to our investment committee. The presentation contains information which can include, but is not limited to, the following:

- company history and overview;
- transaction overview, history and rationale, including an analysis of transaction strengths and risks;
- analysis of key customers and suppliers and key contracts;
- a working capital analysis;
- an analysis of the company's business strategy;
- a management and key equity investor background check and assessment;
- third-party accounting, legal, environmental or other due diligence findings;
- investment structure and expected returns;
- anticipated sources of repayment and potential exit strategies;
- pro forma capitalization and ownership;
- an analysis of historical financial results and key financial ratios;
- sensitivities to management's financial projections;
- regulatory compliance analysis findings; and
- detailed reconciliations of historical to pro forma results.

Upon completion of a satisfactory due diligence review of a proposed Middle Market portfolio investment, the investment team presents the findings and a recommendation to our credit committee. The presentation contains information which can include, but is not limited to, the following:

- company history and overview;
- transaction overview, history and rationale, including an analysis of transaction strengths and risks;
- analysis of key customers and suppliers;
- an analysis of the company's business strategy;
- investment structure and expected returns;
- anticipated sources of repayment and potential exit strategies;
- pro forma capitalization and ownership;
- regulatory compliance analysis findings; and
- an analysis of historical financial results and key financial ratios.

If any adjustments to the transaction terms or structures are proposed by the investment committee or credit committee, as applicable, such changes are made and applicable analyses are updated prior to approval of the transaction. Approval for the transaction must be made by the affirmative vote from a majority of the members of the investment committee or credit committee, as applicable, with the committee member managing the transaction, if any, abstaining from the vote. Upon receipt of transaction approval, we will re-confirm regulatory compliance, process and finalize all required legal documents, and fund the investment.

Post-Investment

We continuously monitor the status and progress of the portfolio companies. We generally offer managerial assistance to our portfolio companies, giving them access to our investment experience, direct industry expertise and contacts. The same investment team that was involved in the investment process will continue its involvement in the portfolio company post-investment. This provides for continuity of knowledge and allows the investment team to maintain a strong business relationship with key management of our portfolio companies for post-investment assistance and monitoring purposes.

As part of the monitoring process of LMM portfolio investments, the investment team will analyze monthly and quarterly financial statements versus the previous periods and year, review financial projections, meet and discuss issues or opportunities with management, attend board meetings and review all compliance certificates and covenants. While we maintain limited involvement in the ordinary course operations of our LMM portfolio companies, we maintain a higher level of involvement in non-ordinary course financing or strategic activities and any non-performing scenarios. We also monitor the performance of our Middle Market portfolio investments; however, due to the larger size and higher sophistication level of these Middle Market companies in comparison to our LMM portfolio companies, it is not necessary or practical to have as much direct management interface.

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 consideration various factors, including, but not limited to, each investment's expected level of returns, the collectability of our debt investments and the ability to receive a return of the invested capital in our equity investments, comparisons to competitors and other industry participants, the portfolio company's future outlook and other factors that are deemed to be significant to the portfolio company.

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.

Exit Strategies/Refinancing

While we generally exit most investments through the refinancing or repayment of our debt and redemption of our equity positions, we typically assist our LMM portfolio companies in developing and planning exit opportunities, including any sale or merger of our portfolio companies. We may also assist in the structure, timing, execution and transition of the exit strategy. The refinancing or repayment of

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Middle Market debt investments typically does not require our assistance due to the additional resources available to these larger, Middle Market companies.

Determination of Net Asset Value and Investment Portfolio Valuation Process

We determine the net asset value per share of our common stock on a quarterly basis. The net asset value per share is equal to our total assets minus liabilities and any noncontrolling interests outstanding divided by the total number of shares of common stock outstanding.

We are required to report our investments at fair value. As a result, 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. We follow the provisions of the Financial Accounting Standards Board Accounting Standards Codification ("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.

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. See "Note B.1. Valuation of the Investment Portfolio" in the notes to consolidated financial statements for a detailed discussion of our investment portfolio valuation process and procedures.

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.

As described below, we undertake a multi-step valuation process each quarter in connection with determining the fair value of our investments, with our Board of Directors having 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. In addition, the Audit Committee of our Board of Directors periodically evaluates the performance and methodologies of the financial advisory services firm that we consult in connection with valuing our LMM and Private Loan portfolio company investments.

- Our quarterly valuation process begins with each LMM and Private Loan portfolio company investment being initially valued by the investment team responsible for monitoring the portfolio investment;

- The fair value determination for our Middle Market and Other Portfolio debt and equity investments and our investment in the External Investment Manager consists of unobservable and observable inputs which are initially reviewed by the investment professionals responsible for monitoring the portfolio investment;

- Preliminary valuation conclusions are then reviewed by and discussed with senior management, and the investment team considers and assesses, as appropriate, any changes that may be required to the preliminary valuations to address any comments provided by senior management;

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A nationally recognized independent financial advisory services firm analyzes and provides observations, recommendations and an assurance certification regarding the Company's determinations of the fair value for its LMM and Private Loan portfolio companies;

The Audit Committee of our Board of Directors reviews management's valuations, and the investment team and senior management consider and assess, as appropriate, any changes that may be required to management's valuations to address any comments provided by the Audit Committee; and

The Board of Directors assesses the valuations and ultimately approves the fair value of each investment in our portfolio in good faith.

Determination of fair value involves subjective judgments and estimates. The notes to our consolidated financial statements refer to the uncertainty with respect to the possible effect of such valuations, and any change in such valuations, on our financial results and financial condition.

Competition

We compete for investments with a number of investment funds (including private equity funds, mezzanine funds, BDCs, and SBICs), as well as traditional financial services companies such as commercial banks and other sources of financing. Many of the entities that compete with us are larger and have more resources available to them. We believe we are able to be competitive with these entities primarily on the basis of our focus toward the underserved LMM, the experience and contacts of our management team, our responsive and efficient investment analysis and decision-making processes, our comprehensive suite of customized financing solutions and the investment terms we offer.

We believe that some of our competitors make senior secured loans, junior secured loans and subordinated debt investments with interest rates and returns that are comparable to or lower than the rates and returns that we target. Therefore, we do not seek to compete primarily on the interest rates and returns that we offer to potential portfolio companies. For additional information concerning the competitive risks we face, see "Risk Factors Risks Related to Our Business and Structure We may face increasing competition for investment opportunities."

Employees

As of December 31, 2016, we had 57 employees. These employees include investment and portfolio management professionals, operations professionals and administrative staff. As necessary, we will hire additional investment professionals and administrative personnel. All of our employees are located in our Houston, Texas office.

Properties

We do not own any real estate or other physical properties materially important to our operations. Currently, we lease office space in Houston, Texas for our corporate headquarters.

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 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.

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PORTFOLIO COMPANIES

The following table sets forth certain unaudited information as of December 31, 2016 (dollars in thousands), for the portfolio companies in which we had a debt or equity investment. Other than these investments, our only formal relationships with our portfolio companies are the managerial assistance ancillary to our investments and the board observer or participation rights we may receive. As of December 31, 2016, none of our portfolio company investments constituted five percent or more of our total assets. The following table excludes our investments in marketable securities and idle funds investments.

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Percent of Class Held(19)	Principal(4)	Cost(4)	Fair Value
Control Investments(5)						
Access Media Holdings, LLC(10) 900 Commerce Drive, Suite 200 Oak Brook, IL 60523	Private Cable Operator					
		5% Current / 5% PIK Secured Debt (Maturity July 22, 2020)		$ 22,664	$ 22,664	$ 19,700
		Preferred Member Units (6,581,250 units; 12% cumulative)(20)	45.0%		6,475	240
		Member Units (45 units)	0.0%		1	
					29,140	19,940
Ameritech College Operations, LLC 12257 Business Park Dr, Ste. 108 Draper, UT 84020	For-Profit Nursing and Healthcare College					
		10% Secured Debt (Maturity November 30, 2019)		514	514	514
		13% Secured Debt (Maturity November 30, 2019)		489	489	489
		13% Secured Debt (Maturity January 31, 2020)		3,025	3,025	3,025
		Preferred Member Units (294 units)	44.5%		2,291	2,291
					6,319	6,319
ASC Interests, LLC 16500 Westheimer Parkway Houston, TX 77082	Recreational and Educational Shooting Facility					
		11% Secured Debt (Maturity July 31, 2018)		2,100	2,084	2,100
		Member Units (1,500 units)(8)	48.4%		1,500	2,680
					3,584	4,780
Bond-Coat, Inc. 11901 West CR 125 Odessa, TX 79765	Casing and Tubing Coating Services					
		12% Secured Debt (Maturity December 28, 2017)		11,596	11,556	11,596
		Common Stock (57,508 shares)	43.8%		6,350	6,660
					17,906	18,256

Café Brazil, LLC 202 West Main Street, Ste. 100 Allen, TX 75013	Casual Restaurant Group				
		Member Units (1,233 units)(8)	69.0%	1,742	6,040
CBT Nuggets, LLC 44 Club Rd., Ste. 150 Eugene, OR 97401	Produces and Sells IT Training Certification Videos				
		Member Units (416 units)(8)	41.6%	1,300	55,480

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Percent of Class Held(19)	Principal(4)	Cost(4)	Fair Value
Clad-Rex Steel, LLC 11500 W. King Street Franklin Park, IL 60131	Specialty Manufacturer of Vinyl-Clad Metal					
		LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.50%, Secured Debt (Maturity December 20, 2018)(9)		400	396	396
		LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.50%, Secured Debt (Maturity December 20, 2021)(9)		14,080	13,941	13,941
		Member Units (717 units)	71.7%		7,280	7,280
		10% Secured Debt (Clad-Rex Steel RE Investor, LLC) (Maturity December 20, 2036)		1,202	1,190	1,190
		Member Units (Clad-Rex Steel RE Investor, LLC) (800 units)	80.0%		210	210
					23,017	23,017
CMS Minerals Investments 3040 Stout Street Denver, CO 80205	Oil & Gas Exploration & Production					
		Preferred Member Units (CMS Minerals LLC) (458 units)(8)	45.8%		2,104	3,682
		Member Units (CMS Minerals II, LLC) (100 units)(8)	100.0%		3,829	3,381
					5,933	7,063
Datacom, LLC 100 Enterprise Boulevard Lafayette, LA 70506	Technology and Telecommunications Provider					
		8% Secured Debt (Maturity May 30, 2017)		900	900	900
		5.25% Current / 5.25% PIK Secured Debt (Maturity May 30, 2019)		11,713	11,651	11,049
		Class A Preferred Member Units (15% cumulative)(20)	37.6%		1,181	1,368
		Class B Preferred Member Units (6,453 units)	37.6%		6,030	1,529
					19,762	14,846
Gamber-Johnson Holdings, LLC 3001 Borham Ave. Stevens Point, WI 54481	Manufacturer of Ruggedized Computer Mounting Systems					
		LIBOR Plus 11.00% (Floor 1.00%), Current Coupon 12.00%, Secured Debt (Maturity June 24, 2021)(9)		24,080	23,846	23,846
		Member Units (8,619 units)	73.8%		14,844	18,920
					38,690	42,766
Garreco, LLC 430 Hiram Rd.	Manufacturer and Supplier of Dental					

Heber Springs, AR 72543	Products					
		14% Secured Debt (Maturity January 12, 2018)		5,250	5,219	5,219
		Member Units (1,200 units)	32.0%		1,200	1,150
					6,419	6,369

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Percent of Class Held(19)	Principal(4)	Cost(4)	Fair Value
GRT Rubber Technologies LLC 201 Dana Dr. Paragould, AR 72450	Manufacturer of Engineered Rubber Products					
		LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, Secured Debt (Maturity December 19, 2019)(9)		13,274	13,188	13,274
		Member Units (5,879 units)(8)	60.0%		13,065	20,310
					26,253	33,584
Gulf Manufacturing, LLC 1221 Indiana St. Humble, TX 77396	Manufacturer of Specialty Fabricated Industrial Piping Products					
		9% PIK Secured Debt (Ashland Capital IX, LLC) (Maturity June 30, 2017)		777	777	777
		Member Units (438 units)(8)	35.9%		2,980	8,770
					3,757	9,547
Gulf Publishing Holdings, LLC 2 Greenway Plaza, Suite 1020 Houston, TX 77046	Energy Industry Focused Media and Publishing					
		12.5% Secured Debt (Maturity April 29, 2021)		10,000	9,911	9,911
		Member Units (3,124 units)	32.1%		3,124	3,124
					13,035	13,035
Harrison Hydra-Gen, Ltd. 10827 Tower Oaks Blvd. Houston, TX 77070	Manufacturer of Hydraulic Generators					
		Common Stock (107,456 shares)(8)	33.6%		718	3,120
Hawthorne Customs and Dispatch Services, LLC 9370 Wallisville Rd Houston, TX 77013	Facilitator of Import Logistics, Brokerage, and Warehousing					
		Member Units (500 units)	47.6%		589	280
		Member Units (Wallisville Real Estate, LLC) (588,210 units)(8)	59.2%		1,215	2,040
					1,804	2,320
HW Temps LLC 32 Norfolk Ave South Easton, MA 02375	Temporary Staffing Solutions					
		LIBOR Plus 13.00% (Floor 1.00%), Current Coupon 14.00%, Secured Debt (Maturity July 2, 2020)(9)		10,576	10,500	10,500
		Preferred Member Units (3,200 units)(8)	32.0%		3,942	3,940

				14,442	14,440
Hydratec, Inc. **325 Road 192** **Delano, CA 93215**	Designer and Installer of Micro-Irrigation Systems				
		Common Stock (7,095 shares)(8)	95.9%	7,095	15,640

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Percent of Class Held(19)	Principal(4)	Cost(4)	Fair Value
IDX Broker, LLC 1551 Pearl Street Eugene, OR 97401	Provider of Marketing and CRM Tools for the Real Estate Industry					
		12.5% Secured Debt (Maturity November 15, 2018)		10,950	10,904	10,950
		Member Units (5,400 units)(8)	64.0%		5,606	7,040
					16,510	17,990
Indianapolis Aviation Partners, LLC 8501 Telephone Road Houston, TX 77061	Fixed Base Operator					
		15% Secured Debt (Maturity January 15, 2017)		3,100	3,100	3,100
		Warrants (1,046 equivalent units)	30.1%		1,129	2,649
					4,229	5,749
Jensen Jewelers of Idaho, LLC 130 Second Avenue North Twin Falls, ID 83301	Retail Jewelry Store					
		Prime Plus 6.75% (Floor 2.00%), Current Coupon 10.25%, Secured Debt (Maturity November 14, 2019)(9)		4,055	3,996	4,055
		Member Units (627 units)(8)	61.4%		811	4,460
					4,807	8,515
Lamb Ventures, LLC 11675 Jollyville Rd., Ste. 300 Austin, TX 78759	Aftermarket Automotive Services Chain					
		11% Secured Debt (Maturity May 31, 2018)		7,657	7,657	7,657
		Preferred Equity (non-voting)(20)	100.0%		400	400
		Member Units (742 units)(8)	68.4%		5,273	5,990
		9.5% Secured Debt (Lamb's Real Estate Investment I, LLC) (Maturity December 31, 2041)		1,170	1,170	1,170
		Member Units (Lamb's Real Estate Investment I, LLC) (1,000 units)(8)	100.0%		625	1,340
					15,125	16,557
Lighting Unlimited, LLC 4125 Richmond Ave Houston, TX 77027	Commercial and Residential Lighting Products and Design Services					
		8% Secured Debt (Maturity August 22, 2017)		1,514	1,514	1,514
		Preferred Equity (non-voting)(20)	23.6%		434	410
		Warrants (71 equivalent units)	7.1%		54	
		Member Units (700 units)	70.0%		100	

					2,102	1,924
Marine Shelters Holdings, LLC 6800 Harborside Dr. Galveston, TX 77554	Fabricator of Marine and Industrial Shelters					
		12% PIK Secured Debt (Maturity December 28, 2017)(14)		9,967	9,914	9,387
		Preferred Member Units (3,810 units)	26.7%		5,352	
					15,266	9,387

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Percent of Class Held(19)	Principal(4)	Cost(4)	Fair Value
MH Corbin Holding, LLC **8355 Rausch Dr.** **Plain City, OH 43064**	Manufacturer and Distributor of Traffic Safety Products					
		10% Secured Debt (Maturity August 31, 2020)		13,300	13,197	13,197
		Preferred Member Units (4,000 shares)	44.4%		6,000	6,000
					19,197	19,197
Mid-Columbia Lumber Products, LLC **380 NW Adler St** **Madras, OR 97741**	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 (3,554 units)	56.6%		1,810	2,480
		9.5% Secured Debt (Mid Columbia Real Estate, LLC) (Maturity May 13, 2025)		836	836	836
		Member Units (Mid Columbia Real Estate, LLC) (250 units)(8)	50.0%		250	600
					8,546	9,566
MSC Adviser I, LLC(16) **1300 Post Oak Boulevard, 8th Floor** **Houston, TX 77056**	Third Party Investment Advisory Services					
		Member Units (Fully diluted 100.0%)(8)	100.0%			30,617
Mystic Logistics Holdings, LLC **2187 NW London Tpke** **South Glastonbury, CT 06073**	Logistics and Distribution Services Provider for Large Volume Mailers					
		12% Secured Debt (Maturity August 15, 2019)		9,176	9,053	9,176
		Common Stock (5,873 shares)	63.5%		2,720	5,780
					11,773	14,956
NAPCO Precast, LLC **6949 Low Bid Lane** **San Antonio, TX 78250**	Precast Concrete Manufacturing					
		Prime Plus 2.00% (Floor 7.00%), Current Coupon 9.00%, Secured Debt (Maturity February 1, 2019)(9)		2,713	2,693	2,713
		18% Secured Debt (Maturity February 1, 2019)		3,952	3,922	3,952
		Member Units (2,955 units)(8)	44.5%		2,975	10,920
					9,590	17,585
NRI Clinical Research, LLC **2010 Wilshire Blvd**	Clinical Research Service Provider					

Los Angeles, CA 90057					
	LIBOR Plus 6.50% (Floor 1.50%), Current Coupon 8.00%, Secured Debt (Maturity September 8, 2017)(9)		200	200	200
	14% Secured Debt (Maturity September 8, 2017)		4,261	4,228	4,261
	Warrants (251,723 equivalent units)	12.0%		252	680
	Member Units (1,454,167 units)	23.9%		765	2,462
				5,445	7,603

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Percent of Class Held(19)	Principal(4)	Cost(4)	Fair Value
NRP Jones, LLC **210 Philadelphia St** **LaPorte, IN 46350**	Manufacturer of Hoses, Fittings and Assemblies					
		6% Current / 6% PIK Secured Debt (Maturity December 22, 2016)(17)		13,915	13,915	13,915
		Warrants (14,331 equivalent units)	11.6%		817	130
		Member Units (50,877 units)	41.1%		2,900	410
					17,632	14,455
OMi Holdings, Inc. **1515 E I-30 Service Road** **Royse City, TX 75189**	Manufacturer of Overhead Cranes					
		Common Stock (1,500 shares)(8)	48.0%		1,080	13,080
Pegasus Research Group, LLC **4636 E. University Drive** **Phoenix, AZ 85034**	Provider of Telemarketing and Data Services					
		Member Units (460 units)(8)	43.7%		1,290	8,620
PPL RVs, Inc. **10777 Southwest Freeway** **Houston, TX 77074**	Recreational Vehicle Dealer					
		LIBOR Plus 7.00% (Floor 0.50%), Current Coupon 7.93%, Secured Debt (Maturity November 15, 2021)(9)		18,000	17,826	17,826
		Common Stock (1,962 shares)(8)	52.2%		2,150	11,780
					19,976	29,606
Principle Environmental, LLC **201 W. Ranch Court** **Weatherford, TX 76088**	Noise Abatement Service Provider					
		12% Secured Debt (Maturity April 30, 2017)		4,060	4,060	4,060
		12% Current / 2% PIK Secured Debt (Maturity April 30, 2017)		3,378	3,378	3,378
		Preferred Member Units (19,631 units)(20)	87.7%		4,663	5,370
		Warrants (1,036 equivalent units)	3.8%		1,200	270
					13,301	13,078
Quality Lease Service, LLC **501 East Kennedy Blvd,** **Suite 801** **Tampa, FL 33602**	Provider of Rigsite Accommodation Unit Rentals and Related Services					
		8% PIK Secured Debt (Maturity June 8, 2020)		7,068	7,068	7,068
		Member Units (1,000 units)	100.0%		1,118	3,188
					8,186	10,256
River Aggregates, LLC **PO Box 8609**	Processor of Construction					

The Woodlands, TX 77387	Aggregates					
		Zero Coupon Secured Debt (Maturity June 30, 2018)		750	627	627
		Member Units (1,150 units)(8)	38.3%		1,150	4,600
		Member Units (RA Properties, LLC) (1,500 units)	50.0%		369	2,510
					2,146	7,737

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Percent of Class Held(19)	Principal(4)	Cost(4)	Fair Value
SoftTouch Medical Holdings, LLC 1800 Sandy Plains Ind Pkwy NE #224 Marietta, GA 30066	Provider of In-Home Pediatric Durable Medical Equipment					
		LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, Secured Debt (Maturity October 31, 2019)(9)		7,140	7,096	7,140
		Member Units (4,450 units)(8)	45.9%		4,930	9,170
					12,026	16,310
The MPI Group, LLC 319 North Hills Road Corbin, KY 40701	Manufacturer of Custom Hollow Metal Doors, Frames and Accessories					
		9% Secured Debt (Maturity October 2, 2018)		2,924	2,922	2,922
		Series A Preferred Units (2,500 units; 10% Cumulative)(20)	100.0%		2,500	
		Warrants (1,424 equivalent units)	59.4%		1,096	
		Member Units (MPI Real Estate Holdings, LLC) (100 units)(8)	100.0%		2,300	2,300
					8,818	5,222
Uvalco Supply, LLC 2521 E. Main St. Uvalde, TX 78801	Farm and Ranch Supply Store					
		9% Secured Debt (Maturity January 1, 2019)		872	872	872
		Member Units (2,011 units)(8)	85.6%		3,843	4,640
					4,715	5,512
Vision Interests, Inc. 6630 Arroyo Springs St., Ste. 600 Las Vegas, NV 89113	Manufacturer / Installer of Commercial Signage					
		13% Secured Debt (Maturity December 23, 2018)		2,814	2,814	2,814
		Series A Preferred Stock (3,000,000 shares)(20)	100.0%		3,000	3,000
		Common Stock (1,126,242 shares)	19.1%		3,706	
					9,520	5,814
Ziegler's NYPD, LLC 13901 North 73rd St., #219 Scottsdale, AZ 85260	Casual Restaurant Group					
		6.5% Secured Debt (Maturity October 1, 2019)		1,000	994	994
		12% Secured Debt (Maturity October 1, 2019)		300	300	300
		14% Secured Debt (Maturity October 1, 2019)		2,750	2,750	2,750
		Warrants (587 equivalent units)	4.0%		600	240

	Preferred Member Units (10,072 units)	67.8%	2,834	4,100
			7,478	8,384
Subtotal Control Investments (29.8% of total investments at fair value)			$ 439,674	$ 594,282

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Percent of Class Held(19)	Principal(4)	Cost(4)	Fair Value
Affiliate Investments(6)						
AFG Capital Group, LLC 900 McDuff Avenue Grandview, TX 76050	Provider of Rent-to-Own Financing Solutions and Services					
		Warrants (42 equivalent units)	4.0%		$ 259	$ 670
		Member Units (186 units)(8)	17.6%		1,200	2,750
					1,459	3,420
Barfly Ventures, LLC(10) 1 Ionia Avenue SW, Suite 200 Grand Rapids, MI 49503	Casual Restaurant Group					
		12% Secured Debt (Maturity August 31, 2020)		5,958	5,860	5,827
		Options (2 equivalent units)	3.3%		397	490
		Warrant (1 equivalent unit)	1.8%		473	280
					6,730	6,597
BBB Tank Services, LLC 162 Independence Parkway North Baytown, TX 77520	Maintenance, Repair and Construction Services to the Above-Ground Storage Tank Market					
		LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.50%, Secured Debt (Maturity April 8, 2021)(9)		800	797	797
		15% Current Secured Debt (Maturity April 8, 2021)		4,027	3,991	3,991
		Member Units (800,000 units)	10.2%		800	800
					5,588	5,588
Boss Industries, LLC 1761 Genesis Drive LaPorte, IN 46350	Manufacturer and Distributor of Air, Power and Other Industrial Equipment					
		Preferred Member Units (2,242 units)(8)	22.4%		2,426	2,800
Bridge Capital Solutions Corporation 300 Motor Parkway, Suite 215 Hauppauge, NY 11788	Financial Services and Cash Flow Solutions Provider					
		13% Secured Debt (Maturity July 25, 2021)		7,500	5,610	5,610
		Warrants (63 equivalent shares)	24.0%		2,132	3,370
		13% Secured Debt (Mercury Service Group, LLC) (Maturity July 25, 2021)		1,000	991	1,000
		Preferred Member Units (Mercury Service Group, LLC) (17,742 units)(8)	74.1%		1,000	1,000
					9,733	10,980

Buca C, LLC **4700 Millenua Blvd., #400** **Orlando, FL 32839**	Casual Restaurant Group					
		LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.25%, Secured Debt (Maturity June 30, 2020)(9)		22,671	22,504	22,671
		Preferred Member Units (6 units; 6% cumulative)(8)(20)	60.0%		3,937	4,660
					26,441	27,331

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Percent of Class Held(19)	Principal(4)	Cost(4)	Fair Value
CAI Software LLC 36 Thurber Boulevard Smithfield, RI 02917	Provider of Specialized Enterprise Resource Planning Software					
		12% Secured Debt (Maturity October 10, 2019)		3,683	3,660	3,683
		Member Units (65,356 units)(8)	14.8%		654	2,480
					4,314	6,163
CapFusion, LLC(13) 2310 W 75th Street Prairie Village, KS 66028	Non-Bank Lender to Small Businesses					
		13% Secured Debt (Maturity March 25, 2021)		14,400	13,202	13,202
		Warrants (1,600 equivalent units)	16.0%		1,200	1,200
					14,402	14,402
Chandler Signs Holdings, LLC(10) 3201 Manor Way Dallas, TX 75235	Sign Manufacturer					
		12% Secured Debt (Maturity July 4, 2021)		4,500	4,461	4,500
		Class A Units (1,500,000 units)(8)	9.0%		1,500	3,240
					5,961	7,740
Condit Exhibits, LLC 5151 Bannock St Denver, CO 80435	Tradeshow Exhibits / Custom Displays Provider					
		Member Units (3,936 units)(8)	15.0%		100	1,840
Congruent Credit Opportunities Funds(12)(13) 3131 McKinney Ave., Suite 850 Dallas, TX 75204	Investment Partnership					
		LP Interests (Congruent Credit Opportunities Fund II, LP) (Fully diluted 19.8%)(8)	19.8%		5,730	1,518
		LP Interests (Congruent Credit Opportunities Fund III, LP) (Fully diluted 17.4%)(8)	17.4%		15,754	16,181
					21,484	17,699
Daseke, Inc. 15455 Dallas Parkway, Ste. 400 Addison, TX 75001	Specialty Transportation Provider					
		12% Current / 2.5% PIK Secured Debt (Maturity July 31, 2018)		21,799	21,632	21,799
		Common Stock (19,467 shares)	13.4%		5,213	24,063
					26,845	45,862
Dos Rios Partners(12)(13) 3411 Richmond Avenue,	Investment Partnership					

Suite 420 **Houston, TX 77046**					
		LP Interests (Dos Rios Partners, LP) (Fully diluted 20.2%)	20.2%	5,996	4,925
		LP Interests (Dos Rios Partners A, LP) (Fully diluted 6.4%)	6.4%	1,904	1,444
				7,900	6,369
Dos Rios Stone Products LLC(10) **205 Wild Basin Rd South, Suite 3100** **Austin, TX 78746**	Limestone and Sandstone Dimension Cut Stone Mining Quarries				
		Class A Units (2,000,000 units)(8)	17.7%	2,000	2,070
East Teak Fine Hardwoods, Inc. **1106 Drake Road** **Donalds, SC 29638**	Distributor of Hardwood Products				
		Common Stock (6,250 shares)(8)	5.0%	480	860

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Percent of Class Held(19)	Principal(4)	Cost(4)	Fair Value
East West Copolymer & Rubber, LLC 5955 Scenic Highway Baton Rouge, LA 70805	Manufacturer of Synthetic Rubbers					
		12% Current / 2% PIK Secured Debt (Maturity October 17, 2019)		9,699	9,591	8,630
		Warrants (2,510,790 equivalent units)	11.9%		50	
					9,641	8,630
EIG Fund Investments(12)(13) Three Allen Center 333 Clay Street Suite 3500 Houston, TX 77002	Investment Partnership					
		LP Interests (EIG Global Private Debt fund-A, L.P.) (Fully diluted 11.1%)(8)	11.1%		2,804	2,804
EIG Traverse Co-Investment, L.P.(12)(13) 301 N.W. 63rd, Suite 600 Oklahoma City, OK 73116	Investment Partnership					
		LP Interests (Fully diluted 22.2%)(8)	22.2%		9,805	9,905
Freeport Financial Funds(12)(13) 300 N. La Salle Street, Suite 5300 Chicago, Il 60654	Investment Partnership					
		LP Interests (Freeport Financial SBIC Fund LP) (Fully diluted 9.3%)(8)	9.3%		5,974	5,620
		LP Interests (Freeport First Lien Loan Fund III LP) (Fully diluted 6.0%)(8)	6.0%		4,763	4,763
					10,737	10,383
Gault Financial, LLC (RMB Capital, LLC) 409 Bearden Circle Knoxville, TN 37919	Purchases and Manages Collection of Healthcare and other Business Receivables					
		10% Current Secured Debt (Maturity January 1, 2019)		13,046	13,046	11,079
		Warrants (29,025 equivalent units)	22.5%		400	
					13,446	11,079
Glowpoint, Inc. 430 Mountain Avenue., Ste. 301 Murray Hill, NJ 07974	Provider of Cloud Managed Video Collaboration Services					
		12% Secured Debt (Maturity October 18, 2018)		9,000	8,949	3,997
			21.1%		3,958	2,080

		Common Stock (7,711,517 shares)				
					12,907	6,077
Guerdon Modular Holdings, Inc. **5556 S Federal Way** **Boise, ID 83716**	Multi-Family and Commercial Modular Construction Company					
		9% Current / 4% PIK Secured Debt (Maturity August 13, 2019)		10,708	10,594	10,594
		Preferred Stock (404,998 shares)(20)	24.2%		1,140	1,140
		Common Stock (212,033 shares)	7.3%		2,983	80
					14,717	11,814

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Percent of Class Held(19)	Principal(4)	Cost(4)	Fair Value
Hawk Ridge Systems, LLC(13) 575 Clyde Ave Mountain View, CA 94043	Value-Added Reseller of Engineering Design and Manufacturing Solutions					
		10% Secured Debt (Maturity December 2, 2021)		10,000	9,901	9,901
		Preferred Member Units (226 units)(8)	22.6%		2,850	2,850
		Preferred Member Units (HRS Services, ULC) (226 units)	22.6%		150	150
					12,901	12,901
Houston Plating and Coatings, LLC 1315 Georgia St South Houston, TX 77587	Provider of Plating and Industrial Coating Services					
		Member Units (265,756 units)	12.4%		1,429	4,000
I-45 SLF LLC(12)(13) 5400 Lyndon B Johnson Freeway Suite 1300 Dallas, TX 75240	Investment Partnership					
		Member units (Fully diluted 20.0%; 24.4% profits interest)(8)	20.0%		14,200	14,586
Indianhead Pipeline Services, LLC 13167 County Hwy 00 Chippewa Falls, WI 54729	Provider of Pipeline Support Services					
		12% Secured Debt (Maturity February 6, 2017)		5,100	5,079	5,079
		Preferred Member Units (33,819 units; 8% cumulative)(8)(20)	14.5%		2,339	2,677
		Warrants (31,928 equivalent units)	8.2%		459	
		Member Units (14,732 units)	3.8%		1	
					7,878	7,756
KBK Industries, LLC East Hwy 96 Rush Center, KS 67575	Manufacturer of Specialty Oilfield and Industrial Products					
		10% Secured Debt (Maturity September 28, 2017)		1,250	1,250	1,250
		12.5% Secured Debt (Maturity September 28, 2017)		5,900	5,889	5,889
		Member Units (250 units)	18.4%		341	2,780
					7,480	9,919
L.F. Manufacturing Holdings, LLC(10) P.O. Box 578 Giddings, TX 78942	Manufacturer of Fiberglass Products					
		Member Units (2,179,001 units)	14.1%		2,019	1,380

OnAsset Intelligence, Inc. 3080 Story Road West Irving, TX 75038	Provider of Transportation Monitoring / Tracking Products and Services					
		12% PIK Secured Debt (Maturity December 31, 2015)(17)		4,519	4,519	4,519
		Preferred Stock (912 shares; 7% cumulative)(20)	50.0%		1,981	
		Warrants (5,333 equivalent shares)	17.9%		1,919	
					8,419	4,519

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Percent of Class Held(19)	Principal(4)	Cost(4)	Fair Value
OPI International Ltd.(13) **4545 Post Oak Place Drive** **Houston, TX 77027**	Provider of Man Camp and Industrial Storage Services					
		10% Unsecured Debt (Maturity April 8, 2018)		473	473	473
		Common Stock (20,766,317 shares)	11.5%		1,371	1,600
					1,844	2,073
PCI Holding Company, Inc. **12201 Magnolia Avenue** **Riverside, CA 92503**	Manufacturer of Industrial Gas Generating Systems					
		12% Secured Debt (Maturity March 31, 2019)		13,000	12,898	13,000
		Preferred Stock (1,500,000 shares; 20% cumulative)(8)(20)	27.8%		3,379	5,370
					16,277	18,370
Rocaceia, LLC (Quality Lease and Rental Holdings, LLC) **501 East Kennedy Blvd, Suite 801** **Tampa, FL 33602**	Provider of Rigsite Accommodation Unit Rentals and Related Services					
		12% Secured Debt (Maturity January 8, 2018)(14)(18)		30,785	30,281	250
		Preferred Member Units (250 units)	22.2%		2,500	
					32,781	250
Tin Roof Acquisition Company **1516 Demonbreun Street** **Nashville, TN 37203**	Casual Restaurant Group					
		12% Secured Debt (Maturity November 13, 2018)		13,511	13,385	13,385
		Class C Preferred Stock (Fully diluted 10.0%; 10% cumulative)(8)(20)	100.0%		2,738	2,738
					16,123	16,123
UniTek Global Services, Inc.(11) **1777 Sentry Parkway West** **Gwynedd Hall, Suite 202** **Blue Bell, PA 19422**	Provider of Outsourced Infrastructure Services					
		LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity January 13, 2019)(9)		5,021	5,010	5,021
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity January 13, 2019)(9)		824	824	824
		15% PIK Unsecured Debt (Maturity July 13, 2019)		745	745	745
		Preferred Stock (4,935,377 shares; 13.5% cumulative)(8)(20)	9.6%		5,814	6,410

		Common Stock (705,054 shares)	7.1%		3,010
				12,393	16,010
Universal Wellhead Services Holdings, LLC(10) **5729 Leopard St. Bldg 9** **Corpus Christi, TX 78408**	Provider of Wellhead Equipment, Designs, and Personnel to the Oil & Gas Industry				
		Preferred Member Units (UWS Investments, LLC) (716,949 units; 14% cumulative)(20)	13.6%	717	720
		Member Units (UWS Investments, LLC) (4,000,000 units)	10.1%	4,000	610
				4,717	1,330

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Percent of Class Held(19)	Principal(4)	Cost(4)	Fair Value
Valley Healthcare Group, LLC 2330 W Broadway, Suite 112 Mesa, AZ 85022	Provider of Durable Medical Equipment					
		LIBOR Plus 12.50% (Floor 0.50%), Current Coupon 13.12%, Secured Debt (Maturity December 29, 2020)(9)		12,956	12,844	12,844
		Preferred Member Units (Valley Healthcare Holding, LLC) (1,600 units)	16.0%		1,600	1,600
					14,444	14,444
Volusion, LLC 1835 Kramer Lane #100 Austin, TX 78758	Provider of Online Software-as-a-Service eCommerce Solutions					
		11.5% Secured Debt (Maturity January 26, 2020)		17,500	15,298	15,298
		Preferred Member Units (4,876,670 units)	7.1%		14,000	14,000
		Warrants (1,831,355 equivalent units)	2.7%		2,576	2,576
					31,874	31,874
Subtotal Affiliate Investments (18.8% of total investments at fair value)					$ 394,699	$ 375,948

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Percent of Class Held(19)	Principal(4)	Cost(4)	Fair Value
Non-Control/Non-Affiliate Investments(7)						
Adams Publishing Group, LLC(10) **1600 West End Boulevard, Suite 100** **St. Louis Park, MN 55416**	Local Newspaper Operator					
		LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.00%, Secured Debt (Maturity November 3, 2020)(9)		$ 7,662	$ 7,544	$ 7,662
Ahead, LLC(10) **150 S. Wacker Drive, Suite 2500** **Chicago, IL 60606**	IT Infrastructure Value Added Reseller					
		LIBOR Plus 6.50%, Current Coupon 7.50%, Secured Debt (Maturity November 2, 2020)		14,250	13,906	14,303
Allflex Holdings III Inc.(11) **2805 East 14th Street** **Dallas, TX 75261**	Manufacturer of Livestock Identification Products					
		LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.00%, Secured Debt (Maturity July 19, 2021)(9)		14,795	14,706	14,809
American Scaffold Holdings, Inc.(10) **3210 Commercial Street** **San Diego, CA 92113**	Marine Scaffolding Service Provider					
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity March 31, 2022)(9)		7,359	7,258	7,323
American Seafoods Group, LLC(11) **Market Place Tower, 2025 First Avenue** **Suite 900** **Seattle, WA 98121**	Catcher and Processor of Alaskan Pollock					
		LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity August 19, 2021)(9)		9,634	9,624	9,634
American Teleconferencing Services, Ltd.(11) **3280 Peachtree Rd N.E., Suite 1000** **Atlanta, GA 30305**	Provider of Audio Conferencing and Video Collaboration Solutions					
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity December 8, 2021)(9)		11,163	10,345	10,933
		LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.50%, Secured Debt (Maturity June 6, 2022)(9)		3,714	3,569	3,569

					13,914	14,502
Anchor Hocking, LLC(11) **519 N. Pierce Avenue** **Lancaster, OH 43130**	Household Products Manufacturer					
		LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, Secured Debt (Maturity June 4, 2018)(9)		2,277	2,277	2,231
		Member Units (440,620 units)	4.4%		4,928	3,305
					7,205	5,536

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Percent of Class Held(19)	Principal(4)	Cost(4)	Fair Value
AP Gaming I, LLC(10) **6680 Amelia Earhart Court** **Las Vegas, NV 89119**	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)		7,209	7,099	7,194
Apex Linen Service, Inc. **6375 Arville Street** **Las Vegas, NV 89118**	Industrial Launderers					
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity October 30, 2022)(9)		2,400	2,400	2,400
		13% Secured Debt (Maturity October 30, 2022)		14,416	14,337	14,337
					16,737	16,737
Applied Products, Inc.(10) **6035 Baker Road** **Minnetonka, MN 55345**	Adhesives Distributor					
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity September 30, 2019)(9)		3,527	3,499	3,518
Arcus Hunting LLC.(10) **10157 Industrial Drive Northeast** **Covington, GA 30014**	Manufacturer of Bowhunting and Archery Products and Accessories					
		LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.00%, Secured Debt (Maturity November 13, 2019)(9)		13,947	13,796	13,947
Artel, LLC(11) **1983 Preston White Drive** **Reston, VA 20191**	Provider of Secure Satellite Network and IT Solutions					
		LIBOR Plus 7.00% (Floor 1.25%), Current Coupon 8.25%, Secured Debt (Maturity November 27, 2017)(9)		7,050	6,920	6,592
ATI Investment Sub, Inc.(11) **3901 Midway Place NE** **Albuquerque, NM 87109**	Manufacturer of Solar Tracking Systems					
		LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.25%, Secured Debt (Maturity June 22, 2021)(9)		9,500	9,322	9,476
ATS Workholding, Inc.(10) **30222 Esperanza** **Rancho Santa Margarita, CA 92688**	Manufacturer of Machine Cutting Tools and Accessories					
		LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.50%, Secured Debt (Maturity March 10, 2019)(9)		6,173	6,146	5,924

ATX Networks Corp.(11)(13) 1-501 Clements Road West Ajax, ON L1S 7H4	Provider of Radio Frequency Management Equipment				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity June 11, 2021)(9)	11,790	11,604	11,584

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Percent of Class Held(19)	Principal(4)	Cost(4)	Fair Value
Berry Aviation, Inc.(10) **1807 Airport Drive** **San Marcus, TX 78666**	Airline Charter Service Operator					
		12.00% Current / 1.75% PIK Secured Debt (Maturity January 30, 2020)		5,627	5,588	5,627
		Common Stock (553 shares)	2.0%		400	820
					5,988	6,447
Bluestem Brands, Inc.(11) **6509 Flying Cloud Dr.** **Eden Prairie, MN 55344**	Multi-Channel Retailer of General Merchandise					
		LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity November 6, 2020)(9)		12,880	12,635	11,227
Brainworks Software, LLC(10) **100 South Main Street** **Sayville, NY 11782**	Advertising Sales and Newspaper Circulation Software					
		Prime Plus 9.25% (Floor 3.25%), Current Coupon 13.00%, Secured Debt (Maturity July 22, 2019)(9)		6,733	6,684	6,733
Brightwood Capital Fund Investments(12)(13) **1540 Broadway, 23rd Floor** **New York, NY 10036**	Investment Partnership					
		LP Interests (Brightwood Capital Fund III, LP) (Fully diluted 1.6%)(8)	1.6%		12,000	11,094
		LP Interests (Brightwood Capital Fund IV, LP) (Fully diluted 0.9%)	0.9%		500	500
					12,500	11,594
Brundage-Bone Concrete Pumping, Inc.(11) **6461 Downing St** **Denver, CO 80229**	Construction Services Provider					
		10.375% Secured Debt (Maturity September 1, 2021)		3,000	2,985	3,240
California Pizza Kitchen, Inc.(11) **12181 Bluff Creek Drive** **Playa Vista, CA 90094**	Casual Restaurant Group					
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity August 23, 2022)(9)		4,988	4,940	4,976
Cenveo Corporation(11) **200 First Stamford Place** **Stamford, CT 06902**	Provider of Commercial Printing, Envelopes, Labels, and Printed Office Products					
		6% Secured Debt (Maturity August 1, 2019)		13,130	11,097	11,719

CDHA Management, LLC(10) **300 Frank W. Burr Blvd,** **Suite 5** **Teaneck, NJ 07666**	Dental Services				
		LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.25%, Secured Debt (Maturity December 5, 2021)(9)	4,491	4,415	4,415
Charlotte Russe, Inc.(11) **575 Florida Street** **San Francisco, CA 94010**	Fast-Fashion Retailer to Young Women				
		LIBOR Plus 5.50% (Floor 1.25%), Current Coupon 6.75%, Secured Debt (Maturity May 22, 2019)(9)	14,346	14,141	8,724

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Percent of Class Held(19)	Principal(4)	Cost(4)	Fair Value
Clarius BIGS, LLC(10) **311 N Robertson Blvd** **Beverly Hills, CA 90211**	Prints & Advertising Film Financing					
		15% PIK Secured Debt (Maturity January 5, 2015)(14)(17)		2,928	2,928	88
Compact Power Equipment, Inc. **P. O. Box 40** **Fort Mill, SC 29716**	Equipment / Tool Rental					
		12% Secured Debt (Maturity October 1, 2017)		4,100	4,095	4,100
		Series A Preferred Stock (4,298,435 shares)	3.8%		1,079	4,180
					5,174	8,280
Compuware Corporation(11) **One Campus Martius** **Detroit, MI 48226**	Provider of Software and Supporting Services					
		LIBOR Plus 5.25% (Floor 1.00%), Current Coupon 6.25%, Secured Debt (Maturity December 15, 2019)(9)		8,345	8,187	8,398
Construction Supply Investments, LLC(10) **Nine Greenway Plaza, Suite 2400** **Houston, TX 77046**	Distribution Platform of Specialty Construction Materials to Professional Concrete and Masonry Contractors					
		LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.50%, Secured Debt (Maturity June 30, 2023)(9)		8,500	8,416	8,416
		Member Units (20,000 units)	2.1%		2,000	2,000
					10,416	10,416
ContextMedia Health, LLC(11) **330 North Wabash Ave, Suite 2500** **Chicago, IL 60611**	Provider of Healthcare Media Content					
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity December 23, 2021)(9)		8,000	7,201	7,320
Covenant Surgical Partners, Inc.(11) **401 Commerce Street, STE 600** **Nashville, TN 37219**	Ambulatory Surgical Centers					
		8.75% Secured Debt (Maturity August 1, 2019)		800	800	772
CRGT Inc.(11) **11921 Freedom Drive,**	Provider of Custom Software					

Suite 1000 **Reston, VA 20190**	Development				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity December 19, 2020)(9)	6,366	6,286	6,382
CST Industries(11) **9701 Renner, Suite 150** **Lenexa, KS 66219**	Storage Tank Manufacturer				
		LIBOR Plus 6.25% (Floor 1.50%), Current Coupon 7.75%, Secured Debt (Maturity May 22, 2017)(9)	9,102	9,084	9,102

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Percent of Class Held(19)	Principal(4)	Cost(4)	Fair Value
Darr Equipment LP(10) 350 Bank Street Southlake, TX 76092	Heavy Equipment Dealer					
		12% Current / 2% PIK Secured Debt (Maturity April 15, 2020)		21,130	20,697	20,748
		Warrants (915,734 equivalent units)	1.4%		474	10
					21,171	20,758
Digital River, Inc.(11) 10380 Bren Road West Minnetonka, MN 55343	Provider of Outsourced e-Commerce Solutions and Services					
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity February 12, 2021)(9)		15,184	15,086	15,317
Digital Room LLC(11) 8000 Haskell Ave. Van Nuys, CA 91406	Pure-Play e-Commerce Print Business					
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity November 21, 2022)(9)		7,625	7,475	7,549
Drilling Info Holdings, Inc. 2600 Via Fortuna, Fifth Floor Austin, TX 78746	Information Services for the Oil and Gas Industry					
		Common Stock (3,788,865 shares)	1.9%		1,335	10,410
ECP-PF Holdings Group, Inc.(10) 400 Boston Post Rd Orange, CT 06477	Fitness Club Operator					
		LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, Secured Debt (Maturity November 26, 2019)(9)		5,625	5,589	5,625
EnCap Energy Fund Investments(12)(13) 1100 Louisiana Street, Suite 4900 Houston, TX 77002	Investment Partnership					
		LP Interests (EnCap Energy Capital Fund VIII, L.P.) (Fully diluted 0.1%)(8)	0.1%		3,877	1,955
		LP Interests (EnCap Energy Capital Fund VIII Co-Investors, L.P.) (Fully diluted 0.4%)	0.4%		2,200	1,225
		LP Interests (EnCap Energy Capital Fund IX, L.P.) (Fully diluted 0.1%)(8)	0.1%		3,957	3,680
		LP Interests (Encap Energy Capital Fund X, L.P.) (Fully diluted 0.1%)	0.1%		3,039	3,039

		LP Interests (EnCap Flatrock Midstream Fund II, L.P.) (Fully diluted 0.8%)(8)	0.8%		9,116	10,452
		LP Interests (EnCap Flatrock Midstream Fund III, L.P.) (Fully diluted 0.2%)(8)	0.2%		2,513	2,461
					24,702	22,812
Evergreen Skills Lux S.á r.l. (d/b/a Skillsoft)(11)(13) 107 Northeastern Blvd. Nashua, NH 03062	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	6,857	5,274

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Percent of Class Held(19)	Principal(4)	Cost(4)	Fair Value
Flavors Holdings Inc.(11) **300 Jefferson St.** **Camden, NJ 08104**	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)		12,483	12,082	10,174
GI KBS Merger Sub LLC(11) **3605 Ocean Ranch Blvd.** **Oceanside, CA 92056**	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)		3,900	3,851	3,842
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity April 29, 2022)(9)		800	787	760
					4,638	4,602
Grace Hill, LLC(10) **3633 Wheeler Road, Suite 230** **Augusta, GA 30909**	Online Training Tools for the Multi-Family Housing Industry					
		Prime Plus 5.25% (Floor 1.00%), Current Coupon 9.00%, Secured Debt (Maturity August 15, 2019)(9)		634	623	634
		LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity August 15, 2019)(9)		11,552	11,472	11,552
					12,095	12,186
Great Circle Family Foods, LLC(10) **4760 E. Los Coyotes Diagonal** **Long Beach, CA 90815**	Quick Service Restaurant Franchise					
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity October 28, 2019)(9)		7,648	7,598	7,648
Grupo Hima San Pablo, Inc.(11) **P.O. Box 4980** **Caguas, Puerto Rico 00726**	Tertiary Care Hospitals					
		LIBOR Plus 7.00% (Floor 1.50%), Current Coupon 8.50%, Secured Debt (Maturity January 31, 2018)(9)		4,813	4,787	3,734
		13.75% Secured Debt (Maturity July 31, 2018)		2,000	1,962	1,205
					6,749	4,939

GST Autoleather, Inc.(11) **20 Oak Hollow Dr Suite 300** **Southfield, MI 48033**	Automotive Leather Manufacturer				
		LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.50%, Secured Debt (Maturity July 10, 2020)(9)	13,317	13,215	13,017
Guitar Center, Inc.(11) **5795 Lindero Canyon Road** **Westlake Village, CA 91362**	Musical Instruments Retailer				
		6.5% Secured Debt (Maturity April 15, 2019)	14,625	13,890	13,272

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Percent of Class Held(19)	Principal(4)	Cost(4)	Fair Value
Hojeij Branded Foods, LLC(10) **1750 The Exchange, Suite 200** **Atlanta, GA 30339**	Multi-Airport, Multi- Concept Restaurant Operator					
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity July 27, 2021)(9)		5,432	5,390	5,432
Hoover Group, Inc.(10)(13) **2135 Highway 6 South** **Houston, TX 77077**	Provider of Storage Tanks and Related Products to the Energy and Petrochemical Markets					
		LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.25%, Secured Debt (Maturity January 28, 2021)(9)		8,546	7,963	7,963
Horizon Global Corporation(11)(13) **39400 Woodward Ave, Suite 100** **Bloomfield Hills, TX 48304**	Auto Parts Manufacturer					
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity June 30, 2021)(9)		9,375	9,249	9,551
Hostway Corporation(11) **100 N Riverside, Suite 800** **Chicago, IL 60606**	Managed Services and Hosting Provider					
		LIBOR Plus 6.75% (Floor 1.25%), Current Coupon 8.00%, Secured Debt (Maturity December 13, 2019)(9)		10,577	10,515	10,028
Hunter Defense Technologies, Inc.(11) **30500 Aurora Road, Suite 100** **Solon, OH 44139**	Provider of Military and Commercial Shelters and Systems					
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity August 5, 2019)(9)		9,606	9,120	8,933
Hygea Holdings, Corp.(10) **8750 NW 36th St, Suite #300** **Doral, FL 33178**	Provider of Physician Services					
		LIBOR Plus 9.25%, Current Coupon 10.17%, Secured Debt (Maturity February 24, 2019)		7,875	7,381	7,615
		Warrants (5,990,452 equivalent shares)	1.4%		369	1,530
					7,750	9,145
iEnergizer Limited(11)(13) **Mont Crevelt House, Bulwer Avenue St** **Sampson, Guernsey GY2 4LH**	Provider of Business Outsourcing Solutions					

		LIBOR Plus 6.00% (Floor 1.25%), Current Coupon 7.25%, Secured Debt (Maturity May 1, 2019)(9)	9,918	9,467	9,621
Indivior Finance LLC(11)(13) **10710 Midlothian Turnpike, Suite 430** **Richmond, VA 23235**	Specialty Pharmaceutical Company Treating Opioid Dependence				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity December 19, 2019)(9)	6,750	6,455	6,809

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Percent of Class Held(19)	Principal(4)	Cost(4)	Fair Value
Industrial Container Services, LLC(10) **2400 Maitland Center Parkway, Suite 107** **Maitland, FL 32751**	Steel Drum Reconditioner					
		LIBOR Plus 5.75% (Floor 1.00%), Current Coupon 6.75%, Secured Debt (Maturity December 31, 2018)(9)		8,949	8,932	8,949
Industrial Services Acquisition, LLC(10) **9 Greenway Plaza, Suite 2400** **Houston, TX 77046**	Industrial Cleaning Services					
		11.25% Current / 0.75% PIK Unsecured Debt (Maturity December 17, 2022)		4,519	4,433	4,433
		Member Units (Industrial Services Investments, LLC) (900,000 units)	0.6%		900	900
					5,333	5,333
Infinity Acquisition Finance Corp.(11) **1359 Broadway, 2nd Floor** **New York, NY 10018**	Application Software for Capital Markets					
		7.25% Unsecured Debt (Maturity August 1, 2022)		5,700	5,366	4,802
Inn of the Mountain Gods Resort and Casino(11) **287 Carrizo Canyon Road** **Mescalero, NM 88340**	Hotel & Casino Owner & Operator					
		9.25% Secured Debt (Maturity November 30, 2020)		6,249	5,924	5,687
Intertain Group Limited(11)(13) **24 Duncan Street, 2nd Floor** **Toronto, ON MSV 2B8**	Business-to-Consumer Online Gaming Operator					
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity April 8, 2022)(9)		4,426	4,364	4,465
iPayment, Inc.(11) **126 East 56th Street** **New York, NY 10022**	Provider of Merchant Acquisition					
		LIBOR Plus 5.25% (Floor 1.50%), Current Coupon 6.75%, Secured Debt (Maturity May 8, 2017)(9)		14,918	14,907	14,395
iQor US Inc.(11) **335 Maddison Avenue, 27th Floor** **New York, NY 10017**	Business Process Outsourcing Services Provider					
		LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity April 1, 2021)(9)		9,812	9,671	9,413

irth Solutions, LLC **5009 Horizons Drive** **Columbus, OH 43220**	Provider of Damage Prevention Information Technology Services				
		Member Units (27,893 units)	2.8%	1,441	1,790

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Percent of Class Held(19)	Principal(4)	Cost(4)	Fair Value
Jackmont Hospitality, Inc.(10) **1760 Peachtree Street, Suite 200** **Atlanta, GA 30309**	Franchisee of Casual Dining Restaurants					
		LIBOR Plus 4.25% (Floor 1.00%), Current Coupon 5.25% / 2.50% PIK, Current Coupon Plus PIK 7.75%, Secured Debt (Maturity May 26, 2021)(9)		4,445	4,429	4,445
Joerns Healthcare, LLC(11) **2430 Whitehall Park Drive, Suite 100** **Charlotte, NC 28273**	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)		14,655	14,560	13,776
JSS Holdings, Inc.(11) **180 North Stetson, 29th Floor** **Chicago, IL 60601**	Aircraft Maintenance Program Provider					
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity August 31, 2021)(9)		12,829	12,562	12,765
Kendra Scott, LLC(11) **1400 South Congress Avenue, Suite A-170** **Austin, TX 78704**	Jewelry Retail Stores					
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity July 17, 2020)(9)		5,578	5,536	5,550
Keypoint Government Solutions, Inc.(11) **115 East 57th Street** **New York, NY 10022**	Provider of Pre-Employment Screening Services					
		LIBOR Plus 6.50% (Floor 1.25%), Current Coupon 7.75%, Secured Debt (Maturity November 13, 2017)(9)		5,459	5,443	5,431
LaMi Products, LLC(10) **860 Welsh Road** **Huntingdon Valley, PA 19006**	General Merchandise Distribution					
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity September 16, 2020)(9)		10,735	10,658	10,735
Larchmont Resources, LLC(11) **333 Clay Street, Suite 3500** **Houston, TX 77002**	Oil & Gas Exploration & Production					
		LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, PIK Secured Debt (Maturity August 7, 2020)(9)		2,260	2,260	2,209
			2.8%		353	1,193

		Member Units (Larchmont Intermediate Holdco, LLC) (2,828 units)			
				2,613	3,402
LKCM Headwater Investments I, L.P.(12)(13) 301 Commerce Street, Suite 1600 Fort Worth, TX 76102	Investment Partnership				
		LP Interests (Fully diluted 2.3%)	2.3%	2,500	3,627

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Percent of Class Held(19)	Principal(4)	Cost(4)	Fair Value
Logix Acquisition Company, LLC(10) 2950 N. Loop W. 8th Floor Houston, TX 77092	Competitive Local Exchange Carrier					
		LIBOR Plus 8.28% (Floor 1.00%), Current Coupon 9.28%, Secured Debt (Maturity June 24, 2021)(9)		8,593	8,457	8,593
Looking Glass Investments, LLC(12)(13) 316 E Silver Spring Drive, Suite 206 Milwaukee, WI 53217	Specialty Consumer Finance					
		9% Unsecured Debt (Maturity June 30, 2020)		188	188	188
		Member Units (2.5 units)	2.5%		125	125
		Member Units (LGI Predictive Analytics LLC) (190,712 units)(8)	2.9%		160	160
					473	473
Messenger, LLC(10) 318 East 7th Street Auburn, IN 46706	Supplier of Specialty Stationery and Related Products to the Funeral Industry					
		LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.25%, Secured Debt (Maturity September 9, 2020)(9)		14,403	14,326	14,403
Minute Key, Inc. 4760 Walnut Street, Suite 105 Boulder, CO 80301	Operator of Automated Key Duplication Kiosks					
		10% Current / 2% PIK Secured Debt (Maturity September 19, 2019)		15,700	15,404	15,404
		Warrants (1,437,409 equivalent units)	1.9%		280	470
					15,684	15,874
Mood Media Corporation(11)(13) 1703 W 5th St., Ste. 600 Austin, TX 78703	Provider of Electronic Equipment					
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity May 1, 2019)(9)		14,805	14,645	14,312
New Media Holdings II LLC(11)(13) 1345 Avenue of the Americas New York, NY10105	Local Newspaper Operator					
		LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity June 4, 2020)(9)		14,888	14,632	14,813

North American Lifting Holdings, Inc.(11) **925 South Loop West** **Houston, TX 77054**	Crane Service Provider				
		LIBOR Plus 4.50% (Floor 1.00%), Current Coupon 5.50%, Secured Debt (Maturity November 27, 2020)(9)	3,865	3,235	3,375
North Atlantic Trading Company, Inc.(11) **5201 Interchange Way** **Louisville, KY 40229**	Marketer/Distributor of Tobacco Products				
		LIBOR Plus 6.50% (Floor 1.25%), Current Coupon 7.75%, Secured Debt (Maturity January 13, 2020)(9)	9,396	9,343	9,337

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Percent of Class Held(19)	Principal(4)	Cost(4)	Fair Value
Novitex Intermediate, LLC(11) 1 Elmcroft Road Stamford, CT 06926	Provider of Document Management Services					
		LIBOR Plus 6.75% (Floor 1.25%), Current Coupon 8.00%, Secured Debt (Maturity July 7, 2020)(9)		9,335	9,175	8,985
NTM Acquisition Corp.(11) 100 Lighting Way Seacaucus, NJ 07094	Provider of B2B Travel Information Content					
		LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity June 7, 2022)(9)		4,144	4,085	4,128
Ospemifene Royalty Sub LLC (QuatRx)(10) 777 East Eisenhower Parkway, Suite 100 Ann Arbor, MI 48108	Estrogen-Deficiency Drug Manufacturer and Distributor					
		11.5% Secured Debt (Maturity November 15, 2026)(14)		5,071	5,071	2,088
Pardus Oil and Gas, LLC(11) 100 Throckmorton St, Suite 1700 Fort Worth, TX 76102	Oil & Gas Exploration & Production					
		13% PIK Secured Debt (Maturity November 12, 2021)		1,869	1,869	1,869
		5% PIK Secured Debt (Maturity May 13, 2022)		992	992	562
		Member Units (2,472 units)	2.6%		2,472	970
					5,333	3,401
Paris Presents Incorporated(11) 3800 Swanson Ct. Gurnee, IL 60031	Branded Cosmetic and Bath Accessories					
		LIBOR Plus 8.75% (Floor 1.00%), Current Coupon 9.75%, Secured Debt (Maturity December 31, 2021)(9)		2,000	1,969	1,960
Parq Holdings Limited Partnership(11)(13) 595 Burrard Street, Suite 700 Vancouver, British Columbia V7X1S8	Hotel & Casino Operator					
		LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity December 17, 2020)(9)		7,500	7,394	7,388
Permian Holdco 2, Inc.(11) 17101 Preston Road Suite 230 Dallas, TX 75248	Storage Tank Manufacturer					
		14% PIK Unsecured Debt (Maturity October 15, 2021)		198	198	198
		Preferred Stock (Permian Holdco 1, Inc.) (154,558	1.5%		799	799

		units)(20)				
		Common Stock (Permian Holdco 1, Inc.) (154,558 units)	0.8%			
					997	997
Pernix Therapeutics Holdings, Inc.(10) **10 North Park Place, Suite 201** **Morristown, NJ 07960**	Pharmaceutical Royalty					
		12% Secured Debt (Maturity August 1, 2020)		3,447	3,447	3,326

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Percent of Class Held(19)	Principal(4)	Cost(4)	Fair Value
Pet Holdings ULC(11)(13) 7300 Warden Avenue, Suite 106 Markham, ON L3R 9Z6	Retailer of Pet Products and Supplies to Consumers					
		LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.50%, Secured Debt (Maturity July 5, 2022)(9)		2,494	2,470	2,503
Pike Corporation(11) 100 Pike Way Mount Airy, NC 27030	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)		14,000	13,720	14,082
Point.360(10) 2777 North Ontario Street Burbank, CA 91504	Fully Integrated Provider of Digital Media Services					
		Warrants (65,463 equivalent shares)	0.4%		69	
		Common Stock (163,658 shares)	1.0%		273	63
					342	63
Polycom, Inc.(11) 6001 America Center Drive San Jose, CA 95002	Provider of Audio and Video Communication Solutions					
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity September 27, 2023)(9)		12,089	11,617	12,194
PPC/SHIFT LLC(10) 348 E. Maple Rd. Birmingham, AL 48009	Provider of Digital Solutions to Automotive Industry					
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity June 6, 2022)(9)		7,000	6,852	6,852
Prowler Acquisition Corp.(11) 1010 Lamar, Suite 1320 Houston, TX 77002	Specialty Distributor to the Energy Sector					
		LIBOR Plus 4.50% (Floor 1.00%), Current Coupon 5.50%, Secured Debt (Maturity January 28, 2020)(9)		9,519	7,904	7,044
PT Network, LLC(10) 1550 Madruga Avenue, Suite 514 Coral Gables, FL 33146	Provider of Outpatient Physical Therapy and Sports Medicine Services					
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity		16,225	15,979	15,979

		November 30, 2021)(9)			
QBS Parent, Inc.(11) **811 Main Street, Suite 2000** **Houston, TX 77002**	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)	11,274	11,201	11,161

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Percent of Class Held(19)	Principal(4)	Cost(4)	Fair Value
Raley's(11) **500 West Capitol Avenue** **West Sacramento, CA 95605**	Family-Owned Supermarket Chain					
		LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity May 18, 2022)(9)		4,195	4,125	4,242
Redbox Automated Retail, LLC(11) **One Tower Lane Suite 900** **Oakbrook Terrace, IL 60181**	Operator of Home Media Entertainment Kiosks					
		LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity September 27, 2021)(9)		15,000	14,581	14,629
Renaissance Learning, Inc.(11) **2911 Peach Street, PO Box 8036** **Wisconsin Rapids, WI 54495**	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	2,978	2,987
RGL Reservoir Operations Inc.(11)(13) **734 7th Avenue SW Suite 1600** **Calgary, Alberta T2P 3P8**	Oil & Gas Equipment and Services					
		LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity August 13, 2021)(9)		3,910	3,826	880
RM Bidder, LLC(10) **1040 N. Las Palmas Ave, Building 40** **Los Angeles, CA 90038**	Scripted and Unscripted TV and Digital Programming Provider					
		Warrants (327,532 equivalent units)	1.4%		425	300
		Member Units (2,779 units)	0.0%		46	44
					471	344
SAExploration, Inc.(10)(13) **3333 8th Street SE, 3rd Floor** **Calgary, AB, T2G 3A4**	Geophysical Services Provider					
		Common Stock (50 shares)	0.0%		65	3
SAFETY Investment Holdings, LLC **1730 Montano Road NW, Suite F** **Albuquerque, NM 87107**	Provider of Intelligent Driver Record Monitoring Software and Services					
		Member Units (2,000,000 units)	1.6%		2,000	2,000
Salient Partners L.P.(11) **4265 San Felipe, 8th Floor** **Houston, TX 77027**	Provider of Asset Management Services					
				10,812	10,538	10,352

		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity June 9, 2021)(9)			
School Specialty, Inc.(11) W6316 Design Drive Greenville, WI 54942	Distributor of Education Supplies and Furniture				
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity June 11, 2019)(9)	5,712	5,632	5,784

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Percent of Class Held(19)	Principal(4)	Cost(4)	Fair Value
Sigma Electric Manufacturing Corporation(10)(13) 120 Sigma Drive Garner, NC 27529	Manufacturer and Distributor of Electrical Fittings and Parts					
		LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.25%, Secured Debt (Maturity October 13, 2021)(9)		12,500	12,200	12,200
Sorenson Communications, Inc.(11) 4192 South Riverboat Road Salt Lake City, UT 84123	Manufacturer of Communication Products for Hearing Impaired					
		LIBOR Plus 5.75% (Floor 2.25%), Current Coupon 8.00%, Secured Debt (Maturity April 30, 2020)(9)		13,371	13,283	13,271
Strike, LLC(11) 1800 Huges Landing Blvd. Suite 500 The Woodlands, TX 77380	Pipeline Construction and Maintenance Services					
		LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 9.00%, Secured Debt (Maturity November 30, 2022)(9)		10,000	9,666	9,864
Subsea Global Solutions, LLC(10) 2994 North Miami Avenue Miami, FL 33127	Underwater Maintenance and Repair Services					
		LIBOR Plus 6.00% (Floor 1.50%), Current Coupon 7.50%, Secured Debt (Maturity March 17, 2020)(9)		5,629	5,588	5,624
Synagro Infrastructure Company, Inc(11) 435 Williams Court, Suite 100 Baltimore, MD 21220	Waste Management Services					
		LIBOR Plus 5.25% (Floor 1.00%), Current Coupon 6.25%, Secured Debt (Maturity August 22, 2020)(9)		4,714	4,659	4,136
Targus International, LLC(11) 1211 North Miller Street Anaheim, CA 92806	Distributor of Protective Cases for Mobile Devices					
		15% PIK Secured Debt (Maturity December 31, 2019)		1,140	1,140	1,140
		Common Stock (Targus Cayman HoldCo Limited) (249,614 shares)(13)	2.5%		2,555	2,260
					3,695	3,400
TE Holdings, LLC(11) 4727 Gaillardia Parkway Oklahoma City, OK 73142	Oil & Gas Exploration & Production					
		Member Units (97,048 units)	0.1%		970	728

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Percent of Class Held(19)	Principal(4)	Cost(4)	Fair Value
TeleGuam Holdings, LLC(11) **624 North Marine Corps Drive** **Tamuning, Guam**	Cable and Telecom Services Provider					
		LIBOR Plus 4.00% (Floor 1.25%), Current Coupon 5.25%, Secured Debt (Maturity December 10, 2018)(9)		7,622	7,613	7,546
		LIBOR Plus 7.50% (Floor 1.25%), Current Coupon 8.75%, Secured Debt (Maturity June 10, 2019)(9)		10,500	10,442	10,290
					18,055	17,836
The Topps Company, Inc.(11) **1 Whitehall St.** **New York, NY 10004**	Trading Cards & Confectionary					
		LIBOR Plus 6.00% (Floor 1.25%), Current Coupon 7.25%, Secured Debt (Maturity October 2, 2020)(9)		2,218	2,208	2,226
TMC Merger Sub Corp.(11) **1060 Hensley Street** **Richmond, CA 94801**	Refractory & Maintenance Services Provider					
		LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity October 31, 2022)(9)		12,500	12,376	12,438
TOMS Shoes, LLC(11) **5404 Jandy Place** **Los Angeles, CA 90066**	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)		4,913	4,567	3,635
Travel Leaders Group, LLC(11) **119 West 40th Street, 14th Floor** **New York, NY 10018**	Travel Agency Network Provider					
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity December 7, 2020)(9)		10,994	10,936	10,975
Truck Bodies and Equipment International, Inc.(10) **52182 Ember Road** **Lake Crystal, MN 56055**	Manufacturer of Dump Truck Bodies and Dump Trailers					
		LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity March 31, 2021)(9)		15,750	15,602	15,602
TVG-I-E CMN ACQUISITION, LLC(10) **1001 McKinney Street, Suite 400**	Organic Lead Generation for Online Postsecondary					

Houston, TX 77002	Schools				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity November 3, 2021)(9)	6,459	6,334	6,334

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Percent of Class Held(19)	Principal(4)	Cost(4)	Fair Value
Tweddle Group, Inc.(11) **24700 Maplehurst Dr** **Clinton Township, MI 48036**	Provider of Technical Information Services to Automotive OEMs					
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity October 21, 2022)(9)		8,462	8,295	8,419
UniRush, LLC **10653 Techwood Cir.** **Blue Ash, OH 45242**	Provider of Prepaid Debit Card Solutions					
		12% Secured Debt (Maturity February 1, 2019)		12,000	10,981	12,000
		Warrants (444,725 equivalent units)	2.4%		1,250	1,250
					12,231	13,250
US Joiner Holding Company(11) **5690 Three Noched Rd, Suite 200** **Crozet, VA 22932**	Marine Interior Design and Installation					
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity April 16, 2020)(9)		11,514	11,435	11,456
U.S. TelePacific Corp.(10) **515 S. Flower St. 47th Floor** **Los Angeles, CA 90071**	Provider of Communications and Managed Services					
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity February 24, 2021)(9)		7,500	7,377	7,377
VCVH Holding Corp. (Verisk)(11) **201 Jones Road, 4th Floor** **Waltham, MA 02451**	Healthcare Technology Services Focused on Revenue Maximization					
		LIBOR Plus 9.25% (Floor 1.00%), Current Coupon 10.25%, Secured Debt (Maturity June 1, 2024)(9)		1,500	1,464	1,488
Virtex Enterprises, LP(10) **12234A N Interstate Highway 35** **Austin, TX 78753**	Specialty, Full-Service Provider of Complex Electronic Manufacturing Services					
		12% Secured Debt (Maturity December 27, 2018)		1,667	1,559	1,559
		Preferred Class A Units (14 units; 5% cumulative)(8)(20)	22.2%		333	612
		Warrants (11 equivalent units)	1.1%		186	220
					2,078	2,391

Wellnext, LLC(10) 1301 Sawgrass Corporate Parkway Sunrise, FL 33323	Manufacturer of Supplements and Vitamins				
		LIBOR Plus 9.00% (Floor 0.50%), Current Coupon 9.85%, Secured Debt (Maturity May 23, 2021)(9)	10,058	9,968	10,058
Western Dental Services, Inc.(11) 530 S Main St #600 Orange, CA 92868	Dental Care Services				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity November 1, 2018)(9)	4,904	4,902	4,885

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Percent of Class Held(19)	Principal(4)	Cost(4)	Fair Value
Wilton Brands, LLC(11) 2240 W. 75th St. Woodridge, IL 60517	Specialty Housewares Retailer					
		LIBOR Plus 7.25% (Floor 1.25%), Current Coupon 8.50%, Secured Debt (Maturity August 30, 2018)(9)		1,153	1,147	1,093
Worley Claims Services, LLC(10) 303 Timber Creek Hammond, LA 70403	Insurance Adjustment Management and Services Provider					
		LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 9.00%, Secured Debt (Maturity October 31, 2020)(9)		6,386	6,342	6,386
YP Holdings LLC(11) 2247 Northlake Parkway Tucker, GA 30084	Online and Offline Advertising Operator					
		LIBOR Plus 11.00% (Floor 1.25%), Current Coupon 12.25%, Secured Debt (Maturity June 4, 2018)(9)		11,428	10,969	11,398
Zilliant Incorporated 3815 S. Capital of Texas Hwy #300 Austin, TX 78704	Price Optimization and Margin Management Solutions					
		Preferred Stock (186,777 shares)(20)	0.7%		154	260
		Warrants (952,500 equivalent shares)	2.5%		1,071	1,190
					1,225	1,450
Subtotal Non-Control/Non-Affiliate Investments (51.4% of total investments at fair value)					$ 1,037,510	$ 1,026,676
Total Portfolio Investments, December 31, 2016					$ 1,871,883	$ 1,996,906

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(1) **All investments are Lower Middle Market portfolio investments, unless otherwise noted. See Note B to our consolidated financial statements included elsewhere herein for a description of Lower Middle Market portfolio investments. 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) **Note C to our consolidated financial statements included elsewhere herein for a summary of geographic location of portfolio companies.**

(4)

Principal is net of repayments. Cost is net of repayments 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. A majority of the variable rate loans in the Company's investment portfolio bear interest at a rate that may be determined by reference to either LIBOR or an alternate Base Rate (commonly based on the Federal Funds Rate or the Prime Rate), which typically resets semi-annually, quarterly, or monthly at the borrower's option. The borrower may also elect to have multiple interest reset periods for each loan. For each such loan, the Company has provided the weighted average annual stated interest rate in effect at December 31, 2016. As noted in this schedule, 64% (based on the par amount of the loans) of the loans contain LIBOR floors which range between 0.50% and 2.25%, with a weighted-average LIBOR floor of approximately 1.04%.**

(10) **Private Loan portfolio investment. See Note B to our consolidated financial statements included elsewhere herein for a description of Private Loan portfolio investments.**

(11) **Middle Market portfolio investment. See Note B to our consolidated financial statements included elsewhere herein for a description of Middle Market portfolio investments.**

(12) **Other Portfolio investment. See Note B to our consolidated financial statements included elsewhere herein for a description 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) **[Omitted].**

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(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.**

(19) **Percent of class held is presented for equity investments only. Unless otherwise noted, for any warrants, convertible or preferred equity instruments, the percent of class represents the percent of common equity class in the portfolio company that such instrument is convertible or exchangeable into as such instrument does not contain any preferred return rights that would change the investment's economic interest in a sale or exit transaction.**

(20) **Percent of class for investment represents percent of specific class only, as such investment has contractual return rights specific to its class.**

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MANAGEMENT

Our business and affairs are managed under the direction of our Board of Directors. Our Board of Directors appoints our officers, who serve at the discretion of the Board of Directors. The responsibilities of the Board of Directors include, among other things, the oversight of our investment activities, the quarterly valuation of our assets, oversight of our financing arrangements and corporate governance activities. The Board of Directors has an Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee, and may establish additional committees from time to time as necessary.

Board of Directors and Executive Officers

Our Board of Directors consists of eight members, seven of whom are classified under applicable NYSE listing standards as "independent" directors and under Section 2(a)(19) of the 1940 Act as "non-interested" persons. Pursuant to our articles of incorporation, each member of our Board of Directors serves a one year term, with each current director serving until the 2017 annual meeting of stockholders and until his respective successor is duly qualified and elected. Our articles of incorporation give our Board of Directors sole authority to appoint directors to fill vacancies that are created either through an increase in the number of directors or due to the resignation, removal or death of any director.

Directors

Information regarding our current Board of Directors is set forth below as of April 21, 2017. We have divided the directors into two groups independent directors and interested directors. Interested directors are "interested persons" of MSCC as defined in Section 2(a)(19) of the 1940 Act. The address for each director is c/o Main Street Capital Corporation, 1300 Post Oak Boulevard, 8th Floor, Houston, Texas 77056.

Independent Directors

Name	Age	Director Since	Expiration of Term
Michael Appling Jr.	50	2007	2017
Joseph E. Canon	75	2007	2017
Arthur L. French	76	2007	2017
J. Kevin Griffin	45	2011	2017
John E. Jackson	58	2013	2017
Brian E. Lane	60	2015	2017
Stephen B. Solcher	56	2015	2017

Interested Directors

Name	Age	Director Since	Expiration of Term
Vincent D. Foster	60	2007	2017

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Executive Officers

Our executive officers serve at the discretion of our Board of Directors. The following persons serve as our executive officers or significant employees in the following capacities (information as of April 21, 2017):

Name	Age	Position(s) Held
Vincent D. Foster*	60	Chairman of the Board and Chief Executive Officer
Dwayne L. Hyzak*	44	President, Chief Operating Officer and Senior Managing Director
Curtis L. Hartman*	44	Vice Chairman, Chief Credit Officer and Senior Managing Director
David L. Magdol*	46	Vice Chairman, Chief Investment Officer and Senior Managing Director
Rodger A. Stout	65	Executive Vice President
Jason B. Beauvais	42	Senior Vice President, General Counsel, Chief Compliance Officer and Secretary
Brent D. Smith	42	Chief Financial Officer and Treasurer
Nicholas T. Meserve	37	Managing Director
K. Colton Braud	31	Managing Director
Shannon D. Martin	47	Vice President, Chief Accounting Officer and Assistant Treasurer
Katherine S. Silva	37	Vice President and Assistant Treasurer

*

Member of our Investment Committee and our Executive Committee. The Investment Committee is responsible for all aspects of our lower middle market investment process, including approval of such investments. The Executive Committee consults with and advises our Chief Executive Officer on significant firm-wide operational and strategic priorities.

Member of our Credit Committee. The Credit Committee is responsible for all aspects of our investment process with respect to our middle market portfolio investments, including approval of such investments.

Portfolio manager primarily responsible for the day-to-day management of our investment portfolio.

The address for each executive officer and significant employee is c/o Main Street Capital Corporation, 1300 Post Oak Boulevard, 8th Floor, Houston, Texas 77056.

Biographical Information

Independent Directors

Michael Appling, Jr. is the Chief Executive Officer of TNT Crane & Rigging Inc., a privately held full service crane and rigging operator. From July 2002 through August 2007, he was the Executive Vice President and Chief Financial Officer of XServ, Inc., a large private equity funded, international industrial services and rental company. Mr. Appling also held the position of CEO and President for United Scaffolding, Inc., an XServ, Inc. operating subsidiary. In February 2007, XServ, Inc. was sold to The Brock Group, a private industrial services company headquartered in Texas. From March 2000 to June 2002, Mr. Appling served as the Chief Financial Officer of CheMatch.com, an online commodities trading forum. ChemConnect, Inc., a venture backed independent trading exchange, acquired CheMatch.com in January 2002. From June 1999 to March 2000, Mr. Appling was Vice President and Chief Financial Officer of American Eco Corporation, a publicly traded, international fabrication, construction and maintenance provider to the energy, pulp and paper and power industries.

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Mr. Appling worked for ITEQ, Inc., a publicly traded, international fabrication and services company, from September 1997 to May 1999, first as a Director of Corporate Development and then as Vice President, Finance and Accounting. From July 1991 to September 1997, Mr. Appling worked at Arthur Andersen, where he practiced as a certified public accountant. We believe Mr. Appling is qualified to serve on our Board of Directors because of his extensive finance and accounting experience, as well as his executive leadership and management experience as a chief executive officer.

Joseph E. Canon, since 1982, has been the Executive Vice President and Executive Director, and a member of the Board of Directors, of Dodge Jones Foundation, a private charitable foundation located in Abilene, Texas. Since 2008, he has also been the Executive Vice President and Executive Director, and a member of the Board of Directors, of Kickapoo Springs Foundation and The Legett Foundation, two private family foundations located in Abilene, Texas. Mr. Canon has also been involved during this time as an executive officer and director of several private companies and partnerships with emphasis on energy, financial and other alternative investments. From 1974 to 1982, he served as Executive Vice President and Trust Officer of First National Bank of Abilene. Mr. Canon served until April 2014 on the Board of Directors of First Financial Bankshares, Inc. (NASDAQ: FFIN), a bank and financial holding company headquartered in Abilene, Texas. Mr. Canon also served until April 2014 on the Board of Directors for several bank and trust/asset management subsidiaries of First Financial Bankshares, Inc. He has also served as an executive officer and member of the Board of Directors of various other organizations including the Abilene Convention and Visitors Bureau, Abilene Chamber of Commerce, Conference of Southwest Foundations, City of Abilene Tax Increment District, West Central Texas Municipal Water District and the John G. and Marie Stella Kenedy Memorial Foundation. We believe Mr. Canon's qualifications to serve on our Board of Directors include his many years of managing and investing assets on behalf of public and private entities, his considerable experience in trust banking activities and practices, and his experience on other public boards of directors.

Arthur L. French has served in a variety of executive management and board of director roles over the course of his business career. He began his private investment activities in 2000 and served as a director of Fab Tech Industries, a steel fabricator, from November 2000 until August 2009, as a director of Houston Plating and Coatings Company, an industrial coatings company, from 2002 until 2007, as a director of Rawson LP, an industrial distribution and maintenance services company, from May 2003 until June 2009, and as non-executive chairman of Rawson Holdings, LLC from March 2009 until December 2010. From September 2003 through March 2007, Mr. French was a member of the Advisory Board of Main Street Capital Partners, LLC and a limited partner of Main Street Mezzanine Fund, LP (both of which are now subsidiaries of Main Street). Mr. French currently serves as an advisor to LKCM Capital Group, LLC, an alternative investment vehicle for Luther King Capital Management headquartered in Fort Worth, Texas ("LKCM"). In addition, he serves as an independent director, Chairman of the Audit Committee and a member of the Compensation Committee of Relevant Solutions Inc. (previously LKCM Distribution Holdings LP), an LKCM portfolio company which provides industrial instrumentation and controls, air compressor products and systems, heat transfer and filter systems and related maintenance services to chemical, petrochemical, oil and gas and power generation customers in Texas, Oklahoma and Louisiana as well as other key markets in the central and western United States. From 1996-1999, Mr. French was Chairman and Chief Executive Officer of Metals USA Inc. (NYSE), where he managed the process of founders acquisition, assembled the management team and took the company through a successful IPO in July 1997. From 1989-1996, he served as Executive Vice President and Director of Keystone International, Inc. (NYSE), a manufacturer of flow controls equipment. After serving as a helicopter pilot in the United States Army, Captain, Corps of Engineers from 1963-1966, Mr. French began his career as a Sales Engineer for Fisher Controls International, Inc., in 1966. During his 23-year career at Fisher Controls, from 1966-1989, Mr. French held various titles, and ended his career at Fisher Controls as President, Chief Operating Officer and Director. We believe Mr. French is qualified to serve on our Board of Directors

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because of his executive management and leadership roles within numerous public and private companies and his experience in investing in private companies.

J. Kevin Griffin is the Senior Vice President of Financial Planning & Analysis at Novant Health, a not-for-profit integrated system of 14 hospitals and a medical group consisting of approximately 1,300 physicians in 355 clinic locations, as well as numerous outpatient surgery centers, medical plazas, rehabilitation programs, diagnostic imaging centers, and community health outreach programs. Mr. Griffin's responsibilities at Novant primarily include debt capital market and M&A transactions, along with various other strategic analysis projects. From 2007 to October 2012, Mr. Griffin was a Managing Director of Fennebresque & Co., LLC, a boutique investment banking firm located in Charlotte, North Carolina. From 2003 through 2007, he was a Partner at McColl Partners, LLC, where he originated and executed middle market M&A transactions. Prior to McColl Partners, Mr. Griffin worked in the M&A and corporate finance divisions of Lazard Ltd, JPMorgan, and Bank of America in New York, Chicago, and Charlotte. Mr. Griffin's investment banking experience consists primarily of executing and originating mergers and acquisitions and corporate finance transactions. We believe Mr. Griffin is qualified to serve on our Board of Directors because of his extensive finance and valuation experience, his knowledge of the healthcare industry, and his extensive background in working with middle market companies in an M&A and advisory capacity.

John E. Jackson is the President and Chief Executive Officer of Spartan Energy Partners, LP, a gas gathering, treating and processing company. He has also been a director of Seitel, Inc., a privately owned provider of onshore seismic data to the oil and gas industry in North America, since August 2007, CONE Midstream Partners, LP (NYSE: CNNX), a master limited partnership that owns and operates natural gas gathering and other midstream energy assets in the Marcellus Shale in Pennsylvania and West Virginia, since January 2015, and Basic Energy Services, Inc. (NYSE: BAS), a provider of well site services in the United States to oil and natural gas drilling and producing companies, since December 2016. Mr. Jackson was Chairman, Chief Executive Officer and President of Price Gregory Services, Inc., a pipeline-related infrastructure service provider in North America, from February 2008 until its sale in October of 2009. He served as a director of Hanover Compressor Company ("Hanover"), now known as Exterran Corporation (NYSE: EXTN) and Archrock, Inc. (NYSE: AROC), from July 2004 until May 2010. Mr. Jackson also served as Hanover's President and Chief Executive Officer from October 2004 to August 2007 and as Chief Financial Officer from January 2002 to October 2004. He also serves on the board of several non-profit organizations. We believe Mr. Jackson's qualifications to serve on our Board of Directors include his extensive background in executive and director roles of public and private companies.

Brian E. Lane has served as Chief Executive Officer and President of Comfort Systems USA, Inc. (NYSE: FIX), a leading provider of commercial, industrial and institutional heating, ventilation and air conditioning ("HVAC") services, since December 2011 and as a director of Comfort Systems since November 2010. Mr. Lane served as Comfort Systems' President and Chief Operating Officer from March 2010 until December 2011. Mr. Lane joined Comfort Systems in October 2003 and served as Vice President and then Senior Vice President for Region One until he was named Executive Vice President and Chief Operating Officer in January 2009. Prior to joining Comfort Systems, Mr. Lane spent fifteen years at Halliburton Company (NYSE: HAL), a global service and equipment company devoted to energy, industrial, and government customers. During his tenure at Halliburton, he held various positions in business development, strategy and project initiatives, and he departed as the Regional Director of Europe and Africa. Mr. Lane's additional experience included serving as a Regional Director of Capstone Turbine Corporation (NASDAQ: CPST), a distributed power manufacturer. He also was a Vice President of Kvaerner, an international engineering and construction company, where he focused on the chemical industry. Mr. Lane is also a member of the Board of Directors of Griffen Dewatering Corporation, a privately held company. Mr. Lane earned a Bachelor of Science in Chemistry from the University of Notre Dame and his MBA from Boston College. We believe Mr. Lane is qualified to serve on our Board of Directors because of his background in executive and director roles of public and private companies and his extensive knowledge of the construction and industrial services industries.

Stephen B. Solcher has served as the Senior Vice President of Finance and Business Operations and Chief Financial Officer of BMC Software, Inc., a privately held company that is a global leader in software solutions, since 2005. Previously, Mr. Solcher served as BMC's Treasurer and Vice President of Finance. He joined BMC in 1991 as Assistant Treasurer and became Treasurer the following year. During Mr. Solcher's tenure, BMC grew from nearly $130 million in annual revenue to $2.2 billion in annual revenue in 2013, its last year operating as a public company. In addition to leading many M&A transactions as Chief Financial Officer, Mr. Solcher was instrumental in BMC's transition from being a publicly traded company to becoming a private held company in 2013. Prior to joining BMC, he was employed by Arthur Andersen as a certified public accountant. Mr. Solcher also serves on the development board of the Mays Business School at Texas A&M University and has served on the board of numerous nonprofit organizations. He was recognized by Institutional Investor magazine as part of the "All American Executive Team" in 2010 and 2012 and by Houston Business Journal as 2012 Best CFO Large Public Company. We believe Mr. Solcher's qualifications to serve on our Board of Directors include his thorough knowledge of the information technology and software industries and his accounting, finance and M&A experience as a chief financial officer of a large public and private company qualifying him to be an audit committee financial expert.

Interested Directors

Vincent D. Foster has served as Chairman of Main Street's Board of Directors and Main Street's Chief Executive Officer since 2007 and also served as Main Street's President from 2012 until 2015. He has also been a member of our investment committee since its formation in 2007, a member of our credit committee since its formation in 2011 and a member of our executive committee since its formation in 2015. Mr. Foster also currently serves as a founding director of Quanta Services, Inc. (NYSE: PWR), which provides specialty contracting services to the power, natural gas and telecommunications industries, and a director of Team, Inc. (NYSE: TISI), which provides specialty contracting services to the petrochemical, refining, electric power and other heavy industries. He also served as a director of U.S. Concrete, Inc. (NASDAQ-CM: USCR) from 1999 until 2010, Carriage Services, Inc. (NYSE: CSV) from 1999 to 2011 and HMS Income Fund, Inc., a non-publicly traded business development company of which MSC Adviser I, LLC, a wholly owned subsidiary of Main Street, acts as the investment sub-adviser, from 2012 until 2013. In addition, Mr. Foster served as a founding director of the Texas TriCities Chapter of the National Association of Corporate Directors from 2004 to 2011. Mr. Foster, a certified public accountant, had a 19 year career with Arthur Andersen, where he was a partner from 1988-1997. Mr. Foster was the director of Andersen's Corporate Finance and Mergers and Acquisitions practice for the Southwest United States and specialized in working with companies involved in consolidating their respective industries. From 1997, Mr. Foster co-founded and has acted as co-managing partner or chief executive of several Main Street predecessor funds and entities, which are now subsidiaries of ours. We believe Mr. Foster is qualified to serve on our Board of Directors because of his intimate knowledge of our operations through his day-to-day leadership as Chief Executive Officer of Main Street, along with his comprehensive experience on other public Boards of Directors and his extensive experience in tax, accounting, mergers and acquisitions, corporate governance and finance.

Non-Director Officers

Dwayne L. Hyzak has served as President since 2015 and Chief Operating Officer and Senior Managing Director since 2014. Mr. Hyzak also serves as a member of our investment committee and our executive committee. Previously, he served as Chief Financial Officer and Senior Managing

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Director from 2011 and in other executive positions at Main Street since 2007. From 2002, Mr. Hyzak has also served as a Senior Managing Director and in other executive positions of several Main Street predecessor funds and entities, which are now subsidiaries of ours. From 2000 to 2002, Mr. Hyzak was a director of integration with Quanta Services, Inc. (NYSE: PWR), which provides specialty contracting services to the power, natural gas and telecommunications industries, where he was principally focused on the company's mergers and acquisitions and corporate finance activities. Prior to joining Quanta Services, Inc., Mr. Hyzak, a certified public accountant, was a manager with Arthur Andersen in its Transaction Advisory Services group.

Curtis L. Hartman has served as Vice Chairman since 2015 and Chief Credit Officer and Senior Managing Director since 2011. Mr. Hartman is also the chairman of our credit committee and a member of our investment committee and our executive committee. Previously, he served as Senior Vice President and in other executive positions at Main Street since 2007. From 2000, Mr. Hartman has also served as a Senior Managing Director and in other executive positions of several Main Street predecessor funds and entities, which are now subsidiaries of ours. Mr. Hartman also served on the Board of Directors of HMS Income Fund, Inc., a non-publicly traded business development company of which MSC Adviser I, LLC, a wholly owned subsidiary of Main Street, acts as the investment sub-adviser, from 2013 to April 2016. Mr. Hartman currently serves as an executive officer of the Small Business Investor Alliance (SBIA) and has been a member of SBIA's Board of Governors since 2011 where he previously chaired the BDC Committee. From 1999 to 2000, Mr. Hartman was a Director for Sterling City Capital, LLC, a private investment firm. Concurrently with joining Sterling City Capital, he joined United Glass Corporation, a Sterling City Capital portfolio company, as Director of Corporate Development. Prior to joining Sterling City Capital, Mr. Hartman, a certified public accountant, was a manager with PricewaterhouseCoopers LLP in its M&A/Transaction Services group and a senior auditor with Deloitte & Touche LLP in its Financial Assurance Group.

David L. Magdol has served as Vice Chairman since 2015 and Chief Investment Officer and Senior Managing Director since 2011. Mr. Magdol is also the chairman of our investment committee and a member of our executive committee. Previously, he served as Senior Vice President and in other executive positions at Main Street since 2007. From 2002, Mr. Magdol has served as a Senior Managing Director and in other executive positions of several Main Street predecessor funds and entities, which are now subsidiaries of ours. Mr. Magdol joined Main Street from the investment banking group at Lazard Freres & Co. Prior to Lazard, he managed a portfolio of private equity investments for the McMullen Group, a private investment firm/family office capitalized by Dr. John J. McMullen, the former owner of the New Jersey Devils and the Houston Astros. Mr. Magdol began his career in the structured finance services group of JP Morgan Chase.

Rodger A. Stout has served as Executive Vice President since 2012 and is also a member of our credit committee. Previously, Mr. Stout served as Chief Accounting Officer and Secretary from 2007 to 2008, as Chief Compliance Officer and Treasurer from 2007 to 2012 and as Senior Vice President Finance and Administration from 2008 to 2012. From 2006, Mr. Stout has served as Executive Vice President and in other executive positions of several Main Street predecessor funds and entities, which are now subsidiaries of ours. From 2000 to 2006, Mr. Stout was senior vice president and chief financial officer for FabTech Industries, Inc., which was one of the largest domestic structural steel fabricating companies. From 1985 to 2000, he was a senior financial executive for Jerold B. Katz Interests. He held numerous positions over his 15 year tenure with this national scope financial services conglomerate. Those positions included director, executive vice president, senior financial officer and investment officer. Prior to 1985, Mr. Stout was an international tax executive in the oil and gas service industry.

Jason B. Beauvais has served as Senior Vice President, General Counsel, Chief Compliance Officer and Secretary since 2012. Previously, Mr. Beauvais served as Vice President, General Counsel and Secretary since 2008. From 2006 through 2008, Mr. Beauvais was an attorney with Occidental Petroleum Corporation (NYSE: OXY), an international oil and gas exploration and production company. Prior to joining Occidental Petroleum Corporation, Mr. Beauvais practiced corporate and securities law at Baker Botts L.L.P., where he primarily counseled companies in public issuances and private placements of debt and equity and handled a wide range of general corporate and securities matters as well as mergers and acquisitions.

Brent D. Smith has served as Chief Financial Officer and Treasurer since November 2014 and previously as Senior Vice President Finance since August 2014. Mr. Smith previously served as Executive Vice President, Chief Financial Officer and Treasurer of Cal Dive International, Inc. from 2010 through June 2014 and in various finance and accounting roles at Cal Dive from 2005 through 2010. On March 3 2015, Cal Dive and certain of its subsidiaries, excluding its foreign subsidiaries, filed for voluntary protection under Chapter 11 of the Bankruptcy Code. Prior to joining Cal Dive, Mr. Smith was a manager with FTI Consulting (NYSE: FCN). Prior to that, Mr. Smith, a certified public accountant, was employed as a senior auditor at Arthur Andersen LLP.

Nicholas T. Meserve has served as Managing Director on our middle market investment team since 2012. Mr. Meserve has also served on the Board of Directors of HMS Income Fund, Inc., a non-publicly traded business development company of which MSC Advisor I, LLC, a wholly owned subsidiary of Main Street, acts as the investment sub-advisor, since April 2016. Previously, from 2004 until 2012, Mr. Meserve worked at Highland Capital Management, LP, a large alternative credit manager, and certain of its affiliates, where he managed a portfolio of senior loans and high yield bonds across a diverse set of industries. Prior to Highland, he was a Credit Analyst at JP Morgan Chase & Co.

K. Colton Braud, III has served as a Managing Director on our lower middle market team since January 2017 and has been with the firm in Associate to Director roles since 2012. Prior to joining Main Street, Mr. Braud spent two years as an Associate at Wellspring Capital Management, a middle market private equity firm based in New York. While at Wellspring, Mr. Braud's responsibilities included evaluating leveraged buyout opportunities, conducting due diligence across a wide array of industries and portfolio management. Prior to Wellspring, Mr. Braud served as an Analyst at J.P. Morgan Securities Inc. in its Financial Sponsor Group.

Shannon D. Martin has served as Vice President, Chief Accounting Officer and Assistant Treasurer since 2012. From 2006 to 2012, Mr. Martin worked as an independent consultant and performed financial advisory services for several clients, including functioning as acting Chief Accounting Officer from 2008 to 2011 for EquaTerra, Inc. From 1999 to 2006, Mr. Martin was a director of accounting integration and audit with Quanta Services, Inc. (NYSE: PWR), which provides specialty contracting services to the power, natural gas and telecommunications industries, where he focused on the development of integrated accounting, business and information system processes and the company's acquisition and integration strategies. From 1992 to 1999, Mr. Martin, a certified public accountant, worked at Arthur Andersen as a manager in the Commercial Services group.

Katherine S. Silva, a certified public accountant, has served as Vice President since 2015, with responsibility for managing several administrative functions, and Assistant Treasurer since 2010. She also serves as special assistant to Mr. Foster. Ms. Silva has worked at Main Street since 2005 and holds a Bachelor of Arts in Journalism from the University of Georgia.

CORPORATE GOVERNANCE

We maintain a corporate governance section on our website which contains copies of the charters for the committees of our Board of Directors. The corporate governance section may be found at *http://mainstcapital.com* under "Corporate Governance Governance Docs" in the "Investors" section of our website. The corporate governance section contains the following documents, which are available

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in print to any stockholder who requests a copy in writing to Main Street Capital Corporation, Corporate Secretary's Office, 1300 Post Oak Blvd., 8th Floor, Houston, Texas 77056:

Audit Committee Charter
Nominating and Corporate Governance Committee Charter
Compensation Committee Charter

In addition, our Code of Business Conduct and Ethics and our Corporate Governance and Stock Ownership Guidelines may be found at *http://mainstcapital.com* under "Corporate Governance Governance Docs" in the "Investors" section of our website and are available in print to any stockholder who requests a copy in writing. We intend to disclose any substantive amendments to, or waivers from, our Code of Business Conduct and Ethics within four business days of the waiver or amendment through a posting on our website.

Director Independence

Our Board of Directors currently consists of eight members, seven of whom are classified under applicable listing standards of the New York Stock Exchange as "independent" directors and under Section 2(a)(19) of the 1940 Act as not "interested persons." Based on these independence standards and the recommendation of the Nominating and Corporate Governance Committee, our Board of Directors has affirmatively determined that the following directors are independent:

Michael Appling Jr.
Joseph E. Canon
Arthur L. French
J. Kevin Griffin
John E. Jackson
Brian E. Lane
Stephen B. Solcher

Our Board of Directors considered certain portfolio investments and other transactions in which our independent directors may have had a direct or indirect interest, including the transactions, if any, described under the heading "Certain Relationships and Related Party Transactions" in evaluating each director's independence under the 1940 Act and applicable listing standards of the New York Stock Exchange, and the Board of Directors determined that no such transaction would impact the ability of any director to exercise independent judgment or impair his independence.

Communications with the Board

Stockholders or other interested persons may send written communications to the members of our Board of Directors, addressed to Board of Directors, c/o Main Street Capital Corporation, Corporate Secretary's Office, 1300 Post Oak Blvd., 8th Floor, Houston, Texas 77056. All communications received in this manner will be delivered to one or more members of our Board of Directors.

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Board Leadership Structure

Mr. Foster currently serves as both our Chief Executive Officer and as the Chairman of our Board of Directors. As our Chief Executive Officer, Mr. Foster is an "interested person" under Section 2(a)(19) of the 1940 Act. The Board believes that the Company's Chief Executive Officer is currently best situated to serve as Chairman given his history with the Company, his deep knowledge of the Company's business and his extensive experience in managing private debt and equity investments in lower middle market companies and debt investments in middle market companies. The Company's independent directors bring experience, oversight and expertise from outside the Company and industry, while the Chief Executive Officer brings company-specific and industry-specific experience and expertise. The Board believes that the combined role of Chairman and Chief Executive Officer promotes strategy development and execution while facilitating effective, timely communication between management and the Board. At the present time, the independent directors feel that the combined Chairman and Chief Executive Officer responsibility is optimum for effective corporate governance.

Our Board of Directors designated Arthur L. French as Lead Independent Director to preside at all executive sessions of non-management directors. In the Lead Independent Director's absence, the remaining non-management directors may appoint a presiding director by majority vote. The non-management directors meet in executive session without management on a regular basis. The Lead Independent Director also has the responsibility of consulting with management on Board and committee meeting agendas, acting as a liaison between management and the non-management directors, including maintaining frequent contact with the Chairman and Chief Executive Officer and facilitating collaboration and communication between the non-management directors and management. Stockholders or other interested persons may send written communications to Arthur L. French, addressed to Lead Independent Director, c/o Main Street Capital Corporation, Corporate Secretary's Office, 1300 Post Oak Blvd., 8th Floor, Houston, Texas 77056.

A key responsibility of the Board is to oversee the development of corporate plans and hold management accountable for the execution of major strategies. The Board believes the combined role of Chairman and Chief Executive Officer, together with the role of the Lead Independent Director, is in the best interest of our stockholders because it provides the appropriate balance between strategy development and independent oversight of management.

Board of Directors and its Committees

Board of Directors. Our Board of Directors met four times and acted by unanimous written consent fourteen times during 2016. All directors attended 100% of the meetings of the Board of Directors and of the committees on which they served during 2016, and all eight directors attended the 2016 annual meeting of stockholders in person. Our Board of Directors expects each director to make a diligent effort to attend all Board and committee meetings, as well as each annual meeting of stockholders.

Committees. Our Board of Directors currently has, and appoints the members of, standing Audit, Compensation and Nominating and Corporate Governance Committees. Each of those committees is

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comprised entirely of independent directors and has a written charter approved by our Board of Directors. The current members of the committees are identified in the following table.

	Board Committees		
Director	Audit	Compensation	Nominating and Corporate Governance
Michael Appling Jr.	ý		ý
Joseph E. Canon		ý	Chair
Arthur L. French		Chair	
J. Kevin Griffin	Chair		ý
John E. Jackson	ý	ý	
Brian E. Lane		ý	ý
Stephen B. Solcher	ý		

Audit Committee. During the year ended December 31, 2016, the Audit Committee met four times. The Audit Committee is responsible for selecting, engaging and discharging our independent accountants, reviewing the plans, scope and results of the audit engagement with our independent accountants, approving professional services provided by our independent accountants (as well as the compensation for those services), reviewing the independence of our independent accountants and reviewing the adequacy of our internal control over financial reporting. In addition, the Audit Committee is responsible for assisting our Board of Directors with its review and approval of the determination of the fair value of our investments. Our Board of Directors has determined that each of Messrs. Appling, Griffin, Jackson and Solcher is an "Audit Committee financial expert" as defined by the Securities and Exchange Commission, or the SEC. For more information on the backgrounds of these directors, see their biographical information under "Election of Directors" above.

Compensation Committee. During the year ended December 31, 2016, the Compensation Committee met four times and acted by unanimous written consent twice. The Compensation Committee determines the compensation and related benefits for our executive officers including the amount of salary, bonus and stock-based compensation to be included in the compensation package for each of our executive officers. In addition, the Compensation Committee assists the Board of Directors in developing and evaluating the compensation of our non-management directors and evaluating succession planning with respect to the chief executive officer and other key executive positions. The Compensation Committee has the authority to engage the services of outside advisers, experts and others as it deems necessary to assist the committee in connection with its responsibilities. The actions of the Compensation Committee are generally reviewed and ratified by the entire Board of Directors, except the employee director does not vote with respect to his compensation.

Nominating and Corporate Governance Committee. During the year ended December 31, 2016, the Nominating and Corporate Governance Committee met four times. The Nominating and Corporate Governance Committee is responsible for determining criteria for service on our Board of Directors, identifying, researching and recommending to the Board of Directors director nominees for election by our stockholders, selecting nominees to fill vacancies on our Board of Directors or a committee of the Board, developing and recommending to our Board of Directors any amendments to our corporate governance principles and overseeing the self-evaluation of our Board of Directors and its committees.

Compensation Committee Interlocks and Insider Participation

Each member of the Compensation Committee is independent for purposes of the applicable listing standards of the New York Stock Exchange. During the year ended December 31, 2016, no member of the Compensation Committee was an officer, former officer or employee of ours or had a relationship disclosable under "Certain Relationships and Related Party Transactions," except as disclosed therein. No interlocking relationship, as defined by the rules adopted by the SEC, existed during the year ended December 31, 2016 between any member of the Board of Directors or the Compensation Committee and an executive officer of Main Street.

Director Nomination Process

Our Nominating and Corporate Governance Committee has determined that a candidate for election to our Board of Directors must satisfy certain general criteria, including, among other things:

- be an individual of the highest character and integrity and have an inquiring mind, vision, a willingness to ask hard questions and the ability to work professionally with others;

- be free of any conflict of interest that would violate any applicable law or regulation or interfere with the proper performance of the responsibilities of a director;

- be willing and able to devote sufficient time to the affairs of our company and be diligent in fulfilling the responsibilities of a member of our Board of Directors and a member of any committee thereof (including: developing and maintaining sufficient knowledge of our company and the specialty finance industry in general; reviewing and analyzing reports and other information important to responsibilities of our Board of Directors and any committee thereof; preparing for, attending and participating in meetings of our Board of Directors and meetings of any committee thereof; and satisfying appropriate orientation and continuing education guidelines); and

- have the capacity and desire to represent the balanced, best interests of our stockholders as a whole and not primarily a special interest group or constituency.

The Nominating and Corporate Governance Committee seeks to identify potential director candidates who will strengthen the Board of Directors and will contribute to the overall mix of general criteria identified above. In addition to the general criteria, the Nominating and Corporate Governance Committee considers specific criteria, such as particular skills, experiences (whether in business or in other areas such as public service, academia or scientific communities), areas of expertise, specific backgrounds, and other characteristics, that should be represented on the Board of Directors to enhance its effectiveness and the effectiveness of its committees. The Nominating and Corporate Governance Committee does not have a formal policy with respect to diversity; however, the Board and the Nominating and Corporate Governance Committee believe that it is essential that the Board members represent diverse experience and viewpoints and a diverse mix of the specific criteria above. The process of identifying potential director candidates includes establishing procedures for soliciting and reviewing potential nominees from directors and for advising those who suggest nominees of the outcome of such review. The Nominating and Corporate Governance Committee also has the authority to retain and terminate any search firm used to identify director candidates.

Any stockholder may nominate one or more persons for election as one of our directors at an annual meeting of stockholders if the stockholder complies with the notice, information and consent provisions contained in our by-laws and any other applicable law, rule or regulation regarding director nominations. When submitting a nomination to our company for consideration, a stockholder must provide certain information that would be required under applicable SEC rules, including the following minimum information for each director nominee: full name, age and address; number of any shares of our stock beneficially owned by the nominee, if any; the date such shares were acquired and the investment intent of such acquisition; whether such stockholder believes the nominee is an "interested person" of our company, as defined in 1940 Act; and all other information required to be disclosed in solicitations of proxies for election of directors in an election contest or is otherwise required, including the nominee's written consent to being named in the proxy statement as a nominee and to serving as a

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director if elected. See "Stockholders' Proposals" in our 2017 proxy statement and our by-laws for other requirements of stockholder proposals.

The Nominating and Corporate Governance Committee will consider candidates identified through the processes described above, and will evaluate each of them, including incumbents, based on the same criteria. The Nominating and Corporate Governance Committee also takes into account the contributions of incumbent directors as Board members and the benefits to us arising from their experience on our Board of Directors. Although the Nominating and Corporate Governance Committee will consider candidates identified by stockholders, the Nominating and Corporate Governance Committee may determine not to recommend those candidates to our Board of Directors, and our Board of Directors may determine not to nominate any candidates recommended by the Nominating and Corporate Governance Committee. None of the director nominees named in our 2017 proxy statement were nominated by stockholders.

Board's Role in the Oversight of Risk Management

Our Board of Directors as a whole has responsibility for risk oversight, with reviews of certain areas being conducted by the relevant Board committees that report on their deliberations to the full Board. The oversight responsibility of the Board and its committees is enabled by management reporting processes that are designed to provide visibility to the Board about the identification, assessment and management of critical risks and management's risk mitigation strategies. Areas of focus include competitive, economic, operational, financial (accounting, credit, liquidity and tax), legal, regulatory, compliance and other risks. The Board and its committees oversee risks associated with their respective principal areas of focus, as summarized below. Committees meet in executive session with key management personnel regularly and with representatives of outside advisors as necessary.

Board/Committee	Primary Areas of Risk Oversight
Full Board	Strategic, financial and execution risks and exposures associated with the annual operating plan and five-year strategic plan; major litigation and regulatory exposures and other current matters that may present material risk to our operations, plans, prospects or reputation; material acquisitions and divestitures.
Audit Committee	Risks and exposures associated with financial matters, particularly investment valuation, financial reporting and disclosure, tax, accounting, oversight of independent accountants, internal control over financial reporting, financial policies and credit and liquidity matters, along with information technology systems and policies including data privacy and security and business continuity and operational risks.
Compensation Committee	Risks and exposures associated with leadership assessment, senior management succession planning, executive and director compensation programs and arrangements, including incentive plans, and compensation related regulatory compliance.
Nominating and Corporate Governance Committee	Risks and exposures relating to our programs and policies relating to legal compliance, corporate governance, and director nomination, evaluation and succession planning.

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COMPENSATION OF DIRECTORS

The following table sets forth the compensation that we paid during the year ended December 31, 2016 to our non-employee directors. Directors who are also employees of Main Street or any of its subsidiaries do not receive compensation for their services as directors.

Director Compensation Table

Name	Fees Earned or Paid in Cash(1)	Stock Awards(2)	Total
Arthur L. French	$ 222,500	$ 29,990	$ 252,490
Michael Appling Jr.	182,500	29,990	212,490
Joseph E. Canon	185,000	29,990	214,990
J. Kevin Griffin	200,000	29,990	229,990
John E. Jackson	185,000	29,990	214,990
Brian E. Lane	177,500	29,990	207,490
Stephen B. Solcher	177,500	29,990	207,490

(1) Non-employee directors may elect to defer a portion of their annual cash retainers under the Main Street Capital Corporation Deferred Compensation Plan (the "2015 Deferred Compensation Plan"). Amounts deferred under the plan earn a return based on the returns on certain investment alternatives permitted under the plan, including phantom Main Street stock units, as designated by the participant. The following table sets forth information regarding the activity during 2016 related to the accounts of our non-employee directors under the 2015 Deferred Compensation Plan:

Name	Aggregate Balance at December 31, 2015	2016 Director Contributions	2016 Company Contributions	2016 Aggregate Earnings	2016 Aggregate Withdrawals/ Distributions	Aggregate Balance at December 31, 2016
Arthur L. French	$ 217,351	$ 75,000		$ 99,898		$ 392,249
Michael Appling Jr	192,831	90,000		94,333		377,164
Joseph E. Canon	244,073	185,000		136,685		565,758
J. Kevin Griffin	225,745	100,000		105,001		430,746
John E. Jackson	184,245	70,000		86,244		340,489
Brian E. Lane	33,820	70,000		29,727		133,547
Stephen B. Solcher	38,651	88,750		36,102		163,503

(2) Each of Messrs. French, Appling, Canon, Griffin, Jackson, Lane and Solcher received an award of 964 restricted shares on May 3, 2016 under the Main Street Capital Corporation 2015 Non-Employee Director Restricted Stock Plan (the "Non-Employee Director Plan"), which will vest 100% on May 1, 2017, the day of the annual meeting since the prior day is not a business day, provided that the grantee has been in continuous service as a member of the Board through such date. These amounts represent the grant date fair value of the 2016 stock awards in accordance with FASB ASC Topic 718 based on the closing price of our common stock on the date of grant. Dividends paid on restricted stock awards are reflected in the grant date fair value and, therefore, are not shown in the table. Pursuant to SEC rules, the amounts shown exclude the impact of any estimated forfeitures related to service-based vesting conditions. These amounts may not correspond to the actual value that will be recognized by our directors upon vesting. Each of Messrs. French, Appling, Canon, Griffin, Jackson, Lane and Solcher had 964 unvested shares of restricted stock outstanding as of December 31, 2016. Please see the discussion of the assumptions made in the valuation of these awards in Note M to the audited consolidated financial statements included in this prospectus.

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The compensation for non-employee directors for 2016 was comprised of cash compensation paid to or earned by directors in connection with their service as a director. That cash compensation consisted of an annual retainer of $165,000, and an additional $40,000 retainer for the Lead Independent Director. Non-employee directors do not receive fees based on meetings attended absent circumstances that require an exceptionally high number of meetings within an annual period. We also reimburse our non-employee directors for all reasonable expenses incurred in connection with their service on our Board. The chairs of our Board committees and members of the Audit Committee received additional annual retainers for 2016 as follows:

- the chair of the Audit Committee: $30,000;
- members of the Audit Committee: $12,500;
- the chair of the Compensation Committee: $17,500;
- members of the Compensation Committee: $7,500;
- the chair of the Nominating and Corporate Governance Committee: $12,500; and
- members of the Nominating and Corporate Governance Committee: $5,000.

The Non-Employee Director Plan provides a means through which we may attract and retain qualified non-employee directors to enter into and remain in service on our Board of Directors. Under the Non-Employee Director Plan, at the beginning of each one-year term of service on our Board of Directors, each non-employee director receives a number of shares equivalent to $30,000 based on the closing price of a share of our common stock on the New York Stock Exchange (or other exchange on which our shares are then listed) on the date of grant. These shares are subject to forfeiture provisions that will lapse as to an entire award at the end of the one-year term.

In November 2015, our Board of Directors approved and adopted the 2015 Deferred Compensation Plan. The 2015 Deferred Compensation Plan became effective on January 1, 2016 and replaced the Deferred Compensation Plan for Non-Employee Directors previously adopted and approved by the Board in 2013. Under the 2015 Deferred Compensation Plan, non-employee directors and certain key employees may defer receipt of some or all of their cash compensation, subject to certain limitations. Individuals participating in the 2015 Deferred Compensation Plan receive distributions of their respective balances based on predetermined payout schedules or other events as defined by the plan and are also able to direct investments made on their behalf among investment alternatives permitted from time to time under the plan, including phantom Main Street stock units.

For the beneficial ownership of our common stock by each of our directors and the dollar range value of such ownership, please see "Control Persons and Principal Stockholders".

COMPENSATION DISCUSSION AND ANALYSIS

The following Compensation Discussion and Analysis, or CD&A, provides information relating to the 2016 compensation of Main Street's Named Executive Officers, or NEOs, for 2016, who were:

- Vincent D. Foster, Chairman and Chief Executive Officer;
- Dwayne L. Hyzak, President, Chief Operating Officer and Senior Managing Director;
- Curtis L. Hartman, Vice Chairman, Chief Credit Officer and Senior Managing Director;

David L. Magdol, Vice Chairman, Chief Investment Officer and Senior Managing Director; and

Brent D. Smith, Chief Financial Officer and Treasurer.

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Compensation Philosophy and Objectives

The Main Street compensation system was developed by the Compensation Committee and approved by all independent directors. The system is designed to attract and retain key executives, motivate them to achieve the Company's business objectives and reward them for performance while aligning management's interests with those of the Company's stockholders. The structure of Main Street's incentive compensation programs is formulated to encourage and reward the following, among other things:

- achievement of income and capital gains to sustain and grow the Company's dividend payments;
- maintenance of liquidity and capital flexibility to accomplish the Company's business objectives, including the preservation of investor capital;
- attainment of superior risk-adjusted returns on the Company's investment portfolio; and
- professional development and growth of individual executives, the management team and other employees.

The Compensation Committee has the primary authority to establish compensation for the NEOs and other key employees and administers all executive compensation arrangements and policies. Main Street's Chief Executive Officer assists the Committee by providing recommendations regarding the compensation of NEOs and other key employees, excluding himself. The Committee exercises its discretion by modifying or accepting these recommendations. The Chief Executive Officer routinely attends a portion of the Committee meetings. However, the Committee often meets in executive session without the Chief Executive Officer or other members of management when discussing compensation matters and on other occasions as determined by the Committee.

The compensation packages for Main Street NEOs and other key employees are structured to reflect the Compensation Committee's commitment to corporate governance best practices and performance-oriented executive compensation. Specifically, the Compensation Committee has implemented the following practices for NEOs and other key employees:

- no employment agreements;
- no cash severance benefits;
- no supplemental defined benefit pensions;
- no perquisite allowances; and
- no tax gross-up payments.

The Compensation Committee takes into account competitive market practices with respect to the salaries and total direct compensation of the NEOs and other key employees. Members of the Committee consider market practices by reviewing public and non-public information for executives at comparable companies and funds. The Committee also has the authority to utilize compensation consultants to better understand competitive pay practices and has retained such expertise in the past.

Independent Compensation Consultant

The Compensation Committee has from time to time engaged Deloitte Consulting LLP ("Deloitte") as an independent compensation consultant to assist the Committee and provide advice on a variety of compensation matters relating to NEO, other key employee and independent director compensation, incentive compensation plans and compensation trends, regulatory matters and compensation planning best practices. The compensation consultant was hired by and reports directly to the Compensation Committee. Although the compensation consultant may work directly with management on behalf of the Compensation Committee, any such work is under the control and supervision of the Compensation Committee. The total amount of fees paid or to be paid to Deloitte for compensation consulting services during fiscal 2016 was approximately $30,959.

During fiscal 2016, the Company's management also retained Deloitte and its affiliates to provide certain other services to the Company. These other services included (i) tax services and other tax-related services and (ii) portfolio valuation consulting services. The total amount paid or to be paid for such services (excluding the services as consultant to the Compensation Committee as discussed above) to Deloitte and its affiliates during fiscal 2016 was approximately $909,734. Deloitte was engaged directly by management to provide these other services and, accordingly, Deloitte's engagement for these other services was not formally approved by the Board of Directors or by the Compensation Committee. The Compensation Committee believes that, given their nature and scope, these additional services did not raise a conflict of interest and did not impair Deloitte's ability to provide independent advice to the Compensation Committee concerning executive compensation matters. In making this determination, the Compensation Committee considered, among other things, the following factors when selecting Deloitte to provide compensation consulting services: (i) the types of non-compensation services provided by Deloitte, (ii) the amount of fees for such non-compensation services, noting in particular that such fees are negligible when considered in the context of Deloitte's total revenues for the period, (iii) Deloitte's policies and procedures concerning conflicts of interest, (iv) Deloitte's representatives who advise the Compensation Committee do not provide any non-compensation related services to the Company, (v) there are no other business or personal relationships between the Company's management or members of the Compensation Committee, on the one hand, and any Deloitte representatives who provide compensation consulting services to the Company, on the other hand, and (vi) neither Deloitte nor any of the Deloitte representatives who provide compensation services to the Company own any common stock or other securities of the Company.

Assessment of Market Data

In assessing the competitiveness of executive compensation levels, the Compensation Committee analyzes market data of certain companies, including internally managed business development companies, or BDCs, private equity firms and other asset management and financial services companies. This analysis focuses on key elements of compensation practices in general, and more specifically, the compensation practices at companies and funds reasonably comparable in asset size, typical investment size and type, market capitalization and general business scope as compared to the Company.

As regards other internally managed BDCs like Main Street, the Compensation Committee considers the compensation practices and policies pertaining to executive officers as detailed in their company's respective proxies, research analysts' reports and other publicly available information. However, there are relatively few internally managed BDCs and none that are directly comparable to the Company as regards business strategies, assets under management, typical investment size and type and market capitalization. Moreover, regarding the compensation and retention of executive talent, the Company also competes with private equity funds, mezzanine debt funds, hedge funds and other types of specialized investment funds. Since these funds are generally private companies that are not required to publicly disclose their executive compensation practices and policies, the Committee relies on third party compensation surveys as well as other available information to compare compensation practices and policies.

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Items taken into account from comparable companies and funds include, but are not necessarily limited to, base compensation, bonus compensation, stock option awards, restricted stock awards, carried interest and other compensation. In addition to actual levels of cash and equity related compensation, the Compensation Committee also considers other approaches comparable companies are taking with regard to overall executive compensation practices. Such items include, but are not necessarily limited to, the use of employment agreements for certain employees, the mix of cash and equity compensation, the use of third party compensation consultants and certain corporate and executive performance measures that are established to achieve longer term total return for stockholders. Finally, in addition to analyzing comparable companies and funds, the Committee also evaluates the relative cost structure of the Company as compared to the entire BDC sector, including internally and externally managed BDCs, as well as other private funds.

Assessment of Company Performance

The Compensation Committee believes that sustained financial performance coupled with consistent stockholders' returns as well as proportional employee compensation are essential components for Main Street's long-term business success. Main Street typically makes three to seven year investments in its portfolio companies. However, the Company's business plan involves taking on investment risks over a range of time periods. Accordingly, much emphasis is focused on maintaining the stability of net asset values as well as the continuity of earnings to pass through to stockholders in the form of recurring dividends. The quality of the earnings supporting the dividends as well as the maintenance and growth of dividends are key metrics in the Committee's assessment of financial performance.

Main Street's primary strategy is to generate current income from debt investments and to realize capital gains from equity-related investments. This income supports the payment of dividends to stockholders. The recurring payment of dividends requires a methodical investment acquisition approach and active monitoring and management of the investment portfolio over time. A meaningful part of the Company's employee base is dedicated to the maintenance of asset values and expansion of this recurring income to sustain and grow dividends. The Committee believes that stability of the management team is critical to achieving successful implementation of the Company's strategies. Further, the Committee, in establishing and assessing executive salary and performance incentives, is more focused on Main Street results as compared to its business objectives rather than the performance of Main Street relative to other comparable companies or industry metrics.

Executive Compensation Components

For 2016, the components of Main Street's direct compensation program for NEOs included:

- base salary;
- annual cash bonuses;
- long-term compensation pursuant to the 2015 Equity and Incentive Plan; and
- other benefits.

The Compensation Committee designs each NEO's direct compensation package to appropriately reward the NEO for his or her contribution to the Company. The judgment and experience of the Committee are weighed with individual and Company performance metrics and consultation with the Chief Executive Officer (except with respect to himself) to determine the appropriate mix of compensation for each individual. The Compensation Committee does not target a specific level of compensation relative to market practice, and only uses such data as a reference point when establishing compensation levels for NEOs. Cash compensation consisting of base salary and discretionary bonuses tied to achievement of individual performance goals that are reviewed and

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approved by the Committee, as well as corporate objectives, are intended to motivate NEOs to remain with the Company and work to achieve expected business objectives. Stock-based compensation is awarded based on performance expectations approved by the Committee for each NEO. The blend of short-term and long-term compensation may be adjusted from time to time to balance the Committee's views regarding the benefits of current cash compensation and appropriate retention incentives.

Base Salary

Base salary is used to recognize the experience, skills, knowledge and responsibilities required of the NEOs in their roles. In connection with establishing the base salary of each NEO, the Compensation Committee and management consider a number of factors, including the seniority and experience level of the individual, the functional responsibilities of the position, the experience level of the individual, the Company's ability to replace the executive, the past base salary of the individual and the relative number of well-qualified candidates available in the area. In addition, the Committee considers publicly available information regarding the base salaries paid to similarly situated executive officers and other competitive market practices.

The salaries of the NEOs are reviewed on an annual basis, as well as at the time of promotion or any substantial change in responsibilities. The key factors in determining increases in salary level are relative performance and competitive pressures.

Annual Cash Bonuses

Annual cash bonuses are intended to reward individual performance on an annual basis and can therefore be variable from year to year. Cash bonus awards for the NEOs are determined by the Compensation Committee on a discretionary basis based on performance criteria, particularly the company's dividend performance as well as corporate and individual performance goals and other measures established by the Committee with the Chief Executive Officer's input (except with respect to his own performance criteria). Should actual performance exceed expected performance criteria, the Committee may adjust individual cash bonuses to take such superior performance into account.

Long-Term Incentive Awards

Main Street's Board of Directors and stockholders approved the 2015 Equity and Incentive Plan in May 2015 to provide stock-based awards as long-term incentive compensation to employees, including the NEOs. The Company uses stock-based awards to (i) attract and retain key employees, (ii) motivate employees by means of performance-related incentives to achieve long-range performance goals, (iii) enable employees to participate in the Company's long-term growth in value and (iv) link employees' compensation to the long-term interests of stockholders. At the time of each award, the Compensation Committee will determine the terms of the award, including any performance period (or periods) and any performance objectives relating to vesting of the award. Prior to the adoption of the 2015 Equity and Incentive Plan, stock-based awards to employees were made under and are governed by the 2008 Equity Incentive Plan. Terms of the 2008 Equity Incentive Plan are substantially similar to the 2015 Equity and Incentive Plan. After adoption of the 2015 Equity and Incentive Plan no further awards have or will be granted under the 2008 Equity Incentive Plan.

Restricted Stock. Main Street has received exemptive relief from the SEC that permits the Company to grant restricted stock in exchange for or in recognition of services by its executive officers and employees. Pursuant to the 2015 Equity and Incentive Plan, the Compensation Committee may award shares of restricted stock to plan participants in such amounts and on such terms as the Committee determines in its sole discretion, provided that such awards are consistent with the conditions set forth in the SEC's exemptive order. Each restricted stock grant will be for a fixed number of shares as set forth in an award agreement between the grantee and Main Street. Award agreements will set forth time and/or performance vesting schedules and other appropriate terms and/or restrictions with respect to awards, including rights to dividends and voting rights. Beginning in 2015, the Committee awarded restricted stock awards to employees, including NEOs, which vest in equal increments over a three year time frame based on continued service during the vesting period. The Committee's previous practice had been to award restricted stock to employees which vested over a four year time frame. The change to the vesting period was made to be more closely aligned with comparable companies.

Options. The Compensation Committee may also grant stock options to purchase Main Street's common stock (including incentive stock options and nonqualified stock options). The Committee expects that any options granted will represent a fixed number of shares of common stock, will have an exercise price equal to the fair market value of common stock on the date of grant, and will be exercisable, or "vested," at some later time after grant. Certain stock options may provide for vesting based on the grantee remaining employed by Main Street for a time certain and/or the grantee and/or the Company attaining specified performance criteria. To date, the Committee has not granted stock options to any NEO.

Other Benefits

Main Street's NEOs participate in the same benefit plans and programs as the Company's other employees, including comprehensive medical, dental and vision insurance, short term and long term disability insurance and life insurance.

Main Street maintains a 401(k) plan for all full-time employees who are at least 21 years of age through which the Company makes non-discretionary matching contributions to each participant's plan account on the participant's behalf. For each participating employee, the Company's contribution is a 100% match of the employee's contributions up to a 3% contribution level and a 50% match of the employee's contributions from a 3% to a 6% contribution level, with a maximum annual regular matching contribution of $11,925 during 2016. All contributions to the plan, including those made by the Company, vest immediately. The Board of Directors may also, at its sole discretion, provide that the Company will make additional contributions to employee 401(k) plan accounts, which would also vest immediately.

In November 2015, our Board of Directors approved and adopted the 2015 Deferred Compensation Plan to allow non-employee directors and certain key employees, including each of the NEOs, to defer receipt of some or all of their cash compensation, subject to certain limitations. Although not currently anticipated and subject to prior Compensation Committee approval, discretionary employer contributions are also permitted to the 2015 Deferred Compensation Plan. Individuals participating in the 2015 Deferred Compensation Plan receive distributions of their respective balances based on predetermined payout schedules or other events as defined by the plan and are also able to direct investments made on their behalf among investment alternatives permitted from time to time under the plan, including phantom Main Street stock units. The 2015 Deferred Compensation Plan became effective on January 1, 2016.

Perquisites

The Company provides no other material benefits, perquisites or retirement benefits to the NEOs.

Potential Payments Upon Change in Control or Termination of Employment

Unless the terms of an award provide otherwise, in the event of a specified transaction involving a "change in control" (as defined in the 2015 Equity and Incentive Plan) in which there is an acquiring or surviving entity, the Board of Directors may provide for the assumption of some or all outstanding awards, or for the grant of substitute awards, by the acquirer or survivor. In the event no such assumption or substitution occurs, each stock-based award, subject to its terms, will become fully vested or exercisable prior to the change in control on a basis that gives the holder of the award a reasonable opportunity, as determined by the Board of Directors, to participate as a stockholder in the change in control following vesting or exercise. The award will terminate upon consummation of the change in control.

Transactions involving a "change in control" under the 2015 Equity and Incentive Plan include the following, other than where Main Street's stockholders continue to have substantially the same proportionate ownership in an entity which owns substantially all of Main Street's assets immediately following such transaction:

- a single person or entity or group of persons and/or entities, other than Main Street, any of its employee benefit plans, a company owned by Main Street's stockholders in substantially the same proportions as their ownership in Main Street or an underwriter temporarily holding securities pursuant to an offering by Main Street, becomes the beneficial owner of more than 30% of the combined voting power of Main Street's voting securities then outstanding;

- a change in the membership of the Board of Directors such that the individuals who, as of the effective date of the 2015 Equity and Incentive Plan, constitute the Board of Directors (the "Continuing Directors"), and any new director whose election or nomination to the Board of Directors was approved by a vote of at least a majority of the Continuing Directors, cease to constitute at least a majority of the Board;

- a merger, reorganization or business combination of Main Street or one of its subsidiaries with or into any other entity, other than where the holders of Main Street's voting securities outstanding immediately before such transaction would represent immediately thereafter more than a majority of the combined voting power of the voting securities of Main Street or the surviving entity or the parent of such surviving entity;

- a sale or disposition of all or substantially all of Main Street's assets, other than where the holders of Main Street's voting securities outstanding immediately before such transaction hold securities immediately thereafter which represent more than a majority of the combined voting power of the voting securities of the acquirer or the parent of such acquirer of such assets; or

- Main Street's stockholders approve a plan of complete liquidation or dissolution of Main Street.

Our restricted stock awards also provide that upon a participant's death, disability, involuntary termination without cause or voluntary termination with good reason (each as defined in the award agreement), the unvested shares of restricted stock will fully vest. The number of shares and value of unvested restricted stock for each NEO as of December 31, 2016 that would have vested under the acceleration scenarios described above is shown under "Compensation of Executive Officers Outstanding Equity Awards at Fiscal Year-End."

In addition, NEOs who participate in the 2015 Deferred Compensation Plan could receive a distribution of their balances in that plan in connection with their death, disability or termination of employment, depending on their distribution elections under the plan. The aggregate balance in the 2015 Deferred Compensation Plan of each NEO as of December 31, 2016 is shown under "Compensation of Executive Officers Nonqualified Deferred Compensation."

Other than the accelerated vesting of restricted stock and amounts due under the 2015 Deferred Compensation Plan, we would not incur any other payment obligations to our NEOs in the event of a change in control or any of the aforementioned causes of termination of employment.

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1940 Act Restrictions on Company Performance Based Compensation

The 1940 Act provides that a BDC such as Main Street may maintain either an equity incentive plan or a "profit-sharing plan", but not both, for its NEOs and other employees. The Compensation Committee believes that equity incentives strongly align the interests of NEOs and employees with those of the Company's stockholders. Accordingly, Main Street has adopted and maintained equity incentive plans for its NEOs and employees since 2008. As a result, the 1940 Act prohibits Main Street from having a "profit-sharing plan."

The term "profit-sharing plan" is defined very broadly in the 1940 Act but in this context is generally viewed as referring to incentive and other compensation being directly tied to a company's gross or net income or any other indicia of the company's overall financial performance, such as realized gains or losses and unrealized appreciation or depreciation on investments. In this regard, the SEC has indicated that a compensation program possesses profit-sharing characteristics if a company is obligated to make payments under the program based on company performance metrics.

Due to these restrictions imposed by the 1940 Act, the Compensation Committee is not permitted to use nondiscretionary or formulaic Company performance goals or criteria to determine executive incentive compensation. Instead, the committee considers overall company performance along with other factors, including individual performance criteria, and uses its discretion in determining the appropriate compensation for NEOs and other key employees. The Compensation Committee's objective is to work within the 1940 Act regulatory framework to establish appropriate compensation levels, maintain pay-for-performance alignment and implement compensation best practices.

Tax Deductibility of Compensation

Section 162(m) of the Internal Revenue Code of 1986 generally disallows a deduction to public companies to the extent of excess annual compensation over $1 million paid to certain executive officers, except for qualified performance-based compensation. Main Street's general policy, where consistent with business objectives, is to preserve the deductibility of executive officer compensation. However, the Compensation Committee may authorize amounts and forms of compensation that might not be deductible if the Committee deems such to be in the best interests of Main Street and its stockholders.

Stockholder Advisory Vote on Executive Compensation

At our 2014 annual meeting of stockholders, our stockholders provided an advisory vote with 93% of the votes cast approving our compensation philosophy, policies and procedures and the 2013 fiscal year compensation of our NEOs (the "Advisory Vote"). Subsequently, the Compensation Committee considered the results of the Advisory Vote in determining compensation policies and decisions of the Company. The Advisory Vote affected the Company's executive compensation decisions and policies by reaffirming the Company's compensation philosophies, and the Compensation Committee will continue to use these philosophies and past practice in determining future compensation decisions.

2016 Compensation Determination

The Compensation Committee analyzed the competitiveness of the components of compensation described above on both an individual and aggregate basis. The Committee believes that the total compensation paid to the NEOs for the fiscal year ended December 31, 2016, is consistent with the overall objectives of Main Street's executive compensation program.

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Base Salary

The Compensation Committee annually reviews the base salary of each executive officer, including each NEO, and determines whether or not to increase it in its sole discretion. Increases to base salary can be awarded to recognize, among other things, relative performance, relative cost of living and competitive pressures.

In 2016, the Compensation Committee approved base salary increases for each NEO in recognition each NEO's and the Company's performance for the year and also to more closely align each NEO's compensation with similar executive officers of comparable companies.

The amount of annual base salary paid to each NEO for 2016 is presented under the caption entitled "Compensation of Executive Officers Summary Compensation Table." The Committee believes that the salary changes and resulting base salaries were competitive in the market place and appropriate for Main Street executives as a key component of an overall compensation package.

Annual Cash Incentive Bonus

Cash bonuses are determined annually by the Compensation Committee and are based on individual and corporate performance objectives coupled with Committee discretion as appropriate. The 2016 performance criteria used for determining the cash bonuses for NEOs included, among other things, the following:

- Achievement of corporate objectives, particularly those related to the maintenance and growth of dividends and preservation of capital through maintenance and growth of net asset value per share;
- Individual performance and achievement of individual goals, as well as the contribution to corporate objectives;
- Maintaining liquidity and capital flexibility to accomplish the Company's business objectives;
- Maintaining the highest ethical standards, internal controls and adherence to regulatory requirements; and
- Appropriate and planned development of personnel.

The Company paid cash bonuses to NEOs for 2016 performance in recognition of Main Street's strong financial results, including total stockholder return of 37.4%. Each individual NEO contributed significantly to the Company's performance. Major achievements considered by the Compensation Committee included increased distributable net investment income per share, increased regular monthly dividends per share, total stockholder return versus comparable companies and the market in general, increased net asset value per share, growth of the investment portfolio, continuation of the Company's low total operating cost structure in comparison to peer organizations, maintaining an investment grade rating from Standard & Poor's Ratings Services, low employee turnover, expansion of the Company's third party asset management business and development of talented personnel. The Compensation Committee did not weight these achievements and used discretion in determining the cash bonus amount allocated to each executive. In summary, the performance of each individual NEO and the management team overall was at a consistent high level in 2016 resulting in excellent financial results.

The amount of cash bonus paid to each NEO for 2016 is presented under the caption entitled "Compensation of Executive Officers Summary Compensation Table." The Committee believes that these cash bonus awards are individually appropriate based on 2016 performance. Such bonuses comprise a key component of the Company's overall compensation program.

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Long-Term Incentive Awards

The Company granted restricted shares to our NEOs in 2016 to recognize individual contributions to corporate strategic priorities and to the long-term performance of the Company. Other objectives of restricted stock awards were to assist with retention, align NEO interests with stockholders' and to provide competitive total direct compensation. Contributions to the future success of the Company include expanded roles of NEOs within the Company, recruitment and development of personnel, advancement of strategic initiatives with benefits beyond the current year, development of appropriate capital structure alternatives and enhancement of the Company's reputation with key constituents.

The amount of restricted shares granted to each NEO in 2016 is presented under the caption entitled "Compensation of Executive Officers Grants of Plan-Based Awards." The Committee is currently assessing the potential for long-term incentive compensation through grants of restricted shares to our NEOs for 2017, which are expected to be awarded in April 2017.

COMPENSATION OF EXECUTIVE OFFICERS

The following table summarizes the compensation of our Named Executive Officers, or NEOs, for the fiscal year ended December 31, 2016.

Summary Compensation Table

Name and Principal Position	Year	Salary	Bonus(1)	Stock Awards(2)	All Other Compensation(3)	Total
Vincent D. Foster	2016	$ 586,250	$ 1,325,000	$ 1,605,277	$ 11,925	$ 3,528,452
Chairman and Chief Executive Officer	2015	568,750	1,300,000	1,556,595	11,925	3,437,270
	2014	536,250	1,100,000	1,408,761	11,700	3,056,711
Dwayne L. Hyzak	2016	$ 498,750	$ 1,000,000	$ 1,172,125	$ 11,925	$ 2,682,800
President, Chief Operating Officer and	2015	435,000	850,000	1,154,887	11,925	2,451,812
Senior Managing Director	2014	377,500	675,000	1,056,563	11,700	2,120,763
Curtis L. Hartman	2016	$ 361,250	$ 525,000	$ 815,397	$ 11,925	$ 1,713,572
Vice Chairman, Chief Credit Officer	2015	332,500	625,000	803,416	11,925	1,772,841
and Senior Managing Director	2014	318,750	510,000	603,755	11,700	1,444,205
David L. Magdol	2016	$ 361,250	$ 575,000	$ 815,397	$ 11,925	$ 1,763,572
Vice Chairman, Chief Investment	2015	332,500	575,000	753,179	11,925	1,672,604
Officer and Senior Managing Director	2014	318,750	440,000	905,648	11,700	1,676,098
Brent D. Smith	2016	$ 300,000	$ 415,000	$ 509,607	$ 11,925	$ 1,236,532
Chief Financial Officer and Treasurer	2015	282,500	400,000		11,925	694,425
	2014	96,955	150,000	434,780	4,837	686,572

(1) These amounts reflect annual cash bonuses earned by the NEOs based on individual and corporate performance as determined by the Compensation Committee.

(2) These amounts represent the fair value of restricted stock awards in accordance with FASB ASC Topic 718 based on the closing price of our common stock on the grant date. Dividends paid on restricted stock awards are reflected in the grant date fair value and, therefore, are not shown in the table. Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. These amounts do not correspond to the actual value that will be recognized by our NEOs upon the vesting of such grants. Please see the discussion of the assumptions made in the valuation of these awards in Note M to the audited consolidated financial statements included in this prospectus.

(3) These amounts reflect employer matching contributions we made to each NEO's account in our 401(k) plan.

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Grants of Plan-Based Awards

The following table sets forth information regarding restricted stock awards granted to our NEOs in fiscal 2016:

Name	Grant Date	Stock Awards; Number of Shares of Stock(1)	Grant Date Fair Value of Stock Awards
Vincent D. Foster	April 1, 2016	51,336	$ 1,605,277
Dwayne L. Hyzak	April 1, 2016	37,484	1,172,125
Curtis L. Hartman	April 1, 2016	26,076	815,397
David L. Magdol	April 1, 2016	26,076	815,397
Brent D. Smith	April 1, 2016	16,297	509,607

(1) Restricted stock grants to NEOs under the 2015 Equity and Incentive Plan in 2016 vest ratably over three years from the grant date, and all underlying shares are entitled to dividends and voting rights beginning on the grant date.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth the awards of restricted stock for which forfeiture provisions have not lapsed and remain outstanding at December 31, 2016:

	Stock Awards	
Name	Number of Shares of Stock That Have Not Vested(1)	Market Value of Shares of Stock That Have Not Vested(2)
Vincent D. Foster	118,854(3)	$ 4,370,262
Dwayne L. Hyzak	88,293(4)	3,246,534
Curtis L. Hartman	60,281(5)	2,216,532
David L. Magdol	64,695(6)	2,378,835
Brent D. Smith	20,769(7)	763,676

(1) No restricted stock awards have been transferred.

(2) The market value of shares of stock that have not vested was determined based on the closing price of our common stock on the New York Stock Exchange at December 31, 2016.

(3) 33,947 shares will vest on April 1, 2017; 22,659 shares will vest on June 20, 2017; 33,948 shares will vest on April 1, 2018; 11,188 shares will vest on June 20, 2018; and 17,112 shares will vest on April 1, 2019, subject in each case to the NEO still being employed by us on the respective vesting date.

(4) 24,985 shares will vest on April 1, 2017; 17,436 shares will vest on June 20, 2017; 24,986 shares will vest on April 1, 2018; 8,391 shares will vest on June 20, 2018; and 12,495 shares will vest on April 1, 2019, subject in each case to the NEO still being employed by us on the respective vesting date.

(5) 17,381 shares will vest on April 1, 2017; 12,031 shares will vest on June 20, 2017; 17,382 shares will vest on April 1, 2018; 4,795 shares will vest on June 20, 2018; and 8,692 shares will vest on April 1, 2019, subject in each case to the NEO still being employed by us on the respective vesting date.

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(6)

16,838 shares will vest on April 1, 2017; 15,134 shares will vest on June 20, 2017; 16,838 shares will vest on April 1, 2018; 7,193 shares will vest on June 20, 2018; and 8,692 shares will vest on April 1, 2019, subject in each case to the NEO still being employed by us on the respective vesting date.

(7)

5,432 shares will vest on April 1, 2017; 4,472 shares will vest on June 20, 2017; 5,432 shares will vest on April 1, 2018; and 5,433 shares will vest on April 1, 2019, subject in each case to the NEO still being employed by us on the respective vesting date.

Equity Awards Vested in Fiscal Year

The following table sets forth information regarding shares of restricted stock for which forfeiture restrictions lapsed during the fiscal year ended December 31, 2016:

	Stock Awards	
Name	**Number of Shares Acquired on Vesting(1)**	**Value Realized on Vesting(2)**
Vincent D. Foster	45,551	$ 1,478,079
Dwayne L. Hyzak	33,903	1,100,189
Curtis L. Hartman	23,928	776,725
David L. Magdol	26,488	862,579
Brent D. Smith	4,472	148,202

(1)

Number of shares acquired upon vesting is before withholding of vesting shares by the Company to satisfy tax withholding obligations.

(2)

Value realized upon vesting is based on the closing price of our common stock on the vesting date.

Nonqualified Deferred Compensation

The following table sets forth information regarding the activity during the fiscal year ended December 31, 2016 related to the accounts of our NEOs under the 2015 Deferred Compensation Plan:

Name	**2016 Executive Contributions(1)**	**2016 Company Contributions**	**2016 Aggregate Earnings(2)**	**2016 Aggregate Withdrawals/ Distributions**	**Aggregate Balance at December 31, 2016(3)**
Vincent D. Foster	$ 58,625		$ 4,655		$ 63,280
Dwayne L. Hyzak	87,281		5,254		92,535
Curtis L. Hartman	52,282		2,755		55,037
David L. Magdol	88,407		4,163		92,570
Brent D. Smith	32,676		852		33,528

(1)

The 2016 Executive Contributions shown above include amounts reported in the "Salary" column of the Summary Compensation Table as follows: $58,625 for Mr. Foster; $87,281 for Mr. Hyzak; $36,125 for Mr. Magdol. The remaining amounts included in 2016 Executive Contributions shown above represent contributions from dividends on unvested stock held by our NEOs. The dividends are not separately reported in the Summary Compensation Table but are included in the value shown in the "Stock Awards" column in the year of grant.

(2)

Represents earnings on the 2015 Deferred Compensation Plan during 2016. These amounts are not reported in the Summary Compensation Table.

(3)

These amounts represent the sum of the 2016 contributions and 2016 earnings. There are no prior year balances.

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In November 2015, our Board of Directors approved and adopted the 2015 Deferred Compensation Plan, an unfunded, nonqualified deferred compensation plan, to allow non-employee directors and certain key employees, including each of the NEOs, to defer receipt of some or all of their cash compensation, subject to certain limitations. Pursuant to the 2015 Deferred Compensation Plan, executives may contribute on a pre-tax basis up to 100% of their salary, bonus and dividends paid on shares of unvested Company stock. Although not currently anticipated and subject to prior Compensation Committee approval, discretionary employer contributions are also permitted to the 2015 Deferred Compensation Plan. Individuals participating in the 2015 Deferred Compensation Plan receive distributions of their respective balances based on predetermined payout schedules or other events as defined by the plan. Amounts deferred under the plan earn a return based on the returns on certain investment alternatives permitted under the plan, including phantom Main Street stock units, as designated by the participant. The 2015 Deferred Compensation Plan became effective on January 1, 2016.

Potential Payments Upon Change in Control or Termination of Employment

As described in "Compensation Discussion and Analysis," our restricted stock awards to employees, including NEOs, provide that upon certain transactions involving a change in control, or upon a participant's death, disability, involuntary termination without cause or voluntary termination with good reason (each as defined in the award agreement), the unvested shares of restricted stock will fully vest. The number of shares and value of unvested restricted stock for each NEO as of December 31, 2016 that would have vested under the acceleration scenarios described above is shown under the heading " Outstanding Equity Awards at Fiscal Year-End."

In addition, NEOs who participate in the 2015 Deferred Compensation Plan could receive a distribution of their balances in that plan in connection with their death, disability or termination of employment, depending on their distribution elections under the plan. The aggregate balance in the 2015 Deferred Compensation Plan of each NEO as of December 31, 2016 is shown under the heading " Nonqualified Deferred Compensation."

Other than the accelerated vesting of restricted stock and amounts due under the 2015 Deferred Compensation Plan, we would not incur any other payment obligations to our NEOs in the event of a change in control or any of the aforementioned causes of termination of employment.

Risk Management and Compensation Policies and Practices

We believe that risks arising from our compensation policies and practices for our employees are not reasonably likely to have a material adverse effect on the Company. In addition, the Compensation Committee believes that the mix and design of the elements of executive compensation do not encourage management to assume excessive risks.

The Compensation Committee has reviewed the elements of executive compensation to determine whether any portion of executive compensation encouraged excessive risk taking and concluded:

- compensation is allocated among base salary and short and long-term compensation opportunities in such a way as to not encourage excessive risk-taking;
- significant weighting towards long-term incentive compensation discourages short-term risk taking;
- goals are appropriately set to avoid targets that, if not achieved, result in a large percentage loss of compensation; and
- multi-year vesting of our equity awards and share ownership guidelines properly account for the time horizon of risk.

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Furthermore, as described in "Compensation Discussion and Analysis," compensation decisions include subjective considerations, which restrain the influence of formulae or objective factors on excessive risk taking.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

We have procedures in place for the review, approval and monitoring of transactions involving us and certain persons related to us. As a BDC, the 1940 Act restricts us from participating in transactions with any persons affiliated with us, including our officers, directors and employees and any person controlling or under common control with us, subject to certain exceptions.

In the ordinary course of business, we enter into transactions with portfolio companies that may be considered related party transactions. We have implemented certain policies and procedures, both written and unwritten, to ensure that we do not engage in any prohibited transactions with any persons affiliated with us. If such affiliations are found to exist, we seek Board and/or committee review and approval or exemptive relief for such transactions, as appropriate.

In addition, our code of business conduct and ethics, which is applicable to all of our employees, officers and directors, requires that all employees, officers and directors avoid any conflict, or the appearance of a conflict, between an individual's personal interests and our interests. Our code of business conduct and ethics is available at *http://mainstcapital.com* under "Corporate Governance Governance Docs" in the "Investors" section of our website.

CONTROL PERSONS AND PRINCIPAL STOCKHOLDERS

The following table sets forth information with respect to the beneficial ownership of our common stock by:

- each person known to us to beneficially own more than five percent of the outstanding shares of our common stock;
- each of our directors and executive officers; and
- all of our directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to the securities. There is no common stock subject to options that are currently exercisable or exercisable within 60 days of April 21, 2017. Percentage of beneficial ownership is based on 55,922,561 shares of common stock outstanding as of April 21, 2017.

Unless otherwise indicated, to our knowledge, each stockholder listed below has sole voting and investment power with respect to the shares beneficially owned by the stockholder, and maintains an

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address c/o Main Street Capital Corporation. Our address is 1300 Post Oak Boulevard, 8th Floor, Houston, Texas 77056.

Name	Shares Owned Beneficially Number	Shares Owned Beneficially Percentage
Independent Directors:		
Michael Appling Jr.	115,987(1)	*
Joseph E. Canon	58,237(2)	*
Arthur L. French	58,081(3)	*
J. Kevin Griffin	23,364(4)	*
John E. Jackson	22,785(5)	*
Brian E. Lane	5,840(6)	*
Stephen B. Solcher	6,670(7)	*
Interested Directors:		
Vincent D. Foster	1,689,433(8)	3.02%
Executive Officers:		
Dwayne L. Hyzak	325,426	*
Curtis L. Hartman	252,819	*
David L. Magdol	314,016	*
Rodger A. Stout	163,971(9)	*
Jason B. Beauvais	94,127	*
Brent D. Smith	39,394	*
Shannon D. Martin	36,583	*
All Directors and Executive Officers as a Group (15 persons)	3,206,733	5.73%

* Less than 1%

(1) Includes 10,447 phantom stock units under the 2015 Deferred Compensation Plan. The director has no investment or voting powers for phantom stock units held under the 2015 Deferred Compensation Plan.

(2) Includes 15,670 phantom stock units under the 2015 Deferred Compensation Plan. The director has no investment or voting powers for phantom stock units held under the 2015 Deferred Compensation Plan.

(3) Includes 44,252 shares of common stock held by Flying F, LLC, which are beneficially owned by Mr. French, and 10,864 phantom stock units under the 2015 Deferred Compensation Plan. The director has no investment or voting powers for phantom stock units held under the 2015 Deferred Compensation Plan.

(4) Includes 11,184 phantom stock units under the 2015 Deferred Compensation Plan. The director has no investment or voting powers for phantom stock units held under the 2015 Deferred Compensation Plan.

(5) Includes 1,149 shares of common stock held by Mr. Jackson's wife and 9,431 phantom stock units under the 2015 Deferred Compensation Plan. The director has no investment or voting powers for phantom stock units held under the 2015 Deferred Compensation Plan.

(6) Includes 3,699 phantom stock units under the 2015 Deferred Compensation Plan. The director has no investment or voting powers for phantom stock units held under the 2015 Deferred Compensation Plan.

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(7)
Includes 4,529 phantom stock units under the 2015 Deferred Compensation Plan. The director has no investment or voting powers for phantom stock units held under the 2015 Deferred Compensation Plan.

(8)
Includes 105,100 shares of common stock held by family trusts for benefit of Mr. Foster's children. For each of these family trusts, Mr. Foster either acts as trustee or may from time to time direct the trustee to vote or dispose of these shares. Also includes 50,000 shares of common stock held in a charitable trust where Mr. Foster is a trustee and holds the remainder interest therein.

(9)
Includes 373 phantom stock units under the 2015 Deferred Compensation Plan and 12,500 shares of common stock pledged as collateral for a personal real estate loan. The participant has no investment or voting powers for phantom stock units held under the 2015 Deferred Compensation Plan.

The Board of Directors has established stock ownership guidelines pursuant to which independent directors and certain key employees, including each executive officer listed in the table above, are required to achieve and maintain minimum levels of stock ownership. Our Corporate Governance and Stock Ownership Guidelines may be found at *http://mainstcapital.com* under "Corporate Governance Governance Docs" in the "Investors" section of our website.

Our insider trading policy prohibits our directors, officers and employees from holding shares of our common stock or other securities issued by us in a margin account, hedging any such securities or pledging any such securities as collateral for a loan except in limited cases with the pre-approval of our chief compliance officer.

The following table sets forth, as of April 21, 2017, the dollar range of our equity securities that is beneficially owned by each of our directors.

	Dollar Range of Equity Securities Beneficially Owned(1)(2)(3)
Interested Directors:	
Vincent D. Foster	over $100,000
Independent Directors:	
Michael Appling Jr.	over $100,000
Joseph E. Canon	over $100,000
Arthur L. French	over $100,000
J. Kevin Griffin	over $100,000
John E. Jackson	over $100,000
Brian E. Lane	over $100,000
Stephen B. Solcher	over $100,000

(1)
Beneficial ownership has been determined in accordance with Rule 16a-1(a)(2) of the Exchange Act.

(2)
The dollar range of equity securities beneficially owned by our directors is based on the closing price of our common stock on the New York Stock Exchange of $39.50 per share as of April 21, 2017.

(3)
The dollar ranges of equity securities beneficially owned are: none, $1-$10,000, $10,001-$50,000, $50,001-$100,000, or over $100,000.

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SALES OF COMMON STOCK BELOW NET ASSET VALUE

Our stockholders may from time to time vote to allow us to issue common stock at a price below the net asset value (NAV) per share of our common stock. In such an approval, our stockholders may not specify a maximum discount below net asset value at which we are able to issue our common stock. In order to sell shares pursuant to such a stockholder authorization:

- a majority of our independent directors who have no financial interest in the sale must have approved the sale; and
- a majority of such directors, who are not interested persons of Main Street, in consultation with the underwriter or underwriters of the offering if it is to be underwritten, must have determined in good faith, and as of a time immediately prior to the first solicitation by us or on our behalf of firm commitments to purchase such shares or immediately prior to the issuance of such shares, that the price at which such shares are to be sold is not less than a price which closely approximates the market value of those shares, less any underwriting commission or discount.

We are also permitted to sell shares of common stock below NAV per share in rights offerings. Any offering of common stock below NAV per share will be designed to raise capital for investment in accordance with our investment objectives and business strategies.

In making a determination that an offering below NAV per share is in our and our stockholders' best interests, our Board of Directors would consider a variety of factors including:

- The effect that an offering below NAV per share would have on our stockholders, including the potential dilution they would experience as a result of the offering;
- The amount per share by which the offering price per share and the net proceeds per share are less than the most recently determined NAV per share;
- The relationship of recent market prices of our common stock to NAV per share and the potential impact of the offering on the market price per share of our common stock;
- Whether the proposed offering price would closely approximate the market value of our shares;
- The potential market impact of being able to raise capital during the current financial market difficulties;
- The nature of any new investors anticipated to acquire shares in the offering;
- The anticipated rate of return on and quality, type and availability of investments to be funded with the proceeds from the offering, if any; and
- The leverage available to us, both before and after any offering, and the terms thereof.

We did not seek stockholder authorization to issue common stock at a price below net asset value per share at our 2016 annual meeting of stockholders, and we are not currently seeking such approval at our 2017 annual meeting of stockholders, because our common stock price per share has been trading significantly above the current net asset value per share of our common stock, but we may seek such authorization at future annual meetings or special meetings of stockholders.

Sales by us of our common stock at a discount from NAV pose potential risks for our existing stockholders whether or not they participate in the offering, as well as for new investors who participate in the offering.

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The following three headings and accompanying tables will explain and provide hypothetical examples on the impact of an offering at a price less than NAV per share on three different sets of investors:

- existing stockholders who do not purchase any shares in the offering;
- existing stockholders who purchase a relatively small amount of shares in the offering or a relatively large amount of shares in the offering; and
- new investors who become stockholders by purchasing shares in the offering.

Impact on Existing Stockholders who do not Participate in the Offering

Our existing stockholders who do not participate in an offering below NAV per share or who do not buy additional shares in the secondary market at the same or lower price we obtain in the offering (after expenses and commissions) face the greatest potential risks. These stockholders will experience an immediate decrease (often called dilution) in the NAV of the shares they hold and their NAV per share. These stockholders will also experience a disproportionately greater decrease in their participation in our earnings and assets and their voting power than the increase we will experience in our assets, potential earning power and voting interests due to the offering. These stockholders may also experience a decline in the market price of their shares, which often reflects to some degree announced or potential decreases in NAV per share. This decrease could be more pronounced as the size of the offering and level of discount to NAV increases.

The following table illustrates the level of NAV dilution that would be experienced by a nonparticipating stockholder in four different hypothetical offerings of different sizes and levels of discount from NAV per share. Actual sales prices and discounts may differ from the presentation below.

The examples assume that Company XYZ has 1,000,000 common shares outstanding, $15,000,000 in total assets and $5,000,000 in total liabilities. The current NAV and NAV per share are thus $10,000,000 and $10.00. The table illustrates the dilutive effect on nonparticipating Stockholder A of (1) an offering of 50,000 shares (5% of the outstanding shares) at $9.50 per share after offering expenses and commissions (a 5% discount from NAV), (2) an offering of 100,000 shares (10% of the outstanding shares) at $9.00 per share after offering expenses and commissions (a 10% discount from NAV), (3) an offering of 250,000 shares (25% of the outstanding shares) at $8.00 per share after offering expenses and commissions (a 20% discount from NAV) and (4) an offering of 250,000 shares (25% of the outstanding shares) at $0.01 per share after offering expenses and commissions (a 100% discount from NAV). The prospectus supplement pursuant to which any discounted offering is made

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will include a chart based on the actual number of shares in such offering and the actual discount to the most recently determined NAV.

		Example 1 5% Offering at 5% Discount		Example 2 10% Offering at 10% Discount		Example 3 25% Offering at 20% Discount		Example 4 25% Offering at 100% Discount	
	Prior to Sale Below NAV	Following Sale	% Change	Following Sale	% Change	Following Sale	% Change	Following Sale	% Change
Offering Price									
Price per Share to Public(1)		$ 10.00		$ 9.47		$ 8.42		$ 0.01	
Net Proceeds per Share to Issuer		$ 9.50		$ 9.00		$ 8.00		$ 0.01	
Increase in Shares and Decrease to NAV									
Total Shares Outstanding	1,000,000	1,050,000	5.00%	1,100,000	10.00%	1,250,000	25.00%	1,250,000	25.00%
NAV per Share	$ 10.00	$ 9.98	(0.20)%	$ 9.91	(0.90)%	$ 9.60	(4.00)%	$ 8.00	(20.00)%
Dilution to Nonparticipating Stockholder A									
Share Dilution									
Shares Held by Stockholder A	10,000	10,000		10,000		10,000		10,000	
Percentage Outstanding Held by Stockholder A	1.00%	0.95%	(4.76)%	0.91%	(9.09)%	0.80%	(20.00)%	0.80%	(20.00)%
NAV Dilution									
Total NAV Held by Stockholder A	$ 100,000	$ 99,800	(0.20)%	$ 99,100	(0.90)%	$ 96,000	(4.00)%	$ 80,000	(20.00)%
Total Investment by Stockholder A (Assumed to be $10.00 per Share)	$ 100,000	$ 100,000		$ 100,000		$ 100,000		$ 100,000	
Total Dilution to Stockholder A (Total NAV Less Total Investment)		$ (200)		$ (900)		$ (4,000)		$ (20,000)	
NAV Dilution per Share									
NAV per Share Held by Stockholder A		$ 9.98		$ 9.91		$ 9.60		$ 8.00	
Investment per Share Held by Stockholder A (Assumed to be $10.00 per Share on Shares Held Prior to Sale)	$ 10.00	$ 10.00		$ 10.00		$ 10.00		$ 10.00	
NAV Dilution per Share Experienced by Stockholder A (NAV per Share Less Investment per Share)		$ (0.02)		$ (0.09)		$ (0.40)		$ (2.00)	
Percentage NAV Dilution Experienced by Stockholder A (NAV Dilution per Share Divided by Investment per Share)			(0.20)%		(0.90)%		(4.00)%		(20.00)%

(1) Assumes 5% in selling compensation and expenses paid by us.

Impact on Existing Stockholders who do Participate in the Offering

Our existing stockholders who participate in an offering below NAV per share or who buy additional shares in the secondary market at the same or lower price as we obtain in the offering (after expenses and commissions) will experience the same types of NAV dilution as the nonparticipating stockholders, albeit at a lower level, to the extent they purchase less than the same percentage of the discounted offering as their interest in our shares immediately prior to the offering. The level of NAV dilution to such stockholders will decrease as the number of shares such stockholders purchase

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increases. Existing stockholders who buy more than their proportionate percentage will experience NAV dilution but will, in contrast to existing stockholders who purchase less than their proportionate share of the offering, experience an increase (often called accretion) in NAV per share over their investment per share and will also experience a disproportionately greater increase in their participation in our earnings and assets and their voting power than our increase in assets, potential earning power and voting interests due to the offering. The level of accretion will increase as the excess number of shares purchased by such stockholder increases. Even a stockholder who over-participates will, however, be subject to the risk that we may make additional discounted offerings in which such stockholder does not participate, in which case such a stockholder will experience NAV dilution as described above in such subsequent offerings. These stockholders may also experience a decline in the market price of their shares, which often reflects to some degree announced or potential decreases in NAV per share. This decrease could be more pronounced as the size of the offering and the level of discount to NAV increases.

The following chart illustrates the level of dilution and accretion in the hypothetical 25% offering at a 20% discount from the prior chart (Example 3) for a stockholder that acquires shares equal to (1) 50% of its proportionate share of the offering (i.e., 1,250 shares, which is 0.5% of an offering of 250,000 shares rather than its 1.0% proportionate share) and (2) 150% of such percentage (i.e., 3,750 shares, which is 1.5% of an offering of 250,000 shares rather than its 1.0% proportionate share). The prospectus supplement pursuant to which any discounted offering is made will include a chart for this example based on the actual number of shares in such offering and the actual discount from the most recently determined NAV per share.

		50% Participation		150% Participation	
	Prior to Sale Below NAV	Following Sale	% Change	Following Sale	% Change
Offering Price					
Price per Share to Public(1)		$ 8.42		$ 8.42	
Net Proceeds per Share to Issuer		$ 8.00		$ 8.00	
Increase in Shares and Decrease to NAV					
Total Shares Outstanding	1,000,000	1,250,000	25.00%	1,250,000	25.00%
NAV per Share	$ 10.00	$ 9.60	(4.00)%	$ 9.60	(4.00)%
Dilution/Accretion to Participating Stockholder A					
Share Dilution/Accretion					
Shares Held by Stockholder A	10,000	11,250	12.50%	13,750	37.50%
Percentage Outstanding Held by Stockholder A	1.00%	0.90%	(10.00)%	1.10%	10.00%
NAV Dilution/Accretion					
Total NAV Held by Stockholder A	$ 100,000	$ 108,000	8.00%	$ 132,000	32.00%
Total Investment by Stockholder A (Assumed to be $10.00 per Share on Shares Held Prior to Sale)		$ 110,525		$ 131,575	
Total Dilution/Accretion to Stockholder A (Total NAV Less Total Investment)		$ (2,525)		$ 425	
NAV Dilution/Accretion per Share					
NAV per Share Held by Stockholder A		$ 9.60		$ 9.60	
Investment per Share Held by Stockholder A (Assumed to be $10.00 per Share on Shares Held Prior to Sale)	$ 10.00	$ 9.82	(1.76)%	$ 9.57	(4.31)%
NAV Dilution/Accretion per Share Experienced by Stockholder A (NAV per Share Less Investment per Share)		$ (0.22)		$ 0.03	
Percentage NAV Dilution/Accretion Experienced by Stockholder A (NAV Dilution/Accretion per Share Divided by Investment per Share)			(2.28)%		0.32%

(1) Assumes 5% in selling compensation and expenses paid by us.

Impact on New Investors

Investors who are not currently stockholders, but who participate in an offering below NAV and whose investment per share is greater than the resulting NAV per share due to selling compensation and expenses paid by us will experience an immediate decrease, albeit small, in the NAV of their shares and their NAV per share compared to the price they pay for their shares (Example 1 below). On the other hand, investors who are not currently stockholders, but who participate in an offering below NAV per share and whose investment per share is also less than the resulting NAV per share will experience an immediate increase in the NAV of their shares and their NAV per share compared to the price they pay for their shares (Examples 2, 3 and 4 below). These latter investors will experience a disproportionately greater participation in our earnings and assets and their voting power than our increase in assets, potential earning power and voting interests. These investors will, however, be subject to the risk that we may make additional discounted offerings in which such new stockholder does not participate, in which case such new stockholder will experience dilution as described above in such subsequent offerings. These investors may also experience a decline in the market price of their shares, which often reflects to some degree announced or potential decreases in NAV per share. This decrease could be more pronounced as the size of the offering and level of discount to NAV increases.

The following chart illustrates the level of dilution or accretion for new investors that would be experienced by a new investor in the same hypothetical discounted offerings as described in the first chart above. The illustration is for a new investor who purchases the same percentage (1.00%) of the shares in the offering as Stockholder A in the prior examples held immediately prior to the offering. The prospectus supplement pursuant to which any discounted offering is made will include a chart for

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these examples based on the actual number of shares in such offering and the actual discount from the most recently determined NAV per share.

	Prior to Sale Below NAV	Example 1 5% Offering at 5% Discount Following Sale	% Change	Example 2 10% Offering at 10% Discount Following Sale	% Change	Example 3 25% Offering at 20% Discount Following Sale	% Change	Example 4 25% Offering at 100% Discount Following Sale	% Change
Offering Price									
Price per Share to Public(1)		$ 10.00		$ 9.47		$ 8.42		$ 0.01	
Net Proceeds per Share to Issuer		$ 9.50		$ 9.00		$ 8.00		$ 0.01	
Increase in Shares and Decrease to NAV									
Total Shares Outstanding	1,000,000	1,050,000	5.00%	1,100,000	10.00%	1,250,000	25.00%	1,250,000	25.00%
NAV per Share	$ 10.00	$ 9.98	(0.20)%	$ 9.91	(0.90)%	$ 9.60	(4.00)%	$ 8.00	(20.00)%
Dilution/Accretion to New Investor A									
Share Dilution									
Shares Held by Investor A		500		1,000		2,500		2,500	
Percentage Outstanding Held by Investor A	0.00%	0.05%		0.09%		0.20%		0.20%	
NAV Dilution									
Total NAV Held by Investor A		$ 4,990		$ 9,910		$ 24,000		$ 20,000	
Total Investment by Investor A (At Price to Public)		$ 5,000		$ 9,470		$ 21,050		$ 25	
Total Dilution/Accretion to Investor A (Total NAV Less Total Investment)		$ (10)		$ 440		$ 2,950		$ 19,975	
NAV Dilution per Share									
NAV per Share Held by Investor A		$ 9.98		$ 9.91		$ 9.60		$ 8.00	
Investment per Share Held by Investor A		$ 10.00		$ 9.47		$ 8.42		$ 0.01	
NAV Dilution/Accretion per Share Experienced by Investor A (NAV per Share Less Investment per Share)		$ (0.02)		$ 0.44		$ 1.18		$ 7.99	
Percentage NAV Dilution/Accretion Experienced by Investor A (NAV Dilution/Accretion per Share Divided by Investment per Share)			(0.20)%		4.65%		14.01%		79,900.00%

(1) Assumes 5% in selling compensation and expenses paid by us.

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DIVIDEND REINVESTMENT PLAN

We have adopted a dividend reinvestment and direct stock purchase plan, or the Plan. The direct stock purchase feature of the Plan is designed to provide new investors and existing holders of our common stock with a convenient and economical method to purchase shares of our common stock and is described in more detail in a separate prospectus supplement. The dividend reinvestment feature of the Plan, or the dividend reinvestment plan, provides for the reinvestment of dividends on behalf of our registered stockholders who hold their shares with American Stock Transfer and Trust Company, the Plan Administrator and our transfer agent and registrar, or certain brokerage firms that have elected to participate in our dividend reinvestment plan, unless a stockholder has elected to receive dividends in cash. As a result, if we declare a cash dividend, our registered stockholders (or stockholders holding shares through participating brokerage firms) who have not properly "opted out" of the dividend reinvestment plan will have their cash dividend automatically reinvested into additional shares of our common stock.

No action will be required on the part of a registered stockholder to have their cash dividends reinvested in shares of our common stock. A registered stockholder may elect to receive an entire dividend in cash by notifying the Plan Administrator in writing so that such notice is received by the Plan Administrator no later than three business days before the payment date for a particular dividend to stockholders. The Plan Administrator will set up an account for shares acquired through the dividend reinvestment plan for each registered stockholder who has not elected to receive dividends in cash and hold such shares in non-certificated form. Upon request by a stockholder participating in the dividend reinvestment plan, the Plan Administrator will issue a certificate registered in the participant's name for some of all of the whole shares of our common stock credited to a participant's account. Those stockholders whose shares are held by a broker or other financial intermediary may receive dividends in cash by notifying their broker or other financial intermediary of their election.

The share requirements of the dividend reinvestment plan may be satisfied through the issuance of new shares of common stock or through open market purchases of common stock by the Plan Administrator. Newly-issued shares will be valued based upon the final closing price of our common stock on a valuation date determined for each dividend by our Board of Directors. Shares purchased in the open market to satisfy the dividend reinvestment plan requirements will be valued based upon the average price of the applicable shares purchased by the Plan Administrator, before any associated brokerage or other costs.

There will be no brokerage charges or other charges for dividend reinvestment to stockholders who participate in the dividend reinvestment plan. We will pay the Plan Administrator's fees under the dividend reinvestment plan.

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

Participants may terminate their accounts under the dividend reinvestment plan by notifying the Plan Administrator via its website at www.astfinancial.com, by filling out the transaction request form located at the bottom of their statement and sending it to the Plan Administrator at 6201 15th Avenue, Brooklyn, New York 11219 or by calling the Plan Administrator at 1-866-706-8371.

We may amend, modify, suspend or terminate the Plan, including the dividend reinvestment plan, at any time in our sole discretion. Participants will receive written notice of any material amendment, modification, suspension or termination. All correspondence concerning the plan should be directed to the Plan Administrator by mail at 6201 15th Avenue, Brooklyn, New York 11219 or by telephone at 1-866-706-8371.

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DESCRIPTION OF COMMON STOCK

The following description is based on relevant portions of the Maryland General Corporation Law and on our articles of incorporation and bylaws. This summary may not contain all of the information that is important to you, and we refer you to the Maryland General Corporation Law and our articles of incorporation and bylaws for a more detailed description of the provisions summarized below.

Under the terms of our articles of incorporation, our authorized capital stock consists of 150,000,000 shares of common stock, par value $0.01 per share. Set forth below is a chart describing the classes of our common stock outstanding as of April 21, 2017:

(1) Title of Class	(2) Amount Authorized	(3) Amount Held by us or for Our Account	(4) Amount Outstanding Exclusive of Amount Under Column 3
Common Stock	150,000,000		55,922,561

Under our articles of incorporation, our Board of Directors is authorized to classify and reclassify any unissued shares of stock into other classes or series of stock, and to cause the issuance of such shares, without obtaining stockholder approval. In addition, as permitted by the Maryland General Corporation Law, but subject to the 1940 Act, our articles of incorporation provide that the Board of Directors, without any action by our stockholders, may amend the articles of incorporation from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have authority to issue. Under Maryland law, our stockholders generally are not personally liable for our debts or obligations.

All shares of our common stock have equal voting rights and rights to earnings, assets and distributions, except as described below. When shares are issued, upon payment therefor, they will be duly authorized, validly issued, fully paid and nonassessable. Distributions may be paid to the holders of our common stock if, as and when authorized by our Board of Directors and declared by us out of assets legally available therefore. Shares of our common stock have no conversion, exchange, preemptive or redemption rights. In the event of our liquidation, dissolution or winding up, each share of our common stock would be entitled to share ratably in all of our assets that are legally available for distribution after we pay all debts and other liabilities and subject to any preferential rights of holders of our preferred stock, if any preferred stock is outstanding at such time. Each share of our common stock is entitled to one vote on all matters submitted to a vote of stockholders, including the election of directors. Except as provided with respect to any other class or series of stock, the holders of our common stock will possess exclusive voting power. There is no cumulative voting in the election of directors, which means that holders of a majority of the outstanding shares of common stock will elect all of our directors, and holders of less than a majority of such shares will be unable to elect any director.

Limitation on Liability of Directors and Officers; Indemnification and Advance of Expenses

Maryland law permits a Maryland corporation to include in its articles of incorporation a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active and deliberate dishonesty established by a final judgment as being material to the cause of action. Our articles of incorporation contain such a provision that eliminates directors' and officers' liability to the maximum extent permitted by Maryland law, subject to the requirements of the 1940 Act.

Our articles of incorporation require us, to the maximum extent permitted by Maryland law and subject to the requirements of the 1940 Act, to indemnify any present or former director or officer or any individual who, while a director or officer and at our request, serves or has served another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee, from and against any claim or liability to which such person may become subject or which such person may incur by reason of his or her service in any such capacity, except with respect to any matter as to which such person shall have been finally adjudicated in any proceeding not to have acted in good faith in the reasonable belief that his or her action was in our best interest or to be liable to us or our stockholders by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such person's office.

Our bylaws obligate us, to the maximum extent permitted by Maryland law and subject to the requirements of the 1940 Act, to indemnify any present or former director or officer or any individual who, while a director or officer and at our request, serves or has served another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee and who is made, or threatened to be made, a party to a proceeding by reason of his or her service in any such capacity from and against any claim or liability to which that person may become subject or which that person may incur by reason of his or her service in any such capacity, except with respect to any matter as to which such person shall have been finally adjudicated in any proceeding not to have acted in good faith in the reasonable belief that his or her action was in our best interest or to be liable to us or our stockholders by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such person's office. Our bylaws also require that, to the maximum extent permitted by Maryland law, we may pay certain expenses incurred by any such indemnified person in advance of the final disposition of a proceeding upon receipt of an undertaking by or on behalf of such indemnified person to repay amounts we have so paid if it is ultimately determined that indemnification of such expenses is not authorized under our bylaws.

Maryland law requires a corporation (unless its articles of incorporation provide otherwise, which our articles of incorporation do not) to indemnify a director or officer who has been successful in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service in that capacity. Maryland law permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made, or threatened to be made, a party by reason of his or her service in those or other capacities unless it is established that (a) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (1) was committed in bad faith or (2) was the result of active and deliberate dishonesty, (b) the director or officer actually received an improper personal benefit in money, property or services or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, under Maryland law, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that a personal benefit was improperly received, unless in either case a court orders indemnification, and then only for expenses. In addition, Maryland law permits a corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of (a) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation and (b) a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the standard of conduct was not met.

In addition, we have entered into Indemnity Agreements with our directors and executive officers. The Indemnity Agreements generally provide that we will, to the extent specified in the agreements and to the fullest extent permitted by the 1940 Act and Maryland law as in effect on the day the agreement is executed, indemnify and advance expenses to each indemnitee that is, or is threatened to be made, a party to or a witness in any civil, criminal or administrative proceeding. We will indemnify the indemnitee against all expenses, judgments, fines, penalties and amounts paid in settlement actually and reasonably incurred in connection with any such proceeding unless it is established that (i) the act or omission of the indemnitee was material to the matter giving rise to the proceeding and (a) was committed in bad faith or (b) was the result of active and deliberate dishonesty, (ii) the indemnitee actually received an improper personal benefit, or (iii) in the case of a criminal proceeding, the indemnitee had reasonable cause to believe his conduct was unlawful. Additionally, for so long as we are subject to the 1940 Act, no advancement of expenses will be made until (i) the indemnitee provides a security for his undertaking, (ii) we are insured against losses arising by reason of any lawful advances, or (iii) the majority of a quorum of our disinterested directors, or independent counsel in a written opinion, determine based on a review of readily available facts that there is reason to believe that the indemnitee ultimately will be found entitled to indemnification. The Indemnity Agreements also provide that if the indemnification rights provided for therein are unavailable for any reason, we will pay, in the first instance, the entire amount incurred by the indemnitee in connection with any covered proceeding and waive and relinquish any right of contribution we may have against the indemnitee. The rights provided by the Indemnity Agreements are in addition to any other rights to indemnification or advancement of expenses to which the indemnitee may be entitled under applicable law, our articles of incorporation, our bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment or repeal of the Indemnity Agreements will limit or restrict any right of the indemnitee in respect of any action taken or omitted by the indemnitee prior to such amendment or repeal. The Indemnity Agreements will terminate upon the later of (i) ten years after the date the indemnitee has ceased to serve as our director or officer, or (ii) one year after the final termination of any proceeding for which the indemnitee is granted rights of indemnification or advancement of expenses or which is brought by the indemnitee. The above description of the Indemnity Agreements is subject to, and is qualified in its entirety by reference to, all the provisions of the form of Indemnity Agreement.

We have obtained primary and excess insurance policies insuring our directors and officers against certain liabilities they may incur in their capacity as directors and officers. Under such policies, the insurer, on our behalf, may also pay amounts for which we have granted indemnification to the directors or officers.

Provisions of the Maryland General Corporation Law and Our Articles of Incorporation and Bylaws

The Maryland General Corporation Law and our articles of incorporation and bylaws contain provisions that could make it more difficult for a potential acquiror to acquire us by means of a tender offer, proxy contest or otherwise. These provisions are expected to discourage certain coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of us to negotiate first with our Board of Directors. We believe that the benefits of these provisions outweigh the potential disadvantages of discouraging any such acquisition proposals because, among other things, the negotiation of such proposals may improve their terms.

Election of Directors

Our bylaws currently provide that directors are elected by a plurality of the votes cast in the election of directors. Pursuant to our articles of incorporation and bylaws, our Board of Directors may amend the bylaws to alter the vote required to elect directors.

Number of Directors; Vacancies; Removal

Our articles of incorporation provide that the number of directors will be set only by the Board of Directors in accordance with our bylaws. Our bylaws provide that a majority of our entire Board of Directors may at any time increase or decrease the number of directors. However, unless the bylaws are amended, the number of directors may never be less than one or more than twelve. We have elected to be subject to the provision of Subtitle 8 of Title 3 of the Maryland General Corporation Law regarding the filling of vacancies on the Board of Directors. Accordingly, at such time, except as may be provided by the Board of Directors in setting the terms of any class or series of preferred stock, any and all vacancies on the Board of Directors may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy shall serve for the remainder of the full term of the directorship in which the vacancy occurred and until a successor is elected and qualifies, subject to any applicable requirements of the 1940 Act. Our articles of incorporation provide that a director may be removed only for cause, as defined in the articles of incorporation, and then only by the affirmative vote of at least two-thirds of the votes entitled to be cast in the election of directors.

Action by Stockholders

Under the Maryland General Corporation Law, stockholder action may be taken only at an annual or special meeting of stockholders or by unanimous consent in lieu of a meeting (unless the articles of incorporation provide for stockholder action by less than unanimous written consent, which our articles of incorporation do not). These provisions, combined with the requirements of our bylaws regarding the calling of a stockholder-requested special meeting of stockholders discussed below, may have the effect of delaying consideration of a stockholder proposal until the next annual meeting.

Advance Notice Provisions for Stockholder Nominations and Stockholder Proposals

Our bylaws provide that with respect to an annual meeting of stockholders, nominations of persons for election to the Board of Directors and the proposal of business to be considered by stockholders may be made only (1) pursuant to our notice of the meeting, (2) by the Board of Directors or (3) by a stockholder who is entitled to vote at the meeting and who has complied with the advance notice procedures of the bylaws. With respect to special meetings of stockholders, only the business specified in our notice of the meeting may be brought before the meeting. Nominations of persons for election to the Board of Directors at a special meeting may be made only (1) pursuant to our notice of the meeting, (2) by the Board of Directors or (3) provided that the Board of Directors has determined that directors will be elected at the meeting, by a stockholder who is entitled to vote at the meeting and who has complied with the advance notice provisions of the bylaws.

The purpose of requiring stockholders to give us advance notice of nominations and other business is to afford our Board of Directors a meaningful opportunity to consider the qualifications of the proposed nominees and the advisability of any other proposed business and, to the extent deemed necessary or desirable by our Board of Directors, to inform stockholders and make recommendations about such qualifications or business, as well as to provide a more orderly procedure for conducting meetings of stockholders. Although our bylaws do not give our Board of Directors any power to disapprove stockholder nominations for the election of directors or proposals recommending certain action, they may have the effect of precluding a contest for the election of directors or the consideration of stockholder proposals if proper procedures are not followed and of discouraging or deterring a third party from conducting a solicitation of proxies to elect its own slate of directors or to approve its own proposal without regard to whether consideration of such nominees or proposals might be harmful or beneficial to us and our stockholders.

Calling of Special Meeting of Stockholders

Our bylaws provide that special meetings of stockholders may be called by our Board of Directors and certain of our officers. Additionally, our bylaws provide that, subject to the satisfaction of certain procedural and informational requirements by the stockholders requesting the meeting, a special meeting of stockholders shall be called by our secretary upon the written request of stockholders entitled to cast not less than a majority of all of the votes entitled to be cast at such meeting.

Approval of Extraordinary Corporate Action; Amendment of Articles of Incorporation and Bylaws

Under Maryland law, a Maryland corporation generally cannot dissolve, amend its articles of incorporation, merge, sell all or substantially all of its assets, engage in a share exchange or engage in similar transactions outside the ordinary course of business, unless approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter. However, a Maryland corporation may provide in its articles of incorporation for approval of these matters by a lesser percentage, but not less than a majority of all of the votes entitled to be cast on the matter. Our articles of incorporation generally provide for approval of amendments to our articles of incorporation and extraordinary transactions by the stockholders entitled to cast at least a majority of the votes entitled to be cast on the matter. Our articles of incorporation also provide that certain amendments and any proposal for our conversion, whether by merger or otherwise, from a closed-end company to an open-end company or any proposal for our liquidation or dissolution requires the approval of the stockholders entitled to cast at least 75.0% of the votes entitled to be cast on such matter. However, if such amendment or proposal is approved by at least 75.0% of our continuing directors (in addition to approval by our Board of Directors), such amendment or proposal may be approved by the stockholders entitled to cast a majority of the votes entitled to be cast on such a matter. The "continuing directors" are defined in our articles of incorporation as our current directors, as well as those directors whose nomination for election by the stockholders or whose election by the directors to fill vacancies is approved by a majority of the continuing directors then on the Board of Directors.

Our articles of incorporation and bylaws provide that the Board of Directors will have the exclusive power to make, alter, amend or repeal any provision of our bylaws.

No Appraisal Rights

Except with respect to appraisal rights that may arise in connection with the Maryland Control Share Acquisition Act, or Control Share Act, discussed below, as permitted by the Maryland General Corporation Law, our articles of incorporation provide that stockholders will not be entitled to exercise appraisal rights.

Control Share Acquisitions

The Control Share Act provides that control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter. Shares owned by the acquiror, by officers or by directors who are employees of the corporation are excluded from shares entitled to vote on the matter. Control shares are voting shares of stock which, if aggregated with all other shares of stock owned by the acquiror or in respect of which the acquiror is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiror to exercise voting power in electing directors within one of the following ranges of voting power:

- one-tenth but less than one-third;
- one-third or more but less than a majority; or
- a majority or more of all voting power.

The requisite stockholder approval must be obtained each time an acquiror crosses one of the thresholds of voting power set forth above. Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A control share acquisition means the acquisition of control shares, subject to certain exceptions.

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A person who has made or proposes to make a control share acquisition may compel the board of directors of the corporation to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. The right to compel the calling of a special meeting is subject to the satisfaction of certain conditions, including an undertaking to pay the expenses of the meeting. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then the corporation may repurchase for fair value any or all of the control shares, except those for which voting rights have previously been approved. The right of the corporation to repurchase control shares is subject to certain conditions and limitations. Fair value is determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquiror or of any meeting of stockholders at which the voting rights of the shares are considered and not approved. If voting rights for control shares are approved at a stockholders meeting and the acquiror becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of appraisal rights may not be less than the highest price per share paid by the acquiror in the control share acquisition.

The Control Share Act does not apply (a) to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or (b) to acquisitions approved or exempted by the articles of incorporation or bylaws of the corporation.

We are not currently subject to the Control Share Act since our bylaws contain a provision exempting from the Control Share Act any and all acquisitions by any person of our shares of stock. There can be no assurance that such provision will not be otherwise amended or eliminated at any time in the future. However, we will amend our bylaws to be subject to the Control Share Act only if the Board of Directors determines that it would be in our best interests and if the staff of the SEC permits us to do so after we determine that our being subject to the Control Share Act does not conflict with the 1940 Act.

Business Combinations

Under the Maryland Business Combination Act, or the Business Combination Act, "business combinations" between a Maryland corporation and an interested stockholder or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. These business combinations include a merger, consolidation, share exchange or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested stockholder is defined as:

- any person who beneficially owns 10.0% or more of the voting power of the corporation's shares; or

- an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10.0% or more of the voting power of the then outstanding voting stock of the corporation.

A person is not an interested stockholder under this statute if the board of directors approved in advance the transaction by which such stockholder otherwise would have become an interested stockholder. However, in approving a transaction, the board of directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the board.

After the five-year prohibition, any business combination between the Maryland corporation and an interested stockholder generally must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least:

- 80.0% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation; and

- two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate or associate of the interested stockholder.

These super-majority vote requirements do not apply if the corporation's common stockholders receive a minimum price, as defined under Maryland law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares.

The statute permits various exemptions from its provisions, including business combinations that are exempted by the board of directors before the time that the interested stockholder becomes an interested stockholder. Our Board of Directors has adopted a resolution exempting any business combination between us and any other person from the provisions of the Business Combination Act, provided that the business combination is first approved by the Board of Directors, including a majority of the directors who are not interested persons as defined in the 1940 Act. This resolution, however, may be altered or repealed in whole or in part at any time. If these resolutions are repealed, or the Board of Directors does not otherwise approve a business combination, the statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer.

Conflict with 1940 Act

Our bylaws provide that, if and to the extent that any provision of the Maryland General Corporation Law, or any provision of our articles of incorporation or bylaws conflicts with any provision of the 1940 Act, the applicable provision of the 1940 Act will control.

DESCRIPTION OF OUR PREFERRED STOCK

Our articles of incorporation authorize our Board of Directors to classify and reclassify any unissued shares of stock into other classes or series of stock, including preferred stock. Prior to issuance of shares of each class or series, the Board of Directors is required by Maryland law and by our articles of incorporation to set the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series. Thus, the Board of Directors could authorize the issuance of shares of preferred stock with terms and conditions which could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for holders of our securities or otherwise be in their best interest. You should note, however, that any issuance of preferred stock must comply with the requirements of the 1940 Act. The 1940 Act requires, among other things, that (1) immediately after issuance and before any dividend or other distribution is made with respect to our securities and before any purchase of securities is made, such preferred stock together with all other senior securities must not exceed an amount equal to 50.0% of our total assets after deducting the amount of such dividend, distribution or purchase price, as the case may be, and (2) the holders of shares of preferred stock, if any are issued, must be entitled as a class to elect two directors at all times and to elect a majority of the directors if distributions on such preferred stock are in arrears by two years or more. Certain matters under the 1940 Act require the separate vote of the holders of any issued and outstanding preferred stock. For example, holders of preferred stock would vote separately from the holders of common stock on a proposal to cease operations as a business development company. Further, the 1940 Act requires that any distributions we make on preferred

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stock be cumulative. We believe that the availability for issuance of preferred stock will provide us with increased flexibility in structuring future financings and acquisitions.

For any series of preferred stock that we may issue, our Board of Directors will determine and the prospectus supplement relating to such series will describe:

- the designation and number of shares of such series;
- the rate and time at which, and the preferences and conditions under which, any dividends will be paid on shares of such series, as well as whether such dividends are participating or non-participating;
- any provisions relating to convertibility or exchangeability of the shares of such series;
- the rights and preferences, if any, of holders of shares of such series upon our liquidation, dissolution or winding up of our affairs;
- the voting powers, if any, of the holders of shares of such series;
- any provisions relating to the redemption of the shares of such series;
- any limitations on our ability to pay dividends or make distributions on, or acquire or redeem, other securities while shares of such series are outstanding;
- any conditions or restrictions on our ability to issue additional shares of such series or other securities;
- if applicable, a discussion of certain U.S. federal income tax considerations; and
- any other relative power, preferences and participating, optional or special rights of shares of such series, and the qualifications, limitations or restrictions thereof.

All shares of preferred stock that we may issue will be identical and of equal rank except as to the particular terms thereof that may be fixed by our Board of Directors, and all shares of each series of preferred stock will be identical and of equal rank except as to the dates from which cumulative dividends, if any, thereon will be cumulative.

DESCRIPTION OF OUR WARRANTS

The following is a general description of the terms of the warrants we may issue from time to time. Particular terms of any warrants we offer will be described in the prospectus supplement relating to such warrants.

We may issue warrants to purchase shares of our common stock, preferred stock or debt securities. Such warrants may be issued independently or together with shares of common or preferred stock or a specified principal amount of debt securities and may be attached or separate from such securities. We will issue each series of warrants under a separate warrant agreement to be entered into between us and a warrant agent. The warrant agent will act solely as our agent and will not assume any obligation or relationship of agency for or with holders or beneficial owners of warrants

A prospectus supplement will describe the particular terms of any series of warrants we may issue, including the following:

- the title of such warrants;
- the aggregate number of such warrants;
- the price or prices at which such warrants will be issued;

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- the currency or currencies, including composite currencies, in which the price of such warrants may be payable;
- if applicable, the designation and terms of the securities with which the warrants are issued and the number of warrants issued with each such security or each principal amount of such security;
- in the case of warrants to purchase debt securities, the principal amount of debt securities purchasable upon exercise of one warrant and the price at which and the currency or currencies, including composite currencies, in which this principal amount of debt securities may be purchased upon such exercise;
- in the case of warrants to purchase common stock or preferred stock, the number of shares of common stock or preferred stock, as the case may be, purchasable upon exercise of one warrant and the price at which and the currency or currencies, including composite currencies, in which these shares may be purchased upon such exercise;
- the date on which the right to exercise such warrants shall commence and the date on which such right will expire;
- whether such warrants will be issued in registered form or bearer form;
- if applicable, the minimum or maximum amount of such warrants which may be exercised at any one time;
- if applicable, the date on and after which such warrants and the related securities will be separately transferable;
- information with respect to book-entry procedures, if any;
- the terms of the securities issuable upon exercise of the warrants;
- if applicable, a discussion of certain U.S. federal income tax considerations; and
- any other terms of such warrants, including terms, procedures and limitations relating to the exchange and exercise of such warrants.

We and the warrant agent may amend or supplement the warrant agreement for a series of warrants without the consent of the holders of the warrants issued thereunder to effect changes that are not inconsistent with the provisions of the warrants and that do not materially and adversely affect the interests of the holders of the warrants.

Prior to exercising their warrants, holders of warrants will not have any of the rights of holders of the securities purchasable upon such exercise, including, in the case of warrants to purchase debt securities, the right to receive principal, premium, if any, or interest payments, on the debt securities purchasable upon exercise or to enforce covenants in the applicable indenture or, in the case of warrants to purchase common stock or preferred stock, the right to receive dividends, if any, or payments upon our liquidation, dissolution or winding up or to exercise any voting rights.

Under the 1940 Act, we may generally only offer warrants provided that (1) the warrants expire by their terms within ten years; (2) the exercise or conversion price is not less than the current market value at the date of issuance; (3) our stockholders authorize the proposal to issue such warrants, and our Board of Directors approves such issuance on the basis that the issuance is in our best interests and our stockholders; and (4) if the warrants are accompanied by other securities, the warrants are not separately transferable unless no class of such warrants and the securities accompanying them has been publicly distributed.

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DESCRIPTION OF OUR SUBSCRIPTION RIGHTS

We may issue subscription rights to purchase common stock. Subscription rights may be issued independently or together with any other offered security and may or may not be transferable by the person purchasing or receiving the subscription rights. In connection with any subscription rights offering to our stockholders, we may enter into a standby underwriting or other arrangement with one or more underwriters or other persons pursuant to which such underwriters or other persons would purchase any offered securities remaining unsubscribed for after such subscription rights offering. In connection with a subscription rights offering to our stockholders, we would distribute certificates evidencing the subscription rights and a prospectus supplement to our stockholders on the record date that we set for receiving subscription rights in such subscription rights offering. Our common stockholders will indirectly bear the expenses of such subscription rights offerings, regardless of whether our common stockholders exercise any subscription rights.

The applicable prospectus supplement would describe the following terms of subscription rights in respect of which this prospectus is being delivered:

- the title of such subscription rights;
- the exercise price or a formula for the determination of the exercise price for such subscription rights;
- the number or a formula for the determination of the number of such subscription rights issued to each stockholder;
- the extent to which such subscription rights are transferable;
- if applicable, a discussion of the material U.S. federal income tax considerations applicable to the issuance or exercise of such subscription rights;
- the date on which the right to exercise such subscription rights would commence, and the date on which such rights shall expire (subject to any extension);
- the extent to which such subscription rights include an over-subscription privilege with respect to unsubscribed securities;
- if applicable, the material terms of any standby underwriting or other purchase arrangement that we may enter into in connection with the subscription rights offering; and
- any other terms of such subscription rights, including terms, procedures and limitations relating to the exchange and exercise of such subscription rights.

Exercise of Subscription Rights

Each subscription right would entitle the holder of the subscription right to purchase for cash such amount of shares of common stock or other securities at such exercise price as shall in each case be set forth in, or be determinable as set forth in, the prospectus supplement relating to the subscription rights offered thereby or another report filed with the SEC. Subscription rights may be exercised at any time up to the close of business on the expiration date for such subscription rights set forth in the applicable prospectus supplement. After the close of business on the expiration date, all unexercised subscription rights would become void. We have not previously completed such an offering of subscription rights.

Subscription rights may be exercised as set forth in the prospectus supplement relating to the subscription rights offered thereby. Upon receipt of payment and the subscription rights certificate properly completed and duly executed at the corporate trust office of the subscription rights agent or any other office indicated in the prospectus supplement, we will forward, as soon as practicable, the

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shares of common stock purchasable upon such exercise. We may determine to offer any unsubscribed offered securities directly to stockholders, persons other than stockholders, to or through agents, underwriters or dealers or through a combination of such methods, including pursuant to standby underwriting or other arrangements, as set forth in the applicable prospectus supplement.

DESCRIPTION OF OUR DEBT SECURITIES

We may issue debt securities in one or more series. The specific terms of each series of debt securities will be described in the particular prospectus supplement relating to that series. The prospectus supplement may or may not modify the general terms found in this prospectus and will be filed with the SEC. For a complete description of the terms of a particular series of debt securities, you should read both this prospectus and the prospectus supplement relating to that particular series.

As required by federal law for all bonds and notes of companies that are publicly offered, the debt securities are governed by a document called an "indenture." An indenture is a contract between us and a financial institution acting as trustee on your behalf, and is subject to and governed by the Trust Indenture Act of 1939, as amended. The trustee has two main roles. First, the trustee can enforce your rights against us if we default. There are some limitations on the extent to which the trustee acts on your behalf, described in the second paragraph under "Events of Default Remedies if an Event of Default Occurs." Second, the trustee performs certain administrative duties for us with respect to the debt securities.

Because this section is a summary, it does not describe every aspect of the debt securities and the indenture. We urge you to read the indenture because it, and not this description, defines your rights as a holder of debt securities. A copy of the form of indenture is attached to the registration statement of which this prospectus is a part. We will file a supplemental indenture with the SEC in connection with any debt offering, at which time the supplemental indenture would be publicly available. See "Available Information" for information on how to obtain a copy of the indenture.

The prospectus supplement, which will accompany this prospectus, will describe the particular series of debt securities being offered by including:

- the designation or title of the series of debt securities;
- the total principal amount of the series of debt securities;
- the percentage of the principal amount at which the series of debt securities will be offered;
- the date or dates on which principal will be payable;
- the rate or rates (which may be either fixed or variable) and/or the method of determining such rate or rates of interest, if any;
- the date or dates from which any interest will accrue, or the method of determining such date or dates, and the date or dates on which any interest will be payable;
- whether any interest may be paid by issuing additional securities of the same series in lieu of cash (and the terms upon which any such interest may be paid by issuing additional securities);
- the terms for redemption, extension or early repayment, if any;

the currencies in which the series of debt securities are issued and payable;

whether the amount of payments of principal, premium or interest, if any, on a series of debt securities will be determined with reference to an index, formula or other method (which could be based on one or more currencies, commodities, equity indices or other indices) and how these amounts will be determined;

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- the place or places of payment, transfer, conversion and/or exchange of the debt securities;
- the denominations in which the offered debt securities will be issued (if other than $1,000 and any integral multiple thereof);
- the provision for any sinking fund;
- any restrictive covenants;
- any Events of Default;
- whether the series of debt securities are issuable in certificated form;
- any provisions for defeasance or covenant defeasance;
- any special U.S. federal income tax implications, including, if applicable, U.S. federal income tax considerations relating to original issue discount;
- whether and under what circumstances we will pay additional amounts in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem the debt securities rather than pay the additional amounts (and the terms of this option);
- any provisions for convertibility or exchangeability of the debt securities into or for any other securities;
- whether the debt securities are subject to subordination and the terms of such subordination;
- whether the debt securities are secured and the terms of any security interests;
- the listing, if any, on a securities exchange; and
- any other terms.

The debt securities may be secured or unsecured obligations. Under the provisions of the 1940 Act, we are permitted, as a BDC, to issue debt only in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 200% after each issuance of debt. Unless the prospectus supplement states otherwise, principal (and premium, if any) and interest, if any, will be paid by us in immediately available funds.

General

The indenture provides that any debt securities proposed to be sold under this prospectus and the accompanying prospectus supplement ("offered debt securities") may be issued under the indenture in one or more series.

For purposes of this prospectus, any reference to the payment of principal of or premium or interest, if any, on debt securities will include additional amounts if required by the terms of the debt securities.

The indenture does not limit the amount of debt securities that may be issued thereunder from time to time. Debt securities issued under the indenture, when a single trustee is acting for all debt securities issued under the indenture, are called the "indenture securities". The indenture also provides that there may be more than one trustee thereunder, each with respect to one or more different series of indenture securities. See "Resignation of Trustee" below. At a time when two or more trustees are acting under the indenture, each with respect to only certain series, the term "indenture securities" means the one or more series of debt securities with respect to which each respective trustee is acting. In the event that there is more than one trustee under the indenture, the powers and trust obligations of each trustee described in this prospectus will extend only to the one or more series of indenture securities for which it is trustee. If two or more trustees are acting under the indenture, then the

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indenture securities for which each trustee is acting would be treated as if issued under separate indentures.

The indenture does not contain any provisions that give you protection in the event we issue a large amount of debt or we are acquired by another entity.

We refer you to the prospectus supplement for information with respect to any deletions from, modifications of or additions to the Events of Default or our covenants that are described below, including any addition of a covenant or other provision providing event risk protection or similar protection.

We have the ability to issue indenture securities with terms different from those of indenture securities previously issued and, without the consent of the holders thereof, to reopen a previous issue of a series of indenture securities and issue additional indenture securities of that series unless the reopening was restricted when that series was created.

Conversion and Exchange

If any debt securities are convertible into or exchangeable for other securities, the prospectus supplement will explain the terms and conditions of the conversion or exchange, including the conversion price or exchange ratio (or the calculation method), the conversion or exchange period (or how the period will be determined), if conversion or exchange will be mandatory or at the option of the holder or us, provisions for adjusting the conversion price or the exchange ratio and provisions affecting conversion or exchange in the event of the redemption of the underlying debt securities. These terms may also include provisions under which the number or amount of other securities to be received by the holders of the debt securities upon conversion or exchange would be calculated according to the market price of the other securities as of a time stated in the prospectus supplement.

Issuance of Securities in Registered Form

We may issue the debt securities in registered form, in which case we may issue them either in book-entry form only or in "certificated" form. Debt securities issued in book-entry form will be represented by global securities. We expect that we will usually issue debt securities in book-entry only form represented by global securities.

Book-Entry Holders

We will issue registered debt securities in book-entry form only, unless we specify otherwise in the applicable prospectus supplement. This means debt securities will be represented by one or more global securities registered in the name of a depositary that will hold them on behalf of financial institutions that participate in the depositary's book-entry system. These participating institutions, in turn, hold beneficial interests in the debt securities held by the depositary or its nominee. These institutions may hold these interests on behalf of themselves or customers.

Under the indenture, only the person in whose name a debt security is registered is recognized as the holder of that debt security. Consequently, for debt securities issued in book-entry form, we will recognize only the depositary as the holder of the debt securities and we will make all payments on the debt securities to the depositary. The depositary will then pass along the payments it receives to its participants, which in turn will pass the payments along to their customers who are the beneficial owners. The depositary and its participants do so under agreements they have made with one another or with their customers; they are not obligated to do so under the terms of the debt securities.

As a result, investors will not own debt securities directly. Instead, they will own beneficial interests in a global security, through a bank, broker or other financial institution that participates in the depositary's book-entry system or holds an interest through a participant. As long as the debt securities are represented by one or more global securities, investors will be indirect holders, and not holders, of the debt securities.

Street Name Holders

In the future, we may issue debt securities in certificated form or terminate a global security. In these cases, investors may choose to hold their debt securities in their own names or in "street name." Debt securities held in street name are registered in the name of a bank, broker or other financial institution chosen by the investor, and the investor would hold a beneficial interest in those debt securities through the account he or she maintains at that institution.

For debt securities held in street name, we will recognize only the intermediary banks, brokers and other financial institutions in whose names the debt securities are registered as the holders of those debt securities and we will make all payments on those debt securities to them. These institutions will pass along the payments they receive to their customers who are the beneficial owners, but only because they agree to do so in their customer agreements or because they are legally required to do so. Investors who hold debt securities in street name will be indirect holders, and not holders, of the debt securities.

Legal Holders

Our obligations, as well as the obligations of the applicable trustee and those of any third parties employed by us or the applicable trustee, run only to the legal holders of the debt securities. We do not have obligations to investors who hold beneficial interests in global securities, in street name or by any other indirect means. This will be the case whether an investor chooses to be an indirect holder of a debt security or has no choice because we are issuing the debt securities only in book-entry form.

For example, once we make a payment or give a notice to the holder, we have no further responsibility for the payment or notice even if that holder is required, under agreements with depositary participants or customers or by law, to pass it along to the indirect holders but does not do so. Similarly, if we want to obtain the approval of the holders for any purpose (for example, to amend an indenture or to relieve us of the consequences of a default or of our obligation to comply with a particular provision of an indenture), we would seek the approval only from the holders, and not the indirect holders, of the debt securities. Whether and how the holders contact the indirect holders is up to the holders.

When we refer to you in this "Description of Our Debt Securities", we mean those who invest in the debt securities being offered by this prospectus, whether they are the holders or only indirect holders of those debt securities. When we refer to your debt securities, we mean the debt securities in which you hold a direct or indirect interest.

Special Considerations for Indirect Holders

If you hold debt securities through a bank, broker or other financial institution, either in book-entry form or in street name, we urge you to check with that institution to find out:

- how it handles securities payments and notices,
- whether it imposes fees or charges,
- how it would handle a request for the holders' consent, if ever required,
- whether and how you can instruct it to send you debt securities registered in your own name so you can be a holder, if that is permitted in the future for a particular series of debt securities,

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- how it would exercise rights under the debt securities if there were a default or other event triggering the need for holders to act to protect their interests, and

- if the debt securities are in book-entry form, how the depositary's rules and procedures will affect these matters.

Global Securities

As noted above, we usually will issue debt securities as registered securities in book-entry form only. A global security represents one or any other number of individual debt securities. Generally, all debt securities represented by the same global securities will have the same terms.

Each debt security issued in book-entry form will be represented by a global security that we deposit with and register in the name of a financial institution or its nominee that we select. The financial institution that we select for this purpose is called the depositary. Unless we specify otherwise in the applicable prospectus supplement, The Depository Trust Company, New York, New York, known as DTC, will be the depositary for all debt securities issued in book-entry form.

A global security may not be transferred to or registered in the name of anyone other than the depositary or its nominee, unless special termination situations arise. We describe those situations below under "Special Situations when a Global Security Will Be Terminated". As a result of these arrangements, the depositary, or its nominee, will be the sole registered owner and holder of all debt securities represented by a global security, and investors will be permitted to own only beneficial interests in a global security. Beneficial interests must be held by means of an account with a broker, bank or other financial institution that in turn has an account with the depositary or with another institution that has an account with the depositary. Thus, an investor whose security is represented by a global security will not be a holder of the debt security, but only an indirect holder of a beneficial interest in the global security.

Special Considerations for Global Securities

As an indirect holder, an investor's rights relating to a global security will be governed by the account rules of the investor's financial institution and of the depositary, as well as general laws relating to securities transfers. The depositary that holds the global security will be considered the holder of the debt securities represented by the global security.

If debt securities are issued only in the form of a global security, an investor should be aware of the following:

- An investor cannot cause the debt securities to be registered in his or her name, and cannot obtain certificates for his or her interest in the debt securities, except in the special situations we describe below.

- An investor will be an indirect holder and must look to his or her own bank or broker for payments on the debt securities and protection of his or her legal rights relating to the debt securities, as we describe under "Issuance of Securities in Registered Form" above.

- An investor may not be able to sell interests in the debt securities to some insurance companies and other institutions that are required by law to own their securities in non-book-entry form.

- An investor may not be able to pledge his or her interest in a global security in circumstances where certificates representing the debt securities must be delivered to the lender or other beneficiary of the pledge in order for the pledge to be effective.

- The depositary's policies, which may change from time to time, will govern payments, transfers, exchanges and other matters relating to an investor's interest in a global security. We and the

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trustee have no responsibility for any aspect of the depositary's actions or for its records of ownership interests in a global security. We and the trustee also do not supervise the depositary in any way.

If we redeem less than all the debt securities of a particular series being redeemed, DTC's practice is to determine by lot the amount to be redeemed from each of its participants holding that series.

An investor is required to give notice of exercise of any option to elect repayment of its debt securities, through its participant, to the applicable trustee and to deliver the related debt securities by causing its participant to transfer its interest in those debt securities, on DTC's records, to the applicable trustee.

DTC requires that those who purchase and sell interests in a global security deposited in its book-entry system use immediately available funds. Your broker or bank may also require you to use immediately available funds when purchasing or selling interests in a global security.

Financial institutions that participate in the depositary's book-entry system, and through which an investor holds its interest in a global security, may also have their own policies affecting payments, notices and other matters relating to the debt securities. There may be more than one financial intermediary in the chain of ownership for an investor. We do not monitor and are not responsible for the actions of any of those intermediaries.

Special Situations when a Global Security will be Terminated

If a global security is terminated, interests in it will be exchanged for certificates in non-book-entry form (certificated securities). After that exchange, the choice of whether to hold the certificated debt securities directly or in street name will be up to the investor. Investors must consult their own banks or brokers to find out how to have their interests in a global security transferred on termination to their own names, so that they will be holders. We have described the rights of legal holders and street name investors under "Issuance of Securities in Registered Form" above.

The prospectus supplement may list situations for terminating a global security that would apply only to the particular series of debt securities covered by the prospectus supplement. If a global security is terminated, only the depositary, and not we or the applicable trustee, is responsible for deciding the names of the investors in whose names the debt securities represented by the global security will be registered and, therefore, who will be the holders of those debt securities.

Payment and Paying Agents

We will pay interest (either in cash or by delivery of additional indenture securities, as applicable) to the person listed in the applicable trustee's records as the owner of the debt security at the close of business on a particular day in advance of each due date for interest, even if that person no longer owns the debt security on the interest due date. That day, usually about two weeks in advance of the interest due date, is called the "record date." Because we will pay all the interest for an interest period to the holders on the record date, holders buying and selling debt securities must work out between themselves the appropriate purchase price. The most common manner is to adjust the sales price of the debt securities to prorate interest fairly between buyer and seller based on their respective ownership periods within the particular interest period. This prorated interest amount is called "accrued interest."

Payments on Global Securities

We will make payments on a global security in accordance with the applicable policies of the depositary as in effect from time to time. Under those policies, we will make payments directly to the depositary, or its nominee, and not to any indirect holders who own beneficial interests in the global

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security. An indirect holder's right to those payments will be governed by the rules and practices of the depositary and its participants, as described under "Special Considerations for Global Securities."

Payments on Certificated Securities

We will make payments on a certificated debt security as follows. We will pay interest that is due on an interest payment date to the holder of debt securities as shown on the trustee's records as of the close of business on the regular record date. We will make all payments of principal and premium, if any, by check at the office of the applicable trustee and/or at other offices that may be specified in the prospectus supplement or in a notice to holders against surrender of the debt security.

Alternatively, at our option, we may pay any cash interest that becomes due on the debt security by mailing a check to the holder at his or her address shown on the trustee's records as of the close of business on the regular record date or by transfer to an account at a bank in the United States, in either case, on the due date.

Payment When Offices Are Closed

If any payment is due on a debt security on a day that is not a business day, we will make the payment on the next day that is a business day. Payments made on the next business day in this situation will be treated under the indenture as if they were made on the original due date, except as otherwise indicated in the attached prospectus supplement. Such payment will not result in a default under any debt security or the indenture, and no interest will accrue on the payment amount from the original due date to the next day that is a business day.

Book-entry and other indirect holders should consult their banks or brokers for information on how they will receive payments on their debt securities.

Events of Default

You will have rights if an Event of Default occurs in respect of the debt securities of your series and is not cured, as described later in this subsection.

The term "Event of Default" in respect of the debt securities of your series means any of the following:

- We do not pay the principal of, or any premium on, a debt security of the series within five days of its due date;
- We do not pay interest on a debt security of the series within 30 days of its due date;
- We do not deposit any sinking fund payment in respect of debt securities of the series within five days of its due date;
- We remain in breach of a covenant in respect of debt securities of the series for 60 days after we receive a written notice of default stating we are in breach. The notice must be sent by either the trustee or holders of at least 25% of the principal amount of debt securities of the series;
- We file for bankruptcy or certain other events of bankruptcy, insolvency or reorganization occur;
- Any series of debt securities issued under the indenture has an asset coverage, as such term is defined in the 1940 Act, of less than 100 per centum on the last business day of each of twenty-four consecutive calendar months, giving effect to any exemptive relief granted to us by the SEC; or
- Any other Event of Default in respect of debt securities of the series described in the prospectus supplement occurs.

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An Event of Default for a particular series of debt securities does not necessarily constitute an Event of Default for any other series of debt securities issued under the same or any other indenture. The trustee may withhold notice to the holders of debt securities of any default, except in the payment of principal, premium, interest or sinking or purchase fund installment, if it in good faith considers the withholding of notice to be in the interest of the holders.

Remedies if an Event of Default Occurs

If an Event of Default has occurred and has not been cured, the trustee or the holders of at least 25% in principal amount of the debt securities of the affected series may (and the trustee shall at the request of such holders) declare the entire principal amount of all the debt securities of that series to be due and immediately payable. This is called a declaration of acceleration of maturity. A declaration of acceleration of maturity may be canceled by the holders of a majority in principal amount of the debt securities of the affected series if (1) we have deposited with the trustee all amounts due and owing with respect to the securities (other than principal that has become due solely by reason of such acceleration) and certain other amounts, and (2) all Events of Default have been cured or waived.

Except in cases of default, where the trustee has some special duties, the trustee is not required to take any action under the indenture at the request of any holders unless the holders offer the trustee reasonable protection from expenses and liability (called an "indemnity"). If reasonable indemnity is provided, the holders of a majority in principal amount of the outstanding debt securities of the relevant series may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the trustee. The trustee may refuse to follow those directions in certain circumstances. No delay or omission in exercising any right or remedy will be treated as a waiver of that right, remedy or Event of Default.

Before you are allowed to bypass your trustee and bring your own lawsuit or other formal legal action or take other steps to enforce your rights or protect your interests relating to the debt securities, the following must occur:

- You must give your trustee written notice that an Event of Default with respect to the relevant series of debt securities has occurred and remains uncured;

- The holders of at least 25% in principal amount of all outstanding debt securities of the relevant series must make a written request that the trustee take action because of the default and must offer reasonable indemnity to the trustee against the cost and other liabilities of taking that action;

- The trustee must not have taken action for 60 days after receipt of the above notice and offer of indemnity; and

- The holders of a majority in principal amount of the debt securities of that series must not have given the trustee a direction inconsistent with the above notice during that 60-day period.

However, you are entitled at any time to bring a lawsuit for the payment of money due on your debt securities on or after the due date.

Holders of a majority in principal amount of the debt securities of the affected series may waive any past defaults other than:

- in respect of the payment of principal, any premium or interest or

- in respect of a covenant that cannot be modified or amended without the consent of each holder.

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Book-entry and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and how to declare or cancel an acceleration of maturity.

Each year, we will furnish to each trustee a written statement of certain of our officers certifying that to their knowledge we are in compliance with the indenture and the debt securities or else specifying any default.

Merger or Consolidation

Under the terms of the indenture, we are generally permitted to consolidate or merge with another entity. We are also permitted to sell all or substantially all of our assets to another entity. However, we may not take any of these actions unless all the following conditions are met:

- Where we merge out of existence or sell our assets, the resulting or transferee entity must agree to be legally responsible for our obligations under the debt securities;
- The merger or sale of assets must not cause a default on the debt securities and we must not already be in default (unless the merger or sale would cure the default). For purposes of this no-default test, a default would include an Event of Default that has occurred and has not been cured, as described under "Events of Default" above. A default for this purpose would also include any event that would be an Event of Default if the requirements for giving us a notice of default or our default having to exist for a specific period of time were disregarded;
- We must deliver certain certificates and documents to the trustee; and
- We must satisfy any other requirements specified in the prospectus supplement relating to a particular series of debt securities.

Modification or Waiver

There are three types of changes we can make to the indenture and the debt securities issued thereunder.

Changes Requiring Your Approval

First, there are changes that we cannot make to your debt securities without your specific approval. The following is a list of those types of changes:

- change the stated maturity of the principal of, or interest on, a debt security or the terms of any sinking fund with respect to any security;
- reduce any amounts due on a debt security;
- reduce the amount of principal payable upon acceleration of the maturity of an original issue discount or indexed security following a default or upon the redemption thereof or the amount thereof provable in a bankruptcy proceeding;
- adversely affect any right of repayment at the holder's option;
- change the place (except as otherwise described in the prospectus or prospectus supplement) or currency of payment on a debt security;

impair your right to sue for payment;

adversely affect any right to convert or exchange a debt security in accordance with its terms;

modify the subordination provisions in the indenture in a manner that is adverse to holders of the outstanding debt securities;

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- reduce the percentage of holders of debt securities whose consent is needed to modify or amend the indenture;
- reduce the percentage of holders of debt securities whose consent is needed to waive compliance with certain provisions of the indenture or to waive certain defaults or reduce the percentage of holders of debt securities required to satisfy quorum or voting requirements at a meeting of holders;
- modify any other aspect of the provisions of the indenture dealing with supplemental indentures with the consent of holders, waiver of past defaults, or the waiver of certain covenants; and
- change any obligation we have to pay additional amounts.

Changes Not Requiring Approval

The second type of change does not require any vote by the holders of the debt securities. This type is limited to clarifications, establishment of the form or terms of new securities of any series as permitted by the indenture and certain other changes that would not adversely affect holders of the outstanding debt securities in any material respect. We also do not need any approval to make any change that affects only debt securities to be issued under the indenture after the change takes effect.

Changes Requiring Majority Approval

Any other change to the indenture and the debt securities would require the following approval:

- If the change affects only one series of debt securities, it must be approved by the holders of a majority in principal amount of that series.
- If the change affects more than one series of debt securities issued under the same indenture, it must be approved by the holders of a majority in principal amount of all of the series affected by the change, with all affected series voting together as one class for this purpose.

In each case, the required approval must be given by written consent.

The holders of a majority in principal amount of a series of debt securities issued under the indenture, voting together as one class for this purpose, may waive our compliance with some of our covenants applicable to that series of debt securities. However, we cannot obtain a waiver of a payment default or of any of the matters covered by the bullet points included above under " Changes Requiring Your Approval."

Further Details Concerning Voting

When taking a vote, we will use the following rules to decide how much principal to attribute to a debt security:

- For original issue discount securities, we will use the principal amount that would be due and payable on the voting date if the maturity of these debt securities were accelerated to that date because of a default.
- For debt securities whose principal amount is not known (for example, because it is based on an index), we will use the principal face amount at original issuance or a special rule for that debt security described in the prospectus supplement.
- For debt securities denominated in one or more foreign currencies, we will use the U.S. dollar equivalent.

Debt securities will not be considered outstanding, and therefore not eligible to vote, if we have deposited or set aside in trust money for their payment or redemption or if we, any other obligor, or

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any affiliate of us or any obligor own such debt securities. Debt securities will also not be eligible to vote if they have been fully defeased as described later under "Defeasance Full Defeasance."

We will generally be entitled to set any day as a record date for the purpose of determining the holders of outstanding indenture securities that are entitled to vote or take other action under the indenture. However, the record date may not be more than 30 days before the date of the first solicitation of holders to vote on or take such action. If we set a record date for a vote or other action to be taken by holders of one or more series, that vote or action may be taken only by persons who are holders of outstanding indenture securities of those series on the record date and must be taken within eleven months following the record date.

Book-entry and other indirect holders should consult their banks or brokers for information on how approval may be granted or denied if we seek to change the indenture or the debt securities or request a waiver.

Defeasance

The following provisions will be applicable to each series of debt securities unless we state in the applicable prospectus supplement that the provisions of covenant defeasance and full defeasance will not be applicable to that series.

Covenant Defeasance

Under current U.S. federal tax law and the indenture, we can make the deposit described below and be released from some of the restrictive covenants in the indenture under which the particular series was issued. This is called "covenant defeasance". In that event, you would lose the protection of those restrictive covenants but would gain the protection of having money and government securities set aside in trust to repay your debt securities. If we achieved covenant defeasance and your debt securities were subordinated as described under "Indenture Provisions Subordination" below, such subordination would not prevent the Trustee from applying due funds available to it from the deposit described in the first bullet below to the payment of amounts in respect of such debt securities. In order to achieve covenant defeasance, we must do the following:

- We must deposit in trust for the benefit of all holders of a series of debt securities a combination of cash (in such currency in which such securities are then specified as payable at stated maturity) or government obligations applicable to such securities (determined on the basis of the currency in which such securities are then specified as payable at stated maturity) that will generate enough cash to make interest, principal and any other payments on the debt securities on their various due dates and any mandatory sinking fund payments or analogous payments.

- We must deliver to the trustee a legal opinion of our counsel confirming that, under current U.S. federal income tax law, we may make the above deposit without causing you to be taxed on the debt securities any differently than if we did not make the deposit.

- We must deliver to the trustee a legal opinion of our counsel and officers' certificate stating that all conditions precedent to covenant defeasance have been complied with.

- Defeasance must not result in a breach or violation of, or result in a default under, the indenture or any of our other material agreements or instruments.

- No default or event of default with respect to such debt securities shall have occurred and be continuing and no defaults or events of default related to bankruptcy, insolvency or reorganization shall occur during the next 90 days.

- Satisfy the conditions for covenant defeasance contained in any supplemental indentures.

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If we accomplish covenant defeasance, you can still look to us for repayment of the debt securities if there were a shortfall in the trust deposit or the trustee is prevented from making payment. For example, if one of the remaining Events of Default occurred (such as our bankruptcy) and the debt securities became immediately due and payable, there might be such a shortfall. However, there is no assurance that we would have sufficient funds to make payment of the shortfall.

Full Defeasance

If there is a change in U.S. federal tax law or we obtain an IRS ruling, as described below, we can legally release ourselves from all payment and other obligations on the debt securities of a particular series (called "full defeasance") if we put in place the following other arrangements for you to be repaid:

- We must deposit in trust for the benefit of all holders of a series of debt securities a combination of cash (in such currency in which such securities are then specified as payable at stated maturity) or government obligations applicable to such securities (determined on the basis of the currency in which such securities are then specified as payable at stated maturity) that will generate enough cash to make interest, principal and any other payments on the debt securities on their various due dates and any mandatory sinking fund payments or analogous payments.

- We must deliver to the trustee a legal opinion confirming that there has been a change in current U.S. federal tax law or an IRS ruling that allows us to make the above deposit without causing you to be taxed on the debt securities any differently than if we did not make the deposit. Under current U.S. federal tax law, the deposit and our legal release from the debt securities would be treated as though we paid you your share of the cash and notes or bonds at the time the cash and notes or bonds were deposited in trust in exchange for your debt securities and you would recognize gain or loss on the debt securities at the time of the deposit.

- We must deliver to the trustee a legal opinion of our counsel and officers' certificate stating that all conditions precedent to defeasance have been complied with.

- Defeasance must not result in a breach or violation of, or constitute a default under, the indenture or any of our other material agreements or instruments.

- No default or event of default with respect to such debt securities shall have occurred and be continuing and no defaults or events of default related to bankruptcy, insolvency or reorganization shall occur during the next 90 days.

- Satisfy the conditions for full defeasance contained in any supplemental indentures.

If we ever did accomplish full defeasance, as described above, you would have to rely solely on the trust deposit for repayment of the debt securities. You could not look to us for repayment in the unlikely event of any shortfall. Conversely, the trust deposit would most likely be protected from claims of our lenders and other creditors if we ever became bankrupt or insolvent. If your debt securities were subordinated as described below under "Indenture Provisions Subordination," such subordination would not prevent the Trustee from applying the funds available to it from the deposit referred to in the first bullet of the preceding paragraph to the payment of amounts due in respect of such debt securities.

Form, Exchange and Transfer of Certificated Registered Securities

If registered debt securities cease to be issued in book-entry form, they will be issued:

- only in fully registered certificated form,

- without interest coupons, and

unless we indicate otherwise in the prospectus supplement, in denominations of $1,000 and amounts that are multiples of $1,000.

Holders may exchange their certificated securities for debt securities of smaller denominations or combined into fewer debt securities of larger denominations, as long as the total principal amount is not changed and as long as the denomination is greater than the minimum denomination for such securities.

Holders may exchange or transfer their certificated securities at the office of the trustee. We have appointed the trustee to act as our agent for registering debt securities in the names of holders transferring debt securities. We may appoint another entity to perform these functions or perform them ourselves.

Holders will not be required to pay a service charge to transfer or exchange their certificated securities, but they may be required to pay any tax or other governmental charge associated with the transfer or exchange. The transfer or exchange will be made only if our transfer agent is satisfied with the holder's proof of legal ownership.

If we have designated additional transfer agents for your debt security, they will be named in your prospectus supplement. We may appoint additional transfer agents or cancel the appointment of any particular transfer agent. We may also approve a change in the office through which any transfer agent acts.

If any certificated securities of a particular series are redeemable and we redeem less than all the debt securities of that series, we may block the transfer or exchange of those debt securities during the period beginning 15 days before the day we mail the notice of redemption and ending on the day of that mailing, in order to freeze the list of holders to prepare the mailing. We may also refuse to register transfers or exchanges of any certificated securities selected for redemption, except that we will continue to permit transfers and exchanges of the unredeemed portion of any debt security that will be partially redeemed.

If a registered debt security is issued in book-entry form, only the depositary will be entitled to transfer and exchange the debt security as described in this subsection, since it will be the sole holder of the debt security.

Resignation of Trustee

Each trustee may resign or be removed with respect to one or more series of indenture securities provided that a successor trustee is appointed to act with respect to these series and has accepted such appointment. In the event that two or more persons are acting as trustee with respect to different series of indenture securities under the indenture, each of the trustees will be a trustee of a trust separate and apart from the trust administered by any other trustee.

Indenture Provisions Subordination

Upon any distribution of our assets upon our dissolution, winding up, liquidation or reorganization, the payment of the principal of (and premium, if any, on) and interest, if any, on any indenture securities denominated as subordinated debt securities is to be subordinated to the extent provided in the indenture in right of payment to the prior payment in full of all Designated Senior Indebtedness (as defined below), but our obligation to you to make payment of the principal of (and premium, if any, on) and interest, if any, on such subordinated debt securities will not otherwise be affected. In addition, no payment on account of principal (or premium, if any), sinking fund or interest, if any, may be made on such subordinated debt securities at any time unless full payment of all amounts due in respect of the principal (and premium, if any), sinking fund and interest on Designated Senior Indebtedness has been made or duly provided for in money or money's worth.

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In the event that, notwithstanding the foregoing, any payment by us is received by the trustee in respect of subordinated debt securities or by the holders of any of such subordinated debt securities, upon our dissolution, winding up, liquidation or reorganization before all Designated Senior Indebtedness is paid in full, the payment or distribution must be paid over to the holders of the Designated Senior Indebtedness or on their behalf for application to the payment of all the Designated Senior Indebtedness remaining unpaid until all the Designated Senior Indebtedness has been paid in full, after giving effect to any concurrent payment or distribution to the holders of the Designated Senior Indebtedness. Subject to the payment in full of all Designated Senior Indebtedness upon this distribution by us, the holders of such subordinated debt securities will be subrogated to the rights of the holders of the Designated Senior Indebtedness to the extent of payments made to the holders of the Designated Senior Indebtedness out of the distributive share of such subordinated debt securities.

By reason of this subordination, in the event of a distribution of our assets upon our insolvency, certain of our senior creditors may recover more, ratably, than holders of any subordinated debt securities or the holders of any indenture securities that are not Designated Senior Indebtedness. The indenture provides that these subordination provisions will not apply to money and securities held in trust under the defeasance provisions of the indenture.

Designated Senior Indebtedness is defined in the indenture as the principal of (and premium, if any, on) and unpaid interest on:

- our indebtedness (including indebtedness of others guaranteed by us), whenever created, incurred, assumed or guaranteed, for money borrowed, that we have designated as "Designated Senior Indebtedness" for purposes of the indenture and in accordance with the terms of the indenture (including any indenture securities designated as Designated Senior Indebtedness), and

- renewals, extensions, modifications and refinancings of any of this indebtedness.

If this prospectus is being delivered in connection with the offering of a series of indenture securities denominated as subordinated debt securities, the accompanying prospectus supplement will set forth the approximate amount of our Designated Senior Indebtedness and of our other indebtedness outstanding as of a recent date.

Secured Indebtedness

Certain of our indebtedness, including certain series of indenture securities, may be secured. The prospectus supplement for each series of indenture securities will describe the terms of any security interest for such series and will indicate the approximate amount of our secured indebtedness as of a recent date. In the event of a distribution of our assets upon our insolvency, the holders of unsecured indenture securities may recover less, ratably, than holders of any of our secured indebtedness.

The Trustee under the Indenture

The Bank of New York Mellon Trust Company, N.A. will serve as the trustee under the indenture.

Certain Considerations Relating to Foreign Currencies

Debt securities denominated or payable in foreign currencies may entail significant risks. These risks include the possibility of significant fluctuations in the foreign currency markets, the imposition or modification of foreign exchange controls and potential illiquidity in the secondary market. These risks will vary depending upon the currency or currencies involved and will be more fully described in the applicable prospectus supplement.

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DESCRIPTION OF OUR UNITS

The following is a general description of the terms of the units we may issue from time to time. Particular terms of any units we offer will be described in the prospectus supplement relating to such units. For a complete description of the terms of particular units, you should read both this prospectus and the prospectus supplement relating to those particular units.

We may issue units comprised of one or more of the other securities described in this prospectus in any combination. Each unit will be issued so that the holder of the unit is also the holder of each security included in the unit. Thus, the holder of a unit will have the rights and obligations of a holder of each included security.

A prospectus supplement will describe the particular terms of any series of units we may issue, including the following:

- the designation and terms of the units and of the securities comprising the units, including whether and under what circumstances the securities comprising the units may be held or transferred separately;
- a description of the terms of any unit agreement governing the units;
- a description of the provisions for the payment, settlement, transfer or exchange of the units; and
- whether the units will be issued in fully registered or global form.

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a general summary of the material U.S. federal income tax considerations applicable to us and to an investment in our shares. This summary does not purport to be a complete description of the U.S. federal income tax considerations applicable to such an investment. For example, we have not described tax consequences that may be relevant to certain types of holders subject to special treatment under U.S. federal income tax laws, including stockholders subject to the alternative minimum tax, tax-exempt organizations, insurance companies, dealers in securities, pension plans and trusts, and financial institutions. This summary assumes that investors hold our common stock as capital assets (within the meaning of the Code). The discussion is based upon the Code, Treasury regulations, and administrative and judicial interpretations, each as of the date of this prospectus and all of which are subject to change, possibly retroactively, which could affect the continuing validity of this discussion. We have not sought and will not seek any ruling from the Internal Revenue Service ("IRS") regarding this offering. This summary does not discuss any aspects of U.S. estate or gift tax or foreign, state or local tax. It does not discuss the special treatment under U.S. federal income tax laws that could result if we invested in tax-exempt securities or certain other investment assets.

If we issue preferred stock that may be convertible into or exercisable or exchangeable for securities or other property or preferred stock with other terms that may have different U.S. federal income tax consequences than those described in this summary, the U.S. federal income tax consequences of such preferred stock will be described in the relevant prospectus supplement. This summary does not discuss the consequences of an investment in our subscription rights, debt securities or warrants representing rights to purchase shares of our preferred stock, common stock or debt securities or as units in combination with such securities. The U.S. federal income tax consequences of such an investment will be discussed in the relevant prospectus supplement.

A "U.S. stockholder" generally is a beneficial owner of shares of our common stock who is for U.S. federal income tax purposes:

- A citizen or individual resident of the United States;
- A corporation or other entity treated as a corporation, for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- A trust if a court within the United States is asked to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantive decisions of the trust; or
- A trust or an estate, the income of which is subject to U.S. federal income taxation regardless of its source.

A "Non-U.S. stockholder" generally is a beneficial owner of shares of our common stock that is not a U.S. stockholder.

If a partnership (including an entity treated as a partnership for U.S. federal income tax purposes) holds shares of our common stock, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A prospective stockholder that is a partner of a partnership holding shares of our common stock should consult his, her or its tax advisers with respect to the purchase, ownership and disposition of shares of our common stock.

Tax matters are very complicated and the tax consequences to an investor of an investment in our shares will depend on the facts of his, her or its particular situation. We encourage investors to consult their own tax advisers regarding the specific consequences of such an investment, including tax reporting requirements, the applicability of federal, state, local and foreign tax laws, eligibility for the benefits of any applicable tax treaty and the effect of any possible changes in the tax laws.

Taxation as a Regulated Investment Company

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 (the "Code"). 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 income that we distribute to our stockholders as dividends. To qualify as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements (as described below). In addition, in order to obtain RIC tax treatment, we must distribute to our stockholders, for each taxable year, at least 90% of our "investment company taxable income," which is generally our net ordinary taxable income plus the excess of realized net short-term capital gains over realized net long-term capital losses, and 90% of our tax-exempt income (the "Annual Distribution Requirement"). As part of maintaining RIC status, undistributed taxable income (subject to a 4% non-deductible 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 on or prior to the later of (i) filing of the U.S. federal income tax return for the applicable fiscal year or (ii) the fifteenth day of the ninth month following the close of the year in which such taxable income was generated.

For any taxable year in which we qualify as a RIC and satisfy the Annual Distribution Requirement, we will not be subject to U.S. federal income tax on the portion of our income or capital gains we distribute (or are deemed to distribute) to stockholders. We will be subject to U.S. federal income tax at the regular corporate rates on any income or capital gains not distributed (or deemed distributed) to our stockholders.

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We are subject to a 4% non-deductible U.S. federal excise tax on certain undistributed income unless we distribute in a timely manner an amount at least equal to the sum of (1) 98% of our net ordinary taxable income for each calendar year, (2) 98.2% of our capital gain net income for the one-year period ending December 31 in that calendar year and (3) any taxable income recognized, but not distributed, in preceding years on which we paid no U.S. federal income tax (the "Excise Tax Avoidance Requirement"). Dividends declared and paid by us in a year will generally differ from taxable income for that year as such dividends may include the distribution of current year taxable income, exclude amounts carried over into the following year, and include the distribution of prior year taxable income carried over into and distributed in the current year. For amounts we carry over into the following year, we will be required to pay the 4% U.S. federal excise tax based on 98% of our annual taxable income and 98.2% of our capital gain net income in excess of distributions for the year.

In order to qualify as a RIC for U.S. federal income tax purposes, we must, among other things:

- continue to qualify as a BDC under the 1940 Act at all times during each taxable year;
- derive in each taxable year at least 90% of our gross income from dividends, interest, payments with respect to certain securities, loans, gains from the sale of stock or other securities, net income from certain "qualified publicly traded partnerships," or other income derived with respect to our business of investing in such stock or securities (the "90% Income Test"); and
- diversify our holdings so that at the end of each quarter of the taxable year:
  - at least 50% of the value of our assets consists of cash, cash equivalents, U.S. Government securities, securities of other RICs, and other securities if such other securities of any one issuer do not represent more than 5% of the value of our assets or more than 10% of the outstanding voting securities of the issuer; and
  - no more than 25% of the value of our assets is invested in the securities, other than U.S. government securities or securities of other RICs, (i) of one issuer, (ii) of two or more issuers that are controlled, as determined under applicable Code rules, by us and that are engaged in the same or similar or related trades or businesses or (iii) of certain "qualified publicly traded partnerships" (collectively, the "Diversification Tests").

In order to comply with the 90% Income Test, we formed the Taxable Subsidiaries as wholly owned taxable subsidiaries, for the primary purpose of permitting us to own equity interests in portfolio companies which are "pass-through" entities for tax purposes. Absent the taxable status of the Taxable Subsidiaries, a portion of the gross income from such portfolio companies would flow directly to us for purposes of the 90% Income Test. To the extent such income did not consist of income derived from securities, such as dividends and interest, it could jeopardize our ability to qualify as a RIC and, therefore, cause us to incur significant U.S. federal income taxes. The Taxable Subsidiaries are consolidated with Main Street for generally accepted accounting principles in the United States of America ("U.S. GAAP") purposes and are included in our consolidated financial statements, and the portfolio investments held by the Taxable Subsidiaries are included in our consolidated financial statements. The Taxable Subsidiaries are not consolidated with Main Street for income tax purposes and may generate income tax expense, or benefit, as a result of their ownership of the portfolio investments. The income tax expense, or benefit, if any, and any related tax assets and liabilities, are reflected in our consolidated financial statements.

In order to comply with the 90% Income Test, the External Investment Manager has elected to be a taxable entity. Absent the taxable status of the External Investment Manager, the gross income from the External Investment Manager would flow directly to us for purposes of the 90% Income Test. Since such income would likely not consist of income derived from securities, such as dividends and interest, it could jeopardize our ability to qualify as a RIC and, therefore, cause us to incur significant U.S. federal income taxes. The External Investment Manager is accounted for as a portfolio investment for

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U.S. GAAP purposes, but is not consolidated with MSCC for income tax purposes and may generate income tax expense, or benefit, as a result of its operating activity.

We may be required to recognize taxable income in circumstances in which we do not receive cash. For example, if we hold debt obligations that are treated under applicable tax rules as having original issue discount (such as debt instruments issued with warrants and debt securities invested in at a discount to par), we must include in income each year a portion of the original issue discount that accrues over the life of the obligation, regardless of whether cash representing such income is received by us in the same taxable year. We may also have to include in income other amounts that we have not yet received in cash such as PIK interest, cumulative dividends or amounts that are received in non-cash compensation such as warrants or stock. Because any original issue discount or other amounts accrued will be included in our investment company taxable income for the year of accrual, we may be required to make a distribution to our stockholders in order to satisfy the Annual Distribution Requirement, even though we will not have received any corresponding cash amount.

Although we do not presently expect to do so, we are authorized to borrow funds and to sell assets in order to satisfy distribution requirements. However, under the 1940 Act, we are not permitted to make distributions to our stockholders in certain circumstances while our debt obligations and other senior securities are outstanding unless certain "asset coverage" tests are met. See "Regulation Regulation as a Business Development Company Senior Securities." Moreover, our ability to dispose of assets to meet our distribution requirements may be limited by (1) the illiquid nature of our portfolio and/or (2) other requirements relating to our status as a RIC, including the Diversification Tests. If we dispose of assets in order to meet the Annual Distribution Requirement or the Excise Tax Avoidance Requirement, we may make such dispositions at times that, from an investment standpoint, are not advantageous.

We may distribute taxable dividends that are payable in part in our stock. Under certain applicable provisions of the Code and the Treasury regulations, distributions payable by us in cash or in shares of stock (at the stockholders election) would satisfy the Annual Distribution Requirement. The Internal Revenue Service has issued private rulings indicating that this rule will apply even where the total amount of cash that may be distributed is limited to no more than 20% of the total distribution. Under these rulings, if too many stockholders elect to receive their distributions in cash, each such stockholder would receive a pro rata share of the total cash to be distributed and would receive the remainder of their distribution in shares of stock. Taxable stockholders receiving such dividends will be required to include the full amount of the dividend (whether received in cash, our stock, or a combination thereof) as (i) ordinary income (including any qualified dividend income that, in the case of a noncorporate stockholder, may be eligible for the same reduced maximum tax rate applicable to long-term capital gains to the extent such distribution is properly reported by us as qualified dividend income and such stockholder satisfies certain minimum holding period requirements with respect to our stock) or (ii) long-term capital gain (to the extent such distribution is properly reported as a capital gain dividend), to the extent of our current and accumulated earnings and profits for U.S. federal income tax purposes. As a result, a U.S. stockholder may be required to pay tax with respect to such dividends in excess of any cash received. If a U.S. stockholder sells the stock it receives in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our stock at the time of the sale. Furthermore, with respect to non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in stock. In addition, if a significant number of our stockholders determine to sell shares of our stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our stock.

The remainder of this discussion assumes that we qualify as a RIC and have satisfied the Annual Distribution Requirement.

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Taxation of U.S. Stockholders

Distributions by us generally are taxable to U.S. stockholders as ordinary income or capital gains. Distributions of our "investment company taxable income" (which is, generally, our net ordinary income plus realized net short-term capital gains in excess of realized net long-term capital losses) will be taxable as ordinary income to U.S. stockholders to the extent of our current or accumulated earnings and profits, whether paid in cash or reinvested in additional common stock. To the extent such distributions paid by us to non-corporate stockholders (including individuals) are attributable to dividends from U.S. corporations and certain qualified foreign corporations, such distributions ("Qualifying Dividends") may be eligible for a maximum tax rate of 20.0% (plus the 3.8% Medicare surtax discussed below, if applicable). In this regard, it is anticipated that distributions paid by us will generally not be attributable to dividends and, therefore, generally will not qualify for the 20.0% (plus the 3.8% Medicare surtax, if applicable) maximum rate applicable to Qualifying Dividends. Distributions of our net capital gains (which is generally our realized net long-term capital gains in excess of realized net short-term capital losses) properly designated by us as "capital gain dividends" will be taxable to a U.S. stockholder as long-term capital gains that are currently taxable at a maximum rate of 20.0% (plus the 3.8% Medicare surtax, if applicable) in the case of individuals, trusts or estates, regardless of the U.S. stockholder's holding period for his, her or its common stock and regardless of whether paid in cash or reinvested in additional common stock. Distributions in excess of our earnings and profits first will reduce a U.S. stockholder's adjusted tax basis in such stockholder's common stock and, after the adjusted basis is reduced to zero, will constitute capital gains to such U.S. stockholder.

We may retain some or all of our realized net long-term capital gains in excess of realized net short-term capital losses, but to designate the retained net capital gain as a "deemed distribution." In that case, among other consequences, we will pay tax on the retained amount, each U.S. stockholder will be required to include his, her or its share of the deemed distribution in income as if it had been actually distributed to the U.S. stockholder, and the U.S. stockholder will be entitled to claim a credit equal to his, her or its allocable share of the tax paid thereon by us. Because we expect to pay tax on any retained capital gains at our regular corporate tax rate, and because that rate is in excess of the maximum rate currently payable by individuals on long-term capital gains, the amount of tax that individual U.S. stockholders will be treated as having paid will exceed the tax they owe on the capital gain distribution and such excess generally may be refunded or claimed as a credit against the U.S. stockholder's other U.S. federal income tax obligations. The amount of the deemed distribution net of such tax will be added to the U.S. stockholder's cost basis for his, her or its common stock. In order to utilize the deemed distribution approach, we must provide written notice to our stockholders prior to the expiration of 60 days after the close of the relevant taxable year. We cannot treat any of our investment company taxable income as a "deemed distribution."

In any fiscal year, we may elect to make distributions to our stockholders in excess of our taxable earnings for that fiscal year. As a result, a portion of those distributions may be deemed a return of capital to our stockholders.

For purposes of determining (1) whether the Annual Distribution Requirement is satisfied for any year and (2) the amount of capital gain dividends paid for that year, we may, under certain circumstances, elect to treat a dividend that is paid during the following taxable year as if it had been paid during the taxable year in question. If we make such an election, the U.S. stockholder will still be treated as receiving the dividend in the taxable year in which the distribution is made. However, any dividend declared by us in October, November or December of any calendar year, payable to stockholders of record on a specified date in such month and actually paid during January of the following year, will be treated as if it had been received by our U.S. stockholders on December 31 of the year in which the dividend was declared.

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If an investor purchases shares of our common stock shortly before the record date of a distribution, the price of the shares will include the value of the distribution and the investor will be subject to tax on the distribution even though economically it may represent a return of his, her or its investment.

A stockholder generally will recognize taxable gain or loss if the stockholder sells or otherwise disposes of his, her or its shares of our common stock. The amount of gain or loss will be measured by the difference between such stockholder's adjusted tax basis in the common stock sold and the amount of the proceeds received in exchange. Any gain arising from such sale or disposition generally will be treated as long-term capital gain or loss if the stockholder has held his, her or its shares for more than one year. Otherwise, it will be classified as short-term capital gain or loss. However, any capital loss arising from the sale or disposition of shares of our common stock held for six months or less will be treated as long-term capital loss to the extent of the amount of capital gain dividends received, or undistributed capital gain deemed received, with respect to such shares. In addition, all or a portion of any loss recognized upon a disposition of shares of our common stock may be disallowed if other shares of our common stock are purchased (whether through reinvestment of distributions or otherwise) within 30 days before or after the disposition.

In general, individual U.S. stockholders currently are subject to a maximum U.S. federal income tax rate of 20.0% on their net capital gain (i.e., the excess of realized net long-term capital gains over realized net short-term capital losses), including any long-term capital gain derived from an investment in our shares. Such rate is lower than the maximum rate on ordinary income currently payable by individuals. In addition, individuals with income in excess of $200,000 ($250,000 in the case of married individuals filing jointly) and certain estates and trusts are subject to an additional 3.8% Medicare surtax on their "net investment income," which generally includes net income from interest, dividends, annuities, royalties, and rents, and net capital gains (other than certain amounts earned from trades or businesses). Corporate U.S. stockholders currently are subject to U.S. federal income tax on net capital gain at the maximum 35.0% rate also applied to ordinary income. Non-corporate stockholders with net capital losses for a year (i.e., capital losses in excess of capital gains) generally may deduct up to $3,000 of such losses against their ordinary income each year; any net capital losses of a non-corporate stockholder in excess of $3,000 generally may be carried forward and used in subsequent years as provided in the Code. Corporate stockholders generally may not deduct any net capital losses for a year, but may carryback such losses for three years or carry forward such losses for five years.

We, or the applicable withholding agent, will send to each of our U.S. stockholders, as promptly as possible after the end of each calendar year, a notice detailing, on a per share and per distribution basis, the amounts includible in such U.S. stockholder's taxable income for such year as ordinary income and as long-term capital gain. In addition, the U.S. federal tax status of each year's distributions generally will be reported to the Internal Revenue Service (including the amount of dividends, if any, eligible for the 20.0% maximum rate). Dividends paid by us generally will not be eligible for the dividends-received deduction or the preferential tax rate applicable to Qualifying Dividends because our income generally will not consist of dividends. Distributions may also be subject to additional state, local and foreign taxes depending on a U.S. stockholder's particular situation.

As a RIC, we will be subject to the alternative minimum tax ("AMT"), but any items that are treated differently for AMT purposes must be apportioned between us and our stockholders and this may affect the stockholders' AMT liabilities. Although regulations explaining the precise method of apportionment have not yet been issued by the Internal Revenue Service, we intend in general to apportion these items in the same proportion that dividends paid to each stockholder bear to our taxable income (determined without regard to the dividends paid deduction), unless we determine that a different method for a particular item is warranted under the circumstances.

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We may be required to withhold U.S. federal income tax ("backup withholding") from all taxable distributions to any U.S. stockholder that is not otherwise exempt (1) who fails to furnish us with a correct taxpayer identification number or a certificate that such stockholder is exempt from backup withholding or (2) with respect to whom the IRS notifies us that such stockholder has failed to properly report certain interest and dividend income to the IRS and to respond to notices to that effect. An individual's taxpayer identification number is his or her social security number. Any amount withheld under backup withholding is allowed as a credit against the U.S. stockholder's U.S. federal income tax liability, provided that proper information is provided to the IRS.

Taxation of Non-U.S. Stockholders

Whether an investment in the shares is appropriate for a Non-U.S. stockholder will depend upon that person's particular circumstances. An investment in the shares by a Non-U.S. stockholder may have adverse tax consequences. Non-U.S. stockholders should consult their tax advisers before investing in our common stock.

Distributions of our "investment company taxable income" to Non-U.S. stockholders (including interest income and realized net short-term capital gains in excess of realized long-term capital losses, which generally would be free of withholding if paid to Non-U.S. stockholders directly) will be subject to withholding of U.S. federal tax at a 30.0% rate (or lower rate provided by an applicable treaty) to the extent of our current and accumulated earnings and profits unless an applicable exception applies. If the distributions are effectively connected with a U.S. trade or business of the Non-U.S. stockholder, and, if an income tax treaty applies, attributable to a permanent establishment in the United States, we will not be required to withhold U.S. federal tax if the Non-U.S. stockholder complies with applicable certification and disclosure requirements, although the distributions will be subject to U.S. federal income tax at the rates applicable to U.S. persons. (Special certification requirements apply to a Non-U.S. stockholder that is a foreign partnership or a foreign trust, and such entities are urged to consult their own tax advisers.)

We generally are not required to withhold any amounts with respect to certain distributions of (i) U.S. source interest income, and (ii) net short term capital gains in excess of net long term capital losses, in each case to the extent we properly reported such distributions and certain other requirements were satisfied. We anticipate that a portion of our distributions will be eligible for this exemption from withholding; however, we cannot determine what portion of our distributions (if any) will be eligible for this exception until after the end of our taxable year. No certainty can be provided that any of our distributions will be reported as eligible for this exception.

Actual or deemed distributions of our net capital gains to a Non-U.S. stockholder, and gains realized by a Non-U.S. stockholder upon the sale of our common stock, will not be subject to U.S. federal withholding tax and generally will not be subject to U.S. federal income tax unless the distributions or gains, as the case may be, are effectively connected with a U.S. trade or business of the Non-U.S. stockholder and, if an income tax treaty applies, are attributable to a permanent establishment maintained by the Non-U.S. stockholder in the United States.

If we distribute our net capital gains in the form of deemed rather than actual distributions, a Non-U.S. stockholder will be entitled to a U.S. federal income tax credit or tax refund equal to the stockholder's allocable share of the tax we pay on the capital gains deemed to have been distributed. In order to obtain the refund, the Non-U.S. stockholder must obtain a U.S. taxpayer identification number and file a U.S. federal income tax return even if the Non-U.S. stockholder would not otherwise be required to obtain a U.S. taxpayer identification number or file a U.S. federal income tax return. For a corporate Non-U.S. stockholder, distributions (both actual and deemed), and gains realized upon the sale of our common stock that are effectively connected to a U.S. trade or business may, under certain circumstances, be subject to an additional "branch profits tax" at a 30.0% rate (or at a lower rate if provided for by an applicable treaty). Accordingly, investment in the shares may not be appropriate for a Non-U.S. stockholder.

A Non-U.S. stockholder who is a non-resident alien individual, and who is otherwise subject to withholding of U.S. federal tax, may be subject to information reporting and backup withholding of U.S. federal income tax on dividends unless the Non-U.S. stockholder provides us or the dividend paying agent with an IRS Form W-8BEN or IRS Form W-8BEN-E (or an acceptable substitute form) or otherwise meets documentary evidence requirements for establishing that it is a Non-U.S. stockholder or otherwise establishes an exemption from backup withholding.

Legislation commonly referred to as the "Foreign Account Tax Compliance Act," or "FATCA," generally imposes a 30% withholding tax on payments of certain types of income to foreign financial institutions ("FFIs") unless such FFIs either (i) enter into an agreement with the U.S. Treasury to report certain required information with respect to accounts held by U.S. persons (or held by foreign entities that have U.S. persons as substantial owners) or (ii) reside in a jurisdiction that has entered into an intergovernmental agreement ("IGA") with the United States to collect and share such information and are in compliance with the terms of such IGA and any enabling legislation or regulations. The types of income subject to the tax include U.S. source interest and dividends, and the gross proceeds from the sale of any property that could produce U.S. source interest or dividends received after December 31, 2018. The information required to be reported includes the identity and taxpayer identification number of each account holder that is a U.S. person and transaction activity within the holder's account. In addition, subject to certain exceptions, this legislation also imposes a 30% withholding on payments to foreign entities that are not FFIs unless the foreign entity certifies that it does not have a greater than 10% U.S. owner or provides the withholding agent with identifying information on each greater than 10% U.S. owner. Depending on the status of a Non-U.S. stockholder and the status of the intermediaries through which it holds our common stock, a Non-U.S. stockholder could be subject to this 30% withholding tax with respect to distributions on our common stock and proceeds from the sale of our common stock. Under certain circumstances, a Non-U.S. stockholder might be eligible for refunds or credits of such taxes.

Non-U.S. persons should consult their own tax advisers with respect to the U.S. federal income tax and withholding tax, and state, local and foreign tax consequences of an investment in the shares.

Failure to Qualify as a RIC

If we fail to satisfy the 90% Income Test or the Diversification Tests for any taxable year, we may nevertheless continue to qualify as a RIC for such year if certain relief provisions are applicable (which may, among other things, require us to pay certain corporate-level U.S. federal taxes or to dispose of certain assets).

If we were unable to qualify for treatment as a RIC and the foregoing relief provisions are not applicable, we would be subject to tax on all of our taxable income at regular corporate rates. We would not be able to deduct distributions to stockholders, nor would they be required to be made. If we were subject to tax on all of our taxable income at regular corporate rates, then distributions we make after being subject to such tax would be taxable to our stockholders and, provided certain holding period and other requirements were met, could qualify for treatment as "qualified dividend income" eligible for the maximum 20% rate (plus a 3.8% Medicare surtax, if applicable) applicable to qualified dividends to the extent of our current and accumulated earnings and profits. Subject to certain limitations under the Code, corporate taxpayers would be eligible for a dividends-received deduction on distributions they receive. Distributions in excess of our current and accumulated earnings and profits would be treated first as a return of capital to the extent of the stockholder's tax basis, and any remaining distributions would be treated as a capital gain. To requalify as a RIC in a subsequent taxable year, we would be required to satisfy the RIC qualification requirements for that year and dispose of any earnings and profits from any year in which we failed to qualify as a RIC. Subject to a limited exception applicable to RICs that qualified as such under Subchapter M of the Code for at least one year prior to disqualification and that requalify as a RIC no later than the second year following the nonqualifying year, we could be subject to tax on any unrealized net built-in gains in the assets held by us during the period in which we failed to qualify as a RIC that are recognized within the subsequent five years, unless we made a special election to pay corporate-level U.S. federal income tax on such built-in gain at the time of our requalification as a RIC.

REGULATION

Regulation as a Business Development Company

We have elected to be regulated as a BDC under the 1940 Act. The 1940 Act contains prohibitions and restrictions relating to transactions between BDCs and their affiliates, principal underwriters and affiliates of those affiliates or underwriters. The 1940 Act requires that a majority of the members of the board of directors of a BDC be persons other than "interested persons," as that term is defined in the 1940 Act. In addition, the 1940 Act provides that we may not change the nature of our business so as to cease to be, or to withdraw our election as, a BDC unless approved by a majority of our outstanding voting securities.

The 1940 Act defines "a majority of the outstanding voting securities" as the lesser of (i) 67% or more of the voting securities present at a meeting if the holders of more than 50% of our outstanding voting securities are present or represented by proxy or (ii) more than 50% of our outstanding voting securities.

Qualifying Assets

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

(1) Securities purchased in transactions not involving any public offering from the issuer of such securities, which issuer (subject to certain limited exceptions) is an eligible portfolio company (as defined below), or from any person who is, or has been during the preceding 13 months, an affiliated person of an eligible portfolio company, or from any other person, subject to such rules as may be prescribed by the SEC.

(2) Securities of any eligible portfolio company that we control.

(3) Securities purchased in a private transaction from a U.S. issuer that is not an investment company or from an affiliated person of the issuer, or in transactions incident thereto, if the issuer is in bankruptcy and subject to reorganization or if the issuer, immediately prior to the purchase of its securities was unable to meet its obligations as they came due without material assistance other than conventional lending or financing arrangements.

(4) Securities of an eligible portfolio company purchased from any person in a private transaction if there is no ready market for such securities and we already own 60% of the outstanding equity of the eligible portfolio company.

(5) Securities received in exchange for or distributed on or with respect to securities described in (1) through (4) above, or pursuant to the exercise of warrants or rights relating to such securities.

(6) Cash, cash equivalents, U.S. government securities or high-quality debt securities maturing in one year or less from the time of investment.

In addition, a BDC must have been organized and have its principal place of business in the United States and must be operated for the purpose of making investments in the types of securities described in (1), (2) or (3) above.

An eligible portfolio company is defined in the 1940 Act as any issuer which:

(a) is organized under the laws of, and has its principal place of business in, the United States;

(b) is not an investment company (other than a small business investment company wholly owned by the BDC) or a company that would be an investment company but for certain exclusions under the 1940 Act; and

(c) satisfies any of the following:

(i) does not have any class of securities that is traded on a national securities exchange or has a class of securities listed on a national securities exchange but has an aggregate market value of outstanding voting and non-voting common equity of less than $250 million;

(ii) is controlled by a BDC or a group of companies including a BDC and the BDC has an affiliated person who is a director of the eligible portfolio company; or

(iii) is a small and solvent company having total assets of not more than $4 million and capital and surplus of not less than $2 million.

Managerial Assistance to Portfolio Companies

As noted above, a BDC must be operated for the purpose of making investments in the type of securities described in (1), (2) or (3) above under the heading entitled " Qualifying Assets." In addition, BDCs must generally offer to make available to such issuer of the securities (other than small and solvent companies described above) significant managerial assistance; except that, where we purchase such securities in conjunction with one or more other persons acting together, one of the other persons in the group may make available such managerial assistance. Making available managerial assistance means, among other things, any arrangement whereby the BDC, through its directors, officers or employees, offers to provide, and, if accepted, does so provide, significant guidance and counsel concerning the management, operations or business objectives and policies of a portfolio company.

Temporary Investments

Pending investment in "qualifying assets," as described above, our investments may consist of cash, cash equivalents, U.S. government securities and high-quality debt securities maturing in one year or less from time of investment therein, so that 70% of our assets are qualifying assets.

Senior Securities

We are permitted, under specified conditions, to issue multiple classes of debt and one class of stock senior to our common stock if our asset coverage, as defined in the 1940 Act, is at least equal to 200% of all debt and/or senior stock immediately after each such issuance. In addition, while any senior securities remain outstanding (other than senior securities representing indebtedness issued in consideration of a privately arranged loan which is not intended to be publicly distributed), we must make provisions to prohibit any distribution to our stockholders or the repurchase of such securities or shares unless we meet the applicable asset coverage ratios at the time of the distribution or repurchase. We may also borrow amounts up to 5% of the value of our total assets for temporary or emergency purposes without regard to asset coverage. For a discussion of the risks associated with leverage, see "Risk Factors Risks Relating to Our Business and Structure," including, without limitation,

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" Because we borrow money, the potential for gain or loss on amounts invested in us is magnified and may increase the risk of investing in us."

We have previously received an exemptive order from the SEC to exclude 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 Main Street. The exemptive order provides for the exclusion of all debt securities issued by the Funds, including the $240.0 million as of December 31, 2016, related to their participation in the SBIC program. This exemptive order provides us with expanded capacity and flexibility in obtaining future sources of capital for our investment and operational objectives.

Common Stock

We are not generally able to issue and sell our common stock at a price below net asset value per share. We may, however, sell our common stock, warrants, options or rights to acquire our common stock, at a price below the current net asset value of the common stock if our Board of Directors determines that such sale is in our best interests and that of our stockholders, and our stockholders approve such sale. In any such case, the price at which our securities are to be issued and sold may not be less than a price which, in the determination of our Board of Directors, closely approximates the market value of such securities (less any distributing commission or discount). 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 2016 annual meeting of stockholders, and we are not currently seeking such approval at our 2017 annual meeting of stockholders, because our common stock price has been trading significantly above the net asset value per share of our common stock since 2011. Our stockholders have previously approved a proposal that authorizes us to issue securities to subscribe to, convert to, or purchase shares of our common stock in one or more offerings. We may also make rights offerings to our stockholders at prices per share less than the net asset value per share, subject to applicable requirements of the 1940 Act. See "Risk Factors Risks Relating to Our Business and Structure Stockholders may incur dilution if we sell shares of our common stock in one or more offerings at prices below the then current net asset value per share of our common stock or issue securities to subscribe to, convert to or purchase shares of our common stock."

Code of Ethics

We have adopted a code of ethics pursuant to Rule 17j-1 under the 1940 Act that establishes procedures for personal investments and restricts certain personal securities transactions. Personnel subject to the code may invest in securities for their personal investment accounts, including securities that may be purchased or held by us, so long as such investments are made in accordance with the code's requirements. You may read and copy the code of ethics at the SEC's Public Reference Room located at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the code of ethics is available on the EDGAR Database on the SEC's Web site at http://www.sec.gov.

Proxy Voting Policies and Procedures

We vote proxies relating to our portfolio securities in a manner in which we believe is consistent with the best interest of our stockholders. We review on a case-by-case basis each proposal submitted to a stockholder vote to determine its impact on the portfolio securities held by us. Although we generally vote against proposals that we expect would have a negative impact on our portfolio securities, we may vote for such a proposal if there exists compelling long-term reasons to do so.

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Our proxy voting decisions are made by the investment team which is responsible for monitoring each of our investments. To ensure that our vote is not the product of a conflict of interest, we require that anyone involved in the decision-making process discloses to our chief compliance officer any potential conflict of which he or she is aware.

Stockholders may obtain information, without charge, regarding how we voted proxies with respect to our portfolio securities by making a written request for proxy voting information to: Chief Compliance Officer, 1300 Post Oak Boulevard, 8th floor, Houston, Texas 77056.

Other 1940 Act Regulations

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

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

We are required to adopt and implement written policies and procedures reasonably designed to prevent violation of the federal securities laws, review these policies and procedures annually for their adequacy and the effectiveness of their implementation, and to designate a chief compliance officer to be responsible for administering the policies and procedures.

We may be periodically examined by the SEC for compliance with the 1940 Act.

Small Business Investment Company Regulations

Each of the Funds is licensed by the SBA to operate as a SBIC under Section 301(c) of the Small Business Investment Act of 1958. MSMF obtained its SBIC license in 2002, MSC II obtained its license in 2006 and MSC III obtained its license in 2016.

SBICs are designed to stimulate the flow of private capital to eligible small businesses. Under SBIC regulations, SBICs may make loans to eligible small businesses, invest in the equity securities of such businesses and provide them with consulting and advisory services. Each of the Funds has typically invested in secured debt, acquired warrants and/or made equity investments in qualifying small businesses.

The Funds are subject to regulation and oversight by the SBA, including requirements with respect to reporting financial information, such as the extent of capital impairment if applicable, on a regular basis and annual examinations conducted by the SBA. The SBA, as a creditor, will have a superior claim to the Funds' assets over our stockholders in the event the Funds are liquidated or the SBA exercises its remedies under the SBA-guaranteed debentures issued by the Funds upon an event of default.

We have received exemptive relief from the SEC to permit us to exclude the SBA-guaranteed debentures of the Funds from our 200% asset coverage test under the 1940 Act. As such, our ratio of total consolidated assets to outstanding indebtedness may be less than 200%. This provides us with increased investment flexibility but also increases our risks related to leverage. See "Risk Factors Risks related to our business and structure Because we borrow money, the potential for gain or loss on amounts invested in us is magnified and may increase the risk of investing in us."

Under present SBIC regulations, eligible small businesses generally include businesses that (together with their affiliates) have a tangible net worth not exceeding $19.5 million and have average annual net income after U.S. federal income taxes not exceeding $6.5 million (average net income to be computed without benefit of any carryover loss) for the two most recent fiscal years. In addition, an SBIC must devote 25% of its investment activity to "smaller" enterprises as defined by the SBA. A smaller enterprise generally includes businesses that have a tangible net worth not exceeding $6 million and have average annual net income after U.S. federal income taxes not exceeding $2 million (average net income to be computed without benefit of any net carryover loss) for the two most recent fiscal years. SBIC regulations also provide alternative size standard criteria to determine eligibility for designation as an eligible small business or smaller enterprise, which criteria depend on the primary industry in which the business is engaged and are based on such factors as the number of employees and gross revenue. However, once an SBIC has invested in a company, it generally may continue to make follow-on investments in the company, regardless of the size of the portfolio company at the time of the follow-on investment, up to the time of the portfolio company's initial public offering.

The SBA prohibits an SBIC from providing funds to small businesses for certain purposes, such as relending and investment outside the United States, to businesses engaged in certain prohibited industries, and to certain "passive" (non-operating) companies. In addition, without prior SBA approval, an SBIC may not invest an amount equal to more than approximately 30% of the SBIC's regulatory capital, as defined by the SBA, in any one portfolio company and its affiliates.

The SBA places certain limitations on the financing terms of investments by SBICs in portfolio companies (such as limiting the permissible interest rate on debt securities held by an SBIC in a portfolio company). Included in such limitations are SBA regulations which allow an SBIC to exercise control over a small business for a period of seven years from the date on which the SBIC initially acquires its control position. This control period may be extended for an additional period of time with the SBA's prior written approval.

The SBA restricts the ability of an SBIC to lend money to any of its officers, directors and employees or to invest in affiliates thereof. The SBA also prohibits, without prior SBA approval, a "change of control" of an SBIC or transfers that would result in any person (or a group of persons acting in concert) owning 10% or more of a class of equity of a licensed SBIC. A "change of control" is any event which would result in the transfer of the power, direct or indirect, to direct the management and policies of an SBIC, whether through ownership, contractual arrangements or otherwise.

The SBIC licenses allow the Funds to incur leverage by issuing SBA-guaranteed debentures, subject to the issuance of a capital commitment and certain approvals by the SBA and customary procedures. SBA-guaranteed debentures carry long-term fixed rates that are generally lower than rates on comparable bank and other debt. Under applicable regulations, an SBIC may generally have outstanding debentures guaranteed by the SBA in amounts up to twice the amount of the privately-raised funds of the SBIC. Debentures guaranteed by the SBA have a maturity of ten years, require semiannual payments of interest, do not require any principal payments prior to maturity, and are not subject to prepayment penalties. As of December 31, 2016, we, through the Funds, had $240.0 million of outstanding SBA-guaranteed debentures, which had an annual weighted-average interest rate of approximately 4.1%.

SBICs must invest idle funds that are not being used to make loans in investments permitted under SBIC regulations in the following limited types of securities: (i) direct obligations of, or obligations guaranteed as to principal and interest by, the United States government, which mature within 15 months from the date of the investment; (ii) repurchase agreements with federally insured institutions with a maturity of seven days or less (and the securities underlying the repurchase obligations must be direct obligations of or guaranteed by the federal government); (iii) certificates of deposit with a maturity of one year or less, issued by a federally insured institution; (iv) a deposit

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account in a federally insured institution that is subject to a withdrawal restriction of one year or less; (v) a checking account in a federally insured institution; or (vi) a reasonable petty cash fund.

SBICs are periodically examined and audited by the SBA's staff to determine their compliance with SBIC regulations and are periodically required to file certain financial information and other documents with the SBA.

Neither the SBA nor the U.S. government or any of its agencies or officers has approved any ownership interest to be issued by us or any obligation that we or any of our subsidiaries may incur.

Securities Exchange Act of 1934 and Sarbanes-Oxley Act Compliance

We are subject to the reporting and disclosure requirements of the Securities Exchange Act of 1934 (the "Exchange Act"), including the filing of quarterly, annual and current reports, proxy statements and other required items. In addition, we are subject to the Sarbanes-Oxley Act of 2002, which imposes a wide variety of regulatory requirements on publicly-held companies and their insiders. For example:

- pursuant to Rule 13a-14 of the Exchange Act, our Chief Executive Officer and Chief Financial Officer are required to certify the accuracy of the consolidated financial statements contained in our periodic reports;

- pursuant to Item 307 of Regulation S-K, our periodic reports are required to disclose our conclusions about the effectiveness of our disclosure controls and procedures;

- pursuant to Rule 13a-15 of the Exchange Act, our management is required to prepare a report regarding its assessment of our internal control over financial reporting, and our independent registered public accounting firm separately audits our internal control over financial reporting; and

- pursuant to Item 308 of Regulation S-K and Rule 13a-15 of the Exchange Act, our periodic reports must disclose whether there were significant changes in our internal control over financial reporting or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

The New York Stock Exchange Corporate Governance Regulations

The New York Stock Exchange ("NYSE") has adopted corporate governance regulations that listed companies must comply with. We believe we are in compliance with such corporate governance listing standards. We intend to monitor our compliance with all future listing standards and to take all necessary actions to ensure that we stay in compliance.

Investment Adviser Regulations

The External Investment Manager, which is wholly owned by us, is subject to regulation under the Advisers Act. The Advisers Act establishes, among other things, recordkeeping and reporting requirements, disclosure requirements, limitations on transactions between the adviser's account and an advisory client's account, limitations on transactions between the accounts of advisory clients, and general anti-fraud prohibitions. The External Investment Manager may be examined by the SEC from time to time for compliance with the Advisers Act.

PLAN OF DISTRIBUTION

We may offer, from time to time, up to $1,500,000,000 of our common stock, preferred stock, units, subscription rights, debt securities, or warrants representing rights to purchase shares of our securities, preferred stock or debt securities. We may sell the securities directly or through underwriters or dealers, "at the market" to or through a market maker or into an existing market or otherwise, directly to one or more purchasers through or without agents or through a combination of any such methods of sale. Any underwriter or agent involved in the offer and sale of the securities will be named in the applicable prospectus supplement. A prospectus supplement or supplements will also describe the terms of the offering of the securities, including: the purchase price of the securities and the proceeds we will receive from the sale; any over-allotment options under which underwriters may purchase additional securities from us; any agency fees or underwriting discounts and other items constituting agents' or underwriters' compensation; the public offering price; any discounts or concessions allowed or re-allowed or paid to dealers; and any securities exchange or market on which the securities may be listed.

The distribution of our securities may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, at prevailing market prices at the time of sale, at prices related to such prevailing market prices, or at negotiated prices, provided, however, that the offering price per share of our common stock less any underwriting commissions or discounts must equal or exceed the net asset value per share of our common stock except (i) with the requisite approval of our stockholders or (ii) under such other circumstances as the SEC may permit. See "Risk Factors Risks Relating to Our Business and Structure Stockholders may incur dilution if we sell shares of our common stock in one or more offerings at prices below the then current net asset value per share of our common stock or issue securities to subscribe to, convert to or purchase shares of our common stock" for a discussion of proposals approved by our stockholders that permit us to issue shares of our common stock below net asset value.

In connection with the sale of our securities, underwriters or agents may receive compensation from us or from purchasers of our securities, for whom they may act as agents, in the form of discounts, concessions or commissions. Underwriters may sell our securities to or through dealers and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. Underwriters, dealers and agents that participate in the distribution of our securities may be deemed to be underwriters under the Securities Act, and any discounts and commissions they receive from us and any profit realized by them on the resale of our securities may be deemed to be underwriting discounts and commissions under the Securities Act. Any such underwriter or agent will be identified and any such compensation received from us will be described in the applicable prospectus supplement.

We may enter into derivative transactions with third parties, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. If the applicable prospectus supplement indicates, in connection with those derivatives, the third parties may sell securities covered by this prospectus and the applicable prospectus supplement, including in short sale transactions. If so, the third party may use securities pledged by us or borrowed from us or others to settle those sales or to close out any related open borrowings of stock, and may use securities received from us in settlement of those derivatives to close out any related open borrowings of stock. The third parties in such sale transactions will be underwriters and, if not identified in this prospectus, will be identified in the applicable prospectus supplement (or a post-effective amendment).

Unless otherwise specified in the applicable prospectus supplement, each class or series of securities will be a new issue with no trading market, other than our common stock, which is traded on the New York Stock Exchange. We may elect to list any other class or series of securities on any exchanges, but we are not obligated to do so. We cannot guarantee the liquidity of the trading markets for any securities.

Under agreements into which we may enter, underwriters, dealers and agents who participate in the distribution of our securities may be entitled to indemnification by us against certain liabilities, including liabilities under the Securities Act. Underwriters, dealers and agents may engage in transactions with, or perform services for, us in the ordinary course of business.

If so indicated in the applicable prospectus supplement, we will authorize underwriters or other persons acting as our agents to solicit offers by certain institutions to purchase our securities from us pursuant to contracts providing for payment and delivery on a future date. Institutions with which such contracts may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and others, but in all cases such institutions must be approved by us. The obligations of any purchaser under any such contract will be subject to the condition that the purchase of our securities shall not at the time of delivery be prohibited under the laws of the jurisdiction to which such purchaser is subject. The underwriters and such other agents will not have any responsibility in respect of the validity or performance of such contracts. Such contracts will be subject only to those conditions set forth in the prospectus supplement, and the prospectus supplement will set forth the commission payable for solicitation of such contracts.

In order to comply with the securities laws of certain states, if applicable, our securities offered hereby will be sold in such jurisdictions only through registered or licensed brokers or dealers. In addition, in certain states, our securities may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

The maximum amount of any compensation to be received by any member of the Financial Industry Regulatory Authority, Inc. will not be greater than 10% for the sale of any securities being registered.

CUSTODIAN, TRANSFER AND DISTRIBUTION PAYING AGENT AND REGISTRAR

Our securities are held under custody agreements by Amegy Bank National Association, whose address is 1221 McKinney Street Level P-1 Houston, Texas 77010, and Branch Banking and Trust Company, whose address is 5130 Parkway Plaza Boulevard, Charlotte, North Carolina 28217. American Stock Transfer & Trust Company acts as our transfer agent, distribution paying agent and registrar. The principal business address of our transfer agent is 59 Maiden Lane New York, New York 10038, telephone number: (212) 936-5100.

BROKERAGE ALLOCATION AND OTHER PRACTICES

Since we generally acquire and dispose of our investments in privately negotiated transactions, we infrequently use brokers in the normal course of our business. Our investment team is primarily responsible for the execution of the publicly traded securities portion of our portfolio transactions and the allocation of brokerage commissions. We do not expect to execute transactions through any particular broker or dealer, but will seek to obtain the best net results for us, taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution, and operational facilities of the firm and the firm's risk and skill in positioning blocks of securities. While we will generally seek reasonably competitive trade execution costs, we will not necessarily pay the lowest spread or commission available. Subject to applicable legal requirements, we may select a broker based partly upon brokerage or research services provided to us. In return for such services, we may pay a higher commission than other brokers would charge if we determine in good faith that such commission is reasonable in relation to the services provided.

We also pay brokerage commissions incurred in connection with open-market purchases of our publicly traded securities from time to time, including pursuant to our dividend reinvestment plan.

We did not pay significant brokerage commissions during the three years ended December 31, 2015 in connection with the acquisition and/or disposal of our investments.

LEGAL MATTERS

Certain legal matters in connection with the securities offered hereby will be passed upon for us by Eversheds Sutherland (US) LLP, Washington D.C. Certain legal matters will be passed upon for underwriters, if any, by the counsel named in the prospectus supplement, if any.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The audited consolidated financial statements, financial highlights, Schedule 12-14 and the schedule of Senior Securities of Main Street Capital Corporation, included in this prospectus and elsewhere in the registration statement have been so included in reliance upon the reports of Grant Thornton LLP, independent registered public accountants, as stated in their reports appearing herein. Grant Thornton LLP's principal business address is Grant Thornton Tower, 171 North Clark, Suite 200, Chicago, Illinois, 60601.

AVAILABLE INFORMATION

We have filed with the SEC a universal shelf registration statement on Form N-2, together with all amendments and related exhibits, under the Securities Act, with respect to the securities offered by this prospectus or any prospectus supplement. The registration statement contains additional information about us and our securities being offered by this prospectus or any prospectus supplement.

We file with or submit to the SEC annual, quarterly and current reports, proxy statements and other information meeting the informational requirements of the Securities Exchange Act of 1934. You may inspect and copy these reports, proxy statements and other information, as well as the registration statement and related exhibits and schedules, at the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements and other information filed electronically by us with the SEC, which are available on the SEC's website at *www.sec.gov*. Copies of these reports, proxy and information statements and other information may be obtained, after paying a duplicating fee, by electronic request at the following e-mail address: *publicinfo@sec.gov*, or by writing the SEC's Public Reference Section, 100 F Street, N.E., Washington, D.C. 20549.

PRIVACY NOTICE

We are committed to protecting your privacy. This privacy notice explains the privacy policies of Main Street and its affiliated companies. This notice supersedes any other privacy notice you may have received from Main Street.

We will safeguard, according to strict standards of security and confidentiality, all information we receive about you. The only information we collect from you is your name, address, and number of shares you hold. This information is used only so that we can send you annual reports and other information about us, and send you proxy statements or other information required by law.

We do not share this information with any non-affiliated third party except as described below.

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The People and Companies that Make Up Main Street. It is our policy that only our authorized employees who need to know your personal information will have access to it. Our personnel who violate our privacy policy are subject to disciplinary action.

Service Providers. We may disclose your personal information to companies that provide services on our behalf, such as record keeping, processing your trades, and mailing you information. These companies are required to protect your information and use it solely for the purpose for which they received it.

Courts and Government Officials. If required by law, we may disclose your personal information in accordance with a court order or at the request of government regulators. Only that information required by law, subpoena, or court order will be disclosed.

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Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders' of
Main Street Capital Corporation

We have audited the accompanying consolidated balance sheets of Main Street Capital Corporation (a Maryland corporation) and subsidiaries (the "Company"), including the consolidated schedule of investments, as of December 31, 2016 and 2015 and the related consolidated statements of operations, changes in net assets and cash flows for each of three years in the period ended December 31, 2016 and the financial highlights (see Note I) for each of the five years in the period ended December 31, 2016. These financial statements and financial highlights are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included verification by confirmation of securities as of December 31, 2016 and 2015, by correspondence with the portfolio companies and custodians, or by other appropriate auditing procedures where replies where not received. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Main Street Capital Corporation and subsidiaries as of December 31, 2016 and 2015 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016, and the financial highlights for each of the five years in the period ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2016, based on criteria established in the 2013 Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 24, 2017, (not separately included herein), expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ GRANT THORNTON LLP

Dallas, Texas
February 24, 2017

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MAIN STREET CAPITAL CORPORATION

Consolidated Balance Sheets

(dollars in thousands, except per share amounts)

	December 31, 2016	December 31, 2015
ASSETS		
Portfolio investments at fair value:		
Control investments (cost: $439,674 and $387,727 as of December 31, 2016 and 2015, respectively)	$ 594,282	$ 555,011
Affiliate investments (cost: $394,699 and $333,728 as of December 31, 2016 and 2015, respectively)	375,948	350,519
Non-Control/Non-Affiliate investments (cost: $1,037,510 and $945,187 as of December 31, 2016 and 2015, respectively)	1,026,676	894,466
Total portfolio investments (cost: $1,871,883 and $1,666,642 as of December 31, 2016 and 2015, respectively)	1,996,906	1,799,996
Marketable securities and idle funds investments (cost: $0 and $5,407 as of December 31, 2016 and 2015, respectively)		3,693
Total investments (cost: $1,871,883 and $1,672,049 as of December 31, 2016 and 2015, respectively)	1,996,906	1,803,689
Cash and cash equivalents	24,480	20,331
Interest receivable and other assets	35,133	27,737
Receivable for securities sold	1,990	9,901
Deferred financing costs (net of accumulated amortization of $11,547 and $8,965 as of December 31, 2016 and 2015, respectively)	12,645	13,267
Deferred tax asset, net	9,125	4,003
Total assets	$ 2,080,279	$ 1,878,928
LIABILITIES		
Credit facility	$ 343,000	$ 291,000
SBIC debentures (par: $240,000 ($15,000 due within one year) and $225,000 as of December 31, 2016 and 2015, respectively. Par of $75,200 is recorded at a fair value of $74,803 and $73,860 as of December 31, 2016 and 2015, respectively)	239,603	223,660
4.50% Notes	175,000	175,000
6.125% Notes	90,655	90,738
Accounts payable and other liabilities	14,205	12,292
Payable for securities purchased	2,184	2,311
Interest payable	4,103	3,959
Dividend payable	10,048	9,074
Total liabilities	878,798	808,034
Commitments and contingencies (Note N)		
NET ASSETS		
Common stock, $0.01 par value per share (150,000,000 shares authorized; 54,312,444 and 50,413,744 shares issued and outstanding as of December 31, 2016 and 2015, respectively)	543	504
Additional paid-in capital	1,143,883	1,011,467
Accumulated net investment income, net of cumulative dividends of $521,297 and $417,347 as of December 31, 2016 and 2015, respectively	19,033	7,181
Accumulated net realized gain from investments (accumulated net realized gain from investments of $48,394 before cumulative dividends of $107,281 as of December 31, 2016 and accumulated net realized gain from investments of $19,005 before cumulative dividends of $68,658 as of December 31, 2015)	(58,887)	(49,653)

Net unrealized appreciation, net of income taxes		96,909		101,395
Total net assets		1,201,481		1,070,894
Total liabilities and net assets	$	2,080,279	$	1,878,928
NET ASSET VALUE PER SHARE	$	22.10	$	21.24

The accompanying notes are an integral part of these consolidated financial statements

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MAIN STREET CAPITAL CORPORATION

Consolidated Statements of Operations

(dollars in thousands, except shares and per share amounts)

	Twelve Months Ended December 31,		
	2016	**2015**	**2014**
INVESTMENT INCOME:			
Interest, fee and dividend income:			
Control investments	$ 52,221	$ 49,832	$ 40,122
Affiliate investments	37,702	27,200	26,151
Non-Control/Non-Affiliate investments	88,242	86,571	73,666
Interest, fee and dividend income	178,165	163,603	139,939
Interest, fee and dividend income from marketable securities and idle funds investments	174	986	824
Total investment income	178,339	164,589	140,763
EXPENSES:			
Interest	(33,630)	(32,115)	(23,589)
Compensation	(16,408)	(14,852)	(12,337)
General and administrative	(9,284)	(8,621)	(7,134)
Share-based compensation	(8,304)	(6,262)	(4,215)
Expenses allocated to the External Investment Manager	5,089	4,335	2,048
Total expenses	(62,537)	(57,515)	(45,227)
NET INVESTMENT INCOME	115,802	107,074	95,536
NET REALIZED GAIN (LOSS):			
Control investments	32,220	(582)	(10)
Affiliate investments	25,167	5,827	12,019
Non-Control/Non-Affiliate investments	(26,317)	(25,147)	11,257
Marketable securities and idle funds investments	(1,681)	(1,414)	(60)
Total net realized gain (loss)	29,389	(21,316)	23,206
NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION):			
Portfolio investments	(8,305)	11,048	(824)
Marketable securities and idle funds investments	1,729	(177)	48
SBIC debentures	(943)	(879)	(10,931)
Total net change in unrealized appreciation (depreciation)	(7,519)	9,992	(11,707)
INCOME TAXES:			
Federal and state income, excise and other taxes	(2,089)	(2,964)	(3,013)
Deferred taxes	3,316	11,651	(3,274)
Income tax benefit (provision)	1,227	8,687	(6,287)
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	$ 138,899	$ 104,437	$ 100,748

NET INVESTMENT INCOME PER SHARE BASIC AND DILUTED	$	2.23	$	2.18	$	2.20
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS PER SHARE BASIC AND DILUTED	$	2.67	$	2.13	$	2.31
DIVIDENDS PAID PER SHARE:						
Regular monthly dividends	$	2.175	$	2.100	$	1.995
Supplemental dividends		0.550		0.550	$	0.550
Total dividends	$	2.725	$	2.650	$	2.545
WEIGHTED AVERAGE SHARES OUTSTANDING BASIC AND DILUTED		52,025,002		49,071,492		43,522,397

The accompanying notes are an integral part of these consolidated financial statements

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MAIN STREET CAPITAL CORPORATION

Consolidated Statements of Changes in Net Assets

(dollars in thousands, except shares)

	Common Stock						
	Number of Shares	**Par Value**	**Additional Paid-In Capital**	**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**
Balances at December 31, 2013	39,852,604	$ 398	$ 694,981	$ 22,778	$ (26,334)	$ 100,710	$ 792,533
Public offering of common stock, net of offering costs	4,600,000	46	139,651				139,697
Share-based compensation			4,215				4,215
Purchase of vested stock for employee payroll tax withholding	(46,955)		(1,495)				(1,495)
Dividend reinvestment	468,417	5	14,951				14,956
Amortization of directors' deferred compensation			297				297
Issuance of restricted stock, net of forfeited shares	205,084	2	(2)				
Tax benefit related to vesting of restricted shares			1,008				1,008
Dividends to stockholders				(94,649)	(17,328)		(111,977)
Net increase (loss) resulting from operations				95,536	23,206	(17,994)	100,748
Balances at December 31, 2014	45,079,150	$ 451	$ 853,606	$ 23,665	$ (20,456)	$ 82,716	$ 939,982
Balances at December 31, 2014	45,079,150	$ 451	$ 853,606	$ 23,665	$ (20,456)	$ 82,716	$ 939,982
Public offering of common stock, net of offering costs	4,510,568	46	132,003				132,049
Share-based compensation			6,262				6,262
Purchase of vested stock for employee payroll tax withholding	(54,840)	(1)	(1,739)				(1,740)
Dividend reinvestment	636,079	6	19,348				19,354
Amortization of directors' deferred compensation			423				423
Issuance of restricted stock, net of forfeited shares	242,787	2	(2)				
Other			1,566				1,566
Dividends to stockholders				(123,558)	(7,881)		(131,439)
Net increase (loss) resulting from operations				107,074	(21,316)	18,679	104,437
Balances at December 31, 2015	50,413,744	$ 504	$ 1,011,467	$ 7,181	$ (49,653)	$ 101,395	$ 1,070,894
Balances at December 31, 2015	50,413,744	$ 504	$ 1,011,467	$ 7,181	$ (49,653)	$ 101,395	$ 1,070,894
Public offering of common stock, net of offering costs	3,324,646	33	112,006				112,039
Share-based compensation			8,304				8,304
	(80,750)	(1)	(2,592)				(2,593)

Purchase of vested stock for employee payroll tax withholding							
Dividend reinvestment	434,631	4	14,073				14,077
Amortization of directors' deferred compensation			628				628
Issuance of restricted stock, net of forfeited shares	262,586	3	(3)				
Dividends to stockholders				(103,950)	(38,623)		(142,573)
Cumulative-effect to retained earnings for excess tax benefit						1,806	1,806
Net increase (loss) resulting from operations				115,802	29,389	(6,292)	138,899
Balances at December 31, 2016	54,354,857	$ 543	$ 1,143,883	$ 19,033	$ (58,887)	$ 96,909	$ 1,201,481

The accompanying notes are an integral part of these consolidated financial statements

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MAIN STREET CAPITAL CORPORATION

Consolidated Statements of Cash Flows

(dollars in thousands)

	Twelve Months Ended December 31,		
	2016	**2015**	**2014**
CASH FLOWS FROM OPERATING ACTIVITIES			
Net increase in net assets resulting from operations	$ 138,899	$ 104,437	$ 100,748
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used in) operating activities:			
Investments in portfolio companies	(641,197)	(838,441)	(831,192)
Proceeds from sales and repayments of debt investments in portfolio companies	409,542	570,454	512,084
Proceeds from sales and return of capital of equity investments in portfolio companies	76,731	34,780	42,585
Investments in marketable securities and idle funds investments	(523)	(5,767)	(22,691)
Proceeds from sales and repayments of marketable securities and idle funds investments	4,316	9,529	26,958
Net change in net unrealized (appreciation) depreciation	7,519	(9,992)	11,707
Net realized (gain) loss	(29,389)	21,316	(23,206)
Accretion of unearned income	(10,211)	(8,940)	(10,491)
Payment-in-kind interest	(6,497)	(3,624)	(4,685)
Cumulative dividends	(2,200)	(1,607)	(1,815)
Share-based compensation expense	8,304	6,262	4,215
Amortization of deferred financing costs	2,582	2,553	1,740
Deferred tax (benefit) provision	(3,316)	(11,651)	3,274
Changes in other assets and liabilities:			
Interest receivable and other assets	(2,564)	(3,220)	(6,686)
Interest payable	144	(889)	2,292
Accounts payable and other liabilities	2,541	1,639	1,817
Deferred fees and other	2,589	1,769	2,428
Net cash used in operating activities	(42,730)	(131,392)	(190,918)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from public offering of common stock, net of offering costs	112,039	132,049	139,697
Proceeds from public offering of 4.50% Notes			175,000
Dividends paid	(127,522)	(110,673)	(95,935)
Proceeds from issuance of SBIC debentures	15,000		24,800
Proceeds from credit facility	390,000	534,000	491,000
Repayments on credit facility	(338,000)	(461,000)	(510,000)
Payment of deferred loan costs and SBIC debenture fees	(1,962)	(1,260)	(6,359)
Purchases of vested stock for employee payroll tax withholding	(2,593)	(1,740)	(1,495)
Other	(83)	(85)	(59)
Net cash provided by financing activities	46,879	91,291	216,649
Net increase (decrease) in cash and cash equivalents	4,149	(40,101)	25,731
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	20,331	60,432	34,701
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 24,480	$ 20,331	$ 60,432
Supplemental cash flow disclosures:			
Interest paid	$ 30,756	$ 30,450	$ 19,559
Taxes paid	$ 1,495	$ 2,687	$ 4,152

Non-cash financing activities:						
Shares issued pursuant to the DRIP	$	14,077	$	19,354	$	14,956

The accompanying notes are an integral part of these consolidated financial statements

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments

December 31, 2016
(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Control Investments(5)					
Access Media Holdings, LLC(10)	Private Cable Operator				
		5% Current / 5% PIK Secured Debt (Maturity July 22, 2020)	$ 22,664	$ 22,664	$ 19,700
		Preferred Member Units (6,581,250 units; 12% cumulative)		6,475	240
		Member Units (45 units)		1	
				29,140	19,940
Ameritech College Operations, LLC	For-Profit Nursing and Healthcare College				
		10% Secured Debt (Maturity November 30, 2019)	514	514	514
		13% Secured Debt (Maturity November 30, 2019)	489	489	489
		13% Secured Debt (Maturity January 31, 2020)	3,025	3,025	3,025
		Preferred Member Units (294 units)		2,291	2,291
				6,319	6,319
ASC Interests, LLC	Recreational and Educational Shooting Facility				
		11% Secured Debt (Maturity July 31, 2018)	2,100	2,084	2,100
		Member Units (1,500 units)(8)		1,500	2,680
				3,584	4,780
Bond-Coat, Inc.	Casing and Tubing Coating Services				
		12% Secured Debt (Maturity December 28, 2017)	11,596	11,556	11,596
		Common Stock (57,508 shares)		6,350	6,660
				17,906	18,256
Café Brazil, LLC	Casual Restaurant Group				
		Member Units (1,233 units)(8)		1,742	6,040
CBT Nuggets, LLC	Produces and Sells IT Training Certification Videos				
		Member Units (416 units)(8)		1,300	55,480
Clad-Rex Steel, LLC	Specialty Manufacturer of Vinyl-Clad Metal				
		LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.50%, Secured Debt (Maturity December 20, 2018)(9)	400	396	396

LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.50%, Secured Debt (Maturity December 20, 2021)(9)	14,080	13,941	13,941
Member Units (717 units)		7,280	7,280
10% Secured Debt (Clad-Rex Steel RE Investor, LLC) (Maturity December 20, 2036)	1,202	1,190	1,190
Member Units (Clad-Rex Steel RE Investor, LLC) (800 units)		210	210
		23,017	23,017

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

December 31, 2016
(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
CMS Minerals Investments	Oil & Gas Exploration & Production				
		Preferred Member Units (CMS Minerals LLC) (458 units)(8)		2,104	3,682
		Member Units (CMS Minerals II, LLC) (100 units)(8)		3,829	3,381
				5,933	7,063
Datacom, LLC	Technology and Telecommunications Provider				
		8% Secured Debt (Maturity May 30, 2017)	900	900	900
		5.25% Current / 5.25% PIK Secured Debt (Maturity May 30, 2019)	11,713	11,651	11,049
		Class A Preferred Member Units (15% cumulative)		1,181	1,368
		Class B Preferred Member Units (6,453 units)		6,030	1,529
				19,762	14,846
Gamber-Johnson Holdings, LLC	Manufacturer of Ruggedized Computer Mounting Systems				
		LIBOR Plus 11.00% (Floor 1.00%), Current Coupon 12.00%, Secured Debt (Maturity June 24, 2021)(9)	24,080	23,846	23,846
		Member Units (8,619 units)		14,844	18,920
				38,690	42,766
Garreco, LLC	Manufacturer and Supplier of Dental Products				
		14% Secured Debt (Maturity January 12, 2018)	5,250	5,219	5,219
		Member Units (1,200 units)		1,200	1,150
				6,419	6,369
GRT Rubber Technologies LLC	Manufacturer of Engineered Rubber Products				
		LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, Secured Debt (Maturity December 19, 2019)(9)	13,274	13,188	13,274
		Member Units (5,879 units)(8)		13,065	20,310
				26,253	33,584
Gulf Manufacturing, LLC	Manufacturer of Specialty Fabricated Industrial Piping Products				
			777	777	777

		9% PIK Secured Debt (Ashland Capital IX, LLC) (Maturity June 30, 2017)			
		Member Units (438 units)(8)		2,980	8,770
				3,757	9,547
Gulf Publishing Holdings, LLC	Energy Industry Focused Media and Publishing				
		12.5% Secured Debt (Maturity April 29, 2021)	10,000	9,911	9,911
		Member Units (3,124 units)		3,124	3,124
				13,035	13,035
Harrison Hydra-Gen, Ltd.	Manufacturer of Hydraulic Generators				
		Common Stock (107,456 shares)(8)		718	3,120

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

December 31, 2016
(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Hawthorne Customs and Dispatch Services, LLC	Facilitator of Import Logistics, Brokerage, and Warehousing				
		Member Units (500 units)		589	280
		Member Units (Wallisville Real Estate, LLC) (588,210 units)(8)		1,215	2,040
				1,804	2,320
HW Temps LLC	Temporary Staffing Solutions				
		LIBOR Plus 13.00% (Floor 1.00%), Current Coupon 14.00%, Secured Debt (Maturity July 2, 2020)(9)	10,576	10,500	10,500
		Preferred Member Units (3,200 units)(8)		3,942	3,940
				14,442	14,440
Hydratec, Inc.	Designer and Installer of Micro-Irrigation Systems				
		Common Stock (7,095 shares)(8)		7,095	15,640
IDX Broker, LLC	Provider of Marketing and CRM Tools for the Real Estate Industry				
		12.5% Secured Debt (Maturity November 15, 2018)	10,950	10,904	10,950
		Member Units (5,400 units)(8)		5,606	7,040
				16,510	17,990
Indianapolis Aviation Partners, LLC	Fixed Base Operator				
		15% Secured Debt (Maturity January 15, 2017)	3,100	3,100	3,100
		Warrants (1,046 equivalent units)		1,129	2,649
				4,229	5,749
Jensen Jewelers of Idaho, LLC	Retail Jewelry Store				
		Prime Plus 6.75% (Floor 2.00%), Current Coupon 10.25%, Secured Debt (Maturity November 14, 2019)(9)	4,055	3,996	4,055
		Member Units (627 units)(8)		811	4,460
				4,807	8,515
Lamb Ventures, LLC	Aftermarket Automotive Services Chain				
		11% Secured Debt (Maturity May 31, 2018)	7,657	7,657	7,657
		Preferred Equity (non-voting)		400	400
		Member Units (742 units)(8)		5,273	5,990

		9.5% Secured Debt (Lamb's Real Estate Investment I, LLC) (Maturity December 31, 2041)	1,170	1,170	1,170
		Member Units (Lamb's Real Estate Investment I, LLC) (1,000 units)(8)		625	1,340
				15,125	16,557
Lighting Unlimited, LLC	Commercial and Residential Lighting Products and Design Services				
		8% Secured Debt (Maturity August 22, 2017)	1,514	1,514	1,514
		Preferred Equity (non-voting)		434	410
		Warrants (71 equivalent units)		54	
		Member Units (700 units)		100	
				2,102	1,924

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

December 31, 2016
(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Marine Shelters Holdings, LLC	Fabricator of Marine and Industrial Shelters				
		12% PIK Secured Debt (Maturity December 28, 2017)(14)	9,967	9,914	9,387
		Preferred Member Units (3,810 units)		5,352	
				15,266	9,387
MH Corbin Holding LLC	Manufacturer and Distributor of Traffic Safety Products				
		10% Secured Debt (Maturity August 31, 2020)	13,300	13,197	13,197
		Preferred Member Units (4,000 shares)		6,000	6,000
				19,197	19,197
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 (3,554 units)		1,810	2,480
		9.5% Secured Debt (Mid Columbia Real Estate, LLC) (Maturity May 13, 2025)	836	836	836
		Member Units (Mid Columbia Real Estate, LLC) (250 units)(8)		250	600
				8,546	9,566
MSC Adviser I, LLC(16)	Third Party Investment Advisory Services				
		Member Units (Fully diluted 100.0%)(8)			30,617
Mystic Logistics Holdings, LLC	Logistics and Distribution Services Provider for Large Volume Mailers				
		12% Secured Debt (Maturity August 15, 2019)	9,176	9,053	9,176
		Common Stock (5,873 shares)		2,720	5,780
				11,773	14,956
NAPCO Precast, LLC	Precast Concrete Manufacturing				
		Prime Plus 2.00% (Floor 7.00%), Current Coupon 9.00%, Secured Debt (Maturity February 1, 2019)(9)	2,713	2,693	2,713
		18% Secured Debt (Maturity February 1, 2019)	3,952	3,922	3,952
		Member Units (2,955 units)(8)		2,975	10,920

				9,590	17,585
NRI Clinical Research, LLC	Clinical Research Service Provider				
		LIBOR Plus 6.50% (Floor 1.50%), Current Coupon 8.00%, Secured Debt (Maturity September 8, 2017)(9)	200	200	200
		14% Secured Debt (Maturity September 8, 2017)	4,261	4,228	4,261
		Warrants (251,723 equivalent units)		252	680
		Member Units (1,454,167 units)		765	2,462
				5,445	7,603

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

December 31, 2016
(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
NRP Jones, LLC	Manufacturer of Hoses, Fittings and Assemblies				
		6% Current / 6% PIK Secured Debt (Maturity December 22, 2016)(17)	13,915	13,915	13,915
		Warrants (14,331 equivalent units)		817	130
		Member Units (50,877 units)		2,900	410
				17,632	14,455
OMi Holdings, Inc.	Manufacturer of Overhead Cranes				
		Common Stock (1,500 shares)(8)		1,080	13,080
Pegasus Research Group, LLC	Provider of Telemarketing and Data Services				
		Member Units (460 units)(8)		1,290	8,620
PPL RVs, Inc.	Recreational Vehicle Dealer				
		LIBOR Plus 7.00% (Floor 0.50%), Current Coupon 7.93%, Secured Debt (Maturity November 15, 2021)(9)	18,000	17,826	17,826
		Common Stock (1,962 shares)(8)		2,150	11,780
				19,976	29,606
Principle Environmental, LLC	Noise Abatement Service Provider				
		12% Secured Debt (Maturity April 30, 2017)	4,060	4,060	4,060
		12% Current / 2% PIK Secured Debt (Maturity April 30, 2017)	3,378	3,378	3,378
		Preferred Member Units (19,631 units)		4,663	5,370
		Warrants (1,036 equivalent units)		1,200	270
				13,301	13,078
Quality Lease Service, LLC	Provider of Rigsite Accommodation Unit Rentals and Related Services				
		8% PIK Secured Debt (Maturity June 8, 2020)	7,068	7,068	7,068
		Member Units (1,000 units)		1,118	3,188
				8,186	10,256
River Aggregates, LLC	Processor of Construction Aggregates				
		Zero Coupon Secured Debt (Maturity June 30, 2018)	750	627	627
		Member Units (1,150 units)(8)		1,150	4,600
		Member Units (RA Properties, LLC) (1,500 units)		369	2,510

				2,146	7,737
SoftTouch Medical Holdings LLC	Provider of In-Home Pediatric Durable Medical Equipment				
		LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, Secured Debt (Maturity October 31, 2019)(9)	7,140	7,096	7,140
		Member Units (4,450 units)(8)		4,930	9,170
				12,026	16,310

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

December 31, 2016
(dollars in thousands)

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)	2,924	2,922	2,922
		Series A Preferred Units (2,500 units; 10% Cumulative)		2,500	
		Warrants (1,424 equivalent units)		1,096	
		Member Units (MPI Real Estate Holdings, LLC) (100 units)(8)		2,300	2,300
				8,818	5,222
Uvalco Supply, LLC	Farm and Ranch Supply Store				
		9% Secured Debt (Maturity January 1, 2019)	872	872	872
		Member Units (2,011 units)(8)		3,843	4,640
				4,715	5,512
Vision Interests, Inc.	Manufacturer / Installer of Commercial Signage				
		13% Secured Debt (Maturity December 23, 2018)	2,814	2,814	2,814
		Series A Preferred Stock (3,000,000 shares)		3,000	3,000
		Common Stock (1,126,242 shares)		3,706	
				9,520	5,814
Ziegler's NYPD, LLC	Casual Restaurant Group				
		6.5% Secured Debt (Maturity October 1, 2019)	1,000	994	994
		12% Secured Debt (Maturity October 1, 2019)	300	300	300
		14% Secured Debt (Maturity October 1, 2019)	2,750	2,750	2,750
		Warrants (587 equivalent units)		600	240
		Preferred Member Units (10,072 units)		2,834	4,100
				7,478	8,384
Subtotal Control Investments (29.8% of total investments at fair value)				$ 439,674	$ 594,282

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

December 31, 2016
(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Affiliate Investments(6)					
AFG Capital Group, LLC	Provider of Rent-to-Own Financing Solutions and Services				
		Warrants (42 equivalent units)		$ 259	$ 670
		Member Units (186 units)(8)		1,200	2,750
				1,459	3,420
Barfly Ventures, LLC(10)	Casual Restaurant Group				
		12% Secured Debt (Maturity August 31, 2020)	5,958	5,860	5,827
		Options (2 equivalent units)		397	490
		Warrant (1 equivalent unit)		473	280
				6,730	6,597
BBB Tank Services, LLC	Maintenance, Repair and Construction Services to the Above-Ground Storage Tank Market				
		LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.50%, Secured Debt (Maturity April 8, 2021)(9)	800	797	797
		15% Current Secured Debt (Maturity April 8, 2021)	4,027	3,991	3,991
		Member Units (800,000 units)		800	800
				5,588	5,588
Boss Industries, LLC	Manufacturer and Distributor of Air, Power and Other Industrial Equipment				
		Preferred Member Units (2,242 units)(8)		2,426	2,800
Bridge Capital Solutions Corporation	Financial Services and Cash Flow Solutions Provider				
		13% Secured Debt (Maturity July 25, 2021)	7,500	5,610	5,610
		Warrants (63 equivalent shares)		2,132	3,370
		13% Secured Debt (Mercury Service Group, LLC) (Maturity July 25, 2021)	1,000	991	1,000
		Preferred Member Units (Mercury Service Group, LLC) (17,742 units)(8)		1,000	1,000
				9,733	10,980
Buca C, LLC	Casual Restaurant Group				
			22,671	22,504	22,671

	LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.25%, Secured Debt (Maturity June 30, 2020)(9)		
	Preferred Member Units (6 units; 6% cumulative)(8)	3,937	4,660
		26,441	27,331

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

December 31, 2016
(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
CAI Software LLC	Provider of Specialized Enterprise Resource Planning Software				
		12% Secured Debt (Maturity October 10, 2019)	3,683	3,660	3,683
		Member Units (65,356 units)(8)		654	2,480
				4,314	6,163
CapFusion, LLC(13)	Non-Bank Lender to Small Businesses				
		13% Secured Debt (Maturity March 25, 2021)	14,400	13,202	13,202
		Warrants (1,600 equivalent units)		1,200	1,200
				14,402	14,402
Chandler Signs Holdings, LLC(10)	Sign Manufacturer				
		12% Secured Debt (Maturity July 4, 2021)	4,500	4,461	4,500
		Class A Units (1,500,000 units)(8)		1,500	3,240
				5,961	7,740
Condit Exhibits, LLC	Tradeshow Exhibits / Custom Displays Provider				
		Member Units (3,936 units)(8)		100	1,840
Congruent Credit Opportunities Funds(12)(13)	Investment Partnership				
		LP Interests (Congruent Credit Opportunities Fund II, LP) (Fully diluted 19.8%)(8)		5,730	1,518
		LP Interests (Congruent Credit Opportunities Fund III, LP) (Fully diluted 17.4%)(8)		15,754	16,181
				21,484	17,699
Daseke, Inc.	Specialty Transportation Provider				
		12% Current / 2.5% PIK Secured Debt (Maturity July 31, 2018)	21,799	21,632	21,799
		Common Stock (19,467 shares)		5,213	24,063
				26,845	45,862
Dos Rios Partners(12)(13)	Investment Partnership				
		LP Interests (Dos Rios Partners, LP) (Fully diluted 20.2%)		5,996	4,925
		LP Interests (Dos Rios Partners A, LP) (Fully diluted 6.4%)		1,904	1,444

				7,900	6,369
Dos Rios Stone Products LLC(10)	Limestone and Sandstone Dimension Cut Stone Mining Quarries				
		Class A Units (2,000,000 units)(8)		2,000	2,070
East Teak Fine Hardwoods, Inc.	Distributor of Hardwood Products				
		Common Stock (6,250 shares)(8)		480	860
East West Copolymer & Rubber, LLC	Manufacturer of Synthetic Rubbers				
		12% Current / 2% PIK Secured Debt (Maturity October 17, 2019)	9,699	9,591	8,630
		Warrants (2,510,790 equivalent units)		50	
				9,641	8,630

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

December 31, 2016
(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
EIG Fund Investments(12)(13)	Investment Partnership				
		LP Interests (EIG Global Private Debt fund-A, L.P.) (Fully diluted 11.1%)(8)		2,804	2,804
EIG Traverse Co-Investment, L.P.(12)(13)	Investment Partnership				
		LP Interests (Fully diluted 22.2%)(8)		9,805	9,905
Freeport Financial Funds(12)(13)	Investment Partnership				
		LP Interests (Freeport Financial SBIC Fund LP) (Fully diluted 9.3%)(8)		5,974	5,620
		LP Interests (Freeport First Lien Loan Fund III LP) (Fully diluted 6.0%)(8)		4,763	4,763
				10,737	10,383
Gault Financial, LLC (RMB Capital, LLC)	Purchases and Manages Collection of Healthcare and other Business Receivables				
		10% Current Secured Debt (Maturity January 1, 2019)	13,046	13,046	11,079
		Warrants (29,025 equivalent units)		400	
				13,446	11,079
Glowpoint, Inc.	Provider of Cloud Managed Video Collaboration Services				
		12% Secured Debt (Maturity October 18, 2018)	9,000	8,949	3,997
		Common Stock (7,711,517 shares)		3,958	2,080
				12,907	6,077
Guerdon Modular Holdings, Inc.	Multi-Family and Commercial Modular Construction Company				
		9% Current / 4% PIK Secured Debt (Maturity August 13, 2019)	10,708	10,594	10,594
		Preferred Stock (404,998 shares)		1,140	1,140
		Common Stock (212,033 shares)		2,983	80
				14,717	11,814
Hawk Ridge Systems, LLC(13)	Value-Added Reseller of Engineering Design and Manufacturing Solutions				
		10% Secured Debt (Maturity December 2, 2021)	10,000	9,901	9,901
		Preferred Member Units (226 units)(8)		2,850	2,850
		Preferred Member Units (HRS Services, ULC) (226 units)		150	150

			12,901	12,901
Houston Plating and Coatings, LLC	Provider of Plating and Industrial Coating Services	Member Units (265,756 units)	1,429	4,000
I-45 SLF LLC(12)(13)	Investment Partnership	Member units (Fully diluted 20.0%; 24.4% profits interest)(8)	14,200	14,586

MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

December 31, 2016
(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Indianhead Pipeline Services, LLC	Provider of Pipeline Support Services				
		12% Secured Debt (Maturity February 6, 2017)	5,100	5,079	5,079
		Preferred Member Units (33,819 units; 8% cumulative)(8)		2,339	2,677
		Warrants (31,928 equivalent units)		459	
		Member Units (14,732 units)		1	
				7,878	7,756
KBK Industries, LLC	Manufacturer of Specialty Oilfield and Industrial Products				
		10% Secured Debt (Maturity September 28, 2017)	1,250	1,250	1,250
		12.5% Secured Debt (Maturity September 28, 2017)	5,900	5,889	5,889
		Member Units (250 units)		341	2,780
				7,480	9,919
L.F. Manufacturing Holdings, LLC(10)	Manufacturer of Fiberglass Products				
		Member Units (2,179,001 units)		2,019	1,380
OnAsset Intelligence, Inc.	Provider of Transportation Monitoring / Tracking Products and Services				
		12% PIK Secured Debt (Maturity December 31, 2015)(17)	4,519	4,519	4,519
		Preferred Stock (912 shares; 7% cumulative)		1,981	
		Warrants (5,333 equivalent shares)		1,919	
				8,419	4,519
OPI International Ltd.(13)	Provider of Man Camp and Industrial Storage Services				
		10% Unsecured Debt (Maturity April 8, 2018)	473	473	473
		Common Stock (20,766,317 shares)		1,371	1,600
				1,844	2,073
PCI Holding Company, Inc.	Manufacturer of Industrial Gas Generating Systems				
		12% Secured Debt (Maturity March 31, 2019)	13,000	12,898	13,000
		Preferred Stock (1,500,000 shares; 20% cumulative)(8)		3,379	5,370
				16,277	18,370

Rocaceia, LLC (Quality Lease and Rental Holdings, LLC)	Provider of Rigsite Accommodation Unit Rentals and Related Services				
		12% Secured Debt (Maturity January 8, 2018)(14)(18)	30,785	30,281	250
		Preferred Member Units (250 units)		2,500	
				32,781	250

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

December 31, 2016
(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Tin Roof Acquisition Company	Casual Restaurant Group				
		12% Secured Debt (Maturity November 13, 2018)	13,511	13,385	13,385
		Class C Preferred Stock (Fully diluted 10.0%; 10% cumulative)(8)		2,738	2,738
				16,123	16,123
UniTek Global Services, Inc.(11)	Provider of Outsourced Infrastructure Services				
		LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity January 13, 2019)(9)	5,021	5,010	5,021
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity January 13, 2019)(9)	824	824	824
		15% PIK Unsecured Debt (Maturity July 13, 2019)	745	745	745
		Preferred Stock (4,935,377 shares; 13.5% cumulative)(8)		5,814	6,410
		Common Stock (705,054 shares)			3,010
				12,393	16,010
Universal Wellhead Services Holdings, LLC(10)	Provider of Wellhead Equipment, Designs, and Personnel to the Oil & Gas Industry				
		Preferred Member Units (UWS Investments, LLC) (716,949 units; 14% cumulative)		717	720
		Member Units (UWS Investments, LLC) (4,000,000 units)		4,000	610
				4,717	1,330
Valley Healthcare Group, LLC	Provider of Durable Medical Equipment				
		LIBOR Plus 12.50% (Floor 0.50%), Current Coupon 13.12%, Secured Debt (Maturity December 29, 2020)(9)	12,956	12,844	12,844
		Preferred Member Units (Valley Healthcare Holding, LLC) (1,600 units)		1,600	1,600
				14,444	14,444
Volusion, LLC	Provider of Online Software-as-a-Service eCommerce Solutions				
		11.5% Secured Debt (Maturity January 26, 2020)	17,500	15,298	15,298

	Preferred Member Units (4,876,670 units)	14,000	14,000
	Warrants (1,831,355 equivalent units)	2,576	2,576
		31,874	31,874
Subtotal Affiliate Investments (18.8% of total investments at fair value)		$ 394,699	$ 375,948

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Non-Control/Non-Affiliate Investments(7)					
Adams Publishing Group, LLC(10)	Local Newspaper Operator				
		LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.00%, Secured Debt (Maturity November 3, 2020)(9)	$ 7,662	$ 7,544	$ 7,662
Ahead, LLC(10)	IT Infrastructure Value Added Reseller				
		LIBOR Plus 6.50%, Current Coupon 7.50%, Secured Debt (Maturity November 2, 2020)	14,250	13,906	14,303
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)	14,795	14,706	14,809
American Scaffold Holdings, Inc.(10)	Marine Scaffolding Service Provider				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity March 31, 2022)(9)	7,359	7,258	7,323
American Seafoods Group, LLC(11)	Catcher and Processor of Alaskan Pollock				
		LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity August 19, 2021)(9)	9,634	9,624	9,634
American Teleconferencing Services, Ltd.(11)	Provider of Audio Conferencing and Video Collaboration Solutions				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity December 8, 2021)(9)	11,163	10,345	10,933
		LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.50%, Secured Debt (Maturity June 6, 2022)(9)	3,714	3,569	3,569
				13,914	14,502
Anchor Hocking, LLC(11)	Household Products Manufacturer				
		LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, Secured Debt (Maturity June 4, 2018)(9)	2,277	2,277	2,231
		Member Units (440,620 units)		4,928	3,305
				7,205	5,536

AP Gaming I, LLC(10)	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)	7,209	7,099	7,194

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Apex Linen Service, Inc.	Industrial Launderers				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity October 30, 2022)(9)	2,400	2,400	2,400
		13% Secured Debt (Maturity October 30, 2022)	14,416	14,337	14,337
				16,737	16,737
Applied Products, Inc.(10)	Adhesives Distributor				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity September 30, 2019)(9)	3,527	3,499	3,518
Arcus Hunting LLC.(10)	Manufacturer of Bowhunting and Archery Products and Accessories				
		LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.00%, Secured Debt (Maturity November 13, 2019)(9)	13,947	13,796	13,947
Artel, LLC(11)	Provider of Secure Satellite Network and IT Solutions				
		LIBOR Plus 7.00% (Floor 1.25%), Current Coupon 8.25%, Secured Debt (Maturity November 27, 2017)(9)	7,050	6,920	6,592
ATI Investment Sub, Inc.(11)	Manufacturer of Solar Tracking Systems				
		LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.25%, Secured Debt (Maturity June 22, 2021)(9)	9,500	9,322	9,476
ATS Workholding, Inc.(10)	Manufacturer of Machine Cutting Tools and Accessories				
		LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.50%, Secured Debt (Maturity March 10, 2019)(9)	6,173	6,146	5,924
ATX Networks Corp.(11)(13)	Provider of Radio Frequency Management Equipment				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity June 11, 2021)(9)	11,790	11,604	11,584
Berry Aviation, Inc.(10)	Airline Charter Service Operator				
		12.00% Current / 1.75% PIK Secured Debt (Maturity January 30, 2020)	5,627	5,588	5,627
		Common Stock (553 shares)		400	820

				5,988	6,447
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)	12,880	12,635	11,227

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Brainworks Software, LLC(10)	Advertising Sales and Newspaper Circulation Software				
		Prime Plus 9.25% (Floor 3.25%), Current Coupon 13.00%, Secured Debt (Maturity July 22, 2019)(9)	6,733	6,684	6,733
Brightwood Capital Fund Investments(12)(13)	Investment Partnership				
		LP Interests (Brightwood Capital Fund III, LP) (Fully diluted 1.6%)(8)		12,000	11,094
		LP Interests (Brightwood Capital Fund IV, LP) (Fully diluted 0.9%)		500	500
				12,500	11,594
Brundage-Bone Concrete Pumping, Inc.(11)	Construction Services Provider				
		10.375% Secured Debt (Maturity September 1, 2021)	3,000	2,985	3,240
California Pizza Kitchen, Inc.(11)	Casual Restaurant Group				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity August 23, 2022)(9)	4,988	4,940	4,976
Cenveo Corporation(11)	Provider of Commercial Printing, Envelopes, Labels, and Printed Office Products				
		6% Secured Debt (Maturity August 1, 2019)	13,130	11,097	11,719
CDHA Management, LLC(10)	Dental Services				
		LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.25%, Secured Debt (Maturity December 5, 2021)(9)	4,491	4,415	4,415
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)	14,346	14,141	8,724
Clarius BIGS, LLC(10)	Prints & Advertising Film Financing				
		15% PIK Secured Debt (Maturity January 5, 2015)(14)(17)	2,928	2,928	88
Compact Power Equipment, Inc.	Equipment / Tool Rental				
		12% Secured Debt (Maturity October 1, 2017)	4,100	4,095	4,100
		Series A Preferred Stock (4,298,435 shares)		1,079	4,180

				5,174	8,280
Compuware Corporation(11)	Provider of Software and Supporting Services				
		LIBOR Plus 5.25% (Floor 1.00%), Current Coupon 6.25%, Secured Debt (Maturity December 15, 2019)(9)	8,345	8,187	8,398

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Construction Supply Investments, LLC(10)	Distribution Platform of Specialty Construction Materials to Professional Concrete and Masonry Contractors				
		LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.50%, Secured Debt (Maturity June 30, 2023)(9)	8,500	8,416	8,416
		Member Units (20,000 units)		2,000	2,000
				10,416	10,416
ContextMedia Health, LLC(11)	Provider of Healthcare Media Content				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity December 23, 2021)(9)	8,000	7,201	7,320
Covenant Surgical Partners, Inc.(11)	Ambulatory Surgical Centers				
		8.75% Secured Debt (Maturity August 1, 2019)	800	800	772
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)	6,366	6,286	6,382
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)	9,102	9,084	9,102
Darr Equipment LP(10)	Heavy Equipment Dealer				
		12% Current / 2% PIK Secured Debt (Maturity April 15, 2020)	21,130	20,697	20,748
		Warrants (915,734 equivalent units)		474	10
				21,171	20,758
Digital River, Inc.(11)	Provider of Outsourced e-Commerce Solutions and Services				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity February 12, 2021)(9)	15,184	15,086	15,317
Digital Room LLC(11)	Pure-Play e-Commerce Print Business				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity November 21, 2022)(9)	7,625	7,475	7,549

Drilling Info Holdings, Inc.	Information Services for the Oil and Gas Industry			
		Common Stock (3,788,865 shares)	1,335	10,410

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Consolidated Schedule of Investments (Continued)

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
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	5,589	5,625
EnCap Energy Fund Investments(12)(13)	Investment Partnership				
		LP Interests (EnCap Energy Capital Fund VIII, L.P.) (Fully diluted 0.1%)(8)		3,877	1,955
		LP Interests (EnCap Energy Capital Fund VIII Co-Investors, L.P.) (Fully diluted 0.4%)		2,200	1,225
		LP Interests (EnCap Energy Capital Fund IX, L.P.) (Fully diluted 0.1%)(8)		3,957	3,680
		LP Interests (Encap Energy Capital Fund X, L.P.) (Fully diluted 0.1%)		3,039	3,039
		LP Interests (EnCap Flatrock Midstream Fund II, L.P.) (Fully diluted 0.8%)(8)		9,116	10,452
		LP Interests (EnCap Flatrock Midstream Fund III, L.P.) (Fully diluted 0.2%)(8)		2,513	2,461
				24,702	22,812
Evergreen Skills Lux S.á r.l. (d/b/a Skillsoft)(11)(13)	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	6,857	5,274
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 3, 2020)(9)	12,483	12,082	10,174
GI KBS Merger Sub LLC(11)	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)	3,900	3,851	3,842
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity April 29, 2022)(9)	800	787	760
				4,638	4,602

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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 9.00%, Secured Debt (Maturity August 15, 2019)(9)	634	623	634
		LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity August 15, 2019)(9)	11,552	11,472	11,552
				12,095	12,186
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)	7,648	7,598	7,648
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)	4,813	4,787	3,734
		13.75% Secured Debt (Maturity July 31, 2018)	2,000	1,962	1,205
				6,749	4,939
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)	13,317	13,215	13,017
Guitar Center, Inc.(11)	Musical Instruments Retailer				
		6.5% Secured Debt (Maturity April 15, 2019)	14,625	13,890	13,272
Hojeij Branded Foods, LLC(10)	Multi-Airport, Multi-Concept Restaurant Operator				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity July 27, 2021)(9)	5,432	5,390	5,432
Hoover Group, Inc.(10)(13)	Provider of Storage Tanks and Related Products to the Energy and Petrochemical Markets				
		LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.25%, Secured Debt (Maturity January 28, 2021)(9)	8,546	7,963	7,963

Horizon Global Corporation(11)(13)	Auto Parts Manufacturer				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity June 30, 2021)(9)	9,375	9,249	9,551

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Hostway Corporation(11)	Managed Services and Hosting Provider				
		LIBOR Plus 6.75% (Floor 1.25%), Current Coupon 8.00%, Secured Debt (Maturity December 13, 2019)(9)	10,577	10,515	10,028
Hunter Defense Technologies, Inc.(11)	Provider of Military and Commercial Shelters and Systems				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity August 5, 2019)(9)	9,606	9,120	8,933
Hygea Holdings, Corp.(10)	Provider of Physician Services				
		LIBOR Plus 9.25%, Current Coupon 10.17%, Secured Debt (Maturity February 24, 2019)	7,875	7,381	7,615
		Warrants (5,990,452 equivalent shares)		369	1,530
				7,750	9,145
iEnergizer Limited(11)(13)	Provider of Business Outsourcing Solutions				
		LIBOR Plus 6.00% (Floor 1.25%), Current Coupon 7.25%, Secured Debt (Maturity May 1, 2019)(9)	9,918	9,467	9,621
Indivior Finance LLC(11)(13)	Specialty Pharmaceutical Company Treating Opioid Dependence				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity December 19, 2019)(9)	6,750	6,455	6,809
Industrial Container Services, LLC(10)	Steel Drum Reconditioner				
		LIBOR Plus 5.75% (Floor 1.00%), Current Coupon 6.75%, Secured Debt (Maturity December 31, 2018)(9)	8,949	8,932	8,949
Industrial Services Acquisition, LLC(10)	Industrial Cleaning Services				
		11.25% Current / 0.75% PIK Unsecured Debt (Maturity December 17, 2022)	4,519	4,433	4,433
		Member Units (Industrial Services Investments, LLC) (900,000 units)		900	900
				5,333	5,333
Infinity Acquisition Finance Corp.(11)	Application Software for Capital Markets				
		7.25% Unsecured Debt (Maturity August 1, 2022)	5,700	5,366	4,802

Inn of the Mountain Gods Resort and Casino(11)	Hotel & Casino Owner & Operator				
		9.25% Secured Debt (Maturity November 30, 2020)	6,249	5,924	5,687

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Intertain Group Limited(11)(13)	Business-to-Consumer Online Gaming Operator				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity April 8, 2022)(9)	4,426	4,364	4,465
iPayment, Inc.(11)	Provider of Merchant Acquisition				
		LIBOR Plus 5.25% (Floor 1.50%), Current Coupon 6.75%, Secured Debt (Maturity May 8, 2017)(9)	14,918	14,907	14,395
iQor US Inc.(11)	Business Process Outsourcing Services Provider				
		LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity April 1, 2021)(9)	9,812	9,671	9,413
irth Solutions, LLC	Provider of Damage Prevention Information Technology Services				
		Member Units (27,893 units)		1,441	1,790
Jackmont Hospitality, Inc.(10)	Franchisee of Casual Dining Restaurants				
		LIBOR Plus 4.25% (Floor 1.00%), Current Coupon 5.25% / 2.50% PIK, Current Coupon Plus PIK 7.75%, Secured Debt (Maturity May 26, 2021)(9)	4,445	4,429	4,445
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)	14,655	14,560	13,776
JSS Holdings, Inc.(11)	Aircraft Maintenance Program Provider				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity August 31, 2021)(9)	12,829	12,562	12,765
Kendra Scott, LLC(11)	Jewelry Retail Stores				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity July 17, 2020)(9)	5,578	5,536	5,550
Keypoint Government Solutions, Inc.(11)	Provider of Pre-Employment Screening Services				
			5,459	5,443	5,431

LIBOR Plus 6.50% (Floor 1.25%),
Current Coupon 7.75%, Secured Debt
(Maturity November 13, 2017)(9)

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
LaMi Products, LLC(10)	General Merchandise Distribution				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity September 16, 2020)(9)	10,735	10,658	10,735
Larchmont Resources, LLC(11)	Oil & Gas Exploration & Production				
		LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, PIK Secured Debt (Maturity August 7, 2020)(9)	2,260	2,260	2,209
		Member Units (Larchmont Intermediate Holdco, LLC) (2,828 units)		353	1,193
				2,613	3,402
LKCM Headwater Investments I, L.P.(12)(13)	Investment Partnership				
		LP Interests (Fully diluted 2.3%)		2,500	3,627
Logix Acquisition Company, LLC(10)	Competitive Local Exchange Carrier				
		LIBOR Plus 8.28% (Floor 1.00%), Current Coupon 9.28%, Secured Debt (Maturity June 24, 2021)(9)	8,593	8,457	8,593
Looking Glass Investments, LLC(12)(13)	Specialty Consumer Finance				
		9% Unsecured Debt (Maturity June 30, 2020)	188	188	188
		Member Units (2.5 units)		125	125
		Member Units (LGI Predictive Analytics LLC) (190,712 units)(8)		160	160
				473	473
Messenger, LLC(10)	Supplier of Specialty Stationery and Related Products to the Funeral Industry				
		LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.25%, Secured Debt (Maturity September 9, 2020)(9)	14,403	14,326	14,403
Minute Key, Inc.	Operator of Automated Key Duplication Kiosks				
		10% Current / 2% PIK Secured Debt (Maturity September 19, 2019)	15,700	15,404	15,404
		Warrants (1,437,409 equivalent units)		280	470
				15,684	15,874
Mood Media Corporation(11)(13)					

	Provider of Electronic Equipment				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity May 1, 2019)(9)	14,805	14,645	14,312
New Media Holdings II LLC(11)(13)	Local Newspaper Operator				
		LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity June 4, 2020)(9)	14,888	14,632	14,813

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
North American Lifting Holdings, Inc.(11)	Crane Service Provider				
		LIBOR Plus 4.50% (Floor 1.00%), Current Coupon 5.50%, Secured Debt (Maturity November 27, 2020)(9)	3,865	3,235	3,375
North Atlantic Trading Company, Inc.(11)	Marketer/Distributor of Tobacco Products				
		LIBOR Plus 6.50% (Floor 1.25%), Current Coupon 7.75%, Secured Debt (Maturity January 13, 2020)(9)	9,396	9,343	9,337
Novitex Intermediate, LLC(11)	Provider of Document Management Services				
		LIBOR Plus 6.75% (Floor 1.25%), Current Coupon 8.00%, Secured Debt (Maturity July 7, 2020)(9)	9,335	9,175	8,985
NTM Acquisition Corp.(11)	Provider of B2B Travel Information Content				
		LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity June 7, 2022)(9)	4,144	4,085	4,128
Ospemifene Royalty Sub LLC (QuatRx)(10)	Estrogen-Deficiency Drug Manufacturer and Distributor				
		11.5% Secured Debt (Maturity November 15, 2026)(14)	5,071	5,071	2,088
Pardus Oil and Gas, LLC(11)	Oil & Gas Exploration & Production				
		13% PIK Secured Debt (Maturity November 12, 2021)	1,869	1,869	1,869
		5% PIK Secured Debt (Maturity May 13, 2022)	992	992	562
		Member Units (2,472 units)		2,472	970
				5,333	3,401
Paris Presents Incorporated(11)	Branded Cosmetic and Bath Accessories				
		LIBOR Plus 8.75% (Floor 1.00%), Current Coupon 9.75%, Secured Debt (Maturity December 31, 2021)(9)	2,000	1,969	1,960
Parq Holdings Limited Partnership(11)(13)	Hotel & Casino Operator				
		LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity December 17, 2020)(9)	7,500	7,394	7,388
Permian Holdco 2, Inc.(11)	Storage Tank Manufacturer				

14% PIK Unsecured Debt (Maturity October 15, 2021)	198	198	198
Preferred Stock (Permian Holdco 1, Inc.) (154,558 units)		799	799
Common Stock (Permian Holdco 1, Inc.) (154,558 units)			
		997	997

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Pernix Therapeutics Holdings, Inc.(10)	Pharmaceutical Royalty				
		12% Secured Debt (Maturity August 1, 2020)	3,447	3,447	3,326
Pet Holdings ULC(11)(13)	Retailer of Pet Products and Supplies to Consumers				
		LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.50%, Secured Debt (Maturity July 5, 2022)(9)	2,494	2,470	2,503
Pike Corporation(11)	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)	14,000	13,720	14,082
Point.360(10)	Fully Integrated Provider of Digital Media Services				
		Warrants (65,463 equivalent shares)		69	
		Common Stock (163,658 shares)		273	63
				342	63
Polycom, Inc.(11)	Provider of Audio and Video Communication Solutions				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity September 27, 2023)(9)	12,089	11,617	12,194
PPC/SHIFT LLC(10)	Provider of Digital Solutions to Automotive Industry				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity June 6, 2022)(9)	7,000	6,852	6,852
Prowler Acquisition Corp.(11)	Specialty Distributor to the Energy Sector				
		LIBOR Plus 4.50% (Floor 1.00%), Current Coupon 5.50%, Secured Debt (Maturity January 28, 2020)(9)	9,519	7,904	7,044
PT Network, LLC(10)	Provider of Outpatient Physical Therapy and Sports Medicine Services				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity November 30, 2021)(9)	16,225	15,979	15,979

QBS Parent, Inc.(11)	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)	11,274	11,201	11,161

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

December 31, 2016
(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Raley's(11)	Family-Owned Supermarket Chain				
		LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity May 18, 2022)(9)	4,195	4,125	4,242
Redbox Automated Retail, LLC(11)	Operator of Home Media Entertainment Kiosks				
		LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity September 27, 2021)(9)	15,000	14,581	14,629
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	2,978	2,987
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)	3,910	3,826	880
RM Bidder, LLC(10)	Scripted and Unscripted TV and Digital Programming Provider				
		Warrants (327,532 equivalent units)		425	300
		Member Units (2,779 units)		46	44
				471	344
SAExploration, Inc.(10)(13)	Geophysical Services Provider				
		Common Stock (50 shares)		65	3
SAFETY Investment Holdings, LLC	Provider of Intelligent Driver Record Monitoring Software and Services				
		Member Units (2,000,000 units)		2,000	2,000
Salient Partners L.P.(11)	Provider of Asset Management Services				
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity June 9, 2021)(9)	10,812	10,538	10,352
School Specialty, Inc.(11)	Distributor of Education Supplies and Furniture				
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity June 11, 2019)(9)	5,712	5,632	5,784

Sigma Electric Manufacturing Corporation(10)(13)	Manufacturer and Distributor of Electrical Fittings and Parts				
		LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.25%, Secured Debt (Maturity October 13, 2021)(9)	12,500	12,200	12,200

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December 31, 2016
(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Sorenson Communications, Inc.(11)	Manufacturer of Communication Products for Hearing Impaired				
		LIBOR Plus 5.75% (Floor 2.25%), Current Coupon 8.00%, Secured Debt (Maturity April 30, 2020)(9)	13,371	13,283	13,271
Strike, LLC(11)	Pipeline Construction and Maintenance Services				
		LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 9.00%, Secured Debt (Maturity November 30, 2022)(9)	10,000	9,666	9,864
Subsea Global Solutions, LLC(10)	Underwater Maintenance and Repair Services				
		LIBOR Plus 6.00% (Floor 1.50%), Current Coupon 7.50%, Secured Debt (Maturity March 17, 2020)(9)	5,629	5,588	5,624
Synagro Infrastructure Company, Inc(11)	Waste Management Services				
		LIBOR Plus 5.25% (Floor 1.00%), Current Coupon 6.25%, Secured Debt (Maturity August 22, 2020)(9)	4,714	4,659	4,136
Targus International, LLC(11)	Distributor of Protective Cases for Mobile Devices				
		15% PIK Secured Debt (Maturity December 31, 2019)	1,140	1,140	1,140
		Common Stock (Targus Cayman HoldCo Limited) (249,614 shares)(13)		2,555	2,260
				3,695	3,400
TE Holdings, LLC(11)	Oil & Gas Exploration & Production				
		Member Units (97,048 units)		970	728
TeleGuam Holdings, LLC(11)	Cable and Telecom Services Provider				
		LIBOR Plus 4.00% (Floor 1.25%), Current Coupon 5.25%, Secured Debt (Maturity December 10, 2018)(9)	7,622	7,613	7,546
		LIBOR Plus 7.50% (Floor 1.25%), Current Coupon 8.75%, Secured Debt (Maturity June 10, 2019)(9)	10,500	10,442	10,290
				18,055	17,836
The Topps Company, Inc.(11)	Trading Cards & Confectionary				
			2,218	2,208	2,226

LIBOR Plus 6.00% (Floor 1.25%),
Current Coupon 7.25%, Secured Debt
(Maturity October 2, 2020)(9)

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(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
TMC Merger Sub Corp.(11)	Refractory & Maintenance Services Provider				
		LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity October 31, 2022)(9)	12,500	12,376	12,438
TOMS Shoes, LLC(11)	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)	4,913	4,567	3,635
Travel Leaders Group, LLC(11)	Travel Agency Network Provider				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity December 7, 2020)(9)	10,994	10,936	10,975
Truck Bodies and Equipment International, Inc.(10)	Manufacturer of Dump Truck Bodies and Dump Trailers				
		LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity March 31, 2021)(9)	15,750	15,602	15,602
TVG-I-E CMN ACQUISITION, LLC(10)	Organic Lead Generation for Online Postsecondary Schools				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity November 3, 2021)(9)	6,459	6,334	6,334
Tweddle Group, Inc.(11)	Provider of Technical Information Services to Automotive OEMs				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity October 21, 2022)(9)	8,462	8,295	8,419
UniRush, LLC	Provider of Prepaid Debit Card Solutions				
		12% Secured Debt (Maturity February 1, 2019)	12,000	10,981	12,000
		Warrants (444,725 equivalent units)		1,250	1,250
				12,231	13,250
US Joiner Holding Company(11)	Marine Interior Design and Installation				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity April 16, 2020)(9)	11,514	11,435	11,456

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Consolidated Schedule of Investments (Continued)

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(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
U.S. TelePacific Corp.(10)	Provider of Communications and Managed Services				
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity February 24, 2021)(9)	7,500	7,377	7,377
VCVH Holding Corp. (Verisk)(11)	Healthcare Technology Services Focused on Revenue Maximization				
		LIBOR Plus 9.25% (Floor 1.00%), Current Coupon 10.25%, Secured Debt (Maturity June 1, 2024)(9)	1,500	1,464	1,488
Virtex Enterprises, LP(10)	Specialty, Full-Service Provider of Complex Electronic Manufacturing Services				
		12% Secured Debt (Maturity December 27, 2018)	1,667	1,559	1,559
		Preferred Class A Units (14 units; 5% cumulative)(8)		333	612
		Warrants (11 equivalent units)		186	220
				2,078	2,391
Wellnext, LLC(10)	Manufacturer of Supplements and Vitamins				
		LIBOR Plus 9.00% (Floor 0.50%), Current Coupon 9.85%, Secured Debt (Maturity May 23, 2021)(9)	10,058	9,968	10,058
Western Dental Services, Inc.(11)	Dental Care Services				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity November 1, 2018)(9)	4,904	4,902	4,885
Wilton Brands LLC(11)	Specialty Housewares Retailer				
		LIBOR Plus 7.25% (Floor 1.25%), Current Coupon 8.50%, Secured Debt (Maturity August 30, 2018)(9)	1,153	1,147	1,093
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)	6,386	6,342	6,386
YP Holdings LLC(11)	Online and Offline Advertising Operator		11,428	10,969	11,398

LIBOR Plus 11.00% (Floor 1.25%),
Current Coupon 12.25%, Secured Debt
(Maturity June 4, 2018)(9)

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Consolidated Schedule of Investments (Continued)

December 31, 2016
(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Zilliant Incorporated	Price Optimization and Margin Management Solutions				
		Preferred Stock (186,777 shares)		154	260
		Warrants (952,500 equivalent shares)		1,071	1,190
				1,225	1,450
Subtotal Non-Control/Non-Affiliate Investments (51.4% of total investments at fair value)				$ 1,037,510	$ 1,026,676
Total Portfolio Investments, December 31, 2016				$ 1,871,883	$ 1,996,906

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

December 31, 2016
(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Marketable Securities and Idle Funds Investments					
Other Marketable Securities and Idle Funds Investments(13)(15)	Investments in Marketable Securities and Diversified, Registered Bond Funds			$	$
Subtotal Marketable Securities and Idle Funds Investments (0.0% of total investments at fair value)				$	$
Total Investments, December 31, 2016				$ 1,871,883	$ 1,996,906

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(1) **All investments are Lower Middle Market portfolio investments, unless otherwise noted. See Note B for a description of Lower Middle Market portfolio investments. 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 a summary of geographic location of portfolio companies.**

(4) **Principal is net of repayments. Cost is net of repayments 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. A majority of the variable rate loans in the Company's investment portfolio bear interest at a rate that may be determined by reference to either LIBOR or an alternate Base Rate (commonly based on the Federal Funds Rate or the Prime Rate), which typically resets semi-annually, quarterly, or monthly at the borrower's option. The borrower may also elect to have multiple interest reset periods for each loan. For each such loan, the Company has provided the weighted average annual stated interest rate in effect at December 31, 2016. As noted in this schedule, 64% (based on the par amount of the loans) of the loans contain LIBOR floors which range between 0.50% and 2.25%, with a weighted-average LIBOR floor of approximately 1.04%.**

(10) **Private Loan portfolio investment. See Note B for a description of Private Loan portfolio investments.**

(11) **Middle Market portfolio investment. See Note B for a description of Middle Market portfolio investments.**

(12) **Other Portfolio investment. See Note B for a description 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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Consolidated Schedule of Investments

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(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Control Investments(5)					
Access Media Holdings, LLC(10)	Private Cable Operator				
		5.00% Current / 5.00% PIK Secured Debt (Maturity July 22, 2020)	$ 21,554	$ 21,554	$ 20,380
		Preferred Member Units (4,500,000 units; 12% cumulative)		4,394	2,000
		Member Units (45 units)		1	
				25,949	22,380
AmeriTech College, LLC	For-Profit Nursing and Healthcare College				
		10% Secured Debt (Maturity May 15, 2016)	514	514	514
		10% Secured Debt (Maturity November 30, 2019)	489	489	489
		10% Secured Debt (Maturity January 31, 2020)	3,025	3,025	3,025
		Preferred Member Units (294 units; 5%)(8)		2,291	2,291
				6,319	6,319
ASC Interests, LLC	Recreational and Educational Shooting Facility				
		11% Secured Debt (Maturity July 31, 2018)	2,500	2,470	2,500
		Member Units (1,500 units)(8)		1,500	2,230
				3,970	4,730
Bond-Coat, Inc.	Casing and Tubing Coating Services				
		12% Secured Debt (Maturity December 28, 2017)	11,596	11,521	11,596
		Common Stock (57,508 shares)		6,350	9,140
				17,871	20,736
Café Brazil, LLC	Casual Restaurant Group				
		Member Units (1,233 units)(8)		1,742	7,330
CBT Nuggets, LLC	Produces and Sells IT Training Certification Videos				
		Member Units (416 units)(8)		1,300	42,120
CMS Minerals LLC	Oil & Gas Exploration & Production				

		Preferred Member Units (458 units)(8)		2,967	6,914
Datacom, LLC	Technology and Telecommunications Provider				
		10.5% Secured Debt (Maturity May 31, 2019)	11,205	11,122	10,970
		Class A Preferred Member Units (15% cumulative)(8)		1,181	1,181
		Class B Preferred Member Units (6,453 units)		6,030	5,079
				18,333	17,230

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December 31, 2015
(dollars 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)	5,800	5,739	5,739
		Member Units (1,200 units)		1,200	1,270
				6,939	7,009
GRT Rubber Technologies LLC	Manufacturer of Engineered Rubber Products				
		LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, Secured Debt (Maturity December 19, 2019)(9)	16,122	15,988	15,988
		Member Units (5,879 units)		13,065	15,580
				29,053	31,568
Gulf Manufacturing, LLC	Manufacturer of Specialty Fabricated Industrial Piping Products				
		9% PIK Secured Debt (Ashland Capital IX, LLC) (Maturity June 30, 2017)	777	777	777
		Member Units (438 units)(8)		2,980	13,770
				3,757	14,547
Harrison Hydra-Gen, Ltd.	Manufacturer of Hydraulic Generators				
		9% Secured Debt (Maturity January 8, 2016)	5,010	5,010	5,010
		Preferred Stock (8% cumulative)(8)		1,361	1,361
		Common Stock (107,456 shares)		718	2,600
				7,089	8,971
Hawthorne Customs and Dispatch Services, LLC	Facilitator of Import Logistics, Brokerage, and Warehousing				
		Member Units (500 units)(8)		589	460
		Member Units (Wallisville Real Estate, LLC) (588,210 units)(8)		1,215	2,220
				1,804	2,680
HW Temps LLC	Temporary Staffing Solutions				
		LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.50%, Secured Debt (Maturity July 2, 2020)(9)	9,976	9,884	9,884
		Preferred Member Units (3,200 units)(8)		3,942	3,942

				13,826	13,826
Hydratec, Inc.	Designer and Installer of Micro-Irrigation Systems				
		Common Stock (7,095 shares)(8)		7,095	14,950
IDX Broker, LLC	Provider of Marketing and CRM Tools for the Real Estate Industry				
		12.5% Secured Debt (Maturity November 15, 2018)	11,350	11,281	11,350
		Member Units (5,400 units)		5,606	6,440
				16,887	17,790

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Consolidated Schedule of Investments (Continued)

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(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Indianapolis Aviation Partners, LLC	Fixed Base Operator				
		15% Secured Debt (Maturity January 15, 2016)	3,100	3,095	3,100
		Warrants (1,046 equivalent units)		1,129	2,540
				4,224	5,640
Jensen Jewelers of Idaho, LLC	Retail Jewelry Store				
		Prime Plus 6.75% (Floor 2.00%), Current Coupon 10.25%, Secured Debt (Maturity November 14, 2016)(9)	4,055	4,028	4,055
		Member Units (627 units)(8)		811	4,750
				4,839	8,805
Lamb's Venture, LLC	Aftermarket Automotive Services Chain				
		11% Secured Debt (Maturity May 31, 2018)	7,962	7,961	7,962
		Preferred Equity (non-voting)		328	328
		Member Units (742 units)		5,273	4,690
		9.5% Secured Debt (Lamb's Real Estate Investment I, LLC) (Maturity October 1, 2025)	919	919	919
		Member Units (Lamb's Real Estate Investment I, LLC) (1,000 units)(8)		625	1,240
				15,106	15,139
Lighting Unlimited, LLC	Commercial and Residential Lighting Products and Design Services				
		8% Secured Debt (Maturity August 22, 2016)	1,514	1,514	1,514
		Preferred Equity (non-voting)		434	430
		Warrants (71 equivalent units)		54	40
		Member Units (700 units)(8)		100	350
				2,102	2,334
Marine Shelters Holdings, LLC (LoneStar Marine Shelters)	Fabricator of Marine and Industrial Shelters				
		12% PIK Secured Debt (Maturity December 28, 2017)	9,053	8,967	8,870
		Preferred Member Units (3,810 units)		5,352	4,881
				14,319	13,751
MH Corbin Holding LLC	Manufacturer and distributor of traffic safety products				

	10% Secured Debt (Maturity August 31, 2020)	14,000	13,869	13,869
	Preferred Member Units (4,000 shares)		6,000	6,000
			19,869	19,869

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(dollars in thousands)

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)		1,244	2,580
		9.5% Secured Debt (Mid Columbia Real Estate, LLC) (Maturity May 13, 2025)	881	881	881
		Member Units (Mid Columbia Real Estate, LLC) (250 units)(8)		250	550
				8,025	9,661
MSC Adviser I, LLC(16)	Third Party Investment Advisory Services				
		Member Units (Fully diluted 100.0%)(8)			27,272
Mystic Logistics Holdings, LLC	Logistics and Distribution Services Provider for Large Volume Mailers				
		12% Secured Debt (Maturity August 15, 2019)	9,448	9,282	9,448
		Common Stock (5,873 shares)(8)		2,720	5,970
				12,002	15,418
NAPCO Precast, LLC	Precast Concrete Manufacturing				
		Prime Plus 2.00% (Floor 7.00%), Current Coupon 9.00%, Secured Debt (Maturity January 31, 2016)(9)	625	625	625
		Prime Plus 2.00% (Floor 7.00%), Current Coupon 9.00%, Secured Debt (Maturity February 1, 2016)(9)	3,380	3,379	3,380
		18% Secured Debt (Maturity February 1, 2016)	4,924	4,923	4,924
		Member Units (2,955 units)(8)		2,975	8,590
				11,902	17,519
NRI Clinical Research, LLC	Clinical Research Service Provider				
		14% Secured Debt (Maturity September 8, 2017)	4,617	4,539	4,539
		Warrants (251,723 equivalent units)		252	340
		Member Units (1,454,167 units)		765	1,342
				5,556	6,221
NRP Jones, LLC					

	Manufacturer of Hoses, Fittings and Assemblies				
		12% Secured Debt (Maturity December 22, 2016)	13,224	12,948	12,948
		Warrants (14,331 equivalent units)		817	450
		Member Units (50,877 units)		2,900	1,480
				16,665	14,878
OMi Holdings, Inc.	Manufacturer of Overhead Cranes				
		Common Stock (1,500 shares)		1,080	13,640

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(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Pegasus Research Group, LLC (Televerde)	Provider of Telemarketing and Data Services				
		Member Units (460 units)(8)		1,290	6,840
PPL RVs, Inc.	Recreational Vehicle Dealer				
		11.1% Secured Debt (Maturity July 1, 2016)	9,710	9,710	9,710
		Common Stock (1,962 shares)		2,150	9,770
				11,860	19,480
Principle Environmental, LLC	Noise Abatement Service Provider				
		12% Secured Debt (Maturity April 30, 2017)	4,060	4,039	4,060
		12% Current / 2% PIK Secured Debt (Maturity April 30, 2017)	3,310	3,309	3,310
		Preferred Member Units (19,631 units)(8)		4,663	6,060
		Warrants (1,036 equivalent units)		1,200	310
				13,211	13,740
Quality Lease Service, LLC	Provider of Rigsite Accommodation Unit Rentals and Related Services				
		8% PIK Secured Debt (Maturity June 8, 2020)	6,538	6,538	6,538
		Member Units (1,000 units)		568	2,638
				7,106	9,176
River Aggregates, LLC	Processor of Construction Aggregates				
		Zero Coupon Secured Debt (Maturity June 30, 2018)	750	556	556
		Member Units (1,150 units)(8)		1,150	3,830
		Member Units (RA Properties, LLC) (1,500 units)		369	2,360
				2,075	6,746
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)	8,075	8,010	8,010
		Member Units (4,450 units)(8)		4,930	5,710

				12,940	13,720
Southern RV, LLC	Recreational Vehicle Dealer				
		13% Secured Debt (Maturity August 8, 2018)	11,400	11,296	11,400
		Member Units (1,680 units)(8)		1,680	15,100
		13% Secured Debt (Southern RV Real Estate, LLC) (Maturity August 8, 2018)	3,250	3,220	3,250
		Member Units (Southern RV Real Estate, LLC) (480 units)		480	1,200
				16,676	30,950

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

December 31, 2015
(dollars in thousands)

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)	2,924	2,921	2,921
		Series A Preferred Units (2,500 units; 10% Cumulative)		2,500	690
		Warrants (1,424 equivalent units)		1,096	
		Member Units (MPI Real Estate Holdings, LLC) (100% Fully diluted)(8)		2,300	2,230
				8,817	5,841
Travis Acquisition LLC	Manufacturer of Aluminum Trailers				
		12% Secured Debt (Maturity August 30, 2018)	3,513	3,471	3,513
		Member Units (7,282 units)		7,100	14,480
				10,571	17,993
Uvalco Supply, LLC	Farm and Ranch Supply Store				
		9% Secured Debt (Maturity January 1, 2019)	1,314	1,314	1,314
		Member Units (2,011 units)(8)		3,843	5,460
				5,157	6,774
Vision Interests, Inc.	Manufacturer / Installer of Commercial Signage				
		13% Secured Debt (Maturity December 23, 2016)	3,071	3,052	3,052
		Series A Preferred Stock (3,000,000 shares)		3,000	3,550
		Common Stock (1,126,242 shares)		3,706	210
				9,758	6,812
Ziegler's NYPD, LLC	Casual Restaurant Group				
		6.5% Secured Debt (Maturity October 1, 2019)	1,000	992	992
		12% Secured Debt (Maturity October 1, 2019)	500	500	500
		14% Secured Debt (Maturity October 1, 2019)	2,750	2,750	2,750
		Warrants (587 equivalent units)		600	50
		Preferred Member Units (10,072 units)		2,834	3,400
				7,676	7,692

Subtotal Control Investments (30.8% of total investments at fair value)	$	387,727	$	555,011

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Consolidated Schedule of Investments (Continued)

December 31, 2015
(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Affiliate Investments(6)					
AFG Capital Group, LLC	Provider of Rent-to-Own Financing Solutions and Services				
		11% Secured Debt (Maturity November 7, 2019)	$ 12,960	$ 12,611	$ 12,790
		Warrants (42 equivalent units)		259	490
		Member Units (186 units)		1,200	2,020
				14,070	15,300
Boss Industries, LLC	Manufacturer and Distributor of Air, Power and Other Industrial Equipment				
		Preferred Member Units (2,242 units)(8)		2,246	2,586
Bridge Capital Solutions Corporation	Financial Services and Cash Flow Solutions Provider				
		13% Secured Debt (Maturity April 18, 2017)	7,000	6,890	6,890
		Warrants (22 equivalent shares)		200	1,300
				7,090	8,190
Buca C, LLC	Casual Restaurant Group				
		LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.25%, Secured Debt (Maturity June 30, 2020)(9)	25,530	25,299	25,299
		Preferred Member Units (6 units; 6% cumulative)(8)		3,711	3,711
				29,010	29,010
CAI Software LLC	Provider of Specialized Enterprise Resource Planning Software				
		12% Secured Debt (Maturity October 10, 2019)	4,661	4,624	4,661
		Member Units (65,356 units)		654	1,000
				5,278	5,661
Condit Exhibits, LLC	Tradeshow Exhibits / Custom Displays Provider				
		Member Units (3,936 units)(8)		100	1,010

Congruent Credit Opportunities Funds(12)(13)	Investment Partnership				
		LP Interests (Congruent Credit Opportunities Fund II, LP) (Fully diluted 19.8%)(8)		6,612	2,834
		LP Interests (Congruent Credit Opportunities Fund III, LP) (Fully diluted 17.4%)(8)		12,020	12,024
				18,632	14,858
Daseke, Inc.	Specialty Transportation Provider				
		12% Current / 2.5% PIK Secured Debt (Maturity July 31, 2018)	21,253	21,003	21,253
		Common Stock (19,467 shares)		5,213	22,660
				26,216	43,913

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December 31, 2015
(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Dos Rios Partners(12)(13)	Investment Partnership				
		LP Interests (Dos Rios Partners, LP) (Fully diluted 20.2%)		3,104	2,031
		LP Interests (Dos Rios Partners A, LP) (Fully diluted 6.4%)		986	648
				4,090	2,679
East Teak Fine Hardwoods, Inc.	Distributor of Hardwood Products				
		Common Stock (6,250 shares)(8)		480	860
East West Copolymer & Rubber, LLC	Manufacturer of Synthetic Rubbers				
		12% Secured Debt (Maturity October 17, 2019)	9,600	9,463	9,463
		Warrants (2,510,790 equivalent units)		50	50
				9,513	9,513
EIG Traverse Co-Investment, L.P.(12)(13)	Investment Partnership				
		LP Interests (Fully diluted 6.6%)(8)		4,755	4,755
Freeport Financial Funds(12)(13)	Investment Partnership				
		LP Interests (Freeport Financial SBIC Fund LP) (Fully diluted 9.9%)(8)		5,974	6,045
		LP Interests (Freeport First Lien Loan Fund III LP) (Fully diluted 6.4%)		2,077	2,077
				8,051	8,122
Gault Financial, LLC (RMB Capital, LLC)	Purchases and Manages Liquidation of Distressed Assets				
		10% Secured Debt (Maturity November 21, 2016)	13,046	12,896	10,930
		Warrants (29,025 equivalent units)		400	
				13,296	10,930
Glowpoint, Inc.	Provider of Cloud Managed Video Collaboration Services				
		8% Secured Debt (Maturity October 18, 2018)	400	397	397
		12% Secured Debt (Maturity October 18, 2018)	9,000	8,929	8,929
		Common Stock (7,711,517 shares)		3,958	3,840
				13,284	13,166
Guerdon Modular Holdings, Inc.					

	Multi-Family and Commercial Modular Construction Company				
		13% Secured Debt (Maturity August 13, 2019)	10,400	10,280	10,280
		Common Stock (170,577 shares)		2,983	1,990
				13,263	12,270
Houston Plating and Coatings, LLC	Provider of Plating and Industrial Coating Services				
		Member Units (248,082 units)(8)		996	8,440

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Consolidated Schedule of Investments (Continued)

December 31, 2015
(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
I-45 SLF LLC(12)(13)	Investment Partnership				
		Member units (Fully diluted 20.0%; 24.4% profits interest)		7,200	7,200
Indianhead Pipeline Services, LLC	Provider of Pipeline Support Services				
		12% Secured Debt (Maturity February 6, 2017)	6,000	5,853	5,853
		Preferred Member Units (33,819 units; 8% cumulative)		2,302	2,302
		Warrants (31,928 equivalent units)		459	
		Member Units (14,732 units)		1	
				8,615	8,155
KBK Industries, LLC	Manufacturer of Specialty Oilfield and Industrial Products				
		12.5% Secured Debt (Maturity September 28, 2017)	5,900	5,875	5,900
		Member Units (250 units)(8)		341	3,680
				6,216	9,580
L.F. Manufacturing Holdings, LLC(10)	Manufacturer of Fiberglass Products				
		Member Units (2,179,001 units)(8)		2,019	1,485
MPS Denver, LLC	Specialty Card Printing				
		Member Units (13,800 units)		1,130	1,130
OnAsset Intelligence, Inc.	Provider of Transportation Monitoring / Tracking Products and Services				
		12% PIK Secured Debt (Maturity December 31, 2015)(17)	4,006	4,006	4,006
		Preferred Stock (912 shares; 7% cumulative)(8)		1,981	1,380
		Warrants (5,333 equivalent shares)		1,919	
				7,906	5,386
OPI International Ltd.(13)	Provider of Man Camp and Industrial Storage Services				
		10% Unsecured Debt (Maturity April 8, 2018)	473	473	473
		Common Stock (20,766,317 shares)		1,371	3,200
				1,844	3,673
PCI Holding Company, Inc.					

	Manufacturer of Industrial Gas Generating Systems				
		Preferred Stock (1,500,000 shares; 20% cumulative)(8)		2,762	4,887
Radial Drilling Services Inc.	Oil and Gas Lateral Drilling Technology Provider				
		12% Secured Debt (Maturity November 22, 2016)(14)	4,200	3,941	1,500
		Warrants (316 equivalent shares)		758	
				4,699	1,500

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Consolidated Schedule of Investments (Continued)

December 31, 2015
(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Rocaceia, LLC (Quality Lease and Rental Holdings, LLC)	Provider of Rigsite Accommodation Unit Rentals and Related Services				
		12% Secured Debt (Maturity January 8, 2018)(14)(18)	30,785	30,281	250
		Preferred Member Units (250 units)		2,500	
				32,781	250
Samba Holdings, Inc.	Provider of Intelligent Driver Record Monitoring Software and Services				
		12.5% Secured Debt (Maturity November 17, 2016)	24,662	24,553	24,662
		Common Stock (170,963 shares)		2,087	30,220
				26,640	54,882
Tin Roof Acquisition Company	Casual Restaurant Group				
		12% Secured Debt (Maturity November 13, 2018)	13,994	13,807	13,807
		Class C Preferred Stock (Fully diluted 10.0%; 10% cumulative)(8)		2,477	2,477
				16,284	16,284
UniTek Global Services, Inc.(11)	Provider of Outsourced Infrastructure Services				
		LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity January 13, 2019)(9)	2,826	2,826	2,812
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.50% / 1.00% PIK, Current Coupon Plus PIK 10.50%, Secured Debt (Maturity January 13, 2019)(9)	1,261	1,261	1,255
		15% PIK Unsecured Debt (Maturity July 13, 2019)	641	641	638
		Preferred Stock (4,935,377 shares)		4,935	5,540
		Common Stock (705,054 shares)			
				9,663	10,245
Universal Wellhead Services Holdings, LLC(10)	Provider of Wellhead Equipment, Designs, and Personnel to the Oil & Gas Industry				
		Class A Preferred Units (4,000,000 units; 4.5% cumulative)(8)		4,000	3,000

Volusion, LLC	Provider of Online Software-as-a-Service eCommerce Solutions				
		10.5% Secured Debt (Maturity January 26, 2020)	17,500	16,199	16,199
		Preferred Member Units (4,876,670 units)		14,000	14,000
		Warrants (950,618 equivalent units)		1,400	1,400
				31,599	31,599
Subtotal Affiliate Investments (19.4% of total investments at fair value)				$ 333,728	$ 350,519

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Consolidated Schedule of Investments (Continued)

December 31, 2015
(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Non-Control/Non-Affiliate Investments(7)					
AccuMED, Corp.(10)	Medical Device Contract Manufacturer	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity October 29, 2020)(9)	$ 9,750	$ 9,648	$ 9,648
Adams Publishing Group, LLC(10)	Local Newspaper Operator	LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 7.75%, Secured Debt (Maturity November 3, 2020)(9)	9,506	9,329	9,328
Ahead, LLC(10)	IT Infrastructure Value Added Reseller	LIBOR Plus 6.50%, Current Coupon 6.76%, Secured Debt (Maturity November 2, 2020)	15,000	14,562	14,625
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	10,080	10,008
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	2,221	1,867
AM3 Pinnacle Corporation(10)	Provider of Comprehensive Internet, TV and Voice Services for Multi-Dwelling Unit Properties	Common Stock (60,240 shares)		2,000	
American Seafoods Group, LLC(11)	Catcher-Processor of Alaskan Pollock	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity August 19, 2021)(9)	9,975	9,963	9,892
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)	7,907	7,802	7,835
Anchor Hocking, LLC(11)					

Household Products Manufacturer				
	LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, Secured Debt (Maturity June 4, 2018)(9)	2,306	2,306	2,179
	Member Units (440,620 units)		4,928	3,250
			7,234	5,429

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Consolidated Schedule of Investments (Continued)

December 31, 2015
(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
AP Gaming I, LLC(10)	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)	11,314	11,108	10,946
Apex Linen Service, Inc.	Industrial Launderers				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity October 30, 2022)(9)	1,600	1,600	1,600
		13% Secured Debt (Maturity October 30, 2022)	12,000	11,926	11,926
				13,526	13,526
Applied Products, Inc.(10)	Adhesives Distributor				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity September 30, 2019)(9)	5,813	5,759	5,683
Arcus Hunting LLC.(10)	Manufacturer of Bowhunting and Archery Products and Accessories				
		LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.00%, Secured Debt (Maturity November 13, 2019)(9)	9,540	9,429	9,429
Artel, LLC(11)	Provider of Secure Satellite Network and IT Solutions				
		LIBOR Plus 7.00% (Floor 1.25%), Current Coupon 8.25%, Secured Debt (Maturity November 27, 2017)(9)	7,854	7,585	6,716
ATS Workholding, Inc.(10)	Manufacturer of Machine Cutting Tools and Accessories				
		LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity March 10, 2019)(9)	6,492	6,452	6,230
ATX Networks Corp.(11)(13)	Provider of Radio Frequency Management Equipment				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity June 14, 2021)(9)	14,925	14,647	14,701
Barfly Ventures, LLC(10)	Casual Restaurant Group				

		12% Secured Debt (Maturity August 31, 2020)	4,121	4,042	4,042
		Warrant (1 equivalent unit)		473	473
				4,515	4,515
Berry Aviation, Inc.(10)	Airline Charter Service Operator				
		12.00% Current / 1.75% PIK Secured Debt (Maturity January 30, 2020)	5,627	5,578	5,578
		Common Stock (553 shares)		400	400
				5,978	5,978

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Consolidated Schedule of Investments (Continued)

December 31, 2015
(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
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	4,917	4,925
Blackbrush Oil and Gas LP(11)	Oil & Gas Exploration				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity July 30, 2021)(9)	4,000	3,975	3,230
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)	5,892	5,866	5,450
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)	4,702	4,646	4,669
Bluestem Brands, Inc.(11)(13)	Multi-Channel Retailer of General Merchandise				
		LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity November 6, 2020)(9)	13,632	13,358	12,780
Brainworks Software, LLC(10)	Advertising Sales and Newspaper Circulation Software				
		Prime Plus 7.25% (Floor 3.25%), Current Coupon 10.75%, Secured Debt (Maturity July 22, 2019)(9)	626	620	620
		LIBOR Plus 8.25% (Floor 1.00%), Current Coupon 9.25%, Secured Debt (Maturity July 22, 2019)(9)	6,185	6,126	6,012
				6,746	6,632
Brightwood Capital Fund III, LP(12)(13)	Investment Partnership				
		LP Interests (Fully diluted 1.6%)(8)		11,250	11,125
Brundage-Bone Concrete Pumping, Inc.(11)	Construction Services Provider				
		10.375% Secured Debt (Maturity September 1, 2021)	2,500	2,500	2,438
Calloway Laboratories, Inc.(10)	Health Care Testing Facilities				

		17% PIK Secured Debt(Maturity September 30, 2016)(14)	7,324	7,275	
		Warrants (125,000 equivalent shares)		17	
				7,292	
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)	9,720	9,672	9,502

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Consolidated Schedule of Investments (Continued)

December 31, 2015
(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Cenveo Corporation(11)	Provider of Commercial Printing, Envelopes, Labels, and Printed Office Products				
		6% Secured Debt (Maturity August 1, 2019)	5,230	4,544	3,687
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	1,979	1,900
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)	14,346	14,065	10,031
Clarius ASIG, LLC(10)	Prints & Advertising Film Financing				
		15% PIK Secured Debt (Maturity September 14, 2014)(17)	620	620	620
Clarius BIGS, LLC(10)	Prints & Advertising Film Financing				
		15% PIK Secured Debt (Maturity January 5, 2015)(14)(17)	3,386	3,386	563
Compact Power Equipment, Inc.	Equipment / Tool Rental				
		12% Secured Debt (Maturity October 1, 2017)	4,100	4,090	4,100
		Series A Preferred Stock (4,298,435 shares)		1,079	2,930
				5,169	7,030
Compuware Corporation(11)	Provider of Software and Supporting Services				
		LIBOR Plus 5.25% (Floor 1.00%), Current Coupon 6.25%, Secured Debt (Maturity December 15, 2019)(9)	14,751	14,395	13,998
Covenant Surgical Partners, Inc.(11)	Ambulatory Surgical Centers				
		8.75% Secured Debt (Maturity August 1, 2019)	800	800	780
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)	10,168	10,009	10,118

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)	8,227	8,197	8,145
Darr Equipment LP(10)	Heavy Equipment Dealer				
		11.75% Current / 2% PIK Secured Debt (Maturity April 15, 2020)	20,706	20,178	19,688
		Warrants (915,734 equivalent units)		474	410
				20,652	20,098

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December 31, 2015
(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Digital River, Inc.(11)	Provider of Outsourced e-Commerce Solutions and Services				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity February 12, 2021)(9)	8,667	8,588	8,580
Digity Media LLC(11)	Radio Station Operator				
		LIBOR Plus 4.75% (Floor 1.25%), Current Coupon 6.00%, Secured Debt (Maturity February 8, 2019)(9)	6,588	6,539	6,506
Drilling Info Holdings, 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	5,579	5,492
EIG Fund Investments(12)(13)	Investment Partnership				
		LP Interests (EIG Global Private Debt fund-A, L.P.) (Fully diluted 0.5%)		718	718
EnCap Energy Fund Investments(12)(13)	Investment Partnership				
		LP Interests (EnCap Energy Capital Fund VIII, L.P.) (Fully diluted 0.1%)(8)		3,762	2,765
		LP Interests (EnCap Energy Capital Fund VIII Co-Investors, L.P.) (Fully diluted 0.4%)		2,194	1,056
		LP Interests (EnCap Energy Capital Fund IX, L.P.) (Fully diluted 0.1%)(8)		3,075	3,826
		LP Interests (Encap Energy Capital Fund X, L.P.) (Fully diluted 0.1%)		692	692
		LP Interests (EnCap Flatrock Midstream Fund II, L.P.) (Fully diluted 0.8%)(8)		7,350	10,738
		LP Interests (EnCap Flatrock Midstream Fund III, L.P.) (Fully diluted 0.2%)		464	892
				17,537	19,969
Energy and Exploration Partners, LLC(11)	Oil & Gas Exploration & Production				
		8.75% Secured Debt (Maturity January 23, 2016)(14)	221	221	221
		LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 7.75%, Secured Debt (Maturity January 22, 2019)(9)(14)	9,390	9,048	2,371
				9,269	2,592

Evergreen Skills Lux S.á r.l. (d/b/a Skillsoft)(11)(13)	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	6,838	4,673

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(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Extreme Reach, Inc.(11)	Integrated TV and Video Advertising Platform				
		LIBOR Plus 5.75% (Floor 1.00%), Current Coupon 6.75%, Secured Debt (Maturity February 7, 2020)(9)	8,875	8,866	8,731
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 3, 2020)(9)	11,333	11,004	10,086
Fram Group Holdings, Inc.(11)	Manufacturer of Automotive Maintenance Products				
		LIBOR Plus 5.50% (Floor 1.50%), Current Coupon 7.00%, Secured Debt (Maturity July 29, 2017)(9)	9,652	9,547	7,275
		LIBOR Plus 9.50% (Floor 1.50%), Current Coupon 11.00%, Secured Debt (Maturity January 29, 2018)(9)	700	699	350
				10,246	7,625
GI KBS Merger Sub LLC(11)	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)	3,960	3,901	3,742
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity April 29, 2022)(9)	800	786	792
				4,687	4,534
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)	9,450	9,361	9,450
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)	7,849	7,783	7,783
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)	4,863	4,816	4,668
		13.75% Secured Debt (Maturity July 31, 2018)	2,000	1,942	1,860
				6,758	6,528
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)	9,875	9,797	9,529

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Consolidated Schedule of Investments (Continued)

December 31, 2015
(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Guitar Center, Inc.(11)	Musical Instruments Retailer				
		6.5% Secured Debt (Maturity April 15, 2019)	11,000	10,442	9,240
Halcon Resources Corporation(11)	Oil & Gas Exploration & Production				
		9.75% Unsecured Debt (Maturity July 15, 2020)	6,925	6,382	2,008
Hojeij Branded Foods, LLC(10)	Multi-Airport, Multi-Concept Restaurant Operator				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity July 27, 2021)(9)	5,344	5,294	5,294
Horizon Global Corporation(11)	Auto Parts Manufacturer				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity June 30, 2021)(9)	9,750	9,568	9,677
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)	11,179	11,105	11,067
Hunter Defense Technologies, Inc.(11)	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)	6,414	6,366	6,350
ICON Health & Fitness, Inc.(11)	Producer of Fitness Products				
		11.875% Secured Debt (Maturity October 15, 2016)	6,956	6,907	6,608
iEnergizer Limited(11)(13)	Provider of Business Outsourcing Solutions				
		LIBOR Plus 6.00% (Floor 1.25%), Current Coupon 7.25%, Secured Debt (Maturity May 1, 2019)(9)	8,110	8,030	7,502
Indivior Finance LLC(11)(13)	Specialty Pharmaceutical Company Treating Opioid Dependence				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity December 19, 2019)(9)	7,125	6,759	6,697

Industrial Container Services, LLC(10)	Steel Drum Reconditioner				
		LIBOR Plus 5.75% (Floor 1.00%), Current Coupon 6.75%, Secured Debt (Maturity December 31, 2018)(9)	5,000	5,000	5,000
Infinity Acquisition Finance Corp.(11)	Application Software for Capital Markets				
		7.25% Unsecured Debt (Maturity August 1, 2022)	4,000	4,000	3,440

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

December 31, 2015
(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Inn of the Mountain Gods Resort and Casino(11)	Hotel & Casino Owner & Operator				
		9.25% Secured Debt (Maturity November 30, 2020)	3,851	3,708	3,562
Insurance Technologies, LLC(10)	Illustration and Sales-automation Platforms				
		LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.00%, Secured Debt (Maturity December 1, 2019)(9)	4,804	4,759	4,759
Intertain Group Limited(11)(13)	Business-to-Consumer Online Gaming Operator				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity April 8, 2022)(9)	9,938	9,782	9,883
iPayment, Inc.(11)	Provider of Merchant Acquisition				
		LIBOR Plus 5.25% (Floor 1.50%), Current Coupon 6.75%, Secured Debt (Maturity May 8, 2017)(9)	15,026	14,986	14,446
iQor US Inc.(11)	Business Process Outsourcing Services Provider				
		LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity April 1, 2021)(9)	9,887	9,718	7,942
irth Solutions, LLC	Provider of Damage Prevention Information Technology Services				
		Member Units (27,893 units)		1,441	1,441
Jackmont Hospitality, Inc.(10)	Franchisee of Casual Dining Restaurants				
		LIBOR Plus 4.25% (Floor 1.00%), Current Coupon 5.25% / 2.50% PIK, Current Coupon Plus PIK 7.75%, Secured Debt (Maturity May 26, 2021)(9)	4,357	4,337	4,188
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)	14,805	14,711	14,703
JSS Holdings, Inc.(11)	Aircraft Maintenance Program Provider				
			14,566	14,230	13,765

		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity August 31, 2021)(9)			
Kendra Scott, LLC(11)	Jewelry Retail Stores				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity July 17, 2020)(9)	5,875	5,821	5,831

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

December 31, 2015
(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
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)	6,303	6,268	6,271
LaMi Products, LLC(10)	General Merchandise Distribution				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity September 16, 2020)(9)	4,729	4,699	4,699
Lansing Trade Group LLC(11)	Commodity Merchandiser				
		9.25% Unsecured Debt (Maturity February 15, 2019)	6,000	6,000	5,625
Larchmont Resources, LLC(11)	Oil & Gas Exploration & Production				
		LIBOR Plus 8.75% (Floor 1.00%), Current Coupon 9.75%, Secured Debt (Maturity August 7, 2019)(9)	7,807	7,508	5,543
Leadrock Properties, LLC	Real Estate Investment				
		10% Secured Debt (Maturity May 4, 2026)	1,440	1,416	1,416
Legendary Pictures Funding, LLC(10)	Producer of TV, Film, and Comic Content				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity April 22, 2020)(9)	7,500	7,372	7,425
LKCM Headwater Investments I, L.P.(12)(13)	Investment Partnership				
		LP Interests (Fully diluted 2.3%)		2,500	4,875
Looking Glass Investments, LLC(12)(13)	Specialty Consumer Finance				
		9% Unsecured Debt (Maturity June 30, 2020)	188	188	188
		Member Units (2.5 units)		125	125
		Member Units (LGI Predictive Analytics LLC) (190,712 units)(8)		188	188
				501	501
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)	7,772	7,714	7,422

Messenger, LLC(10)	Supplier of Specialty Stationery and Related Products to the Funeral Industry				
		LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.25%, Secured Debt (Maturity September 9, 2020)(9)	15,583	15,483	15,583

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

December 31, 2015
(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Milk Specialties Company(11)	Processor of Nutrition Products				
		LIBOR Plus 7.00% (Floor 1.25%), Current Coupon 8.25%, Secured Debt (Maturity November 9, 2018)(9)	792	789	792
Minute Key, Inc.	Operator of Automated Key Duplication Kiosks				
		10% Current / 2% PIK Secured Debt (Maturity September 19, 2019)	14,186	13,817	13,817
		Warrants (1,437,409 equivalent units)		280	280
				14,097	14,097
Miramax Film NY, LLC(11)	Motion Picture Producer and Distributor				
		Member Units (500,000 units)(8)		864	864
Mood Media Corporation(11)(13)	Provider of Electronic Equipment				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity May 1, 2019)(9)	14,957	14,827	14,266
New Media Holdings II LLC(11)(13)	Local Newspaper Operator				
		LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity June 4, 2020)(9)	9,788	9,635	9,703
North American Lifting Holdings, Inc.(11)	Crane Service Provider				
		LIBOR Plus 4.50% (Floor 1.00%), Current Coupon 5.50%, Secured Debt (Maturity November 27, 2020)(9)	997	835	733
North Atlantic Trading Company, Inc.(11)	Marketer/Distributor of Tobacco Products				
		LIBOR Plus 6.50% (Floor 1.25%), Current Coupon 7.75%, Secured Debt (Maturity January 13, 2020)(9)	9,676	9,607	9,603
Novitex Intermediate, LLC(11)	Provider of Document Management Services				
		LIBOR Plus 6.25% (Floor 1.25%), Current Coupon 7.50%, Secured Debt (Maturity July 7, 2020)(9)	8,692	8,532	8,192
Ospemifene Royalty Sub LLC (QuatRx)(10)	Estrogen-Deficiency Drug Manufacturer and Distributor				
			5,071	5,071	3,780

		11.5% Secured Debt (Maturity November 15, 2026)			
Panolam Industries International, Inc.(11)	Decorative Laminate Manufacturer				
		LIBOR Plus 6.00% (Floor 1.25%), Current Coupon 7.25%, Secured Debt (Maturity August 23, 2017)(9)	9,472	9,429	9,424

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

December 31, 2015
(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Paris Presents Incorporated(11)	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	1,965	1,960
Parq Holdings Limited Partnership(11)(13)	Hotel & Casino Operator				
		LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity December 17, 2020)(9)	7,500	7,369	7,200
Permian Holdings, Inc.(11)	Storage Tank Manufacturer				
		10.5% Secured Debt (Maturity January 15, 2018)	2,755	2,738	1,047
Pernix Therapeutics Holdings, Inc.(10)	Pharmaceutical Royalty				
		12% Secured Debt (Maturity August 1, 2020)	3,818	3,818	3,777
Pike Corporation(11)	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	14,663	14,712
Point.360(10)	Fully Integrated Provider of Digital Media Services				
		Warrants (65,463 equivalent shares)		69	9
		Common Stock (163,658 shares)		273	144
				342	153
Prowler Acquisition Corp.(11)	Specialty Distributor to the Energy Sector				
		LIBOR Plus 4.50% (Floor 1.00%), Current Coupon 5.50%, Secured Debt (Maturity January 28, 2020)(9)	4,411	3,734	3,749
PT Network, LLC(10)	Provider of Outpatient Physical Therapy and Sports Medicine Services				
		LIBOR Plus 7.75% (Floor 1.50%), Current Coupon 9.25%, Secured Debt (Maturity November 1, 2018)(9)	12,047	11,954	11,771

QBS Parent, Inc.(11)	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)	11,389	11,303	11,332
Raley's(11)	Family-owned supermarket chain in California				
		LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity May 18, 2022)(9)	5,094	4,999	5,069

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

December 31, 2015
(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
RCHP, Inc.(11)	Regional Non-Urban Hospital Owner/Operator				
		LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity April 23, 2019)(9)	5,448	5,426	5,448
		LIBOR Plus 10.25% (Floor 1.00%), Current Coupon 11.25%, Secured Debt (Maturity October 23, 2019)(9)	4,000	3,954	3,953
				9,380	9,401
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	2,975	2,835
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)	3,950	3,851	1,534
RLJ Entertainment, Inc.(10)	Movie and TV Programming Licensee and Distributor				
		LIBOR Plus 8.75% (Floor 0.25%), Current Coupon 9.16%, Secured Debt (Maturity September 11, 2019)(9)	9,354	9,353	9,203
RM Bidder, LLC(10)	Scripted and Unscripted TV and Digital Programming Provider				
		Warrants (327,532 equivalent units)		425	363
		Member Units (2,779 units)		46	45
				471	408
SAExploration, Inc.(10)(13)	Geophysical Services Provider				
		Common Stock (6,472 shares)		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	2,974	2,970
Salient Partners L.P.(11)	Provider of Asset Management Services				
			7,388	7,251	7,240

		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity June 9, 2021)(9)			
Sotera Defense Solutions, Inc.(11)	Defense Industry Intelligence Services				
		LIBOR Plus 7.50% (Floor 1.50%), Current Coupon 9.00%, Secured Debt (Maturity April 21, 2017)(9)	10,119	9,886	9,360
Stardust Finance Holdings, Inc.(11)	Manufacturer of Diversified Building Products				
		LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.50%, Secured Debt (Maturity March 13, 2022)(9)	12,406	12,239	12,065

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

December 31, 2015
(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Subsea Global Solutions, LLC(10)	Underwater Maintenance and Repair Services				
		LIBOR Plus 6.00% (Floor 1.50%), Current Coupon 7.50%, Secured Debt (Maturity March 17, 2020)(9)	4,887	4,836	4,762
Synagro Infrastructure Company, Inc(11)	Waste Management Services				
		LIBOR Plus 5.25% (Floor 1.00%), Current Coupon 6.25%, Secured Debt (Maturity August 22, 2020)(9)	4,714	4,647	4,124
Targus Group International(11)	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)(14)	4,258	4,263	3,119
TeleGuam Holdings, LLC(11)	Cable and Telecom Services Provider				
		LIBOR Plus 4.00% (Floor 1.25%), Current Coupon 5.25%, Secured Debt (Maturity December 10, 2018)(9)	7,975	7,961	7,935
		LIBOR Plus 7.50% (Floor 1.25%), Current Coupon 8.75%, Secured Debt (Maturity June 10, 2019)(9)	2,500	2,484	2,487
				10,445	10,422
Templar Energy LLC(11)	Oil & Gas Exploration & Production				
		LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity November 25, 2020)(9)	4,000	3,962	485
The Tennis Channel, Inc.(10)	Television-Based Sports Broadcasting				
		Warrants (114,316 equivalent shares)		235	301
The Topps Company, Inc.(11)	Trading Cards & Confectionary				
		LIBOR Plus 6.00% (Floor 1.25%), Current Coupon 7.25%, Secured Debt (Maturity October 2, 2018)(9)	1,960	1,948	1,923
TOMS Shoes, LLC(11)	Global Designer, Distributor, and Retailer of Casual Footwear				
			4,963	4,545	3,387

		LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.50%, Secured Debt (Maturity October 30, 2020)(9)			
Travel Leaders Group, LLC(11)	Travel Agency Network Provider				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity December 7, 2020)(9)	8,700	8,638	8,613

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

December 31, 2015
(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
US Joiner Holding Company(11)	Marine Interior Design and Installation				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity April 16, 2020)(9)	7,369	7,341	7,295
Valley Healthcare Group, LLC	Provider of Durable Medical Equipment				
		LIBOR Plus 12.50% (Floor 0.50%), Current Coupon 13.00%, Secured Debt (Maturity December 29, 2020)(9)	10,400	10,297	10,297
Vantage Oncology, LLC(11)	Outpatient Radiation Oncology Treatment Centers				
		9.5% Secured Debt (Maturity June 15, 2017)	12,050	11,938	10,182
Virtex Enterprises, LP(10)	Specialty, Full-Service Provider of Complex Electronic Manufacturing Services				
		12% Secured Debt (Maturity December 27, 2018)	1,667	1,516	1,516
		Preferred Class A Units (14 units; 5% cumulative)(8)		333	512
		Warrants (11 equivalent units)		186	135
				2,035	2,163
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	4,987	4,750
Western Dental Services, Inc.(11)	Dental Care Services				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity November 1, 2018)(9)	4,904	4,901	4,303
Wilton Brands LLC(11)	Specialty Housewares Retailer				
		LIBOR Plus 7.25% (Floor 1.25%), Current Coupon 8.50%, Secured Debt (Maturity August 30, 2018)(9)	1,540	1,524	1,475
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)	6,435	6,381	6,210

YP Holdings LLC(11)	Online and Offline Advertising Operator				
		LIBOR Plus 6.75% (Floor 1.25%), Current Coupon 8.00%, Secured Debt (Maturity June 4, 2018)(9)	2,455	2,435	2,382

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Consolidated Schedule of Investments (Continued)

December 31, 2015
(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Zilliant Incorporated	Price Optimization and Margin Management Solutions				
		Preferred Stock (186,777 shares)		154	260
		Warrants (952,500 equivalent shares)		1,071	1,190
				1,225	1,450
Subtotal Non-Control/Non-Affiliate Investments (49.6% of total investments at fair value)				$ 945,187	$ 894,466
Total Portfolio Investments, December 31, 2015				$ 1,666,642	$ 1,799,996

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Consolidated Schedule of Investments (Continued)

December 31, 2015
(dollars in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Marketable Securities and Idle Funds Investments					
PennantPark Investment Corporation(13)(15)	Business Development Company				
		Common Stock (343,149 shares)(8)		$ 3,629	$ 2,121
Other Marketable Securities and Idle Funds Investments(13)(15)	Investments in Marketable Securities and Diversified, Registered Bond Funds				
				1,778	1,572
Subtotal Marketable Securities and Idle Funds Investments (0.2% of total investments at fair value)				$ 5,407	$ 3,693
Total Investments, December 31, 2015				$ 1,672,049	$ 1,803,689

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(1) **All investments are Lower Middle Market portfolio investments, unless otherwise noted. See Note B for a description of Lower Middle Market portfolio investments. 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 a summary of geographic location of portfolio companies.**

(4) **Principal is net of repayments. Cost is net of repayments 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. A majority of the variable rate loans in the Company's investment portfolio bear interest at a rate that may be determined by reference to either LIBOR or an alternate Base Rate (commonly based on the Federal Funds Rate or the Prime Rate), which typically resets semi-annually, quarterly, or monthly at the borrower's option. The borrower may also elect to have multiple interest reset periods for each loan. For each such loan, the Company has provided the weighted average annual stated interest rate in effect at December 31, 2015. As noted in this schedule, 59% (based on the par amount of the loans) of the loans contain LIBOR floors which range between 0.25% and 1.50%.

(10) **Private Loan portfolio investment. See Note B for a description of Private Loan portfolio investments.**

(11) **Middle Market portfolio investment. See Note B for a description of Middle Market portfolio investments.**

(12) **Other Portfolio investment. See Note B for a description 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

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 provides "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 Main Street Mezzanine Fund, LP ("MSMF"), Main Street Capital II, LP ("MSC II") and Main Street Capital III, LP ("MSC III" and, collectively with MSMF and MSC II, 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 directly 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 or their portfolio companies ("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 under Investment Advisers Act of 1940, as amended. Since the External Investment Manager conducts all of its investment management activities for External Parties, 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 taxable 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)

NOTE A ORGANIZATION AND BASIS OF PRESENTATION (Continued)

Unless otherwise noted or the context otherwise indicates, the terms "we," "us," "our," the "Company" 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 consolidated 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 Investment Portfolio Composition for additional discussion of Main Street's Investment Portfolio and definitions for the terms 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 and cash flows for the years ended December 31, 2016, 2015 and 2014 and financial position as of December 31, 2016 and 2015, are presented on a consolidated basis. The effects of all intercompany transactions between Main Street and its consolidated subsidiaries have been eliminated in consolidation.

Under regulations pursuant to Article 6 of Regulation S-X applicable to BDCs and Accounting Standards Codification ("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. Accordingly, as noted above, MSCC's consolidated financial statements include the financial position and operating results for the Funds and the Taxable Subsidiaries. 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.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 in privately held companies which have been originated through strategic relationships with other investment funds on a collaborative basis, and are often referred to in the debt markets as "club deals." Private Loan investments are typically similar in size, structure, terms and conditions to investments Main Street holds in its LMM portfolio and 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 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

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and adjusts the fair value for other factors that would affect the fair value of the investment. 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 allocating 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. Due to SEC deadlines for Main Street's quarterly and annual financial reporting, the operating results of a portfolio company used in the current period valuation are generally the results from the period ended three months prior to such valuation date and 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 company. Main Street's estimate of the expected

MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

repayment date of its debt securities is generally the 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 and adjusts the investment's fair value for factors known to Main Street that would affect that fund's NAV, including, but not limited to, fair values for individual investments held by the fund if Main Street holds the same investment or for a publicly traded investment. In addition, in determining the fair value of the investment, Main Street considers 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 analyzes and provides observations, recommendations and an assurance certification regarding the Company's determinations of the fair value of its LMM portfolio company investments. 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 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 and received an assurance certification from its independent financial advisory services firm in arriving at Main Street's determination of fair value on its investments in a total of 62 LMM portfolio companies for the year ended December 31, 2016, representing approximately 93% of the total LMM portfolio at fair value as of December 31, 2016, and on a total of 54 LMM portfolio companies for the year ended December 31, 2015, representing approximately 87%

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

of the total LMM portfolio at fair value as of December 31, 2015. 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 December 31, 2016 and 2015, as applicable, and investments in the LMM portfolio companies that were not reviewed because their equity is publicly traded or they hold real estate for which a third-party appraisal is obtained, the percentage of the LMM portfolio reviewed and certified by the independent financial advisory services firm for the years ended December 31, 2016 and 2015 was 98% of the total LMM portfolio at fair value as of both December 31, 2016 and 2015.

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. Because almost all of the Middle Market portfolio investments are typically valued using third-party quotes or other independent pricing services (including 94% and 99% of the Middle Market portfolio investments as of December 31, 2016 and 2015, respectively), Main Street does not generally consult with any financial advisory services firms in connection with determining the fair value of its Middle Market investments.

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.

In addition to its internal valuation process, in arriving at estimates of fair value for its investments in its Private Loan 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 analyzes and provides observations and recommendations and an assurance certification regarding the Company's determinations of the fair value of its Private Loan portfolio company investments. The nationally recognized independent financial advisory services firm is generally consulted relative to Main Street's investments in each Private Loan portfolio company at least once every calendar year, and for Main Street's investments in new Private Loan portfolio companies, at least once in the twelve-month period subsequent to the initial investment. In certain instances, Main Street 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 Private Loan portfolio companies. Such instances include, but are not limited to, situations where the fair value of Main Street's investment in a Private Loan portfolio company is determined to be insignificant relative to the total Investment Portfolio. Main Street consulted with and received an assurance certification from its independent financial advisory services firm in arriving at its determination of fair value on its investments in a total of 26

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Private Loan portfolio companies for the year ended December 31, 2016, representing approximately 68% of the total Private Loan portfolio at fair value as of December 31, 2016, and on a total of 16 Private Loan portfolio companies for the year ended December 31, 2015, representing approximately 49% of the total Private Loan portfolio at fair value as of December 31, 2015. Excluding its investments in new Private Loan portfolio companies which have not been in the Investment Portfolio for at least twelve months subsequent to the initial investment decision as of December 31, 2016 and 2015, as applicable, and its investments in the Private Loan portfolio companies that were not reviewed because the investment is publicly traded or quoted by banks, the percentage of the Private Loan portfolio reviewed and certified by its independent financial advisory services firm for the years ended December 31, 2016 and 2015 was 97% and 95% of the total Private Loan portfolio at fair value as of December 31, 2016 and 2015, respectively.

For valuation purposes, all of Main Street's Other Portfolio investments are non-control investments. Main Street's Other Portfolio investments comprised 5.0% and 4.2%, respectively, of Main Street's Investment Portfolio at fair value as of December 31, 2016 and 2015. 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 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. For Other Portfolio debt investments for which third-party quotes or other independent pricing are available and appropriate, Main Street 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 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 comparables. 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 its ability to control the capital structure of the company, as well as the timing of a potential exit, in connection with determining the fair value of the External Investment Manager.

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 an internally developed portfolio investment rating system in connection with its investment oversight, portfolio management and analysis and investment valuation procedures for its

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 December 31, 2016 and 2015 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 consolidated 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 materially from the values that would have been determined had a ready market for the securities existed.

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.

At December 31, 2016, cash balances totaling $21.3 million exceeded Federal Deposit Insurance Corporation 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

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 policies, Main Street evaluates accrued interest and dividend

MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 years ended December 31, 2016, 2015 and 2014, (i) approximately 3.6%, 2.2% and 3.3%, respectively, of Main Street's total investment income was attributable to PIK interest income not paid currently in cash and (ii) approximately 1.2%, 1.0% and 1.3%, respectively, of Main Street's total investment income was attributable to cumulative dividend income not paid currently in cash.

As of December 31, 2016, Main Street's total Investment Portfolio had four investments on non-accrual status, which comprised approximately 0.6% of its fair value and 3.0% of its cost. As of December 31, 2015, Main Street's total Investment Portfolio had six investments on non-accrual status, which comprised approximately 0.4% of its fair value and 3.7% of its cost.

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 income over the life of the financing.

MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	Twelve Months Ended December 31, 2016	2015	2014
	(dollars in thousands)		
Interest, fee and dividend income:			
Interest income	$ 138,689	$ 131,333	$ 110,362
Dividend income	32,182	24,266	22,235
Fee income	7,294	8,004	7,342
Total interest, fee and dividend income	$ 178,165	$ 163,603	$ 139,939

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 G) and its notes (as discussed further in Note H). 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 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 or warrants with an exercise price below the fair value of the underlying equity (together, "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 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

MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 interest income. For the years ended December 31, 2016, 2015 and 2014, approximately 3.1%, 2.6% and 3.1%, respectively, of Main Street's total investment income was attributable to interest income from 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.

Effective January 1, 2016, Main Street elected early adoption of Accounting Standards Update ("ASU") 2016-09, *Compensation Stock Compensation: Improvements to Employee Share-Based Payment Accounting* ("ASU 2016-09," as discussed further below in Note B.13.). ASU 2016-09 requires that all excess tax benefits and tax deficiencies (including tax benefits of dividends on share-based payment awards) should be recognized as income tax expense or benefit in the income statement and no longer delay recognition of a tax benefit until the tax benefit is realized through a reduction to taxes payable. The tax effects of exercised or vested awards should be treated as discrete items in the reporting period in which they occur. Additionally, ASU 2016-09 allows an entity to make an entity-wide accounting policy election to either estimate the number of awards that are expected to vest, net of forfeitures, (current GAAP) or account for forfeitures when they occur. Amendments related to the timing of when excess tax benefits are recognized, minimum statutory withholding requirements, forfeitures and intrinsic value should be applied using a modified retrospective transition method by means of a cumulative-effect adjustment to equity as of the beginning of the period in which the guidance is adopted. As such, Main Street has recorded a $1.8 million adjustment to "Net Unrealized Appreciation, Net of Income Taxes" on the consolidated balance sheet to capture the cumulative tax effect as of January 1, 2016. The company has elected to account for forfeitures as they occur and this change had no impact on its consolidated financial statements. The additional amendments (cash flows classification, minimum statutory tax withholding requirements and classification of awards as either a liability or equity) did not have an effect on Main Street's consolidated financial statements.

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 taxable income or capital gains that

MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MSCC distributes to its stockholders. MSCC must generally distribute at least 90% of its "investment company taxable income" (which is generally its net ordinary taxable income and realized net short-term capital gains in excess of realized net long-term capital losses) and 90% of its tax-exempt income to maintain its RIC status (pass-through tax treatment for amounts distributed). As part of maintaining RIC status, undistributed taxable income (subject to a 4% non-deductible 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 on or prior to the later of (i) the filing of the U.S. federal income tax return for the applicable fiscal year or (ii) the fifteenth day of the ninth month following the close of the year in which such taxable income was generated.

The Taxable Subsidiaries primarily 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.

The Taxable Subsidiaries 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 consolidated 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, if necessary, 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.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 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, therefore, 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 ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 supersedes the revenue recognition requirements under ASC 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

MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

guidance requires improved disclosures as to the nature, amount, timing and uncertainty of revenue that is recognized. In March 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net),* which clarified the implementation guidance on principal versus agent considerations. In April 2016, the FASB issued ASU 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing,* which clarified the implementation guidance regarding performance obligations and licensing arrangements. In May 2016, the FASB issued ASU No. 2016-12, *Revenue from Contracts with Customers (Topic 606) Narrow-Scope Improvements and Practical Expedients*, which clarified guidance on assessing collectability, presenting sales tax, measuring noncash consideration, and certain transition matters. 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 expects to identify similar performance obligations under ASC 606 as compared with deliverables and separate units of account previously identified. As a result, Main Street expects timing of its revenue recognition to remain the same.

In May 2015, the FASB issued ASU 2015-07, *Fair Value Measurements Disclosures for Certain Entities that Calculate Net Asset Value per Share*. This amendment updates guidance intended to eliminate the diversity in practice surrounding how investments measured at net asset value under the practical expedient with future redemption dates have been categorized in the fair value hierarchy. Under the updated guidance, investments for which fair value is measured at net asset value per share using the practical expedient should no longer be categorized in the fair value hierarchy, while investments for which fair value is measured at net asset value per share but the practical expedient is not applied should continue to be categorized in the fair value hierarchy. The updated guidance requires retrospective adoption for all periods presented and is effective for interim and annual reporting periods beginning after December 15, 2015, with early adoption permitted. The Company adopted this standard during the three months ended March 31, 2016. There was no impact of the adoption of this new accounting standard on Main Street's consolidated financial statements as none of its investments are measured through the use of the practical expedient.

In February 2016, the FASB issued ASU 2016 02, Leases, which requires lessees to recognize on the balance sheet a right of use asset, representing its right to use the underlying asset for the lease term, and a lease liability for all leases with terms greater than 12 months. The guidance also requires qualitative and quantitative disclosures designed to assess the amount, timing, and uncertainty of cash flows arising from leases. The standard requires the use of a modified retrospective transition approach, which includes a number of optional practical expedients that entities may elect to apply. The new guidance is effective for annual periods beginning after December 15, 2018, and interim periods therein. Early application is permitted. While Main Street continues to assess the effect of adoption, Main Street currently believes the most significant change relates to the recognition of a new right-of-use asset and lease liability on its consolidated balance sheet for its office space operating lease. Main Street currently has one operating lease for office space and does not expect a significant change in the leasing activity between now and adoption. See further discussion of the operating lease obligation in Note N.

In March 2016, the FASB issued ASU 2016-09, which is intended to simplify several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The new

MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

guidance is effective for annual periods beginning after December 15, 2016, and interim periods therein. Early application is permitted. The Company elected to early adopt this standard during the three months ended March 31, 2016. See further discussion of the impact of the adoption of this standard in Note B.8.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230)*, which is intended to reduce the existing diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The guidance is effective for annual periods beginning after December 15, 2017, and interim periods therein. Early application is permitted. The impact of the adoption of this new accounting standard on Main Street's consolidated financial statements is not expected to be material.

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 consolidated 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

MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE C FAIR VALUE HIERARCHY FOR INVESTMENTS AND DEBENTURES PORTFOLIO COMPOSITION (Continued)

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 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 December 31, 2016 and 2015, all of Main Street's LMM portfolio investments except for the equity investment in one portfolio company consisted of illiquid securities issued by private companies. The investment which was the exception was in a company with publicly traded equity. 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 December 31, 2016 and 2015, except for the one publicly traded equity security which was categorized as Level 2.

As of December 31, 2016 and 2015, 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 December 31, 2016 and 2015.

As of December 31, 2016 and 2015, 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 December 31, 2016 and 2015.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE C FAIR VALUE HIERARCHY FOR INVESTMENTS AND DEBENTURES PORTFOLIO COMPOSITION (Continued)

As of December 31, 2016 and 2015, 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 December 31, 2016 and 2015.

As of December 31, 2015, 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 investments. As a result, all of Main Street's Marketable securities and idle funds investments were categorized as Level 1 as of December 31, 2015. Main Street had no Marketable securities and idle funds investments as of December 31, 2016.

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;

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

Other factors deemed relevant.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE C FAIR VALUE HIERARCHY FOR INVESTMENTS AND DEBENTURES PORTFOLIO COMPOSITION (Continued)

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 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 tables provide a summary of the significant unobservable inputs used to fair value Main Street's Level 3 portfolio investments as of December 31, 2016 and 2015:

Type of Investment	Fair Value as of December 31, 2016 (in thousands)	Valuation Technique	Significant Unobservable Inputs	Range(3)	Weighted Average(3)	Median(3)
Equity investments	$ 567,003	Discounted cash flow	Weighted-average cost of capital	10.4% - 23.1%	13.0%	13.7%
		Market comparable / Enterprise Value	EBITDA multiple(1)	4.5x - 8.5x(2)	7.1x	6.0x
Debt investments	$ 808,895	Discounted cash flow	Risk adjusted discount factor	7.4% - 15.9%(2)	11.8%	11.6%
			Expected principal recovery percentage	3.0% - 100.0%	99.7%	100.0%
Debt investments	$ 618,928	Market approach	Third-party quote	22.5 - 108.0		
Total Level 3 investments	$ 1,994,826					

(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 3.3x - 17.5x and the range for risk adjusted discount factor is 4.8% - 38.0%.

(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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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE C FAIR VALUE HIERARCHY FOR INVESTMENTS AND DEBENTURES PORTFOLIO COMPOSITION (Continued)

Type of Investment	Fair Value as of December 31, 2015 (in thousands)	Valuation Technique	Significant Unobservable Inputs	Range(3)	Weighted Average(3)	Median(3)
Equity investments	$ 530,612	Discounted cash flow	Weighted-average cost of capital	10.5% - 25.1%	13.4%	13.9%
		Market comparable / Enterprise Value	EBITDA multiple(1)	4.0x - 8.5x(2)	7.0x	5.5x
Debt investments	$ 628,492	Discounted cash flow	Risk adjusted discount factor	8.1% - 15.3%(2)	11.9%	11.9%
			Expected principal recovery percentage	16.6% - 100.0%	99.7%	100.0%
Debt investments	$ 637,052	Market approach	Third-party quote	12.1 - 100.1		
Total Level 3 investments	$ 1,796,156					

(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 - 18.8x and the range for risk adjusted discount factor is 6.7% - 29.6%.

(3) Does not include investments for which the valuation technique does not include the use of the applicable fair value input.

The following tables provide a summary of changes in fair value of Main Street's Level 3 portfolio investments for the years ended December 31, 2016 and 2015 (amounts in thousands):

Type of Investment	Fair Value as of December 31, 2015	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 December 31, 2016
Debt	$ 1,265,544	$	$ (431,871)	$ 555,490	$ 44,515	$ 1,295	$ (7,150)	$ 1,427,823
Equity	519,966		(15,799)	86,037	(60,544)	12,643	7,150	549,453
Equity Warrant	10,646		(1,011)	5,928	1,011	976		17,550
	$ 1,796,156	$	$ (448,681)	$ 647,455	$ (15,018)	$ 14,914	$	$ 1,994,826

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

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 December 31, 2015
Debt	$ 1,147,281	$	$ (598,076)	$ 759,778	$ 27,080	$ (59,269)	$ (11,250)	$ 1,265,544
Equity	391,933		(18,172)	80,746	(7,958)	62,994	10,423	519,966
Equity Warrant	15,636		(9,723)	2,153	2,153	2	425	10,646
	$ 1,554,850	$	$ (625,971)	$ 842,677	$ 21,275	$ 3,727	$ (402)	$ 1,796,156

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

As of December 31, 2016 and 2015, 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, terms, and maturity. Main Street's estimate of

MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE C FAIR VALUE HIERARCHY FOR INVESTMENTS AND DEBENTURES PORTFOLIO COMPOSITION (Continued)

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 estimated market interest rates in isolation would result in a significantly lower (higher) fair value measurement.

The following tables provide a summary of the significant unobservable inputs used to fair value Main Street's Level 3 SBIC debentures as of December 31, 2016 and 2015 (amounts in thousands):

Type of Instrument	Fair Value as of December 31, 2016	Valuation Technique	Significant Unobservable Inputs	Range	Weighted Average
SBIC debentures	$ 74,803	Discounted cash flow	Estimated market interest rates	3.4% - 5.3%	4.2%

Type of Instrument	Fair Value as of December 31, 2015	Valuation Technique	Significant Unobservable Inputs	Range	Weighted Average
SBIC debentures	$ 73,860	Discounted cash flow	Estimated market interest rates	4.1% - 5.8%	4.9%

The following tables provide a summary of changes for the Level 3 SBIC debentures recorded at fair value for the years ended December 31, 2016 and 2015 (amounts in thousands):

Type of Instrument	Fair Value as of December 31, 2015	Repayments	New SBIC Debentures	Net Unrealized (Appreciation) Depreciation	Fair Value as of December 31, 2016
SBIC debentures at fair value	$ 73,860	$	$	$ 943	$ 74,803

Type of Instrument	Fair Value as of December 31, 2014	Repayments	New SBIC Debentures	Net Unrealized (Appreciation) Depreciation	Fair Value as of December 31, 2015
SBIC debentures at fair value	$ 72,981	$	$	$ 879	$ 73,860

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE C FAIR VALUE HIERARCHY FOR INVESTMENTS AND DEBENTURES PORTFOLIO COMPOSITION (Continued)

At December 31, 2016 and 2015, 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 Measurements (in thousands)		
At December 31, 2016	**Fair Value**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
LMM portfolio investments	$ 892,592	$	$ 2,080	$ 890,512
Middle Market portfolio investments	630,578			630,578
Private Loan portfolio investments	342,867			342,867
Other Portfolio investments	100,252			100,252
External Investment Manager	30,617			30,617
Total portfolio investments	1,996,906		2,080	1,994,826
Marketable securities and idle funds investments				
Total investments	$ 1,996,906	$	$ 2,080	$ 1,994,826
SBIC debentures at fair value	$ 74,803	$	$	$ 74,803

		Fair Value Measurements (in thousands)		
At December 31, 2015	**Fair Value**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
LMM portfolio investments	$ 862,710	$	$ 3,840	$ 858,870
Middle Market portfolio investments	586,900			586,900
Private Loan portfolio investments	248,313			248,313
Other Portfolio investments	74,801			74,801
External Investment Manager	27,272			27,272
Total portfolio investments	1,799,996		3,840	1,796,156
Marketable securities and idle funds investments	3,693	3,693		

Total investments	$	1,803,689	$	3,693	$	3,840	$	1,796,156
SBIC debentures at fair value	$	73,860	$		$		$	73,860

MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE C FAIR VALUE HIERARCHY FOR INVESTMENTS AND DEBENTURES PORTFOLIO COMPOSITION (Continued)

Investment Portfolio Composition

Main Street's 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 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 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 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 are primarily debt securities in privately held companies which have been originated through strategic relationships with other investment funds on a collaborative basis, and are often referred to in the debt markets as "club deals." Private Loan investments are typically similar in size, structure, terms and conditions to investments Main Street holds in its LMM portfolio and Middle Market portfolio. 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. For Other Portfolio investments, Main Street generally receives distributions related to the assets held by the portfolio company. Those assets are typically expected to be liquidated over a five to ten year period.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE C FAIR VALUE HIERARCHY FOR INVESTMENTS AND DEBENTURES PORTFOLIO COMPOSITION (Continued)

Main Street's external asset management business is conducted through its 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. Main Street entered into an agreement with the External Investment Manager to share employees 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 shares employees with the External Investment Manager, including their related infrastructure, business relationships, management expertise and capital raising capabilities. In the first quarter of 2014, Main Street began allocating cost to the External Investment Manager pursuant to the sharing agreement. Main Street's total expenses for the years ended December 31, 2016, 2015 and 2014 are net of expenses allocated to the External Investment Manager of $5.1 million, $4.3 million and $2.0 million, respectively.

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 years ended December 31, 2016, 2015 and 2014, Main Street did not record investment income from any single portfolio company in excess of 10% of total investment income.

The following tables provide a summary of Main Street's investments in the LMM, Middle Market and Private Loan portfolios as of December 31, 2016 and 2015 (this information excludes the Other Portfolio investments and the External Investment Manager which are discussed further below):

	As of December 31, 2016		
	LMM(a)	Middle Market	Private Loan
		(dollars in millions)	
Number of portfolio companies	73	78	46
Fair value	$ 892.6	$ 630.6	$ 342.9
Cost	$ 760.3	$ 646.8	$ 357.7
% of portfolio at cost debt	69.1%	97.2%	93.5%
% of portfolio at cost equity	30.9%	2.8%	6.5%
% of debt investments at cost secured by first priority lien	92.1%	89.1%	89.0%
Weighted-average annual effective yield(b)	12.5%	8.5%	9.6%
Average EBITDA(c)	$ 5.9	$ 98.6	$ 22.7

(a) At December 31, 2016, Main Street had equity ownership in approximately 99% 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 December 31, 2016, 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. Weighted-average annual effective yield is higher than what an investor in shares of Main Street's common stock will realize

MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE C FAIR VALUE HIERARCHY FOR INVESTMENTS AND DEBENTURES PORTFOLIO COMPOSITION (Continued)

on its investment because it does not reflect Main Street's expenses or any sales load paid by an investor.

(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 certain portfolio companies, including five LMM portfolio companies, one Middle Market portfolio company and three Private Loan portfolio companies, as EBITDA is not a meaningful valuation metric for Main Street's investments in these portfolio companies.

	As of December 31, 2015		
	LMM(a)	Middle Market	Private Loan
		(dollars in millions)	
Number of portfolio companies	71	86	40
Fair value	$ 862.7	$ 586.9	$ 248.3
Cost	$ 685.6	$ 637.2	$ 268.6
% of portfolio at cost debt	70.4%	98.3%	94.3%
% of portfolio at cost equity	29.6%	1.7%	5.7%
% of debt investments at cost secured by first priority lien	91.8%	86.6%	87.3%
Weighted-average annual effective yield(b)	12.2%	8.0%	9.5%
Average EBITDA(c)	$ 6.0	$ 98.8	$ 13.1

(a) At December 31, 2015, Main Street had equity ownership in approximately 96% 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 December 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. Weighted-average annual effective yield is higher than what an investor in shares of Main Street's common stock will realize on its investment because it does not reflect Main Street's expenses or any sales load paid by an investor.

(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 certain portfolio companies, including five LMM portfolio companies, three Middle Market portfolio companies and six Private Loan portfolio companies, as EBITDA is not a meaningful valuation metric for Main Street's investments in these portfolio companies, and those portfolio companies whose primary purpose is to own real estate.

As of December 31, 2016, Main Street had Other Portfolio investments in ten companies, collectively totaling approximately $100.3 million in fair value and approximately $107.1 million in cost basis and which comprised approximately 5.0% of Main Street's Investment Portfolio at fair value. As of December 31, 2015, Main Street had Other Portfolio investments in ten companies, collectively totaling approximately $74.8 million in fair value and approximately $75.2 million in cost basis and which comprised approximately 4.2% of Main Street's Investment Portfolio at fair value.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE C FAIR VALUE HIERARCHY FOR INVESTMENTS AND DEBENTURES PORTFOLIO COMPOSITION (Continued)

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 December 31, 2016, there was no cost basis in this investment and the investment had a fair value of approximately $30.6 million, which comprised approximately 1.5% of Main Street's Investment Portfolio at fair value. As of December 31, 2015, there was no cost basis in this investment and the investment had a fair value of $27.3 million, which comprised 1.5% 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 December 31, 2016 and 2015 (this information excludes the Other Portfolio investments and the External Investment Manager).

Cost:	**December 31, 2016**	**December 31, 2015**
First lien debt	76.1%	75.8%
Equity	14.5%	13.5%
Second lien debt	7.7%	8.7%
Equity warrants	1.1%	0.9%
Other	0.6%	1.1%
	100.0%	100.0%

Fair Value:	**December 31, 2016**	**December 31, 2015**
First lien debt	68.7%	66.1%
Equity	22.6%	24.9%
Second lien debt	7.2%	7.7%
Equity warrants	0.9%	0.6%
Other	0.6%	0.7%
	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 December 31, 2016 and 2015 (this information excludes the Other Portfolio

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MAIN STREET CAPITAL CORPORATION

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NOTE C FAIR VALUE HIERARCHY FOR INVESTMENTS AND DEBENTURES PORTFOLIO COMPOSITION (Continued)

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

Cost:	December 31, 2016	December 31, 2015
Southwest	29.7%	33.4%
Midwest	23.0%	16.7%
West	16.1%	14.6%
Northeast	14.8%	18.3%
Southeast	13.1%	13.5%
Canada	1.7%	2.2%
Other Non-United States	1.6%	1.3%
	100.0%	100.0%

Fair Value:	December 31, 2016	December 31, 2015
Southwest	31.0%	36.7%
Midwest	21.2%	15.1%
West	18.3%	16.1%
Northeast	13.9%	16.3%
Southeast	12.7%	12.6%
Other Non-United States	1.5%	1.2%
Canada	1.4%	2.0%
	100.0%	100.0%

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

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE C FAIR VALUE HIERARCHY FOR INVESTMENTS AND DEBENTURES PORTFOLIO COMPOSITION (Continued)

as of December 31, 2016 and 2015 (this information excludes the Other Portfolio investments and the External Investment Manager).

Cost:	December 31, 2016	December 31, 2015
Energy Equipment & Services	7.5%	7.3%
Hotels, Restaurants & Leisure	6.5%	7.9%
Media	5.7%	5.6%
Machinery	5.6%	5.7%
Construction & Engineering	5.3%	4.6%
Commercial Services & Supplies	5.0%	3.3%
Electronic Equipment, Instruments & Components	4.5%	4.3%
Specialty Retail	4.4%	5.1%
IT Services	3.9%	5.1%
Internet Software & Services	3.6%	3.1%
Diversified Telecommunication Services	3.3%	2.9%
Auto Components	3.0%	2.7%
Health Care Providers & Services	3.0%	4.1%
Diversified Consumer Services	2.8%	3.7%
Food Products	2.6%	2.4%
Software	2.6%	4.5%
Health Care Equipment & Supplies	2.3%	3.1%
Diversified Financial Services	2.3%	2.3%
Communications Equipment	2.3%	0.0%
Computers & Peripherals	2.2%	0.0%
Building Products	2.1%	1.9%
Road & Rail	1.5%	1.6%
Consumer Finance	1.5%	0.8%
Professional Services	1.4%	1.9%
Oil, Gas & Consumable Fuels	1.2%	2.1%
Distributors	1.1%	0.7%
Air Freight & Logistics	1.0%	1.1%
Leisure Equipment & Products	0.9%	1.1%
Aerospace & Defense	0.9%	1.0%
Pharmaceuticals	0.8%	1.9%
Other(1)	9.2%	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.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE C FAIR VALUE HIERARCHY FOR INVESTMENTS AND DEBENTURES PORTFOLIO COMPOSITION (Continued)

Fair Value:	December 31, 2016	December 31, 2015
Machinery	6.7%	7.0%
Hotels, Restaurants & Leisure	6.5%	7.8%
Energy Equipment & Services	5.8%	6.0%
Construction & Engineering	5.6%	5.1%
Diversified Consumer Services	5.5%	5.7%
Media	5.2%	5.1%
Commercial Services & Supplies	5.0%	3.1%
Specialty Retail	4.6%	6.0%
Electronic Equipment, Instruments & Components	3.9%	3.7%
IT Services	3.7%	4.6%
Internet Software & Services	3.5%	2.9%
Auto Components	2.9%	2.8%
Health Care Providers & Services	2.9%	3.3%
Software	2.6%	5.9%
Diversified Telecommunication Services	2.5%	2.7%
Road & Rail	2.5%	2.6%
Health Care Equipment & Supplies	2.4%	2.9%
Food Products	2.4%	2.1%
Diversified Financial Services	2.3%	2.2%
Communications Equipment	2.3%	0.0%
Computers & Peripherals	2.3%	0.0%
Building Products	1.9%	1.6%
Professional Services	1.3%	1.7%
Consumer Finance	1.3%	0.6%
Oil, Gas & Consumable Fuels	1.1%	1.2%
Air Freight & Logistics	1.1%	1.3%
Distributors	1.1%	0.6%
Construction Materials	1.0%	0.4%
Leisure Equipment & Products	0.9%	1.1%
Pharmaceuticals	0.7%	1.7%
Other(1)	8.5%	8.3%
	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 December 31, 2016 and 2015, 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)

NOTE C FAIR VALUE HIERARCHY FOR INVESTMENTS AND DEBENTURES PORTFOLIO COMPOSITION (Continued)

Unconsolidated Significant Subsidiaries

In accordance with Rules 3-09 and 4-08(g) of Regulation S-X, Main Street must determine which of its unconsolidated controlled portfolio companies, if any, are considered "significant subsidiaries." In evaluating these unconsolidated controlled portfolio companies, there are three tests utilized to determine if any of Main Street's Control Investments (as defined in Note A, including those unconsolidated controlled portfolio companies in which Main Street does not own greater than 50% of the voting securities) are considered significant subsidiaries: the investment test, the asset test and the income test. Rule 3-09 of Regulation S-X, as interpreted by the SEC, requires Main Street to include separate audited financial statements of an unconsolidated majority-owned subsidiary (Control Investments in which Main Street owns greater than 50% of the voting securities) in an annual report if any of the three tests exceed 20% of Main Street's total investments at fair value, total assets or total income, respectively. Rule 4-08(g) of Regulation S-X requires summarized financial information of a Control Investment in an annual report if any of the three tests exceeds 10% of Main Street's annual total amounts and Rule 10-01(b)(1) of Regulation S-X requires summarized financial information in a quarterly report if any of the three tests exceeds 20% of Main Street's year-to-date total amounts.

As of December 31, 2016 and 2015, Main Street had no single investment that represented greater than 10% of its total Investment Portfolio at fair value and no single investment whose total assets represented greater than 10% of its total assets. After performing the income test for the year ended December 31, 2016, Main Street determined that its income from one of its Control Investments individually generated more than 10% of its total income, primarily due to the unrealized appreciation that was recognized on the investment. As such, CBT Nuggets, LLC, an unconsolidated portfolio company that was a Control Investment, but for which Main Street was not the majority owner and did not have rights to maintain greater than 50% of the board representation, was also considered a significant subsidiary at the 10% level as of December 31, 2016. Additionally, after performing the income test for the year ended December 31, 2015, excluding investments which were fully exited after December 31, 2015, CBT Nuggets, LLC and the wholly owned External Investment Manager were each considered significant subsidiaries at the 10% income level (see further discussion and summarized financial information of the External Investment Manager in Note D).

The following table shows the summarized financial information for CBT Nuggets, LLC:

	As of December 31,	
	2016	2015
	(dollars in thousands)	
Balance Sheet Data		
Current Assets	$ 7,288	$ 4,499
Noncurrent Assets	13,609	16,749
Current Liabilities	17,871	15,490
Noncurrent Liabilities		

MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE C FAIR VALUE HIERARCHY FOR INVESTMENTS AND DEBENTURES PORTFOLIO COMPOSITION (Continued)

	Twelve Months Ended December 31, 2016	2015	2014
	(dollars in thousands)		
Summary of Operations			
Total Revenue	$ 38,779	$ 33,924	$ 25,645
Gross Profit	33,661	29,352	21,196
Income from Operations	13,117	12,099	8,687
Net Income	12,819	12,343	10,100

NOTE D EXTERNAL INVESTMENT MANAGER

As discussed further 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 External Parties.

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, a non-listed BDC, 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. The External Investment Manager has conditionally agreed to waive a limited amount of the incentive fees otherwise earned. During the years ended December 31, 2016, 2015 and 2014, the External Investment Manager earned $9.5 million, $7.8 million and $2.8 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

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE D EXTERNAL INVESTMENT MANAGER (Continued)

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 shares employees with the External Investment Manager and allocates costs related to such shared employees 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 years ended December 31, 2016, 2015 and 2014, Main Street allocated $5.1 million, $4.3 million and $2.0 million of total expenses, respectively, to the External Investment Manager. The total contribution of the External Investment Manager to Main Street's net investment income consists of the combination of the expenses allocated to the External Investment Manager and dividend income from the External Investment Manager. For the years ended December 31, 2016, 2015 and 2014, the total contribution to Main Street's net investment income was $7.9 million, $6.5 million and $2.5 million, respectively.

Summarized financial information from the separate financial statements of the External Investment Manager as of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014 is as follows:

	As of December 31,	
	2016	2015
	(dollars in thousands)	
Cash	$	$ 31
Accounts receivable HMS Income	2,496	2,262
Total assets	$ 2,496	$ 2,293
Accounts payable to MSCC and its subsidiaries	$ 1,635	$ 1,333
Dividend payable to MSCC	719	677
Taxes payable	142	283
Equity		
Total liabilities and equity	$ 2,496	$ 2,293

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE D EXTERNAL INVESTMENT MANAGER (Continued)

	Twelve Months Ended December 31,		
	2016	2015	2014
	(dollars in thousands)		
Management fee income	$ 9,540	$ 7,767	$ 2,795
Expenses allocated from MSCC or its subsidiaries:			
Salaries, share-based compensation and other personnel costs	(3,470)	(3,005)	(1,479)
Other G&A expenses	(1,619)	(1,330)	(569)
Total allocated expenses	(5,089)	(4,335)	(2,048)
Other direct G&A expenses			(2)
Total expenses	(5,089)	(4,335)	(2,050)
Pre-tax income	4,451	3,432	745
Tax expense	(1,623)	(1,235)	(298)
Net income	$ 2,828	$ 2,197	$ 447

NOTE E DEFERRED FINANCING COSTS

Deferred financing costs balances as of December 31, 2016 and 2015 are as follows (amounts in thousands):

	As of December 31,	
	2016	2015
Credit Facility Fees	$ 9,316	$ 8,467
SBIC debenture leverage fees	5,364	5,000
4.50% Notes	3,668	3,668
6.125% Notes	3,046	3,049
SBIC debenture commitment fees	2,798	2,048
Subtotal	24,192	22,232
Accumulated amortization	(11,547)	(8,965)
Net deferred financing costs balance	$ 12,645	$ 13,267

Estimated aggregate amortization expense for each of the five years succeeding December 31, 2016 and thereafter is as follows (amounts in thousands):

Years Ended December 31,	Estimated Amortization
2017	$ 2,906

2018	$	2,904
2019	$	2,840
2020	$	1,810
2021	$	720
2022 and thereafter	$	1,465

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE F SBIC DEBENTURES

SBIC debentures payable were $240.0 million and $225.0 million at December 31, 2016 and 2015, respectively. SBIC debentures provide for interest to be paid semiannually, with principal due at the applicable 10-year maturity date of each debenture. In August 2016, Main Street received a license from the SBA to operate a third SBIC, which at the time provided Main Street with access up to an additional $125.0 million of long-term, fixed interest rate debt capital through the issuance of SBA-guaranteed debentures. During the year ended December 31, 2016, Main Street issued $15.0 million of SBIC debentures, leaving $110.0 million of additional capacity under Main Street's SBIC licenses. The weighted-average annual interest rate on the SBIC debentures was 4.1% and 4.2% as of December 31, 2016 and 2015, respectively. The first principal maturity due under the existing SBIC debentures is in 2017, and the weighted-average remaining duration as of December 31, 2016 was approximately 4.9 years. For the years ended December 31, 2016, 2015 and 2014, Main Street recognized interest expense attributable to the SBIC debentures of $10.0 million, $9.9 million and $9.5 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.

As of December 31, 2016, the recorded value of the SBIC debentures was $239.6 million which consisted of (i) $74.8 million recorded at fair value, or $0.4 million less than the $75.2 million par value of the SBIC debentures issued in MSC II, (ii) $149.8 million recorded at par value and held in MSMF and (iii) $15.0 million recorded at par value and held in MSC III. As of December 31, 2016, 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 $228.6 million, or $11.4 million less than the $240.0 million face value of the SBIC debentures.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE F SBIC DEBENTURES (Continued)

The maturity dates and fixed interest rates for Main Street's SBIC Debentures as of December 31, 2016 and 2015 are summarized in the following table:

Maturity Date	Fixed Interest Rate	December 31, 2016	December 31, 2015
9/1/2017	6.43%	15,000,000	15,000,000
3/1/2018	6.38%	10,200,000	10,200,000
9/1/2019	4.95%	20,000,000	20,000,000
3/1/2020	4.51%	10,000,000	10,000,000
9/1/2020	3.50%	35,000,000	35,000,000
9/1/2020	3.93%	10,000,000	10,000,000
3/1/2021	4.37%	10,000,000	10,000,000
3/1/2021	4.60%	20,000,000	20,000,000
9/1/2021	3.39%	10,000,000	10,000,000
9/1/2022	2.53%	5,000,000	5,000,000
3/1/2023	3.16%	16,000,000	16,000,000
3/1/2024	3.95%	8,000,000	8,000,000
3/1/2024	3.95%	12,000,000	12,000,000
3/1/2024	3.95%	11,400,000	11,400,000
3/1/2024	3.95%	7,600,000	7,600,000
3/1/2024	3.55%	24,800,000	24,800,000
3/1/2027(1)	2.21%	6,000,000	
3/1/2027(1)	2.03%	9,000,000	
Ending Balance		240,000,000	225,000,000

(1) The interest rate for this tranche of SBIC debentures represents an initial rate that has not been fixed by the SBA as of December 31, 2016. In March 2017, the rate for this tranche of SBIC debentures will be determined and, thereafter, the rate will be fixed for the ensuing 10 years.

NOTE G 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 $555.0 million from a diversified group of fourteen lenders and was amended in 2016 to extend the maturity to September 2021. The Credit Facility also contains an accordion feature which allows Main Street to increase the total commitments under the facility to up to $750.0 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 at a rate equal to the applicable LIBOR rate (0.77% as of December 31, 2016) plus (i) 1.875% (or the applicable base rate (Prime Rate of 3.75% as of December 31, 2016) plus 0.875%) as long as Main Street maintains an investment grade rating and meets certain agreed upon excess collateral and maximum leverage requirements, (ii) 2.0% (or the applicable base rate plus 1.0%) if Main Street maintains an investment grade rating but does not meet certain excess collateral and

MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE G CREDIT FACILITY (Continued)

maximum leverage requirements or (iii) 2.25% (or the applicable base rate plus 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 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 2021, 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 December 31, 2016, Main Street had $343.0 million in borrowings outstanding under the Credit Facility. As of December 31, 2016, if Main Street had adopted the fair value option under ASC 825 for its Credit Facility, Main Street estimates its fair value would approximate its recorded value. Main Street recognized interest expense related to the Credit Facility, including unused commitment fees and amortization of deferred loan costs, of $9.2 million, $7.7 million and $6.9 million, respectively, for the years ended December 31, 2016, 2015 and 2014. As of December 31, 2016, the interest rate on the Credit Facility was 2.5%. The average interest rate for the year ended December 31, 2016 was 2.4%. Main Street was in compliance with all financial covenants of the Credit Facility.

NOTE H 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 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 December 31, 2016, the outstanding balance of the 6.125% Notes was $90.7 million. As of December 31, 2016, if Main Street had adopted the fair value option under ASC 825 for the 6.125% Notes, Main Street estimates the fair value would be approximately $93.3 million. Main Street recognized interest expense related to the 6.125% Notes, including amortization of deferred loan costs, of $5.9 million for each of the years ended December 31, 2016, 2015 and 2014.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE H NOTES (Continued)

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. As of December 31, 2016, Main Street was in compliance with these covenants.

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 semiannually 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 December 31, 2016, the outstanding balance of the 4.50% Notes was $175.0 million. As of December 31, 2016, if Main Street had adopted the fair value option under ASC 825 for the 4.50% Notes, Main Street estimates its fair value would be approximately $177.3 million. Main Street recognized interest expense related to the 4.50% Notes, including amortization of deferred loan costs, of $8.6 million, $8.6 million and $1.3 million for the years ended December 31, 2016, 2015 and 2014, respectively.

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 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. As of December 31, 2016, Main Street was in compliance with these covenants.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE I FINANCIAL HIGHLIGHTS

Per Share Data:	2016	2015	2014	2013	2012
NAV at the beginning of the period	$ 21.24	$ 20.85	$ 19.89	$ 18.59	$ 15.19
Net investment income(1)(3)	2.23	2.18	2.20	2.06	2.01
Net realized gain (loss)(1)(2)(3)	0.56	(0.43)	0.53	0.07	0.55
Net change in net unrealized appreciation (depreciation)(1)(2)(3)	(0.14)	0.20	(0.27)	0.52	1.34
Income tax benefit (provision)(1)(2)(3)	0.02	0.18	(0.15)		(0.37)
Net increase in net assets resulting from operations(1)(3)	2.67	2.13	2.31	2.65	3.53
Dividends paid from net investment income	(1.99)	(2.49)	(2.17)	(2.29)	(1.17)
Distributions from capital gains	(0.74)	(0.16)	(0.38)	(0.37)	(0.54)
Total dividends paid	(2.73)	(2.65)	(2.55)	(2.66)	(1.71)
Impact of the net change in monthly dividends declared prior to the end of the period and paid in the subsequent period	(0.01)	(0.01)	(0.01)	(0.02)	(0.02)
Accretive effect of stock offerings (issuing shares above NAV per share)	0.76	0.74	1.07	1.13	1.33
Accretive effect of DRIP issuance (issuing shares above NAV per share)	0.08	0.12	0.12	0.13	0.07
Other(4)	0.09	0.06	0.02	0.07	0.20
NAV at the end of the period	$ 22.10	$ 21.24	$ 20.85	$ 19.89	$ 18.59
Market value at the end of the period	$ 36.77	$ 29.08	$ 29.24	$ 32.69	$ 30.51
Shares outstanding at the end of the period	54,354,857	50,413,744	45,079,150	39,852,604	34,589,484

(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) Per share amounts are net of the amounts attributable to the noncontrolling equity interests in MSC II for the periods prior to the completion of the acquisition of MSC II during the first quarter of 2012.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE I FINANCIAL HIGHLIGHTS (Continued)

(4) 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.

	Twelve Months Ended December 31,				
	2016	2015	2014	2013	2012
	(dollars in thousands)				
NAV at end of period	$ 1,201,481	$ 1,070,894	$ 939,982	$ 792,533	$ 642,976
Average NAV	$ 1,118,567	$ 1,055,313	$ 885,568	$ 706,056	$ 512,156
Average outstanding debt	$ 801,048	$ 759,396	$ 575,524	$ 444,331	$ 322,154
Ratio of total expenses, including income tax expense, to average NAV(1)(2)	5.48%	4.63%	5.82%	5.82%	8.18%
Ratio of operating expenses to average NAV(1)(3)	5.59%	5.45%	5.11%	5.82%	6.07%
Ratio of operating expenses, excluding interest expense, to average NAV(1)(3)	2.58%	2.41%	2.44%	2.95%	3.03%
Ratio of net investment income to average NAV(1)	10.35%	10.15%	10.79%	10.68%	11.57%
Portfolio turnover ratio	24.63%	25.37%	35.71%	36.10%	56.22%
Total investment return(4)	37.36%	8.49%	(3.09)%	16.68%	53.60%
Total return based on change in NAV(5)	12.97%	11.11%	12.71%	15.06%	25.73%

(1) Ratios are net of the amounts attributable to the noncontrolling equity interests in MSC II for the periods prior to the completion of the acquisition of MSC II during the first quarter of 2012.

(2) Total expenses are the sum of operating expenses and net income tax provision/benefit. Net income tax provision/benefit includes the accrual of net deferred tax provision/benefit relating to the net unrealized appreciation/depreciation on portfolio investments held in Taxable Subsidiaries and due to the change in the 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 provision/benefit in calculating its total expenses even though these net deferred taxes are not currently payable/receivable.

(3) Unless otherwise noted, operating expenses include interest, compensation, general and administrative and share-based compensation expenses, net of expenses allocated to the External Investment Manager.

(4) 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 any sales load that may be paid by an investor.

(5) 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.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE J DIVIDENDS, DISTRIBUTIONS AND TAXABLE INCOME

During 2016, Main Street paid supplemental dividends of $0.275 per share in each of June and December 2016, regular monthly dividends of $0.180 per share for each month of January through September 2016, regular monthly dividends of $0.185 per share for each month of October through December 2016, with such dividends totaling $141.6 million, or $2.725 per share. The 2016 regular monthly dividends, which total $112.5 million, or $2.175 per share, represent a 3.6% increase from the regular monthly dividends paid per share for the year ended 2015. For tax purposes, the 2016 dividends, which included the effects of accrued dividends, total $2.73 per share and were comprised of (i) ordinary income totaling approximately $1.911 per share, (ii) long term capital gain totaling approximately $0.761 per share, and (iii) qualified dividend income totaling approximately $0.058 per share. As of December 31, 2016, Main Street estimates that it has generated undistributed taxable income of approximately $52.4 million, or $0.96 per share, that will be carried forward toward distributions to be paid in 2017. For the years ended December 31, 2015 and 2014, Main Street paid total monthly dividends of approximately $130.0 million, or $2.650 per share, and $110.9 million, or $2.545 per share, respectively.

Ordinary dividend distributions from a RIC do not qualify for the reduced maximum tax rate on qualified 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 dividends will generally include both ordinary income and capital gains but may also include qualified dividends or return of capital. The tax character of distributions paid for the years ended December 31, 2016, 2015 and 2014 was as follows:

	Twelve Months Ended December 31,		
	2016	2015	2014
	(dollars in thousands)		
Ordinary income(1)	$ 100,059	$ 114,975	$ 91,369
Qualified dividends	2,992	5,179	2,106
Distributions of long term capital gains	39,522	11,285	18,502
Distributions on tax basis	$ 142,573	$ 131,439	$ 111,977

(1) The years ended December 31, 2016, 2015 and 2014 include $1.6 million, $1.5 million and $1.2 million, respectively, that was reported as compensation for services for tax purposes in accordance with Section 83 of the Code.

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 taxable income or capital gains that MSCC distributes to its stockholders. MSCC must generally distribute at least 90% of its "investment company taxable income" (which is generally its net ordinary taxable income and realized net short-term capital gains in excess of realized net long-term capital losses) and 90% of its tax-exempt income to maintain its RIC status (pass-through tax treatment for amounts distributed). As part of maintaining RIC status, undistributed taxable income (subject to a 4% non-deductible 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 on or prior to the later of (i) filing of the U.S.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE J DIVIDENDS, DISTRIBUTIONS AND TAXABLE INCOME (Continued)

federal income tax return for the applicable fiscal year or (ii) the fifteenth day of the ninth month following the close of the year in which such taxable income was generated.

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 years ended December 31, 2016, 2015 and 2014.

	Twelve Months Ended December 31,		
	2016	2015	2014
	(estimated, dollars in thousands)		
Net increase in net assets resulting from operations	$ 138,899	$ 104,437	$ 100,748
Book tax difference from share-based compensation expense	1,619	1,006	4,215
Net change in net unrealized (appreciation) depreciation	7,519	(9,992)	11,707
Income tax provision (benefit)	(1,227)	(8,687)	6,287
Pre-tax book (income) loss not consolidated for tax purposes	15,742	32,323	(7,721)
Book income and tax income differences, including debt origination, structuring fees, dividends, realized gains (losses) and changes in estimates	(7,300)	3,397	(1,667)
Estimated taxable income(1)	155,252	122,484	113,569
Taxable income earned in prior year and carried forward for distribution in current year	29,683	38,638	37,046
Taxable income earned prior to period end and carried forward for distribution next period	(52,410)	(38,757)	(46,301)
Dividend payable as of period end and paid in the following period	10,048	9,074	7,663
Total distributions accrued or paid to common stockholders	$ 142,573	$ 131,439	$ 111,977

(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.

The Taxable Subsidiaries primarily 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.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE J DIVIDENDS, DISTRIBUTIONS AND TAXABLE INCOME (Continued)

The income tax expense, or benefit, and the related tax assets and liabilities generated by the Taxable Subsidiaries, if any, are reflected in Main Street's consolidated statement of operations. Main Street's provision for income taxes was comprised of the following for the years ended December 31, 2016, 2015 and 2014 (amounts in thousands):

	Twelve Months Ended December 31,		
	2016	**2015**	**2014**
Current tax expense:			
Federal	$ 1	$ 607	$ 734
State	347	1,181	847
Total current tax expense	348	1,788	1,581
Deferred tax expense (benefit):			
Federal	(5,359)	(10,781)	2,515
State	2,043	(870)	759
Total deferred tax expense (benefit)	(3,316)	(11,651)	3,274
Excise tax	1,741	1,176	1,432
Total income tax provision (benefit)	$ (1,227)	$ (8,687)	$ 6,287

As of December 31, 2016, the cost of investments for U.S. federal income tax purposes was $1,858.2 million, with such investments having a gross unrealized appreciation of $284.1 million and gross unrealized depreciation of $145.4 million.

The net deferred tax asset at December 31, 2016 and 2015 was $9.1 million and $4.0 million, respectively, primarily related to loss carryforwards, timing differences in net unrealized appreciation or depreciation and other temporary book-tax differences relating to portfolio investments held by the Taxable Subsidiaries. In addition, during the three months ended March 31, 2016, Main Street recorded a one-time $1.8 million increase to deferred tax assets for previously unrecognized excess tax benefits associated with share-based compensation due to the early adoption of the new accounting standard ASU 2016-09 (See further discussion in Note B.8.). As of December 31, 2016, for U.S. federal income tax purposes, the Taxable Subsidiaries had a capital loss carryforward of $5.2 million which will expire in taxable year 2020 and a capital loss carryforward of $9.4 million which will expire in taxable year 2021. At December 31, 2016, for U.S. federal income tax purposes, the Taxable Subsidiaries had a net operating loss carryforward which will expire in various taxable years from 2029 through 2036. The timing and manner in which Main Street will utilize any loss carryforwards in any year, or in total, may be limited in the future under the provisions of the Code.

Management believes that the realization of the deferred tax assets is more likely than not based on expectations as to future taxable income and scheduled reversals of temporary differences. Accordingly, Main Street did not record a valuation allowance related to its deferred tax assets at

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE J DIVIDENDS, DISTRIBUTIONS AND TAXABLE INCOME (Continued)

December 31, 2016 and 2015. The following table sets forth the significant components of net deferred tax assets and liabilities as of December 31, 2016 and 2015 (amounts in thousands):

	Years Ended December 31, 2016	Years Ended December 31, 2015
Deferred tax assets:		
Net operating loss carryforwards	$ 38,880	$ 23,508
Capital loss carryforwards	5,175	2,831
Total deferred tax assets	44,055	26,339
Deferred tax liabilities:		
Net unrealized appreciation of portfolio investments	(21,807)	(19,482)
Net basis differences in portfolio investments	(13,112)	(2,446)
Other	(11)	(408)
Total deferred tax liabilities	(34,930)	(22,336)
Total deferred tax asset, net	$ 9,125	$ 4,003

NOTE K COMMON STOCK

During November 2015, Main Street commenced a program with certain selling agents through which it can sell shares of its common stock by means of at-the-market offerings from time to time (the "ATM Program"). During the year ended December 31, 2016, Main Street sold 3,324,646 shares of its common stock at a weighted-average price of $34.17 per share and raised $113.6 million of gross proceeds under the ATM Program. Net proceeds were $112.0 million after commissions to the selling agents on shares sold and offering costs. As of December 31, 2016, sales transactions representing 42,413 shares had not settled and are not included in shares issued and outstanding on the face of the consolidated balance sheet, but are included in the weighted-average shares outstanding in the consolidated statement of operations and in the shares used to calculate net asset value per share. As of December 31, 2016, 1,534,786 shares were available for sale under the ATM Program.

During November and December 2015, Main Street sold 140,568 shares of its common stock at a weighted-average price of $31.98 per share and raised $4.5 million of gross proceeds under the ATM Program. Net proceeds were $4.3 million after commissions to the selling agents on shares sold and offering costs.

During March 2015, Main Street completed a follow-on 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, 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.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE L 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 year ended December 31, 2016, $14.1 million of the total $141.6 million in dividends paid to stockholders represented DRIP participation. During this period, the DRIP participation requirements were satisfied with the issuance of 434,631 newly issued shares. For the year ended December 31, 2015, $19.4 million of the total $130.0 million in dividends paid to stockholders represented DRIP participation. During this period, the DRIP participation requirements were satisfied with the issuance of 636,079 newly issued shares and with the purchase of 3,131 shares of common stock in the open market. For the year ended December 31, 2014, $17.4 million of the total $110.9 million in dividends paid to stockholders represented DRIP participation. During this period, the DRIP participation requirements were satisfied with the issuance of 468,417 newly issued shares and with the purchase of 85,754 shares of common stock in the open market. The shares disclosed above relate only to Main Street's DRIP and exclude any activity related to broker-managed dividend reinvestment plans.

NOTE M 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 2015 Equity and Incentive Plan (the "Equity and Incentive Plan"). These shares generally vest over a three-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 under the

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE M SHARE-BASED COMPENSATION (Continued)

Equity and Incentive Plan, net of shares forfeited, if any, and the remaining shares of restricted stock available for issuance as of December 31, 2016.

Restricted stock authorized under the plan	3,000,000
Less net restricted stock granted during:	
Year ended December 31, 2015	(900)
Year ended December 31, 2016	(260,514)(1)
Restricted stock available for issuance as of December 31, 2016	2,738,586

(1) Shares indicated are net of forfeited shares

As of December 31, 2016, the following table summarizes the restricted stock issued to Main Street's non-employee directors and the remaining shares of restricted stock available for issuance pursuant to the Main Street Capital Corporation 2015 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	300,000
Less net restricted stock granted during:	
Year ended December 31, 2015	(6,806)
Year ended December 31, 2016	(6,748)
Restricted stock available for issuance as of December 31, 2016	286,446

For the years ended December 31, 2016, 2015 and 2014, Main Street recognized total share-based compensation expense of $8.3 million, $6.3 million and $4.2 million, respectively, related to the restricted stock issued to Main Street employees and independent directors. As of December 31, 2016, there was $12.1 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 1.7 years as of December 31, 2016.

NOTE N COMMITMENTS AND CONTINGENCIES

	Amount
Investments with equity capital commitments that have not yet funded:	
Congruent Credit Opportunities Funds	
Congruent Credit Opportunities Fund II, LP	$ 8,488
Congruent Credit Opportunities Fund III, LP	14,246
	$ 22,734
Encap Energy Fund Investments	
EnCap Energy Capital Fund VIII, L.P.	$ 540

EnCap Energy Capital Fund VIII Co-Investors, L.P.	27
EnCap Energy Capital Fund IX, L.P.	785
EnCap Energy Capital Fund X, L.P.	6,961

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE N COMMITMENTS AND CONTINGENCIES (Continued)

	Amount
EnCap Flatrock Midstream Fund II, L.P.	5,410
EnCap Flatrock Midstream Fund III, L.P.	4,987
	$ 18,710
Freeport Fund Investments	
Freeport First Lien Loan Fund III LP	$ 7,737
Freeport Financial SBIC Fund LP	1,375
	$ 9,112
Brightwood Capital Fund Investments	
Brightwood Capital Fund III, LP	$ 3,000
Brightwood Capital Fund IV, LP	4,500
	$ 7,500
I-45 SLF LLC	$ 2,800
EIG Fund Investments	$ 3,503
LKCM Headwater Investments I, L.P.	$ 2,500
Dos Rios Partners	
Dos Rios Partners, LP	$ 1,594
Dos Rios Partners A, LP	506
	$ 2,100
Total equity commitments	$ 68,959
Investments with commitments to fund revolving loans that have not been fully drawn or term loans with additional commitments not yet funded:	
PT Network, LLC	$ 8,775
Arcus Hunting LLC	4,336
UniRush, LLC	4,000
CDHA Management, LLC	3,258
Barfly Ventures, LLC	2,756
Buca C, LLC	2,370
Strike, LLC	2,500
Truck Bodies and Equipment International, Inc.	2,208
Hojeij Branded Foods, LLC	2,028
Applied Products, Inc.	2,000
Mid-Columbia Lumber Products, LLC	2,000
LaMi Products, LLC	1,765
CapFusion, LLC	1,600
Hawk Ridge Systems, LLC	1,600
Messenger, LLC	1,417
Gamber-Johnson Holdings, LLC	1,200
Grace Hill, LLC	1,025
Lamb Ventures, LLC	1,000
NRI Clinical Research, LLC	800
Apex Linen Service, Inc.	800

MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE N COMMITMENTS AND CONTINGENCIES (Continued)

	Amount
Mystic Logistics Holdings, LLC	800
Pardus Oil and Gas, LLC	663
Jackmont Hospitality, Inc.	593
PPC/SHIFT LLC	500
UniTek Global Services, Inc.	483
Jensen Jewelers of Idaho, LLC	350
Subsea Global Solutions, LLC	285
Permian Holdco 2, Inc.	111
Total loan commitments	$ 51,223
Total commitments	$ 120,182

Main Street will fund its unfunded commitments from the same sources it uses to fund its investment commitments that are funded at the time they are made (which are typically through existing cash and cash equivalents, borrowings under the Credit Facility, the liquidation of Marketable securities and idle funds investments, and a combination of future debt and equity capital). Main Street follows a process to manage its liquidity and ensure that it has available capital to fund its unfunded commitments as necessary. The Company had total unrealized depreciation of $0.1 million on the outstanding unfunded commitments as of December 31, 2016.

Main Street is obligated under an operating lease for office space. Total rent expense incurred by Main Street for the years ended December 2016, 2015 and 2014 was $0.6 million, $0.5 million and $0.4 million, respectively.

The following table shows future minimum payments under Main Street's operating lease as of December 31, 2016:

For the Years Ended December 31,	Amount
2017	185
2018	683
2019	749
2020	763
2021	777
Thereafter	4,959
Total	8,116

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.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE O SELECTED QUARTERLY DATA (UNAUDITED)

	2016 (dollars in thousands, except per share amounts)			
	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4
Total investment income	$ 42,006	$ 42,902	$ 46,599	$ 46,830
Net investment income	$ 27,164	$ 27,648	$ 30,557	$ 30,432
Net increase in net assets resulting from operations	$ 16,812	$ 30,911	$ 43,181	$ 47,993
Net investment income per share-basic and diluted	$ 0.54	$ 0.54	$ 0.58	$ 0.57
Net increase in net assets resulting from operations per share-basic and diluted	$ 0.33	$ 0.60	$ 0.82	$ 0.90

	2015 (dollars in thousands, except per share amounts)			
	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4
Total investment income	$ 37,179	$ 41,308	$ 42,608	$ 43,493
Net investment income	$ 23,491	$ 27,201	$ 27,861	$ 28,520
Net increase in net assets resulting from operations	$ 35,424	$ 40,802	$ 20,668	$ 7,543
Net investment income per share-basic and diluted	$ 0.51	$ 0.55	$ 0.56	$ 0.57
Net increase in net assets resulting from operations per share-basic and diluted	$ 0.77	$ 0.82	$ 0.41	$ 0.15

	2014 (dollars in thousands, except per share amounts)			
	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4
Total investment income	$ 30,776	$ 34,877	$ 36,351	$ 38,759
Net investment income	$ 20,739	$ 23,578	$ 24,887	$ 26,332
Net increase in net assets resulting from operations	$ 27,234	$ 29,950	$ 21,569	$ 21,995
Net investment income per share-basic and diluted	$ 0.52	$ 0.53	$ 0.55	$ 0.59
Net increase in net assets resulting from operations per share-basic and diluted	$ 0.68	$ 0.68	$ 0.48	$ 0.49

NOTE P 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 December 31, 2016, Main Street had a receivable of approximately $2.4 million due from the External Investment Manager which included approximately $1.6 million related primarily to operating expenses incurred by 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 $0.7 million.

In November 2015, Main Street's Board of Directors approved and adopted the Main Street Capital Corporation Deferred Compensation Plan (the "2015 Deferred Compensation Plan"). The 2015 Deferred Compensation Plan became effective on January 1, 2016 and replaced the Deferred

MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE P RELATED PARTY TRANSACTIONS (Continued)

Compensation Plan for Non-Employee Directors previously adopted by the Board of Directors in June 2013 (the "2013 Deferred Compensation Plan"). Under the 2015 Deferred Compensation Plan, non-employee directors and certain key employees may defer receipt of some or all of their cash compensation and directors' fees, subject to certain limitations. Individuals participating in the 2015 Deferred Compensation Plan receive distributions of their respective balances based on predetermined payout schedules or other events as defined by the plan and are also able to direct investments made on their behalf among investment alternatives permitted from time to time under the plan, including phantom Main Street stock units. As of December 31, 2016, $2.0 million of compensation and directors' fees had been deferred under the 2015 Deferred Compensation Plan (including amounts previously deferred under the 2013 Deferred Compensation Plan). Of this amount, $1.7 million was deferred into phantom Main Street stock units, representing 55,866 shares of Main Street's common stock. Including phantom stock units issued through dividend reinvestment, the phantom stock units outstanding as of December 31, 2016 represented 64,839 shares of Main Street's common stock. Any amounts deferred under the plan represented by phantom Main Street stock units will not be issued or included as outstanding on the consolidated statement of changes in net assets until such shares are actually distributed to the participant in accordance with the plan, but are included in operating expenses and weighted-average shares outstanding in Main Street's consolidated statement of operations as earned.

NOTE Q SUBSEQUENT EVENTS

In January 2017, Main Street led a new portfolio investment to facilitate the majority recapitalization of NuStep, Inc. ("NuStep"), the leading manufacturer of recumbent cross-trainers focused primarily on the physical therapy, physical rehabilitation and active aging markets. Main Street, along with HMS Income, partnered with the NuStep's management team to facilitate the recapitalization of NuStep, with Main Street funding $30.8 million in a combination of first-lien, senior secured term debt and direct equity investment. Headquartered in Ann Arbor, Michigan, NuStep serves customers across a variety of end markets, including physical therapy and rehabilitation clinics, skilled nursing facilities, fitness centers, hospitals, retirement communities and individual consumers. NuStep manufactures all of its products at its manufacturing facilities in Ann Arbor and sells its products throughout the United States and across a wide variety of international markets.

In February 2017, Main Street led a new portfolio investment to facilitate the management-led buyout of Charps Welding & Fabricating, Inc. ("Charps"), a premier specialty contractor focused on the maintenance, repair, fabrication and construction of oil and gas pipelines. Main Street, along with HMS Income, partnered with the Charps' management team to facilitate the buyout, with Main Street funding $18.8 million in a combination of first-lien, senior secured term debt and a direct equity investment. Headquartered in Clearbrook, Minnesota, and founded in 1999, Charps provides various pipeline services to customers focused on energy transmission and distribution. Charps primarily performs work in the Midwest, Ohio Valley and Eastern U.S., and its pipeline services include pipeline integrity services, emergency response, hydrostatic testing, existing line replacement, pipeline fabrication and new construction and installation.

During February 2017, Main Street declared regular monthly dividends of $0.185 per share for each of April, May and June 2017. These regular monthly dividends equal a total of $0.555 per share for the second quarter of 2017. The second quarter 2017 regular monthly dividends represent a 2.8% increase from the dividends declared for the second quarter of 2016. Including the dividends declared for the second quarter of 2017, Main Street will have paid $19.715 per share in cumulative dividends since its October 2007 initial public offering.

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders'
Main Street Capital Corporation

We have audited in accordance with the standards of the Public Company Accounting Oversight Board (United States) the consolidated financial statements of Main Street Capital Corporation (a Maryland corporation) and subsidiaries (the "Company") referred to in our report dated February 24, 2017, which is included in the annual report on Form 10-K. Our audits of the basic consolidated financial statements included the financial statement schedule listed in the index appearing under Item 15(2), which is the responsibility of the Company's management. In our opinion, this financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ GRANT THORNTON LLP

Dallas, Texas
February 24, 2017

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Schedule 12-14

MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments in and Advances to Affiliates
December 31, 2016
(dollars in thousands)

Company	Investment(1)	Amount of Interest, Fees or Dividends Credited to Income(2)	December 31, 2015 Fair Value	Gross Additions(3)	Gross Reductions(4)	December 31, 2016 Fair Value
Control Investments						
Majority-owned investments						
Café Brazil, LLC	Member Units	$ 429	$ 7,330	$	$ 1,290	$ 6,040
Clad-Rex Steel, LLC	LIBOR Plus 9.50%	5		396		396
	LIBOR Plus 9.50%	192		13,941		13,941
	Member Units			7,280		7,280
	10% Secured Debt	4		1,190		1,190
	Member Units			210		210
CMS Minerals Investments	Member Units	178		4,083	702	3,381
	Preferred Member Units	1,239	6,914		3,232	3,682
Gamber-Johnson Holdings, LLC	LIBOR Plus 11.00% (Floor 1.00%)	1,551		23,846		23,846
	Member Units	404		18,920		18,920
GRT Rubber Technologies LLC	LIBOR Plus 9.00% (Floor 1.00%)	1,465	15,988	134	2,848	13,274
	Member Units	949	15,580	4,730		20,310
Hydratec, Inc.	Common Stock	1,631	14,950	690		15,640
IDX Broker, LLC	12.5% Secured Debt	1,460	11,350	23	423	10,950
	Member Units	136	6,440	600		7,040
Jensen Jewelers of Idaho, LLC	Prime Plus 6.75% (Floor 2.00%)	475	4,055	500	500	4,055
	Member Units	209	4,750		290	4,460
Lamb Ventures, LLC	LIBOR Plus 5.75%	7		351	351	
	11% Secured Debt	869	7,962		305	7,657
	Preferred Equity		328	72		400
	Member Units	90	4,690	1,300		5,990
	9.5% Secured Debt	86	919	300	49	1,170
	Member Units	362	1,240	100		1,340
Lighting Unlimited, LLC	8% Secured Debt	123	1,514			1,514
	Preferred Equity		430		20	410
	Warrants		40		40	
	Member Units	(81)	350		350	
Mid-Columbia Lumber Products, LLC	10% Secured Debt	178	1,750			1,750
	12% Secured Debt	476	3,900			3,900
	Member Units	5	2,580	566	666	2,480
	9.5% Secured Debt	83	881		45	836

	Member Units	23	550	50		600
MSC Adviser I, LLC	Member Units	2,829	27,272	3,345		30,617
Mystic Logistics Holdings, LLC	12% Secured Debt	1,184	9,448	42	314	9,176
	Common Stock		5,970		190	5,780
NRP Jones, LLC	6% Current / 6% PIK Secured Debt	1,921	12,948	967		13,915
	Warrants		450		320	130
	Member Units		1,480		1,070	410
PPL RVs, Inc.	11.1% Secured Debt	913	9,710		9,710	
	LIBOR Plus 7.00% (Floor 0.50%)	234		17,826		17,826
	Common Stock	261	9,770	2,010		11,780
Principle Environmental, LLC	12% Secured Debt	516	4,060	21	21	4,060
	12% Current / 2% PIK Secured Debt	473	3,310	69	1	3,378
	Preferred Member Units		6,060		690	5,370
	Warrants		310		40	270
Quality Lease Service, LLC	8% PIK Secured Debt	530	6,538	530		7,068
	Member Units		2,638	550		3,188

Company	Investment(1)	Amount of Interest, Fees or Dividends Credited to Income(2)	December 31, 2015 Fair Value	Gross Additions(3)	Gross Reductions(4)	December 31, 2016 Fair Value
Southern RV, LLC	13% Secured Debt	157	11,400	104	11,504	
	Member Units	957	15,100		15,100	
	13% Secured Debt	45	3,250	30	3,280	
	Member Units		1,200		1,200	
The MPI Group, LLC	9% Secured Debt	269	2,921	1		2,922
	Series A Preferred Units		690		690	
	Warrants					
	Member Units	129	2,230	70		2,300
Travis Acquisition LLC	12% Secured Debt	340	3,513	43	3,556	
	Member Units	2,812	14,480		14,480	
Uvalco Supply, LLC	9% Secured Debt	97	1,314		442	872
	Member Units	120	5,460		820	4,640
Vision Interests, Inc.	13% Secured Debt	412	3,052	19	257	2,814
	Series A Preferred Stock		3,550		550	3,000
	Common Stock		210		210	
Ziegler's NYPD, LLC	6.5% Secured Debt	68	992	2		994
	12% Secured Debt	46	500		200	300
	14% Secured Debt	391	2,750			2,750
	Warrants		50	190		240
	Preferred Member Units		3,400	700		4,100
Other controlled investments						
Access Media Holdings, LLC	5.00% Current / 5.00% PIK Secured Debt	2,270	20,380	1,110	1,790	19,700
	Preferred Member Units		2,000	2,081	3,841	240
	Member Units					
Ameritech College Operations, LLC	10% Secured Debt	52	514			514
	13% Secured Debt	315	3,025			3,025
	13% Secured Debt	51	489			489
	Preferred Member Units	(5)	2,291			2,291
ASC Interests, LLC	11% Secured Debt	271	2,500	14	414	2,100
	Member Units	95	2,230	450		2,680
Bond-Coat, Inc.	12% Secured Debt	1,450	11,596	35	35	11,596
	Common Stock		9,140		2,480	6,660
CBT Nuggets, LLC	Member Units	7,425	42,120	13,360		55,480
Datacom, LLC	8% Secured Debt	53		900		900
	5.25% Current / 5.25% PIK Secured Debt	1,193	10,970	529	450	11,049
	Class A Preferred Member Units		1,181	187		1,368
	Class B Preferred Member Units		5,079		3,550	1,529
Garreco, LLC	14% Secured Debt	838	5,739	30	550	5,219
	Member Units		1,270		120	1,150

Gulf Manufacturing, LLC	9% PIK Secured Debt	71	777			777
	Member Units	51	13,770		5,000	8,770
Gulf Publishing Holdings, LLC	12.5% Secured Debt	969		9,911		9,911
	Member Units	62		3,124		3,124
Harrison Hydra-Gen, Ltd.	9% Secured Debt	9	5,010		5,010	
	Preferred Stock	2	1,361	2	1,363	
	Common Stock	69	2,600	520		3,120
Hawthorne Customs and Dispatch Services, LLC	Member Units		460		180	280
	Member Units	188	2,220		180	2,040
HW Temps LLC	LIBOR Plus 13% (Floor 1.00%)	1,172	9,884	816	200	10,500
	Preferred Member Units	389	3,942		2	3,940
Indianapolis Aviation Partners, LLC	15% Secured Debt	636	3,100	5	5	3,100
	Warrants		2,540	109		2,649
Marine Shelters Holdings, LLC	12% PIK Secured Debt	895	8,870	947	430	9,387
	Preferred Member Units		4,881		4,881	
MH Corbin Holding LLC	10% Secured Debt	1,409	13,869	28	700	13,197
	Preferred Member Units	140	6,000			6,000
NAPCO Precast, LLC	Prime Plus 2.00% (Floor 7.00%)	283	4,005		1,292	2,713
	18% Secured Debt	794	4,924		972	3,952
	Member Units	687	8,590	2,330		10,920

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Company	Investment(1)	Amount of Interest, Fees or Dividends Credited to Income(2)	December 31, 2015 Fair Value	Gross Additions(3)	Gross Reductions(4)	December 31, 2016 Fair Value
NRI Clinical Research, LLC	LIBOR Plus 6.50% (Floor 1.50%)	8		200		200
	14% Secured Debt	683	4,539	78	356	4,261
	Warrants		340	340		680
	Member Units		1,342	1,120		2,462
OMi Holdings, Inc.	Common Stock	480	13,640		560	13,080
Pegasus Research Group, LLC	Member Units	243	6,840	1,780		8,620
River Aggregates, LLC	Zero Coupon Secured Debt	71	556	71		627
	Member Units	460	3,830	770		4,600
	Member Units		2,360	150		2,510
SoftTouch Medical Holdings LLC	LIBOR Plus 9.00% (Floor 1.00%)	793	8,010	65	935	7,140
	Member Units	397	5,710	3,460		9,170
Other						
Amounts related to investments transferred to or from other 1940 Act classification during the period						
		$ 52,221	$ 555,011	$ 150,323	$ 111,052	$ 594,282

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Company	Investment(1)	Amount of Interest, Fee or Dividends Credited to Income(2)	December 31, 2015 Fair Value	Gross Additions(3)	Gross Reductions(4)	December 31, 2016 Fair Value
Affiliate Investments						
AFG Capital Group, LLC	11% Secured Debt	$ 1,313	$ 12,790	$ 349	$ 13,139	$
	Warrants		490	180		670
	Member Units	40	2,020	730		2,750
Barfly Ventures, LLC	12% Secured Debt	1,053	4,042	1,818	33	5,827
	Options			490		490
	Warrants		473		193	280
BBB Tank Services, LLC	LIBOR Plus 9.50% (Floor 1.00%)	22		797		797
	15% Secured Debt	439		3,991		3,991
	Member Units			800		800
Boss Industries, LLC	Preferred Member Units	264	2,586	214		2,800
Bridge Capital Solutions Corporation	13% Secured Debt	1,293	6,890	5,720	7,000	5,610
	Warrants		1,300	2,070		3,370
	13% Secured Debt	73		1,000		1,000
	Preferred Member Units	44		1,000		1,000
Buca C, LLC	LIBOR Plus 7.25% (Floor 1.00%)	2,087	25,299	531	3,159	22,671
	Preferred Member Units	226	3,711	949		4,660
CAI Software LLC	12% Secured Debt	507	4,661	14	992	3,683
	Member Units	102	1,000	1,480		2,480
CapFusion, LLC	13% Secured Debt	1,547		13,202		13,202
	Warrants			1,200		1,200
Chandler Signs Holdings, LLC	12% Secured Debt	595		4,500		4,500
	Class A Units	149		3,240		3,240
Condit Exhibits, LLC	Member Units	175	1,010	830		1,840
Congruent Credit Opportunities Funds	LP Interests (Fund II)	400	2,834		1,316	1,518
	LP Interests (Fund III)	1,115	12,024	4,157		16,181
Daseke, Inc.	12% Current / 2.5% PIK Secured Debt	3,252	21,253	629	83	21,799
	Common Stock		22,660	1,403		24,063
Dos Rios Partners	LP Interests (Dos Rios Partners, LP)		2,031	2,894		4,925
	LP Interests (Dos Rios Partners A, LP)		648	918	122	1,444
Dos Rios Stone Products LLC	Class A Units	57		2,070		2,070
East Teak Fine Hardwoods, Inc.	Common Stock	41	860			860
East West Copolymer & Rubber, LLC	12% Current / 2% PIK Secured Debt	1,302	9,463	127	960	8,630
	Warrants		50		50	

EIG Fund Investments	LP Interests	243	718	2,086		2,804
EIG Traverse Co-Investment, L.P.	LP Interests	1,175	4,755	5,150		9,905
Freeport Financial Fund Investments	LP Interests (Freeport Financial SBIC Fund LP)	398	6,045		425	5,620
	LP Interests (Freeport First Lien Loan Fund III LP)	478	2,077	2,686		4,763
Gault Financial, LLC (RMB Capital, LLC)	10% Secured Debt	1,532	10,930	149		11,079
	Warrants					
Glowpoint, Inc.	8% Secured Debt	21	397	1	398	
	12% Secured Debt	1,125	8,929	22	4,954	3,997
	Common Stock		3,840		1,760	2,080
Guerdon Modular Holdings, Inc.	9% Current / 4% PIK Secured Debt	1,463	10,280	1,274	960	10,594
	Preferred Stock			1,140		1,140
	Common Stock		1,990		1,910	80
Hawk Ridge Systems, LLC	10% Secured Debt	184		9,901		9,901
	Preferred Member Units	28		2,850		2,850
	Preferred Member Units			150		150
Houston Plating and Coatings, LLC	Member Units	(22)	8,440	433	4,873	4,000
I-45 SLF LLC	Member Units	1,964	7,200	7,386		14,586
Indianhead Pipeline Services, LLC	12% Secured Debt	1,548	5,853	126	900	5,079
	Preferred Member Units	37	2,302	375		2,677
	Warrants					
	Member Units					
KBK Industries, LLC	10% Secured Debt	51		1,550	300	1,250
	12.5% Secured Debt	763	5,900	14	25	5,889
	Member Units	(8)	3,680		900	2,780

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Company	Investment(1)	Amount of Interest, Fee or Dividends Credited to Income(2)	December 31, 2015 Fair Value	Gross Additions(3)	Gross Reductions(4)	December 31, 2016 Fair Value
L.F. Manufacturing Holdings, LLC	Member Units		1,485		105	1,380
MPS Denver, LLC	Member Units		1,130	124	1,254	
OnAsset Intelligence, Inc.	12% PIK Secured Debt	512	4,006	513		4,519
	Preferred Stock		1,380		1,380	
	Warrants					
OPI International Ltd.	10% Unsecured Debt	48	473			473
	Common Stock		3,200		1,600	1,600
PCI Holding Company, Inc.	12% Secured Debt	1,354		13,000		13,000
	Preferred Stock	617	4,887	617	134	5,370
Radial Drilling Services Inc.	12% Secured Debt	20	1,500	2,461	3,961	
	Warrants			758	758	
Rocaceia, LLC (Quality Lease and Rental Holdings, LLC)	12% Secured Debt		250			250
	Preferred Member Units					
Samba Holdings, Inc.	12.5% Secured Debt	1,100	24,662	110	24,772	
	Common Stock		30,220		30,220	
Tin Roof Acquisition Company	12% Secured Debt	1,735	13,807	62	484	13,385
	Class C Preferred Stock	262	2,477	261		2,738
UniTek Global Services, Inc.	LIBOR Plus 7.50% (Floor 1.00%)	254	2,812	2,209		5,021
	LIBOR Plus 8.50% (Floor 1.00%)	108	1,255	16	447	824
	15% PIK Unsecured Debt	113	638	107		745
	Preferred Stock	878	5,540	878	8	6,410
	Common Stock			3,010		3,010
Universal Wellhead Services Holdings, LLC	Member Units			4,000	3,390	610
	Preferred Member Units		3,000	1,811	4,091	720
Valley Healthcare Group, LLC	LIBOR Plus 12.50% (Floor 0.50%)	1,519	10,297	2,647	100	12,844
	Preferred Member Units			1,600		1,600
Volusion, LLC	11.5% Secured Debt	2,451	16,199		901	15,298
	Preferred Member Units		14,000			14,000
	Warrants		1,400	1,176		2,576
Other						
Amounts related to investments transferred to or from other 1940 Act classification during the period		(345)	(15,530)			
		$ 37,702	$ 350,519	$ 127,956	$ 118,057	$ 375,948

This schedule should be read in conjunction with Main Street's consolidated financial statements, including the consolidated schedule of investments and notes to the consolidated financial statements.

(1)
The principal amount, the ownership detail for equity investments and if the investment is income producing is included in the consolidated schedule of investments.

(2)
Represents the total amount of interest, fees and dividends credited to income for the portion of the period for which an investment was included in Control or Affiliate categories, respectively. For investments transferred between Control and Affiliate categories during the period, any income or investment balances related to the time period it was in the category other than the one shown at period end is included in "Amounts from investments transferred from other 1940 Act classifications during the period."

(3)
Gross additions include increases in the cost basis of investments resulting from new portfolio investments, follow-on investments and accrued PIK interest, and the exchange of one or more existing securities for one or more new securities. Gross additions also include net increases in unrealized appreciation or net decreases in net unrealized depreciation as well as the movement of an existing portfolio company into this category and out of a different category.

(4)
Gross reductions include decreases in the cost basis of investments resulting from principal repayments or sales and the exchange of one or more existing securities for one or more new securities. Gross reductions also include net increases in net unrealized depreciation or net decreases in unrealized appreciation as well as the movement of an existing portfolio company out of this category and into a different category.

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$185,000,000

4.50% Notes due 2022

PROSPECTUS SUPPLEMENT

Joint Book-Running Managers

RBC Capital Markets
Goldman Sachs & Co. LLC
Raymond James

Co-Managers

BB&T Capital Markets
Comerica Securities
WoodRock Securities, L.P.

November 16, 2017