Main Street Capital CORP
Form 497
May 10, 2018

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Filed Pursuant to Rule 497
Registration Statement No. 333-223483

PROSPECTUS SUPPLEMENT
(to Prospectus dated April 27, 2018)

Up to 4,500,000 Shares
Common Stock

We have entered into separate equity distribution agreements, each dated May 10, 2018, with Goldman Sachs & Co. LLC, Raymond James & Associates, Inc., RBC Capital Markets, LLC and BB&T Capital Markets, a division of BB&T Securities, LLC, each a "Sales Agent" and, collectively, the "Sales Agents," relating to the shares of common stock offered by this prospectus supplement and the accompanying prospectus. The equity distribution agreements provide that we may offer and sell up to 4,500,000 shares of our common stock from time to time through the Sales Agents. Sales of our common stock, if any, under this prospectus supplement and the accompanying prospectus may be made in negotiated transactions or transactions that are deemed to be "at the market," as defined in Rule 415 under the Securities Act of 1933, as amended, including sales made directly on the New York Stock Exchange ("NYSE") or similar securities exchange or sales made to or through a market maker other than on an exchange, at prices related to the prevailing market prices or at negotiated prices. See "Plan of Distribution." As of the date of this prospectus supplement, we have not sold any shares of our common stock under the equity distribution agreements.

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 $20 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 NYSE under the symbol "MAIN." On May 9, 2018, the last reported sale price of our common stock on the NYSE was $38.57 per share, and the net asset value per share of our common stock on March 31, 2018 (the last date prior to the date of this prospectus supplement on which we determined our net asset value per share) was $23.67.

Under the terms of the equity distribution agreements, the Sales Agents will receive a commission from us equal to up to 1.0% of the gross sales price of any shares of our common stock sold through the Sales Agents under the equity distribution agreements. The Sales Agents are not required to sell any specific number or dollar amount of common stock, but will use their commercially reasonable efforts consistent with their sales and trading practices to sell the shares of our common stock offered by this prospectus supplement and the accompanying prospectus. We may also sell shares of our common stock to a Sales Agent, as principal for its own respective account, at a price agreed upon at the time of sale. If we sell shares to a Sales Agent as principal, we will enter into a separate terms agreement with the applicable Sales Agent, setting forth the terms of such transaction, and we will describe the agreement in a separate prospectus supplement. See "Plan of Distribution" beginning on page S-34 of this prospectus supplement.

Investing in our common stock involves a high degree of risk, and should be considered highly speculative. See "Risk Factors" beginning on page 15 of the accompanying prospectus to read about factors you should consider, including the risk of leverage and dilution, before investing in our common stock.

This prospectus supplement and the accompanying prospectus contain important information about us that a prospective investor should know before investing in our common stock. 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.

GOLDMAN SACHS & CO. LLC RAYMOND JAMES RBC CAPITAL MARKETS

BB&T CAPITAL MARKETS

The date of this prospectus supplement is May 10, 2018

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Prospectus Supplement

Prospectus

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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 common stock and also adds to and updates information contained in the accompanying prospectus. The second part is the accompanying prospectus, which provides more information about us and related matters. 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 Sales Agents 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 shares of our common stock 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 common stock. 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 section titled "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 common stock offered hereby, you should read the entire prospectus supplement and the accompanying prospectus carefully. Together, these documents describe the specific terms of the shares we are offering. You should carefully read the sections titled "Selected Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Financial Statements" and "Risk Factors," as well as the documents identified in the section titled "Available Information," 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.

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 $20 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 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" 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

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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 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.

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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 April 2018, we made a new portfolio investment to facilitate the minority recapitalization of DPI, Inc. ("DPI"), a leading designer, developer, and distributor of a broad assortment of consumer electronics to national retailers under several proprietary brands. We, along with a co-investor, partnered with DPI's management team to facilitate the transaction, with us funding $35.2 million in a combination of first-lien, senior secured term debt and a direct equity investment. Headquartered in St. Louis, Missouri, DPI offers consumer electronics products designed for value-conscious consumers.

In April 2018, we redeemed the entire principal amount of the issued and outstanding 6.125% Notes effective April 1, 2018 (the "Redemption Date"). The 6.125% Notes were redeemed at par value, plus the accrued and unpaid interest thereon from January 1, 2018, through, but excluding, the Redemption Date. As part of the redemption, we recognized a realized loss of $1.5 million in the second quarter related to the write-off of the remaining unamortized deferred financing costs.

During April 2018, we declared a semi-annual supplemental cash dividend of $0.275 per share payable in June 2018. This supplemental cash dividend is in addition to the previously announced regular monthly cash dividends that we declared for the second quarter of 2018 of $0.19 per share for each of April, May and June 2018.

During May 2018, we declared regular monthly dividends of $0.19 per share for each month of July, August and September of 2018. These regular monthly dividends equal a total of $0.57 per share for the third quarter of 2018 and represent a 2.7% increase from the regular monthly dividends declared for the third quarter of 2017. Including the semi-annual supplemental dividend declared for June 2018 and the regular monthly dividends declared for the second and third quarters of 2018, we will have paid $23.375 per share in cumulative dividends since our October 2007 initial public offering.

Pre-Existing Offering

On May 10, 2017, we established an at-the-market program to sell up to 4,500,000 shares of our common stock (the "Prior ATM Program"). As of May 9, 2018, 1,356,868 shares of common stock remained available for sale under the Prior ATM Program. The Prior ATM Program will terminate upon the commencement of this offering.

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The Offering

Common stock offered by us	Up to 4,500,000 shares of our common stock.
Manner of offering	"At the market offering" that may be made from time to time through Goldman Sachs & Co. LLC, Raymond James & Associates, Inc., RBC Capital Markets, LLC and BB&T Capital Markets, a division of BB&T Securities, LLC, each a "Sales Agent" and, collectively, "Sales Agents," using commercially reasonable efforts. See "Plan of Distribution."
Use of proceeds	If we sell all 4,500,000 shares of our common stock available for sale under the equity distribution agreements with the Sales Agents at a price of $38.57 per share (the last reported sale price of our common stock on May 9, 2018), we anticipate that our net proceeds, after deducting the sales agent commissions and estimated expenses payable by us will be approximately $171.4 million. 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 May 9, 2018, we had approximately $288.0 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" in this prospectus supplement for more information.
Dividends and distributions	Our dividends and other distributions, if any, will be determined by our Board of Directors from time to time.

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	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.
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" in the accompanying prospectus.
Risk factors	See "Risk Factors" beginning on page 12 of the accompanying prospectus for a discussion of risks you should carefully consider before deciding to invest in shares of our common stock.
New York Stock Exchange symbol	"MAIN"

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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 supplement 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)	1.00%(1)
Offering expenses (as a percentage of offering price)	0.26%(2)
Dividend reinvestment and direct stock purchase plan expenses	%(3)
Total stockholder transaction expenses (as a percentage of offering price)	1.26%
Annual Expenses of the Company (as a percentage of net assets attributable to common stock):	
Operating expenses	2.96%(4)
Interest payments on borrowed funds	3.28%(5)
Income tax expense	1.75%(6)
Acquired fund fees and expenses	0.50%(7)
Total annual expenses	8.49%

(1) Represents the maximum agent commission with respect to the shares of our common stock sold by us in this offering. There is no guarantee that there will be any sales of our common stock pursuant to this prospectus supplement and the accompanying prospectus.

(2) The percentage reflects estimated offering expenses payable by us of approximately $450,000 for the estimated duration of this offering.

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

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

(5) 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.

(6) Income tax expense relates to the accrual of (a) deferred tax provision (benefit) primarily related to loss carryforwards, timing differences in net unrealized appreciation or depreciation and other temporary book tax differences from our 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, 2017.

(7) 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, and that you would pay a sales load of up to 1.0% (the commission to be paid by us with respect to common stock sold by us in this offering).

	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	$ 96	$ 254	$ 402	$ 727

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 a valuation date determined by our Board of Directors for each dividend 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 plan administrator 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 and Direct Stock Purchase Plan" in the accompanying prospectus for additional information regarding our dividend reinvestment plan.

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USE OF PROCEEDS

Sales of our common stock, if any, under this prospectus supplement and the accompanying prospectus may be made in negotiated transactions or transactions that are deemed to be "at the market" as defined in Rule 415 under the Securities Act, including sales made directly on the NYSE or sales made to or through a market maker other than on an exchange. There is no guarantee that there will be any sales of our common stock pursuant to this prospectus supplement and the accompanying prospectus. Actual sales, if any, of our common stock under this prospectus supplement and the accompanying prospectus may be less than as set forth in this paragraph depending on, among other things, the market price of our common stock at the time of any such sale. As a result, the actual net proceeds we receive may be more or less than the amount of net proceeds estimated in this prospectus supplement. Assuming the sale of all 4,500,000 shares of common stock available for sale under the equity distribution agreements with the Sales Agents at a price of $38.57 per share (the last reported sales price of our common stock on May 9, 2018), we estimate that the net proceeds of this offering will be approximately $171.4 million after deducting the estimated sales commission payable to the Sales Agent and our estimated offering expenses.

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 May 9, 2018, we had approximately $288.0 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 Goldman Sachs & Co. LLC, Raymond James & Associates, Inc., RBC Capital Markets, LLC and BB&T Capital Markets, a division of BB&T Securities, LLC, Sales Agents 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 this Credit Facility, and such affiliates therefore may receive a portion of the proceeds from this offering through the repayment of those borrowings. See "Plan of Distribution" below.

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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, 2017, 2016, 2015, 2014 and 2013, and as of March 31, 2018 and for the three months ended March 31, 2018 and 2017. The selected financial data as of and for the years ended December 31, 2017, 2016, 2015, 2014 and 2013 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 March 31, 2018, and for the three months ended March 31, 2018 and 2017, 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 three months ended March 31, 2018 are not necessarily indicative of the results that may be expected for the year ending December 31, 2018. 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.

	Three Months Ended March 31,		Twelve Months Ended December 31,				
	2018	**2017**	**2017**	**2016**	**2015**	**2014**	**2013**
			(dollars in thousands, except per share amounts)				
	(Unaudited)						
Statement of operations data:							
Investment income:							
Total interest, fee and dividend income	$ 55,942	$ 47,889	$ 205,741	$ 178,165	$ 163,603	$ 139,939	$ 115,158
Interest from idle funds and other				174	986	824	1,339
Total investment income	55,942	47,889	205,741	178,339	164,589	140,763	116,497
Expenses:							
Interest	(10,265)	(8,608)	(36,479)	(33,630)	(32,115)	(23,589)	(20,238)
Compensation	(5,491)	(4,430)	(18,560)	(16,408)	(14,852)	(12,337)	(8,560)
General and administrative	(2,974)	(2,940)	(11,674)	(9,284)	(8,621)	(7,134)	(4,877)
Share-based compensation	(2,303)	(2,269)	(10,027)	(8,304)	(6,262)	(4,215)	(4,210)
Expenses allocated to the External Investment Manager	2,066	1,524	6,370	5,089	4,335	2,048	
Expenses reimbursed to MSCP(1)							(3,189)
Total expenses	(18,967)	(16,723)	(70,370)	(62,537)	(57,515)	(45,227)	(41,074)
Net investment income	36,975	31,166	135,371	115,802	107,074	95,536	75,423
Total net realized gain (loss) from investments	7,460	27,565	16,182	29,389	(21,316)	23,206	7,277
Total net realized loss from SBIC debentures	(1,374)	(5,217)	(5,217)				(4,775)
Total net unrealized appreciation (depreciation) from investments	(10,882)	(22,091)	42,545	(6,576)	10,871	(776)	14,503
Total net unrealized appreciation (depreciation) from SBIC debentures and investment in MSCP(1)	1,359	5,665	6,212	(943)	(879)	(10,931)	4,392
Income tax benefit (provision)	979	(5,638)	(24,471)	1,227	8,687	(6,287)	35
Net increase in net assets resulting from operations attributable to common stock	$ 34,517	$ 31,450	$ 170,622	$ 138,899	$ 104,437	$ 100,748	$ 96,855
Net investment income per share basic and diluted	$ 0.63	$ 0.57	$ 2.39	$ 2.23	$ 2.18	$ 2.20	$ 2.06
Net increase in net assets resulting from operations attributable to common stock per share basic and diluted	$ 0.59	$ 0.57	$ 3.01	$ 2.67	$ 2.13	$ 2.31	$ 2.65
	58,852,252	55,125,170	56,691,913	52,025,002	49,071,492	43,522,397	36,617,850

Weighted-average shares outstanding basic and diluted	

(1) Main Street Capital Partners, LLC

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	As of March 31, 2018	2017	2016	2015	2014	2013
		As of December 31,				
			(dollars in thousands)			
Balance sheet data:						
Assets:						
Total portfolio investments at fair value	$ 2,314,034	$ 2,171,305	$ 1,996,906	$ 1,799,996	$ 1,563,330	$ 1,286,188
Marketable securities and idle funds investments				3,693	9,067	13,301
Cash and cash equivalents	29,090	51,528	24,480	20,331	60,432	34,701
Interest receivable and other assets	54,470	38,725	37,123	37,638	46,406	16,054
Deferred financing costs, net of accumulated amortization	3,581	3,837	12,645	13,267	14,550	9,931
Deferred tax asset, net			9,125	4,003		
Total assets	$ 2,401,175	$ 2,265,395	$ 2,080,279	$ 1,878,928	$ 1,693,785	$ 1,360,175
Liabilities and net assets:						
Credit facility	$ 188,000	$ 64,000	$ 343,000	$ 291,000	$ 218,000	$ 237,000
SBIC debentures at fair value(1)	306,182	288,483	239,603	223,660	222,781	187,050
4.50% Notes due 2022	182,167	182,015				
4.50% Notes due 2019	173,796	173,616	175,000	175,000	175,000	
6.125% Notes	89,133	89,057	90,655	90,738	90,823	90,882
Accounts payable and other liabilities	15,049	20,168	14,205	12,292	10,701	10,549
Payable for securities purchased	21,859	40,716	2,184	2,311	14,773	27,088
Interest payable	8,510	5,273	4,103	3,959	4,848	2,556
Dividend payable	11,192	11,146	10,048	9,074	7,663	6,577
Deferred tax liability, net	8,687	10,553			9,214	5,940
Total liabilities	1,004,575	885,027	878,798	808,034	753,803	567,642
Total net asset value	1,396,600	1,380,368	1,201,481	1,070,894	939,982	792,533
Total liabilities and net assets	$ 2,401,175	$ 2,265,395	$ 2,080,279	$ 1,878,928	$ 1,693,785	$ 1,360,175
Other data:						
Weighted-average effective yield on LMM debt investments(2),(3)	12.1%	12.0%	12.5%	12.2%	13.2%	14.7%
Number of LMM portfolio companies	73	70	73	71	66	62
Weighted-average effective yield on Middle Market debt investments(2),(3)	9.2%	9.0%	8.5%	8.0%	7.8%	7.8%
Number of Middle Market portfolio companies	59	62	78	86	86	92
Weighted-average effective yield on Private Loan debt investments(2),(3)	9.4%	9.2%	9.6%	9.5%	10.1%	11.3%
Number of Private Loan portfolio companies	55	54	46	40	31	15
Expense ratios (as percentage of average net assets):						
Total expenses, including income tax expense	1.3%(6)	7.4%	5.5%	4.6%	5.8%	5.8%
Operating expenses	1.4%(6)	5.5%	5.6%	5.5%	5.1%	5.8%
Operating expenses, excluding interest expense	0.6%(6)	2.6%	2.6%	2.4%	2.4%	3.0%
Total investment return(4)	5.7%(6)	16.0%	37.4%	8.5%	3.1%	16.7%
Total return based on change in NAV(5)	2.5%(6)	14.2%	13.0%	11.1%	12.7%	15.1%

(1) SBIC debentures for March 31, 2018, December 31, 2017, 2016, 2015, 2014 and 2013 are $313,800, $295,800, $240,000, $225,000, $225,000, and $200,200 at par, respectively, with par of $46,000 for March 31, 2018, $50,000 for December 31, 2017, $75,200 for December 31, 2016, 2015, 2014 and 2013 recorded at fair value of $44,623, $48,608, $74,803, $73,860, $72,981 and $62,050, as of March 31, 2018 and December 31, 2017, 2016, 2015, 2014, and 2013, 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 11.4%, 9.2%, and 8.8%, respectively, as of March 31, 2018.

(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.

(6)

Not annualized.

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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 "Forward-Looking Statements" 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 $20 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 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.

The following tables provide a summary of our investments in the LMM, Middle Market and Private Loan portfolios as of March 31, 2018 and December 31, 2017 (this information excludes the Other Portfolio investments and the External Investment Manager which are discussed further below):

	As of March 31, 2018		
	LMM(a)	Middle Market	Private Loan
	(dollars in millions)		
Number of portfolio companies	73	59	55
Fair value	$ 1,049.8	$ 617.9	$ 496.5
Cost	$ 898.9	$ 629.9	$ 521.6
% of portfolio at cost debt	67.7%	96.7%	93.7%
% of portfolio at cost equity	32.3%	3.3%	6.3%
% of debt investments at cost secured by first priority lien	98.4%	91.0%	94.3%
Weighted-average annual effective yield(b)	12.1%	9.2%	9.4%
Average EBITDA(c)	$ 4.8	$ 86.3	$ 43.0

(a) At March 31, 2018, we had equity ownership in approximately 97% 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 March 31, 2018, 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 six LMM portfolio companies and three 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.

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	As of December 31, 2017		
	LMM(a)	Middle Market	Private Loan
	(dollars in millions)		
Number of portfolio companies	70	62	54
Fair value	$ 948.2	$ 609.3	$ 467.5
Cost	$ 776.5	$ 629.7	$ 489.2
% of portfolio at cost debt	67.1%	97.3%	93.6%
% of portfolio at cost equity	32.9%	2.7%	6.4%
% of debt investments at cost secured by first priority lien	98.1%	90.5%	94.5%
Weighted-average annual effective yield(b)	12.0%	9.0%	9.2%
Average EBITDA(c)	$ 4.4	$ 78.3	$ 39.6

(a) At December 31, 2017, we had equity ownership in approximately 97% of our LMM portfolio companies, and the average fully diluted equity ownership in those portfolio companies was approximately 39%.

(b) The weighted-average annual effective yields were computed using the effective interest rates for all debt investments at cost as of December 31, 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 six 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, and those portfolio companies whose primary purpose is to own real estate.

As of March 31, 2018, we had Other Portfolio investments in eleven companies, collectively totaling approximately $101.1 million in fair value and approximately $107.1 million in cost basis and which comprised approximately 4.4% of our Investment Portfolio (as defined in " Critical Accounting Policies Basis of Presentation" below) at fair value. As of December 31, 2017, we had Other Portfolio investments in eleven companies, collectively totaling approximately $104.6 million in fair value and approximately $109.4 million in cost basis and which comprised approximately 4.8% of our Investment Portfolio at fair value.

As previously discussed, the External Investment Manager is a wholly owned subsidiary that is treated as a portfolio investment. As of March 31, 2018, there was no cost basis in this investment and the investment had a fair value of approximately $48.7 million, which comprised approximately 2.1% of our Investment Portfolio at fair value. As of December 31, 2017, there was no cost basis in this investment and the investment had a fair value of approximately $41.8 million, which comprised approximately 1.9% of our Investment Portfolio at fair value.

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

The level of new portfolio investment activity will fluctuate from period to period based upon our view of the current economic fundamentals, our ability to identify new investment opportunities that meet our investment criteria, and our ability to consummate the identified opportunities. The level of new investment activity, and associated interest and fee income, will directly impact future investment 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 March 31, 2018 and 2017, the ratio of our total operating expenses, excluding interest expense, as a percentage of our quarterly average total assets was 1.5% and 1.6%, respectively, on an annualized basis and 1.5% for the year ended December 31, 2017, excluding certain non-recurring professional fees and other expenses. Including those expenses, the ratio for the year ended December 31, 2017 was 1.6%.

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. The External Investment Manager has conditionally agreed to waive a limited amount of the historical incentive fees otherwise earned. During the three months ended March 31, 2018 and 2017, the External Investment Manager earned $2.8 million and $2.6 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. Our results of operations and cash flows for the three months ended March 31, 2018 and 2017 and financial position as of March 31, 2018 and December 31, 2017, are presented on a consolidated basis. The effects of all intercompany transactions between us and our consolidated subsidiaries have been eliminated in consolidation. Certain reclassifications have been made to prior period balances to conform with the current presentation.

Our accompanying unaudited consolidated financial statements are presented in conformity with U.S. GAAP for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Article 10 of Regulation S-X. Accordingly, certain disclosures accompanying annual financial statements prepared in accordance with U.S. GAAP are omitted. In the opinion of management, the unaudited consolidated financial results included herein contain all adjustments, consisting solely of normal recurring accruals, considered necessary for the fair presentation of financial statements for the interim periods included herein. The results of operations for the three months ended March 31, 2018 and 2017 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, 2017. 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 Companies* ("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 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 March 31, 2018 and December 31, 2017, our Investment Portfolio valued at fair value represented approximately 96% of our total assets. We are required to

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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 March 31, 2018 and December 31, 2017 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 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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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 March 31, 2018 and 2017, (i) approximately 1.0% and 3.4%, respectively, of our total investment income was attributable to PIK interest income not paid currently in cash and (ii) approximately 1.0% and 1.8%, 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.

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-of-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

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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 our consolidated financial statements.

The External Investment Manager is an indirect wholly owned subsidiary of MSCC owned 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.

In December 2017, the "Tax Cuts and Jobs Act" legislation was enacted. The Tax Cuts and Jobs Act includes significant changes to the U.S. corporate tax system, including a U.S. Federal corporate income tax rate reduction from 35% to 21% and other changes. ASC 740, *Income Taxes*, requires the effects of changes in tax rates and laws on deferred tax balances to be recognized in the period in which the legislation was enacted. As such, we have accounted for the tax effects as a result of the enactment of the Tax Cuts and Jobs Act beginning with the period ended December 31, 2017.

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 $20 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.

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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 March 31, 2018 and 2017 are net of expenses allocated to the External Investment Manager of $2.1 million and $1.5 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 the dividend income received from the External Investment Manager. For the three months ended March 31, 2018 and 2017, the total contribution to our net investment income was $2.6 million and $2.2 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 March 31, 2018 and December 31, 2017 (this information excludes the Other Portfolio investments and the External Investment Manager).

Cost:	**March 31, 2018**	**December 31, 2017**
First lien debt	78.7%	79.0%
Equity	16.1%	15.3%
Second lien debt	4.1%	4.5%
Equity warrants	0.7%	0.7%
Other	0.4%	0.5%
	100.0%	100.0%

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Fair Value:	March 31, 2018	December 31, 2017
First lien debt	71.5%	70.5%
Equity	23.7%	24.4%
Second lien debt	3.8%	4.1%
Equity warrants	0.6%	0.6%
Other	0.4%	0.4%
	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" contained in the accompanying prospectus for a more complete discussion of the risks involved with investing in our Investment Portfolio.

PORTFOLIO ASSET QUALITY

As of March 31, 2018, our total Investment Portfolio had six investments on non-accrual status, which comprised approximately 0.8% of its fair value and 3.3% of its cost. As of December 31, 2017, our total Investment Portfolio had five investments on non-accrual status, which comprised approximately 0.2% of its fair value and 2.3% 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 March 31, 2018 and March 31, 2017

	Three Months Ended March 31,		Net Change	
	2018	2017	Amount	%
	(dollars in thousands)			
Total investment income	$ 55,942	$ 47,889	$ 8,053	17%
Total expenses	(18,967)	(16,723)	(2,244)	13%
Net investment income	36,975	31,166	5,809	19%
Net realized gain from investments	7,460	27,565	(20,105)	
Net realized loss from SBIC debentures	(1,374)	(5,217)	3,843	
Net unrealized appreciation (depreciation) from:				
Portfolio investments	(10,882)	(22,091)	11,209	
SBIC debentures	1,359	5,665	(4,306)	
Total net unrealized appreciation (depreciation)	(9,523)	(16,426)	6,903	
Income tax benefit (provision)	979	(5,638)	6,617	
Net increase in net assets resulting from operations	$ 34,517	$ 31,450	$ 3,067	10%

	Three Months Ended March 31,		Net Change	
	2018	2017	Amount	%
	(dollars in thousands, except per share amounts)			
Net investment income	$ 36,975	$ 31,166	$ 5,809	19%
Share-based compensation expense	2,303	2,269	34	1%
Distributable net investment income(a)	$ 39,278	$ 33,435	$ 5,843	17%
Net investment income per share Basic and diluted	$ 0.63	$ 0.57	$ 0.06	11%
Distributable net investment income per share Basic and diluted(a)	$ 0.67	$ 0.61	$ 0.06	10%

(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 March 31, 2018, total investment income was $55.9 million, a 17% increase over the $47.9 million of total investment income for the corresponding period of 2017. This comparable period increase was principally attributable to a $6.8 million increase in dividend income from Investment Portfolio equity investments and $1.1 million net increase in interest income primarily

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related to higher average levels of Investment Portfolio debt investments, partially offset by a decrease in interest income associated with decreased repricing and other activities involving existing Investment Portfolio debt investments when compared to prior year. The $8.1 million increase in total investment income in the three months ended March 31, 2018 includes elevated levels of dividend income activity from certain Investment Portfolio equity investments, partially offset by a decrease of $1.8 million related to lower accelerated prepayment, repricing and other activity for certain Investment Portfolio debt investments when compared to the same period in 2017.

Expenses

For the three months ended March 31, 2018, total expenses increased to $19.0 million from $16.7 million for the corresponding period of 2017. This comparable period increase in operating expenses was principally attributable to (i) a $1.7 million increase in interest expense, primarily due to (a) a $2.2 million increase as a result of the issuance of our 4.50% Notes due 2022 in November 2017 and (b) a $0.4 million increase from the SBIC debentures due to the higher average balance as compared to the same period in 2017, with these increases partially offset by a decrease of $1.0 million related to the Credit Facility due to the lower average balance during 2018 and (ii) a $1.1 million increase in compensation expense related to increases in the number of personnel, base compensation levels and incentive compensation accruals, with these increases partially offset by a $0.5 million increase in the expenses allocated to the External Investment Manager as a result of elevated non-recurring strategic activities at the External Investment Manager during the three months ended March 31, 2018, in each case when compared to the same period in the prior year. The ratio of our total operating expenses, excluding interest expense, as a percentage of our quarterly average total assets for the three months ended March 31, 2018 was 1.5% on an annualized basis compared to 1.6% for the three months ended March 31, 2017 and 1.5% for the year ended December 31, 2017, excluding certain non-recurring professional fees and other expenses incurred in 2017. Including the effect of those non-recurring expenses, the ratio for the year ended December 31, 2017 was 1.6%.

Net Investment Income

Net investment income for the three months ended March 31, 2018 was $37.0 million, or a 19% increase, compared to net investment income of $31.2 million for the corresponding period of 2017. The increase in net investment income was principally attributable to the increase in total investment income, partially offset by higher operating expenses both as discussed above.

Distributable Net Investment Income

For the three months ended March 31, 2018, distributable net investment income increased 17% to $39.3 million, or $0.67 per share, compared with $33.4 million, or $0.61 per share in the corresponding period of 2017. 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 March 31, 2018 reflects (i) elevated levels of dividend income activity from certain Investment Portfolio equity investments, (ii) a decrease of approximately $0.03 per share from the comparable period in 2017 attributable to the net decrease in the comparable levels of accelerated prepayment, repricing and other unusual activity for certain Investment Portfolio debt investments and (iii) a greater number of average shares outstanding compared to the corresponding period in 2017 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.

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Net Increase in Net Assets Resulting from Operations

The net increase in net assets resulting from operations during the three months ended March 31, 2018 was $34.5 million, or $0.59 per share, compared with $31.5 million, or $0.57 per share, during the three months ended March 31, 2017. This $3.1 million improvement from the prior year was primarily the result of (i) a $6.9 million improvement in net unrealized appreciation (depreciation) from portfolio investments and SBIC debentures, including the impact of accounting reversals relating to realized gains/income (losses), (ii) a $6.6 million change in the income tax benefit (provision) from an income tax provision of $5.6 million for the three months ended March 31, 2017 to an income tax benefit of $1.0 million for the three months ended March 31, 2018, (iii) a $5.8 million increase in net investment income as discussed above and (iv) a $3.8 million improvement in the net realized loss from SBIC debentures outstanding at MSC II which had previously been accounted for on the fair value method of accounting, with these increases partially offset by a $20.1 million decrease in the net realized gain from investments to a total net realized gain from investments of $7.5 million for the three months ended March 31, 2018. The net realized gain from investments of $7.5 million for the three months ended March 31, 2018 was primarily the result of (i) the realized gain of $13.1 million resulting from gains on the exits of two LMM investments and (ii) realized gains of $3.2 million due to activity in our Other Portfolio, with these gains partially offset by the net realized loss of $8.6 million in our Middle Market portfolio, which is primarily the result of (a) the realized loss of $3.3 million on the exit of a Middle Market investment and (b) the realized loss of $5.3 million on the restructure of a Middle Market investment. The realized loss of $1.4 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 the majority of the equity interests 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 in 2010.

The following table provides a summary of the total net unrealized depreciation of $9.5 million for the three months ended March 31, 2018:

	Three Months Ended March 31, 2018				
	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)/(income) losses recognized during the current period	$ (18.8)	$ 8.8	$ (0.3)	$ (0.4)	$ (10.7)
Net unrealized appreciation (depreciation) relating to portfolio investments	(3.3)	(0.3)	(2.6)	6.0	(0.2)
Total net unrealized appreciation (depreciation) relating to portfolio investments	$ (22.1)	$ 8.5	$ (2.9)	$ 5.6	$ (10.9)
Unrealized appreciation relating to SBIC debentures(c)					1.4
Total net unrealized depreciation					$ (9.5)

(a) LMM includes unrealized appreciation on 26 LMM portfolio investments and unrealized depreciation on 9 LMM portfolio investments.

(b) Other includes $7.0 million of unrealized appreciation relating to the External Investment Manager, partially offset by $1.0 million of net unrealized depreciation relating to the Other Portfolio.

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(c) The $1.4 million of unrealized appreciation on the SBIC debentures held by MSC II which are accounted for on a fair value basis is due to the accounting reversals of previously recognized unrealized depreciation recorded due to fair value adjustments since the date of acquisition of MSC II on the debentures repaid.

The income tax benefit for the three months ended March 31, 2018 of $1.0 million principally consisted of a deferred tax benefit of $1.9 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, and other current tax expense of $0.9 million related to (i) a $0.4 million accrual for excise tax on our estimated undistributed taxable income and (ii) current tax expense of $0.5 million related to accruals for U.S. federal and state income taxes.

Liquidity and Capital Resources

Cash Flows

For the three months ended March 31, 2018, we experienced a net decrease in cash and cash equivalents in the amount of approximately $22.4 million, which is the net result of approximately $143.2 million of cash used in our operating activities and approximately $120.7 million of cash provided by our financing activities.

During the period, $143.2 million of cash was used in our operating activities, which resulted primarily from (i) cash flows we generated from the operating profits earned through our operating activities totaling $35.8 million, which is our $39.3 million of distributable net investment income, excluding the non-cash effects of the accretion of unearned income of $3.2 million, payment-in-kind interest income of $0.6 million, cumulative dividends of $0.6 million and the amortization expense for deferred financing costs of $0.9 million, (ii) cash uses totaling $345.0 million consisting of (a) $340.4 million for the funding of new portfolio company investments and settlement of accruals for portfolio investments existing as of December 31, 2017, (b) $2.5 million related to increases in other assets and (c) $2.1 million related to decreases in payables and accruals and (iii) cash proceeds totaling $166.1 million which resulted from the sales and repayments of debt investments and sales of and return on capital of equity investments.

During the three months ended March 31, 2018, $120.7 million in cash was provided by our financing activities, which principally consisted of (i) $11.3 million in net cash proceeds from the ATM Program (described below), (ii) $124.0 million in cash proceeds from the Credit Facility and (iii) $22.0 million in cash proceeds from issuance of SBIC debentures, partially offset by (i) $31.9 million in cash dividends paid to stockholders, (ii) $4.0 million in repayment of SBIC debentures, (iii) $0.2 million for purchases of vested restricted stock from employees to satisfy their tax withholding requirements upon the vesting of such restricted stock and (iv) $0.5 million for payment of deferred debt issuance costs, SBIC debenture fees and other costs.

Capital Resources

As of March 31, 2018, we had $29.1 million in cash and cash equivalents and $397.0 million of unused capacity under the Credit Facility, which we maintain to support our investment and operating activities. As of March 31, 2018, our net asset value totaled $1,396.6 million, or $23.67 per share.

The Credit Facility, which provides additional liquidity to support our investment and operational activities, provides for total commitments of $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.

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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 (1.88% as of March 31, 2018) plus (i) 1.875% (or the applicable base rate (Prime Rate of 4.75% as of March 31, 2018) 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 March 31, 2018, we had $188.0 million in borrowings outstanding under the Credit Facility, the interest rate on the Credit Facility was 3.5% 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. Under existing SBIC regulations, SBA approved SBICs under common control have the ability to issue debentures guaranteed by the SBA up to a regulatory maximum amount of $350.0 million. Through the Funds, we have an effective maximum amount of $346.0 million following the prepayment of $4.0 million of existing SBIC debentures as discussed below. During the three months ended March 31, 2018, we issued $22.0 million of SBIC debentures and opportunistically prepaid $4.0 million of our existing SBIC debentures as part of an effort to manage the maturity dates of our oldest SBIC debentures, leaving $32.2 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. We expect to issue new SBIC debentures under the SBIC program in the future in an amount up to the regulatory maximum amount for affiliated SBIC funds. As of March 31, 2018, through our three wholly owned SBICs, we had $313.8 million of outstanding SBIC debentures guaranteed by the SBA, which bear a weighted-average annual fixed interest rate of approximately 3.7%, 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 5.9 years as of March 31, 2018.

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 maintained the right from time to time repurchase 6.125% Notes in accordance with the 1940 Act and the rules promulgated thereunder. On March 1, 2018, we announced our intent to redeem the 6.125% Notes on April 1, 2018. As of March 31, 2018, the outstanding balance of the 6.125% Notes was $90.7 million.

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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 4.50% Notes (the "4.50% Notes due 2019") at an issue price of 99.53%. The 4.50% Notes due 2019 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 due 2019; 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 due 2019 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 due 2019 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 due 2019 in accordance with the 1940 Act and the rules promulgated thereunder. As of March 31, 2018, the outstanding balance of the 4.50% Notes due 2019 was $175.0 million.

The indenture governing the 4.50% Notes due 2019 (the "4.50% Notes due 2019 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 due 2019 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 due 2019 Indenture.

In November 2017, we issued $185.0 million in aggregate principal amount of 4.50% Notes (the "4.50% Notes due 2022") at an issue price of 99.16%. The 4.50% Notes due 2022 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 due 2022; 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 due 2022 mature on December 1, 2022, 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 due 2022 bear interest at a rate of 4.50% per year payable semiannually on June 1 and December 1 of each year, beginning June 1, 2018. We may from time to time repurchase 4.50% Notes due 2022 in accordance with the 1940 Act and the rules promulgated thereunder. As of March 31, 2018, the outstanding balance of the 4.50% Notes due 2022 was $185.0 million.

The indenture governing the 4.50% Notes due 2022 (the "4.50% Notes due 2022 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 due 2022 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 due 2022 Indenture.

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We maintain 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 three months ended March 31, 2018, we sold 308,678 shares of our common stock at a weighted-average price of $37.27 per share and raised $11.5 million of gross proceeds under the ATM Program. Net proceeds were $11.3 million after commissions to the selling agents on shares sold and offering costs. As of March 31, 2018, sales transactions representing 20,400 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 March 31, 2018, there were 1,602,678 shares available for sale under the ATM Program.

During the year ended December 31, 2017, we sold 3,944,972 shares of our common stock at a weighted-average price of $38.72 per share and raised $152.8 million of gross proceeds under the ATM Program. Net proceeds were $150.9 million after commissions to the selling agents on shares sold and offering costs. As of December 31, 2017, 1,911,356 shares remained available for sale under the ATM Program.

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.

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 2018 annual meeting of stockholders because our common stock price per share had been trading significantly above the 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

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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 guidance is effective for the annual reporting period beginning after December 15, 2017, including interim periods within that reporting period. Substantially all of our income is not within the scope of ASU 2014-09. For those income items that are within the scope (primarily fee income), we have similar performance obligations as compared with deliverables and separate units of account previously identified. As a result, our timing of income recognition remains the same and the adoption of the standard was not material.

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 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

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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 was not 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 March 31, 2018, we had a total of $138.6 million in outstanding commitments comprised of (i) 37 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 March 31, 2018, the future fixed commitments for cash payments in connection with our SBIC debentures, the 4.50% Notes due 2019, the 4.50% Notes due 2022 and the 6.125% Notes and rent obligations under our office lease for each of the next five years and thereafter are as follows:

	2018	2019	2020	2021	2022	Thereafter	Total
SBIC debentures	$	$ 16,000	$ 55,000	$ 40,000	$ 5,000	$ 197,800	$ 313,800
Interest due on SBIC debentures	5,862	11,798	10,610	8,054	7,042	23,939	67,305
6.125% Notes						90,655	90,655
Interest due on 6.125% Notes	5,553	5,553	5,553	5,553	5,553	1,386	29,151
4.50% Notes due 2019		175,000					175,000
Interest due on 4.50% Notes due 2019	7,875	7,875					15,750
4.50% Notes due 2022					185,000		185,000
Interest due on 4.50% Notes due 2022	8,533	8,325	8,325	8,325	8,325		41,833
Operating Lease Obligation(1)	346	749	763	777	791	4,239	7,665
Total	$ 28,169	$ 225,300	$ 80,251	$ 62,709	$ 211,711	$ 318,019	$ 926,159

(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 March 31, 2018, we had $188.0 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."

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Related Party Transactions

As discussed further above, the External Investment Manager is treated as a wholly owned portfolio company of MSCC and is included as part of our Investment Portfolio. At March 31, 2018, we had a receivable of approximately $2.8 million due from the External Investment Manager which included approximately $2.3 million primarily related to operating expenses incurred by us as required to support the External Investment Manager's business and amounts 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 approximately $0.6 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 March 31, 2018, $4.8 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, $2.5 million was deferred into phantom Main Street stock units, representing 74,503 shares of our common stock. Including phantom stock units issued through dividend reinvestment, the phantom stock units outstanding as of March 31, 2018 represented 90,411 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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PLAN OF DISTRIBUTION

We have entered into separate equity distribution agreements, each dated May 10, 2018, with each of Goldman Sachs & Co. LLC, Raymond James & Associates, Inc., RBC Capital Markets, LLC and BB&T Capital Markets, a division of BB&T Securities, LLC, under which each will act as our sales agent (each, a "Sales Agent" and, collectively, the "Sales Agents") in connection with the offer and sale of shares of our common stock pursuant to this prospectus supplement and the accompanying prospectus. Upon written instructions from us, a Sales Agent will use its commercially reasonable efforts consistent with its sales and trading practices to sell, as our sales agent, our common stock under the terms and subject to the conditions set forth in the respective equity distribution agreement. We will instruct each Sales Agent as to the amount of common stock to be sold by it. We may instruct the Sales Agent not to sell common stock if the sales cannot be effected at or above the price designated by us in any instruction. We or the Sales Agent may suspend the offering of shares of common stock upon proper notice and subject to other conditions.

Sales of our common stock, if any, under this prospectus supplement and the accompanying prospectus may be made in negotiated transactions or transactions that are deemed to be "at the market," as defined in Rule 415 under the Securities Act, including sales made directly on the NYSE or similar securities exchange or sales made to or through a market maker other than on an exchange at prices related to the prevailing market prices or at negotiated prices.

The Sales Agent will provide written confirmation of a sale to us no later than the opening of the trading day on the NYSE following each trading day in which shares of our common stock are sold under the equity distribution agreement. Each confirmation will include the number of shares of common stock sold on the preceding day, the net proceeds to us and the compensation payable by us to the Sales Agent in connection with the sales.

Under the terms of the equity distribution agreements, Goldman Sachs & Co. LLC, Raymond James & Associates, Inc., RBC Capital Markets, LLC and BB&T Capital Markets, a division of BB&T Securities, LLC will be entitled to compensation equal to up to 1.0% of the gross sales price of shares of our common stock sold through it as Sales Agent. We estimate that the total expenses for the offering, excluding compensation payable to the Sales Agents under the terms of each equity distribution agreement, will be approximately $450,000 (which includes up to $7,500 per fiscal quarter in reimbursement of the Sales Agents' aggregate reasonable legal fees and expenses of counsel).

Settlement for sales of shares of common stock will occur on the second trading day following the date on which such sales are made, or on some other date that is agreed upon by us and the Sales Agent in connection with a particular transaction, in return for payment of the net proceeds to us. There is no arrangement for funds to be received in an escrow, trust or similar arrangement.

Under the terms of the equity distribution agreements, we also may sell shares of our common stock to the Sales Agents as principal for their own accounts at a price agreed upon at the time of sale. The Sales Agents may offer the common stock sold to them as principals from time to time through public or private transactions at market prices prevailing at the time of sale, at fixed prices, at negotiated prices, at various prices determined at the time of sale or at prices related to prevailing market prices. If we sell shares to a Sales Agent as principal, we will enter into a separate terms agreement with the applicable Sales Agent, setting forth the terms of such transaction, and we will describe the agreement in a separate prospectus supplement.

We will report at least quarterly the number of shares of our common stock sold through the Sales Agents under the equity distribution agreements and the net proceeds to us.

In connection with the sale of the common stock on our behalf, the Sales Agents may be deemed to be an "underwriter" within the meaning of the Securities Act, and the compensation of the Sales Agent may be deemed to be underwriting commissions or discounts. We have agreed to provide indemnification and contribution to the Sales Agents with respect to certain civil liabilities, including liabilities under the Securities Act.

The offering of our shares of common stock pursuant to the equity distribution agreement will terminate upon the earlier of (i) the sale of all common stock subject to the equity distribution agreement or (ii) the termination of the equity distribution agreements as permitted therein.

Conflicts of Interest

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

The Sales Agents and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Sales Agents 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.

In the ordinary course of their various business activities, the Sales Agents and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to our assets, securities and/or instruments (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with us. The Sales Agents and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments. In addition, the Sales Agents 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 utilize net proceeds from this offering to fund such investments, and the referring Sales Agent 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 Sales Agents are: Goldman Sachs & Co. LLC, 200 West Street, New York, NY 10282; Raymond James & Associates, Inc., 880 Carillon Parkway, St. Petersburg, Florida 33716; RBC Capital Markets, LLC, Three World Financial Center, 8th Floor, 200 Vesey Street, New York, NY 10281; and BB&T Capital Markets, a division of BB&T Securities, LLC, 901 East Byrd Street, Suite 300, Richmond, Virginia 23219.

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LEGAL MATTERS

Certain legal matters regarding the shares of common stock 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 Sales Agents by Fried, Frank, Harris, Shriver & Jacobson LLP, New York, New York.

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 our shares of common stock offered by this prospectus supplement. The registration statement contains additional information about us and our shares of common stock 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 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.

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INTERIM FINANCIAL STATEMENTS

MAIN STREET CAPITAL CORPORATION

Consolidated Balance Sheets

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

	March 31, 2018 (Unaudited)	December 31, 2017
ASSETS		
Investments at fair value:		
Control investments (cost: $649,096 and $530,034 as of March 31, 2018 and December 31, 2017, respectively)	$ 846,797	$ 750,706
Affiliate investments (cost: $382,351 and $367,317 as of March 31, 2018 and December 31, 2017, respectively)	359,460	338,854
Non-Control/Non-Affiliate investments (cost: $1,126,103 and $1,107,447 as of March 31, 2018 and December 31, 2017, respectively)	1,107,777	1,081,745
Total investments (cost: $2,157,550 and $2,004,798 as of March 31, 2018 and December 31, 2017, respectively)	2,314,034	2,171,305
Cash and cash equivalents	29,090	51,528
Interest receivable and other assets	40,159	36,343
Receivable for securities sold	14,311	2,382
Deferred financing costs (net of accumulated amortization of $5,856 and $5,600 as of March 31, 2018 and December 31, 2017, respectively)	3,581	3,837
Total assets	$ 2,401,175	$ 2,265,395
LIABILITIES		
Credit facility	$ 188,000	$ 64,000
SBIC debentures (par: $313,800 and $295,800 as of March 31, 2018 and December 31, 2017, respectively)	306,182	288,483
4.50% Notes due 2022 (par: $185,000 as of both March 31, 2018 and December 31, 2017)	182,167	182,015
4.50% Notes due 2019 (par: $175,000 as of both March 31, 2018 and December 31, 2017)	173,796	173,616
6.125% Notes (par: $90,655 as of both March 31, 2018 and December 31, 2017)	89,133	89,057
Accounts payable and other liabilities	15,049	20,168
Payable for securities purchased	21,859	40,716
Interest payable	8,510	5,273
Dividend payable	11,192	11,146
Deferred tax liability, net	8,687	10,553
Total liabilities	1,004,575	885,027
Commitments and contingencies (Note M)		
NET ASSETS		
Common stock, $0.01 par value per share (150,000,000 shares authorized; 58,987,330 and 58,660,680 shares issued and outstanding as of March 31, 2018 and December 31, 2017, respectively)	590	586
Additional paid-in capital	1,325,998	1,310,780
Accumulated net investment income, net of cumulative dividends of $696,070 and $662,563 as of March 31, 2018 and December 31, 2017, respectively	10,015	7,921
Accumulated net realized gain from investments (accumulated net realized gain from investments of $72,036 before cumulative dividends of $124,690 as of March 31, 2018 and accumulated net realized gain from investments of $64,576 before cumulative dividends of $124,690 as of December 31, 2017)	(52,654)	(60,114)
Net unrealized appreciation, net of income taxes	112,651	121,195

Total net assets		1,396,600		1,380,368
Total liabilities and net assets	$	2,401,175	$	2,265,395
NET ASSET VALUE PER SHARE	$	23.67	$	23.53

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 March 31, 2018	Three Months Ended March 31, 2017
INVESTMENT INCOME:		
Interest, fee and dividend income:		
Control investments	$ 21,955	$ 12,988
Affiliate investments	9,071	9,899
Non-Control/Non-Affiliate investments	24,916	25,002
Total investment income	55,942	47,889
EXPENSES:		
Interest	(10,265)	(8,608)
Compensation	(5,491)	(4,430)
General and administrative	(2,974)	(2,940)
Share-based compensation	(2,303)	(2,269)
Expenses allocated to the External Investment Manager	2,066	1,524
Total expenses	(18,967)	(16,723)
NET INVESTMENT INCOME	36,975	31,166
NET REALIZED GAIN (LOSS):		
Control investments	13,094	(682)
Affiliate investments		22,930
Non-Control/Non-Affiliate investments	(5,634)	5,317
SBIC debentures	(1,374)	(5,217)
Total net realized gain	6,086	22,348
NET UNREALIZED APPRECIATION (DEPRECIATION):		
Control investments	(22,974)	11,880
Affiliate investments	14,238	(26,121)
Non-Control/Non-Affiliate investments	(2,146)	(7,850)
SBIC debentures	1,359	5,665
Total net unrealized depreciation	(9,523)	(16,426)
INCOME TAXES:		
Federal and state income, excise and other taxes	(887)	(1,252)
Deferred taxes	1,866	(4,386)
Income tax benefit (provision)	979	(5,638)
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	$ 34,517	$ 31,450
NET INVESTMENT INCOME PER SHARE BASIC AND DILUTED	$ 0.63	$ 0.57

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS PER SHARE BASIC AND DILUTED	$	0.59	$	0.57
DIVIDENDS PAID PER SHARE:				
Regular monthly dividends	$	0.570	$	0.555
Supplemental dividends				
Total dividends	$	0.570	$	0.555
WEIGHTED AVERAGE SHARES OUTSTANDING BASIC AND DILUTED		58,852,252		55,125,170

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, 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	1,035,286	11	37,700				37,711
Share-based compensation			2,269				2,269
Purchase of vested stock for employee payroll tax withholding	(8,964)		(343)				(343)
Dividend reinvestment	48,675		1,806				1,806
Amortization of directors' deferred compensation			163				163
Forfeited shares of terminated employees	(6,479)						
Dividends to stockholders				(11,039)	(19,564)		(30,603)
Net increase (decrease) resulting from operations				25,949	27,565	(22,064)	31,450
Balances at March 31, 2017	55,423,375	$ 554	$ 1,185,478	$ 33,943	$ (50,886)	$ 74,845	$ 1,243,934
Balances at December 31, 2017	58,660,680	$ 586	$ 1,310,780	$ 7,921	$ (60,114)	$ 121,195	$ 1,380,368
Public offering of common stock, net of offering costs	309,895	4	11,332				11,336
Share-based compensation			2,303				2,303
Purchase of vested stock for employee payroll tax withholding	(5,392)		(212)				(212)
Dividend reinvestment	42,423		1,589				1,589
Amortization of directors' deferred compensation			206				206
Issuance of restricted stock	124						
Dividends to stockholders				(33,507)			(33,507)
Net increase (decrease) resulting from operations				35,601	7,460	(8,544)	34,517
Balances at March 31, 2018	59,007,730	$ 590	$ 1,325,998	$ 10,015	$ (52,654)	$ 112,651	$ 1,396,600

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)

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net increase in net assets resulting from operations	$ 34,517	$ 31,450
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used in) operating activities:		
Investments in portfolio companies	(340,405)	(186,922)
Proceeds from sales and repayments of debt investments in portfolio companies	133,835	184,487
Proceeds from sales and return of capital of equity investments in portfolio companies	32,268	37,041
Net unrealized depreciation	9,523	16,426
Net realized gain	(6,086)	(22,348)
Accretion of unearned income	(3,238)	(4,703)
Payment-in-kind interest	(576)	(1,607)
Cumulative dividends	(562)	(877)
Share-based compensation expense	2,303	2,269
Amortization of deferred financing costs	881	658
Deferred tax (benefit) provision	(1,866)	4,386
Changes in other assets and liabilities:		
Interest receivable and other assets	(3,467)	(2,175)
Interest payable	3,237	(632)
Accounts payable and other liabilities	(4,913)	(2,284)
Deferred fees and other	1,392	597
Net cash provided by (used in) operating activities	(143,157)	55,766
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from public offering of common stock, net of offering costs	11,336	37,711
Dividends paid	(31,872)	(28,593)
Proceeds from issuance of SBIC debentures	22,000	25,400
Repayments of SBIC debentures	(4,000)	(25,200)
Proceeds from credit facility	194,000	83,000
Repayments on credit facility	(70,000)	(138,000)
Payment of deferred issuance costs and SBIC debenture fees	(533)	(616)
Purchases of vested stock for employee payroll tax withholding	(212)	(343)
Net cash provided by (used in) financing activities	120,719	(46,641)
Net increase (decrease) in cash and cash equivalents	(22,438)	9,125
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	51,528	24,480
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 29,090	$ 33,605

	2018	2017
Supplemental cash flow disclosures:		
Interest paid	$ 6,116	$ 8,552
Taxes paid	$ 3,320	$ 1,677
Non-cash financing activities:		
Shares issued pursuant to the DRIP	$ 1,589	$ 1,806

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

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments

March 31, 2018

(dollars in thousands)

(unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	Principal(4)	Cost(4)	Fair Value(18)
Control Investments(5)					
Access Media Holdings, LLC(10)	Private Cable Operator				
		10% PIK Secured Debt (Maturity July 22, 2020)(14)(19)	$ 23,828	$ 23,828	$ 15,120
		Preferred Member Units (8,550,000 units)		8,444	
		Member Units (45 units)		1	
				32,273	15,120
ASC Interests, LLC	Recreational and Educational Shooting Facility				
		11% Secured Debt (Maturity July 31, 2018)	1,650	1,647	1,647
		Member Units (1,500 units)		1,500	1,370
				3,147	3,017
ATS Workholding, LLC(10)	Manufacturer of Machine Cutting Tools and Accessories				
		5% Secured Debt (Maturity November 16, 2021)	4,186	3,735	3,735
		Preferred Member Units (3,725,862 units)		3,726	3,726
				7,461	7,461
Bond-Coat, Inc.	Casing and Tubing Coating Services				
		12% Secured Debt (Maturity December 28, 2020)	11,596	11,596	11,596
		Common Stock (57,508 shares)		6,350	9,370
				17,946	20,966
Brewer Crane Holdings, LLC	Provider of Crane Rental and Operating Services				
		LIBOR Plus 10.00% (Floor 1.00%), Current Coupon 11.66%, Secured Debt (Maturity January 9, 2023)(9)	9,920	9,825	9,825
		Preferred Member Units (2,950 units)(8)		4,280	4,280
				14,105	14,105
Café Brazil, LLC	Casual Restaurant Group				

	Member Units (1,233 units)(8)	1,742	4,900

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

March 31, 2018

(dollars in thousands)

(unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	Principal(4)	Cost(4)	Fair Value(18)
California Splendor Holdings LLC	Processor of Frozen Fruits				
		LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 10.38%, Secured Debt (Maturity March 30, 2023)(9)	3,730	3,610	3,610
		LIBOR Plus 10.00% (Floor 1.00%), Current Coupon 12.38%, Secured Debt (Maturity March 30, 2023)(9)	28,000	27,723	27,723
		Preferred Member Units (7,143 units)		12,500	12,500
				43,833	43,833
CBT Nuggets, LLC	Produces and Sells IT Training Certification Videos				
		Member Units (416 units)(8)		1,300	67,340
Chamberlin Holding LLC	Roofing and Waterproofing Specialty Subcontractor				
		LIBOR Plus 10.00% (Floor 1.00%), Current Coupon 12.13%, Secured Debt (Maturity February 26, 2023)(9)	21,600	21,389	21,389
		Member Units (4,347 units)		11,440	11,440
				32,829	32,829
Charps, LLC	Pipeline Maintenance and Construction				
		12% Secured Debt (Maturity February 3, 2022)	16,800	16,646	16,646
		Preferred Member Units (1,600 units)		400	1,190
				17,046	17,836
Clad-Rex Steel, LLC	Specialty Manufacturer of Vinyl-Clad Metal				
		LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 11.16%, Secured Debt (Maturity December 20, 2021)(9)	13,280	13,174	13,280
		Member Units (717 units)(8)		7,280	9,780
		10% Secured Debt (Clad-Rex Steel RE Investor, LLC) (Maturity December 20, 2036)	1,178	1,166	1,178
		Member Units (Clad-Rex Steel RE Investor, LLC) (800 units)		210	280
				21,830	24,518

CMS Minerals Investments	Oil & Gas Exploration & Production			
		Member Units (CMS Minerals II, LLC) (100 units)(8)	3,294	2,385
Copper Trail Energy Fund I, LP(12)(13)	Investment Partnership			
		LP Interests (Fully diluted 30.1%)(8)	2,500	2,500

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

March 31, 2018

(dollars in thousands)

(unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	Principal(4)	Cost(4)	Fair Value(18)
Datacom, LLC	Technology and Telecommunications Provider				
		8% Secured Debt (Maturity May 30, 2018)	1,755	1,755	1,755
		5.25% Current / 5.25% PIK Secured Debt (Maturity May 30, 2019)(19)	12,511	12,479	10,780
		Class A Preferred Member Units		1,181	220
		Class B Preferred Member Units (6,453 units)		6,030	
				21,445	12,755
Direct Marketing Solutions, Inc.	Provider of Omni-Channel Direct Marketing Services				
		LIBOR Plus 11.00% (Floor 1.00%), Current Coupon 12.75%, Secured Debt (Maturity February 13, 2023)(9)	18,722	18,523	18,523
		Preferred Stock (8,400 shares)		8,400	8,400
				26,923	26,923
Gamber-Johnson Holdings, LLC	Manufacturer of Ruggedized Computer Mounting Systems				
		LIBOR Plus 11.00% (Floor 1.00%), Current Coupon 12.66%, Secured Debt (Maturity June 24, 2021)(9)	22,910	22,737	22,910
		Member Units (8,619 units)(8)		14,844	26,530
				37,581	49,440
Garreco, LLC	Manufacturer and Supplier of Dental Products				
		LIBOR Plus 10.00% (Floor 1.00%), Current Coupon 11.69%, Secured Debt (Maturity March 31, 2020)(9)	5,362	5,327	5,327
		Member Units (1,200 units)		1,200	1,940
				6,527	7,267
GRT Rubber Technologies LLC	Manufacturer of Engineered Rubber Products				
		LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.66%, Secured Debt (Maturity December 19, 2019)(9)	11,393	11,347	11,393

		Member Units (5,879 units)(8)	13,065	23,420
			24,412	34,813
Gulf Manufacturing, LLC	Manufacturer of Specialty Fabricated Industrial Piping Products			
		Member Units (438 units)(8)	2,980	10,830

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

March 31, 2018

(dollars in thousands)

(unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	Principal(4)	Cost(4)	Fair Value(18)
Gulf Publishing Holdings, LLC	Energy Industry Focused Media and Publishing				
		12.5% Secured Debt (Maturity April 29, 2021)	12,698	12,608	12,608
		Member Units (3,681 units)		3,681	4,840
				16,289	17,448
Harborside Holdings, LLC	Real Estate Holding Company				
		Member units (100 units)		6,306	9,500
Harris Preston Fund Investments(12)(13)	Investment Partnership				
		LP Interests (2717 MH, L.P.) (Fully diluted 49.3%)		536	536
Harrison Hydra-Gen, Ltd.	Manufacturer of Hydraulic Generators				
		Common Stock (107,456 shares)		718	4,980
HW Temps LLC	Temporary Staffing Solutions				
		LIBOR Plus 11.00% (Floor 1.00%), Current Coupon 12.66%, Secured Debt (Maturity July 2, 2020)(9)	9,976	9,922	9,922
		Preferred Member Units (3,200 units)		3,942	3,940
				13,864	13,862
IDX Broker, LLC	Provider of Marketing and CRM Tools for the Real Estate Industry				
		11.5% Secured Debt (Maturity November 15, 2020)	14,950	14,828	14,950
		Preferred Member Units (5,607 units)(8)		5,952	11,550
				20,780	26,500
Jensen Jewelers of Idaho, LLC	Retail Jewelry Store				
		Prime Plus 6.75% (Floor 2.00%), Current Coupon 11.25%, Secured Debt (Maturity November 14, 2019)(9)	3,805	3,771	3,805
		Member Units (627 units)(8)		811	5,100
				4,582	8,905

KBK Industries, LLC	Manufacturer of Specialty Oilfield and Industrial Products				
		10% Secured Debt (Maturity September 28, 2020)	75	72	75
		12.5% Secured Debt (Maturity September 28, 2020)	5,900	5,870	5,900
		Member Units (325 units)(8)		783	4,740
				6,725	10,715

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

March 31, 2018

(dollars in thousands)

(unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	Principal(4)	Cost(4)	Fair Value(18)
Lamb Ventures, LLC	Aftermarket Automotive Services Chain				
		11% Secured Debt (Maturity July 1, 2022)	8,339	8,298	8,339
		Preferred Equity (non-voting)		400	400
		Member Units (742 units)		5,273	6,730
		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
				15,024	16,421
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 11.00% (Floor 1.00%), Current Coupon 13.01%, Secured Debt (Maturity July 28, 2022)(9)	22,880	22,676	22,676
		Member Units (657,113 units)		14,700	14,700
				37,376	37,376
MH Corbin Holding LLC	Manufacturer and Distributor of Traffic Safety Products				
		10% Secured Debt (Maturity August 31, 2020)	12,425	12,238	12,238
		Preferred Member Units (4,000 shares)		6,000	6,000
				18,238	18,238
Mid-Columbia Lumber Products, LLC	Manufacturer of Finger-Jointed Lumber Products				
		10% Secured Debt (Maturity January 15, 2020)	1,750	1,743	1,743
		12% Secured Debt (Maturity January 15, 2020)	3,900	3,867	3,867

	Member Units (7,874 units)		3,001	2,171
	9.5% Secured Debt (Mid-Columbia Real Estate, LLC) (Maturity May 13, 2025)	780	780	780
	Member Units (Mid-Columbia Real Estate, LLC) (500 units)(8)		790	1,290
			10,181	9,851

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

March 31, 2018

(dollars in thousands)

(unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	Principal(4)	Cost(4)	Fair Value(18)
MSC Adviser I, LLC(16)	Third Party Investment Advisory Services				
		Member Units (Fully diluted 100.0%)(8)			48,722
Mystic Logistics Holdings, LLC	Logistics and Distribution Services Provider for Large Volume Mailers				
		12% Secured Debt (Maturity August 15, 2019)	7,562	7,501	7,501
		Common Stock (5,873 shares)		2,720	6,050
				10,221	13,551
NAPCO Precast, LLC	Precast Concrete Manufacturing				
		LIBOR Plus 8.50%, Current Coupon 10.51%, Secured Debt (Maturity May 31, 2019)	11,475	11,445	11,475
		Member Units (2,955 units)(8)		2,975	12,180
				14,420	23,655
NexRev LLC	Provider of Energy Efficiency Products & Services				
		11% Secured Debt (Maturity February 28, 2023)	17,440	17,268	17,268
		Preferred Member Units (86,400,000 units)		6,880	6,880
				24,148	24,148
NRI Clinical Research, LLC	Clinical Research Service Provider				
		LIBOR Plus 6.50% (Floor 1.50%), Current Coupon 8.19%, Secured Debt (Maturity January 15, 2019)(9)	400	400	400
		14% Secured Debt (Maturity January 15, 2019)	3,865	3,836	3,865
		Warrants (251,723 equivalent units; Expiration January 15, 2026; Strike price $0.01 per unit)		252	500
		Member Units (1,454,167 units)		765	2,500
				5,253	7,265

NRP Jones, LLC	Manufacturer of Hoses, Fittings and Assemblies				
		12% Secured Debt (Maturity March 20, 2023)	6,376	6,376	6,376
		Member Units (65,962 units)(8)		3,717	4,130
				10,093	10,506
NuStep, LLC	Designer, Manufacturer and Distributor of Fitness Equipment				
		12% Secured Debt (Maturity January 31, 2022)	20,600	20,429	20,429
		Preferred Member Units (406 units)		10,200	10,200
				30,629	30,629

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

March 31, 2018

(dollars in thousands)

(unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	Principal(4)	Cost(4)	Fair Value(18)
OMi Holdings, Inc.	Manufacturer of Overhead Cranes				
		Common Stock (1,500 shares)(8)		1,080	14,290
Pegasus Research Group, LLC	Provider of Telemarketing and Data Services				
		Member Units (460 units)(8)		1,290	10,310
PPL RVs, Inc.	Recreational Vehicle Dealer				
		LIBOR Plus 7.00% (Floor 0.50%), Current Coupon 8.69%, Secured Debt (Maturity November 15, 2021)(9)	16,100	15,978	16,100
		Common Stock (1,962 shares)(8)		2,150	11,660
				18,128	27,760
Principle Environmental, LLC (d/b/a TruHorizon Environmental Solutions)	Noise Abatement Service Provider				
		13% Secured Debt (Maturity April 30, 2020)	7,477	7,359	7,477
		Preferred Member Units (19,631 units)(8)		4,600	13,090
		Warrants (1,018 equivalent units; Expiration January 31, 2021; Strike price $0.01 per unit)		1,200	780
				13,159	21,347
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)		3,293	5,363
				10,634	12,313
River Aggregates, LLC	Processor of Construction Aggregates				
		Zero Coupon Secured Debt (Maturity June 30, 2018)	750	728	728
		Member Units (1,150 units)		1,150	4,610
		Member Units (RA Properties, LLC) (1,500 units)		369	2,670

	2,247	8,008

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

March 31, 2018

(dollars in thousands)

(unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	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	2,924	1,510
		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	2,480
				8,820	3,990
Uvalco Supply, LLC	Farm and Ranch Supply Store				
		9% Secured Debt (Maturity January 1, 2019)	184	184	184
		Member Units (1,867 units)(8)		3,579	3,880
				3,763	4,064
Vision Interests, Inc.	Manufacturer / Installer of Commercial Signage				
		13% Secured Debt (Maturity December 23, 2018)	2,814	2,801	2,801
		Series A Preferred Stock (3,000,000 shares)		3,000	3,000
		Common Stock (1,126,242 shares)		3,706	
				9,507	5,801
Ziegler's NYPD, LLC	Casual Restaurant Group				
		6.5% Secured Debt (Maturity October 1, 2019)	1,000	997	997
		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	
		Preferred Member Units (10,072 units)		2,834	3,221
				7,481	7,268
Subtotal Control Investments (36.6% of total investments at fair value)				$ 649,096	$ 846,797

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

March 31, 2018

(dollars in thousands)

(unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	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	$ 900
		Preferred Member Units (186 units)(8)		1,200	3,760
				1,459	4,660
Barfly Ventures, LLC(10)	Casual Restaurant Group				
		12% Secured Debt (Maturity August 31, 2020)	8,715	8,576	8,715
		Options (2 equivalent units)		397	920
		Warrant (1 equivalent unit; Expiration August 31, 2025; Strike price $1.00 per unit)		473	520
				9,446	10,155
BBB Tank Services, LLC	Maintenance, Repair and Construction Services to the Above-Ground Storage Tank Market				
		LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 9.66%, Secured Debt (Maturity April 8, 2021)(9)	720	700	700
		15% Secured Debt (Maturity April 8, 2021)	4,000	3,883	3,883
		Member Units (800,000 units)		800	550
				5,383	5,133
Boccella Precast Products LLC	Manufacturer of Precast Hollow Core Concrete				
		LIBOR Plus 10.00% (Floor 1.00%), Current Coupon 11.69%, Secured Debt (Maturity June 30, 2022)(9)	16,582	16,426	16,582
		Member Units (2,160,000 units)(8)		2,160	4,860
				18,586	21,442
Boss Industries, LLC	Manufacturer and Distributor of Air, Power and Other Industrial Equipment			2,120	4,740

Preferred Member Units
(2,242 units)(8)

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Bridge Capital Solutions Corporation	Financial Services and Cash Flow Solutions Provider				
		13% Secured Debt (Maturity July 25, 2021)	7,500	5,962	5,962
		Warrants (82 equivalent shares; Expiration July 25, 2026; Strike price $0.01 per share)		2,132	4,020
		13% Secured Debt (Mercury Service Group, LLC) (Maturity July 25, 2021)	1,000	993	1,000
		Preferred Member Units (Mercury Service Group, LLC) (17,742 units)(8)		1,000	1,000
				10,087	11,982
Buca C, LLC	Casual Restaurant Group				
		LIBOR Plus 9.25% (Floor 1.00%), Current Coupon 10.94%, Secured Debt (Maturity June 30, 2020)(9)	20,004	19,904	19,904
		Preferred Member Units (6 units; 6% cumulative)(8)(19)		4,238	4,233
				24,142	24,137
CAI Software LLC	Provider of Specialized Enterprise Resource Planning Software				
		12% Secured Debt (Maturity October 10, 2019)	4,083	4,063	4,083
		Member Units (65,356 units)(8)		654	3,230
				4,717	7,313
Chandler Signs Holdings, LLC(10)	Sign Manufacturer				
		12% Secured Debt (Maturity July 4, 2021)	4,500	4,470	4,500
		Class A Units (1,500,000 units)		1,500	2,180
				5,970	6,680
Charlotte Russe, Inc(11)	Fast-Fashion Retailer to Young Women				
		8.50% Secured Debt (Maturity February 2, 2023)	7,992	7,992	7,912
		Common Stock (19,041 shares)		3,141	3,141
				11,133	11,053

Condit Exhibits, LLC	Tradeshow Exhibits / Custom Displays Provider			
		Member Units (3,936 units)(8)	100	1,950

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Congruent Credit Opportunities Funds(12)(13)	Investment Partnership				
		LP Interests (Congruent Credit Opportunities Fund II, LP) (Fully diluted 19.8%)(8)		5,210	480
		LP Interests (Congruent Credit Opportunities Fund III, LP) (Fully diluted 17.4%)(8)		17,869	18,754
				23,079	19,234
Dos Rios Partners(12)(13)	Investment Partnership				
		LP Interests (Dos Rios Partners, LP) (Fully diluted 20.2%)		5,996	7,246
		LP Interests (Dos Rios Partners A, LP) (Fully diluted 6.4%)		1,904	2,182
				7,900	9,428
Dos Rios Stone Products LLC(10)	Limestone and Sandstone Dimension Cut Stone Mining Quarries				
		Class A Preferred Units (2,000,000 units)(8)		2,000	1,350
East Teak Fine Hardwoods, Inc.	Distributor of Hardwood Products				
		Common Stock (6,250 shares)(8)		480	630
EIG Fund Investments(12)(13)	Investment Partnership				
		LP Interests (EIG Global Private Debt Fund-A, L.P.) (Fully diluted 11.1%)(8)		451	403
Freeport Financial Funds(12)(13)	Investment Partnership				
		LP Interests (Freeport Financial SBIC Fund LP) (Fully diluted 9.3%)(8)		5,974	5,554
		LP Interests (Freeport First Lien Loan Fund III LP) (Fully diluted 6.0%)(8)		8,558	8,506
				14,532	14,060
Gault Financial, LLC (RMB Capital, LLC)	Purchases and Manages Collection of Healthcare and other Business Receivables				
		8% Secured Debt (Maturity January 1, 2019)	12,483	12,483 400	11,532

Warrants (29,032 equivalent units; Expiration February 9, 2022; Strike price $0.01 per unit)		
	12,883	11,532

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	Principal(4)	Cost(4)	Fair Value(18)
Guerdon Modular Holdings, Inc.	Multi-Family and Commercial Modular Construction Company				
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 10.19%, Secured Debt (Maturity March 1, 2019)(9)	400	394	394
		13% Secured Debt (Maturity March 1, 2019)	10,988	10,926	10,926
		Preferred Stock (404,998 shares)		1,140	
		Common Stock (212,033 shares)		2,983	
				15,443	11,320
Harris Preston Fund Investments(12)(13)	Investment Partnership				
		LP Interests (HPEP 3, L.P.) (Fully diluted 9.9%)		1,033	1,033
Hawk Ridge Systems, LLC(13)	Value-Added Reseller of Engineering Design and Manufacturing Solutions				
		10.5% Secured Debt (Maturity December 2, 2021)	14,300	14,181	14,300
		Preferred Member Units (226 units)(8)		2,850	6,223
		Preferred Member Units (HRS Services, ULC) (226 units)(8)		150	328
				17,181	20,851
Houston Plating and Coatings, LLC	Provider of Plating and Industrial Coating Services				
		8% Unsecured Convertible Debt (Maturity May 1, 2022)	3,000	3,000	3,200
		Member Units (315,756 units)(8)		2,179	6,660
				5,179	9,860
I-45 SLF LLC(12)(13)	Investment Partnership				
		Member Units (Fully diluted 20.0%; 24.4% profits interest)(8)		16,200	16,841
L.F. Manufacturing Holdings, LLC(10)	Manufacturer of Fiberglass Products				
		Member Units (2,179,001 units)		2,019	2,000
Meisler Operating LLC	Provider of Short-term Trailer and Container Rental				

LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 10.20%, Secured Debt (Maturity June 7, 2022)(9)	18,960	18,779	18,779
Member Units (Milton Meisler Holdings LLC) (48,555 units)		4,855	5,570
		23,634	24,349

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OnAsset Intelligence, Inc.	Provider of Transportation Monitoring / Tracking Products and Services				
		12% PIK Secured Debt (Maturity June 30, 2021)(19)	5,247	5,247	5,247
		10% PIK Unsecured Debt (Maturity June 30, 2021)(19)	49	49	49
		Preferred Stock (912 shares)		1,981	
		Warrants (5,333 equivalent shares; Expiration April 18, 2021; Strike price $0.01 per share)		1,919	
				9,196	5,296
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% Current / 3% PIK Secured Debt (Maturity March 31, 2019)(19)	12,617	12,571	12,571
		Preferred Stock (1,740,000 shares) (non-voting)		1,740	3,480
		Preferred Stock (1,500,000 shares; 20% cumulative)(8)(19)		3,927	290
				18,238	16,341
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)	12,559	12,515	12,515
		Class C Preferred Stock (Fully diluted 10.0%; 10% cumulative)(8)(19)		3,102	3,102

	15,617	15,617

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UniTek Global Services, Inc.(11)	Provider of Outsourced Infrastructure Services				
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 10.81%, Secured Debt (Maturity January 13, 2019)(9)	8,535	8,531	8,535
		LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 9.81% / 1.00% PIK, Current Coupon Plus PIK 10.81%, Secured Debt (Maturity January 13, 2019)(9)(19)	138	138	138
		15% PIK Unsecured Debt (Maturity July 13, 2019)(19)	897	897	897
		Preferred Stock (2,596,567 shares; 19% cumulative)(8)(19)		2,993	2,980
		Preferred Stock (4,935,377 shares; 13.5% cumulative)(8)(19)		7,609	7,560
		Common Stock (1,075,992 shares)			2,680
				20,168	22,790
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	860
		Member Units (UWS Investments, LLC) (4,000,000 units)		4,000	2,030
				4,717	2,890
Valley Healthcare Group, LLC	Provider of Durable Medical Equipment				
		LIBOR Plus 12.50% (Floor 0.50%), Current Coupon 14.16%, Secured Debt (Maturity December 29, 2020)(9)	11,646	11,571	11,571
		Preferred Member Units (Valley Healthcare Holding, LLC) (1,600 units)		1,600	1,740
				13,171	13,311
Volusion, LLC	Provider of Online Software-as-a-Service eCommerce Solutions				
		11.5% Secured Debt (Maturity January 26, 2020)	16,734	15,358	15,358
		Preferred Member Units (4,876,670 units)		14,000	14,000
		Warrants (1,831,355 equivalent units; Expiration January 26, 2025; Strike		2,577	1,471

price $0.01 per unit)				
		31,935		30,829
Subtotal Affiliate Investments (15.5% of total investments at fair value)	$	382,351	$	359,460

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Non-Control/Non-Affiliate Investments(7)					
AAC Holdings, Inc.(11)(13)	Substance Abuse Treatment Service Provider	LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 8.52%, Secured Debt (Maturity June 30, 2023)(9)	$ 14,782	$ 14,489	$ 15,041
Adams Publishing Group, LLC(10)	Local Newspaper Operator	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 9.30%, Secured Debt (Maturity November 3, 2020)(9)	9,894	9,678	9,894
ADS Tactical, Inc.(10)	Value-Added Logistics and Supply Chain Provider to the Defense Industry	LIBOR Plus 7.50% (Floor 0.75%), Current Coupon 9.81%, Secured Debt (Maturity December 31, 2022)(9)	12,948	12,712	12,778
Aethon United BR LP(10)	Oil & Gas Exploration & Production	LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 8.46%, Secured Debt (Maturity September 8, 2023)(9)	3,438	3,390	3,390
Ahead, LLC(10)	IT Infrastructure Value Added Reseller	LIBOR Plus 6.50%, Current Coupon 8.81%, Secured Debt (Maturity November 2, 2020)	8,434	8,283	8,487
Allflex Holdings III Inc.(11)	Manufacturer of Livestock Identification Products	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.74%, Secured Debt (Maturity July 19, 2021)(9)	13,846	13,785	13,935
American Scaffold Holdings, Inc.(10)	Marine Scaffolding Service Provider	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 8.80%, Secured Debt (Maturity March 31, 2022)(9)	6,938	6,858	6,903
American Teleconferencing Services, Ltd.(11)	Provider of Audio Conferencing and Video				

	Collaboration Solutions				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 8.29%, Secured Debt (Maturity December 8, 2021)(9)	15,592	14,964	15,588

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Anchor Hocking, LLC(11)	Household Products Manufacturer				
		LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 11.02%, Secured Debt (Maturity June 4, 2020)(9)	2,248	2,209	2,226
		Member Units (440,620 units)		4,928	3,718
				7,137	5,944
Apex Linen Service, Inc.	Industrial Launderers				
		LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.66%, Secured Debt (Maturity October 30, 2022)(9)	2,400	2,400	2,400
		16% Secured Debt (Maturity October 30, 2022)	14,416	14,349	14,349
				16,749	16,749
Arcus Hunting LLC.(10)	Manufacturer of Bowhunting and Archery Products and Accessories				
		LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.69%, Secured Debt (Maturity November 13, 2019)(9)	14,175	14,091	14,175
Arise Holdings, Inc.(10)	Tech-Enabled Business Process Outsourcing				
		Preferred Stock (1,000,000 shares)		1,000	1,000
ATI Investment Sub, Inc.(11)	Manufacturer of Solar Tracking Systems				
		LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 9.13%, Secured Debt (Maturity June 22, 2021)(9)	7,114	6,974	7,106
ATX Networks Corp.(11)(13)(21)	Provider of Radio Frequency Management Equipment				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.31% / 1.00% PIK, Current Coupon Plus PIK 8.31%, Secured Debt (Maturity June 11, 2021)(9)(19)	9,515	9,414	8,849
Berry Aviation, Inc.(10)	Airline Charter Service Operator				
		Common Stock (553 shares)		400	1,470
BigName Commerce, LLC(10)					

	Provider of Envelopes and Complimentary Stationery Products				
		LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.94%, Secured Debt (Maturity May 11, 2022)(9)	2,472	2,446	2,446

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Binswanger Enterprises, LLC(10)	Glass Repair and Installation Service Provider				
		LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 10.31%, Secured Debt (Maturity March 9, 2022)(9)	15,267	15,016	15,148
		Member Units (1,050,000 units)		1,050	1,000
				16,066	16,148
Bluestem Brands, Inc.(11)	Multi-Channel Retailer of General Merchandise				
		LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 9.38%, Secured Debt (Maturity November 6, 2020)(9)	11,939	11,781	8,417
Brainworks Software, LLC(10)	Advertising Sales and Newspaper Circulation Software				
		Prime Plus 9.25% (Floor 3.25%), Current Coupon 14.00%, Secured Debt (Maturity July 22, 2019)(9)	6,733	6,709	6,577
Brightwood Capital Fund Investments(12)(13)	Investment Partnership				
		LP Interests (Brightwood Capital Fund III, LP) (Fully diluted 1.6%)(8)		12,000	10,463
		LP Interests (Brightwood Capital Fund IV, LP) (Fully diluted 0.8%)(8)		1,000	1,063
				13,000	11,526
Brundage-Bone Concrete Pumping, Inc.(11)	Construction Services Provider				
		10.375% Secured Debt (Maturity September 1, 2023)	3,000	2,988	3,195
Cadence Aerospace LLC(10)	Aerostructure Manufacturing				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 8.33%, Secured Debt (Maturity November 14, 2023)(9)	14,963	14,820	14,820
California Pizza Kitchen, Inc.(11)	Casual Restaurant Group				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.88%, Secured Debt (Maturity August 23, 2022)(9)	12,837	12,799	12,606
CapFusion, LLC(13)					

Non-Bank Lender to Small Businesses					
	13% Secured Debt (Maturity 2021)(14)	March 25,	6,266	5,206	1,432

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CDHA Management, LLC(10)	Dental Services				
		LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.76%, Secured Debt (Maturity December 5, 2021)(9)	5,062	5,006	5,062
Central Security Group, Inc.(11)	Security Alarm Monitoring Service Provider				
		LIBOR Plus 5.63% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity October 6, 2021)(9)	7,461	7,444	7,480
Cenveo Corporation(11)	Provider of Commercial Printing, Envelopes, Labels, and Printed Office Products				
		LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 9.79%, Secured Debt (Maturity November 2, 2018)(9)	6,089	6,038	6,119
		6% Secured Debt (Maturity August 1, 2019)	19,130	17,126	8,609
				23,164	14,728
Chloe Ox Parent, LLC(11)	In-Home Health Risk Assessment Provider				
		LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 7.30%, Secured Debt (Maturity December 23, 2024)(9)	7,400	7,328	7,492
Clarius BIGS, LLC(10)	Prints & Advertising Film Financing				
		15% PIK Secured Debt (Maturity January 5, 2015)(14)(17)	2,924	2,924	82
Clickbooth.com, LLC(10)	Provider of Digital Advertising Performance Marketing Solutions				
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 10.19%, Secured Debt (Maturity December 5, 2022)(9)	2,981	2,925	2,925
Community Care Health Network, LLC(11)	In-Home Health Risk Assessment Provider				
		LIBOR Plus 4.75% (Floor 1.00%), Current Coupon 6.74%, Secured Debt (Maturity February 16, 2025)(9)	3,188	3,180	3,215

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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 7.88%, Secured Debt (Maturity June 30, 2023)(9)	6,938	6,905	6,920
		Member Units (28,000 units)		3,723	3,723
				10,628	10,643
CTVSH, PLLC(10)	Emergency Care and Specialty Service Animal Hospital				
		LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 10.01%, Secured Debt (Maturity August 3, 2022)(9)	11,700	11,595	11,595
Darr Equipment LP(10)	Heavy Equipment Dealer				
		11.5% Current / 1% PIK Secured Debt (Maturity June 22, 2023)(19)	7,247	7,247	7,247
		Warrants (915,734 equivalent units; Expiration December 23, 2023; Strike price $1.50 per unit)		474	10
				7,721	7,257
Digital River, Inc.(11)	Provider of Outsourced e-Commerce Solutions and Services				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 8.61%, Secured Debt (Maturity February 12, 2021)(9)	10,146	10,052	10,146
Drilling Info Holdings, Inc.	Information Services for the Oil and Gas Industry				
		Common Stock (3,788,865 shares)(8)			9,010

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EnCap Energy Fund Investments(12)(13)	Investment Partnership				
		LP Interests (EnCap Energy Capital Fund VIII, L.P.) (Fully diluted 0.1%)(8)		3,487	1,623
		LP Interests (EnCap Energy Capital Fund VIII Co-Investors, L.P.) (Fully diluted 0.4%)(8)		2,072	1,122
		LP Interests (EnCap Energy Capital Fund IX, L.P.) (Fully diluted 0.1%)(8)		4,317	3,732
		LP Interests (EnCap Energy Capital Fund X, L.P.) (Fully diluted 0.1%)(8)		6,870	6,933
		LP Interests (EnCap Flatrock Midstream Fund II, L.P.) (Fully diluted 0.8%)(8)		5,864	5,015
		LP Interests (EnCap Flatrock Midstream Fund III, L.P.) (Fully diluted 0.2%)(8)		3,015	2,716
				25,625	21,141
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 10.13%, Secured Debt (Maturity April 28, 2022)(9)	6,999	6,883	6,264
Extreme Reach, Inc.(11)	Integrated TV and Video Advertising Platform				
		LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 8.13%, Secured Debt (Maturity February 7, 2020)(9)	14,217	14,205	14,199
Felix Investments Holdings II(10)	Oil & Gas Exploration & Production				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 8.30%, Secured Debt (Maturity August 9, 2022)(9)	3,333	3,270	3,270
Flavors Holdings Inc.(11)	Global Provider of Flavoring and Sweetening Products				
		LIBOR Plus 5.75% (Floor 1.00%), Current Coupon 8.05%, Secured Debt (Maturity April 3, 2020)(9)	12,881	12,470	11,657

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GI KBS Merger Sub LLC(11)	Outsourced Janitorial Services to Retail/Grocery Customers				
		LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.98%, Secured Debt (Maturity October 29, 2021)(9)	9,270	9,200	9,351
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 10.27%, Secured Debt (Maturity April 29, 2022)(9)	3,915	3,775	3,974
				12,975	13,325
GoWireless Holdings, Inc.(11)	Provider of Wireless Telecommunications Carrier Services				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 8.38%, Secured Debt (Maturity December 22, 2024)(9)	17,775	17,601	17,753
Great Circle Family Foods, LLC(10)	Quick Service Restaurant Franchise				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.69%, Secured Debt (Maturity October 28, 2019)(9)	7,119	7,091	7,119
Grupo Hima San Pablo, Inc.(11)	Tertiary Care Hospitals				
		LIBOR Plus 7.00% (Floor 1.50%), Current Coupon 8.77%, Secured Debt (Maturity January 31, 2018)(9)(17)	4,750	4,750	3,543
		13.75% Secured Debt (Maturity July 31, 2018)	2,055	2,040	226
				6,790	3,769
Guitar Center, Inc.(11)	Musical Instruments Retailer				
		6.5% Secured Debt (Maturity April 15, 2019)	16,625	16,118	16,558
Hojeij Branded Foods, LLC(10)	Multi-Airport, Multi-Concept Restaurant Operator				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.89%, Secured Debt (Maturity July 20, 2022)(9)	12,107	11,999	12,107

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(dollars in thousands)

(unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	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 6.00%, Current Coupon 7.75%, Secured Debt (Maturity January 28, 2020)	7,500	6,744	6,703
		LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 9.15%, Secured Debt (Maturity January 28, 2021)(9)	8,438	7,995	7,805
				14,739	14,508
Hostway Corporation(11)	Managed Services and Hosting Provider				
		LIBOR Plus 5.25% (Floor 1.25%), Current Coupon 6.94% / 0.50% PIK, Current Coupon Plus PIK 7.44%, Secured Debt (Maturity December 13, 2019)(9)(19)	30,610	29,860	29,769
Houghton Mifflin Harcourt Publishers Inc.(11)(13)	Provider of Educational Print and Digital Services				
		LIBOR Plus 3.00% (Floor 1.00%), Current Coupon 4.88%, Secured Debt (Maturity May 28, 2021)(9)	15,224	14,279	13,949
Hunter Defense Technologies, Inc.(10)	Provider of Military and Commercial Shelters and Systems				
		LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 9.30%, Secured Debt (Maturity March 29, 2023)(9)	41,022	40,099	40,099
Hydrofarm Holdings LLC(10)	Wholesaler of Horticultural Products				
		LIBOR Plus 7.00%, Current Coupon 8.73%, Secured Debt (Maturity May 12, 2022)	6,623	6,510	6,236
iEnergizer Limited(11)(13)(21)	Provider of Business Outsourcing Solutions				
		LIBOR Plus 6.00% (Floor 1.25%), Current Coupon 7.88%, Secured Debt (Maturity May 1, 2019)(9)	11,758	11,571	11,773
Implus Footcare, LLC(10)					

	Provider of Footwear and Related Accessories				
		LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 8.74%, Secured Debt (Maturity April 30, 2021)(9)	19,270	19,029	19,156

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

March 31, 2018

(dollars in thousands)

(unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	Principal(4)	Cost(4)	Fair Value(18)
Industrial Services Acquisition, LLC(10)	Industrial Cleaning Services				
		6% Current / 7% PIK Unsecured Debt (Maturity December 17, 2022)(19)	4,633	4,561	4,414
		Preferred Member Units (Industrial Services Investments, LLC) (144 units; 10% cumulative)(8)(19)		88	86
		Member Units (Industrial Services Investments, LLC) (900 units)		900	300
				5,549	4,800
Inn of the Mountain Gods Resort and Casino(11)	Hotel & Casino Owner & Operator				
		9.25% Secured Debt (Maturity November 30, 2020)	6,249	6,013	5,687
iPayment, Inc.(11)	Provider of Merchant Acquisition				
		LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.62%, Secured Debt (Maturity April 11, 2023)(9)	11,970	11,865	12,120
irth Solutions, LLC	Provider of Damage Prevention Information Technology Services				
		Member Units (27,893 units)		1,441	1,970
Jacent Strategic Merchandising, LLC(10)	General Merchandise Distribution				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 8.53%, Secured Debt (Maturity September 16, 2020)(9)	10,982	10,931	10,982
Jackmont Hospitality, Inc.(10)	Franchisee of Casual Dining Restaurants				
		LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 8.40%, Secured Debt (Maturity May 26, 2021)(9)	4,275	4,265	4,275
Jacuzzi Brands LLC(11)	Manufacturer of Bath and Spa Products				
		LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 9.30%, Secured Debt (Maturity June 28, 2023)(9)	3,925	3,854	3,964
Joerns Healthcare, LLC(11)	Manufacturer and Distributor of Health Care Equipment & Supplies				

	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.98% Secured Debt (Maturity May 9, 2020)(9)	13,387	13,307	12,439

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	Principal(4)	Cost(4)	Fair Value(18)
Keypoint Government Solutions, Inc.(10)	Provider of Pre-Employment Screening Services				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.73%, Secured Debt (Maturity April 18, 2024)(9)	11,875	11,769	11,875
Larchmont Resources, LLC(11)	Oil & Gas Exploration & Production				
		LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.53%, PIK Secured Debt (Maturity August 7, 2020)(9)(19)	2,504	2,504	2,479
		Member Units (Larchmont Intermediate Holdco, LLC) (2,828 units)		353	919
				2,857	3,398
LKCM Headwater Investments I, L.P.(12)(13)	Investment Partnership				
		LP Interests (Fully diluted 2.3%)		2,069	4,234
Logix Acquisition Company, LLC(10)	Competitive Local Exchange Carrier				
		LIBOR Plus 5.75% (Floor 1.00%), Current Coupon 7.60%, Secured Debt (Maturity December 22, 2024)(9)	9,704	9,500	9,753
Looking Glass Investments, LLC(12)(13)	Specialty Consumer Finance				
		Member Units (2.5 units)		125	57
		Member Units (LGI Predictive Analytics LLC) (190,712 units)		89	72
				214	129
LSF9 Atlantis Holdings, LLC(11)	Provider of Wireless Telecommunications Carrier Services				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.69%, Secured Debt (Maturity May 1, 2023)(9)	9,899	9,872	9,879
Lulu's Fashion Lounge, LLC(10)	Fast Fashion E-Commerce Retailer				
		LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.88%, Secured Debt (Maturity August 28, 2022)(9)	13,125	12,753	13,519

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MAIN STREET CAPITAL CORPORATION

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(dollars in thousands)

(unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	Principal(4)	Cost(4)	Fair Value(18)
Messenger, LLC(10)	Supplier of Specialty Stationery and Related Products to the Funeral Industry	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 8.36%, Secured Debt (Maturity September 9, 2020)(9)	17,283	17,208	17,283
Minute Key, Inc.	Operator of Automated Key Duplication Kiosks	Warrants (1,437,409 equivalent shares; Expiration May 20, 2025; Strike price $0.01 per share)		280	1,170
NBG Acquisition Inc(11)	Wholesaler of Home Décor Products	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 7.95%, Secured Debt (Maturity April 26, 2024)(9)	4,375	4,311	4,391
New Media Holdings II LLC(11)(13)	Local Newspaper Operator	LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 8.13%, Secured Debt (Maturity July 14, 2022)(9)	19,965	19,594	20,096
NNE Partners, LLC(10)	Oil & Gas Exploration & Production	LIBOR Plus 8.00%, Current Coupon 10.02%, Secured Debt (Maturity March 2, 2022)	15,458	15,326	15,326
North American Lifting Holdings, Inc.(11)	Crane Service Provider	LIBOR Plus 4.50% (Floor 1.00%), Current Coupon 6.80%, Secured Debt (Maturity November 27, 2020)(9)	7,725	6,956	7,308
Novetta Solutions, LLC(11)	Provider of Advanced Analytics Solutions for Defense Agencies	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.88%, Secured Debt (Maturity October 17, 2022)(9)	15,559	15,105	15,144
NTM Acquisition Corp.(11)	Provider of B2B Travel Information Content	LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 8.55%, Secured Debt	6,104	6,050	6,073

(Maturity June 7, 2022)(9)

MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

March 31, 2018

(dollars in thousands)

(unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	Principal(4)	Cost(4)	Fair Value(18)
Ospemifene Royalty Sub LLC (QuatRx)(10)	Estrogen-Deficiency Drug Manufacturer and Distributor				
		11.5% Secured Debt (Maturity November 15, 2026)(14)	5,058	5,058	1,020
Paris Presents Incorporated(11)	Branded Cosmetic and Bath Accessories				
		LIBOR Plus 8.75% (Floor 1.00%), Current Coupon 10.63%, Secured Debt (Maturity December 31, 2021)(9)	4,500	4,472	4,556
Permian Holdco 2, Inc.(11)	Storage Tank Manufacturer				
		14% PIK Unsecured Debt (Maturity October 15, 2021)(19)	357	357	357
		Preferred Stock (Permian Holdco 1, Inc.) (154,558 units)		799	1,010
		Common Stock (Permian Holdco 1, Inc.) (154,558 units)			10
				1,156	1,377
Pernix Therapeutics Holdings, Inc.(10)	Pharmaceutical Royalty				
		12% Secured Debt (Maturity August 1, 2020)	3,031	3,031	1,958
Pier 1 Imports, Inc.(11)(13)	Decorative Home Furnishings Retailer				
		LIBOR Plus 3.50% (Floor 1.00%), Current Coupon 5.95%, Secured Debt (Maturity April 30, 2021)(9)	7,513	7,137	7,156
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	10
				342	10
PPC/SHIFT LLC(10)	Provider of Digital Solutions to Automotive Industry				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.84%, Secured Debt (Maturity December 22, 2021)(9)	6,781	6,667	6,781

Prowler Acquisition Corp.(11)	Specialty Distributor to the Energy Sector				
		LIBOR Plus 4.50% (Floor 1.00%), Current Coupon 6.34%, Secured Debt (Maturity January 28, 2020)(9)	16,872	15,432	16,493

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Consolidated Schedule of Investments (Continued)

March 31, 2018

(dollars in thousands)

(unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	Principal(4)	Cost(4)	Fair Value(18)
PT Network, LLC(10)	Provider of Outpatient Physical Therapy and Sports Medicine Services				
		LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 7.21%, Secured Debt (Maturity November 30, 2021)(9)	8,839	8,839	8,839
QBS Parent, Inc.(11)	Provider of Software and Services to the Oil & Gas Industry				
		LIBOR Plus 4.75% (Floor 1.00%), Current Coupon 6.52%, Secured Debt (Maturity August 7, 2021)(9)	14,272	14,124	14,201
Radiology Partners, Inc.(10)	Radiology Practice Providing Scan Interpretations				
		LIBOR Plus 5.75% (Floor 1.00%), Current Coupon 7.59%, Secured Debt (Maturity December 4, 2023)(9)	9,731	9,635	9,749
Research Now Group, Inc. and Survey Sampling International, LLC(11)	Provider of Outsourced Online Surveying				
		LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 7.86%, Secured Debt (Maturity December 20, 2024)(9)	13,500	12,845	13,437
Resolute Industrial, LLC(10)	HVAC Equipment Rental and Remanufacturing				
		LIBOR Plus 7.62% (Floor 1.00%), Current Coupon 9.31%, Secured Debt (Maturity July 26, 2022)(9)(25)	17,088	16,785	16,785
		Member Units (601 units)		750	750
				17,535	17,535
RGL Reservoir Operations Inc.(11)(13)(21)	Oil & Gas Equipment and Services				
		1% Current / 9% PIK Secured Debt (Maturity December 21, 2024)(19)	721	407	400
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	16
		471	16

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(dollars in thousands)

(unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	Principal(4)	Cost(4)	Fair Value(18)
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 10.32%, Secured Debt (Maturity June 9, 2021)(9)	12,002	11,770	11,852
SiTV, LLC(11)	Cable Networks Operator				
		10.375% Secured Debt (Maturity July 1, 2019)	10,429	7,051	6,336
SMART Modular Technologies, Inc.(10)(13)	Provider of Specialty Memory Solutions				
		LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.66%, Secured Debt (Maturity August 9, 2022)(9)	14,250	13,993	14,179
Sorenson Communications, Inc.(11)	Manufacturer of Communication Products for Hearing Impaired				
		LIBOR Plus 5.75% (Floor 2.25%), Current Coupon 8.06%, Secured Debt (Maturity April 30, 2020)(9)	13,199	13,142	13,257
Staples Canada ULC(10)(13)(21)	Office Supplies Retailer				
		LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.68%, Secured Debt (Maturity September 12, 2023)(9)(22)	20,000	19,630	18,487
Strike, LLC(11)	Pipeline Construction and Maintenance Services				
		LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 10.45%, Secured Debt (Maturity November 30, 2022)(9)	9,500	9,262	9,642
		LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 10.02%, Secured Debt (Maturity May 30, 2019)(9)	409	392	411
				9,654	10,053
Synagro Infrastructure Company, Inc(11)	Waste Management Services				
			11,662	11,259	11,021

		LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 7.80%, Secured Debt (Maturity August 22, 2020)(9)		
TE Holdings, LLC(11)	Oil & Gas Exploration & Production			
		Member Units (97,048 units)	970	121

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(dollars in thousands)

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	Principal(4)	Cost(4)	Fair Value(18)
Tectonic Holdings, LLC	Financial Services Organization				
		Member Units (200,000 units)(8)		2,000	2,320
TeleGuam Holdings, LLC(11)	Cable and Telecom Services Provider				
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 10.38%, Secured Debt (Maturity April 12, 2024)(9)	7,750	7,606	7,808
TGP Holdings III LLC(11)	Outdoor Cooking & Accessories				
		LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 7.30%, Secured Debt (Maturity September 25, 2024)(9)	6,881	6,806	6,935
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 10.80%, Secured Debt (Maturity September 25, 2025)(9)	5,000	4,928	5,075
				11,734	12,010
The Container Store, Inc.(11)(13)	Operator of Stores Offering Storage and Organizational Products				
		LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 9.31%, Secured Debt (Maturity August 18, 2021)(9)	6,831	6,650	6,840
The Pasha Group(11)	Diversified Logistics and Transportation Provided				
		LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 9.37%, Secured Debt (Maturity January 26, 2023)(9)	12,109	11,756	12,230
TMC Merger Sub Corp.(11)	Refractory & Maintenance Services Provider				
		LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 8.19%, Secured Debt (Maturity October 31, 2022)(9)(26)	17,545	17,415	17,676
TOMS Shoes, LLC(11)	Global Designer, Distributor, and Retailer of Casual Footwear				
		LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 7.48%, Secured Debt (Maturity October 30, 2020)(9)	4,850	4,606	2,861
Turning Point Brands, Inc.(10)(13)					

Marketer/Distributor of Tobacco Products				
	LIBOR Plus 7.00%, Current Coupon 8.70%, Secured Debt (Maturity March 7, 2024)	8,500	8,415	8,670

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	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 7.88%, Secured Debt (Maturity November 3, 2021)(9)	11,099	10,910	11,099
U.S. TelePacific Corp.(11)	Provider of Communications and Managed Services				
		LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 7.30%, Secured Debt (Maturity May 2, 2023)(9)	20,651	20,463	20,104
US Joiner Holding Company(11)	Marine Interior Design and Installation				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.88%, Secured Debt (Maturity April 16, 2020)(9)	13,430	13,341	13,363
VIP Cinema Holdings, Inc.(11)	Supplier of Luxury Seating to the Cinema Industry				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 8.31%, Secured Debt (Maturity March 1, 2023)(9)	7,600	7,567	7,688
Vistar Media, Inc.(10)	Operator of Digital Out-of-Home Advertising Platform				
		LIBOR Plus 10.00% (Floor 1.00%), Current Coupon 12.31%, Secured Debt (Maturity February 16, 2022)(9)	3,319	3,060	3,114
		Warrants (70,207 equivalent shares; Expiration February 17, 2027; Strike price $0.01 per share)		331	600
				3,391	3,714
Wellnext, LLC(10)	Manufacturer of Supplements and Vitamins				
		LIBOR Plus 10.10% (Floor 1.00%), Current Coupon 11.98%, Secured Debt (Maturity July 21, 2022)(9)(23)	9,930	9,861	10,228
Wireless Vision Holdings, LLC(10)	Provider of Wireless Telecommunications Carrier Services				

	LIBOR Plus 8.91% (Floor 1.00%), Current Coupon 10.80%, Secured Debt (Maturity September 29, 2022)(9)(24)	12,899	12,634	12,634

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(dollars in thousands)

(unaudited)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	Principal(4)	Cost(4)	Fair Value(18)
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 (47.9% of total investments at fair value)				$ 1,126,103	$ 1,107,777
Total Portfolio Investments, March 31, 2018				$ 2,157,550	$ 2,314,034

(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 March 31, 2018. As noted in this schedule, 69% of the loans (based on the par amount) contain LIBOR floors which range between 0.50% and 2.25%, with a weighted-average LIBOR floor of approximately 1.01%.

(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.

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(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 $1.1 million as of March 31, 2018. 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) 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 8.50% (Floor 1.00%) per the Credit Agreement and the Consolidated Schedule of Investments above reflects such higher rate.

(25) 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.

(26) 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.

(27) All Company's portfolio investments are generally subject to restrictions on resale as "restricted securities", unless otherwise noted.

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(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	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)	$ 23,828	$ 23,828	$ 17,150
		Preferred Member Units (8,248,500 units)		8,142	
		Member Units (45 units)		1	
				31,971	17,150
ASC Interests, LLC	Recreational and Educational Shooting Facility				
		11% Secured Debt (Maturity July 31, 2018)	1,800	1,795	1,795
		Member Units (1,500 units)		1,500	1,530
				3,295	3,325
ATS Workholding, LLC(10)	Manufacturer of Machine Cutting Tools and Accessories				
		5% Secured Debt (Maturity November 16, 2021)	3,726	3,249	3,249
		Preferred Member Units (3,725,862 units)		3,726	3,726
				6,975	6,975
Bond-Coat, Inc.	Casing and Tubing Coating Services				
		12% Secured Debt (Maturity December 28, 2017)(17)	11,596	11,596	11,596
		Common Stock (57,508 shares)		6,350	9,370
				17,946	20,966
Café Brazil, LLC	Casual Restaurant Group				
		Member Units (1,233 units)(8)		1,742	4,900
CBT Nuggets, LLC	Produces and Sells IT Training Certification Videos				
		Member Units (416 units)(8)		1,300	89,560
Charps, LLC	Pipeline Maintenance and Construction				
		12% Secured Debt (Maturity February 3, 2022)	18,400	18,225	18,225
		Preferred Member Units (1,600 units)		400	650
				18,625	18,875

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(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	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 10.86%, Secured Debt (Maturity December 20, 2021)(9)	13,280	13,168	13,280
		Member Units (717 units)(8)		7,280	9,500
		10% Secured Debt (Clad-Rex Steel RE Investor, LLC) (Maturity December 20, 2036)	1,183	1,171	1,183
		Member Units (Clad-Rex Steel RE Investor, LLC) (800 units)		210	280
				21,829	24,243
CMS Minerals Investments	Oil & Gas Exploration & Production				
		Member Units (CMS Minerals II, LLC) (100 units)(8)		3,440	2,392
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)	1,575	1,575	1,575
		5.25% Current / 5.25% PIK Secured Debt (Maturity May 30, 2019)(19)	12,349	12,311	11,110
		Class A Preferred Member Units		1,181	730
		Class B Preferred Member Units (6,453 units)		6,030	
				21,097	13,415
Gamber-Johnson Holdings, LLC	Manufacturer of Ruggedized Computer Mounting Systems				
		LIBOR Plus 11.00% (Floor 1.00%), Current Coupon 12.36%, Secured Debt (Maturity June 24, 2021)(9)	23,400	23,213	23,400
		Member Units (8,619 units)(8)		14,844	23,370
				38,057	46,770
Garreco, LLC	Manufacturer and Supplier of Dental Products				
		LIBOR Plus 10.00% (Floor 1.00%), Current Coupon 11.34%, Secured Debt (Maturity March 31, 2020)(9)	5,483	5,443	5,443

Member Units (1,200 units)	1,200	1,940
	6,643	7,383

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(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	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 10.36%, Secured Debt (Maturity December 19, 2019)(9)	11,603	11,550	11,603
		Member Units (5,879 units)(8)		13,065	21,970
				24,615	33,573
Gulf Manufacturing, LLC	Manufacturer of Specialty Fabricated Industrial Piping Products				
		Member Units (438 units)(8)		2,980	10,060
Gulf Publishing Holdings, LLC	Energy Industry Focused Media and Publishing				
		LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.86%, Secured Debt (Maturity September 30, 2020)(9)	80	80	80
		12.5% Secured Debt (Maturity April 29, 2021)	12,800	12,703	12,703
		Member Units (3,681 units)		3,681	4,840
				16,464	17,623
Harborside Holdings, LLC	Real Estate Holding Company				
		Member units (100 units)		6,206	9,400
Harris Preston Fund Investments(12)(13)	Investment Partnership				
		LP Interests (2717 MH, L.P.) (Fully diluted 49.3%)		536	536
Harrison Hydra-Gen, Ltd.	Manufacturer of Hydraulic Generators				
		Common Stock (107,456 shares)		718	3,580
HW Temps LLC	Temporary Staffing Solutions				
		LIBOR Plus 11.00% (Floor 1.00%), Current Coupon 12.36%, Secured Debt (Maturity July 2, 2020)(9)	9,976	9,918	9,918
		Preferred Member Units (3,200 units)		3,942	3,940
				13,860	13,858
Hydratec, Inc.	Designer and Installer of Micro-Irrigation Systems				
		Common Stock (7,095 shares)(8)		7,095	15,000

IDX Broker, LLC	Provider of Marketing and CRM Tools for the Real Estate Industry				
		11.5% Secured Debt (Maturity November 15, 2020)	15,250	15,116	15,250
		Preferred Member Units (5,607 units)(8)		5,952	11,660
				21,068	26,910

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(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	Principal(4)	Cost(4)	Fair Value(18)
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)	3,955	3,917	3,955
		Member Units (627 units)(8)		811	5,100
				4,728	9,055
KBK Industries, LLC	Manufacturer of Specialty Oilfield and Industrial Products				
		10% Secured Debt (Maturity September 28, 2020)	375	372	375
		12.5% Secured Debt (Maturity September 28, 2020)	5,900	5,867	5,900
		Member Units (325 units)(8)		783	4,420
				7,022	10,695
Lamb Ventures, LLC	Aftermarket Automotive Services Chain				
		11% Secured Debt (Maturity July 1, 2022)	9,942	9,890	9,942
		Preferred Equity (non-voting)		400	400
		Member Units (742 units)(8)		5,273	6,790
		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
				16,616	18,084
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 11.00% (Floor 1.00%), Current Coupon 12.48%, Secured Debt (Maturity July 28, 2022)(9)	23,360	23,143	23,143
		Member Units (657,113 units)		14,700	14,700
				37,843	37,843
MH Corbin Holding LLC					

	Manufacturer and Distributor of Traffic Safety Products				
		13% Secured Debt (Maturity August 31, 2020)	12,600	12,526	12,526
		Preferred Member Units (4,000 shares)		6,000	6,000
				18,526	18,526

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December 31, 2017
(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	Principal(4)	Cost(4)	Fair Value(18)
Mid-Columbia Lumber Products, LLC	Manufacturer of Finger-Jointed Lumber Products				
		10% Secured Debt (Maturity January 15, 2020)	1,398	1,390	1,390
		12% Secured Debt (Maturity January 15, 2020)	3,900	3,863	3,863
		Member Units (5,714 units)		2,405	1,575
		9.5% Secured Debt (Mid-Columbia Real Estate, LLC) (Maturity May 13, 2025)	791	791	791
		Member Units (Mid-Columbia Real Estate, LLC) (500 units)(8)		790	1,290
				9,239	8,909
MSC Adviser I, LLC(16)	Third Party Investment Advisory Services				
		Member Units (Fully diluted 100.0%)(8)			41,768
Mystic Logistics Holdings, LLC	Logistics and Distribution Services Provider for Large Volume Mailers				
		12% Secured Debt (Maturity August 15, 2019)	7,768	7,696	7,696
		Common Stock (5,873 shares)		2,720	6,820
				10,416	14,516
NAPCO Precast, LLC	Precast Concrete Manufacturing				
		LIBOR Plus 8.50%, Current Coupon 9.98%, Secured Debt (Maturity May 31, 2019)	11,475	11,439	11,475
		Member Units (2,955 units)(8)		2,975	11,670
				14,414	23,145
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)	3,865	3,865	3,865
		Warrants (251,723 equivalent units; Expiration September 8, 2021; Strike price $0.01 per unit)		252	500
		Member Units (1,454,167 units)		765	2,500

				5,282	7,265
NRP Jones, LLC	Manufacturer of Hoses, Fittings and Assemblies				
		12% Secured Debt (Maturity March 20, 2023)	6,376	6,376	6,376
		Member Units (65,208 units)(8)		3,717	3,250
				10,093	9,626

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	Principal(4)	Cost(4)	Fair Value(18)
NuStep, LLC	Designer, Manufacturer and Distributor of Fitness Equipment				
		12% Secured Debt (Maturity January 31, 2022)	20,600	20,420	20,420
		Preferred Member Units (406 units)		10,200	10,200
				30,620	30,620
OMi Holdings, Inc.	Manufacturer of Overhead Cranes				
		Common Stock (1,500 shares)(8)		1,080	14,110
Pegasus Research Group, LLC	Provider of Telemarketing and Data Services				
		Member Units (460 units)(8)		1,290	10,310
PPL RVs, Inc.	Recreational Vehicle Dealer				
		LIBOR Plus 7.00% (Floor 0.50%), Current Coupon 8.34%, Secured Debt (Maturity November 15, 2021)(9)	16,100	15,972	16,100
		Common Stock (1,962 shares)(8)		2,150	12,440
				18,122	28,540
Principle Environmental, LLC (d/b/a TruHorizon Environmental Solutions)	Noise Abatement Service Provider				
		13% Secured Debt (Maturity April 30, 2020)	7,477	7,347	7,477
		Preferred Member Units (19,631 units)		4,600	11,490
		Warrants (1,018 equivalent units; Expiration January 31, 2021; Strike price $0.01 per unit)		1,200	650
				13,147	19,617
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)		2,868	4,938
				10,209	11,888
River Aggregates, LLC	Processor of Construction Aggregates				
			750	707	707

Zero Coupon Secured Debt (Maturity June 30, 2018)		
Member Units (1,150 units)	1,150	4,610
Member Units (RA Properties, LLC) (1,500 units)	369	2,559
	2,226	7,876

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	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 10.36%, Secured Debt (Maturity October 31, 2019)(9)	7,140	7,110	7,140
		Member Units (4,450 units)(8)		4,930	10,089
				12,040	17,229
The MPI Group, LLC	Manufacturer of Custom Hollow Metal Doors, Frames and Accessories				
		9% Secured Debt (Maturity October 2, 2018)	2,924	2,923	2,410
		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	2,389
				8,819	4,799
Uvalco Supply, LLC	Farm and Ranch Supply Store				
		9% Secured Debt (Maturity January 1, 2019)	348	348	348
		Member Units (1,867 units)(8)		3,579	3,880
				3,927	4,228
Vision Interests, Inc.	Manufacturer / Installer of Commercial Signage				
		13% Secured Debt (Maturity December 23, 2018)	2,814	2,797	2,797
		Series A Preferred Stock (3,000,000 shares)		3,000	3,000
		Common Stock (1,126,242 shares)		3,706	
				9,503	5,797
Ziegler's NYPD, LLC	Casual Restaurant Group				
		6.5% Secured Debt (Maturity October 1, 2019)	1,000	996	996
		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	
				2,834	3,220

	Preferred Member Units (10,072 units)	7,480	7,266
Subtotal Control Investments (34.6% of total investments at fair value)		$ 530,034	$ 750,706

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	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	$ 860
		Preferred Member Units (186 units)(8)		1,200	3,590
				1,459	4,450
Barfly Ventures, LLC(10)	Casual Restaurant Group				
		12% Secured Debt (Maturity August 31, 2020)	8,715	8,572	8,715
		Options (2 equivalent units)		397	920
		Warrant (1 equivalent unit; Expiration August 31, 2025; Strike price $1.00 per unit)		473	520
				9,442	10,155
BBB Tank Services, LLC	Maintenance, Repair and Construction Services to the Above-Ground Storage Tank Market				
		LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 9.36%, Secured Debt (Maturity April 8, 2021)(9)	800	778	778
		15% Secured Debt (Maturity April 8, 2021)	4,000	3,876	3,876
		Member Units (800,000 units)		800	500
				5,454	5,154
Boccella Precast Products LLC	Manufacturer of Precast Hollow Core Concrete				
		LIBOR Plus 10.00% (Floor 1.00%), Current Coupon 11.34%, Secured Debt (Maturity June 30, 2022)(9)	16,400	16,230	16,400
		Member Units (2,160,000 units)		2,160	3,440
				18,390	19,840
Boss Industries, LLC	Manufacturer and Distributor of Air, Power and Other Industrial Equipment				
		Preferred Member Units (2,242 units)(8)		2,080	3,930

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	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	5,884	5,884
		Warrants (63 equivalent shares; Expiration July 25, 2026; Strike price $0.01 per share)		2,132	3,520
		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
				10,008	11,404
Buca C, LLC	Casual Restaurant Group				
		LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.63%, Secured Debt (Maturity June 30, 2020)(9)	20,304	20,193	20,193
		Preferred Member Units (6 units; 6% cumulative)(8)(19)		4,177	4,172
				24,370	24,365
CAI Software LLC	Provider of Specialized Enterprise Resource Planning Software				
		12% Secured Debt (Maturity October 10, 2019)	4,083	4,060	4,083
		Member Units (65,356 units)(8)		654	3,230
				4,714	7,313
Chandler Signs Holdings, LLC(10)	Sign Manufacturer				
		12% Secured Debt (Maturity July 4, 2021)	4,500	4,468	4,500
		Class A Units (1,500,000 units)(8)		1,500	2,650
				5,968	7,150
Condit Exhibits, LLC	Tradeshow Exhibits / Custom Displays Provider				
		Member Units (3,936 units)(8)		100	1,950
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		17,869	18,632

diluted 17.4%)(8)

	23,599	20,147

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	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	7,165
		LP Interests (Dos Rios Partners A, LP) (Fully diluted 6.4%)		1,904	1,889
				7,900	9,054
Dos Rios Stone Products LLC(10)	Limestone and Sandstone Dimension Cut Stone Mining Quarries				
		Class A Preferred Units (2,000,000 units)(8)		2,000	1,790
East Teak Fine Hardwoods, Inc.	Distributor of Hardwood Products				
		Common Stock (6,250 shares)(8)		480	630
EIG Fund Investments(12)(13)	Investment Partnership				
		LP Interests (EIG Global Private Debt Fund-A, L.P.) (Fully diluted 11.1%)(8)		1,103	1,055
Freeport Financial Funds(12)(13)	Investment Partnership				
		LP Interests (Freeport Financial SBIC Fund LP) (Fully diluted 9.3%)(8)		5,974	5,614
		LP Interests (Freeport First Lien Loan Fund III LP) (Fully diluted 6.0%)(8)		8,558	8,506
				14,532	14,120
Gault Financial, LLC (RMB Capital, LLC)	Purchases and Manages Collection of Healthcare and other Business Receivables				
		10.5% Secured Debt (Maturity January 1, 2019)	12,483	12,483	11,532
		Warrants (29,032 equivalent units; Expiration February 9, 2022; Strike price $0.01 per unit)		400	
				12,883	11,532
Guerdon Modular Holdings, Inc.	Multi-Family and Commercial Modular Construction Company				
		13% Secured Debt (Maturity August 13, 2019)	10,708	10,632	10,632
		Preferred Stock (404,998 shares)		1,140	
		Common Stock (212,033 shares)		2,983	
				14,755	10,632

Harris Preston Fund Investments(12)(13)	Investment Partnership			
		LP Interests (HPEP 3, L.P.) (Fully diluted 9.9%)	943	943

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	Principal(4)	Cost(4)	Fair Value(18)
Hawk Ridge Systems, LLC(13)	Value-Added Reseller of Engineering Design and Manufacturing Solutions				
		11% Secured Debt (Maturity December 2, 2021)	14,300	14,175	14,300
		Preferred Member Units (226 units)(8)		2,850	3,800
		Preferred Member Units (HRS Services, ULC) (226 units)(8)		150	200
				17,175	18,300
Houston Plating and Coatings, LLC	Provider of Plating and Industrial Coating Services				
		8% Unsecured Convertible Debt (Maturity May 1, 2022)	3,000	3,000	3,200
		Member Units (315,756 units)		2,179	6,140
				5,179	9,340
I-45 SLF LLC(12)(13)	Investment Partnership				
		Member Units (Fully diluted 20.0%; 24.4% profits interest)(8)		16,200	16,841
L.F. Manufacturing Holdings, LLC(10)	Manufacturer of Fiberglass Products				
		Member Units (2,179,001 units)		2,019	2,000
Meisler Operating LLC	Provider of Short-term Trailer and Container Rental				
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.84%, Secured Debt (Maturity June 7, 2022)(9)	16,800	16,633	16,633
		Member Units (Milton Meisler Holdings LLC) (31,976 units)		3,200	3,390
				19,833	20,023
OnAsset Intelligence, Inc.	Provider of Transportation Monitoring / Tracking Products and Services				
		12% PIK Secured Debt (Maturity June 30, 2021)(19)	5,094	5,094	5,094
		10% PIK Unsecured Debt (Maturity June 30, 2021)(19)	48	48	48
		Preferred Stock (912 shares)		1,981	
		Warrants (5,333 equivalent shares; Expiration April 18, 2021; Strike price $0.01 per share)		1,919	

			9,042	5,142
OPI International Ltd.(13)	Provider of Man Camp and Industrial Storage Services			
		Common Stock (20,766,317 shares)	1,371	

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	Principal(4)	Cost(4)	Fair Value(18)
PCI Holding Company, Inc.	Manufacturer of Industrial Gas Generating Systems				
		12% Secured Debt (Maturity March 31, 2019)	12,650	12,593	12,593
		Preferred Stock (1,740,000 shares) (non-voting)		1,740	2,610
		Preferred Stock (1,500,000 shares; 20% cumulative)(8)(19)		3,927	890
				18,260	16,093
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)	12,783	12,722	12,722
		Class C Preferred Stock (Fully diluted 10.0%; 10% cumulative)(8)(19)		3,027	3,027
				15,749	15,749
UniTek Global Services, Inc.(11)	Provider of Outsourced Infrastructure Services				
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 10.20%, Secured Debt (Maturity January 13, 2019)(9)	8,535	8,529	8,535
		LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 9.20% / 1.00% PIK, Current Coupon Plus PIK 10.20%, Secured Debt (Maturity January 13, 2019)(9)(19)	137	137	137
		15% PIK Unsecured Debt (Maturity July 13, 2019)(19)	865	865	865
		Preferred Stock (2,596,567 shares; 19% cumulative)(8)(19)		2,858	2,850
		Preferred Stock (4,935,377 shares; 13.5% cumulative)(8)(19)		7,361	7,320
		Common Stock (1,075,992 shares)			2,490
				19,750	22,197
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	830
	Member Units (UWS Investments, LLC) (4,000,000 units)	4,000	1,910
		4,717	2,740

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	Principal(4)	Cost(4)	Fair Value(18)
Valley Healthcare Group, LLC	Provider of Durable Medical Equipment				
		LIBOR Plus 12.50% (Floor 0.50%), Current Coupon 13.86%, Secured Debt (Maturity December 29, 2020)(9)	11,766	11,685	11,685
		Preferred Member Units (Valley Healthcare Holding, LLC) (1,600 units)		1,600	1,600
				13,285	13,285
Volusion, LLC	Provider of Online Software-as-a-Service eCommerce Solutions				
		11.5% Secured Debt (Maturity January 26, 2020)	16,734	15,200	15,200
		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	2,080
				31,776	31,280
Subtotal Affiliate Investments (15.6% of total investments at fair value)				$ 367,317	$ 338,854

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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)(27)	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 8.13%, Secured Debt (Maturity June 30, 2023)(9)	$ 11,751	$ 11,475	$ 11,810
Adams Publishing Group, LLC(10)	Local Newspaper Operator	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.69%, Secured Debt (Maturity November 3, 2020)(9)	10,341	10,116	10,147
ADS Tactical, Inc.(10)	Value-Added Logistics and Supply Chain Provider to the Defense Industry	LIBOR Plus 7.50% (Floor 0.75%), Current Coupon 9.19%, Secured Debt (Maturity December 31, 2022)(9)	13,014	12,767	12,833
Aethon United BR LP(10)	Oil & Gas Exploration & Production	LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 8.15%, Secured Debt (Maturity September 8, 2023)(9)	3,438	3,388	3,388
Ahead, LLC(10)	IT Infrastructure Value Added Reseller	LIBOR Plus 6.50%, Current Coupon 8.20%, Secured Debt (Maturity November 2, 2020)	11,061	10,848	11,130
Allflex Holdings III Inc.(11)	Manufacturer of Livestock Identification Products	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.36%, Secured Debt (Maturity July 19, 2021)(9)	13,846	13,781	13,955
American Scaffold Holdings, Inc.(10)	Marine Scaffolding Service Provider	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 8.19%, Secured Debt (Maturity March 31, 2022)(9)	7,031	6,947	6,996
American Teleconferencing Services, Ltd.(11)	Provider of Audio Conferencing and Video Collaboration Solutions	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.90%, Secured Debt (Maturity December 8, 2021)(9)	10,582	9,934	10,443

	LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.85%, Secured Debt (Maturity June 6, 2022)(9)	3,714	3,589	3,507
			13,523	13,950

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Anchor Hocking, LLC(11)	Household Products Manufacturer				
		LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.49%, Secured Debt (Maturity June 4, 2020)(9)	2,254	2,211	2,248
		Member Units (440,620 units)		4,928	3,745
				7,139	5,993
Apex Linen Service, Inc.	Industrial Launderers				
		LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.36%, Secured Debt (Maturity October 30, 2022)(9)	2,400	2,400	2,400
		16% Secured Debt (Maturity October 30, 2022)	14,416	14,347	14,347
				16,747	16,747
Arcus Hunting LLC.(10)	Manufacturer of Bowhunting and Archery Products and Accessories				
		LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.34%, Secured Debt (Maturity November 13, 2019)(9)	15,391	15,294	15,391
ATI Investment Sub, Inc.(11)	Manufacturer of Solar Tracking Systems				
		LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.82%, Secured Debt (Maturity June 22, 2021)(9)	7,364	7,215	7,346
ATX Networks Corp.(11)(13)(21)	Provider of Radio Frequency Management Equipment				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.33% / 1.00% PIK, Current Coupon Plus PIK 8.33%, Secured Debt (Maturity June 11, 2021)(9)(19)	9,567	9,454	9,507
Berry Aviation, Inc.(10)	Airline Charter Service Operator				
		13.75% Secured Debt (Maturity January 30, 2020)	5,627	5,598	5,627
		Common Stock (553 shares)		400	1,010
				5,998	6,637
BigName Commerce, LLC(10)	Provider of Envelopes and Complimentary Stationery Products				
		LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.59%, Secured Debt	2,488	2,461	2,461

(Maturity May 11, 2022)(9)

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Binswanger Enterprises, LLC(10)	Glass Repair and Installation Service Provider				
		LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 9.69%, Secured Debt (Maturity March 9, 2022)(9)	15,325	15,060	15,192
		Member Units (1,050,000 units)		1,050	1,000
				16,110	16,192
Bluestem Brands, Inc.(11)	Multi-Channel Retailer of General Merchandise				
		LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 9.07%, Secured Debt (Maturity November 6, 2020)(9)	12,127	11,955	8,540
Brainworks Software, LLC(10)	Advertising Sales and Newspaper Circulation Software				
		Prime Plus 9.25% (Floor 3.25%), Current Coupon 13.75%, Secured Debt (Maturity July 22, 2019)(9)	6,733	6,705	6,573
Brightwood Capital Fund Investments(12)(13)	Investment Partnership				
		LP Interests (Brightwood Capital Fund III, LP) (Fully diluted 1.6%)(8)		12,000	10,328
		LP Interests (Brightwood Capital Fund IV, LP) (Fully diluted 0.8%)(8)		1,000	1,063
				13,000	11,391
Brundage-Bone Concrete Pumping, Inc.(11)	Construction Services Provider				
		10.375% Secured Debt (Maturity September 1, 2023)	3,000	2,987	3,180
Cadence Aerospace LLC(10)	Aerostructure Manufacturing				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.91%, Secured Debt (Maturity November 14, 2023)(9)	15,000	14,853	14,853
CapFusion, LLC(13)	Non-Bank Lender to Small Businesses				
		13% Secured Debt (Maturity March 25, 2021)(14)	6,705	5,645	1,871
California Pizza Kitchen, Inc.(11)	Casual Restaurant Group				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.57%, Secured Debt (Maturity August 23, 2022)(9)	12,902	12,862	12,677

CDHA Management, LLC(10)	Dental Services				
		LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.76%, Secured Debt (Maturity December 5, 2021)(9)	5,365	5,303	5,365

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Central Security Group, Inc.(11)	Security Alarm Monitoring Service Provider				
		LIBOR Plus 5.63% (Floor 1.00%), Current Coupon 7.19%, Secured Debt (Maturity October 6, 2021)(9)	7,481	7,462	7,518
Cenveo Corporation(11)	Provider of Commercial Printing, Envelopes, Labels, and Printed Office Products				
		6% Secured Debt (Maturity August 1, 2019)	19,130	17,126	13,582
Charlotte Russe, Inc(11)	Fast-Fashion Retailer to Young Women				
		LIBOR Plus 5.50% (Floor 1.25%), Current Coupon 6.89%, Secured Debt (Maturity May 22, 2019)(9)	19,041	16,473	7,807
Clarius BIGS, LLC(10)	Prints & Advertising Film Financing				
		15% PIK Secured Debt (Maturity January 5, 2015)(14)(17)	2,924	2,924	85
Clickbooth.com, LLC(10)	Provider of Digital Advertising Performance Marketing Solutions				
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 10.01%, Secured Debt (Maturity December 5, 2022)(9)	3,000	2,941	2,941
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 7.57%, Secured Debt (Maturity June 30, 2023)(9)	7,125	7,090	7,090
		Member Units (28,000 units)		3,723	3,723
				10,813	10,813
CTVSH, PLLC(10)	Emergency Care and Specialty Service Animal Hospital				
		LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 9.48%, Secured Debt (Maturity August 3, 2022)(9)	11,850	11,739	11,739
Darr Equipment LP(10)	Heavy Equipment Dealer				
			7,229	7,229	7,229

	11.5% Current / 1% PIK Secured Debt (Maturity June 22, 2023)(19)		
	Warrants (915,734 equivalent units; Expiration December 23, 2023; Strike price $1.50 per unit)	474	10
		7,703	7,239

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	Principal(4)	Cost(4)	Fair Value(18)
Digital River, Inc.(11)	Provider of Outsourced e-Commerce Solutions and Services				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 8.08%, Secured Debt (Maturity February 12, 2021)(9)	9,313	9,266	9,337
Drilling Info Holdings, Inc.	Information Services for the Oil and Gas Industry				
		Common Stock (3,788,865 shares)(8)			8,610
EnCap Energy Fund Investments(12)(13)	Investment Partnership				
		LP Interests (EnCap Energy Capital Fund VIII, L.P.) (Fully diluted 0.1%)(8)		3,906	2,202
		LP Interests (EnCap Energy Capital Fund VIII Co-Investors, L.P.) (Fully diluted 0.4%)		2,227	1,549
		LP Interests (EnCap Energy Capital Fund IX, L.P.) (Fully diluted 0.1%)(8)		4,305	3,720
		LP Interests (EnCap Energy Capital Fund X, L.P.) (Fully diluted 0.1%)(8)		6,277	6,225
		LP Interests (EnCap Flatrock Midstream Fund II, L.P.) (Fully diluted 0.8%)(8)		6,138	6,116
		LP Interests (EnCap Flatrock Midstream Fund III, L.P.) (Fully diluted 0.2%)		3,458	3,828
				26,311	23,640
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 9.82%, Secured Debt (Maturity April 28, 2022)(9)	6,999	6,878	6,244
Extreme Reach, Inc.(11)	Integrated TV and Video Advertising Platform				
		LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.95%, Secured Debt (Maturity February 7, 2020)(9)	10,411	10,397	10,398
Felix Investments Holdings II(10)	Oil & Gas Exploration & Production				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.90%, Secured Debt (Maturity August 9, 2022)(9)	3,333	3,267	3,267
Flavors Holdings Inc.(11)	Global Provider of Flavoring and Sweetening Products				

LIBOR Plus 5.75% (Floor 1.00%), Current Coupon 7.44%, Secured Debt (Maturity April 3, 2020)(9)	13,076	12,616	12,128

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	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 6.48%, Secured Debt (Maturity October 29, 2021)(9)	6,807	6,733	6,833
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.88%, Secured Debt (Maturity April 29, 2022)(9)	3,915	3,769	3,793
				10,502	10,626
GoWireless Holdings, Inc.(11)	Provider of Wireless Telecommunications Carrier Services				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 8.16%, Secured Debt (Maturity December 22, 2024)(9)	18,000	17,820	17,865
Grace Hill, LLC(10)	Online Training Tools for the Multi-Family Housing Industry				
		Prime Plus 5.25% (Floor 1.00%), Current Coupon 9.75%, Secured Debt (Maturity August 15, 2019)(9)	1,215	1,208	1,215
		LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.58%, Secured Debt (Maturity August 15, 2019)(9)	11,407	11,356	11,407
				12,564	12,622
Great Circle Family Foods, LLC(10)	Quick Service Restaurant Franchise				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.34%, Secured Debt (Maturity October 28, 2019)(9)	7,219	7,187	7,219
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)	4,750	4,748	3,541
		13.75% Secured Debt (Maturity July 31, 2018)	2,055	2,040	226
				6,788	3,767
GST Autoleather, Inc.(11)	Automotive Leather Manufacturer				
		PRIME Plus 6.50% (Floor 2.25%), Current Coupon 11.00%, Secured Debt (Maturity April 5, 2018)(9)	7,578	7,500	7,500

		PRIME Plus 6.50% (Floor 2.00%), Current Coupon 11.00%, Secured Debt (Maturity July 10, 2020)(9)	15,619	15,120	11,813
				22,620	19,313
Guitar Center, Inc.(11)	Musical Instruments Retailer				
		6.5% Secured Debt (Maturity April 15, 2019)	16,625	16,009	15,378

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	Principal(4)	Cost(4)	Fair Value(18)
Hojeij Branded Foods, LLC(10)	Multi-Airport, Multi-Concept Restaurant Operator				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.57%, Secured Debt (Maturity July 20, 2022)(9)	12,137	12,022	12,137
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 8.70%, Secured Debt (Maturity January 28, 2021)(9)	8,460	7,986	7,783
Hostway Corporation(11)	Managed Services and Hosting Provider				
		LIBOR Plus 6.75% (Floor 1.25%), Current Coupon 8.44%, Secured Debt (Maturity December 13, 2019)(9)	20,150	19,796	19,621
		LIBOR Plus 6.75% (Floor 1.25%), Current Coupon 8.44%, Secured Debt (Maturity December 13, 2018)(9)	12,406	11,575	11,692
				31,371	31,313
Hunter Defense Technologies, Inc.(11)	Provider of Military and Commercial Shelters and Systems				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.70%, Secured Debt (Maturity August 5, 2019)(9)	20,224	19,851	19,997
Hydrofarm Holdings LLC(10)	Wholesaler of Horticultural Products				
		LIBOR Plus 7.00%, Current Coupon 8.49%, Secured Debt (Maturity May 12, 2022)	6,708	6,588	6,699
iEnergizer Limited(11)(13)(21)	Provider of Business Outsourcing Solutions				
		LIBOR Plus 6.00% (Floor 1.25%), Current Coupon 7.57%, Secured Debt (Maturity May 1, 2019)(9)	11,005	10,764	10,977
Implus Footcare, LLC(10)	Provider of Footwear and Related Accessories				
		LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 8.44%, Secured Debt (Maturity April 30, 2021)(9)	19,372	19,115	19,243
Indivior Finance LLC(11)(13)					

	Specialty Pharmaceutical Company Treating Opioid Dependence				
		LIBOR Plus 4.50% (Floor 1.00%), Current Coupon 5.50%, Secured Debt (Maturity December 18, 2022)(9)	1,176	1,171	1,182

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	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)	4,553	4,478	4,553
		Member Units (Industrial Services Investments, LLC) (900,000 units)		900	810
				5,378	5,363
Inn of the Mountain Gods Resort and Casino(11)	Hotel & Casino Owner & Operator				
		9.25% Secured Debt (Maturity November 30, 2020)	6,249	5,994	5,687
iPayment, Inc.(11)	Provider of Merchant Acquisition				
		LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.62%, Secured Debt (Maturity April 11, 2023)(9)	11,970	11,861	12,090
iQor US Inc.(11)	Business Process Outsourcing Services Provider				
		LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.69%, Secured Debt (Maturity April 1, 2021)(9)	990	983	986
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 8.01%, Secured Debt (Maturity September 16, 2020)(9)	11,110	11,054	11,110
Jackmont Hospitality, Inc.(10)	Franchisee of Casual Dining Restaurants				
		LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 8.32%, Secured Debt (Maturity May 26, 2021)(9)	4,390	4,379	4,390
Jacuzzi Brands LLC(11)	Manufacturer of Bath and Spa Products				
		LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.69%, Secured Debt (Maturity June 28, 2023)(9)	3,950	3,876	3,980
Joerns Healthcare, LLC(11)	Manufacturer and Distributor of Health Care Equipment &				

Supplies				
	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.48% Secured Debt (Maturity May 9, 2020)(9)	13,387	13,299	12,472

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Keypoint Government Solutions, Inc.(10)	Provider of Pre-Employment Screening Services				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.35%, Secured Debt (Maturity April 18, 2024)(9)	12,031	11,921	12,031
Larchmont Resources, LLC(11)	Oil & Gas Exploration & Production				
		LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.53%, PIK Secured Debt (Maturity August 7, 2020)(9)(19)	2,418	2,418	2,394
		Member Units (Larchmont Intermediate Holdco, LLC) (2,828 units)		353	976
				2,771	3,370
LKCM Headwater Investments I, L.P.(12)(13)	Investment Partnership				
		LP Interests (Fully diluted 2.3%)		2,500	4,234
Logix Acquisition Company, LLC(10)	Competitive Local Exchange Carrier				
		LIBOR Plus 5.75% (Floor 1.00%), Current Coupon 7.28%, Secured Debt (Maturity August 9, 2024)(9)	10,135	9,921	9,921
Looking Glass Investments, LLC(12)(13)	Specialty Consumer Finance				
		Member Units (2.5 units)		125	57
		Member Units (LGI Predictive Analytics LLC) (190,712 units)(8)		108	92
				233	149
LSF9 Atlantis Holdings, LLC(11)	Provider of Wireless Telecommunications Carrier Services				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.57%, Secured Debt (Maturity May 1, 2023)(9)	2,963	2,931	2,978
Lulu's Fashion Lounge, LLC(10)	Fast Fashion E-Commerce Retailer				
		LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.57%, Secured Debt (Maturity August 28, 2022)(9)	13,381	12,993	13,531
Messenger, LLC(10)	Supplier of Specialty Stationery and Related Products to the Funeral Industry				

LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.74%, Secured Debt (Maturity September 9, 2020)(9)	17,331	17,249	17,331

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Minute Key, Inc.	Operator of Automated Key Duplication Kiosks				
		Warrants (1,437,409 equivalent shares; Expiration May 20, 2025; Strike price $0.01 per share)		280	1,170
NBG Acquisition Inc(11)	Wholesaler of Home Décor Products				
		LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 7.19%, Secured Debt (Maturity April 26, 2024)(9)	4,402	4,336	4,452
New Media Holdings II LLC(11)(13)	Local Newspaper Operator				
		LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.82%, Secured Debt (Maturity July 14, 2022)(9)	17,715	17,342	17,864
NNE Partners, LLC(10)	Oil & Gas Exploration & Production				
		LIBOR Plus 8.00%, Current Coupon 9.49%, Secured Debt (Maturity March 2, 2022)	11,958	11,854	11,854
North American Lifting Holdings, Inc.(11)	Crane Service Provider				
		LIBOR Plus 4.50% (Floor 1.00%), Current Coupon 6.19%, Secured Debt (Maturity November 27, 2020)(9)	7,745	6,913	7,256
Novetta Solutions, LLC(11)	Provider of Advanced Analytics Solutions for Defense Agencies				
		LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.70%, Secured Debt (Maturity October 17, 2022)(9)	14,636	14,189	14,239
NTM Acquisition Corp.(11)	Provider of B2B Travel Information Content				
		LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.94%, Secured Debt (Maturity June 7, 2022)(9)	6,186	6,126	6,155
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	1,198
P.F. Chang's China Bistro, Inc.(11)	Casual Restaurant Group				
		LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.51%, Secured Debt (Maturity September 1, 2022)(9)	4,988	4,846	4,715

Paris Presents Incorporated(11)	Branded Cosmetic and Bath Accessories				
		LIBOR Plus 8.75% (Floor 1.00%), Current Coupon 10.32%, Secured Debt (Maturity December 31, 2021)(9)	4,500	4,471	4,477

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Parq Holdings Limited Partnership(11)(13)(21)	Hotel & Casino Operator				
		LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 9.19%, Secured Debt (Maturity December 17, 2020)(9)	7,481	7,399	7,528
Permian Holdco 2, Inc.(11)	Storage Tank Manufacturer				
		14% PIK Unsecured Debt (Maturity October 15, 2021)(19)	306	306	306
		Preferred Stock (Permian Holdco 1, Inc.) (154,558 units)		799	980
		Common Stock (Permian Holdco 1, Inc.) (154,558 units)			140
				1,105	1,426
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	11
				342	11
PPC/SHIFT LLC(10)	Provider of Digital Solutions to Automotive Industry				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.69%, Secured Debt (Maturity December 22, 2021)(9)	6,869	6,748	6,869
Prowler Acquisition Corp.(11)	Specialty Distributor to the Energy Sector				
		LIBOR Plus 4.50% (Floor 1.00%), Current Coupon 6.19%, Secured Debt (Maturity January 28, 2020)(9)	12,830	11,332	12,253
PT Network, LLC(10)	Provider of Outpatient Physical Therapy and Sports Medicine Services				
		LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.86%, Secured Debt (Maturity November 30, 2021)(9)	8,553	8,553	8,553
QBS Parent, Inc.(11)	Provider of Software and Services to the Oil & Gas				

Industry				
	LIBOR Plus 4.75% (Floor 1.00%), Current Coupon 6.13%, Secured Debt (Maturity August 7, 2021)(9)	14,272	14,114	14,165

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(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	Principal(4)	Cost(4)	Fair Value(18)
Research Now Group, Inc. and Survey Sampling International, LLC(11)	Provider of Outsourced Online Surveying				
		LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 7.13%, Secured Debt (Maturity December 20, 2024)(9)	13,500	12,826	12,826
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)(25)	17,088	16,770	16,770
		Member Units (601 units)		750	750
				17,520	17,520
RGL Reservoir Operations Inc.(11)(13)(21)	Oil & Gas Equipment and Services				
		1% Current / 9% PIK Secured Debt (Maturity December 21, 2024)(19)	721	407	407
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	20
				471	20
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 9.85%, Secured Debt (Maturity June 9, 2021)(9)	10,081	9,870	9,778
SiTV, LLC(11)	Cable Networks Operator				
		10.375% Secured Debt (Maturity July 1, 2019)	10,429	7,006	7,040
SMART Modular Technologies, Inc.(10)(13)	Provider of Specialty Memory Solutions				
		LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.66%, Secured Debt (Maturity August 9, 2022)(9)	14,625	14,351	14,552

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

December 31, 2017
(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	Principal(4)	Cost(4)	Fair Value(18)
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)	13,234	13,170	13,341
Staples Canada ULC(10)(13)(21)	Office Supplies Retailer				
		LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.43%, Secured Debt (Maturity September 12, 2023)(9)(22)	20,000	19,617	18,891
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)	9,500	9,250	9,643
		LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 9.45%, Secured Debt (Maturity May 30, 2019)(9)	2,500	2,479	2,513
				11,729	12,156
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)	7,687	7,637	7,687
Synagro Infrastructure Company, Inc(11)	Waste Management Services				
		LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 7.19%, Secured Debt (Maturity August 22, 2020)(9)	9,161	8,933	8,608
Tectonic Holdings, LLC	Financial Services Organization				
		Member Units (200,000 units)(8)		2,000	2,320
TE Holdings, LLC(11)	Oil & Gas Exploration & Production				
		Member Units (97,048 units)		970	158
TeleGuam Holdings, LLC(11)	Cable and Telecom Services Provider				
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 10.07%, Secured Debt (Maturity April 12, 2024)(9)	7,750	7,602	7,808

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

December 31, 2017
(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	Principal(4)	Cost(4)	Fair Value(18)
TGP Holdings III LLC(11)	Outdoor Cooking & Accessories				
		LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.69%, Secured Debt (Maturity September 25, 2024)(9)	6,898	6,820	6,969
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 10.19%, Secured Debt (Maturity September 25, 2025)(9)	5,000	4,927	5,075
				11,747	12,044
The Container Store, Inc.(11)	Operator of Stores Offering Storage and Organizational Products				
		LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.69%, Secured Debt (Maturity August 15, 2021)(9)	9,938	9,660	9,652
TMC Merger Sub Corp.(11)	Refractory & Maintenance Services Provider				
		LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.88%, Secured Debt (Maturity October 31, 2022)(9)(26)	17,653	17,516	17,741
TOMS Shoes, LLC(11)	Global Designer, Distributor, and Retailer of Casual Footwear				
		LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.98%, Secured Debt (Maturity October 30, 2020)(9)	4,875	4,610	2,901
Turning Point Brands, Inc.(10)(13)	Marketer/Distributor of Tobacco Products				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.61%, Secured Debt (Maturity May 17, 2022)(9)(25)	8,436	8,364	8,605
TVG-I-E CMN ACQUISITION, LLC(10)	Organic Lead Generation for Online Postsecondary Schools				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.56%, Secured Debt (Maturity November 3, 2021)(9)	8,170	8,031	8,170
Tweddle Group, Inc.(11)	Provider of Technical Information Services to Automotive OEMs				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.38%, Secured Debt (Maturity October 21, 2022)(9)	6,114	6,011	6,023
U.S. TelePacific Corp.(11)					

Provider of Communications and Managed Services				
	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.69%, Secured Debt (Maturity May 2, 2023)(9)	20,703	20,507	19,862

MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

December 31, 2017
(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)(27)	Principal(4)	Cost(4)	Fair Value(18)
US Joiner Holding Company(11)	Marine Interior Design and Installation				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.70%, Secured Debt (Maturity April 16, 2020)(9)	13,465	13,366	13,398
VIP Cinema Holdings, Inc.(11)	Supplier of Luxury Seating to the Cinema Industry				
		LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.70%, Secured Debt (Maturity March 1, 2023)(9)	7,700	7,666	7,777
Vistar Media, Inc.(10)	Operator of Digital Out-of-Home Advertising Platform				
		LIBOR Plus 10.00% (Floor 1.00%), Current Coupon 11.69%, Secured Debt (Maturity February 16, 2022)(9)	3,319	3,048	3,102
		Warrants (70,207 equivalent shares; Expiration February 17, 2027; Strike price $0.01 per share)		331	499
				3,379	3,601
Wellnext, LLC(10)	Manufacturer of Supplements and Vitamins				
		LIBOR Plus 10.10% (Floor 1.00%), Current Coupon 11.67%, Secured Debt (Maturity July 21, 2022)(9)(23)	9,930	9,857	9,930
Wireless Vision Holdings, LLC(10)	Provider of Wireless Telecommunications Carrier Services				
		LIBOR Plus 8.91% (Floor 1.00%), Current Coupon 10.27%, Secured Debt (Maturity September 29, 2022)(9)(24)	12,932	12,654	12,654
Wirepath LLC(11)	E-Commerce Provider into Connected Home Market				
		LIBOR Plus 5.25% (Floor 1.00%), Current Coupon 6.87%, Secured Debt (Maturity August 5, 2024)(9)	4,988	4,964	5,055
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	1,189

		1,225		1,449
Subtotal Non-Control/Non-Affiliate Investments (49.8% of total investments at fair value)	$	1,107,447	$	1,081,745
Total Portfolio Investments, December 31, 2017	$	2,004,798	$	2,171,305

(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.

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments (Continued)

December 31, 2017
(dollars in thousands)

(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, 2017. As noted in this schedule, 67% of the loans (based on the par amount) 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 $0.7 million as of December 31, 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)
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 8.50% (Floor 1.00%) per the Credit Agreement and the Consolidated Schedule of Investments above reflects such higher rate.

(25)
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.

(26)
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.

(27)
All Company's portfolio investments are generally subject to restrictions on resale as "restricted securities", unless otherwise noted.

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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 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.

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.

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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 Companies* ("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 and cash flows for the three months ended March 31, 2018 and 2017, and financial position as of March 31, 2018 and December 31, 2017, are presented on a consolidated basis. The effects of all intercompany transactions between Main Street and its consolidated subsidiaries have been eliminated in consolidation. Certain reclassifications have been made to prior period balances to conform with the current presentation.

The accompanying unaudited consolidated financial statements of Main Street are presented in conformity with U.S. GAAP for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Article 10 of Regulation S-X. Accordingly, certain disclosures accompanying annual financial statements prepared in accordance with U.S. GAAP are omitted. In the opinion of management, the unaudited consolidated financial results included herein contain all adjustments, consisting solely of normal recurring accruals, considered necessary for the fair presentation of financial statements for the interim periods included herein. The results of operations for the three months ended March 31, 2018 and 2017 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, 2017. 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 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

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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, privately held 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

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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 13 LMM portfolio companies for the three months ended March 31, 2018, representing approximately 17% of the total LMM portfolio at fair value as of March 31, 2018, and on a total of 12 LMM portfolio companies for the three months ended March 31, 2017, representing approximately 16% of the total LMM portfolio at fair value as of March 31, 2017. 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 decision as of March 31, 2018 and 2017, as applicable, and its investments in the LMM portfolio companies that were not reviewed because their equity is publicly traded, which represented one LMM portfolio company as of March 31, 2017, 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 three months ended March 31, 2018 and 2017 was 20% and 18% of the total LMM portfolio at fair value as of March 31, 2018 and 2017, 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 95% of the Middle Market portfolio investments as of both March 31, 2018 and December 31, 2017), 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

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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 six Private Loan portfolio companies for the three months ended March 31, 2018, representing approximately 16% of the total Private Loan portfolio at fair value as of March 31, 2018, and on a total of nine Private Loan portfolio companies for the three months ended March 31, 2017, representing approximately 27% of the total Private Loan portfolio at fair value as of March 31, 2017. 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 March 31, 2018 and 2017, as applicable, and its 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 three months ended March 31, 2018 and 2017 was 27% and 44% of the total Private Loan portfolio at fair value as of March 31, 2018 and 2017, respectively.

For valuation purposes, all of Main Street's Other Portfolio investments are non-control investments. Main Street's Other Portfolio investments comprised 4.4% and 4.8% of Main Street's Investment Portfolio at fair value as of March 31, 2018 and December 31, 2017, respectively. 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 these 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

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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 LMM portfolio companies. This system takes into account both quantitative and qualitative factors of the LMM portfolio company and the investments held therein.

The Board of Directors of Main Street has the final responsibility for overseeing, reviewing and approving, in good faith, Main Street's determination of the fair value for its Investment Portfolio, as well as its valuation procedures, consistent with 1940 Act requirements. Main Street believes its Investment Portfolio as of March 31, 2018 and December 31, 2017 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 March 31, 2018, cash balances totaling $25.1 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

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

As of March 31, 2018, Main Street's total Investment Portfolio had six investments on non-accrual status, which comprised approximately 0.8% of its fair value and 3.3% of its cost. As of December 31, 2017, Main Street's total Investment Portfolio had five investments on non-accrual status, which comprised approximately 0.2% of its fair value and 2.3% 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 March 31, 2018 and 2017, (i) approximately 1.0% and 3.4%, respectively, of Main Street's total investment income was attributable to PIK interest income not paid currently in cash and (ii) approximately 1.0% and 1.8%, 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 March 31, 2018	Three Months Ended March 31, 2017
	(dollars in thousands)	
Interest, fee and dividend income:		
Interest income	$ 39,612	$ 38,463
Dividend income	13,831	6,982
Fee income	2,499	2,444
Total interest, fee and dividend income	$ 55,942	$ 47,889

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 March 31, 2018 and 2017, approximately 2.9% and 3.5%, 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.

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-of-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

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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 owned 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.

In December 2017, the "Tax Cuts and Jobs Act" legislation was enacted. The Tax Cuts and Jobs Act includes significant changes to the U.S. corporate tax system, including a U.S. federal corporate income tax rate reduction from 35% to 21% and other changes. ASC 740, *Income Taxes,* requires the effects of changes in tax rates and laws on deferred tax balances to be recognized in the period in which the legislation was enacted. As such, Main Street has accounted for the tax effects as a result of the enactment of the Tax Cuts and Jobs Act beginning with the period ended December 31, 2017.

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.

10. Net Realized Gains or Losses and Net 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 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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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 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 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

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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 guidance is effective for the annual reporting period beginning after December 15, 2017, including interim periods within that reporting period. Substantially all of Main Street's income is not within the scope of ASU 2014-09. For those income items that are within the scope (primarily fee income), Main Street has similar performance obligations as compared with deliverables and separate units of account previously identified. As a result, Main Street's timing of its income recognition remains the same and the adoption of the standard was not material.

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 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 was not 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.

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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 privately held 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 March 31, 2018 and December 31, 2017, all of Main Street's LMM portfolio investments consisted of illiquid securities issued by privately held companies. As a result, 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 March 31, 2018 and December 31, 2017.

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As of March 31, 2018 and December 31, 2017, Main Street's Middle Market portfolio investments consisted primarily of investments in secured and unsecured debt investments and independently rated debt investments. The fair value determination for these investments consisted of a combination of observable inputs in non-active markets for which sufficient observable inputs were not available to determine the fair value of these investments and unobservable inputs. As a result, all of Main Street's Middle Market portfolio investments were categorized as Level 3 as of March 31, 2018 and December 31, 2017.

As of March 31, 2018 and December 31, 2017, Main Street's Private Loan portfolio investments primarily consisted of investments in interest-bearing secured debt investments. The fair value determination for these investments consisted of a combination of observable inputs in non-active markets for which sufficient observable inputs were not available to determine the fair value of these investments and unobservable inputs. As a result, all of Main Street's Private Loan portfolio investments were categorized as Level 3 as of March 31, 2018 and December 31, 2017.

As of March 31, 2018 and December 31, 2017, Main Street's Other Portfolio investments consisted of illiquid securities issued by privately held companies. The fair value determination for these investments primarily consisted of unobservable inputs. As a result, all of Main Street's Other Portfolio investments were categorized as Level 3 as of March 31, 2018 and December 31, 2017.

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

- Financial information obtained from each portfolio company, including unaudited statements of operations and balance sheets for the most recent period available as compared to budgeted numbers;
- Current and projected financial condition of the portfolio company;
- Current and projected ability of the portfolio company to service its debt obligations;
- Type and amount of collateral, if any, underlying the investment;
- Current financial ratios (e.g., fixed charge coverage ratio, interest coverage ratio and net debt/EBITDA ratio) applicable to the investment;
- Current liquidity of the investment and related financial ratios (e.g., current ratio and quick ratio);
- Pending debt or capital restructuring of the portfolio company;
- Projected operating results of the portfolio company;
- Current information regarding any offers to purchase the investment;

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

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

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

Qualitative assessment of key management;

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

Other factors deemed relevant.

The significant unobservable inputs used in the fair value measurement of Main Street's LMM equity securities, which are generally valued through an average of the discounted cash flow technique and the market comparable/enterprise value technique (unless one of these approaches is determined to not be appropriate), are (i) EBITDA multiples and (ii) the weighted-average cost of capital ("WACC"). Significant increases (decreases) in EBITDA multiple inputs in isolation would result in a significantly higher (lower) fair value measurement. On the contrary, significant increases (decreases) in WACC inputs in isolation would result in a significantly lower (higher) fair value measurement. The significant unobservable inputs used in the fair value measurement of Main Street's LMM, Middle Market, Private Loan and Other Portfolio debt securities are (i) risk adjusted discount rates used in the Yield-to-Maturity valuation technique (described in Note B.1. Valuation of the Investment Portfolio) and (ii) the percentage of expected principal recovery. Significant increases (decreases) in any of these discount rates in isolation would result in a significantly lower (higher) fair value measurement. Significant increases (decreases) in any of these expected principal recovery percentages in isolation 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 March 31, 2018 and December 31, 2017:

Type of Investment	Fair Value as of March 31, 2018 (in thousands)	Valuation Technique	Significant Unobservable Inputs	Range(3)	Weighted Average(3)	Median(3)
Equity investments	$ 675,229	Discounted cash flow	WACC	11.3% - 23.6%	13.9%	14.3%
		Market comparable / Enterprise Value	EBITDA multiple(1)	4.5x - 8.5x(2)	7.3x	6.0x
Debt investments	$ 943,653	Discounted cash flow	Risk adjusted discount factor	7.1% - 16.8%(2)	11.3%	11.3%
			Expected principal recovery percentage	2.9% - 100.0%	99.7%	100.0%
Debt investments	$ 695,152	Market approach	Third-party quote	11.0 - 106.5		
Total Level 3 investments	$ 2,314,034					

(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 4.3% - 35.0%.

(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, 2017 (in thousands)	Valuation Technique	Significant Unobservable Inputs	Range(3)	Weighted Average(3)	Median(3)
Equity investments	$ 653,008	Discounted cash flow	WACC	11.1% - 23.2%	13.7%	14.0%
		Market comparable / Enterprise Value	EBITDA multiple(1)	4.3x - 8.5x(2)	7.3x	6.0x
Debt investments	$ 858,816	Discounted cash flow	Risk adjusted discount factor	6.7% - 16.1%(2)	11.2%	11.0%
			Expected principal recovery percentage	2.9% - 100.0%	99.8%	100.0%
Debt investments	$ 659,481	Market approach	Third-party quote	11.0 - 106.0		
Total Level 3 investments	$ 2,171,305					

(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 4.3% - 30.0%.

(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 three month periods ended March 31, 2018 and 2017 (amounts in thousands):

Type of Investment	Fair Value as of December 31, 2017	Transfers Into Level 3 Hierarchy	Redemptions/ Repayments	New Investments	Net Changes from Unrealized to Realized	Net Unrealized Appreciation (Depreciation)	Other(1)	Fair Value as of March 31, 2018
Debt	$ 1,518,297	$	$ (154,935)	$ 270,617	$ 11,615	$ (3,648)	$ (3,141)	$ 1,638,805
Equity	641,493		(17,191)	51,027	(19,069)	4,153	3,141	663,554
Equity Warrant	11,515					160		11,675
	$ 2,171,305	$	$ (172,126)	$ 321,644	$ (7,454)	$ 665	$	$ 2,314,034

(1) Includes the impact of non-cash conversions. These transactions represent non-cash investing activities. See additional cash flow information at the consolidated statements of cash flows.

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 March 31, 2017
Debt	$ 1,427,823	$	$ (190,366)	$ 175,026	$ 1,340	$ (10,108)	$ (6,056)	$ 1,397,659
Equity	549,453		(9,119)	25,691	(19,775)	11,876	6,056	564,182
Equity Warrant	17,550		(1,673)	331	(1,107)	166		15,267
	$ 1,994,826	$	$ (201,158)	$ 201,048	$ (19,542)	$ 1,934	$	$ 1,977,108

(1) Includes the impact of non-cash conversions. These transactions represent non-cash investing activities. See additional cash flow information at the consolidated statements of cash flows.

As of March 31, 2018 and December 31, 2017, 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 March 31, 2018 and December 31, 2017 (amounts in thousands):

Type of Instrument	**Fair Value as of March 31, 2018**	**Valuation Technique**	**Significant Unobservable Inputs**	**Range**	**Weighted Average**
SBIC debentures	$ 44,623	Discounted cash flow	Estimated market interest rates	4.9% - 5.7%	5.1%

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Type of Instrument	Fair Value as of December 31, 2017	Valuation Technique	Significant Unobservable Inputs	Range	Weighted Average
SBIC debentures	$ 48,608	Discounted cash flow	Estimated market interest rates	4.9% - 5.5%	5.1%

The following tables provide a summary of changes for the Level 3 SBIC debentures recorded at fair value for the three month periods ended March 31, 2018 and 2017 (amounts in thousands):

Type of Instrument	Fair Value as of December 31, 2017	Repayments	Net Realized Loss	New SBIC Debentures	Net Unrealized (Appreciation) Depreciation	Fair Value as of March 31, 2018
SBIC debentures at fair value	$ 48,608	$ (4,000)	$ 1,374	$	$ (1,359)	$ 44,623

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 March 31, 2017
SBIC debentures at fair value	$ 74,803	$ (25,200)	$ 5,217	$	$ (5,665)	$ 49,155

At March 31, 2018 and December 31, 2017, 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 March 31, 2018	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	$ 1,049,772	$	$	$ 1,049,772
Middle Market portfolio investments	617,941			617,941
Private Loan portfolio investments	496,533			496,533
Other Portfolio investments	101,066			101,066
External Investment Manager	48,722			48,722
Total investments	$ 2,314,034	$	$	$ 2,314,034

SBIC debentures at fair value	$	44,623	$		$		$	44,623

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		Fair Value Measurements (in thousands)		
At December 31, 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	$ 948,196	$	$	$ 948,196
Middle Market portfolio investments	609,256			609,256
Private Loan portfolio investments	467,475			467,475
Other Portfolio investments	104,610			104,610
External Investment Manager	41,768			41,768
Total investments	$ 2,171,305	$	$	$ 2,171,305
SBIC debentures at fair value	$ 48,608	$	$	$ 48,608

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 $20 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,

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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. 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 March 31, 2018 and 2017 are net of expenses allocated to the External Investment Manager of $2.1 million and $1.5 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 months ended March 31, 2018, Main Street recorded investment income from one portfolio company in excess of 10% of total investment income. For the three months ended March 31, 2017, 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 March 31, 2018 and December 31, 2017 (this information excludes the Other Portfolio investments and the External Investment Manager which are discussed further below):

	As of March 31, 2018		
	LMM(a)	Middle Market	Private Loan
	(dollars in millions)		
Number of portfolio companies	73	59	55
Fair value	$ 1,049.8	$ 617.9	$ 496.5
Cost	$ 898.9	$ 629.9	$ 521.6
% of portfolio at cost debt	67.7%	96.7%	93.7%
% of portfolio at cost equity	32.3%	3.3%	6.3%
% of debt investments at cost secured by first priority lien	98.4%	91.0%	94.3%
Weighted-average annual effective yield(b)	12.1%	9.2%	9.4%
Average EBITDA(c)	$ 4.8	$ 86.3	$ 43.0

(a) At March 31, 2018, Main Street had equity ownership in approximately 97% of its LMM portfolio companies, and the average fully diluted equity ownership in those portfolio companies was approximately 38%.

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(b)

The weighted-average annual effective yields were computed using the effective interest rates for all debt investments at cost as of March 31, 2018, 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. The 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 six LMM portfolio companies and three 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, 2017		
	LMM(a)	Middle Market	Private Loan
	(dollars in millions)		
Number of portfolio companies	70	62	54
Fair value	$ 948.2	$ 609.3	$ 467.5
Cost	$ 776.5	$ 629.7	$ 489.2
% of portfolio at cost debt	67.1%	97.3%	93.6%
% of portfolio at cost equity	32.9%	2.7%	6.4%
% of debt investments at cost secured by first priority lien	98.1%	90.5%	94.5%
Weighted-average annual effective yield(b)	12.0%	9.0%	9.2%
Average EBITDA(c)	$ 4.4	$ 78.3	$ 39.6

(a)

At December 31, 2017, Main Street had equity ownership in approximately 97% of its LMM portfolio companies, and the average fully diluted equity ownership in those portfolio companies was approximately 39%.

(b)

The weighted-average annual effective yields were computed using the effective interest rates for all debt investments at cost as of December 31, 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. The 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 six 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, and those portfolio companies whose primary purpose is to own real estate.

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As of March 31, 2018, Main Street had Other Portfolio investments in eleven companies, collectively totaling approximately $101.1 million in fair value and approximately $107.1 million in cost basis and which comprised approximately 4.4% of Main Street's Investment Portfolio at fair value. As of December 31, 2017, Main Street had Other Portfolio investments in eleven companies, collectively totaling approximately $104.6 million in fair value and approximately $109.4 million in cost basis and which comprised approximately 4.8% of Main Street's Investment Portfolio at fair value.

As discussed further in Note A.1., Main Street holds an investment in the External Investment Manager, a wholly owned subsidiary that is treated as a portfolio investment. As of March 31, 2018, there was no cost basis in this investment and the investment had a fair value of approximately $48.7 million, which comprised approximately 2.1% of Main Street's Investment Portfolio at fair value. As of December 31, 2017, there was no cost basis in this investment and the investment had a fair value of approximately $41.8 million, which comprised approximately 1.9% of Main Street's Investment Portfolio at fair value.

The following tables summarize the composition of Main Street's total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments at cost and fair value by type of investment as a percentage of the total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments, as of March 31, 2018 and December 31, 2017 (this information excludes the Other Portfolio investments and the External Investment Manager).

Cost:	**March 31, 2018**	**December 31, 2017**
First lien debt	78.7%	79.0%
Equity	16.1%	15.3%
Second lien debt	4.1%	4.5%
Equity warrants	0.7%	0.7%
Other	0.4%	0.5%
	100.0%	100.0%

Fair Value:	**March 31, 2018**	**December 31, 2017**
First lien debt	71.5%	70.5%
Equity	23.7%	24.4%
Second lien debt	3.8%	4.1%
Equity warrants	0.6%	0.6%
Other	0.4%	0.4%
	100.0%	100.0%

The following tables summarize the composition of Main Street's total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments by geographic region of the United States and other countries at cost and fair value as a percentage of the total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments, as of March 31, 2018 and December 31, 2017 (this information excludes the Other

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

Cost:	**March 31, 2018**	**December 31, 2017**
Southwest	27.4%	26.1%
West	24.1%	20.7%
Midwest	20.4%	22.3%
Northeast	15.6%	15.2%
Southeast	10.2%	12.8%
Canada	1.4%	1.9%
Other Non-United States	0.9%	1.0%
	100.0%	100.0%

Fair Value:	**March 31, 2018**	**December 31, 2017**
Southwest	28.4%	26.8%
West	26.0%	23.7%
Midwest	19.1%	20.3%
Northeast	14.9%	14.6%
Southeast	9.4%	11.9%
Canada	1.3%	1.8%
Other Non-United States	0.9%	0.9%
	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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as of March 31, 2018 and December 31, 2017 (this information excludes the Other Portfolio investments and the External Investment Manager).

Cost:	March 31, 2018	December 31, 2017
Construction & Engineering	8.2%	6.4%
Energy Equipment & Services	7.0%	6.9%
Commercial Services & Supplies	5.4%	4.5%
Media	5.4%	4.4%
Hotels, Restaurants & Leisure	5.1%	6.2%
Specialty Retail	4.8%	5.3%
Machinery	4.8%	5.2%
Diversified Telecommunication Services	4.1%	4.1%
Aerospace & Defense	4.0%	3.3%
Food Products	3.9%	1.9%
Health Care Providers & Services	3.8%	2.9%
IT Services	3.7%	3.9%
Professional Services	3.4%	3.7%
Internet Software & Services	3.3%	3.4%
Electronic Equipment, Instruments & Components	2.8%	3.4%
Leisure Equipment & Products	2.7%	3.0%
Computers & Peripherals	2.5%	2.8%
Software	2.4%	2.5%
Communications Equipment	2.2%	2.3%
Diversified Consumer Services	2.2%	1.6%
Distributors	1.8%	1.9%
Building Products	1.8%	1.9%
Oil, Gas & Consumable Fuels	1.7%	1.6%
Construction Materials	1.5%	1.7%
Diversified Financial Services	1.5%	1.6%
Health Care Equipment & Supplies	1.3%	2.0%
Internet & Catalog Retail	1.2%	1.3%
Road & Rail	1.2%	1.0%
Auto Components	0.3%	1.9%
Real Estate Management & Development	0.3%	1.0%
Other(1)	5.7%	6.4%
	100.0%	100.0%

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

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Fair Value:	**March 31, 2018**	**December 31, 2017**
Construction & Engineering	7.8%	6.3%
Energy Equipment & Services	6.4%	6.2%
Machinery	6.3%	6.4%
Specialty Retail	5.2%	5.3%
Diversified Consumer Services	5.1%	5.9%
Hotels, Restaurants & Leisure	4.9%	5.9%
Commercial Services & Supplies	4.7%	4.1%
Media	4.7%	3.8%
IT Services	3.8%	4.0%
Aerospace & Defense	3.8%	3.1%
Health Care Providers & Services	3.7%	2.8%
Food Products	3.7%	1.8%
Diversified Telecommunication Services	3.5%	3.4%
Professional Services	3.2%	3.5%
Internet Software & Services	3.2%	3.2%
Computers & Peripherals	2.9%	3.0%
Leisure Equipment & Products	2.6%	2.9%
Software	2.5%	2.5%
Electronic Equipment, Instruments & Components	2.3%	2.8%
Communications Equipment	2.1%	2.2%
Construction Materials	1.9%	1.9%
Distributors	1.7%	1.8%
Building Products	1.6%	1.8%
Diversified Financial Services	1.5%	1.6%
Oil, Gas & Consumable Fuels	1.5%	1.5%
Health Care Equipment & Supplies	1.2%	2.1%
Road & Rail	1.1%	1.0%
Internet & Catalog Retail	1.0%	1.1%
Air Freight & Logistics	0.7%	1.0%
Real Estate Management & Development	0.4%	1.1%
Auto Components	0.3%	1.6%
Other(1)	4.7%	4.4%
	100.0%	100.0%

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

At March 31, 2018 and December 31, 2017, 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 March 31, 2018 and December 31, 2017, 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. The income test is measured by dividing the absolute value of the combined total of total investment income, net realized gain (loss) and net unrealized appreciation (depreciation) of each Control Investment for the period being tested by the absolute value of Main Street's pre-tax income for the same period. After performing the income test for the three months ended March 31, 2018, Main Street determined that the absolute value of its income from two of its Control Investments individually generated more than 20% of its total income, primarily due to the unrealized appreciation that was recognized on one of the investments and to the unrealized depreciation that was recognized on the other investment. As such, the External Investment Manager was considered a significant subsidiary. The summarized financial information for the External Investment Manager is included in Note D. 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 20% income level as of March 31, 2018. After performing the income test for the three months ended March 31, 2017, Main Street determined that the income from no single investment generated more than 20% of Main Street's total income.

The following table shows the summarized financial information for CBT Nuggets, LLC:

	As of March 31, 2018	As of December 31, 2017
	(dollars in thousands)	
Balance Sheet Data		
Current Assets	$ 11,174	$ 14,585
Noncurrent Assets	11,601	11,769
Current Liabilities	16,853	17,570
Noncurrent Liabilities		

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Notes to Consolidated Financial Statements (Continued)

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	Three Months Ended March 31,	
	2018	2017
	(dollars in thousands)	
Summary of Operations		
Total Revenue	$ 9,903	$ 10,356
Gross Profit	8,951	9,218
Income from Operations	1,820	3,524
Net Income	2,741	3,853

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 historical incentive fees otherwise earned. During the three months ended March 31, 2018 and 2017, the External Investment Manager earned $2.8 million and $2.6 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 statements of operations in "Net Unrealized Appreciation (Depreciation) Portfolio investments."

The External Investment Manager is an indirect wholly owned subsidiary of MSCC owned 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

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Notes to Consolidated Financial Statements (Continued)

(Unaudited)

"source-of-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 March 31, 2018 and 2017, Main Street allocated $2.1 million and $1.5 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 the dividend income received from the External Investment Manager. For the three months ended March 31, 2018 and 2017, the total contribution to Main Street's net investment income was $2.6 million and $2.2 million, respectively.

Summarized financial information from the separate financial statements of the External Investment Manager as of March 31, 2018 and December 31, 2017 and for the three months ended March 31, 2018 and 2017 is as follows:

	As of March 31, 2018	As of December 31, 2017
	(dollars in thousands)	
Cash	$	$
Accounts receivable HMS Income	2,838	2,863
Total assets	$ 2,838	$ 2,863
Accounts payable to MSCC and its subsidiaries	$ 2,265	$ 1,963
Dividend payable to MSCC and its subsidiaries	573	900
Equity		
Total liabilities and equity	$ 2,838	$ 2,863

	Three Months Ended March 31, 2018	2017
Management fee income	$ 2,816	$ 2,620
Expenses allocated from MSCC or its subsidiaries:		
Salaries, share-based compensation and other personnel costs	(1,353)	(919)
Other G&A expenses	(713)	(605)
Total allocated expenses	(2,066)	(1,524)
Pre-tax income	750	1,096

Tax expense	(177)	(402)
Net income	$ 573	$ 694

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Notes to Consolidated Financial Statements (Continued)

(Unaudited)

NOTE E SBIC DEBENTURES

Under existing SBIC regulations, SBA approved SBICs under common control have the ability to issue debentures guaranteed by the SBA up to a regulatory maximum amount of $350.0 million. Main Street, through the funds, has an effective maximum amount of $346.0 million following the prepayment of $4.0 million of existing SBIC debentures as discussed below. SBIC debentures payable were $313.8 million and $295.8 million at March 31, 2018 and December 31, 2017, 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 three months ended March 31, 2018, Main Street issued $22.0 million of SBIC debentures and opportunistically prepaid $4.0 million of existing SBIC debentures as part of an effort to manage the maturity dates of the oldest SBIC debentures, leaving $32.2 million of remaining capacity under Main Street's SBIC licenses. As a result of this prepayment, Main Street recognized a realized loss of $1.4 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 the majority interests of MSC II. The effect of the realized loss is offset by the reversal of all previously recognized unrealized depreciation due to fair 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 for affiliated SBIC funds. The weighted-average annual interest rate on the SBIC debentures was 3.7% and 3.6% as of March 31, 2018 and December 31, 2017, respectively. The first principal maturity due under the existing SBIC debentures is in 2019, and the weighted-average remaining duration as of March 31, 2018 was approximately 5.9 years. For the three months ended March 31, 2018 and 2017, Main Street recognized interest expense attributable to the SBIC debentures of $2.9 million and $2.5 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 March 31, 2018, the recorded value of the SBIC debentures was $306.2 million which consisted of (i) $44.6 million recorded at fair value, or $1.4 million less than the $46.0 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 $147.6 million that was net of unamortized debt issuance costs of $2.2 million and (iii) $118.0 million par value of SBIC debentures held in MSC III with a recorded value of $113.9 million that was net of unamortized debt issuance costs of $4.1 million. As of March 31, 2018, 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 $281.6 million, or $32.2 million less than the $313.8 million face value of the SBIC debentures.

NOTE F CREDIT FACILITY

Main Street maintains the Credit Facility to provide additional liquidity to support its investment and operational activities. The Credit Facility includes total commitments of $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 (1.88% as of March 31, 2018) plus

MAIN STREET CAPITAL CORPORATION

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(Unaudited)

(i) 1.875% (or the applicable base rate (Prime Rate of 4.75% as of March 31, 2018) 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 contains two, one-year extension options which could extend the final maturity by up to two years, subject to certain conditions, including lender approval.

At March 31, 2018, Main Street had $188.0 million in borrowings outstanding under the Credit Facility. As of March 31, 2018, 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 $1.5 million and $2.5 million, respectively, for the three months ended March 31, 2018 and 2017. As of March 31, 2018, the interest rate on the Credit Facility was 3.5%. The average interest rate for the three months ended March 31, 2018 was 3.5%. As of March 31, 2018, 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. On March 1, 2018, Main Street announced its intent to redeem the 6.125% Notes on 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, were approximately $89.0 million. Main Street listed the 6.125% Notes on the New York Stock Exchange under the trading symbol "MSCA." Main Street maintained the right from time to time repurchase the 6.125% Notes in accordance with the 1940 Act and the rules promulgated thereunder. As of March 31, 2018, the outstanding balance of the 6.125% Notes was $90.7 million and the recorded value of $89.1 million was net of unamortized debt issuance costs of $1.5 million. As of March 31,

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2018, 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 $91.5 million. Main Street recognized interest expense related to the 6.125% Notes, including amortization of unamortized deferred issuance costs, of $1.5 million for each of the three months ended March 31, 2018 and 2017.

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 March 31, 2018, Main Street was in compliance with these covenants.

4.50% Notes due 2019

In November 2014, Main Street issued $175.0 million in aggregate principal amount of 4.50% unsecured notes due 2019 (the "4.50% Notes due 2019") at an issue price of 99.53%. The 4.50% Notes due 2019 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 due 2019; 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 due 2019 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 due 2019 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 due 2019, resulting from the issue price and after underwriting discounts and estimated offering expenses payable, were approximately $171.2 million. Main Street may from time to time repurchase the 4.50% Notes due 2019 in accordance with the 1940 Act and the rules promulgated thereunder. As of March 31, 2018, the outstanding balance of the 4.50% Notes due 2019 was $175.0 million and the recorded value of $173.8 million was net of unamortized debt issuance costs of $1.2 million. As of March 31, 2018, if Main Street had adopted the fair value option under ASC 825 for the 4.50% Notes due 2019, Main Street estimates its fair value would be approximately $176.6 million. Main Street recognized interest expense related to the 4.50% Notes due 2019, including amortization of unamortized deferred issuance costs, of $2.1 million for each of the three months ended March 31, 2018 and 2017.

The indenture governing the 4.50% Notes due 2019 (the "4.50% Notes due 2019 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 due 2019 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 due 2019 Indenture. As of March 31, 2018, Main Street was in compliance with these covenants.

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Notes to Consolidated Financial Statements (Continued)

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4.50% Notes due 2022

In November 2017, Main Street issued $185.0 million in aggregate principal amount of 4.50% unsecured notes due 2022 (the "4.50% Notes due 2022") at an issue price of 99.16%. The 4.50% Notes due 2022 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 due 2022; 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 due 2022 mature on December 1, 2022, 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 due 2022 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 due 2022, resulting from the issue price and after underwriting discounts and estimated offering expenses payable, were approximately $182.2 million. Main Street may from time to time repurchase the 4.50% Notes due 2022 in accordance with the 1940 Act and the rules promulgated thereunder. As of March 31, 2018, the outstanding balance of the 4.50% Notes due 2022 was $185.0 million and the recorded value of $182.2 million was net of unamortized debt issuance costs of $2.8 million. As of March 31, 2018, if Main Street had adopted the fair value option under ASC 825 for the 4.50% Notes due 2022, Main Street estimates its fair value would be approximately $184.1 million. Main Street recognized interest expense related to the 4.50% Notes due 2022, including amortization of unamortized deferred issuance costs, of $2.2 million for the three months ended March 31, 2018.

The indenture governing the 4.50% Notes due 2022 (the "4.50% Notes due 2022 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 due 2022 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 due 2022 Indenture. As of March 31, 2018, Main Street was in compliance with these covenants.

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NOTE H FINANCIAL HIGHLIGHTS

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Per Share Data:		
NAV at the beginning of the period	$ 23.53	$ 22.10
Net investment income(1)	0.63	0.57
Net realized gain(1)(2)	0.10	0.41
Net unrealized depreciation(1)(2)	(0.16)	(0.30)
Income tax benefit (provision)(1)(2)	0.02	(0.11)
Net increase in net assets resulting from operations(1)	0.59	0.57
Dividends paid from net investment income	(0.57)	(0.21)
Distributions from capital gains		(0.35)
Total dividends paid	(0.57)	(0.56)
Accretive effect of stock offerings (issuing shares above NAV per share)	0.07	0.26
Accretive effect of DRIP issuance (issuing shares above NAV per share)	0.01	0.01
Other(3)	0.04	0.06
NAV at the end of the period	$ 23.67	$ 22.44
Market value at the end of the period	$ 36.90	$ 38.27
Shares outstanding at the end of the period	59,007,730	55,423,375

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

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

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

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certain per share data based on the shares outstanding as of a period end or transaction date.

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
	(dollars in thousands)	
NAV at end of period	$ 1,396,600	$ 1,243,934
Average NAV	$ 1,388,484	$ 1,222,708
Average outstanding debt	$ 871,205	$ 825,155
Ratio of total expenses, including income tax expense, to average NAV(1)(2)	1.30%	1.83%
Ratio of operating expenses to average NAV(2)(3)	1.37%	1.37%
Ratio of operating expenses, excluding interest expense, to average NAV(2)(3)	0.63%	0.66%
Ratio of net investment income to average NAV(2)	2.66%	2.55%
Portfolio turnover ratio(2)	7.11%	8.97%
Total investment return(2)(4)	5.70%	5.64%
Total return based on change in NAV(2)(5)	2.50%	2.62%

(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 is based on the 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 is 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 $0.19 per share for each month of January through March 2018, totaling $33.5 million, or $0.57 per share, for the three months ended March 31, 2018. The first quarter 2018 regular monthly dividends represent a 2.7% increase from the regular monthly dividends paid for the first quarter of 2017. The regular monthly dividends equaled a total of approximately $30.4 million, or $0.555 per share, for the three months ended March 31, 2017.

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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Listed below is a reconciliation of "Net increase in net assets resulting from operations" to taxable income and to total distributions declared to common stockholders for the three months ended March 31, 2018 and 2017.

	Three Months Ended March 31,	
	2018	2017
	(estimated, dollars in thousands)	
Net increase in net assets resulting from operations	$ 34,517	$ 31,450
Book tax difference from share-based compensation expense	1,819	1,265
Net unrealized depreciation	9,523	16,426
Income tax provision (benefit)	(979)	5,638
Pre-tax book income not consolidated for tax purposes	(13,350)	(6,468)
Book income and tax income differences, including debt origination, structuring fees, dividends, realized gains and changes in estimates	12,367	4,373
Estimated taxable income(1)	43,897	52,684
Taxable income earned in prior year and carried forward for distribution in current year	42,357	42,362
Taxable income earned prior to period end and carried forward for distribution next period	(63,938)	(74,695)
Dividend payable as of period end and paid in the following period	11,191	10,252
Total distributions accrued or paid to common stockholders	$ 33,507	$ 30,603

(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-of-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.

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Notes to Consolidated Financial Statements (Continued)

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For the three months ended March 31, 2018, Main Street recognized a net income tax benefit of $1.0 million, principally consisting of a deferred tax benefit of $1.9 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 a $0.9 million current tax expense, which is primarily related to a $0.4 million accrual for excise tax on Main Street's estimated undistributed taxable income and $0.5 million provision for current U.S. federal income and state taxes. For the three months ended March 31, 2017, Main Street recognized a net income tax provision of $5.6 million, principally consisting of a deferred tax provision of $4.4 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, and a $1.3 million current tax expense, which is primarily related to a $0.9 million accrual for excise tax on Main Street's estimated undistributed taxable income, and $0.4 million provision for current U.S. federal income and state taxes.

The net deferred tax liability at March 31, 2018 was $8.7 million compared to $10.6 million at December 31, 2017, 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. The net deferred tax liability as of December 31, 2017 equal to $10.6 million reflects a reduction of $2.8 million resulting from the decrease in the U.S. federal corporate income tax rate from 35% to 21% as enacted by the Tax Cuts and Jobs Act (See further discussion in Note B.9.). At March 31, 2018, for U.S. federal income tax purposes, the Taxable Subsidiaries had a net operating loss carryforward from prior years which, if unused, will expire in various taxable years from 2029 through 2037. Under the Tax Cuts and Jobs Act, any net operating losses generated in 2018 and future periods will have an indefinite carryforward. The timing and manner in which Main Street will utilize any loss carryforwards generated before December 31, 2017 may be limited in the future under the provisions of the Code.

NOTE J COMMON STOCK

Main Street maintains 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 three months ended March 31, 2018, Main Street sold 308,678 shares of its common stock at a weighted-average price of $37.27 per share and raised $11.5 million of gross proceeds under the ATM Program. Net proceeds were $11.3 million after commissions to the selling agents on shares sold and offering costs. As of March 31, 2018, sales transactions representing 20,400 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 March 31, 2018, there were 1,602,678 shares available for sale under the ATM Program.

During the year ended December 31, 2017, Main Street sold 3,944,972 shares of its common stock at a weighted-average price of $38.72 per share and raised $152.8 million of gross proceeds under the ATM Program. Net proceeds were $150.9 million after commissions to the selling agents on shares sold and offering costs. As of December 31, 2017, 1,911,356 shares remained available for sale under the ATM Program.

MAIN STREET CAPITAL CORPORATION

Notes to Consolidated Financial Statements (Continued)

(Unaudited)

NOTE K DIVIDEND REINVESTMENT PLAN ("DRIP")

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

For the three months ended March 31, 2018, $1.6 million of the total $33.5 million in dividends paid to stockholders represented DRIP participation. During this period, the DRIP participation requirements were satisfied with the issuance of 42,423 newly issued shares. For the three months ended March 31, 2017, $1.8 million of the total $30.4 million in dividends paid to stockholders represented DRIP participation. During this period, the DRIP participation requirements were satisfied with the issuance of 48,675 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.

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 March 31, 2018.

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)
Year ended December 31, 2017	(223,812)
Restricted stock available for issuance as of March 31, 2018	2,514,774

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Notes to Consolidated Financial Statements (Continued)

(Unaudited)

As of March 31, 2018, 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)
Year ended December 31, 2017	(5,948)
Restricted stock available for issuance as of March 31, 2018	280,498

For each of the three months ended March 31, 2018 and 2017, Main Street recognized total share-based compensation expense of $2.3 million, related to the restricted stock issued to Main Street employees and non-employee directors.

As of March 31, 2018, there was $8.5 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 1.6 years as of March 31, 2018.

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MAIN STREET CAPITAL CORPORATION

Notes to Consolidated Financial Statements (Continued)

(Unaudited)

NOTE M COMMITMENTS AND CONTINGENCIES

At March 31, 2018, Main Street had the following outstanding commitments (in thousands):

Investments with equity capital commitments that have not yet funded:	**Amount**
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.	$ 469
EnCap Energy Capital Fund IX, L.P.	556
EnCap Energy Capital Fund X, L.P.	3,254
EnCap Flatrock Midstream Fund II, L.P.	6,470
EnCap Flatrock Midstream Fund III, L.P.	4,516
	$ 15,265
Brightwood Capital Fund Investments	
Brightwood Capital Fund III, LP	$ 3,000
Brightwood Capital Fund IV, LP	4,000
	$ 7,000
Freeport Fund Investments	
Freeport First Lien Loan Fund III LP	$ 3,942
Freeport Financial SBIC Fund LP	1,375
	$ 5,317
EIG Fund Investments	$ 4,649
Harris Preston Fund Investments	
HPEP 3, L.P.	$ 3,967
LKCM Headwater Investments I, L.P.	$ 2,931
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	$ 675
Total equity commitments	$ 65,823

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MAIN STREET CAPITAL CORPORATION

Notes to Consolidated Financial Statements (Continued)

(Unaudited)

Investments with commitments to fund revolving loans that have not been fully drawn or term loans with additional commitments not yet funded:	
California Splendor Holdings LLC	$ 8,270
Resolute Industrial, LLC	5,750
Hunter Defense Technologies, Inc.	5,168
Radiology Partners, Inc.	5,254
NexRev LLC	4,000
PT Network, LLC	3,618
Hojeij Branded Foods, LLC	3,422
Arcus Hunting LLC	3,132
CDHA Management, LLC	2,343
Wireless Vision Holdings, LLC	2,068
NNE Partners, LLC	2,042
Barfly Ventures, LLC	1,838
Felix Investments Holdings II	1,667
Hawk Ridge Systems, LLC	1,600
Meisler Operating LLC	1,600
Market Force Information, LLC	1,600
Chamberlin Holding LLC	1,600
Direct Marketing Solutions, Inc.	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
Boccella Precast Products LLC	1,142
KBK Industries, LLC	925
CTVSH, PLLC	800
NRI Clinical Research, LLC	600
ATS Workholding, LLC	523
PPC/SHIFT LLC	500
UniTek Global Services, Inc.	483
Clad-Rex Steel, LLC	400
Gulf Publishing Holdings, LLC	400
Jensen Jewelers of Idaho, LLC	350
OnAsset Intelligence, Inc.	225
BigName Commerce, LLC	101
BBB Tank Services, LLC	80
Total loan commitments	$ 72,736
Total commitments	$ 138,559

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 March 31, 2018.

Main Street has an operating lease for office space. Total rent expense incurred by Main Street for the three months ended March 31, 2018 and 2017 was $0.2 million and $0.1 million, respectively.

The following table shows future minimum payments under Main Street's operating lease as of March 31, 2018:

For the Years Ended December 31,	Amount
2018	$ 346
2019	749
2020	763
2021	777
2022	791
Thereafter	4,239
Total	$ 7,665

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

NOTE N RELATED PARTY TRANSACTIONS

As discussed further in Note D, the External Investment Manager is treated as a wholly owned portfolio company of MSCC and is included as part of Main Street's Investment Portfolio. At March 31, 2018, Main Street had a receivable of approximately $2.8 million due from the External Investment Manager which included (i) approximately $2.3 million related primarily to operating expenses incurred by MSCC or its subsidiaries as required to support the External Investment Manager's business and amounts due from the External Investment Manager to Main Street under a tax sharing agreement (see further discussion in Note D) and (ii) approximately $0.6 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 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

MAIN STREET CAPITAL CORPORATION

Notes to Consolidated Financial Statements (Continued)

(Unaudited)

phantom Main Street stock units. As of March 31, 2018, $4.8 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, $2.5 million was deferred into phantom Main Street stock units, representing 74,503 shares of Main Street's common stock. Including phantom stock units issued through dividend reinvestment, the phantom stock units outstanding as of March 31, 2018 represented 90,411 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 April 2018, Main Street made a new portfolio investment to facilitate the minority recapitalization of DPI, Inc. ("DPI"), a leading designer, developer, and distributor of a broad assortment of consumer electronics to national retailers under several proprietary brands. Main Street, along with a co-investor, partnered with DPI's management team to facilitate the transaction, with Main Street funding $35.2 million in a combination of first-lien, senior secured term debt and a direct equity investment. Headquartered in St. Louis, Missouri, DPI offers consumer electronics products designed for value-conscious consumers.

In April 2018, Main Street redeemed the entire principal amount of the issued and outstanding 6.125% Notes effective April 1, 2018 (the "Redemption Date"). The 6.125% Notes were redeemed at par value, plus the accrued and unpaid interest thereon from January 1, 2018, through, but excluding, the Redemption Date. As part of the redemption, Main Street recognized a realized loss of $1.5 million in the second quarter related to the write-off of any remaining unamortized deferred financing costs.

During April 2018, Main Street declared a semi-annual supplemental cash dividend of $0.275 per share payable in June 2018. This supplemental cash dividend is in addition to the previously announced regular monthly cash dividends that Main Street declared for the second quarter of 2018 of $0.19 per share for each of April, May and June 2018.

During May 2018, Main Street declared regular monthly dividends of $0.19 per share for each month of July, August and September of 2018. These regular monthly dividends equal a total of $0.57 per share for the third quarter of 2018 and represent a 2.7% increase from the regular monthly dividends declared for the third quarter of 2017. Including the semi-annual supplemental dividend declared for June 2018 and the regular monthly dividends declared for the second and third quarters of 2018, Main Street will have paid $23.375 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
March 31, 2018
(dollars in thousands)
(unaudited)

Company	Investment(1)(5)	Amount of Realized Gain/(Loss)	Amount of Unrealized Gain/(Loss)	Amount of Interest, Fees or Dividends Credited to Income(2)	December 31, 2017 Fair Value	Gross Additions(3)	Gross Reductions(4)	March 31, 2018 Fair Value
Majority-owned investments								
Café Brazil, LLC								
	Member Units	$	$	$ 87	$ 4,900	$	$	$ 4,900
California Splendor Holdings LLC	LIBOR Plus 8.00% (Floor 1.00%)			122		3,610		3,610
	LIBOR Plus 10.00% (Floor 1.00%)			303		27,723		27,723
	Preferred Member Units					12,500		12,500
Clad-Rex Steel, LLC	LIBOR Plus 9.50% (Floor 1.00)		(6)	375	13,280	6	6	13,280
	Member Units		280	94	9,500	280		9,780
	10% Secured Debt			30	1,183		5	1,178
	Member Units				280			280
CMS Minerals Investments	Member Units		139	9	2,392	139	146	2,385
Direct Marketing Solutions, Inc.	LIBOR Plus 11.00% (Floor 1.00%)			624		18,602	79	18,523
	Preferred Stock					8,400		8,400
Gamber-Johnson Holdings, LLC	LIBOR Plus 11.00% (Floor 1.00%)		(15)	744	23,400	15	505	22,910
	Member Units		3,160	292	23,370	3,160		26,530
GRT Rubber Technologies LLC	LIBOR Plus 9.00% (Floor 1.00%)		(7)	309	11,603	7	217	11,393
	Member Units		1,450	308	21,970	1,450		23,420
Harborside Holdings, LLC	Member Units				9,400	100		9,500
Harris Preston Fund Investments	LP Interests				536			536
Hydratec, Inc.	Common Stock	7,922	(7,905)	332	15,000	160	15,160	
IDX Broker, LLC	11.5% Secured Debt		(12)	446	15,250	12	312	14,950
	Preferred Member Units		(110)	68	11,660		110	11,550
			(4)	50	3,955	4	154	3,805

Jensen Jewelers of Idaho, LLC	Prime Plus 6.75% (Floor 2.00%)						
	Member Units		113	5,100			5,100
Lamb Ventures, LLC	11% Secured Debt	(10)	267	9,942	210	1,813	8,339
	Preferred Equity			400			400
	Member Units	(60)		6,790		60	6,730
	9.5% Secured Debt		10	432			432
	Member Units			520			520
Mid-Columbia Lumber Products, LLC	10% Secured Debt		46	1,390	353		1,743
	12% Secured Debt		121	3,863	4		3,867
	Member Units		2	1,575	596		2,171
	9.5% Secured Debt		19	791		11	780
	Member Units		15	1,290			1,290
MSC Adviser I, LLC	Member Units	6,954	573	41,768	6,954		48,722
Mystic Logistics Holdings, LLC	12% Secured Debt		241	7,696	11	206	7,501
	Common Stock	(770)	2	6,820		770	6,050
NexRev LLC	11% Secured Debt		387		17,268		17,268
	Preferred Equity				6,880		6,880
NRP Jones, LLC	12% Secured Debt		191	6,376			6,376
	Member Units	880		3,250	880		4,130
PPL RVs, Inc.	LIBOR Plus 7.00% (Floor 0.50%)	(7)	357	16,100	7	7	16,100
	Common Stock	(780)	28	12,440		780	11,660
Principle Environmental, LLC (d/b.a TruHorizon Environmental Solutions)	13% Secured Debt	(13)	256	7,477	13	13	7,477
	Preferred Member Units	1,600	746	11,490	1,600		13,090
	Warrants	130		650	130		780
Quality Lease Service, LLC	Zero Coupon Secured Debt			6,950			6,950
	Member Units			4,938	425		5,363
The MPI Group, LLC	9% Secured Debt	(900)	66	2,410		900	1,510
	Series A Preferred Units						
	Warrants						
	Member Units	90	11	2,389	91		2,480
Uvalco Supply, LLC	9% Secured Debt		5	348		164	184
	Member Units		80	3,880			3,880

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Company	Investment(1)(5)	Amount of Realized Gain/(Loss)	Amount of Unrealized Gain/(Loss)	Amount of Interest, Fees or Dividends Credited to Income(2)	December 31, 2017 Fair Value	Gross Additions(3)	Gross Reductions(4)	March 31, 2018 Fair Value
Vision Interests, Inc.	13% Secured Debt			95	2,797	4		2,801
	Series A Preferred Stock				3,000			3,000
	Common Stock							
Ziegler's NYPD, LLC	6.5% Secured Debt			17	996	1		997
	12% Secured Debt			9	300			300
	14% Secured Debt			96	2,750			2,750
	Warrants							
	Preferred Member Units				3,220	1		3,221
Other controlled investments								
Access Media Holdings, LLC	10% PIK Secured Debt		(2,030)		17,150		2,030	15,120
	Preferred Member Units		(302)			302	302	
	Member Units							
ASC Interests, LLC	11% Secured Debt		(160)	51	1,795	3	151	1,647
	Member Units				1,530		160	1,370
ATS Workholding, LLC	5% Secured Debt			75	3,249	486		3,735
	Preferred Member Units				3,726			3,726
Bond-Coat, Inc.	12% Secured Debt			348	11,596			11,596
	Common Stock				9,370			9,370
Brewer Crane Holdings, LLC	LIBOR Plus 10.00% (Floor 1.00%)			366		9,825		9,825
	Preferred Member Units			30		4,280		4,280
CBT Nuggets, LLC	Member Units		(22,219)	6,042	89,560		22,220	67,340
Chamberlin Holding LLC	LIBOR Plus 10.00% (Floor 1.00%)			577		21,389		21,389
	Member Units					11,440		11,440
Charps, LLC	12% Secured Debt			550	18,225	22	1,601	16,646
	Preferred Member Units		540		650	540		1,190
Copper Trail Energy Fund I, LP	LP Interests			33	2,500			2,500
Datacom, LLC	8% Secured Debt			33	1,575	180		1,755
	5.25% Current / 5.25% PIK Secured Debt			330	11,110	168	498	10,780
	Class A Preferred Member Units		(510)		730		510	220
	Class B Preferred Member Units		(498)					
Garreco, LLC	LIBOR Plus 10.00% (Floor 1.00%)			162	5,443	5	121	5,327
	Member Units				1,940			1,940

Gulf Manufacturing, LLC	Member Units		770	414	10,060	770		10,830
Gulf Publishing Holdings, LLC	LIBOR Plus 9.50% (Floor 1.00%)			1	80		80	
	12.5% Secured Debt			405	12,703	7	102	12,608
	Member Units				4,840			4,840
Harrison Hydra-Gen, Ltd.	Common Stock		1,400		3,580	1,400		4,980
HW Temps LLC	LIBOR Plus 11.00% (Floor 1.00%)			320	9,918	4		9,922
	Preferred Member Units			35	3,940			3,940
KBK Industries, LLC	10% Secured Debt			7	375		300	75
	12.5% Secured Debt		(3)	187	5,900	3	3	5,900
	Member Units		320	153	4,420	320		4,740
Marine Shelters Holdings, LLC	12% PIK Secured Debt							
	Preferred Member Units							
Market Force Information, LLC	LIBOR Plus 11.00% (Floor 1.00%)			757	23,143	13	480	22,676
	Member Units			2	14,700			14,700
MH Corbin Holding LLC	10% Secured Debt			357	12,526		288	12,238
	Preferred Member Units			35	6,000			6,000
NAPCO Precast, LLC	LIBOR Plus 8.50%		(6)	302	11,475	6	6	11,475
	Member Units		510	293	11,670	510		12,180
NRI Clinical Research, LLC	LIBOR Plus 6.50% (Floor 1.50%)			9	400			400
	14% Secured Debt		30	141	3,865			3,865
	Warrants				500			500
	Member Units				2,500			2,500
NuStep, LLC	12% Secured Debt			628	20,420	9		20,429
	Preferred Member Units				10,200			10,200
OMi Holdings, Inc.	Common Stock		180	360	14,110	180		14,290
Pegasus Research Group, LLC	Member Units				10,310			10,310
River Aggregates, LLC	Zero Coupon Secured Debt			21	707	21		728
	Member Units				4,610			4,610
	Member Units		110		2,559	111		2,670
SoftTouch Medical Holdings LLC	LIBOR Plus 9.00% (Floor 1.00%)		(30)	120	7,140	30	7,170	
	Member Units	5,172	(5,160)	865	10,089	1,262	11,351	

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Company	Investment(1)(5)	Amount of Realized Gain/(Loss)	Amount of Unrealized Gain/(Loss)	Amount of Interest, Fees or Dividends Credited to Income(2)	December 31, 2017 Fair Value	Gross Additions(3)	Gross Reductions(4)	March 31, 2018 Fair Value
Other								
Amounts related to investments transferred to or from other 1940 Act classification during the period								
Total Control investments		$ 13,094	$ (22,974)	$ 21,955	$ 750,706	$ 164,882	$ 68,791	$ 846,797
Affiliate Investments								
AFG Capital Group, LLC	Warrants	$	$ 40	$	$ 860	$ 40	$	$ 900
	Preferred Member Units		170	10	3,590	170		3,760
Barfly Ventures, LLC	12% Secured Debt		(4)	267	8,715	4	4	8,715
	Options				920			920
	Warrants				520			520
BBB Tank Services, LLC	LIBOR Plus 8.00% (Floor 1.00%)			20	778	414	492	700
	15% Secured Debt			157	3,876	7		3,883
	Member Units		50		500	50		550
Boccella Precast Products LLC	LIBOR Plus 10.0% (Floor 1.00%)		(13)	496	16,400	1,213	1,031	16,582
	Member Units		1,419	463	3,440	1,420		4,860
Boss Industries, LLC	Preferred Member Units		770	90	3,930	810		4,740
Bridge Capital Solutions Corporation	13% Secured Debt			347	5,884	78		5,962
	Warrants		500		3,520	500		4,020
	13% Secured Debt			33	1,000			1,000
	Preferred Member Units			33	1,000			1,000
Buca C, LLC	LIBOR Plus 9.25% (Floor 1.00%)			560	20,193	11	300	19,904
	Preferred Member Units			61	4,172	61		4,233
CAI Software LLC	12% Secured Debt		(3)	125	4,083	3	3	4,083
	Member Units			10	3,230			3,230
Chandler Signs Holdings, LLC	12% Secured Debt		(2)	137	4,500	2	2	4,500
	Class A Units		(470)		2,650		470	2,180
Charlotte Russe, Inc	8.50% Secured Debt		(80)	113	7,807	16,658	16,553	7,912
	Common Stock					3,141		3,141
Condit Exhibits, LLC	Member Units			66	1,950			1,950

Congruent Credit Opportunities Funds	LP Interests (Fund II)		(515)		1,515		1,035	480
	LP Interests (Fund III)		122	361	18,632	122		18,754
Dos Rios Partners	LP Interests (Dos Rios Partners, LP)		81		7,165	81		7,246
	LP Interests (Dos Rios Partners A, LP)		293		1,889	293		2,182
Dos Rios Stone Products LLC	Class A Preferred Units		(440)	23	1,790		440	1,350
East Teak Fine Hardwoods, Inc.	Common Stock			4	630			630
EIG Fund Investments	LP Interests (EIG Global Private Debt fund-A, L.P.)				1,055	377	1,029	403
Freeport Financial Funds	LP Interests (Freeport Financial SBIC Fund LP)		(60)	102	5,614		60	5,554
	LP Interests (Freeport First Lien Loan Fund III LP)			248	8,506			8,506
Gault Financial, LLC (RMB Capital, LLC)	8% Current Secured Debt			243	11,532			11,532
	Warrants							
Guerdon Modular Holdings, Inc.	LIBOR Plus 8.50% (Floor 1.00%)			2		394		394
	13% Secured Debt			363	10,632	294		10,926
	Preferred Stock							
	Common Stock							
Harris Preston Fund Investments	LP Interests	$	$	$	$ 943	$ 90	$	$ 1,033
Hawk Ridge Systems, LLC	10.5% Secured Debt		(6)	389	14,300	6	6	14,300
	Preferred Member Units		2,422	55	3,800	2,423		6,223
	Preferred Member Units		128		200	128		328
Houston Plating and Coatings, LLC	8% Unsecured Convertible Debt			60	3,200			3,200
	Member Units		520	48	6,140	520		6,660
I-45 SLF LLC	Member Units			705	16,841			16,841
L.F. Manufacturing Holdings, LLC	Member Units				2,000			2,000
Meisler Operating LLC	LIBOR Plus 8.50% (Floor 1.00%)			472	16,633	2,146		18,779
	Member Units		525		3,390	2,180		5,570
OnAsset Intelligence, Inc.	12% PIK Secured Debt			153	5,094	153		5,247
	10% PIK Secured Debt			1	48	1		49
	Preferred Stock							
	Warrants							
OPI International Ltd.	Common Stock							

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Company	Investment(1)(5)	Amount of Realized Gain/(Loss)	Amount of Unrealized Gain/(Loss)	Amount of Interest, Fees or Dividends Credited to Income(2)	December 31, 2017 Fair Value	Gross Additions(3)	Gross Reductions(4)	March 31, 2018 Fair Value
PCI Holding Company, Inc.	12% Current/3% PIK Secured Debt			685	12,593	304	326	12,571
	Preferred Stock		(600)		890		600	290
	Preferred Stock		870		2,610	870		3,480
Rocaceia, LLC (Quality Lease and Rental Holdings, LLC)	12% Secured Debt				250			250
	Preferred Member Units							
Tin Roof Acquisition Company	12% Secured Debt			393	12,722	17	224	12,515
	Class C Preferred Stock			76	3,027	75		3,102
UniTek Global Services, Inc.	LIBOR Plus 8.50% (Floor 1.00%)		(1)	220	8,535	1	1	8,535
	LIBOR Plus 7.50% (Floor 1.00%)/1.00% PIK			4	137	1		138
	15% PIK Unsecured Debt			34	865	32		897
	Preferred Stock		(8)	248	7,320	248	8	7,560
	Preferred Stock		(6)	136	2,850	136	6	2,980
	Common Stock		190		2,490	190		2,680
Universal Wellhead Services Holdings, LLC	Preferred Member Units		30		830	30		860
	Member Units		120		1,910	120		2,030
Valley Healthcare Group, LLC	LIBOR Plus 12.50% (Floor 0.50%)			419	11,685	6	120	11,571
	Preferred Member Units		140		1,600	140		1,740
Volusion, LLC	11.5% Secured Debt			639	15,200	158		15,358
	Preferred Member Units				14,000			14,000
	Warrants		(610)		2,080		609	1,471
Other								
Amounts related to investments transferred to or from other 1940 Act classification during the period			8,666		(7,807)			
Total Affiliate investments		$	$ 14,238	$ 9,071	$ 338,854	$ 36,118	$ 23,319	$ 359,460

(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.

(5)

This schedule should be read in conjunction with the consolidated schedule of investments and notes to the consolidated financial statements. Supplemental information can located within the schedule of investments including end of period interest rate, preferred dividend rate, maturity date, investments not paid currently in cash and investments whose value was determined using significant unobservable inputs.

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Schedule 12-14

MAIN STREET CAPITAL CORPORATION

Consolidated Schedule of Investments In and Advances to Affiliates
March 31, 2017
(dollars in thousands)
(unaudited)

Company	Investment(1)(5)	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)	March 31, 2017 Fair Value
Majority-owned investments								
Café Brazil, LLC	Member Units	$	$ (140)	$ 52	$ 6,040	$	$ 140	$ 5,900
Clad-Rex Steel, LLC	LIBOR Plus 9.50% (Floor 1.00%)			11	396	1		397
	LIBOR Plus 9.50% (Floor 1.00%)			375	13,941	5		13,946
	Member Units				7,280			7,280
	10% Secured Debt			30	1,190		4	1,186
	Member Units				210			210
CMS Minerals Investments	Preferred Member Units		(316)	51	3,682		411	3,271
	Member Units		(148)	63	3,381		261	3,120
Gamber-Johnson Holdings, LLC	LIBOR Plus 11.00% (Floor 1.00%)		224	735	23,846	234		24,080
	Member Units		3,160	170	18,920	3,160		22,080
GRT Rubber Technologies LLC	LIBOR Plus 9.00% (Floor 1.00%)		(8)	334	13,274	8	217	13,065
	Member Units			127	20,310			20,310
Harborside Holdings, LLC	Member Units		3,344			9,400		9,400
Hydratec, Inc.	Common Stock			480	15,640			15,640
IDX Broker, LLC	12.5% Secured Debt		(7)	344	10,950	7	307	10,650
	Member Units		1,160	68	7,040	1,160		8,200
Jensen Jewelers of Idaho, LLC	Prime Plus 6.75% (Floor 2.00%)		(4)	108	4,055	4	154	3,905
	Member Units			37	4,460			4,460
Lamb Ventures, LLC	LIBOR Plus 5.75%			7		350	45	305
	11% Secured Debt			209	7,657		78	7,579
	Preferred Equity				400			400
	Member Units		200	40	5,990	200		6,190
	9.5% Secured Debt			32	1,170	428	1,170	428
	Member Units		(380)	407	1,340		380	960
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			44	1,750			1,750
	12% Secured Debt			117	3,900			3,900
	Member Units		(500)	2	2,480		500	1,980
	9.5% Secured Debt			20	836		11	825
	Member Units		80	9	600	620		1,220
MSC Adviser I, LLC	Member Units		2,855	695	30,617	2,855		33,472
Mystic Logistics Holdings, LLC	12% Secured Debt		(10)	286	9,176	11	23	9,164
	Common Stock		390		5,780	390		6,170
NRP Jones, LLC	8% Current / 4% PIK Secured Debt			419	13,915	139		14,054
	Warrants				130			130
	Member Units				410			410
PPL RVs, Inc.	LIBOR Plus 7.00% (Floor 0.50%)			370	17,826	8		17,834
	Common Stock			100	11,780			11,780
Principle Environmental, LLC	12% Secured Debt			122	4,060			4,060
	12% Current / 2% PIK Secured Debt			118	3,378	16		3,394
	Preferred Member Units	(63)	953		5,370	953	63	6,260
	Warrants		50		270	50		320
Quality Lease Service, LLC	8% PIK Secured Debt			136	7,068	136		7,204
	Member Units				3,188	1,051		4,239
The MPI Group, LLC	9% Secured Debt			66	2,922			2,922
	Series A Preferred Units							
	Warrants							
	Member Units		90	35	2,300	90		2,390
Uvalco Supply, LLC	9% Secured Debt			18	872		116	756
	Member Units	69	(69)	8	4,640		333	4,307

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Company	Investment(1)(5)	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)	March 31, 2017 Fair Value
Vision Interests, Inc.	13% Secured Debt			91	2,814			2,814
	Series A Preferred Stock				3,000			3,000
	Common Stock							
Ziegler's NYPD, LLC	6.5% Secured Debt			17	994			994
	12% Secured Debt			9	300			300
	14% Secured Debt			96	2,750			2,750
	Warrants				240			240
	Preferred Member Units				4,100			4,100
Other controlled investments								
Access Media Holdings, LLC	5% Current / 5% PIK Secured Debt		(512)	563	19,700	282	512	19,470
	Preferred Member Units		(189)		240	169	189	220
	Member Units							
Ameritech College Operations, LLC	10% Secured Debt			13	514			514
	13% Secured Debt			16	489			489
	13% Secured Debt			98	3,025			3,025
	Preferred Member Units		(3,381)		2,291	3,900	3,381	2,810
ASC Interests, LLC	11% Secured Debt		(3)	60	2,100	3	53	2,050
	Member Units		60		2,680	60		2,740
Bond-Coat, Inc.	12% Secured Debt		(9)	357	11,596	9	9	11,596
	Common Stock		940		6,660	940		7,600
CBT Nuggets, LLC	Member Units		5,141	1,000	55,480	5,140		60,620
Charps, LLC	LIBOR Plus 7.00% (Floor 1.00%)			14		781		781
	12% Secured Debt			630		18,220		18,220
	Preferred Member Units					400		400
Datacom, LLC	8% Secured Debt			20	900	180		1,080
	5.25% Current / 5.25% PIK Secured Debt		282	313	11,049	441		11,490
	Class A Preferred Member Units		51		1,368	51		1,419
	Class B Preferred Member Units		332		1,529	332		1,861
Garreco, LLC	LIBOR Plus 12.00% (Floor 1.00%)			189	5,219	975	225	5,969
	Member Units		320		1,150	320		1,470
Gulf Manufacturing, LLC	9% PIK Secured Debt			17	777			777
	Member Units		420	139	8,770	420		9,190
Gulf Publishing Holdings, LLC	12.5% Secured Debt			316	9,911	4		9,915
	Member Units		336		3,124	336		3,460

Harrison Hydra-Gen, Ltd.	Common Stock		(320)		3,120		320	2,800
Hawthorne Customs and Dispatch Services, LLC	Member Units				280			280
	Member Units			48	2,040			2,040
HW Temps LLC	LIBOR Plus 13.00% (Floor 1.00%)			368	10,500	4	600	9,904
	Preferred Member Units			35	3,940			3,940
Indianapolis Aviation Partners, LLC	15% Secured Debt			156	3,100			3,100
	Warrants		61		2,649	61		2,710
Marine Shelters Holdings, LLC	12% PIK Secured Debt		(2,551)		9,387		9,387	
	Preferred Member Units	(100)				100	100	
MH Corbin Holding LLC	10% Secured Debt			335	13,197	8	175	13,030
	Preferred Member Units			35	6,000			6,000
NAPCO Precast, LLC	Prime Plus 2.00% (Floor 7.00%)		(2)	63	2,713	2	2	2,713
	18% Secured Debt		(3)	181	3,952	3	3	3,952
	Member Units			29	10,920			10,920
NRI Clinical Research, LLC	LIBOR Plus 6.50% (Floor 1.50%)			10	200	200		400
	14% Secured Debt		(11)	160	4,261	11	11	4,261
	Warrants				680			680
	Member Units				2,462			2,462
NuStep, LLC	12% Secured Debt			728		20,394		20,394
	Preferred Member Units					10,200		10,200
OMi Holdings, Inc.	Common Stock			192	13,080			13,080
Pegasus Research Group, LLC	Member Units		(180)	60	8,620		180	8,440
River Aggregates, LLC	Zero Coupon Secured Debt			19	627	19		646
	Member Units				4,600			4,600
	Member Units				2,510			2,510
SoftTouch Medical Holdings LLC	LIBOR Plus 9.00% (Floor 1.00%)		(4)	182	7,140	4	4	7,140
	Member Units			155	9,170			9,170

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Company	Investment(1)(5)	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)	March 31, 2017 Fair Value
Other								
Amounts related to investments transferred to or from other 1940 Act classification during the period								
Total Control investments		$ (682)	$ 11,880	$ 12,988	$ 594,282	$ 85,423	$ 21,466	$ 658,239
Affiliate Investments								
AFG Capital Group, LLC	Warrants	$	$ 20	$	$ 670	$ 20	$	$ 690
	Preferred Member Units		100	7	2,750	100		2,850
Barfly Ventures, LLC	12% Secured Debt			235	5,827	1,808		7,635
	Options				490			490
	Warrants				280			280
BBB Tank Services, LLC	LIBOR Plus 9.50% (Floor 1.00%)			21	797			797
	15% Secured Debt			152	3,991	1		3,992
	Member Units				800			800
Boss Industries, LLC	Preferred Member Units		73	89	2,800	120		2,920
Bridge Capital Solutions Corporation	13% Secured Debt			307	5,610	63		5,673
	Warrants				3,370			3,370
	13% Secured Debt			33	1,000			1,000
	Preferred Member Units			25	1,000			1,000
Buca C, LLC	LIBOR Plus 7.25% (Floor 1.00%)		(167)	494	22,671	21	1,634	21,058
	Preferred Member Units		(728)	57	4,660	58	728	3,990
CAI Software LLC	12% Secured Debt		(3)	110	3,683	3	203	3,483
	Member Units		100	30	2,480	100		2,580
CapFusion, LLC	13% Secured Debt			518	13,202	50		13,252
	Warrants				1,200			1,200
Chandler Signs Holdings, LLC	12% Secured Debt		(2)	137	4,500	2	2	4,500
	Class A Units			63	3,240			3,240
Condit Exhibits, LLC	Member Units			11	1,840			1,840
Congruent Credit Opportunities Funds	LP Interests (Fund II)		(141)		1,518		141	1,377
	LP Interests (Fund III)		281	320	16,181	2,396		18,577

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)		704		4,925	704		5,629
	LP Interests (Dos Rios Partners A, LP)		207		1,444	207		1,651
Dos Rios Stone Products LLC	Class A Preferred Units				2,070			2,070
East Teak Fine Hardwoods, Inc.	Common Stock		(110)	29	860		110	750
East West Copolymer & Rubber, LLC	12% Current / 2% PIK Secured Debt		(6,390)		8,630		6,390	2,240
	Warrants							
EIG Fund Investments	LP Interests (EIG Global Private Debt fund-A, L.P.)	71	(99)	45	2,804	352	1,690	1,466
	LP Interests (EIG Traverse Co-Investment, L.P.)		68	263	9,905	68		9,973
Freeport Financial Fund Investments	LP Interests (Freeport Financial SBIC Fund LP)		55	102	5,620	55		5,675
	LP Interests (Freeport First Lien Loan Fund III LP)		(52)	195	4,763	2,796	52	7,507
Gault Financial, LLC (RMB Capital, LLC)	10.5% Secured Debt		1,016	326	11,079	1,017	146	11,950
	Warrants							
Glowpoint, Inc.	12% Secured Debt		(996)	274	3,997	9	996	3,010
	Common Stock		190		2,080	190		2,270
Guerdon Modular Holdings, Inc.	13% Secured Debt			357	10,594	9		10,603
	Preferred Stock				1,140			1,140
	Common Stock				80			80
Hawk Ridge Systems, LLC	10% Secured Debt			255	9,901	4		9,905
	Preferred Member Units			150	2,850			2,850
	Preferred Member Units				150			150
Houston Plating and Coatings, LLC	Member Units		230	1	4,000	230		4,230
I-45 SLF LLC	Member Units		321	691	14,586	1,321		15,907
Indianhead Pipeline Services, LLC	12% Secured Debt			727	5,079	563	225	5,417
	Preferred Member Units			98	2,677	98		2,775
	Warrants							
	Member Units							

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Company	Investment(1)(5)	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)	March 31, 2017 Fair Value
KBK Industries, LLC	10% Secured Debt			31	1,250	100	175	1,175
	12.5% Secured Debt			188	5,889	3		5,892
	Member Units				2,780			2,780
L.F. Manufacturing Holdings, LLC	Member Units				1,380			1,380
OnAsset Intelligence, Inc.	12% PIK Secured Debt			136	4,519	135		4,654
	Preferred Stock							
	Warrants							
OPI International Ltd.	10% Unsecured Debt			12	473			473
	Common Stock		(1,220)		1,600		1,220	380
PCI Holding Company, Inc.	12% Secured Debt		(10)	400	13,000	10	10	13,000
	Preferred Stock			172	5,370	170		5,540
Rocaceia, LLC (Quality Lease and Rental Holdings, LLC)	12% Secured Debt				250			250
	Preferred Member Units							
Tin Roof Acquisition Company	12% Secured Debt			417	13,385	16	169	13,232
	Class C Preferred Stock			68	2,738	69		2,807
UniTek Global Services, Inc.	LIBOR Plus 7.50% (Floor 1.00%)		(1)	113	5,021	1	1	5,021
	LIBOR Plus 8.50% (Floor 1.00%)			22	824	2		826
	15% PIK Unsecured Debt			30	745	28		773
	Preferred Stock		(224)	434	6,410	434	224	6,620
	Common Stock		(200)		3,010		200	2,810
Universal Wellhead Services Holdings, LLC	Preferred Member Units				720			720
	Member Units				610			610
Valley Healthcare Group, LLC	LIBOR Plus 12.50% (Floor 0.50%)			433	12,844	6	100	12,750
	Preferred Member Units				1,600			1,600
Volusion, LLC	11.5% Secured Debt			645	15,298	141		15,439
	Preferred Member Units				14,000			14,000
	Warrants		(127)		2,576		126	2,450
Other								
Amounts related to investments transferred to or from other 1940 Act classification during the period								

Total Affiliate investments	$	22,930	$	(26,121)	$	9,899	$	375,948	$	13,735	$	60,659	$ 329,024

(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.

(5)
This schedule should be read in conjunction with the consolidated schedule of investments and notes to the consolidated financial statements. Supplemental information can located within the schedule of investments including end of period interest rate, preferred dividend rate, maturity date, investments not paid currently in cash and investments whose value was determined using significant unobservable inputs.

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PROSPECTUS

$1,500,000,000

Common Stock
Preferred Stock
Subscription Rights
Debt Securities

We may offer, from time to time in one or more offerings, up to $1,500,000,000 of our common stock, preferred stock, subscription rights or debt securities, 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 2017 annual meeting of stockholders, and we are not seeking such approval at our 2018 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 $20 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 26, 2018, the last reported sale price of our common stock on the NYSE was $37.37 per share, and the net asset value per share of our common stock on December 31, 2017 (the last date prior to the date of this prospectus on which we determined our net asset value per share) was $23.53.

Investing in our securities involves a high degree of risk, and should be considered highly speculative. See "Risk Factors" beginning on page 15 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 27, 2018

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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 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 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.

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.

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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 our organizational structure:

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

** The External Investment Manager is accounted for as a portfolio investment at fair value, as opposed to a consolidated subsidiary, and is indirectly wholly owned by MSCC.

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 $20 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 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

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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.

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

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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" 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 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.

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

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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 number of significant risks. 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 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 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.

- 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.

- Our executive officers and employees, through the External Investment Manager, may manage other investment funds, including HMS Income, that operate in the same or a related line of business as we do, which may result in significant conflicts of interest.

- 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 exposes us indirectly to 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.

Dividend Reinvestment and Direct Stock Purchase Plan

We have adopted a dividend reinvestment and direct stock purchase plan, or the Plan. The Plan primarily consists of a dividend reinvestment feature and a direct stock purchase feature. 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 & Trust Company, LLC, 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. For more information, see "Dividend Reinvestment and Direct Stock Purchase Plan."

Recent Developments

During January 2018, we made a new portfolio investment to facilitate the minority recapitalization of Brewer Crane, LLC ("Brewer"), a leading Southern California full-service crane rental service provider. We, along with a co-investor, partnered with Brewer's founder and Chief Executive Officer to facilitate the transaction, with us funding $14.2 million in a combination of first-lien, senior secured term debt and a direct equity investment. Headquartered in Lakeside, California, and founded in 1997,

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Brewer provides crane rental services to San Diego County and the surrounding Southern California area, offering mobile cranes, tower cranes, skilled operators, construction hoists, hauling, rigging, storage, service and repairs, and miscellaneous equipment rental.

In February 2018, we fully exited our debt and equity investments in SoftTouch Medical Holdings, LLC ("SoftTouch"), a leading provider of home medical equipment and services, serving pediatric patients across the states of Georgia and Alabama. SoftTouch provides a broad array of medical equipment and services to chronically ill youth through its diverse product offerings, including respiratory therapy, enteral feeding, phototherapy, ventilators, amongst others. We realized a gain of approximately $5.2 million on the exit of our equity investment in SoftTouch.

In February 2018, we made a new portfolio investment to facilitate the management led buyout of DMS Holdco, LLC. ("DMS"), a leading provider of omni-channel direct marketing services. We, along with a co-investor, partnered with the DMS' management team to facilitate the transaction, with us funding $27.2 million in a combination of first-lien, senior secured term debt and a direct equity investment. Headquartered in Portland, Oregon, and founded in 1982, DMS develops and executes end-to-end, omni-channel direct marketing services including strategy, creative design, direct mail production/fulfillment, and digital marketing to various end markets including the FinTech, banking, telecom and technology industries.

During February 2018, we declared regular monthly dividends of $0.190 per share for each of April, May and June 2018. These regular monthly dividends equal a total of $0.570 per share for the second quarter of 2018. The second quarter 2018 regular monthly dividends represent a 2.7% increase from the dividends declared for the second quarter of 2017.

In February 2018, we fully exited our investment in Hydratec, Inc. ("Hydratec"). We realized a gain of approximately $7.9 million on the exit of our equity investment in Hydratec, representing a realized value consistent with our fair market value of this equity investment as of December 31, 2017. Our initial investment in Hydratec in October 2007 consisted of approximately $9.3 million, including a first lien, senior secured debt investment and a direct equity investment. Headquartered in Delano, California, and founded in 1981, Hydratec is a designer and installer of agricultural irrigation products and systems for farmers in the San Joaquin valley of central California. Hydratec has been a leader in applying advances in micro-irrigation techniques for large and small farms across its operating region.

In February 2018, we made a new portfolio investment to facilitate the recapitalization of Chamberlin Holding LLC, d.b.a. Chamberlin Roofing & Waterproofing ("Chamberlin"), a leading commercial roofing and waterproofing specialty contractor. We, along with a co-investor, partnered with Chamberlin's management team to facilitate the transaction, with us funding $33.0 million in a combination of first-lien, senior secured term debt and a direct equity investment. In addition, we and our co-investor are providing Chamberlin an undrawn credit facility to support our future growth initiatives and working capital needs. Founded in 1897, and now headquartered in Houston, Texas, Chamberlin is a market leading commercial specialty contractor with a focus on installing high quality roofing and waterproofing systems, as well as providing roof maintenance and leak repair services throughout the Southwest, Southeast, and Midwest regions of the United States, with a focus on Texas and Oklahoma.

In February 2018, we made a new portfolio investment to facilitate the minority recapitalization of NexRev LLC ("NexRev"), a market leader in the energy management and efficiency industry. We, along with a co-investor, partnered with NexRev's management team to facilitate the transaction, with us funding $24.3 million in a combination of first-lien, senior secured term debt and a direct equity investment. In addition, we and our co-investor are providing NexRev an undrawn credit facility to support its future growth initiatives and working capital needs. Headquartered in Plano, Texas, and founded in 1994, NexRev develops, manufactures and fabricates energy and facility management

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products and self-performs integration of HVAC, Electrical, Building Management Systems and Test and Balance services, directly to national account clients.

In March 2018, we made a new portfolio investment to facilitate the leveraged buyout of California Splendor, Inc. ("California Splendor"), a leading provider of frozen natural fruit ingredients. We, along with a co-investor, partnered with California Splendor's management team to facilitate the transaction, with us funding $40.5 million in a combination of first-lien, senior secured term debt and a direct equity investment. Founded in 1997, and headquartered in San Diego, California, California Splendor processes a variety of organic and conventional fruits for blue-chip customers in both the consumer packaged goods and foodservice sectors. California Splendor's products are used as key ingredients in a variety of end-use applications including spreads and pies, individually quick frozen berries, smoothies and yogurts.

In April 2018, we made a new portfolio investment to facilitate the minority recapitalization of DPI, Inc. ("DPI"), a leading designer, developer, and distributor of a broad assortment of consumer electronics to national retailers under several proprietary brands. We, along with a co-investor, partnered with DPI's management team to facilitate the transaction, with us funding $35.2 million in a combination of first-lien, senior secured term debt and a direct equity investment. Headquartered in St. Louis, Missouri, DPI offers consumer electronics products designed for value-conscious consumers.

In April 2018, we redeemed the entire principal amount of the issued and outstanding 6.125% Notes effective April 1, 2018 (the "Redemption Date"). The 6.125% Notes were redeemed at par value, plus the accrued and unpaid interest thereon from January 1, 2018, through, but excluding, the Redemption Date. As part of the redemption, we recognized a realized loss of $1.5 million in the second quarter related to the write-off of any remaining unamortized deferred financing costs.

During April 2018, we declared a semi-annual supplemental cash dividend of $0.275 per share payable in June 2018. This supplemental cash dividend is in addition to the previously announced regular monthly cash dividends that we declared for the second quarter of 2018 of $0.19 per share for each of April, May and June 2018.

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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 pay our operating expenses and other cash obligations, and for general corporate purposes. See "Use of Proceeds."
New York Stock Exchange symbol	"MAIN"
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.
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.

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	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 and direct stock purchase plan	We have adopted a dividend reinvestment and direct stock purchase plan, or the Plan. The Plan primarily consists of a dividend reinvestment feature and a direct stock purchase feature. 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 & Trust Company, LLC, 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. See "Dividend Reinvestment and Direct Stock Purchase Plan." 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 and Direct Stock Purchase 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 2017 annual meeting of stockholders, and we are not seeking such approval at our 2018 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 and direct stock purchase plan expenses	%(3)
Total stockholder transaction expenses (as a percentage of offering price)	%(4)
Annual Expenses of the Company (as a percentage of net assets attributable to common stock):	
Operating expenses	2.92%(5)
Interest payments on borrowed funds	3.31%(6)
Income tax expense	1.77%(7)
Acquired fund fees and expenses	0.50%(8)
Total annual expenses	8.50%

(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 and direct stock purchase 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) primarily related to loss carryforwards, timing differences in net unrealized appreciation or depreciation and other temporary book-tax differences from our 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, 2017.

(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	$ 84	$ 242	$ 389	$ 715

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 a valuation date determined by our Board of Directors for each dividend 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 plan administrator 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 and Direct Stock Purchase 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 decline in oil and natural gas prices 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 2017 annual meeting of stockholders, and we are not seeking such approval at our 2018 annual meeting of stockholders, because our common stock price had 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 basis) and our audit committee with the oversight, review and approval of our Board of Directors. In

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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 "Business Determination of Net Asset Value and Investment Portfolio Valuation Process" for a more detailed description 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 traditional financial services companies such as commercial banks and other sources of funding. Many

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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, Alejandro Capetillo, and Nicholas T. Meserve 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

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provide us with investment opportunities, and, therefore, there is no assurance that such relationships will generate investment opportunities for us.

Our executive officers and employees, through the External Investment Manager, may manage other investment funds, including HMS Income, that operate in the same or a related line of business as we do, which may result in significant conflicts of interest.

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% (or 150% if certain requirements are met) immediately after each issuance of senior

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securities. We have received exemptive relief from the SEC to permit us to exclude the SBA-guaranteed debentures of the Funds from our asset 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 2017 annual meeting of stockholders, and we are not seeking such approval at our 2018 annual meeting of stockholders, because our common stock price had 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

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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.

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 Liquidity and Capital Resources 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, 2017, we, through the Funds, had $295.8 million of outstanding indebtedness guaranteed by the SBA, which had a weighted-average annualized interest cost of approximately 3.6%. The debentures guaranteed by the SBA have a maturity of ten years, with a current weighted-average remaining maturity of 5.8 years as of December 31, 2017, 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 securities holders 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, 2017, we had $64.0 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 (1.56% as of December 31, 2017) plus (i) 1.875% (or the applicable base rate (Prime Rate of 4.50% as of December 31, 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 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, 2017, 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 due 2019") at an issue price of 99.53%. As of December 31, 2017, the outstanding balance of the 4.50% Notes due 2019 was $175.0 million. The 4.50% Notes due 2019 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 due 2019; 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 due 2019 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.

In November 2017, we issued $185.0 million in aggregate principal amount of 4.50% unsecured notes due 2022 (the "4.50% Notes due 2022," together with the 4.50% Notes due 2019, the "4.50% Notes" and, both of these together with the 6.125% Notes, the "Notes") at an issue price of 99.16%. As of December 31, 2017, the outstanding balance of the 4.50% Notes due 2022 was $185.0 million. The 4.50% Notes due 2022 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 due 2022; 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 due 2022 mature on December 1, 2022, 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.

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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)	(19.0)%	(10.8)%	(2.6)%	5.6%	13.8%

(1) Assumes $2,265.4 million in total assets, $810.5 million in debt outstanding, $1,380.4 million in net assets, and a weighted-average interest rate of 4.4%. 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, 2017 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.

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.

Recent legislation may allow us to incur additional leverage.

The 1940 Act generally prohibits us from incurring 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). However, recent legislation has modified the 1940 Act by allowing a BDC to increase the maximum amount of leverage it may incur from an asset coverage ratio of 200% to an asset coverage ratio of 150%, if certain requirements are met. Under the legislation, we are allowed to increase our leverage capacity if stockholders representing at least a majority of the votes cast, when quorum is met, approve a proposal to do so. If we receive stockholder approval, we would be allowed to increase our leverage capacity on the first day after such approval. Alternatively, the legislation allows a "required majority" (as defined in Section 57(o) of the 1940 Act) of our directors to approve an increase in our leverage capacity, and such approval would become effective after one year from the date of approval. In either case, we would be required to make certain disclosures on our website and in SEC filings regarding, among other things, the receipt of approval to increase our leverage, our leverage capacity and usage, and risks related to leverage. As a result of this legislation, we may be able to increase our leverage up to an amount that reduces our asset coverage ratio from 200% to 150% (i.e., the amount of debt may not exceed $66^2/_3$% of the value

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of our assets). See " 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" for a discussion of the risks associated with leverage.

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.

The interest rates of our floating-rate loans to our portfolio companies that extend beyond 2021 might be subject to change based on recent regulatory changes

LIBOR is the basic rate of interest used in lending transactions between banks on the London interbank market and is widely used as a reference for setting the interest rate on loans globally. We typically use LIBOR as a reference rate in floating-rate loans we extend to portfolio companies such that the interest due to us pursuant to a term loan extended to a portfolio company is calculated using LIBOR. The terms of our debt investments generally include minimum interest rate floors which are calculated based on LIBOR.

On July 27, 2017, the United Kingdom's Financial Conduct Authority, which regulates LIBOR, announced that it intends to phase out LIBOR by the end of 2021. It is unclear if at that time whether LIBOR will cease to exist or if new methods of calculating LIBOR will be established such that it continues to exist after 2021. The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, is considering replacing U.S. dollar LIBOR with a new index calculated by short term repurchase agreements, backed by Treasury securities. If LIBOR ceases to exist, we may need to renegotiate the credit agreements extending beyond 2021 with our portfolio companies that utilize LIBOR as a factor in determining the interest rate to replace LIBOR with the new standard that is established.

We may experience fluctuations in our operating results.

We could experience fluctuations in our 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, operating 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 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.

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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 U.S. federal income 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, 2017, (i) approximately 2.4% of our total investment income was attributable to PIK income not paid currently in cash, (ii) approximately 0.6% of our total investment income was attributable to amortization of original issue discount, (iii) approximately 1.6% of our total investment income was attributable to cumulative dividend income not paid currently in cash, and (iv) approximately 2.9% 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

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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 Internal Revenue Service has issued guidance 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 SBIC regulations 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.

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% (or 150% if certain requirements are met) 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 2017 annual meeting of stockholders because our common stock price per share had been trading significantly above the net asset value per share of our common stock, and are not seeking such approval at our 2018 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.

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,

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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.

The Tax Cuts and Jobs Act could have a negative effect on us, our subsidiaries, our portfolio companies and the holders of our securities.

On December 20, 2017, the U.S. House of Representatives and the U.S. Senate each voted to approve H.R. 1 (the "Tax Cuts and Jobs Act") and, on December 22, 2017, President Trump signed the Tax Cuts and Jobs Act into law. The Tax Cuts and Jobs Act makes significant changes to the U.S. federal income tax rules applicable to both individuals and entities, including corporations. The Tax Cuts and Jobs Act includes provisions that, among other things, reduce the U.S. corporate tax rate, introduce a capital investment deduction, limit the interest deduction, limit the use of net operating losses to offset future taxable income and make extensive changes to the U.S. international tax system. The Tax Cuts and Jobs Act is complex and far-reaching, and we cannot predict the impact its enactment will have on us, our subsidiaries, our portfolio companies and the holders of our securities.

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.