

Main Street Capital CORP  
Form 10-Q  
May 06, 2016

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

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

**For the quarterly period ended March 31, 2016**

**OR**

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

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

**Main Street Capital Corporation**

(Exact name of registrant as specified in its charter)

**Maryland**

(State or other jurisdiction of  
incorporation or organization)

**41-2230745**

(I.R.S. Employer  
Identification No.)

**1300 Post Oak Boulevard, 8<sup>th</sup> floor  
Houston, TX**

(Address of principal executive offices)

**77056**

(Zip Code)

**(713) 350-6000**

(Registrant's telephone number including area code)

**n/a**

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

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

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

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

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐  
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of the issuer's common stock as of May 5, 2016 was 51,221,175.

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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Balance Sheets****(dollars in thousands, except shares and per share amounts)**

	<b>March 31, 2016 (Unaudited)</b>	<b>December 31, 2015</b>
<b>ASSETS</b>		
Portfolio investments at fair value:		
Control investments (cost: \$361,823 and \$387,727 as of March 31, 2016 and December 31, 2015, respectively)	\$ 520,099	\$ 555,011
Affiliate investments (cost: \$376,375 and \$333,728 as of March 31, 2016 and December 31, 2015, respectively)	389,310	350,519
Non-Control/Non-Affiliate investments (cost: \$974,053 and \$945,187 as of March 31, 2016 and December 31, 2015, respectively)	908,662	894,466
Total portfolio investments (cost: \$1,712,251 and \$1,666,642 as of March 31, 2016 and December 31, 2015, respectively)	1,818,071	1,799,996
Marketable securities and idle funds investments (cost: \$1,778 and \$5,407 as of March 31, 2016 and December 31, 2015, respectively)	1,519	3,693
Total investments (cost: \$1,714,029 and \$1,672,049 as of March 31, 2016 and December 31, 2015, respectively)	1,819,590	1,803,689
Cash and cash equivalents	17,223	20,331
Interest receivable and other assets	31,786	27,737
Receivable for securities sold	11,458	9,901
Deferred financing costs (net of accumulated amortization of \$9,608 and \$8,965 as of March 31, 2016 and December 31, 2015, respectively)	12,651	13,267
Deferred tax asset, net	8,442	4,003
Total assets	\$ 1,901,150	\$ 1,878,928
<b>LIABILITIES</b>		
Credit facility	\$ 306,000	\$ 291,000
SBIC debentures (par: \$225,000 as of March 31, 2016 and December 31, 2015, par of \$75,200 is recorded at a fair value of \$74,006 and \$73,860 as of March 31, 2016 and December 31, 2015, respectively)	223,806	223,660
4.50% Notes	175,000	175,000
6.125% Notes	90,655	90,738
Dividend payable	9,113	9,074
Interest payable	5,185	3,959
Accounts payable and other liabilities	5,847	12,292
Payable for securities purchased	8,546	2,311
Total liabilities	824,152	808,034
Commitments and contingencies (Note M)		
<b>NET ASSETS</b>		
Common stock, \$0.01 par value per share (150,000,000 shares authorized; 50,767,218 and 50,413,744 shares issued and outstanding as of March 31, 2016 and December 31, 2015, respectively)	508	504
Additional paid-in capital	1,026,233	1,011,467
Accumulated net investment income, net of cumulative dividends of \$444,631 and \$417,347 as of March 31, 2016 and December 31, 2015, respectively	7,061	7,181
Accumulated net realized gain from investments (accumulated net realized gain from investments of \$32,608 before cumulative dividends of \$68,658 as of March 31, 2016 and accumulated net realized gain from investments of \$19,005 before cumulative dividends of \$68,658 as of December 31, 2015)	(36,050)	(49,653)
Net unrealized appreciation, net of income taxes	79,246	101,395
Total net assets	1,076,998	1,070,894

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Total liabilities and net assets	\$	1,901,150	\$	1,878,928
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NET ASSET VALUE PER SHARE	\$	21.18	\$	21.24
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The accompanying notes are an integral part of these financial statements

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Statements of Operations**

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

(Unaudited)

	<b>Three Months Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>INVESTMENT INCOME:</b>		
Interest, fee and dividend income:		
Control investments	\$ 12,615	\$ 11,335
Affiliate investments	8,523	6,049
Non-Control/Non-Affiliate investments	20,737	19,421
Interest, fee and dividend income	41,875	36,805
Interest, fee and dividend income from marketable securities and idle funds investments	131	374
Total investment income	42,006	37,179
<b>EXPENSES:</b>		
Interest	(8,182)	(7,796)
Compensation	(3,820)	(3,494)
General and administrative	(2,405)	(1,962)
Share-based compensation	(1,589)	(1,263)
Expenses allocated to the External Investment Manager	1,154	827
Total expenses	(14,842)	(13,688)
<b>NET INVESTMENT INCOME</b>	<b>27,164</b>	<b>23,491</b>
<b>NET REALIZED GAIN (LOSS):</b>		
Control investments	14,358	
Non-Control/Non-Affiliate investments	818	(2,008)
Marketable securities and idle funds investments	(1,573)	(112)
Total net realized gain (loss)	13,603	(2,120)
<b>NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION):</b>		
Portfolio investments	(27,529)	14,204
Marketable securities and idle funds investments	1,457	251
SBIC debentures	(146)	(693)
Total net change in unrealized appreciation (depreciation)	(26,218)	13,762
<b>INCOME TAXES:</b>		
Federal and state income, excise and other taxes	(370)	(376)
Deferred taxes	2,633	667
Income tax benefit (provision)	2,263	291
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<b>\$ 16,812</b>	<b>\$ 35,424</b>

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<b>NET INVESTMENT INCOME PER SHARE BASIC AND DILUTED</b>	\$	0.54	\$	0.51
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<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS PER SHARE BASIC AND DILUTED</b>	\$	0.33	\$	0.77
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**DIVIDENDS PAID PER SHARE:**

Regular monthly dividends	\$	0.540	\$	0.510
Supplemental dividends				

Total dividends	\$	0.540	\$	0.510
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<b>WEIGHTED AVERAGE SHARES OUTSTANDING BASIC AND DILUTED</b>	50,549,780	46,080,204
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The accompanying notes are an integral part of these financial statements

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

(dollars in thousands, except shares)

(Unaudited)

	Common Stock			Accumulated Net Investment Income, Net of Dividends	Accumulated Net Realized Gain From Investments, Net of Dividends	Net Unrealized Appreciation from Investments, Net of Income Taxes	Total Net Asset Value
	Number of Shares	Par Value	Additional Paid-In Capital				
<b>Balances at December 31, 2014</b>	45,079,150	\$ 451	\$ 853,606	\$ 23,665	\$ (20,456)	\$ 82,716	\$ 939,982
Public offering of common stock, net of offering costs	4,370,000	44	127,720				127,764
Share-based compensation			1,263				1,263
Purchase of vested stock for employee payroll tax withholding	(1,802)		(53)				(53)
Dividend reinvestment	116,330	1	3,464				3,465
Amortization of directors' deferred compensation			69				69
Issuance of restricted stock, net of forfeited shares	683						
Dividends to stockholders				(24,021)			(24,021)
Net increase (loss) resulting from operations				23,491	(2,120)	14,053	35,424
<b>Balances at March 31, 2015</b>	49,564,361	\$ 496	\$ 986,069	\$ 23,135	\$ (22,576)	\$ 96,769	\$ 1,083,893
<b>Balances at December 31, 2015</b>	50,413,744	\$ 504	\$ 1,011,467	\$ 7,181	\$ (49,653)	\$ 101,395	\$ 1,070,894
Cumulative-effect to retained earnings for excess tax benefit						1,806	1,806
Public offering of common stock, net of offering costs	321,714	3	9,778				9,781
Share-based compensation			1,589				1,589
Dividend reinvestment	113,631	1	3,255				3,256
Amortization of directors' deferred compensation			144				144
Issuance of restricted stock	900						
Forfeited shares of terminated employees	(3,989)						
Dividends to stockholders				(27,284)			(27,284)
Net increase (loss) resulting from operations				27,164	13,603	(23,955)	16,812
<b>Balances at March 31, 2016</b>	50,846,000	\$ 508	\$ 1,026,233	\$ 7,061	\$ (36,050)	\$ 79,246	\$ 1,076,998

The accompanying notes are an integral part of these financial statements



Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Statements of Cash Flows**

(dollars in thousands)

(Unaudited)

	<b>Three Months Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net increase in net assets resulting from operations	\$ 16,812	\$ 35,424
Adjustments to reconcile net increase in net assets resulting from operations to net cash used in operating activities:		
Investments in portfolio companies	(113,945)	(256,046)
Proceeds from sales and repayments of debt investments in portfolio companies	69,028	143,122
Proceeds from sales and return of capital of equity investments in portfolio companies	21,891	5,952
Investments in marketable securities and idle funds investments		(2,047)
Proceeds from sales and repayments of marketable securities and idle funds investments	559	1,304
Net change in net unrealized appreciation (depreciation)	26,218	(13,762)
Net realized (gain) loss	(13,603)	2,120
Accretion of unearned income	(1,921)	(2,018)
Payment-in-kind interest	(1,303)	(806)
Cumulative dividends	(321)	(376)
Share-based compensation expense	1,589	1,263
Amortization of deferred financing costs	644	629
Deferred tax (benefit) provision	(2,633)	(291)
Changes in other assets and liabilities:		
Interest receivable and other assets	(2,390)	(746)
Interest payable	1,226	761
Accounts payable and other liabilities	(6,269)	(7,729)
Deferred fees and other	632	627
Net cash used in operating activities	(3,786)	(92,619)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from public offering of common stock, net of offering costs	9,781	127,764
Dividends paid	(23,990)	(19,545)
Proceeds from credit facility	70,000	156,000
Repayments on credit facility	(55,000)	(210,000)
Other	(113)	(17)
Net cash provided by financing activities	678	54,202
Net decrease in cash and cash equivalents	(3,108)	(38,417)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>20,331</b>	<b>60,432</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>\$ 17,223</b>	<b>\$ 22,015</b>
<b>Supplemental cash flow disclosures:</b>		
Interest paid	\$ 6,282	\$ 6,406
Taxes paid	\$ 1,172	\$ 1,934

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### Non-cash financing activities:

Shares issued pursuant to the DRIP	\$	3,256	\$	3,465
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The accompanying notes are an integral part of these financial statements

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments****March 31, 2016****(dollars in thousands)****(Unaudited)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b><u>Control Investments(5)</u></b>					
<b>Access Media Holdings, LLC(10)</b>	Private Cable Operator	5.00% Current / 5.00% PIK Secured Debt (Maturity July 22, 2020)	\$ 21,825	\$ 21,825	\$ 20,651
		Preferred Member Units (5,265,000 units; 12% cumulative)		5,159	2,130
		Member Units (45 units)		1	
				26,985	22,781
<b>AmeriTech College, LLC</b>	For-Profit Nursing and Healthcare College	10% Secured Debt (Maturity May 15, 2016)	514	514	514
		10% Secured Debt (Maturity November 30, 2019)	489	489	489
		10% Secured Debt (Maturity January 31, 2020)	3,025	3,025	3,025
		Preferred Member Units (294 units; 5%)(8)		2,291	2,291
				6,319	6,319
<b>ASC Interests, LLC</b>	Recreational and Educational Shooting Facility	11% Secured Debt (Maturity July 31, 2018)	2,250	2,225	2,250
		Member Units (1,500 units)(8)		1,500	2,560
				3,725	4,810
<b>Bond-Coat, Inc.</b>	Casing and Tubing Coating Services	12% Secured Debt (Maturity December 28, 2017)	11,596	11,530	11,596
		Common Stock (57,508 shares)		6,350	7,490
				17,880	19,086
<b>Café Brazil, LLC</b>	Casual Restaurant Group	Member Units (1,233 units)(8)		1,742	6,570
<b>CBT Nuggets, LLC</b>	Produces and Sells IT Training Certification Videos	Member Units (416 units)(8)		1,300	45,750

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CMS Minerals LLC	Oil & Gas Exploration & Production	Preferred Member Units (458 units)(8)	2,530	5,750
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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****March 31, 2016****(dollars in thousands)****(Unaudited)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Datacom, LLC</b>	Technology and Telecommunications Provider	5.25% Current / 5.25% PIK Secured Debt (Maturity May 31, 2019)	11,256	11,178	10,810
		Class A Preferred Member Units (15% cumulative)(8)		1,181	1,224
		Class B Preferred Member Units (6,453 units)		6,030	4,602
				18,389	16,636
<b>Garreco, LLC</b>	Manufacturer and Supplier of Dental Products	14% Secured Debt (Maturity January 12, 2018)	5,800	5,745	5,745
		Member Units (1,200 units)		1,200	1,090
				6,945	6,835
<b>GRT Rubber Technologies LLC</b>	Manufacturer of Engineered Rubber Products	LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, Secured Debt (Maturity December 19, 2019)(9)	13,903	13,793	13,903
		Member Units (5,879 units)		13,065	18,030
				26,858	31,933
<b>Gulf Manufacturing, LLC</b>	Manufacturer of Specialty Fabricated Industrial Piping Products	9% PIK Secured Debt (Ashland Capital IX, LLC) (Maturity June 30, 2017)	777	777	777
		Member Units (438 units)(8)		2,980	10,960
				3,757	11,737
<b>Harrison Hydra-Gen, Ltd.</b>	Manufacturer of Hydraulic Generators	Common Stock (107,456 shares)		718	2,700
<b>Hawthorne Customs and Dispatch Services, LLC</b>	Facilitator of Import Logistics, Brokerage, and Warehousing	Member Units (500 units)(8)		589	280

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Member Units (Wallisville Real  
Estate, LLC) (588,210 units)(8)

1,215 2,220

1,804 2,500

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****March 31, 2016****(dollars in thousands)****(Unaudited)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>HW Temps LLC</b>	Temporary Staffing Solutions	LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.50%, Secured Debt (Maturity July 2, 2020)(9)	9,976	9,888	9,888
		Preferred Member Units (3,200 units)(8)		3,942	4,950
				13,830	14,838
<b>Hydratec, Inc.</b>	Designer and Installer of Micro-Irrigation Systems	Common Stock (7,095 shares)(8)		7,095	15,410
<b>IDX Broker, LLC</b>	Provider of Marketing and CRM Tools for the Real Estate Industry	12.5% Secured Debt (Maturity November 15, 2018)	11,350	11,286	11,350
		Member Units (5,400 units)		5,606	6,440
				16,892	17,790
<b>Indianapolis Aviation Partners, LLC</b>	Fixed Base Operator	15% Secured Debt (Maturity July 15, 2016)	3,100	3,100	3,100
		Warrants (1,046 equivalent units)		1,129	2,540
				4,229	5,640
<b>Jensen Jewelers of Idaho, LLC</b>	Retail Jewelry Store	Prime Plus 6.75% (Floor 2.00%), Current Coupon 10.25%, Secured Debt (Maturity November 14, 2016)(9)	4,405	4,386	4,405
		Member Units (627 units)(8)		811	5,200
				5,197	9,605
<b>Lamb's Venture, LLC</b>	Aftermarket Automotive Services Chain	11% Secured Debt (Maturity May 31, 2018)	7,849	7,849	7,849
		Preferred Equity (non-voting)		328	328
		Member Units (742 units)		5,273	5,160
		9.5% Secured Debt (Lamb's Real Estate Investment I, LLC) (Maturity October 1, 2025)	906	906	906
		Member Units (Lamb's Real Estate Investment I, LLC) (1,000 units)(8)		625	1,240



Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****March 31, 2016****(dollars in thousands)****(Unaudited)**

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value	
Lighting Unlimited, LLC	Commercial and Residential Lighting Products and Design Services	8% Secured Debt (Maturity August 22, 2016)	1,514	1,514	1,514	
		Preferred Equity (non-voting)		434	430	
		Warrants (71 equivalent units)		54	30	
		Member Units (700 units)		100	260	
					2,102	2,234
Marine Shelters Holdings, LLC (LoneStar Marine Shelters)	Fabricator of Marine and Industrial Shelters	12% PIK Secured Debt (Maturity December 28, 2017)	9,330	9,252	8,910	
		Preferred Member Units (3,810 units)		5,352	3,801	
				14,604	12,711	
MH Corbin Holding LLC	Manufacturer and distributor of traffic safety products	10% Secured Debt (Maturity August 31, 2020)	13,825	13,701	13,701	
		Preferred Member Units (4,000 shares)		6,000	6,000	
				19,701	19,701	
Mid-Columbia Lumber Products, LLC	Manufacturer of Finger-Jointed Lumber Products	10% Secured Debt (Maturity December 18, 2017)	1,750	1,750	1,750	
		12% Secured Debt (Maturity December 18, 2017)	3,900	3,900	3,900	
		Member Units (2,829 units)		1,244	2,420	
		9.5% Secured Debt (Mid Columbia Real Estate, LLC) (Maturity May 13, 2025)	870	870	870	
		Member Units (Mid Columbia Real Estate, LLC) (250 units)(8)		250	550	
				8,014	9,490	
MSC Adviser I, LLC(16)	Third Party Investment Advisory Services	Member Units (Fully diluted 100.0%)(8)			27,792	
Mystic Logistics Holdings, LLC						

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Logistics and  
Distribution Services  
Provider for Large  
Volume Mailers

12% Secured Debt (Maturity August 15, 2019)	9,448	9,292	9,448
Common Stock (5,873 shares)(8)		2,720	5,390
		12,012	14,838

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****March 31, 2016****(dollars in thousands)****(Unaudited)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>NAPCO Precast, LLC</b>	Precast Concrete Manufacturing	Prime Plus 2.00% (Floor 7.00%), Current Coupon 9.00%, Secured Debt (Maturity February 1, 2019)(9)	3,069	3,039	3,069
		18% Secured Debt (Maturity February 1, 2019)	4,471	4,427	4,471
		Member Units (2,955 units)(8)		2,975	9,060
				10,441	16,600
<b>NRI Clinical Research, LLC</b>	Clinical Research Service Provider	14% Secured Debt (Maturity September 8, 2017)	4,510	4,443	4,443
		Warrants (251,723 equivalent units)		252	380
		Member Units (1,454,167 units)		765	1,422
				5,460	6,245
<b>NRP Jones, LLC</b>	Manufacturer of Hoses, Fittings and Assemblies	6% Current / 6% PIK Secured Debt (Maturity December 22, 2016)	13,293	13,082	13,082
		Warrants (14,331 equivalent units)		817	150
		Member Units (50,877 units)		2,900	490
				16,799	13,722
<b>OMi Holdings, Inc.</b>	Manufacturer of Overhead Cranes	Common Stock (1,500 shares)		1,080	14,570
<b>Pegasus Research Group, LLC (Televerde)</b>	Provider of Telemarketing and Data Services	Member Units (460 units)(8)		1,290	8,030
<b>PPL RVs, Inc.</b>	Recreational Vehicle Dealer	11.1% Secured Debt (Maturity July 1, 2016)	9,710	9,710	9,710
		Common Stock (1,962 shares)		2,150	10,060
				11,860	19,770
<b>Principle Environmental, LLC</b>	Noise Abatement Service Provider		4,060	4,060	4,060

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12% Secured Debt (Maturity April 30, 2017)			
12% Current / 2% PIK Secured Debt (Maturity April 30, 2017)	3,327	3,327	3,327
Preferred Member Units (19,631 units)(8)		4,663	4,600
Warrants (1,036 equivalent units)		1,200	120
		13,250	12,107

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****March 31, 2016****(dollars in thousands)****(Unaudited)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Quality Lease Service, LLC</b>	Provider of Rigsite Accommodation Unit Rentals and Related Services				
		8% PIK Secured Debt (Maturity June 8, 2020)	6,664	6,664	6,664
		Member Units (1,000 units)		568	2,638
				7,232	9,302
<b>River Aggregates, LLC</b>	Processor of Construction Aggregates				
		Zero Coupon Secured Debt (Maturity June 30, 2018)	750	573	573
		Member Units (1,150 units)(8)		1,150	4,090
		Member Units (RA Properties, LLC) (1,500 units)		369	2,440
				2,092	7,103
<b>SoftTouch Medical Holdings LLC</b>	Home Provider of Pediatric Durable Medical Equipment				
		LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, Secured Debt (Maturity October 31, 2019)(9)	8,075	8,014	8,075
		Member Units (4,450 units)(8)		4,930	7,480
				12,944	15,555
<b>The MPI Group, LLC</b>	Manufacturer of Custom Hollow Metal Doors, Frames and Accessories				
		9% Secured Debt (Maturity October 2, 2018)	2,924	2,921	2,921
		Series A Preferred Units (2,500 units; 10% Cumulative)		2,500	690
		Warrants (1,424 equivalent units)		1,096	
		Member Units (MPI Real Estate Holdings, LLC) (100% Fully diluted)(8)		2,300	2,300
				8,817	5,911
<b>Travis Acquisition LLC</b>	Manufacturer of Aluminum Trailers				
		12% Secured Debt (Maturity August 30, 2018)	3,398	3,360	3,398
		Member Units (7,282 units)		7,100	17,320

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			10,460	20,718
Uvalco Supply, LLC	Farm and Ranch Supply Store			
		9% Secured Debt (Maturity January 1, 2019)	1,207	1,207
		Member Units (2,011 units)(8)		3,843
				5,710
				5,050
			6,917	

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****March 31, 2016****(dollars in thousands)****(Unaudited)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Vision Interests, Inc.</b>	Manufacturer / Installer of Commercial Signage	13% Secured Debt (Maturity December 23, 2016)	3,071	3,057	3,057
		Series A Preferred Stock (3,000,000 shares)		3,000	3,550
		Common Stock (1,126,242 shares)		3,706	211
				9,763	6,818
<b>Ziegler's NYPD, LLC</b>	Casual Restaurant Group	6.5% Secured Debt (Maturity October 1, 2019)	1,000	992	992
		12% Secured Debt (Maturity October 1, 2019)	500	500	500
		14% Secured Debt (Maturity October 1, 2019)	2,750	2,750	2,750
		Warrants (587 equivalent units)		600	150
		Preferred Member Units (10,072 units)		2,834	3,400
				7,676	7,792
<b>Subtotal Control Investments (28.6% of total investments at fair value)</b>				\$ 361,823	\$ 520,099

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****March 31, 2016****(dollars in thousands)****(Unaudited)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b><u>Affiliate Investments(6)</u></b>					
<b>AFG Capital Group, LLC</b>	Provider of Rent-to-Own Financing Solutions and Services	11% Secured Debt (Maturity November 7, 2019)	\$ 12,960	\$ 12,629	\$ 12,808
		Warrants (42 equivalent units)		259	530
		Member Units (186 units)		1,200	2,180
				14,088	15,518
<b>Barfly Ventures, LLC(10)</b>	Casual Restaurant Group	12% Secured Debt (Maturity August 31, 2020)	4,121	4,045	3,952
		Options (2 equivalent units)		397	470
		Warrant (1 equivalent unit)		473	240
				4,915	4,662
<b>Boss Industries, LLC</b>	Manufacturer and Distributor of Air, Power and Other Industrial Equipment	Preferred Member Units (2,242 units)(8)		2,290	2,450
<b>Bridge Capital Solutions Corporation</b>	Financial Services and Cash Flow Solutions Provider	13% Secured Debt (Maturity April 18, 2017)	7,000	6,910	7,000
		Warrants (22 equivalent shares)		200	1,380
				7,110	8,380
<b>Buca C, LLC</b>	Casual Restaurant Group	LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.25%, Secured Debt (Maturity June 30, 2020)(9)	25,530	25,309	25,530
		Preferred Member Units (6 units; 6% cumulative)(8)		3,766	5,770
				29,075	31,300
<b>CAI Software LLC</b>	Provider of Specialized Enterprise Resource Planning Software	12% Secured Debt (Maturity October 10, 2019)	4,340	4,307	4,340

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		Member Units (65,356 units)(8)	654	1,300
			4,961	5,640
CapFusion, LLC	Business Lender	13% Secured Debt (Maturity March 25, 2021)	9,600	8,302
		Warrants (1,600 equivalent units)		1,200
			9,502	9,502

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<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Chandler Signs Holdings, LLC(10)</b>	Sign Manufacturer	12% Secured Debt (Maturity July 4, 2021) Class A Units (1,500,000 units)	4,500	4,456 1,500	4,456 1,500
				5,956	5,956
<b>Condit Exhibits, LLC</b>	Tradeshows Exhibits / Custom Displays Provider	Member Units (3,936 units)(8)		100	1,010
<b>Congruent Credit Opportunities Funds(12)(13)</b>	Investment Partnership	LP Interests (Congruent Credit Opportunities Fund II, LP) (Fully diluted 19.8%)(8) LP Interests (Congruent Credit Opportunities Fund III, LP) (Fully diluted 17.4%)(8)		5,778 12,020	1,649 11,903
				17,798	13,552
<b>Daseke, Inc.</b>	Specialty Transportation Provider	12% Current / 2.5% PIK Secured Debt (Maturity July 31, 2018) Common Stock (19,467 shares)	21,388	21,156 5,213	21,388 22,660
				26,369	44,048
<b>Dos Rios Partners(12)(13)</b>	Investment Partnership	LP Interests (Dos Rios Partners, LP) (Fully diluted 20.2%) LP Interests (Dos Rios Partners A, LP) (Fully diluted 6.4%)		4,174 1,325	2,582 988
				5,499	3,570
<b>East Teak Fine Hardwoods, Inc.</b>	Distributor of Hardwood Products	Common Stock (6,250 shares)(8)		480	860
<b>East West Copolymer &amp; Rubber, LLC</b>	Manufacturer of Synthetic Rubbers	12% Secured Debt (Maturity October 17, 2019) Warrants (2,510,790 equivalent units)	9,600	9,470 50	9,470 50

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			9,520	9,520
<b>EIG Traverse</b>				
<b>Co-Investment, L.P.(12)(13)</b>	Investment Partnership			
		LP Interests (Fully diluted 6.6%)(8)	9,805	9,805
<b>Freeport Financial Funds(12)(13)</b>	Investment Partnership			
		LP Interests (Freeport Financial SBIC Fund LP) (Fully diluted 9.3%)(8)	5,974	5,768
		LP Interests (Freeport First Lien Loan Fund III LP) (Fully diluted 6.0%)(8)	3,564	3,564
			9,538	9,332

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****March 31, 2016****(dollars in thousands)****(Unaudited)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Gault Financial, LLC (RMB Capital, LLC)</b>	Purchases and Manages Liquidation of Distressed Assets	10% Secured Debt (Maturity November 21, 2016) Warrants (29,025 equivalent units)	13,046	12,936 400	10,969
				13,336	10,969
<b>Glowpoint, Inc.</b>	Provider of Cloud Managed Video Collaboration Services	8% Secured Debt (Maturity October 18, 2018) 12% Secured Debt (Maturity October 18, 2018) Common Stock (7,711,517 shares)	400 9,000	397 8,934 3,958	397 8,640 3,010
				13,289	12,047
<b>Guerdon Modular Holdings, Inc.</b>	Multi-Family and Commercial Modular Construction Company	LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity August 13, 2019)(9) 13% Secured Debt (Maturity August 13, 2019) Common Stock (212,033 shares)	960 10,400	946 10,300 2,983	946 10,300 1,210
				14,229	12,456
<b>Houston Plating and Coatings, LLC</b>	Provider of Plating and Industrial Coating Services	Member Units (248,082 units)(8)		996	6,080
<b>I-45 SLF LLC(12)(13)</b>	Investment Partnership	Member units (Fully diluted 20.0%; 24.4% profits interest)(8)		9,200	9,036
<b>Indianhead Pipeline Services, LLC</b>	Provider of Pipeline Support Services	12% Secured Debt (Maturity February 6, 2017) Preferred Member Units (33,819 units; 8% cumulative)(8) Warrants (31,928 equivalent units) Member Units (14,732 units)	5,775	5,660 2,320 459 1	5,660 2,569

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				8,440	8,229
KBK Industries, LLC	Manufacturer of Specialty Oilfield and Industrial Products				
		12.5% Secured Debt (Maturity September 28, 2017)	5,900	5,878	5,900
		Member Units (250 units)(8)		341	3,510
				6,219	9,410

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<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>L.F. Manufacturing Holdings, LLC(10)</b>	Manufacturer of Fiberglass Products	Member Units (2,179,001 units)(8)		2,019	1,670
<b>MPS Denver, LLC</b>	Specialty Card Printing	Member Units (13,800 units)		1,130	840
<b>OnAsset Intelligence, Inc.</b>	Provider of Transportation Monitoring / Tracking Products and Services	12% PIK Secured Debt (Maturity December 31, 2015)(17)	4,129	4,129	4,129
		Preferred Stock (912 shares; 7% cumulative)		1,981	1,380
		Warrants (5,333 equivalent shares)		1,919	
				8,029	5,509
<b>OPI International Ltd.(13)</b>	Provider of Man Camp and Industrial Storage Services	10% Unsecured Debt (Maturity April 8, 2018)	473	473	473
		Common Stock (20,766,317 shares)		1,371	3,200
				1,844	3,673
<b>PCI Holding Company, Inc.</b>	Manufacturer of Industrial Gas Generating Systems	12% Secured Debt (Maturity March 31, 2019)	13,000	12,870	12,870
		Preferred Stock (1,500,000 shares; 20% cumulative)(8)		2,904	4,090
				15,774	16,960
<b>Radial Drilling Services Inc.</b>	Oil and Gas Lateral Drilling Technology Provider	12% Secured Debt (Maturity November 22, 2016)(14)	4,200	3,946	1,505
		Warrants (316 equivalent shares)		758	
				4,704	1,505
<b>Rocacea, LLC (Quality Lease and Rental Holdings, LLC)</b>	Provider of Rigsite Accommodation Unit Rentals and Related				

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Services	12% Secured Debt (Maturity January 8, 2018)(14)(18)	30,785	30,281	250
	Preferred Member Units (250 units)		2,500	
			32,781	250

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****March 31, 2016****(dollars in thousands)****(Unaudited)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Samba Holdings, Inc.</b>	Provider of Intelligent Driver Record Monitoring Software and Services	12.5% Secured Debt (Maturity November 17, 2016)	23,762	23,684	23,762
		Common Stock (170,963 shares)		2,087	30,220
				25,771	53,982
<b>Tin Roof Acquisition Company</b>	Casual Restaurant Group	12% Secured Debt (Maturity November 13, 2018)	13,889	13,717	13,717
		Class C Preferred Stock (Fully diluted 10.0%; 10% cumulative)(8)		2,539	2,539
				16,256	16,256
<b>UniTek Global Services, Inc.(11)</b>	Provider of Outsourced Infrastructure Services	LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity January 13, 2019)(9)	2,826	2,826	2,812
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.50% / 1.00% PIK, Current Coupon Plus PIK 10.50%, Secured Debt (Maturity January 13, 2019)(9)	1,264	1,264	1,258
		15% PIK Unsecured Debt (Maturity July 13, 2019)	666	666	662
		Preferred Stock (4,935,377 shares)		4,935	5,800
		Common Stock (705,054 shares)			1,120
				9,691	11,652
<b>Universal Wellhead Services Holdings, LLC(10)</b>	Provider of Wellhead Equipment, Designs, and Personnel to the Oil & Gas Industry	Class A Preferred Units (4,000,000 units; 4.5% cumulative)(8)		4,000	2,020
<b>Volusion, LLC</b>	Provider of Online Software-as-a-Service eCommerce Solutions	10.5% Secured Debt (Maturity January 26, 2020)	17,500	16,261	16,261
		Preferred Member Units (4,876,670 units)		14,000	14,000
		Warrants (950,618 equivalent units)		1,400	1,400

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31,661 31,661

Subtotal Affiliate Investments (21.4% of total investments at fair value)	\$ 376,375	\$ 389,310
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<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b><u>Non-Control/Non-Affiliate Investments(7)</u></b>					
<b>AccuMED Corp.(10)</b>	Medical Device Contract Manufacturer	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity October 29, 2020)(9)	\$ 10,352	\$ 10,255	\$ 10,255
<b>Adams Publishing Group, LLC(10)</b>	Local Newspaper Operator	LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 7.75%, Secured Debt (Maturity November 3, 2020)(9)	9,263	9,097	9,089
<b>Ahead, LLC(10)</b>	IT Infrastructure Value Added Reseller	LIBOR Plus 6.50%, Current Coupon 7.10%, Secured Debt (Maturity November 2, 2020)	14,813	14,398	14,442
<b>Allflex Holdings III Inc.(11)</b>	Manufacturer of Livestock Identification Products	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.00%, Secured Debt (Maturity July 19, 2021)(9)	10,150	10,082	9,757
<b>AM General LLC(11)</b>	Specialty Vehicle Manufacturer	LIBOR Plus 9.00% (Floor 1.25%), Current Coupon 10.25%, Secured Debt (Maturity March 22, 2018)(9)	2,175	2,145	1,620
<b>AM3 Pinnacle Corporation(10)</b>	Provider of Comprehensive Internet, TV and Voice Services for Multi-Dwelling Unit Properties	Common Stock (60,240 shares)		2,000	
<b>American Seafoods Group, LLC(11)</b>	Catcher-Processor of Alaskan Pollock	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity August 19, 2021)(9)	9,875	9,864	9,616
<b>AMF Bowling Centers, Inc.(11)</b>	Bowling Alley Operator	LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity September 18, 2021)(9)	7,887	7,786	7,769



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<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Anchor Hocking, LLC(11)</b>	Household Products Manufacturer	LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, Secured Debt (Maturity June 4, 2018)(9) Member Units (440,620 units)	2,294	2,294 4,928	2,128 3,084
				7,222	5,212
<b>AP Gaming I, LLC(10)</b>	Developer, Manufacturer, and Operator of Gaming Machines	LIBOR Plus 8.25% (Floor 1.00%), Current Coupon 9.25%, Secured Debt (Maturity December 20, 2020)(9)	11,314	11,116	10,522
<b>Apex Linen Service, Inc.</b>	Industrial Launderers	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity October 30, 2022)(9) 13% Secured Debt (Maturity October 30, 2022)	1,600 12,000	1,600 11,927	1,600 11,927
				13,527	13,527
<b>Applied Products, Inc.(10)</b>	Adhesives Distributor	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity September 30, 2019)(9)	4,684	4,642	4,565
<b>Arcus Hunting LLC.(10)</b>	Manufacturer of Bowhunting and Archery Products and Accessories	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.00%, Secured Debt (Maturity November 13, 2019)(9)	11,973	11,826	11,826
<b>Artel, LLC(11)</b>	Provider of Secure Satellite Network and IT Solutions	LIBOR Plus 7.00% (Floor 1.25%), Current Coupon 8.25%, Secured Debt (Maturity November 27, 2017)(9)	7,634	7,404	6,527
<b>ATS Workholding, Inc.(10)</b>	Manufacturer of Machine Cutting Tools and Accessories	LIBOR Plus 7.50% (Floor 1.00%), Default Interest 2.00%, Current Coupon	6,412	6,376	6,153

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10.50%, Secured Debt  
(Maturity March 10, 2019)(9)

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<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>ATX Networks Corp.(11)(13)</b>	Provider of Radio Frequency Management Equipment	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity June 14, 2021)(9)	14,888	14,620	14,739
<b>Berry Aviation, Inc.(10)</b>	Airline Charter Service Operator	12.00% Current / 1.75% PIK Secured Debt (Maturity January 30, 2020) Common Stock (553 shares)	5,627	5,581 400	5,581 490
				5,981	6,071
<b>Bioventus LLC(10)</b>	Production of Orthopedic Healing Products	LIBOR Plus 10.00% (Floor 1.00%), Current Coupon 11.00%, Secured Debt (Maturity April 10, 2020)(9)	5,000	4,921	4,925
<b>Blackbrush Oil and Gas LP(11)</b>	Oil & Gas Exploration	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity July 30, 2021)(9)	4,000	3,976	3,097
<b>Blackhawk Specialty Tools LLC(11)</b>	Oilfield Equipment & Services	LIBOR Plus 5.25% (Floor 1.25%), Current Coupon 6.50%, Secured Debt (Maturity August 1, 2019)(9)	5,809	5,785	4,793
<b>Blue Bird Body Company(11)</b>	School Bus Manufacturer	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.50%, Secured Debt (Maturity June 26, 2020)(9)	2,632	2,602	2,607
<b>Bluestem Brands, Inc.(11)(13)</b>	Multi-Channel Retailer of General Merchandise	LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity November 6, 2020)(9)	13,444	13,193	11,915
<b>Brainworks Software, LLC(10)</b>	Advertising Sales and Newspaper Circulation Software	Prime Plus 7.25% (Floor 3.25%), Current Coupon 10.75%, Secured Debt (Maturity July 22, 2019)(9)	626 6,146	620 6,091	620 6,012

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LIBOR Plus 8.25% (Floor 1.00%),  
Current Coupon 9.25%, Secured Debt  
(Maturity July 22, 2019)(9)

6,711                      6,632

Brightwood Capital Fund III, LP(12)(13)	Investment Partnership			
		LP Interests (Fully diluted 1.6%)(8)	11,250	10,988

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<b>Brundage-Bone Concrete Pumping, Inc.(11)</b>	Construction Services Provider	10.375% Secured Debt (Maturity September 1, 2021)	3,000	2,983	3,000
<b>Calloway Laboratories, Inc.(10)</b>	Health Care Testing Facilities	17% PIK Secured Debt (Maturity September 30, 2016)(14) Warrants (125,000 equivalent shares)	7,324	7,275 17 7,292	
<b>Cengage Learning Acquisitions, Inc.(11)</b>	Provider of Educational Print and Digital Services	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity March 31, 2020)(9)	3,214	3,199	3,206
<b>Cenveo Corporation(11)</b>	Provider of Commercial Printing, Envelopes, Labels, and Printed Office Products	6% Secured Debt (Maturity August 1, 2019)	5,230	4,330	3,805
<b>CGSC of Delaware Holdings Corp.(11)(13)</b>	Insurance Brokerage Firm	LIBOR Plus 7.00% (Floor 1.25%), Current Coupon 8.25%, Secured Debt (Maturity October 16, 2020)(9)	2,000	1,979	1,987
<b>Charlotte Russe, Inc(11)</b>	Fast-Fashion Retailer to Young Women	LIBOR Plus 5.50% (Floor 1.25%), Current Coupon 6.75%, Secured Debt (Maturity May 22, 2019)(9)	14,346	14,083	7,704
<b>Clarius ASIG, LLC(10)</b>	Prints & Advertising Film Financing	15% PIK Secured Debt (Maturity September 14, 2014)(17)	488	488	488
<b>Clarius BIGS, LLC(10)</b>	Prints & Advertising Film Financing	15% PIK Secured Debt (Maturity January 5, 2015)(14)(17)	3,317	3,317	398
<b>Compact Power Equipment, Inc.</b>	Equipment / Tool Rental				

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12% Secured Debt (Maturity October 1, 2017)	4,100	4,091	4,100
Series A Preferred Stock (4,298,435 shares)		1,079	3,130
		5,170	7,230

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<b>Compuware Corporation(11)</b>	Provider of Software and Supporting Services	LIBOR Plus 5.25% (Floor 1.00%), Current Coupon 6.25%, Secured Debt (Maturity December 15, 2019)(9)	14,367	14,040	13,914
<b>Covenant Surgical Partners, Inc.(11)</b>	Ambulatory Surgical Centers	8.75% Secured Debt (Maturity August 1, 2019)	800	800	768
<b>CRGT Inc.(11)</b>	Provider of Custom Software Development	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity December 19, 2020)(9)	7,595	7,480	7,576
<b>CST Industries Inc.(11)</b>	Storage Tank Manufacturer	LIBOR Plus 6.25% (Floor 1.50%), Current Coupon 7.75%, Secured Debt (Maturity May 22, 2017)(9)	7,784	7,760	7,726
<b>Darr Equipment LP(10)</b>	Heavy Equipment Dealer	11.75% Current / 2% PIK Secured Debt (Maturity -April 15, 2020) Warrants (915,734 equivalent units)	20,811	20,305 474	19,815 180
				20,779	19,995
<b>Digital River, Inc.(11)</b>	Provider of Outsourced e-Commerce Solutions and Services	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity February 12, 2021)(9)	10,184	10,080	9,993
<b>Drilling Info Holdings, Inc.</b>	Information Services for the Oil and Gas Industry	Common Stock (3,788,865 shares)		1,335	10,400
<b>ECP-PF Holdings Group, Inc.(10)</b>	Fitness Club Operator	LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, Secured Debt (Maturity November 26, 2019)(9)	5,625	5,582	5,495
<b>EIG Fund Investments(12)(13)</b>	Investment Partnership	LP Interests (EIG Global Private Debt fund-A, L.P.) (Fully diluted 0.5%)		2,780	2,780



Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****March 31, 2016****(dollars in thousands)****(Unaudited)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>EnCap Energy Fund Investments(12)(13)</b>	Investment Partnership	LP Interests (EnCap Energy Capital Fund VIII, L.P.) (Fully diluted 0.1%)(8)		3,855	1,933
		LP Interests (EnCap Energy Capital Fund VIII Co-Investors, L.P.) (Fully diluted 0.4%)		2,214	810
		LP Interests (EnCap Energy Capital Fund IX, L.P.) (Fully diluted 0.1%)(8)		2,960	2,677
		LP Interests (EnCap Energy Capital Fund X, L.P.) (Fully diluted 0.1%)		1,070	1,070
		LP Interests (EnCap Flatrock Midstream Fund II, L.P.) (Fully diluted 0.8%)(8)		6,638	7,493
		LP Interests (EnCap Flatrock Midstream Fund III, L.P.) (Fully diluted 0.2%)(8)		1,018	1,040
				17,755	15,023
<b>Energy and Exploration Partners, LLC(11)</b>	Oil & Gas Exploration & Production	LIBOR Plus 10.00% (Floor 1.00%), Current Coupon 11.00%, Secured Debt (Maturity September 7, 2016)(9)(14)	1,132	1,106	1,129
		LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 7.75%, Secured Debt (Maturity January 22, 2019)(9)(14)	18,390	9,948	2,176
				11,054	3,305
<b>Evergreen Skills Lux S.á r.l. (d/b/a Skillsoft)(11)(13)</b>	Technology-based Performance Support Solutions	LIBOR Plus 8.25% (Floor 1.00%), Current Coupon 9.25%, Secured Debt (Maturity April 28, 2022)(9)	7,000	6,842	3,325
<b>Extreme Reach, Inc.(11)</b>	Integrated TV and Video Advertising Platform	LIBOR Plus 5.75% (Floor 1.00%), Current Coupon 6.75%, Secured Debt (Maturity February 7, 2020)(9)	8,285	8,277	8,271
<b>Flavors Holdings Inc.(11)</b>	Global Provider of Flavoring and Sweetening Products and Solutions	LIBOR Plus 5.75% (Floor 1.00%), Current Coupon 6.75%, Secured Debt (Maturity April 3, 2020)(9)	13,011	12,532	11,710



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<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Fram Group Holdings, Inc.(11)</b>	Manufacturer of Automotive Maintenance Products	LIBOR Plus 5.50% (Floor 1.50%), Current Coupon 7.00%, Secured Debt (Maturity July 29, 2017)(9)	9,267	9,181	8,556
		LIBOR Plus 9.50% (Floor 1.50%), Current Coupon 11.00%, Secured Debt (Maturity January 29, 2018)(9)	700	699	485
				9,880	9,041
<b>GI KBS Merger Sub LLC(11)</b>	Outsourced Janitorial Services to Retail/Grocery Customers	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity October 29, 2021)(9)	3,950	3,894	3,743
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity April 29, 2022)(9)	800	786	760
				4,680	4,503
<b>Grace Hill, LLC(10)</b>	Online Training Tools for the Multi-Family Housing Industry	Prime Plus 5.25% (Floor 1.00%), Current Coupon 8.75%, Secured Debt (Maturity August 15, 2019)(9)	332	317	332
		LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity August 15, 2019)(9)	11,609	11,510	11,609
				11,827	11,941
<b>Great Circle Family Foods, LLC(10)</b>	Quick Service Restaurant Franchise	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity October 28, 2019)(9)	7,799	7,737	7,737
<b>Grupo Hima San Pablo, Inc.(11)</b>	Tertiary Care Hospitals	LIBOR Plus 7.00% (Floor 1.50%), Current Coupon 8.50%, Secured Debt (Maturity January 31, 2018)(9)	4,850	4,809	4,607
		13.75% Secured Debt (Maturity July 31, 2018)	2,000	1,947	1,840

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			6,756	6,447
GST Autoleather, Inc.(11)	Automotive Leather Manufacturer	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.50%, Secured Debt (Maturity July 10, 2020)(9)	9,850	9,776
				9,505
		23		

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<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Guitar Center, Inc.(11)</b>	Musical Instruments Retailer	6.5% Secured Debt (Maturity April 15, 2019)	12,250	11,532	11,025
<b>Halcon Resources Corporation(11)</b>	Oil & Gas Exploration & Production	9.75% Unsecured Debt (Maturity July 15, 2020)	6,925	6,394	1,229
<b>Hojeij Branded Foods, LLC(10)</b>	Multi-Airport, Multi-Concept Restaurant Operator	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity July 27, 2021)(9)	5,459	5,412	5,412
<b>Horizon Global Corporation(11)</b>	Auto Parts Manufacturer	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity June 30, 2021)(9)	9,625	9,452	9,264
<b>Hostway Corporation(11)</b>	Managed Services and Hosting Provider	LIBOR Plus 4.75% (Floor 1.25%), Current Coupon 6.00%, Secured Debt (Maturity December 13, 2019)(9)	11,028	10,961	10,918
<b>Hunter Defense Technologies, Inc.(11)</b>	Provider of Military and Commercial Shelters and Systems	LIBOR Plus 6.50% (Floor 1.50%), Current Coupon 8.00%, Secured Debt (Maturity August 5, 2019)(9)	6,414	6,369	5,292
<b>Hygea Holdings, Corp.(10)</b>	Provider of Physician Services	LIBOR Plus 9.25%, Current Coupon 9.87%, Secured Debt (Maturity February 24, 2019) Warrants (4,880,735 equivalent shares)	8,000	7,352 369	7,352 369
				7,721	7,721
<b>ICON Health &amp; Fitness, Inc.(11)</b>	Producer of Fitness Products	11.875% Secured Debt (Maturity October 15, 2016)	7,956	7,842	7,200
<b>iEnergizer Limited(11)(13)</b>					

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Provider of Business  
Outsourcing Solutions

LIBOR Plus 6.00% (Floor 1.25%),  
Current Coupon 7.25%, Secured Debt  
(Maturity May 1, 2019)(9)

7,816

7,744

6,839

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****March 31, 2016****(dollars in thousands)****(Unaudited)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Indivior Finance LLC(11)(13)</b>	Specialty Pharmaceutical Company Treating Opioid Dependence	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity December 19, 2019)(9)	7,031	6,689	6,703
<b>Industrial Container Services, LLC(10)</b>	Steel Drum Reconditioner	LIBOR Plus 5.75% (Floor 1.00%), Current Coupon 6.75%, Secured Debt (Maturity December 31, 2018)(9)	4,987	4,987	4,987
<b>Infinity Acquisition Finance Corp.(11)</b>	Application Software for Capital Markets	7.25% Unsecured Debt (Maturity August 1, 2022)	4,000	4,000	3,440
<b>Inn of the Mountain Gods Resort and Casino(11)</b>	Hotel & Casino Owner & Operator	9.25% Secured Debt (Maturity November 30, 2020)	3,851	3,714	3,562
<b>Insurance Technologies, LLC(10)</b>	Illustration and Sales-automation Platforms	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.00%, Secured Debt (Maturity December 1, 2019)(9)	4,739	4,697	4,697
<b>Intertain Group Limited(11)(13)</b>	Business-to-Consumer Online Gaming Operator	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity April 8, 2022)(9)	7,938	7,817	7,859
<b>iPayment, Inc.(11)</b>	Provider of Merchant Acquisition	LIBOR Plus 5.25% (Floor 1.50%), Current Coupon 6.75%, Secured Debt (Maturity May 8, 2017)(9)	15,026	14,993	14,359
<b>iQor US Inc.(11)</b>	Business Process Outsourcing Services Provider	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity April 1, 2021)(9)	9,862	9,700	8,087
<b>irth Solutions, LLC</b>	Provider of Damage Prevention Information				

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Technology Services	Member Units (27,893 units)	1,441	1,520
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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****March 31, 2016****(dollars in thousands)****(Unaudited)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Jackmont Hospitality, Inc.(10)</b>	Franchisee of Casual Dining Restaurants	LIBOR Plus 4.25% (Floor 1.00%), Current Coupon 5.25% / 2.50% PIK, Current Coupon Plus PIK 7.75%, Secured Debt (Maturity May 26, 2021)(9)	4,431	4,412	4,263
<b>Joerns Healthcare, LLC(11)</b>	Manufacturer and Distributor of Health Care Equipment & Supplies	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity May 9, 2020)(9)	14,805	14,716	14,675
<b>JSS Holdings, Inc.(11)</b>	Aircraft Maintenance Program Provider	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity August 31, 2021)(9)	14,381	14,062	13,662
<b>Kendra Scott, LLC(11)</b>	Jewelry Retail Stores	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity July 17, 2020)(9)	5,801	5,750	5,786
<b>Keypoint Government Solutions, Inc.(11)</b>	Provider of Pre-Employment Screening Services	LIBOR Plus 6.50% (Floor 1.25%), Current Coupon 7.75%, Secured Debt (Maturity November 13, 2017)(9)	6,092	6,062	6,061
<b>LaMi Products, LLC(10)</b>	General Merchandise Distribution	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity September 16, 2020)(9)	10,735	10,645	10,735
<b>Lansing Trade Group LLC(11)</b>	Commodity Merchandiser	9.25% Unsecured Debt (Maturity February 15, 2019)	6,000	6,000	5,670
<b>Larchmont Resources, LLC(11)</b>	Oil & Gas Exploration & Production	LIBOR Plus 8.75% (Floor 1.00%), Current Coupon 9.75%, Secured Debt (Maturity August 7, 2019)(9)	7,784	7,503	3,581
<b>Leadrock Properties, LLC</b>	Real Estate Investment				

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10% Secured Debt (Maturity May 4, 2026)	1,440	1,416	1,416
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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****March 31, 2016****(dollars in thousands)****(Unaudited)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Legendary Pictures Funding, LLC(10)</b>	Producer of TV, Film, and Comic Content	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity April 22, 2020)(9)	7,500	7,378	7,369
<b>LKCM Headwater Investments I, L.P.(12)(13)</b>	Investment Partnership	LP Interests (Fully diluted 2.3%)		2,500	4,065
<b>Looking Glass Investments, LLC(12)(13)</b>	Specialty Consumer Finance	9% Unsecured Debt (Maturity June 30, 2020)	188	188	188
		Member Units (2.5 units)		125	125
		Member Units (LGI Predictive Analytics LLC) (190,712 units)(8)		188	188
				501	501
<b>MediMedia USA, Inc.(11)</b>	Provider of Healthcare Media and Marketing	LIBOR Plus 6.75% (Floor 1.25%), Current Coupon 8.00%, Secured Debt (Maturity November 20, 2018)(9)	7,772	7,719	7,597
<b>Messenger, LLC(10)</b>	Supplier of Specialty Stationery and Related Products to the Funeral Industry	LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.25%, Secured Debt (Maturity September 9, 2020)(9)	15,583	15,487	15,497
<b>Milk Specialties Company(11)</b>	Processor of Nutrition Products	LIBOR Plus 7.00% (Floor 1.25%), Current Coupon 8.25%, Secured Debt (Maturity November 9, 2018)(9)	730	727	731
<b>Minute Key, Inc.</b>	Operator of Automated Key Duplication Kiosks	10% Current / 2% PIK Secured Debt (Maturity September 19, 2019) Warrants (1,437,409 equivalent units)	15,462	15,102 280	15,102 280
				15,382	15,382
<b>Mood Media Corporation(11)(13)</b>	Provider of Electronic Equipment				

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LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity May 1, 2019)(9)	14,919	14,798	13,970
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<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>New Media Holdings II LLC(11)(13)</b>	Local Newspaper Operator	LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity June 4, 2020)(9)	14,763	14,481	14,441
<b>North American Lifting Holdings, Inc.(11)</b>	Crane Service Provider	LIBOR Plus 4.50% (Floor 1.00%), Current Coupon 5.50%, Secured Debt (Maturity November 27, 2020)(9)	2,086	1,655	1,544
<b>North Atlantic Trading Company, Inc.(11)</b>	Marketer/Distributor of Tobacco Products	LIBOR Plus 6.50% (Floor 1.25%), Current Coupon 7.75%, Secured Debt (Maturity January 13, 2020)(9)	9,475	9,412	9,380
<b>Novitex Intermediate, LLC(11)</b>	Provider of Document Management Services	LIBOR Plus 6.25% (Floor 1.25%), Current Coupon 7.50%, Secured Debt (Maturity July 7, 2020)(9)	8,637	8,487	7,859
<b>Ospemifene Royalty Sub LLC (QuatRx)(10)</b>	Estrogen-Deficiency Drug Manufacturer and Distributor	11.5% Secured Debt (Maturity November 15, 2026)(14)	5,071	5,071	3,324
<b>Panolam Industries International, Inc.(11)</b>	Decorative Laminate Manufacturer	LIBOR Plus 6.25% (Floor 1.25%), Current Coupon 7.50%, Secured Debt (Maturity August 23, 2017)(9)	9,330	9,294	9,237
<b>Paris Presents Incorporated(11)</b>	Branded Cosmetic and Bath Accessories	LIBOR Plus 8.25% (Floor 1.00%), Current Coupon 9.25%, Secured Debt (Maturity December 31, 2021)(9)	2,000	1,966	1,960
<b>Parq Holdings Limited Partnership(11)(13)</b>	Hotel & Casino Operator	LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity December 17, 2020)(9)	7,500	7,374	7,144
<b>Permian Holdings, Inc.(11)</b>	Storage Tank Manufacturer		2,755	2,740	964

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10.5% Secured Debt  
(Maturity January 15, 2018)

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<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Pernix Therapeutics Holdings, Inc.(10)</b>	Pharmaceutical Royalty	12% Secured Debt (Maturity August 1, 2020)	3,547	3,547	3,321
<b>Pike Corporation(11)</b>	Construction and Maintenance Services for Electric Transmission and Distribution Infrastructure	LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity June 22, 2022)(9)	14,000	13,694	13,883
<b>Point.360(10)</b>	Fully Integrated Provider of Digital Media Services	Warrants (65,463 equivalent shares) Common Stock (163,658 shares)		69 273	105
				342	105
<b>Prowler Acquisition Corp.(11)</b>	Specialty Distributor to the Energy Sector	LIBOR Plus 4.50% (Floor 1.00%), Current Coupon 5.50%, Secured Debt (Maturity January 28, 2020)(9)	6,578	5,368	4,604
<b>PT Network, LLC(10)</b>	Provider of Outpatient Physical Therapy and Sports Medicine Services	LIBOR Plus 7.75% (Floor 1.00%), Current Coupon 8.75%, Secured Debt (Maturity June 30, 2016)(9) LIBOR Plus 7.75% (Floor 1.50%), Current Coupon 9.25%, Secured Debt (Maturity November 1, 2018)(9)	1,095 11,986	1,095 11,902	1,095 11,863
				12,997	12,958
<b>QBS Parent, Inc.(11)</b>	Provider of Software and Services to the Oil & Gas Industry	LIBOR Plus 4.75% (Floor 1.00%), Current Coupon 5.75%, Secured Debt (Maturity August 7, 2021)(9)	11,360	11,277	11,246
<b>Raley's(11)</b>	Family-owned supermarket chain in California		5,029	4,937	5,016

LIBOR Plus 6.25% (Floor 1.00%),  
Current Coupon 7.25%, Secured Debt  
(Maturity May 18, 2022)(9)

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****March 31, 2016****(dollars in thousands)****(Unaudited)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>RCHP, Inc.(11)</b>	Regional Non-Urban Hospital Owner/Operator	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity April 23, 2019)(9)	5,448	5,427	5,427
		LIBOR Plus 10.25% (Floor 1.00%), Current Coupon 11.25%, Secured Debt (Maturity October 23, 2019)(9)	4,000	3,956	4,040
				9,383	9,467
<b>Renaissance Learning, Inc.(11)</b>	Technology-based K-12 Learning Solutions	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.00%, Secured Debt (Maturity April 11, 2022)(9)	3,000	2,976	2,678
<b>RGL Reservoir Operations Inc.(11)(13)</b>	Oil & Gas Equipment and Services	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity August 13, 2021)(9)	3,940	3,845	1,005
<b>RLJ Entertainment, Inc.(10)</b>	Movie and TV Programming Licensee and Distributor	LIBOR Plus 8.75% (Floor 0.25%), Current Coupon 9.37%, Secured Debt (Maturity September 11, 2019)(9)	9,253	9,253	9,103
<b>RM Bidder, LLC(10)</b>	Acquisition Vehicle	Warrants (327,532 equivalent units) Member Units (2,779 units)		425 46	300 44
				471	344
<b>SAExploration, Inc.(10)(13)</b>	Geophysical Services Provider	Common Stock (6,472 shares)		65	27
<b>Sage Automotive Interiors, Inc(11)</b>	Automotive Textiles Manufacturer	LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 9.00%, Secured Debt (Maturity October 8, 2021)(9)	3,000	2,975	2,970
<b>Salient Partners L.P.(11)</b>	Provider of Asset Management Services	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt	7,369	7,238	7,148

(Maturity June 9, 2021)(9)

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<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Sotera Defense Solutions, Inc.(11)</b>	Defense Industry Intelligence Services	LIBOR Plus 7.50% (Floor 1.50%), Current Coupon 9.00%, Secured Debt (Maturity April 21, 2017)(9)	10,082	9,891	9,326
<b>Stardust Finance Holdings, Inc.(11)</b>	Manufacturer of Diversified Building Products	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.50%, Secured Debt (Maturity March 13, 2022)(9)	12,375	12,213	12,282
<b>Subsea Global Solutions, LLC(10)</b>	Underwater Maintenance and Repair Services	LIBOR Plus 6.00% (Floor 1.50%), Current Coupon 7.50%, Secured Debt (Maturity March 17, 2020)(9)	5,533	5,484	5,410
<b>Synagro Infrastructure Company, Inc(11)</b>	Waste Management Services	LIBOR Plus 5.25% (Floor 1.00%), Current Coupon 6.25%, Secured Debt (Maturity August 22, 2020)(9)	4,714	4,650	3,830
<b>Targus International, LLC(11)</b>	Distributor of Protective Cases for Mobile Devices	15% PIK Secured Debt (Maturity December 31, 2019) Common Stock (Targus Cayman HoldCo Limited) (249,614 shares)(13)	1,019	1,019 2,555 3,574	1,019 2,555 3,574
<b>TeleGuam Holdings, LLC(11)</b>	Cable and Telecom Services Provider	LIBOR Plus 4.00% (Floor 1.25%), Current Coupon 5.25%, Secured Debt (Maturity December 10, 2018)(9) LIBOR Plus 7.50% (Floor 1.25%), Current Coupon 8.75%, Secured Debt (Maturity June 10, 2019)(9)	7,931 10,500	7,919 10,425 18,344	7,872 10,420 18,292
<b>Templar Energy LLC(11)</b>	Oil & Gas Exploration & Production	LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt	4,000	3,962	450

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(Maturity November 25, 2020)(9)

The Tennis Channel, Inc.(10)	Television-Based Sports Broadcasting	Warrants (114,316 equivalent shares)	235
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<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>The Topps Company, Inc.(11)</b>	Trading Cards & Confectionary	LIBOR Plus 6.00% (Floor 1.25%), Current Coupon 7.25%, Secured Debt (Maturity October 2, 2018)(9)	1,955	1,944	1,921
<b>TOMS Shoes, LLC(11)</b>	Global Designer, Distributor, and Retailer of Casual Footwear	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.50%, Secured Debt (Maturity October 30, 2020)(9)	4,963	4,563	3,269
<b>Travel Leaders Group, LLC(11)</b>	Travel Agency Network Provider	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity December 7, 2020)(9)	9,479	9,409	9,443
<b>UniRush, LLC</b>	Provider of Prepaid Debit Card Solutions	12% Secured Debt (Maturity February 1, 2019) Warrants (444,725 equivalent units)	12,000	10,690 1,250	10,690 1,250
				11,940	11,940
<b>US Joiner Holding Company(11)</b>	Marine Interior Design and Installation	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity April 16, 2020)(9)	10,208	10,132	10,055
<b>Valley Healthcare Group, LLC</b>	Provider of Durable Medical Equipment	LIBOR Plus 12.50% (Floor 0.50%), Current Coupon 13.00%, Secured Debt (Maturity December 29, 2020)(9)	10,400	10,301	10,301
<b>Virtex Enterprises, LP(10)</b>	Specialty, Full-Service Provider of Complex Electronic Manufacturing Services	12% Secured Debt (Maturity December 27, 2018) Preferred Class A Units (14 units; 5% cumulative)(8) Warrants (11 equivalent units)	1,667	1,526 333 185	1,526 553 167
				2,044	2,246

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Vision Solutions, Inc.(11)	Provider of Information				
	Availability Software	LIBOR Plus 8.00% (Floor 1.50%), Current Coupon 9.50%, Secured Debt (Maturity July 23, 2017)(9)	5,000	4,989	4,625

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****March 31, 2016****(dollars in thousands)****(Unaudited)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Vivid Seats LLC(11)</b>	Provider of Online Secondary Ticket Marketplace	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity March 1, 2020)(9)	10,000	9,307	9,363
<b>Western Dental Services, Inc.(11)</b>	Dental Care Services	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity November 1, 2018)(9)	4,904	4,901	4,438
<b>Wilton Brands LLC(11)</b>	Specialty Housewares Retailer	LIBOR Plus 7.25% (Floor 1.25%), Current Coupon 8.50%, Secured Debt (Maturity August 30, 2018)(9)	1,490	1,476	1,363
<b>Worley Claims Services, LLC(10)</b>	Insurance Adjustment Management and Services Provider	LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 9.00%, Secured Debt (Maturity October 31, 2020)(9)	6,419	6,367	6,196
<b>YP Holdings LLC(11)</b>	Online and Offline Advertising Operator	LIBOR Plus 6.75% (Floor 1.25%), Current Coupon 8.00%, Secured Debt (Maturity June 4, 2018)(9)	4,455	4,359	4,165
<b>Zilliant Incorporated</b>	Price Optimization and Margin Management Solutions	Preferred Stock (186,777 shares) Warrants (952,500 equivalent shares)		154 1,071 1,225	260 1,190 1,450
<b>Subtotal Non-Control/Non-Affiliate Investments (49.9% of total investments at fair value)</b>				<b>\$ 974,053</b>	<b>\$ 908,662</b>
<b>Total Portfolio Investments, March 31, 2016</b>				<b>\$ 1,712,251</b>	<b>\$ 1,818,071</b>

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****March 31, 2016****(dollars in thousands)****(Unaudited)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b><u>Marketable Securities and Idle Funds Investments</u></b>					
<b>Other Marketable Securities and Idle Funds Investments(13)(15)</b>	Investments in Marketable Securities and Diversified, Registered Bond Funds				
<b>0</b>	<b>0</b>			<b>\$ 1,778</b>	<b>\$ 1,519</b>
<b>Subtotal Marketable Securities and Idle Funds Investments (0.1% of total investments at fair value)</b>				<b>\$ 1,778</b>	<b>\$ 1,519</b>
<b>Total Investments, March 31, 2016</b>				<b>\$ 1,714,029</b>	<b>\$ 1,819,590</b>

- (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. Variable rate loans bear interest at a rate that may be determined by reference to either LIBOR (which can include one-, two-, three- or six-month LIBOR) or Prime, at the borrower's option, which rates reset periodically

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based on the terms of the loan agreement.

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

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<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b><u>Control Investments(5)</u></b>					
<b>Access Media Holdings, LLC(10)</b>	Private Cable Operator	5.00% Current / 5.00% PIK Secured Debt (Maturity July 22, 2020)	\$ 21,554	\$ 21,554	\$ 20,380
		Preferred Member Units (4,500,000 units; 12% cumulative)		4,394	2,000
		Member Units (45 units)		1	
				25,949	22,380
<b>AmeriTech College, LLC</b>	For-Profit Nursing and Healthcare College	10% Secured Debt (Maturity May 15, 2016)	514	514	514
		10% Secured Debt (Maturity November 30, 2019)	489	489	489
		10% Secured Debt (Maturity January 31, 2020)	3,025	3,025	3,025
		Preferred Member Units (294 units; 5%)(8)		2,291	2,291
				6,319	6,319
<b>ASC Interests, LLC</b>	Recreational and Educational Shooting Facility	11% Secured Debt (Maturity July 31, 2018)	2,500	2,470	2,500
		Member Units (1,500 units)(8)		1,500	2,230
				3,970	4,730
<b>Bond-Coat, Inc.</b>	Casing and Tubing Coating Services	12% Secured Debt (Maturity December 28, 2017)	11,596	11,521	11,596
		Common Stock (57,508 shares)		6,350	9,140
				17,871	20,736
<b>Café Brazil, LLC</b>	Casual Restaurant Group	Member Units (1,233 units)(8)		1,742	7,330
<b>CBT Nuggets, LLC</b>	Produces and Sells IT Training Certification Videos	Member Units (416 units)(8)		1,300	42,120
<b>CMS Minerals LLC</b>	Oil & Gas Exploration &				

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Production	Preferred Member Units (458 units)(8)	2,967	6,914
35			

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<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Datacom, LLC</b>	Technology and Telecommunications Provider	10.5% Secured Debt (Maturity May 31, 2019)	11,205	11,122	10,970
		Class A Preferred Member Units (15% cumulative)(8)		1,181	1,181
		Class B Preferred Member Units (6,453 units)		6,030	5,079
				18,333	17,230
<b>Garreco, LLC</b>	Manufacturer and Supplier of Dental Products	14% Secured Debt (Maturity January 12, 2018)	5,800	5,739	5,739
		Member Units (1,200 units)		1,200	1,270
				6,939	7,009
<b>GRT Rubber Technologies LLC</b>	Manufacturer of Engineered Rubber Products	LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, Secured Debt (Maturity December 19, 2019)(9)	16,122	15,988	15,988
		Member Units (5,879 units)		13,065	15,580
				29,053	31,568
<b>Gulf Manufacturing, LLC</b>	Manufacturer of Specialty Fabricated Industrial Piping Products	9% PIK Secured Debt (Ashland Capital IX, LLC) (Maturity June 30, 2017)	777	777	777
		Member Units (438 units)(8)		2,980	13,770
				3,757	14,547
<b>Harrison Hydra-Gen, Ltd.</b>	Manufacturer of Hydraulic Generators	9% Secured Debt (Maturity January 8, 2016)	5,010	5,010	5,010
		Preferred Stock (8% cumulative)(8)		1,361	1,361
		Common Stock (107,456 shares)		718	2,600
				7,089	8,971

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Hawthorne Customs and Dispatch Services, LLC	Facilitator of Import Logistics, Brokerage, and Warehousing			
		Member Units (500 units)(8)	589	460
		Member Units (Wallisville Real Estate, LLC) (588,210 units)(8)	1,215	2,220
			1,804	2,680

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****December 31, 2015****(dollars in thousands)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>HW Temps LLC</b>	Temporary Staffing Solutions	LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.50%, Secured Debt (Maturity July 2, 2020)(9)	9,976	9,884	9,884
		Preferred Member Units (3,200 units)(8)		3,942	3,942
				13,826	13,826
<b>Hydratec, Inc.</b>	Designer and Installer of Micro-Irrigation Systems	Common Stock (7,095 shares)(8)		7,095	14,950
<b>IDX Broker, LLC</b>	Provider of Marketing and CRM Tools for the Real Estate Industry	12.5% Secured Debt (Maturity November 15, 2018)	11,350	11,281	11,350
		Member Units (5,400 units)		5,606	6,440
				16,887	17,790
<b>Indianapolis Aviation Partners, LLC</b>	Fixed Base Operator	15% Secured Debt (Maturity January 15, 2016)	3,100	3,095	3,100
		Warrants (1,046 equivalent units)		1,129	2,540
				4,224	5,640
<b>Jensen Jewelers of Idaho, LLC</b>	Retail Jewelry Store	Prime Plus 6.75% (Floor 2.00%), Current Coupon 10.25%, Secured Debt (Maturity November 14, 2016)(9)	4,055	4,028	4,055
		Member Units (627 units)(8)		811	4,750
				4,839	8,805
<b>Lamb's Venture, LLC</b>	Aftermarket Automotive Services Chain	11% Secured Debt (Maturity May 31, 2018)	7,962	7,961	7,962
		Preferred Equity (non-voting)		328	328
		Member Units (742 units)		5,273	4,690
		9.5% Secured Debt (Lamb's Real Estate Investment I, LLC) (Maturity October 1, 2025)	919	919	919
		Member Units (Lamb's Real Estate Investment I, LLC) (1,000 units)(8)		625	1,240
				15,106	15,139

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Lighting Unlimited, LLC	Commercial and Residential Lighting Products and Design Services	8% Secured Debt (Maturity August 22, 2016)	1,514	1,514	1,514
		Preferred Equity (non-voting)		434	430
		Warrants (71 equivalent units)		54	40
		Member Units (700 units)(8)		100	350
				2,102	2,334

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****December 31, 2015****(dollars in thousands)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Marine Shelters Holdings, LLC (LoneStar Marine Shelters)</b>	Fabricator of Marine and Industrial Shelters	12% PIK Secured Debt (Maturity December 28, 2017)	9,053	8,967	8,870
		Preferred Member Units (3,810 units)		5,352	4,881
				14,319	13,751
<b>MH Corbin Holding LLC</b>	Manufacturer and distributor of traffic safety products	10% Secured Debt (Maturity August 31, 2020)	14,000	13,869	13,869
		Preferred Member Units (4,000 shares)		6,000	6,000
				19,869	19,869
<b>Mid-Columbia Lumber Products, LLC</b>	Manufacturer of Finger-Jointed Lumber Products	10% Secured Debt (Maturity December 18, 2017)	1,750	1,750	1,750
		12% Secured Debt (Maturity December 18, 2017)	3,900	3,900	3,900
		Member Units (2,829 units)		1,244	2,580
		9.5% Secured Debt (Mid-Columbia Real Estate, LLC) (Maturity May 13, 2025)	881	881	881
		Member Units (Mid-Columbia Real Estate, LLC) (250 units)(8)		250	550
				8,025	9,661
<b>MSC Adviser I, LLC(16)</b>	Third Party Investment Advisory Services	Member Units (Fully diluted 100.0%)(8)			27,272
<b>Mystic Logistics Holdings, LLC</b>	Logistics and Distribution Services Provider for Large Volume Mailers	12% Secured Debt (Maturity August 15, 2019)	9,448	9,282	9,448
		Common Stock (5,873 shares)(8)		2,720	5,970
				12,002	15,418
<b>NAPCO Precast, LLC</b>	Precast Concrete Manufacturing	Prime Plus 2.00% (Floor 7.00%), Current Coupon 9.00%, Secured Debt (Maturity January 31, 2016)(9)	625	625	625
			3,380	3,379	3,380

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Prime Plus 2.00% (Floor 7.00%), Current Coupon 9.00%, Secured Debt (Maturity February 1, 2016)(9)			
18% Secured Debt (Maturity February 1, 2016)	4,924	4,923	4,924
Member Units (2,955 units)(8)		2,975	8,590
		11,902	17,519

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****December 31, 2015****(dollars in thousands)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>NRI Clinical Research, LLC</b>	Clinical Research Service Provider	14% Secured Debt (Maturity September 8, 2017)	4,617	4,539	4,539
		Warrants (251,723 equivalent units)		252	340
		Member Units (1,454,167 units)		765	1,342
				5,556	6,221
<b>NRP Jones, LLC</b>	Manufacturer of Hoses, Fittings and Assemblies	12% Secured Debt (Maturity December 22, 2016)	13,224	12,948	12,948
		Warrants (14,331 equivalent units)		817	450
		Member Units (50,877 units)		2,900	1,480
				16,665	14,878
<b>OMi Holdings, Inc.</b>	Manufacturer of Overhead Cranes	Common Stock (1,500 shares)		1,080	13,640
<b>Pegasus Research Group, LLC (Televerde)</b>	Provider of Telemarketing and Data Services	Member Units (460 units)(8)		1,290	6,840
<b>PPL RVs, Inc.</b>	Recreational Vehicle Dealer	11.1% Secured Debt (Maturity July 1, 2016)	9,710	9,710	9,710
		Common Stock (1,962 shares)		2,150	9,770
				11,860	19,480
<b>Principle Environmental, LLC</b>	Noise Abatement Service Provider	12% Secured Debt (Maturity April 30, 2017)	4,060	4,039	4,060
		12% Current / 2% PIK Secured Debt (Maturity April 30, 2017)	3,310	3,309	3,310
		Preferred Member Units (19,631 units)(8)		4,663	6,060
		Warrants (1,036 equivalent units)		1,200	310
				13,211	13,740
<b>Quality Lease Service, LLC</b>	Provider of Rigsite Accommodation Unit Rentals and Related Services	8% PIK Secured Debt (Maturity June 8, 2020)	6,538	6,538	6,538

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Member Units (1,000 units)

568

2,638

7,106

9,176

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<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>River Aggregates, LLC</b>	Processor of Construction Aggregates	Zero Coupon Secured Debt (Maturity June 30, 2018)	750	556	556
		Member Units (1,150 units)(8)		1,150	3,830
		Member Units (RA Properties, LLC) (1,500 units)		369	2,360
				2,075	6,746
<b>SoftTouch Medical Holdings LLC</b>	Home Provider of Pediatric Durable Medical Equipment	LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, Secured Debt (Maturity October 31, 2019)(9)	8,075	8,010	8,010
		Member Units (4,450 units)(8)		4,930	5,710
				12,940	13,720
<b>Southern RV, LLC</b>	Recreational Vehicle Dealer	13% Secured Debt (Maturity August 8, 2018)	11,400	11,296	11,400
		Member Units (1,680 units)(8)		1,680	15,100
		13% Secured Debt (Southern RV Real Estate, LLC) (Maturity August 8, 2018)	3,250	3,220	3,250
		Member Units (Southern RV Real Estate, LLC) (480 units)		480	1,200
				16,676	30,950
<b>The MPI Group, LLC</b>	Manufacturer of Custom Hollow Metal Doors, Frames and Accessories	9% Secured Debt (Maturity October 2, 2018)	2,924	2,921	2,921
		Series A Preferred Units (2,500 units; 10% Cumulative)		2,500	690
		Warrants (1,424 equivalent units)		1,096	
		Member Units (MPI Real Estate Holdings, LLC) (100% Fully diluted)(8)		2,300	2,230
				8,817	5,841
<b>Travis Acquisition LLC</b>	Manufacturer of Aluminum Trailers	12% Secured Debt (Maturity August 30, 2018)	3,513	3,471	3,513
		Member Units (7,282 units)		7,100	14,480

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			10,571	17,993
Uvalco Supply, LLC	Farm and Ranch Supply Store			
	9% Secured Debt (Maturity January 1, 2019)	1,314	1,314	1,314
	Member Units (2,011 units)(8)		3,843	5,460
			5,157	6,774

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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Vision Interests, Inc.	Manufacturer / Installer of Commercial Signage	13% Secured Debt (Maturity December 23, 2016)	3,071	3,052	3,052
		Series A Preferred Stock (3,000,000 shares)		3,000	3,550
		Common Stock (1,126,242 shares)		3,706	210
				9,758	6,812
Ziegler's NYPD, LLC	Casual Restaurant Group	6.5% Secured Debt (Maturity October 1, 2019)	1,000	992	992
		12% Secured Debt (Maturity October 1, 2019)	500	500	500
		14% Secured Debt (Maturity October 1, 2019)	2,750	2,750	2,750
		Warrants (587 equivalent units)		600	50
		Preferred Member Units (10,072 units)		2,834	3,400
				7,676	7,692
Subtotal Control Investments (30.8% of total investments at fair value)				\$ 387,727	\$ 555,011

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<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b><u>Affiliate Investments(6)</u></b>					
<b>AFG Capital Group, LLC</b>	Provider of Rent-to-Own Financing Solutions and Services	11% Secured Debt			
		(Maturity November 7, 2019)	\$ 12,960	\$ 12,611	\$ 12,790
		Warrants (42 equivalent units)		259	490
		Member Units (186 units)		1,200	2,020
				14,070	15,300
<b>Boss Industries, LLC</b>	Manufacturer and Distributor of Air, Power and Other Industrial Equipment	Preferred Member Units (2,242 units)(8)		2,246	2,586
<b>Bridge Capital Solutions Corporation</b>	Financial Services and Cash Flow Solutions Provider	13% Secured Debt (Maturity April 18, 2017)	7,000	6,890	6,890
		Warrants (22 equivalent shares)		200	1,300
				7,090	8,190
<b>Buca C, LLC</b>	Casual Restaurant Group	LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.25%, Secured Debt (Maturity June 30, 2020)(9)	25,530	25,299	25,299
		Preferred Member Units (6 units; 6% cumulative)(8)		3,711	3,711
				29,010	29,010
<b>CAI Software LLC</b>	Provider of Specialized Enterprise Resource Planning Software	12% Secured Debt (Maturity October 10, 2019)	4,661	4,624	4,661
		Member Units (65,356 units)		654	1,000
				5,278	5,661
<b>Condit Exhibits, LLC</b>	Tradeshow Exhibits /Custom Displays Provider	Member Units (3,936 units)(8)		100	1,010
<b>Congruent Credit Opportunities Funds(12)(13)</b>	Investment Partnership				

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LP Interests (Congruent Credit Opportunities Fund II, LP) (Fully diluted 19.8%)(8)	6,612	2,834
LP Interests (Congruent Credit Opportunities Fund III, LP) (Fully diluted 17.4%)(8)	12,020	12,024
	18,632	14,858

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<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Daseke, Inc.</b>	Specialty Transportation Provider	12% Current / 2.5% PIK Secured Debt (Maturity July 31, 2018) Common Stock (19,467 shares)	21,253	21,003 5,213	21,253 22,660
				26,216	43,913
<b>Dos Rios Partners(12)(13)</b>	Investment Partnership	LP Interests (Dos Rios Partners, LP) (Fully diluted 20.2%) LP Interests (Dos Rios Partners A, LP) (Fully diluted 6.4%)		3,104 986	2,031 648
				4,090	2,679
<b>East Teak Fine Hardwoods, Inc.</b>	Distributor of Hardwood Products	Common Stock (6,250 shares)(8)		480	860
<b>East West Copolymer &amp; Rubber, LLC</b>	Manufacturer of Synthetic Rubbers	12% Secured Debt (Maturity October 17, 2019) Warrants (2,510,790 equivalent units)	9,600	9,463 50	9,463 50
				9,513	9,513
<b>EIG Traverse Co-Investment, L.P.(12)(13)</b>	Investment Partnership	LP Interests (Fully diluted 6.6%)(8)		4,755	4,755
<b>Freeport Financial Funds(12)(13)</b>	Investment Partnership	LP Interests (Freeport Financial SBIC Fund LP) (Fully diluted 9.9%)(8) LP Interests (Freeport First Lien Loan Fund III LP) (Fully diluted 6.4%)		5,974 2,077	6,045 2,077
				8,051	8,122
<b>Gault Financial, LLC (RMB Capital, LLC)</b>	Purchases and Manages Liquidation of Distressed Assets	10% Secured Debt (Maturity November 21, 2016) Warrants (29,025 equivalent units)	13,046	12,896 400	10,930
				13,296	10,930
<b>Glowpoint, Inc.</b>	Provider of Cloud Managed Video Collaboration Services				

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8% Secured Debt (Maturity October 18, 2018)	400	397	397
12% Secured Debt (Maturity October 18, 2018)	9,000	8,929	8,929
Common Stock (7,711,517 shares)		3,958	3,840
		13,284	13,166

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****December 31, 2015****(dollars in thousands)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Guerdon Modular Holdings, Inc.</b>	Multi-Family and Commercial Modular Construction Company	13% Secured Debt (Maturity August 13, 2019)	10,400	10,280	10,280
		Common Stock (170,577 shares)		2,983	1,990
				13,263	12,270
<b>Houston Plating and Coatings, LLC</b>	Provider of Plating and Industrial Coating Services	Member Units (248,082 units)(8)		996	8,440
<b>I-45 SLF LLC(12)(13)</b>	Investment Partnership	Member units (Fully diluted 20.0%; 24.4% profits interest)		7,200	7,200
<b>Indianhead Pipeline Services, LLC</b>	Provider of Pipeline Support Services	12% Secured Debt (Maturity February 6, 2017)	6,000	5,853	5,853
		Preferred Member Units (33,819 units; 8% cumulative)		2,302	2,302
		Warrants (31,928 equivalent units)		459	
		Member Units (14,732 units)		1	
				8,615	8,155
<b>KBK Industries, LLC</b>	Manufacturer of Specialty Oilfield and Industrial Products	12.5% Secured Debt (Maturity September 28, 2017)	5,900	5,875	5,900
		Member Units (250 units)(8)		341	3,680
				6,216	9,580
<b>L.F. Manufacturing Holdings, LLC(10)</b>	Manufacturer of Fiberglass Products	Member Units (2,179,001 units)(8)		2,019	1,485
<b>MPS Denver, LLC</b>	Specialty Card Printing	Member Units (13,800 units)		1,130	1,130
<b>OnAsset Intelligence, Inc.</b>	Provider of Transportation Monitoring / Tracking Products and Services	12% PIK Secured Debt (Maturity December 31, 2015)(17)	4,006	4,006	4,006
				1,981	1,380

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Preferred Stock (912 shares; 7% cumulative)(8)		
Warrants (5,333 equivalent shares)	1,919	
	7,906	5,386

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****December 31, 2015****(dollars in thousands)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>OPI International Ltd.(13)</b>	Provider of Man Camp and Industrial Storage Services	10% Unsecured Debt (Maturity April 8, 2018)	473	473	473
		Common Stock (20,766,317 shares)		1,371	3,200
				1,844	3,673
<b>PCI Holding Company, Inc.</b>	Manufacturer of Industrial Gas Generating Systems	Preferred Stock (1,500,000 shares; 20% cumulative)(8)		2,762	4,887
<b>Radial Drilling Services Inc.</b>	Oil and Gas Lateral Drilling Technology Provider	12% Secured Debt (Maturity November 22, 2016)(14)	4,200	3,941	1,500
		Warrants (316 equivalent shares)		758	
				4,699	1,500
<b>Rocacea, LLC (Quality Lease and Rental Holdings, LLC)</b>	Provider of Rigsite Accommodation Unit Rentals and Related Services	12% Secured Debt (Maturity January 8, 2018)(14)(18)	30,785	30,281	250
		Preferred Member Units (250 units)		2,500	
				32,781	250
<b>Samba Holdings, Inc.</b>	Provider of Intelligent Driver Record Monitoring Software and Services	12.5% Secured Debt (Maturity November 17, 2016)	24,662	24,553	24,662
		Common Stock (170,963 shares)		2,087	30,220
				26,640	54,882
<b>Tin Roof Acquisition Company</b>	Casual Restaurant Group	12% Secured Debt (Maturity November 13, 2018)	13,994	13,807	13,807
		Class C Preferred Stock (Fully diluted 10.0%; 10% cumulative)(8)		2,477	2,477
				16,284	16,284



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Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
UniTek Global Services, Inc.(11)	Provider of Outsourced Infrastructure Services	LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity January 13, 2019)(9)	2,826	2,826	2,812
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.50% / 1.00% PIK, Current Coupon Plus PIK 10.50%, Secured Debt (Maturity January 13, 2019)(9)	1,261	1,261	1,255
		15% PIK Unsecured Debt (Maturity July 13, 2019)	641	641	638
		Preferred Stock (4,935,377 shares)		4,935	5,540
		Common Stock (705,054 shares)			
				9,663	10,245
Universal Wellhead Services Holdings, LLC(10)	Provider of Wellhead Equipment, Designs, and Personnel to the Oil & Gas Industry	Class A Preferred Units (4,000,000 units; 4.5% cumulative)(8)		4,000	3,000
Volusion, LLC	Provider of Online Software-as-a-Service eCommerce Solutions	10.5% Secured Debt (Maturity January 26, 2020)	17,500	16,199	16,199
		Preferred Member Units (4,876,670 units)		14,000	14,000
		Warrants (950,618 equivalent units)		1,400	1,400
				31,599	31,599
Subtotal Affiliate Investments (19.4% of total investments at fair value)				\$ 333,728	\$ 350,519

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<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b><u>Non-Control/Non-Affiliate Investments(7)</u></b>					
<b>AccuMED, Corp.(10)</b>	Medical Device Contract Manufacturer	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity October 29, 2020)(9)	\$ 9,750	\$ 9,648	\$ 9,648
<b>Adams Publishing Group, LLC(10)</b>	Local Newspaper Operator	LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 7.75%, Secured Debt (Maturity November 3, 2020)(9)	9,506	9,329	9,328
<b>Ahead, LLC(10)</b>	IT Infrastructure Value Added Reseller	LIBOR Plus 6.50%, Current Coupon 6.76%, Secured Debt (Maturity November 2, 2020)	15,000	14,562	14,625
<b>Allflex Holdings III Inc.(11)</b>	Manufacturer of Livestock Identification Products	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.00%, Secured Debt (Maturity July 19, 2021)(9)	10,150	10,080	10,008
<b>AM General LLC(11)</b>	Specialty Vehicle Manufacturer	LIBOR Plus 9.00% (Floor 1.25%), Current Coupon 10.25%, Secured Debt (Maturity March 22, 2018)(9)	2,256	2,221	1,867
<b>AM3 Pinnacle Corporation(10)</b>	Provider of Comprehensive Internet, TV and Voice Services for Multi-Dwelling Unit Properties	Common Stock (60,240 shares)		2,000	
<b>American Seafoods Group, LLC(11)</b>	Catcher-Processor of Alaskan Pollock	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity August 19, 2021)(9)	9,975	9,963	9,892
<b>AMF Bowling Centers, Inc.(11)</b>	Bowling Alley Operator	LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity September 18, 2021)(9)	7,907	7,802	7,835
<b>Anchor Hocking, LLC(11)</b>	Household Products Manufacturer				

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LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, Secured Debt (Maturity June 4, 2018)(9)	2,306	2,306	2,179
Member Units (440,620 units)		4,928	3,250
		7,234	5,429

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****December 31, 2015****(dollars in thousands)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>AP Gaming I, LLC(10)</b>	Developer, Manufacturer, and Operator of Gaming Machines	LIBOR Plus 8.25% (Floor 1.00%), Current Coupon 9.25%, Secured Debt (Maturity December 20, 2020)(9)	11,314	11,108	10,946
<b>Apex Linen Service, Inc.</b>	Industrial Launderers	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity October 30, 2022)(9)	1,600	1,600	1,600
		13% Secured Debt (Maturity October 30, 2022)	12,000	11,926	11,926
				13,526	13,526
<b>Applied Products, Inc.(10)</b>	Adhesives Distributor	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity September 30, 2019)(9)	5,813	5,759	5,683
<b>Arcus Hunting LLC.(10)</b>	Manufacturer of Bowhunting and Archery Products and Accessories	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.00%, Secured Debt (Maturity November 13, 2019)(9)	9,540	9,429	9,429
<b>Artel, LLC(11)</b>	Provider of Secure Satellite Network and IT Solutions	LIBOR Plus 7.00% (Floor 1.25%), Current Coupon 8.25%, Secured Debt (Maturity November 27, 2017)(9)	7,854	7,585	6,716
<b>ATS Workholding, Inc.(10)</b>	Manufacturer of Machine Cutting Tools and Accessories	LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity March 10, 2019)(9)	6,492	6,452	6,230
<b>ATX Networks Corp.(11)(13)</b>	Provider of Radio Frequency Management Equipment	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity June 14, 2021)(9)	14,925	14,647	14,701
<b>Barfly Ventures, LLC(10)</b>	Casual Restaurant Group	12% Secured Debt (Maturity August 31, 2020)	4,121	4,042	4,042

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Warrant (1 equivalent unit)

473

473

4,515

4,515

48

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<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Berry Aviation, Inc.(10)</b>	Airline Charter Service Operator	12.00% Current / 1.75% PIK Secured Debt (Maturity January 30, 2020) Common Stock (553 shares)	5,627	5,578 400	5,578 400
				5,978	5,978
<b>Bioventus LLC(10)</b>	Production of Orthopedic Healing Products	LIBOR Plus 10.00% (Floor 1.00%), Current Coupon 11.00%, Secured Debt (Maturity April 10, 2020)(9)	5,000	4,917	4,925
<b>Blackbrush Oil and Gas LP(11)</b>	Oil & Gas Exploration	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity July 30, 2021)(9)	4,000	3,975	3,230
<b>Blackhawk Specialty Tools LLC(11)</b>	Oilfield Equipment & Services	LIBOR Plus 5.25% (Floor 1.25%), Current Coupon 6.50%, Secured Debt (Maturity August 1, 2019)(9)	5,892	5,866	5,450
<b>Blue Bird Body Company(11)</b>	School Bus Manufacturer	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.50%, Secured Debt (Maturity June 26, 2020)(9)	4,702	4,646	4,669
<b>Bluestem Brands, Inc.(11)(13)</b>	Multi-Channel Retailer of General Merchandise	LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity November 6, 2020)(9)	13,632	13,358	12,780
<b>Brainworks Software, LLC(10)</b>	Advertising Sales and Newspaper Circulation Software	Prime Plus 7.25% (Floor 3.25%), Current Coupon 10.75%, Secured Debt (Maturity July 22, 2019)(9) LIBOR Plus 8.25% (Floor 1.00%), Current Coupon 9.25%, Secured Debt (Maturity July 22, 2019)(9)	626 6,185	620 6,126	620 6,012
				6,746	6,632
<b>Brightwood Capital Fund III, LP(12)(13)</b>	Investment Partnership	LP Interests (Fully diluted 1.6%)(8)		11,250	11,125

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Brundage-Bone Concrete Pumping, Inc.(11)	Construction Services Provider	10.375% Secured Debt (Maturity September 1, 2021)	2,500	2,500	2,438
Calloway Laboratories, Inc.(10)	Health Care Testing Facilities	17% PIK Secured Debt (Maturity September 30, 2016)(14)	7,324	7,275	17
		Warrants (125,000 equivalent shares)			
				7,292	

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****December 31, 2015****(dollars in thousands)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Cengage Learning Acquisitions, Inc.(11)</b>	Provider of Educational Print and Digital Services	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity March 31, 2020)(9)	9,720	9,672	9,502
<b>Conveo Corporation(11)</b>	Provider of Commercial Printing, Envelopes, Labels, and Printed Office Products	6% Secured Debt (Maturity August 1, 2019)	5,230	4,544	3,687
<b>CGSC of Delaware Holdings Corp.(11)(13)</b>	Insurance Brokerage Firm	LIBOR Plus 7.00% (Floor 1.25%), Current Coupon 8.25%, Secured Debt (Maturity October 16, 2020)(9)	2,000	1,979	1,900
<b>Charlotte Russe, Inc(11)</b>	Fast-Fashion Retailer to Young Women	LIBOR Plus 5.50% (Floor 1.25%), Current Coupon 6.75%, Secured Debt (Maturity May 22, 2019)(9)	14,346	14,065	10,031
<b>Clarius ASIG, LLC(10)</b>	Prints & Advertising Film Financing	15% PIK Secured Debt (Maturity September 14, 2014)(17)	620	620	620
<b>Clarius BIGS, LLC(10)</b>	Prints & Advertising Film Financing	15% PIK Secured Debt (Maturity January 5, 2015)(14)(17)	3,386	3,386	563
<b>Compact Power Equipment, Inc.</b>	Equipment / Tool Rental	12% Secured Debt (Maturity October 1, 2017) Series A Preferred Stock (4,298,435 shares)	4,100	4,090 1,079 5,169	4,100 2,930 7,030
<b>Compuware Corporation(11)</b>	Provider of Software and Supporting Services	LIBOR Plus 5.25% (Floor 1.00%), Current Coupon 6.25%, Secured Debt (Maturity December 15, 2019)(9)	14,751	14,395	13,998
<b>Covenant Surgical Partners, Inc.(11)</b>	Ambulatory Surgical Centers		800	800	780

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		8.75% Secured Debt (Maturity August 1, 2019)			
CRGT Inc.(11)	Provider of Custom Software Development				
		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity December 19, 2020)(9)	10,168	10,009	10,118
		50			

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<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>CST Industries Inc.(11)</b>	Storage Tank Manufacturer	LIBOR Plus 6.25% (Floor 1.50%), Current Coupon 7.75%, Secured Debt (Maturity May 22, 2017)(9)	8,227	8,197	8,145
<b>Darr Equipment LP(10)</b>	Heavy Equipment Dealer	11.75% Current / 2% PIK Secured Debt (Maturity April 15, 2020) Warrants (915,734 equivalent units)	20,706	20,178 474 20,652	19,688 410 20,098
<b>Digital River, Inc.(11)</b>	Provider of Outsourced e-Commerce Solutions and Services	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity February 12, 2021)(9)	8,667	8,588	8,580
<b>Digitry Media LLC(11)</b>	Radio Station Operator	LIBOR Plus 4.75% (Floor 1.25%), Current Coupon 6.00%, Secured Debt (Maturity February 8, 2019)(9)	6,588	6,539	6,506
<b>Drilling Info Holdings, Inc.</b>	Information Services for the Oil and Gas Industry	Common Stock (3,788,865 shares)		1,335	9,920
<b>ECP-PF Holdings Group, Inc.(10)</b>	Fitness Club Operator	LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, Secured Debt (Maturity November 26, 2019)(9)	5,625	5,579	5,492
<b>EIG Fund Investments(12)(13)</b>	Investment Partnership	LP Interests (EIG Global Private Debt fund-A, L.P.) (Fully diluted 0.5%)		718	718
<b>EnCap Energy Fund Investments(12)(13)</b>	Investment Partnership	LP Interests (EnCap Energy Capital Fund VIII, L.P.) (Fully diluted 0.1%)(8) LP Interests (EnCap Energy Capital Fund VIII Co-Investors, L.P.) (Fully diluted 0.4%) LP Interests (EnCap Energy Capital Fund IX, L.P.) (Fully diluted 0.1%)(8) LP Interests (EnCap Energy Capital Fund X, L.P.) (Fully diluted 0.1%) LP Interests (EnCap Flatrock Midstream Fund II, L.P.) (Fully diluted 0.8%)(8) LP Interests (EnCap Flatrock Midstream Fund III, L.P.) (Fully diluted 0.2%)		3,762 2,194 3,075 692 7,350 464	2,765 1,056 3,826 692 10,738 892

17,537

19,969

51

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<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Energy and Exploration Partners, LLC(11)</b>	Oil & Gas Exploration & Production	8.75% Secured Debt			
		(Maturity January 23, 2016)(14)	221	221	221
		LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 7.75%, Secured Debt			
		(Maturity January 22, 2019)(9)(14)	9,390	9,048	2,371
				9,269	2,592
<b>Evergreen Skills Lux S.á r.l. (d/b/a Skillsoft)(11)(13)</b>	Technology-based Performance Support Solutions	LIBOR Plus 8.25% (Floor 1.00%), Current Coupon 9.25%, Secured Debt			
		(Maturity April 28, 2022)(9)	7,000	6,838	4,673
<b>Extreme Reach, Inc.(11)</b>	Integrated TV and Video Advertising Platform	LIBOR Plus 5.75% (Floor 1.00%), Current Coupon 6.75%, Secured Debt			
		(Maturity February 7, 2020)(9)	8,875	8,866	8,731
<b>Flavors Holdings Inc.(11)</b>	Global Provider of Flavoring and Sweetening Products and Solutions	LIBOR Plus 5.75% (Floor 1.00%), Current Coupon 6.75%, Secured Debt			
		(Maturity April 3, 2020)(9)	11,333	11,004	10,086
<b>Fram Group Holdings, Inc.(11)</b>	Manufacturer of Automotive Maintenance Products	LIBOR Plus 5.50% (Floor 1.50%), Current Coupon 7.00%, Secured Debt			
		(Maturity July 29, 2017)(9)	9,652	9,547	7,275
		LIBOR Plus 9.50% (Floor 1.50%), Current Coupon 11.00%, Secured Debt			
		(Maturity January 29, 2018)(9)	700	699	350
				10,246	7,625
<b>GI KBS Merger Sub LLC(11)</b>	Outsourced Janitorial Services to Retail/Grocery Customers	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt			
		(Maturity October 29, 2021)(9)	3,960	3,901	3,742
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.50%, Secured Debt			
		(Maturity April 29, 2022)(9)	800	786	792

4,687

4,534

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<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Grace Hill, LLC(10)</b>	Online Training Tools for the Multi-Family Housing Industry	LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity August 15, 2019)(9)	9,450	9,361	9,450
<b>Great Circle Family Foods, LLC(10)</b>	Quick Service Restaurant Franchise	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity October 28, 2019)(9)	7,849	7,783	7,783
<b>Grupo Hima San Pablo, Inc.(11)</b>	Tertiary Care Hospitals	LIBOR Plus 7.00% (Floor 1.50%), Current Coupon 8.50%, Secured Debt (Maturity January 31, 2018)(9) 13.75% Secured Debt (Maturity July 31, 2018)	4,863 2,000	4,816 1,942	4,668 1,860
				6,758	6,528
<b>GST Autoleather, Inc.(11)</b>	Automotive Leather Manufacturer	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.50%, Secured Debt (Maturity July 10, 2020)(9)	9,875	9,797	9,529
<b>Guitar Center, Inc.(11)</b>	Musical Instruments Retailer	6.5% Secured Debt (Maturity April 15, 2019)	11,000	10,442	9,240
<b>Halcon Resources Corporation(11)</b>	Oil & Gas Exploration & Production	9.75% Unsecured Debt (Maturity July 15, 2020)	6,925	6,382	2,008
<b>Hojeij Branded Foods, LLC(10)</b>	Multi-Airport, Multi-Concept Restaurant Operator	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity July 27, 2021)(9)	5,344	5,294	5,294
<b>Horizon Global Corporation(11)</b>	Auto Parts Manufacturer	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity June 30, 2021)(9)	9,750	9,568	9,677
<b>Hostway Corporation(11)</b>	Managed Services and Hosting Provider		11,179	11,105	11,067

LIBOR Plus 4.75% (Floor 1.25%),  
Current Coupon 6.00%, Secured Debt  
(Maturity December 13, 2019)(9)

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<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Hunter Defense Technologies, Inc.(11)</b>	Provider of Military and Commercial Shelters and Systems	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.50%, Secured Debt (Maturity August 5, 2019)(9)	6,414	6,366	6,350
<b>ICON Health &amp; Fitness, Inc.(11)</b>	Producer of Fitness Products	11.875% Secured Debt (Maturity October 15, 2016)	6,956	6,907	6,608
<b>iEnergizer Limited(11)(13)</b>	Provider of Business Outsourcing Solutions	LIBOR Plus 6.00% (Floor 1.25%), Current Coupon 7.25%, Secured Debt (Maturity May 1, 2019)(9)	8,110	8,030	7,502
<b>Indivior Finance LLC(11)(13)</b>	Specialty Pharmaceutical Company Treating Opioid Dependence	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity December 19, 2019)(9)	7,125	6,759	6,697
<b>Industrial Container Services, LLC(10)</b>	Steel Drum Reconditioner	LIBOR Plus 5.75% (Floor 1.00%), Current Coupon 6.75%, Secured Debt (Maturity December 31, 2018)(9)	5,000	5,000	5,000
<b>Infinity Acquisition Finance Corp.(11)</b>	Application Software for Capital Markets	7.25% Unsecured Debt (Maturity August 1, 2022)	4,000	4,000	3,440
<b>Inn of the Mountain Gods Resort and Casino(11)</b>	Hotel & Casino Owner & Operator	9.25% Secured Debt (Maturity November 30, 2020)	3,851	3,708	3,562
<b>Insurance Technologies, LLC(10)</b>	Illustration and Sales-automation Platforms	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.00%, Secured Debt (Maturity December 1, 2019)(9)	4,804	4,759	4,759
<b>Intertain Group Limited(11)(13)</b>	Business-to-Consumer Online Gaming Operator	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity April 8, 2022)(9)	9,938	9,782	9,883

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iPayment, Inc.(11)	Provider of Merchant Acquisition	LIBOR Plus 5.25% (Floor 1.50%), Current Coupon 6.75%, Secured Debt (Maturity May 8, 2017)(9)	15,026	14,986	14,446
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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****December 31, 2015****(dollars in thousands)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>iQor US Inc.(11)</b>	Business Process Outsourcing Services Provider	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity April 1, 2021)(9)	9,887	9,718	7,942
<b>irth Solutions, LLC</b>	Provider of Damage Prevention Information Technology Services	Member Units (27,893 units)		1,441	1,441
<b>Jackmont Hospitality, Inc.(10)</b>	Franchisee of Casual Dining Restaurants	LIBOR Plus 4.25% (Floor 1.00%), Current Coupon 5.25% / 2.50% PIK, Current Coupon Plus PIK 7.75%, Secured Debt (Maturity May 26, 2021)(9)	4,357	4,337	4,188
<b>Joerns Healthcare, LLC(11)</b>	Manufacturer and Distributor of Health Care Equipment & Supplies	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity May 9, 2020)(9)	14,805	14,711	14,703
<b>JSS Holdings, Inc.(11)</b>	Aircraft Maintenance Program Provider	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity August 31, 2021)(9)	14,566	14,230	13,765
<b>Kendra Scott, LLC(11)</b>	Jewelry Retail Stores	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity July 17, 2020)(9)	5,875	5,821	5,831
<b>Keypoint Government Solutions, Inc.(11)</b>	Provider of Pre-Employment Screening Services	LIBOR Plus 6.50% (Floor 1.25%), Current Coupon 7.75%, Secured Debt (Maturity November 13, 2017)(9)	6,303	6,268	6,271
<b>LaMi Products, LLC(10)</b>	General Merchandise Distribution	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity September 16, 2020)(9)	4,729	4,699	4,699
<b>Lansing Trade Group LLC(11)</b>	Commodity Merchandiser				

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9.25% Unsecured Debt (Maturity February 15, 2019)	6,000	6,000	5,625
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Larchmont Resources, LLC(11)	Oil & Gas Exploration & Production				
		LIBOR Plus 8.75% (Floor 1.00%), Current Coupon 9.75%, Secured Debt (Maturity August 7, 2019)(9)	7,807	7,508	5,543

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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****December 31, 2015****(dollars in thousands)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Leadrock Properties, LLC</b>	Real Estate Investment	10% Secured Debt (Maturity May 4, 2026)	1,440	1,416	1,416
<b>Legendary Pictures Funding, LLC(10)</b>	Producer of TV, Film, and Comic Content	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity April 22, 2020)(9)	7,500	7,372	7,425
<b>LKCM Headwater Investments I, L.P.(12)(13)</b>	Investment Partnership	LP Interests (Fully diluted 2.3%)		2,500	4,875
<b>Looking Glass Investments, LLC(12)(13)</b>	Specialty Consumer Finance	9% Unsecured Debt (Maturity June 30, 2020) Member Units (2.5 units) Member Units (LGI Predictive Analytics LLC) (190,712 units)(8)	188	188 125 188 501	188 125 188 501
<b>MediMedia USA, Inc.(11)</b>	Provider of Healthcare Media and Marketing	LIBOR Plus 6.75% (Floor 1.25%), Current Coupon 8.00%, Secured Debt (Maturity November 20, 2018)(9)	7,772	7,714	7,422
<b>Messenger, LLC(10)</b>	Supplier of Specialty Stationery and Related Products to the Funeral Industry	LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.25%, Secured Debt (Maturity September 9, 2020)(9)	15,583	15,483	15,583
<b>Milk Specialties Company(11)</b>	Processor of Nutrition Products	LIBOR Plus 7.00% (Floor 1.25%), Current Coupon 8.25%, Secured Debt (Maturity November 9, 2018)(9)	792	789	792
<b>Minute Key, Inc.</b>	Operator of Automated Key Duplication Kiosks	10% Current / 2% PIK Secured Debt (Maturity September 19, 2019) Warrants (1,437,409 equivalent units)	14,186	13,817 280 14,097	13,817 280 14,097

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Miramax Film NY, LLC(11)	Motion Picture Producer and Distributor	Member Units (500,000 units)(8)	864	864
Mood Media Corporation(11)(13)	Provider of Electronic Equipment	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity May 1, 2019)(9)	14,957	14,827
			14,266	

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****December 31, 2015****(dollars in thousands)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>New Media Holdings II LLC(11)(13)</b>	Local Newspaper Operator	LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity June 4, 2020)(9)	9,788	9,635	9,703
<b>North American Lifting Holdings, Inc.(11)</b>	Crane Service Provider	LIBOR Plus 4.50% (Floor 1.00%), Current Coupon 5.50%, Secured Debt (Maturity November 27, 2020)(9)	997	835	733
<b>North Atlantic Trading Company, Inc.(11)</b>	Marketer/Distributor of Tobacco Products	LIBOR Plus 6.50% (Floor 1.25%), Current Coupon 7.75%, Secured Debt (Maturity January 13, 2020)(9)	9,676	9,607	9,603
<b>Novitex Intermediate, LLC(11)</b>	Provider of Document Management Services	LIBOR Plus 6.25% (Floor 1.25%), Current Coupon 7.50%, Secured Debt (Maturity July 7, 2020)(9)	8,692	8,532	8,192
<b>Ospemifene Royalty Sub LLC (QuatRx)(10)</b>	Estrogen-Deficiency Drug Manufacturer and Distributor	11.5% Secured Debt (Maturity November 15, 2026)	5,071	5,071	3,780
<b>Panolam Industries International, Inc.(11)</b>	Decorative Laminate Manufacturer	LIBOR Plus 6.00% (Floor 1.25%), Current Coupon 7.25%, Secured Debt (Maturity August 23, 2017)(9)	9,472	9,429	9,424
<b>Paris Presents Incorporated(11)</b>	Branded Cosmetic and Bath Accessories	LIBOR Plus 8.25% (Floor 1.00%), Current Coupon 9.25%, Secured Debt (Maturity December 31, 2021)(9)	2,000	1,965	1,960
<b>Parq Holdings Limited Partnership(11)(13)</b>	Hotel & Casino Operator	LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity December 17, 2020)(9)	7,500	7,369	7,200
<b>Permian Holdings, Inc.(11)</b>	Storage Tank Manufacturer	10.5% Secured Debt (Maturity January 15, 2018)	2,755	2,738	1,047

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Pernix Therapeutics Holdings, Inc.(10)	Pharmaceutical Royalty	12% Secured Debt (Maturity August 1, 2020)	3,818	3,818	3,777
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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****December 31, 2015****(dollars in thousands)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Pike Corporation(11)</b>	Construction and Maintenance Services for Electric Transmission and Distribution Infrastructure	LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity June 22, 2022)(9)	15,000	14,663	14,712
<b>Point.360(10)</b>	Fully Integrated Provider of Digital Media Services	Warrants (65,463 equivalent shares) Common Stock (163,658 shares)		69 273	9 144
				342	153
<b>Prowler Acquisition Corp.(11)</b>	Specialty Distributor to the Energy Sector	LIBOR Plus 4.50% (Floor 1.00%), Current Coupon 5.50%, Secured Debt (Maturity January 28, 2020)(9)	4,411	3,734	3,749
<b>PT Network, LLC(10)</b>	Provider of Outpatient Physical Therapy and Sports Medicine Services	LIBOR Plus 7.75% (Floor 1.50%), Current Coupon 9.25%, Secured Debt (Maturity November 1, 2018)(9)	12,047	11,954	11,771
<b>QBS Parent, Inc.(11)</b>	Provider of Software and Services to the Oil & Gas Industry	LIBOR Plus 4.75% (Floor 1.00%), Current Coupon 5.75%, Secured Debt (Maturity August 7, 2021)(9)	11,389	11,303	11,332
<b>Raley's(11)</b>	Family-owned supermarket chain in California	LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity May 18, 2022)(9)	5,094	4,999	5,069
<b>RCHP, Inc.(11)</b>	Regional Non-Urban Hospital Owner/Operator	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity April 23, 2019)(9) LIBOR Plus 10.25% (Floor 1.00%), Current Coupon 11.25%, Secured Debt (Maturity October 23, 2019)(9)	5,448 4,000	5,426 3,954	5,448 3,953

9,380                      9,401

Renaissance Learning, Inc.(11)	Technology-based K-12 Learning Solutions			
		LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.00%, Secured Debt (Maturity April 11, 2022)(9)	3,000	2,975                      2,835

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****December 31, 2015****(dollars in thousands)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>RGL Reservoir Operations Inc.(11)(13)</b>	Oil & Gas Equipment and Services	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity August 13, 2021)(9)	3,950	3,851	1,534
<b>RLJ Entertainment, Inc.(10)</b>	Movie and TV Programming Licensee and Distributor	LIBOR Plus 8.75% (Floor 0.25%), Current Coupon 9.16%, Secured Debt (Maturity September 11, 2019)(9)	9,354	9,353	9,203
<b>RM Bidder, LLC(10)</b>	Acquisition Vehicle	Warrants (327,532 equivalent units) Member Units (2,779 units)		425 46 471	363 45 408
<b>SAExploration, Inc.(10)(13)</b>	Geophysical Services Provider	Common Stock (6,472 shares)		65	27
<b>Sage Automotive Interiors, Inc(11)</b>	Automotive Textiles Manufacturer	LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 9.00%, Secured Debt (Maturity October 8, 2021)(9)	3,000	2,974	2,970
<b>Salient Partners L.P.(11)</b>	Provider of Asset Management Services	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity June 9, 2021)(9)	7,388	7,251	7,240
<b>Sotera Defense Solutions, Inc.(11)</b>	Defense Industry Intelligence Services	LIBOR Plus 7.50% (Floor 1.50%), Current Coupon 9.00%, Secured Debt (Maturity April 21, 2017)(9)	10,119	9,886	9,360
<b>Stardust Finance Holdings, Inc.(11)</b>	Manufacturer of Diversified Building Products	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.50%, Secured Debt (Maturity March 13, 2022)(9)	12,406	12,239	12,065
<b>Subsea Global Solutions, LLC(10)</b>	Underwater Maintenance and Repair Services	LIBOR Plus 6.00% (Floor 1.50%), Current Coupon 7.50%, Secured Debt (Maturity March 17, 2020)(9)	4,887	4,836	4,762



Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****December 31, 2015****(dollars in thousands)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Synagro Infrastructure Company, Inc(11)</b>	Waste Management Services	LIBOR Plus 5.25% (Floor 1.00%), Current Coupon 6.25%, Secured Debt (Maturity August 22, 2020)(9)	4,714	4,647	4,124
<b>Targus Group International(11)</b>	Distributor of Protective Cases for Mobile Devices	LIBOR Plus 9.50% (Floor 1.50%), Current Coupon 11.00% / 1.00% PIK, Current Coupon Plus PIK 12.00%, Secured Debt (Maturity May 24, 2016)(9)(14)	4,258	4,263	3,119
<b>TeleGuam Holdings, LLC(11)</b>	Cable and Telecom Services Provider	LIBOR Plus 4.00% (Floor 1.25%), Current Coupon 5.25%, Secured Debt (Maturity December 10, 2018)(9)	7,975	7,961	7,935
		LIBOR Plus 7.50% (Floor 1.25%), Current Coupon 8.75%, Secured Debt (Maturity June 10, 2019)(9)	2,500	2,484	2,487
				10,445	10,422
<b>Templar Energy LLC(11)</b>	Oil & Gas Exploration & Production	LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity November 25, 2020)(9)	4,000	3,962	485
<b>The Tennis Channel, Inc.(10)</b>	Television-Based Sports Broadcasting	Warrants (114,316 equivalent shares)		235	301
<b>The Topps Company, Inc.(11)</b>	Trading Cards & Confectionary	LIBOR Plus 6.00% (Floor 1.25%), Current Coupon 7.25%, Secured Debt (Maturity October 2, 2018)(9)	1,960	1,948	1,923
<b>TOMS Shoes, LLC(11)</b>	Global Designer, Distributor, and Retailer of Casual Footwear	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.50%, Secured Debt (Maturity October 30, 2020)(9)	4,963	4,545	3,387
<b>Travel Leaders Group, LLC(11)</b>	Travel Agency Network Provider	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt	8,700	8,638	8,613

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(Maturity December 7, 2020)(9)

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<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>US Joiner Holding Company(11)</b>	Marine Interior Design and Installation	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity April 16, 2020)(9)	7,369	7,341	7,295
<b>Valley Healthcare Group, LLC</b>	Provider of Durable Medical Equipment	LIBOR Plus 12.50% (Floor 0.50%), Current Coupon 13.00%, Secured Debt (Maturity December 29, 2020)(9)	10,400	10,297	10,297
<b>Vantage Oncology, LLC(11)</b>	Outpatient Radiation Oncology Treatment Centers	9.5% Secured Debt (Maturity June 15, 2017)	12,050	11,938	10,182
<b>Virtex Enterprises, LP(10)</b>	Specialty, Full-Service Provider of Complex Electronic Manufacturing Services	12% Secured Debt (Maturity December 27, 2018) Preferred Class A Units (14 units; 5% cumulative)(8) Warrants (11 equivalent units)	1,667	1,516 333 186 2,035	1,516 512 135 2,163
<b>Vision Solutions, Inc.(11)</b>	Provider of Information Availability Software	LIBOR Plus 8.00% (Floor 1.50%), Current Coupon 9.50%, Secured Debt (Maturity July 23, 2017)(9)	5,000	4,987	4,750
<b>Western Dental Services, Inc.(11)</b>	Dental Care Services	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity November 1, 2018)(9)	4,904	4,901	4,303
<b>Wilton Brands LLC(11)</b>	Specialty Housewares Retailer	LIBOR Plus 7.25% (Floor 1.25%), Current Coupon 8.50%, Secured Debt (Maturity August 30, 2018)(9)	1,540	1,524	1,475
<b>Worley Claims Services, LLC(10)</b>	Insurance Adjustment Management and Services Provider	LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 9.00%, Secured Debt (Maturity October 31, 2020)(9)	6,435	6,381	6,210

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YP Holdings LLC(11)	Online and Offline Advertising Operator	LIBOR Plus 6.75% (Floor 1.25%), Current Coupon 8.00%, Secured Debt (Maturity June 4, 2018)(9)	2,455	2,435	2,382
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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****December 31, 2015****(dollars in thousands)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Zilliant Incorporated</b>	Price Optimization and Margin Management Solutions				
		Preferred Stock (186,777 shares)		154	260
		Warrants (952,500 equivalent shares)		1,071	1,190
				1,225	1,450
<b>Subtotal Non-Control/Non-Affiliate Investments (49.6% of total investments at fair value)</b>				<b>\$ 945,187</b>	<b>\$ 894,466</b>
<b>Total Portfolio Investments, December 31, 2015</b>				<b>\$ 1,666,642</b>	<b>\$ 1,799,996</b>

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****December 31, 2015****(dollars in thousands)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b><u>Marketable Securities and Idle Funds Investments</u></b>					
<b>PennantPark Investment Corporation(13)(15)</b>	Business Development Company	Common Stock (343,149 shares)(8)		\$ 3,629	\$ 2,121
<b>Other Marketable Securities and Idle Funds Investments(13)(15)</b>	Investments in Marketable Securities and Diversified, Registered Bond Funds			1,778	1,572
<b>Subtotal Marketable Securities and Idle Funds Investments (0.2% of total investments at fair value)</b>				\$ 5,407	\$ 3,693
<b>Total Investments, December 31, 2015</b>				\$ 1,672,049	\$ 1,803,689

- (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. Variable rate loans bear interest at a rate that may be determined by reference to either LIBOR (which can include one-, two-, three- or six-month LIBOR) or Prime, at the borrower's option, which rates reset periodically

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based on the terms of the loan agreement.

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

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**MAIN STREET CAPITAL CORPORATION**

**Notes to Consolidated Financial Statements**

**(Unaudited)**

**NOTE A ORGANIZATION AND BASIS OF PRESENTATION**

**1. Organization**

Main Street Capital Corporation ("MSCC") is a principal investment firm primarily focused on providing customized debt and equity financing to lower middle market ("LMM") companies and debt capital to middle market ("Middle Market") companies. The portfolio investments of MSCC and its consolidated subsidiaries are typically made to support management buyouts, recapitalizations, growth financings, refinancings and acquisitions of companies that operate in diverse industry sectors. MSCC seeks to partner with entrepreneurs, business owners and management teams and generally 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") and Main Street Capital II, LP ("MSC II" and, together with MSMF, the "Funds"), and each of their general partners. The Funds are each licensed as a Small Business Investment Company ("SBIC") by the United States Small Business Administration ("SBA"). Because MSCC is internally managed, all of the executive officers and other employees are employed by MSCC. Therefore, MSCC does not pay any external investment advisory fees but instead 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 ("RIA") under Investment Advisers Act of 1940, as amended (the "Advisers Act"). Since the External Investment Manager conducts all of its investment management activities for External Parties, it is accounted for as a portfolio investment of MSCC and is not included as a consolidated subsidiary of MSCC in MSCC's consolidated financial statements.

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

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

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**MAIN STREET CAPITAL CORPORATION**

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

**(Unaudited)**

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

**2. Basis of Presentation**

Main Street's financial statements are prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). For each of the periods presented herein, Main Street's consolidated financial statements include the accounts of MSCC and its consolidated subsidiaries. The Investment Portfolio, as used herein, refers to all of Main Street's investments in LMM portfolio companies, investments in Middle Market portfolio companies, Private Loan portfolio investments, Other Portfolio investments, and the investment in the External Investment Manager, but excludes all "Marketable securities and idle funds investments" (see Note C Fair Value Hierarchy for Investments and Debentures Portfolio Composition Portfolio Investment Composition for additional discussion of Main Street's Investment Portfolio and definitions for the terms Private Loan and Other Portfolio). "Marketable securities and idle funds investments" are classified as financial instruments and are reported separately on Main Street's consolidated balance sheets and consolidated schedules of investments due to the nature of such investments (see Note B.11.). Main Street's results of operations and cash flows for the three months ended March 31, 2016 and 2015 and financial position as of March 31, 2016 and December 31, 2015, are presented on a consolidated basis. The effects of all intercompany transactions between Main Street and its consolidated subsidiaries have been eliminated in consolidation.

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, 2016 and 2015 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, 2015. Financial statements prepared on a U.S. GAAP basis require management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

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

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

***Portfolio Investment Classification***

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

**NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. Valuation of the Investment Portfolio**

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

Main Street's portfolio strategy calls for it to invest primarily in illiquid debt and equity securities issued by private, LMM companies and more liquid debt securities issued by Middle Market companies that are generally larger in size than the LMM companies. Main Street categorizes some of its investments in LMM companies and Middle Market companies as Private Loan portfolio investments, which are primarily debt securities 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

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by its Board of Directors and in accordance with the 1940 Act. Main Street's valuation policies and processes are intended to provide a consistent basis for determining the fair value of Main Street's Investment Portfolio.

For LMM portfolio investments, Main Street generally reviews external events, including private mergers, sales and acquisitions involving comparable companies, and includes these events in the valuation process by using an enterprise value waterfall methodology ("Waterfall") for its LMM equity investments and an income approach using a yield-to-maturity model ("Yield-to-Maturity") for its LMM debt investments. For Middle Market portfolio investments, Main Street primarily uses quoted prices in the valuation process. Main Street determines the appropriateness of the use of third-party broker quotes, if any, in determining fair value based on its understanding of the level of actual transactions used by the broker to develop the quote and whether the quote was an indicative price or binding offer, the depth and consistency of broker quotes and the correlation of changes in broker quotes with underlying performance of the portfolio company and other market indices. For Middle Market and Private Loan portfolio investments in debt securities for which it has determined that third-party quotes or other independent pricing are not available or appropriate, Main Street generally estimates the fair value based on the assumptions that it believes hypothetical market participants would use to value the investment in a current hypothetical sale using the Yield-to-Maturity valuation method. For its Other Portfolio equity investments, Main Street generally calculates the fair value of the investment primarily based on the net asset value ("NAV") of the fund 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 using the enterprise value over the portfolio company's securities in order of their preference relative to one another. The enterprise value is the fair value at which an enterprise could be sold in a transaction between two willing parties, other than through a forced or liquidation sale. Typically, private companies are bought and sold based on multiples of earnings before interest, taxes, depreciation and amortization ("EBITDA"), cash flows, net income, revenues, or in limited cases, book value. There is no single methodology for estimating enterprise value. For any one portfolio company, enterprise value is generally described as a range of values from which a single estimate of enterprise value is derived. In estimating the enterprise value of a portfolio company, Main Street analyzes various factors including the portfolio company's historical and projected financial results. 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

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

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

Under the NAV valuation method, for an investment in an investment fund that does not have a readily determinable fair value, Main Street measures the fair value of the investment predominately based on the NAV of the investment fund as of the measurement date 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

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Company's determinations of the fair value of its LMM portfolio company investments. The nationally recognized independent financial advisory services firm is generally consulted relative to Main Street's investments in each LMM portfolio company at least once every calendar year, and for Main Street's investments in new LMM portfolio companies, at least once in the twelve-month period subsequent to the initial investment. In certain instances, Main Street may determine that it is not cost-effective, and as a result is not in its stockholders' best interest, to consult with the nationally recognized independent financial advisory services firm on its investments in one or more LMM portfolio companies. Such instances include, but are not limited to, situations where the fair value of Main Street's investment in a LMM portfolio company is determined to be insignificant relative to the total Investment Portfolio. Main Street consulted with and received an assurance certification from its independent financial advisory services firm in arriving at Main Street's determination of fair value on its investments in a total of 11 LMM portfolio companies for the three months ended March 31, 2016, representing approximately 18% of the total LMM portfolio at fair value as of March 31, 2016, and on a total of 15 LMM portfolio companies for the three months ended March 31, 2015, representing approximately 23% of the total LMM portfolio at fair value as of March 31, 2015. Excluding investments in new LMM portfolio companies which have not been in the Investment Portfolio for at least twelve months subsequent to the initial investment as of March 31, 2016 and 2015, as applicable, and investments in the LMM portfolio companies that were not reviewed because their equity is publicly traded, the percentage of the LMM portfolio reviewed and certified by the independent financial advisory services firm for the three months ended March 31, 2016 and 2015 was 19% and 27% of the total LMM portfolio at fair value as of March 31, 2016 and 2015, 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 almost all of the Middle Market portfolio investments are typically valued using third party quotes or other independent pricing services (including 98% and 99% of the Middle Market portfolio investments as of March 31, 2016 and December 31, 2015, respectively), we do not generally consult with any financial advisory services firms in connection with determining the fair value of our 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

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assurance certification regarding the Company's determinations of the fair value of its Private Loan portfolio company investments. The nationally recognized independent financial advisory services firm is generally consulted relative to Main Street's investments in each Private Loan portfolio company at least once every calendar year, and for Main Street's investments in new Private Loan portfolio companies, at least once in the twelve-month period subsequent to the initial investment. In certain instances, Main Street may determine that it is not cost-effective, and as a result is not in its stockholders' best interest, to consult with the nationally recognized independent financial advisory services firm on its investments in one or more Private Loan portfolio companies. Such instances include, but are not limited to, situations where the fair value of Main Street's investment in a Private Loan portfolio company is determined to be insignificant relative to the total Investment Portfolio. Main Street consulted with and received an assurance certification from its independent financial advisory services firm in arriving at its determination of fair value on its investments in a total of 10 Private Loan portfolio companies for the three months ended March 31, 2016, representing approximately 36% of the total Private Loan portfolio at fair value as of March 31, 2016. Excluding its investments in new Private Loan portfolio companies which have not been in the Investment Portfolio for at least twelve months subsequent to the most recent investment decision as of March 31, 2016 and its investments in the Private Loan portfolio companies that were not reviewed because the investment is publicly traded or quoted by banks, the percentage of the Private Loan portfolio reviewed and certified by its independent financial advisory services firm for the three months ended March 31, 2016 was 51% of the total Private Loan portfolio at fair value as of March 31, 2016.

For valuation purposes, all of Main Street's Other Portfolio investments are non-control investments. Main Street's Other Portfolio investments comprised approximately 4.3% and 4.2%, respectively, of Main Street's Investment Portfolio at fair value as of March 31, 2016 and December 31, 2015. Similar to the LMM investment portfolio, market quotations for Other Portfolio equity investments are generally not readily available. For its Other Portfolio equity investments, Main Street generally determines the fair value of its investments using the NAV valuation method. For Other Portfolio debt investments for which it has determined that third-party quotes or other independent pricing are not available or appropriate, Main Street generally estimates the fair value based on the assumptions that it believes hypothetical market participants would use to value such Other Portfolio debt investments in a current hypothetical sale using the Yield-to-Maturity valuation method. For Other Portfolio debt investments for which third-party quotes or other independent pricing are available and appropriate, Main Street determines the fair value of these investments through obtaining third party quotes or other independent pricing to the extent that these inputs are available and appropriate to determine fair value.

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

Due to the inherent uncertainty in the valuation process, Main Street's determination of fair value for its Investment Portfolio may differ materially from the values that would have been determined had

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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, 2016 and December 31, 2015 approximates fair value as of those dates based on the markets in which Main Street operates and other conditions in existence on those reporting dates.

**2. Use of Estimates**

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

**3. Cash and Cash Equivalents**

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

At March 31, 2016, cash balances totaling \$14.5 million exceeded Federal Deposit Insurance Corporation insurance protection levels, subjecting the Company to risk related to the uninsured balance. All of the Company's cash deposits are held at large, established, high credit quality financial institutions and management believes that the risk of loss associated with any uninsured balances is remote.

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

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

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

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

Main Street holds certain debt and preferred equity instruments in its Investment Portfolio that contain payment-in-kind ("PIK") interest and cumulative dividend provisions. The PIK interest, computed at the contractual rate specified in each debt agreement, is periodically added to the principal balance of the debt and is recorded as interest income. Thus, the actual collection of this interest may be deferred until the time of debt principal repayment. Cumulative dividends are recorded as dividend income, and any dividends in arrears are added to the balance of the preferred equity investment. The actual collection of these dividends in arrears may be deferred until such time as the preferred equity is redeemed or sold. To maintain RIC tax treatment (as discussed in Note B.9. below), these non-cash sources of income may need to be paid out to stockholders in the form of distributions, even though Main Street may not have collected the PIK interest and cumulative dividends in cash. Main Street stops accruing PIK interest and cumulative dividends and writes off any accrued and uncollected interest and dividends in arrears when it determines that such PIK interest and dividends in arrears are no longer collectible. For the three months ended March 31, 2016 and 2015, (i) approximately 3.1% and 2.2%, respectively, of Main Street's total investment income was attributable to PIK interest income not paid currently in cash and (ii) approximately 0.8% and 1.0%, respectively, of Main Street's total investment income was attributable to cumulative dividend income not paid currently in cash.

As of March 31, 2016, Main Street's total Investment Portfolio had six investments on non-accrual status, which comprised approximately 0.5% of its fair value and 3.8% of its cost .. As of December 31, 2015, Main Street's total Investment Portfolio had six investments on non-accrual status, which comprised approximately 0.4% of its fair value and 3.7% of its cost.

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

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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.

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

	<b>Three Months Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(dollars in thousands)</b>	
Interest, fee and dividend income:		
Interest income	\$ 32,182	\$ 30,067
Dividend income	7,629	5,136
Fee income	2,064	1,602
Total interest, fee and dividend income	\$ 41,875	\$ 36,805

**6. Deferred Financing Costs**

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

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

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

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

In connection with its portfolio debt investments, Main Street sometimes receives nominal cost warrants 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, 2016 and 2015, approximately 2.6% and 2.8%, respectively, of Main Street's total investment income was attributable to interest income for the accretion of discounts associated with debt investments, net of any premium reduction.

**8. Share-Based Compensation**

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

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

**9. Income Taxes**

MSCC has elected to be treated for U.S. federal income tax purposes as a RIC. MSCC's taxable income includes the taxable income generated by MSCC and certain of its subsidiaries, including the Funds, which are treated as disregarded entities for tax purposes. As a RIC, MSCC generally will not

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**(Unaudited)**

pay corporate-level U.S. federal income taxes on any net ordinary income or capital gains that MSCC distributes to its stockholders. MSCC must generally distribute at least 90% of its "investment company taxable income" (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) fifteenth day of the ninth month following the close of the year which generated such taxable income.

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

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

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

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

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

**(Unaudited)**

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

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

**11. Fair Value of Financial Instruments**

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

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

**12. Earnings per Share**

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

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

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

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

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

In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires lessees to recognize on the balance sheet a right-of-use asset, representing its right to use the underlying asset for the lease term, and a lease liability for all leases with terms greater than 12 months. The guidance also requires qualitative and quantitative disclosures designed to assess the amount, timing, and uncertainty of cash flows arising from leases. The standard requires the use of a modified retrospective transition approach, which includes a number of optional practical expedients that entities may elect to apply. The new guidance is effective for annual periods beginning after December 15, 2018, and interim periods therein. Early application is permitted. The impact of the adoption of this new accounting standard on Main Street's consolidated financial statements is currently being evaluated.

In March 2016, the FASB issued ASU 2016-09, which is intended to simplify several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification

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

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of awards as either equity or liabilities, and classification on the statement of cash flows. The new guidance is effective for annual periods beginning after December 15, 2016, and interim periods therein. Early application is permitted. The Company elected to early adopt this standard during the three months ended March 31, 2016. See further discussion of the impact of the adoption of this standard in Note B.8.

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

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

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

**Fair Value Hierarchy**

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

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

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

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

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

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

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

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

Level 3 Investments whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement (for example, investments in illiquid securities issued by private companies). These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the investment.



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

**(Unaudited)**

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, 2016 and December 31, 2015, all of Main Street's LMM portfolio investments except for the debt and equity investments in one portfolio company consisted of illiquid securities issued by private companies. Those investments which were the exceptions were in a company with publicly traded equity. As a result, the fair value determination for the LMM portfolio investments primarily consisted of unobservable inputs. The fair value determination for the publicly traded equity security consisted of observable inputs in non-active markets for which sufficient observable inputs were available to determine the fair value. As a result, all of Main Street's LMM portfolio investments were categorized as Level 3 as of March 31, 2016 and December 31, 2015, except for the one publicly traded equity security which was categorized as Level 2.

As of March 31, 2016 and December 31, 2015, Main Street's Middle Market portfolio investments consisted primarily of investments in secured and unsecured debt investments and independently rated debt investments. The fair value determination for these investments consisted of a combination of observable inputs in non-active markets for which sufficient observable inputs were not available to determine the fair value of these investments and unobservable inputs. As a result, all of Main Street's Middle Market portfolio investments were categorized as Level 3 as of March 31, 2016 and December 31, 2015.

As of March 31, 2016 and December 31, 2015, Main Street's Private Loan portfolio investments primarily consisted of investments in interest-bearing secured debt investments. The fair value determination for these investments consisted of a combination of observable inputs in non-active markets for which sufficient observable inputs were not available to determine the fair value of these investments and unobservable inputs. As a result, all of Main Street's Private Loan portfolio investments were categorized as Level 3 as of March 31, 2016 and December 31, 2015.

As of March 31, 2016 and December 31, 2015, Main Street's Other Portfolio investments consisted of illiquid securities issued by private companies. The fair value determination for these investments primarily consisted of unobservable inputs. As a result, all of Main Street's Other Portfolio investments were categorized as Level 3 as of March 31, 2016 and December 31, 2015.

As of March 31, 2016 and December 31, 2015, Main Street's Marketable securities and idle funds investments consisted primarily of investments in publicly traded debt and equity investments. The fair value determination for these investments consisted of a combination of observable inputs in active markets for which sufficient observable inputs were available to determine the fair value of these investments. As a result, all of Main Street's Marketable securities and idle funds investments were categorized as Level 1 as of March 31, 2016 and December 31, 2015.

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**MAIN STREET CAPITAL CORPORATION**

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

**(Unaudited)**

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

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

Current and projected financial condition of the portfolio company;

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

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

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

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

Pending debt or capital restructuring of the portfolio company;

Projected operating results of the portfolio company;

Current information regarding any offers to purchase the investment;

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

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

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

Qualitative assessment of key management;

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

Other factors deemed relevant.

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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

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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, 2016 and December 31, 2015:

Type of Investment	Fair Value as of March 31, 2016 (in thousands)	Valuation Technique	Significant Unobservable Inputs	Range(3)	Weighted Average(3)	Median(3)
Equity investments	\$ 528,064	Discounted cash flow Market comparable / Enterprise Value	Weighted-average cost of capital EBITDA multiple(1)	10.0% - 27.5% 4.0x - 8.5x(2)	13.3% 7.1x	13.6% 5.5x
Debt investments	\$ 668,040	Discounted cash flow	Risk adjusted discount factor Expected principal recovery percentage	8.2% - 15.4%(2) 12.0% - 100.0%	12.0% 99.8%	11.8% 100.0%
Debt investments	\$ 618,957	Market approach	Third party quote	11.3 - 101.0		
Total Level 3 investments	\$ 1,815,061					

(1) EBITDA may include proforma adjustments and/or other addbacks based on specific circumstances related to each investment.

(2) Range excludes outliers that are greater than one standard deviation from the mean. Including these outliers, the range for EBITDA multiple is 4.0x - 18.8x and the range for risk adjusted discount factor is 5.3% - 29.6%.

(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, 2015 (in thousands)	Valuation Technique	Significant Unobservable Inputs	Range(3)	Weighted Average(3)	Median(3)
Equity investments	\$ 530,612	Discounted cash flow Market comparable / Enterprise Value	Weighted-average cost of capital EBITDA multiple(1)	10.5% - 25.1% 4.0x - 8.5x(2)	13.4% 7.0x	13.9% 5.5x
Debt investments	\$ 628,492	Discounted cash flow	Risk adjusted discount factor Expected principal recovery percentage	8.1% - 15.3%(2) 16.6% - 100.0%	11.9% 99.7%	11.9% 100.0%
Debt investments	\$ 637,052	Market approach	Third party quote	12.1 - 100.1		

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Total Level 3 investments    \$    1,796,156

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- (1) EBITDA may include proforma adjustments and/or other addbacks based on specific circumstances related to each investment.
- (2) Range excludes outliers that are greater than one standard deviation from the mean. Including these outliers, the range for EBITDA multiple is 4.0x - 18.8x and the range for risk adjusted discount factor is 6.7% - 29.6%.
- (3) Does not include investments for which the valuation technique does not include the use of the applicable fair value input.

The following tables provide a summary of changes in fair value of Main Street's Level 3 portfolio investments for the three month periods ended March 31, 2016 and 2015 (amounts in thousands). Net

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unrealized appreciation (depreciation) is included in the net change in unrealized appreciation (depreciation) portfolio investments on the consolidated statements of operations.

Type of Investment	Fair Value as of December 31, 2015	Transfers Into Level 3 Hierarchy	Redemptions/ Repayments	New Investments	Net Changes from Unrealized to Realized	Net Unrealized Appreciation (Depreciation)	Other(1)	Fair Value as of March 31, 2016
Debt	1,265,544		(70,061)	101,465	4,510	(11,905)	(2,556)	1,286,997
Equity	519,966		(5,987)	16,959	(16,816)	(1,035)	2,556	515,643
Equity Warrant	10,646			2,819		(1,044)		12,421
	1,796,156		(76,048)	121,243	(12,306)	(13,984)		1,815,061

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

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

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

As of March 31, 2016 and December 31, 2015, the fair value determination for the SBIC debentures recorded at fair value primarily consisted of unobservable inputs. As a result, the SBIC debentures which are recorded at fair value were categorized as Level 3. Main Street determines the fair value of these instruments primarily using a Yield-to-Maturity approach that analyzes the discounted cash flows of interest and principal for each SBIC debenture recorded at fair value based on estimated market interest rates for debt instruments of similar structure, terms, and maturity. Main Street's estimate of the expected repayment date of principal for each SBIC debenture recorded at fair value is the legal maturity date of the instrument. The significant unobservable inputs used in the fair value measurement of Main Street's SBIC debentures recorded at fair value are the estimated market interest rates used to fair value each debenture using the yield valuation technique described above. Significant increases (decreases) in the Yield-to-Maturity valuation inputs in isolation would result in a significantly lower (higher) fair value measurement.

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The following tables provide a summary of the significant unobservable inputs used to fair value Main Street's Level 3 SBIC debentures as of March 31, 2016 and December 31, 2015 (amounts in thousands):

Type of Instrument	Fair Value as of March 31, 2016	Valuation Technique	Significant Unobservable Inputs	Range	Weighted Average
SBIC debentures	\$ 74,006	Discounted cash flow	Estimated market interest rates	4.1% - 5.7%	4.8%

Type of Instrument	Fair Value as of December 31, 2015	Valuation Technique	Significant Unobservable Inputs	Range	Weighted Average
SBIC debentures	\$ 73,860	Discounted cash flow	Estimated market interest rates	4.1% - 5.8%	4.9%

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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, 2016 and 2015 (amounts in thousands):

Type of Instrument	Fair Value as of December 31, 2015	Repayments	New SBIC Debentures	Net Unrealized (Appreciation) Depreciation	Fair Value as of March 31, 2016
SBIC debentures at fair value	\$ 73,860	\$	\$	\$ 146	\$ 74,006

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

At March 31, 2016 and December 31, 2015, Main Street's investments and SBIC debentures at fair value were categorized as follows in the fair value hierarchy for ASC 820 purposes:

At March 31, 2016	Fair Value	Fair Value Measurements (in thousands)		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
LMM portfolio investments	\$ 860,746	\$	\$ 3,010	\$ 857,736
Middle Market portfolio investments	579,544			579,544
Private Loan portfolio investments	271,338			271,338
Other Portfolio investments	78,651			78,651
External Investment Manager	27,792			27,792
Total portfolio investments	1,818,071		3,010	1,815,061
Marketable securities and idle funds investments	1,519	1,519		
Total investments	\$ 1,819,590	\$ 1,519	\$ 3,010	\$ 1,815,061
SBIC debentures at fair value	\$ 74,006	\$	\$	\$ 74,006



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At December 31, 2015	Fair Value	Fair Value Measurements (in thousands)		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
LMM portfolio investments	\$ 862,710	\$	\$ 3,840	\$ 858,870
Middle Market portfolio investments	586,900			586,900
Private Loan portfolio investments	248,313			248,313
Other Portfolio investments	74,801			74,801
External Investment Manager	27,272			27,272
Total portfolio investments	1,799,996		3,840	1,796,156
Marketable securities and idle funds investments	3,693	3,693		
Total investments	\$ 1,803,689	\$ 3,693	\$ 3,840	\$ 1,796,156
SBIC debentures at fair value	\$ 73,860	\$	\$	\$ 73,860

**Investment Portfolio Composition**

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

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

Main Street's private loan ("Private Loan") portfolio investments are primarily debt securities which have been originated through strategic relationships with other investment funds on a collaborative basis, and are often referred to in the debt markets as "club deals." Private Loan investments are typically similar in size, structure, terms and conditions to investments Main Street holds in its LMM portfolio and Middle Market portfolio. Main Street's Private Loan portfolio debt investments are generally secured by either a first or second priority lien on the assets of the portfolio company and typically have a term of between three and seven years from the original investment date.



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

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 has entered into an agreement with the External Investment Manager to share employees in connection with its asset management business generally, and specifically for its relationship with HMS Income Fund, Inc. ("HMS Income"). Through this agreement, Main Street shares employees with the External Investment Manager, including their related infrastructure, business relationships, management expertise and capital raising capabilities. In the first quarter of 2014, Main Street began allocating cost to the External Investment Manager pursuant to the sharing agreement. Main Street's total expenses for the three months ended March 31, 2016 and 2015 are net of the costs allocated to the External Investment Manager of \$1.2 million and \$0.8 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, 2016 and 2015, 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, 2016 and December 31, 2015 (this information excludes the Other Portfolio investments and the External Investment Manager which are discussed further below):

	<b>As of March 31, 2016</b>		
	<b>LMM(a)</b>	<b>Middle Market</b>	<b>Private Loan</b>
	<b>(dollars in millions)</b>		
Number of portfolio companies	72	84	42
Fair value	\$ 860.7	\$ 579.5	\$ 271.3
Cost	\$ 694.5	\$ 636.3	\$ 294.8
% of portfolio at cost debt	70.9%	98.0%	93.7%
% of portfolio at cost equity	29.1%	2.0%	6.3%
% of debt investments at cost secured by first priority lien	91.7%	85.4%	86.7%
Weighted-average annual effective yield(b)	12.4%	8.1%	9.6%
Average EBITDA(c)	\$ 6.1	\$ 94.2	\$ 13.7

(a)

At March 31, 2016, Main Street had equity ownership in approximately 96% of its LMM portfolio companies, and the average fully diluted equity ownership in those portfolio companies was approximately 35%.

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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, 2016, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status. Weighted-average annual effective yield is higher than what an investor in shares of Main Street's common stock will realize on its investment because it does not reflect Main Street's expenses or any sales load paid by an investor.
- (c) The average EBITDA is calculated using a simple average for the LMM portfolio and a weighted average for the Middle Market and Private Loan portfolios. These calculations exclude certain portfolio companies, including five LMM portfolio companies, four Middle Market portfolio companies and six Private Loan portfolio companies, as EBITDA is not a meaningful valuation metric for Main Street's investments in these portfolio companies, and those portfolio companies whose primary purpose is to own real estate.

**As of December 31, 2015**

	<b>LMM(a)</b>	<b>Middle Market</b>	<b>Private Loan</b>
	<b>(dollars in millions)</b>		
Number of portfolio companies	71	86	40
Fair value	\$ 862.7	\$ 586.9	\$ 248.3
Cost	\$ 685.6	\$ 637.2	\$ 268.6
% of total investments at cost debt	70.4%	98.3%	94.3%
% of total investments at cost equity	29.6%	1.7%	5.7%
% of debt investments at cost secured by first priority lien	91.8%	86.6%	87.3%
Weighted-average annual effective yield(b)	12.2%	8.0%	9.5%
Average EBITDA(c)	\$ 6.0	\$ 98.8	\$ 13.1

- (a) At December 31, 2015, Main Street had equity ownership in approximately 96% of its LMM portfolio companies, and the average fully diluted equity ownership in those portfolio companies was approximately 36%.
- (b) The weighted-average annual effective yields were computed using the effective interest rates for all debt investments at cost as of December 31, 2015, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status. Weighted-average annual effective yield is higher than what an investor in shares of Main Street's common stock will realize on its investment because it does not reflect Main Street's expenses or any sales load paid by an investor.
- (c) The average EBITDA is calculated using a simple average for the LMM portfolio and a weighted average for the Middle Market and Private Loan portfolios. These calculations exclude certain portfolio companies, including five LMM portfolio companies, three Middle Market portfolio companies and six Private Loan portfolio companies as EBITDA is not a meaningful valuation metric for Main Street's investments in these portfolio companies, and those portfolio companies whose primary purpose is to own real estate.

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

As of March 31, 2016, Main Street had Other Portfolio investments in ten companies, collectively totaling approximately \$78.7 million in fair value and approximately \$86.6 million in cost basis and which comprised approximately 4.3% of Main Street's Investment Portfolio at fair value. As of December 31, 2015, Main Street had Other Portfolio investments in ten companies, collectively totaling approximately \$74.8 million in fair value and approximately \$75.2 million in cost basis and which comprised approximately 4.2% of Main Street's Investment Portfolio at fair value.

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, 2016, there was no cost basis in this investment and the investment had a fair value of \$27.8 million, which comprised 1.5% of Main Street's Investment Portfolio at fair value. As of December 31, 2015, there was no cost basis in this investment and the investment had a fair value of \$27.3 million, which comprised 1.5% of Main Street's Investment Portfolio at fair value.

The following tables summarize the composition of Main Street's total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments at cost and fair value by type of investment as a percentage of the total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments, as of March 31, 2016 and December 31, 2015 (this information excludes the Other Portfolio investments and the External Investment Manager).

<b>Cost:</b>	<b>March 31, 2016</b>	<b>December 31, 2015</b>
First lien debt	75.3%	75.8%
Equity	13.4%	13.5%
Second lien debt	9.3%	8.7%
Equity warrants	0.9%	0.9%
Other	1.1%	1.1%
	100.0%	100.0%

<b>Fair Value:</b>	<b>March 31, 2016</b>	<b>December 31, 2015</b>
First lien debt	66.2%	66.1%
Equity	24.2%	24.9%
Second lien debt	8.3%	7.7%
Equity warrants	0.6%	0.6%
Other	0.7%	0.7%
	100.0%	100.0%

The following tables summarize the composition of Main Street's total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments by geographic region of the United States and other countries at cost and fair value as a percentage of the total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments, as of March 31, 2016 and December 31, 2015 (this information excludes the Other

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

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

<b>Cost:</b>	<b>March 31, 2016</b>	<b>December 31, 2015</b>
Southwest	31.7%	33.4%
Midwest	18.2%	16.7%
Northeast	18.1%	18.3%
West	14.5%	14.6%
Southeast	13.7%	13.5%
Canada	2.1%	2.2%
Other Non-United States	1.7%	1.3%
	100.0%	100.0%

<b>Fair Value:</b>	<b>March 31, 2016</b>	<b>December 31, 2015</b>
Southwest	34.2%	36.7%
Northeast	16.5%	16.3%
Midwest	16.4%	15.1%
West	16.3%	16.1%
Southeast	13.2%	12.6%
Canada	1.8%	2.0%
Other Non-United States	1.6%	1.2%
	100.0%	100.0%

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Main Street's LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments are in companies conducting business in a variety of industries. The following tables summarize the composition of Main Street's total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments by industry at cost and fair value as of March 31, 2016 and December 31, 2015 (this information excludes the Other Portfolio investments and the External Investment Manager).

<b>Cost:</b>	<b>March 31, 2016</b>	<b>December 31, 2015</b>
Hotels, Restaurants & Leisure	7.6%	7.9%
Energy Equipment & Services	7.3%	7.3%
Machinery	5.9%	5.7%
Media	5.9%	5.6%
IT Services	4.9%	5.1%
Construction & Engineering	4.5%	4.6%
Software	4.2%	4.5%
Electronic Equipment, Instruments & Components	4.2%	4.3%
Specialty Retail	4.0%	5.1%
Health Care Providers & Services	3.8%	4.1%
Internet Software & Services	3.7%	3.1%
Diversified Consumer Services	3.3%	3.7%
Commercial Services & Supplies	3.2%	3.3%
Health Care Equipment & Supplies	3.1%	3.1%
Diversified Telecommunication Services	2.8%	2.9%
Diversified Financial Services	2.8%	2.3%
Auto Components	2.6%	2.7%
Food Products	2.4%	2.4%
Oil, Gas & Consumable Fuels	2.2%	2.1%
Building Products	2.2%	1.9%
Pharmaceuticals	1.8%	1.9%
Professional Services	1.8%	1.9%
Road & Rail	1.6%	1.6%
Consumer Finance	1.6%	0.8%
Leisure Equipment & Products	1.3%	1.1%
Air Freight & Logistics	1.1%	1.1%
Aerospace & Defense	1.0%	1.0%
Other(1)	9.2%	8.9%
	100.0%	100.0%

(1)

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

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<b>Fair Value:</b>	<b>March 31, 2016</b>	<b>December 31, 2015</b>
Hotels, Restaurants & Leisure	7.7%	7.8%
Machinery	7.1%	7.0%
Software	5.7%	5.9%
Energy Equipment & Services	5.6%	6.0%
Diversified Consumer Services	5.5%	5.7%
Media	5.5%	5.1%
Construction & Engineering	5.0%	5.1%
IT Services	4.5%	4.6%
Specialty Retail	4.2%	6.0%
Electronic Equipment, Instruments & Components	3.7%	3.7%
Internet Software & Services	3.5%	2.9%
Health Care Providers & Services	3.2%	3.3%
Commercial Services & Supplies	3.1%	3.1%
Health Care Equipment & Supplies	3.0%	2.9%
Auto Components	3.0%	2.8%
Diversified Financial Services	2.8%	2.2%
Road & Rail	2.6%	2.6%
Diversified Telecommunication Services	2.5%	2.7%
Food Products	2.2%	2.1%
Building Products	2.0%	1.6%
Professional Services	1.8%	1.7%
Pharmaceuticals	1.6%	1.7%
Consumer Finance	1.3%	0.6%
Air Freight & Logistics	1.2%	1.3%
Leisure Equipment & Products	1.2%	1.1%
Oil, Gas & Consumable Fuels	1.0%	1.2%
Other(1)	9.5%	9.3%
	100.0%	100.0%

(1)

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

At March 31, 2016 and December 31, 2015, Main Street had no portfolio investment that was greater than 10% of the Investment Portfolio at fair value.

**Unconsolidated Significant Subsidiaries**

Main Street's investments are generally in small and mid-sized companies in a variety of industries. In accordance with Rules 3-09 and 4-08(g) of Regulation S-X, Main Street must determine which of its unconsolidated controlled portfolio companies, if any, are considered "significant subsidiaries". In evaluating these unconsolidated controlled portfolio companies, there are three tests utilized to determine if any of Main Street's Control Investments (as defined in Note A, including those unconsolidated controlled portfolio companies in which Main Street does not own greater than 50% of the voting securities) are considered significant subsidiaries: the investment test, the asset test and the income

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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

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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 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, 2016, Main Street had no single Control Investment that represented greater than 20% of its total Investment Portfolio at fair value and no single investment whose total assets represented greater than 20% of its total assets. After performing the income test for the three months ended March 31, 2016, Main Street determined that its income from three of its Control Investments individually generated more than 20% of its total income, primarily due to the unrealized appreciation that was recognized on the investments during the three months ended March 31, 2016. As such, GRT Rubber Technologies LLC and Travis Acquisition LLC were considered significant subsidiaries at the 20% level as of March 31, 2016. Additionally, CBT Nuggets, LLC, an unconsolidated portfolio company that was a Control Investment, but which was not majority-owned by Main Street, was also considered a significant subsidiary at the 20% level as of March 31, 2016.

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

	As of March 31, 2016	As of December 31, 2015
	(dollars in thousands)	
<b>Balance Sheet Data</b>		
Current Assets	\$ 6,072	\$ 4,499
Noncurrent Assets	15,213	16,749
Current Liabilities	16,978	15,490
Noncurrent Liabilities		

	Three Months Ended March 31,	
	2016	2015
	(dollars in thousands)	
Summary of Operations		
Total Revenue	\$ 9,080	\$ 7,839
Gross Profit	7,882	6,740
Income from Operations	3,135	2,688
Net Income	3,264	2,763

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The following table shows the summarized financial information for GRT Rubber Technologies LLC:

	As of March 31, 2016	As of December 31, 2015
(dollars in thousands)		
<b>Balance Sheet Data</b>		
Current Assets	\$ 8,405	\$ 9,729
Noncurrent Assets	35,095	36,129
Current Liabilities	4,532	3,517
Noncurrent Liabilities	19,500	22,812

	Three Months Ended March 31, 2016	2015
(dollars in thousands)		
<b>Summary of Operations</b>		
Total Revenue	\$ 7,000	\$ 8,538
Gross Profit	2,285	2,875
Income from Operations	613	1,247
Net Income	(61)	596

The following table shows the summarized financial information for Travis Acquisition LLC:

	As of March 31, 2016	As of December 31, 2015
(dollars in thousands)		
<b>Balance Sheet Data</b>		
Current Assets	\$ 14,179	\$ 11,861
Noncurrent Assets	17,760	17,911
Current Liabilities	6,715	5,354
Noncurrent Liabilities	9,300	9,536

	Three Months Ended March 31, 2016	2015
(dollars in thousands)		
<b>Summary of Operations</b>		
Total Revenue	\$ 11,974	\$ 10,653
Gross Profit	2,808	2,174
Income from Operations	1,754	1,398
Net Income	1,043	771

**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-publicly traded



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**MAIN STREET CAPITAL CORPORATION**

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

**(Unaudited)**

BDC whose registration statement on Form N-2 was declared effective by the SEC in June 2012, to provide certain investment advisory services to HMS Adviser. In December 2013, after obtaining required no-action relief from the SEC to allow it to own a registered investment adviser, Main Street assigned the sub-advisory agreement to the External Investment Manager since the fees received from such arrangement could otherwise have negative consequences on MSCC's ability to meet the source-of-income requirement necessary for it to maintain its RIC tax treatment. Under the investment sub-advisory agreement, the External Investment Manager is entitled to 50% of the base management fee and the incentive fees earned by HMS Adviser under its advisory agreement with HMS Income. Based upon several fee waiver agreements with HMS Income and HMS Adviser, the External Investment Manager did not begin accruing the base management fee and incentive fees, if any, until January 1, 2014. Beginning January 1, 2016, the External Investment Manager conditionally agreed to waive a limited amount of the incentive fees otherwise earned during the three months ended March 31, 2016. During the three months ended March 31, 2016 and 2015, the External Investment Manager earned \$2.3 million and \$1.4 million, respectively, of management fees (net of fees waived, if any) under the sub-advisory agreement with HMS Adviser.

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

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

Main Street 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, 2016 and 2015, Main Street allocated \$1.2 million and \$0.8 million of total expenses, respectively, to the External Investment Manager. The total contribution of the External Investment Manager to Main Street's net investment income consists of the combination of the expenses allocated to the External Investment Manager and dividend income from the External Investment Manager. For the three months ended March 31, 2016 and 2015, the total contribution to net investment income was \$1.9 million and \$1.2 million, respectively.

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Summarized financial information from the separate financial statements of the External Investment Manager as of March 31, 2016 and December 31, 2015 and for the three months ended March 31, 2016 and 2015 is as follows:

	<b>As of March 31, 2016</b>	<b>As of December 31, 2015</b>
	<b>(dollars in thousands)</b>	
Cash	\$ 31	\$ 31
Taxes receivable	18	
Accounts receivable HMS Income	2,254	2,262
Total assets	\$ 2,303	\$ 2,293
Accounts payable to MSCC and its subsidiaries	\$ 1,605	\$ 1,333
Dividend payable to MSCC	698	677
Taxes payable		283
Equity		
Total liabilities and equity	\$ 2,303	\$ 2,293

	<b>Three Months Ended March 31, 2016</b>	<b>2015</b>
	<b>(dollars in thousands)</b>	
Management fee income	\$ 2,251	\$ 1,428
Expenses allocated from MSCC or its subsidiaries:		
Salaries, share-based compensation and other personnel costs	(728)	(567)
Other G&A expenses	(426)	(260)
Total allocated expenses	(1,154)	(827)
Pre-tax income	1,097	601
Tax expense	(399)	(202)
Net income	\$ 698	\$ 399

**NOTE E SBIC DEBENTURES**

SBIC debentures payable were \$225.0 million at both March 31, 2016 and December 31, 2015, respectively. SBIC debentures provide for interest to be paid semi-annually, with principal due at the applicable 10-year maturity date of each debenture. The weighted-average annual

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interest rate on the SBIC debentures was 4.2% as of both March 31, 2016 and December 31, 2015. The first principal maturity due under the existing SBIC debentures is in 2017, and the remaining weighted-average duration as of March 31, 2016 was approximately 5.3 years. For the three months ended March 31, 2016 and 2015, Main Street recognized interest expense attributable to the SBIC debentures of \$2.5 million in each period, respectively. Main Street has incurred upfront leverage and other miscellaneous fees of approximately 3.4% of the debenture principal amount. In accordance with SBA regulations, the Funds are precluded from incurring additional non-SBIC debt without the prior approval of the SBA. The Funds are subject to annual compliance examinations by the SBA. There have been no historical findings resulting from these examinations.

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**MAIN STREET CAPITAL CORPORATION**

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

**(Unaudited)**

As of March 31, 2016, the recorded value of the SBIC debentures was \$223.8 million which consisted of (i) \$74.0 million recorded at fair value, or \$1.2 million less than the \$75.2 million face value of the SBIC debentures held in MSC II, and (ii) \$149.8 million reported at face value and held in MSMF. As of March 31, 2016, if Main Street had adopted the fair value option under ASC 825 for all of its SBIC debentures, Main Street estimates the fair value of its SBIC debentures would be approximately \$211.8 million, or \$13.2 million less than the \$225.0 million face value of the SBIC debentures.

**NOTE F CREDIT FACILITY**

Main Street maintains the Credit Facility to provide additional liquidity to support its investment and operational activities. The Credit Facility includes total commitments of \$555.0 million from a diversified group of fourteen lenders and matures in September 2020. The Credit Facility also contains an accordion feature which allows Main Street to increase the total commitments under the facility up to \$750.0 million from new and existing lenders on the same terms and conditions as the existing commitments.

Borrowings under the Credit Facility bear interest, subject to Main Street's election, on a per annum basis at a rate equal to the applicable LIBOR rate (0.44% as of March 31, 2016) plus (i) 1.875% (or the applicable base rate (Prime Rate of 3.5% as of March 31, 2016) plus 0.875%) as long as Main Street maintains an investment grade rating and meets certain agreed upon excess collateral and maximum leverage requirements, (ii) 2.0% (or the applicable base rate plus 1.0%) if Main Street maintains an investment grade rating but, does not meet certain excess collateral and 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. Main Street is in compliance with these covenants. The Credit Facility is provided on a revolving basis through its final maturity date in September 2020, 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, 2016, Main Street had \$306.0 million in borrowings outstanding under the Credit Facility. As of March 31, 2016, if Main Street had adopted the fair value option under ASC 825 for its Credit Facility, Main Street estimates its fair value would approximate its recorded value. Main Street recognized interest expense related to the Credit Facility, including unused commitment fees and amortization of deferred loan costs, of \$2.1 million and \$1.7 million for the three months ended March 31, 2016 and 2015, respectively. As of March 31, 2016, the interest rate on the Credit Facility was 2.3% which is consistent with the average interest rate for the three months ended March 31, 2016. Main Street was in compliance with all financial covenants of the Credit Facility.

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**MAIN STREET CAPITAL CORPORATION**

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

**(Unaudited)**

**NOTE G NOTES**

**6.125% Notes**

In April 2013, Main Street issued \$92.0 million, including the underwriters full exercise of their option to purchase additional principal amounts to cover over-allotments, in aggregate principal amount of 6.125% Notes due 2023 (the "6.125% Notes"). The 6.125% Notes are unsecured obligations and rank pari passu with Main Street's current and future unsecured indebtedness; senior to any of its future indebtedness that expressly provides it is subordinated to the 6.125% Notes; effectively subordinated to all of its existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness, including borrowings under its Credit Facility; and structurally subordinated to all existing and future indebtedness and other obligations of any of its subsidiaries, including without limitation, the indebtedness of the Funds. The 6.125% Notes mature on April 1, 2023, and may be redeemed in whole or in part at any time or from time to time at Main Street's option on or after April 1, 2018. The 6.125% Notes bear interest at a rate of 6.125% per year payable quarterly on January 1, April 1, July 1 and October 1 of each year. The total net proceeds to Main Street from the 6.125% Notes, after underwriting discounts and estimated offering expenses payable by Main Street, were approximately \$89.0 million. Main Street has listed the 6.125% Notes on the New York Stock Exchange under the trading symbol "MSCA". Main Street may from time to time repurchase the 6.125% Notes in accordance with the 1940 Act and the rules promulgated thereunder. As of March 31, 2016, the outstanding balance of the 6.125% Notes was \$90.7 million. As of March 31, 2016, if Main Street had adopted the fair value option under ASC 825 for the 6.125% Notes, Main Street estimates the fair value would be approximately \$92.1 million. Main Street recognized interest expense related to the 6.125% Notes, including amortization of deferred loan costs, of \$1.5 million for each of the three months ended March 31, 2016 and 2015.

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. Main Street is in compliance with these covenants.

**4.50% Notes**

In November 2014, Main Street issued \$175.0 million in aggregate principal amount of 4.50% unsecured notes due 2019 (the "4.50% Notes") at an issue price of 99.53%. The 4.50% Notes are unsecured obligations and rank pari passu with Main Street's current and future unsecured indebtedness; senior to any of its future indebtedness that expressly provides it is subordinated to the 4.50% Notes; effectively subordinated to all of its existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness, including borrowings under its Credit Facility; and structurally subordinated to all existing and future indebtedness and other obligations of any of its subsidiaries, including without limitation, the indebtedness of the Funds. The 4.50% Notes mature on December 1, 2019, and may be redeemed in whole or in part at any time at Main Street's option subject to certain make whole provisions. The 4.50% Notes bear interest at a rate of 4.50% per year payable semi-annually on June 1 and December 1 of each year. The total net proceeds from the

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4.50% Notes, resulting from the issue price and after underwriting discounts and estimated offering expenses payable by us, were approximately \$171.2 million. Main Street may from time to time repurchase the 4.50% Notes in accordance with the 1940 Act and the rules promulgated thereunder. As of March 31, 2016, the outstanding balance of the 4.50% Notes was \$175.0 million. As of March 31, 2016, if Main Street had adopted the fair value option under ASC 825 for the 4.50% Notes, Main Street estimates its fair value would be approximately \$180.0 million. Main Street recognized interest expense related to the 4.50% Notes, including amortization of deferred loan costs, of \$2.1 million for each of the three months ended March 31, 2016 and 2015.

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

**NOTE H FINANCIAL HIGHLIGHTS**

	<b>Three Months Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>Per Share Data:</b>		
NAV at the beginning of the period	\$ 21.24	\$ 20.85
Net investment income(1)	0.54	0.51
Net realized gain (loss)(1)(2)	0.27	(0.05)
Net change in net unrealized appreciation (depreciation)(1)(2)	(0.52)	0.30
Income tax benefit (provision)(1)(2)	0.04	0.01
Net increase in net assets resulting from operations(1)	0.33	0.77
Dividends paid to stockholders from net investment income	(0.54)	(0.51)
Distributions from capital gains		
Total dividends paid	(0.54)	(0.51)
Accretive effect of public stock offerings (issuing shares above NAV per share)	0.06	0.71
Accretive effect of DRIP issuance (issuing shares above NAV per share)	0.02	0.02
Other(3)	0.07	0.03
NAV at the end of the period	\$ 21.18	\$ 21.87
Market value at the end of the period	\$ 31.35	\$ 30.90
Shares outstanding at the end of the period	50,846,000	49,564,361

(1)

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

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

- (2) Net realized gains or losses, net change in unrealized appreciation or depreciation, and income taxes can fluctuate significantly from period to period.
- (3) Includes the impact of the different share amounts as a result of calculating certain per share data based on the weighted average basic shares outstanding during the period and certain per share data based on the shares outstanding as of a period end or transaction date and the impact of the early adoption of the accounting standard ASU 2016-09 in the three months ended March 31, 2016 relating to the accounting for share-based payment transactions (see further discussion in Note B.8.).

	<b>Three Months Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(dollars in thousands)</b>	
NAV at end of period	\$ 1,076,998	\$ 1,083,893
Average NAV	\$ 1,073,946	\$ 1,011,938
Average outstanding debt	\$ 772,183	\$ 722,820
Ratio of total expenses, including income tax expense, to average NAV(1)(2)	1.17%	1.32%
Ratio of operating expenses to average NAV(2)(3)	1.38%	1.35%
Ratio of operating expenses, excluding interest expense, to average NAV(2)(3)	0.62%	0.58%
Ratio of net investment income to average NAV(2)	2.53%	2.32%
Portfolio turnover ratio(2)	5.03%	4.30%
Total investment return(2)(4)	9.85%	7.49%
Total return based on change in NAV(2)(5)	1.57%	3.77%

- (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 net operating loss carryforwards, which are non-cash in nature and may vary significantly from period to period. Main Street is required to include net deferred tax provision/benefit in calculating its total expenses even though these net deferred taxes are not currently payable/receivable.
- (2) Not annualized.
- (3) Operating expenses include interest, compensation, general and administrative and share-based compensation expenses, net of expenses allocated to the External Investment Manager.
- (4) Total investment return based on purchase of stock at the current market price on the first day and a sale at the current market price on the last day of each period reported on the table and assumes reinvestment of dividends at prices obtained by Main Street's dividend reinvestment plan during the period. The return does not reflect any sales load that may be paid by an investor.
- (5) Total return based on change in net asset value was calculated using the sum of ending net asset value plus dividends to stockholders and other non-operating changes during the period, as divided by the beginning net asset value.

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**MAIN STREET CAPITAL CORPORATION**

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

**(Unaudited)**

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

Main Street paid regular monthly dividends of \$0.180 per share in each month of January through March 2016, totaling \$27.2 million, or \$0.540 per share, for the three months ended March 31, 2016. The first quarter 2016 regular monthly dividends represent a 5.9% increase from the regular monthly dividends paid for the first quarter of 2015. For the three months ended March 31, 2015, Main Street paid total regular monthly dividends of \$23.0 million, or \$0.510 per share.

MSCC has elected to be treated for U.S. federal income tax purposes as a RIC. MSCC's taxable income includes the taxable income generated by MSCC and certain of its subsidiaries, including the Funds, which are treated as disregarded entities for tax purposes. As a RIC, MSCC generally will not pay corporate level U.S. federal income taxes on any net ordinary income or capital gains that MSCC distributes to its stockholders. MSCC must generally distribute at least 90% of its "investment company taxable income" (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) fifteenth day of the ninth month following the close of the year which generated such taxable income.

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.

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

Listed below is a reconciliation of "Net increase in net assets resulting from operations" to taxable income and to total distributions declared to common stockholders for the three months ended March 31, 2016 and 2015.

	<b>Three Months Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(estimated, dollars in thousands)</b>	
Net increase in net assets resulting from operations	\$ 16,812	\$ 35,424
Book tax difference share-based compensation expense	1,589	1,090
Net change in net unrealized appreciation	26,218	(13,762)
Income tax provision (benefit)	(2,263)	(291)
Pre-tax book (income) loss not consolidated for tax purposes	(12,365)	1,376
Book income and tax income differences, including debt origination, structuring fees, dividends, realized gains and changes in estimates	(561)	(601)
Estimated taxable income(1)	29,430	23,236
Taxable income earned in prior year and carried forward for distribution in current year	29,683	38,638
Taxable income earned prior to period end and carried forward for distribution next period	(40,942)	(46,527)
Dividend payable as of period end and paid in the following period	9,113	8,674
Total distributions accrued or paid to common stockholders	\$ 27,284	\$ 24,021

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

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**MAIN STREET CAPITAL CORPORATION**

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

**(Unaudited)**

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

The income tax expense, or benefit, and the related tax assets and liabilities, generated by the Taxable Subsidiaries and MSCP, if any, are reflected in Main Street's consolidated financial statements. For the three months ended March 31, 2016, Main Street recognized a net income tax benefit of \$2.3 million, principally consisting of deferred tax benefit of \$2.6 million which is primarily the result of the net activity relating to the portfolio investments held in the Taxable Subsidiaries including changes in net operating loss carryforwards, changes in net unrealized appreciation or depreciation and other temporary book tax differences, partially offset by a \$0.4 million provision for other current taxes which is primarily related to a \$0.3 million provision for current U.S. federal income and state taxes, and a \$0.1 million accrual for excise tax on our estimated spillover taxable income. For the three months ended March 31, 2015, Main Street recognized a net income tax benefit of \$0.3 million which principally consisted of a deferred tax benefit of \$0.7 million, partially offset by \$0.4 million of accruals for current U.S. federal income and excise taxes, state and other taxes.

The net deferred tax asset at March 31, 2016 and December 31, 2015 was \$8.4 million and \$4.0 million, respectively, primarily related to net operating loss carryforwards, timing differences in net unrealized appreciation or depreciation and other temporary book tax differences relating to portfolio investments held by the Taxable Subsidiaries. In addition, Main Street recorded a one-time \$1.8 million increase to deferred tax assets for previously unrecognized excess tax benefits associated with share-based compensation due to the early adoption of the new accounting standard ASU 2016-09 (See further discussion in Note B.8). For federal income tax purposes, the capital loss carryforward of \$8.0 million in the Taxable Subsidiaries as of December 31, 2015 was fully utilized during the three months ended March 31, 2016.

**NOTE J COMMON STOCK**

During November 2015, Main Street entered into a program (the "ATM Program") with underwriters through which it can sell, by means of at-the-market offerings from time to time, up to 1,000,000 shares of its common stock. During the first quarter of 2016, Main Street sold 321,714 shares of its common stock at a weighted-average price of \$31.01 per share and raised \$10.0 million of gross proceeds under the ATM Program. Net proceeds were \$9.8 million after commissions to the underwriter on shares sold and offering costs. As of March 31, 2016, sales transactions representing 78,782 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 on the consolidated statement of operations and in the shares used to calculate net asset value per share. As of March 31, 2016, 537,718 shares were available for sale under the ATM Program.

During the fourth quarter of 2015, Main Street sold 140,568 shares of its common stock at a weighted-average price of \$31.98 per share and raised \$4.5 million of gross proceeds under the ATM

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**MAIN STREET CAPITAL CORPORATION**

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

**(Unaudited)**

Program. Net proceeds were \$4.3 million after commissions to the underwriter on shares sold and offering costs.

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

**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, 2016, \$3.3 million of the total \$27.2 million in dividends paid to stockholders represented DRIP participation. During this period, the DRIP participation requirements were satisfied with the issuance of 113,631 newly issued shares. For the three months ended March 31, 2015, \$3.5 million of the total \$23.0 million in dividends paid to stockholders represented DRIP participation. During this period, the DRIP participation requirements were satisfied with the issuance of 116,330 newly issued shares and with the purchase of 3,131 shares of common stock in the open market. 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

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

Equity and Incentive Plan, net of shares forfeited, and the remaining shares of restricted stock available for issuance as of March 31, 2016.

Restricted stock authorized under the plan	3,000,000
Less net restricted stock granted during:	
Year ended December 31, 2015	(900)
Three months ended March 31, 2016	(900)
Restricted stock available for issuance as of March 31, 2016	2,998,200

As of March 31, 2016, the following table summarizes the restricted stock issued to Main Street's independent directors and the remaining shares of restricted stock available for issuance pursuant to the Main Street Capital Corporation 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)
Restricted stock available for issuance as of March 31, 2016	293,194

For the three months ended March 31, 2016 and 2015, Main Street recognized total share-based compensation expense of \$1.6 million and \$1.3 million, respectively, related to the restricted stock issued to Main Street employees and independent directors.

As of March 31, 2016, there was \$10.5 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 2.1 years as of March 31, 2016.

**NOTE M COMMITMENTS AND CONTINGENCIES**

At March 31, 2016, Main Street had the following outstanding commitments (in thousands):

	Amount
<u>Investments with equity capital commitments that have not yet funded:</u>	
<i>Encap Energy Fund Investments</i>	
EnCap Energy Capital Fund VIII, L.P.	\$ 857
EnCap Energy Capital Fund VIII Co-Investors, L.P.	140
EnCap Energy Capital Fund IX, L.P.	2,055
EnCap Energy Capital Fund X, L.P.	8,930
EnCap Flatrock Midstream Fund II, L.P.	7,888
EnCap Flatrock Midstream Fund III, L.P.	6,482
	\$ 26,352

*Congruent Credit Opportunities Funds*

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Congruent Credit Opportunities Fund II, LP	\$	8,488
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## MAIN STREET CAPITAL CORPORATION

## Notes to Consolidated Financial Statements (Continued)

(Unaudited)

	Amount
Congruent Credit Opportunities Fund III, LP	17,980
	\$ 26,468
<i>Freeport Fund Investments</i>	
Freeport First Lien Loan Fund III LP	\$ 8,936
Freeport Financial SBIC Fund LP	1,375
	\$ 10,311
I-45 SLF LLC	\$ 7,800
<i>Dos Rios Partners</i>	
Dos Rios Partners, LP	\$ 3,416
Dos Rios Partners A, LP	1,085
	\$ 4,501
Brightwood Capital Fund III, LP	\$ 3,750
EIG Fund Investments	\$ 2,220
LKCM Headwater Investments I, L.P.	\$ 2,500
Access Media Holdings, LLC	\$ 1,485
Total equity commitments	\$ 85,387
<u>Investments with commitments to fund revolving loans that have not been fully drawn or term loans with additional commitments not yet funded:</u>	
Volusion, LLC	\$ 7,000
CapFusion, LLC	6,400
Barfly Ventures, LLC	4,594
Arcus Hunting LLC	4,139
UniRush, LLC	4,000
Apex Linen Service, Inc.	3,200
Buca C, LLC	2,670
Hojeij Branded Foods, LLC	2,028
Applied Products, Inc.	2,000
Mid-Columbia Lumber Products, LLC	2,000
PT Network, LLC	1,938
Datacom, LLC	1,800
Glowpoint, Inc.	1,600
IDX Broker, LLC	1,500
LaMi Products, LLC	1,765
Messenger, LLC	1,417
Grace Hill, LLC	1,327
Lamb's Venture, LLC	1,000
Minute Key, Inc.	800
HW Temps LLC	800



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

	<b>Amount</b>
Guerdon Modular Holdings, Inc.	640
Jackmont Hospitality, Inc.	593
Vision Interests, Inc.	525
Insurance Technologies, LLC	522
UniTek Global Services, Inc.	483
Subsea Global Solutions, LLC	421
AccuMED Corp.	250
Garreco, LLC	200
Brainworks Software, LLC	111
 Total loan commitments	 \$ 56,523
 Total commitments	 \$ 141,910

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, 2016, Main Street had a receivable of \$2.3 million due from the External Investment Manager which included approximately \$1.6 million related primarily to operating expenses incurred by MSCC or its subsidiaries required to support the External Investment Manager's business, along with dividends declared but not paid by the External Investment Manager of approximately \$0.7 million.

In November 2015, Main Street's board of directors approved and adopted the Main Street Capital Corporation Deferred Compensation Plan (the "2015 Deferred Compensation Plan"). The 2015 Deferred Compensation Plan became effective on January 1, 2016 and replaced the Deferred 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 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, 2016, \$1.1 million of compensation and fees had been deferred under the 2015 Deferred Compensation Plan (including amounts previously deferred under the 2013 Deferred Compensation Plan). Of this amount, \$1.05 million of this deferred compensation and fees was deferred into phantom Main Street stock units, representing 34,645 shares of our common stock. Any deferred amounts under the plan represented by our shares of common stock will not be issued or included as outstanding on the consolidated statement of changes in net assets until such

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**MAIN STREET CAPITAL CORPORATION**

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

**(Unaudited)**

shares are actually distributed to the participant in accordance with the plan, but are included in operating expenses and weighted average shares outstanding on our consolidated statement of operations as earned.

**NOTE O SUBSEQUENT EVENTS**

In April 2016, Main Street led a new portfolio investment totaling \$6.0 million of invested capital to facilitate the majority recapitalization of BBB Tank Services, LLC ("BBB"), with Main Street funding \$4.8 million of the investment. Main Street's investment in BBB included a combination of first-lien, senior secured term debt and a direct equity investment. Main Street and its co-investor are also providing BBB an undrawn revolving line of credit to support its future working capital needs. Headquartered in Baytown, Texas, and founded in 2001, BBB provides products and services to the above-ground storage tank market. BBB's products and services include routine and emergency maintenance and repairs, replacement seals for floating roofs, application of protective coatings, and new tank construction and are provided primarily to owners of storage terminals that hold crude, refined petroleum products, chemicals and other commodities.

In April 2016, Safety Holdings, Inc., doing business as SambaSafety® ("SambaSafety"), completed a transaction with a private equity group to complete a majority recapitalization of SambaSafety. This transaction resulted in the repayment of Main Street's debt investment and the exit of Main Street's equity investment in SambaSafety. SambaSafety's innovative Software as a Service ("SaaS") solutions provide driver risk technology and information to employers, insurance, background screeners and fleet management companies. This enables companies with commercial and non-commercial fleets to easily identify and address unsafe driving behavior and take the appropriate actions necessary to maintain the safety of drivers, passengers and the communities in which they live and work. Additionally, SambaSafety solutions provide the insights insurance carriers need to accurately price risk throughout the insurance policy lifecycle. Main Street made its initial investment in SambaSafety in November 2011 and the majority recapitalization transaction resulted in realized value received by Main Street that is consistent with the fair market values for its investments in SambaSafety as of March 31, 2016.

In April 2016, Main Street led a new portfolio investment totaling \$16.4 million of invested capital to facilitate the management-led buyout of Gulf Publishing Company ("Gulf") and The Petroleum Economist Limited ("Petroleum Economist", and together with Gulf, the "Companies"), with Main Street funding \$13.1 million of the investment. Main Street's investment in the Companies included a combination of first-lien, senior secured term debt and a direct equity investment. Headquartered in Houston, Texas, Gulf Publishing Company was incorporated in 1916 by a team of oil company executives and oilfield equipment manufacturers as wildcat discoveries were being made along the Houston Ship Channel. Today, Gulf Publishing produces and distributes leading trade journals, industry research, databases, software, conferences and events designed for the needs of the energy industry.

During April 2016, Main Street declared a semi-annual supplemental cash dividend of \$0.275 per share payable in June 2016. This supplemental cash dividend is in addition to the previously announced regular monthly cash dividends that Main Street declared for the second quarter of 2016 of \$0.180 per share for each of April, May and June 2016.

In May 2016, Main Street declared regular monthly dividends of \$0.180 per share for each month of July, August and September of 2016. These regular monthly dividends equal a total of \$0.540 per share for the third quarter of 2016 and represent a 2.9% increase from the regular monthly dividends declared for the third quarter of 2015. Including the regular monthly dividends declared for the first quarter of 2016, Main Street will have paid \$17.775 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, 2016**  
(dollars in thousands)  
(Unaudited)

Company	Investment(1)	Amount of Interest, Fees or Dividends Credited to Income(2)	December 31, 2015 Value	Gross Additions(3)	Gross Reductions(4)	March 31, 2016 Fair Value
<b>Control Investments</b>						
<i>Majority-owned investments</i>						
<b>Café Brazil, LLC</b>	Member Units	203	7,330		760	6,570
<b>GRT Rubber Technologies LLC</b>	LIBOR Plus 9.00% (Floor 1.00%)	413	15,988	134	2,219	13,903
	Member Units	112	15,580	2,450		18,030
<b>Hydratec, Inc.</b>	Common Stock	455	14,950	460		15,410
<b>IDX Broker, LLC</b>	12.5% Secured Debt	365	11,350	5	5	11,350
	Member Units		6,440			6,440
<b>Jensen Jewelers of Idaho, LLC</b>	Prime Plus 6.75% (Floor 2.00%)	119	4,055	508	158	4,405
	Member Units	52	4,750	450		5,200
<b>Lamb's Venture, LLC</b>	11% Secured Debt	220	7,962	1	114	7,849
	Preferred Equity		328			328
	Member Units		4,690	470		5,160
	9.5% Secured Debt	22	919		13	906
<b>Lighting Unlimited, LLC</b>	Member Units	14	1,240			1,240
	8% Secured Debt	31	1,514			1,514
	Preferred Equity		430			430
	Warrants		40		10	30
<b>Mid-Columbia Lumber Products, LLC</b>	Member Units	(81)	350		90	260
	10% Secured Debt	44	1,750			1,750
	12% Secured Debt	118	3,900			3,900
	Member Units		2,580		160	2,420
	9.5% Secured Debt	21	881		11	870
	Member Units	5	550			550
<b>MSC Adviser I, LLC</b>	Member Units	698	27,272	520		27,792
<b>Mystic Logistics Holdings, LLC</b>	12% Secured Debt	297	9,448	9	9	9,448
	Common Stock	8	5,970		580	5,390
<b>NRP Jones, LLC</b>	6% Current / 6% PIK Secured Debt	467	12,948	134		13,082
	Warrants		450		300	150
	Member Units		1,480		990	490
<b>PPL RVs, Inc.</b>	11.1% Secured Debt	272	9,710			9,710

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	Common Stock		9,770	290		10,060
<b>Principle Environmental, LLC</b>	12% Secured Debt	144	4,060	21	21	4,060
	12% Current / 2% PIK Secured Debt	118	3,310	18	1	3,327
	Preferred Member Units		6,060		1,460	4,600
	Warrants		310		190	120
<b>Quality Lease Service, LLC</b>	8% PIK Secured Debt	126	6,538	126		6,664
	Member Units		2,638			2,638
<b>Southern RV, LLC</b>	13% Secured Debt	157	11,400	104	11,504	
	Member Units	957	15,100	(1,417)	13,683	
	13% Secured Debt	45	3,250	30	3,280	
	Member Units		1,200		1,200	
<b>The MPI Group, LLC</b>	9% Secured Debt	66	2,921			2,921
	Series A Preferred Units		690			690
	Warrants					
	Member Units	31	2,230	70		2,300
<b>Travis Acquisition LLC</b>	12% Secured Debt	108	3,513	5	120	3,398
	Member Units	25	14,480	2,840		17,320
<b>Uvalco Supply, LLC</b>	9% Secured Debt	28	1,314		107	1,207
	Member Units	51	5,460	250		5,710

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Company	Investment(1)	Amount of Interest, Fees or Dividends Credited to Income(2)	December 31, 2015 Value	Gross Additions(3)	Gross Reductions(4)	March 31, 2016 Fair Value
Vision Interests, Inc.	13% Secured Debt	105	3,052	5		3,057
	Series A Preferred Stock		3,550			3,550
	Common Stock		210	1		211
Ziegler's NYPD, LLC	6.5% Secured Debt	17	992			992
	12% Secured Debt	15	500			500
	14% Secured Debt	97	2,750			2,750
	Warrants		50	100		150
	Preferred Member Units		3,400			3,400
<i>Other controlled investments</i>						
Access Media Holdings, LLC	5.00% Current / 5.00% PIK Secured Debt	\$ 554	\$ 20,380	\$ 271		\$ 20,651
	Preferred Member Units		2,000	765	635	2,130
	Member Units					
AmeriTech College, LLC	10% Secured Debt	13	514			514
	10% Secured Debt	12	489			489
	10% Secured Debt	76	3,025			3,025
	Preferred Member Units	29	2,291			2,291
ASC Interests, LLC	11% Secured Debt	75	2,500	5	255	2,250
	Member Units	35	2,230	330		2,560
Bond-Coat, Inc.	12% Secured Debt	360	11,596	8	8	11,596
	Common Stock		9,140		1,650	7,490
CBT Nuggets, LLC	Member Units	1,611	42,120	3,630		45,750
CMS Minerals LLC	Preferred Member Units	1,013	6,914		1,164	5,750
Datacom, LLC	5.25% Current / 5.25% PIK Secured Debt	317	10,970	56	216	10,810
	Class A Preferred Member Units		1,181	43		1,224
	Class B Preferred Member Units		5,079		477	4,602
Garreco, LLC	14% Secured Debt	212	5,739	6		5,745
	Member Units	5	1,270		180	1,090
Gulf Manufacturing, LLC	9% PIK Secured Debt	18	777			777
	Member Units		13,770		2,810	10,960
Harrison Hydra-Gen, Ltd.	9% Secured Debt	9	5,010		5,010	
	Preferred Stock	2	1,361	2	1,363	
	Common Stock		2,600	100		2,700
Hawthorne Customs and Dispatch Services, LLC	Member Units	12	460		180	280
	Member Units	35	2,220			2,220
HW Temps LLC	LIBOR Plus 9.50% (Floor 1.00%)	270	9,884	4		9,888
	Preferred Member Units	198	3,942	1,008		4,950
Indianapolis Aviation Partners, LLC	15% Secured Debt	123	3,100	5	5	3,100
	Warrants		2,540			2,540
Marine Shelters Holdings, LLC	12% PIK Secured Debt	285	8,870	285	245	8,910

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<b>(LoneStar Marine Shelters)</b>	Preferred Member Units		4,881		1,080	3,801
<b>MH Corbin Holding LLC</b>	10% Secured Debt	358	13,869	7	175	13,701
	Preferred Member Units	35	6,000			6,000
<b>NAPCO Precast, LLC</b>	Prime Plus 2.00% (Floor 7.00%)	79	4,005		936	3,069
	18% Secured Debt	214	4,924		453	4,471
	Member Units	2	8,590	470		9,060
<b>NRI Clinical Research, LLC</b>	14% Secured Debt	173	4,539	12	108	4,443
	Warrants		340	40		380
	Member Units		1,342	80		1,422
<b>OMi Holdings, Inc.</b>	Common Stock		13,640	930		14,570
<b>Pegasus Research Group, LLC (Televerde)</b>	Member Units	221	6,840	1,190		8,030
<b>River Aggregates, LLC</b>	Zero Coupon Secured Debt	17	556	17		573
	Member Units	115	3,830	260		4,090
	Member Units		2,360	80		2,440
<b>SoftTouch Medical Holdings LLC</b>	LIBOR Plus 9.00% (Floor 1.00%)	192	8,010	65		8,075
	Member Units		5,710	1,770		7,480
<b>Other</b>						
Amounts related to investments transferred to or from other 1940 Act classification during the period						
		\$ 12,615	\$ 555,011	\$ 19,023	\$ 53,935	\$ 520,099

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Company	Investment(1)	Amount of Interest, Fee or Dividends Credited to Income(2)	December 31, 2015 Value	Gross Additions(3)	Gross Reductions(4)	March 31, 2016 Fair Value
<b>Affiliate Investments</b>						
<b>AFG Capital Group, LLC</b>	11% Secured Debt	\$ 382	\$ 12,790	\$ 18	\$	\$ 12,808
	Warrants		490	40		530
	Member Units		2,020	160		2,180
<b>Barfly Ventures, LLC</b>	12% Secured Debt	529	4,042	4	94	3,952
	Options			470		470
	Warrants		473		233	240
<b>Boss Industries, LLC</b>	Preferred Member Units	43	2,586	43	179	2,450
<b>Bridge Capital Solutions Corporation</b>	13% Secured Debt	249	6,890	110		7,000
	Warrants		1,300	80		1,380
<b>Buca C, LLC</b>	LIBOR Plus 7.25% (Floor 1.00%)	546	25,299	231		25,530
	Preferred Member Units	55	3,711	2,059		5,770
<b>CAI Software LLC</b>	12% Secured Debt	139	4,661	4	325	4,340
	Member Units	12	1,000	300		1,300
<b>CapFusion, LLC</b>	13% Secured Debt	150		8,302		8,302
	Warrants			1,200		1,200
<b>Chandler Signs Holdings, LLC</b>	12% Secured Debt	178		4,456		4,456
	Class A Units			1,500		1,500
<b>Condit Exhibits, LLC</b>	Member Units	17	1,010			1,010
<b>Congruent Credit Opportunities Funds</b>	LP Interests (Fund II)	250	2,834		1,185	1,649
	LP Interests (Fund III)	205	12,024		121	11,903
<b>Daseke, Inc.</b>	12% Current / 2.5% PIK Secured Debt	799	21,253	155	20	21,388
	Common Stock		22,660			22,660
<b>Dos Rios Partners</b>	LP Interests (Fund)		2,031	1,070	519	2,582
	LP Interests (Fund A)		648	340		988
<b>East Teak Fine Hardwoods, Inc.</b>	Common Stock	4	860			860
<b>East West Copolymer &amp; Rubber, LLC</b>	12% Secured Debt	298	9,463	7		9,470
	Warrants		50			50
<b>EIG Traverse Co-Investment, L.P.</b>	LP Interests	231	4,755	5,050		9,805
<b>Freeport Financial Funds</b>	LP Interests (Fund)	130	6,045		277	5,768
	LP Interests (Fund III)	98	2,077	1,487		3,564
<b>Gault Financial, LLC (RMB Capital, LLC)</b>	10% Secured Debt Warrants	383	10,930	39		10,969
<b>Glowpoint, Inc.</b>	8% Secured Debt	10	397			397
	12% Secured Debt	279	8,929	5	294	8,640
	Common Stock		3,840		830	3,010

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<b>Guerdon Modular Holdings, Inc.</b>	LIBOR Plus 8.50% (Floor 1.00%)	15	(15)	961		946
	13% Secured Debt	348	10,295	5		10,300
	Common Stock		1,990		780	1,210
<b>Houston Plating and Coatings, LLC</b>	Member Units	(24)	8,440		2,360	6,080
<b>I-45 SLF LLC</b>	Member units	433	7,200	2,000	164	9,036
<b>Indianhead Pipeline Services, LLC</b>	12% Secured Debt	209	5,853	32	225	5,660
	Preferred Member Units	19	2,302	267		2,569
	Warrants					
	Member Units					
<b>KBK Industries, LLC</b>	12.5% Secured Debt	182	5,900	3	3	5,900
	Member Units		3,680		170	3,510
<b>L.F. Manufacturing Holdings, LLC</b>	Member Units		1,485	185		1,670
<b>MPS Denver, LLC</b>	Member Units		1,130		290	840
<b>OnAsset Intelligence, Inc.</b>	12% PIK Secured Debt	123	4,006	123		4,129
	Preferred Stock		1,380			1,380
	Warrants					
<b>OPI International Ltd.</b>	10% Unsecured Debt	12	473			473
	Common Stock		3,200			3,200

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Company	Investment(1)	Amount of Interest, Fee or Dividends Credited to Income(2)	December 31, 2015 Value	Gross Additions(3)	Gross Reductions(4)	March 31, 2016 Fair Value
PCI Holding Company, Inc.	12% Secured Debt	134		12,870		12,870
	Preferred Stock	142	4,887	142	939	4,090
Radial Drilling Services Inc.	12% Secured Debt Warrants	5	1,500	5		1,505
Rocacea, LLC (Quality Lease and Rental Holdings, LLC)	12% Secured Debt Preferred Member Units		250			250
Samba Holdings, Inc.	12.5% Secured Debt Common Stock	791	24,662 30,220	32	932	23,762 30,220
Tin Roof Acquisition Company	12% Secured Debt	436	13,807	15	105	13,717
	Class C Preferred Stock	63	2,477	62		2,539
UniTek Global Services, Inc.	LIBOR Plus 7.50% (Floor 1.00%)	61	2,812			2,812
	LIBOR Plus 8.50% (Floor 1.00%)	34	1,255	3		1,258
	15% PIK Unsecured Debt	26	638	24		662
	Preferred Stock		5,540	260		5,800
	Common Stock			1,120		1,120
Universal Wellhead Services Holdings, LLC	Class A Preferred Units		3,000		980	2,020
Volusion, LLC	10.5% Secured Debt	527	16,199	62		16,261
	Preferred Member Units		14,000			14,000
	Warrants		1,400			1,400
Other						
Amounts related to investments transferred to or from other 1940 Act classification during the period			(4,515)			
		\$ 8,523	\$ 350,519	\$ 45,301	\$ 11,025	\$ 389,310

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

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

(2) Represents the total amount of interest, fees and dividends credited to income for the portion of the period for which an investment was included in Control or Affiliate categories, respectively. For investments transferred between Control and Affiliate categories during the period, any income 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

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

(4)

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

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

*The information in this section contains forward-looking statements that involve risks and uncertainties. Please see "Risk Factors" and "Cautionary Statement Concerning Forward-Looking Statements" in our Annual Report on Form 10-K for the year ended December 31, 2015, filed with the Securities and Exchange Commission (the "SEC") on February 26, 2016, for a discussion of the uncertainties, risks and assumptions associated with these statements. You should read the following discussion in conjunction with the consolidated financial statements and related notes and other financial information included in the Annual Report on Form 10-K for the year ended December 31, 2015.*

**ORGANIZATION**

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

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

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

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

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

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

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

**OVERVIEW**

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

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

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 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, 2016 and December 31, 2015 (this information excludes the Other Portfolio investments and the External Investment Manager which are discussed further below):

	As of March 31, 2016		
	LMM(a)	Middle Market	Private Loan
	(dollars in millions)		
Number of portfolio companies	72	84	42
Fair value	\$ 860.7	\$ 579.5	\$ 271.3
Cost	\$ 694.5	\$ 636.3	\$ 294.8
% of portfolio at cost debt	70.9%	98.0%	93.7%
% of portfolio at cost equity	29.1%	2.0%	6.3%
% of debt investments at cost secured by first priority lien	91.7%	85.4%	86.7%
Weighted-average annual effective yield(b)	12.4%	8.1%	9.6%
Average EBITDA(c)	\$ 6.1	\$ 94.2	\$ 13.7

- (a) At March 31, 2016, we had equity ownership in approximately 96% of our LMM portfolio companies, and the average fully diluted equity ownership in those portfolio companies was approximately 35%.
- (b) The weighted-average annual effective yields were computed using the effective interest rates for all debt investments at cost as of March 31, 2016, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status. Weighted-average annual effective yield is higher than what an investor in shares of our common stock will realize on its investment because it does not reflect our expenses or any sales load paid by an investor.
- (c) The average EBITDA is calculated using a simple average for the LMM portfolio and a weighted average for the Middle Market and Private Loan portfolios. These calculations exclude certain portfolio companies, including five LMM portfolio companies, four Middle Market portfolio companies and six Private Loan portfolio companies, as

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

	As of December 31, 2015		
	LMM(a)	Middle Market	Private Loan
	(dollars in millions)		
Number of portfolio companies	71	86	40
Fair value	\$ 862.7	\$ 586.9	\$ 248.3
Cost	\$ 685.6	\$ 637.2	\$ 268.6
% of total investments at cost debt	70.4%	98.3%	94.3%
% of total investments at cost equity	29.6%	1.7%	5.7%
% of debt investments at cost secured by first priority lien	91.8%	86.6%	87.3%
Weighted-average annual effective yield(b)	12.2%	8.0%	9.5%
Average EBITDA(c)	\$ 6.0	\$ 98.8	\$ 13.1

- (a) At December 31, 2015, we had equity ownership in approximately 96% of our LMM portfolio companies, and the average fully diluted equity ownership in those portfolio companies was approximately 36%.
- (b) The weighted-average annual effective yields were computed using the effective interest rates for all debt investments at cost as of December 31 2015, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status. Weighted-average annual effective yield is higher than what an investor in shares of our common stock will realize on its investment because it does not reflect our expenses or any sales load paid by an investor.
- (c) The average EBITDA is calculated using a simple average for the LMM portfolio and a weighted average for the Middle Market and Private Loan portfolios. These calculations exclude certain portfolio companies, including five LMM portfolio companies, three Middle Market portfolio companies and six Private Loan portfolio companies, as EBITDA is not a meaningful valuation metric for our investments in these portfolio companies, and those portfolio companies whose primary purpose is to own real estate.

As of March 31, 2016, we had Other Portfolio investments in ten companies, collectively totaling approximately \$78.7 million in fair value and approximately \$86.6 million in cost basis and which comprised approximately 4.3% of our Investment Portfolio (as defined in " Critical Accounting Policies Basis of Presentation" below) at fair value. As of December 31, 2015, we had Other Portfolio investments in ten companies, collectively totaling approximately \$74.8 million in fair value and approximately \$75.2 million in cost basis and which comprised approximately 4.2% of our Investment Portfolio at fair value.

As previously discussed, the External Investment Manager is a wholly owned subsidiary that is treated as a portfolio investment. As of March 31, 2016, there was no cost basis in this investment and the investment had a fair value of \$27.8 million, which comprised 1.5% of our Investment Portfolio at fair value. As of December 31, 2015, there was no cost basis in this investment and the investment had a fair value of \$27.3 million, which comprised 1.5% of our Investment Portfolio at fair value.

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

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

Because we are internally managed, we do not pay any external investment advisory fees, but instead directly incur the operating costs associated with employing investment and portfolio management professionals. We believe that our internally managed structure provides us with a beneficial operating expense structure when compared to other publicly traded and privately held investment firms which are externally managed, and our internally managed structure allows us the opportunity to leverage our non-interest operating expenses as we grow our Investment Portfolio. For each of the three months ended March 31, 2016 and 2015, the ratio of our total operating expenses, excluding interest expense, as a percentage of our quarterly average total assets was 1.4% on an annualized basis.

During May 2012, we entered into an investment sub-advisory agreement with HMS Adviser, LP ("HMS Adviser"), which is the investment advisor to HMS Income, a non-publicly traded BDC whose registration statement on Form N-2 was declared effective by the SEC in June 2012, to provide certain investment advisory services to HMS Adviser. In December 2013, after obtaining required no-action relief from the SEC to allow us to own a registered investment adviser, we assigned the sub-advisory agreement to the External Investment Manager since the fees received from such arrangement could otherwise have negative consequences on our ability to meet the source-of-income requirement necessary for us to maintain our RIC tax treatment. Under the investment sub-advisory agreement, the External Investment Manager is entitled to 50% of the base management fee and the incentive fees earned by HMS Adviser under its advisory agreement with HMS Income. Based upon several fee waiver agreements with HMS Income and HMS Adviser, the External Investment Manager did not begin accruing the base management fee and incentive fees, if any, until January 1, 2014. Beginning January 1, 2016, the External Investment Manager conditionally agreed to waive a limited amount of the incentive fees otherwise earned during the three months ended March 31, 2016. During the three months ended March 31, 2016 and 2015, the External Investment Manager earned \$2.3 million and \$1.4 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.

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**CRITICAL ACCOUNTING POLICIES**

***Basis of Presentation***

Our financial statements are prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). For each of the periods presented herein, our consolidated financial statements include the accounts of MSCC and its consolidated subsidiaries. The Investment Portfolio, as used herein, refers to all of our investments in LMM portfolio companies, investments in Middle Market portfolio companies, Private Loan portfolio investments, Other Portfolio investments, and the investment in the External Investment Manager, but excludes all "Marketable securities and idle funds investments". "Marketable securities and idle funds investments" are classified as financial instruments and are reported separately on our consolidated balance sheets and consolidated schedules of investments due to the nature of such investments. Our results of operations and cash flows for the three months ended March 31, 2016 and 2015 and financial position as of March 31, 2016 and December 31, 2015, are presented on a consolidated basis. The effects of all intercompany transactions between us and our consolidated subsidiaries have been eliminated in consolidation.

Our accompanying unaudited consolidated financial statements are presented in conformity with U.S. GAAP for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Article 10 of Regulation S-X. Accordingly, certain disclosures accompanying annual financial statements prepared in accordance with U.S. GAAP are omitted. In the opinion of management, the unaudited consolidated financial results included herein contain all adjustments, consisting solely of normal recurring accruals, considered necessary for the fair presentation of financial statements for the interim periods included herein. The results of operations for the three months ended March 31, 2016 and 2015 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, 2015. Financial statements prepared on a U.S. GAAP basis require management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

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

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***Investment Portfolio Valuation***

The most significant determination inherent in the preparation of our consolidated financial statements is the valuation of our Investment Portfolio and the related amounts of unrealized appreciation and depreciation. As of both March 31, 2016 and December 31, 2015, our Investment Portfolio valued at fair value represented approximately 96% of our total assets. We are required to report our investments at fair value. We follow the provisions of 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, 2016 and December 31, 2015 approximates fair value as of those dates based on the markets in which we operate and other conditions in existence on those reporting dates.

***Revenue Recognition***

***Interest and Dividend Income***

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

***Fee Income***

We may periodically provide services, including structuring and advisory services, to our portfolio companies or other third parties. For services that are separately identifiable and evidence exists to substantiate fair value, fee income is recognized as earned, which is generally when the investment or other applicable transaction closes. Fees received in connection with debt financing transactions for services that do not meet these criteria are treated as debt origination fees and are deferred and accreted into interest 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, 2016 and 2015, (i) approximately 3.1% and 2.2%, respectively, of our total investment income was attributable to PIK interest income not paid currently in cash and (ii) approximately 0.8% and 1.0%, respectively, of our total investment income was attributable to cumulative dividend income not paid currently in cash.

*Share-Based Compensation*

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

*Income Taxes*

MSCC has elected to be treated for U.S. federal income tax purposes as a RIC. MSCC's taxable income includes the taxable income generated by MSCC and certain of its subsidiaries, including the Funds, which are treated as disregarded entities for tax purposes. As a RIC, MSCC generally will not pay corporate-level U.S. federal income taxes on any net ordinary income or capital gains that MSCC distributes to its stockholders. MSCC must generally distribute at least 90% of its "investment company taxable income" (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) fifteenth day of the ninth month following the close of the year which generated such taxable income.

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

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

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

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

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

## **INVESTMENT PORTFOLIO COMPOSITION**

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

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

Our Private Loan portfolio investments are primarily debt securities 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

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which may be managed by third parties. In the Other Portfolio, we may incur indirect fees and expenses in connection with investments managed by third parties, such as investments in other investment companies or private funds.

Our external asset management business is conducted through the External Investment Manager. The External Investment Manager earns management fees based on the assets of the funds under management and may earn incentive fees, or a carried interest, based on the performance of the funds managed. We have entered into an agreement with the External Investment Manager to share employees in connection with its asset management business generally, and specifically for its relationship with HMS Income. Through this agreement, we share employees with the External Investment Manager, including their related infrastructure, business relationships, management expertise and capital raising capabilities. In the first quarter of 2014, we began allocating costs to the External Investment Manager pursuant to the sharing agreement. Our total expenses for the three months ended March 31, 2016 and 2015 are net of expenses allocated to the External Investment Manager of \$1.2 million and \$0.8 million, respectively. The External Investment Manager earns management fees based on the assets of the funds under management and may earn incentive fees, or a carried interest, based on the performance of the funds managed. The total contribution of the External Investment Manager to our net investment income consists of the combination of the expenses allocated to the External Investment Manager and dividend income from the External Investment Manager. For the three months ended March 31, 2016 and 2015, the total contribution to our net investment income was \$1.9 million and \$1.2 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, 2016 and December 31, 2015 (this information excludes the Other Portfolio investments and the External Investment Manager).

<b>Cost:</b>	<b>March 31, 2016</b>	<b>December 31, 2015</b>
First lien debt	75.3%	75.8%
Equity	13.4%	13.5%
Second lien debt	9.3%	8.7%
Equity warrants	0.9%	0.9%
Other	1.1%	1.1%
	100.0%	100.0%

<b>Fair Value:</b>	<b>March 31, 2016</b>	<b>December 31, 2015</b>
First lien debt	66.2%	66.1%
Equity	24.2%	24.9%
Second lien debt	8.3%	7.7%
Equity warrants	0.6%	0.6%
Other	0.7%	0.7%
	100.0%	100.0%

Our LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments carry a number of risks including: (1) investing in companies which may have limited operating histories and financial resources; (2) holding investments that generally are not publicly traded and which may be subject to legal and other restrictions on resale; and (3) other risks common

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to investing in below investment grade debt and equity investments in our Investment Portfolio. Please see "Risk Factors Risks Related to Our Investments" contained in our Form 10-K for the fiscal year ended December 31, 2015 and "Risk Factors" below for a more complete discussion of the risks involved with investing in our Investment Portfolio.

### **PORTFOLIO ASSET QUALITY**

We utilize an internally developed investment rating system to rate the performance of each LMM portfolio company and to monitor our expected level of returns on each of our LMM investments in relation to our expectations for the portfolio company. The investment rating system takes into consideration various factors, including each investment's expected level of returns, the collectability of our debt investments and the ability to receive a return of the invested capital in our equity investments, comparisons to competitors and other industry participants, the portfolio company's future outlook and other factors that are deemed to be significant to the portfolio company.

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

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

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

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

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

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

The following table shows the distribution of our LMM portfolio investments on the 1 to 5 investment rating scale at fair value as of March 31, 2016 and December 31, 2015:

Investment Rating	As of March 31, 2016		As of December 31, 2015	
	Investments at Fair Value	Percentage of Total Portfolio	Investments at Fair Value	Percentage of Total Portfolio
(dollars in thousands)				
1	\$ 304,597	35.5%	\$ 332,606	38.6%
2	231,931	26.9%	143,268	16.6%
3	211,116	24.5%	277,160	32.1%
4	105,838	12.3%	107,926	12.5%
5	7,264	0.8%	1,750	0.2%
Total	\$ 860,746	100.0%	\$ 862,710	100.0%

Based upon our investment rating system, the weighted-average rating of our LMM portfolio was approximately 2.2 as of both March 31, 2016 and December 31, 2015.

As of March 31, 2016, our total Investment Portfolio had six investments on non-accrual status, which comprised approximately 0.5% of its fair value and 3.8% of our cost. As of December 31, 2015, our total Investment Portfolio had six investments on non-accrual status, which comprised approximately 0.4% of its fair value and 3.7% of its cost.



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

## DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS

### Comparison of the three months ended March 31, 2016 and March 31, 2015

	Three Months Ended March 31,		Net Change	
	2016	2015	Amount	%
	(dollars in thousands)			
Total investment income	\$ 42,006	\$ 37,179	\$ 4,827	13%
Total expenses	(14,842)	(13,688)	(1,154)	8%
Net investment income	27,164	23,491	3,673	16%
Net realized gain (loss) from investments	13,603	(2,120)	15,723	
Net change in net unrealized appreciation (depreciation) from:				
Portfolio investments	(27,529)	14,204	(41,733)	
SBIC debentures and marketable securities and idle funds	1,311	(442)	1,753	
Total net change in net unrealized appreciation (depreciation)	(26,218)	13,762	(39,980)	
Income tax benefit (provision)	2,263	291	1,972	
Net increase in net assets resulting from operations	\$ 16,812	\$ 35,424	\$ (18,612)	53%

	Three Months Ended March 31,		Net Change	
	2016	2015	Amount	%
	(dollars in thousands, except per share amounts)			
Net investment income	\$ 27,164	\$ 23,491	\$ 3,673	16%
Share-based compensation expense	1,589	1,263	326	26%
Distributable net investment income(a)	\$ 28,753	\$ 24,754	\$ 3,999	16%
Distributable net investment income per share Basic and diluted(a)	\$ 0.57	\$ 0.54	\$ 0.03	6%

(a)

Distributable net investment income is net investment income as determined in accordance with U.S. GAAP, excluding the impact of share-based compensation expense which is non-cash in nature. We believe presenting distributable net investment income and related per share amounts is useful and appropriate supplemental disclosure of information for analyzing our financial performance since share-based compensation does not require settlement in cash. However, distributable net investment income is a non-U.S. GAAP

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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

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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, 2016, total investment income was \$42.0 million, a 13% increase over the \$37.2 million of total investment income for the corresponding period of 2015. This comparable period increase was principally attributable to (i) a \$2.1 million increase in interest income primarily related to higher average levels of portfolio debt investments, (ii) a \$2.5 million increase in dividend income from Investment Portfolio equity investments and (iii) a \$0.5 million increase in fee income. The \$4.8 million increase in total investment income in the three months ended March 31, 2016 includes a consistent amount of investment income from accelerated prepayment and repricing activity for certain Investment Portfolio debt investments when compared to the same period in 2015.

#### *Expenses*

For the three months ended March 31, 2016, total expenses increased to \$14.8 million from \$13.7 million for the corresponding period of 2015. This comparable period increase in operating expenses was principally attributable to (i) a \$0.4 million increase in interest expense, primarily due to an increase in interest expense on the Credit Facility generally due to the higher average balance outstanding on the Credit facility in three months ended March 31, 2016 when compared to the prior year, (ii) a \$0.4 million increase in general and other administrative expenses, (iii) a \$0.3 million increase in compensation expense related primarily to increases in the number of personnel and base compensation levels and (iv) a \$0.3 million increase in share-based compensation expense, with these increases partially offset by a \$0.3 million increase in the expenses allocated to the External Investment Manager (see further discussion in "Overview"), in each case when compared to the prior year. For each of the three months ended March 31, 2016 and 2015, the ratio of our total operating expenses, excluding interest expense, as a percentage of our quarterly average total assets was 1.4% on an annualized basis.

#### *Distributable Net Investment Income*

For the three months ended March 31, 2016, distributable net investment income increased 16% to \$28.8 million, or \$0.57 per share, compared with \$24.8 million, or \$0.54 per share, in the corresponding period of 2015. The increase in distributable net investment income was primarily due to the higher level of total investment income, partially offset by higher operating expenses as discussed above. Distributable net investment income on a per share basis for the three months ended March 31, 2016 reflects a greater number of average shares outstanding compared to the corresponding period in 2015 primarily due to the March 2015 equity offering, shares issued through the ATM Program (as defined in "Liquidity and Capital Resources" below) and shares issued pursuant to our dividend reinvestment plan.

#### *Net Investment Income*

Net investment income for the three months ended March 31, 2016 was \$27.2 million, or a 16% increase, compared to net investment income of \$23.5 million for the corresponding period of 2015. The increase in net investment income was principally attributable to the increase in total investment income, partially offset by higher operating expenses as discussed above.

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

The net increase in net assets resulting from operations during the three months ended March 31, 2016 was \$16.8 million, or \$0.33 per share, compared with \$35.4 million, or \$0.77 per share, during the

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three months ended March 31, 2015. This \$18.6 million decrease from the prior year period was primarily the result of a \$40.0 million decrease in net change in unrealized appreciation (depreciation) to net unrealized depreciation of \$26.2 million for the three months ended March 31, 2016, partially offset by (i) a \$3.7 million increase in net investment income as discussed above, (ii) a \$15.7 million increase in the net realized gain (loss) from investments from a net realized loss of \$2.1 million during the three months ended March 31, 2015 to a net realized gain of \$13.6 million for the three months ended March 31, 2016 and (iii) a \$2.0 million increase in the income tax benefit from the prior year. The net realized gain of \$13.6 million for the three months ended March 31, 2016 was primarily the result of (i) the net realized gain on the exit of a LMM investment totaling \$14.4 million and (ii) the net realized gain of \$1.3 million due to activity in our Other Portfolio, partially offset by (i) the net realized loss of \$1.6 million on the exit of a Marketable securities and idle funds investment and (ii) the net realized loss of \$0.9 million relating to the restructure of a Middle Market investment.

The following table provides a summary of the total unrealized depreciation of \$26.2 million for the three months ended March 31, 2016:

	Three Months Ended March 31, 2016					Total
	LMM(a)	Middle Market	Private Loan	Other(b)		
	(dollars in millions)					
Accounting reversals of net unrealized (appreciation) depreciation recognized in prior periods due to net realized gains/losses recognized during period	\$ (14.4)	\$ 2.9	\$	\$ (1.2)	\$	(12.7)
Net unrealized appreciation (depreciation) relating to portfolio investments	3.5	(9.3)	(3.2)	(5.8)		(14.8)
Total net change in unrealized appreciation (depreciation) relating to portfolio investments	\$ (10.9)	\$ (6.4)	\$ (3.2)	\$ (7.0)	\$	(27.5)
Net unrealized appreciation relating to marketable securities						1.4
Unrealized depreciation relating to SBIC debentures(c)						(0.1)
Total net change in unrealized appreciation (depreciation)					\$	(26.2)

(a) LMM includes unrealized appreciation on 28 LMM portfolio investments and unrealized depreciation on 21 LMM portfolio investments.

(b) Other includes \$6.3 million of unrealized depreciation relating to the Other Portfolio offset by \$0.5 million of unrealized appreciation relating to the External Investment Manager.

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

The income tax benefit for the three months ended March 31, 2016 of \$2.3 million principally consisted of (i) a deferred tax benefit of \$2.6 million, which is primarily the result of the net activity relating to our portfolio investments held in our Taxable Subsidiaries, including changes in net operating loss carryforwards, changes in net unrealized appreciation/depreciation and other temporary book tax differences, partially offset by other current tax expense of \$0.4 million related to accruals for U.S. federal income and excise taxes, state and other taxes.

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***Liquidity and Capital Resources***

*Cash Flows*

For the three months ended March 31, 2016, we experienced a net decrease in cash and cash equivalents in the amount of \$3.1 million, which is the net result of \$3.8 million of cash used for our operating activities and \$0.7 million of cash provided by financing activities.

During the period, we used \$3.8 million of cash for our operating activities, which resulted primarily from (i) cash flows we generated from the operating profits earned through our operating activities totaling \$25.9 million, which is our \$28.8 million of distributable net investment income, excluding the non-cash effects of the accretion of unearned income of \$1.9 million, payment-in-kind interest income of \$1.3 million, cumulative dividends of \$0.3 million and the amortization expense for deferred financing costs of \$0.6 million, (ii) cash uses totaling \$121.2 million which primarily resulted from (a) the funding of new portfolio company investments and settlement of accruals for portfolio investments existing as of December 31, 2015, which together total \$113.9 million, (b) \$5.5 million related to decreases in payables and accruals and (d) increases in other assets of \$1.8 million, and (iii) cash proceeds totaling \$91.5 million from (a) \$90.9 million in cash proceeds from the repayments of debt investments and sales of equity investments and (b) \$0.6 million of cash proceeds from the sale of Marketable securities and idle funds investments.

During the three months ended March 31, 2016, \$0.7 million in cash was provided by financing activities, which principally consisted of (i) \$15.0 million in net cash proceeds from the Credit Facility and (ii) \$9.8 million in net cash proceeds from the ATM Program, partially offset by (iii) \$24.0 million in cash dividends paid to stockholders and (iv) \$0.1 million for payment of deferred loan costs, SBIC debenture fees and other costs.

*Capital Resources*

As of March 31, 2016, we had \$17.2 million in cash and cash equivalents, \$1.5 million in Marketable securities and idle funds investments and \$249.0 million of unused capacity under the Credit Facility, which we maintain to support our investment and operating activities. As of March 31, 2016, our net asset value totaled \$1,077.0 million, or \$21.18 per share.

The Credit Facility, which provides additional liquidity to support our investment and operational activities, includes total commitments of \$555.0 million from a diversified group of fourteen lenders and matures in September 2020. The Credit Facility also contains an accordion feature which allows us to increase the total commitments under the facility up to \$750.0 million from new and existing lenders on the same terms and conditions as the existing commitments.

Borrowings under the Credit Facility bear interest, subject to our election, on a per annum basis at a rate equal to the applicable LIBOR rate (0.44% as of March 31, 2016) plus (i) 1.875% (or the applicable base rate (Prime Rate of 3.5% as of March 31, 2016) plus 0.875%) as long as we maintain an investment grade rating and meet certain agreed upon excess collateral and maximum leverage requirements, (ii) 2.0% (or the applicable base rate plus 1.0%) if we maintain an investment grade rating but, do not meet certain excess collateral and maximum leverage requirements or (iii) 2.25% (or the applicable base rate plus 1.25%) if we do not maintain an investment grade rating. We pay unused commitment fees of 0.25% per annum on the unused lender commitments under the Credit Facility. The Credit Facility is secured by a first lien on the assets of MSCC and its subsidiaries, excluding the equity ownership or assets of the Funds and the External Investment Manager. The Credit Facility contains certain affirmative and negative covenants, including but not limited to: (i) maintaining a minimum availability of at least 10% of the borrowing base, (ii) maintaining an interest coverage ratio of at least 2.0 to 1.0, (iii) maintaining an asset coverage ratio of at least 1.5 to 1.0, and (iv) maintaining a minimum tangible net worth. The Credit Facility is provided on a revolving basis through its final

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maturity date in September 2020, 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, 2016, we had \$306.0 million in borrowings outstanding under the Credit Facility, the interest rate on the Credit Facility was 2.3% and we were in compliance with all financial covenants of the Credit Facility.

Due to each of the Funds' status as a licensed SBIC, we have the ability to issue, through the Funds, debentures guaranteed by the SBA at favorable interest rates and favorable terms and conditions. In addition, in December 2015, the 2016 omnibus spending bill approved by Congress and signed into law by the President increased the amount of SBA-guaranteed debentures that affiliated SBIC funds can have outstanding from \$225.0 million to \$350.0 million. This new legislation may allow us to issue additional SBIC debentures, subject to SBA approval, above the \$225.0 million that we have outstanding as of March 31, 2016. We announced on March 29, 2016 that we were issued a "green light" or "go forth" letter from the SBA inviting us to continue our application process to obtain a license to form and operate a third SBIC subsidiary to gain access to the additional SBIC debentures. Debentures guaranteed by the SBA have fixed interest rates that equal prevailing 10-year Treasury Note rates plus a market spread and have a maturity of ten years with interest payable semi-annually. The principal amount of the debentures is not required to be paid before maturity, but may be pre-paid at any time with no prepayment penalty. On March 31, 2016, through our two wholly owned SBICs, we had \$225.0 million of outstanding SBIC debentures guaranteed by the SBA, which bear a weighted-average annual fixed interest rate of approximately 4.2%, paid semi-annually, and mature ten years from issuance. The first maturity related to our SBIC debentures does not occur until 2017, and the remaining weighted-average duration is approximately 5.3 years as of March 31, 2016.

In April 2013, we issued \$92.0 million, including the underwriters' full exercise of their over-allotment option, in aggregate principal amount of the 6.125% Notes. The 6.125% Notes are unsecured obligations and rank pari passu with our current and future unsecured indebtedness; senior to any of our future indebtedness that expressly provides it is subordinated to the 6.125% Notes; effectively subordinated to all of our existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness, including borrowings under our Credit Facility; and structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries, including without limitation, the indebtedness of the Funds. The 6.125% Notes mature on April 1, 2023, and may be redeemed in whole or in part at any time or from time to time at our option on or after April 1, 2018. We may from time to time repurchase 6.125% Notes in accordance with the 1940 Act and the rules promulgated thereunder. As of March 31, 2016, the outstanding balance of the 6.125% Notes was \$90.7 million.

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

In November 2014, we issued \$175.0 million in aggregate principal amount of the 4.50% Notes at an issue price of 99.53%. The 4.50% Notes are unsecured obligations and rank pari passu with our current and future unsecured indebtedness; senior to any of our future indebtedness that expressly provides it is subordinated to the 4.50% Notes; effectively subordinated to all of our existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness, including borrowings under our Credit Facility; and structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries, including without limitation, the indebtedness of the Funds. The 4.50% Notes mature on December 1, 2019, and may be redeemed in

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whole or in part at any time at our option subject to certain make whole provisions. The 4.50% Notes bear interest at a rate of 4.50% per year payable semi-annually on June 1 and December 1 of each year, beginning June 1, 2015. We may from time to time repurchase 4.50% Notes in accordance with the 1940 Act and the rules promulgated thereunder. As of March 31, 2016, the outstanding balance of the 4.50% Notes was \$175.0 million.

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

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

During November 2015, we entered into a program (the "ATM Program") with underwriters through which we can sell, by means of at-the-market offerings from time to time, up to 1,000,000 shares of our common stock. During the fourth quarter of 2015, we sold 140,568 shares of our common stock at a weighted-average price of \$31.98 per share and raised \$4.5 million of gross proceeds under the ATM Program. Net proceeds were \$4.3 million after commissions to the underwriter and offering costs. During the three months ended March 31, 2016, we sold 321,714 shares of our common stock at a weighted-average price of \$31.01 per share and raised \$10.0 million of gross proceeds under the ATM Program. Net proceeds were \$9.8 million after commissions to the underwriter and offering costs. As of March 31, 2016, 537,718 shares were available for sale under the ATM Program.

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

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

If our common stock trades below our net asset value per share, we will generally not be able to issue additional common stock at the market price unless our stockholders approve such a sale and our Board of Directors makes certain determinations. We did not seek stockholder authorization to sell shares of our common stock below the then current net asset value per share of our common stock at our 2016 annual meeting of stockholders because our common stock price per share had been trading significantly above the current net asset value per share of our common stock since 2011. We would therefore need future approval from our stockholders to issue shares below the then current net asset value per share.

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

Although we have been able to secure access to additional liquidity, including recent public equity and historical debt offerings, our \$555.0 million Credit Facility, and the available leverage through the SBIC program, there is no assurance that debt or equity capital will be available to us in the future on favorable terms, or at all.

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

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

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

In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires lessees to recognize on the balance sheet a right-of-use asset, representing its right to use the underlying asset for the lease

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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. The impact of the adoption of this new accounting standard on our consolidated financial statements is currently being evaluated.

In March 2016, the FASB issued ASU 2016-09, *Compensation - Stock Compensation: Improvements to Employee Share-Based Payment Accounting*, which is intended to simplify several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The guidance is effective for annual periods beginning after December 15, 2016, and interim periods therein. Early application is permitted. The Company elected to early adopt this standard during the three months ended March 31, 2016. See further discussion of the impact of the adoption of this standard in "Note B.8. Summary of Significant Accounting Policies - Share-based Compensation" in the notes to consolidated financial statements

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

***Inflation***

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

***Off-Balance Sheet Arrangements***

We may be a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financial needs of our portfolio companies. These instruments include commitments to extend credit and involve, to varying degrees, elements of liquidity and credit risk in excess of the amount recognized in the balance sheet. At March 31, 2016, we had a total of \$141.9 million in outstanding commitments comprised of (i) 30 investments with commitments to fund revolving loans that had not been fully drawn or term loans with additional commitments not yet funded and (ii) nine investments with equity capital commitments that had not been fully called.

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#### ***Contractual Obligations***

As of March 31, 2016, the future fixed commitments for cash payments in connection with our SBIC debentures and the 4.50% Notes and the 6.125% Notes for each of the next five years and thereafter are as follows:

	2016	2017	2018	2019	2020	2021 and thereafter	Total
	(dollars in thousands)						
SBIC debentures	\$	\$ 15,000	\$ 10,200	\$ 20,000	\$ 55,000	\$ 124,800	\$ 225,000
Interest due on SBIC debentures	4,748	9,423	8,130	7,807	6,608	10,992	47,708
Notes 6.125%						90,655	90,655
Interest due on 6.125% Notes	4,164	5,553	5,553	5,553	5,553	13,881	40,257
4.50% Notes				175,000			175,000
Interest due on 4.50% Notes	7,875	7,875	7,875	7,875			31,500
<b>Total</b>	<b>\$ 16,787</b>	<b>\$ 37,851</b>	<b>\$ 31,758</b>	<b>\$ 216,235</b>	<b>\$ 67,161</b>	<b>\$ 240,328</b>	<b>\$ 610,120</b>

As of March 31, 2016, we had \$306.0 million in borrowings outstanding under our Credit Facility, and the Credit Facility is currently scheduled to mature in September 2020. The Credit Facility contains two, one-year extension options which could extend the maturity to September 2021. See further discussion of the Credit Facility terms in "Liquidity and Capital Resources Capital Resources".

#### ***Related Party Transactions***

As discussed further above, the External Investment Manager is treated as a wholly owned portfolio company of MSCC and is included as part of our Investment Portfolio. At March 31, 2016, we had a receivable of \$2.3 million due from the External Investment Manager which included approximately \$1.6 million primarily related to operating expenses incurred by us required to support the External Investment Manager's business, along with dividends declared but not paid by the External Investment Manager of approximately \$0.7 million.

In November 2015, our board of directors approved and adopted the Main Street Capital Corporation Deferred Compensation Plan (the "2015 Deferred Compensation Plan"). The 2015 Deferred Compensation Plan became effective on January 1, 2016 and replaced the Deferred Compensation Plan for Non-Employee Directors previously adopted by the board of directors in June 2013 (the "2013 Deferred Compensation Plan"). Under the 2015 Deferred Compensation Plan, non-employee directors and certain key employees may defer receipt of some or all of their cash compensation and 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, 2016, \$1.1 million of compensation and fees had been deferred under the 2015 Deferred Compensation Plan (including amounts previously deferred under the 2013 Deferred Compensation Plan). As of March 31, 2016, \$1.05 million of this deferred compensation and fees was deferred into phantom Main Street stock units, representing 34,645 shares of our common stock.

#### ***Recent Developments***

In April 2016, we led a new portfolio investment totaling \$6.0 million of invested capital to facilitate the majority recapitalization of BBB Tank Services, LLC ("BBB"), with us funding \$4.8 million of the investment. Our investment in BBB included a combination of first-lien, senior secured term debt and a direct equity investment. We and our co-investor are also providing BBB an

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undrawn revolving line of credit to support its future working capital needs. Headquartered in Baytown, Texas, and founded in 2001, BBB provides products and services to the above-ground storage tank market. BBB's products and services include routine and emergency maintenance and repairs, replacement seals for floating roofs, application of protective coatings, and new tank construction and are provided primarily to owners of storage terminals that hold crude, refined petroleum products, chemicals and other commodities.

In April 2016, Safety Holdings, Inc., doing business as SambaSafety® ("SambaSafety"), completed a transaction with a private equity group to complete a majority recapitalization of SambaSafety. This transaction resulted in the repayment of our debt investment and the exit of our equity investment in SambaSafety. SambaSafety's innovative Software as a Service ("SaaS") solutions provide driver risk technology and information to employers, insurance, background screeners and fleet management companies. This enables companies with commercial and non-commercial fleets to easily identify and address unsafe driving behavior and take the appropriate actions necessary to maintain the safety of drivers, passengers and the communities in which they live and work. Additionally, SambaSafety solutions provide the insights insurance carriers need to accurately price risk throughout the insurance policy lifecycle. We made our initial investment in SambaSafety in November 2011 and the majority recapitalization transaction resulted in realized value received by us that is consistent with the fair market values for our investments in SambaSafety as of March 31, 2016.

In April 2016, we led a new portfolio investment totaling \$16.4 million of invested capital to facilitate the management-led buyout of Gulf Publishing Company ("Gulf") and The Petroleum Economist Limited ("Petroleum Economist", and together with Gulf, the "Companies"), with us funding \$13.1 million of the investment. Our investment in the Companies included a combination of first-lien, senior secured term debt and a direct equity investment. Headquartered in Houston, Texas, Gulf Publishing Company was incorporated in 1916 by a team of oil company executives and oilfield equipment manufacturers as wildcat discoveries were being made along the Houston Ship Channel. Today, Gulf Publishing produces and distributes leading trade journals, industry research, databases, software, conferences and events designed for the needs of the energy industry.

During April 2016, we declared a semi-annual supplemental cash dividend of \$0.275 per share payable in June 2016. This supplemental cash dividend is in addition to the previously announced regular monthly cash dividends that we declared for the second quarter of 2016 of \$0.180 per share for each of April, May and June 2016.

In May 2016, we declared regular monthly dividends of \$0.180 per share for each month of July, August and September of 2016. These regular monthly dividends equal a total of \$0.540 per share for the third quarter of 2016 and represent a 2.9% increase from the regular monthly dividends declared for the third quarter of 2015. Including the regular monthly dividends declared for the first quarter of 2016, we will have paid \$17.775 per share in cumulative dividends since our October 2007 initial public offering.

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

We are subject to financial market risks, including changes in interest rates. Changes in interest rates may affect both our cost of funding and our interest income from portfolio investments and Marketable securities and idle funds investments. Our risk management systems and procedures are designed to identify and analyze our risk, to set appropriate policies and limits and to continually monitor these risks. Our investment income will be affected by changes in various interest rates, including LIBOR and prime rates, to the extent of any debt investments that include floating interest rates. The majority of our debt investments are made with either fixed interest rates or floating rates that are subject to contractual minimum interest rates for the term of the investment. As of March 31, 2016, approximately 61% of our debt investment portfolio (at cost) bore interest at floating rates, 97%

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of which were subject to contractual minimum interest rates. As of March 31, 2016, none of our Marketable securities and idle funds investments (at cost) bore interest at floating rates. Our interest expense will be affected by changes in the published LIBOR rate in connection with our Credit Facility; however, the interest rates on our outstanding SBIC debentures and our 4.50% Notes and 6.125% Notes, which comprise the majority of our outstanding debt, are fixed for the life of such debt. As of March 31, 2016, we had not entered into any interest rate hedging arrangements. The following table shows the approximate annualized increase or decrease in the components of net investment income due to hypothetical base rate changes in interest rates, assuming no changes in our investments and borrowings as of March 31, 2016.

Basis Point Change	Increase in Interest Income	Increase in Interest Expense	Increase (Decrease) in Net Investment Income	Increase (Decrease) in Net Investment Income per Share
(dollars in thousands)				
50	\$ 1,038	\$ (1,530)	\$ (492)	\$ (0.01)
100	4,932	(3,060)	1,872	0.04
150	9,256	(4,590)	4,666	0.09
200	13,579	(6,120)	7,459	0.15
300	22,226	(9,180)	13,046	0.26
400	30,889	(12,240)	18,649	0.37
500	39,567	(15,300)	24,267	0.48

The hypothetical results would also be impacted by the changes in the amount of debt outstanding under our Credit Facility (with an increase (decrease) in the debt outstanding under the Credit Facility resulting in an (increase) decrease in the hypothetical interest expense).

#### **Item 4. Controls and Procedures**

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chairman, Chief Executive Officer and President, our Chief Financial Officer, our Chief Compliance Officer and our Chief Accounting Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15 of the Securities Exchange Act of 1934). Based on that evaluation, our Chairman, Chief Executive Officer and President, our Chief Financial Officer, our Chief Compliance Officer and our Chief Accounting Officer, have concluded that our current disclosure controls and procedures are effective in timely alerting them of material information relating to us that is required to be disclosed in the reports we file or submit under the Securities Exchange Act of 1934. There have been no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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**PART II OTHER INFORMATION**

**Item 1. *Legal Proceedings***

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

**Item 1A. *Risk Factors***

There have been no material changes to the risk factors as previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2015 that we filed with the SEC on February 26, 2016.

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

During the three months ended March 31, 2016, we issued 113,631 shares of our common stock under our dividend reinvestment plan. These issuances were not subject to the registration requirements of the Securities Act of 1933, as amended. The aggregate value of the shares of common stock issued during the three months ended March 31, 2016 under the dividend reinvestment plan was approximately \$3.3 million.

**Item 6. *Exhibits***

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

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

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**SIGNATURES**

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

**Main Street Capital Corporation**

Date: May 6, 2016

/s/ VINCENT D. FOSTER

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

Date: May 6, 2016

/s/ BRENT D. SMITH

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

Date: May 6, 2016

/s/ SHANNON D. MARTIN

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

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