UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

Form 10-Q

(Mark One)

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

For the Quarterly Period Ended December 31, 2014
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: 1-35040

MEDLEY CAPITAL CORPORATION
(Exact Name of Registrant as Specified in its Charter)

Delaware	**27-4576073**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
375 Park Avenue, 33rd Floor, New York, NY 10152	**10152**
(Address of Principal Executive Offices)	(Zip Code)

(212) 759-0777
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

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 ☐

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 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 Securities Exchange Act of 1934). Yes ☐ No ☒

As of February 9, 2015 the Registrant had 58,733,284 shares of common stock, $0.001 par value, outstanding.

MEDLEY CAPITAL CORPORATION
TABLE OF CONTENTS

Medley Capital Corporation
Consolidated Statements of Assets and Liabilities

	As of	
	December 31, 2014 (unaudited)	September 30, 2014
ASSETS		
Investments at fair value		
Non-controlled/non-affiliated investments (amortized cost of $1,230,939,132 and $1,215,421,753, respectively)	$ 1,162,863,860	$ 1,185,859,238
Controlled investments (amortized cost of $40,113,792 and $39,899,954, respectively)	38,244,294	38,244,386
Affiliated investments (amortized cost of $20,117,040 and $19,943,150, respectively)	21,634,907	21,434,667
Total investments at fair value	1,222,743,061	1,245,538,291
Cash and cash equivalents	41,814,354	36,731,488
Interest receivable	12,958,947	13,095,503
Deferred financing costs, net	11,389,191	11,688,339
Receivable for dispositions and investments sold	7,650,719	14,289,610
Fees receivable	1,176,602	1,930,079
Other assets	513,074	651,035
Deferred offering costs	247,029	222,104
Total assets	$ 1,298,492,977	$ 1,324,146,449
LIABILITIES		
Revolving credit facility payable	$ 216,000,000	$ 146,500,000
Term loan payable	171,500,000	171,500,000
Notes payable	103,500,000	103,500,000
SBA debentures payable	100,000,000	100,000,000
Payable for investments originated, purchased and participated	-	54,995,000
Management and incentive fees payable (See note 6)	10,881,686	10,444,811
Accounts payable and accrued expenses	2,207,979	2,330,244
Interest and fees payable	1,843,286	2,096,171
Administrator expenses payable (See note 6)	1,021,811	1,012,466
Deferred tax liability	1,381,195	1,592,145
Deferred revenue	320,267	265,493
Due to affiliate	20,892	39,564
Offering costs payable	6,232	13,674
Total liabilities	$ 608,683,348	$ 594,289,568
Commitments (See note 8)		
NET ASSETS		
Common stock, par value $.001 per share, 100,000,000 common shares authorized, 58,733,284 and 58,733,284 common shares issued and outstanding, respectively	$ 58,733	$ 58,733
Capital in excess of par value	739,443,065	739,443,065
Accumulated undistributed net investment income	20,332,513	21,673,794
Accumulated undistributed net realized gain/(loss) from investments	(216,584)	-
Net unrealized appreciation/(depreciation) on investments, net of deferred taxes	(69,808,098)	(31,318,711)
Total net assets	689,809,629	729,856,881
Total liabilities and net assets	$ 1,298,492,977	$ 1,324,146,449
NET ASSET VALUE PER SHARE	$ 11.74	$ 12.43

See accompanying notes to consolidated financial statements.

Medley Capital Corporation
Consolidated Statements of Operations

	For the three months ended December 31	
	2014	2013
	(unaudited)	(unaudited)
INVESTMENT INCOME		
Interest from investments		
Non-controlled/Non-affiliated investments:		
Cash	$ 32,440,714	$ 22,064,232
Payment-in-kind	1,850,728	2,625,658
Affiliated investments:		
Cash	464,552	276,989
Payment-in-kind	122,079	116,057
Controlled investments:		
Cash	401,153	-
Payment-in-kind	484,203	-
Total interest income	35,763,429	25,082,936
Interest from cash and cash equivalents	1,645	1,954
Other fee income (See note 9)	4,083,857	6,583,348
Total investment income	39,848,931	31,668,238
EXPENSES		
Base management fees (See note 6)	5,784,178	3,664,966
Incentive fees (See note 6)	5,097,508	4,257,715
Interest and financing expenses	6,356,502	4,540,246
Administrator expenses (See note 6)	1,021,811	671,996
Professional fees	532,692	614,323
Directors fees	173,536	151,125
Insurance	142,823	139,565
General and administrative	349,848	597,443
Total expenses	19,458,898	14,637,379
NET INVESTMENT INCOME	20,390,033	17,030,859
REALIZED AND UNREALIZED GAIN/(LOSS) ON INVESTMENTS:		
Net realized gain/(loss) from investments	(216,584)	45,000
Net unrealized appreciation/(depreciation) on investments	(38,700,337)	(2,782,381)
Change in provision for deferred taxes on unrealized gain on investments	210,950	-
Net gain/(loss) on investments	(38,705,971)	(2,737,381)
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	$ (18,315,938)	$ 14,293,478
WEIGHTED AVERAGE - BASIC AND DILUTED EARNINGS PER COMMON SHARE	$ (0.31)	$ 0.36
WEIGHTED AVERAGE - BASIC AND DILUTED NET INVESTMENT INCOME PER COMMON SHARE	$ 0.35	$ 0.42
WEIGHTED AVERAGE COMMON STOCK OUTSTANDING - BASIC AND DILUTED (SEE NOTE 11)	58,733,284	40,162,592
DIVIDENDS DECLARED PER COMMON SHARE	$ 0.37	$ 0.37

See accompanying notes to consolidated financial statements.

Medley Capital Corporation
Consolidated Statements of Changes in Net Assets

	For the three months ended December 31	
	2014	2013
	(unaudited)	(unaudited)
INCREASE FROM OPERATIONS:		
Net investment income	$ 20,390,033	$ 17,030,859
Net realized gain/(loss) from investments	(216,584)	45,000
Net unrealized appreciation/(depreciation) on investments	(38,700,337)	(2,782,381)
Provision for deferred taxes on unrealized gain on investments	210,950	-
Net increase/(decrease) in net assets from operations	(18,315,938)	14,293,478
SHAREHOLDER DISTRIBUTIONS:		
Distributions declared from net investment income	(21,731,314)	(14,856,574)
Net decrease in net assets from shareholder distributions	(21,731,314)	(14,856,574)
CAPITAL SHARE TRANSACTIONS:		
Issuance of common stock under dividend reinvestment plan (0 and 46,909 shares, respectively)	-	624,336
Net increase in net assets from common share transactions	-	624,336
Total increase/(decrease) in net assets	(40,047,252)	61,240
Net assets at beginning of period	729,856,881	509,834,455
Net assets at end of period including accumulated undistributed net investment income of $20,332,513 and $14,358,908, respectively	$ 689,809,629	$ 509,895,695
Net asset value per common share	$ 11.74	$ 12.68
Common shares outstanding at end of period	58,733,284	40,199,813

See accompanying notes to consolidated financial statements.

Medley Capital Corporation
Consolidated Statements of Cash Flows

	For the three months ended December 31	
	2014	2013
	(unaudited)	(unaudited)
Cash flows from operating activities		
NET INCREASE IN NET ASSETS FROM OPERATIONS	$ (18,315,938)	$ 14,293,478
ADJUSTMENTS TO RECONCILE NET INCREASE IN NET ASSETS FROM OPERATIONS TO NET CASH USED BY OPERATING ACTIVITIES:		
Investment increases due to payment-in-kind interest	(2,082,905)	(3,197,006)
Net amortization of premium/(discount) on investments	(387,216)	(107,987)
Amortization of deferred financing costs	599,148	495,788
Net realized (gain)/loss from investments	216,584	(45,000)
Net deferred income taxes	(210,950)	-
Net unrealized (appreciation)/depreciation on investments	38,700,337	2,782,381
Proceeds from sale and settlements of investments	98,691,113	110,806,727
Purchases, originations and participations	(112,342,683)	(179,460,387)
(Increase)/decrease in operating assets:		
Interest receivable	136,556	555,564
Fees receivable	753,477	-
Other assets	137,961	(44,372)
Receivable for dispositions and investments sold	6,638,891	(2,186,043)
Increase (decrease)/in operating liabilities:		
Payable for investments purchased, originated and participated	(54,995,000)	(54,013)
Management and incentive fees payable, net	436,875	1,023,028
Accounts payable and accrued expenses	(122,265)	324,666
Interest and fees payable	(252,885)	246,931
Administrator expenses payable	9,345	(29,212)
Deferred revenue	54,774	68,558
Due to affiliate	(18,672)	(78,083)
NET CASH USED BY OPERATING ACTIVITIES	(42,353,453)	(54,604,982)
Cash flows from financing activities		
Proceeds from issuance of common stock, net of underwriting costs	-	624,336
Offering costs paid	(32,367)	(131,843)
Borrowings on debt	69,500,000	115,100,000
Paydowns on debt	-	(7,700,000)
Financing costs paid	(300,000)	(847,149)
Payments of cash dividends	(21,731,314)	(14,856,574)
NET CASH PROVIDED BY FINANCING ACTIVITIES	47,436,319	92,188,770
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	5,082,866	37,583,788
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	36,731,488	8,557,899
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 41,814,354	$ 46,141,687
Supplemental Information:		
Interest paid during the period	$ 5,990,801	$ 3,778,184
Supplemental non-cash information		
Payment-in-kind interest income	$ 2,457,010	$ 2,741,715
Net amortization of premium/(discount) on investments	$ 387,216	$ 107,987
Amortization of deferred financing costs	$ (599,148)	$ (495,788)
Issuance of common stock in connection with dividend reinvestment plan	$ -	$ 624,336

See accompanying notes to consolidated financial statements.

Medley Capital Corporation
Consolidated Schedule of Investments
December 31, 2014
(Unaudited)

Company [1]	Industry	Type of Investment	Maturity	Par Amount [2]	Cost [18]	Fair Value	% of Net Assets [3]
Non-Controlled/ Non-Affiliated Investments:							
AAR Intermediate Holdings LLC[11]	Oil and Gas	Senior Secured First Lien Term Loan (LIBOR + 12.00%, 1.00% LIBOR Floor) (20)	3/30/2019	32,073,707	29,890,706	29,259,736	4.2%
		Senior Secured First Lien Term Loan (LIBOR + 12.00%, 1.00% LIBOR Floor) (20)	6/30/2015	2,874,954	2,874,954	2,851,062	0.4%
		Warrants to purchase 1.98% of outstanding company equity.	3/30/2019	-	2,274,480	1,713,683	0.2%
				34,948,661	35,040,140	33,824,481	
Accupac, Inc.	Containers, Packaging and Glass	Senior Secured Second Lien Term Loan (12.29% Cash)	11/10/2018	10,000,000	10,000,000	10,000,000	1.4%
				10,000,000	10,000,000	10,000,000	
Albertville Quality Foods, Inc. (11)	Beverage, Food and Tobacco	Senior Secured First Lien Term Loan (LIBOR + 9.50% Cash, 1.00% LIBOR Floor, 3.00% LIBOR Cap)(19)	10/31/2018	17,452,830	17,452,830	17,761,571	2.6%
				17,452,830	17,452,830	17,761,571	
Allen Edmonds Corporation	Retail Stores	Senior Secured Second Lien Term Loan (LIBOR + 9.00% Cash, 1.00% LIBOR Floor) (19)	5/27/2019	20,000,000	20,000,000	20,200,000	2.9%
				20,000,000	20,000,000	20,200,000	
Alora Pharmaceuticals LLC (11)	Healthcare, Education and Childcare	Senior Secured First Lien Term Loan (LIBOR + 9.00% Cash, 1.00% LIBOR Floor) (19)	9/13/2018	13,037,500	13,037,500	13,221,981	1.9%
				13,037,500	13,037,500	13,221,981	
AM3 Pinnacle Corporation[9]	Telecommunications	Senior Secured First Lien Term Loan (10.00%)	10/22/2018	7,467,265	7,467,265	7,467,265	1.1%
				7,467,265	7,467,265	7,467,265	
ARBOC Specialty Vehicles LLC	Automobile	Senior Secured First Lien Term Loan (LIBOR + 12.50% Cash, 1.00% LIBOR Floor) (20)	3/21/2018	20,340,500	20,340,500	20,459,492	3.0%
				20,340,500	20,340,500	20,459,492	

Company [1]	Industry	Type of Investment	Maturity	Par Amount [2]	Cost [18]	Fair Value	% of Net Assets [3]
Aurora Flight Sciences Corporation	Aerospace & Defense	Senior Secured Second Lien Term Loan (11.25% Cash, 2.00% PIK)	3/16/2016	16,213,969	16,213,969	16,122,685	2.3%
				16,213,969	16,213,969	16,122,685	
Autosplice, Inc. [9]	Diversified/Conglomerate Manufacturing	Senior Secured First Lien Term Loan (LIBOR + 11.50% Cash, 1.00% LIBOR Floor) [20]	6/30/2019	14,817,844	14,817,844	15,000,525	2.2%
				14,817,844	14,817,844	15,000,525	
BayDelta Maritime LLC	Cargo Transport	Warrants to purchase 10% of the outstanding equity	6/30/2016	-	25,000	253,379	0.0%
				-	25,000	253,379	
Be Green Manufacturing and Distribution Centers LLC [9] [12]	Containers, Packaging and Glass	Senior Secured First Lien Term Loan (LIBOR + 10.00%, 1.00% LIBOR Floor) [20]	12/13/2018	5,000,000	5,000,000	4,911,179	0.7%
		Senior Secured First Lien Delayed Draw (LIBOR + 10.00%, 1.00% LIBOR Floor) [20]	12/13/2018	2,625,000	2,625,000	2,550,983	0.4%
		Revolver (LIBOR + 10.00%, 1.00% LIBOR Floor)[20]	12/13/2018	354,167	354,167	337,767	0.0%
		1.63% Partnership Interest in RCAF VI CIV XXIII, L.P.		-	416,250	228,896	0.0%
				7,979,167	8,395,417	8,028,825	
Brantley Transportation LLC [11]	Oil and Gas	Senior Secured First Lien Term Loan (12.00%)	8/2/2017	9,037,500	9,171,972	8,522,481	1.2%
				9,037,500	9,171,972	8,522,481	
California Products Corporation	Chemicals, Plastics and Rubber	Senior Secured Second Lien Term Loan (13.00%)	5/27/2019	13,750,000	13,750,000	13,874,575	2.0%
				13,750,000	13,750,000	13,874,575	
Calloway Laboratories, Inc. [10][21]	Healthcare, Education and Childcare	Senior Secured First Lien Term Loan (17.00% PIK)	9/30/2015	33,582,744	28,948,477	11,034,929	1.6%
		Warrants to purchase 15.00% of the outstanding equity	9/30/2015	-	68,433	-	0.0%
				33,582,744	29,016,910	11,034,929	
CP OPCO LLC	Leisure, Amusement, Motion Pictures, Entertainment	Senior Secured First Lien Term Loan (LIBOR + 6.75% Cash, 1.00% LIBOR Floor) [20]	9/30/2020	20,000,000	20,000,000	20,000,000	2.9%
				20,000,000	20,000,000	20,000,000	
ContMid, Inc.[11]	Automobile	Senior Secured Second Lien Term Loan (LIBOR + 9.00% Cash, 1.00% LIBOR Floor) [19]	10/25/2019	15,000,000	15,000,000	15,000,000	2.2%
				15,000,000	15,000,000	15,000,000	

Company [1]	Industry	Type of Investment	Maturity	Par Amount [2]	Cost [18]	Fair Value	% of Net Assets [3]
ConvergeOne Holdings Corporation	Business Services	Senior Secured Second Lien Term Loan (LIBOR + 8.00% Cash, 1.00% LIBOR Floor) [20]	6/17/2021	12,500,000	12,381,548	12,312,750	1.8%
				12,500,000	12,381,548	12,312,750	
Cornerstone Research & Development, Inc.	Healthcare, Education and Childcare	Senior Secured First Lien Term Loan (LIBOR + 9.50% Cash, 1.00% LIBOR Floor) [20]	4/28/2019	20,000,000	20,000,000	19,840,600	2.9%
		384.62 Units of Common Stock [13]	4/28/2019	-	400,000	84,226	0.0%
				20,000,000	20,400,000	19,924,826	
Crow Precision Components LLC	Aerospace & Defense	Senior Secured First Lien Term Loan (LIBOR + 8.50% Cash, 1.00% LIBOR Floor) [19]	9/30/2019	10,000,000	10,000,000	10,000,000	1.4%
				10,000,000	10,000,000	10,000,000	
DLR Restaurants LLC [11][12]	Restaurant & Franchise	Senior Secured First Lien Term Loan (11.00% Cash, 2.50% PIK)	4/18/2018	23,073,183	23,073,183	23,533,032	3.4%
		Unsecured Debt (12.00% Cash, 4.00% PIK)	4/18/2018	267,886	267,886	267,886	0.0%
				23,341,069	23,341,069	23,800,918	
DreamFinders Homes LLC [9][12]	Buildings and Real Estate	Senior Secured First Lien Term Loan B (LIBOR + 14.50% Cash)	10/1/2018	14,585,164	14,441,526	14,862,340	2.2%
		5,000 units of outstanding equity[24]	10/1/2018	-	180,000	2,715,502	0.4%
				14,585,164	14,621,526	17,577,842	
Dynamic Energy Services International LLC	Oil and Gas	Senior Secured First Lien Term Loan (LIBOR + 8.50% Cash, 1.00% LIBOR Floor) [19]	3/6/2018	18,287,500	18,287,500	17,743,081	2.6%
				18,287,500	18,287,500	17,743,081	
Essex Crane Rental Corp. [11]	Business Services	Senior Secured First Lien Term Loan (LIBOR + 10.50% Cash, 1.00% LIBOR Floor) [20]	5/13/2019	20,000,000	20,000,000	19,878,200	2.9%
				20,000,000	20,000,000	19,878,200	
Exide Technologies [7][10]	Machinery (Nonagriculture, Nonconstruction, Nonelectric)	Senior Secured Note (8.63%)	2/1/2018	10,000,000	8,335,950	466,100	0.1%
				10,000,000	8,335,950	466,100	
FC Operating LLC	Retail Stores	Senior Secured First Lien Term Loan (LIBOR + 10.75% Cash, 1.25% LIBOR Floor) [20]	11/14/2017	10,350,000	10,350,000	9,833,328	1.4%
				10,350,000	10,350,000	9,833,328	

Company [1]	Industry	Type of Investment	Maturity	Par Amount [2]	Cost [18]	Fair Value	% of Net Assets [3]
Freedom Powersports LLC[9]	Automobile	Senior Secured First Lien Term Loan (LIBOR + 11.50% Cash, 1.50% LIBOR Floor) (20)	9/26/2019	10,200,000	10,200,000	10,200,000	1.5%
		Senior Secured First Lien Delayed Draw (LIBOR + 11.50% Cash, 1.50% LIBOR Floor)[6]	9/26/2019	-	-	-	0.0%
				10,200,000	10,200,000	10,200,000	
Harrison Gypsum LLC [11]	Mining, Steel, Iron and Nonprecious Metals	Senior Secured First Lien Term Loan (LIBOR + 8.50% Cash, 0.50% PIK, 1.50% LIBOR Floor)[19]	12/21/2017	25,185,709	25,185,709	25,083,958	3.6%
				25,185,709	25,185,709	25,083,958	
HD Vest, Inc.	Finance	Senior Secured Second Lien Term Loan (LIBOR + 8.00% Cash, 1.25% LIBOR Floor) (19)	6/18/2019	8,750,000	8,750,000	8,766,975	1.3%
				8,750,000	8,750,000	8,766,975	
Help/Systems LLC	Business Services	Senior Secured Second Lien Term Loan (LIBOR + 8.50% Cash, 1.00% LIBOR Floor) (19)	6/28/2020	15,000,000	15,000,000	15,071,400	2.2%
				15,000,000	15,000,000	15,071,400	
HGDS Acquisition LLC	Business Services	Senior Secured First Lien Term Loan (LIBOR + 12.00% Cash, 3.50% PIK)[19]	3/28/2018	10,192,547	10,192,547	10,141,584	1.5%
				10,192,547	10,192,547	10,141,584	
Ingenio LLC	Personal, Food and Miscellaneous Services	Senior Secured First Lien Term Loan (11.25%)	3/14/2019	23,556,415	23,556,415	23,456,536	3.4%
				23,556,415	23,556,415	23,456,536	
Integra Telecom	Telecommunications	Senior Secured Second Lien Term Loan (LIBOR + 8.50% Cash, 1.25% LIBOR Floor) (19)	2/22/2020	5,514,545	5,536,702	5,460,172	0.8%
				5,514,545	5,536,702	5,460,172	
JD Norman Industries, Inc.	Diversified/Conglomerate Manufacturing	Senior Secured First Lien Term Loan (LIBOR + 10.25% Cash)[19]	3/6/2019	23,400,000	23,400,000	24,039,221	3.5%
				23,400,000	23,400,000	24,039,221	
Jordan Reses Supply Company LLC	Healthcare, Education and Childcare	Senior Secured Second Lien Term Loan (LIBOR + 11.00%, 1.00% LIBOR Floor)	4/24/2020	20,000,000	20,000,000	20,000,000	2.9%
				20,000,000	20,000,000	20,000,000	

Company [1]	Industry	Type of Investment	Maturity	Par Amount [2]	Cost [18]	Fair Value	% of Net Assets [3]
Lighting Science Group Corporation	Containers, Packaging and Glass	Senior Secured Second Lien Term (LIBOR + 10.00% Cash, 2.00% PIK)[20]	2/19/2019	15,493,177	14,659,274	14,736,645	2.1%
		Warrants to purchase 2.38% of the outstanding equity	2/19/2019	-	955,680	104,889	0.0%
				15,493,177	15,614,954	14,841,534	
Linc Energy Finance (USA), Inc.[8]	Oil and Gas	Senior Secured Note (12.50%)	10/31/2017	3,500,000	3,419,149	3,528,945	0.5%
				3,500,000	3,419,149	3,528,945	
Lucky Strike Entertainment, L.L.C.	Leisure, Amusement, Motion Pictures, Entertainment	Senior Secured Second Lien Term Loan (LIBOR + 11.00% Cash, 1.00% LIBOR Floor, 2.00% PIK)[20]	12/24/2018	11,504,472	11,504,472	11,494,118	1.7%
				11,504,472	11,504,472	11,494,118	
Lydell Jewelry Design Studio LLC [11]	Personal and Nondurable Consumer Products (Manufacturing Only)	Senior Secured First Lien Term Loan (LIBOR + 10.50%, 1.50% LIBOR Floor) [19]	9/13/2018	13,072,000	13,072,000	10,764,531	1.6%
		Warrants to purchase 13.3% of the outstanding membership units	9/13/2018	-	-	-	0.0%
				13,072,000	13,072,000	10,764,531	
Marine Accessories Corporation	Personal and Nondurable Consumer Products (Manufacturing Only)	Senior Secured First Lien Term Loan (LIBOR + 11.00% Cash, 1.00% LIBOR Floor, 1.00% PIK)[19]	11/26/2018	9,952,785	9,952,785	10,132,632	1.5%
				9,952,785	9,952,785	10,132,632	
Merchant Cash and Capital LLC [9][12]	Structure Finance Securities	Senior Secured First Lien Delayed Draw (LIBOR + 8.00% Cash, 3.00% LIBOR Floor)[19]	3/4/2016	13,416,667	13,416,667	13,511,342	2.0%
		Senior Secured Second Lien Term Loan (12.00% Cash)	8/19/2016	15,000,000	15,000,000	15,000,000	2.2%
				28,416,667	28,416,667	28,511,342	
Meridian Behavioral Health LLC [9]	Healthcare, Education and Childcare	Senior Secured First Lien Term Loan A (LIBOR + 11.50%, 2.50% LIBOR Floor) [20]	11/14/2016	10,289,141	10,031,194	10,440,597	1.5%
		Senior Secured First Lien Term Loan B (LIBOR + 11.50%, 2.50% LIBOR Floor) [20]	11/14/2016	6,600,000	6,600,000	6,600,000	1.0%
		Warrants to purchase 8% of the outstanding equity	11/14/2016	-	536,296	2,146,744	0.3%
				16,889,141	17,167,490	19,187,341	

Company [1]	Industry	Type of Investment	Maturity	Par Amount [2]	Cost [18]	Fair Value	% of Net Assets [3]
Miratech Intermediate Holdings, Inc. [9] [11]	Machinery (Nonagriculture, Nonconstruction, Nonelectric)	Senior Secured First Lien Term Loan (LIBOR + 9.00% Cash, 1.00% LIBOR Floor) [19]	5/9/2019	16,000,000	16,000,000	15,913,600	2.3%
		Senior Secured First Lien Delayed Draw (LIBOR + 9.00% Cash, 1.00% LIBOR Floor)[6]	5/9/2019	-	-	(79,754)	0.0%
				16,000,000	16,000,000	15,833,846	
Modern VideoFilm, Inc. [10]	Leisure, Amusement, Motion Pictures, Entertainment	Senior Secured First Lien Term Loan (LIBOR + 9.00% Cash, 1.50% LIBOR Floor, 3.00% PIK)[19]	9/25/2017	14,921,960	13,942,350	4,192,930	0.6%
		Warrants to purchase 5.6% of the outstanding equity	9/25/2017	-	339,573	-	0.0%
				14,921,960	14,281,923	4,192,930	
Momentum Telecom, Inc.	Telecommunications	Senior Secured First Lien Term Loan (LIBOR + 8.50% Cash, 1.00% LIBOR Floor) [19]	3/10/2019	9,730,482	9,730,482	9,828,371	1.4%
				9,730,482	9,730,482	9,828,371	
Nation Safe Drivers Holdings, Inc.[9]	Automobile	Senior Secured Second Lien Term Loan (LIBOR + 8.00% Cash, 2.00% LIBOR Floor) [20]	9/29/2020	35,278,846	35,278,846	35,278,846	5.1%
				35,278,846	35,278,846	35,278,846	
Nielsen & Bainbridge LLC	Home and Office Furnishings, Housewares, and Durable Consumer Products	Senior Secured Second Lien Term Loan (LIBOR + 9.25% Cash, 1.00% LIBOR Floor) [19]	8/15/2021	25,000,000	25,000,000	25,000,000	3.6%
				25,000,000	25,000,000	25,000,000	
Northern Lights MIDCO LLC	Finance	Senior Secured First Lien Term Loan (LIBOR + 9.50% Cash, 1.50% LIBOR Floor)	11/24/2019	4,700,000	4,700,000	4,700,000	0.7%
				4,700,000	4,700,000	4,700,000	
Northstar Aerospace, Inc.	Aerospace & Defense	Senior Secured Notes (10.25% Cash)	10/15/2019	25,000,000	25,000,000	25,000,000	3.6%
				25,000,000	25,000,000	25,000,000	
Northstar Group Services, Inc.	Buildings and Real Estate	Unsecured Debt (11.00% Cash)	10/24/2019	22,920,000	22,920,000	23,126,280	3.4%
				22,920,000	22,920,000	23,126,280	
Omnivere LLC	Business Services	Senior Secured First Lien Term Loan A (LIBOR + 12.00% Cash, 1.00% PIK)[20]	5/5/2019	21,702,057	20,911,714	17,286,840	2.5%
		Senior Secured First Lien Term Loan C (LIBOR + 12.00% Cash, 1.00% PIK)[20]	5/5/2019	3,184,326	3,184,326	2,536,485	0.4%
		Warrants to purchase outstanding equity[22]	5/5/2019	-	872,698	-	0.0%
				24,886,383	24,968,738	19,823,325	

Company [1]	Industry	Type of Investment	Maturity	Par Amount [2]	Cost [18]	Fair Value	% of Net Assets [3]
Oxford Mining Company, LLC [9]	Mining, Steel, Iron and Nonprecious Metals	Senior Secured First Lien Term Loan (LIBOR + 8.50% Cash, 3.00% PIK, 0.75% LIBOR Floor)	12/31/2018	11,864,407	11,864,407	11,864,407	1.7%
				11,864,407	11,864,407	11,864,407	
Pegasus Solutions, Inc.[9][11]	Business Services	Senior Secured First Lien Term Loan A (LIBOR + 9.00%, 1.50% LIBOR Floor)	11/10/2019	31,238,095	31,238,095	31,238,095	4.5%
		Senior Secured First Lien Term Loan B (LIBOR + 10.50% PIK)	2/10/2018	5,801,269	5,801,269	5,801,269	0.8%
		Equity - 1,230,769 Units[23]	2/10/2018	-	1,230,769	1,230,769	0.2%
				37,039,364	38,270,133	38,270,133	
The Plastics Group Acquisition Corp	Chemicals, Plastics and Rubber	Senior Secured First Lien Term Loan (11.00% Cash, 2.00% PIK)	2/28/2019	21,106,631	21,106,631	21,196,123	3.1%
				21,106,631	21,106,631	21,196,123	
Prestige Industries LLC	Business Services	Senior Secured Second Lien Term Loan (18.00% PIK)	1/31/2017	6,930,477	6,852,490	6,367,307	0.9%
		Warrants to purchase 0.63% of the outstanding common units	1/31/2017	-	151,855	-	0.0%
				6,930,477	7,004,345	6,367,307	
Prince Mineral Holding Corp. [8]	Mining, Steel, Iron and Nonprecious Metals	Senior Secured Note (12.00%)	12/15/2019	6,800,000	6,737,281	7,215,956	1.1%
				6,800,000	6,737,281	7,215,956	
RCS Management Corporation & Specialized Medical Services, Inc.[9]	Diversified/Conglomerate Service	Senior Secured Second Lien Term Loan (LIBOR + 11.00% Cash, 1.50% LIBOR Floor, 0.50% PIK)[19]	4/30/2015	28,637,523	28,637,523	28,637,523	4.2%
				28,637,523	28,637,523	28,637,523	
Red Skye Wireless LLC [9] [12]	Retail Stores	Senior Secured First Lien Term Loan (LIBOR + 9.00% Cash, 1.00% LIBOR Floor) [19]	6/27/2018	27,440,799	27,440,799	27,925,132	4.0%
				27,440,799	27,440,799	27,925,132	
Reddy Ice Corporation	Beverage, Food and Tobacco	Senior Secured Second Lien Term Loan (LIBOR + 9.50% Cash, 1.25% LIBOR Floor) [19]	11/1/2019	17,000,000	17,000,000	15,866,950	2.3%
				17,000,000	17,000,000	15,866,950	

Company [1]	Industry	Type of Investment	Maturity	Par Amount [2]	Cost [18]	Fair Value	% of Net Assets [3]
Response Team Holdings, LLC	Buildings and Real Estate	Senior Secured First Lien Term Loan (LIBOR + 8.50% Cash, 1.00% PIK, 2.00% LIBOR Floor)[19]	3/28/2019	25,344,298	25,344,298	25,477,609	3.7%
		Preferred Equity (12.00% PIK)	3/28/2019	5,073,868	4,691,776	4,841,789	0.7%
		Warrants to purchase 6.17% of the outstanding common units	3/28/2019	-	429,012	993,945	0.1%
				30,418,166	30,465,086	31,313,343	
Safeworks LLC[11]	Buildings and Real Estate	Unsecured Debt (12.00% Cash)	1/31/2020	15,000,000	15,000,000	15,000,000	2.2%
				15,000,000	15,000,000	15,000,000	
Sendero Drilling Company LLC [9] [12]	Oil and Gas	Senior Secured First Lien Term Loan (LIBOR + 11.00% Cash)[19]	3/18/2019	18,836,188	18,138,002	17,836,662	2.6%
		Warrants to purchase 5.52% of the outstanding common units	3/18/2019	-	793,523	1,792,766	0.3%
				18,836,188	18,931,525	19,629,428	
Seotowncenter, Inc.[11]	Business Services	Senior Secured First Lien Term Loan (LIBOR + 9.00% Cash, 1.00% LIBOR Floor) [20]	9/11/2019	27,500,000	27,500,000	27,500,000	4.0%
		3,249.697 shares of Common Stock[14]	9/11/2019	-	500,000	500,000	0.1%
				27,500,000	28,000,000	28,000,000	
Stancor, Inc.	Machinery (Nonagriculture, Nonconstruction, Nonelectric)	Senior Secured First Lien Term Loan (LIBOR + 8.00% Cash, 0.75% LIBOR Floor) [19]	8/19/2019	7,000,000	7,000,000	7,000,000	1.0%
		250,000 Class A Units[15]	8/19/2019	-	250,000	250,000	0.0%
				7,000,000	7,250,000	7,250,000	
T. Residential Holdings LLC	Buildings and Real Estate	Senior Secured First Lien Term Loan (12.00%)	3/28/2019	20,000,000	20,000,000	20,095,000	2.9%
				20,000,000	20,000,000	20,095,000	
Taylored Freight Services LLC	Business Services	Senior Secured Second Lien Term Loan (LIBOR + 9.50% Cash, 2.00% PIK, 1.50% LIBOR Floor)[20]	11/1/2017	14,602,437	14,602,437	13,315,816	1.9%
				14,602,437	14,602,437	13,315,816	
Tempel Steel Company[8]	Mining, Steel, Iron and Nonprecious Metals	Senior Secured Note (12.00%)	8/15/2016	11,000,000	10,916,601	10,367,500	1.5%
				11,000,000	10,916,601	10,367,500	
Tenere Acquisition Corp.[9] [12]	Diversified/Conglomerate Manufacturing	Senior Secured First Lien Term Loan (11.00% Cash, 2.00% PIK)	12/15/2017	11,189,615	11,189,615	11,453,407	1.7%
				11,189,615	11,189,615	11,453,407	

Company [1]	Industry	Type of Investment	Maturity	Par Amount [2]	Cost [18]	Fair Value	% of Net Assets [3]
Transtelco Inc.	Telecommunications	Senior Secured First Lien Term Loan (LIBOR + 9.00% Cash, 1.50% LIBOR Floor) [19]	11/19/2017	19,008,000	19,008,000	19,067,875	2.8%
				19,008,000	19,008,000	19,067,875	
Untangle, Inc.	Business Services	Senior Secured First Lien Term Loan (LIBOR + 12.00% Cash)[19]	4/18/2019	9,875,000	9,875,000	9,888,331	1.4%
				9,875,000	9,875,000	9,888,331	
Velocity Pooling Vehicle LLC	Automobile	Senior Secured Second Lien Term Loan (LIBOR + 7.25% Cash, 1.00% LIBOR Floor) [19]	5/14/2022	24,000,000	20,787,577	21,060,007	3.1%
				24,000,000	20,787,577	21,060,007	
Water Capital USA, Inc.[10]	Finance	Senior Secured First Lien Term Loan (7.00% Cash, 7.00% PIK)	1/3/2015	27,456,140	27,298,353	-	0.0%
				27,456,140	27,298,353	-	
Wheels Up Partners LLC [11]	Aerospace & Defense	Senior Secured First Lien Delayed Draw (LIBOR + 8.55% Cash, 1.00% LIBOR Floor)[20]	10/15/2021	19,258,000	19,258,000	19,320,781	2.8%
				19,258,000	19,258,000	19,320,781	
Window Products, Inc.	Buildings and Real Estate	Senior Secured Second Lien Term Loan (LIBOR + 10.75% Cash, 1.00% LIBOR Floor)[20]	12/27/2019	14,000,000	14,000,000	13,985,720	2.0%
				14,000,000	14,000,000	13,985,720	
Subtotal Non-Controlled / Non-Affiliated Investments				**$ 1,237,719,589**	**$ 1,230,939,132**	**$ 1,162,863,860**	
Control Investments:[4]							
United Road Towing Inc.	Personal, Food and Miscellaneous Services	Senior Secured Second Lien Term Loan (LIBOR + 9.00% Cash)[20]	2/21/2020	17,000,000	17,000,000	17,000,000	2.4%
		Preferred Equity Class C (8.00% PIK)	2/21/2020	18,802,789	17,466,376	18,572,831	2.7%
		Preferred Equity Class C-1 (8.00% PIK)	2/21/2020	171,314	171,314	59,250	0.0%
		Preferred Equity Class A-2 (8.00% PIK)	2/21/2020	4,709,728	4,378,005	1,514,112	0.2%
		65,809.73 Class B Common Units[16]	2/21/2020	-	1,098,097	1,098,101	0.2%
				40,683,831	40,113,792	38,244,294	
Subtotal Control Investments				**$ 40,683,831**	**$ 40,113,792**	**$ 38,244,294**	

Company [1]	Industry	Type of Investment	Maturity	Par Amount [2]	Cost [18]	Fair Value	% of Net Assets [3]
Affiliated Investments:							
AmveStar Holdings LLC	Buildings and Real Estate	Senior Secured First Lien Term Loan (10.00% Cash)	9/10/2019	6,670,000	6,670,000	6,670,000	1.0%
		Preferred Equity - 33,300 Units[17]	9/10/2019	-	3,330,000	3,330,000	0.5%
				6,670,000	10,000,000	10,000,000	
Cymax Stores, Inc.[7]	Home and Office Furnishings, Housewares, and Durable Consumer Products	Senior Secured First Lien Term Loan (10.00% Cash, 5.00% PIK)	8/1/2015	9,594,210	9,438,886	9,355,122	1.4%
		190 Class B Common Units [5]	8/1/2015	-	678,154	2,279,785	0.3%
				9,594,210	10,117,040	11,634,907	
Subtotal Affiliated Investments				**$ 16,264,210**	**$ 20,117,040**	**$ 21,634,907**	
Total Investments, December 31, 2014				**$ 1,294,667,630**	**$ 1,291,169,964**	**$ 1,222,743,061**	177.3%

(1) All of our investments are domiciled in the United States except for Cymax Stores, Inc. which is domiciled in Canada and denominated in USD. Certain investments also have international operations.
(2) Par amount includes accumulated PIK interest and is net of repayments.
(3) Percentage is based on net assets of $689,809,629 as of December 31, 2014.
(4) Control Investments are defined by the Investment Company Act of 1940 ("1940 Act") as investments in companies in which the Company owns more than 25% of the voting securities or maintains greater than 50% of the board representation.
(5) 190 Class B Common Units represent 19% ownership of Cymax Stores, Inc.
(6) The entire commitment was unfunded at December 31, 2014. As such, no interest is being earned on this investment.
(7) The investment is not a qualifying asset as defined under Section 55(a) of 1940 Act, in a whole, or in part.
(8) Securities are exempt from registration under Rule 144a of the Securities Act of 1933. These securities represent a fair value of $21.1 million and 3.0% of net assets as of December 31, 2014 and are considered restricted.
(9) The investment has an unfunded commitment as of December 31, 2014 (See note 8).
(10) The investment was on non-accrual status as of December 31, 2014.
(11) A portion of this investment was sold via a participation agreement (See note 3).
(12) Includes an analysis of the value of any unfunded loan commitments.
(13) 384.62 Units represents 1.961% ownership of INI Parent, Inc.
(14) 3,249.697 shares of Common Stock represents 2.917% ownership of Boostability Holdings, Inc.
(15) 250,000 Class A Units represents 0.882% ownership of Stancor, Inc.
(16) 65,809.73 Class B Common Units Represents 65.8% ownership of United Road Towing, Inc.
(17) 33,300 Units represents 18.167% ownership of Amvestar Holdings LLC.
(18) Gross unrealized appreciation, gross unrealized depreciation, and net depreciation for federal income tax purposes totaled $33.3 million, $79.6 million and $46.2 million, respectively. The tax cost of investments is $1,269.0 million.
(19) The interest rate on these loans is subject to a base rate plus 1 Month LIBOR, which at December 31, 2014 was 0.16%. As the interest rate is subject to a minimum LIBOR Floor which was greater than the 1 Month LIBOR rate at December 31, 2014, the prevailing rate in effect at December 31, 2014 was the base rate plus the LIBOR Floor.
(20) The interest rate on these loans is subject to a base rate plus 3 Month LIBOR, which at December 31, 2014 was 0.23%. As the interest rate is subject to a minimum LIBOR Floor which was greater than the 3 Month LIBOR rate at December 31, 2014, the prevailing rate in effect at December 31, 2014 was the base rate plus the LIBOR Floor.
(21) Investment consists of senior secured first lien term loan A (par and fair value of $8,010,833 and $6,328,558, respectively), senior secured first lien term loan B (par and fair value of $20,312,300 and $2,234,353, respectively) and senior secured first lien term loan - Willow Street Medical Laboratory LLC (par and fair value of $5,259,612 and $2,472,018, respectively).
(22) Warrants to purchase 12.50% of Omnivere Holding Company, LLC and 38.89% of Omnivere, LLC.
(23) 1,230,769 Units represents 4.17% ownership of Pegasus Solutions, Inc.
(24) 5,000 Common Units represents 5.0% ownership of Dream Finders Homes, LLC.

See accompanying notes to consolidated financial statements.

Medley Capital Corporation

Consolidated Schedule of Investments

September 30, 2014

Company [1]	Industry	Type of Investment	Maturity	Par Amount [2]	Cost [18]	Fair Value	% of Net Assets [3]
Non-Controlled/ Non-Affiliated Investments:							
AAR Intermediate Holdings, LLC [11]	Oil and Gas	Senior Secured First Lien Term Loan (LIBOR + 12.00%, 1.00% LIBOR Floor) [20]	3/30/2019	36,831,683	34,324,994	34,323,923	4.7%
		Senior Secured First Lien Term Loan (LIBOR + 12.00%, 1.00% LIBOR Floor) [20]	6/30/2015	3,168,317	3,168,317	3,168,317	0.4%
		Warrants to purchase 1.98% of outstanding company equity.	3/30/2019	-	2,507,760	2,507,760	0.3%
				40,000,000	40,001,071	40,000,000	
Accupac, Inc.	Containers, Packaging and Glass	Senior Secured Second Lien Term Loan (12.29% Cash)	11/10/2018	10,000,000	10,000,000	10,000,000	1.4%
				10,000,000	10,000,000	10,000,000	
Aderant North America, Inc.	Electronics	Senior Secured Second Lien Term Loan (LIBOR + 8.75% , 1.25% LIBOR Floor) [19]	6/20/2019	4,550,000	4,550,000	4,614,519	0.6%
				4,550,000	4,550,000	4,614,519	
Albertville Quality Foods, Inc. [11]	Beverage, Food and Tobacco	Senior Secured First Lien Term Loan (LIBOR + 9.50% Cash, 1.00% LIBOR Floor, 3.00% LIBOR Cap) [19]	10/31/2018	17,452,830	17,452,830	17,697,519	2.4%
				17,452,830	17,452,830	17,697,519	
Allen Edmonds Corporation	Retail Stores	Senior Secured Second Lien Term Loan (LIBOR + 9.00% Cash, 1.00% LIBOR Floor) [19]	5/27/2019	20,000,000	20,000,000	20,206,400	2.8%
				20,000,000	20,000,000	20,206,400	

Company [1]	Industry	Type of Investment	Maturity	Par Amount [2]	Cost [18]	Fair Value	% of Net Assets [3]
Alora Pharmaceuticals LLC [11]	Healthcare, Education and Childcare	Senior Secured First Lien Term Loan (LIBOR + 9.00% Cash, 1.00% LIBOR Floor) [19]	9/13/2018	13,300,000	13,300,000	13,544,587	1.9%
				13,300,000	13,300,000	13,544,587	
AM3 Pinnacle Corporation [9]	Telecommunications	Senior Secured First Lien Term Loan (10.00%)	10/22/2018	7,834,944	7,834,944	7,834,944	1.1%
				7,834,944	7,834,944	7,834,944	
Amerit Fleet Services, Inc.	Business Services	Senior Secured Second Lien Term Loan (LIBOR + 9.70% Cash, 1.00% LIBOR Floor, 1.50% PIK) [19]	12/21/2016	8,206,151	8,206,151	8,196,960	1.1%
				8,206,151	8,206,151	8,196,960	
ARBOC Specialty Vehicles LLC	Automobile	Senior Secured First Lien Term Loan (LIBOR + 12.50% Cash, 1.00% LIBOR Floor) [20]	3/21/2018	20,965,500	20,965,500	21,149,368	2.9%
				20,965,500	20,965,500	21,149,368	
Aurora Flight Sciences Corporation	Aerospace & Defense	Senior Secured Second Lien Term Loan (11.25% Cash, 2.00% PIK)	3/16/2016	16,131,380	16,131,380	16,131,380	2.2%
				16,131,380	16,131,380	16,131,380	
Autosplice, Inc. [9]	Diversified/Conglomerate Manufacturing	Senior Secured First Lien Term Loan (LIBOR + 11.50% Cash, 1.00% LIBOR Floor) [20]	6/30/2019	14,817,844	14,817,844	14,817,844	2.0%
				14,817,844	14,817,844	14,817,844	
BayDelta Maritime LLC	Cargo Transport	Warrants to purchase 10% of the outstanding equity	6/30/2016	-	25,000	524,692	0.1%
				-	25,000	524,692	
Be Green Manufacturing and Distribution Centers LLC [9] [12]	Containers, Packaging and Glass	Senior Secured First Lien Term Loan (LIBOR + 10.00%, 1.00% LIBOR Floor) [20]	12/13/2018	5,000,000	5,000,000	4,928,350	0.7%
		Senior Secured First Lien Delayed Draw (LIBOR + 10.00%, 1.00% LIBOR Floor) [20]	12/13/2018	1,791,667	1,791,667	1,731,958	0.2%
		Revolver (LIBOR + 10.00%, 1.00% LIBOR Floor) [20]	12/13/2018	354,167	354,167	341,250	0.0%
		1.63% Partnership Interest in Be Green Packaging LLC		-	416,250	287,947	0.0%
				7,145,834	7,562,084	7,289,505	

Company [1]	Industry	Type of Investment	Maturity	Par Amount [2]	Cost [18]	Fair Value	% of Net Assets [3]
Brantley Transportation LLC (11)	Oil and Gas	Senior Secured First Lien Term Loan (12.00%)	8/2/2017	9,375,000	9,520,135	9,375,000	1.3%
				9,375,000	9,520,135	9,375,000	
California Products Corporation	Chemicals, Plastics and Rubber	Senior Secured Second Lien Term Loan (13.00%)	5/27/2019	13,750,000	13,750,000	13,879,800	1.9%
				13,750,000	13,750,000	13,879,800	
Calloway Laboratories, Inc. (10)(21)	Healthcare, Education and Childcare	Senior Secured First Lien Term Loan (17.00% PIK)	9/30/2015	31,800,948	28,573,477	15,484,032	2.1%
		Warrants to purchase 15.00% of the outstanding equity	9/30/2015	-	68,433	-	0.0%
				31,800,948	28,641,910	15,484,032	
CP OPCO LLC	Leisure, Amusement, Motion Pictures, Entertainment	Senior Secured First Lien Term Loan (LIBOR + 6.75% Cash, 1.00% LIBOR Floor) (20)	9/30/2020	20,000,000	20,000,000	20,000,000	2.7%
				20,000,000	20,000,000	20,000,000	
ContMid, Inc. [11]	Automobile	Senior Secured Second Lien Term Loan (LIBOR + 9.00% Cash, 1.00% LIBOR Floor) (19)	10/25/2019	15,000,000	15,000,000	15,000,000	2.1%
				15,000,000	15,000,000	15,000,000	
ConvergeOne Holdings Corporation	Business Services	Senior Secured Second Lien Term Loan (LIBOR + 8.00% Cash, 1.00% LIBOR Floor) (20)	6/17/2021	12,500,000	12,378,218	12,458,750	1.7%
				12,500,000	12,378,218	12,458,750	
Cornerstone Research & Development, Inc.	Healthcare, Education and Childcare	Senior Secured First Lien Term Loan (LIBOR + 9.50% Cash, 1.00% LIBOR Floor) (20)	4/28/2019	20,000,000	20,000,000	20,013,000	2.7%
		384.62 Units of Common Stock [13]	4/28/2019	-	400,000	346,272	0.0%
				20,000,000	20,400,000	20,359,272	
Crow Precision Components LLC	Aerospace & Defense	Senior Secured First Lien Term Loan (LIBOR + 8.50% Cash, 1.00% LIBOR Floor) (19)	9/30/2019	10,000,000	10,000,000	10,000,000	1.4%
				10,000,000	10,000,000	10,000,000	
Dispensing Dynamics International [8]	Personal and Nondurable Consumer Products (Manufacturing Only)	Senior Secured Note (12.50%)	1/1/2018	2,800,000	2,759,638	3,031,000	0.4%
				2,800,000	2,759,638	3,031,000	

Company [1]	Industry	Type of Investment	Maturity	Par Amount [2]	Cost [18]	Fair Value	% of Net Assets [3]
DLR Restaurants LLC [9][11][12]	Restaurant & Franchise	Senior Secured First Lien Term Loan (11.00% Cash, 2.50% PIK)	4/18/2018	20,434,015	20,434,015	20,892,695	2.9%
		Unsecured Debt (12.00% Cash, 4.00% PIK)	4/18/2018	265,166	265,166	265,166	0.0%
				20,699,181	20,699,181	21,157,861	
DreamFinders Homes LLC [9][12]	Buildings and Real Estate	Senior Secured First Lien Term Loan B (LIBOR + 14.50% Cash) [20]	10/1/2018	12,296,397	12,145,238	12,470,916	1.7%
		Warrants to purchase 5% of outstanding equity	10/1/2018	-	180,000	1,748,827	0.2%
				12,296,397	12,325,238	14,219,743	
Dynamic Energy Services International LLC	Oil and Gas	Senior Secured First Lien Term Loan (LIBOR + 8.50% Cash, 1.00% LIBOR Floor) [19]	3/6/2018	18,525,000	18,525,000	18,533,151	2.5%
				18,525,000	18,525,000	18,533,151	
Essex Crane Rental Corp. [11]	Business Services	Senior Secured First Lien Term Loan (LIBOR + 10.50% Cash, 1.00% LIBOR Floor) [20]	5/13/2019	20,000,000	20,000,000	19,922,200	2.7%
				20,000,000	20,000,000	19,922,200	
Exide Technologies [7][10]	Machinery (Nonagriculture, Nonconstruction, Nonelectric)	Senior Secured Note (8.63%)	2/1/2018	10,000,000	8,335,950	2,487,500	0.3%
				10,000,000	8,335,950	2,487,500	
FC Operating LLC	Retail Stores	Senior Secured First Lien Term Loan (LIBOR + 10.75% Cash, 1.25% LIBOR Floor) [20]	11/14/2017	10,350,000	10,350,000	9,854,959	1.4%
				10,350,000	10,350,000	9,854,959	
Freedom Powersports LLC [9]	Automobile	Senior Secured First Lien Term Loan (LIBOR + 11.50% Cash, 1.50% LIBOR Floor) [20]	9/26/2019	10,200,000	10,200,000	10,200,000	1.4%
		Senior Secured First Lien Delayed Draw (LIBOR + 11.50% Cash, 1.50% LIBOR Floor) [6]	9/26/2019	-	-	-	0.0%
				10,200,000	10,200,000	10,200,000	
GSG Fasteners, LLC [11]	Personal and Nondurable Consumer Products (Manufacturing Only)	Senior Secured First Lien Term Loan (LIBOR + 9.50% Cash, 1.00% LIBOR Floor) [19]	11/18/2018	8,662,500	8,662,500	8,835,750	1.2%
				8,662,500	8,662,500	8,835,750	

Company [1]	Industry	Type of Investment	Maturity	Par Amount [2]	Cost [18]	Fair Value	% of Net Assets [3]
Harrison Gypsum LLC [11]	Mining, Steel, Iron and Nonprecious Metals	Senior Secured First Lien Term Loan (LIBOR + 8.50% Cash, 0.50% PIK, 1.50% LIBOR Floor) [19]	12/21/2017	25,459,294	25,459,294	25,078,678	3.4%
				25,459,294	25,459,294	25,078,678	
HD Vest, Inc.	Finance	Senior Secured Second Lien Term Loan (LIBOR + 8.00% Cash, 1.25% LIBOR Floor) [19]	6/18/2019	8,750,000	8,750,000	8,925,000	1.2%
				8,750,000	8,750,000	8,925,000	
Help/Systems LLC	Business Services	Senior Secured Second Lien Term Loan (LIBOR + 8.50% Cash, 1.00% LIBOR Floor) [19]	6/28/2020	15,000,000	15,000,000	15,208,500	2.1%
				15,000,000	15,000,000	15,208,500	
HGDS Acquisition LLC	Business Services	Senior Secured First Lien Term Loan (LIBOR + 12.00% Cash, 3.50% PIK) [19]	3/28/2018	10,101,921	10,101,921	10,019,085	1.4%
				10,101,921	10,101,921	10,019,085	
Ingenio LLC [22]	Personal, Food and Miscellaneous Services	Senior Secured First Lien Term Loan (11.25%)	3/14/2019	23,634,540	23,634,540	23,606,415	3.2%
				23,634,540	23,634,540	23,606,415	
Integra Telecom	Telecommunications	Senior Secured Second Lien Term Loan (LIBOR + 8.50% Cash, 1.25% LIBOR Floor) [19]	2/22/2020	12,132,000	12,154,991	12,374,640	1.7%
				12,132,000	12,154,991	12,374,640	
Interface Security Systems [8]	Electronics	Senior Secured Note (9.25%)	1/15/2018	3,333,000	3,333,000	3,424,659	0.5%
				3,333,000	3,333,000	3,424,659	
JD Norman Industries, Inc.	Diversified/Conglomerate Manufacturing	Senior Secured First Lien Term Loan (LIBOR + 10.25% Cash) [19]	3/6/2019	23,700,000	23,700,000	23,790,060	3.4%
				23,700,000	23,700,000	23,790,060	
Lexmark Carpet Mills, Inc.	Home and Office Furnishings, Housewares, and Durable Consumer Products	Senior Secured First Lien Term Loan (LIBOR + 10.00%, 1.00% LIBOR Floor, 2.50% LIBOR Cap) [19]	9/30/2018	29,875,880	29,875,880	30,573,482	4.2%
				29,875,880	29,875,880	30,573,482	

Company [1]	Industry	Type of Investment	Maturity	Par Amount [2]	Cost [18]	Fair Value	% of Net Assets [3]
Lighting Science Group Corporation	Containers, Packaging and Glass	Senior Secured Second Lien Term (LIBOR + 10.00% Cash, 2.00% PIK) [20]	2/19/2019	15,415,114	14,544,245	14,985,957	2.1%
		Warrants to purchase 2.38% of the outstanding equity	2/19/2019	-	955,680	165,000	0.0%
				15,415,114	15,499,925	15,150,957	
Linc Energy Finance (USA), Inc. [8]	Oil and Gas	Senior Secured Note (12.50%)	10/31/2017	3,500,000	3,413,382	3,765,335	0.5%
				3,500,000	3,413,382	3,765,335	
Lucky Strike Entertainment, L.L.C.	Leisure, Amusement, Motion Pictures, Entertainment	Senior Secured Second Lien Term Loan (LIBOR + 11.00% Cash, 1.00% LIBOR Floor, 2.00% PIK) [20]	12/24/2018	11,504,472	11,504,472	11,622,163	1.6%
				11,504,472	11,504,472	11,622,163	
Lydell Jewelry Design Studio LLC [11]	Personal and Nondurable Consumer Products (Manufacturing Only)	Senior Secured First Lien Term Loan (LIBOR + 10.50%, 1.50% LIBOR Floor) [19]	9/13/2018	13,072,000	13,072,000	12,312,125	1.7%
		Warrants to purchase 13.3% of the outstanding membership units	9/13/2018	-	-	-	0.0%
				13,072,000	13,072,000	12,312,125	
Marine Accessories Corporation	Personal and Nondurable Consumer Products (Manufacturing Only)	Senior Secured First Lien Term Loan (LIBOR + 11.00% Cash, 1.00% LIBOR Floor, 1.00% PIK) [19]	11/26/2018	9,927,669	9,927,669	10,031,115	1.4%
				9,927,669	9,927,669	10,031,115	
Merchant Cash and Capital LLC [9][12]	Structure Finance Securities	Senior Secured First Lien Delayed Draw (LIBOR + 8.00% Cash, 3.00% LIBOR Floor) [19]	3/4/2016	12,203,330	12,203,333	12,316,558	1.7%
		Senior Secured Second Lien Term Loan (12.00% Cash)	8/19/2016	15,000,000	15,000,000	15,000,000	2.2%
				27,203,330	27,203,333	27,316,558	
Meridian Behavioral Health LLC [9]	Healthcare, Education and Childcare	Senior Secured First Lien Term Loan A (LIBOR + 11.50%, 2.50% LIBOR Floor) [20]	11/14/2016	10,289,141	10,003,035	10,392,032	1.4%
		Senior Secured First Lien Term Loan B (LIBOR + 11.50%, 2.50% LIBOR Floor) [20]	11/14/2016	4,600,000	4,600,000	4,600,000	0.6%
		Warrants to purchase 8% of the outstanding equity	11/14/2016	-	536,296	2,138,477	0.3%
				14,889,141	15,139,331	17,130,509	

Company [1]	Industry	Type of Investment	Maturity	Par Amount [2]	Cost [18]	Fair Value	% of Net Assets [3]
Miratech Intermediate Holdings, Inc. [9] [11]	Machinery (Nonagriculture, Nonconstruction, Nonelectric)	Senior Secured First Lien Term Loan (LIBOR + 9.00% Cash, 1.00% LIBOR Floor) [19]	5/9/2019	16,000,000	16,000,000	16,059,360	2.2%
		Senior Secured First Lien Delayed Draw (LIBOR + 9.00% Cash, 1.00% LIBOR Floor) [6]	5/9/2019	-	-	54,794	0.0%
				16,000,000	16,000,000	16,114,154	
Modern VideoFilm, Inc. [10]	Leisure, Amusement, Motion Pictures, Entertainment	Senior Secured First Lien Term Loan (LIBOR + 9.00% Cash, 1.50% LIBOR Floor, 3.00% PIK) [19]	9/25/2017	14,433,924	13,567,026	4,211,819	0.6%
		Warrants to purchase 4.5% of the outstanding equity	9/25/2017	-	339,573	-	0.0%
				14,433,924	13,906,599	4,211,819	
Momentum Telecom, Inc.	Telecommunications	Senior Secured First Lien Term Loan (LIBOR + 8.50% Cash, 1.00% LIBOR Floor) [19]	3/10/2019	9,792,982	9,792,982	9,947,124	1.4%
				9,792,982	9,792,982	9,947,124	
Nation Safe Drivers Holdings, Inc. [9]	Automobile	Senior Secured Second Lien Term Loan (LIBOR + 8.00% Cash, 2.00% LIBOR Floor) [20]	9/29/2020	35,278,846	35,278,846	35,278,846	4.8%
				35,278,846	35,278,846	35,278,846	
Nielsen & Bainbridge LLC	Home and Office Furnishings, Housewares, and Durable Consumer Products	Senior Secured Second Lien Term Loan (LIBOR + 9.25% Cash, 1.00% LIBOR Floor) [19]	8/15/2021	25,000,000	25,000,000	25,000,000	3.4%
				25,000,000	25,000,000	25,000,000	
Northstar Aerospace, Inc.	Aerospace & Defense	Senior Secured Notes (10.25% Cash)	10/15/2019	25,000,000	25,000,000	25,000,000	3.4%
				25,000,000	25,000,000	25,000,000	
Northstar Group Services, Inc. [23]	Buildings and Real Estate	Unsecured Debt (11.00% Cash)	10/24/2019	22,920,000	22,920,000	22,920,916	3.1%
				22,920,000	22,920,000	22,920,916	
Omnivere LLC	Business Services	Senior Secured First Lien Term Loan A (LIBOR + 12.00% Cash, 1.00% PIK) [20]	5/5/2019	18,409,339	17,586,630	16,384,311	2.2%
		Senior Secured First Lien Term Loan C (LIBOR + 12.00% Cash, 1.00% PIK) [20]	5/5/2019	3,176,202	3,176,202	2,826,820	0.4%
		Warrants to purchase 12.50% of the outstanding equity	5/5/2019	-	872,698	-	0.0%
				21,585,541	21,635,530	19,211,131	

Company [1]	Industry	Type of Investment	Maturity	Par Amount [2]	Cost [18]	Fair Value	% of Net Assets [3]
The Plastics Group Acquisition Corp	Chemicals, Plastics and Rubber	Senior Secured First Lien Term Loan (11.00% Cash, 2.00% PIK)	2/28/2019	20,999,119	20,999,119	21,215,200	2.9%
				20,999,119	20,999,119	21,215,200	
Prestige Industries LLC	Business Services	Senior Secured Second Lien Term Loan (18.00% PIK)	1/31/2017	6,621,208	6,535,242	6,034,768	0.8%
		Warrants to purchase 0.63% of the outstanding common units	1/31/2017	-	151,855	-	0.0%
				6,621,208	6,687,097	6,034,768	
Prince Mineral Holding Corp. [8]	Mining, Steel, Iron and Nonprecious Metals	Senior Secured Note (12.00%)	12/15/2019	6,800,000	6,734,981	7,302,588	1.0%
				6,800,000	6,734,981	7,302,588	
RCS Capital Corporation	Finance	Senior Secured Second Lien Term Loan (LIBOR + 9.50% Cash, 1.00% LIBOR Floor) [19]	4/29/2021	7,200,000	7,200,000	7,338,600	1.0%
				7,200,000	7,200,000	7,338,600	
RCS Management Corporation & Specialized Medical Services, Inc.	Diversified/Conglomerate Service	Senior Secured Second Lien Term Loan (LIBOR + 11.00% Cash, 1.50% LIBOR Floor, 0.50% PIK) [19]	4/30/2015	25,604,168	25,604,168	25,604,168	3.5%
				25,604,168	25,604,168	25,604,168	
Red Skye Wireless LLC [9][12]	Retail Stores	Senior Secured First Lien Term Loan (LIBOR + 9.00% Cash, 1.00% LIBOR Floor) [19]	6/27/2018	25,065,799	25,065,799	25,691,626	3.5%
				25,065,799	25,065,799	25,691,626	
Reddy Ice Corporation	Beverage, Food and Tobacco	Senior Secured Second Lien Term Loan (LIBOR + 9.50% Cash, 1.25% LIBOR Floor) [19]	11/1/2019	17,000,000	17,000,000	16,222,930	2.2%
				17,000,000	17,000,000	16,222,930	

Company [1]	Industry	Type of Investment	Maturity	Par Amount [2]	Cost [18]	Fair Value	% of Net Assets [3]
Response Team Holdings, LLC	Buildings and Real Estate	Senior Secured First Lien Term Loan (LIBOR + 8.50% Cash, 1.00% PIK, 2.00% LIBOR Floor) [19]	3/28/2019	25,280,688	25,280,688	25,646,246	3.5%
		Preferred Equity (12.00% PIK)	3/28/2019	4,922,899	4,524,750	4,719,386	0.6%
		Warrants to purchase 6.17% of the outstanding common units	3/28/2019	-	429,012	1,508,887	0.2%
				30,203,587	30,234,450	31,874,519	
Safeworks LLC [11]	Buildings and Real Estate	Unsecured Debt (12.00% Cash)	1/31/2020	15,000,000	15,000,000	15,000,000	2.2%
				15,000,000	15,000,000	15,000,000	
Sendero Drilling Company LLC [9] [12]	Oil and Gas	Senior Secured First Lien Term Loan (LIBOR + 11.00% Cash) [19]	3/18/2019	19,080,000	18,350,454	18,808,201	2.6%
		Warrants to purchase 5.52% of the outstanding common units	3/18/2019	-	793,523	2,730,402	0.4%
				19,080,000	19,143,977	21,538,603	
Seotowncenter, Inc. [11]	Business Services	Senior Secured First Lien Term Loan (LIBOR + 9.00% Cash, 1.00% LIBOR Floor) [20]	9/11/2019	27,500,000	27,500,000	27,500,000	3.8%
		3,249.697 shares of Common Stock [14]	9/11/2019	-	500,000	500,000	0.1%
				27,500,000	28,000,000	28,000,000	
Stancor, Inc.	Machinery (Nonagriculture, Nonconstruction, Nonelectric)	Senior Secured First Lien Term Loan (LIBOR + 8.00% Cash, 0.75% LIBOR Floor) [19]	8/19/2019	7,000,000	7,000,000	7,000,000	1.0%
		250,000 Class A Units [15]	8/19/2019	-	250,000	250,000	0.0%
				7,000,000	7,250,000	7,250,000	
T. Residential Holdings LLC	Buildings and Real Estate	Senior Secured First Lien Term Loan (12.00%)	3/28/2019	20,000,000	20,000,000	20,250,000	2.8%
				20,000,000	20,000,000	20,250,000	
Taylored Freight Services LLC	Business Services	Senior Secured Second Lien Term Loan (LIBOR + 9.50% Cash, 2.00% PIK, 1.50% LIBOR Floor) [20]	11/1/2017	14,529,667	14,529,667	12,777,970	1.8%
				14,529,667	14,529,667	12,777,970	
Tempel Steel Company [8]	Mining, Steel, Iron and Nonprecious Metals	Senior Secured Note (12.00%)	8/15/2016	11,000,000	10,905,262	11,110,000	1.5%
				11,000,000	10,905,262	11,110,000	

Company [1]	Industry	Type of Investment	Maturity	Par Amount [2]	Cost [18]	Fair Value	% of Net Assets [3]
Tenere Acquisition Corp. [9] [12]	Diversified/ Conglomerate Manufacturing	Senior Secured First Lien Term Loan (11.00% Cash, 2.00% PIK)	12/15/2017	11,132,618	11,132,618	11,526,596	1.6%
				11,132,618	11,132,618	11,526,596	
Transtelco Inc.	Telecommunications	Senior Secured First Lien Term Loan (LIBOR + 9.00% Cash, 1.50% LIBOR Floor) [19]	11/19/2017	19,056,000	19,056,000	19,169,192	2.6%
				19,056,000	19,056,000	19,169,192	
Untangle, Inc.	Business Services	Senior Secured First Lien Term Loan (LIBOR + 12.00% Cash) [19]	4/18/2019	9,937,500	9,937,500	9,995,436	1.4%
				9,937,500	9,937,500	9,995,436	
Velocity Pooling Vehicle LLC	Automobile	Senior Secured Second Lien Term Loan (LIBOR + 7.25% Cash, 1.00% LIBOR Floor) [19]	5/14/2022	24,000,000	20,717,234	21,281,947	2.9%
				24,000,000	20,717,234	21,281,947	
Water Capital USA, Inc. [10]	Finance	Senior Secured First Lien Term Loan (7.00% Cash, 7.00% PIK)	1/3/2015	26,973,612	26,973,612	18,153,241	2.5%
				26,973,612	26,973,612	18,153,241	
Wheels Up Partners LLC [11]	Aerospace & Defense	Senior Secured First Lien Delayed Draw (LIBOR + 8.55% Cash, 1.00% LIBOR Floor) [20]	10/15/2021	19,552,000	19,552,000	19,635,487	2.7%
				19,552,000	19,552,000	19,635,487	
Window Products, Inc.	Buildings and Real Estate	Senior Secured Second Lien Term Loan (LIBOR + 10.75% Cash, 1.00% LIBOR Floor) [20]	12/27/2019	14,000,000	14,000,000	14,066,360	1.9%
				14,000,000	14,000,000	14,066,360	
Subtotal Non-Controlled / Non-Affiliated Investments				**$ 1,222,128,441**	**$ 1,215,421,753**	**$ 1,185,859,238**	
Control Investments: [4]							
United Road Towing Inc.	Personal, Food and Miscellaneous Services	Senior Secured Second Lien Term Loan (LIBOR + 9.00% Cash) [20]	2/21/2020	17,000,000	17,000,000	17,000,000	2.3%
		Preferred Equity Class C (8.00% PIK)	2/21/2020	18,802,789	17,466,376	18,572,916	2.5%
		Preferred Equity Class A-2 (8.00% PIK)	2/21/2020	4,667,205	4,335,482	1,573,374	0.2%
		65,809.73 Class B Common Units [16]	2/21/2020	-	1,098,096	1,098,096	0.2%
				40,469,994	39,899,954	38,244,386	
Subtotal Control Investments				**$ 40,469,994**	**$ 39,899,954**	**$ 38,244,386**	

Company [1]	Industry	Type of Investment	Maturity	Par Amount [2]	Cost [18]	Fair Value	% of Net Assets [3]
Affiliated Investments:							
AmveStar Holdings LLC	Buildings and Real Estate	Senior Secured First Lien Term Loan (10.00% Cash)	9/10/2019	6,670,000	6,670,000	6,670,000	0.9%
		Preferred Equity - 33,300 Units [17]	9/10/2019	-	3,330,000	3,330,000	0.5%
				6,670,000	10,000,000	10,000,000	
Cymax Stores, Inc. [7]	Home and Office Furnishings, Housewares, and Durable Consumer Products	Senior Secured First Lien Term Loan (10.00% Cash, 5.00% PIK)	8/1/2015	9,473,964	9,264,996	9,154,881	1.3%
		190 Class B Common Units [5]	8/1/2015	-	678,154	2,279,786	0.3%
				9,473,964	9,943,150	11,434,667	
Subtotal Affiliated Investments				**$ 16,143,964**	**$ 19,943,150**	**$ 21,434,667**	
Total Investments, September 30, 2014				**$ 1,278,742,399**	**$1,275,264,857**	**$1,245,538,291**	170.7%

(1) All of our investments are domiciled in the United States except for Cymax Stores, Inc. which is domiciled in Canada and denominated in USD. Certain investments also have international operations.
(2) Par amount includes accumulated PIK interest and is net of repayments.
(3) Percentage is based on net assets of $729,856,881 as of September 30, 2014.
(4) Control Investments are defined by the Investment Company Act of 1940 ("1940 Act") as investments in companies in which the Company owns more than 25% of the voting securities or maintains greater than 50% of the board representation.
(5) 190 Class B Common Units represent 19% ownership of Cymax Stores, Inc.
(6) The entire commitment was unfunded at September 30, 2014. As such, no interest is being earned on this investment.
(7) The investment is not a qualifying asset as defined under Section 55(a) of 1940 Act, in a whole, or in part.
(8) Securities are exempt from registration under Rule 144a of the Securities Act of 1933. These securities represent a fair value of $28.6 million and 3.9% of net assets as of September 30, 2014 and are considered restricted.
(9) The investment has an unfunded commitment as of September 30, 2014 (See note 8).
(10) The investment was on non-accrual status as of September 30, 2014.
(11) A portion of this investment was sold via a participation agreement (See note 3).
(12) Includes an analysis of the value of any unfunded loan commitments.
(13) 384.62 Units represents 1.961% ownership of INI Parent, Inc.
(14) 3,249.697 shares of Common Stock represents 2.917% ownership of Boostability Holdings, Inc.
(15) 250,000 Class A Units represents 0.882% ownership of Stancor, Inc.
(16) 65,809.73 Class B Common Units Represents 65.8% ownership of United Road Towing, Inc.
(17) 33,300 Units represents 18.167% ownership of Amvestar Holdings LLC.
(18) Gross unrealized appreciation, gross unrealized depreciation, and net depreciation for federal income tax purposes totaled $38.9 million, $45.0 million and $6.0 million, respectively. The tax cost of investments is $1,253.5 million.

(19) The interest rate on these loans is subject to a base rate plus 1 Month LIBOR, which at September 30, 2014 was 0.16%. As the interest rate is subject to a minimum LIBOR Floor which was greater than the 1 Month LIBOR rate at September 30, 2014, the prevailing rate in effect at September 30, 2014 was the base rate plus the LIBOR Floor.
(20) The interest rate on these loans is subject to a base rate plus 3 Month LIBOR, which at September 30, 2014 was 0.24%. As the interest rate is subject to a minimum LIBOR Floor which was greater than the 3 Month LIBOR rate at September 30, 2014, the prevailing rate in effect at September 30, 2014 was the base rate plus the LIBOR Floor.
(21) Investment consists of senior secured first lien term loan A (par and fair value of $7,308,565 and $5,846,852, respectively), senior secured first lien term loan B (par and fair value of $19,454,808 and $6,614,635, respectively) and senior secured first lien term loan - Willow Street Medical Laboratory LLC (par and fair value of $5,037,575 and $3,022,545, respectively).
(22) Investment changed its name from Ingenio Acquisition LLC during FY 2014.
(23) Investment changed its name from NCM Group Holdings LLC during FY 2014.

See accompanying notes to consolidated financial statements.

Note 1. Organization

Medley Capital Corporation (the “Company”, “we” and “us”) is a non-diversified closed end management investment company incorporated in Delaware that has elected to be treated and is regulated as a business development company (“BDC”) under the Investment Company Act of 1940, as amended (the “1940 Act”). We completed our initial public offering (“IPO”) and commenced operations on January 20, 2011. The Company has elected and qualified 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”). We are externally managed and advised by MCC Advisors LLC (“MCC Advisors”), a registered investment adviser under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), pursuant to an investment management agreement.

Medley Capital BDC LLC (the “LLC”), a Delaware limited liability company, was formed on April 23, 2010. On January 18, 2011, the LLC, in accordance with Delaware law, converted into Medley Capital Corporation, a Delaware corporation, and on January 20, 2011, the Company filed an election to be regulated as a BDC under the 1940 Act.

On January 20, 2011, the Company consummated its IPO, sold 11,111,112 shares of common stock at $12.00 per share and commenced its operations and investment activities. On February 24, 2011, an additional 450,000 shares of common stock were issued at a price of $12.00 per share pursuant to the partial exercise of the underwriters’ option to purchase additional shares. Net of underwriting fees and offering costs, the Company received total cash proceeds of approximately $129.6 million.

On January 20, 2011, the Company’s shares began trading on the New York Stock Exchange (“NYSE”) under the symbol “MCC”.

Prior to the consummation of our IPO, Medley Opportunity Fund LP (“MOF LP”), a Delaware limited partnership, and Medley Opportunity Fund, Ltd. (“MOF LTD”), a Cayman Islands exempted limited liability company, which are managed by an affiliate of MCC Advisors, transferred all of their respective interests in six loan participations in secured loans to middle market companies with a combined fair value, plus payment-in-kind interest and accrued interest thereon, of approximately $84.95 million (the “Loan Assets”) to MOF I BDC LLC (“MOF I BDC”), a Delaware limited liability company, in exchange for membership interests in MOF I BDC. As a result, MOF LTD owned approximately 90% of the outstanding MOF I BDC membership interests and MOF LP owned approximately 10% of the outstanding MOF I BDC membership interests.

On January 18, 2011, each of MOF LTD and MOF LP contributed their respective MOF I BDC membership interests to the LLC in exchange for LLC membership interests. As a result, MOF I BDC became a wholly-owned subsidiary of the LLC. As a result of the LLC’s conversion noted above, MOF LTD and MOF LP’s LLC membership interests were exchanged for 5,759,356 shares of the Company’s common stock at $14.75 per share. On February 23, 2012, MOF LTD and MOF LP collectively sold 4,406,301 shares of common stock in an underwritten public offering. See Note 7 for further information.

On March 26, 2013, our wholly-owned subsidiary, Medley SBIC LP (“SBIC LP”), a Delaware limited partnership which we own directly and through our wholly-owned subsidiary, Medley SBIC GP LLC, received a license from Small Business Administration (“SBA”) to operate as a Small Business Investment Company (“SBIC”) under Section 301(c) of the Small Business Investment Company Act of 1958.

The Company has formed and expects to continue to form certain taxable subsidiaries (the “Taxable Subsidiaries”), which are taxed as corporations for federal income tax purposes. These Taxable Subsidiaries allow us to hold equity securities of portfolio companies organized as pass-through entities while continuing to satisfy the requirements of a RIC under the Code.

The Company's investment objective is to generate current income and capital appreciation by lending to privately-held middle market companies, primarily through directly originated transactions, to help these companies fund acquisitions, growth or refinancing. The portfolio generally consists of senior secured first lien loans and senior secured second lien loans. In many of our investments, we will receive warrants or other equity participation features which we believe will increase the total investment returns.

Note 2. Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles ("GAAP") and include the accounts of the Company and its wholly-owned subsidiaries, MOF I BDC, SBIC LP, MCC Investment Holdings LLC, MCC Investment Holdings RT1 LLC, MCC Investment Holdings Sendero LLC, MCC Investment Holdings Omnivere LLC, MCC Investment Holdings AAR LLC and MCC Investment Holdings AmveStar LLC. All references made to the "Company," "we," and "us" herein include Medley Capital Corporation and its consolidated subsidiaries, except as stated otherwise. Additionally, the accompanying consolidated financial statements of the Company and related financial information have been prepared pursuant to the requirements for reporting on Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, the consolidated financial statements reflect all adjustments and reclassifications that are necessary for the fair presentation of financial results as of and for the periods presented. All intercompany balances and transactions have been eliminated.

Cash and Cash Equivalents

The Company considers cash equivalents to be highly liquid investments with original maturities of three months or less. Cash and cash equivalents include deposits in a money market account. The Company deposits its cash in a financial institution and, at times, such balance may be in excess of the Federal Deposit Insurance Corporation insurance limits.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Organizational Expenses

Organizational expenses consist principally of legal and accounting fees incurred in connection with the organization of the Company and have been expensed as incurred.

Offerings

On February 5, 2014, the Company completed a public offering of 6,000,000 shares of our common stock at a public offering price of $14.00 per share, raising approximately $81.1 million in net proceeds.

On April 28, 2014, the Company completed a public offering of 6,000,000 shares of our common stock at a public offering price of $13.25 per share, raising approximately $76.9 million in net proceeds.

On August 1, 2014, the Company entered into an “At-The-Market” (“ATM”) equity distribution agreement with Goldman, Sachs & Co., Barclays Capital Inc., Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC, Keefe, Bruyette & Woods, Inc., BB&T Capital Markets, a division of BB&T Securities, LLC, Janney Montgomery Scott LLC, Ladenburg Thalmann & Co. Inc., MLV & Co. LLC, Maxim Group LLC, National Securities Corporation and Gilford Securities Incorporated, through which the Company could sell shares of its common stock having an aggregate offering price of up to $100.0 million. During the period from August 5, 2014 to September 30, 2014, the Company sold 671,278 shares of its common stock at an average price of $12.87 per share, and raised $8.7 million in net proceeds, under the ATM program.

On August 26, 2014, the Company completed a public offering of 5,000,000 shares of our common stock and an additional 750,000 shares of our common stock pursuant to the underwriters’ partial exercise of the over-allotment option at a public offering price of $13.02 per share, raising approximately $72.8 million in net proceeds.

Deferred Offering Costs

Deferred offering costs consist of fees and expenses incurred in connection with the public offering and sale of the Company’s common stock, including legal, accounting, printing fees and other related expenses, as well as costs incurred in connection with the filing of a shelf registration statement.

Deferred Financing Costs

Financing costs, incurred in connection with our credit facilities, unsecured notes and SBA debentures (discussed in Note 5) are deferred and amortized over the life of the respective facility or instrument.

Indemnification

In the normal course of business, the Company enters into contractual agreements that provide general indemnifications against losses, costs, claims and liabilities arising from the performance of individual obligations under such agreements. The Company has had no prior claims or payments pursuant to such agreements. The Company’s individual maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not yet occurred. However, based on management’s experience, the Company expects the risk of loss to be remote.

Revenue Recognition

Interest income, adjusted for amortization of premiums and accretion of discounts, is recorded on an accrual basis.

Origination/closing, amendment and transaction break-up fees associated with investments in portfolio companies are recognized as income when we become entitled to such fees. Other fee income for the three months ended December 31, 2014 and 2013 was approximately $4.1 million and $6.6 million, respectively (discussed in Note 9).

Prepayment penalties received by the Company for debt instruments paid back to the Company prior to the maturity date are recorded as income upon repayment of debt.

Administrative agent fees received by the Company are capitalized as deferred revenue and recorded as income when the services are rendered.

The Company holds debt investments in its portfolio that contain a payment-in-kind (“PIK”) interest provision. The PIK interest, which represents contractually deferred interest added to the investment balance that is generally due at maturity, is recorded on the accrual basis to the extent such amounts are expected to be collected. PIK interest is not accrued if the Company does not expect the issuer to be able to pay all principal and interest when due. For the three months ended December 31, 2014 and 2013, the Company earned approximately $2.5 million and $2.7 million in PIK, respectively.

Investment transactions are accounted for on a trade-date basis. Realized gains or losses on investments are measured by the difference between the net proceeds from the disposition and the amortized cost basis of investment, without regard to unrealized gains or losses previously recognized. The Company reports changes in fair value of investments as a component of the net change in unrealized appreciation (depreciation) on investments in the consolidated statements of operations.

Management reviews all loans that become 90 days or more past due on principal or interest or when there is reasonable doubt that principal or interest will be collected for possible placement on management's designation of non-accrual status. Interest Receivable is analyzed regularly and may be reserved against when deemed uncollectible. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management's judgment regarding collectability. Non-accrual loans are restored to accrual status when past due principal and interest is paid and, in management's judgment, are likely to remain current, although we may make exceptions to this general rule if the loan has sufficient collateral value and is in the process of collection. At December 31, 2014, four portfolio companies were on non-accrual status with a combined fair value of approximately $15.7 million, or 1.3% of the fair value of our portfolio. At December 31, 2013, one portfolio company was on PIK non-accrual status with a fair value of approximately $4.1 million, or 0.5% of the fair value of our portfolio.

Investment Classification

The Company classifies its investments in accordance with the requirements of the 1940 Act. Under the 1940 Act, we would be deemed to "control" a portfolio company if we owned more than 25% of its outstanding voting securities and/or had the power to exercise control over the management or policies of such portfolio company. We refer to such investments in portfolio companies that we "control" as "Control Investments." Under the 1940 Act, we would be deemed to be an "Affiliated Person" of a portfolio company if we own between 5% and 25% of the portfolio company's outstanding voting securities or we are under common control with such portfolio company. We refer to such investments in Affiliated Persons as "Affiliated Investments."

Valuation of Investments

The Company applies fair value accounting to all of its financial instruments in accordance with the 1940 Act and ASC Topic 820 - Fair Value Measurements and Disclosures ("ASC 820"). ASC 820 defines fair value, establishes a framework used to measure fair value and requires disclosures for fair value measurements. In accordance with ASC 820, the Company has categorized its financial instruments carried at fair value, based on the priority of the valuation technique, into a three-level fair value hierarchy as discussed in Note 4. Fair value is a market-based measure considered from the perspective of the market participant who holds the financial instrument rather than an entity specific measure. Therefore, when market assumptions are not readily available, the Company's own assumptions are set to reflect those that management believes market participants would use in pricing the financial instrument at the measurement date.

Investments for which market quotations are readily available are valued at such market quotations, which are generally obtained from an independent pricing service or multiple broker-dealers or market makers. We weight the use of third-party broker quotes, if any, in determining fair value based on our understanding of the level of actual transactions used by the broker to develop the quote and whether the quote was an indicative price or binding offer. However, debt investments with remaining maturities within 60 days that are not credit impaired are valued at cost plus accreted discount, or minus amortized premium, which approximates fair value. Investments for which market quotations are not readily available are valued at fair value as determined by the Company's board of directors based upon input from management and third party valuation firms. Because these investments are illiquid and because there may not be any directly comparable companies whose financial instruments have observable market values, these loans are valued using a fundamental valuation methodology, consistent with traditional asset pricing standards, that is objective and consistently applied across all loans and through time.

The methodologies utilized by the Company in estimating its fair value of its investments categorized as Level 3 generally fall into the following two categories:

- The "Market Approach" uses prices and other relevant information generated by market transactions involving identical or comparable (that is, similar) assets, liabilities, or a group of assets and liabilities, such as a business.

- The "Income Approach" converts future amounts (for example, cash flows or income and expenses) to a single current (that is, discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.

The Company uses third-party valuation firms to assist the board of directors in the valuation of its portfolio investments. The valuation reports generated by the third-party valuation firms consider the evaluation of financing and sale transactions with third parties, expected cash flows and market based information, including comparable transactions, performance multiples, and movement in yields of debt instruments, among other factors. Based on market data obtained from the third-party valuation firms, the Company uses a market yield analysis under the Income Approach or an enterprise model of valuation under the Market Approach, or a combination thereof. In applying the market yield analysis, the value of the Company's loans is determined based upon inputs such as the coupon rate, current market yield, interest rate spreads of similar securities, the stated value of the loan, and the length to maturity. In applying the enterprise model, the Company uses a waterfall analysis, which takes into account the specific capital structure of the borrower and the related seniority of the instruments within the borrower's capital structure into consideration. To estimate the enterprise value of the portfolio company, we weigh some or all of the traditional market valuation methods and factors based on the individual circumstances of the portfolio company in order to estimate the enterprise value.

The methodologies and information that the Company utilizes when applying the Market Approach for performing investments includes, among other things:

- valuations of comparable public companies (Guideline Comparable approach),
- recent sales of private and public comparable companies (Guideline Comparable approach),
- recent acquisition prices of the company, debt securities or equity securities (Acquisition Price Approach),
- external valuations of the portfolio company, offers from third parties to buy the company (Estimated Sales Proceeds approach),
- subsequent sales made by the company of its investments (Expected Sales Proceeds approach); and
- estimating the value to potential buyers.

The methodologies and information that the Company utilizes when applying the Income Approach for performing investments includes:

- discounting the forecasted cash flows of the portfolio company or securities (Discounted Cash Flow "DCF" approach); and
- Black-Scholes model or simulation models or a combination thereof (Income Approach – Option Model) with respect to the valuation of warrants.

For non-performing investments, we may estimate the liquidation or collateral value of the portfolio company's assets and liabilities using an expected recovery model (Income Approach – Expected Recovery Analysis or Estimated Liquidation Proceeds).

We undertake a multi-step valuation process each quarter when valuing investments for which market quotations are not readily available, as described below:

- our quarterly valuation process begins with each portfolio investment being initially valued by the investment professionals responsible for monitoring the portfolio investment;
- preliminary valuation conclusions are then documented and discussed with senior management; and
- an independent valuation firm engaged by our board of directors reviews approximately one third of these preliminary valuations each quarter on a rotating quarterly basis on non-fiscal year-end quarters, such that each of these investments will be valued by independent valuation firms at least twice per annum when combined with the fiscal year-end review of all the investments by independent valuation firms.

In addition, all of our investments are subject to the following valuation process:

- review management's preliminary valuations and their own independent assessment;
- the audit committee of our board of directors reviews the preliminary valuations of the investment professionals, senior management and independent valuation firms; and
- our board of directors discusses valuations and determines the fair value of each investment in our portfolio in good faith based on the input of MCC Advisors, the respective independent valuation firms and the audit committee.

Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may differ significantly from the values that would have been used had a readily available market value existed for such investments, and the differences could be material.

Fair Value of Financial Instruments

The carrying amounts of certain of our financial instruments, including cash and cash equivalents, accounts payable and accrued expenses, approximate fair value due to their short-term nature. The carrying amounts and fair values of our long-term obligations are discussed in Note 5.

New Accounting Pronouncements

In June 2013, the FASB issued Accounting Standards Update 2013-08 "Financial Services-Investment Companies (Topic 946) Amendments to the Scope, Measurement, and Disclosure Requirements" ("ASU 2013-08"). ASU 2013-08 clarifies the characteristics of an investment company and requires reporting entities to disclose information about the following items: (i) the type and amount of financial support provided to investee companies, including situations in which the Company assisted an investee in obtaining financial support, (ii) the primary reasons for providing the financial support, (iii) the type and amount of financial support the Company is contractually required to provide to an investee, but has not yet provided, and (iv) the primary reasons for the contractual requirement to provide the financial support. The amendments in ASU 2013-08 are effective for an entity's interim and annual reporting periods in fiscal years that begin after December 15, 2013. The adoption of this standard did not have a material effect on the Company's consolidated financial statements.

Federal Income Taxes

The Company has elected to be treated as a RIC under subchapter M of the Code and operates in a manner so as to qualify for the tax treatment applicable to RICs. In order to qualify as a RIC, among other things, the Company is required to meet certain source of income and asset diversification requirements and timely distribute to its stockholders at least 90% of the sum of investment company taxable income ("ICTI") including PIK, as defined by the Code, and net tax exempt interest income (which is the excess of our gross tax exempt interest income over certain disallowed deductions) for each taxable year in order to be eligible for tax treatment under subchapter M of the Code. Depending on the level of ICTI earned in a tax year, the Company may choose to carry forward ICTI in excess of current year dividend distributions into the next tax year. Any such carryover ICTI must be distributed before the end of that next tax year through a dividend declared prior to filing the final tax return related to the year which generated such ICTI.

The Company is subject to a nondeductible U.S. federal excise tax of 4% on undistributed income if it does not distribute at least 98% of its ordinary income in any calendar year and 98.2% of its capital gain net income for each one-year period ending on October 31 of such calendar year. To the extent that the Company determines that its estimated current year annual taxable income will be in excess of estimated current year dividend distributions for excise tax purposes, the Company accrues excise tax, if any, on estimated excess taxable income as taxable income is earned. There is no provision for federal excise tax for 2014 accrued at December 31, 2014 and September 30, 2014.

The Company's Taxable Subsidiaries accrue income taxes payable based on the applicable corporate rates on the unrealized gains generated by the investments held by the Taxable Subsidiaries. Such deferred tax liabilities amounted to $(0.2) million for the three months ended December 31, 2014, and are recorded as deferred tax liability on the consolidated statements of assets and liabilities. The change in deferred tax liabilities is included as a component of net unrealized appreciation/(depreciation) on investments in the consolidated statement of operations. There were no deferred tax liabilities for the three months ended December 31, 2013.

As of December 31, 2014 and September 30, 2014, $1.4 million and $1.6 million, respectively, were included in "Net unrealized appreciation/(depreciation) on investments, net of deferred taxes" in the accompanying consolidated statements of assets and liabilities.

ICTI generally differs from net investment income for financial reporting purposes due to temporary and permanent differences in the recognition of income and expenses. The Company may be required to recognize ICTI in certain circumstances in which it does not receive cash. For example, if the Company holds debt obligations that are treated under applicable tax rules as having original issue discount, the Company must include in ICTI each year a portion of the original issue discount that accrues over the life of the obligation, regardless of whether cash representing such income is received by the Company in the same taxable year. The Company may also have to include in ICTI other amounts that it has not yet received in cash, such as 1) PIK interest income and 2) interest income from investments that have been classified as non-accrual for financial reporting purposes. Interest income on non-accrual investments is not recognized for financial reporting purposes, but generally is recognized in ICTI. Because any original issue discount or other amounts accrued will be included in the Company's ICTI for the year of accrual, the Company may be required to make a distribution to its stockholders in order to satisfy the minimum distribution requirements, even though the Company will not have received and may not ever receive any corresponding cash amount. ICTI also excludes net unrealized appreciation or depreciation, as investment gains or losses are not included in taxable income until they are realized.

The Company accounts for income taxes in conformity with ASC Topic 740 - Income Taxes ("ASC 740"). ASC 740 provides guidelines for how uncertain tax positions should be recognized, measured, presented and disclosed in financial statements. ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions deemed to meet a "more-likely-than-not" threshold would be recorded as a tax benefit or expense in the current period. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the consolidated statement of operations. There were no material uncertain income tax positions at December 31, 2014 or September 30, 2014. Although we file federal and state tax returns, our major tax jurisdiction is federal. The Company's inception-to-date federal tax years remain subject to examination by the Internal Revenue Service.

Segments

The Company invests in various industries. The Company separately evaluates the performance of each of its investment relationships. However, because each of these investment relationships has similar business and economic characteristics, they have been aggregated into a single investment segment. All applicable segment disclosures are included in or can be derived from the Company's financial statements. See Note 3 for further information.

Company Investment Risk, Concentration of Credit Risk, and Liquidity Risk

MCC Advisors has broad discretion in making investments for the Company. Investments will generally consist of debt instruments that may be affected by business, financial market or legal uncertainties. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Company's activities and the value of its investments. In addition, the value of the Company's portfolio may fluctuate as the general level of interest rates fluctuate.

The value of the Company's investments in loans may be detrimentally affected to the extent, among other things, that a borrower defaults on its obligations, there is insufficient collateral and/or there are extensive legal and other costs incurred in collecting on a defaulted loan, observable secondary or primary market yields for similar instruments issued by comparable companies increase materially or risk premiums required in the market between smaller companies, such as our borrowers, and those for which market yields are observable increase materially. MCC Advisors may attempt to minimize this risk by maintaining low loan-to-liquidation values with each loan and the collateral underlying the loan.

The Company's assets may, at any time, include securities and other financial instruments or obligations that are illiquid or thinly traded, making purchase or sale of such securities and financial instruments at desired prices or in desired quantities difficult. Furthermore, the sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to value any such investments accurately.

Note 3. Investments

The composition of our investments as of December 31, 2014 as a percentage of our total portfolio, at amortized cost and fair value were as follows (dollars in thousands):

	Investments at Amortized Cost	Percentage	Investments at Fair Value	Percentage
Senior Secured First Lien Term Loans	$ 800,381	62.0%	$ 739,508	60.5%
Senior Secured Second Lien Term Loans	356,955	27.6	354,551	29.0
Senior Secured Notes	54,409	4.2	46,579	3.8
Unsecured Debt	38,188	3.0	38,394	3.1
Equity/Warrants	41,237	3.2	43,711	3.6
Total	$ 1,291,170	100.0%	$ 1,222,743	100.0%

The composition of our investments as of September 30, 2014 as a percentage of our total portfolio, at amortized cost and fair value were as follows (dollars in thousands):

	Investments at Amortized Cost	Percentage	Investments at Fair Value	Percentage
Senior Secured First Lien Term Loans	$ 776,904	60.9%	$ 747,740	60.0%
Senior Secured Second Lien Term Loans	359,835	28.2	359,209	28.8
Senior Secured Notes	60,482	4.8	56,121	4.5
Unsecured Debt	38,185	3.0	38,186	3.1
Equity/Warrants	39,859	3.1	44,282	3.6
Total	$ 1,275,265	100.0%	$ 1,245,538	100.0%

In connection with certain of the Company's investments, the Company receives warrants which are obtained for the objective of increasing the total investment returns and are not held for hedging purposes. At December 31, 2014 and September 30, 2014, the total fair value of warrants was $7.2 million and $11.6 million, respectively, and were included in investments at fair value on the consolidated statement of assets and liabilities. Total realized and unrealized gains/losses related to warrants for the three months ended December 31, 2014 and 2013 were $(2.4) million and $0.8 million, respectively and were recorded on the consolidated statement of operations in those accounts. The warrants are received in connection with individual investments and are not subject to master netting arrangements. The Company acquired warrants in 1 portfolio company during the three months ended December 31, 2014.

The following table shows the portfolio composition by industry grouping at fair value at December 31, 2014 (dollars in thousands):

	Investments at Fair Value	Percentage of Total Portfolio
Business Services	$ 173,069	14.2%
Buildings and Real Estate	131,098	10.7
Automobile	101,998	8.3
Healthcare, Education and Childcare	83,369	6.8
Oil and Gas	83,248	6.8
Aerospace & Defense	70,443	5.8
Personal, Food and Miscellaneous Services	61,701	5.0
Retail Stores	57,958	4.7
Mining, Steel, Iron and Nonprecious Metals	54,532	4.5
Diversified/Conglomerate Manufacturing	50,493	4.1
Telecommunications	41,824	3.4
Home and Office Furnishings, Housewares, and Durable Consumer Products	36,635	3.0
Leisure, Amusement, Motion Pictures, Entertainment	35,687	2.9
Chemicals, Plastics and Rubber	35,071	2.9
Beverage, Food and Tobacco	33,629	2.8
Containers, Packaging and Glass	32,870	2.7
Diversified/Conglomerate Service	28,639	2.4
Structure Finance Securities	28,511	2.3
Restaurant & Franchise	23,801	1.9
Machinery (Nonagriculture, Nonconstruction, Nonelectric)	23,550	1.9
Personal and Nondurable Consumer Products (Manufacturing Only)	20,897	1.7
Finance	13,467	1.1
Cargo Transport	253	0.1
Total	$ 1,222,743	100.0%

The following table shows the portfolio composition by industry grouping at fair value at September 30, 2014 (dollars in thousands):

	Investments at Fair Value	Percentage of Total Portfolio
Business Services	$ 141,825	11.4%
Buildings and Real Estate	128,332	10.3
Automobile	102,910	8.3
Oil and Gas	93,212	7.5
Aerospace & Defense	70,767	5.7
Home and Office Furnishings, Housewares, and Durable Consumer Products	67,008	5.4
Healthcare, Education and Childcare	66,518	5.3
Personal, Food and Miscellaneous Services	61,851	5.0
Retail Stores	55,753	4.5
Diversified/Conglomerate Manufacturing	50,134	4.0
Telecommunications	49,326	3.9
Mining, Steel, Iron and Nonprecious Metals	43,491	3.5
Leisure, Amusement, Motion Pictures, Entertainment	35,834	2.9
Chemicals, Plastics and Rubber	35,095	2.8
Finance	34,417	2.8
Personal and Nondurable Consumer Products (Manufacturing Only)	34,210	2.7
Beverage, Food and Tobacco	33,920	2.7
Containers, Packaging and Glass	32,440	2.6
Structure Finance Securities	27,317	2.2
Machinery (Nonagriculture, Nonconstruction, Nonelectric)	25,852	2.1
Diversified/Conglomerate Service	25,604	2.0
Restaurant & Franchise	21,158	1.7
Electronics	8,039	0.6
Cargo Transport	525	0.1
Total	$ 1,245,538	100.0%

The Company invests in portfolio companies principally located in North America. The geographic composition is determined by the location of the corporate headquarters of the portfolio company, which may not be indicative of the primary source of the portfolio company’s business.

The following table shows the portfolio composition by geographic location at fair value at December 31, 2014 (dollars in thousands):

	Investments at Fair Value	Percentage of Total Portfolio
Midwest	$ 386,126	31.6%
West	238,777	19.5
Southwest	237,609	19.4
Southeast	204,148	16.7
Northeast	111,958	9.2
Mid-Atlantic	32,490	2.7
International	11,635	0.9
Total	$ 1,222,743	100.0%

The following table shows the portfolio composition by geographic location at fair value at September 30, 2014 (dollars in thousands):

	Investments at Fair Value	Percentage of Total Portfolio
Midwest	$ 363,598	29.2%
West	277,875	22.3
Southeast	245,773	19.7
Southwest	204,172	16.4
Northeast	110,519	8.9
Mid-Atlantic	32,166	2.6
International	11,435	0.9
Total	$ 1,245,538	100.0%

Transactions With Affiliated Companies

During the three months ended December 31, 2014 and 2013, the Company had investments in portfolio companies designated as controlled investments and affiliates under the 1940 Act. Transactions with control investments and affiliates were as follows:

Name of Investment	Fair Value at September 30, 2014	Purchases (Sales) of/Advances to Affiliates	Transfers In/(Out) of Affiliates	Income Earned	Fair Value at December 31, 2014	Capital Loss
Controlled Investments						
United Road Towing, Inc.	$ 38,244,386	$ -	$ -	$ 885,356	$ 38,244,294	$ -
Non-Controlled Affiliates						
Amvestar	10,000,000	-	-	166,750	10,000,000	-
Cymax Stores, Inc.	11,434,667	$ -	$ -	419,881	11,634,907	-
Total Controlled Investments and Non-Controlled Affiliates	$ 59,679,053	$ 0	$ -	$ 1,471,987	$ 59,879,201	$ -

Name of Investment	Fair Value at September 30, 2013	Purchases (Sales) of/Advances to Affiliates	Transfers In/(Out) of Affiliates	Income Earned	Fair Value at December 31, 2013	Capital Loss
Non-Controlled Affiliates						
Cymax Stores, Inc.	9,139,377	$ -	$ -	$ 393,046	$ 9,332,842	$ -
Total Non-Controlled Affiliates	$ 9,139,377	$ -	$ -	$ 393,046	$ 9,332,842	$ -

Purchases (sales) of/advances (distributions) to affiliates are included in the purchases and sales presented on the consolidated statements of cash flows for the three months ended December 31, 2014 and 2013, respectively. Transfers in/(out) of affiliates represents the fair value for the month an investment became or was removed as an affiliated investment. Income received from affiliates is included in total investment income on the consolidated statements of operations for the three months ended December 31, 2014 and 2013, respectively.

Loan Participation Sales

The Company sells portions of its investments via participation agreements to a managed account, managed by an affiliate and non-affiliate of the Company. At December 31, 2014, there were 14 participation agreements outstanding with an aggregate fair value of $283.5 million. At September 30, 2014, there were 14 participation agreements outstanding with an aggregate fair value of $260.9 million. Such investments where the Company has retained a proportionate interest are included in the consolidated schedule of investments. All of these investments are classified within Level 3 of the fair value hierarchy, as defined in Note 4.

During the three months ended December 31, 2014 and 2013, the Company made interest and principal payments to the sub-participant in the aggregate amount of $9.8 million and $22.5 million, respectively. Under the terms of the participation agreements, the Company will make periodic payments to the sub-participant equal to the sub-participant's proportionate share of any principal and interest payments received by the Company from the underlying investee companies.

Note 4. Fair Value Measurements

The Company follows ASC 820 for measuring the fair value of portfolio investments. Fair value is the price that would be received in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, fair value is based on observable market prices or parameters, or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models are applied. These valuation models involve some level of management estimation and judgment, the degree of which is dependent on the price transparency for the instruments or market and the instruments’ complexity. The Company’s fair value analysis includes an analysis of the value of any unfunded loan commitments. Financial investments recorded at fair value in the consolidated financial statements are categorized for disclosure purposes based upon the level of judgment associated with the inputs used to measure their value. The valuation hierarchical levels are based upon the transparency of the inputs to the valuation of the investment as of the measurement date. The three levels are defined as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 - Valuations based on inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable at the measurement date. This category includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in non-active markets including actionable bids from third parties for privately held assets or liabilities, and observable inputs other than quoted prices such as yield curves and forward currency rates that are entered directly into valuation models to determine the value of derivatives or other assets or liabilities.

- Level 3 - Valuations based on inputs that are unobservable and where there is little, if any, market activity at the measurement date. The inputs for the determination of fair value may require significant management judgment or estimation and are based upon management’s assessment of the assumptions that market participants would use in pricing the assets or liabilities. These investments include debt and equity investments in private companies or assets valued using the market or income approach and may involve pricing models whose inputs require significant judgment or estimation because of the absence of any meaningful current market data for identical or similar investments. The inputs in these valuations may include, but are not limited to, capitalization and discount rates, beta and EBITDA multiples. The information may also include pricing information or broker quotes which include a disclaimer that the broker would not be held to such a price in an actual transaction. The non-binding nature of consensus pricing and/or quotes accompanied by disclaimer would result in classification as Level 3 information, assuming no additional corroborating evidence.

In addition to using the above inputs in investment valuations, the Company continues to employ the valuation policy approved by the board of directors that is consistent with ASC 820 (see Note 2). Consistent with our valuation policy, we evaluate the source of inputs, including any markets in which our investments are trading, in determining fair value.

The following table presents the fair value measurements of our investments, by major class according to the fair value hierarchy, as of December 31, 2014 (dollars in thousands):

	Level 1	Level 2	Level 3	Total
Senior Secured First Lien Term Loans	$ -	$ -	$ 739,508	$ 739,508
Senior Secured Second Lien Term Loans	-	-	354,551	354,551
Senior Secured Notes	-	10,834	35,745	46,579
Unsecured Debt	-	-	38,394	38,394
Equity/Warrants	-	-	43,711	43,711
Total	$ -	$ 10,834	$ 1,211,909	$ 1,222,743

The following table presents the fair value measurements of our investments, by major class according to the fair value hierarchy, as of September 30, 2014 (dollars in thousands):

	Level 1	Level 2	Level 3	Total
Senior Secured First Lien Term Loans	$ -	$ -	$ 747,740	$ 747,740
Senior Secured Second Lien Term Loans	-	-	359,209	359,209
Senior Secured Notes	-	2,487	53,634	56,121
Unsecured Debt	-	-	38,186	38,186
Equity/Warrants	-	-	44,282	44,282
Total	$ -	$ 2,487	$ 1,243,051	$ 1,245,538

The following table provides a reconciliation of the beginning and ending balances for investments that use Level 3 inputs for the three months ended December 31, 2014 (dollars in thousands):

	Senior Secured First Lien Term Loans	Senior Secured Second Lien Term Loans	Senior Secured Notes	Unsecured Debt	Equities/Warrants	Total
Balance as of September 30, 2014	$ 747,740	$ 359,209	$ 53,634	$ 38,186	$ 44,282	$ 1,243,051
Purchases and other adjustments to cost	2,554	725	9	3	381	3,672
Originations	68,422	23,000	-	-	1,231	92,653
Sales	(3,470)	(17,826)	(6,419)	-	(233)	(27,948)
Settlements	(44,030)	(8,237)	-	-	-	(52,267)
Net realized gains (losses) from investments	-	(542)	325	-	-	(217)
Net transfers in and/or out of Level 3	-	-	(11,110)	-	-	(11,110)
Net unrealized gains (losses)	(31,708)	(1,778)	(694)	205	(1,950)	(35,925)
Balance as of December 31, 2014	$ 739,508	$ 354,551	$ 35,745	$ 38,394	$ 43,711	$ 1,211,909

The following table provides a reconciliation of the beginning and ending balances for investments that use level 3 inputs for the three months ended December 31, 2013 (dollars in thousands):

	Senior Secured First Lien Term Loans	Senior Secured Second Lien Term Loans	Senior Secured Notes	Unsecured Debt	Equities/Warrants	Total
Balance as of September 30, 2013	$ 408,802	$ 251,963	$ 77,259	$ 255	$ 2,955	$ 741,234
Purchases and other adjustments to cost	21,704	785	4,934	2	-	27,425
Issuance	70,426	65,680	-	-	417	136,523
Sales	-	-	(2,985)	-	-	(2,985)
Settlements	(59,761)	(29,242)	-	-	-	(89,003)
Net realized gains (losses) from investments	-	-	45	-	-	45
Net unrealized gains (losses)	(3,502)	968	(865)	-	821	(2,578)
Balance as of December 31, 2013	$ 437,669	$ 290,154	$ 78,388	$ 257	$ 4,193	$ 810,661

Net change in unrealized loss included in earnings related to investments still held as of December 31, 2014 and 2013, was approximately $31.5 million and $2.0 million, respectively.

Purchases and other adjustments to cost include purchases of new investments at cost, effects of refinancing/restructuring, accretion/amortization of income from discount/premium on debt securities, and PIK.

Sales represent net proceeds received from investments sold.

Settlements represent principal paydowns received.

A review of the fair value hierarchy classifications is conducted on a quarterly basis. Changes in the observability of valuation inputs may result in a reclassification for certain financial assets or liabilities. Reclassifications impacting Level 3 of the fair value hierarchy are reported as transfers in/out of the Level 3 category as of the beginning of the quarter in which the reclassifications occur. During the three months ended December 31, 2014, one of our Senior Secured Notes with a fair value of $10.4 million transferred from Level 3 to Level 2 because of the increase in availability of the transaction data or the inputs to the valuation became observable. No investments were transferred in or out of the Level 3 category during the three months ended December 31, 2013.

The following table presents the quantitative information about Level 3 fair value measurements of our investments, as of December 31, 2014 (dollars in thousands):

	Fair Value	Valuation Technique (1)	Unobservable Input (1)	Range (Weighted Average)
Senior Secured First Lien Term Loans	$ 640,089	Income Approach (DCF)	Market yield	0.0% - 19.50% (12.09%)
Senior Secured First Lien Term Loans	19,823	Market Approach (Guideline Comparable)	LTM and 2015 EBITDA Multiple	5.50x - 6.00x (5.75x); 5.50x - 6.00x (5.75x)
Senior Secured First Lien Term Loans	53,604	Market Approach (Recent Acquisition Price)	Recent Arms-Length Transaction	N/A
Senior Secured First Lien Term Loans	4,193	Market Approach (Guideline Comparable)	LTM and 2015 Revenue/EBITDA Multiple	0.33x - 0.43x (0.43x)/4.00x - 4.09x (4.09x)
Senior Secured First Lien Term Loans	11,035	Market Approach (Guideline Comparable)/Income Approach (DCF)	NTM Revenue Multiple(1) / Market Yield	1.65x - 1.81x (1.81x) /30.2%-31.2% (30.7%)
Senior Secured First Lien Term Loans	10,764	Market Approach (Guideline Comparable) and Income Approach (DCF)	LTM and 2015 EBITDA multiple, Discount Rate, Long-Term Growth Rate, Exit Multiple	4.5x to 5.0x/4.5x to 5.0x, 18.5% to 20.5%, 2.5% to 3.5%, 4.5x to 5.5x
Senior Secured Second Lien Term Loans	348,184	Income Approach (DCF)	Market yield	9.69% - 17.50% (12.03%)
Senior Secured Second Lien Term Loans	6,367	Income Approach (DCF)	Cost of equity	21.30% (21.30%)
Senior Secured Notes	35,745	Income Approach (DCF)	Market yield	9.91% - 12.16% (10.38%)
Unsecured Debt	38,394	Income Approach (DCF)	Market yield	11.0% - 15.66% (11.42%)
Equity	4,842	Income Approach (DCF)	Market yield	13.14% - 13.14% (13.14%)
Equity	84	Market Approach (Guideline Comparable)	LTM and NTM EBITDA Multiple	5.75x - 6.25x (6.25x)/5.75x - 6.25x (6.25x)
Equity	21,244	Option Model	EBITDA Multiple/Discount Rate/Volatility	5.5x-6.0x (6.0x) / 12.5% -14.5% (13.5%) / 12.0% - 51.0% (25.0%)
Equity	1,231	Market Approach (Recent Acquisition Price)	Recent Arms-length transaction	N/A
Warrants	-	Market Approach (Guideline Comparable)	LTM and 2015 EBITDA Multiple	5.50x - 6.00x (5.75x); 5.50x - 6.00x (5.75x)
Warrants	1,793	Market Approach (Guideline Comparable)	LTM and 2014 EBITDA Multiple	3.50x - 4.50x (3.62x); 3.50x - 4.00x (3.62x)
Warrants	-	Market Approach (Guideline Comparable)/Income Approach (DCF)	LTM and 2015 EBITDA multiple, Discount Rate, Long-Term Growth Rate, Exit Multiple	4.5x to 5.0x/4.5x to 5.0x, 18.5% to 20.5%, 2.5% to 3.5%, 4.5x to 5.5x
Warrants	-	Market Approach (Guideline Comparable)	LTM and 2015 Rev Multiple / EBITDA Multiple	0.33x - 0.43x (0.43x)/4.00x - 4.09x (4.09x)
Equity / Warrants	8,320	Market Approach (Guideline Comparable)	LTM EBITDA Multiple	4.0x - 7.0x (6.21x)
Warrants	-	Market Approach (Guideline Comparable)	NTM EBITDA Multiple	4.5x - 5.0x (4.75x)
Warrants	-	Market Approach (Guideline Comparable)/Income Approach (DCF)	NTM Revenue Multiple / Market Yield	1.65x - 1.81x (1.81x) /30.2%-31.2% (30.7%)
Warrants	253	Market Approach (Guideline Comparable)/Option Model	LTM and NTM EBITDA Multiple, Volatilty	5.50x - 6.00x (6.00x); 5.00x - 5.50x (5.50x); 13.77% - 35.74% (45.0%)

Equity	229	Market Approach (Guideline Comparable)	2014 and NTM EBITDA Multiple	7.50x - 8.50x (8.50x); 7.50x - 8.50x (8.50x)
Equity	3,330	Market Approach (Guideline Comparable)	Capitalization rate	8.70%
Equity	2,280	Market Approach (Guideline Comparable)	LTM Revenue Multiple	0.10x - 0.20x (0.13x)
Warrants	105	Option Model	Volatility	90.80%
Total	**$ 1,211,909**			

The following table presents the quantitative information about Level 3 fair value measurements of our investments, as of September 30, 2014 (dollars in thousands):

	Fair Value	Valuation Technique (1)	Unobservable Input (1)	Range (Weighted Average)
Senior Secured First Lien Term Loans	$ 586,982	Income Approach (DCF)	Market yield	9.3% - 35.0% (12.8%)
Senior Secured First Lien Term Loans	19,211	Market Approach (Guideline Comparable)	EBITDA Multiple (2)	5.6x - 5.6x (5.6x)
Senior Secured First Lien Term Loans	118,862	Market Approach (Recent Acquisition Price)	Recent Arms-Length Transaction	N/A
Senior Secured First Lien Term Loans	4,212	Market Approach (Guideline Comparable)	Revenue Multiple (2) / EBIDTA Multiple (2)	0.4x - 0.4x (0.4x)/4.2x - 4.2x (4.2x)
Senior Secured First Lien Term Loans	9,637	Market Approach (Guideline Comparable)	Revenue Multiple (2) / Discount Rate	1.75x - 1.75x (1.75x) / 0.3x - 0.3x (0.3x)
Senior Secured First Lien Term Loans	8,836	Market Approach (Sales Proceed)	N/A	N/A
Senior Secured Second Lien Term Loans	266,930	Income Approach (DCF)	Market yield	9.3% - 21.3% (12.4%)
Senior Secured Second Lien Term Loans	92,279	Market Approach (Recent Acquisition Price)	Recent Arms-Length Transaction	N/A
Senior Secured Notes	17,566	Mark-to-Market	N/A	N/A
Senior Secured Notes	7,303	Income Approach (DCF)	Market yield	9.7% - 9.7% (9.7%)
Senior Secured Notes	28,765	Market Approach (Recent Acquisition Price)	Recent Arms-Length Transaction	N/A
Unsecured Debt	23,186	Income Approach (DCF)	Market yield	11.0% - 15.5% (11.1%)
Unsecured Debt	15,000	Market Approach (Recent Acquisition Price)	Recent Arms-Length Transaction	N/A
Equity/Warrants	9,286	Market Approach (Guideline Comparable)	EBIDTA Multiple (2)	4.3x - 8.3x (5.9x)
Equity	4,719	Income Approach (DCF)	Market yield	13.0% - 13.0% (13.0%)
Equity	21,244	Income Approach (Option-pricing Model)	EBITDA Multiple (2) /Discount Rate/Volatility	5.0x-5.0x (5.0x) / 13.0% - 13.0% (13.0%) / 25.0% - 25.0% (25.0%)
Warrants	-	Market Approach (Guideline Comparable)	Revenue Multiple (2) / Discount Rate	1.8x - 1.8x (1.8x) / 25.0% - 25.0% (25.0%)
Warrants	2,280	Market Approach (Guideline Comparable)	Revenue Multiple (2)	0.2x - 0.2x (0.2x)
Warrants	165	Income Approach (Option-pricing Model)	N/A	N/A
Warrants	-	Market Approach (Guideline Comparable)	Revenue Multiple (2) / EBITDA Multiple (2)	0.4x - 0.4x (0.4x) / 4.2x - 4.2x (4.2x)
Equity/Warrants	6,588	Market Approach (Recent Acquisition Price)	Recent Arms-Length Transaction	N/A
Total	**$ 1,243,051**			

(1) For purposes of the Company's description of its valuation techniques in the table above, the prior year presentation has been updated to conform to that of the current year. In the prior year, our valuation technique of utilizing third party market yields to derive a discount rate in estimating the fair value of our debt investments was described as a market approach as it utilized third party yield data. In the current year, we have re-categorized this technique as an Income Approach (DCF). In the prior year, our valuation technique of estimating the fair value of our investments using EBITDA multiples was categorized as an Enterprise Valuation Analysis. In the current year we have re-categorized this technique as a Market Approach (Guideline Comparable).
(2) Represents amounts used when the Company has determined that market participants would use such multiples when measuring the fair value of these investments.

The significant unobservable inputs used in the fair value measurement of the Company's debt investments are market yields. Increases in market yields would result in lower fair value measurements.

The significant unobservable inputs used in the fair value measurement of the Company's equity/warrants investments are comparable company EBITDA multiples. Increases in EBITDA multiples in isolation would result in higher fair value measurements.

Note 5. Borrowings

As a BDC, we are only allowed to employ leverage to the extent that our asset coverage, as defined in the 1940 Act, equals at least 200% after giving effect to such leverage. The amount of leverage that we employ at any time depends on our assessment of the market and other factors at the time of any proposed borrowing.

On November 16, 2012, we obtained exemptive relief from the SEC to permit us to exclude the debt of the SBIC LP guaranteed by the SBA from our 200% asset coverage test under the 1940 Act. The exemptive relief provides us with increased flexibility under the 200% asset coverage test by permitting it to borrow up to $150 million more than it would otherwise be able to absent the receipt of this exemptive relief.

The Company's outstanding debt as of December 31, 2014 and September 30, 2014 was as follows (dollars in thousands):

	As of					
	December 31, 2014			September 30, 2014		
	Aggregate Principal Amount Available	Principal Amount Outstanding	Carrying Value	Aggregate Principal Amount Available	Principal Amount Outstanding	Carrying Value
Revolving Credit Facility	$ 346,000	$ 216,000	$ 216,000	$ 346,000	$ 146,500	$ 146,500
Term Loan Facility	171,500	171,500	171,500	171,500	171,500	171,500
2019 Notes	40,000	40,000	40,000	40,000	40,000	40,000
2023 Notes	63,500	63,500	63,500	63,500	63,500	63,500
SBA Debentures	130,000	100,000	100,000	100,000	100,000	100,000
Total	$ 751,000	$ 591,000	$ 591,000	$ 721,000	$ 521,500	$ 521,500

Credit Facility

On June 2, 2014, we entered into Amendment No. 5 to our existing Senior Secured Revolving Credit Agreement (the "Revolver Amendment") and Amendment No. 5 our existing Senior Secured Term Loan Credit Agreement (the "Term Loan Amendment," together with the "Revolver Amendment," the "Amendments"), each with certain lenders party thereto and ING Capital LLC, as administrative agent. The Amendments amend certain provisions of our Senior Secured Revolving Credit Agreement (the "Revolving Credit Facility") and the Senior Secured Term Loan Credit Agreement (the "Term Loan Facility," together with the Revolving Credit Facility, each as amended, the "Facilities").

The Facilities were amended to, among other things, (i) in the case of the Revolving Credit Facility, to reduce the interest rate (A) for LIBOR loans, to LIBOR (with no minimum) plus 2.75% and (B) for base rate loans, to the base rate plus 1.75%, to extend the revolving period until June 2017 and to extend the final maturity date until June 2018, (ii) in the case of the Term Loan Facility, to reduce the interest rate (A) for LIBOR loans, to LIBOR (with no minimum) plus 3.25% and (B) for base rate loans, to the base rate plus 2.25%, and to extend the final maturity date until June 2019 and (iii) increase the maximum amount of the accordion feature which permits subsequent increases in commitments under the Revolving Facility and/or Term Loan Facility to $600 million.

Concurrently with the effectiveness of the Amendments, the Company closed an additional $101.0 million of commitments under its Revolving Credit Facility and an additional $51.5 million of commitments under its Term Loan Facility.

As of December 31, 2014, total commitments under the Facilities are $517.5 million, comprised of $346.0 million committed to the Revolving Credit Facility and $171.5 million funded under the Term Loan Facility.

At December 31, 2014, the carrying amount of our borrowings under the Facilities approximated their fair value. The fair values of our debt obligations are determined in accordance with ASC 820, which defines fair value in terms of the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value of our borrowings under the Facilities are estimated based upon market interest rates for our own borrowings or entities with similar credit risk, adjusted for nonperformance risk, if any. At December 31, 2014 and September 30, 2014, the Facilities would be deemed to be Level 3, as defined in Note 4.

As of December 31, 2014 and September 30, 2014, $5.9 million and $5.9 million, respectively, of financing costs related to the Revolving Facility have been capitalized and are being amortized over their respective terms. As of December 31, 2014 and September 30, 2014, $3.1 million and $3.1 million of financing costs related to the Term Loan Facility have been capitalized and are being amortized over their respective terms.

For the three months ended December 31, 2014 and 2013, the components of interest expense, commitment fees related to the Revolving Facility, amortized deferred financing costs, weighted average stated interest rate and weighted average outstanding debt balance for the Facilities were as follows (dollars in thousands):

	For the three months ended December 31	
	2014	2013
Revolving Facility interest	$ 1,419	$ 387
Revolving Facility commitment fee	201	518
Term Facility interest	1,507	1,262
Amortization of deferred financing costs	372	325
Agency and Other Fees	20	20
Total interest and fees expense	$ 3,519	$ 2,512
Weighted average stated interest rate	3.2%	4.0%
Weighted average outstanding balance	$ 359,918	$ 162,263

As of December 31, 2014 and September 30, 2014, there was $216.0 million and $146.5 million, respectively, outstanding under the Revolving Facility. As of December 31, 2014 and September 30, 2014, there was $171.5 million outstanding under the Term Loan Facility.

Unsecured Senior Notes

On March 21, 2012, the Company issued $40.0 million in aggregate principal amount of 7.125% unsecured notes that mature on March 30, 2019 (the "2019 Notes"). The 2019 Notes may be redeemed in whole or in part at any time or from time to time at the Company's option on or after March 30, 2015. The 2019 Notes bear interest at a rate of 7.125% per year, payable quarterly on March 30, June 30, September 30 and December 31 of each year, beginning June 30, 2012. The 2019 Notes are listed on the New York Stock Exchange and trade thereon under the trading symbol "MCQ".

On March 18, 2013, the Company issued $60.0 million in aggregate principal amount of 6.125% unsecured notes that mature on March 30, 2023 (the "2023 Notes," and together with the 2019 Notes, the “Unsecured Notes”). The 2023 Notes may be redeemed in whole or in part at any time or from time to time at the Company's option on or after March 30, 2016. The 2023 Notes bear interest at a rate of 6.125% per year, payable quarterly on March 30, June 30, September 30 and December 31 of each year, beginning June 30, 2013. The 2023 Notes are listed on the New York Stock Exchange and trade thereon under the trading symbol "MCV".

On March 26, 2013, the Company closed an additional $3.5 million in aggregate principal amount of the 2023 Notes, pursuant to the partial exercise of the underwriters' option to purchase additional notes.

At December 31, 2014, the carrying amount and fair value of the 2019 Notes was $40.0 million and $40.2 million, respectively. At December 31, 2013, the carrying amount and fair value of the 2019 Notes was $40.0 million and $40.6 million, respectively. At December 31, 2014, the carrying amount and fair value of the 2023 Notes was $63.5 million and $62.6 million, respectively. At December 31, 2013, the carrying amount and fair value of the 2023 Notes was $63.5 million and $56.8 million, respectively. The fair values of our debt obligations are determined in accordance with ASC 820, which defines fair value in terms of the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value of the Unsecured Senior Notes, which are publicly traded, is based upon closing market quotes as of the measurement date. At December 31, 2014 and September 30, 2014 the Unsecured Senior Notes would be deemed to be Level 1, as defined in Note 4.

As of December 31, 2014 and September 30, 2014, $1.5 million and $1.5 million, respectively, of financing costs related to the 2019 notes have been deferred and are being amortized over their respective terms. As of December 31, 2014 and September 30, 2014, $2.1 million and $2.1 million, respectively, of financing costs related to the 2023 notes have been deferred and are being amortized over their respective terms.

For the three months ended December 31, 2014 and 2013, the components of interest expense, amortized deferred financing costs, weighted average stated interest rate and weighted average outstanding debt balance for the Notes were as follows (dollars in thousands):

	For the three months ended December 31	
	2014	2013
2019 Unsecured Notes interest	$ 713	$ 713
2023 Unsecured Notes interest	972	972
Amortization of deferred financing costs	106	106
Total interest and fees expense	$ 1,791	$ 1,791
Weighted average stated interest rate	6.46%	6.46%
Weighted average outstanding balance	$ 103,500	$ 103,500

As of December 31, 2014 and 2013, $40.0 million and $63.5 million in aggregate principal amount of the 2019 Notes and the 2023 notes were outstanding, respectively.

SBA Debentures

On March 26, 2013, SBIC LP received an SBIC license from the SBA.

The SBIC license allows the SBIC LP to obtain leverage by issuing SBA-guaranteed debentures, subject to the issuance of a capital commitment by the SBA and other customary procedures. SBA-guaranteed debentures are non-recourse, interest only debentures with interest payable semi-annually and have a ten year maturity. The principal amount of SBA-guaranteed debentures is not required to be paid prior to maturity but may be prepaid at any time without penalty. The interest rate of SBA-guaranteed debentures is fixed on a semi-annual basis at a market-driven spread over U.S. Treasury Notes with 10-year maturities. The SBA, as a creditor, will have a superior claim to the SBIC LP's assets over our stockholders in the event we liquidate the SBIC LP or the SBA exercises its remedies under the SBA-guaranteed debentures issued by the SBIC LP upon an event of default.

SBA regulations currently limit the amount that the SBIC LP may borrow to a maximum of $150 million when it has at least $75 million in regulatory capital, receives a capital commitment from the SBA and has been through an examination by the SBA subsequent to licensing.

As of December 31, 2014, SBIC LP had $65.0 million in regulatory capital and had $100.0 million SBA-guaranteed debentures outstanding. As of September 30, 2014, SBIC LP had $50.0 million in regulatory capital and had $100.0 million SBA-guaranteed debentures outstanding.

Our fixed-rate SBA debentures as of December 31, 2014 and September 30, 2014 were as follows (dollars in thousands):

	December 31, 2014		September 30, 2014	
Rate Fix Date	Debenture Amount	Fixed All-in Interest Rate	Debenture Amount	Fixed All-in Interest Rate
September 2013	$ 5,000	4.404%	$ 5,000	4.404%
March 2014	39,000	3.951	39,000	3.951
September 2014	50,000	3.37	50,000	3.37
September 2014	6,000	3.775	6,000	3.775
Weighted Average Rate/Total	$ 100,000	3.673%	$ 100,000	3.673%

As of December 31, 2014, the carrying amount of the SBA-guaranteed debentures approximated their fair value. The fair values of the SBA-guaranteed debentures are determined in accordance with ASC 820, which defines fair value in terms of the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value of the SBA-guaranteed debentures are estimated based upon market interest rates for our own borrowings or entities with similar credit risk, adjusted for nonperformance risk, if any. At December 31, 2014, and September 30, 2014 the SBA-guaranteed debentures would be deemed to be Level 3, as defined in Note 4.

As of December 31, 2014 and September 30, 2014, $3.7 million and $3.4 million, respectively, of financing costs related to the SBA Debentures have been deferred and are being amortized over their respective terms.

For the three months ended December 31, 2014 and 2013, the components of interest, amortized deferred financing costs, weighted average stated interest rate and weighted average outstanding debt balance for the SBA Debentures were as follows (dollars in thousands):

	For the three months ended December 31	
	2014	2013
SBA Debentures interest	$ 926	$ 172
Amortization of deferred financing costs	121	65
Total interest and fees expense	$ 1,047	$ 237
Weighted average stated interest rate	3.7%	1.9%
Weighted average outstanding balance	$ 100,000	$ 36,543

Note 6. Agreements

Investment Management Agreement

On January 19, 2011, the Company entered into an investment management agreement (the “Management Agreement”) with MCC Advisors. Pursuant to the Management Agreement, MCC Advisors implements our business strategy on a day-to-day basis and performs certain services for us, subject to oversight by our board of directors. MCC Advisors is responsible for, among other duties, determining investment criteria, sourcing, analyzing and executing investments transactions, asset sales, financings and performing asset management duties. Under the Management Agreement, we have agreed to pay MCC Advisors a management fee for investment advisory and management services consisting of a fee and an incentive fee.

The base management fee will be calculated at an annual rate of 1.75% of our gross assets payable quarterly in arrears. For purposes of calculating the base management fee, the term “gross assets” includes any assets acquired with the proceeds of leverage. For the first quarter of our operations, the base management fee was calculated based on the initial value of our gross assets. Subsequently, the base management fee is calculated based on the average value of our gross assets at the end of the two most recently completed calendar quarters. MCC Advisors agreed to waive the base management fee payable with respect to cash and cash equivalents held by the Company through December 31, 2011. This waiver does not extend to periods subsequent to December 31, 2011.

The incentive fee consists of the following two parts:

The first, calculated and payable quarterly in arrears is based on our pre-incentive fee net investment income earned during the calendar quarter for which the Incentive Fee is being calculated. For this purpose, pre-incentive fee net investment income means interest income, dividend income and any other income including any other fees (other than fees for providing managerial assistance), such as commitment, origination, structuring, diligence and consulting fees or other fees that we receive from portfolio companies accrued during the calendar quarter, minus our operating expenses for the quarter including the base management fee, expenses payable under the administration agreement (as defined below), and any interest expense and any dividends paid on any issued and outstanding preferred stock, but excluding the incentive fee. Pre-incentive fee net investment income includes, in the case of investments with a deferred interest feature (such as original issue discount, debt instruments with payment-in-kind interest and zero coupon securities), accrued income that we have not yet received in cash. Pre-incentive fee net investment income does not include any realized capital gains, realized capital losses or unrealized capital appreciation or depreciation.

Pre-incentive fee net investment income, expressed as a rate of return on the value of our net assets calculated as of the end of the calendar quarter immediately preceding the calendar quarter for which the incentive fee is being calculated, will be compared to a “hurdle rate” of 2.00% per quarter (8.0% annualized). We will pay the Adviser an incentive fee with respect to our pre-incentive fee net investment income in each calendar quarter as follows:

(1) no incentive fee for any calendar quarter in which our pre-incentive fee net investment income does not exceed the hurdle rate;

(2) 100% of our pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds the hurdle rate but is less than 2.50% (10.0% annualized) in any calendar quarter; and

(3) 20.0% of the amount of our pre-incentive fee net investment income, if any, that exceeds 2.5% (10.0% annualized) in any calendar quarter.

The second part of the incentive fee (the “Capital Gains Fee”) is determined and payable in arrears as of the end of each calendar year (or upon termination of the Management Agreement, as of the termination date) and is calculated at the end of each applicable year by subtracting (1) the sum of our cumulative realized capital losses and unrealized capital depreciation from (2) our cumulative aggregate realized capital gains. If the amount so calculated is positive, then the Capital Gains Fee for such year is equal to 20.0% of such amount, less the aggregate amount of Capital Gains Fee paid in all prior years. If such amount is negative, then no Capital Gains Fee will be payable for such year. If this Agreement is terminated as of a date that is not a calendar year end, the termination date shall be treated as though it were a calendar year end for purposes of calculating and paying a Capital Gains Fee.

The Company calculates incentive fee as if the Company had realized all assets at their fair values and liabilities at their settlement amounts as of the reporting date. Accordingly, the Company accrues a provisional incentive fee taking into account any unrealized gains. As the provisional incentive fee is subject to the performance of investments until there is a realization event, the amount of provisional incentive fee accrued at a reporting date may vary from the incentive fee that is ultimately paid, and the differences could be material.

For the three months ended December 31, 2014 and 2013, the Company incurred base management fees to MCC Advisors of $5.8 million and $3.7 million, respectively. For the three months ended December 31, 2014 and 2013, we incurred $5.1 million and $4.3 million in incentive fees related to pre-incentive fee net investment income, respectively.

As of December 31, 2014 and September 30, 2014, $10.9 million and $10.4 million were included in “management and incentive fees payable,” in the accompanying consolidated statements of assets and liabilities.

Administration Agreement

On January 19, 2011, the Company entered into an administration agreement with MCC Advisors. Pursuant to this agreement, MCC Advisors furnishes us with office facilities and equipment, clerical, bookkeeping, recordkeeping and other administrative services related to the operations of the Company. We reimburse MCC Advisors for our allocable portion of overhead and other expenses incurred by it performing its obligations under the administration agreement, including rent and our allocable portion of the cost of certain of our officers and their respective staff. From time to time, our administrator may pay amounts owed by us to third-party service providers and we will subsequently reimburse our administrator for such amounts paid on our behalf. For the three months ended December 31, 2014 and 2013, we incurred $1.0 million and $0.7 million in administrator expenses, respectively.

Note 7. Related Party Transactions

Investment in Loan Participations

As discussed in Note 1, the Loan Assets contributed to the Company by MOF LP and MOF LTD upon consummation of the Company's IPO were in the form of loan participations with an affiliated entity managed by affiliates of MCC Advisors. On June 30, 2011, the Company cancelled its participation agreements with an affiliate and executed loan assignment agreements for its investment in Bennu Glass, Inc., Velum Global Credit Management LLC (both were no longer held as of December 31, 2014) and Water Capital USA, Inc. The Company is now a direct lender of record to these borrowers.

Due to Affiliate

Due to affiliate consists of certain general and administrative expenses paid by an affiliate on behalf of the Company.

Other Related Party Transactions

Certain affiliates of MCC Advisors, Medley Capital LLC, their respective affiliates and some of their employees purchased in the IPO an aggregate of 833,333 shares of common stock at the initial public offering price per share of $12.00. The Company received the full proceeds from the sale of these shares, and no underwriting discounts or commissions were paid in respect of these shares.

On February 23, 2012, MOF LTD and MOF LP sold 4,406,301 shares of common stock at a price of $11.13 per share. The Company did not receive any of the proceeds of the sale of these shares. In April and May 2012, MOF LTD and MOF LP distributed the remaining 946,293 shares of common stock to their investors and as of June 30, 2012, MOF LTD and MOF LP collectively no longer own shares of our common stock.

Opportunities for co-investments may arise when MCC Advisors or an affiliated adviser becomes aware of investment opportunities that may be appropriate for the Company and other clients, or affiliated funds. As a BDC, the Company was substantially limited in its ability to co-invest in privately negotiated transactions with affiliated funds until it obtained an exemptive order from the SEC on November 25, 2013 (the "Exemptive Order"). The Exemptive Order permits the Company to participate in negotiated co-investment transactions with certain affiliates, each of whose investment adviser is Medley, LLC, the parent company of Medley Capital LLC and MCC Advisors, or an investment adviser controlled by Medley, LLC in a manner consistent with its investment objective, strategies and restrictions, as well as regulatory requirements and other pertinent factors. Co-investment under the Exemptive Order is subject to certain conditions therein, including the condition that, in the case of each co-investment transaction, the Company's board of directors determines that it would be advantageous for the Company to co-invest in a manner described in the Exemptive Order. Before receiving the Exemptive Order, the Company only participated in co-investments that were allowed under existing regulatory guidance, such as syndicated loan transactions where price was the only negotiated term, which limited the types of investments that the Company could make.

Note 8. Commitments

As of December 31, 2014, we had commitments under loan and financing agreements to fund up to $74.6 million to 15 portfolio companies. These commitments are primarily composed of senior secured term loans and a revolver. As of September 30, 2014, we had commitments under loan and financing agreements to fund up to $70.2 million to 13 portfolio companies. These commitments are primarily composed of senior secured term loans and a revolver. The commitments are generally subject to the borrowers meeting certain criteria such as compliance with covenants and certain operational metrics. The terms of the borrowings and financings subject to commitment are comparable to the terms of other loan and equity securities in our portfolio. A summary of the composition of the unfunded commitments as of December 31, 2014 and September 30, 2014 is shown in the table below (dollars in thousands):

	As of	
	December 31, 2014	September 30, 2014
Miratech Intermediate Holdings, Inc. (DDTL)	$ 14,769	$ 14,769
Red Skye Wireless LLC	12,000	15,000
Oxford Mining Company LLC (DDTL)	8,136	-
Sendero Drilling Company LLC	5,495	5,495
RCS Management Corporation & Specialized Medical Services, Inc	5,000	-
Freedom Powersports LLC - (DDTL)	4,800	4,800
Nation Safe Drivers Holdings, Inc.	4,721	4,721
DreamFinders Homes - TLB	4,491	7,073
Merchant Cash and Capital LLC (First Lien)	4,083	5,297
Pegasus Solutions, Inc. - Revolver	3,048	-
Autosplice, Inc	3,026	3,026
Tenere Acquisition Corp.	2,000	2,000
Be Green Manufacturing and Distribution Centers LLC - Delayed Draw TL	1,542	2,375
AM3 Pinnacle Corporation	533	165
Meridian Behavioral Health, LLC (Term Loan B)	500	2,500
Be Green Manufacturing and Distribution Centers LLC - Revolver	479	479
DLR Resturants LLC	-	2,500
Total	$ 74,623	$ 70,200

Note 9. Other Fee Income

The other fee income consists of origination/closing fee, amendment fee, prepayment penalty, administrative agent fee, transaction break-up fee and other miscellaneous fees. The following tables summarize the Company’s other fee income for the three months ended December 31, 2014 and 2013 (dollars in thousands):

	For the three months ended December 31	
	2014	2013
Origination fee	$ 1,700	$ 3,031
Prepayment fee	1,070	3,026
Amendment fee	761	286
Transaction break-up fee	-	100
Administrative agent fee	145	114
Other fees	407	26
Other fee income	$ 4,083	$ 6,583

Note 10. Directors Fees

The independent directors receive an annual fee of $55,000. They also receive $7,500 plus reimbursement of reasonable out-of-pocket expenses incurred in connection with attending each board meeting and receive $2,500 plus reimbursement of reasonable out-of-pocket expenses incurred in connection with attending each committee meeting. In addition, the chairman of the audit committee receives an annual fee of $25,000 and the chairman of each other committee receives an annual fee of $10,000 for their additional services in these capacities. In addition, other members of the audit committee receive an annual fee of $12,500 and other members of each other committee receive an annual fee of $6,000. No compensation is paid to directors who are "interested persons" of the Company (as such term is defined in the 1940 Act). For the three months ended December 31, 2014 and 2013, we accrued $0.2 million for directors' fees expense.

Note 11. Earnings Per Share

In accordance with the provisions of ASC Topic 260 - Earnings per Share ("ASC 260"), basic earnings per share is computed by dividing earnings available to common shareholders by the weighted average number of shares outstanding during the period. Other potentially dilutive common shares, and the related impact to earnings, are considered when calculating earnings per share on a diluted basis.

The following information sets forth the computation of the weighted average basic and diluted net increase in net assets per share from operations for the three months ended December 31, 2014 and 2013(dollars in thousands except share and per share amounts):

	For the three months ended December 31	
Basic and diluted	2014	2013
Net increase / (decrease) in net assets from operations	$ (18,316)	$ 14,293
Weighted average common shares outstanding	58,733,284	40,162,592
Earnings per common share-basic and diluted	$ (0.31)	$ 0.36

Note 12. Financial Highlights

The following is a schedule of financial highlights for the three months ended December 31, 2014 and 2013:

	For the three months ended December 31	
	2014	2013
Per share data:		
Net asset value per share at beginning of period	$ 12.43	$ 12.70
Net investment income (1)	0.35	0.42
Net realized gains on investments	-	-
Net unrealized appreciation/(depreciation) on investments	(0.66)	(0.07)
Provision for deferred taxes on unrealized gain/(loss) on investments	-	-
Net increase in net assets	(0.31)	0.36
Dividends declared	(0.37)	(0.37)
Issuance of common stock, net of underwriting costs	-	-
Offering costs	-	-
Other (2)	(0.01)	-
Net asset value at end of period	$ 11.74	$ 12.68
Net assets at end of period	$ 689,809,629	$ 509,595,695
Shares outstanding at end of period	58,733,284	40,199,813
Per share market value at end of period	$ 9.24	$ 13.85
Total return based on market value (3)	(18.48)%	3.23%
Total return based on net asset value (4)	(1.59)%	2.62%
Portfolio turnover rate	6.86%	12.95%

The following is a schedule of ratios and supplemental data for the three months ended December 31, 2014 and 2013:

	For the three months ended December 31	
	2014	2013
Ratios: [5]		
Ratio of net investment income, net of management fee waiver to average net assets	12.13%	14.97%
Ratio of total expenses net of management fee waiver to average net assets	11.57%	12.87%
Ratio of incentive fees to average net assets	3.03%	3.74%
Supplemental Data:		
Ratio of operating expenses and credit facility related expenses to average net assets	8.54%	9.12%
Percentage of non-recurring fee income [6]	9.88%	20.43%
Average debt outstanding [7]	$ 563,418,478	$ 302,306,522
Average debt outstanding per common share	$ 9.59	$ 7.53
Asset coverage ratio per unit [8]	2,405	2,596
Average market value per unit		
Facilities [9]	N/A	N/A
SBA debentures [9]	N/A	N/A
Notes due 2019	$ 25.46	$ 25.76
Notes due 2023	$ 24.41	$ 23.19

(1) Net investment income based on total weighted average common stock outstanding equals $0.35 and $0.42 per share for the three months ended December 31, 2014 and 2013, respectively.
(2) Represents the impact of the different share amounts used in calculating per share data as a result of calculating certain per share data based upon 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.
(3) Total annual return is historical and assumes changes in share price, reinvestments of all dividends and distributions at prices obtained under the Company's dividend reinvestment plan, and no sales change for the period.
(4) Total annual return is historical and assumes changes in net assets value, reinvestments of all dividends and distributions at prices obtained under the Company's dividend reinvestment plan, and no sales change for the period.
(5) Ratios are annualized.
(6) Represents the impact of the non-recurring fees over net investment income.
(7) Based on daily weighted average balance of debt outstanding during the period.
(8) Asset coverage per unit is the ratio of the carrying value of our total consolidated assets, less all liabilities and indebtedness not represented by senior securities, to the aggregate amount of senior securities representing indebtedness. Asset coverage per unit is expressed in terms of dollar amounts per $1,000 of indebtedness.
(9) The Facilities and SBA debentures are not registered for public trading.

Note 13. Dividends

Dividends and distributions to common stockholders are recorded on the ex-dividend date. The amount to be paid out as a dividend is determined by our board of directors.

We have adopted an "opt out" dividend reinvestment plan for our common stockholders. As a result, if we declare a cash dividend or other distribution, each stockholder that has not "opted out" of our dividend reinvestment plan will have its dividends automatically reinvested in additional shares of our common stock rather than receiving cash dividends. Stockholders who receive distributions in the form of shares of common stock will be subject to the same federal, state and local tax consequences as if they received cash distributions.

The following table summarizes the Company's dividend declarations and distributions during the three months ended December 31, 2014 and 2013:

Date Declared	Record Date	Payment Date	Amount Per Share
For the three months ended December 31, 2014			
10/30/2014	11/26/2014	12/12/2014	0.37
			$ 0.37

Date Declared	Record Date	Payment Date	Amount Per Share
For the three months ended December 31, 2013			
10/30/2013	11/22/2013	12/13/2013	0.37
			$ 0.37

Note 14. Subsequent Events

Management has evaluated subsequent events through the date of issuance of the consolidated financial statements included herein. There have been no subsequent events that occurred during such period that would require disclosure in this Form 10-Q or would be required to be recognized in the Consolidated Financial Statements as of and for the three months ended December 31, 2014, except as disclosed below.

On February 5, 2015, the Company's board of directors declared a quarterly dividend of $0.30 per share payable on March 13, 2015, to stockholders of record at the close of business on February 25, 2015.

On February 5, 2015, the Company's board of directors approved a share repurchase plan to repurchase equity interests up to an aggregate amount of $30 million between the period of the approval date and February 5, 2016.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis should be read in conjunction with our financial statements and related notes and other financial information appearing elsewhere in this quarterly report on Form 10-Q.

Except as otherwise specified, references to "we," "us," "our," or the "Company," refer to Medley Capital Corporation.

Forward-Looking Statements

Some of the statements in this quarterly report on Form 10-Q constitute forward-looking statements, which relate to future events or our performance or financial condition. The forward-looking statements contained in this quarterly report on Form 10-Q involve risks and uncertainties, including statements as to:

- the introduction, withdrawal, success and timing of business initiatives and strategies;
- changes in political, economic or industry conditions, the interest rate environment or conditions affecting the financial and capital markets, which could result in changes in the value of our assets;
- the relative and absolute investment performance and operations of MCC Advisors;
- the impact of increased competition;
- the impact of future acquisitions and divestitures;
- our business prospects and the prospects of our portfolio companies;
- the impact of legislative and regulatory actions and reforms and regulatory, supervisory or enforcement actions of government agencies relating to us or MCC Advisors;
- our contractual arrangements and relationships with third parties;
- any future financings by us;
- the ability of MCC Advisors to attract and retain highly talented professionals;
- fluctuations in foreign currency exchange rates;
- the impact of changes to tax legislation and, generally, our tax position; and
- the unfavorable resolution of legal proceedings.

Such forward-looking statements may include statements preceded by, followed by or that otherwise include the words "trend," "opportunity," "pipeline," "believe," "comfortable," "expect," "anticipate," "current," "intention," "estimate," "position," "assume," "potential," "outlook," "continue," "remain," "maintain," "sustain," "seek," "achieve," and similar expressions, or future or conditional verbs such as "will," "would," "should," "could," "may," or similar expressions. The forward looking statements contained in this quarterly report involve risks and uncertainties. Our actual results could differ materially from those implied or expressed in the forward-looking statements for any reason, including the factors set forth as "Risk Factors" and elsewhere in this quarterly report on Form 10-Q.

We have based the forward-looking statements included in this report on information available to us on the date of this report, and we assume no obligation to update any such forward-looking statements. Actual results could differ materially from those anticipated in our forward-looking statements, and future results could differ materially from historical performance. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we have filed or in the future may file with the Securities and Exchange Commission ("SEC"), including annual reports on Form 10-K, registration statements on Form N-2, quarterly reports on Form 10-Q and current reports on Form 8-K.

Overview

We are an externally-managed, non-diversified closed-end management investment company that filed an election to be regulated as a BDC under the 1940 Act. In addition, we have elected and qualified to be treated for U.S. federal income tax purposes as a RIC under subchapter M of the Code.

We commenced operations and completed our initial public offering on January 20, 2011. Our investment activities are managed by MCC Advisors and supervised by our board of directors, of which a majority of the members are independent of us.

Our investment objective is to generate current income and capital appreciation by lending to privately-held middle market companies, primarily through directly originated transactions, to help these companies fund acquisitions, growth or refinancing. Our portfolio generally consists of senior secured first lien term loans and senior secured second lien term loans. In many of our investments, we receive warrants or other equity participation features, which we believe will increase the total investment returns.

As a BDC, we are required to comply with certain regulatory requirements. For instance, we generally have to invest at least 70% of our total assets in "qualifying assets," including securities of private or thinly traded public U.S. companies, cash, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less. In addition, we are only allowed to borrow money such that our asset coverage, as defined in the 1940 Act, equals at least 200% after such borrowing, with certain limited exceptions. To maintain our RIC status, we must meet specified source-of-income and asset diversification requirements. To maintain our RIC tax treatment under subchapter M for U.S. federal income tax purposes, we must timely distribute at least 90% of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, for the taxable year.

Revenues

We generate revenue in the form of interest income on the debt that we hold and capital gains, if any, on warrants or other equity interests that we may acquire in portfolio companies. We invest our assets primarily in privately held companies with enterprise or asset values between $25 million and $250 million and focus on investment sizes of $10 million to $50 million. We believe that pursuing opportunities of this size offers several benefits including reduced competition, a larger investment opportunity set and the ability to minimize the impact of financial intermediaries. We expect our debt investments to bear interest at either a fixed or floating rate. Interest on debt will be payable generally either monthly or quarterly. In some cases our debt investments may provide for a portion of the interest to be PIK. To the extent interest is PIK, it will be payable through the increase of the principal amount of the obligation by the amount of interest due on the then-outstanding aggregate principal amount of such obligation. The principal amount of the debt and any accrued but unpaid interest will generally become due at the maturity date. In addition, we may generate revenue in the form of commitment, origination, structuring or diligence fees, fees for providing managerial assistance or investment management services and possibly consulting fees. Any such fees will be generated in connection with our investments and recognized as earned.

Expenses

Our primary operating expenses include the payment of management and incentive fees pursuant to the investment management agreement we have with MCC Advisors and overhead expenses, including our allocable portion of our administrator's overhead under the administration agreement. Our management and incentive fees compensate MCC Advisors for its work in identifying, evaluating, negotiating, closing and monitoring our investments. We bear all other costs and expenses of our operations and transactions, including those relating to:

- our organization and continued corporate existence;
- calculating our NAV (including the cost and expenses of any independent valuation firms);
- expenses incurred by MCC Advisors payable to third parties, including agents, consultants or other advisers, in monitoring our financial and legal affairs and in monitoring our investments and performing due diligence on our prospective portfolio companies;

- interest payable on debt, if any, incurred to finance our investments;
- the costs of all offerings of common stock and other securities, if any;
- the base management fee and any incentive fee;
- distributions on our shares;
- administration fees payable under our administration agreement;
- the allocated costs incurred by MCC Advisors in providing managerial assistance to those portfolio companies that request it;
- amounts payable to third parties relating to, or associated with, making investments;
- transfer agent and custodial fees;
- registration fees and listing fees;
- U.S. federal, state and local taxes;
- independent director fees and expenses;
- costs of preparing and filing reports or other documents with the SEC or other regulators;
- the costs of any reports, proxy statements or other notices to our stockholders, including printing costs;
- our fidelity bond;
- directors and officers/errors and omissions liability insurance, and any other insurance premiums;
- indemnification payments;
- direct costs and expenses of administration, including audit and legal costs; and
- all other expenses reasonably incurred by us or MCC Advisors in connection with administering our business, such as the allocable portion of overhead under our administration agreement, including rent and other allocable portions of the cost of certain of our officers and their respective staffs (including travel expenses).

Portfolio and Investment Activity

As of December 31, 2014, our portfolio consisted of investments in 76 portfolio companies with a fair value of approximately $1,222.7 million. During the three months ended December 31, 2014, we invested $74.8 million in 4 new portfolio companies and $19.1 million in 10 existing portfolio companies, and we had $80.2 million in aggregate amount of exits and repayments, resulting in net investments of $13.7 million for the period.

As of December 31, 2013, our portfolio consisted of investments in 63 portfolio companies with a fair value of approximately $818.5 million. During three months ended December 31, 2013, we invested $147.6 million in 12 new portfolio companies and $13.0 million in 5 existing portfolio companies, and we had $92.0 million in aggregate amount of exits and repayments, resulting in net investments of $68.6 million for the year.

As of December 31, 2014, our average portfolio company investment and our largest portfolio company investment at amortized cost and fair value was approximately $17.0 million and $16.1 million, and $38.3 million and $38.3 million, respectively.

As of December 31, 2013, our average portfolio company investment and our largest portfolio company investment at amortized cost and fair value was approximately $13.2 million and $13.0 million, and $26.0 million and $26.0 million, respectively.

The following table summarizes the amortized cost and the fair value of investments as of December 31, 2014 (dollars in thousands):

	Investments at Amortized Cost	Percentage	Investments at Fair Value	Percentage
Senior Secured First Lien Term Loans	$ 800,381	62.0%	$ 739,508	60.5%
Senior Secured Second Lien Term Loans	356,955	27.6	354,551	29.0
Senior Secured Notes	54,409	4.2	46,579	3.8
Unsecured Debt	38,188	3.0	38,394	3.1
Equity/Warrants	41,237	3.2	43,711	3.6
Total	$ 1,291,170	100.0%	$ 1,222,743	100.0%

The following table summarizes the amortized cost and the fair value of investments as of September 30, 2014 (dollars in thousands):

	Investments at Amortized Cost	Percentage	Investments at Fair Value	Percentage
Senior Secured First Lien Term Loans	$ 776,904	60.9%	$ 747,740	60.0%
Senior Secured Second Lien Term Loans	359,835	28.2	359,209	28.8
Senior Secured Notes	60,482	4.8	56,121	4.5
Unsecured Debt	38,185	3.0	38,186	3.1
Equity/Warrants	39,859	3.1	44,282	3.6
Total	$ 1,275,265	100.0%	$ 1,245,538	100.0%

As of December 31, 2014, the weighted average loan to value ratio ("LTV") of our portfolio investments based upon fair market value was approximately 58.9%. We believe that the LTV ratio for a portfolio investment is a useful indicator of the riskiness of the portfolio investment, or its likelihood of default. As part of our investment strategy, we seek to structure transactions with downside protection and seek LTVs of lower than 65%. We regularly evaluate the LTV of our portfolio investments and believe that LTV is a useful indicator for management.

As of December 31, 2014, our income-bearing investment portfolio, which represented nearly 97.2% of our total portfolio, had a weighted average yield based upon cost of our portfolio investments of approximately 12.5%, and 74.5% of our income-bearing investment portfolio bore interest based on floating rates, such as LIBOR, and 25.5% bore interest at fixed rates.

MCC Advisors regularly assesses the risk profile of each of our investments and rates each of them based on the following categories, which we refer to as MCC Advisors' investment credit rating:

Credit Rating	Definition
1	Investments that are performing above expectations.
2	Investments that are performing within expectations, with risks that are neutral or favorable compared to risks at the time of origination. All new loans are rated '2'.
3	Investments that are performing below expectations and that require closer monitoring, but where no `loss of interest, dividend or principal is expected.

Companies rated ‘3’ may be out of compliance with financial covenants, however, loan payments are generally not past due.

4 Investments that are performing below expectations and for which risk has increased materially since origination.

Some loss of interest or dividend is expected but no loss of principal.

In addition to the borrower being generally out of compliance with debt covenants, loan payments may be past due (but generally not more than 180 days past due).

5 Investments that are performing substantially below expectations and whose risks have increased substantially since origination.

Most or all of the debt covenants are out of compliance and payments are substantially delinquent.

Some loss of principal is expected.

The following table shows the distribution of our investments on the 1 to 5 investment performance rating scale at fair value as of December 31, 2014 (dollars in thousands):

Investment Performance Rating	Investments at Fair Value	Percentage
1	$ 86,397	7.1%
2	1,080,231	88.3
3	40,421	3.3
4	-	-
5	15,694	1.3
Total	$ 1,222,743	100.0%

The following table shows the distribution of our investments on the 1 to 5 investment performance rating scale at fair value as of September 30, 2014 (dollars in thousands):

Investment Performance Rating	Investments at Fair Value	Percentage
1	$ 64,873	5.2%
2	1,121,981	90.1
3	18,347	1.5
4	-	-
5	40,337	3.2
Total	$ 1,245,538	100.0%

Results of Operations

Operating results for the three months ended December 31, 2014 and 2013 are as follows (dollars in thousands):

	For the three months ended December 31	
	2014	2013
Total investment income	$ 39,849	$ 31,668
Total expenses, net	19,459	14,637
Net investment income	20,390	17,030
Net realized gains (losses)	(217)	45
Net unrealized gains (losses)	(38,700)	(2,783)
Provision for deferred taxes on unrealized gains/(loss) on investments	211	-
Net increase in net assets resulting from operations	$ (18,316)	$ 14,293

Investment Income

For the three months ended December 31, 2014, investment income totaled $39.9 million, of which $35.8 million was attributable to portfolio interest and $4.1 million to other fee income. For the three months ended December 31, 2013, investment income totaled $31.7 million, of which $25.1 million was attributable to portfolio interest and $6.6 million to other fee income.

Operating Expenses

Operating expenses for the three months ended December 31, 2014 and 2013 were as follows (dollars in thousands):

	For the three months ended December 31	
	2014	2013
Base management fees	$ 5,784	$ 3,665
Incentive fees	5,098	4,258
Interest and financing expenses	6,357	4,540
Administrator expenses	1,022	672
Professional fees	532	614
Directors fees	173	151
Insurance	143	140
General and administrative	350	597
Expenses	$ 19,459	$ 14,637

For the three months ended December 31, 2014, total operating expenses increased by $4.8 million, or 32.9%, compared to the three months ended December 31, 2013.

Interest and financing expenses were higher in the three months ended December 31, 2014 than the three months ended December 31, 2013 as a result of increase in commitment on a four-year senior secured revolving credit facility, issuing $40.0 million in aggregate principal amount of 7.125% unsecured notes that mature on March 30, 2019 (the “2019 Notes“), an increase in commitment on a five-year senior secured term loan credit facility, issuing $63.5 million in aggregate principal amount of 6.125% unsecured notes that mature on March 30, 2023 (the “2023 Notes“) and issuing SBA-guaranteed debentures.

Excluding interest and financing expenses, expenses increased for the three months ended December 31, 2014 compared to the three months ended December 31, 2013 due to an increase in professional fees, base management fees, incentive fees, administrative service fees and general administrative expenses. Professional fees and administrative service fees have increased due to higher legal, audit, valuation services and administrator expenses. Base management fees, which are calculated based on average gross assets, increased due to the growth in the portfolio throughout the period. The incentive fee increased as a result of the increase in pre-incentive fee net investment income.

Net Realized Gains/Losses from Investments

We measure realized gains or losses by the difference between the net proceeds from the disposition and the amortized cost basis of an investment, without regard to unrealized gains or losses previously recognized.

During the three months ended December 31, 2014 and 2013, we recognized $0.2 million of realized losses and $45,000 realized gains on our portfolio investments, respectively.

Net Unrealized Appreciation/Depreciation on Investments

Net change in unrealized appreciation or depreciation on investments reflects the net change in the fair value of our investment portfolio. For the three months ended December 31, 2014 and 2013, we had $38.7 million and $2.8 million of unrealized depreciation, respectively, on portfolio investments.

Provision for Deferred Taxes on Unrealized Appreciation on Investments

Certain consolidated subsidiaries of ours are subject to U.S. federal and state income taxes. These taxable subsidiaries are not consolidated with the Company for income tax purposes, but are consolidated for GAAP purposes, and may generate income tax liabilities or assets from temporary differences in the recognition of items for financial reporting and income tax purposes at the subsidiaries. For the three months ended December 31, 2014, the Company recognized a provision for deferred tax on unrealized losses of $0.2 million for consolidated subsidiaries, respectively. For the three months ended December 31, 2013 the Company did not recognize a provision for deferred tax on unrealized gain.

Changes in Net Assets from Operations

For the three months ended December 31, 2014, we recorded a net decrease in net assets resulting from operations of $18.3, as a result of the factors discussed above. For the three months ended December 31, 2013, we recorded a net increase in net assets resulting from operations of $14.3 million. Based on 58,733,284 and 40,162,592 weighted average common shares outstanding for the three months ended December 31, 2014 and 2013, respectively, our per share net decrease in net assets resulting from operations was $0.31 for the three months ended December 31, 2014 compared to a per share net increase in net assets from operations of $0.36 for the three months ended December 31, 2013.

Financial Condition, Liquidity and Capital Resources

As a RIC, we distribute substantially all of our net income to our stockholders and have an ongoing need to raise additional capital for investment purposes. To fund growth, we have a number of alternatives available to increase capital; including raising equity, increasing debt, and funding from operational cash flow.

Our liquidity and capital resources have been generated primarily from the net proceeds of public offerings of common stock, advances from the Revolving Facility and the Term Loan Facility and net proceeds from the issuance of notes as well as cash flows from operations.

On January 20, 2011, we completed our IPO and issued 11,111,112 common shares and received net proceeds of $129.6 million.

On March 21, 2012, we issued $40.0 million in aggregate principal amount of the 2019 Notes. The 2019 Notes may be redeemed in whole or in part at any time or from time to time at our option on or after March 30, 2015. The 2019 Notes bear interest at a rate of 7.125% per year, payable quarterly on March 30, June 30, September 30 and December 31 of each year, beginning June 30, 2012. The 2019 Notes are listed on the New York Stock Exchange and trade thereon under the trading symbol “MCQ”. As of December 31, 2013, $40.0 million in aggregate principal amount of the 2019 Notes were outstanding.

On August 24, 2012, we completed a public offering of 5,750,000 shares, including the underwriters’ full exercise of the option to purchase additional shares, of our common stock at a public offering price of $12.95 per share, raising approximately $71.9 million in net proceeds.

On December 3, 2012, we completed a public offering of 5,000,000 shares of our common stock at a public offering price of $13.75 per share, raising approximately $66.0 million in net proceeds. On December 19, 2012, we sold an additional 495,263 shares of our common stock at a public offering price of $13.75 per share, raising approximately $6.5 million in net proceeds, pursuant to the underwriters’ partial exercise of the option to purchase additional shares.

On March 18, 2013, the Company issued $60.0 million in aggregate principal amount of the 2023 Notes. The 2023 Notes may be redeemed in whole or in part at any time or from time to time at the Company's option on or after March 30, 2016. The 2023 Notes bear interest at a rate of 6.125% per year, payable quarterly on March 30, June 30, September 30 and December 31 of each year, beginning June 30, 2013. The 2023 Notes are listed on the New York Stock Exchange and trade thereon under the trading symbol "MCV".

On April 12, 2013, we completed a public offering of 4,000,000 shares of our common stock and an additional 492,271 shares of our common stock pursuant to the underwriters’ partial exercise of the over-allotment option at a public offering price of $14.70 per share, raising approximately $63.4 million in net proceeds.

On September 9, 2013, we completed a public offering of 6,900,000 shares of our common stock, which included the full exercise of the underwriters' option to purchase an additional 900,000 shares, at a public offering price of $13.00 per share, raising approximately $86.6 million in net proceeds.

On February 5, 2014 we completed a public offering of 6,000,000 shares of our common stock at a public offering price of $14.00 per share, raising approximately $81.1 million in net proceeds.

On April 28, 2014 we completed a public offering of 6,000,000 shares of our common stock at a public offering price of $13.25 per share, raising approximately $76.9 million in net proceeds.

On August 1, 2014, the Company entered into an "At-The-Market" ("ATM") equity distribution agreement with Goldman, Sachs & Co., Barclays Capital Inc., Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC, Keefe, Bruyette & Woods, Inc., BB&T Capital Markets, a division of BB&T Securities, LLC, Janney Montgomery Scott LLC, Ladenburg Thalmann & Co. Inc., MLV & Co. LLC, Maxim Group LLC, National Securities Corporation and Gilford Securities Incorporated, through which the Company could sell shares of its common stock having an aggregate offering price of up to $100.0 million. During the period from August 5, 2014 to September 30, 2014, the Company sold 671,278 shares of its common stock at an average price of $12.87 per share, and raised $8.7 million in net proceeds, under the ATM Program.

On August 26, 2014, the Company completed a public offering of 5,000,000 shares of our common stock and an additional 750,000 shares of our common stock pursuant to the underwriters' partial exercise of the over-allotment option at a public offering price of $13.02 per share, raising approximately $72.8 million in net proceeds.

On June 2, 2014, we entered into Amendment No. 5 to our existing Senior Secured Revolving Credit Agreement (the "Revolver Amendment") and Amendment No. 5 our existing Senior Secured Term Loan Credit Agreement (the "Term Loan Amendment," together with the "Revolver Amendment," the "Amendments"), each with certain lenders party thereto and ING Capital LLC, as administrative agent. The Amendments amend certain provisions of our Senior Secured Revolving Credit Agreement (the "Revolving Credit Facility") and the Senior Secured Term Loan Credit Agreement (the "Term Loan Facility," together with the Revolving Credit Facility, each as amended, the "Facilities").

The Facilities were amended to, among other things, (i) in the case of the Revolving Credit Facility, to reduce the interest rate (A) for LIBOR loans, to LIBOR (with no minimum) plus 2.75% and (B) for base rate loans, to the base rate plus 1.75%, to extend the revolving period until June 2017 and to extend the final maturity date until June 2018, (ii) in the case of the Term Loan Facility, to reduce the interest rate (A) for LIBOR loans, to LIBOR (with no minimum) plus 3.25% and (B) for base rate loans, to the base rate plus 2.25%, and to extend the final maturity date until June 2019 and (iii) increase the maximum amount of the accordion feature which permits subsequent increases in commitments under the Revolving Facility and/or Term Loan Facility to $600 million.

Concurrently with the effectiveness of the Amendments, the Company closed an additional $101 million of commitments under its Revolving Credit Facility and an additional $51.5 million of commitments under its Term Loan Facility

As of December 31, 2014, total commitments under the Facilities are $517.5 million, comprised of $346 million committed to the Revolving Credit Facility and $171.5 million funded under the Term Loan Facility.

As of December 31, 2014, we had $41.8 million in cash. In the future, we may generate cash from future offerings of securities, future borrowings and cash flows from operations, including interest earned from the temporary investment of cash in U.S. government securities and other high-quality debt investments that mature in one year or less. Our primary use of funds is investments in our targeted asset classes, cash distributions to our stockholders, and other general corporate purposes.

In order to satisfy the Code requirements applicable to a RIC, we intend to distribute to our stockholders substantially all of our taxable income, but we may also elect to periodically spill over certain excess undistributed taxable income from one tax year into the next tax year. In addition, as a BDC, for each taxable year 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.

On March 26, 2013, our wholly-owned subsidiary, Medley SBIC LP ("SBIC LP") received a Small Business Investment Company ("SBIC") license from the Small Business Administration ("SBA").

The SBIC license allows the SBIC LP to obtain leverage by issuing SBA-guaranteed debentures, subject to the issuance of a capital commitment by the SBA and other customary procedures. SBA-guaranteed debentures are non-recourse, interest only debentures with interest payable semi-annually and have a ten year maturity. The principal amount of SBA-guaranteed debentures is not required to be paid prior to maturity but may be prepaid at any time without penalty. The interest rate of SBA-guaranteed debentures is fixed on a semi-annual basis at a market-driven spread over U.S. Treasury Notes with 10-year maturities. The SBA, as a creditor, will have a superior claim to the SBIC LP's assets over our stockholders in the event we liquidate the SBIC LP or the SBA exercises its remedies under the SBA-guaranteed debentures issued by the SBIC LP upon an event of default.

SBA regulations currently limit the amount that the SBIC LP may borrow to a maximum of $150 million when it has at least $75 million in regulatory capital, receives a capital commitment from the SBA and has been through an examination by the SBA subsequent to licensing.

On November 16, 2012, we obtained exemptive relief from the SEC to permit us to exclude the debt of the SBIC LP guaranteed by the SBA from our 200% asset coverage test under the 1940 Act. The exemptive relief provides us with increased flexibility under the 200% asset coverage test by permitting it to borrow up to $150 million more than it would otherwise be able to absent the receipt of this exemptive relief.

As of December 31, 2014, SBIC LP had $65.0 million in regulatory capital and had $100.0 million SBA-guaranteed debentures outstanding.

Contractual Obligations and Off-Balance Sheet Arrangements

We may become a party to financial instruments with off-balance sheet risk in the normal course of our business to meet the financial needs of our portfolio companies. As of December 31, 2014, we had commitments under loan and financing agreements to fund up to $74.6 million to 15 portfolio companies. These commitments are primarily composed of senior secured term loans and a revolver. As of September 30, 2014, we had commitments under loan and financing agreements to fund up to $70.2 million to 13 portfolio companies. These commitments are primarily composed of senior secured term loans and a revolver. The commitments are generally subject to the borrowers meeting certain criteria such as compliance with covenants and certain operational metrics. The terms of the borrowings and financings subject to commitment are comparable to the terms of other loan and equity securities in our portfolio. A summary of the composition of the unfunded commitments at December 31, 2014 and September 30, 2014 is shown in the table below (dollars in thousands):

	As of	
	December 31, 2014	September 30, 2014
Miratech Intermediate Holdings, Inc. (DDTL)	$ 14,769	$ 14,769
Red Skye Wireless LLC	12,000	15,000
Oxford Mining Company LLC (DDTL)	8,136	-
Sendero Drilling Company LLC	5,495	5,495
RCS Management Corporation & Specialized Medical Services, Inc	5,000	-
Freedom Powersports LLC - (DDTL)	4,800	4,800
Nation Safe Drivers Holdings, Inc.	4,721	4,721
DreamFinders Homes - TLB	4,491	7,073
Merchant Cash and Capital LLC (First Lien)	4,083	5,297
Pegasus Solutions, Inc. - Revolver	3,048	-
Autosplice, Inc	3,026	3,026
Tenere Acquisition Corp.	2,000	2,000
Be Green Manufacturing and Distribution Centers LLC - Delayed Draw TL	1,542	2,375
AM3 Pinnacle Corporation	533	165
Meridian Behavioral Health, LLC (Term Loan B)	500	2,500
Be Green Manufacturing and Distribution Centers LLC - Revolver	479	479
DLR Resturants LLC	-	2,500
Total	$ 74,623	$ 70,200

We have certain contracts under which we have material future commitments. We have entered into an investment management agreement with MCC Advisors in accordance with the 1940 Act. The investment management agreement became effective upon the pricing of our initial public offering. Under the investment management agreement, MCC Advisors has agreed to provide us with investment advisory and management services. For these services, we have agreed to pay a base management fee equal to a percentage of our gross assets and an incentive fee based on our performance.

We have also entered into an administration agreement with MCC Advisors as our administrator. The administration agreement became effective upon the pricing of our initial public offering. Under the administration agreement, MCC Advisors has agreed to furnish us with office facilities and equipment, provide us clerical, bookkeeping and record keeping services at such facilities and provide us with other administrative services necessary to conduct our day-to-day operations. MCC Advisors will also provide on our behalf significant managerial assistance to those portfolio companies to which we are required to provide such assistance.

The following table shows our payment obligations for repayment of debt and other contractual obligations at December 31, 2014 (dollars in thousands):

	Payment Due by Period				
	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Revolving Facility	$ 216,000	$ -	$ -	$ 216,000	$ -
Term Loan Facility	171,500	-	-	171,500	-
7.125% Notes	40,000	-	-	40,000	-
6.125% Notes	63,500	-	-	-	63,500
SBA Debenture	100,000	-	-	-	100,000
Total contractual obligations	$ 591,000	$ -	$ -	$ 427,500	$ 163,500

If any of the contractual obligations discussed above are terminated, our costs under any new agreements that we enter into may increase. In addition, we would likely incur significant time and expense in locating alternative parties to provide the services we expect to receive under our investment management agreement and our administration agreement. Any new investment management agreement would also be subject to approval by our stockholders.

Distributions

We have elected and qualified to be treated for U.S. federal income tax purposes as a RIC under subchapter M of the Code. As a RIC, in any taxable year with respect to which we timely distribute at least 90 percent of the sum of our (i) investment company taxable income (which is generally our net ordinary income plus the excess of realized net short-term capital gains over realized net long-term capital losses) determined without regard to the deduction for dividends paid and (ii) net tax exempt interest income (which is the excess of our gross tax exempt interest income over certain disallowed deductions), we (but not our stockholders) generally will not be subject to U.S. federal income tax on investment company taxable income and net capital gains that we distribute to our stockholders. We intend to distribute annually all or substantially all of such income, but we may also elect to periodically spill over certain excess undistributed taxable income from one tax year to the next tax year. To the extent that we retain our net capital gains or any investment company taxable income, we will be subject to U.S. federal income tax. We may choose to retain our net capital gains or any investment company taxable income, and pay the associated federal corporate income tax, including the federal excise tax described below.

Amounts not distributed on a timely basis in accordance with a calendar year distribution requirement are subject to a nondeductible 4% U.S. federal excise tax payable by us. To avoid this tax, we must distribute (or be deemed to have distributed) during each calendar year an amount equal to the sum of:

(1) at least 98.0 percent of our ordinary income (not taking into account any capital gains or losses) for the calendar year;

(2) at least 98.2 percent of the amount by which our capital gains exceed our capital losses (adjusted for certain ordinary losses) for a one-year period ending on October 31st of the calendar year; and

(3) income realized, but not distributed, in preceding years and on which we did not pay federal income tax.

While we intend to distribute any income and capital gains in the manner necessary to minimize imposition of the 4% U.S. federal excise tax, sufficient amounts of our taxable income and capital gains may not be distributed to avoid entirely the imposition of the tax. In that event, we will be liable for the tax only on the amount by which we do not meet the foregoing distribution requirement.

We intend to pay quarterly dividends to our stockholders out of assets legally available for distribution. We cannot assure you that we will achieve investment results that will allow us to pay a specified level of dividends or year-to-year increases in dividends. In addition, the inability to satisfy the asset coverage test applicable to us as a BDC could limit our ability to pay dividends. All dividends will be paid at the discretion of our board of directors and will depend on our earnings, our financial condition, maintenance of our RIC status, compliance with applicable BDC regulations and such other factors as our board of directors may deem relevant from time to time. We cannot assure you that we will pay dividends to our stockholders in the future.

To the extent our taxable earnings fall below the total amount of our distributions for a taxable year, a portion of those distributions may be deemed a return of capital to our stockholders for U.S. federal income tax purposes. Stockholders should read any written disclosure accompanying a distribution carefully and should not assume that the source of any distribution is our ordinary income or gains.

We have adopted an “opt out” dividend reinvestment plan for our common stockholders. As a result, if we declare a cash dividend or other distribution, each stockholder that has not “opted out” of our dividend reinvestment plan will have their dividends automatically reinvested in additional shares of our common stock rather than receiving cash dividends. Stockholders who receive distributions in the form of shares of common stock will be subject to the same federal, state and local tax consequences as if they received cash distributions.

The following table summarizes the dividends declared through the three months ended December 31, 2014:

Date Declared	Record Date	Payment Date	Amount Per Share
5/11/2011	6/1/2011	6/15/2011	$ 0.16
8/4/2011	9/1/2011	9/15/2011	0.21
11/29/2011	12/15/2011	12/30/2011	0.25
2/2/2012	2/24/2012	3/15/2012	0.28
5/2/2012	5/25/2012	6/15/2012	0.31
8/1/2012	8/24/2012	9/14/2012	0.36
11/1/2012	11/23/2012	12/14/2012	0.36
1/30/2013	2/27/2013	3/15/2013	0.36
5/1/2013	5/27/2013	6/14/2013	0.36
7/31/2013	8/23/2013	9/13/2013	0.37
10/30/2013	11/22/2013	12/13/2013	0.37
2/5/2014	2/26/2014	3/14/2014	0.37
5/1/2014	5/28/2014	6/13/2014	0.37
7/30/2014	8/27/2014	9/12/2014	0.37
10/30/2014	11/26/2014	12/12/2014	0.37

Related Party Transactions

Concurrent with the pricing of our initial public offering, we entered into a number of business relationships with affiliated or related parties, including the following:

- We entered into an investment management agreement with MCC Advisors. Mr. Brook Taube, our chairman and chief executive officer, is a managing partner and senior portfolio manager of MCC Advisors, and Mr. Seth Taube, one of our directors, is a managing partner of MCC Advisors.

- MCC Advisors provides us with the office facilities and administrative services necessary to conduct day-to-day operations pursuant to our administration agreement. We reimburse MCC Advisors for the allocable portion (subject to the review and approval of our board of directors) of overhead and other expenses incurred by it in performing its obligations under the administration agreement, including rent, the fees and expenses associated with performing compliance functions, and our allocable portion of the cost of our chief financial officer and chief compliance officer and their respective staffs.

- We have entered into a license agreement with Medley Capital LLC, pursuant to which Medley Capital LLC has granted us a non-exclusive, royalty-free license to use the name "Medley."

- Certain affiliates of MCC Advisors, Medley Capital LLC, their respective affiliates and some of their employees purchased in the initial public offering an aggregate of 833,333 shares of common stock at the initial public offering price per share of $12.00. We received the full proceeds from the sale of these shares, and no underwriting discounts or commissions were paid in respect of these shares.

MCC Advisors and its affiliates may in the future manage other accounts that have investment mandates that are similar, in whole and in part, with ours. MCC Advisors and its affiliates may determine that an investment is appropriate for us and for one or more of those other accounts. In such event, depending on the availability of such investment and other appropriate factors, and pursuant to MCC Advisors' allocation policy, MCC Advisors or its affiliates may determine that we should invest side-by-side with one or more other accounts. We will not make any investments if they are not permitted by applicable law and interpretive positions of the SEC and its staff, or if they are inconsistent with MCC Advisors' allocation procedures.

In addition, we have adopted a formal code of ethics that governs the conduct of our and MCC Advisors' officers, directors and employees. Our officers and directors also remain subject to the duties imposed by both the 1940 Act and the Delaware General Corporation Law.

Management Fee

Pursuant to the investment management agreement, we pay our investment adviser a fee for investment management services consisting of two components - a base management fee and an incentive fee.

The base management fee will be calculated at an annual rate of 1.75% of our gross assets payable quarterly in arrears. For purposes of calculating the base management fee, the term "gross assets" includes any assets acquired with the proceeds of leverage. For the first quarter of our operations, the base management fee was calculated based on the initial value of our gross assets. Subsequently, the base management fee is calculated based on the average value of our gross assets at the end of the two most recently completed calendar quarters. MCC Advisors agreed to waive the base management fee payable with respect to cash and cash equivalents held by the Company through December 31, 2011. This waiver does not extend to periods subsequent to December 31, 2011.

The investment management agreement also provides that MCC Advisors is entitled to an incentive fee. The incentive fee consists of the following two parts:

The first, calculated and payable quarterly in arrears is based on our pre-incentive fee net investment income earned during the calendar quarter for which the Incentive Fee is being calculated. For this purpose, pre-incentive fee net investment income means interest income, dividend income and any other income including any other fees (other than fees for providing managerial assistance), such as commitment, origination, structuring, diligence and consulting fees or other fees that we receive from portfolio companies accrued during the calendar quarter, minus our operating expenses for the quarter including the base management fee, expenses payable under the administration agreement (as defined below), and any interest expense and any dividends paid on any issued and outstanding preferred stock, but excluding the incentive fee. Pre-incentive fee net investment income includes, in the case of investments with a deferred interest feature (such as original issue discount, debt instruments with payment-in-kind interest and zero coupon securities), accrued income that we have not yet received in cash. Pre-incentive fee net investment income does not include any realized capital gains, realized capital losses or unrealized capital appreciation or depreciation.

Pre-incentive fee net investment income, expressed as a rate of return on the value of our net assets calculated as of the end of the calendar quarter immediately preceding the calendar quarter for which the incentive fee is being calculated, will be compared to a "hurdle rate" of 2.0% per quarter (8.0% annualized). We will pay the Adviser an incentive fee with respect to our pre-incentive fee net investment income in each calendar quarter as follows:

(1) no incentive fee for any calendar quarter in which our pre-incentive fee net investment income does not exceed the hurdle rate;

(2) 100.0% of our pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds the hurdle rate but is less than 2.5% (10.0% annualized) in any calendar quarter; and

(3) 20.0% of the amount of our pre-incentive fee net investment income, if any, that exceeds 2.5% (10.0% annualized) in any calendar quarter.

The second part of the incentive fee (the “Capital Gains Fee”) is determined and payable in arrears as of the end of each calendar year (or upon termination of the Management Agreement, as of the termination date) and is calculated at the end of each applicable year by subtracting (1) the sum of our cumulative realized capital losses and unrealized capital depreciation from (2) our cumulative aggregate realized capital gains. If the amount so calculated is positive, then the Capital Gains Fee for such year is equal to 20.0% of such amount, less the aggregate amount of Capital Gains Fee paid in all prior years. If such amount is negative, then no Capital Gains Fee will be payable for such year. If this Agreement is terminated as of a date that is not a calendar year end, the termination date shall be treated as though it were a calendar year end for purposes of calculating and paying a Capital Gains Fee.

The Company calculates incentive fee as if the Company had realized all assets at their fair values and liabilities at their settlement amounts as of the reporting date. Accordingly, the Company accrues a provisional incentive fee taking into account any unrealized gains. As the provisional incentive fee is subject to the performance of investments until there is a realization event, the amount of provisional incentive fee accrued at a reporting date may vary from the incentive fee that is ultimately paid, and the differences could be material.

Critical Accounting Policies

The preparation of financial statements and related disclosures in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the periods reported. Actual results could materially differ from those estimates. We have identified the following items as critical accounting policies.

Valuation of Portfolio Investments

We value investments for which market quotations are readily available at their market quotations, which are generally obtained from an independent pricing service or multiple broker-dealers or market makers. We weight the use of third-party broker quotes, if any, in determining fair value based on our understanding of the level of actual transactions used by the broker to develop the quote and whether the quote was an indicative price or binding offer. However, a readily available market value is not expected to exist for many of the investments in our portfolio, and we value these portfolio investments at fair value as determined in good faith by our board of directors under our valuation policy and process. We may seek pricing information with respect to certain of our investments from pricing services or brokers or dealers in order to value such investments. We also employ independent third party valuation firms for all of our investments for which there is not a readily available market value.

Valuation methods may include comparisons of financial ratios of the portfolio companies that issued such private equity securities to peer companies that are public, the nature and realizable value of any collateral, the portfolio company’s ability to make payments and its earnings and discounted cash flows, the markets in which the portfolio company does business, and other relevant factors. When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, we will consider the pricing indicated by the external event to corroborate the private equity valuation. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the investments may differ significantly from the values that would have been used had a readily available market value existed for such investments, and the differences could be material.

Our board of directors is ultimately and solely responsible for determining the fair value of the investments in our portfolio that are not publicly traded, whose market prices are not readily available on a quarterly basis or any other situation where portfolio investments require a fair value determination.

With respect to investments for which market quotations are not readily available, our board of directors will undertake a multi-step valuation process each quarter, as described below:

- Our quarterly valuation process begins with each investment being initially valued by the investment professionals responsible for monitoring the portfolio investment.

- Preliminary valuation conclusions are then documented and discussed with senior management.

- At least twice annually, the valuation for each portfolio investment is reviewed by an independent valuation firm.

- The audit committee of our board of directors reviews the preliminary valuations of the investment professionals, senior management and independent valuation firms.

- Our board of directors discusses the valuations and determines the fair value of each investment in our portfolio in good faith based on the input of MCC Advisors, the respective independent valuation firms and the audit committee.

In following these approaches, the types of factors that are taken into account in fair value pricing investments include available current market data, including relevant and applicable market trading and transaction comparables; applicable market yields and multiples; security covenants; call protection provisions; information rights; the nature and realizable value of any collateral; the portfolio company's ability to make payments; the portfolio company's earnings and discounted cash flows; the markets in which the portfolio company does business; comparisons of financial ratios of peer companies that are public; comparable merger and acquisition transactions; and the principal market and enterprise values.

Determination of fair values involves subjective judgments and estimates not verifiable by auditing procedures. Under current auditing standards, the notes to our financial statements refer to the uncertainty with respect to the possible effect of such valuations, and any change in such valuations, on our consolidated financial statements.

Revenue Recognition

Our revenue recognition policies are as follows:

Investments and Related Investment Income We account for investment transactions on a trade-date basis and interest income, adjusted for amortization of premiums and accretion of discounts, is recorded on an accrual basis. For investments with contractual PIK interest, which represents contractual interest accrued and added to the principal balance that generally becomes due at maturity, we will not accrue PIK interest if the portfolio company valuation indicates that the PIK interest is not collectible. Origination, closing and/or commitment fees associated with investments in portfolio companies are recognized as income when the investment transaction closes. Other fees are capitalized as deferred revenue and recorded into income over the respective period. Prepayment penalties received by the Company for debt instruments paid back to the Company prior to the maturity date are recorded as income upon receipt. Realized gains or losses on investments are measured by the difference between the net proceeds from the disposition and the amortized cost basis of investment, without regard to unrealized gains or losses previously recognized. We report changes in the fair value of investments that are measured at fair value as a component of the net change in unrealized appreciation (depreciation) on investments in our consolidated statement of operations.

Non-accrual We place loans on non-accrual status when principal and interest payments are past due by 90 days or more, or when there is reasonable doubt that we will collect principal or interest. Accrued interest is generally reversed when a loan is placed on non-accrual. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management's judgment. Non-accrual loans are restored to accrual status when past due principal and interest is paid and, in our management's judgment, are likely to remain current. At December 31, 2014, four portfolio companies were on non-accrual status with a combined fair value of approximately $15.7 million, or 1.3% of the fair value of our portfolio. At September 30, 2014, we had four portfolio companies on non-accrual status with a fair value of approximately $40.3 million, or 3.2% of the fair value of our portfolio.

Federal Income Taxes

The Company has elected and qualified to be treated for U.S. federal income tax purposes as a RIC under subchapter M of the Code, commencing with its first taxable year as a corporation, and it intends to operate in a manner so as to maintain its RIC tax treatment. As a RIC, among other things, the Company is required to meet certain source of income and asset diversification requirements. Once qualified as a RIC, the Company must timely distribute to its stockholders at least 90% of the sum of investment company taxable income ("ICTI") including PIK, as defined by the Code, and net tax exempt interest income (which is the excess of our gross tax exempt interest income over certain disallowed deductions) for each taxable year in order to be eligible for tax treatment under subchapter M of the Code. The Company will be subject to a nondeductible U.S. federal excise tax of 4% on undistributed income if it does not distribute at least 98% of its net ordinary income for any calendar year and 98.2% of its capital gain net income for each one-year period ending on October 31 of such calendar year and any income realized, but not distributed, in preceding years and on which we did not pay federal income tax. Depending on the level of ICTI earned in a tax year, the Company may choose to carry forward ICTI in excess of current year dividend distributions into the next tax year and pay a 4% excise tax on such income, as required. To the extent that the Company determines that its estimated current year annual taxable income will be in excess of estimated current year dividend distributions for excise tax purposes, the Company accrues excise tax, if any, on estimated excess taxable income as taxable income is earned. Any such carryover ICTI must be distributed before the end of that next tax year through a dividend declared prior to filing the final tax return related to the year which generated such ICTI.

Because federal income tax regulations differ from GAAP, distributions in accordance with tax regulations may differ from net investment income and realized gains recognized for financial reporting purposes. Differences may be permanent or temporary. Permanent differences are reclassified among capital accounts in the consolidated financial statements to reflect their tax character. Temporary differences arise when certain items of income, expense, gain or loss are recognized at some time in the future. Differences in classification may also result from the treatment of short-term gains as ordinary income for tax purposes.

Recent Developments

On February 5, 2015, the Company's board of directors declared a quarterly dividend of $0.30 per share payable on March 13, 2015, to stockholders of record at the close of business on February 25, 2015.

On February 5, 2015, the Company's board of directors approved a share repurchase plan to repurchase equity interests up to an aggregate amount of $30 million between the period of the approval date and February 5, 2016.

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 cash and cash equivalents. Our investment income will be affected by changes in various interest rates, including LIBOR, to the extent our debt investments include floating interest rates. In the future, we expect other loans in our portfolio will have floating rates. We may hedge against interest rate fluctuations by using standard hedging instruments such as futures, options and forward contracts subject to the requirements of the 1940 Act. For the year ended September 30, 2014, we did not engage in hedging activities.

As of December 31, 2014, 74.5% of our income-bearing investment portfolio bore interest based on floating rates. The composition of our floating rate debt investments by cash interest rate floor as of December 31, 2014 was as follows (dollars in thousands):

	December 31, 2014	
	Fair Value	% of Floating Rate Portfolio
Under 1%	$ 147,193	16.6%
1% to under 2%	647,217	73.1
2% to under 3%	77,797	8.8
3%	13,511	1.5
Total	$ 885,718	100.0%

Basis point increase (1)	Interest Income	Interest Expense	Net Increase (Decrease)
100	$ 2,400	$ 4,900	$ (2,500)
200	10,000	9,800	200
300	18,800	14,600	4,200
400	27,700	19,500	8,200
500	36,500	24,400	12,100

As of September 30, 2014, 74.0% of our income-bearing investment portfolio bore interest based on floating rates. The composition of our floating rate debt investments by cash interest rate floor as of September 30, 2014 was as follows (dollars in thousands):

	September 30, 2014	
	Fair Value	% of Floating Rate Portfolio
Under 1%	$ 133,281	15.2%
1% to under 2%	656,014	74.8
2% to under 3%	75,917	8.6
3%	12,317	1.4
Total	$ 877,529	100.0%

Based on our Consolidated Statement of Assets and Liabilities as of September 30, 2014, the following table (dollars in thousands) shows the approximate increase (decrease) in components of net assets resulting from operations of hypothetical base rate changes in interest rates, assuming no changes in our investment and capital structure.

Basis point increase (1)	Interest Income	Interest Expense	Net Increase (Decrease)
100	$ 2,300	$ 4,200	$ (1,900)
200	10,000	8,400	1,600
300	18,500	12,500	6,000
400	26,900	16,700	10,200
500	35,200	20,900	14,300

(1) A hypothetical decline in interest rates would not have a material impact on our financial statements.

Item 4: Controls and Procedures.

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2014. The term “disclosure controls and procedures” is defined under Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Based on the evaluation of our disclosure controls and procedures as of December 31, 2014, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective.

There has not been any change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Part II – Other Information

Item 1. Legal Proceedings

From time to time, we are involved in various legal proceedings, lawsuits and claims incidental to the conduct of our business. Our businesses are also subject to extensive regulation, which may result in regulatory proceedings against us. Except as described below, we are not currently party to any material legal proceedings.

On July 25, 2014, Fourth Third LLC instituted a foreclosure proceeding in the Superior Court of the State of California for the County of Monterey against Security National Guaranty, Inc. (the “borrower”), Tanam Corp. and Abbat Corp. (collectively, the “junior lienholders”) seeking to enforce a loan agreement following a default by the borrower. MOF I holds 100% of the economic interest in the loan through participation agreements with Fourth Third LLC, which is the lender of record with respect to the loan. On September 2, 2014, the borrower and junior lienholders filed a counterclaim in the United States District Court for the Northern District of California naming Fourth Third LLC and Medley Capital. The counterclaim seeks to enjoin enforcement actions with respect to the loan and to collect significant compensatory and punitive damages, including lost profits, based on an alleged breach of a commitment to accept a discounted payoff in full satisfaction of the loan. We intend to defend the counterclaim vigorously.

Item 1A. Risk Factors

In addition to other information set forth in this report, you should carefully consider the “Risk Factors” discussed in our annual report on Form 10-K for the fiscal year ended September 30, 2014, filed with the SEC on December 8, 2014, which could materially affect our business, financial condition and/or operating results. There have been no material changes during the three months ended December 31, 2014 to the risk factors discussed in “Item 1A. Risk Factors” of our annual report on Form 10-K. Additional risks or uncertainties not currently known to us or that we currently deem to be immaterial also may materially affect our business, financial condition and/or operating results.

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

None.

Item 3: Defaults Upon Senior Securities.

None.

Item 4: Other Information.

None.

PART IV

Item 5. Exhibits.

10.1	Amendment No. 6 to the Senior Secured Revolving Credit Agreement, dated as of February 2, 2015, by and among the Company as borrower, each of the subsidiary guarantors party thereto, the Lenders party thereto and ING Capital LLC, as Administrative Agent.
10.2	Amendment No. 6 to the Senior Secured Term Loan Credit Agreement dated as of February 2, 2015, by and among the Company as borrower, each of the subsidiary guarantors party thereto, the Lenders party thereto and ING Capital LLC, as Administrative Agent.
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as amended.
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to section 906 of The Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Dated: February 9, 2015	Medley Capital Corporation
	By /s/ Brook Taube Brook Taube Chief Executive Officer (Principal Executive Officer)
	By /s/ Richard T. Allorto, Jr. Richard T. Allorto, Jr. Chief Financial Officer (Principal Accounting and Financial Officer)

Exhibit 10.1

AMENDMENT NO. 6 TO SENIOR
SECURED REVOLVING CREDIT AGREEMENT

This AMENDMENT NO. 6 (this "Amendment) dated as of February 2, 2015, is made with respect to the Senior Secured Revolving Credit Agreement, dated as of August 4, 2011 (as amended by that certain Amendment No. 1 to Senior Secured Revolving Credit Agreement, dated as of August 31, 2012, Amendment No. 2 to Senior Secured Revolving Credit Agreement, dated as of December 7, 2012, Amendment No. 3 to Senior Secured Revolving Credit Agreement, dated as of March 28, 2012, Amendment No. 4 to Senior Secured Revolving Credit Agreement, dated as of May 1, 2013, Amendment No. 5 to Senior Secured Revolving Credit Agreement, dated as of June 2, 2014 and as further amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among MEDLEY CAPITAL CORPORATION, a Delaware corporation (the "Borrower"), the several banks and other financial institutions or entities from time to time party to the Credit Agreement as lenders (the "Lenders"), ING CAPITAL LLC, as administrative agent for the Lenders under the Credit Agreement (in such capacity, together with its successors in such capacity, the "Administrative Agent"), and solely for purposes of Section 2.8, MOF I BDC LLC, a Delaware limited liability company, MCC INVESTMENT HOLDINGS LLC, a Delaware limited liability company ("MCCIH"), MCC INVESTMENT HOLDINGS SENDERO LLC, a Delaware limited liability company ("MCCIHS"), MCC INVESTMENT HOLDINGS RT1 LLC, a Delaware limited liability company ("MCC RT1"), MCC INVESTMENT HOLDINGS OMNIVERE LLC, a Delaware limited liability company ("MCC Omnivere"), MCC INVESTMENT HOLDINGS AMVESTAR, LLC, a Delaware limited liability company ("MCC Amvestar"), MCC INVESTMENT HOLDINGS AAR, LLC, a Delaware limited liability company (together with MOF I, MCCIH, MCCIHS, MCC RT1, MCC Omnivere and MCC Amvestar, the "Subsidiary Guarantors", and together with the Borrower, the "Obligors"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement (as amended hereby).

WITNESSETH:

WHEREAS, pursuant to the Credit Agreement, the Lenders have made certain loans and other extensions of credit to the Borrower; and

WHEREAS, the Borrower has requested that the Lenders and the Administrative Agent amend certain provisions of the Credit Agreement and the Lenders signatory hereto and the Administrative Agent have agreed to do so on the terms and subject to the conditions contained in this Amendment.

NOW THEREFORE, in consideration of the promises and the mutual agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION I AMENDMENT TO CREDIT AGREEMENT

Effective as of the Effective Date (as defined below), and subject to the terms and conditions set forth below, the Credit Agreement is hereby amended as follows:

(a) Section 6.05(c) of the Credit Agreement is hereby amended by deleting the word “and” directly following the semicolon therein;

(b) Section 6.05(d) of the Credit Agreement is hereby amended by deleting the period at the end of such section, replacing it with a semicolon and adding the word “and” directly following the semicolon; and

(c) Section 6.05 of the Credit Agreement is hereby amended by adding the following Section 6.05(e) thereto:

“(e) the Borrower may make Restricted Payments during the Availability Period to repurchase or redeem Equity Interests of the Borrower up to an aggregate amount equal to $30,000,000 during such period, so long as on the date of such Restricted Payment and after giving effect thereto:

(1) no Default shall have occurred and be continuing;

(2) prior to and immediately after giving effect to such Restricted Payment, the Covered Debt Amount does not exceed 85% of the Borrowing Base; and

(3) prior to and immediately after giving effect to such Restricted Payment, the Borrower is in pro forma compliance with each of the covenants set forth in Sections 6.07(a), (b), (d) and (e).

SECTION II MISCELLANEOUS

2.1. Conditions to Effectiveness of Amendment. This Amendment shall become effective as of the date (the “Effective Date”) on which the Borrower and each Subsidiary Guarantor party hereto have satisfied each of the following conditions precedent (unless a condition shall have been waived in accordance with Section 9.02 of the Credit Agreement):

(a) Documents. The Administrative Agent shall have received each of the following documents, each of which shall be reasonably satisfactory to the Administrative Agent (and to the extent specified below to each Lender) in form and substance:

(1) Executed Counterparts. From each of the Lenders, the Administrative Agent and the Obligors, either (1) a counterpart of this Amendment signed on behalf of such party or (2) written evidence satisfactory to the Administrative Agent (which may include telecopy transmission or electronic mail of a signed signature page to this Amendment) that such party has signed a counterpart of this Amendment.

(2) Term Loan Amendment No. 6. The Amendment No. 6, dated as of the date hereof, with respect to the Senior Secured Term Loan Credit Agreement, dated as of August 31, 2012 (as amended by Amendment No. 1 dated as of December 7, 2012, Amendment No. 2 dated as of January 23, 2013, Amendment No. 3 dated as of March 28, 2012, Amendment No. 4 dated as of May 1, 2013, Amendment No. 5 dated as of June 2, 2014 and as further amended, restated, supplemented or otherwise modified from time to time, the "Term Loan Credit Agreement"), among the Borrower, the Subsidiary Guarantors, the lenders party thereto and ING, as administrative agent for the lenders under the Term Loan Credit Agreement, duly executed and delivered by each of the parties thereto.

(3) Officer's Certificate. A certificate, dated the Effective Date and signed by a Financial Officer of the Borrower, confirming compliance with the conditions set forth in Sections 2.1(b) and (c) of this Amendment.

(b) Default. No Default or Event of Default shall have occurred and be continuing under the Credit Agreement, nor any default or event of default that permits acceleration of any Material Indebtedness, immediately before and after giving effect to the Amendment, any incurrence of Indebtedness under the Credit Agreement and the use of the proceeds thereof on a pro forma basis.

(c) Financial Covenants. The Borrower is in pro forma compliance with each of the covenants set forth in Sections 6.07(a), (b), (d) and (e) of the Credit Agreement (as amended hereby) at the time of the Effective Date.

(d) Other Documents. The Administrative Agent shall have received such other documents, instruments, certificates, opinions and information as the Administrative Agent may reasonably request in form and substance satisfactory to the Administrative Agent.

The contemporaneous exchange and release of executed signature pages by each of the Persons contemplated to be a party hereto shall render this Amendment effective and any such exchange and release of such executed signature pages by all such persons shall constitute satisfaction or waiver (as applicable) of any condition precedent to such effectiveness set forth above.

2.2. Representations and Warranties. To induce the other parties hereto to enter into this Amendment, the Borrower represents and warrants to the Administrative Agent and each of the Lenders that, as of the Effective Date and after giving effect to this Amendment:

(a) This Amendment has been duly authorized, executed and delivered by the Borrower and the Subsidiary Guarantors, and constitutes a legal, valid and binding obligation of the Borrower and the Subsidiary Guarantors enforceable in accordance with its terms. The Credit Agreement, as amended by the Amendment, constitutes the legal, valid and binding obligation of the Borrower enforceable in accordance with its respective terms.

(b) The representations and warranties set forth in Article 3 of the Credit Agreement as amended by this Amendment and the representations and warranties in each other Loan Document are true and correct in all material respects (other than any representation or warranty already qualified by materiality or Material Adverse Effect, which shall be true and correct is all respects) on and as of the Effective Date or as to any such representations and warranties that refer to a specific date, as of such specific date, with the same effect as though made on and as of the Effective Date.

(c) No Default or Event of Default has occurred or is continuing under the Credit Agreement.

2.3. Counterparts. This Amendment may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Amendment constitutes the entire contract between and among the parties relating to the subject matter hereof and supersedes any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Delivery of an executed counterpart of this Amendment by telecopy or electronic mail shall be effective as delivery of a manually executed counterpart of this Amendment.

2.4. Payment of Expenses. The Borrower agrees to pay and reimburse the Administrative Agent for all of its reasonable and documented out-of-pocket costs and expenses incurred in connection with this Amendment, including, without limitation, the reasonable fees, charges and disbursements of legal counsel to the Administrative Agent, (but excluding, for the avoidance of doubt, the allocated costs of internal counsel).

2.5. GOVERNING LAW. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

2.6. Incorporation of Certain Provisions. The provisions of Sections 9.01, 9.07, 9.09, 9.10 and 9.12 of the Credit Agreement are hereby incorporated by reference with respect to Section I.

2.7. Effect of Amendment. Except as expressly set forth herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of the Lenders, the Administrative Agent, the Collateral Agent, the Borrower or the Subsidiary Guarantors under the Credit Agreement or any other Loan Document, and, except as expressly set forth herein, shall not alter, modify, amend or in any way affect any of the other terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other Loan Document, all of which are ratified and affirmed in all respects and shall continue in full force and effect. Nothing herein shall be deemed to entitle any Person to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other Loan Document in similar or different circumstances. This Amendment shall apply and be effective only with respect to the provisions amended herein of the Credit Agreement. Upon the effectiveness of this Amendment, each reference in the Credit Agreement to “this Agreement,” “hereunder,” “hereof,” “herein” or words of similar import shall mean and be a reference to the Credit Agreement as amended by this Amendment and each reference in any other Loan Document shall mean the Credit Agreement as amended hereby. This Amendment shall constitute a Loan Document.

2.8. Consent and Affirmation. Without limiting the generality of the foregoing, by its execution hereof, each of the Borrower and the Subsidiary Guarantors hereby to the extent applicable as of the Effective Date (i) consents to this Amendment and the transactions contemplated, (ii) agrees that the Guarantee and Security Agreement and each of the other Security Documents is in full force and effect, (iii) confirms its guarantee (solely in the case of Subsidiary Guarantors) and affirms its obligations under the Guarantee and Security Agreement and confirms its grant of a security interest in its assets as Collateral for the Secured Obligations (as defined in the Guarantee and Security Agreement), and (iv) acknowledges and affirms that such guarantee and/or grant is in full force and effect in respect of, and to secure, the Secured Obligations (as defined in the Guarantee and Security Agreement).

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the day and year first above written.

MEDLEY CAPITAL CORPORATION, as Borrower

By: ____________________________
Name:
Title:

MOF I BDC LLC, as Subsidiary Guarantor

By: ________________________
Name:
Title:

MCC INVESTMENT HOLDINGS LLC, as Subsidiary Guarantor

By: ____________________________________
Name:
Title:

MCC INVESTMENT HOLDINGS SENDERO LLC, as Subsidiary Guarantor

By: ____
Name:
Title:

MCC INVESTMENT HOLDINGS RT1 LLC, as Subsidiary Guarantor

By: ______________________________
Name:
Title:

MCC INVESTMENT HOLDINGS OMNIVERE LLC, as Subsidiary Guarantor

By: ______________________________
Name:
Title:

MCC INVESTMENT HOLDINGS AMVESTAR, LLC, as Subsidiary Guarantor

By: ____________________________

Name:

Title:

MCC INVESTMENT HOLDINGS AAR, LLC, as Subsidiary Guarantor

By: ______________________________
Name:
Title:

ING CAPITAL LLC, as Administrative Agent and a Lender

By: ____________________________
Name:
Title:

By: ____________________________
Name:
Title:

BARCLAYS BANK PLC, as a Lender

By: ________________________________

Name:

Title:

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH, as a Lender

By: ______________________________

Name:

Title:

By: ______________________________

Name:

Title:

ONEWEST BANK, FSB, as a Lender

By: ______________________________

Name:

Title:

GOLDMAN SACHS BANK USA, as a Lender

By: ______________________________

Name:

Title:

KEY EQUIPMENT FINANCE, INC., a division of Keybank National Association, as a Lender,

By: ______________________________

Name:

Title:

SIGNATURE BANK, as a Lender,

By: ______________________________

Name:

Title:

WESTERN ALLIANCE BANK, as a Lender,

By: ______________________________

Name:

Title:

CITY NATIONAL BANK, as a Lender,

By: ______________________________

Name:

Title:

CIT FINANCE LLC, as a Lender,

By: ______________________________

Name:

Title:

JPMORGAN CHASE BANK, N.A., as a Lender,

By: ______________________________

Name:

Title:

STATE STREET BANK AND TRUST COMPANY, as a Lender,

By: ______________________________

Name:

Title:

BANKUNITED, N.A., as a New Lender,

By: ______________________________

Name:

Title:

CUSTOMERS BANK, as a New Lender,

By: ________________________

Name:

Title:

EVERBANK COMMERCIAL FINANCE, as a New Lender,

By: ______________________________

Name:

Title:

Exhibit 10.2

AMENDMENT NO. 6 TO SENIOR
SECURED TERM LOAN CREDIT AGREEMENT

This AMENDMENT NO. 6 (this "Amendment) dated as of February 2, 2015, is made with respect to the Senior Secured Term Loan Credit Agreement, dated as of August 31, 2012 (as amended by that certain Amendment No. 1 to Senior Secured Term Loan Credit Agreement, dated as of December 7, 2012, Amendment No. 2 to Senior Secured Term Loan Credit Agreement, dated as of January 23, 2013, Amendment No. 3 to Senior Secured Term Loan Credit Agreement, dated as of March 28, 2012, Amendment No. 4 to Senior Secured Term Loan Credit Agreement, dated as of May 1, 2013, Amendment No. 5 to Senior Secured Term Loan Credit Agreement, dated as of June 2, 2014 and as further amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among MEDLEY CAPITAL CORPORATION, a Delaware corporation (the "Borrower"), the several banks and other financial institutions or entities from time to time party to the Credit Agreement as lenders (the "Lenders"), ING CAPITAL LLC, as administrative agent for the Lenders under the Credit Agreement (in such capacity, together with its successors in such capacity, the "Administrative Agent"), and solely for purposes of Section 2.8, MOF I BDC LLC, a Delaware limited liability company, MCC INVESTMENT HOLDINGS LLC, a Delaware limited liability company ("MCCIH"), MCC INVESTMENT HOLDINGS SENDERO LLC, a Delaware limited liability company ("MCCIHS"), MCC INVESTMENT HOLDINGS RT1 LLC, a Delaware limited liability company ("MCC RT1"), MCC INVESTMENT HOLDINGS OMNIVERE LLC, a Delaware limited liability company ("MCC Omnivere"), MCC INVESTMENT HOLDINGS AMVESTAR, LLC, a Delaware limited liability company ("MCC Amvestar"), MCC INVESTMENT HOLDINGS AAR, LLC, a Delaware limited liability company (together with MOF I, MCCIH, MCCIHS, MCC RT1, MCC Omnivere and MCC Amvestar, the "Subsidiary Guarantors", and together with the Borrower, the "Obligors"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement (as amended hereby).

WITNESSETH:

WHEREAS, pursuant to the Credit Agreement, the Lenders have made certain loans and other extensions of credit to the Borrower; and

WHEREAS, the Borrower has requested that the Lenders and the Administrative Agent amend certain provisions of the Credit Agreement and the Lenders signatory hereto and the Administrative Agent have agreed to do so on the terms and subject to the conditions contained in this Amendment.

NOW THEREFORE, in consideration of the promises and the mutual agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION I AMENDMENT TO CREDIT AGREEMENT

Effective as of the Effective Date (as defined below), and subject to the terms and conditions set forth below, the Credit Agreement is hereby amended as follows:

(a) Section 6.05(c) of the Credit Agreement is hereby amended by deleting the word “and” directly following the semicolon therein;

(b) Section 6.05(d) of the Credit Agreement is hereby amended by deleting the period at the end of such section, replacing it with a semicolon and adding the word “and” directly following the semicolon; and

(c) Section 6.05 of the Credit Agreement is hereby amended by adding the following Section 6.05(e) thereto:

“(e) the Borrower may make Restricted Payments to repurchase or redeem Equity Interests of the Borrower up to an aggregate amount equal to $30,000,000, so long as on the date of such Restricted Payment and after giving effect thereto:

(1) no Default shall have occurred and be continuing;

(2) prior to and immediately after giving effect to such Restricted Payment, the Covered Debt Amount does not exceed 85% of the Collateral Base; and

(3) prior to and immediately after giving effect to such Restricted Payment, the Borrower is in pro forma compliance with each of the covenants set forth in Sections 6.07(a), (b), (d) and (e).”

SECTION II MISCELLANEOUS

2.1. Conditions to Effectiveness of Amendment. This Amendment shall become effective as of the date (the “Effective Date”) on which the Borrower and each Subsidiary Guarantor party hereto have satisfied each of the following conditions precedent (unless a condition shall have been waived in accordance with Section 9.02 of the Credit Agreement):

(a) Documents. The Administrative Agent shall have received each of the following documents, each of which shall be reasonably satisfactory to the Administrative Agent (and to the extent specified below to each Lender) in form and substance:

(1) Executed Counterparts. From each of the Lenders, the Administrative Agent and the Obligors, either (1) a counterpart of this Amendment signed on behalf of such party or (2) written evidence satisfactory to the Administrative Agent (which may include telecopy transmission or electronic mail of a signed signature page to this Amendment) that such party has signed a counterpart of this Amendment.

(2) Revolving Credit Amendment No. 6. The Amendment No. 6, dated as of the date hereof, with respect to the Senior Secured Revolving Credit Agreement, dated as of August 4, 2011 (as amended by Amendment No. 1 dated as of August 31, 2012, Amendment No. 2 dated as of December 7, 2012, Amendment No. 3 dated as of March 28, 2012, Amendment No. 4 dated as of May 1, 2013, Amendment No. 5 dated as of June 2, 2014 and as further amended, restated, supplemented or otherwise modified from time to time, the "Revolving Credit Agreement"), among the Borrower, the Subsidiary Guarantors, the lenders party thereto and ING, as administrative agent for the lenders under the Revolving Credit Agreement, duly executed and delivered by each of the parties thereto.

(3) Officer's Certificate. A certificate, dated the Effective Date and signed by a Financial Officer of the Borrower, confirming compliance with the conditions set forth in Sections 2.1(b) and (c) of this Amendment.

(b) Default. No Default or Event of Default shall have occurred and be continuing under the Credit Agreement, nor any default or event of default that permits acceleration of any Material Indebtedness, immediately before and after giving effect to the Amendment, any incurrence of Indebtedness under the Credit Agreement and the use of the proceeds thereof on a pro forma basis.

(c) Financial Covenants. The Borrower is in pro forma compliance with each of the covenants set forth in Sections 6.07(a), (b), (d) and (e) of the Credit Agreement (as amended hereby) at the time of the Effective Date.

(d) Other Documents. The Administrative Agent shall have received such other documents, instruments, certificates, opinions and information as the Administrative Agent may reasonably request in form and substance satisfactory to the Administrative Agent.

The contemporaneous exchange and release of executed signature pages by each of the Persons contemplated to be a party hereto shall render this Amendment effective and any such exchange and release of such executed signature pages by all such persons shall constitute satisfaction or waiver (as applicable) of any condition precedent to such effectiveness set forth above.

2.2. Representations and Warranties. To induce the other parties hereto to enter into this Amendment, the Borrower represents and warrants to the Administrative Agent and each of the Lenders that, as of the Effective Date and after giving effect to this Amendment:

(a) This Amendment has been duly authorized, executed and delivered by the Borrower and the Subsidiary Guarantors, and constitutes a legal, valid and binding obligation of the Borrower and the Subsidiary Guarantors enforceable in accordance with its terms. The Credit Agreement, as amended by the Amendment, constitutes the legal, valid and binding obligation of the Borrower enforceable in accordance with its respective terms.

(b) The representations and warranties set forth in Article 3 of the Credit Agreement as amended by this Amendment and the representations and warranties in each other Loan Document are true and correct in all material respects (other than any representation or warranty already qualified by materiality or Material Adverse Effect, which shall be true and correct is all respects) on and as of the Effective Date or as to any such representations and warranties that refer to a specific date, as of such specific date, with the same effect as though made on and as of the Effective Date.

(c) No Default or Event of Default has occurred or is continuing under the Credit Agreement.

2.3. Counterparts. This Amendment may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Amendment constitutes the entire contract between and among the parties relating to the subject matter hereof and supersedes any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Delivery of an executed counterpart of this Amendment by telecopy or electronic mail shall be effective as delivery of a manually executed counterpart of this Amendment.

2.4. Payment of Expenses. The Borrower agrees to pay and reimburse the Administrative Agent for all of its reasonable and documented out-of-pocket costs and expenses incurred in connection with this Amendment, including, without limitation, the reasonable fees, charges and disbursements of legal counsel to the Administrative Agent, (but excluding, for the avoidance of doubt, the allocated costs of internal counsel).

2.5. GOVERNING LAW. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

2.6. Incorporation of Certain Provisions. The provisions of Sections 9.01, 9.07, 9.09, 9.10 and 9.12 of the Credit Agreement are hereby incorporated by reference with respect to Section I.

2.7. Effect of Amendment. Except as expressly set forth herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of the Lenders, the Administrative Agent, the Collateral Agent, the Borrower or the Subsidiary Guarantors under the Credit Agreement or any other Loan Document, and, except as expressly set forth herein, shall not alter, modify, amend or in any way affect any of the other terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other Loan Document, all of which are ratified and affirmed in all respects and shall continue in full force and effect. Nothing herein shall be deemed to entitle any Person to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other Loan Document in similar or different circumstances. This Amendment shall apply and be effective only with respect to the provisions amended herein of the Credit Agreement. Upon the effectiveness of this Amendment, each reference in the Credit Agreement to “this Agreement,” “hereunder,” “hereof,” “herein” or words of similar import shall mean and be a reference to the Credit Agreement as amended by this Amendment and each reference in any other Loan Document shall mean the Credit Agreement as amended hereby. This Amendment shall constitute a Loan Document.

2.8. Consent and Affirmation. Without limiting the generality of the foregoing, by its execution hereof, each of the Borrower and the Subsidiary Guarantors hereby to the extent applicable as of the Effective Date (i) consents to this Amendment and the transactions contemplated, (ii) agrees that the Guarantee and Security Agreement and each of the other Security Documents is in full force and effect, (iii) confirms its guarantee (solely in the case of Subsidiary Guarantors) and affirms its obligations under the Guarantee and Security Agreement and confirms its grant of a security interest in its assets as Collateral for the Secured Obligations (as defined in the Guarantee and Security Agreement), and (iv) acknowledges and affirms that such guarantee and/or grant is in full force and effect in respect of, and to secure, the Secured Obligations (as defined in the Guarantee and Security Agreement).

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the day and year first above written.

MEDLEY CAPITAL CORPORATION, as Borrower

By: ______________________________
Name:
Title:

MOF I BDC LLC, as Subsidiary Guarantor

By: ______________________________
Name:
Title:

MCC INVESTMENT HOLDINGS LLC, as Subsidiary Guarantor

By: ____________________________
Name:
Title:

MCC INVESTMENT HOLDINGS SENDERO LLC, as Subsidiary Guarantor

By: ____________________________
Name:
Title:

MCC INVESTMENT HOLDINGS RT1 LLC, as Subsidiary Guarantor

By: ______________________________

Name:

Title:

MCC INVESTMENT HOLDINGS OMNIVERE LLC, as Subsidiary Guarantor

By: ____________________________
Name:
Title:

MCC INVESTMENT HOLDINGS AMVESTAR, LLC, as Subsidiary Guarantor

By: ______________________________
Name:
Title:

MCC INVESTMENT HOLDINGS AAR, LLC, as Subsidiary Guarantor

By: ______________________________

Name:

Title:

ING CAPITAL LLC, as Administrative Agent and a Lender

By: ______________________________

Name:

Title:

By: ______________________________

Name:

Title:

ONEWEST BANK, FSB, as a Lender

By: ______________________________

Name:

Title:

GOLDMAN SACHS BANK USA, as a Lender

By: ______________________________

Name:

Title:

KEY EQUIPMENT FINANCE, INC., a division of Keybank National Association, as a Lender,

By: ______________________________

Name:

Title:

SIGNATURE BANK, as a Lender,

By: ______________________________

Name:

Title:

WESTERN ALLIANCE BANK, as a Lender,

By: ______________________________

Name:

Title:

CITY NATIONAL BANK, as a Lender,

By: ______________________________

Name:

Title:

CIT FINANCE LLC, as a Lender,

By: ______________________________

Name:

Title:

JPMORGAN CHASE BANK, N.A., as a Lender,

By: ______________________________

Name:

Title:

ALOSTAR BANK OF COMMERCE, as a Lender,

By: ______________________________

Name:

Title:

STATE STREET BANK AND TRUST COMPANY, as a Lender,

By: ________________________________

Name:

Title:

BANKUNITED, N.A., as a Lender,

By: ______________________________

Name:

Title:

CUSTOMERS BANK, as a Lender,

By: ______________________________

Name:

Title:

EVERBANK COMMERCIAL FINANCE, as a Lender,

By: ______________________________

Name:

Title:

Exhibit 31.1

**Certification of Chief Executive Officer
of Periodic Report Pursuant to Rule 13a-14(a) and Rule 15d-14(a)**

I, Brook Taube, certify that:

1) I have reviewed this quarterly report on Form 10-Q of Medley Capital Corporation (the "Company");

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4) The Company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15 (e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5) The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: February 9, 2015

/s/ Brook Taube
Brook Taube
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certification of Chief Financial Officer
of Periodic Report Pursuant to Rule 13a-14(a) and Rule 15d-14(a)

I, Richard T. Allorto, Jr., certify that:

1) I have reviewed this quarterly report on Form 10-Q of Medley Capital Corporation (the “Company”);

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4) The Company’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15 (e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the Company’s most recent fiscal quarter (the Company’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and

5) The Company’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

Date: February 9, 2015

/s/ Richard T. Allorto, Jr.
Richard T. Allorto, Jr.
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
AND CHIEF FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Medley Capital Corporation, (the "Company") for the quarterly period ended December 31, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Brook Taube and Richard T. Allorto, Jr., Chief Executive Officer and Chief Financial Officer, respectively, of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to our knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Dated: February 9, 2015

By /s/ Brook Taube
Brook Taube
Chief Executive Officer

By /s/ Richard T. Allorto, Jr.
Richard T. Allorto, Jr.
Chief Financial Officer