

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM N-17f-2**

**CERTIFICATE OF ACCOUNTING OF SECURITIES AND SIMILAR INVESTMENTS IN THE CUSTODY  
OF MANAGEMENT INVESTMENT COMPANIES**

Pursuant to Rule 17f-2 [17 CRF 270.17f-2]

|   |  |    |             |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |             |  |  |
|---|--|----|-------------|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|-------------|--|--|
| Investment Company Act File Number:<br><br><p style="text-align: center;"><b>811 – 10587</b></p>  | Date examination completed:<br><br><p style="text-align: center;"><b>March 20, 2015</b></p>  |    |             |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |             |  |  |
| State Identification Number:  |  |    |             |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |             |  |  |
|   | <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 14.28%;">AL</td><td style="width: 14.28%;">AK</td><td style="width: 14.28%;">AZ</td><td style="width: 14.28%;">AR</td><td style="width: 14.28%;">CA</td><td style="width: 14.28%;">CO</td></tr><tr><td>CT</td><td>DE</td><td>DC</td><td>FL</td><td>GA</td><td>HI</td></tr><tr><td>ID</td><td>IL</td><td>IN</td><td>IA</td><td>KS</td><td>KY</td></tr><tr><td>LA</td><td>ME</td><td>MD</td><td>MA</td><td>MI</td><td>MN</td></tr><tr><td>MS</td><td>MO</td><td>MT</td><td>NE</td><td>NV</td><td>NH</td></tr><tr><td>NJ</td><td>NM</td><td>NY</td><td>NC</td><td>ND</td><td>OH</td></tr><tr><td>OK</td><td>OR</td><td>PA</td><td>RI</td><td>SC</td><td>SD</td></tr><tr><td>TN</td><td>TX</td><td>UT</td><td>VT</td><td>VA</td><td>WA</td></tr><tr><td>WV</td><td>WI</td><td>WY</td><td colspan="3">PUERTO RICO</td></tr></table> | AL | AK          | AZ | AR | CA | CO | CT | DE | DC | FL | GA | HI | ID | IL | IN | IA | KS | KY | LA | ME | MD | MA | MI | MN | MS | MO | MT | NE | NV | NH | NJ | NM | NY | NC | ND | OH | OK | OR | PA | RI | SC | SD | TN | TX | UT | VT | VA | WA | WV | WI | WY | PUERTO RICO |  |  |
| AL  | AK   | AZ | AR          | CA | CO |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |             |  |  |
| CT  | DE   | DC | FL          | GA | HI |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |             |  |  |
| ID  | IL   | IN | IA          | KS | KY |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |             |  |  |
| LA  | ME   | MD | MA          | MI | MN |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |             |  |  |
| MS  | MO   | MT | NE          | NV | NH |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |             |  |  |
| NJ  | NM   | NY | NC          | ND | OH |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |             |  |  |
| OK  | OR   | PA | RI          | SC | SD |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |             |  |  |
| TN  | TX   | UT | VT          | VA | WA |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |             |  |  |
| WV  | WI   | WY | PUERTO RICO |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |             |  |  |
|   | Other (specify):   |    |             |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |             |  |  |
| Exact name of investment company as specified in registration statement:<br><br><p style="text-align: center;"><b>MCG Capital Corporation</b></p>                                       |  |    |             |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |             |  |  |
| Address of principal executive office (number, street, city, state, zip code):<br><br><p style="text-align: center;"><b>1001 19th Street North, 10th Floor, Arlington, VA 22209</b></p> |  |    |             |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |             |  |  |

## INSTRUCTIONS

This Form must be completed by the investment companies that have custody of securities or similar investments.

### Investment Company

- 1 All items must be completed by the investment company.
- 2 Give this Form to the independent public accountant who, in compliance with Rule 17f-2 under the Act and applicable state law, examines securities and similar investments in the custody of the investment company.

### Accountant

- 3 Submit this Form to the Securities and Exchange Commission and appropriate state securities administrators when filing the certificate of accounting required by Rule 17f-2 under the Act and applicable state law. File the original and one copy with the Securities and Exchange Commission's principal office in Washington, D.C., one copy with the regional office for the region in which the investment company's principal business operations are conducted, and one copy with the appropriate state administrator(s), if applicable.

THIS FORM MUST BE GIVEN TO YOUR INDEPENDENT PUBLIC ACCOUNTANT

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### Management Statement Regarding Compliance With Certain Provisions of the Investment Company Act of 1940

March 20, 2015  
Ernst & Young LLP  
8484 Westpark Drive  
McLean, VA 22102

To Whom It May Concern:

We, as members of management of MCG Capital Corporation (the Company), are responsible for complying with the requirements of subsections (b) and (c) of Rule 17f-2, "Custody of Investments by Registered Management Investment Companies," of the Investment Company Act of 1940, as amended. We are also responsible for establishing and maintaining effective internal controls over compliance with those requirements. We have performed an evaluation of the Company's compliance with the requirements of subsections (b) and (c) of Rule 17f-2 as of December 31, 2014, and from June 30, 2014 through December 31, 2014.

Based on this evaluation, we assert that the Company was in compliance with the requirements of subsections (b) and (c) of Rule 17f-2 of the Investment Company Act of 1940, as amended, as of December 31, 2014, and from June 30, 2014 through December 31, 2014 with respect to securities reflected in the investment account of the Company.

MCG Capital Corporation

By:

/s/ Keith Kennedy

Keith Kennedy

President & Chief Executive Officer

/s/ Jane Alley

Jane Alley

Chief Financial Officer and Treasurer

Ernst & Young LLP  
8484 Westpark Drive  
McLean, VA 22102

Tel: (703) 747-1000  
Fax: (703) 747-1031  
ey.com

### **Report of Independent Registered Public Accounting Firm**

To the Board of Directors of  
MCG Capital Corporation

We have examined management's assertion, included in the accompanying Management Statement Regarding Compliance With Certain Provisions of the Investment Company Act of 1940, that MCG Capital Corporation (the Company) complied with the requirements of subsections (b) and (c) of Rule 17f-2 under the Investment Company Act of 1940, as amended (the Act) as of December 31, 2014. Management is responsible for the Company's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Company's compliance based on our examination.

Our examination was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included examining, on a test basis, evidence about the Company's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. Included among our procedures were the following tests performed as of December 31, 2014, and with respect to agreement of security purchases and sales, for the period from June 30, 2014 (the date of our last examination) through December 31, 2014:

- Confirmation of all securities held by institutions in book entry form by Wells Fargo Bank Minnesota and Computershare (the Custodians);
- Confirmation of all securities hypothecated, pledged, placed in escrow or out for transfer with brokers, pledgees or transfer agents;
- Reconciliation of all such securities to the books and records of the Company and the Custodians; and
- Agreement of no loan originations, no security purchases, five loan pay offs, no loan maturities, nineteen security sales, and two security write-offs since our last report from the books and records of the Company to related agreements and supporting documentation.

We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Company's compliance with specified requirements.

In our opinion, management's assertion that the MCG Capital Corporation complied with the requirements of subsections (b) and (c) of Rule 17f-2 of the Act as of December 31, 2014, with respect to securities reflected in the investment account of the Company is fairly stated, in all material respects.

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This report is intended solely for the information and use of management and the Board of Directors of MCG Capital Corporation and the Securities and Exchange Commission and is not intended to be and should not be used by anyone other than these specified parties.

/s/ Ernst and Young LLP

McLean, Virginia

March 20, 2015