

Main Street Capital CORP
Form 10-Q
May 04, 2012
[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2012

OR

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

For the transition period from: to

Commission File Number: 001-33723

Main Street Capital Corporation

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of incorporation or organization)

41-2230745

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

1300 Post Oak Boulevard, Suite 800

Houston, TX

(Address of principal executive offices)

77056

(Zip Code)

(713) 350-6000

(Registrant's telephone number including area code)

n/a

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

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares outstanding of the issuer's common stock as of May 2, 2012 was 27,098,311.

Table of Contents

TABLE OF CONTENTS

PART I
FINANCIAL INFORMATION

| | | |
|----------------|--|----|
| <u>Item 1.</u> | <u>Financial Statements</u> | |
| | <u>Consolidated Balance Sheets – March 31, 2012 (unaudited) and December 31, 2011</u> | 1 |
| | <u>Consolidated Statements of Operations (unaudited) – Three months ended March 31, 2012 and 2011</u> | 2 |
| | <u>Consolidated Statements of Changes in Net Assets (unaudited) – Three months ended March 31, 2012 and 2011</u> | 3 |
| | <u>Consolidated Statements of Cash Flows (unaudited) – Three months ended March 31, 2012 and 2011</u> | 4 |
| | <u>Consolidated Schedule of Investments (unaudited) – March 31, 2012</u> | 5 |
| | <u>Consolidated Schedule of Investments – December 31, 2011</u> | 17 |
| | <u>Notes to Consolidated Financial Statements (unaudited)</u> | 30 |
| <u>Item 2.</u> | <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u> | 52 |
| <u>Item 3.</u> | <u>Quantitative and Qualitative Disclosures about Market Risk</u> | 68 |
| <u>Item 4.</u> | <u>Controls and Procedures</u> | 68 |

PART II
OTHER INFORMATION

| | | |
|-----------------|--|----|
| <u>Item 1.</u> | <u>Legal Proceedings</u> | 68 |
| <u>Item 1A.</u> | <u>Risk Factors</u> | 68 |
| <u>Item 2.</u> | <u>Unregistered Sales of Equity Securities and Use of Proceeds</u> | 69 |
| <u>Item 6.</u> | <u>Exhibits</u> | 70 |
| | <u>Signatures</u> | 71 |

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****MAIN STREET CAPITAL CORPORATION****Consolidated Balance Sheets****(in thousands, except shares and per share amounts)**

| | March 31, 2012 (Unaudited) | December 31, 2011 |
|--|-------------------------------|-------------------|
| ASSETS | | |
| Portfolio investments at fair value: | | |
| Control investments (cost: \$180,625 and \$206,787 as of March 31, 2012 and December 31, 2011, respectively) | \$ 220,048 | \$ 238,924 |
| Affiliate investments (cost: \$102,868 and \$110,157 as of March 31, 2012 and December 31, 2011, respectively) | 130,715 | 146,405 |
| Non-Control/Non-Affiliate investments (cost: \$313,646 and \$275,061 as of March 31, 2012 and December 31, 2011, respectively) | 313,334 | 270,895 |
| Investment in affiliated Investment Manager (cost: \$2,668 and \$4,284 as of March 31, 2012 and December 31, 2011, respectively) | 202 | 1,869 |
| Total portfolio investments (cost: \$599,807 and \$596,289 as of March 31, 2012 and December 31, 2011, respectively) | 664,299 | 658,093 |
| Marketable securities and idle funds investments (cost: \$14,066 and \$25,935 as of March 31, 2012 and December 31, 2011, respectively) | 14,345 | 26,242 |
| Total investments (cost: \$613,873 and \$622,224 as of March 31, 2012 and December 31, 2011, respectively) | 678,644 | 684,335 |
| Cash and cash equivalents | 88,955 | 42,650 |
| Interest receivable and other assets | 7,899 | 6,539 |
| Deferred financing costs (net of accumulated amortization of \$2,395 and \$2,167 as of March 31, 2012 and December 31, 2011, respectively) | 3,945 | 4,168 |
| Total assets | \$ 779,443 | \$ 737,692 |
| LIABILITIES | | |
| SBIC debentures (par: \$220,000 as of March 31, 2012 and December 31, 2011; par of \$95,000 is recorded at a fair value of \$76,586 and \$76,887 as of March 31, 2012 and December 31, 2011, respectively) | \$ 201,586 | \$ 201,887 |
| Credit facility | 138,000 | 107,000 |
| Interest payable | 1,326 | 3,984 |
| Dividend payable | 3,789 | 2,856 |
| Deferred tax liability, net | 4,825 | 3,776 |
| Payable to affiliated Investment Manager | 1,520 | 4,831 |

Edgar Filing: Main Street Capital CORP - Form 10-Q

| | | |
|---|------------|------------|
| Accounts payable and other liabilities | 2,861 | 2,170 |
| Total liabilities | 353,907 | 326,504 |
| Commitments and contingencies | | |
| NET ASSETS | | |
| Common stock, \$0.01 par value per share (150,000,000 shares authorized; 27,061,484 and 26,714,384 issued and outstanding as of March 31, 2012 and December 31, 2011, respectively) | 270 | 267 |
| Additional paid-in capital | 367,242 | 360,164 |
| Accumulated net investment income, net of cumulative dividends of \$87,348 and \$79,414 as of March 31, 2012 and December 31, 2011, respectively | 17,446 | 12,531 |
| Accumulated net realized gain from investments, net of cumulative dividends of \$16,911 and \$13,804 as of March 31, 2012 and December 31, 2011, respectively | (15,414) | (20,445) |
| Net unrealized appreciation, net of income taxes | 55,992 | 53,194 |
| Total Net Asset Value | 425,536 | 405,711 |
| Noncontrolling interest | | 5,477 |
| Total net assets including noncontrolling interests | 425,536 | 411,188 |
| Total liabilities and net assets | \$ 779,443 | \$ 737,692 |
| NET ASSET VALUE PER SHARE | \$ 15.72 | \$ 15.19 |

The accompanying notes are an integral part of these financial statements

Table of Contents

MAIN STREET CAPITAL CORPORATION

Consolidated Statements of Operations

(in thousands, except shares and per share amounts)

(Unaudited)

| | Three Months Ended March 31, | |
|--|------------------------------|------------------|
| | 2012 | 2011 |
| INVESTMENT INCOME: | | |
| Interest, fee and dividend income: | | |
| Control investments | \$ 5,767 | \$ 5,650 |
| Affiliate investments | 5,673 | 2,146 |
| Non-Control/Non-Affiliate investments | 8,147 | 5,526 |
| Total interest, fee and dividend income | 19,587 | 13,322 |
| Interest from marketable securities, idle funds and other | 972 | 52 |
| Total investment income | 20,559 | 13,374 |
| EXPENSES: | | |
| Interest | (3,864) | (2,902) |
| General and administrative | (608) | (507) |
| Expenses reimbursed to affiliated Investment Manager | (2,657) | (2,130) |
| Share-based compensation | (581) | (443) |
| Total expenses | (7,710) | (5,982) |
| NET INVESTMENT INCOME | 12,849 | 7,392 |
| NET REALIZED GAIN FROM INVESTMENTS: | | |
| Control investments | (1,965) | |
| Affiliate investments | 9,232 | |
| Non-Control/Non-Affiliate investments | 163 | |
| Marketable securities and idle funds investments | 708 | |
| Total net realized gain from investments | 8,138 | |
| NET REALIZED INCOME | 20,987 | 7,392 |
| NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION): | | |
| Portfolio investments | 4,507 | 4,018 |
| Marketable securities and idle funds investments | (29) | 115 |
| SBIC debentures | 301 | 39 |
| Investment in affiliated Investment Manager | (51) | (41) |
| Total net change in unrealized appreciation | 4,728 | 4,131 |
| Income tax provision | (1,876) | (1,200) |
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS | 23,839 | 10,323 |
| Noncontrolling interest | (54) | |
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO COMMON STOCK | \$ 23,785 | \$ 10,323 |
| NET INVESTMENT INCOME PER SHARE - BASIC AND DILUTED | \$ 0.48 | \$ 0.38 |
| NET REALIZED INCOME PER SHARE - BASIC AND DILUTED | \$ 0.78 | \$ 0.38 |
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO COMMON STOCK PER SHARE - BASIC AND DILUTED | \$ 0.89 | \$ 0.54 |
| DIVIDENDS PAID PER SHARE | \$ 0.41 | \$ 0.38 |

| | | |
|--|------------|------------|
| WEIGHTED AVERAGE SHARES OUTSTANDING - BASIC AND DILUTED | 26,871,084 | 19,217,690 |
|--|------------|------------|

The accompanying notes are an integral part of these financial statements

Table of Contents

MAIN STREET CAPITAL CORPORATION

Consolidated Statements of Changes in Net Assets

(in thousands, except shares)

(Unaudited)

| | Common Stock Number of Shares | Par Value | Additional Paid-In Capital | Accumulated Net Investment Income, Net of Dividends | Accumulated Net Realized Gain From Investments, Net of Dividends | Net Unrealized Appreciation from Investments, Net of Income Taxes | Total Net Asset Value | Noncontrolling Interest | Total Net Assets Including Noncontrolling Interest |
|--|-------------------------------------|--------------|----------------------------------|--|--|---|--------------------------|----------------------------|--|
| Balances at December 31, 2010 | 18,797,444 | \$ 188 | \$ 224,485 | \$ 9,262 | \$ (20,542) | \$ 32,142 | \$ 245,535 | \$ 4,448 | \$ 249,983 |
| Public offering of common stock, net of offering costs | 4,025,000 | 40 | 70,310 | | | | 70,350 | | 70,350 |
| Share-based compensation | | | 443 | | | | 443 | | 443 |
| Dividend reinvestment | 125,122 | 1 | 2,408 | | | | 2,409 | | 2,409 |
| Distributions to noncontrolling interest | | | | | | | | (110) | (110) |
| Dividends to stockholders | | | | (10,048) | | | (10,048) | | (10,048) |
| Net increase resulting from operations | | | | 7,392 | | 2,931 | 10,323 | | 10,323 |
| Noncontrolling interest | | | | | | | | | |
| Balances at March 31, 2011 | 22,947,566 | \$ 229 | \$ 297,646 | \$ 6,606 | \$ (20,542) | \$ 35,073 | \$ 319,012 | \$ 4,338 | \$ 323,350 |
| Balances at December 31, 2011 | 26,714,384 | \$ 267 | \$ 360,164 | \$ 12,531 | \$ (20,445) | \$ 53,194 | \$ 405,711 | \$ 5,477 | \$ 411,188 |
| MSC II noncontrolling interest acquisition | 229,634 | 2 | 5,413 | | | | 5,415 | (5,417) | (2) |
| Adjustment to investment in Investment Manager related to MSC II noncontrolling interest acquisition | | | (1,616) | | | | (1,616) | | (1,616) |
| Share-based compensation | | | 581 | | | | 581 | | 581 |
| Dividend reinvestment | 117,466 | 1 | 2,700 | | | | 2,701 | | 2,701 |
| Distributions to noncontrolling interest | | | | | | | | (114) | (114) |
| Dividends to stockholders | | | | (7,934) | (3,107) | | (11,041) | | (11,041) |
| Net increase resulting from operations | | | | 12,849 | 8,138 | 2,852 | 23,839 | | 23,839 |
| Noncontrolling interest | | | | | | (54) | (54) | 54 | |
| Balances at March 31, 2012 | 27,061,484 | \$ 270 | \$ 367,242 | \$ 17,446 | \$ (15,414) | \$ 55,992 | \$ 425,536 | \$ | \$ 425,536 |

Edgar Filing: Main Street Capital CORP - Form 10-Q

The accompanying notes are an integral part of these financial statements

Table of Contents

MAIN STREET CAPITAL CORPORATION

Consolidated Statements of Cash Flows

(in thousands)

(Unaudited)

| | Three Months Ended March 31, | |
|---|------------------------------|-----------|
| | 2012 | 2011 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net increase in net assets resulting from operations | \$ 23,839 | \$ 10,323 |
| Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities: | | |
| Net change in unrealized appreciation | (4,728) | (4,131) |
| Net realized gain from investments | (8,138) | |
| Accretion of unearned income | (4,715) | (1,557) |
| Net payment-in-kind interest | (628) | (561) |
| Cumulative dividends | (67) | (386) |
| Share-based compensation expense | 581 | 443 |
| Amortization of deferred financing costs | 228 | 146 |
| Deferred taxes | 1,049 | 1,150 |
| Changes in other assets and liabilities: | | |
| Interest receivable and other assets | (246) | (1,206) |
| Interest payable | (2,658) | (2,332) |
| Payable to affiliated Investment Manager | (3,311) | 1,154 |
| Accounts payable and other liabilities | 490 | 559 |
| Deferred fees and other | 220 | 523 |
| Net cash provided by operating activities | 1,916 | 4,125 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Investments in portfolio companies | (88,439) | (58,260) |
| Principal payments received on loans and debt securities in portfolio companies | 70,939 | 13,186 |
| Proceeds from sale of equity investments and related notes in portfolio companies | 25,182 | |
| Investments in marketable securities and idle funds investments | (5,592) | (25,039) |
| Proceeds from marketable securities and idle funds investments | 18,827 | 3,021 |
| Net cash provided by (used in) investing activities | 20,917 | (67,092) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from public offering of common stock, net of offering costs | | 70,350 |
| Distributions to noncontrolling interest | (114) | (110) |
| Dividends paid to stockholders | (8,157) | (4,655) |
| Net change in DRIP deposit | 750 | (800) |
| Proceeds from issuance of SBIC debentures | | 30,000 |
| Proceeds from credit facility | 63,000 | 41,000 |
| Repayments on credit facility | (32,000) | (65,000) |
| Payment of deferred loan costs and SBIC debenture fees | (7) | (1,088) |
| Net cash provided by financing activities | 23,472 | 69,697 |
| Net increase in cash and cash equivalents | 46,305 | 6,730 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 42,650 | 22,334 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | \$ 88,955 | \$ 29,064 |

Edgar Filing: Main Street Capital CORP - Form 10-Q

The accompanying notes are an integral part of these financial statements

Table of Contents

MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2012

(in thousands)

(Unaudited)

Control Investments (3)

| | | | | | |
|--|---|---|----------------|--|---------------------------------------|
| Café Brazil, LLC | Casual Restaurant Group | 12% Secured Debt (Maturity - April 20, 2013) Member Units (Fully diluted 41.0%) (7) | 1,200 | 1,199 42 1,241 | 1,200 3,430 4,630 |
| California Healthcare Medical Billing, Inc. | Healthcare Services | 12% Secured Debt (Maturity - October 17, 2015) Warrants (Fully diluted 21.0%) Common Stock (Fully diluted 9.6%) | 8,853 | 8,538 1,193 1,177 10,908 | 8,761 3,380 1,560 13,701 |
| CBT Nuggets, LLC | Produces and Sells IT Training Certification Videos | 14% Secured Debt (Maturity - December 31, 2013) Member Units (Fully diluted 40.8%) (7) | 850 | 850 1,300 2,150 | 850 6,360 7,210 |
| Ceres Management, LLC (Lambs) | Aftermarket Automotive Services Chain | 14% Secured Debt (Maturity - May 31, 2013) 9.5% Secured Debt (Lamb's Real Estate Investment I, LLC) (Maturity - October 1, 2025) Member Units (Fully diluted 79.0%) Member Units (Lamb's Real Estate Investment I, LLC) (Fully diluted 100%) | 4,000 1,102 | 3,982 1,102 5,273 625 10,982 | 3,982 1,102 540 800 6,424 |

Edgar Filing: Main Street Capital CORP - Form 10-Q

| | | | | | |
|---|---------------------------------|--|-------|-------|--------|
| Gulf Manufacturing, LLC | Industrial Metal Fabrication | 9% PIK Secured Debt (Maturity - June 30, 2017) | 1,044 | 1,044 | 1,044 |
| | | Member Units (Fully diluted 34.2%) (7) | | 2,980 | 11,240 |
| | | | | 4,024 | 12,284 |
| | | | | | |
| Hawthorne Customs and Dispatch Services, LLC | Transportation / Logistics | Member Units (Fully diluted 47.6%) (7) | | 589 | 1,410 |
| | | Member Units (Wallisville Real Estate, LLC) (Fully diluted 59.1%) (7) | | 1,215 | 1,215 |
| | | | | 1,804 | 2,625 |
| | | | | | |
| Indianapolis Aviation Partners, LLC | Fixed Base Operator | 12% Secured Debt (Maturity - September 15, 2014) | 4,500 | 4,253 | 4,350 |
| | | Warrants (Fully diluted 30.1%) | | 1,129 | 1,650 |
| | | | | 5,382 | 6,000 |

Table of Contents

MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2012

(in thousands)

(Unaudited)

Control Investments (3)

| | | | | | |
|--|--|--|-------|-------|-------|
| Jensen Jewelers of Idaho, LLC | Retail Jewelry Store | Prime Plus 2%, Current Coupon 5.25%, Secured Debt (Maturity - November 14, 2013) (8) | 2,260 | 2,260 | 2,260 |
| | | 13% Current / 6% PIK Secured Debt (Maturity - November 14, 2013) | 2,345 | 2,345 | 2,345 |
| | | Member Units (Fully diluted 60.8%) (7) | | 811 | 1,750 |
| | | | | 5,416 | 6,355 |
| Lighting Unlimited, LLC | Commercial and Residential Lighting Products and Design Services | 8% Secured Debt (Maturity - August 22, 2012) | 2,000 | 1,990 | 1,990 |
| | | Preferred Stock (non-voting) | | 510 | 510 |
| | | Warrants (Fully diluted 7.1%) | | 54 | 60 |
| | | Common Stock (Fully diluted 70.0%) | | 100 | 580 |
| | | | | 2,654 | 3,140 |
| Mid-Columbia Lumber Products, LLC | Manufacturer of Finger - Jointed Lumber Products | 10% Secured Debt (Maturity - December 18, 2014) | 1,250 | 1,250 | 1,250 |
| | | 12% Secured Debt (Maturity - December 18, 2014) | 3,900 | 3,900 | 3,900 |
| | | 9.5% Secured Debt (Mid - Columbia Real Estate, LLC) (Maturity - May 13, 2025) | 1,051 | 1,051 | 1,051 |
| | | Warrants (Fully diluted 9.2%) | | 250 | 890 |
| | | Member Units (Fully diluted 42.9%) | | 812 | 930 |
| | | Member Units (Mid - Columbia Real Estate, LLC) (Fully diluted 50.0%) (7) | | 250 | 810 |
| | | | | 7,513 | 8,831 |
| NAPCO Precast, LLC | Precast Concrete Manufacturing | Prime Plus 2%, Current Coupon 9%, Secured Debt (Maturity - February 1, 2013) (8) | 3,385 | 3,378 | 3,378 |
| | | 18% Secured Debt (Maturity - February 1, 2013) | 5,173 | 5,149 | 5,149 |
| | | Member Units (Fully diluted 46.3%) (7) | | 2,975 | 4,195 |

Edgar Filing: Main Street Capital CORP - Form 10-Q

| | | | | |
|--|--|--|--------|--------|
| | | | 11,502 | 12,722 |
| NRI Clinical Research, LLC | Clinical Research Center | 14% Secured Debt (Maturity - September 8, 2016) | 5,265 | 4,973 |
| | | Warrants (Fully diluted 12.5%) | | 252 |
| | | Member Units (Fully diluted 24.8%) | | 500 |
| | | | 5,725 | 6,133 |
| NRP Jones, LLC | Manufacturer of Hoses, Fittings and Assemblies | 12% Secured Debt (Maturity - December 22, 2016) | 12,100 | 11,079 |
| | | Warrants (Fully diluted 12.2%) | | 817 |
| | | Member Units (Fully diluted 43.2%) | | 2,900 |
| | | | 14,796 | 14,796 |
| OMi Holdings, Inc. | Manufacturer of Overhead Cranes | 12% Secured Debt (Maturity - April 1, 2013) | 7,618 | 7,600 |
| | | Common Stock (Fully diluted 48.0%) | | 1,080 |
| | | | 8,680 | 11,150 |
| Pegasus Research Group, LLC (Televerde) | Telemarketing and Data Services | 13% Current / 5% PIK Secured Debt (Maturity - January 6, 2016) | 5,691 | 5,630 |
| | | Member Units (Fully diluted 43.7%) | | 1,250 |
| | | | 6,880 | 6,880 |
| PPL RVs, Inc. | Recreational Vehicle Dealer | 18% Secured Debt (Maturity - June 10, 2015) | 4,450 | 4,404 |
| | | Common Stock (Fully diluted 51.1%) | | 2,150 |
| | | | 6,554 | 8,430 |

Table of Contents

MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2012

(in thousands)

(Unaudited)

Control Investments (3)

| | | | | | |
|--|---|--|-------|--------|--------|
| Principle Environmental, LLC | Noise Abatement Services | 12% Secured Debt (Maturity - February 1, 2016) | 4,750 | 3,808 | 4,080 |
| | | 12% Current / 2% PIK Secured Debt (Maturity - February 1, 2016) | 3,525 | 3,470 | 3,525 |
| | | Warrants (Fully diluted 14.6%) | | 1,200 | 2,630 |
| | | Member Units (Fully diluted 25.0%) | | 2,000 | 4,510 |
| | | | | 10,478 | 14,745 |
| River Aggregates, LLC | Processor of Construction Aggregates | 12% Secured Debt (Maturity - March 30, 2016) | 3,700 | 3,468 | 3,468 |
| | | Warrants (Fully diluted 20.0%) | | 202 | 100 |
| | | Member Units (Fully diluted 40.0%) | | 550 | 200 |
| | | | | 4,220 | 3,768 |
| The MPI Group, LLC | Manufacturer of Custom Hollow Metal Doors, Frames and Accessories | 4.5% Current / 4.5% PIK Secured Debt (Maturity - October 2, 2013) | 1,056 | 1,053 | 1,053 |
| | | 6% Current / 6% PIK Secured Debt (Maturity - October 2, 2013) | 5,482 | 5,384 | 5,384 |
| | | Warrants (Fully diluted 47.1%) | | 896 | |
| | | Member Units (Non-voting) | | 200 | |
| | | | | 7,533 | 6,437 |
| Thermal and Mechanical Equipment, LLC | Commercial and Industrial Engineering Services | Prime Plus 2%, Current Coupon 9%, Secured Debt (Maturity - September 25, 2014) (8) | 1,272 | 1,267 | 1,267 |
| | | | 4,053 | 4,013 | 4,053 |

Edgar Filing: Main Street Capital CORP - Form 10-Q

| | | | | | |
|--|--|---|-------|----------------|----------------|
| | | 13% Current / 5% PIK Secured Debt (Maturity - September 25, 2014) | | | |
| | | Member Units (Fully diluted 50.0%) (7) | | 1,000 | 6,090 |
| | | | | 6,280 | 11,410 |
| Uvalco Supply, LLC | Farm and Ranch Supply Store | | | | |
| | | Member Units (Fully diluted 42.8%) (7) | | 1,113 | 3,110 |
| Van Gilder Insurance Corporation | Insurance Brokerage | | | | |
| | | 8% Secured Debt (Maturity - January 31, 2013) | 1,000 | 990 | 990 |
| | | 8% Secured Debt (Maturity - January 31, 2016) | 1,634 | 1,619 | 1,619 |
| | | 13% Secured Debt (Maturity - January 31, 2016) | 5,400 | 4,430 | 4,430 |
| | | Warrants (Fully diluted 10.0%) | | 1,209 | 1,209 |
| | | Common Stock (Fully diluted 15.5%) | | 2,500 | 2,500 |
| | | | | 10,748 | 10,748 |
| Vision Interests, Inc. | Manufacturer / Installer of Commercial Signage | | | | |
| | | 6.5% Current / 6.5% PIK Secured Debt (Maturity - December 23, 2016) | 3,051 | 2,986 | 2,986 |
| | | Series A Preferred Stock (Fully diluted 33.3%) | | 3,000 | 3,000 |
| | | Common Stock (Fully diluted 36.7%) | | 3,706 | |
| | | | | 9,692 | 5,986 |
| Ziegler s NYPD, LLC | Casual Restaurant Group | | | | |
| | | Prime Plus 2%, Current Coupon 9%, Secured Debt (Maturity - October 1, 2013) (8) | 1,000 | 996 | 996 |
| | | 13% Current / 5% PIK Secured Debt (Maturity - October 1, 2013) | 4,353 | 4,328 | 4,328 |
| | | Warrants (Fully diluted 46.6%) | | 600 | 300 |
| | | | | 5,924 | 5,624 |
| Subtotal Control Investments (32.4% of total investments at fair value) | | | | 180,625 | 220,048 |

Table of Contents

MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2012

(in thousands)

(Unaudited)

| Portfolio Company | Business Description | Type of Investment (1) (2) | Principal (6) | Cost (6) | Fair Value |
|---|--|---|---------------|----------|------------|
| <u>Affiliate Investments (4)</u> | | | | | |
| American Sensor Technologies, Inc. | Manufacturer of Commercial / Industrial Sensors | Warrants (Fully diluted 19.6%) | | 50 | 3,370 |
| Compact Power Equipment Centers LLC | Equipment / Tool Rental | 6% Current / 6% PIK Secured Debt (Maturity - December 31, 2014) | 3,523 | 3,500 | 3,500 |
| | | 8% PIK Secured Debt (Maturity - December 31, 2012) | 99 | 99 | 99 |
| | | Series A Member Units (8% cumulative) (7) | | 870 | 870 |
| | | Member Units (Fully diluted 10.6%) | | 1 | 1 |
| | | | | | 4,470 |
| Drilling Info, Inc. | Information Services for the Oil and Gas Industry | Common Stock (Fully diluted 2.4%) | | 1,335 | 5,070 |
| East Teak Fine Hardwoods, Inc. | Hardwood Products | Common Stock (Fully diluted 5.0%) | | 480 | 380 |
| Gault Financial, LLC (RMB Capital, LLC) | Purchases and Manages Liquidation of Distressed Assets | 14% Secured Debt (Maturity - November 21, 2016) | 10,500 | 9,918 | 9,918 |
| | | Warrants (Fully diluted 22.5%) | | 400 | 400 |
| | | | | 10,318 | 10,318 |
| Houston Plating and Coatings, LLC | Plating and Industrial Coating Services | Member Units (Fully diluted 11.1%) (7) | | 635 | 6,300 |
| Integrated Printing Solutions, LLC | Specialty Card Printing | 13% Secured Debt (Maturity - September 23, 2016) | 12,500 | 11,707 | 11,707 |
| | | Warrants (Fully diluted 9.0%) | | 600 | 940 |
| | | | | 12,307 | 12,647 |
| IRTH Holdings, LLC | Damage Prevention Technology Information | | | | |

Edgar Filing: Main Street Capital CORP - Form 10-Q

| | | | | | |
|--|--|---|-------|-------|--------|
| | Services | 12% Secured Debt (Maturity - December 29, 2015) | 4,873 | 4,802 | 4,873 |
| | | Member Units (Fully diluted 22.3%) | | 850 | 2,720 |
| | | | | 5,652 | 7,593 |
| KBK Industries, LLC | Specialty Manufacturer of Oilfield and Industrial Products | 10% Secured Debt (Maturity - December 31, 2012) | 458 | 458 | 458 |
| | | 14% Secured Debt (Maturity - January 23, 2014) | 5,182 | 5,182 | 5,182 |
| | | Member Units (Fully diluted 18.8%) (7) | | 341 | 3,190 |
| | | | | 5,981 | 8,830 |
| Laurus Healthcare, LP | Management of Outpatient Cardiac Cath Labs | 9% Secured Debt (Maturity - May 12, 2016) | 5,800 | 5,800 | 5,800 |
| | | Class A and C Units (Fully diluted 13.1%) (7) | | 80 | 5,430 |
| | | | | 5,880 | 11,230 |
| Olympus Building Services, Inc. | Custodial / Facilities Services | 10% Current / 2% PIK Secured Debt (Maturity - March 27, 2014) | 2,446 | 2,330 | 2,330 |
| | | 15% PIK Secured Debt (Maturity - March 27, 2014) | 1,031 | 1,031 | 1,031 |
| | | Warrants (Fully diluted 22.5%) | | 470 | 70 |
| | | | | 3,831 | 3,431 |

Table of Contents

MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2012

(in thousands)

(Unaudited)

| Portfolio Company | Business Description | Type of Investment (1) (2) | Principal (6) | Cost (6) | Fair Value |
|---|--|---|------------------|----------|------------|
| <u>Affiliate Investments (4)</u> | | | | | |
| OnAsset Intelligence, Inc. | Transportation Monitoring / Tracking Services | 12% Secured Debt (Maturity - October 18, 2012) | 1,500 | 1,057 | 1,057 |
| | | Preferred Stock (7% cumulative) (Fully diluted 5.75%) (7) | | 1,604 | 1,604 |
| | | Warrants (Fully diluted 4.0%) | | 830 | 640 |
| | | | | 3,491 | 3,301 |
| OPI International Ltd. (12) | Oil and Gas Construction Services | 12% Secured Debt (Maturity - November 30, 2015) | 11,750 | 11,132 | 11,360 |
| | | Common Equity (Fully diluted 9.7%) | | 1,370 | 4,970 |
| | | | | 12,502 | 16,330 |
| Radial Drilling Services Inc. | Oil and Gas Technology | 12% Secured Debt (Maturity - November 23, 2016) | 4,200 | 3,394 | 3,394 |
| | | Warrants (Fully diluted 24.0%) | | 758 | 758 |
| | | | | 4,152 | 4,152 |
| Samba Holdings, Inc. | Intelligent Driver Record Monitoring Software and Services | 12.5% Secured Debt (Maturity - November 17, 2016) | 3,000 | 2,943 | 2,943 |
| | | Common Stock (Fully diluted 14.7%) | | 950 | 950 |
| | | | | 3,893 | 3,893 |
| Schneider Sales Management, LLC | Sales Consulting and Training | 13% Secured Debt (Maturity - October 15, 2013) | 3,568 | 3,489 | |
| | | Warrants (Fully diluted 20.0%) | | 45 | |
| | | | | 3,534 | |
| Spectrio LLC | Audio Messaging Services | | | | |

Edgar Filing: Main Street Capital CORP - Form 10-Q

| | | | | | |
|--|---|--|--------|----------------|----------------|
| | | 8% Secured Debt (Maturity - June 16, 2016) | 280 | 280 | 280 |
| | | 12% Secured Debt (Maturity - June 16, 2016) | 13,475 | 13,029 | 13,343 |
| | | Warrants (Fully diluted 9.8%) | | 887 | 2,830 |
| | | | | 14,196 | 16,453 |
| SYNEO, LLC | Manufacturer of Specialty Cutting Tools and Punches | | | | |
| | | 12% Secured Debt (Maturity - July 13, 2016) | 5,500 | 5,379 | 5,379 |
| | | 10% Secured Debt (Leadrock Properties, LLC) (Maturity - May 4, 2026) | 1,440 | 1,412 | 1,412 |
| | | Member Units (Fully diluted 11.1%) | | 1,000 | 1,000 |
| | | | | 7,791 | 7,791 |
| Walden Smokey Point, Inc. | Specialty Transportation Provider | | | | |
| | | Common Stock (Fully diluted 12.6%) | | 1,427 | 4,510 |
| WorldCall, Inc. | Telecommunication / Information Services | | | | |
| | | 13% Secured Debt (Maturity - April 22, 2012) | 646 | 646 | 646 |
| | | Common Stock (Fully diluted 10.0%) | | 297 | |
| | | | | 943 | 646 |
| Subtotal Affiliate Investments (19.3% of total investments at fair value) | | | | 102,868 | 130,715 |

Table of Contents

MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2012

(in thousands)

(Unaudited)

| Portfolio Company | Business Description | Type of Investment (1) (2) | Principal (6) | Cost (6) | Fair Value |
|---|--|---|------------------|----------|------------|
| <u>Non-Control/Non-Affiliate Investments (5)</u> | | | | | |
| Academy, Ltd. (9) | Sporting Goods Stores | LIBOR Plus 4.50%, Current Coupon 6.00%, Secured Debt (Maturity - August 3, 2018) (8) | 2,993 | 2,981 | 3,010 |
| Affinity Videonet, Inc. | Video Conferencing and Managed Services | 13% Secured Debt (Maturity - December 31, 2015) 13% Current / 1% PIK Secured Debt (Maturity - December 31, 2015) Warrants (Fully diluted 2.6%) | 2,000 | 1,917 | 2,000 |
| | | | 1,012 | 1,007 | 1,007 |
| | | | | 63 | 120 |
| | | | | 2,987 | 3,127 |
| Ameritech College Operations, LLC | Education Services | 18% Secured Debt (Maturity - March 9, 2017) | 6,800 | 6,665 | 6,665 |
| API Technologies Corp. (9) | Manufacturer of Electrical Components and Equipment | LIBOR Plus 6.25%, Current Coupon 7.75%, Secured Debt (Maturity - June 27, 2016) (8) | 2,480 | 2,403 | 2,480 |
| Aspen Dental Management, Inc. (9) | Dental Practice Management | LIBOR Plus 5.50%, Current Coupon 7.00%, Secured Debt (Maturity - October 6, 2016) (8) | 3,990 | 3,970 | 3,960 |
| Associated Asphalt Partners, LLC (9) | Liquid Asphalt Supplier | LIBOR Plus 5.75%, Current Coupon 7.25%, Secured Debt (Maturity - March 13, 2018) (8) | 8,950 | 8,773 | 8,815 |
| ATI Acquisition I Corp. (9) | Physical Therapy Facilities | LIBOR Plus 5.50%, Current Coupon 7.50%, Secured Debt | 2,846 | 2,810 | 2,775 |

Edgar Filing: Main Street Capital CORP - Form 10-Q

(Maturity - March 11, 2016) (8)

| | | | | | |
|--|--|---|--------|----------------|----------------|
| Blackboard, Inc. (9) | Education Software Provider | LIBOR Plus 6.00%, Current Coupon 7.50%, Secured Debt (Maturity - October 4, 2018) (8) | 2,993 | 2,890 | 2,983 |
| | | LIBOR Plus 10.00%, Current Coupon 11.50%, Secured Debt (Maturity - October 4, 2019) (8) | 2,000 | 1,842 4,732 | 1,851 4,834 |
| Blue Coat Systems, Inc. (9) | Web Security and WAN Optimization | LIBOR Plus 6.00%, Current Coupon 7.50%, Secured Debt (Maturity - February 15, 2018) (8) | 2,000 | 1,961 | 1,998 |
| | | LIBOR Plus 10.00%, Current Coupon 11.50%, Secured Debt (Maturity - February 15, 2019) (8) | 2,000 | 1,941 3,902 | 2,010 4,008 |
| Bourland and Leverich Supply Co., LLC (9) | Distributor of Oil and Gas Tubular Goods | LIBOR Plus 9.00%, Current Coupon 11.00%, Secured Debt (Maturity - August 19, 2015) (8) | 3,753 | 3,613 | 3,986 |
| Brand Connections, LLC | Venue-Based Marketing and Media | 14% Secured Debt (Maturity - April 30, 2015) | 6,668 | 6,554 | 6,668 |
| Business Development Corporation of America (10) (12) | Investment Management | LIBOR plus 3.50%, Current Coupon 3.74%, Secured Debt (Maturity - January 14, 2013) | 10,000 | 10,000 | 10,000 |

Table of Contents

MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2012

(in thousands)

(Unaudited)

| Portfolio Company | Business Description | Type of Investment (1) (2) | Principal (6) | Cost (6) | Fair Value |
|---|---|---|------------------|----------------|----------------|
| <u>Non-Control/Non-Affiliate Investments (5)</u> | | | | | |
| Calloway Laboratories, Inc. (9) | Health Care Testing Facilities | LIBOR Plus 11.00% / 3.00% PIK, Current Coupon with PIK 15.00%, Secured Debt (Maturity - March 29, 2015) (8) | 5,001 | 4,851 | 4,851 |
| CCCG, LLC (9) | Manufacturer of Oil and Gas Equipment | LIBOR Plus 5.00%, Current Coupon 6.75%, Secured Debt (Maturity - March 31, 2014) (8) | 3,369 | 3,289 | 3,268 |
| CHI Overhead Doors, Inc. (9) | Manufacturer of Overhead Garage Doors | LIBOR Plus 5.75%, Current Coupon 7.25%, Secured Debt (Maturity - August 17, 2017) (8) | 2,488 | 2,442 | 2,465 |
| | | LIBOR Plus 9.50%, Current Coupon 11.00%, Secured Debt (Maturity - February 17, 2018) (8) | 2,500 | 2,453 4,895 | 2,463 4,928 |
| Citadel Plastics Holding, Inc. (9) | Supplier of Commodity Chemicals / Plastic Parts | LIBOR plus 5.25%, Current Coupon 6.75%, Secured Debt (Maturity - February 22, 2018) (8) | 3,000 | 2,970 | 3,005 |
| Congruent Credit Opportunities Fund II, LP (10) (12) | Investment Partnership | LP Interests (Fully diluted 18.75%) | | 6,068 | 6,068 |
| Diversified Machine, Inc. (9) | Automotive Component Supplier | LIBOR plus 7.75%, Current Coupon 9.25%, Secured Debt (Maturity - December 1, 2016) (8) | 1,995 | 1,957 | 2,001 |
| EnCap Energy Capital Fund VIII, L.P. (10) (12) | Investment Partnership | | | | |

Edgar Filing: Main Street Capital CORP - Form 10-Q

LP Interests (Fully diluted 0.2%) 1,487 1,487

| | | | | | |
|--|---|---|-------|-------|-------|
| Fairway Group Acquisition Company (9) | Retail Grocery | LIBOR plus 6.00%, Current Coupon 7.50%, Secured Debt (Maturity - March 3, 2017) (8) | 7,444 | 7,390 | 7,369 |
| | | | | | |
| Flexera Software LLC (9) | Software Licensing | LIBOR Plus 9.75%, Current Coupon 11.00%, Secured Debt (Maturity - September 30, 2018) (8) | 3,000 | 2,771 | 2,970 |
| | | | | | |
| Fram Group Holdings, Inc. (9) | Manufacturer of Automotive Maintenance Products | LIBOR plus 5.00%, Current Coupon 6.50%, Secured Debt (Maturity - July 29, 2017) (8) | 995 | 990 | 1,003 |
| | | LIBOR plus 9.00%, Current Coupon 10.50%, Secured Debt (Maturity - January 29, 2018) (8) | 1,000 | 995 | 986 |
| | | | | 1,985 | 1,989 |
| Go Daddy Group, Inc. (9) | Domain Name Management | LIBOR Plus 4.25%, Current Coupon 5.50%, Secured Debt (Maturity - December 17, 2018) (8) | 7,481 | 7,481 | 7,496 |
| | | | | | |

Table of Contents

MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2012

(in thousands)

(Unaudited)

| Portfolio Company | Business Description | Type of Investment (1) (2) | Principal (6) | Cost (6) | Fair Value |
|---|--|--|------------------|----------------|----------------|
| <u>Non-Control/Non-Affiliate Investments (5)</u> | | | | | |
| Gundle/SLT Environmental, Inc. (9) | Manufacturer of Geosynthetic Lining Products | LIBOR plus 5.50%, Current Coupon 7.00%, Secured Debt (Maturity - May 27, 2016) (8) | 2,978 | 2,952 | 2,963 |
| | | LIBOR Plus 9.50%, Current Coupon 13.00%, Secured Debt (Maturity - November 23, 2016) (8) | 2,000 | 1,964 4,916 | 1,980 4,943 |
| Hayden Acquisition, LLC | Manufacturer of Utility Structures | 8% Secured Debt (Maturity - April 1, 2012) | 1,800 | 1,781 | |
| Helm Financial Corporation (9) | Railcar Leasing | LIBOR Plus 5.00%, Current Coupon 6.25%, Secured Debt (Maturity - June 1, 2017) (8) | 1,980 | 1,962 | 1,953 |
| HMS Income LLC (10) (12) | Investment Management | LIBOR plus 3.00%, Current Coupon 3.24%, Secured Debt (Maturity - December 12, 2012) | 7,500 | 7,500 | 7,500 |
| HOA Restaurant Group, LLC (9) | Casual Restaurant Group | 11.25% Bond (Maturity - April 1, 2017) | 2,000 | 2,000 | 1,975 |
| Hupah Finance Inc. (9) | Manufacturer of Industrial Machinery | LIBOR Plus 5.00%, Current Coupon 6.25%, Secured Debt (Maturity - January 19, 2019) (8) | 3,000 | 2,941 | 3,024 |
| Il Fornaio Corporation (9) | Casual Restaurant Group | LIBOR Plus 5.25%, Current Coupon 6.50%, Secured Debt (Maturity - June 10, 2017) (8) | 1,980 | 1,971 | 1,982 |

Edgar Filing: Main Street Capital CORP - Form 10-Q

| | | | | | |
|--|---|--|-------|-------|-------|
| Ipreo Holdings LLC (9) | Application Software for Capital Markets | LIBOR Plus 6.50%, Current Coupon 8.00%, Secured Debt (Maturity - August 5, 2017) (8) | 4,229 | 4,153 | 4,165 |
| Ivy Hill Middle Market Credit Fund III, Ltd. (9) (12) | Asset Management | LIBOR Plus 6.50%, Current Coupon 6.74%, Secured Debt (Maturity - January 15, 2022) | 2,000 | 1,664 | 1,658 |
| JJ Lease Funding Corp. (9) | Apparel Retail | LIBOR Plus 8.50%, Current Coupon 10.00%, Secured Debt (Maturity - April 29, 2017) (8) | 3,900 | 3,797 | 3,013 |
| Kadmon Pharmaceuticals, LLC (9) | Biopharmaceutical Products | LIBOR Plus 13.00%, Current Coupon 15.00%, Secured Debt (Maturity - October 31, 2012) (8) | 5,985 | 5,913 | 6,240 |
| Lawson Software, Inc. (9) | Application Software | LIBOR Plus 5.25%, Current Coupon 6.75%, Secured Debt (Maturity - July 5, 2017) (8) | 4,975 | 4,796 | 4,995 |
| Liqui-Box, Inc. (9) | Supplier of Specialty Packaging | LIBOR plus 5.25%, Current Coupon 6.75%, Secured Debt (Maturity - December 29, 2017) (8) | 2,993 | 2,949 | 2,978 |
| Media Holdings, LLC (9) (12) | Internet Traffic Generator | LIBOR plus 13.00%, Current Coupon 15.00%, Secured Debt (Maturity - April 28, 2014) (8) | 5,000 | 5,195 | 5,200 |

Table of Contents

MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2012

(in thousands)

(Unaudited)

| Portfolio Company | Business Description | Type of Investment (1) (2) | Principal (6) | Cost (6) | Fair Value |
|---|--|--|------------------|----------------|----------------|
| <u>Non-Control/Non-Affiliate Investments (5)</u> | | | | | |
| Medpace Intermediateco, Inc. (9) | Clinical Trial Development and Execution | LIBOR Plus 5.00%, Current Coupon 6.50%, Secured Debt (Maturity - June 17, 2017) (8) | 4,963 | 4,896 | 4,814 |
| Metal Services LLC (9) | Steel Mill Services | LIBOR Plus 7.50%, Current Coupon 9.00%, Secured Debt (Maturity - January 24, 2018) (8) | 7,900 | 7,745 | 7,959 |
| Metropolitan Health Networks, Inc. (9) (12) | Healthcare Network Provider | LIBOR plus 5.50%, Current Coupon 7.00%, Secured Debt (Maturity - October 4, 2016) (8) LIBOR plus 11.75%, Current Coupon 13.50%, Secured Debt (Maturity - October 4, 2017) (8) | 1,980 | 1,953 | 1,921 |
| | | | 3,250 | 3,188 5,141 | 3,185 5,106 |
| Milk Specialties Company (9) | Processor of Nutrition Products | LIBOR plus 7.00%, Current Coupon 8.50%, Secured Debt (Maturity - December 27, 2017) (8) LIBOR plus 13.00%, Current Coupon 14.50%, Secured Debt (Maturity - December 27, 2018) (8) | 3,990 | 3,874 | 3,995 |
| | | | 1,000 | 961 4,835 | 990 4,985 |
| Miramax Film NY, LLC (9) | Motion Picture Producer and Distributor | Class B Units (Fully diluted 0.2%) | | 500 | 500 |
| Mood Media Corporation (9) (12) | Music Provider | LIBOR Plus 5.50%, Current Coupon 7.00%, Secured Debt (Maturity - May 6, 2018) (8) | 2,978 | 2,949 | 2,917 |
| Morton's Restaurant Group, Inc. (9) | Restaurants | | | | |

Edgar Filing: Main Street Capital CORP - Form 10-Q

| | | | | | |
|--|--|--|-------|-------------|-------------|
| | | LIBOR Plus 7.25%, Current Coupon 8.75%, Secured Debt (Maturity - February 1, 2017) (8) | 3,000 | 2,927 | 3,000 |
| MultiPlan, Inc. (9) | Managed Healthcare Provider | LIBOR Plus 3.25%, Current Coupon 4.75%, Secured Debt (Maturity - August 26, 2017) (8) | 2,913 | 2,913 | 2,893 |
| National Healing Corporation (9) | Wound Care Management | LIBOR plus 6.75%, Current Coupon 8.25%, Secured Debt (Maturity - November 30, 2017) (8) | 2,743 | 2,611 | 2,716 |
| | | LIBOR plus 10.00%, Current Coupon 11.50%, Secured Debt (Maturity - November 30, 2018) (8) | 1,500 | 1,413 | 1,500 |
| | | Common Equity (Fully diluted 0.02%) | | 50 4,074 | 50 4,266 |
| Northland Cable Television, Inc. (9) | Television Broadcasting | LIBOR Plus 6.00%, Current Coupon 7.75%, Secured Debt (Maturity - December 30, 2016) (8) | 4,919 | 4,798 | 4,796 |
| Pacific Architects and Engineers Incorporated (9) | Provider of Contract Support Services | LIBOR Plus 6.00%, Current Coupon 7.50%, Secured Debt (Maturity - April 4, 2017) (8) | 3,995 | 3,920 | 3,975 |
| Phillips Plastic Corporation (9) | Custom Molder of Plastics and Metals | LIBOR Plus 5.00%, Current Coupon 6.50%, Secured Debt (Maturity - February 12, 2017) (8) | 1,741 | 1,725 | 1,738 |

Table of Contents

MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2012

(in thousands)

(Unaudited)

| Portfolio Company | Business Description | Type of Investment (1) (2) | Principal (6) | Cost (6) | Fair Value |
|---|---|---|------------------|----------------|----------------|
| <u>Non-Control/Non-Affiliate Investments (5)</u> | | | | | |
| Physician Oncology Services, L.P. (9) | Provider of Radiation Therapy and Oncology Services | LIBOR plus 4.75%, Current Coupon 6.25%, Secured Debt (Maturity - January 31, 2017) (8) | 942 | 934 | 909 |
| Pierre Foods, Inc. (9) | Foodservice Supplier | LIBOR plus 5.25%, Current Coupon 7.00%, Secured Debt (Maturity - September 30, 2016) (8) | 4,938 | 4,860 | 4,947 |
| | | LIBOR plus 9.50%, Current Coupon 11.25%, Secured Debt (Maturity - September 29, 2017) (8) | 2,000 | 1,941 6,801 | 2,018 6,965 |
| Preferred Proppants, LLC (9) | Producer of Sand Based Proppants | LIBOR plus 6.00%, Current Coupon 7.50%, Secured Debt (Maturity - December 15, 2016) (8) | 4,988 | 4,870 | 4,913 |
| Race Point Power, LLC (9) | Electric Utilities / Power Generation | LIBOR Plus 6.00%, Current Coupon 7.75%, Secured Debt (Maturity - January 11, 2018) (8) | 2,238 | 2,200 | 2,235 |
| Radio One, Inc. (9) | Radio Broadcasting | LIBOR Plus 6.00%, Current Coupon 7.50%, Secured Debt (Maturity - March 31, 2016) (8) | 2,970 | 2,921 | 2,954 |
| Shearer s Foods, Inc. (9) | Manufacturer of Food/ Snacks | 12.00% Current /3.75% PIK Secured Debt (Maturity - March 31, 2016) | 4,303 | 4,222 | 4,174 |
| SonicWALL, Inc. (9) | IT Security Provider | LIBOR Plus 6.25%, Current Coupon 8.25%, Secured Debt (Maturity - January 23, 2016) (8) | 878 | 879 | 883 |

Edgar Filing: Main Street Capital CORP - Form 10-Q

| | | | | | |
|--|--------------------------------------|--|--------|----------------|----------------|
| Sourcehov LLC (9) | Business Process Services | LIBOR plus 5.38%, Current Coupon 6.63%, Secured Debt (Maturity - April 28, 2017) (8) | 2,985 | 2,892 | 2,749 |
| | | LIBOR plus 9.25%, Current Coupon 10.50%, Secured Debt (Maturity - April 30, 2018) (8) | 5,000 | 4,496 7,388 | 3,963 6,712 |
| Speedy Cash Intermediate Holdings Corp. (9) | Consumer Finance | 10.75% Bond (Maturity - May 15, 2018) | 2,000 | 2,000 | 2,070 |
| | | | | | |
| Surgery Center Holdings, Inc. (9) | Ambulatory Surgical Centers | LIBOR Plus 5.00%, Current Coupon 6.50%, Secured Debt (Maturity - February 6, 2017) (8) | 4,950 | 4,928 | 4,690 |
| The Tennis Channel, Inc. | Television-Based Sports Broadcasting | LIBOR Plus 6% / 4% PIK, Current Coupon with PIK 14%, Secured Debt (Maturity - January 1, 2013) (8) | 10,717 | 11,776 | 11,776 |
| | | Warrants (Fully diluted 0.1%) | | 235 12,011 | 235 12,011 |
| Totes Isotoner Corporation (9) | Weather Accessory Retail | LIBOR Plus 5.75%, Current Coupon 7.25%, Secured Debt (Maturity - July 7, 2017) (8) | 4,964 | 4,874 | 4,914 |

Table of Contents**MAIN STREET CAPITAL CORPORATION****CONSOLIDATED SCHEDULE OF INVESTMENTS****March 31, 2012****(in thousands)****(Unaudited)**

| Portfolio Company | Business Description | Type of Investment (1) (2) | Principal (6) | Cost (6) | Fair Value |
|---|--|---|----------------------|-----------------|-------------------|
| <u>Non-Control/Non-Affiliate Investments (5)</u> | | | | | |
| Tube City IMS Corporation (9) (12) | Steel Mill Services | LIBOR Plus 4.50%, Current Coupon 5.75%, Secured Debt (Maturity - March 19, 2019) (8) | 1,000 | 990 | 1,001 |
| Ulterra Drilling Technologies, L.P. (9) | Manufacturer of Oil and Gas Drilling Products | LIBOR plus 7.50%, Current Coupon 9.50%, Secured Debt (Maturity - June 9, 2016) (8) | 6,488 | 6,375 | 6,504 |
| | | LIBOR plus 7.50%, Current Coupon 9.50%, Secured Debt (Maturity - June 9, 2016) (8) | 2,348 | 2,305 | 2,333 |
| | | | | 8,680 | 8,837 |
| UniTek Global Services, Inc. (9) | Provider of Outsourced Infrastructure Services | LIBOR plus 7.50%, Current Coupon 9.00%, Secured Debt (Maturity - April 15, 2018) (8) | 6,418 | 6,245 | 6,321 |
| Vantage Specialties, Inc. (9) | Manufacturer of Specialty Chemicals | LIBOR Plus 5.50%, Current Coupon 7.00%, Secured Debt (Maturity - February 10, 2018) (8) | 4,000 | 3,922 | 3,996 |
| VFH Parent LLC (9) | Electronic Trading and Market Making | LIBOR Plus 6.00%, Current Coupon 7.50%, Secured Debt (Maturity - July 8, 2016) (8) | 3,889 | 3,821 | 3,909 |
| Visant Corporation (9) | School Affinity Stores | LIBOR Plus 4.00%, Current Coupon 5.25%, Secured Debt (Maturity - December 22, 2016) (8) | 3,998 | 3,998 | 3,911 |

Edgar Filing: Main Street Capital CORP - Form 10-Q

| | | | | | |
|--|--|---|-------|----------------|----------------|
| Vision Solutions, Inc. (9) | Computer Software | LIBOR plus 4.50%, Current Coupon 6.00%, Secured Debt (Maturity - July 23, 2016) (8) | 2,801 | 2,566 | 2,579 |
| | | LIBOR plus 8.00%, Current Coupon 9.50%, Secured Debt (Maturity - July 23, 2017) (8) | 5,000 | 4,956 7,522 | 4,850 7,429 |
| Walter Investment Management Corp. (9) (12) | Real Estate Services | LIBOR plus 6.25%, Current Coupon 7.75%, Secured Debt (Maturity - June 30, 2016) (8) | 2,775 | 2,725 | 2,792 |
| | | LIBOR plus 11.00%, Current Coupon 12.50%, Secured Debt (Maturity - December 30, 2016) (8) | 3,000 | 2,946 5,671 | 3,080 5,872 |
| Willis Group, LLC | Staffing and Recruitment Services | 12% Current / 3% PIK Secured Debt (Maturity - December 19, 2014) | 9,000 | 8,835 | 8,835 |
| Wyle Services Corporation (9) | Specialized Engineering and Technical Services | LIBOR Plus 4.25%, Current Coupon 5.75%, Secured Debt (Maturity - March 26, 2017) (8) | 3,713 | 3,693 | 3,676 |
| Yankee Cable Acquisition, LLC (9) | Broadband Service Provider | LIBOR Plus 4.50%, Current Coupon 6.50%, Secured Debt (Maturity - August 26, 2016) (8) | 3,790 | 3,746 | 3,782 |
| Subtotal Non-Control/Non-Affiliate Investments (46.2% of total investments at fair value) | | | | 313,646 | 313,334 |
| Main Street Capital Partners, LLC (Investment Manager) | Asset Management | 100% of Membership Interests | | 2,668 | 202 |
| Total Portfolio Investments, March 31, 2012 | | | | 599,807 | 664,299 |

Table of Contents

MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2012

(in thousands)

(Unaudited)

| Portfolio Company | Business Description | Type of Investment (1) (2) | Principal (6) | Cost (6) | Fair Value |
|---|---|---|---------------|----------|------------|
| Marketable Securities and Idle Funds Investments | | | | | |
| Comstock Resources Inc. Bond (12) | Investments in Marketable Securities and Diversified, Registered Bond Funds | 8.38% Bond (Maturity - October 15, 2017) | 2,000 | 1,907 | 1,945 |
| Fairfield Redevelopment Bond (12) | | 9.50% Bond (Maturity - March 1, 2021) | 1,085 | 1,101 | 1,180 |
| General Motors Company (12) | | Preferred stock (0.59% cumulative) (7) | | 255 | 213 |
| NRG Energy Inc Bond (12) | | 8.00% Bond (Maturity - June 15, 2017) | 2,000 | 2,024 | 2,015 |
| San Diego Redevelopment Bond (12) | | 7.38% Bond (Maturity - September 1, 2037) | 275 | 275 | 285 |
| Stanton Redevelopment Tax Bond (12) | | 9.00% Bond (Maturity - December 1, 2021) | 980 | 1,012 | 1,026 |
| Stora Enso OYJ Bond (12) | | 7.25% Bond (Maturity - April 15, 2036) | 1,900 | 1,533 | 1,663 |
| Toll Road Investors Partnership II, LP Bond (12) | | Zero Coupon Bond (Maturity - February 15, 2033) | 7,500 | 1,649 | 1,541 |
| United Refining Company Bond (12) | | | | | |

Edgar Filing: Main Street Capital CORP - Form 10-Q

| | | | | |
|--|---|-------|---------|------------|
| | 10.50% Bond (Maturity - February 28, 2017) | 3,990 | 3,967 | 4,120 |
| Other Marketable Securities and Idle Funds Investments (11) (12) | | | 343 | 357 |
| Subtotal Marketable Securities and Idle Funds Investments (2.1% of total investments at fair value) | | | 14,066 | 14,345 |
| Total Investments, March 31, 2012 | | \$ | 613,873 | \$ 678,644 |

-
- (1) Debt investments are generally income producing. Equity and warrants are non-income producing, unless otherwise noted.
 - (2) See Note C for summary geographic location of portfolio companies.
 - (3) Controlled investments are defined by the Investment Company Act of 1940, as amended (1940 Act) as investments in which more than 25% of the voting securities are owned or where the ability to nominate greater than 50% of the board representation is maintained.
 - (4) Affiliate investments are defined by the 1940 Act as investments in which between 5% and 25% of the voting securities are owned and the investments are not classified as Controlled investments.
 - (5) Non-Control/Non-Affiliate investments are defined by the 1940 Act as investments that are neither Control Investments nor Affiliate Investments.
 - (6) Principal is net of prepayments. Cost is net of prepayments and accumulated unearned income.
 - (7) Income producing through dividends or distributions.
 - (8) Index based floating interest rate is subject to contractual minimum interest rates.
 - (9) Middle Market portfolio investment.
 - (10) Other Portfolio investment.
 - (11) Other Marketable Securities and Idle Funds Investments generally consist of investments in secured and rated debt investments and/or diversified bond funds.
 - (12) Investment is not a qualifying asset as defined under Section 55(a) of the 1940 Act. Qualifying assets must represent at least 70% of total assets at the time of acquisition of any additional non-qualifying assets.

Table of Contents

MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2011

(in thousands)

| Portfolio Company | Business Description | Type of Investment (1) (2) | Principal (6) | Cost (6) | Fair Value |
|--|---|--|------------------|----------|------------|
| <u>Control Investments (3)</u> | | | | | |
| Café Brazil, LLC | Casual Restaurant Group | 12% Secured Debt (Maturity - April 20, 2013) | 1,400 | 1,399 | 1,400 |
| | | Member Units (Fully diluted 41.0%) (7) | | 42 | 3,430 |
| | | | | 1,441 | 4,830 |
| California Healthcare Medical Billing, Inc. | Healthcare Services | 12% Secured Debt (Maturity - October 17, 2015) | 8,623 | 8,290 | 8,528 |
| | | Warrants (Fully diluted 21.0%) | | 1,193 | 3,380 |
| | | Common Stock (Fully diluted 9.6%) | | 1,177 | 1,560 |
| | | | | 10,660 | 13,468 |
| CBT Nuggets, LLC | Produces and Sells IT Training Certification Videos | 14% Secured Debt (Maturity - December 31, 2013) | 1,750 | 1,750 | 1,750 |
| | | Member Units (Fully diluted 40.8%) (7) | | 1,300 | 5,570 |
| | | | | 3,050 | 7,320 |
| Ceres Management, LLC (Lambs) | Aftermarket Automotive Services Chain | 14% Secured Debt (Maturity - May 31, 2013) | 3,770 | 3,749 | 3,749 |
| | | 9.5% Secured Debt (Lambs Real Estate Investment I, LLC) (Maturity - October 1, 2025) | 1,115 | 1,115 | 1,115 |
| | | Member Units (Fully diluted 79.0%) | | 4,773 | 1,050 |
| | | Member Units (Lambs Real Estate Investment I, LLC) (Fully diluted 100%) | | 625 | 800 |
| | | | | 10,262 | 6,714 |
| Condit Exhibits, LLC | Tradeshaw Exhibits / Custom Displays | 9% Current / 9% PIK Secured Debt (Maturity - July 1, 2013) | 4,431 | 4,406 | 4,406 |
| | | Warrants (Fully diluted 47.9%) | | 320 | 560 |
| | | | | 4,726 | 4,966 |
| Currie Acquisitions, LLC | Retail Electric Bikes | | 4,750 | 4,112 | 4,750 |

Edgar Filing: Main Street Capital CORP - Form 10-Q

| | | | | | |
|---|--|---|-------|-------|--------|
| | | 12% Secured Debt (Maturity - March 1, 2015) | | 2,566 | 100 |
| | | Warrants (Fully diluted 47.3%) | | 6,678 | 4,850 |
| Gulf Manufacturing, LLC | Industrial Metal Fabrication | | | | |
| | | 9% PIK Secured Debt (Maturity - June 30, 2017) | 1,185 | 1,185 | 1,185 |
| | | Member Units (Fully diluted 34.2%) (7) | | 2,980 | 9,840 |
| | | | | 4,165 | 11,025 |
| Harrison Hydra-Gen, Ltd. | Manufacturer of Hydraulic Generators | | | | |
| | | 12% Secured Debt (Maturity - June 4, 2015) | 5,507 | 4,938 | 5,230 |
| | | Preferred stock (8% cumulative) (7) | | 1,081 | 1,081 |
| | | Warrants (Fully diluted 34.5%) | | 718 | 2,240 |
| | | | | 6,737 | 8,551 |
| Hawthorne Customs and Dispatch Services, LLC | Transportation / Logistics | | | | |
| | | Member Units (Fully diluted 47.6%) (7) | | 589 | 1,410 |
| | | Member Units (Wallisville Real Estate, LLC) (Fully diluted 59.1%) (7) | | 1,215 | 1,215 |
| | | | | 1,804 | 2,625 |
| Hydratec, Inc. | Designer and Installer of Micro - Irrigation Systems | | | | |
| | | Common Stock (Fully diluted 92.5%) (7) | | 7,092 | 12,337 |
| Indianapolis Aviation Partners, LLC | Fixed Base Operator | | | | |
| | | 12% Secured Debt (Maturity - September 15, 2014) | 4,270 | 4,003 | 4,120 |
| | | Warrants (Fully diluted 30.1%) | | 1,129 | 1,650 |
| | | | | 5,132 | 5,770 |

Table of Contents

MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2011

(in thousands)

| Portfolio Company | Business Description | Type of Investment (1) (2) | Principal (6) | Cost (6) | Fair Value |
|--|--|--|------------------|----------|------------|
| <u>Control Investments (3)</u> | | | | | |
| Jensen Jewelers of Idaho, LLC | Retail Jewelry Store | Prime Plus 2%, Current Coupon 5.25%, Secured Debt (Maturity - November 14, 2013) (8) | 2,260 | 2,260 | 2,260 |
| | | 13% Current / 6% PIK Secured Debt (Maturity - November 14, 2013) | 2,345 | 2,345 | 2,345 |
| | | Member Units (Fully diluted 60.8%) (7) | | 811 | 1,750 |
| | | | | 5,416 | 6,355 |
| Lighting Unlimited, LLC | Commercial and Residential Lighting Products and Design Services | 8% Secured Debt (Maturity - August 22, 2012) | 2,000 | 1,984 | 1,984 |
| | | Preferred Stock (non-voting) | | 510 | 510 |
| | | Warrants (Fully diluted 7.1%) | | 54 | |
| | | Common Stock (Fully diluted 70.0%) | | 100 | 210 |
| | | | | 2,648 | 2,704 |
| Mid-Columbia Lumber Products, LLC | Manufacturer of Finger - Jointed Lumber Products | 10% Secured Debt (Maturity - December 18, 2014) | 1,250 | 1,250 | 1,250 |
| | | 12% Secured Debt (Maturity - December 18, 2014) | 3,670 | 3,670 | 3,670 |
| | | 9.5% Secured Debt (Mid - Columbia Real Estate, LLC) (Maturity - May 13, 2025) | 1,062 | 1,062 | 1,062 |
| | | Warrants (Fully diluted 9.2%) | | 250 | 890 |
| | | Member Units (Fully diluted 42.9%) | | 812 | 930 |
| | | Member Units (Mid - Columbia Real Estate, LLC) (Fully diluted 50.0%) (7) | | 250 | 810 |
| | | | | 7,294 | 8,612 |
| | | | | | |
| NAPCO Precast, LLC | Precast Concrete Manufacturing | Prime Plus 2%, Current Coupon 9%, Secured Debt (Maturity - February 1, 2013) (8) | 3,385 | 3,376 | 3,376 |
| | | 18% Secured Debt (Maturity - February 1, 2013) | 5,173 | 5,142 | 5,142 |
| | | Member Units (Fully diluted 46.3%) (7) | | 2,975 | 4,195 |
| | | | | 11,493 | 12,713 |

Edgar Filing: Main Street Capital CORP - Form 10-Q

| | | | | | |
|-----------------------------------|--|--|--------|--------|--------|
| NRI Clinical Research, LLC | Clinical Research Center | 14% Secured Debt (Maturity - September 8, 2016) | 5,500 | 5,183 | 5,183 |
| | | Warrants (Fully diluted 12.5%) | | 252 | 252 |
| | | Member Units (Fully diluted 24.8%) | | 500 | 500 |
| | | | | 5,935 | 5,935 |
| NRP Jones, LLC | Manufacturer of Hoses, Fittings and Assemblies | 12% Secured Debt (Maturity - December 22, 2016) | 12,100 | 11,041 | 11,041 |
| | | Warrants (Fully diluted 12.2%) | | 817 | 817 |
| | | Member Units (Fully diluted 43.2%) | | 2,900 | 2,900 |
| | | | | 14,758 | 14,758 |
| NTS Holdings, Inc. | Trench and Traffic Safety Equipment Rental and Sales | 12% Secured Debt (Maturity - April 30, 2015) | 5,770 | 5,742 | 5,742 |
| | | Preferred Stock (12% cumulative, compounded quarterly) (7) | | 11,918 | 11,918 |
| | | Common Stock (Fully diluted 72.3%) | | 1,621 | 2,140 |
| | | | | 19,281 | 19,800 |
| OMi Holdings, Inc. | Manufacturer of Overhead Cranes | 12% Secured Debt (Maturity - April 1, 2013) | 7,974 | 7,950 | 7,950 |
| | | Common Stock (Fully diluted 48.0%) | | 1,080 | 2,270 |
| | | | | 9,030 | 10,220 |

Table of Contents

MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2011

(in thousands)

| Portfolio Company | Business Description | Type of Investment (1) (2) | Principal (6) | Cost (6) | Fair Value |
|--|--|--|------------------|----------|------------|
| <u>Control Investments (3)</u> | | | | | |
| Pegasus Research Group, LLC (Televerde) | Telemarketing and Data Services | 13% Current / 3% PIK Secured Debt (Maturity - January 6, 2016) | 6,160 | 6,089 | 6,089 |
| | | Member Units (Fully diluted 43.7%) | | 1,250 | 1,250 |
| | | | | 7,339 | 7,339 |
| PPL RVs, Inc. | Recreational Vehicle Dealer | 18% Secured Debt (Maturity - June 10, 2015) | 4,235 | 4,186 | 4,235 |
| | | Common Stock (Fully diluted 51.1%) | | 2,150 | 3,980 |
| | | | | 6,336 | 8,215 |
| Principle Environmental, LLC | Noise Abatement Services | 12% Secured Debt (Maturity - February 1, 2016) | 4,750 | 3,766 | 4,080 |
| | | 12% Current / 2% PIK Secured Debt (Maturity - February 1, 2016) | 3,507 | 3,450 | 3,507 |
| | | Warrants (Fully diluted 14.6%) | | 1,200 | 2,110 |
| | | Member Units (Fully diluted 25.0%) | | 2,000 | 3,600 |
| | | | 10,416 | 13,297 | |
| River Aggregates, LLC | Processor of Construction Aggregates | 12% Secured Debt (Maturity - March 30, 2016) | 3,470 | 3,227 | 3,227 |
| | | Warrants (Fully diluted 20.0%) | | 202 | 100 |
| | | Member Units (Fully diluted 40.0%) | | 550 | 200 |
| | | | | 3,979 | 3,527 |
| The MPI Group, LLC | Manufacturer of Custom Hollow Metal Doors, Frames and Accessories | 4.5% Current / 4.5% PIK Secured Debt (Maturity - October 2, 2013) | 1,045 | 1,041 | 1,041 |
| | | 6% Current / 6% PIK Secured Debt (Maturity - October 2, 2013) | 5,406 | 5,294 | 5,294 |
| | | Warrants (Fully diluted 47.1%) | | 896 | |
| | | Member Units (Non-voting) | | 200 | |
| | | | | 7,431 | 6,335 |

Edgar Filing: Main Street Capital CORP - Form 10-Q

| | | | | | |
|--|--|--|-------|-------|--------|
| Thermal and Mechanical Equipment, LLC | Commercial and Industrial Engineering Services | Prime Plus 2%, Current Coupon 9%, Secured Debt (Maturity - September 25, 2014) (8) | 1,272 | 1,266 | 1,266 |
| | | 13% Current / 5% PIK Secured Debt (Maturity - September 25, 2014) | 4,053 | 4,010 | 4,053 |
| | | Member Units (Fully diluted 50.0%) (7) | | 1,000 | 5,660 |
| | | | | 6,276 | 10,979 |
| Uvalco Supply, LLC | Farm and Ranch Supply Store | Member Units (Fully diluted 42.8%) (7) | | 1,113 | 3,290 |

Table of Contents

MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2011

(in thousands)

| Portfolio Company | Business Description | Type of Investment (1) (2) | Principal (6) | Cost (6) | Fair Value |
|--|--|---|---------------|----------------|----------------|
| <u>Control Investments (3)</u> | | | | | |
| Van Gilder Insurance Corporation | Insurance Brokerage | 8% Secured Debt (Maturity - January 31, 2013) | 1,000 | 987 | 987 |
| | | 8% Secured Debt (Maturity - January 31, 2016) | 1,721 | 1,705 | 1,705 |
| | | 13% Secured Debt (Maturity - January 31, 2016) | 5,400 | 4,387 | 4,387 |
| | | Warrants (Fully diluted 10.0%) | | 1,209 | 1,209 |
| | | Common Stock (Fully diluted 15.5%) | | | 2,500 |
| | | | | 10,788 | 10,788 |
| Vision Interests, Inc. | Manufacturer / Installer of Commercial Signage | 6.5% Current / 6.5% PIK Secured Debt (Maturity - December 23, 2016) | 3,000 | 2,935 | 2,935 |
| | | Series A Preferred Stock (Fully diluted 33.3%) | | 3,000 | 3,000 |
| | | Common Stock (Fully diluted 36.7%) | | 3,706 | 3,706 |
| | | | | 9,641 | 9,641 |
| Ziegler s NYPD, LLC | Casual Restaurant Group | Prime Plus 2%, Current Coupon 9%, Secured Debt (Maturity - October 1, 2013) (8) | 1,000 | 996 | 996 |
| | | 13% Current / 5% PIK Secured Debt (Maturity - October 1, 2013) | 4,299 | 4,270 | 4,270 |
| | | Warrants (Fully diluted 46.6%) | | 600 | 600 |
| | | | | 5,866 | 5,666 |
| Subtotal Control Investments (34.9% of total investments at fair value) | | | | 206,787 | 238,924 |

Table of Contents

MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2011

(in thousands)

| Portfolio Company | Business Description | Type of Investment (1) (2) | Principal (6) | Cost (6) | Fair Value |
|--|--|--|------------------|----------|------------|
| <u>Affiliate Investments (4)</u> | | | | | |
| American Sensor Technologies, Inc. | Manufacturer of Commercial / Industrial Sensors | 9% Secured Debt (Maturity - May 31, 2012) | 3,046 | 3,039 | 3,039 |
| | | Warrants (Fully diluted 19.6%) | | 50 | 3,100 |
| | | | | 3,089 | 6,139 |
| Compact Power Equipment Centers LLC | Equipment / Tool Rental | 6% Current / 6% PIK Secured Debt (Maturity - December 31, 2014) | 2,855 | 2,831 | 2,831 |
| | | 8% PIK Secured Debt (Maturity - December 31, 2011) | 108 | 108 | 108 |
| | | Series A Member Units (8% cumulative) (7) | | 853 | 853 |
| | | Member Units (Fully diluted 10.6%) | | 1 | 1 |
| | | | | 3,793 | 3,793 |
| Drilling Info, Inc. | Information Services for the Oil and Gas Industry | 12% Secured Debt (Maturity - November 20, 2014) | 8,000 | 7,065 | 8,000 |
| | | 8.75% Secured Debt (Maturity - April 18, 2016) | 750 | 750 | 750 |
| | | Warrants (Fully diluted 4.9%) | | 1,250 | 10,360 |
| | | Common Stock (Fully diluted 2.4%) | | 1,335 | 4,890 |
| | | | | 10,400 | 24,000 |
| East Teak Fine Hardwoods, Inc. | Hardwood Products | Common Stock (Fully diluted 5.0%) | | 480 | 380 |
| Gault Financial, LLC (RMB Capital, LLC) | Purchases and Manages Liquidation of Distressed Assets | 14% Secured Debt (Maturity - November 21, 2016) | 10,500 | 9,897 | 9,897 |
| | | Warrants (Fully diluted 22.5%) | | 400 | 400 |
| | | | | 10,297 | 10,297 |
| Houston Plating and Coatings, LLC | Plating and Industrial Coating Services | Member Units (Fully diluted 11.1%) (7) | | 635 | 5,990 |
| Integrated Printing Solutions, LLC | Specialty Card Printing | | | | |

Edgar Filing: Main Street Capital CORP - Form 10-Q

| | | | | | |
|------------------------------|--|--|--------|-------|--------|
| | | 13% Secured Debt (Maturity - September 23, 2016) | 10,000 | 9,228 | 9,228 |
| | | Warrants (Fully diluted 9.0%) | | 600 | 600 |
| | | | | 9,828 | 9,828 |
| IRTH Holdings, LLC | Damage Prevention Technology Information Services | 12% Secured Debt (Maturity - December 29, 2015) | 5,084 | 5,006 | 5,084 |
| | | Member Units (Fully diluted 22.3%) | | 850 | 2,480 |
| | | | | 5,856 | 7,564 |
| KBK Industries, LLC | Specialty Manufacturer of Oilfield and Industrial Products | 10% Secured Debt (Maturity - March 31, 2012) | 15 | 15 | 15 |
| | | 14% Secured Debt (Maturity - January 23, 2014) | 5,250 | 5,250 | 5,250 |
| | | Member Units (Fully diluted 18.8%) (7) | | 341 | 2,800 |
| | | | | 5,606 | 8,065 |
| Laurus Healthcare, LP | Management of Outpatient Cardiac Cath Labs | 9% Secured Debt (Maturity - May 12, 2016) | 5,850 | 5,850 | 5,850 |
| | | Class A and C Units (Fully diluted 13.1%) (7) | | 80 | 5,430 |
| | | | | 5,930 | 11,280 |

Table of Contents

MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2011

(in thousands)

| Portfolio Company | Business Description | Type of Investment (1) (2) | Principal (6) | Cost (6) | Fair Value |
|---|--|---|------------------|----------|------------|
| <u>Affiliate Investments (4)</u> | | | | | |
| Olympus Building Services, Inc. | Custodial / Facilities Services | 10% Current / 2% PIK Secured Debt (Maturity - March 27, 2014) | 2,434 | 2,306 | 2,306 |
| | | 15% PIK Secured Debt (Maturity - March 27, 2014) | 994 | 994 | 994 |
| | | Warrants (Fully diluted 22.5%) | | 470 | 70 |
| | | | | 3,770 | 3,370 |
| OnAsset Intelligence, Inc. | Transportation Monitoring / Tracking Services | 12% Secured Debt (Maturity - October 18, 2012) | 1,500 | 916 | 916 |
| | | Preferred Stock (7% cumulative) (Fully diluted 5.75%) (7) | | 1,577 | 1,577 |
| | | Warrants (Fully diluted 4.0%) | | 830 | 830 |
| | | | | 3,323 | 3,323 |
| OPI International Ltd. (11) | Oil and Gas Construction Services | 12% Secured Debt (Maturity - November 30, 2015) | 11,520 | 10,882 | 11,130 |
| | | Warrants (Fully diluted 8.0%) | | 500 | 4,100 |
| | | | | 11,382 | 15,230 |
| Radial Drilling Services Inc. | Oil and Gas Technology | 12% Secured Debt (Maturity - November 23, 2016) | 4,200 | 3,367 | 3,367 |
| | | Warrants (Fully diluted 24.0%) | | 758 | 758 |
| | | | | 4,125 | 4,125 |
| Samba Holdings, Inc. | Intelligent Driver Record Monitoring Software and Services | 12.5% Secured Debt (Maturity - November 17, 2016) | 3,000 | 2,941 | 2,941 |
| | | Common Stock (Fully diluted 14.7%) | | 950 | 950 |
| | | | | 3,891 | 3,891 |
| Schneider Sales Management, LLC | Sales Consulting and Training | | | | |

Edgar Filing: Main Street Capital CORP - Form 10-Q

| | | | | | |
|--|---|--|--------|---------|---------|
| | | 13% Secured Debt (Maturity - October 15, 2013) | 3,568 | 3,488 | 250 |
| | | Warrants (Fully diluted 20.0%) | | 45 | |
| | | | | 3,533 | 250 |
| Spectrio LLC | Audio Messaging Services | | | | |
| | | 8% Secured Debt (Maturity - June 16, 2016) | 168 | 168 | 168 |
| | | 12% Secured Debt (Maturity - June 16, 2016) | 13,475 | 13,008 | 13,340 |
| | | Warrants (Fully diluted 9.8%) | | 887 | 2,720 |
| | | | | 14,063 | 16,228 |
| SYNEO, LLC | Manufacturer of Specialty Cutting Tools and Punches | | | | |
| | | 12% Secured Debt (Maturity - July 13, 2016) | 5,500 | 5,374 | 5,374 |
| | | 10% Secured Debt (Maturity - May 4, 2026) | 1,440 | 1,412 | 1,412 |
| | | Member Units (Fully diluted 11.1%) | | 1,000 | 1,000 |
| | | | | 7,786 | 7,786 |
| Walden Smokey Point, Inc. | Specialty Transportation Provider | | | | |
| | | Common Stock (Fully diluted 12.6%) | | 1,427 | 4,220 |
| WorldCall, Inc. | Telecommunication / Information Services | | | | |
| | | 13% Secured Debt (Maturity - April 22, 2012) | 646 | 646 | 646 |
| | | Common Stock (Fully diluted 10.0%) | | 297 | |
| | | | | 943 | 646 |
| Subtotal Affiliate Investments (21.4% of total investments at fair value) | | | | 110,157 | 146,405 |

Table of Contents

MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2011

(in thousands)

| Portfolio Company | Business Description | Type of Investment (1) (2) | Principal (6) | Cost (6) | Fair Value |
|---|--|--|------------------|----------|------------|
| <u>Non-Control/Non-Affiliate Investments (5)</u> | | | | | |
| Academy, Ltd. (9) | Sporting Goods Stores | LIBOR Plus 4.50%, Current Coupon 6.00%, Secured Debt (Maturity - August 3, 2018) (8) | 3,000 | 2,989 | 2,977 |
| Affinity Videonet, Inc. | Video Conferencing and Managed Services | 13% Secured Debt (Maturity - December 31, 2015) | 2,000 | 1,914 | 2,000 |
| | | 13% Current / 1% PIK Secured Debt (Maturity - December 31, 2015) | 1,132 | 1,125 | 1,125 |
| | | Warrants (Fully diluted 2.6%) | | 63 | 63 |
| | | | | 3,102 | 3,188 |
| API Technologies Corp. (9) | Manufacturer of Electrical Components and Equipment | LIBOR Plus 6.25%, Current Coupon 7.75%, Secured Debt (Maturity - June 27, 2016) (8) | 2,486 | 2,406 | 2,374 |
| Arrowhead General Insurance Agency, Inc. (9) | Insurance | LIBOR plus 5.75%, Current Coupon 7.50%, Secured Debt (Maturity - March 4, 2017) (8) | 3,970 | 3,900 | 3,932 |
| | | LIBOR plus 9.5%, Current Coupon 11.25%, Secured Debt (Maturity - September 30, 2017) (8) | 2,000 | 1,944 | 2,010 |
| | | | | 5,844 | 5,942 |
| ATI Acquisition I Corp. (9) | Physical Therapy Facilities | LIBOR Plus 5.50%, Current Coupon 7.50%, Secured Debt (Maturity - March 11, 2016) (8) | 2,849 | 2,812 | 2,725 |
| Bourland and Leverich Supply Co., LLC (9) | Distributor of Oil and Gas Tubular Goods | LIBOR Plus 9.00%, Current Coupon 11.00%, Secured Debt (Maturity - August 19, 2015) (8) | 4,191 | 4,028 | 4,065 |
| Brand Connections, LLC | | | | | |

Edgar Filing: Main Street Capital CORP - Form 10-Q

| | | | | | |
|--|---|--|-------|-------|-------|
| | Venue-Based Marketing and Media | 14% Secured Debt (Maturity - April 30, 2015) | 6,761 | 6,639 | 6,639 |
| Brickman Group Holdings, Inc. (9) | Commercial Landscape Services | LIBOR Plus 5.50%, Current Coupon 7.25%, Secured Debt (Maturity - October 14, 2016) (8) | 1,990 | 1,962 | 1,997 |
| Business Development Corporation of America (10) (11) | Investment Management | LIBOR plus 3.50%, Current Coupon 3.77%, Secured Debt (Maturity - January 14, 2013) | 5,900 | 5,900 | 5,900 |
| Carestream Health, Inc. (9) | Medical Imaging Products | LIBOR Plus 3.50%, Current Coupon 5.00%, Secured Debt (Maturity - February 25, 2017) (8) | 2,985 | 2,704 | 2,690 |
| Centerplate, Inc. (9) | Food and Catering Services | LIBOR Plus 8.50%, Current Coupon 10.50%, Secured Debt (Maturity - September 16, 2016) (8) | 2,970 | 2,896 | 2,966 |
| CHI Overhead Doors, Inc. (9) | Manufacturer of Overhead Garage Doors | LIBOR Plus 5.75%, Current Coupon 7.25%, Secured Debt (Maturity - August 17, 2017) (8) | 2,494 | 2,446 | 2,462 |
| | | LIBOR Plus 9.50%, Current Coupon 11.00%, Secured Debt (Maturity - February 17, 2018) (8) | 2,500 | 2,452 | 2,463 |
| | | | | 4,898 | 4,925 |

Table of Contents

MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2011

(in thousands)

| Portfolio Company | Business Description | Type of Investment (1) (2) | Principal (6) | Cost (6) | Fair Value |
|---|---|--|------------------|----------|------------|
| <u>Non-Control/Non-Affiliate Investments (5)</u> | | | | | |
| Diversified Machine, Inc. (9) | Automotive Component Supplier | LIBOR plus 7.75%, Current Coupon 9.25%, Secured Debt (Maturity - November 28, 2017) (8) | 2,000 | 1,960 | 2,001 |
| EnCap Energy Capital Fund VIII, L.P. (10) (11) | Investment Partnership | LP Interests (Fully diluted 0.2%) | | 709 | 709 |
| Fairway Group Acquisition Company (9) | Retail Grocery | LIBOR plus 6.00%, Current Coupon 7.50%, Secured Debt (Maturity - March 3, 2017) (8) | 7,463 | 7,403 | 7,253 |
| Flexera Software LLC (9) | Software Licensing | LIBOR Plus 9.75%, Current Coupon 11.00%, Secured Debt (Maturity - September 30, 2018) (8) | 3,000 | 2,765 | 2,790 |
| Fram Group Holdings, Inc. (9) | Manufacturer of Automotive Maintenance Products | LIBOR plus 5.00%, Current Coupon 6.50%, Secured Debt (Maturity - July 29, 2017) (8) LIBOR plus 9.00%, Current Coupon 10.50%, Secured Debt (Maturity - January 29, 2018) (8) | 998 | 993 | 998 |
| | | | 1,000 | 995 | 968 |
| | | | | 1,988 | 1,966 |
| Golden Nugget, LLC (9) | Hotel and Gaming | LIBOR Plus 8.50%, Current Coupon 10.00%, Secured Debt (Maturity - May 24, 2016) (8) | 10,000 | 9,636 | 9,450 |
| Gundle/SLT Environmental, Inc. (9) | Manufacturer of Geosynthetic Lining Products | LIBOR plus 5.50%, Current Coupon 7.00%, Secured Debt (Maturity - May 27, 2016) (8) | 2,985 | 2,958 | 2,940 |
| | | | 4,000 | 3,926 | 3,980 |

Edgar Filing: Main Street Capital CORP - Form 10-Q

LIBOR Plus 9.50%, Current
 Coupon 13.00%, Secured Debt
 (Maturity - November 23, 2016)
 (8)

6,884 6,920

| | | | | | |
|---|---|--|-------|-------|-------|
| Hayden Acquisition, LLC | Manufacturer of Utility Structures | 8% Secured Debt (Maturity - January 1, 2012) | 1,800 | 1,781 | |
| Helm Financial Corporation (9) | Railcar Leasing | LIBOR Plus 5.00%, Current Coupon 6.25%, Secured Debt (Maturity - June 1, 2017) (8) | 1,985 | 1,967 | 1,940 |
| Henniges Automotive Holdings, Inc. (9) | Auto Parts | LIBOR Plus 10.00%, Current Coupon 12.00%, Secured Debt (Maturity - October 28, 2016) (8) | 2,833 | 2,785 | 2,785 |
| HMS Income LLC (10) (11) | Investment Management | LIBOR plus 3.00%, Current Coupon 3.27%, Secured Debt (Maturity - December 12, 2012) | 7,500 | 7,500 | 7,500 |
| HOA Restaurant Group, LLC (9) | Casual Restaurant Group | 11.25% Bond (Maturity - April 1, 2017) | 2,000 | 2,000 | 1,865 |
| Il Fornaio Corporation (9) | Casual Restaurant Group | LIBOR Plus 5.25%, Current Coupon 6.50%, Secured Debt (Maturity - June 10, 2017) (8) | 1,985 | 1,976 | 1,978 |
| Ipreo Holdings LLC (9) | Application Software for Capital Markets | LIBOR Plus 6.50%, Current Coupon 8.00%, Secured Debt (Maturity - August 5, 2017) (8) | 4,239 | 4,160 | 4,144 |

Table of Contents

MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2011

(in thousands)

| Portfolio Company | Business Description | Type of Investment (1) (2) | Principal (6) | Cost (6) | Fair Value |
|--|--|--|------------------|----------|------------|
| <u>Non-Control/Non-Affiliate Investments (5)</u> | | | | | |
| Ivy Hill Middle Market Credit Fund III, Ltd. (9) (11) | Asset Management | LIBOR Plus 6.50%, Current Coupon 6.77%, Secured Debt (Maturity - January 15, 2022) | 2,000 | 1,659 | 1,658 |
| JJ Lease Funding Corp. (9) | Apparel Retail | LIBOR Plus 8.50%, Current Coupon 10.00%, Secured Debt (Maturity - April 29, 2017) (8) | 3,950 | 3,842 | 3,160 |
| Kadmon Pharmaceuticals, LLC (9) | Biopharmaceutical Products | LIBOR Plus 13.00%, Current Coupon 15.00%, Secured Debt (Maturity - October 31, 2012) (8) | 6,000 | 5,899 | 6,255 |
| Lawson Software, Inc. (9) | Application Software | LIBOR Plus 5.25%, Current Coupon 6.75%, Secured Debt (Maturity - July 5, 2017) (8) | 4,988 | 4,801 | 4,875 |
| Liqui-Box, Inc. (9) | Supplier of Specialty Packaging | LIBOR plus 5.25%, Current Coupon 6.75%, Secured Debt (Maturity - December 29, 2017) (8) | 3,000 | 2,955 | 2,985 |
| Media Holdings, LLC (9) (11) | Internet Traffic Generator | LIBOR plus 13.00%, Current Coupon 15.00%, Secured Debt (Maturity - April 28, 2014) (8) | 5,000 | 5,129 | 5,000 |
| Medpace Intermediateco, Inc. (9) | Clinical Trial Development and Execution | LIBOR Plus 5.00%, Current Coupon 6.50%, Secured Debt (Maturity - June 17, 2017) (8) | 4,975 | 4,905 | 4,726 |
| Megapath, Inc. (9) | Communications Technology | LIBOR plus 10.00%, Current Coupon 12.00%, Secured Debt (Maturity - November 3, 2015) (8) | 3,600 | 3,541 | 3,546 |

Edgar Filing: Main Street Capital CORP - Form 10-Q

| | | | | | |
|--|---|---|-------|----------------|----------------|
| Metropolitan Health Networks, Inc. (9) (11) | Healthcare Network Provider | LIBOR plus 5.50%, Current Coupon 7.00%, Secured Debt (Maturity - October 4, 2016) (8) | 2,000 | 1,971 | 1,940 |
| | | LIBOR plus 11.75%, Current Coupon 13.50%, Secured Debt (Maturity - October 4, 2017) (8) | 3,250 | 3,187 5,158 | 3,185 5,125 |
| Milk Specialties Company (9) | Processor of Nutrition Products | LIBOR plus 7.00%, Current Coupon 8.50%, Secured Debt (Maturity - December 27, 2017) (8) | 4,000 | 3,880 | 3,900 |
| | | LIBOR plus 13.00%, Current Coupon 14.50%, Secured Debt (Maturity - December 27, 2018) (8) | 1,000 | 960 4,840 | 965 4,865 |
| Miramax Film NY, LLC (9) | Motion Picture Producer and Distributor | Class B Units (Fully diluted 0.2%) | | 500 | 500 |
| Mood Media Corporation (9) (11) | Music Provider | LIBOR Plus 5.50%, Current Coupon 7.00%, Secured Debt (Maturity - May 6, 2018) (8) | 2,985 | 2,956 | 2,779 |
| MultiPlan, Inc. (9) | Managed Healthcare Provider | LIBOR Plus 3.25%, Current Coupon 4.75%, Secured Debt (Maturity - August 26, 2017) (8) | 2,956 | 2,956 | 2,821 |

Table of Contents

MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2011

(in thousands)

| Portfolio Company | Business Description | Type of Investment (1) (2) | Principal (6) | Cost (6) | Fair Value |
|--|---|---|------------------|----------|------------|
| <u>Non-Control/Non-Affiliate Investments (5)</u> | | | | | |
| National Healing Corporation (9) | Wound Care Management | LIBOR plus 6.75%, Current Coupon 8.25%, Secured Debt (Maturity - November 30, 2017) (8) | 2,750 | 2,614 | 2,653 |
| | | LIBOR plus 10.00%, Current Coupon 11.50%, Secured Debt (Maturity - November 30, 2018) (8) | 1,500 | 1,411 | 1,433 |
| | | Common Equity (Fully diluted 0.02%) | | 50 | 50 |
| | | | | 4,075 | 4,136 |
| Northland Cable Television, Inc. (9) | Television Broadcasting | LIBOR Plus 6.00%, Current Coupon 7.75%, Secured Debt (Maturity - December 30, 2016) (8) | 4,950 | 4,823 | 4,802 |
| Ocwen Financial Corporation (9) (11) | Residential and Commercial Loan Services | LIBOR Plus 5.50%, Current Coupon 7.00%, Secured Debt (Maturity - September 1, 2016) (8) | 4,750 | 4,660 | 4,685 |
| Pacific Architects and Engineers Incorporated (9) | Provider of Contract Support Services | LIBOR Plus 6.00%, Current Coupon 7.50%, Secured Debt (Maturity - April 4, 2017) (8) | 3,995 | 3,917 | 3,875 |
| Phillips Plastic Corporation (9) | Custom Molder of Plastics and Metals | LIBOR Plus 5.00%, Current Coupon 6.50%, Secured Debt (Maturity - February 12, 2017) (8) | 1,750 | 1,733 | 1,737 |
| Physician Oncology Services, L.P. (9) | Provider of Radiation Therapy and Oncology Services | LIBOR plus 4.75%, Current Coupon 6.25%, Secured Debt (Maturity - January 31, 2017) (8) | 942 | 934 | 904 |
| Pierre Foods, Inc. (9) | Foodservice Supplier | | 4,950 | 4,868 | 4,945 |

Edgar Filing: Main Street Capital CORP - Form 10-Q

LIBOR plus 5.25%, Current
 Coupon 7.00%, Secured Debt
 (Maturity - September 30, 2016)
 (8)
 LIBOR plus 9.50%, Current
 Coupon 11.25%, Secured Debt
 (Maturity - September 29, 2017)
 (8)

| | | | |
|--|-------|----------------|----------------|
| | 2,000 | 1,939 6,807 | 1,995 6,940 |
|--|-------|----------------|----------------|

| | | | | | |
|-------------------------------------|---------------------------------------|---|-------|-------|-------|
| Preferred Proppants, LLC (9) | Producer of Sand Based Proppants | LIBOR plus 6.00%, Current Coupon 7.50%, Secured Debt (Maturity - December 15, 2016) (8) | 5,000 | 4,877 | 4,889 |
| Race Point Power, LLC (9) | Electric Utilities / Power Generation | LIBOR Plus 6.00%, Current Coupon 7.75%, Secured Debt (Maturity - January 11, 2018) (8) | 4,658 | 4,576 | 4,617 |
| Radio One, Inc. (9) | Radio Broadcasting | LIBOR Plus 6.00%, Current Coupon 7.50%, Secured Debt (Maturity - March 31, 2016) (8) | 2,978 | 2,925 | 2,775 |
| Shearer s Foods, Inc. (9) | Manufacturer of Food/ Snacks | 12.00% Current /3.75% PIK Secured Debt (Maturity - March 31, 2016) | 4,262 | 4,179 | 4,092 |
| SonicWALL, Inc. (9) | IT Security Provider | LIBOR Plus 6.25%, Current Coupon 8.25%, Secured Debt (Maturity - January 23, 2016) (8) | 1,072 | 1,073 | 1,074 |

Table of Contents

MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2011

(in thousands)

| Portfolio Company | Business Description | Type of Investment (1) (2) | Principal (6) | Cost (6) | Fair Value |
|---|---|--|------------------|----------------|----------------|
| <u>Non-Control/Non-Affiliate Investments (5)</u> | | | | | |
| Sourcehov LLC (9) | Business Process Services | LIBOR plus 5.38%, Current Coupon 6.63%, Secured Debt (Maturity - April 28, 2017) (8) | 2,993 | 2,896 | 2,526 |
| | | LIBOR plus 9.25%, Current Coupon 10.50%, Secured Debt (Maturity - April 30, 2018) (8) | 3,000 | 2,872 5,768 | 2,505 5,031 |
| Speedy Cash Intermediate Holdings Corp. (9) | Consumer Finance | 10.75% Bond (Maturity - May 15, 2018) | 2,000 | 2,000 | 2,010 |
| Surgery Center Holdings, Inc. (9) | Ambulatory Surgical Centers | LIBOR Plus 5.00%, Current Coupon 6.50%, Secured Debt (Maturity - February 6, 2017) (8) | 4,963 | 4,940 | 4,628 |
| The Tennis Channel, Inc. | Television-Based Sports Broadcasting | LIBOR Plus 6% / 4% PIK, Current Coupon with PIK 14%, Secured Debt (Maturity - January 1, 2013) (8) | 10,610 | 11,450 | 11,450 |
| | | Warrants (Fully diluted 0.1%) | | 235 11,685 | 235 11,685 |
| Totes Isotoner Corporation (9) | Weather Accessory Retail | LIBOR Plus 5.75%, Current Coupon 7.25%, Secured Debt (Maturity - July 7, 2017) (8) | 4,976 | 4,883 | 4,839 |
| Ulterra Drilling Technologies, L.P. (9) | Manufacturer of Oil and Gas Drilling Products | LIBOR plus 7.50%, Current Coupon 9.50%, Secured Debt (Maturity - June 9, 2016) (8) | 6,572 | 6,452 | 6,441 |
| | | LIBOR plus 7.50%, Current Coupon 9.50%, Secured Debt (Maturity - June 9, 2016) (8) | 1,848 | 1,803 8,255 | 1,754 8,195 |

Edgar Filing: Main Street Capital CORP - Form 10-Q

| | | | | | |
|---|--|---|-------|-------|-------|
| UniTek Global Services, Inc. (9) | Provider of Outsourced Infrastructure Services | LIBOR plus 7.50%, Current Coupon 9.00%, Secured Debt (Maturity - April 15, 2018) (8) | 6,434 | 6,256 | 6,304 |
| VFH Parent LLC (9) | Electronic Trading and Market Making | LIBOR Plus 6.00%, Current Coupon 7.50%, Secured Debt (Maturity - July 8, 2016) (8) | 4,180 | 4,103 | 4,195 |
| Visant Corporation (9) | School Affinity Stores | LIBOR Plus 4.00%, Current Coupon 5.25%, Secured Debt (Maturity - December 22, 2016) (8) | 3,998 | 3,998 | 3,760 |
| Vision Solutions, Inc. (9) | Computer Software | LIBOR plus 4.50%, Current Coupon 6.00%, Secured Debt (Maturity - July 23, 2016) (8) | 2,838 | 2,586 | 2,585 |
| | | LIBOR plus 8.00%, Current Coupon 9.50%, Secured Debt (Maturity - July 23, 2017) (8) | 5,000 | 4,955 | 4,850 |
| | | | | 7,541 | 7,435 |

Table of Contents

MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2011

(in thousands)

| Portfolio Company | Business Description | Type of Investment (1) (2) | Principal (6) | Cost (6) | Fair Value |
|--|--|---|---------------|----------------|----------------|
| Non-Control/Non-Affiliate Investments (5) | | | | | |
| Walter Investment Management Corp. (9) (11) | Real Estate Services | LIBOR plus 6.25%, Current Coupon 7.75%, Secured Debt (Maturity - June 30, 2016) (8) | 2,888 | 2,833 | 2,886 |
| | | LIBOR plus 11.00%, Current Coupon 12.50%, Secured Debt (Maturity - December 30, 2016) (8) | 3,000 | 2,944 5,777 | 3,036 5,922 |
| Willis Group, LLC | Staffing and Recruitment Services | 12% Current / 3% PIK Secured Debt (Maturity - December 19, 2014) | 9,000 | 8,824 | 8,824 |
| Wyle Services Corporation (9) | Specialized Engineering and Technical Services | LIBOR Plus 4.25%, Current Coupon 5.75%, Secured Debt (Maturity - March 26, 2017) (8) | 3,735 | 3,715 | 3,657 |
| Yankee Cable Acquisition, LLC (9) | Broadband Service Provider | LIBOR Plus 4.50%, Current Coupon 6.50%, Secured Debt (Maturity - August 26, 2016) (8) | 3,950 | 3,902 | 3,900 |
| Subtotal Non-Control/Non-Affiliate Investments (39.6% of total investments at fair value) | | | | 275,061 | 270,895 |
| Main Street Capital Partners, LLC (Investment Manager) (0.3% of total investments at fair value) | Asset Management | 100% of Membership Interests | | 4,284 | 1,869 |
| Total Portfolio Investments, December 31, 2011 | | | | 596,289 | 658,093 |

Table of Contents

MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2011

(in thousands)

| Portfolio Company | Business Description | Type of Investment (1) (2) | Principal (6) | Cost (6) | Fair Value |
|---|---|---|---------------|----------|------------|
| Marketable Securities and Idle Funds Investments | | | | | |
| A. M. Castle & Co. Bond (11) | Investments in Marketable Securities and Diversified, Registered Bond Funds | 12.75% Bond (Maturity - December 15, 2016) | 3,000 | 2,896 | 3,015 |
| Fairfield Redevelopment Bond (11) | | 9.50% Bond (Maturity - March 1, 2021) | 3,085 | 3,132 | 3,254 |
| General Motors Company (11) | | Preferred stock (0.59% cumulative) (7) | | 255 | 175 |
| Industry Bond (11) | | 8.00% Bond (Maturity - January 1, 2020) | 3,500 | 3,668 | 3,763 |
| Pretium Packaging Bond (11) | | 11.50% Bond (Maturity - April 1, 2016) | 4,500 | 4,515 | 4,410 |
| San Diego Redevelopment Bond (11) | | 7.38% Bond (Maturity - September 1, 2037) | 275 | 275 | 284 |
| Stanton Redevelopment Tax Bond (11) | | 9.00% Bond (Maturity - December 1, 2021) | 980 | 1,012 | 1,024 |
| Stora Enso OYJ Bond (11) | | 7.25% Bond (Maturity - April 15, 2036) | 5,700 | 4,596 | 4,646 |
| Toll Road Investors Partnership II, LP Bond (11) | | Zero Coupon Bond (Maturity - February 15, 2033) | 7,500 | 1,620 | 1,940 |
| United Refining Company Bond (11) | | | | | |

Edgar Filing: Main Street Capital CORP - Form 10-Q

| | | | | |
|--|---|-------|------------|------------|
| | 10.50% Bond (Maturity - February 28, 2017) | 3,990 | 3,966 | 3,731 |
| Subtotal Marketable Securities and Idle Funds Investments (3.8% of total investments at fair value) | | | 25,935 | 26,242 |
| Total Investments, December 31, 2011 | | | \$ 622,224 | \$ 684,335 |

-
- (1) Debt investments are generally income producing. Equity and warrants are non-income producing, unless otherwise noted.
 - (2) See Note C for summary geographic location of portfolio companies.
 - (3) Controlled investments are defined by the Investment Company Act of 1940, as amended (1940 Act) as investments in which more than 25% of the voting securities are owned or where the ability to nominate greater than 50% of the board representation is maintained.
 - (4) Affiliate investments are defined by the 1940 Act as investments in which between 5% and 25% of the voting securities are owned and the investments are not classified as Controlled investments.
 - (5) Non-Control/Non-Affiliate investments are defined by the 1940 Act as investments that are neither Control Investments nor Affiliate Investments.
 - (6) Principal is net of prepayments. Cost is net of prepayments and accumulated unearned income.
 - (7) Income producing through dividends or distributions.
 - (8) Index based floating interest rate is subject to contractual minimum interest rates.
 - (9) Middle Market portfolio investment.
 - (10) Other Portfolio investment.
 - (11) Investment is not a qualifying asset as defined under Section 55(a) of the 1940 Act. Qualifying assets must represent at least 70% of total assets at the time of acquisition of any additional non-qualifying assets.

Table of Contents

MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

NOTE A ORGANIZATION AND BASIS OF PRESENTATION

1. Organization

Main Street Capital Corporation (MSCC) was formed on March 9, 2007 for the purpose of (i) acquiring 100% of the equity interests of Main Street Mezzanine Fund, LP (MSMF) and its general partner, Main Street Mezzanine Management, LLC (MSMF GP), (ii) acquiring 100% of the equity interests of Main Street Capital Partners, LLC (the Investment Manager), (iii) raising capital in an initial public offering, which was completed in October 2007 (the IPO), and (iv) thereafter operating as an internally managed business development company (BDC) under the Investment Company Act of 1940, as amended (the 1940 Act). MSMF is licensed as a Small Business Investment Company (SBIC) by the United States Small Business Administration (SBA) and the Investment Manager acts as MSMF s manager and investment adviser. Because the Investment Manager, which employs all of the executive officers and other employees of MSCC, is wholly owned by MSCC, MSCC does not pay any external investment advisory fees but instead incurs the operating costs associated with employing investment and portfolio management professionals through the Investment Manager. The IPO and related transactions discussed above were consummated in October 2007 and are collectively termed the Formation Transactions.

On January 7, 2010, MSCC consummated transactions (the Exchange Offer) to exchange 1,239,695 shares of its common stock for approximately 88% of the total dollar value of the limited partner interests in Main Street Capital II, LP (MSC II and, together with MSMF, the Funds). Pursuant to the terms of the Exchange Offer, 100% of the membership interests in the general partner of MSC II, Main Street Capital II GP, LLC (MSC II GP), were also transferred to MSCC for no consideration. MSC II commenced operations in January 2006, is an investment fund that operates as an SBIC and is also managed by the Investment Manager. During the first quarter of 2012, MSCC exchanged 229,634 shares of its common stock to acquire all of the remaining minority ownership in the total dollar value of the MSC II limited partnership interests, including approximately 5% owned by affiliates of MSCC (the Final MSC II Exchange). After the acquisition of these remaining MSC II equity interests, MSCC owns 100% of MSC II as of March 31, 2012. The Exchange Offer and related transactions, including the transfer of the MSC II GP interests and the Final MSC II Exchange, are collectively termed the Exchange Offer Transactions.

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

MSCC has direct or indirect subsidiaries that have elected to be taxable entities (the Taxable Subsidiaries). The primary purpose of these entities is to hold certain investments that generate pass through income for tax purposes. The Taxable Subsidiaries are each taxed at their normal

corporate tax rates based on their taxable income.

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

2. Basis of Presentation

Main Street's financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). For the three months ended March 31, 2012 and 2011, Main Street's consolidated financial statements include the accounts of MSCC and its consolidated subsidiaries, including the Funds. Portfolio investments, as used herein, refers to all of Main Street's investments in LMM portfolio companies, investments in Middle Market portfolio companies, Other Portfolio investments and the investment in the Investment Manager and excludes all Marketable securities and idle funds investments (see Note C for additional discussion of Main Street's portfolio investment composition and definitions for the defined terms LMM, Middle Market and Other Portfolio). The Investment Manager is accounted for as a portfolio investment (see Note D). Marketable securities and idle funds investments are classified as financial instruments and are reported separately on Main Street's Consolidated Balance Sheets and Consolidated Schedule of Investments due to the nature of such investments (see Note B.9). Main Street's results of operations for the three months ended March 31, 2012 and 2011, cash flows for the three months ended March 31, 2012 and 2011, and financial position as of March 31, 2012 and December 31, 2011, are presented on a consolidated basis. The effects of all intercompany transactions between Main Street and its consolidated subsidiaries have been eliminated in consolidation.

Edgar Filing: Main Street Capital CORP - Form 10-Q

Table of Contents

Certain reclassifications have been made to prior period balances to conform with the current financial statement presentation, including certain investments previously classified as Marketable securities and idle funds investments that are now considered a part of the Middle Market portfolio and are now classified as Non-Control/Non-Affiliate investments.

The accompanying unaudited consolidated financial statements of Main Street are presented in conformity with U.S. GAAP for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Article 10 of Regulation S-X. Accordingly, certain disclosures accompanying annual financial statements prepared in accordance with U.S. GAAP are omitted. In the opinion of management, the unaudited consolidated financial results included herein contain all adjustments, consisting solely of normal recurring accruals, considered necessary for the fair presentation of financial statements for the interim periods included herein. The results of operations for the three months ended March 31, 2012 are not necessarily indicative of the operating results to be expected for the full year. Also, the unaudited financial statements and notes should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2011. Financial statements prepared on a U.S. GAAP basis require management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

Under the investment company rules and regulations pursuant to Article 6 of Regulation S-X and the Audit and Accounting Guide for Investment Companies issued by the American Institute of Certified Public Accountants (the AICPA Guide), Main Street is precluded from consolidating portfolio company investments, including those in which it has a controlling interest, unless the portfolio company is another investment company. An exception to this general principle in the AICPA Guide occurs if Main Street owns a controlled operating company that provides all or substantially all of its services directly to Main Street or to an investment company of Main Street. None of the investments made by Main Street qualify for this exception. Therefore, Main Street's portfolio investments are carried on the balance sheet at fair value, as discussed further in Note B, with any adjustments to fair value recognized as Net Change in Unrealized Appreciation (Depreciation) on the Statement of Operations until the investment is realized, usually upon exit, resulting in any gain or loss on exit being recognized as a Net Realized Gain (Loss) from Investments.

Portfolio Investment Classification

Main Street classifies its portfolio investments in accordance with the requirements of the 1940 Act. Under the 1940 Act, (a) Control Investments are defined as investments in which Main Street owns more than 25% of the voting securities or has rights to maintain greater than 50% of the board representation, (b) Affiliate Investments are defined as investments in which Main Street owns between 5% and 25% of the voting securities and does not have rights to maintain greater than 50% of the board representation, and (c) Non-Control/Non-Affiliate Investments are defined as investments that are neither Control Investments nor Affiliate Investments. The line item on Main Street's Consolidated Balance Sheets entitled Investment in affiliated Investment Manager represents Main Street's investment in a wholly owned investment manager subsidiary that is accounted for as a portfolio investment.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Valuation of Portfolio Investments

Edgar Filing: Main Street Capital CORP - Form 10-Q

Main Street accounts for its LMM portfolio investments, Middle Market portfolio investments, Other Portfolio investments and the investment in the Investment Manager at fair value. As a result, Main Street follows the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (Codification or ASC) 820, *Fair Value Measurements and Disclosures* (ASC 820). ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements. ASC 820 requires Main Street to assume that the portfolio investment is to be sold in the principal market to independent market participants, which may be a hypothetical market. Market participants are defined as buyers and sellers in the principal market that are independent, knowledgeable, and willing and able to transact. With the adoption of this statement, Main Street incorporated the income approach to estimate the fair value of its LMM portfolio debt investments using a yield-to-maturity model.

Main Street's portfolio strategy calls for it to invest primarily in illiquid securities issued by private, LMM companies as well as debt securities issued by Middle Market companies that are generally larger in size than the LMM companies. These portfolio investments may be subject to restrictions on resale. LMM companies generally have no established trading market while Middle Market securities generally have established markets that are not active. Main Street determines in good faith the fair value of its portfolio investments pursuant to a valuation policy in accordance with ASC 820 and a valuation process approved by its Board of Directors and in accordance with the 1940 Act. For LMM portfolio investments, Main Street reviews external events, including private mergers, sales and acquisitions involving comparable companies, and includes these events in the valuation process. For Middle Market portfolio investments, Main Street generally uses observable inputs such as quoted prices in the valuation process. Main Street's valuation policy and process are intended to provide a consistent basis for determining the fair value of the portfolio.

Table of Contents

For valuation purposes, control investments are composed of equity and debt securities for which Main Street has a controlling interest in the portfolio company or has the ability to nominate a majority of the portfolio company's board of directors. Market quotations are generally not readily available for Main Street's control investments. As a result, Main Street determines the fair value of control investments using a combination of market and income approaches. Under the market approach, Main Street will typically use the enterprise value methodology to determine the fair value of these investments. The enterprise value is the fair value at which an enterprise could be sold in a transaction between two willing parties, other than through a forced or liquidation sale. Typically, private companies are bought and sold based on multiples of earnings before interest, taxes, depreciation and amortization (EBITDA), cash flows, net income, revenues, or in limited cases, book value. There is no single methodology for estimating enterprise value. For any one portfolio company, enterprise value is generally described as a range of values from which a single estimate of enterprise value is derived. In estimating the enterprise value of a portfolio company, Main Street analyzes various factors, including the portfolio company's historical and projected financial results. Main Street allocates the enterprise value to investments in order of the legal priority of the investments. Main Street will also use the income approach to determine the fair value of these securities, based on projections of the discounted future free cash flows that the portfolio company or the debt security will likely generate. The valuation approaches for Main Street's control investments estimate the value of the investment if Main Street were to sell, or exit, the investment. In addition, these valuation approaches consider the value associated with Main Street's ability to control the capital structure of the portfolio company, as well as the timing of a potential exit.

For valuation purposes, non-control LMM portfolio investments are composed of debt and equity securities for which Main Street does not have a controlling interest in the portfolio company, or the ability to nominate a majority of the portfolio company's board of directors. Market quotations for non-control LMM portfolio investments are generally not readily available. For non-control LMM portfolio investments, Main Street uses a combination of the market and income approaches to value its equity investments and the income approach to value its debt instruments. For non-control LMM debt investments, Main Street determines the fair value primarily using a yield approach that analyzes the discounted cash flows of interest and principal for the debt security, as set forth in the associated loan agreements, as well as the financial position and credit risk of each of these portfolio investments. Main Street's estimate of the expected repayment date of an LMM debt security is generally the legal maturity date of the instrument, as Main Street generally intends to hold its loans to maturity. The yield analysis considers changes in leverage levels, credit quality, portfolio company performance and other factors. Main Street will use the value determined by the yield analysis as the fair value for that security; however, because of Main Street's general intent to hold its loans to maturity, the fair value will not exceed the face amount of the LMM debt security. A change in the assumptions that Main Street uses to estimate the fair value of its LMM debt securities using the yield analysis could have a material impact on the determination of fair value. If there is deterioration in credit quality or an LMM debt security is in workout status, Main Street may consider other factors in determining the fair value of the LMM debt security, including the value attributable to the debt security from the enterprise value of the portfolio company or the proceeds that would be received in a liquidation analysis.

Pursuant to its internal valuation process and the requirements under the 1940 Act, Main Street performs valuation procedures on each LMM portfolio company once a quarter. In addition to its internal valuation process, in arriving at estimates of fair value for portfolio companies, Main Street, among other things, consults with a nationally recognized independent advisor. The nationally recognized independent advisor is generally consulted relative to each LMM portfolio investment at least once in every calendar year, and for new LMM portfolio companies, at least once in the twelve-month period subsequent to the initial investment. In certain instances, Main Street may determine that it is not cost-effective, and as a result is not in its stockholders' best interest, to consult with the nationally recognized independent advisor on one or more LMM portfolio companies. Such instances include, but are not limited to, situations where the fair value of Main Street's investment in an LMM portfolio company is determined to be insignificant relative to the total investment portfolio. Main Street consulted with its independent advisor in arriving at Main Street's determination of fair value on a total of 12 LMM portfolio companies for the three months ended March 31, 2012, representing approximately 22% of the total LMM portfolio and investment in the affiliated Investment Manager at fair value as of March 31, 2012.

For valuation purposes, all of Main Street's Middle Market portfolio investments are non-control investments and are composed of securities for which Main Street does not have a controlling interest in the portfolio company, or the ability to nominate a majority of the portfolio company's board of directors. Main Street primarily uses observable inputs to determine the fair value of these investments through obtaining third party quotes or other independent pricing.

Edgar Filing: Main Street Capital CORP - Form 10-Q

For valuation purposes, all of Main Street's Other Portfolio investments are non-control investments and are composed of securities for which Main Street generally does not have a controlling interest in the portfolio company, or the ability to nominate a majority of the portfolio company's board of directors. Similar to the LMM investment portfolio, market quotations for Other Portfolio investments are generally not readily available. Main Street values its Other Portfolio equity investments based on the fair value of the portfolio company as determined by independent third parties and based on Main Street's proportional ownership in the portfolio company, as well as the financial position and assessed risk of each of these portfolio investments. Main Street values its

Table of Contents

Other Portfolio debt investments based on the income approach and generally uses a yield approach that analyzes the discounted cash flows of interest and principal for the debt security, as set forth in the associated loan agreements, as well as the financial position and credit risk of each of these portfolio investments.

Due to the inherent uncertainty in the valuation process, Main Street's determination of fair value may differ materially from the values that would have been used had a ready market for the securities existed. In addition, changes in the market environment, portfolio company performance and other events that may occur over the lives of the investments may cause the gains or losses ultimately realized on these investments to be materially different than the valuations currently assigned. Main Street determines the fair value of each individual investment and records changes in fair value as unrealized appreciation or depreciation.

Main Street uses a standard internal portfolio investment rating system in connection with its investment oversight, portfolio management/analysis and investment valuation procedures for its LMM portfolio companies. This system takes into account both quantitative and qualitative factors of the LMM portfolio company and the investments held therein.

The Board of Directors of Main Street has the final responsibility for reviewing and approving, in good faith, Main Street's determination of the fair value for its portfolio investments consistent with the 1940 Act requirements. Main Street believes its portfolio investments as of March 31, 2012 and December 31, 2011 approximate fair value as of those dates based on the market in which Main Street operates and other conditions in existence at those reporting periods.

2. Interest and Dividend Income

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

Main Street holds debt and preferred equity instruments in its investment portfolio that contain payment-in-kind (PIK) interest and cumulative dividend provisions. The PIK interest, computed at the contractual rate specified in each debt agreement, is periodically added to the principal balance of the debt and is recorded as interest income. Thus, the actual collection of this interest may be deferred until the time of debt principal repayment. Cumulative dividends are recorded as dividend income, and any dividends in arrears are added to the balance of the preferred equity investment. The actual collection of dividends in arrears may be deferred until such time as the preferred equity is redeemed. To maintain RIC tax treatment (as discussed below), these non-cash sources of income may need to be paid out to stockholders in the form of distributions, even though Main Street may not have collected the PIK interest and cumulative dividends in cash. For the three months ended March 31, 2012 and 2011, (i) approximately 3.9% and 4.5%, respectively, of our total investment income was attributable to PIK interest income and (ii) approximately 2.0% and 2.9%, respectively, of our total investment income was attributable to cumulative dividend income.

Edgar Filing: Main Street Capital CORP - Form 10-Q

As of March 31, 2012, Main Street had no investments with positive fair value on non-accrual status and two fully impaired investments which comprised approximately 0.9% of the total portfolio investments at cost, excluding the investment in the affiliated Investment Manager. As of December 31, 2011, Main Street had one investment with positive fair value on non-accrual status, which comprised less than 0.1% of the total portfolio investments at fair value and, together with another fully impaired investment, comprised approximately 0.9% of the total portfolio investments at cost, in each case excluding the investment in the affiliated Investment Manager.

3. Fee Income Structuring and Advisory Services

Main Street may periodically provide services, including structuring and advisory services, to its portfolio companies. For services that are separately identifiable and evidence exists to substantiate fair value, income is recognized as earned, which is generally when the investment or other applicable transaction closes. Fees received in connection with debt financing transactions for services that do not meet these criteria are treated as debt origination fees and are accreted into interest income over the life of the financing.

Table of Contents

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

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

In connection with its portfolio debt investments, Main Street sometimes receives nominal cost warrants (nominal cost equity) that are valued as part of the negotiation process with the particular portfolio company. When Main Street receives nominal cost equity, Main Street allocates its cost basis in its investment between its debt securities and its nominal cost equity at the time of origination. Any discount recorded on a debt investment resulting from this allocation is reflected as unearned income, which is netted against the debt investment, and accreted into interest income based on the effective interest method over the life of the debt. The actual collection of this interest may be deferred until the time of debt principal repayment.

Main Street may also purchase debt securities at a discount or at a premium to the par value of the debt security. When Main Street purchases a debt security at a discount to the par value of the debt security, Main Street records the par value of the debt security net of the discount, and the discount is accreted into interest income based on the effective interest method over the life of the debt investment. When Main Street purchases a debt security at a premium to the par value of the debt security, Main Street records the premium as incremental to the par value of the debt security, and the premium is amortized as a reduction to interest income based on the effective interest method over the life of the debt. To maintain RIC tax treatment (as discussed below), these non-cash sources of income may need to be paid out to stockholders in the form of distributions, even though Main Street may not have collected the interest income.

5. Share-Based Compensation

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

6. Income Taxes

MSCC has elected and intends to continue to qualify for the tax treatment applicable to a RIC under the Code, and, among other things, intends to make the required distributions to its stockholders as specified therein. In order to qualify as a RIC, MSCC is required to timely distribute to its stockholders at least 90% of investment company taxable income, as defined by the Code, each year. Depending on the level of taxable income earned in a tax year, MSCC may choose to carry forward taxable income in excess of current year distributions into the next tax year and pay a 4% excise tax on such income. Any such carryover taxable income must be distributed through a dividend declared prior to filing the final tax return related to the year which generated such taxable income.

Edgar Filing: Main Street Capital CORP - Form 10-Q

The Taxable Subsidiaries hold certain portfolio investments of Main Street. The Taxable Subsidiaries are consolidated for U.S. GAAP reporting purposes, and the portfolio investments held by them are included in the consolidated financial statements. The Taxable Subsidiaries permit Main Street to hold equity investments in portfolio companies which are pass through entities for tax purposes in order to comply with the source income requirements contained in the RIC tax provisions. The Taxable Subsidiaries are not consolidated with Main Street for income tax purposes and may generate income tax expense, or benefit, as a result of their ownership of certain portfolio investments. This income tax expense, or benefit, is reflected in the consolidated statement of operations.

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

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

Table of Contents

7. Net Realized Gains or Losses from Investments and Net Change in Unrealized Appreciation or Depreciation from Investments

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

8. Concentration of Credit Risks

Main Street places its cash in financial institutions, and, at times, such balances may be in excess of the federally insured limit.

9. Fair Value of Financial Instruments

Fair value estimates are made at discrete points in time based on relevant information. These estimates may be subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Main Street believes that the carrying amounts of its financial instruments, consisting of cash and cash equivalents, marketable securities, receivables, accounts payable and accrued liabilities approximate the fair values of such items. Marketable securities and idle funds investments may include investments in certificates of deposit, U.S. government agency securities, independently rated debt investments, and diversified bond funds. The fair value determination for these investments under the provisions of ASC 820 generally consists of Level 2 observable inputs.

The SBIC debentures provide a strategic advantage due to their flexible structure, long-term duration, and low fixed interest rates. As part of the Exchange Offer, Main Street elected the fair value option under ASC 825, *Financial Instruments* (ASC 825) relating to accounting for debt obligations at their fair value, for those SBIC debentures acquired (the Acquired Debentures) as part of the acquisition accounting related to the Exchange Offer. In order to provide for a more consistent basis of presentation, Main Street has elected and will continue to elect the fair value option for SBIC debentures issued by MSC II subsequent to the Exchange Offer. Once the fair value option is elected for a given SBIC debenture, the deferred loan costs associated with the debenture are fully expensed in the current period to Net Change in Unrealized Appreciation (Depreciation) SBIC debentures as part of the fair value adjustment. Interest incurred in connection with SBIC debentures which are valued at fair value is expensed.

10. Earnings per Share

Basic and diluted per share calculations are computed utilizing the weighted average number of shares of common stock outstanding for the period. Main Street adopted the amended guidance in ASC 260, *Earnings Per Share*, and based on the guidance, determined that unvested shares of restricted stock are participating securities and should therefore be included in the basic earnings per share calculation. As a result, for

Edgar Filing: Main Street Capital CORP - Form 10-Q

all periods presented, there is no difference between diluted earnings per share and basic earnings per share amounts.

As a result of the Exchange Offer which left a minority portion of MSC II's equity interests owned by certain non-Main Street entities, the net earnings attributable to the remaining externally owned noncontrolling interest in MSC II are excluded from all per share amounts presented, and the per share amounts only reflect the net earnings attributable to Main Street's ownership interest in MSC II. During the first quarter of 2012, MSCC completed the Final MSC II Exchange to acquire all of the minority portion of MSC II's equity interests not already owned by MSCC. For the three months ended March 31, 2012 and 2011, the following table provides a reconciliation of Net Investment Income and Net Realized Income excluding amounts related to the noncontrolling interest in MSC II that remained owned by non-Main Street entities for each period.

Table of Contents

| | Three Months Ended March 31, | |
|---|------------------------------|------------|
| | 2012 | 2011 |
| | (in thousands) | |
| Net Investment Income | \$ 12,849 | \$ 7,392 |
| Noncontrolling interest share of Net Investment Income | (62) | (157) |
| Net Investment Income attributable to common stock | 12,787 | 7,235 |
| Total net realized gain from investments | 8,138 | |
| Noncontrolling interest share of net realized (gain) from investments | (3) | |
| Net Realized Income attributable to common stock | \$ 20,922 | \$ 7,235 |
| Net Investment Income per share - | | |
| Basic and diluted | \$ 0.48 | \$ 0.38 |
| Net Realized Income per share - | | |
| Basic and diluted | \$ 0.78 | \$ 0.38 |
| Weighted average shares outstanding - | | |
| Basic and diluted | 26,871,084 | 19,217,690 |

11. Recently Issued Accounting Standards

In May 2011, the FASB issued Accounting Standards Update (ASU) 2011-04, Fair Value Measurements (Topic 820), *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* (ASU 2011-04). ASU 2011-04 results in common fair value measurement and disclosure requirements in U.S. GAAP and IFRSs. ASU 2011-04 is effective for interim and annual reporting periods beginning after December 15, 2011. The adoption of ASU 2011-04 did not have a significant impact on Main Street's financial condition and results of operations.

In February 2011, the FASB issued ASU 2011-02, Receivables (Topic 310): *A Creditor's Determination of Whether a Restructuring is a Troubled Debt Restructuring* (ASU 2011-02). ASU 2011-02 clarifies which loan modifications constitute troubled debt restructurings. It is intended to assist creditors in determining whether a modification of the terms of a receivable meets the criteria to be considered a troubled debt restructuring, both for purposes of recording an impairment loss and for disclosure of troubled debt restructurings. In evaluating whether a restructuring constitutes a troubled debt restructuring, a creditor must separately conclude that both of the following exist: (a) the restructuring constitutes a concession; and (b) the debtor is experiencing financial difficulties. ASU 2011-02 provides guidance to clarify whether the creditor has granted a concession and whether a debtor is experiencing financial difficulties. The new guidance is effective for interim and annual periods beginning on or after June 15, 2011, and applies retrospectively to restructurings occurring on or after the beginning of the fiscal year of adoption. The adoption of ASU 2011-02 did not have a significant impact on Main Street's financial condition and results of operations.

NOTE C FAIR VALUE HIERARCHY FOR INVESTMENTS AND DEBENTURES

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

Fair Value Hierarchy

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

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

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

Edgar Filing: Main Street Capital CORP - Form 10-Q

Table of Contents

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

- Quoted prices for similar assets in active markets (for example, investments in restricted stock);
- Quoted prices for identical or similar assets in non-active markets (for example, investments in thinly traded public companies);
- Pricing models whose inputs are observable for substantially the full term of the investment (for example, market interest rate indices); and
- Pricing models whose inputs are derived principally from, or corroborated by, observable market data through correlation or other means for substantially the full term of the investment.

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

As required by ASC 820, when the inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement in its entirety. For example, a Level 3 fair value measurement may include inputs that are observable (Levels 1 and 2) and unobservable (Level 3). Therefore, gains and losses for such investments categorized within the Level 3 table below may include changes in fair value that are attributable to both observable inputs (Levels 1 and 2) and unobservable inputs (Level 3). Main Street conducts reviews of fair value hierarchy classifications on a quarterly basis. Changes in the observability of valuation inputs may result in a reclassification for certain investments.

As of March 31, 2012 and December 31, 2011, Main Street's Middle Market portfolio investments and marketable securities and idle funds investments consisted primarily of investments in secured and unsecured debt investments and independently rated debt investments. The fair value determination for these investments primarily consisted of observable inputs in non-active markets. As a result, most of Main Street's Middle Market portfolio investments and marketable securities and idle funds investments were categorized as Level 2 as of March 31, 2012 and December 31, 2011.

As of March 31, 2012 and December 31, 2011, all of Main Street's LMM portfolio and Other Portfolio investments consisted of illiquid securities issued by private companies. The fair value determination for these investments primarily consisted of unobservable inputs. As a result, all of Main Street's LMM portfolio and Other Portfolio investments were categorized as Level 3.

Edgar Filing: Main Street Capital CORP - Form 10-Q

The fair value determination of each LMM portfolio and Other Portfolio investment required one or more of the following unobservable inputs:

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

Edgar Filing: Main Street Capital CORP - Form 10-Q

Table of Contents

- Projected operating results of the portfolio company;
- Current information regarding any offers to purchase the investment;
- Current ability of the portfolio company to raise any additional financing as needed;
- Changes in the economic environment which may have a material impact on the operating results of the portfolio company;
- Internal occurrences that may have an impact (both positive and negative) on the operating performance of the portfolio company;
- Qualitative assessment of key management;
- Contractual rights, obligations or restrictions associated with the investment; and
- Other factors deemed relevant.

The significant unobservable inputs used in the fair value measurement of Main Street's LMM equity securities are (i) EBITDA multiples and (ii) the weighted average cost of capital (WACC). Significant increases (decreases) in EBITDA multiple inputs in isolation would result in a significantly higher (lower) fair value measurement. On the contrary, significant increases (decreases) in WACC inputs in isolation would result in a significantly lower (higher) fair value measurement. The significant unobservable inputs used in the fair value measurement of Main Street's LMM debt securities and Other Portfolio debt securities are (i) risk adjusted discount factors used in the yield valuation technique described above and (ii) loss severity adjustments used to estimate the percentage of expected principal recovery. Significant increases (decreases) in any of these yield valuation inputs in isolation would result in a significantly lower (higher) fair value measurement. However, due to the nature of certain investments, fair value measurements may be based on other criteria, such as third-party appraisals of collateral, and not presented in the table below.

The following table provides a summary of the significant unobservable inputs used to fair value Main Street's Level 3 portfolio investments as of March 31, 2012:

| Type of Investment | Valuation Technique | Significant Unobservable Inputs | Range |
|--------------------|---------------------|---------------------------------|-------|
|--------------------|---------------------|---------------------------------|-------|

Edgar Filing: Main Street Capital CORP - Form 10-Q

| | Fair Value at March 31, 2012 (in thousands) | | | Weighted Average | | | |
|--------------------|---|---------|---|--|----------------|-------------------|----------------|
| Equity investments | \$ | 148,768 | Discounted cash flow Market comparable / Enterprise Value | Weighted average cost of capital EBITDA multiple | 12.0% 4.5x | 20.0% 6.5x (1) | 15.2% 5.7x |
| Debt investments | \$ | 267,923 | Discounted cash flow | Expected principal recovery Risk adjusted discount factor | 0.0 % 7.1 % | 100.0% (1) | 98.1% 13.9% |

(1) Range excludes outliers that are greater than one standard deviation from the mean.

The following table provides a summary of changes in fair value of Main Street's Level 3 portfolio investments for the three months ended March 31, 2012 (amounts in thousands):

| Type of Investment | December 31, 2011 Fair Value | Transfers Into Level 3 Hierarchy | Accretion of Unearned Income | Redemptions/ Repayments/ Exits (1) | New Investments (1) | Net Changes from Unrealized to Realized | Net Unrealized Appreciation (Depreciation) | March 31, 2012 Fair Value |
|---------------------------|---------------------------------|--|------------------------------------|--|------------------------|--|---|------------------------------|
| Debt | \$ 260,190 | \$ 11,450 | \$ 2,600 | \$ (29,190) | \$ 30,881 | \$ | \$ (1,944) | \$ 273,987 |
| Equity | 113,920 | | | (13,877) | 1,775 | (519) | 6,953 | 108,252 |
| Equity warrants | 43,269 | 235 | | (3,816) | | (6,644) | 1,206 | 34,250 |
| Investment Manager (2) | 1,869 | | | (1,616) | | | (51) | 202 |
| | \$ 419,248 | \$ 11,685 | \$ 2,600 | \$ (48,499) | \$ 32,656 | \$ (7,163) | \$ 6,164 | \$ 416,691 |

(1) Includes the impact of non-cash conversions

(2) Reflects the adjustment to the investment in the Investment Manager in connection with the acquisition of the remaining externally owned MSC II equity interests.

As of March 31, 2012 and December 31, 2011, the fair value determination for the SBIC debentures recorded at fair value primarily consisted of unobservable inputs. As a result, the SBIC debentures which are recorded at fair value were categorized as Level 3. Main Street determines the fair value of these instruments primarily using a yield approach that analyzes the discounted cash flows of interest and principal for each SBIC debenture recorded at fair value based on estimated market interest rates for debt

Edgar Filing: Main Street Capital CORP - Form 10-Q

Table of Contents

instruments of similar structure, terms, and maturity. Main Street's estimate of the expected repayment date of principal for each SBIC debenture recorded at fair value is the legal maturity date of the instrument, as Main Street generally does not intend to repay its SBIC debentures prior to maturity.

The significant unobservable inputs used in the fair value measurement of Main Street's SBIC debentures recorded at fair value are the estimated market interest rates used to fair value each debenture using the yield valuation technique described above. Significant increases (decreases) in the yield valuation inputs in isolation would result in a significantly lower (higher) fair value measurement.

The following table provides a summary of the significant unobservable inputs used to fair value Main Street's Level 3 SBIC debentures at fair value as of March 31, 2012:

| | Fair Value at March 31, 2012 (in thousands) | Valuation Technique | Significant Unobservable Inputs | Range | Weighted Average |
|-----------------|---|----------------------|---------------------------------|--------------|---------------------|
| SBIC Debentures | \$ 76,586 | Discounted cash flow | Estimated market interest rates | 9.1% - 10.0% | 9.5% |

The following table provides a summary of changes for the Level 3 SBIC Debentures recorded at fair value for the three months ended March 31, 2012 (amounts in thousands):

| Type of Instrument | December 31, 2011 Fair Value | Repayments | New SBIC Debentures | Net Unrealized (Appreciation) Depreciation | March 31, 2012 Fair Value |
|-------------------------------|---------------------------------|------------|------------------------|---|------------------------------|
| SBIC Debentures at fair value | \$ 76,887 | \$ | \$ | \$ (301) | \$ 76,586 |

At March 31, 2012 and December 31, 2011, Main Street's investments and SBIC Debentures at fair value were categorized as follows in the fair value hierarchy for ASC 820 purposes:

| At March 31, 2012 | Fair Value Measurements (in thousands) | | | |
|--|---|---|---|--|
| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| LMM portfolio investments | \$ 388,070 | \$ | \$ | \$ 388,070 |
| Middle Market portfolio investments | 250,972 | | 246,121 | 4,851 |
| Other Portfolio investments | 25,055 | | 1,487 | 23,568 |
| Investment in affiliated Investment Manager | 202 | | | 202 |

Edgar Filing: Main Street Capital CORP - Form 10-Q

| | | | | | |
|--|------------|----|------------|----|---------|
| Total portfolio investments | 664,299 | | 247,608 | | 416,691 |
| Marketable securities and idle funds investments | 14,345 | | 14,345 | | |
| Total investments | \$ 678,644 | \$ | \$ 261,953 | \$ | 416,691 |
| SBIC Debentures at fair value | \$ 76,586 | \$ | \$ | \$ | 76,586 |

Table of Contents

| At December 31, 2011 | Fair Value | Fair Value Measurements (in thousands) | | |
|---|------------|---|---|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| LMM portfolio investments | \$ 415,664 | \$ | \$ 11,685 | \$ 403,979 |
| Middle Market portfolio investments | 226,451 | | 226,451 | |
| Other Portfolio investments | 14,109 | | 709 | 13,400 |
| Investment in affiliated Investment Manager | 1,869 | | | 1,869 |
| Total portfolio investments | 658,093 | | 238,845 | 419,248 |
| Marketable securities and idle funds investments | 26,242 | | 26,242 | |
| Total investments | \$ 684,335 | \$ | \$ 265,087 | \$ 419,248 |

For the three months ended March 31, 2012, there was one portfolio company investment transfer from the Level 2 to the Level 3 fair value hierarchy, totaling \$12.0 million at both fair value and cost as of March 31, 2012.

Portfolio Investment Composition

Main Street's lower middle market (LMM) portfolio investments principally consist of secured debt, equity warrants and direct equity investments in privately held, LMM companies based in the United States. Main Street's LMM portfolio companies generally have annual revenues between \$10 million and \$150 million and our LMM investments generally range in size from \$5 million to \$25 million. The LMM debt investments are typically secured by either a first or second lien on the assets of the portfolio company, primarily bear interest at fixed rates, and generally mature between five and seven years from the original investment date. In most LMM portfolio companies, Main Street usually receives nominally priced equity warrants and/or makes direct equity investments in connection with a debt investment.

Main Street's middle market (Middle Market) portfolio investments primarily consist of direct or secondary purchases of interest-bearing debt securities in companies based in the United States that are generally larger in size than the LMM companies included in Main Street's LMM portfolio. Main Street's Middle Market portfolio companies generally have annual revenues between \$150 million and \$1.5 billion. Main Street's Middle Market portfolio debt investments are generally secured by either a first or second priority lien on the assets of the company and have an expected duration of between three and five years.

Main Street's other portfolio (Other Portfolio) investments primarily consist of investments which are not consistent with the typical profiles for LMM and Middle Market portfolio investments, including investments which may be managed by third parties.

Investment income, consisting of interest, dividends and fees, can fluctuate dramatically due to various factors, including the level of new investment activity, repayments of debt investments or sales of equity interests. Investment income in any given year could be highly

Edgar Filing: Main Street Capital CORP - Form 10-Q

concentrated among several portfolio companies. For the three months ended March 31, 2012, Main Street recorded investment income from one LMM portfolio company in excess of 10% of total LMM investment income. Investment income from that LMM portfolio company represented approximately 10.4% of the total LMM investment income for the period. For the three months ended March 31, 2012, Main Street did not record investment income from any single Middle Market portfolio company in excess of 10% of total Middle Market investment income. For the three months ended March 31, 2011, Main Street did not record investment income from any single portfolio company in excess of 10% of total investment income.

As of March 31, 2012, Main Street had debt and equity investments in 53 LMM portfolio companies with an aggregate fair value of \$388.1 million, with a total cost basis of approximately \$322.3 million, and a weighted average annual effective yield on its LMM debt investments of approximately 14.9%. Approximately 77% of Main Street's total LMM portfolio investments at cost were in the form of debt investments and 98% of such debt investments at cost were secured by first priority liens on the assets of Main Street's LMM portfolio companies as of March 31, 2012. At March 31, 2012, Main Street had equity ownership in approximately 92% of its LMM portfolio companies and the average fully diluted equity ownership in those portfolio companies was approximately 33%. As of December 31, 2011, Main Street had debt and equity investments in 54 LMM portfolio companies with an aggregate fair value of \$415.7 million, with a total cost basis of approximately \$349.0 million, and a weighted average annual effective yield on its LMM debt investments of approximately 14.8%. The weighted average annual yields were computed using the effective interest rates for all debt investments as of March 31, 2012 and December 31, 2011, including amortization of deferred debt origination fees

Edgar Filing: Main Street Capital CORP - Form 10-Q

Table of Contents

and accretion of original issue discount but excluding liquidation fees payable upon repayment and any debt investments on non-accrual status.

As of March 31, 2012, Main Street had Middle Market portfolio investments in 62 companies collectively totaling approximately \$251.0 million in fair value with a total cost basis of approximately \$249.8 million. The weighted average revenues for the 62 Middle Market portfolio company investments were approximately \$476 million. Main Street's Middle Market portfolio investments are primarily in the form of debt investments and 86% of such debt investments at cost were secured by first priority liens on portfolio company assets as of March 31, 2012. The weighted average annual effective yield on Main Street's Middle Market portfolio debt investments was approximately 9.2% as of March 31, 2012. As of December 31, 2011, Main Street had Middle Market portfolio investments in 57 companies collectively totaling approximately \$226.5 million in fair value with a total cost basis of approximately \$228.9 million. The weighted average revenues for the 57 Middle Market portfolio company investments were approximately \$473 million. The weighted average annual effective yield on Main Street's Middle Market portfolio debt investments was approximately 9.5% as of December 31, 2011. The weighted average annual yields were computed using the effective interest rates for all debt investments as of March 31, 2012 and December 31, 2011, including amortization of deferred debt origination fees and accretion of original issue discount but excluding liquidation fees payable upon repayment.

As of March 31, 2012, Main Street had Other Portfolio investments in 4 companies collectively totaling approximately \$25.1 million in both fair value and cost basis. As of December 31, 2011, Main Street had Other Portfolio investments in 3 companies collectively totaling approximately \$14.1 million in both fair value and cost basis.

Summaries of the composition of Main Street's LMM investment portfolio, Middle Market investment portfolio, and total combined LMM and Middle Market investment portfolio at cost and fair value by type of investment as a percentage of the total LMM investment portfolio, the total Middle Market investment portfolio, and the total combined LMM and Middle Market investment portfolio are shown in the following table (this information excludes the Other Portfolio investments):

| Cost: | March 31, 2012 | | | December 31, 2011 | | |
|------------------|----------------|---------------|--------|-------------------|---------------|--------|
| | LMM | Middle Market | Total | LMM | Middle Market | Total |
| First lien debt | 76.0% | 85.3% | 80.1% | 69.5% | 81.8% | 74.4% |
| Equity | 18.2% | 0.3% | 10.4% | 20.5% | 0.2% | 12.5% |
| Second lien debt | 1.2% | 14.4% | 7.0% | 5.0% | 18.0% | 10.1% |
| Equity warrants | 4.6% | 0.0% | 2.5% | 5.0% | 0.0% | 3.0% |
| | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

| Fair Value: | March 31, 2012 | | | December 31, 2011 | | |
|------------------|----------------|---------------|--------|-------------------|---------------|--------|
| | LMM | Middle Market | Total | LMM | Middle Market | Total |
| First lien debt | 62.2% | 85.4% | 71.4% | 57.7% | 81.7% | 66.2% |
| Equity | 29.3% | 0.2% | 17.9% | 29.0% | 0.3% | 18.8% |
| Second lien debt | 1.0% | 14.4% | 6.2% | 4.4% | 18.0% | 9.2% |
| Equity warrants | 7.5% | 0.0% | 4.5% | 8.9% | 0.0% | 5.8% |
| | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

The following table shows the LMM investment portfolio, Middle Market investment portfolio, and total combined LMM and Middle Market investment portfolio composition by geographic region of the United States at cost and fair value as a percentage of the total LMM investment portfolio, the total Middle Market investment portfolio, and the total combined LMM and Middle Market investment portfolio (this information

Edgar Filing: Main Street Capital CORP - Form 10-Q

excludes the Other Portfolio investments). The geographic composition is determined by the location of the corporate headquarters of the portfolio company.

Edgar Filing: Main Street Capital CORP - Form 10-Q

Table of Contents

| Cost: | March 31, 2012 | | | December 31, 2011 | | |
|--------------|-----------------------|----------------------|--------------|--------------------------|----------------------|--------------|
| | LMM | Middle Market | Total | LMM | Middle Market | Total |
| Southwest | 43.4% | 15.4% | 31.1% | 47.8% | 16.4% | 35.4% |
| West | 35.2% | 9.5% | 24.0% | 31.9% | 13.7% | 24.7% |
| Northeast | 3.2% | 40.0% | 19.3% | 3.9% | 32.6% | 15.2% |
| Midwest | 9.9% | 23.8% | 16.0% | 9.0% | 21.6% | 14.0% |
| Southeast | 8.3% | 11.3% | 9.6% | 7.4% | 15.7% | 10.7% |
| | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

| Fair Value: | March 31, 2012 | | | December 31, 2011 | | |
|--------------------|-----------------------|----------------------|--------------|--------------------------|----------------------|--------------|
| | LMM | Middle Market | Total | LMM | Middle Market | Total |
| Southwest | 47.1% | 15.2% | 34.6% | 52.1% | 16.2% | 39.3% |
| West | 32.6% | 9.5% | 23.5% | 28.9% | 13.8% | 23.6% |
| Northeast | 3.5% | 39.9% | 17.8% | 3.9% | 32.4% | 14.0% |
| Midwest | 9.7% | 24.1% | 15.3% | 8.7% | 21.9% | 13.4% |
| Southeast | 7.1% | 11.3% | 8.8% | 6.4% | 15.7% | 9.7% |
| | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Main Street's LMM and Middle Market portfolio investments are in companies conducting business in a variety of industries. Set forth below are tables showing the composition of Main Street's LMM portfolio investments, Middle Market portfolio investments, and total combined LMM and Middle Market portfolio investments by industry at cost and fair value as of March 31, 2012 and December 31, 2011 (this information excludes the Other Portfolio investments):

Edgar Filing: Main Street Capital CORP - Form 10-Q

Table of Contents

| Cost: | March 31, 2012 | | | December 31, 2011 | | |
|--|----------------|---------------|-------|-------------------|---------------|-------|
| | LMM | Middle Market | Total | LMM | Middle Market | Total |
| Energy Equipment and Services | 10.5% | 8.2% | 9.4% | 9.2% | 7.5% | 8.5% |
| Health Care Providers and Services | 7.0% | 11.8% | 9.1% | 6.5% | 9.1% | 7.5% |
| Media | 9.4% | 6.0% | 7.9% | 8.7% | 6.6% | 7.9% |
| Machinery | 10.6% | 3.1% | 7.3% | 9.9% | 2.1% | 6.9% |
| Commercial Services and Supplies | 11.7% | 0.0% | 6.6% | 15.4% | 0.9% | 9.7% |
| Software | 3.0% | 10.3% | 6.2% | 2.8% | 8.4% | 5.0% |
| Specialty Retail | 5.9% | 5.1% | 5.5% | 5.3% | 5.6% | 5.4% |
| Construction and Engineering | 5.8% | 3.5% | 5.0% | 5.3% | 0.0% | 5.0% |
| Diversified Consumer Services | 4.8% | 0.0% | 2.7% | 2.7% | 0.0% | 1.6% |
| Hotels, Restaurants and Leisure | 2.2% | 2.8% | 2.5% | 2.1% | 7.2% | 4.1% |
| Food and Staples Retailing | 0.0% | 5.7% | 2.5% | 0.0% | 6.2% | 2.5% |
| Chemicals | 0.0% | 5.4% | 2.4% | 0.0% | 3.8% | 1.5% |
| Electronic Equipment, Instruments and Components | 4.1% | 0.0% | 2.3% | 4.6% | 0.0% | 2.8% |
| Construction Materials | 1.3% | 4.1% | 2.3% | 1.1% | 4.4% | 0.7% |
| Professional Services | 3.8% | 0.0% | 2.2% | 3.5% | 0.0% | 2.1% |
| Consumer Finance | 3.2% | 0.8% | 2.2% | 3.0% | 0.9% | 2.1% |
| Insurance | 3.3% | 0.0% | 1.9% | 3.1% | 2.6% | 2.9% |
| IT Services | 0.0% | 4.4% | 1.9% | 0.0% | 4.1% | 1.6% |
| Building Products | 2.9% | 0.0% | 1.6% | 2.6% | 0.0% | 1.6% |
| Food Products | 0.0% | 3.6% | 1.6% | 0.0% | 3.9% | 1.6% |
| Internet Software and Services | 0.4% | 3.0% | 1.5% | 3.0% | 0.0% | 1.8% |
| Metals and Mining | 0.0% | 3.5% | 1.5% | 0.0% | 0.0% | 0.0% |
| Paper and Forest Products | 2.6% | 0.0% | 1.4% | 2.2% | 0.0% | 1.3% |
| Health Care Equipment and Supplies | 2.4% | 0.0% | 1.4% | 2.2% | 1.2% | 1.8% |
| Transportation Infrastructure | 2.2% | 0.0% | 1.3% | 2.0% | 0.0% | 1.2% |
| Pharmaceuticals | 0.0% | 2.4 | | | | |