

Main Street Capital CORP  
Form 10-Q  
May 10, 2013  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended March 31, 2013

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 9, 2013 was 34,773,469.



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	<b>March 31, 2013</b>	<b>December 31, 2012</b>
	<b>(Unaudited)</b>	
<b>ASSETS</b>		
Portfolio investments at fair value:		
Control investments (cost: \$210,213 and \$217,483 as of March 31, 2013 and December 31, 2012, respectively)	\$ 272,698	\$ 278,475
Affiliate investments (cost: \$183,251 and \$142,607 as of March 31, 2013 and December 31, 2012, respectively)	223,173	178,413
Non-Control/Non-Affiliate investments (cost: \$474,917 and \$456,975 as of March 31, 2013 and December 31, 2012, respectively)	489,620	467,543
Investment in affiliated Investment Manager (cost: \$2,668 as of March 31, 2013 and December 31, 2012)		
Total portfolio investments (cost: \$871,049 and \$819,733 as of March 31, 2013 and December 31, 2012, respectively)	985,491	924,431
Marketable securities and idle funds investments (cost: \$0 and \$28,469 as of March 31, 2013 and December 31, 2012, respectively)		28,535
Total investments (cost: \$871,049 and \$848,202 as of March 31, 2013 and December 31, 2012, respectively)	985,491	952,966
Cash and cash equivalents	26,221	63,517
Interest receivable and other assets	11,409	14,580
Deferred financing costs (net of accumulated amortization of \$3,430 and \$3,203 as of March 31, 2013 and December 31, 2012, respectively)	5,135	5,162
Total assets	\$ 1,028,256	\$ 1,036,225
<b>LIABILITIES</b>		
SBIC debentures (par: \$225,000 as of March 31, 2013 and December 31, 2012, par of \$100,000 is recorded at a fair value of \$87,679 and \$86,467 as of March 31, 2013 and December 31, 2012, respectively)	\$ 212,679	\$ 211,467
Credit facility	141,000	132,000
Payable for securities purchased	6,990	20,661
Interest payable	1,128	3,562
Dividend payable	5,390	5,188
Deferred tax liability, net	13,158	11,778

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Payable to affiliated Investment Manager	106	4,066
Accounts payable and other liabilities	2,595	4,527
<b>Total liabilities</b>	<b>383,046</b>	<b>393,249</b>
Commitments and contingencies		
<b>NET ASSETS</b>		
Common stock, \$0.01 par value per share (150,000,000 shares authorized; 34,773,469 and 34,589,484 shares issued and outstanding as of March 31, 2013 and December 31, 2012, respectively)	348	346
Additional paid-in capital	550,637	544,136
Accumulated net investment income, net of cumulative dividends of \$143,116 and \$115,401 as of March 31, 2013 and December 31, 2012, respectively	25,437	35,869
Accumulated net realized gain/loss from investments (accumulated net realized gain from investments of \$9,436 before cumulative dividends of 29,176 as of March 31, 2013 and accumulated net realized gain from investments of \$9,838 before cumulative dividends of \$28,993 as of December 31, 2012)	(19,740)	(19,155)
Net unrealized appreciation, net of income taxes	88,528	81,780
<b>Total Net Asset Value</b>	<b>645,210</b>	<b>642,976</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,028,256</b>	<b>\$ 1,036,225</b>
<b>NET ASSET VALUE PER SHARE</b>	<b>\$ 18.55</b>	<b>\$ 18.59</b>

The accompanying notes are an integral part of these financial statements

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## MAIN STREET CAPITAL CORPORATION

## Consolidated Statements of Operations

(in thousands, except per share amounts)

(Unaudited)

	Three Months Ended March 31,	
	2013	2012
<b>INVESTMENT INCOME:</b>		
Interest, fee and dividend income:		
Control investments	\$ 6,534	\$ 5,767
Affiliate investments	5,661	5,673
Non-Control/Non-Affiliate investments	13,138	8,147
Total interest, fee and dividend income	25,333	19,587
Interest from marketable securities, idle funds and other	311	972
Total investment income	25,644	20,559
<b>EXPENSES:</b>		
Interest	(3,882)	(3,864)
General and administrative	(687)	(608)
Expenses reimbursed to affiliated Investment Manager	(3,189)	(2,657)
Share-based compensation	(603)	(581)
Total expenses	(8,361)	(7,710)
<b>NET INVESTMENT INCOME</b>	<b>17,283</b>	<b>12,849</b>
<b>NET REALIZED GAIN (LOSS) FROM INVESTMENTS:</b>		
Control investments		(1,965)
Affiliate investments		9,232
Non-Control/Non-Affiliate investments	(343)	163
Marketable securities and idle funds investments	(59)	708
Total net realized gain (loss) from investments	(402)	8,138
<b>NET REALIZED INCOME</b>	<b>16,881</b>	<b>20,987</b>
<b>NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION):</b>		
Portfolio investments	10,078	4,507
Marketable securities and idle funds investments	(67)	(29)
SBIC debentures	(1,212)	301
Investment in affiliated Investment Manager		(51)
Total net change in unrealized appreciation	8,799	4,728
Income tax provision	(2,051)	(1,876)
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<b>23,629</b>	<b>23,839</b>
Noncontrolling interest		(54)
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO COMMON STOCK</b>	<b>\$ 23,629</b>	<b>\$ 23,785</b>
<b>NET INVESTMENT INCOME PER SHARE - BASIC AND DILUTED</b>	<b>\$ 0.50</b>	<b>\$ 0.48</b>
<b>NET REALIZED INCOME PER SHARE - BASIC AND DILUTED</b>	<b>\$ 0.49</b>	<b>\$ 0.78</b>
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO COMMON STOCK PER SHARE - BASIC AND DILUTED</b>	<b>\$ 0.68</b>	<b>\$ 0.89</b>
<b>DIVIDENDS PAID PER SHARE:</b>		

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Regular monthly dividends	\$	0.45	\$	0.41
Special dividends		0.35		
Total	\$	0.80	\$	0.41
<b>WEIGHTED AVERAGE SHARES OUTSTANDING - BASIC AND DILUTED</b>		34,699,505		26,871,084

The accompanying notes are an integral part of these financial statements



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## 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/Loss 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
<b>Balances at December 31, 2011</b>	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	
<b>Balances at March 31, 2012</b>	27,061,484	\$ 270	\$ 367,242	\$ 17,446	\$ (15,414)	\$ 55,992	\$ 425,536	\$	\$ 425,536
<b>Balances at December 31, 2012</b>	34,589,484	\$ 346	\$ 544,136	\$ 35,869	\$ (19,155)	\$ 81,780	\$ 642,976	\$	\$ 642,976
Share-based compensation			603				603		603
Dividend reinvestment	164,760	2	5,320				5,322		5,322
Issuance of restricted stock	1,100								
Issuances of common stock	18,125		578				578		578
Dividends to stockholders				(27,715)	(183)		(27,898)		(27,898)
Net increase resulting from operations				17,283	(402)	6,748	23,629		23,629
<b>Balances at March 31, 2013</b>	34,773,469	\$ 348	\$ 550,637	\$ 25,437	\$ (19,740)	\$ 88,528	\$ 645,210	\$	\$ 645,210

The accompanying notes are an integral part of these financial statements



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## MAIN STREET CAPITAL CORPORATION

## Consolidated Statements of Cash Flows

(in thousands)

(Unaudited)

	Three Months Ended March 31,	
	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net increase in net assets resulting from operations	\$ 23,629	\$ 23,839
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used in) operating activities:		
Investments in portfolio companies	(125,982)	(88,439)
Proceeds from sales and repayments of debt investments	81,363	70,939
Proceeds from sale of equity investments in portfolio companies	8	25,182
Investments in marketable securities and idle funds investments	(16,701)	(5,592)
Proceeds from marketable securities and idle funds investments	28,819	18,827
Net change in unrealized appreciation	(8,799)	(4,728)
Net realized (gain) loss from investments	402	(8,138)
Accretion of unearned income	(2,530)	(4,715)
Payment-in-kind interest	(1,326)	(692)
Cumulative dividends	(180)	(67)
Share-based compensation expense	603	581
Amortization of deferred financing costs	227	228
Deferred taxes	1,380	1,049
Changes in other assets and liabilities:		
Interest receivable and other assets	2,666	(246)
Interest payable	(2,434)	(2,658)
Payable to affiliated Investment Manager	(3,960)	(3,311)
Accounts payable and other liabilities	(2,105)	554
Deferred fees and other	620	220
Net cash provided by (used in) operating activities	(24,300)	22,833
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid to stockholders	(22,374)	(8,157)
Net change in DRIP deposit		750
Proceeds from credit facility	77,000	63,000
Repayments on credit facility	(68,000)	(32,000)
Other	378	(121)
Net cash provided by (used in) financing activities	(12,996)	23,472
Net increase (decrease) in cash and cash equivalents	(37,296)	46,305
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	63,517	42,650
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	\$ 26,221	\$ 88,955

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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2013

(in thousands)

(Unaudited)

Portfolio Company (1)	Business Description	Type of Investment (2) (3)	Principal (4)	Cost (4)	Fair Value
<b><u>Control Investments (5)</u></b>					
<b>Bond-Coat, Inc.</b>	Casing and Tubing Coating Services	12% Secured Debt (Maturity - December 28, 2017) Common Stock (Fully diluted 43.4%)	14,750	14,557 6,350 20,907	14,557 6,350 20,907
<b>Café Brazil, LLC</b>	Casual Restaurant Group	12% Secured Debt (Maturity - April 20, 2013) Member Units (Fully diluted 41.0%) (8)	300	300 42 342	300 3,740 4,040
<b>California Healthcare Medical Billing, Inc.</b>	Outsourced Billing and Revenue Cycle Management	12% Secured Debt (Maturity - October 17, 2015) Warrants (Fully diluted 21.3%) Common Stock (Fully diluted 9.8%)	8,103	7,928 1,193 1,177 10,298	8,093 3,380 1,560 13,033
<b>CBT Nuggets, LLC</b>	Produces and Sells IT Training Certification Videos	Member Units (Fully diluted 41.6%) (8)		1,300	8,370
<b>Ceres Management, LLC (Lambs Tire &amp; Automotive)</b>	Aftermarket Automotive Services Chain	14% Secured Debt (Maturity - May 31, 2013) Class B Member Units (12% cumulative) Member Units (Fully diluted 100.0%) 9.5% Secured Debt (Lamb s Real Estate Investment I, LLC) (Maturity - October 1, 2025) Member Units (Lamb s Real Estate Investment I, LLC) (Fully diluted 100%)	4,000    1,053	3,997  3,000 5,273 1,053 625 13,948	3,997  3,000  1,053 860 8,910
<b>Condit Exhibits, LLC</b>					

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	Tradeshow Exhibits / Custom Displays	13% Current / 5% PIK Secured Debt (Maturity - July 1, 2013)	4,661	4,656	4,656
		Warrants (Fully diluted 47.9%)		320	600
				4,976	5,256
<b>Gulf Manufacturing, LLC</b>	Manufacturer of Specialty Fabricated Industrial Piping Products	9% PIK Secured Debt (Ashland Capital IX, LLC) (Maturity - June 30, 2017)	919	919	919
		Member Units (Fully diluted 34.2%) (8)		2,980	12,660
				3,899	13,579
<b>Harrison Hydra-Gen, Ltd.</b>	Manufacturer of Hydraulic Generators	9% Secured Debt (Maturity - June 4, 2015)	4,896	4,557	4,896
		Preferred Stock (8% cumulative) (8)		1,102	1,102
		Common Stock (Fully diluted 34.5%) (8)		718	1,550
				6,377	7,548
<b>Hawthorne Customs and Dispatch Services, LLC</b>	Facilitator of Import Logistics, Brokerage, and Warehousing	Member Units (Fully diluted 47.6%) (8)		589	860
		Member Units (Wallisville Real Estate, LLC) (Fully diluted 59.1%) (8)		1,215	1,215
				1,804	2,075

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Portfolio Company (1)	Business Description	Type of Investment (2) (3)	Principal (4)	Cost (4)	Fair Value
<b>Hydratec, Inc.</b>	Designer and Installer of Micro-Irrigation Systems	Prime Plus 1%, Current Coupon 9%, Secured Debt (Maturity - October 31, 2013) (9)	750	750	750
		Common Stock (Fully diluted 94.2%) (8)		7,095	13,350
				7,845	14,100
<b>Indianapolis Aviation Partners, LLC</b>	Fixed Base Operator	15% Secured Debt (Maturity - September 15, 2014)	4,000	3,858	4,000
		Warrants (Fully diluted 30.1%)		1,129	1,940
				4,987	5,940
<b>Jensen Jewelers of Idaho, LLC</b>	Retail Jewelry Store	Prime Plus 2%, Current Coupon 5.25%, Secured Debt (Maturity - November 14, 2013) (9)	1,622	1,622	1,622
		13% Current / 6% PIK Secured Debt (Maturity - November 14, 2013)	1,683	1,683	1,683
		Member Units (Fully diluted 60.8%) (8)		811	2,770
				4,116	6,075
<b>Lighting Unlimited, LLC</b>	Commercial and Residential Lighting Products and Design Services	8% Secured Debt (Maturity - August 22, 2014)	1,838	1,838	1,838
		Preferred Stock (non-voting)		485	170
		Warrants (Fully diluted 7.1%)		54	
		Common Stock (Fully diluted 70.0%) (8)		100	
				2,477	2,008
<b>Marine Shelters Holdings, LLC (LoneStar Marine Shelters)</b>	Fabricator of Marine and Industrial Shelters	12% Secured Debt (Maturity - December 28, 2017)	10,250	10,053	10,053
		Preferred Stock (Fully diluted 26.7%)		3,750	3,750
				13,803	13,803
<b>Mid-Columbia Lumber Products, LLC</b>	Manufacturer of Finger-Jointed Lumber Products	10% Secured Debt (Maturity - December 18, 2017)	1,250	1,250	1,250
		12% Secured Debt (Maturity - December 18, 2017)	3,900	3,900	3,900
		9.5% Secured Debt (Mid - Columbia Real Estate, LLC) (Maturity - May 13, 2025)	1,006	1,006	1,006
		Warrants (Fully diluted 9.2%)		90	620
		Member Units (Fully diluted 42.9%)		1,042	3,060
		Member Units (Mid - Columbia Real Estate, LLC) (Fully diluted 50.0%)		250	810
			7,538	10,646	
<b>NAPCO Precast, LLC</b>					

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	Precast Concrete Manufacturing	Prime Plus 2%, Current Coupon 9%, Secured Debt (Maturity - February 1, 2016) (9)	2,923	2,883	2,883
		18% Secured Debt (Maturity - February 1, 2016)	4,468	4,404	4,404
		Member Units (Fully diluted 44.0%)		2,975	4,360
				10,262	11,647
<b>NRI Clinical Research, LLC</b>	Clinical Research Center	14% Secured Debt (Maturity - September 8, 2016)	4,636	4,423	4,423
		Warrants (Fully diluted 12.5%) (8)		252	480
		Member Units (Fully diluted 24.8%) (8)		500	960
				5,175	5,863
<b>NRP Jones, LLC</b>	Manufacturer of Hoses, Fittings and Assemblies	12% Secured Debt (Maturity - December 22, 2016)	12,100	11,243	12,100
		Warrants (Fully diluted 12.2%)		817	1,350
		Member Units (Fully diluted 43.2%) (8)		2,900	4,800
				14,960	18,250
<b>OMi Holdings, Inc.</b>	Manufacturer of Overhead Cranes	Common Stock (Fully diluted 48.0%)		1,080	8,740



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Portfolio Company (1)	Business Description	Type of Investment (2) (3)	Principal (4)	Cost (4)	Fair Value
<b>Pegasus Research Group, LLC (Televerde)</b>	Telemarketing and Data Services	13% Current / 5% PIK Secured Debt (Maturity - January 6, 2016)	4,991	4,949	4,991
		Member Units (Fully diluted 43.7%) (8)		1,250	4,800
				6,199	9,791
<b>PPL RVs, Inc.</b>	Recreational Vehicle Dealer	11.1% Secured Debt (Maturity - June 10, 2015)	8,460	8,409	8,460
		Common Stock (Fully diluted 51.1%)		2,150	5,950
				10,559	14,410
<b>Principle Environmental, LLC</b>	Noise Abatement Services	12% Secured Debt (Maturity - February 1, 2016)	4,750	3,994	4,750
		12% Current / 2% PIK Secured Debt (Maturity - February 1, 2016)	3,611	3,561	3,611
		Warrants (Fully diluted 14.2%)		1,200	3,860
		Member Units (Fully diluted 22.6%)		1,863	6,150
				10,618	18,371
<b>River Aggregates, LLC</b>	Processor of Construction Aggregates	12% Secured Debt (Maturity - March 30, 2016)	3,860	3,662	2,250
		Warrants (Fully diluted 20.0%)		202	
		Member Units (Fully diluted 40.0%)		550	
				4,414	2,250
<b>The MPI Group, LLC</b>	Manufacturer of Custom Hollow Metal Doors, Frames and Accessories	4.5% Current / 4.5% PIK Secured Debt (Maturity - October 2, 2013)	1,079	1,078	1,078
		6% Current / 6% PIK Secured Debt (Maturity - October 2, 2013)	5,639	5,604	5,451
		Warrants (Fully diluted 52.3%)		1,096	
				7,778	6,529
<b>Thermal and Mechanical Equipment, LLC</b>	Commercial and Industrial Engineering Services	Prime Plus 2%, Current Coupon 9%, Secured Debt (Maturity - September 25, 2014) (9)	1,033	1,030	1,033
		13% Current / 5% PIK Secured Debt (Maturity - September 25, 2014)	3,292	3,271	3,292
		Member Units (Fully diluted 52.6%) (8)		1,000	10,080
				5,301	14,405

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<b>Uvalco Supply, LLC</b>	Farm and Ranch Supply Store	Member Units (Fully diluted 42.8%) (8)	1,113	3,180
<b>Van Gilder Insurance Corporation</b>	Insurance Brokerage	8% Current / 3% PIK Secured Debt (Maturity - January 31, 2014)	922	922
		8% Current / 3% PIK Secured Debt (Maturity - January 31, 2016)	1,275	1,264
		13% Current / 3% PIK Secured Debt (Maturity - January 31, 2016)	6,196	5,417
		Warrants (Fully diluted 10.0%)		1,209
		Common Stock (Fully diluted 15.5%)	2,500	2,430
			11,312	11,213
<b>Vision Interests, Inc.</b>	Manufacturer / Installer of Commercial Signage	13% Secured Debt (Maturity - December 23, 2016)	3,204	3,149
		Series A Preferred Stock (Fully diluted 50.9%)		3,000
		Common Stock (Fully diluted 19.1%)		3,706
			9,855	5,209
<b>Ziegler s NYPD, LLC</b>	Casual Restaurant Group	Prime Plus 2%, Current Coupon 9%, Secured Debt (Maturity - October 1, 2013) (9)	1,000	999
		13% Current / 5% PIK Secured Debt (Maturity - October 1, 2013)	5,380	5,371
		Warrants (Fully diluted 46.6%)		600
			6,970	6,550
<b>Subtotal Control Investments (27.7% of total investments at fair value)</b>			<b>210,213</b>	<b>272,698</b>

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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2013

(in thousands)

(Unaudited)

Portfolio Company (1)	Business Description	Type of Investment (2) (3)	Principal (4)	Cost (4)	Fair Value
<b><u>Affiliate Investments (6)</u></b>					
American Sensor Technologies, Inc.	Manufacturer of Commercial / Industrial Sensors	Warrants (Fully diluted 19.6%)		50	5,020
Bridge Capital Solutions Corporation	Financial Services and Cash Flow Solutions	13% Secured Debt (Maturity - April 17, 2017)	5,000	4,765	4,765
		Warrants (Fully diluted 7.5%)		200	390
				4,965	5,155
Congruent Credit Opportunities Fund II, LP (12) (13)	Investment Partnership	LP Interests (Fully diluted 19.8%) (8)		21,546	21,927
Daseke, Inc.	Specialty Transportation Provider	Common Stock (Fully diluted 12.6%)		1,427	7,310
East Teak Fine Hardwoods, Inc.	Hardwood Products	Common Stock (Fully diluted 5.0%) (8)		480	380
Gault Financial, LLC (RMB Capital, LLC)	Purchases and Manages Liquidation of Distressed Assets	14% Secured Debt (Maturity - November 21, 2016)	12,238	11,736	11,736
		Warrants (Fully diluted 22.5%)		400	240
				12,136	11,976
Houston Plating and Coatings, LLC	Plating and Industrial Coating Services	Member Units (Fully diluted 11.1%) (8)		635	8,560
Indianhead Pipeline Services, LLC	Pipeline Support Services	12% Secured Debt (Maturity - February 6, 2017)	8,500	7,997	8,500
		Preferred Equity (8% cumulative) (8)		1,710	1,710
		Warrants (Fully diluted 10.6%)		459	1,760
		Member Units (Fully diluted 12.1%) (8)		1	2,010
				10,167	13,980

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<b>Integrated Printing Solutions, LLC</b>	Specialty Card Printing	13% Secured Debt (Maturity - September 23, 2016)	12,500	11,843	11,843
		Preferred Equity (Fully diluted 11.0%)		2,000	2,000
		Warrants (Fully diluted 8.0%)		600	860
				14,443	14,703
<b>irth Solutions, LLC</b>	Damage Prevention Technology Information Services	Member Units (Fully diluted 12.8%) (8)		624	2,750
<b>KBK Industries, LLC</b>	Specialty Manufacturer of Oilfield and Industrial Products	12.5% Secured Debt (Maturity - September 28, 2017)	9,000	8,917	9,000
		Member Units (Fully diluted 17.9%) (8)		341	5,430
				9,258	14,430

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Portfolio Company (1)	Business Description	Type of Investment (2) (3)	Principal (4)	Cost (4)	Fair Value
<b>Olympus Building Services, Inc.</b>	Custodial / Facilities Services	12% Secured Debt (Maturity - March 27, 2014)	3,050	2,989	2,989
		12% Current / 3% PIK Secured Debt (Maturity - March 27, 2014)	1,022	1,022	1,022
		Warrants (Fully diluted 22.5%)		470	550
				4,481	4,561
<b>OnAsset Intelligence, Inc.</b>	Transportation Monitoring / Tracking Services	12% Secured Debt (Maturity - April 18, 2013)	1,500	1,500	1,500
		Preferred Stock (7% cumulative) (Fully diluted 5.8%) (8)		1,721	2,469
		Warrants (Fully diluted 4.0%)		830	550
				4,051	4,519
<b>OPI International Ltd. (13)</b>	Oil and Gas Construction Services	Common Equity (Fully diluted 11.5%) (8)		1,371	4,971
<b>PCI Holding Company, Inc.</b>	Manufacturer of Industrial Gas Generating Systems	12% Current / 4% PIK Secured Debt (Maturity - December 18, 2017)	5,058	4,962	4,962
		Preferred Stock (20% cumulative) (Fully diluted 19.4%) (8)		1,588	1,588
				6,550	6,550
<b>Quality Lease and Rental Holdings, LLC</b>	Rigsite Accommodation Unit Rental and Related Services	12% Secured Debt (Maturity - January 8, 2018)	37,350	36,800	36,800
		Preferred Member Units (Rocacia, LLC) (Fully diluted 20.0%)		2,500	2,500
				39,300	39,300
<b>Radial Drilling Services Inc.</b>	Oil and Gas Technology	12% Secured Debt (Maturity - November 23, 2016)	4,200	3,518	3,518
		Warrants (Fully diluted 24.0%)		758	758
				4,276	4,276
<b>Samba Holdings, Inc.</b>	Intelligent Driver Record Monitoring Software and Services	12.5% Secured Debt (Maturity - November 17, 2016)	11,725	11,567	11,725
		Common Stock (Fully diluted 19.4%)		1,707	3,671
				13,274	15,396
<b>Spectrio LLC</b>	Audio Messaging Services		280	280	280

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8% Secured Debt (Maturity - June 16, 2016)			
12% Secured Debt (Maturity - June 16, 2016)	17,990	17,584	17,963
Warrants (Fully diluted 9.8%)		887	3,700
		18,751	21,943

<b>SYNEO, LLC</b>	Manufacturer of Specialty Cutting Tools and Punches	12% Secured Debt (Maturity - July 13, 2016)	4,300	4,223	4,223
		10% Secured Debt (Leadrock Properties, LLC) (Maturity - May 4, 2026)	1,440	1,413	1,413
		Member Units (Fully diluted 11.1%)		1,000	1,000
				6,636	6,636
<b>Texas Reexcavation LC</b>	Hydro Excavation Services	12% Current / 3% PIK Secured Debt (Maturity - December 31, 2017)	6,046	5,930	5,930
		Class A Member Units (Fully diluted 16.3%)		2,900	2,900
				8,830	8,830
<b>Subtotal Affiliate Investments (22.6% of total investments at fair value)</b>			<b>183,251</b>	<b>223,173</b>	

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**MAIN STREET CAPITAL CORPORATION**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**

**March 31, 2013**

**(in thousands)**

**(Unaudited)**

Portfolio Company (1)	Business Description	Type of Investment (2) (3)	Principal (4)	Cost (4)	Fair Value
<b><u>Non-Control/Non-Affiliate Investments (7)</u></b>					
<b>AGS LLC (10)</b>	Developer, Manufacturer, and Operator of Gaming Machines	LIBOR Plus 10.00%, Current Coupon 11.50%, Secured Debt (Maturity - August 23, 2016) (9)	10,000	9,826	9,826
<b>Ameritech College Operations, LLC</b>	For-Profit Nursing and Healthcare College	18% Secured Debt (Maturity - March 9, 2017)	6,050	5,946	6,050
<b>AM General LLC (11)</b>	Specialty Vehicle Manufacturer	LIBOR Plus 9.00%, Current Coupon 10.25%, Secured Debt (Maturity - March 22, 2018) (9)	3,000	2,910	2,910
<b>American Media, Inc. (11)</b>	Magazine Operator	11.50% Bond (Maturity - December 15, 2017)	2,000	1,857	1,954
<b>Ancestry.com Inc. (11)</b>	Genealogy Software Service	LIBOR Plus 5.75%, Current Coupon 7.00%, Secured Debt (Maturity - December 27, 2018) (9)	4,988	4,795	5,015
<b>Artel, LLC (11)</b>	Land-Based and Commercial Satellite Provider	LIBOR Plus 6.00%, Current Coupon 7.25%, Secured Debt (Maturity - November 27, 2017) (9)	4,938	4,891	4,950
<b>Audio Visual Services Group, Inc. (11)</b>	Hotel & Venue Audio Visual Operator	LIBOR Plus 5.50%, Current Coupon 6.75%, Secured Debt (Maturity - November 9, 2018) (9) LIBOR Plus 9.50%, Current Coupon 10.75%, Secured Debt (Maturity - May 9, 2019) (9)	4,975	4,880	4,975
			5,000	4,904 9,784	4,979 9,954

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<b>B. J. Alan Company</b>	Retailer and Distributor of Consumer Fireworks	14% Current / 2.5% PIK Secured Debt (Maturity - June 22, 2017)	11,023	10,934	10,934
<b>Blackboard, Inc. (11)</b>	Education Software Provider	LIBOR Plus 4.75%, Current Coupon 6.25%, Secured Debt (Maturity - October 4, 2018) (9)	1,358	1,358	1,380
		LIBOR Plus 10.00%, Current Coupon 11.50%, Secured Debt (Maturity - April 4, 2019) (9)	2,000	1,855 3,213	1,993 3,373
<b>Brand Connections, LLC</b>	Venue-Based Marketing and Media	12% Secured Debt (Maturity - April 30, 2015)	7,774	7,645	7,774
<b>Brasa Holdings Inc. (11)</b>	Upscale Full Service Restaurants	LIBOR Plus 6.25%, Current Coupon 7.50%, Secured Debt (Maturity - July 18, 2019) (9)	3,483	3,391	3,509
		LIBOR Plus 9.50%, Current Coupon 11.00%, Secured Debt (Maturity - January 19, 2020) (9)	6,000	5,930 9,321	6,090 9,599
<b>Calloway Laboratories, Inc. (10)</b>	Health Care Testing Facilities	10.00% Current / 2.00% PIK Secured Debt (Maturity - September 30, 2014)	5,712	5,606	5,712
<b>CDC Software Corporation (11)</b>	Enterprise Application Software	LIBOR Plus 6.00%, Current Coupon 7.50%, Secured Debt (Maturity - August 6, 2018) (9)	4,229	4,190	4,260



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Portfolio Company (1)	Business Description	Type of Investment (2) (3)	Principal (4)	Cost (4)	Fair Value
<b>CHI Overhead Doors, Inc. (11)</b>	Manufacturer of Overhead Garage Doors	LIBOR Plus 4.25%, Current Coupon 5.75%, Secured Debt (Maturity - March 18, 2019) (9)	2,410	2,373	2,428
		LIBOR Plus 9.50%, Current Coupon 11.00%, Secured Debt (Maturity - September 18, 2019) (9)	2,500	2,459	2,506
				4,832	4,934
<b>Collective Brands Finance, Inc. (11)</b>	Specialty Footwear Retailer	LIBOR Plus 6.00%, Current Coupon 7.25%, Secured Debt (Maturity - September 20, 2019) (9)	2,500	2,500	2,539
<b>Compact Power Equipment Centers Inc.</b>	Equipment / Tool Rental	6% Current / 6% PIK Secured Debt (Maturity - October 1, 2017)	3,743	3,725	3,725
		Series A Stock (8% cumulative) (Fully diluted 4.2%) (8)		941	1,340
				4,666	5,065
<b>Confie Seguros Holding II Co. (11)</b>	Insurance Brokerage	LIBOR Plus 5.25%, Current Coupon 6.50%, Secured Debt (Maturity - November 9, 2018) (9)	4,988	4,917	5,029
<b>Connolly Holdings Inc. (11)</b>	Audit Recovery Software	LIBOR Plus 5.25%, Current Coupon 6.50%, Secured Debt (Maturity - July 15, 2018) (9)	2,481	2,459	2,515
		LIBOR Plus 9.25%, Current Coupon 10.50%, Secured Debt (Maturity - January 15, 2019) (9)	2,000	1,963	2,053
				4,422	4,568
<b>Creative Circle, LLC (11)</b>	Professional Staffing Firm	LIBOR Plus 6.00%, Current Coupon 7.25%, Secured Debt (Maturity - September 28, 2017) (9)	9,607	9,516	9,619
<b>CST Industries (11)</b>	Storage Tank Manufacturer	LIBOR Plus 6.25%, Current Coupon 7.75%, Secured Debt (Maturity - May 22, 2017) (9)	12,031	11,876	12,054
<b>Diversified Machine, Inc. (11)</b>	Automotive Component Supplier	LIBOR Plus 7.75%, Current Coupon 9.25%, Secured Debt (Maturity - December 21, 2017) (9)	2,000	1,962	2,020
<b>Drilling Info, Inc.</b>	Information Services for the Oil and Gas Industry	Common Stock (Fully diluted 2.3%)		1,335	6,090
<b>Emerald Performance Materials, Inc. (11)</b>	Specialty Chemicals Manufacturer				

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		LIBOR Plus 5.50%, Current Coupon 6.75%, Secured Debt (Maturity - May 18, 2018) (9)	4,467	4,430	4,490
<b>EnCap Energy Fund Investments (12) (13)</b>	Investment Partnership				
		LP Interests (EnCap Energy Capital Fund VIII, L.P.) (Fully diluted 0.1%) (8)		2,137	2,254
		LP Interests (EnCap Energy Capital Fund VIII Co- Investors, L.P.) (Fully diluted 0.3%)		442	493
		LP Interests (EnCap Energy Capital Fund IX, L.P.) (Fully diluted 0.1%)		55	55
		LP Interests (EnCap Flatrock Midstream Fund II, L.P.) (Fully diluted 0.8%)		1,114	1,114
				3,748	3,916
<b>Engility Corporation (11) (13)</b>	Defense Software				
		LIBOR Plus 4.50%, Current Coupon 5.75%, Secured Debt (Maturity - July 18, 2017) (9)	5,000	4,957	5,013

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Portfolio Company (1)	Business Description	Type of Investment (2) (3)	Principal (4)	Cost (4)	Fair Value
<b>eResearch Technology, Inc. (11)</b>	Provider of Technology-Driven Health Research	LIBOR Plus 4.75%, Current Coupon 6.00%, Secured Debt (Maturity - May 2, 2018) (9)	4,040	3,911	4,065
<b>Fairway Group Acquisition Company (11)</b>	Retail Grocery	LIBOR Plus 5.50%, Current Coupon 6.75%, Secured Debt (Maturity - August 17, 2018) (9)	3,980	3,980	4,055
<b>FC Operating, LLC (10)</b>	Christian Specialty Retail Stores	LIBOR Plus 10.75%, Current Coupon 12.00%, Secured Debt (Maturity - November 14, 2017) (9)	6,000	5,887	6,000
<b>FishNet Security, Inc. (11)</b>	Information Technology Value-Added Reseller	LIBOR Plus 6.00%, Current Coupon 7.25%, Secured Debt (Maturity - November 30, 2017) (9)	7,980	7,905	7,980
<b>Fram Group Holdings, Inc. (11)</b>	Manufacturer of Automotive Maintenance Products	LIBOR Plus 5.00%, Current Coupon 6.50%, Secured Debt (Maturity - July 29, 2017) (9) LIBOR Plus 9.00%, Current Coupon 10.50%, Secured Debt (Maturity - January 29, 2018) (9)	964 1,000	961 996 1,957	979 1,020 1,999
<b>GFA Brands, Inc. (11) (13)</b>	Distributor of Health Food Products	LIBOR Plus 5.75%, Current Coupon 7.00%, Secured Debt (Maturity - July 2, 2018) (9)	6,790	6,668	6,909
<b>Grede Holdings, LLC (11)</b>	Operator of Iron Foundries	LIBOR Plus 5.50%, Current Coupon 7.00%, Secured Debt (Maturity - April 3, 2017) (9)	5,000	4,976	5,050
<b>Grupo Hima San Pablo, Inc. (11)</b>	Tertiary Care Hospitals	LIBOR Plus 7.00%, Current Coupon 8.50%, Secured Debt (Maturity - January 31, 2018) (9) 13.75 Secured Debt (Maturity - July 31, 2018) (9)	5,000 2,000	4,901 1,901 6,802	4,895 1,945 6,840
<b>Hayden Acquisition, LLC</b>	Manufacturer of Utility Structures	8% Secured Debt (Maturity - April 1, 2013)	1,800	1,781	
<b>Healogics, Inc. (11)</b>	Wound Care Management				

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		LIBOR Plus 4.00%, Current Coupon 5.25%, Secured Debt (Maturity - February 5, 2019) (9)	1,000	1,000	1,014
		Common Equity (Fully diluted 0.02%) (8)		50 1,050	50 1,064
<b>Hearthside Food Solutions, LLC (11)</b>	Contract Food Manufacturer	LIBOR Plus 5.25%, Current Coupon 6.50%, Secured Debt (Maturity - June 5, 2018) (9)	3,980	3,945	4,020
<b>Heckmann Corporation (11) (13)</b>	Water Treatment and Disposal Services	9.88% Bond (Maturity - April 15, 2018)	3,500	3,500	3,715
<b>HOA Restaurant Group, LLC (11)</b>	Casual Restaurant Group	11.25% Bond (Maturity - April 1, 2017)	2,000	2,000	1,880
<b>Hudson Products Holdings, Inc. (11)</b>	Manufacturer of Heat Transfer Equipment	LIBOR Plus 5.75%, Current Coupon 7.00%, Secured Debt (Maturity - June 7, 2017) (9)	4,000	3,962	4,040

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Portfolio Company (1)	Business Description	Type of Investment (2) (3)	Principal (4)	Cost (4)	Fair Value
<b>Il Fornaio Corporation (11)</b>	Casual Restaurant Group	LIBOR Plus 5.25%, Current Coupon 6.50%, Secured Debt (Maturity - June 10, 2017) (9)	1,822	1,815	1,840
<b>Insight Pharmaceuticals, LLC (11)</b>	Pharmaceuticals Merchant Wholesalers	LIBOR Plus 5.00%, Current Coupon 6.25%, Secured Debt (Maturity - August 25, 2016) (9)	4,988	4,965	5,044
<b>Ipreo Holdings LLC (11)</b>	Application Software for Capital Markets	LIBOR Plus 5.25%, Current Coupon 6.50%, Secured Debt (Maturity - August 5, 2017) (9)	5,637	5,564	5,707
<b>iStar Financial Inc. (11) (13)</b>	Real Estate Investment Trust	LIBOR Plus 4.00%, Current Coupon 5.25%, Secured Debt (Maturity - March 19, 2016) (9)	515	507	522
<b>Ivy Hill Middle Market Credit Fund III, Ltd. (12) (13)</b>	Investment Partnership	LIBOR Plus 6.50%, Current Coupon 6.70%, Secured Debt (Maturity - January 15, 2022)	2,000	1,686	1,975
<b>Jackson Hewitt Tax Service Inc. (11)</b>	Tax Preparation Services	LIBOR Plus 8.50%, Current Coupon 10.00%, Secured Debt (Maturity - October 15, 2017) (9)	5,000	4,815	4,950
<b>Kadmon Pharmaceuticals, LLC (10)</b>	Biopharmaceutical Products and Services	LIBOR Plus 13.00% / 12.00% PIK, Current Coupon with PIK 27.00%, Secured Debt (Maturity - April 30, 2013) (9)	3,945	4,137	4,137
		LIBOR Plus 13.00% / 12.00% PIK, Current Coupon with PIK 27.00%, Secured Debt (Maturity - April 30, 2013) (9)	2,000	2,097 6,234	2,174 6,311
<b>Keypoint Government Solutions, Inc. (11)</b>	Pre-employment Screening Services	LIBOR Plus 6.00%, Current Coupon 7.25%, Secured Debt (Maturity - November 13, 2017) (9)	4,938	4,845	4,938
<b>LKCM Headwater Investments I, L.P. (12) (13)</b>	Investment Partnership	LP Interests (Fully diluted 2.27%) (8)		925	925
<b>Maverick Healthcare Group LLC (10)</b>	Home Healthcare Products and Services	LIBOR Plus 9.00%, Current Coupon 10.75%, Secured Debt (Maturity - December 30, 2016) (9)	4,888	4,888	4,900

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<b>Media Holdings, LLC (11) (13)</b>	Internet Traffic Generator	LIBOR Plus 13.00%, Current Coupon 15.00%, Secured Debt (Maturity - April 27, 2014) (9)	5,000	5,337	5,357
<b>Medpace Intermediateco, Inc. (11)</b>	Clinical Trial Development and Execution	LIBOR Plus 5.00%, Current Coupon 6.50%, Secured Debt (Maturity - June 19, 2017) (9)	4,612	4,560	4,623
<b>Metal Services LLC (11)</b>	Steel Mill Services	LIBOR Plus 6.50%, Current Coupon 7.75%, Secured Debt (Maturity - June 30, 2017) (9)	4,988	4,894	5,054
<b>Metals USA, Inc. (11) (13)</b>	Operator of Metal Service Centers	LIBOR Plus 5.00%, Current Coupon 6.25%, Secured Debt (Maturity - December 14, 2019) (9)	7,481	7,409	7,534

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Portfolio Company (1)	Business Description	Type of Investment (2) (3)	Principal (4)	Cost (4)	Fair Value
<b>Milk Specialties Company (11)</b>	Processor of Nutrition Products	LIBOR Plus 5.75%, Current Coupon 7.00%, Secured Debt (Maturity - November 9, 2018) (9)	5,000	4,952	5,034
<b>Miramax Film NY, LLC (11)</b>	Motion Picture Producer and Distributor	Class B Units (Fully diluted 0.2%)		500	667
<b>Mitel US Holdings, Inc. (11)</b>	Enterprise IP Telephone Provider	LIBOR Plus 5.75%, Current Coupon 7.00%, Secured Debt (Maturity - February 27, 2019) (9)	4,000	3,960	4,013
<b>Mmodal, Inc. (11)</b>	Healthcare Equipment and Services	LIBOR Plus 5.50%, Current Coupon 6.75%, Secured Debt (Maturity - August 16, 2019) (9)	3,980	3,931	3,860
<b>Modern VideoFilm, Inc. (10)</b>	Post-Production Film Studio	LIBOR Plus 9.00%, Current Coupon 10.50%, Secured Debt (Maturity - December 19, 2017) (9) Warrants (Fully diluted 1.5%)	5,054	4,837 150 4,987	5,054 150 5,204
<b>Mood Media Corporation (11) (13)</b>	Music Programming and Broadcasting	LIBOR Plus 5.50%, Current Coupon 7.00%, Secured Debt (Maturity - May 6, 2018) (9)	1,770	1,756	1,783
<b>National Vision, Inc. (11)</b>	Discount Optical Retailer	LIBOR Plus 5.75%, Current Coupon 7.00%, Secured Debt (Maturity - August 2, 2018) (9)	3,209	3,165	3,249
<b>NCI Building Systems, Inc. (11) (13)</b>	Non-Residential Building Products Manufacturer	LIBOR Plus 6.75%, Current Coupon 8.00%, Secured Debt (Maturity - May 2, 2018) (9)	2,384	2,276	2,427
<b>NCP Investment Holdings, Inc.</b>	Management of Outpatient Cardiac Cath Labs	Class A and C Units (Fully diluted 3.3%) (8)		20	2,474
<b>NGPL PipeCo, LLC (11)</b>	Natural Gas Pipelines and Storage Facilities	LIBOR Plus 5.50%, Current Coupon 6.75%, Secured Debt (Maturity - September 15, 2017) (9)	8,679	8,554	8,820
<b>North American Breweries Holdings, LLC (11)</b>	Operator of Specialty Breweries				

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		LIBOR Plus 6.25%, Current Coupon 7.50%, Secured Debt (Maturity - December 11, 2018) (9)	3,990	3,914	4,095
<b>Northland Cable Television, Inc. (11)</b>	Television Broadcasting				
		LIBOR Plus 6.00%, Current Coupon 7.75%, Secured Debt (Maturity - December 30, 2016) (9)	4,799	4,703	4,751
<b>Oberthur Technologies SA (11) (13)</b>	Smart Card, Printing, Identity, and Cash Protection Security				
		LIBOR Plus 5.00%, Current Coupon 6.25%, Secured Debt (Maturity - November 30, 2018) (9)	6,965	6,658	6,965
<b>Oneida Ltd. (11)</b>	Household Products Manufacturer				
		LIBOR Plus 7.75%, Current Coupon 9.25%, Secured Debt (Maturity - September 25, 2017) (9)	1,795	1,764	1,768



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Portfolio Company (1)	Business Description	Type of Investment (2) (3)	Principal (4)	Cost (4)	Fair Value
<b>Orbitz Worldwide, Inc. (11) (13)</b>	Online Travel Agent	LIBOR Plus 6.00%, Current Coupon 7.25%, Secured Debt (Maturity - September 20, 2017) (9)	2,000	2,000	2,021
		LIBOR Plus 6.75%, Current Coupon 8.00%, Secured Debt (Maturity - March 20, 2019) (9)	500	500	506
				2,500	2,527
<b>Panolam Industries International, Inc. (11)</b>	Decorative Laminate Manufacturer	LIBOR Plus 6.00%, Current Coupon 7.25%, Secured Debt (Maturity - August 23, 2017) (9)	3,997	3,961	3,997
<b>Permian Holdings, Inc.(11)</b>	Storage Tank Manufacturer	10.50% Bond (Maturity - January 15, 2018)	1,500	1,500	1,545
<b>Physician Oncology Services, L.P. (11)</b>	Provider of Radiation Therapy and Oncology Services	LIBOR Plus 6.25%, Current Coupon 7.75%, Secured Debt (Maturity - January 31, 2017) (9)	942	935	942
<b>Preferred Proppants, LLC (11)</b>	Producer of Sand Based Proppants	LIBOR Plus 7.50%, Current Coupon 9.00%, Secured Debt (Maturity - December 15, 2016) (9)	5,927	5,815	5,578
<b>Primesight Limited (10) (13)</b>	Outdoor Advertising Operator	11.25% Secured Debt (Maturity - October 17, 2015)	7,671	7,671	7,500
<b>PRV Aerospace, LLC (11)</b>	Aircraft Equipment Manufacturer	LIBOR Plus 5.25%, Current Coupon 6.50%, Secured Debt (Maturity - May 9, 2018) (9)	5,972	5,920	6,024
<b>Radio One, Inc. (11)</b>	Radio Broadcasting	LIBOR Plus 6.00%, Current Coupon 7.50%, Secured Debt (Maturity - March 31, 2016) (9)	2,925	2,887	3,005
<b>Relativity Media, LLC (10)</b>	Full-scale Film and Television Production and Distribution	10.00% Secured Debt (Maturity - May 24, 2015)	4,904	4,832	4,904
		15.00% PIK Secured Debt (Maturity - May 24, 2015)	5,685	5,440	5,685
		Class A Units (Fully diluted 0.2%)		292	292
				10,564	10,881
<b>Sabre Industries, Inc. (11)</b>	Manufacturer of Telecom Structures and Equipment		6,484	6,394	6,524

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LIBOR Plus 4.75%, Current Coupon  
6.00%, Secured Debt (Maturity -  
August 24, 2018) (9)

<b>SAExploration, Inc. (11) (13)</b>	Geophysical Services Provider	11% Current / 2.50% PIK Secured Debt (Maturity - November 28, 2016) (9)	4,000	4,027	4,027
		Warrants (Fully diluted 0.05%)		53	53
				4,080	4,080
<b>Shale-Inland Holdings, LLC (11)</b>	Distributor of Pipe, Valves, and Fittings	8.75% Bond (Maturity - November 15, 2019)	3,000	3,000	3,150
<b>Sonneborn, LLC (11)</b>	Specialty Chemicals Manufacturer	LIBOR Plus 5.00%, Current Coupon 6.50%, Secured Debt (Maturity - March 30, 2018) (9)	2,970	2,919	3,029
<b>Sotera Defense Solutions, Inc. (11)</b>	Defense Industry Intelligence Services	LIBOR Plus 6.00%, Current Coupon 7.50%, Secured Debt (Maturity - April 22, 2017) (9)	9,171	8,839	9,080

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Portfolio Company (1)	Business Description	Type of Investment (2) (3)	Principal (4)	Cost (4)	Fair Value
Sourcehov LLC (11)	Business Process Services	LIBOR Plus 5.38%, Current Coupon 6.63%, Secured Debt (Maturity - April 28, 2017) (9)	2,955	2,878	2,944
		LIBOR Plus 9.25%, Current Coupon 10.50%, Secured Debt (Maturity - April 30, 2018) (9)	5,000	4,552 7,430	5,050 7,994
Surgery Center Holdings, Inc. (11)	Ambulatory Surgical Centers	LIBOR Plus 5.00%, Current Coupon 6.50%, Secured Debt (Maturity - February 6, 2017) (9)	4,869	4,851	4,881
Sutherland Global Services, Inc. (11)	Business Process Outsourcing Provider	LIBOR Plus 6.00%, Current Coupon 7.25%, Secured Debt (Maturity - March 6, 2019) (9)	7,000	6,862	6,948
Tervita Corporation (11) (13)	Oil and Gas Environmental Services	LIBOR Plus 5.00%, Current Coupon 6.25%, Secured Debt (Maturity - May 15, 2018) (9)	3,500	3,466	3,549
The Tennis Channel, Inc. (10)	Television-Based Sports Broadcasting	LIBOR Plus 6% / 4% PIK, Current Coupon with PIK 14%, Secured Debt (Maturity - June 30, 2013) (9)	11,160	12,887	12,887
		Warrants (Fully diluted 0.1%)		235 13,122	235 13,122
Therakos, Inc. (11)	Immune System Disease Treatment	LIBOR Plus 6.25%, Current Coupon 7.50%, Secured Debt (Maturity - December 27, 2017) (9)	4,988	4,842	5,000
Totes Isotoner Corporation (11)	Weather Accessory Retail	LIBOR Plus 5.75%, Current Coupon 7.25%, Secured Debt (Maturity - July 7, 2017) (9)	4,686	4,615	4,701
TriNet HR Corporation (11) (13)	Outsourced Human Resources Solutions	LIBOR Plus 5.25%, Current Coupon 6.50%, Secured Debt (Maturity - October 24, 2018) (9)	2,993	2,993	3,022
UniTek Global Services, Inc. (11)	Provider of Outsourced Infrastructure Services	LIBOR Plus 7.50%, Current Coupon 9.00%, Secured Debt (Maturity - April 15, 2018) (9)	4,377	4,270	4,366
Universal Fiber Systems, LLC (10)	Manufacturer of Synthetic Fibers		5,123	5,042	5,046

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LIBOR Plus 5.75%, Current Coupon  
7.50%, Secured Debt (Maturity -  
June 26, 2015) (9)

<b>US Xpress Enterprises, Inc. (11)</b>	Truckload Carrier	LIBOR Plus 7.50%, Current Coupon 9.00%, Secured Debt (Maturity - November 13, 2016) (9)	6,313	6,197	6,329
<b>VFH Parent LLC (11)</b>	Electronic Trading and Market Making	LIBOR Plus 4.50%, Current Coupon 5.75%, Secured Debt (Maturity - July 8, 2016) (9)	3,386	3,386	3,432

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Portfolio Company (1)	Business Description	Type of Investment (2) (3)	Principal (4)	Cost (4)	Fair Value
<b>Visant Corporation (11)</b>	School Affinity Stores	LIBOR Plus 4.00%, Current Coupon 5.25%, Secured Debt (Maturity - December 22, 2016) (9)	3,882	3,882	3,779
<b>Vision Solutions, Inc. (11)</b>	Provider of Information Availability Software	LIBOR Plus 4.50%, Current Coupon 6.00%, Secured Debt (Maturity - July 23, 2016) (9)	2,450	2,286	2,442
		LIBOR Plus 8.00%, Current Coupon 9.50%, Secured Debt (Maturity - July 23, 2017) (9)	5,000	4,963 7,249	4,950 7,392
<b>Walter Investment Management Corp. (11) (13)</b>	Real Estate Services	LIBOR Plus 4.50%, Current Coupon 5.75%, Secured Debt (Maturity - November 28, 2017) (9)	2,438	2,415	2,485
<b>Wenner Media LLC (11)</b>	Magazine Operator	LIBOR Plus 9.50%, Current Coupon 10.75%, Secured Debt (Maturity - February 17, 2018) (9)	2,191	2,115	2,183
<b>Western Dental Services, Inc. (11)</b>	Dental Care Services	LIBOR Plus 7.00%, Current Coupon 8.25%, Secured Debt (Maturity - November 1, 2018) (9)	4,988	4,846	4,992
<b>Wilton Brands LLC (11)</b>	Specialty Housewares Retailer	LIBOR Plus 6.25%, Current Coupon 7.50%, Secured Debt (Maturity - August 30, 2018) (9)	1,950	1,914	1,978
<b>Wireco Worldgroup Inc. (11)</b>	Manufacturer of Synthetic Lifting Products	LIBOR Plus 4.75%, Current Coupon 6.00%, Secured Debt (Maturity - February 15, 2017) (9)	2,488	2,466	2,522
<b>Zilliant Incorporated</b>	Price Optimization and Margin Management Solutions	12% Secured Debt (Maturity - June 15, 2017)	8,000	6,911	6,911
		Warrants (Fully diluted 3.0%)		1,071 7,982	1,071 7,982
<b>Subtotal Non-Control/Non-Affiliate Investments (49.7% of total investments at fair value)</b>				<b>474,917</b>	<b>489,620</b>
<b>Main Street Capital Partners, LLC (Investment Manager)</b>	Asset Management	100% of Membership Interests		2,668	

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**Total Portfolio Investments, March 31, 2013**

871,049

985,491

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

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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2013

(in thousands)

(Unaudited)

Portfolio Company (1)	Business Description	Type of Investment (2) (3)	Principal (4)	Cost (4)	Fair Value
<b><u>Marketable Securities and Idle Funds Investments</u></b>					
	Investments in Marketable Securities and Diversified, Registered Bond Funds				
<b>Subtotal Marketable Securities and Idle Funds Investments (0.0% of total investments at fair value)</b>					
<b>Total Investments, March 31, 2013</b>				\$ 871,049	\$ 985,491

- 
- (1) All investments are Lower Middle Market portfolio investments, unless otherwise noted.
  - (2) Debt investments are generally income producing. Equity and warrants are non-income producing, unless otherwise noted.
  - (3) See Note C for summary geographic location of portfolio companies.
  - (4) Principal is net of prepayments. Cost is net of prepayments and accumulated unearned income.
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  - (7) Non-Control/Non-Affiliate investments are defined by the 1940 Act as investments that are neither Control investments nor Affiliate investments.
  - (8) Income producing through dividends or distributions.
  - (9) Index based floating interest rate is subject to contractual minimum interest rate.
  - (10) Private Loans portfolio investment.
  - (11) Middle Market portfolio investment.
  - (12) Other Portfolio investment.
  - (13) Investment is not a qualifying asset as defined under Section 55(a) of the 1940 Act. Qualifying assets must represent at least 70% of total assets at the time of acquisition of any additional non-qualifying assets.

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**MAIN STREET CAPITAL CORPORATION**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**

**December 31, 2012**

(in thousands)

(Unaudited)

Portfolio Company (1) <u>Control Investments (5)</u>	Business Description	Type of Investment (2) (3)	Principal (4)	Cost (4)	Fair Value
<b>Bond-Coat, Inc.</b>	Casing and Tubing Coating Services	12% Secured Debt (Maturity - December 28, 2017) Common Stock (Fully diluted 43.4%)	14,750	14,550 6,350 20,900	14,550 6,350 20,900
<b>Café Brazil, LLC</b>	Casual Restaurant Group	12% Secured Debt (Maturity - April 20, 2013) Member Units (Fully diluted 41.0%) (8)	500	500 42 542	500 3,690 4,190
<b>California Healthcare Medical Billing, Inc.</b>	Outsourced Billing and Revenue Cycle Management	12% Secured Debt (Maturity - October 17, 2015) Warrants (Fully diluted 21.3%) Common Stock (Fully diluted 9.8%)	8,103	7,913 1,193 1,177 10,283	8,016 3,380 1,560 12,956
<b>CBT Nuggets, LLC</b>	Produces and Sells IT Training Certification Videos	14% Secured Debt (Maturity - December 31, 2013) Member Units (Fully diluted 41.6%) (8)	450	450 1,300 1,750	450 7,800 8,250
<b>Ceres Management, LLC (Lambs Tire &amp; Automotive)</b>	Aftermarket Automotive Services Chain	14% Secured Debt (Maturity - May 31, 2013) Class B Member Units (12% cumulative) Member Units (Fully diluted 79.0%) 9.5% Secured Debt (Lamb's Real Estate Investment I, LLC) (Maturity - October 1, 2025) Member Units (Lamb's Real Estate Investment I, LLC) (Fully diluted 100%)	4,000    1,066	3,993  3,000 5,273  1,066  625	3,993  3,000   1,066  860



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			13,957	8,919	
<b>Condit Exhibits, LLC</b>	Tradeshow Exhibits / Custom Displays	13% Current / 5% PIK Secured Debt (Maturity - July 1, 2013)	4,661	4,652	4,652
		Warrants (Fully diluted 47.9%)		320	600
				4,972	5,252
<b>Gulf Manufacturing, LLC</b>	Manufacturer of Specialty Fabricated Industrial Piping Products	9% PIK Secured Debt (Ashland Capital IX, LLC) (Maturity - June 30, 2017)	919	919	919
		Member Units (Fully diluted 34.2%) (8)		2,980	12,660
				3,899	13,579
<b>Harrison Hydra-Gen, Ltd.</b>	Manufacturer of Hydraulic Generators	9% Secured Debt (Maturity - June 4, 2015)	5,024	4,644	5,024
		Preferred Stock (8% cumulative) (8)		1,081	1,081
		Common Stock (Fully diluted 34.5%) (8)		718	1,550
				6,443	7,655
<b>Hawthorne Customs and Dispatch Services, LLC</b>	Facilitator of Import Logistics, Brokerage, and Warehousing	Member Units (Fully diluted 47.6%) (8)		589	1,140
		Member Units (Wallisville Real Estate, LLC) (Fully diluted 59.1%) (8)		1,215	1,215
				1,804	2,355
<b>Hydratec, Inc.</b>	Designer and Installer of Micro-Irrigation Systems	Common Stock (Fully diluted 94.2%) (8)		7,095	13,710
<b>Indianapolis Aviation Partners, LLC</b>	Fixed Base Operator	15% Secured Debt (Maturity - September 15, 2014)	4,150	3,982	4,070
		Warrants (Fully diluted 30.1%)		1,129	2,130
				5,111	6,200

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Portfolio Company (1)	Business Description	Type of Investment (2) (3)	Principal (4)	Cost (4)	Fair Value
<b>Jensen Jewelers of Idaho, LLC</b>	Retail Jewelry Store	Prime Plus 2%, Current Coupon 5.25%, Secured Debt (Maturity - November 14, 2013) (9)	1,696	1,696	1,696
		13% Current / 6% PIK Secured Debt (Maturity - November 14, 2013)	1,759	1,759	1,759
		Member Units (Fully diluted 60.8%) (8)		811	2,060
				4,266	5,515
<b>Lighting Unlimited, LLC</b>	Commercial and Residential Lighting Products and Design Services	8% Secured Debt (Maturity - August 22, 2014)	1,892	1,892	1,892
		Preferred Stock (non-voting)		493	493
		Warrants (Fully diluted 7.1%)		54	4
		Common Stock (Fully diluted 70.0%) (8)		100	36
				2,539	2,425
<b>Marine Shelters Holdings, LLC (LoneStar Marine Shelters)</b>	Fabricator of Marine and Industrial Shelters	12% Secured Debt (Maturity - December 28, 2017)	10,250	10,045	10,045
		Preferred Stock (Fully diluted 26.7%)		3,750	3,750
				13,795	13,795
<b>Mid-Columbia Lumber Products, LLC</b>	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)	1,017	1,017	1,017
		Warrants (Fully diluted 9.2%)		250	1,470
		Member Units (Fully diluted 42.9%)		882	1,580
		Member Units (Mid - Columbia Real Estate, LLC) (Fully diluted 50.0%) (8)		250	810
				7,549	10,027
<b>NAPCO Precast, LLC</b>	Precast Concrete Manufacturing	Prime Plus 2%, Current Coupon 9%, Secured Debt (Maturity - February 1, 2016) (9)	3,385	3,334	3,334
		18% Secured Debt (Maturity - February 1, 2016)	5,173	5,093	5,093
		Member Units (Fully diluted 44.0%)		2,975	4,360
				11,402	12,787
<b>NRI Clinical Research, LLC</b>	Clinical Research Center	14% Secured Debt (Maturity - September 8, 2016)	4,736	4,506	4,506
		Warrants (Fully diluted 12.5%)		252	480
		Member Units (Fully diluted 24.8%) (8)		500	960
				5,258	5,946

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<b>NRP Jones, LLC</b>	Manufacturer of Hoses, Fittings and Assemblies	12% Secured Debt (Maturity - December 22, 2016)	12,100	11,200	11,891
		Warrants (Fully diluted 12.2%)		817	1,350
		Member Units (Fully diluted 43.2%)		2,900	4,800
		(8)		14,917	18,041
<b>OMi Holdings, Inc.</b>	Manufacturer of Overhead Cranes	12% Secured Debt (Maturity - April 1, 2013)	6,000	5,997	6,000
		Common Stock (Fully diluted 48.0%)		1,080	8,740
				7,077	14,740
<b>Pegasus Research Group, LLC (Televerde)</b>	Telemarketing and Data Services	13% Current / 5% PIK Secured Debt (Maturity - January 6, 2016)	4,991	4,946	4,991
		Member Units (Fully diluted 43.7%)		1,250	3,790
		(8)		6,196	8,781
<b>PPL RVs, Inc.</b>	Recreational Vehicle Dealer	11.1% Secured Debt (Maturity - June 10, 2015)	8,460	8,404	8,460
		Common Stock (Fully diluted 51.1%)		2,150	6,120
				10,554	14,580

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Portfolio Company (1)	Business Description	Type of Investment (2) (3)	Principal (4)	Cost (4)	Fair Value
<b>Principle Environmental, LLC</b>	Noise Abatement Services	12% Secured Debt (Maturity - February 1, 2016)	4,750	3,945	4,750
		12% Current / 2% PIK Secured Debt (Maturity - February 1, 2016)	3,594	3,539	3,594
		Warrants (Fully diluted 14.2%)		1,200	3,860
		Member Units (Fully diluted 22.6%)		1,863	6,150
				10,547	18,354
<b>River Aggregates, LLC</b>	Processor of Construction Aggregates	12% Secured Debt (Maturity - March 30, 2016)	3,860	3,662	3,662
		Warrants (Fully diluted 20.0%)		202	
		Member Units (Fully diluted 40.0%)		550	
				4,414	3,662
<b>The MPI Group, LLC</b>	Manufacturer of Custom Hollow Metal Doors, Frames and Accessories	4.5% Current / 4.5% PIK Secured Debt (Maturity - October 2, 2013)	1,079	1,077	1,077
		6% Current / 6% PIK Secured Debt (Maturity - October 2, 2013)	5,639	5,588	5,588
		Warrants (Fully diluted 52.3%)		1,096	
				7,761	6,665
<b>Thermal and Mechanical Equipment, LLC</b>	Commercial and Industrial Engineering Services	Prime Plus 2%, Current Coupon 9%, Secured Debt (Maturity - September 25, 2014) (9)	1,033	1,030	1,033
		13% Current / 5% PIK Secured Debt (Maturity - September 25, 2014)	3,292	3,268	3,292
		Member Units (Fully diluted 50.0%) (8)		1,000	8,250
				5,298	12,575
<b>Uvalco Supply, LLC</b>	Farm and Ranch Supply Store	Member Units (Fully diluted 42.8%) (8)		1,113	2,760
<b>Van Gilder Insurance Corporation</b>	Insurance Brokerage	8% Secured Debt (Maturity - January 31, 2014)	915	914	914
		8% Secured Debt (Maturity - January 31, 2016)	1,361	1,349	1,349
		13% Secured Debt (Maturity - January 31, 2016)	6,150	5,319	5,319
		Warrants (Fully diluted 10.0%)		1,209	1,180
		Common Stock (Fully diluted 15.5%)		2,500	2,430

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			11,291	11,192
<b>Vision Interests, Inc.</b>	Manufacturer / Installer of Commercial Signage			
		6.5% Current /6.5% PIK Secured Debt (Maturity - December 23, 2016)	3,204	3,146
		Series A Preferred Stock (Fully diluted 50.9%)		3,000
		Common Stock (Fully diluted 19.1%)		3,706
			9,852	6,186
<b>Ziegler s NYPD, LLC</b>	Casual Restaurant Group			
		Prime Plus 2%, Current Coupon 9%, Secured Debt (Maturity - October 1, 2013) (9)	1,000	998
		13% Current / 5% PIK Secured Debt (Maturity - October 1, 2013)	5,314	5,300
		Warrants (Fully diluted 46.6%)		600
				6,898
				180
				6,478
<b>Subtotal Control Investments (29.2% of total investments at fair value)</b>			<b>217,483</b>	<b>278,475</b>

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**MAIN STREET CAPITAL CORPORATION**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**

**December 31, 2012**

(in thousands)

(Unaudited)

Portfolio Company (1) <u>Affiliate Investments (6)</u>	Business Description	Type of Investment (2) (3)	Principal (4)	Cost (4)	Fair Value
<b>American Sensor Technologies, Inc.</b>	Manufacturer of Commercial / Industrial Sensors	Warrants (Fully diluted 19.6%)		50	4,170
<b>Bridge Capital Solutions Corporation</b>	Financial Services and Cash Flow Solutions	13% Secured Debt (Maturity - April 17, 2017)	5,000	4,754	4,754
		Warrants (Fully diluted 7.5%)		200	310
				4,954	5,064
<b>Congruent Credit Opportunities Fund II, LP (12) (13)</b>	Investment Partnership	LP Interests (Fully diluted 19.8%) (8)		19,049	19,174
<b>Daseke, Inc.</b>	Specialty Transportation Provider	Common Stock (Fully diluted 12.6%)		1,427	7,310
<b>East Teak Fine Hardwoods, Inc.</b>	Hardwood Products	Common Stock (Fully diluted 5.0%)		480	380
<b>Gault Financial, LLC (RMB Capital, LLC)</b>	Purchases and Manages Liquidation of Distressed Assets	14% Secured Debt (Maturity - November 21, 2016)	9,828	9,348	9,348
		Warrants (Fully diluted 22.5%)		400	240
				9,748	9,588
<b>Houston Plating and Coatings, LLC</b>	Plating and Industrial Coating Services	Member Units (Fully diluted 11.1%) (8)		635	8,280
<b>Indianhead Pipeline Services, LLC</b>	Pipeline Support Services	12% Secured Debt (Maturity - February 6, 2017)	8,725	8,186	8,186
		Preferred Equity (Fully diluted 8.0%) (8)		1,676	1,676
		Warrants (Fully diluted 10.6%)		459	1,490

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		Member Units (Fully diluted 4.1%) (8)		1 10,322	50 11,402
<b>Integrated Printing Solutions, LLC</b>	Specialty Card Printing				
		13% Secured Debt (Maturity - September 23, 2016)	12,500	11,807	11,807
		Preferred Equity (Fully diluted 11.0%)		2,000	2,000
		Warrants (Fully diluted 8.0%)		600	1,100
				14,407	14,907
<b>irth Solutions, LLC</b>	Damage Prevention Technology Information Services				
		12% Secured Debt (Maturity - December 29, 2015)	3,587	3,543	3,587
		Member Units (Fully diluted 12.8%) (8)		624	2,750
				4,167	6,337
<b>KBK Industries, LLC</b>	Specialty Manufacturer of Oilfield and Industrial Products				
		12.5% Secured Debt (Maturity - September 28, 2017)	9,000	8,913	9,000
		Member Units (Fully diluted 17.9%) (8)		341	5,550
				9,254	14,550
<b>Olympus Building Services, Inc.</b>	Custodial / Facilities Services				
		12% Secured Debt (Maturity - March 27, 2014)	3,050	2,975	2,975
		12% Current / 3% PIK Secured Debt (Maturity - March 27, 2014)	1,014	1,014	1,014
		Warrants (Fully diluted 22.5%)		470	470
				4,459	4,459
<b>OnAsset Intelligence, Inc.</b>	Transportation Monitoring / Tracking Services				
		12% Secured Debt (Maturity - April 18, 2013)	1,500	1,500	1,500
		Preferred Stock (7% cumulative) (Fully diluted 5.8%) (8)		1,692	2,440
		Warrants (Fully diluted 4.0%)		830	550
				4,022	4,490

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Portfolio Company (1)	Business Description	Type of Investment (2) (3)	Principal (4)	Cost (4)	Fair Value
<b>OPI International Ltd. (13)</b>	Oil and Gas Construction Services	Common Equity (Fully diluted 11.5%) (8)		1,371	4,971
<b>PCI Holding Company, Inc.</b>	Manufacturer of Industrial Gas Generating Systems	12% Current / 4% PIK Secured Debt (Maturity - December 18, 2017) Preferred Stock (20% cumulative) (Fully diluted 19.4%) (8)	5,008	4,909 1,511 6,420	4,909 1,511 6,420
<b>Radial Drilling Services Inc.</b>	Oil and Gas Technology	12% Secured Debt (Maturity - November 23, 2016) Warrants (Fully diluted 24.0%)	4,200	3,485 758 4,243	3,485 758 4,243
<b>Samba Holdings, Inc.</b>	Intelligent Driver Record Monitoring Software and Services	12.5% Secured Debt (Maturity - November 17, 2016) Common Stock (Fully diluted 19.4%)	11,923	11,754 1,707 13,461	11,923 3,670 15,593
<b>Spectrio LLC</b>	Audio Messaging Services	8% Secured Debt (Maturity - June 16, 2016) 12% Secured Debt (Maturity - June 16, 2016) Warrants (Fully diluted 9.8%)	280 17,990	280 17,559 887 18,726	280 17,963 3,420 21,663
<b>SYNEO, LLC</b>	Manufacturer of Specialty Cutting Tools and Punches	12% Secured Debt (Maturity - July 13, 2016) 10% Secured Debt (Leadrock Properties, LLC) (Maturity - May 4, 2026) Member Units (Fully diluted 11.1%)	4,300 1,440	4,218 1,413 1,000 6,631	4,218 1,413 1,000 6,631
<b>Texas Reexcavation LC</b>	Hydro Excavation Services	12% Current / 3% PIK Secured Debt (Maturity - December 31, 2017) Class A Member Units (Fully diluted 16.3%)	6,001	5,881 2,900 8,781	5,881 2,900 8,781
<b>Subtotal Affiliate Investments (18.7% of total investments at fair value)</b>				142,607	178,413



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**MAIN STREET CAPITAL CORPORATION**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**

**December 31, 2012**

**(in thousands)**

**(Unaudited)**

Portfolio Company (1)	Business Description	Type of Investment (2) (3)	Principal (4)	Cost (4)	Fair Value
<b><u>Non-Control/Non-Affiliate Investments (7)</u></b>					
<b>AGS LLC (10)</b>	Developer, Manufacturer, and Operator of Gaming Machines	LIBOR Plus 10.00%, Current Coupon 11.50%, Secured Debt (Maturity - August 23, 2016) (9)	9,423	9,239	9,239
<b>Ameritech College Operations, LLC</b>	For-Profit Nursing and Healthcare College	18% Secured Debt (Maturity - March 9, 2017)	6,050	5,942	6,050
<b>Ancestry.com Inc. (11)</b>	Genealogy Software Service	LIBOR Plus 5.75%, Current Coupon 7.00%, Secured Debt (Maturity - December 27, 2018) (9)	7,000	6,720	6,767
<b>Artel, LLC (11)</b>	Land-Based and Commercial Satellite Provider	LIBOR Plus 6.00%, Current Coupon 7.25%, Secured Debt (Maturity - November 27, 2017) (9)	5,000	4,951	4,950
<b>Associated Asphalt Partners, LLC (11)</b>	Liquid Asphalt Supplier	LIBOR Plus 5.75%, Current Coupon 7.25%, Secured Debt (Maturity - March 9, 2018) (9)	9,400	9,250	9,259
<b>Audio Visual Services Group, Inc. (11)</b>	Hotel & Venue Audio Visual Operator	LIBOR Plus 5.50%, Current Coupon 6.75%, Secured Debt (Maturity - November 9, 2018) (9) LIBOR Plus 9.50%, Current Coupon 10.75%, Secured Debt (Maturity - May 9, 2019) (9)	5,000	4,901 9,802	4,919 9,857
<b>B. J. Alan Company</b>	Retailer and Distributor of Consumer Fireworks				

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14% Current / 2.5% PIK Secured  
Debt (Maturity - June 22, 2017) 10,134 10,042 10,042

<b>Blackboard, Inc. (11)</b>	Education Software Provider	LIBOR Plus 6.00%, Current Coupon 7.50%, Secured Debt (Maturity - October 4, 2018) (9)	1,361	1,319	1,379
		LIBOR Plus 10.00%, Current Coupon 11.50%, Secured Debt (Maturity - April 4, 2019) (9)	2,000	1,852 3,171	1,927 3,306
<b>Brand Connections, LLC</b>	Venue-Based Marketing and Media	12% Secured Debt (Maturity - April 30, 2015)	7,974	7,828	7,974
<b>Brasa Holdings Inc. (11)</b>	Upscale Full Service Restaurants	LIBOR Plus 6.25%, Current Coupon 7.50%, Secured Debt (Maturity - July 18, 2019) (9)	3,491	3,395	3,525
		LIBOR Plus 9.50%, Current Coupon 11.00%, Secured Debt (Maturity - January 19, 2020) (9)	2,000	1,927 5,322	2,030 5,555
<b>Calloway Laboratories, Inc. (10)</b>	Health Care Testing Facilities	10.00% Current / 2.00% PIK Secured Debt (Maturity - September 30, 2014)	5,479	5,361	5,479
<b>CDC Software Corporation (11)</b>	Enterprise Application Software	LIBOR Plus 6.00%, Current Coupon 7.50%, Secured Debt (Maturity - August 6, 2018) (9)	4,239	4,199	4,260
<b>CHI Overhead Doors, Inc. (11)</b>	Manufacturer of Overhead Garage Doors	LIBOR Plus 5.75%, Current Coupon 7.25%, Secured Debt (Maturity - August 17, 2017) (9)	2,410	2,371	2,421
		LIBOR Plus 9.50%, Current Coupon 11.00%, Secured Debt (Maturity - February 17, 2018) (9)	2,500	2,457 4,828	2,463 4,884
<b>Citadel Plastics Holding, Inc. (11)</b>	Supplier of Commodity Chemicals / Plastic Parts	LIBOR Plus 5.25%, Current Coupon 6.75%, Secured Debt (Maturity - February 28, 2018) (9)	2,985	2,959	2,989
<b>Compact Power Equipment Centers Inc.</b>	Equipment / Tool Rental	6% Current / 6% PIK Secured Debt (Maturity - October 1, 2017)	3,687	3,669	3,669
		Series A Stock (8% cumulative) (Fully diluted 4.2%) (8)		923 4,592	1,232 4,901

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Portfolio Company (1)	Business Description	Type of Investment (2) (3)	Principal (4)	Cost (4)	Fair Value
<b>Confie Seguros Holding II Co. (11)</b>	Insurance Brokerage	LIBOR Plus 5.25%, Current Coupon 6.50%, Secured Debt (Maturity - November 9, 2018) (9)	5,000	4,927	4,964
<b>Connolly Holdings Inc. (11)</b>	Audit Recovery Software	LIBOR Plus 5.25%, Current Coupon 6.50%, Secured Debt (Maturity - July 15, 2018) (9)	2,488	2,464	2,519
		LIBOR Plus 9.25%, Current Coupon 10.50%, Secured Debt (Maturity - January 15, 2019) (9)	2,000	1,962	2,050
				4,426	4,569
<b>Creative Circle, LLC (11)</b>	Professional Staffing Firm	LIBOR Plus 6.00%, Current Coupon 7.25%, Secured Debt (Maturity - September 28, 2017) (9)	9,938	9,840	9,840
<b>CST Industries (11)</b>	Storage Tank Manufacturer	LIBOR Plus 6.25%, Current Coupon 7.75%, Secured Debt (Maturity - May 22, 2017) (9)	12,188	12,022	12,110
<b>Diversified Machine, Inc. (11)</b>	Automotive Component Supplier	LIBOR Plus 7.75%, Current Coupon 9.25%, Secured Debt (Maturity - December 21, 2017) (9)	2,000	1,961	1,985
<b>Drilling Info, Inc.</b>	Information Services for the Oil and Gas Industry	Common Stock (Fully diluted 2.3%)		1,335	5,769
<b>Dycom Investments, Inc. (11) (13)</b>	Telecomm Construction & Engineering Providers	7.13% Bond (Maturity - January 15, 2021)	1,000	1,042	1,053
<b>Emerald Performance Materials, Inc. (11)</b>	Specialty Chemicals Manufacturer	LIBOR Plus 5.50%, Current Coupon 6.75%, Secured Debt (Maturity - May 18, 2018) (9)	4,490	4,451	4,512
<b>Engility Corporation (11) (13)</b>	Defense Software	LIBOR Plus 4.50%, Current Coupon 5.75%, Secured Debt (Maturity - July 18, 2017) (9)	8,000	7,928	7,930
<b>eResearch Technology, Inc. (11)</b>	Provider of Technology- Driven Health Research	LIBOR Plus 6.50%, Current Coupon 8.00%, Secured Debt (Maturity - June 29, 2018) (9)	3,491	3,361	3,465

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<b>EnCap Energy Fund Investments (12) (13)</b>	Investment Partnership	LP Interests (EnCap Energy Capital Fund VIII, L.P.) (Fully diluted 0.1%) (8)	1,735	1,852	
		LP Interests (EnCap Energy Capital Fund VIII Co- Investors, L.P.) (Fully diluted 0.3%)	442	442	
		LP Interests (EnCap Flatrock Midstream Fund II, L.P.) (Fully diluted 0.8%)	664	664	
			2,841	2,958	
<b>Fairway Group Acquisition Company (11)</b>	Retail Grocery	LIBOR Plus 6.75%, Current Coupon 8.25%, Secured Debt (Maturity - August 17, 2018) (9)	3,990	3,933	4,030
<b>FC Operating, LLC (10)</b>	Christian Specialty Retail Stores	LIBOR Plus 10.75%, Current Coupon 12.00%, Secured Debt (Maturity - November 14, 2017) (9)	6,000	5,883	5,916
<b>FishNet Security, Inc. (11)</b>	Information Technology Value-Added Reseller	LIBOR Plus 6.00%, Current Coupon 7.25%, Secured Debt (Maturity - November 30, 2017) (9)	8,000	7,921	7,960
<b>Flexera Software LLC (11)</b>	Software Licensing	LIBOR Plus 9.75%, Current Coupon 11.00%, Secured Debt (Maturity - September 30, 2018) (9)	3,000	2,789	3,053
<b>Fram Group Holdings, Inc. (11)</b>	Manufacturer of Automotive Maintenance Products	LIBOR Plus 5.00%, Current Coupon 6.50%, Secured Debt (Maturity - July 29, 2017) (9)	988	984	989
		LIBOR Plus 9.00%, Current Coupon 10.50%, Secured Debt (Maturity - January 29, 2018) (9)	1,000	996	950
				1,980	1,939

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Portfolio Company (1)	Business Description	Type of Investment (2) (3)	Principal (4)	Cost (4)	Fair Value
<b>GFA Brands, Inc. (11) (13)</b>	Distributor of Health Food Products	LIBOR Plus 5.75%, Current Coupon 7.00%, Secured Debt (Maturity - July 2, 2018) (9)	6,790	6,663	6,909
<b>GMACM Borrower LLC (11)</b>	Mortgage Originator and Servicer	LIBOR Plus 6.00%, Current Coupon 7.25%, Secured Debt (Maturity - November 13, 2015) (9)	1,000	987	1,011
<b>Grede Holdings, LLC (11)</b>	Operator of Iron Foundries	LIBOR Plus 5.50%, Current Coupon 7.00%, Secured Debt (Maturity - April 3, 2017) (9)	5,000	4,975	5,025
<b>Hayden Acquisition, LLC</b>	Manufacturer of Utility Structures	8% Secured Debt (Maturity - January 1, 2013)	1,800	1,781	
<b>Hearthside Food Solutions, LLC (11)</b>	Contract Food Manufacturer	LIBOR Plus 5.25%, Current Coupon 6.50%, Secured Debt (Maturity - June 5, 2018) (9)	3,990	3,953	3,980
<b>Heckmann Corporation (11) (13)</b>	Water Treatment and Disposal Services	9.88% Bond (Maturity - April 15, 2018)	3,500	3,500	3,588
<b>HOA Restaurant Group, LLC (11)</b>	Casual Restaurant Group	11.25% Bond (Maturity - April 1, 2017)	2,000	2,000	1,810
<b>Hudson Products Holdings, Inc. (11)</b>	Manufacturer of Heat Transfer Equipment	LIBOR Plus 5.75%, Current Coupon 7.00%, Secured Debt (Maturity - June 7, 2017) (9)	4,000	3,961	4,015
<b>Hupah Finance Inc. (11)</b>	Manufacturer of Industrial Machinery	LIBOR Plus 5.00%, Current Coupon 6.25%, Secured Debt (Maturity - January 19, 2019) (9)	2,978	2,924	3,015
<b>Il Fornaio Corporation (11)</b>	Casual Restaurant Group	LIBOR Plus 5.25%, Current Coupon 6.50%, Secured Debt (Maturity - June 10, 2017) (9)	1,822	1,815	1,836
<b>Insight Pharmaceuticals, LLC (11)</b>	Pharmaceuticals Merchant Wholesalers		5,000	4,976	5,025

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		LIBOR Plus 5.00%, Current Coupon 6.25%, Secured Debt (Maturity - August 25, 2016) (9)			
<b>Ipreo Holdings LLC (11)</b>	Application Software for Capital Markets	LIBOR Plus 6.50%, Current Coupon 8.00%, Secured Debt (Maturity - August 5, 2017) (9)	5,688	5,610	5,723
<b>iStar Financial Inc. (11) (13)</b>	Real Estate Investment Trust	LIBOR Plus 4.00%, Current Coupon 5.25%, Secured Debt (Maturity - March 19, 2016) (9)	1,444	1,422	1,461
<b>Ivy Hill Middle Market Credit Fund III, Ltd. (12) (13)</b>	Investment Partnership	LIBOR Plus 6.50%, Current Coupon 6.71%, Secured Debt (Maturity - January 15, 2022)	2,000	1,681	1,970
<b>Jackson Hewitt Tax Service Inc. (11)</b>	Tax Preparation Services	LIBOR Plus 8.50%, Current Coupon 10.00%, Secured Debt (Maturity - October 15, 2017) (9)	7,500	7,211	7,281
<b>Kadmon Pharmaceuticals, LLC (10)</b>	Biopharmaceutical Products and Services	LIBOR Plus 13.00% / 12.00% PIK, Current Coupon with PIK 27.00%, Secured Debt (Maturity - April 30, 2013) (9)	6,056	6,056	6,056
<b>Keypoint Government Solutions, Inc. (11)</b>	Pre-employment Screening Services	LIBOR Plus 6.00%, Current Coupon 7.25%, Secured Debt (Maturity - November 13, 2017) (9)	5,000	4,903	4,975
<b>Maverick Healthcare Group LLC (10)</b>	Home Healthcare Products and Services	LIBOR Plus 9.00%, Current Coupon 10.75%, Secured Debt (Maturity - December 30, 2016) (9)	4,900	4,900	4,992

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Portfolio Company (1)	Business Description	Type of Investment (2) (3)	Principal (4)	Cost (4)	Fair Value
<b>Media Holdings, LLC (11) (13)</b>	Internet Traffic Generator	LIBOR Plus 13.00%, Current Coupon 15.00%, Secured Debt (Maturity - April 27, 2014) (9)	5,000	5,332	5,000
<b>Medpace Intermediateco, Inc. (11)</b>	Clinical Trial Development and Execution	LIBOR Plus 5.00%, Current Coupon 6.50%, Secured Debt (Maturity - June 19, 2017) (9)	4,612	4,557	4,427
<b>Metal Services LLC (11)</b>	Steel Mill Services	LIBOR Plus 6.50%, Current Coupon 7.75%, Secured Debt (Maturity - June 30, 2017) (9)	5,000	4,902	5,038
<b>Metals USA, Inc. (11) (13)</b>	Operator of Metal Service Centers	LIBOR Plus 5.00%, Current Coupon 6.25%, Secured Debt (Maturity - December 14, 2019) (9)	7,500	7,426	7,463
<b>Milk Specialties Company (11)</b>	Processor of Nutrition Products	LIBOR Plus 5.75%, Current Coupon 7.00%, Secured Debt (Maturity - November 9, 2018) (9)	5,000	4,951	4,988
<b>Miramax Film NY, LLC (11)</b>	Motion Picture Producer and Distributor	Class B Units (Fully diluted 0.2%)		500	576
<b>Mmodal, Inc. (11)</b>	Healthcare Equipment and Services	LIBOR Plus 5.50%, Current Coupon 6.75%, Secured Debt (Maturity - August 16, 2019) (9)	3,990	3,940	3,850
<b>Modern VideoFilm, Inc. (10)</b>	Post-Production Film Studio	LIBOR Plus 9.00%, Current Coupon 10.50%, Secured Debt (Maturity - December 19, 2017) (9) Warrants (Fully diluted 1.5%)	5,005	4,780 150 4,930	4,780 150 4,930
<b>Mood Media Corporation (11) (13)</b>	Music Programming and Broadcasting	LIBOR Plus 5.50%, Current Coupon 7.00%, Secured Debt (Maturity - May 6, 2018) (9)	1,775	1,759	1,780
<b>National Healing Corporation (11)</b>	Wound Care Management	LIBOR Plus 10.00%, Current Coupon 11.50%, Secured Debt (Maturity - November 30, 2018) (9)	1,500	1,422 50	1,545 50

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Common Equity (Fully diluted  
0.02%)

1,472 1,595

<b>National Vision, Inc. (11)</b>	Discount Optical Retailer	LIBOR Plus 5.75%, Current Coupon 7.00%, Secured Debt (Maturity - August 2, 2018) (9)	3,226	3,179	3,274
<b>NCI Building Systems, Inc. (11)</b>	Non-Residential Building Products Manufacturer	LIBOR Plus 6.75%, Current Coupon 8.00%, Secured Debt (Maturity - May 2, 2018) (9)	2,450	2,335	2,455
<b>NCP Investment Holdings, Inc.</b>	Management of Outpatient Cardiac Cath Labs	Class A and C Units (Fully diluted 3.3%) (8)		20	2,474
<b>NGPL PipeCo, LLC (11)</b>	Natural Gas Pipelines and Storage Facilities	LIBOR Plus 5.50%, Current Coupon 6.75%, Secured Debt (Maturity - September 15, 2017) (9)	8,679	8,548	8,901
<b>North American Breweries Holdings, LLC (11)</b>	Operator of Specialty Breweries	LIBOR Plus 6.25%, Current Coupon 7.50%, Secured Debt (Maturity - December 11, 2018) (9)	4,000	3,921	4,020
<b>Northland Cable Television, Inc. (11)</b>	Television Broadcasting	LIBOR Plus 6.00%, Current Coupon 7.75%, Secured Debt (Maturity - December 30, 2016) (9)	4,812	4,710	4,692
<b>Oberthur Technologies SA (11) (13)</b>	Smart Card, Printing, Identity, and Cash Protection Security	LIBOR Plus 5.00%, Current Coupon 6.25%, Secured Debt (Maturity - November 30, 2018) (9)	6,965	6,648	6,913
<b>Oneida Ltd. (11)</b>	Household Products Manufacturer	LIBOR Plus 7.75%, Current Coupon 9.25%, Secured Debt (Maturity - September 25, 2017) (9)	1,933	1,899	1,904



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Portfolio Company (1)	Business Description	Type of Investment (2) (3)	Principal (4)	Cost (4)	Fair Value
<b>Panolam Industries International, Inc. (11)</b>	Decorative Laminate Manufacturer	LIBOR Plus 6.00%, Current Coupon 7.25%, Secured Debt (Maturity - August 23, 2017) (9)	4,048	4,010	4,038
<b>Peppermill Casinos, Inc. (11)</b>	Operator of Casinos and Gaming Operations	LIBOR Plus 6.00%, Current Coupon 7.25%, Secured Debt (Maturity - November 2, 2018) (9)	2,295	2,204	2,246
<b>Phillips Plastic Corporation (11)</b>	Custom Molder of Plastics and Metals	LIBOR Plus 5.00%, Current Coupon 6.50%, Secured Debt (Maturity - February 12, 2017) (9)	1,728	1,714	1,723
<b>Physician Oncology Services, L.P. (11)</b>	Provider of Radiation Therapy and Oncology Services	LIBOR Plus 6.25%, Current Coupon 7.75%, Secured Debt (Maturity - January 31, 2017) (9)	942	935	904
<b>PL Propylene LLC (11) (13)</b>	Propylene Producer	LIBOR Plus 5.75%, Current Coupon 7.00%, Secured Debt (Maturity - March 27, 2017) (9)	3,970	3,901	4,035
<b>Preferred Proppants, LLC (11)</b>	Producer of Sand Based Proppants	LIBOR Plus 6.00%, Current Coupon 7.50%, Secured Debt (Maturity - December 15, 2016) (9)	5,942	5,823	5,526
<b>ProQuest LLC (11)</b>	Academic Research Portal	LIBOR Plus 4.75%, Current Coupon 6.00%, Secured Debt (Maturity - April 13, 2018) (9)	4,963	4,918	4,997
<b>PRV Aerospace, LLC (11)</b>	Aircraft Equipment Manufacturer	LIBOR Plus 5.25%, Current Coupon 6.50%, Secured Debt (Maturity - May 9, 2018) (9)	5,972	5,917	5,987
<b>Radio One, Inc. (11)</b>	Radio Broadcasting	LIBOR Plus 6.00%, Current Coupon 7.50%, Secured Debt (Maturity - March 31, 2016) (9)	2,932	2,891	2,983
<b>Relativity Media, LLC (10)</b>	Full-scale Film and Television Production and Distribution	10.00% Secured Debt (Maturity - May 24, 2015) 15.00% PIK Secured Debt (Maturity - May 24, 2015) Class A Units (Fully diluted 0.2%)	4,904 5,477	4,825 5,214 292	5,087 5,294 292
				10,331	10,673

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<b>Sabre Industries, Inc. (11)</b>	Manufacturer of Telecom Structures and Equipment	LIBOR Plus 5.75%, Current Coupon 7.00%, Secured Debt (Maturity - August 24, 2018) (9)	6,500	6,407	6,565
<b>Shale-Inland Holdings, LLC (11)</b>	Distributor of Pipe, Valves, and Fittings	8.75% Bond (Maturity - November 15, 2019)	3,000	3,000	3,143
<b>Sonneborn, LLC (11)</b>	Specialty Chemicals Manufacturer	LIBOR Plus 5.00%, Current Coupon 6.50%, Secured Debt (Maturity - March 30, 2018) (9)	2,978	2,924	3,030
<b>Sourcehov LLC (11)</b>	Business Process Services	LIBOR Plus 5.38%, Current Coupon 6.63%, Secured Debt (Maturity - April 28, 2017) (9)	2,955	2,874	2,921
		LIBOR Plus 9.25%, Current Coupon 10.50%, Secured Debt (Maturity - April 30, 2018) (9)	5,000	4,537 7,411	4,581 7,502
<b>Surgery Center Holdings, Inc. (11)</b>	Ambulatory Surgical Centers	LIBOR Plus 5.00%, Current Coupon 6.50%, Secured Debt (Maturity - February 6, 2017) (9)	4,881	4,863	4,857
<b>The Tennis Channel, Inc. (10)</b>	Television-Based Sports Broadcasting	LIBOR Plus 6% / 4% PIK, Current Coupon with PIK 14%, Secured Debt (Maturity - June 30, 2013) (9)	11,050	12,776 235	12,776 235
		Warrants (Fully diluted 0.1%)		13,011	13,011
<b>Totes Isotoner Corporation (11)</b>	Weather Accessory Retail	LIBOR Plus 5.75%, Current Coupon 7.25%, Secured Debt (Maturity - July 7, 2017) (9)	4,717	4,642	4,729
<b>TriNet HR Corporation (11) (13)</b>	Outsourced Human Resources Solutions	LIBOR Plus 5.25%, Current Coupon 6.50%, Secured Debt (Maturity - October 24, 2018) (9)	3,000	3,000	3,011

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Portfolio Company (1)	Business Description	Type of Investment (2) (3)	Principal (4)	Cost (4)	Fair Value
<b>UniTek Global Services, Inc. (11)</b>	Provider of Outsourced Infrastructure Services	LIBOR Plus 7.50%, Current Coupon 9.00%, Secured Debt (Maturity - April 15, 2018) (9)	4,379	4,268	4,308
<b>Universal Fiber Systems, LLC (10)</b>	Manufacturer of Synthetic Fibers	LIBOR Plus 5.75%, Current Coupon 7.50%, Secured Debt (Maturity - June 26, 2015) (9)	5,274	5,182	5,195
<b>US Xpress Enterprises, Inc. (11)</b>	Truckload Carrier	LIBOR Plus 7.50%, Current Coupon 9.00%, Secured Debt (Maturity - November 13, 2016) (9)	6,500	6,374	6,484
<b>Vantage Specialties, Inc. (11)</b>	Manufacturer of Specialty Chemicals	LIBOR Plus 5.50%, Current Coupon 7.00%, Secured Debt (Maturity - February 10, 2018) (9)	3,970	3,900	4,000
<b>VFH Parent LLC (11)</b>	Electronic Trading and Market Making	LIBOR Plus 6.00%, Current Coupon 7.50%, Secured Debt (Maturity - July 8, 2016) (9)	3,394	3,344	3,404
<b>Visant Corporation (11)</b>	School Affinity Stores	LIBOR Plus 4.00%, Current Coupon 5.25%, Secured Debt (Maturity - December 22, 2016) (9)	3,923	3,923	3,575
<b>Vision Solutions, Inc. (11)</b>	Provider of Information Availability Software	LIBOR Plus 4.50%, Current Coupon 6.00%, Secured Debt (Maturity - July 23, 2016) (9) LIBOR Plus 8.00%, Current Coupon 9.50%, Secured Debt (Maturity - July 23, 2017) (9)	2,506 5,000	2,325 4,962 7,287	2,340 4,875 7,215
<b>Walter Investment Management Corp. (11) (13)</b>	Real Estate Services	LIBOR Plus 4.50%, Current Coupon 5.75%, Secured Debt (Maturity - November 28, 2017) (9)	2,469	2,444	2,484
<b>Western Dental Services, Inc. (11)</b>	Dental Care Services	LIBOR Plus 7.00%, Current Coupon 8.25%, Secured Debt (Maturity - November 1, 2018) (9)	5,000	4,853	4,894
<b>Wilton Brands LLC (11)</b>					

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	Specialty Housewares Retailer	LIBOR Plus 6.25%, Current Coupon 7.50%, Secured Debt (Maturity - August 30, 2018) (9)	1,975	1,937	2,000
<b>Wireco Worldgroup Inc. (11)</b>	Manufacturer of Synthetic Lifting Products	LIBOR Plus 4.75%, Current Coupon 6.00%, Secured Debt (Maturity - February 15, 2017) (9)	2,494	2,471	2,550
<b>WP CPP Holdings, LLC (11)</b>	Manufacturer of Aerospace and Defense Components	LIBOR Plus 4.50%, Current Coupon 5.75%, Secured Debt (Maturity - December 28, 2019) (9)	4,000	3,960	4,020
<b>Zilliant Incorporated</b>	Price Optimization and Margin Management Solutions	12% Secured Debt (Maturity - June 15, 2017) Warrants (Fully diluted 3.0%)	8,000	6,866 1,071 7,937	6,866 1,071 7,937
<b>Subtotal Non-Control/Non-Affiliate Investments (49.1% of total investments at fair value)</b>			456,975	467,543	
<b>Main Street Capital Partners, LLC (Investment Manager)</b>	Asset Management	100% of Membership Interests		2,668	
<b>Total Portfolio Investments, December 31, 2012</b>			819,733	924,431	

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**MAIN STREET CAPITAL CORPORATION**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**

**December 31, 2012**

**(in thousands)**

**(Unaudited)**

Portfolio Company (1)	Business Description	Type of Investment (2) (3)	Principal (4)	Cost (4)	Fair Value
<b><u>Marketable Securities and Idle Funds Investments</u></b>					
	Investments in Marketable Securities and Diversified, Registered Bond Funds				
<b>Ceridian Corporation (13)</b>		LIBOR Plus 5.75%, Current Coupon 5.96%, Secured Debt (Maturity - May 9, 2017)	10,000	10,025	10,013
<b>Compass Investors Inc. (13)</b>		LIBOR Plus 4.00%, Current Coupon 5.25%, Secured Debt (Maturity - December 27, 2019) (9)	7,000	7,005	6,994
<b>First Data Corporation (13)</b>		LIBOR Plus 4.00%, Current Coupon 4.21%, Secured Debt (Maturity - March 23, 2018)	5,000	4,763	4,767
<b>Toll Road Investors Partnership II, LP Bond (13)</b>		Zero Coupon Bond (Maturity - February 15, 2033)	7,500	1,742	1,834
<b>Univision Communications Inc. (13)</b>		LIBOR Plus 4.25%, Current Coupon 4.46%, Secured Debt (Maturity - March 31, 2017)	5,000	4,934	4,927
<b>Subtotal Marketable Securities and Idle Funds Investments (3.0% of total investments at fair value)</b>				<b>28,469</b>	<b>28,535</b>
<b>Total Investments, December 31, 2012</b>				<b>\$ 848,202</b>	<b>\$ 952,966</b>

- 
- (1) All investments are Lower Middle Market portfolio investments, unless otherwise noted.  
(2) Debt investments are generally income producing. Equity and warrants are non-income producing, unless otherwise noted.  
(3) See Note C for summary geographic location of portfolio companies.  
(4) Principal is net of prepayments. Cost is net of prepayments and accumulated unearned income.  
(5) Control investments are defined by the Investment Company Act of 1940, as amended ( 1940 Act ) as investments in which more than 25% of the voting securities are owned or where the ability to nominate greater than 50% of the board representation is maintained.  
(6) Affiliate investments are defined by the 1940 Act as investments in which between 5% and 25% of the voting securities are owned and the investments are not classified as Control investments.  
(7) Non-Control/Non-Affiliate investments are defined by the 1940 Act as investments that are neither Control investments nor Affiliate investments.  
(8) Income producing through dividends or distributions.  
(9) Index based floating interest rate is subject to contractual minimum interest rate.

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- (10) Private Loans portfolio investment.
- (11) Middle Market portfolio investment.
- (12) Other Portfolio investment.
- (13) Investment is not a qualifying asset as defined under Section 55(a) of the 1940 Act. Qualifying assets must represent at least 70% of total assets at the time of acquisition of any additional non-qualifying assets.

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**MAIN STREET CAPITAL CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

**NOTE A ORGANIZATION AND BASIS OF PRESENTATION**

**1. Organization**

Main Street Capital Corporation ( **MSCC** ) 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 completion of the Final MSC II Exchange, MSCC owns 100% of MSC II. 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 and indirect wholly owned 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 consolidated subsidiaries which include the Funds and the Taxable Subsidiaries.

## 2. Basis of Presentation

Main Street's financial statements are prepared in accordance with generally accepted accounting principles in the United States of America ( U.S. GAAP ). For the three months ended March 31, 2013 and 2012, Main Street's consolidated financial statements include the accounts of MSCC and its consolidated subsidiaries, which include the Funds and the Taxable Subsidiaries. The Investment Portfolio, as used herein, refers to all of Main Street's LMM portfolio investments, Middle Market portfolio investments, Private Loan portfolio investments, Other Portfolio investments and the investment in the Investment Manager but excludes all Marketable securities and idle funds investments (see Note C Fair Value Hierarchy for Investments and Debentures - Portfolio Investment Composition for additional discussion of Main Street's Investment Portfolio composition and definitions for the terms LMM, Middle Market, Private Loan and Other Portfolio). The Investment Manager is accounted for as a portfolio investment (see Note D) and is not consolidated with MSCC and its consolidated subsidiaries. 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.12.). Main Street's results of operations and cash flows for the three months ended March 31, 2013 and 2012 and financial position as of March 31, 2013 and December 31, 2012, are presented on a consolidated basis. The effects of all intercompany transactions between Main Street and its consolidated subsidiaries have been eliminated in consolidation. Certain reclassifications have been made to prior period balances to conform with the current presentation, including the reclassification of certain investments previously included as part of the LMM portfolio or Middle Market portfolio that are now classified as part of the Private Loan portfolio and the reclassification of Investment Portfolio and Marketable securities and idle funds investment related activity from cash flows from investing activities to cash flows from operating activities.



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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, 2013 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, 2012. 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 holds a controlling interest in an operating company that provides 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 Investment Portfolio is 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 being recognized as a Net Realized Gain (Loss) from Investments.

***Portfolio Investment Classification***

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

**NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. Valuation of the Investment Portfolio**

Main Street accounts for its Investment Portfolio at fair value. As a result, Main Street follows the provisions of the Financial Accounting Standards Board (FASB) 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.

Main Street's portfolio strategy calls for it to invest primarily in illiquid debt and equity securities issued by private, LMM companies and debt securities issued by Middle Market companies that are generally larger in size than the LMM companies. Main Street categorizes some of its investments in LMM companies and Middle Market companies as Private Loan portfolio investments, which are typically debt securities issued by companies that are consistent in size with either the LMM companies or Middle Market companies, but are investments which have been originated through strategic relationships with other investment funds on a collaborative basis. Main Street's portfolio also includes Other Portfolio investments which primarily consist of investments which are not consistent with the typical profiles for our LMM portfolio investments, Middle Market portfolio investments or Private Loan portfolio investments, including investments which may be managed by third parties. All of these portfolio investments may be subject to restrictions on resale.

LMM investments and Other Portfolio investments generally have no established trading market while Middle Market securities generally have established markets that are not active. Private Loan investments may include investments which have no established trading market or have established markets that are not active. Main Street determines in good faith the fair value of its Investment Portfolio pursuant to a valuation policy in accordance with ASC 820 and a valuation process approved by its Board of

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Directors and in accordance with the 1940 Act. Main Street's valuation policy and process are intended to provide a consistent basis for determining the fair value of the portfolio.

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 primarily uses observable inputs such as quoted prices in the valuation process. For Middle Market portfolio investments for which sufficient observable inputs are not available to determine fair value, Main Street generally uses a combination of observable inputs through obtaining third party quotes or other independent pricing and an approach similar to the income approach using a yield-to-maturity model used to value its LMM portfolio debt investments.

For valuation purposes, control LMM portfolio investments are composed of debt and equity securities in companies for which Main Street has a controlling interest in the portfolio company or 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 LMM portfolio investments. As a result, for control LMM portfolio investments, Main Street determines the fair value 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 various components of the portfolio company's capital structure. 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 and which includes using a yield-to-maturity 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. The valuation approaches for Main Street's control LMM portfolio 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 in companies 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 are generally not readily available for non-control LMM portfolio investments. 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 investments similar to the approaches used for our control LMM portfolio investments and which includes using a yield-to-maturity 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 a 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-to-maturity analysis considers changes in leverage levels, credit quality, portfolio company performance and other factors. Main Street will use the value determined by the yield-to-maturity analysis as the fair value for that security; however, because of Main Street's general intent to hold its loans to maturity, the fair value will not exceed the 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-to-maturity analysis could have a material impact on the determination of fair value. If there is deterioration in credit quality or if a 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 most likely 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 its investments in each LMM portfolio company once a quarter. In addition to its internal valuation process, in arriving at estimates of fair value for its

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investments in its LMM portfolio companies, Main Street, among other things, consults with a nationally recognized independent advisor. The nationally recognized independent advisor is generally consulted relative to Main Street's investments in each LMM portfolio company at least once in every calendar year, and for Main Street's investments in new LMM portfolio companies, at least once in the twelve-month period subsequent to the initial investment. In certain instances, Main Street may determine that it is not cost-effective, and as a result is not in its stockholders' best interest, to consult with the nationally recognized independent advisor on its investments in one or more LMM portfolio companies. Such instances include, but are not limited to, situations where the fair value of Main Street's investment in a LMM portfolio company is determined to be insignificant relative to the total Investment Portfolio. Main Street consulted with its independent advisor in arriving at Main Street's determination of fair value on its investments in a total of 15 LMM portfolio companies for the three months ended March 31, 2013, representing approximately 23% of the total LMM portfolio and investment in the affiliated Investment Manager at fair value as of March 31, 2013 and on a total of 12 LMM portfolio companies for the three months ended March 31, 2012, representing approximately 21% of the total LMM portfolio and investment in the affiliated Investment Manager at fair value as of March 31, 2012.

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For valuation purposes, all of Main Street's Middle Market portfolio investments are non-control investments 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, to the extent such sufficient observable inputs are available to determine fair value. For Middle Market portfolio investments for which sufficient observable inputs are not available to determine fair value, Main Street generally uses a combination of observable inputs through obtaining third party quotes or other independent pricing and an approach similar to the income approach using a yield-to-maturity model used to value its LMM portfolio debt investments.

For valuation purposes, all of Main Street's Private Loan portfolio investments are non-control investments 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. As sufficient observable inputs to determine the fair value of these Private Loan portfolio investments through obtaining third party pricing or other independent pricing are not generally available, Main Street generally uses a combination of observable inputs through obtaining third party quotes or other independent pricing and an approach similar to the income approach using a yield-to-maturity model used to value its LMM portfolio debt investments.

For valuation purposes, all of Main Street's Other Portfolio investments are non-control investments 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. Main Street's Other Portfolio investments comprised 2.9% and 2.6%, respectively, of Main Street's Investment Portfolio at fair value as of March 31, 2013 and December 31, 2012. Similar to the LMM investment portfolio, market quotations for Other Portfolio equity investments are generally not readily available. For its Other Portfolio equity investments, Main Street determines the fair value 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. For Other Portfolio debt investments with observable inputs, Main Street determines the fair value of these investments through obtaining third party quotes or other independent pricing, to the extent sufficient observable inputs are available to determine fair value. To the extent such observable inputs are not available, Main Street values these Other Portfolio debt investments through an approach similar to the income approach using a yield-to-maturity model used to value its LMM portfolio debt investments.

Due to the inherent uncertainty in the valuation process, Main Street's determination of fair value for its Investment Portfolio may differ materially from the values that would have been 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 and analysis and investment valuation procedures for its LMM portfolio companies. This system takes into account both quantitative and qualitative factors of the LMM portfolio company and the investments held therein.

The Board of Directors of Main Street has the final responsibility for reviewing and approving, in good faith, Main Street's determination of the fair value for its Investment Portfolio consistent with the 1940 Act requirements. Main Street believes its Investment Portfolio as of March 31, 2013 and December 31, 2012 approximates fair value as of those dates based on the markets in which Main Street operates and other conditions in existence on those reporting dates.

**2. Use of Estimates**

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

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**3. Cash and Cash Equivalents**

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

At March 31, 2013, cash balances totaling \$22.3 million exceeded FDIC insurance protection levels, subjecting the Company to risk related to the uninsured balance. All of the Company's cash deposits are held at large established high credit quality financial institutions and management believes that the risk of loss associated with any uninsured balances is remote.

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

Marketable securities and idle funds investments include investments in intermediate-term secured debt and independently rated debt investments. See the Consolidated Schedule of Investments for more information on Marketable securities and idle funds investments.

**5. Interest and Dividend Income**

Main Street records interest and dividend income on the accrual basis to the extent amounts are expected to be collected. Dividend income is recorded as dividends are declared or at the point an obligation exists for the portfolio company to make a distribution. In accordance with Main Street's valuation policy, Main Street evaluates accrued interest and dividend income periodically for collectability. When a loan or debt security becomes 90 days or more past due, and if Main Street otherwise does not expect the debtor to be able to service all of its debt or other obligations, Main Street will generally place the loan or debt security on non-accrual status and cease recognizing interest income on that loan or debt security until the borrower has demonstrated the ability and intent to pay contractual amounts due. If a loan or debt security's status significantly improves regarding the debtor's ability to service the debt or other obligations, or if a loan or debt security is fully impaired, sold or written off, we remove it 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 these 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 2013 and 2012, (i) approximately 5.2%, and 3.4%, respectively, of Main Street's total investment income was attributable to PIK interest income not paid currently in cash and (ii) approximately 0.7%, and 0.3%, respectively, of Main Street's total investment income was attributable to cumulative dividend income not paid currently in cash.

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As of March 31, 2013, Main Street had one investment with positive fair value on non-accrual status, which comprised approximately 0.2% of the total Investment Portfolio at fair value and, together with another fully impaired investment, comprised approximately 0.7% of the total Investment Portfolio at cost, in each case excluding the investment in the affiliated Investment Manager. As of December 31, 2012, Main Street had no investments with positive fair value on non-accrual status and one fully impaired investment which comprised approximately 0.2% of the total Investment Portfolio at cost, excluding the investment in the affiliated Investment Manager.

### **6. Deferred Financing Costs**

Deferred financing costs include SBIC debenture commitment fees and SBIC debenture leverage fees on the SBIC debentures which are not accounted for under the fair value option under ASC 825 (as discussed further in Note B. 12.). These deferred financing costs have been capitalized and are being amortized into interest expense over the term of the debenture agreement (10 years).

Deferred financing costs also include commitment fees and other costs related to our multi-year investment credit facility (the Credit Facility), as discussed further in Note F). These costs have been capitalized and are amortized into interest expense over their respective terms.

### **7. 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.



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

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

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

Main Street may also purchase debt securities at a discount or at a premium to the par value of the debt security. In the case of a purchase at a discount, Main Street records the investment at the par value of the debt security net of the discount, and the discount is accreted into interest income based on the effective interest method over the life of the debt investment. In the case of a purchase at a premium, Main Street records the investment at the par value of the debt security plus the premium, and the premium is amortized as a reduction to interest income based on the effective interest method over the life of the debt investment.

To maintain RIC tax treatment (as discussed below in Note B.10.), these non-cash sources of income may need to be paid out to stockholders in the form of distributions, even though Main Street may not have collected the interest income. For the three months ended March 31, 2013 and 2012, approximately 2.8% and 3.5%, respectively, of Main Street's total investment income was attributable to interest income for the accretion of discounts, net of any premium reduction, associated with debt investments.

**9. Share-Based Compensation**

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

**10. 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

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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. As part of maintaining RIC status, undistributed taxable income (subject to a 4% excise tax) pertaining to a given fiscal year may be distributed up to 12 months subsequent to the end of that fiscal year, provided such dividends are declared prior to the filing of the federal income tax return for the prior year.

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.

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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.

**11. 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 fair value of the Investment Portfolio and financial instruments and the reclassification of any prior period unrealized appreciation or depreciation on exited investments to realized gains or losses.

**12. Fair Value of Financial Instruments**

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

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 the MSC II SBIC debentures acquired (the Acquired Debentures ) as part of the acquisition accounting related to the Exchange Offer and valued those obligations as discussed further in Note C. In order to provide for a more consistent basis of presentation, Main Street has continued to elect the fair value option for SBIC debentures issued by MSC II subsequent to the Exchange Offer. When the fair value option is elected for a given SBIC debenture, the deferred loan costs associated with the debenture are fully expensed in the current period to Net Change in Unrealized Appreciation (Depreciation) SBIC debentures as part of the fair value adjustment. Interest incurred in connection with SBIC debentures which are valued at fair value is included in interest expense.

**13. 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, the unvested shares of restricted stock are participating securities and are included in the basic earnings per share calculation. As a result, for all periods presented, there is no difference between diluted earnings per share and basic earnings per share amounts.

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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 for the periods prior to March 31, 2012, the net earnings of MSC II attributable to the remaining 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 for the periods prior to March 31, 2012. 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. The impact of the noncontrolling interests in MSC II for the three months ended March 31, 2012 is insignificant and has no impact on the reported per share results for the three months ended 2012. As a result of the Final MSC II Exchange, subsequent to March 31, 2012, the non-controlling interest in MSC II no longer exists.

### **14. Recently Issued Accounting Standards**

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

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

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

**Fair Value Hierarchy**

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

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

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

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

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

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

As required by ASC 820, when the inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement in its entirety. For example, a Level 3 fair value measurement may include inputs that are observable (Levels 1 and 2) and unobservable (Level 3). Therefore, unrealized appreciation and depreciation related to such investments categorized within the Level 3 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, 2013 and December 31, 2012, Main Street's LMM 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 investments were categorized as Level 3 as of March 31, 2013 and December 31, 2012.

As of March 31, 2013 and December 31, 2012, 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 consisted of a combination of observable inputs in non-active markets for which sufficient observable inputs were available to determine the fair value of these investments, observable inputs in the non-active markets for which sufficient observable inputs were not available to determine the fair value of these investments and unobservable inputs. As a result, a majority of Main Street's Middle Market portfolio investments and all of Main Street's Marketable securities and idle funds investments were categorized as Level 2 as of March 31, 2013 and December 31, 2012. For those Middle Market portfolio investments for which sufficient observable inputs were not available to determine fair value of the investments, Main Street categorized such investments as Level 3 as of March 31, 2013 and December 31, 2012.

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As of March 31, 2013 and December 31, 2012, Main Street's Private Loan portfolio investments primarily consisted of investments in interest-bearing debt securities in companies that are consistent with the size of companies in our LMM portfolio or our Middle Market portfolio, but are investments which have been originated through strategic relationships with other investment funds on a collaborative basis. Our Private Loan portfolio debt investments are generally secured by either a first or second priority lien. The fair value determination for these investments consisted of a combination of observable inputs in non-active markets for which sufficient observable inputs were not available to determine the fair value of these investments and unobservable inputs. As a result, all of Main Street's Private Loan portfolio investments were categorized investments as Level 3 as of March 31, 2013 and December 31, 2012.

As of March 31, 2013 and December 31, 2012, Main Street's Other Portfolio debt investments consisted of investments in secured debt investments. The fair value determination for Other Portfolio debt investments consisted of observable inputs in non-active markets and, as such, were categorized as Level 2 as of March 31, 2013 and December 31, 2012.

As of March 31, 2013 and December 31, 2012, Main Street's Other Portfolio equity investments consisted of illiquid securities issued by private companies. The fair value determination for these investments primarily consisted of unobservable inputs. As a result, all of Main Street's Other Portfolio equity investments were categorized as Level 3 as of March 31, 2013 and December 31, 2012.

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

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

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



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The significant unobservable inputs used in the fair value measurement of Main Street's LMM equity securities are (i) EBITDA multiples and (ii) the weighted average cost of capital ( WACC ). Significant increases (decreases) in EBITDA multiple inputs in isolation would result in a significantly higher (lower) fair value measurement. On the contrary, significant increases (decreases) in WACC inputs in isolation would result in a significantly lower (higher) fair value measurement. The significant unobservable inputs used in the fair value measurement of Main Street's LMM, Middle Market, Private Loan and Other Portfolio debt securities are (i) risk adjusted discount factors used in the yield-to-maturity valuation technique (described in Note B.1. - Valuation of the Investment Portfolio) and (ii) adjustment factors 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 fair values as determined by independent third parties, which are not presented in the table below.

The following table is not intended to be all-inclusive, but, rather, provides a summary of the significant unobservable inputs used to fair value Main Street's Level 3 portfolio investments as of March 31, 2013:

Type of Investment	Fair Value as of March 31, 2013 (in thousands)	Valuation Technique	Significant Unobservable Inputs	Range (3)	Weighted Average (3)
Equity investments	\$ 234,546	Discounted cash flow Market comparable / Enterprise Value	Weighted average cost of capital EBITDA multiple (1)	11.0% - 19.0% 4.5x - 7.0x (2)	14.6% 5.8x
Debt investments	\$ 564,335	Discounted cash flow	Risk adjusted discount factor Adjustment factors	9.2% - 16.0% (2) 0.0% - 100.0%	13.2% 99.2%
Total Level 3 investments	\$ 798,881				

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

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

(3) Does not include investments for which the valuation technique does not include the use of the applicable fair value input.

The following table is not intended to be all-inclusive, but, rather, provides a summary of the significant unobservable inputs used to fair value Main Street's Level 3 portfolio investments as of December 31, 2012:

Type of Investment	Fair Value as of December 31, 2012 (in thousands)	Valuation Technique	Significant Unobservable Inputs	Range (3)	Weighted Average (3)
Equity investments	\$ 220,359	Discounted cash flow Market comparable / Enterprise Value	Weighted average cost of capital EBITDA multiple (1)	11.0% - 19.0% 4.0x - 7.0x (2)	14.9% 5.7x
Debt investments	\$ 477,272	Discounted cash flow	Risk adjusted discount factor	9.2% - 16.0% (2)	13.3%

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Adjustment factors                      0.0% - 100.0%                      99.5%

Total Level 3 investments            \$                      697,631

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

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

(3) Does not include investments for which the valuation technique does not include the use of the applicable fair value input.

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, 2013 (amounts in thousands):

Type of Investment	Fair Value as of December 31, 2012	Transfers Into Level 3 Hierarchy	Redemptions/ Repayments/ Exits	New Investments	Net Changes from		Other	Fair Value as of March 31, 2013
					Unrealized to Realized	Net Unrealized Appreciation (Depreciation)		
Debt	\$ 477,272	4,992	\$ (25,841)	\$ 105,291	\$ (522)	\$ 1,948	\$ 1,195	\$ 564,335
Equity	191,764		152	7,009		5,913	780	205,618
Equity warrants	28,595		(160)	53		1,220	(780)	28,928
	\$ 697,631	4,992	\$ (25,849)	\$ 112,353	\$ (522)	\$ 9,081	\$ 1,195	\$ 798,881

As of March 31, 2013 and December 31, 2012, the fair value determination for the SBIC debentures recorded at fair value primarily consisted of unobservable inputs. As a result, the SBIC debentures which are recorded at fair value were categorized as Level 3. Main Street determines the fair value of these instruments primarily using a yield-to-maturity approach that analyzes the discounted cash flows of interest and principal for each SBIC debenture recorded at fair value based on estimated market interest rates for debt instruments of similar structure, terms, and maturity. Main Street's estimate of the expected repayment date of principal for each SBIC debenture recorded at fair value is the legal maturity date of the instrument, as Main Street generally does not intend to repay these SBIC debentures prior to maturity.

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

The following table is not intended to be all-inclusive but, rather, provides a summary of the significant unobservable inputs used to fair value Main Street's Level 3 SBIC debentures as of March 31, 2013 (amounts in thousands):

Type of Instrument	Fair Value as of March 31, 2013 (in thousands)	Valuation Technique	Significant Unobservable Inputs	Range	Weighted Average
SBIC Debentures	\$ 87,679	Discounted cash flow	Estimated market interest rates	7.0% - 8.9%	7.8%

The following table is not intended to be all-inclusive but, rather, provides a summary of the significant unobservable inputs used to fair value Main Street's Level 3 SBIC debentures as of December 31, 2012 (amounts in thousands):

Type of Instrument	Fair Value as of December 31, 2012 (in thousands)	Valuation Technique	Significant Unobservable Inputs	Range	Weighted Average
SBIC Debentures	\$ 86,467	Discounted cash flow	Estimated market interest rates	7.1% - 9.0%	8.0%

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, 2013 (amounts in thousands):

Type of Instrument	Fair Value as of December 31, 2012	Repayments	New SBIC Debentures	Net Unrealized (Appreciation) Depreciation	Fair Value as of March 31, 2013
SBIC Debentures at fair value	\$ 86,467	\$	\$	\$ 1,212	\$ 87,679

At March 31, 2013 and December 31, 2012, 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, 2013	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)

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LMM portfolio investments	\$	520,313	\$		\$	520,313
Middle Market portfolio investments		361,932		184,636		177,296
Private Loan portfolio investments		74,503				74,503
Other Portfolio investments		28,743		1,974		26,769
Investment in affiliated Investment Manager						
Total portfolio investments		985,491		186,610		798,881
Marketable securities and idle funds investments						
Total investments	\$	985,491	\$	186,610	\$	798,881
SBIC Debentures at fair value	\$	87,679	\$		\$	87,679

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At December 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	\$ 482,864	\$	\$	\$ 482,864
Middle Market portfolio investments	351,972		219,838	132,134
Private Loan portfolio investments	65,493		4,992	60,501
Other Portfolio investments	24,102		1,970	22,132
Investment in affiliated Investment Manager				
Total portfolio investments	924,431		226,800	697,631
Marketable securities and idle funds investments	28,535		28,535	
Total investments	\$ 952,966	\$	\$ 255,335	\$ 697,631
SBIC Debentures at fair value	\$ 86,467	\$	\$	\$ 86,467

**Portfolio Investment Composition**

Main Street's lower middle market ( LMM ) portfolio investments primarily consist of secured debt, equity warrants and direct equity investments in privately held, LMM companies based in the United States. Main Street's LMM portfolio companies generally have annual revenues between \$10 million and \$150 million, and its LMM investments generally range in size from \$5 million to \$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 have a term of 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 investments in interest-bearing debt securities in privately held 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 and its Middle Market investments generally range in size from \$3 million to \$15 million. Main Street's Middle Market portfolio debt investments are generally secured by either a first or second priority lien on the assets of the company and typically have a term of between three and five years.

Main Street's Private Loan ( Private Loan ) portfolio investments primarily consist of investments in interest-bearing debt securities in companies that are consistent with the size of companies in our LMM portfolio or our Middle Market portfolio, but are investments which have been originated through strategic relationships with other investment funds on a collaborative basis. Our Private Loan portfolio debt investments are generally secured by either a first or second priority lien and typically have a term of between three and seven years.

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

other investment companies or private funds.

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 concentrated among several portfolio companies. For the three month periods ended March 31, 2013 and 2012, Main Street did not record investment income from any single portfolio company in excess of 10% of total investment income.

As of March 31, 2013, Main Street had debt and equity investments in 57 LMM portfolio companies with an aggregate fair value of approximately \$520.3 million, with a total cost basis of approximately \$412.2 million, and a weighted average annual effective yield on its LMM debt investments of approximately 14.2%. As of March 31, 2013, approximately 76% of Main Street's total LMM portfolio investments at cost were in the form of debt investments and approximately 93% of such debt investments at cost were secured by first priority liens on the assets of Main Street's LMM portfolio companies. At March 31, 2013, Main Street had equity ownership in approximately 93% of its LMM portfolio companies and the average fully diluted equity ownership in those portfolio companies was approximately 33%. As of December 31, 2012, Main Street had debt and equity investments in 56 LMM portfolio

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companies with an aggregate fair value of approximately \$482.9 million, with a total cost basis of approximately \$380.5 million, and a weighted average annual effective yield on its LMM debt investments of approximately 14.3%. As of December 31, 2012, approximately 75% of Main Street's total LMM portfolio investments at cost were in the form of debt investments and approximately 93% of such debt investments at cost were secured by first priority liens on the assets of Main Street's LMM portfolio companies. At December 31, 2012, Main Street had equity ownership in approximately 93% of its LMM portfolio companies and the average fully diluted equity ownership in those portfolio companies was approximately 33%. The weighted average annual yields were computed using the effective interest rates for all debt investments at March 31, 2013 and December 31, 2012, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status.

As of March 31, 2013, Main Street had Middle Market portfolio investments in 80 companies, collectively totaling approximately \$361.9 million in fair value with a total cost basis of approximately \$354.4 million. The weighted average revenue for the 80 Middle Market portfolio company investments was approximately \$557.0 million as of March 31, 2013. As of March 31, 2013, substantially all of Main Street's Middle Market portfolio investments were in the form of debt investments and approximately 91% of such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on Main Street's Middle Market portfolio debt investments was approximately 8.2% as of March 31, 2013. As of December 31, 2012, Main Street had Middle Market portfolio investments in 79 companies, collectively totaling approximately \$352.0 million in fair value with a total cost basis of approximately \$348.1 million. The weighted average revenue for the 79 Middle Market portfolio company investments was approximately \$533.6 million as of December 31, 2012. As of December 31, 2012, substantially all of its Middle Market portfolio investments were in the form of debt investments and approximately 91% of such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on Main Street's Middle Market portfolio debt investments was approximately 8.0% as of December 31, 2012. The weighted average annual yields were computed using the effective interest rates for all debt investments at March 31, 2013 and December 31, 2012, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments.

As of March 31, 2013, Main Street had Private Loan portfolio investments in 10 companies, collectively totaling approximately \$74.5 million in fair value with a total cost basis of approximately \$73.8 million. The weighted average revenue for the 10 Middle Market portfolio company investments was approximately \$193.8 million as of March 31, 2013. As of March 31, 2013, 99% of Main Street's Private Loan portfolio investments were in the form of debt investments and all such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on Main Street's Private Loan portfolio debt investments was approximately 14.0% as of March 31, 2013. As of December 31, 2012, Main Street had Private Loan portfolio investments in 9 companies, collectively totaling approximately \$65.5 million in fair value with a total cost basis of approximately \$64.9 million. The weighted average revenue for the 9 Middle Market portfolio company investments was approximately \$230.5 million as of December 31, 2012. As of December 31, 2012, 99% of its Private Loan portfolio investments were in the form of debt investments and all such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on Main Street's Private Loan portfolio debt investments was approximately 14.8% as of December 31, 2012. The weighted average annual yields were computed using the effective interest rates for all debt investments at March 31, 2013 and December 31, 2012, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments.

As of March 31, 2013, Main Street had Other Portfolio investments in 4 companies, collectively totaling approximately \$28.7 million in fair value and approximately \$27.9 million in cost basis and which comprised 2.9% of Main Street's Investment Portfolio at fair value as of March 31, 2013. As of December 31, 2012, Main Street had Other Portfolio investments in 3 companies, collectively totaling approximately \$24.1 million in fair value and approximately \$23.6 million in cost basis and which comprised 2.6% of Main Street's Investment Portfolio at fair value as of December 31, 2012.

During the three months ended March 31, 2013, there were nine portfolio company investment transfers from the LMM and Middle Market portfolio investment categories to the Private Loan portfolio investment category totaling \$65.5 million at fair value and \$64.9 million at cost as of December 31, 2012.

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The following tables summarize the composition of Main Street's total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments at cost and fair value by type of investment as a percentage of the total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments, as of March 31, 2013 and December 31, 2012 (this information excludes the Other Portfolio investments and the Investment Manager).



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<b>Cost:</b>	<b>March 31, 2013</b>	<b>December 31, 2012</b>
First lien debt	81.6%	81.1%
Equity	10.1%	10.4%
Second lien debt	6.1%	6.0%
Equity warrants	1.8%	1.9%
Other	0.4%	0.6%
	100.0%	100.0%

<b>Fair Value:</b>	<b>March 31, 2013</b>	<b>December 31, 2012</b>
First lien debt	72.5%	72.1%
Equity	18.5%	18.7%
Second lien debt	5.4%	5.4%
Equity warrants	3.2%	3.3%
Other	0.4%	0.5%
	100.0%	100.0%

The following tables summarize the composition of Main Street's total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments by geographic region of the United States and other countries at cost and fair value as a percentage of the total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments, as of March 31, 2013 and December 31, 2012 (this information excludes the Other Portfolio investments and the Investment Manager). The geographic composition is determined by the location of the corporate headquarters of the portfolio company.

<b>Cost:</b>	<b>March 31, 2013</b>	<b>December 31, 2012</b>
Southwest	25.5%	27.7%
West	23.7%	25.7%
Northeast	17.0%	17.2%
Southeast	15.0%	10.1%
Midwest	14.9%	17.6%
Non-United States	3.9%	1.7%
	100.0%	100.0%

<b>Fair Value:</b>	<b>March 31, 2013</b>	<b>December 31, 2012</b>
Southwest	29.0%	31.3%
West	23.4%	25.3%
Northeast	15.8%	15.8%
Midwest	14.8%	17.0%
Southeast	13.5%	9.1%
Non-United States	3.5%	1.5%
	100.0%	100.0%

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Main Street's LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments are in companies conducting business in a variety of industries. The following tables summarize the composition of Main Street's total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments by industry at cost and fair value as of March 31, 2013 and December 31, 2012 (this information excludes the Other Portfolio investments and the Investment Manager).

Cost:	March 31, 2013	December 31, 2012
Energy Equipment & Services	13.5%	8.4%
Media	8.2%	7.2%
Software	6.1%	8.3%
Commercial Services & Supplies	6.1%	6.4%
Specialty Retail	6.1%	6.1%
Health Care Providers & Services	5.8%	5.3%
Machinery	5.3%	6.7%
Construction & Engineering	4.3%	4.7%
Hotels, Restaurants & Leisure	3.6%	3.5%
IT Services	3.2%	2.8%
Professional Services	3.1%	2.2%
Diversified Consumer Services	2.7%	3.2%
Electronic Equipment, Instruments & Components	2.5%	2.6%
Metals & Mining	2.2%	2.2%
Building Products	1.9%	2.0%
Insurance	1.9%	2.0%
Food Products	1.9%	2.0%
Communications Equipment	1.6%	1.2%
Aerospace & Defense	1.6%	1.9%
Containers & Packaging	1.4%	1.5%
Consumer Finance	1.4%	1.2%
Health Care Equipment & Supplies	1.4%	1.5%
Oil, Gas & Consumable Fuels	1.0%	1.6%
Trading Companies & Distributors	1.0%	1.0%
Paper & Forest Products	1.0%	1.0%
Chemicals	0.9%	2.0%
Road & Rail	0.9%	1.0%
Construction Materials	0.5%	1.7%
Other (1)	8.9%	8.8%
	100.0%	100.0%

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

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Fair Value:	March 31, 2013	December 31, 2012
Energy Equipment & Services	14.8%	10.2%
Media	7.7%	6.7%
Machinery	6.9%	8.3%
Software	5.9%	7.9%
Commercial Services & Supplies	5.8%	6.1%
Health Care Providers & Services	5.7%	5.3%
Specialty Retail	5.0%	4.9%
Construction & Engineering	4.6%	5.1%
Diversified Consumer Services	3.5%	4.0%
Hotels, Restaurants & Leisure	3.5%	3.5%
IT Services	2.9%	2.5%
Professional Services	2.8%	2.0%
Electronic Equipment, Instruments & Components	2.3%	2.4%
Metals & Mining	2.0%	1.9%
Trading Companies & Distributors	1.8%	1.7%
Food Products	1.7%	1.8%
Insurance	1.7%	1.8%
Communications Equipment	1.5%	1.1%
Aerospace & Defense	1.5%	1.7%
Building Products	1.4%	1.5%
Road & Rail	1.4%	1.5%
Containers & Packaging	1.3%	1.3%
Consumer Finance	1.3%	1.1%
Paper & Forest Products	1.2%	1.2%
Health Care Equipment & Supplies	1.2%	1.3%
Oil, Gas & Consumable Fuels	0.9%	1.4%
Chemicals	0.8%	1.8%
Transportation Infrastructure	0.8%	1.0%
Construction Materials	0.2%	1.4%
Other (1)	7.9%	7.6%
	100.0%	100.0%

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

At March 31, 2013 and December 31, 2012, Main Street had no portfolio investment that was greater than 10% of the Investment Portfolio at fair value.

#### **NOTE D WHOLLY OWNED INVESTMENT MANAGER**

As part of the Formation Transactions, the Investment Manager became a wholly owned subsidiary of MSCC. However, the Investment Manager is accounted for as a portfolio investment since the Investment Manager is not an investment company and since it has historically conducted a significant portion of its investment management activities for parties outside of MSCC and its consolidated subsidiaries. The Investment Manager receives recurring investment management fees from MSC II pursuant to a separate investment advisory agreement. Under the investment advisory agreement, MSC II is obligated to pay a 2% annualized management fee based upon the MSC II assets under management. Subsequent to the Exchange Offer, the investment in the Investment Manager was reduced to reflect the remaining pro rata portion of the MSC II equity and the related portion of the MSC II management fees that were not acquired in the Exchange Offer. Upon completion of

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the Final MSC II Exchange in the first quarter of 2012, the investment in the Investment Manager was further reduced to reflect MSCC's ownership of all of the MSC II equity and the related MSC II management fees. The Investment Manager also receives certain management, consulting and advisory fees for providing these services to third parties (the External Services). During May 2012, MSCC and the Investment Manager executed an investment sub-advisory agreement with HMS Adviser, LP (HMS Adviser), which is the investment advisor to HMS Income Fund, Inc. (HMS Income), a non publicly-traded BDC whose registration statement on Form N-2 was declared effective by the SEC in June 2012, to provide certain investment advisory services to HMS Adviser. MSCC is initially providing such investment advisory services to HMS Adviser, but it is ultimately intended that the Investment Manager provide such services because the fees MSCC

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receives from such arrangement could otherwise have negative consequences on its ability to meet the source-of-income requirement necessary for it to maintain its RIC tax treatment (MSCC or the Investment Adviser, whichever is providing such investment advisory services, the Sub-Adviser ). Certain relief must be obtained from the SEC before the Investment Manager is permitted to provide these services to HMS Adviser, which relief is being sought, but there can be no assurance that it will be obtained. Under the investment sub-advisory agreement, the Sub-Adviser is entitled to 50% of the base management fee and the incentive fees earned by HMS Adviser under its advisory agreement with HMS Income. However, the Sub-Adviser has agreed to waive all such fees from the effective date of HMS Adviser's registration statement on Form N-2 through September 30, 2013 to the extent that distributions declared and payable by HMS Income would represent a return of capital for purposes of U.S. federal income tax. As a result, as of March 31, 2013, the Sub-Adviser has not received any base management fee or incentive fees under the investment sub-advisory agreement and the Sub-Adviser is not due any unpaid compensation for any base management fee or incentive fees under the investment sub-advisory agreement.

The portfolio investment in the Investment Manager is accounted for using fair value accounting, with the fair value determined by Main Street and approved, in good faith, by Main Street's Board of Directors, based on the total estimated present value of the net cash flows received for the External Services, over the estimated dollar averaged life of the related investment management, advisory or consulting contract, and is also based on comparable public market transactions. The net cash flows utilized in the valuation of the Investment Manager exclude any revenues and expenses from MSCC and its subsidiaries, but include the revenues attributable to External Services, and are reduced by an estimated allocation of costs related to providing such External Services. Any change in fair value of the investment in the Investment Manager is recognized on Main Street's statement of operations as Unrealized appreciation (depreciation) in Investment in affiliated Investment Manager, with a corresponding increase (in the case of appreciation) or decrease (in the case of depreciation) to Investment in affiliated Investment Manager on Main Street's balance sheet. As of March 31, 2103 and December 31, 2012, the fair value of the investment in the investment manager was zero.

The Investment Manager has elected, for tax purposes, to be treated as a taxable entity and is taxed at normal corporate tax rates based on its taxable income. The taxable income of the Investment Manager may differ from its book income due to temporary book and tax timing differences, as well as permanent differences. The Investment Manager provides for any current taxes payable and deferred tax items in its separate financial statements.

MSCC has a support services agreement with the Investment Manager that is structured to provide reimbursement to the Investment Manager for any personnel, administrative and other costs it incurs in conducting its operational and investment management activities in excess of the fees received for providing management advisory services. As a wholly owned subsidiary of MSCC, the Investment Manager manages the day-to-day operational and investment activities of MSCC and its subsidiaries. The Investment Manager pays personnel and other administrative expenses, except those specifically required to be borne by MSCC which principally include direct costs that are specific to MSCC's status as a publicly traded entity. The expenses paid by the Investment Manager include the cost of salaries and related benefits, rent, equipment and other administrative costs required for day-to-day operations.

Pursuant to the support services agreement with MSCC, the Investment Manager is reimbursed each quarter by MSCC for its cash operating expenses, less fees that the Investment Manager receives from MSC II and third parties, associated with providing investment management and other services to MSCC, its subsidiaries and third parties. The management fees paid by MSC II to the Investment Manager are included in Expenses reimbursed to affiliated Investment Manager on the statements of operations along with any additional net costs reimbursed by MSCC to the Investment Manager pursuant to the support services agreement. For the three months ended March 31, 2013 and 2012, the expenses reimbursed by MSCC and management fees paid by MSC II to the Investment Manager totaled \$3.2 million and \$2.7 million, respectively.

In the separate stand-alone financial statements of the Investment Manager as summarized below, as part of the Formation Transactions the Investment Manager recognized an \$18 million intangible asset related to the investment advisory agreement with MSC II consistent with Staff

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Accounting Bulletin No. 54, Application of Pushdown Basis of Accounting in Financial Statements of Subsidiaries Acquired by Purchase ( SAB 54 ). Under SAB 54, push-down accounting is required in purchase transactions that result in an entity becoming substantially wholly owned. In this case, MSCC acquired 100% of the equity interests in the Investment Manager in the Formation Transactions. Because the \$18 million value attributed to MSCC's investment in the Investment Manager was derived from the long-term, recurring management fees under the investment advisory agreement with MSC II, the same methodology used to determine the \$18 million valuation of the Investment Manager in connection with the Formation Transactions was utilized to establish the push-down accounting basis for the intangible asset. The intangible asset is being amortized over the estimated economic life of the investment advisory agreement with MSC II. The Investment Manager recognized amortization expense associated with the intangible asset of \$0.3 million for each of the three months ended March 31, 2013 and 2012, respectively. Amortization expense is not included in the expenses reimbursed by MSCC to the Investment Manager based upon the support services agreement since it is non-cash and non-operating in nature.

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Summarized financial information from the separate financial statements of the Investment Manager is as follows:

	As of March 31, 2013	(in thousands) (Unaudited)	As of December 31, 2012
Cash	\$	524	\$ 741
Accounts receivable		79	69
Accounts receivable - MSCC		106	4,066
Intangible asset (net of accumulated amortization of \$6,021 and \$5,681 as of March 31, 2013 and December 31, 2012, respectively)		11,979	12,319
Deposits and other		556	462
<b>Total assets</b>	<b>\$</b>	<b>13,244</b>	<b>\$ 17,657</b>
Accounts payable and accrued liabilities	\$	1,410	\$ 5,483
Equity		11,834	12,174
<b>Total liabilities and equity</b>	<b>\$</b>	<b>13,244</b>	<b>\$ 17,657</b>

	Three Months Ended March 31, 2013	(in thousands) (Unaudited)	Three Months Ended March 31, 2012
Management fee income from Main Street Capital II	\$	776	\$ 618
Other management advisory fees			56
<b>Total income</b>		<b>776</b>	<b>674</b>
Salaries, benefits and other personnel costs		(2,731)	(2,291)
Occupancy expense		(108)	(82)
Professional expenses		(77)	(10)
Amortization expense - intangible asset		(340)	(312)
Other expenses		(273)	(329)
Expense reimbursement from MSCC		2,413	2,038
<b>Total net expenses</b>		<b>(1,116)</b>	<b>(986)</b>
<b>Net Loss</b>	<b>\$</b>	<b>(340)</b>	<b>\$ (312)</b>

### **NOTE E SBIC DEBENTURES**

SBIC debentures payable at March 31, 2013 and December 31, 2012 were \$225 million at each date. SBIC debentures provide for interest to be paid semi-annually, with principal due at the applicable 10-year maturity date of each debenture. The weighted average annual interest rate on the SBIC debentures as of March 31, 2013 and December 31, 2012 was 4.8% and 4.7%, respectively. The first principal maturity due under the existing SBIC debentures is in 2014, and the remaining weighted average duration as of March 31, 2013 is approximately 6.1 years. For the three months ended March 31, 2013 and 2012, Main Street recognized interest expense attributable to the SBIC debentures of \$2.7 million and \$2.9 million, respectively. In accordance with SBA regulations, the Funds are precluded from incurring additional non-SBIC debt without the prior approval of the SBA. The Funds are subject to annual compliance examinations by the SBA. There have been no historical findings resulting from these examinations.





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As of March 31, 2013, the recorded value of the SBIC debentures was \$212.7 million which consisted of (i) \$87.7 million recorded at fair value, or \$12.3 million less than the \$100 million face value of the SBIC debentures held in MSC II, and (ii) \$125 million reported at face value and held in MSMF. As of March 31, 2013, if Main Street had adopted the fair value option under ASC 825 for all of its SBIC debentures, Main Street estimates the fair value of its SBIC debentures would be approximately \$197.4 million, or \$27.6 million less than the \$225 million face value of the SBIC debentures.

**NOTE F CREDIT FACILITY**

Main Street maintains the Credit Facility to provide additional liquidity in support of future investment and operational activities. The Credit Facility, as amended, currently provides for \$287.5 million in total commitments from a diversified group of nine lenders. The Credit Facility contains an accordion feature which allows Main Street to increase the total commitments under the facility up to \$400 million from new or existing lenders on the same terms and conditions as the existing commitments.

Borrowings under the Credit Facility bear interest, subject to Main Street's election, on a per annum basis equal to (i) the applicable LIBOR rate (0.20%, as of March 31, 2013) plus 2.50% or (ii) the applicable base rate (Prime Rate, 3.25% as of March 31, 2013) plus 1.50%. Main Street pays unused commitment fees of 0.375% per annum on the unused lender commitments under the Credit Facility. The Credit Facility is secured by a first lien on the assets of MSCC and its subsidiaries, excluding the assets of the Funds. The Credit Facility contains certain affirmative and negative covenants, including but not limited to: (i) maintaining an interest coverage ratio of at least 2.0 to 1.0, (ii) maintaining an asset coverage ratio of at least 2.5 to 1.0, and (iii) maintaining a minimum tangible net worth. The Credit Facility includes an initial revolving period through September 2015 followed by a two-year term out period with a final maturity in September 2017, and contains two, one-year extension options which could extend both the revolving period and the final maturity by up to two years, subject to certain conditions including lender approval.

At March 31, 2013, Main Street had \$141 million in borrowings outstanding under the Credit Facility. Main Street recognized interest expense related to the Credit Facility, including unused commitment fees and amortization of deferred loan costs, of \$1.2 million and \$1.0 million, respectively, for the three months ended March 31, 2013 and 2012. As of March 31, 2013, the interest rate on the Credit Facility was 2.70%, and Main Street was in compliance with all financial covenants of the Credit Facility.

**NOTE G FINANCIAL HIGHLIGHTS**

	<b>Three Months Ended March 31,</b>	
	<b>2013</b>	<b>2012</b>
<b>Per Share Data:</b>		
Net asset value at the beginning of the period	\$ 18.59	\$ 15.19
Net investment income (1) (3)	0.50	0.48
Net realized gain (loss) from investments (1) (2) (3)	(0.01)	0.30
Net change in unrealized appreciation (1) (2) (3)	0.25	0.18
Income tax provision (1) (2) (3)	(0.06)	(0.07)
Net increase in net assets resulting from operations (1) (3)	0.68	0.89
Dividends paid to stockholders from net investment income	(0.79)	(0.29)
Dividends paid to stockholders from realized gains/losses	(0.01)	(0.11)
	(0.01)	(0.01)

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Impact of the net change in monthly dividends declared prior to the end of the period			
Accretive effect of DRIP issuance (issuing shares above NAV per share)		0.07	0.03
Other (4)		0.02	0.02
Net asset value at the end of the period	\$	18.55	\$ 15.72
Market value at the end of the period	\$	32.09	\$ 24.63
Shares outstanding at the end of the period		34,773,469	27,061,484

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- (1) Based on weighted average number of common shares outstanding for the period.
- (2) Net realized gains or losses, net change in unrealized appreciation or depreciation, and income taxes can fluctuate significantly from period to period.
- (3) Per share amounts are net of the amounts attributable to the noncontrolling equity interests in MSC II for the periods prior to the completion of the Final MSC II Exchange during the first quarter of 2012.
- (4) Includes the impact of the different share amounts as a result of calculating certain per share data based on the weighted average basic shares outstanding during the period and certain per share data based on the shares outstanding as of a period end or transaction date.

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	<b>Three Months Ended March 31,</b>	
	<b>2013</b>	<b>2012</b>
	<b>(in thousands, except percentages)</b>	
Net asset value at end of period	\$ 645,210	\$ 425,536
Average net asset value	\$ 644,093	\$ 415,623
Average outstanding debt	\$ 362,000	\$ 334,750
Ratio of total expenses, including income tax expense, to average net asset value (1) (2) (3)	1.62%	2.31%
Ratio of operating expenses to average net asset value (1) (3)	1.30%	1.85%
Ratio of operating expenses, excluding interest expense, to average net asset value (1) (3)	0.70%	0.93%
Ratio of net investment income to average net asset value (1) (3)	2.68%	3.09%
Portfolio turnover ratio (3)	9.69%	14.73%
Total investment return (3) (4)	7.81%	17.86%
Total return based on change in net asset value (3) (5)	3.67%	5.86%

(1) Ratios are net of the amounts attributable to the noncontrolling equity interests in MSC II for the periods prior to the completion of the Final MSC II Exchange during the first quarter of 2012.

(2) Total expenses are the sum of operating expenses and income tax expense. Income tax expense primarily relates to the accrual of deferred taxes on the net unrealized appreciation from portfolio investments held in Taxable Subsidiaries, which is non-cash in nature and may vary significantly from period to period. Main Street is required to include deferred taxes in calculating its total expenses even though these deferred taxes are not currently payable.

(3) Not annualized.

(4) Total investment return based on purchase of stock at the current market price on the first day and a sale at the current market price on the last day of each period reported on the table and assumes reinvestment of dividends at prices obtained by Main Street's dividend reinvestment plan during the period. The return does not reflect sales load.

(5) Total return based on change in net asset value was calculated using the sum of ending net asset value plus dividends to stockholders and other non-operating changes during the period, as divided by the beginning net asset value.

### **NOTE H DIVIDENDS, DISTRIBUTIONS AND TAXABLE INCOME**

Main Street paid a special dividend of \$0.35 per share in January 2013 and regular monthly dividends of \$0.15 per share for each month of January, February and March 2013, with such dividends totaling \$27.7 million. The regular monthly dividends equal a total of approximately \$15.6 million, or \$0.45 per share, for the first quarter of 2013. The first quarter 2013 regular monthly dividends represent an 11.1% increase from the monthly dividends paid for the first quarter of 2012. During March 2013, Main Street declared and accrued a \$0.155 per share monthly dividend that was paid in April 2013. For the three months ended March 31, 2012, Main Street paid total monthly dividends of approximately \$10.9 million, or \$0.405 per share.

MSCC has elected to be treated for federal income tax purposes as a RIC. As a RIC, MSCC generally will not pay corporate-level federal income taxes on any net ordinary income or capital gains that MSCC distributes to its stockholders as dividends. MSCC must generally

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distribute at least 90% of its investment company taxable income to qualify for pass-through tax treatment and maintain its RIC status. As part of maintaining RIC status, undistributed taxable income (subject to a 4% excise tax) pertaining to a given fiscal year may be distributed up to 12 months subsequent to the end of that fiscal year, provided such dividends are declared prior to the filing of the federal income tax return for the prior year.

The determination of the tax attributes for Main Street's distributions is made annually, based upon its taxable income for the full year and distributions paid for the full year. Therefore, a determination made on an interim basis may not be representative of the actual tax attributes of distributions for a full year. Ordinary dividend distributions from a RIC do not qualify for the 20% maximum tax rate on dividend income from domestic corporations and qualified foreign corporations, except to the extent that the RIC received the income in the form of qualifying dividends from domestic corporations and qualified foreign corporations. The tax attributes for dividends will generally include both ordinary income and capital gains, but may also include qualified dividends or return of capital.

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Listed below is a reconciliation of Net increase in net assets resulting from operations to taxable income and to total distributions declared to common stockholders for the three months ended March 31, 2013 and 2012.

	<b>Three Months Ended March 31,</b>	
	<b>2013</b>	<b>2012</b>
	<b>(amounts in thousands)</b>	
	<b>(estimated)</b>	
Net increase in net assets resulting from operations	\$ 23,629	\$ 23,839
Share-based compensation expense	603	581
Net realized income allocated to noncontrolling interest		(65)
Net change in unrealized appreciation on investments	(8,799)	(4,728)
Income tax provision	2,051	1,876
Pre-tax book (income) loss not consolidated for tax purposes	4,723	4,035
Book income and tax income differences, including debt origination, structuring fees, dividends, realized gains and changes in estimates	(338)	1,351
Estimated taxable income (1)	21,869	26,889
Taxable income earned in prior year and carried forward for distribution in current year	44,415	7,934
Taxable income prior to period end and carried forward for distribution	(43,776)	(27,571)
Dividend accrued as of period end and paid in the following period	5,390	3,789
Total distributions accrued or paid to common stockholders	\$ 27,898	\$ 11,041

(1) Main Street's taxable income for each period is an estimate and will not be finally determined until the company files its tax return for each year. Therefore, the final taxable income, and the taxable income earned in each period and carried forward for distribution in the following period, may be different than this estimate.

The Taxable Subsidiaries hold certain portfolio investments for Main Street. The Taxable Subsidiaries are consolidated with Main Street for financial reporting purposes, and the portfolio investments held by the Taxable Subsidiaries are included in Main Street's consolidated financial statements at fair value. The principal purpose of the Taxable Subsidiaries is to 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 of the Code. The Taxable Subsidiaries are not consolidated with Main Street for income tax purposes and may generate income tax expense or income tax benefit as a result of their ownership of various portfolio investments. This income tax expense or benefit, if any, is reflected in Main Street's Consolidated Statement of Operations. For the three months ended March 31, 2013 and 2012, we recognized a net income tax provision of \$2.1 million and \$1.9 million, respectively, related to deferred taxes of \$1.4 million and \$1.0 million, respectively, and other taxes of \$0.7 million and \$0.8 million. The deferred taxes related primarily to net unrealized appreciation on equity investments held in our taxable subsidiaries. The other taxes include \$0.4 million and \$0.7 million, respectively, related to an accrual for excise tax on our estimated spillover taxable income and \$0.3 million and \$0.1 million, respectively related to accruals for state and other taxes.

The net deferred tax liability at March 31, 2013 and December 31, 2012 was \$13.2 million and \$11.8 million, respectively, and primarily related to timing differences from net unrealized appreciation of portfolio investments held by the Taxable Subsidiaries, partially offset by net loss carryforwards primarily resulting from historical realized losses on portfolio investments held by the Taxable Subsidiaries and basis differences of portfolio investments held by the Taxable Subsidiaries which are pass through entities for tax purposes.

### **NOTE I COMMON STOCK**

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In December 2012, Main Street completed a follow-on public stock offering of 2,875,000 shares of common stock, including the underwriters full exercise of the over-allotment option, at a price to the public of \$28.00 per share, resulting in total gross proceeds of approximately \$80.5 million, less (i) underwriters commissions of approximately \$3.2 million and (ii) offering costs of approximately \$0.2 million.

In June 2012, Main Street completed a public stock offering of 4,312,500 shares of common stock, including the underwriters full exercise of the over-allotment option, at a price to the public of \$22.50 per share, resulting in total gross proceeds of approximately \$97.0 million, less (i) underwriters commissions of approximately \$3.9 million and (ii) offering costs of approximately \$0.2 million.

Table of Contents**NOTE J DIVIDEND REINVESTMENT PLAN ( DRIP )**

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

For the three months ended March 31, 2013, \$5.3 million of the total \$27.7 million in dividends paid to stockholders represented DRIP participation. During this period, Main Street satisfied the DRIP participation requirements with the issuance of 164,760 newly issued shares. For the three months ended March 31, 2012, \$2.7 million of the total \$10.9 million in dividends paid to stockholders represented DRIP participation. During this period, Main Street satisfied the DRIP participation requirements with the issuance of 117,466 newly issued shares. The shares disclosed above relate only to Main Street's DRIP and exclude any activity related to broker-managed dividend reinvestment plans.

**NOTE K SHARE-BASED COMPENSATION**

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

Main Street's Board of Directors approves the issuance of shares of restricted stock to Main Street employees pursuant to the Main Street Capital Corporation 2008 Equity Incentive Plan. These shares vest over a four-year period from the grant date. The fair value is expensed over the four-year service period starting on the grant date and the following table summarizes the restricted stock issuances approved by Main Street's Board of Directors and the remaining shares of restricted stock available for issuance as of March 31, 2013.

Restricted stock authorized under the plan	2,000,000
Less restricted stock granted on/during:	
July 1, 2008	(245,645)
July 1, 2009	(98,993)
July 1, 2010	(149,357)
June 20, 2011	(117,728)
June 20, 2012	(133,973)
Quarter ended December 31, 2012	(12,476)
Quarter ended March 31, 2013	(1,100)
Restricted stock available for issuance as of March 31, 2013	1,240,728

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The following table summarizes the restricted stock issued to Main Street's independent directors pursuant to the Main Street Capital Corporation 2008 Non-Employee Director Restricted Stock Plan. These shares vest on the day immediately preceding the annual meeting of stockholders following the respective grant date and are expensed over a one-year service period starting on the grant date.



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Restricted stock authorized under the plan	200,000
Less restricted stock granted on:	
July 1, 2008	(20,000)
July 1, 2009	(8,512)
July 1, 2010	(7,920)
June 20, 2011	(6,584)
August 3, 2011	(1,658)
June 20, 2012	(5,060)
Restricted stock available for issuance as of March 31, 2013	150,266

For each of the three months ended March 31, 2013 and 2012, Main Street recognized total share-based compensation expense of \$0.6 million related to the restricted stock issued to Main Street employees and independent directors.

As of March 31, 2013, there was \$4.8 million of total unrecognized compensation expense related to Main Street's non-vested restricted shares. This compensation expense is expected to be recognized over a remaining weighted-average period of approximately 2.7 years as of March 31, 2013.

**NOTE L COMMITMENTS AND CONTINGENCIES**

At March 31, 2013, Main Street had a total of \$100.5 million in outstanding commitments comprised of (i) eight commitments to fund revolving loans that had not been fully drawn and (ii) six capital commitments that had not been fully called.

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

**NOTE M SUPPLEMENTAL CASH FLOW DISCLOSURES**

Listed below are the supplemental cash flow disclosures for the three months ended March 31, 2013 and 2012:

	<b>Three Months Ended March 31,</b>	
	<b>2013</b>	<b>2012</b>
	<b>(in thousands)</b>	
Interest paid	\$ 6,089	\$ 6,293

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Taxes paid	\$	2,059	\$	284
Non-cash financing activities:				
Shares issued pursuant to the DRIP	\$	5,322	\$	2,701

**NOTE N RELATED PARTY TRANSACTIONS**

As discussed further in Note D, subsequent to the completion of the Formation Transactions, the Investment Manager is a wholly owned portfolio company of MSCC. At March 31, 2013 and December 31, 2012, the Investment Manager had a receivable of \$0.1 million and \$4.1 million respectively due from MSCC related to operating expenses incurred by the Investment Manager required to support Main Street's business.

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**NOTE O SUBSEQUENT EVENTS**

On April 2, 2013, Main Street issued \$80.0 million in aggregate principal amount of 6.125% senior notes due 2023 (the Notes ). On April 15, 2013, the underwriters fully exercised their option to purchase an additional \$12.0 million in aggregate principal amount of Notes to cover over-allotments, bringing the total size of the offering to \$92.0 million. The Notes mature on April 1, 2023, and may be redeemed in whole or in part at any time or from time to time at Main Street's option on or after April 1, 2018. The Notes bear interest from April 2, 2013 at a rate of 6.125% per year payable quarterly on January 1, April 1, July 1 and October 1 of each year, beginning July 1, 2013. The total net proceeds to Main Street from the Notes, after underwriting discounts and estimated offering expenses payable by Main Street, were approximately \$89.0 million. Main Street has listed the Notes on the New York Stock Exchange under the trading symbol MSCA .

During May 2013, Main Street declared regular monthly dividends of \$0.155 per share for each month of July, August and September of 2013. These regular monthly dividends equal a total of \$0.465 per share for the third quarter of 2013. The third quarter 2013 regular monthly dividends represent a 7% increase from the dividends declared for the third quarter of 2012. Including the regular monthly dividends declared for the third quarter of 2013, Main Street will have paid \$9.76 per share in cumulative dividends since its October 2007 initial public offering.

In May 2013, Main Street increased the size of our Credit Facility from \$287.5 million to \$352.5 million to support Main Street's continued growth. The \$65.0 million increase in total commitments was the result of commitment increases by four lenders currently participating in the Credit Facility. The accordion feature of the Credit Facility was amended to allow Main Street to increase the total commitments under the facility up to \$425 million from new or existing lenders on the same terms and conditions as the existing commitments.

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

*The information in this section contains forward-looking statements that involve risks and uncertainties. Please see Risk Factors and Cautionary Statement Concerning Forward Looking Statements in our Annual Report on Form 10-K for the year ended December 31, 2012, filed with the Securities and Exchange Commission (the SEC) on March 8, 2013, for a discussion of the uncertainties, risks and assumptions associated with these statements. You should read the following discussion in conjunction with the consolidated financial statements and related notes and other financial information included in the Annual Report on Form 10-K for the year ended December 31, 2012.*

**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 us, we do not pay any external investment advisory fees, but instead we incur 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 completion of the Final MSC II Exchange, MSCC owns 100% of MSC II. 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 and indirect wholly owned 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.

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

### OVERVIEW

We are a principal investment firm primarily focused on providing customized debt and equity financing to lower middle market ( LMM ) companies and debt capital to middle market ( Middle Market ) companies. Our portfolio investments are typically made to support management buyouts, recapitalizations, growth financings, refinancings and acquisitions of companies that operate in diverse industry sectors. We seek to partner with entrepreneurs, business owners and management teams and generally provide one stop financing alternatives within our LMM portfolio. We invest primarily in secured debt investments, equity investments, warrants and other securities of LMM companies based in the United States and in secured debt investments of Middle Market companies generally headquartered in the United States. Our principal investment objective is to maximize our portfolio s total return by generating current income from our debt investments and capital appreciation from our equity and equity related investments, including warrants, convertible securities and other rights to acquire equity securities in a portfolio company. Our LMM companies generally have annual revenues between \$10 million and \$150 million, and our LMM portfolio investments generally range in size from \$5 million to \$25 million. Our Middle Market investments are made in businesses that are generally larger in size than our

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LMM portfolio companies, with annual revenues typically between \$150 million and \$1.5 billion, and our Middle Market investments generally range in size from \$3 million to \$15 million. Our private loan ( Private Loan ) investments are made in businesses that are consistent with the size of companies in our LMM portfolio or our Middle Market portfolio, but are investments which have been originated through strategic relationships with other investment funds on a collaborative basis. The structure, terms and conditions for these Private Loan investments are typically consistent with the structure, terms and conditions for the loans made in our LMM portfolio or Middle Market portfolio.

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

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

As of March 31, 2013, we had debt and equity investments in 57 LMM portfolio companies with an aggregate fair value of approximately \$520.3 million, with a total cost basis of approximately \$412.2 million, and a weighted average annual effective yield on our LMM debt investments of approximately 14.2%. As of March 31, 2013 approximately 76% of our total LMM portfolio investments at cost were in the form of debt investments and approximately 93% of such debt investments at cost were secured by first priority liens on the assets of our LMM portfolio companies. At March 31, 2013, we had equity ownership in approximately 93% of our LMM portfolio companies and the average fully diluted equity ownership in those portfolio companies was approximately 33%. As of December 31, 2012, Main Street had debt and equity investments in 56 LMM portfolio companies with an aggregate fair value of approximately \$482.9 million, with a total cost basis of approximately \$380.5 million, and a weighted average annual effective yield on our LMM debt investments of approximately 14.3%. As of December 31, 2012, approximately 75% of our total LMM portfolio investments at cost were in the form of debt investments and approximately 93.0% of such debt investments at cost were secured by first priority liens on the assets of our LMM portfolio companies. At December 31, 2012, we had equity ownership in approximately 93% of our LMM portfolio companies and the average fully diluted equity ownership in those portfolio companies was approximately 33%. The weighted average annual yields were computed using the effective interest rates for all debt investments at March 31, 2013 and December 31, 2012, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status.

Additionally, we pursue investments in Middle Market companies. Our Middle Market portfolio investments primarily consist of direct or secondary purchases of interest-bearing debt securities in privately held companies that are generally larger in size than the LMM companies included in our LMM portfolio. Our Middle Market portfolio debt investments are generally secured by either a first or second priority lien on the assets of the company and have an expected duration of between three and five years.

As of March 31, 2013, we had Middle Market portfolio investments in 80 companies, collectively totaling approximately \$361.9 million in fair value with a total cost basis of approximately \$354.4 million. The weighted average revenue for the 80 Middle Market portfolio company investments was approximately \$557.0 million as of March 31, 2013. As of March 31, 2013, substantially all of our Middle Market portfolio

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investments were in the form of debt investments and approximately 91% of such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on our Middle Market portfolio debt investments was approximately 8.2% as of March 31, 2013. As of December 31, 2012, we had Middle Market portfolio investments in 79 companies, collectively totaling approximately \$352.0 million in fair value with a total cost basis of approximately \$348.1 million. The weighted average revenue for the 79 Middle Market portfolio company investments was approximately \$533.6 million as of December 31, 2012. As of December 31, 2012, substantially all of our Middle Market portfolio investments were in the form of debt investments and approximately 91% of such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on our Middle Market portfolio debt investments was approximately 8.0% as of December 31, 2012. The weighted average annual yields were computed using the effective interest rates for all debt investments at March 31, 2013 and December 31, 2012, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments.

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Our Private Loan portfolio investments primarily consist of investments in interest-bearing debt securities in companies that are consistent with the size of the companies included in our LMM portfolio or our Middle Market portfolio. Our Private Loan portfolio debt investments are generally secured by either a first or second priority lien on the assets of the portfolio company and typically have a term of between three and seven years.

As of March 31, 2013, we had Private Loan portfolio investments in 10 companies, collectively totaling approximately \$74.5 million in fair value with a total cost basis of approximately \$73.8 million. The weighted average revenue for the 10 Private Loan portfolio company investments was approximately \$193.8 million as of March 31, 2013. As of March 31, 2013, 99% of our Private Loan portfolio investments were in the form of debt investments and all such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on our Private Loan portfolio debt investments was approximately 14.0% as of March 31, 2013. As of December 31, 2012, we had Private Loan portfolio investments in 9 companies, collectively totaling approximately \$65.5 million in fair value with a total cost basis of approximately \$64.9 million. The weighted average revenue for the 9 Private Loan portfolio company investments was approximately \$230.5 million as of March 31, 2013. As of December 31, 2012, 99% of our Private Loan portfolio investments were in the form of debt investments and all such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on our Private Loan portfolio debt investments was approximately 14.8% as of December 31, 2012. The weighted average annual yields were computed using the effective interest rates for all debt investments at March 31, 2013 and 2012, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments.

As of March 31, 2013, we had Other Portfolio investments in 4 companies, collectively totaling approximately \$28.7 million in fair value and approximately \$27.9 million in cost basis and which comprised 2.9% of our Investment Portfolio at fair value as of March 31, 2013. As of December 31, 2012, we had Other Portfolio investments in 3 companies, collectively totaling approximately \$24.1 million in both fair value and approximately \$23.6 million in cost basis and which comprised 2.6% of our Investment Portfolio at fair value as of December 31, 2012.

During the three months ended March 31, 2013, there were nine portfolio company investment transfers from the LMM and Middle Market portfolio investment categories to the Private Loan portfolio investment category totaling \$65.5 million at fair value and \$64.9 million at cost as of December 31, 2012.

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

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



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MSCC and its consolidated subsidiaries are internally managed by the Investment Manager, a wholly owned subsidiary of MSCC, which employs all of the executive officers and other employees of Main Street. Because the Investment Manager is wholly owned by MSCC, Main Street 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. We believe that our internally managed structure provides us with a beneficial operating expense structure when compared to other publicly-traded and privately-held investment firms which are externally managed, and our internally managed structure allows us the opportunity to leverage our non-interest operating expenses as we grow our investment portfolio. For the three months ended March 31, 2013 and 2012, the ratio of our total operating expenses, excluding interest expense, as a percentage of our quarterly average total assets was 1.7% and 2.0%, respectively, on an annualized basis, and 1.8% for the year ended December 31, 2012.

During May 2012, MSCC and the Investment Manager executed an investment sub-advisory agreement with HMS Adviser, LP ( HMS Adviser ), which is the investment advisor to HMS Income Fund, Inc. ( HMS Income ), a non publicly-traded BDC whose registration statement on Form N-2 was declared effective by the SEC in June 2012, to provide certain investment advisory services to HMS Adviser. MSCC is initially providing such investment advisory services to HMS Adviser, but it is ultimately

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intended that the Investment Manager provide such services because the fees MSCC receives from such arrangement could otherwise have negative consequences on its ability to meet the source-of-income requirement necessary for it to maintain its RIC tax treatment (MSCC or the Investment Adviser, whichever is providing such investment advisory services, the Sub-Adviser ). Certain relief must be obtained from the SEC before the Investment Manager is permitted to provide these services to HMS Adviser, which relief is being sought, but there can be no assurance that it will be obtained. Under the investment sub-advisory agreement, the Sub-Adviser is entitled to 50% of the base management fee and the incentive fees earned by HMS Adviser under its advisory agreement with HMS Income. However, the Sub-Adviser has agreed to waive all such fees from the effective date of HMS Adviser's registration statement on Form N-2 through September 30, 2013 to the extent that distributions declared and payable by HMS Income would represent a return of capital for purposes of U.S. federal income tax. As a result, as of March 31, 2013, the Sub-Adviser has not received any base management fee or incentive fees under the investment sub-advisory agreement and the Sub-Adviser is not due any unpaid compensation for any base management fee or incentive fees under the investment sub-advisory agreement.

**CRITICAL ACCOUNTING POLICIES**

*Basis of Presentation*

Our financial statements are prepared in accordance with generally accepted accounting principles in the United States of America ( U.S. GAAP ). For the three months ended March 31, 2013 and 2012, our consolidated financial statements include the accounts of MSCC and its consolidated subsidiaries, which include the Funds and the Taxable Subsidiaries. The Investment Portfolio, as used herein, refers to all of our LMM portfolio investments, Middle Market portfolio investments, Private Loan portfolio investments, Other Portfolio investments and the investment in the Investment Manager. Marketable securities and idle funds investments are classified as financial instruments and are reported separately on our Consolidated Balance Sheets and Consolidated Schedule of Investments due to the nature of such investments. Our results of operations and cash flows for the three months ended March 31, 2013 and 2012 and financial position as of March 31, 2013 and December 31, 2012, are presented on a consolidated basis. The effects of all intercompany transactions between Main Street and its consolidated subsidiaries have been eliminated in consolidation. Certain reclassifications have been made to prior period balances to conform with the current presentation, including certain investments previously included as part of the LMM portfolio or Middle Market portfolio that are now classified as part of the Private Loan portfolio and the reclassification of Investment Portfolio and Marketable securities and idle funds investment related activity from cash flows from investing activities to cash flows from operating activities.

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, 2013 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, 2012. 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 ), we are precluded from consolidating portfolio company investments, including those in which we have a controlling interest, unless the portfolio company is another investment company. An exception to this general principle in the AICPA Guide occurs if we own a controlled operating company that provides

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all or substantially all of its services directly to us, or to an investment company of ours. None of the investments made by us qualify for this exception. Therefore, the Investment Portfolio is carried on the balance sheet at fair value, as discussed further in Note B to our consolidated financial statements, with any adjustments to fair value recognized as Net Change in Unrealized Appreciation (Depreciation) on our Statement of Operations until the investment is realized, usually upon exit, resulting in any gain or loss being recognized as a Net Realized Gain (Loss) from Investments.

### *Portfolio Investment Valuation*

The most significant determination inherent in the preparation of our consolidated financial statements is the valuation of our Investment Portfolio and the related amounts of unrealized appreciation and depreciation. As of March 31, 2013 and December 31, 2012, approximately 96% and 89%, respectively, of our total assets at each date represented investments in portfolio companies valued at fair value (including our investment in the Investment Manager). We are required to report our investments at fair value. We

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follow 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.

Our business strategy calls for us to invest primarily in illiquid debt and equity securities issued by private, LMM companies and debt securities issued by Middle Market companies that are generally larger in size than the LMM companies. We also categorize some of our investments in LMM companies and Middle Market companies as Private Loan portfolio investments, which are typically debt securities issued by companies that are consistent in size with either the LMM companies or Middle Market companies, but are investments which have been originated through strategic relationships with other investment funds on a collaborative basis. Our portfolio also includes Other Portfolio investments which primarily consist of investments which are not consistent with the typical profiles for our LMM portfolio investments, Middle Market portfolio investments or Private Loan portfolio investments, including investments which may be managed by third parties. All of these portfolio investments may be subject to restrictions on resale.

LMM investments and Other Portfolio investments generally have no established trading market while Middle Market securities generally have established markets that are not active. Private Loan investments may include investments which have no established trading market or have established markets that are not active. We determine in good faith the fair value of our Investment Portfolio pursuant to a valuation policy in accordance with ASC 820 and a valuation process approved by our Board of Directors and in accordance with the 1940 Act. Our valuation policy and process is intended to provide a consistent basis for determining the fair value of our portfolio.

For LMM investments, we review external events, including private mergers, sales and acquisitions involving comparable companies, and include these events in the valuation process. For Middle Market portfolio investments, we primarily use observable inputs such as quoted prices in the valuation process. For Middle Market portfolio investments for which sufficient observable inputs are not available to determine fair value, we generally use a combination of observable inputs through obtaining third party quotes or other independent pricing and an approach similar to the income approach using a yield-to-maturity model used to value our LMM portfolio debt investments.

For valuation purposes, control LMM portfolio investments are composed of debt and equity securities in companies for which we 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 are generally not readily available for our control LMM portfolio investments. As a result, for control LMM portfolio investments, we determine the fair value using a combination of market and income approaches. Under the market approach, we 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, or 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, we analyze various factors, including the portfolio company's historical and projected financial results. We allocate the enterprise value to investments in order of the legal priority of the various components of the portfolio company's capital structure. We 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, and which includes using a yield-to-maturity 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. The valuation approaches for our control LMM portfolio investments estimate the value of the investment if we were to sell, or exit, the investment. In addition, these valuation approaches consider the value associated with our ability to control the capital structure of the portfolio company, as well as the timing of a potential exit.

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For valuation purposes, non-control LMM portfolio investments are composed of debt and equity securities in companies for which we do 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 are generally not readily available for non-control LMM portfolio investments. For our non-control LMM investments, we use a combination of the market and income approaches to value our equity investments and the income approach to value our debt investments similar to the approaches used for our control LMM portfolio investments, and which includes using a yield-to-maturity 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. Our estimate of the expected repayment date of a LMM debt security is generally the legal maturity date of the instrument, as we generally intend to hold our LMM loans and debt securities to maturity. The yield-to-maturity analysis considers changes in leverage levels, credit quality, portfolio company performance and other factors. We will use the value determined by the yield-to-maturity analysis as the fair value for that security; however, because of our general intent to hold our loans to maturity, the

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fair value will not exceed the face amount of the LMM debt security. A change in the assumptions that we use to estimate the fair value of our LMM debt securities using the yield-to-maturity analysis could have a material impact on the determination of fair value. If there is deterioration in credit quality or if a LMM debt security is in workout status, we 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 most likely be received in a liquidation analysis.

Our Middle Market portfolio investments primarily consist of direct or secondary investments in interest-bearing debt securities in companies that are generally larger in size than the LMM companies included in our Investment Portfolio. For valuation purposes, all of our Middle Market portfolio investments are non-control investments for which we do not have a controlling interest in the portfolio company or the ability to nominate a majority of the portfolio company's board of directors. We primarily use observable inputs to determine the fair value of these investments through obtaining third party quotes or independent pricing, to the extent such sufficient observable inputs are available to determine fair value. For Middle Market portfolio investments for which sufficient observable inputs are not available to determine fair value, we use a combination of observable inputs through obtaining third party quotes or other independent pricing and an approach similar to the income approach using a yield-to-maturity model used to value our LMM portfolio debt investments.

Our Private Loan portfolio investments primarily consist of direct or secondary investments in interest-bearing debt securities in companies that are consistent with the size of companies included in our LMM portfolio or our Middle Market portfolio. For valuation purposes, all of Main Street's Private Loan portfolio investments are non-control investments 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. As sufficient observable inputs to determine the fair value of these Private Loan portfolio investments through obtaining third party pricing or other independent pricing are not generally available, Main Street generally uses a combination of observable inputs through obtaining third party quotes or other independent pricing and an approach similar to the income approach using a yield-to-maturity model used to value its LMM portfolio debt investments.

For valuation purposes, all of our Other Portfolio investments are non-control investments for which we generally do 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's Other Portfolio investments comprised 2.9% and 2.6%, respectively, of Main Street's Investment Portfolio at fair value as of March 31, 2013 and December 31, 2012. Similar to the LMM investment portfolio, market quotations for Other Portfolio equity investments are generally not readily available. For our Other Portfolio equity investments, we determine the fair value based on the fair value of the portfolio company as determined by independent third parties and based on our proportional ownership in the portfolio company, as well as the financial position and assessed risk of each of these portfolio investments. For Other Portfolio debt investments with observable inputs, we determine the fair value of these investments through obtaining third party quotes or other independent pricing, to the extent such sufficient observable inputs are available to determine fair value. To the extent observable inputs are not available, we value these Other Portfolio debt investments through an approach similar to the income approach using a yield-to-maturity model used to value our LMM portfolio debt investments.

Due to the inherent uncertainty in the valuation process, our determination of fair value for our Investment Portfolio may differ materially from the values that would have been 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. We determine the fair value of each individual investment and record changes in fair value as unrealized appreciation or depreciation.

***Revenue Recognition***

*Interest and Dividend Income*

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

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*Fee Income*

We may periodically provide services, including structuring and advisory services, to our 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 deferred and accreted into interest income over the life of the financing.

*Payment-in-Kind ( PIK ) Interest and Cumulative Dividends*

We hold debt and preferred equity instruments in our 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 unpaid dividends are added to the balance of the preferred equity investment. The actual collection of these dividends in arrears may be deferred until such time as the preferred equity is redeemed. To maintain RIC tax treatment (as discussed below), these non-cash sources of income may need to be paid out to stockholders in the form of distributions, even though we may not have collected the PIK interest and cumulative dividends in cash. We will stop accruing PIK interest and cumulative dividends and will write off any accrued and uncollected interest and dividends in arrears when it is determined that such PIK interest and dividends in arrears are no longer collectible.

*Share-Based Compensation*

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

*Income Taxes*

MSCC has elected to be treated for federal income tax purposes as a RIC. As a RIC, MSCC generally will not pay corporate-level federal income taxes on any net ordinary income or capital gains that MSCC distributes to its stockholders as dividends. MSCC must generally distribute at least 90% of its investment company taxable income to qualify for pass-through tax treatment and maintain its RIC status. As part of maintaining RIC status, undistributed taxable income (subject to a 4% excise tax) pertaining to a given fiscal year may be distributed up to 12 months subsequent to the end of that fiscal year, provided such dividends are declared prior to the filing of the federal income tax return for the prior year.

The Taxable Subsidiaries hold certain portfolio investments for us. The Taxable Subsidiaries are consolidated with us for financial reporting purposes, and the portfolio investments held by the Taxable Subsidiaries are included in Main Street's consolidated financial statements. The



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principal purpose of the Taxable Subsidiaries is to 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 of the Code. The Taxable Subsidiaries are not consolidated with Main Street for income tax purposes and may generate income tax expense or income tax benefit as a result of their ownership of various portfolio investments. This income tax expense or benefit, if any, is reflected in our 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.

### **INVESTMENT PORTFOLIO COMPOSITION**

LMM portfolio investments principally consist of secured debt, equity warrants and direct equity investments in privately held, LMM companies. The LMM debt investments are primarily secured by either a first or second lien on the assets of the portfolio company, generally bear interest at fixed rates, and generally mature between five and seven years from the original investment date. In most LMM portfolio companies, we also receive nominally priced equity warrants and/or make direct equity investments, usually in connection with a debt investment.

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Middle Market portfolio investments primarily consist of direct or secondary investments in interest-bearing debt securities in companies that are generally larger in size than the LMM companies included in our LMM portfolio. Our Middle Market portfolio debt investments are generally secured by either a first or second priority lien and typically have a term of between three and five years.

Our Private Loan portfolio investments primarily consist of investments in interest-bearing debt securities in companies that are consistent with the size of companies included in our LMM portfolio or our Middle Market portfolio. Our Private Loan portfolio debt investments are generally secured by either a first or second priority lien on the assets of the portfolio company and typically have a term of between three and seven years.

The following tables summarize the composition of our total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments at cost and fair value by type of investment as a percentage of the total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments as of March 31, 2013 and December 31, 2012 (this information excludes the Other Portfolio investments and the Investment Manager).

<b>Cost:</b>	<b>March 31, 2013</b>	<b>December 31, 2012</b>
First lien debt	81.6%	81.1%
Equity	10.1%	10.4%
Second lien debt	6.1%	6.0%
Equity warrants	1.8%	1.9%
Other	0.4%	0.6%
	100.0%	100.0%

<b>Fair Value:</b>	<b>March 31, 2013</b>	<b>December 31, 2012</b>
First lien debt	72.5%	72.1%
Equity	18.5%	18.7%
Second lien debt	5.4%	5.4%
Equity warrants	3.2%	3.3%
Other	0.4%	0.5%
	100.0%	100.0%

The following tables summarize the composition of the total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments by geographic region of the United States or other countries at cost and fair value as a percentage of the total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments, as of March 31, 2013 and December 31, 2012 (this information excludes the Other Portfolio investments and the Investment Manager). The geographic composition is determined by the location of the corporate headquarters of the portfolio company.

<b>Cost:</b>	<b>March 31, 2013</b>	<b>December 31, 2012</b>
Southwest	25.5%	27.7%
West	23.7%	25.7%
Northeast	17.0%	17.2%
Southeast	15.0%	10.1%
Midwest	14.9%	17.6%
Non-United States	3.9%	1.7%
	100.0%	100.0%



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<b>Fair Value:</b>	<b>March 31, 2013</b>	<b>December 31, 2012</b>
Southwest	29.0%	31.3%
West	23.4%	25.3%
Northeast	15.8%	15.8%
Midwest	14.8%	17.0%
Southeast	13.5%	9.1%
Non-United States	3.5%	1.5%
	100.0%	100.0%

Our LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments are in companies conducting business in a variety of industries. The following tables summarize the composition of our total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments, by industry at cost and fair value as of March 31, 2013 and December 31, 2012 (this information excludes the Other Portfolio investments and the Investment Manager).

<b>Cost:</b>	<b>March 31, 2013</b>	<b>December 31, 2012</b>
Energy Equipment & Services	13.5%	8.4%
Media	8.2%	7.2%
Software	6.1%	8.3%
Commercial Services & Supplies	6.1%	6.4%
Specialty Retail	6.1%	6.1%
Health Care Providers & Services	5.8%	5.3%
Machinery	5.3%	6.7%
Construction & Engineering	4.3%	4.7%
Hotels, Restaurants & Leisure	3.6%	3.5%
IT Services	3.2%	2.8%
Professional Services	3.1%	2.2%
Diversified Consumer Services	2.7%	3.2%
Electronic Equipment, Instruments & Components	2.5%	2.6%
Metals & Mining	2.2%	2.2%
Building Products	1.9%	2.0%
Insurance	1.9%	2.0%
Food Products	1.9%	2.0%
Communications Equipment	1.6%	1.2%
Aerospace & Defense	1.6%	1.9%
Containers & Packaging	1.4%	1.5%
Consumer Finance	1.4%	1.2%
Health Care Equipment & Supplies	1.4%	1.5%
Oil, Gas & Consumable Fuels	1.0%	1.6%
Trading Companies & Distributors	1.0%	1.0%
Paper & Forest Products	1.0%	1.0%
Chemicals	0.9%	2.0%
Road & Rail	0.9%	1.0%
Construction Materials	0.5%	1.7%
Other (1)	8.9%	8.8%
	100.0%	100.0%

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



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Fair Value:	March 31, 2013	December 31, 2012
Energy Equipment & Services	14.8%	10.2%
Media	7.7%	6.7%
Machinery	6.9%	8.3%
Software	5.9%	7.9%
Commercial Services & Supplies	5.8%	6.1%
Health Care Providers & Services	5.7%	5.3%
Specialty Retail	5.0%	4.9%
Construction & Engineering	4.6%	5.1%
Diversified Consumer Services	3.5%	4.0%
Hotels, Restaurants & Leisure	3.5%	3.5%
IT Services	2.9%	2.5%
Professional Services	2.8%	2.0%
Electronic Equipment, Instruments & Components	2.3%	2.4%
Metals & Mining	2.0%	1.9%
Trading Companies & Distributors	1.8%	1.7%
Food Products	1.7%	1.8%
Insurance	1.7%	1.8%
Communications Equipment	1.5%	1.1%
Aerospace & Defense	1.5%	1.7%
Building Products	1.4%	1.5%
Road & Rail	1.4%	1.5%
Containers & Packaging	1.3%	1.3%
Consumer Finance	1.3%	1.1%
Paper & Forest Products	1.2%	1.2%
Health Care Equipment & Supplies	1.2%	1.3%
Oil, Gas & Consumable Fuels	0.9%	1.4%
Chemicals	0.8%	1.8%
Transportation Infrastructure	0.8%	1.0%
Construction Materials	0.2%	1.4%
Other (1)	7.9%	7.6%
	100.0%	100.0%

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

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

### **PORTFOLIO ASSET QUALITY**

We utilize an internally developed investment rating system to rate the performance of each LMM portfolio company and to monitor our expected level of returns on each of our LMM investments in relation to our expectations for the portfolio company. The investment rating system takes into consideration various factors, including but not limited to each investment's expected level of returns and the collectability of our debt investments, comparisons to competitors and other industry participants and the portfolio company's future outlook. Investment Rating 1

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represents a LMM portfolio company that is performing in a manner which significantly exceeds expectations. Investment Rating 2 represents a LMM portfolio company that, in general, is performing above expectations. Investment Rating 3 represents a LMM portfolio company that is generally performing in accordance with expectations. Investment Rating 4 represents a LMM portfolio company that is underperforming expectations. Investments with such a rating require increased monitoring and scrutiny by us. Investment Rating 5 represents a LMM portfolio company that is significantly underperforming. Investments with such a rating require heightened levels of monitoring and scrutiny by us and involve the recognition of significant unrealized depreciation on such investment. All new LMM portfolio investments receive an initial Investment Rating of 3.

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The following table shows the distribution of our LMM portfolio investments on the 1 to 5 investment rating scale at fair value as of March 31, 2013 and December 31, 2012:

Investment Rating	March 31, 2013		December 31, 2012	
	Investments at Fair Value	Percentage of Total Portfolio	Investments at Fair Value	Percentage of Total Portfolio
	(dollars in thousands)			
1	\$ 176,924	34.0%	\$ 167,154	34.6%
2	117,442	22.6%	117,157	24.3%
3	196,635	37.8%	174,754	36.2%
4	29,312	5.6%	23,799	4.9%
5		0.0%		0.0%
Totals	\$ 520,313	100.0%	\$ 482,864	100.0%

Based upon our investment rating system, the weighted average rating of our LMM portfolio was approximately 2.2 as of March 31, 2013 and 2.1 as of December 31, 2012.

For the total Investment Portfolio, as of March 31, 2013, we had one investment with positive fair value on non-accrual status which comprised 0.2% of the total Investment Portfolio at fair value and, together with another fully impaired investment, comprised approximately 0.7% of the total Investment Portfolio at cost, excluding the investment in the affiliated Investment Manager. As of December 31, 2012, we had no investments with positive fair value on non-accrual status and one fully impaired investment which comprised approximately 0.2% of the total Investment Portfolio at cost, excluding the investment in the affiliated Investment Manager.

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

### **DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS**

#### *Comparison of the three months ended March 31, 2013 and March 31, 2012*

	For Three Months Ended March 31,		Net Change	
	2013	2012	Amount	%
	(dollars in millions)			
Total investment income	\$ 25.6	\$ 20.6	\$ 5.0	25%
Total expenses	(8.3)	(7.7)	(0.6)	8%
Net investment income	17.3	12.9	4.4	35%
Net realized gain (loss) from investments	(0.4)	8.2	(8.6)	
Net realized income	16.9	21.1	(4.2)	



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Net change in unrealized appreciation from investments	10.0	4.4	5.6
Net change in unrealized appreciation (depreciation) from SBIC debentures and investment in the Investment Manager	(1.2)	0.3	(1.5)
Income tax provision	(2.1)	(1.9)	(0.2)
Noncontrolling interest		(0.1)	0.1
Net increase in net assets resulting from operations attributable to common stock	\$ 23.6	\$ 23.8	\$ (0.2) -1%

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	For Three Months Ended March 31,		Net Change		
	2013	2012	Amount		%
	(dollars in millions)				
Net investment income	\$ 17.3	\$ 12.9	\$ 4.4		35%
Share-based compensation expense	0.6	0.5	0.1		4%
Distributable net investment income (a)	17.9	13.4	4.5		33%
Net realized gain from investments	(0.4)	8.2	(8.6)		
Distributable net realized income (a)	\$ 17.5	\$ 21.6	\$ (4.1)		
Distributable net investment income per share -					
Basic and diluted (a) (b)	\$ 0.52	\$ 0.50	\$ 0.02		4%
Distributable net realized income per share					
-					
Basic and diluted (a) (b)	\$ 0.50	\$ 0.80	\$ (0.30)		

(a) Distributable net investment income and distributable net realized income are net investment income and net realized income, respectively, as determined in accordance with U.S. GAAP, excluding the impact of share-based compensation expense which is non-cash in nature. We believe presenting distributable net investment income and distributable net realized income, and related per share amounts, is useful and appropriate supplemental disclosure of information for analyzing our financial performance since share-based compensation does not require settlement in cash. However, distributable net investment income and distributable net realized income are non-U.S. GAAP measures and should not be considered as a replacement to net investment income, net realized income, and other earnings measures presented in accordance with U.S. GAAP. Instead, distributable net investment income and distributable net realized income should be reviewed only in connection with such U.S. GAAP measures in analyzing Main Street's financial performance. A reconciliation of net investment income and net realized income in accordance with U.S. GAAP to distributable net investment income and distributable net realized income is presented in the table above.

(b) Per share amounts exclude the earnings attributable to the noncontrolling equity interests in MSC II not owned by Main Street for the periods prior to the completion of the Final MSC II Exchange during the first quarter of 2012.

*Investment Income*

For the three months ended March 31, 2013, total investment income was \$25.6 million, a 25% increase over the \$20.6 million of total investment income for the corresponding period of 2012. This comparable period increase was principally attributable to (i) a \$3.6 million increase in interest income from higher average levels of portfolio debt investments and increased activity in the Investment Portfolio, (ii) a \$1.0 million increase in dividend income from portfolio equity investments and (iii) a \$0.4 million increase in fee income due to the increased activity in and size of the Investment Portfolio. The \$5.0 million increase in investment income in the first quarter of 2013 includes a \$1.2 million net decrease in investment income related to accelerated prepayment and repricing activity for certain portfolio debt investments and marketable securities investments when compared to the same period in 2012. This \$1.2 million net decrease is due to the inclusion of \$1.8 million of non-recurring investment income associated with debt repayment and financing activities in two LMM portfolio investments in investment income in the first three months of 2012 partially offset by an increase in investment income related to higher accelerated prepayment and repricing activity of certain Middle Market portfolio debt investments of \$0.6 million in the first quarter of 2013.

*Expenses*

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For the three months ended March 31, 2013, total expenses increased to \$8.3 million from \$7.7 million for the corresponding period of 2012. This comparable period increase in operating expenses was principally attributable to higher compensation and related expenses of \$0.4 million primarily as a result of additional personnel and a \$0.2 million increase in other general and administrative expenses compared to the corresponding period of 2012. The ratio of our total operating expenses, excluding interest expense, as a percentage of our average total assets was 1.7% on an annualized basis for the three months ended March 31, 2013, compared to 2.0% for the comparable period in the prior year.

### *Distributable Net Investment Income*

Distributable net investment income increased 33% to \$17.9 million, or \$0.52 per share, compared with \$13.4 million, or \$0.50 per share, in the corresponding period of 2012. The increase in distributable net investment income was primarily due to the higher level of total investment income partially offset by higher operating expenses, due to the changes discussed above. Distributable net investment income on a per share basis for the three months ended March 2013 reflects (i) a decrease of approximately \$0.06 per share from the comparable period in 2012 attributable to certain non-recurring items in such prior period and the comparable levels of accelerated prepayment and repricing activity for certain debt investments and marketable securities investments as discussed above and (ii) a greater number of average shares outstanding compared to the corresponding period in 2012 primarily due to the June 2012 and December 2012 follow-on stock offerings.

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*Net Investment Income*

Net investment income for the three months ended March 31, 2013 was \$17.3 million, or a 35% increase, compared to net investment income of \$12.9 million for the corresponding period of 2012. The increase in net investment income was principally attributable to the increase in total investment income partially offset by higher operating expenses as discussed above.

*Distributable Net Realized Income*

Distributable net realized income was \$17.5 million, or \$0.50 per share, for the three months ended 2013 compared with distributable net realized income of \$21.6 million, or \$0.80 per share, in the corresponding period of 2012. The \$4.1 million decrease was primarily attributable to the decrease in net realized gain from investments of \$8.6 million, partially offset by higher distributable net investment income in the three months ended March 31, 2013 compared to the corresponding period of 2012 as discussed above. The \$8.2 million net realized gain from investments during the first quarter of 2012 was primarily attributable to (i) realized gains totaling \$11.9 million recognized on the full or partial exits of equity investments in two LMM portfolio companies and net realized gains related to Middle Market debt and marketable securities investments, partially offset by (ii) realized losses totaling \$3.8 million on the full exits of investments in two LMM portfolio companies.

*Net Realized Income*

The lower level of net realized gain from investments, partially offset by higher net investment income in the three months ended March 31, 2013 compared to the corresponding period of 2012, both as discussed above, resulted in a \$4.2 million decrease in net realized income compared with the corresponding period of 2012.

*Net Increase in Net Assets Resulting from Operations Attributable to Common Stock*

The net increase in net assets resulting from operations attributable to common stock during the three months ended March 31, 2013 was \$23.6 million, or \$0.68 per share, compared with a net increase of \$23.8 million, or \$0.89 per share, in the first quarter of 2012. This \$0.2 million decrease from the comparable period in the prior year was primarily the result of the decrease in net realized income as discussed above, partially offset by \$4.1 million increase in the net change in unrealized appreciation to \$8.8 million in the first quarter of 2013, compared to \$4.7 million for the comparable period in the prior year. The total net change in unrealized appreciation for the first quarter of 2013 of \$8.8 million included a \$10.0 million net change in unrealized appreciation from portfolio investments, partially offset by the net change in unrealized depreciation of \$1.2 million on the SBIC debentures held by MSC II. The \$10.0 million net change in unrealized appreciation from portfolio investments for the three months ended March 31, 2013 was principally attributable to (i) unrealized appreciation on 17 LMM portfolio investments totaling \$10.3 million, partially offset by unrealized depreciation on 10 LMM portfolio investments totaling \$4.3 million and (ii) \$4.7 million of net unrealized appreciation on the Middle Market investment portfolio, partially offset by (iii) accounting reversals of net unrealized appreciation from prior periods of \$1.4 million related to portfolio investment exits and repayments. For the three months ended March 31, 2013, we also recognized a net income tax provision of \$2.1 million related to deferred taxes of \$1.4 million and other taxes of \$0.7 million. The deferred taxes related primarily to net unrealized appreciation on equity investments held in our taxable subsidiaries. The other taxes include \$0.4 million related to an accrual for excise tax on our estimated spillover taxable income and \$0.3 million related to accruals for state and other taxes.

*Liquidity and Capital Resources*

*Cash Flows*

For the three months ended March 31, 2013, we experienced a net decrease in cash and cash equivalents in the amount of \$37.3 million. During the period, we used \$24.3 million of cash for our operating activities, primarily from (i) the funding of new portfolio company investments and settlement of accruals for portfolio investments at December 31, 2012, which together total \$126.0 million, (ii) the settlement of \$16.7 million of accruals for Marketable securities and idle funds investments at December 31, 2012, and (iii) \$8.5 million related to decreases in payables and accruals, which such cash uses offset by (i) \$81.4 million in cash proceeds from the sales and repayments of debt investments, (ii) \$28.8 million of cash proceeds from the sale of Marketable securities and idle funds investments, (iii) distributable net investment income, excluding the non-cash effects of the accretion of unearned income, payment-in-kind interest income and the amortization of deferred financing costs, and (iv) decreases in other assets of \$3.3 million. During the three months ended March 31, 2013, \$13.0 million in cash was used in financing activities, which principally consisted of \$22.4 million in cash dividends paid to stockholders, partially offset by \$9.0 million in net cash proceeds from our credit facility (the Credit Facility).

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*Capital Resources*

As of March 31, 2013, we had \$26.2 million in cash and cash equivalents and \$146.5 million of unused capacity under the Credit Facility, which we maintain to support our future investment and operating activities. As of March 31, 2013, our net asset value totaled \$645.2 million, or \$18.55 per share.

. The Credit Facility, as amended, currently provides for \$287.5 million in total commitments from a diversified group of nine lenders. The Credit Facility contains an accordion feature which allows Main Street to increase the total commitments under the facility up to \$400 million from new or existing lenders on the same terms and conditions as the existing commitments.

Borrowings under the Credit Facility bear interest, subject to our election, on a per annum basis equal to (i) the applicable LIBOR rate (0.20%, as of March 31, 2013) plus 2.50% or (ii) the applicable base rate (Prime Rate, 3.25% as of March 31, 2013) plus 1.50%. We pay unused commitment fees of 0.375% per annum on the unused lender commitments under the Credit Facility. The Credit Facility is secured by a first lien on the assets of MSCC and its subsidiaries, excluding the assets of the Funds. The Credit Facility contains certain affirmative and negative covenants, including but not limited to: (i) maintaining an interest coverage ratio of at least 2.0 to 1.0, (ii) maintaining an asset coverage ratio of at least 2.5 to 1.0, and (iii) maintaining a minimum tangible net worth. The Credit Facility includes an initial revolving period through September 2015 followed by a two-year term out period with a final maturity in September 2017, and contains two, one-year extension options which could extend both the revolving period and the final maturity by up to two years, subject to certain conditions including lender approval. At March 31, 2013, we had \$141 million in borrowings outstanding under the Credit Facility. As of March 31, 2013, the interest rate on the Credit Facility was 2.70%, and Main Street was in compliance with all financial covenants of the Credit Facility.

In June 2012, we completed a follow-on public stock offering in which we sold 4,312,500 shares of common stock, including the underwriters full exercise of the over-allotment option, at a price to the public of \$22.50 per share (or approximately 143% of the then latest reported Net Asset Value per share), resulting in total net proceeds of approximately \$93.0 million, after deducting underwriters' commissions and offering costs. In December 2012, we completed a follow-on public stock offering in which we sold 2,875,000 shares of common stock, including the underwriters' full exercise of the over-allotment option, at a price to the public of \$28.00 per share (or approximately 160% of the then latest reported Net Asset Value per share), resulting in total net proceeds of approximately \$77.1 million, after deducting underwriters' commissions and offering costs.

Due to each of the Funds' status as a licensed SBIC, we have the ability to issue, through the Funds, debentures guaranteed by the SBA at favorable interest rates. Under the regulations applicable to SBIC funds, an SBIC can have outstanding debentures guaranteed by the SBA generally in an amount up to twice its regulatory capital, which effectively approximates the amount of its equity capital. Debentures guaranteed by the SBA have fixed interest rates that equal prevailing 10-year Treasury Note rates plus a market spread and have a maturity of ten years with interest payable semi-annually. The principal amount of the debentures is not required to be paid before maturity but may be pre-paid at any time with no prepayment penalty. On March 31, 2013, we, through the Funds, had \$225 million of outstanding indebtedness guaranteed by the SBA, which carried a weighted average annual fixed interest rate of approximately 4.8%. The first maturity related to the SBIC debentures does not occur until 2014, and the remaining weighted average duration is approximately 6.1 years as of March 31, 2013.

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

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

If our common stock trades below our net asset value per share, we will generally not be able to issue additional common stock at the market price unless our stockholders approve such a sale and our Board of Directors makes certain determinations. A proposal, approved by our stockholders at our June 2012 annual meeting of stockholders, authorizes us to sell shares of our common

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stock below the then current net asset value per share of our common stock in one or more offerings for the period ending on June 13, 2013, the date of our 2013 annual meeting of stockholders. We would need similar future approval from our stockholders to issue shares below the then current net asset value per share any time after the expiration of the current approval. We are not currently seeking such approval at our 2013 annual meeting of stockholders because our common stock price per share has been trading significantly above the current net asset value per share of our common stock.

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

Although we have been able to secure access to additional liquidity, including recent public stock offerings, our expanded \$287.5 million Credit Facility, and the available leverage through the SBIC program, there is no assurance that debt or equity capital will be available to us in the future on favorable terms, or at all.

***Recently Issued Accounting Standards***

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

***Inflation***

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

***Off-Balance Sheet Arrangements***

We may be a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financial needs of our portfolio companies. These instruments include commitments to extend credit and involve, to varying degrees, elements of liquidity and credit risk in excess of the amount recognized in the balance sheet. At March 31, 2013, we had a total of \$100.5 million in outstanding commitments comprised of (i) eight commitments to fund revolving loans that had not been fully drawn and (ii) six capital commitments that had not been fully called.



**Contractual Obligations**

As of March 31, 2013, the future fixed commitments for cash payments in connection with our SBIC debentures for each of the next five years and thereafter are as follows:

	2013	2014	2015	2016	2017	2018 and thereafter	Total
	(dollars in thousands)						
SBIC debentures	\$	\$ 6,000	\$ 23,100	\$ 5,000	\$ 44,700	\$ 146,200	\$ 225,000
Interest due on SBIC debentures	5,412	10,793	10,282	9,141	8,253	17,140	61,021
Total	\$ 5,412	\$ 16,793	\$ 33,382	\$ 14,141	\$ 52,953	\$ 163,340	\$ 286,021

As of March 31, 2013, we had \$141.0 million in borrowings outstanding under our Credit Facility and the Credit Facility is currently scheduled to mature in September 2017. The Credit Facility contains two, one year extension options which could extend the maturity to September 2019. See further discussion of the Credit Facility terms in Liquidity and Capital Resources – Capital Resources.

Pursuant to the support services agreement with MSCC, the Investment Manager is reimbursed each quarter by MSCC for its cash operating expenses, less fees that the Investment Manager receives from MSC II and third parties, associated with providing investment management and other services to MSCC, certain of its subsidiaries and third parties. For the three months ended March 31, 2013 and 2012, the expenses reimbursed by MSCC to the Investment Manager and management fees paid by MSC II were \$3.2 million and \$2.7 million, respectively.

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***Related Party Transactions***

As discussed further in Note D to the accompanying consolidated financial statements, subsequent to the completion of the Formation Transactions, the Investment Manager is a wholly owned portfolio company of MSCC. At March 31, 2013, the Investment Manager had a receivable of \$0.1 million due from MSCC related to operating expenses incurred by the Investment Manager required to support Main Street's business.

***Recent Developments***

On April 2, 2013, we issued \$80.0 million in aggregate principal amount of 6.125% senior notes due 2023 (the "Notes"). On April 15, 2013, the underwriters fully exercised their option to purchase an additional \$12.0 million in aggregate principal amount of Notes to cover over-allotments, bringing the total size of the offering to \$92.0 million. The Notes mature on April 1, 2023, and may be redeemed in whole or in part at any time or from time to time at our option on or after April 1, 2018. The Notes bear interest from April 2, 2013 at a rate of 6.125% per year payable quarterly on January 1, April 1, July 1 and October 1 of each year, beginning July 1, 2013. The total net proceeds to us from the Notes, after underwriting discounts and estimated offering expenses payable by us, were approximately \$89.0 million. We have listed the Notes on the New York Stock Exchange under the trading symbol "MSCA".

During May 2013, we declared regular monthly dividends of \$0.155 per share for each month of July, August and September of 2013. These regular monthly dividends equal a total of \$0.465 per share for the third quarter of 2013. The third quarter 2013 regular monthly dividends represent a 7% increase from the dividends declared for the third quarter of 2012. Including the regular monthly dividends declared for the third quarter of 2013, we will have paid \$9.76 per share in cumulative dividends since its October 2007 initial public offering.

In May 2013, we increased the size of our Credit Facility from \$287.5 million to \$352.5 million to support our continued growth. The \$65.0 million increase in total commitments was the result of commitment increases by four lenders currently participating in the Credit Facility. The accordion feature of the Credit Facility was amended to allow us to increase the total commitments under the facility up to \$425 million from new or existing lenders on the same terms and conditions as the existing commitments.

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

We are subject to financial market risks, including changes in interest rates. Changes in interest rates may affect both our cost of funding and our interest income from the Investment Portfolio, marketable securities, and idle funds investments. Our risk management systems and procedures are designed to identify and analyze our risk, to set appropriate policies and limits and to continually monitor these risks. Our investment income will be affected by changes in various interest rates, including LIBOR and prime rates, to the extent of any debt investments that include floating interest rates. The majority of our debt investments are made with either fixed interest rates or floating rates that are subject to contractual minimum interest rates for the term of the investment. As of March 31, 2013, approximately 53% of our debt investment portfolio (at cost) bore interest at floating rates with 99% of those floating-rate debt investments (at cost) subject to contractual minimum interest rates. As of March 31, 2013, we had no Marketable securities and idle funds investments. Our interest expense will be affected by changes in the published LIBOR rate in connection with our Credit Facility; however, the long term interest rates on our outstanding SBIC debentures, which comprise the majority of our outstanding debt, are fixed for the 10-year life of such debt. As of March 31, 2013, we had not entered into any interest rate

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hedging arrangements. At March 31, 2013, based on our applicable levels of our Credit Facility and floating-rate debt investments, a 1% change in interest rates would not have a material effect on our level of interest expense or our level of interest income from debt investments.

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

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chairman, Chief Executive Officer and President, our Chief Financial Officer, our Chief Compliance Officer and our Chief Accounting Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15 of the Securities Exchange Act of 1934). Based on that evaluation, our Chairman, Chief Executive Officer and President, our Chief Financial Officer, our Chief Compliance Officer and our Chief Accounting Officer, have concluded that our current disclosure controls and procedures are effective in timely alerting them of material information relating to us that is required to be disclosed in the reports we file or submit under the Securities Exchange Act of 1934. There have been no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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**PART II OTHER INFORMATION**

**Item 1. Legal Proceedings**

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

**Item 1A. Risk Factors**

There were no material changes from the risk factors as previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2012, that we filed with the SEC on March 8, 2013.

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

During the three months ended March 31, 2013, we issued 164,760 shares of our common stock under our dividend reinvestment plan pursuant to an exemption from the registration requirements of the Securities Act of 1933. The aggregate value for the shares of common stock issued during the three months ended March 31, 2013, under the dividend reinvestment plan was approximately \$5.3 million.

During the three months ended March 31, 2013, we issued 18,125 shares to our common stock to an unaffiliated entity in exchange for an obligation, pursuant to the exemption from registration provided by Section 4(2) under the Securities Act of 1933. The value of these shares was \$0.6 million.

**Item 6. Exhibits**

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

**Exhibit Number**

**Description of Exhibit**

3.1\*

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Amended and Restated Bylaws of the Registrant (previously filed as Exhibit 3.1 to Main Street Capital Corporation's Current Report on Form 8-K filed on March 6, 2013 (File No. 1-33723)).

- 4.1\* Form of Indenture between Main Street Capital Corporation and The Bank of New York Mellon Trust Company, N.A. (previously filed as Exhibit (d)(6) to Main Street Capital Corporation's Post-Effective Amendment No. 2 to the Registration Statement on Form N-2 filed on March 28, 2013 (Reg. No. 333-183555)).
- 4.2\* Form of First Supplemental Indenture relating to the 6.125% Senior Unsecured Notes due 2023, between Main Street Capital Corporation and The Bank of New York Mellon Trust Company, N.A. (previously filed as Exhibit (d)(8) to Main Street Capital Corporation's Post-Effective Amendment No. 2 to the Registration Statement on Form N-2 filed on March 28, 2013 (Reg. No. 333-183555)).
- 4.3\* Form of 6.125% Senior Unsecured Notes due 2023 (previously filed as Exhibit (d)(9) to Main Street Capital Corporation's Post-Effective Amendment No. 2 to the Registration Statement on Form N-2 filed on March 28, 2013 (Reg. No. 333-183555)).
- 10.1\* Sixth Amendment to Amended and Restated Credit Agreement dated March 25, 2013 (previously filed as Exhibit (k)(15) to Main Street Capital Corporation's Post-Effective Amendment No. 2 to the Registration Statement on Form N-2 filed on March 28, 2013 (Reg. No. 333-183555)).
- 10.2\* Seventh Amendment to Amended and Restated Credit Agreement dated May 8, 2013 (previously filed as Exhibit 10.1 to Main Street Capital Corporation's Current Report on Form 8-K filed on May 8, 2013 (File No. 1-33723)).
- 31.1 Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
- 31.2 Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
- 32.1 Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).
- 32.2 Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).

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\* Exhibit previously filed with the Securities and Exchange Commission, as indicated, and incorporated herein by reference.

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**SIGNATURES**

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

**Main Street Capital Corporation**

Date: May 10, 2013

/s/ Vincent D. Foster  
Vincent D. Foster  
Chairman, President and Chief Executive Officer (principal executive officer)

Date: May 10, 2013

/s/ Todd A. Reppert  
Todd A. Reppert  
Executive Vice Chairman

Date: May 10, 2013

/s/ Dwayne L. Hyzak  
Dwayne L. Hyzak  
Chief Financial Officer and Senior Managing Director (principal financial officer)

Date: May 10, 2013

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

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**EXHIBIT INDEX**

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