

Main Street Capital CORP
Form 10-Q
May 10, 2010
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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, 2010

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

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(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 7, 2010 was 15,123,676.

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	March 31, 2010 (Unaudited)	December 31, 2009
ASSETS		
Portfolio investments at fair value:		
Control investments (cost: \$127,303,070 and \$59,544,719 as of March 31, 2010 and December 31, 2009, respectively)	\$ 137,368,925	\$ 66,400,667
Affiliate investments (cost: \$53,260,066 and \$39,252,445 as of March 31, 2010 and December 31, 2009, respectively)	63,238,278	46,886,202
Non-Control/Non-Affiliate investments (cost: \$39,204,991 and \$27,482,826 as of March 31, 2010 and December 31, 2009, respectively)	38,699,498	27,416,287
Investment in affiliated Investment Manager (cost: \$4,284,042 and \$18,000,000 as of March 31, 2010 and December 31, 2009, respectively)	2,175,801	16,036,838
Total portfolio investments (cost: \$224,052,169 and \$144,279,990 as of March 31, 2010 and December 31, 2009, respectively)	241,482,502	156,739,994
Marketable securities and idle funds investments (cost: \$25,889,728 and \$3,252,954 as of March 31, 2010 and December 31, 2009, respectively)	26,143,033	3,252,954
Cash and cash equivalents	32,665,182	30,619,998
Deferred tax asset	2,331,581	2,716,400
Other assets	2,961,841	1,509,608
Deferred financing costs (net of accumulated amortization of \$1,169,366 and \$1,071,676 as of March 31, 2010 and December 31, 2009, respectively)	1,524,130	1,611,508
Total assets	\$ 307,108,269	\$ 196,450,462
LIABILITIES		
SBIC debentures (par: \$135,000,000 and \$65,000,000 as of March 31, 2010 and December 31, 2009, respectively; \$52,857,899 at fair value as of March 31, 2010)	\$ 117,857,899	\$ 65,000,000
Line of credit	2,100,000	
Interest payable	636,125	1,069,148
Dividend payable	1,885,329	
Accounts payable and other liabilities	871,554	721,183
Total liabilities	123,350,907	66,790,331
Commitments and contingencies		
NET ASSETS		
	150,827	108,425

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Common stock, \$0.01 par value per share (150,000,000 shares authorized; 15,082,742 and 10,842,447 issued and outstanding as of March 31, 2010 and December 31, 2009, respectively)			
Additional paid-in capital		172,016,876	123,534,156
Accumulated net realized income (loss)		(11,595,553)	(8,652,154)
Net unrealized appreciation from investments, net of income taxes		19,675,871	14,669,704
Total Net Asset Value		180,248,021	129,660,131
Noncontrolling interest		3,509,341	
Total net assets including noncontrolling interests		183,757,362	129,660,131
Total liabilities and net assets	\$	307,108,269	\$ 196,450,462
NET ASSET VALUE PER SHARE	\$	11.95	\$ 11.96

The accompanying notes are an integral part of these financial statements

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MAIN STREET CAPITAL CORPORATION

Consolidated Statements of Operations

(Unaudited)

	Three Months Ended March 31,	
	2010	2009
INVESTMENT INCOME:		
Interest, fee and dividend income:		
Control investments	\$ 3,595,308	\$ 2,002,620
Affiliate investments	1,808,613	1,169,056
Non-Control/Non-Affiliate investments	863,396	137,955
Total interest, fee and dividend income	6,267,317	3,309,631
Interest from marketable securities, idle funds and other	825,522	282,794
Total investment income	7,092,839	3,592,425
EXPENSES:		
Interest	(1,993,237)	(931,335)
General and administrative	(1,577,891)	(349,098)
Share-based compensation	(301,458)	(195,726)
Total expenses	(3,872,586)	(1,476,159)
NET INVESTMENT INCOME	3,220,253	2,116,266
NET REALIZED GAIN (LOSS) FROM INVESTMENTS:		
Control investments	(4,020,918)	767,601
Non-Control/Non-Affiliate investments		126,623
Marketable securities and idle funds investments	(39,539)	
Total net realized gain (loss) from investments	(4,060,457)	894,224
NET REALIZED INCOME (LOSS)	(840,204)	3,010,490
NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION):		
Portfolio investments	5,114,659	(3,405,548)
Marketable securities and idle funds investments	253,304	(354,060)
SBIC debentures	281,193	
Investment in affiliated Investment Manager	(145,079)	338,595
Total net change in unrealized appreciation (depreciation)	5,504,077	(3,421,013)
Income tax provision	(384,574)	(57,275)
Bargain purchase gain	4,890,582	
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	9,169,881	(467,798)
Noncontrolling interest	(113,336)	
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO COMMON STOCK	\$ 9,056,545	\$ (467,798)
NET INVESTMENT INCOME PER SHARE - BASIC AND DILUTED	\$ 0.22	\$ 0.23
NET REALIZED INCOME (LOSS) PER SHARE - BASIC AND DILUTED	\$ (0.06)	\$ 0.33
DIVIDENDS PAID PER SHARE	\$ 0.38	\$ 0.38
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO COMMON STOCK PER SHARE - BASIC AND DILUTED	\$ 0.63	\$ (0.05)
WEIGHTED AVERAGE SHARES OUTSTANDING - BASIC AND DILUTED	14,356,785	9,125,440

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The accompanying notes are an integral part of these financial statements

Table of Contents**Consolidated Statements of Changes in Net Assets****(Unaudited)**

	Common Stock Number of Shares	Common Stock Par Value	Additional Paid-In Capital	Accumulated Net Realized Income (Loss)	Net Unrealized Appreciation from Investments, Net of Income Taxes	Total Net Assets Value	Noncontrolling Interest	Total Net Assets Including Noncontrolling Interest
Balances at December 31, 2008	9,206,483	\$ 92,065	\$ 104,467,740	\$ 3,658,495	\$ 4,137,756	\$ 112,356,056	\$	\$ 112,356,056
Share repurchase program	(164,544)	(1,645)	(1,615,461)			(1,617,106)		(1,617,106)
Share-based compensation			195,726			195,726		195,726
Dividends to stockholders				(3,428,937)		(3,428,937)		(3,428,937)
Net increase resulting from operations				3,010,490	(3,478,288)	(467,798)		(467,798)
Balances at March 31, 2009	9,041,939	\$ 90,420	\$ 103,048,005	\$ 3,240,048	\$ 659,468	\$ 107,037,941	\$	\$ 107,037,941
Balances at December 31, 2009	10,842,447	\$ 108,425	\$ 123,534,156	\$ (8,652,154)	\$ 14,669,704	\$ 129,660,131	\$	\$ 129,660,131
MSC II exchange offer and related transactions	1,239,695	12,397	19,921,899	4,890,582		24,824,878	3,396,005	28,220,883
Public offering of common stock, net of offering costs	2,875,000	28,750	40,127,248			40,155,998		40,155,998
Share-based compensation			301,458			301,458		301,458
Dividend reinvestment	125,600	1,255	1,848,073			1,849,328		1,849,328
Adjustment to investment in Investment Manager related to the MSC II Exchange Offer			(13,715,958)			(13,715,958)		(13,715,958)
Dividends to stockholders				(6,993,777)		(6,993,777)		(6,993,777)
Net increase resulting from operations				(840,204)	5,119,503	4,279,299		4,279,299
Noncontrolling interest					(113,336)	(113,336)	113,336	
Balances at March 31, 2010	15,082,742	\$ 150,827	\$ 172,016,876	\$ (11,595,553)	\$ 19,675,871	\$ 180,248,021	\$ 3,509,341	\$ 183,757,362

The accompanying notes are an integral part of these financial statements

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

	Three Months Ended March 31,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net increase in net assets resulting from operations:	\$ 9,169,881	\$ (467,798)
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities:		
Net change in unrealized (appreciation) depreciation	(5,504,077)	3,421,013
Net realized (gain) loss from investments	4,060,457	(894,224)
Bargain purchase gain	(4,890,582)	
Accretion of unearned income	(596,182)	(130,356)
Net payment-in-kind interest accrual	(201,775)	(150,728)
Share-based compensation expense	301,458	195,726
Amortization of deferred financing costs	97,688	100,523
Deferred taxes	301,992	327,720
Changes in other assets and liabilities:		
Other assets	(835,521)	(512,642)
Interest payable	(1,776,121)	(791,295)
Accounts payable and other liabilities	(26,139)	(828,276)
Net cash provided by operating activities	101,079	269,663
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in portfolio companies	(18,455,762)	(2,173,320)
Investments in marketable securities and idle funds investments	(25,939,696)	(13,085,200)
Cash acquired in MSC II exchange offer	2,489,920	
Proceeds from marketable securities and idle funds investments	3,596,689	2,345,327
Principal payments received on loans and debt securities	1,266,386	886,042
Net cash provided by (used in) investing activities	(37,042,463)	(12,027,151)
CASH FLOWS FROM FINANCING ACTIVITIES		
Share repurchase program		(1,323,226)
Proceeds from public offering of common stock, net of offering costs	40,155,998	
Dividends paid to stockholders	(3,259,120)	(3,420,886)
Proceeds from line of credit	18,150,000	
Repayments on line of credit	(16,050,000)	
Payment of deferred loan costs and SBIC debenture fees	(10,310)	(10,424)
Net cash provided by (used in) financing activities	38,986,568	(4,754,536)
Net increase (decrease) in cash and cash equivalents	2,045,184	(16,512,024)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	30,619,998	35,374,826
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 32,665,182	\$ 18,862,802

The accompanying notes are an integral part of these financial statements

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MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2010

Portfolio Company/Type of Investment (1) (2)	Industry	Principal (6)	Cost (6)	Fair Value
<u>Control Investments (3)</u>				
Advantage Millwork Company, Inc. 12% Secured Debt (Maturity - February 5, 2012) Warrants (Fully diluted 30.5%)	Manufacturer/Distributor of Wood Doors	\$ 7,666,667	\$ 4,770,657 97,808 4,868,465	\$ 3,000,000 3,000,000
Café Brazil, LLC 12% Secured Debt (Maturity - April 20, 2011) Member Units (7) (Fully diluted 42.3%)	Casual Restaurant Group	2,350,000	2,340,057 41,837 2,381,894	2,350,000 1,690,000 4,040,000
California Healthcare Medical Billing, Inc. 12% Secured Debt (Maturity - October 17, 2013) 12% Current / 6% PIK Secured Debt (Maturity - October 17, 2013) Common Stock (Fully diluted 9.8%) Warrants (Fully diluted 19.6%)	Healthcare Billing and Records Management	2,303,000 1,910,000	2,051,062 1,870,120 1,176,667 1,093,333 6,191,182	2,133,333 1,870,120 1,600,000 2,040,333 7,643,786
CBT Nuggets, LLC 14% Secured Debt (Maturity - December 31, 2013) 10% Secured Debt (Maturity - March 31, 2012) Member Units (7) (Fully diluted 40.8%)	Produces and Sells IT Certification Training Videos	2,800,000 1,525,000	2,780,208 1,525,000 1,299,520 5,604,728	2,800,000 1,525,000 2,720,000 7,045,000
Ceres Management, LLC (Lambs) 14% Secured Debt (Maturity - May 31, 2013) Member Units (Fully diluted 70%) Class B Member Units (Non-voting)	Aftermarket Automotive Services Chain	4,000,000	3,955,851 1,813,333 888,391 6,657,575	3,955,851 1,900,000 888,391 6,744,242
Condit Exhibits, LLC 9% current / 9% PIK Secured Debt (Maturity - July 1, 2013) Warrants (Fully diluted 46.9%)	Tradeshaw Exhibits/Custom Displays	4,453,439	4,403,107 320,000 4,723,107	4,403,107 50,000 4,453,107
Currie Acquisitions, LLC 12% Secured Debt (Maturity - March 1, 2015) Warrants (Fully diluted 41.9%)	Manufacturer of Electric Bicycles / Scooters	4,750,000	3,880,491 2,566,204 6,446,695	3,880,491 2,566,204 6,446,695
Gulf Manufacturing, LLC	Industrial Metal Fabrication			

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Prime Plus 1% Secured Debt (Maturity - August 31, 2012)	3,000,000	2,993,745	3,000,000
13% Secured Debt (Maturity - August 31, 2012)	2,000,000	1,951,110	1,995,238
Member Units (7) (Fully diluted 46%)		4,012,000	5,900,000
Warrants (Fully diluted 21%)		1,780,000	2,700,000
		10,736,855	13,595,238

Hawthorne Customs & Dispatch Services, LLC	Transportation/Logistics		
Member Units (7) (Fully diluted 59.2%)		692,500	990,000

Hydratec Holdings, LLC	Agricultural Services		
12.5% Secured Debt (Maturity - October 31, 2012)		2,995,244	2,959,500
Prime Plus 1% Secured Debt (Maturity - October 31, 2012)		350,000	339,667
Member Units (Fully diluted 85.1%)		4,100,000	6,310,000
		7,399,167	9,609,167

Indianapolis Aviation Partners, LLC	FBO / Aviation Support Services		
12% Secured Debt (Maturity - September 15, 2014)		4,500,000	4,088,106
Warrants (Fully diluted 30.2%)			1,129,286
			5,217,392

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MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2010

Portfolio Company/Type of Investment (1) (2)	Industry	Principal (6)	Cost (6)	Fair Value
Jensen Jewelers of Idaho, LLC	Retail Jewelry			
Prime Plus 2% Secured Debt (Maturity - November 14, 2011)		2,610,000	2,602,452	2,610,000
13% current / 6% PIK Secured Debt (Maturity - November 14, 2011)		2,708,821	2,698,042	2,708,820
Member Units (7) (Fully diluted 60.8%)			811,000	1,010,000
			6,111,494	6,328,820
Mid-Columbia Lumber Products, LLC	Specialized Lumber Products			
Prime Plus 1% Secured Debt (Maturity - June 30, 2010)		375,000	373,333	373,333
12% Secured Debt (Maturity - December 18, 2011)		3,900,000	3,734,286	3,789,209
Member Units (Fully diluted 26.7%)			500,000	610,000
Warrants (Fully diluted 25.5%)			250,000	580,000
			4,857,619	5,352,542
NAPCO Precast, LLC	Precast Concrete Manufacturing			
18% Secured Debt (Maturity - February 1, 2013)		5,923,077	5,843,013	5,923,077
Prime Plus 2% Secured Debt (Maturity - February 1, 2013) (8)		3,384,615	3,363,548	3,384,615
Member Units (7) (Fully diluted 35.3%)			2,020,000	5,220,000
			11,226,561	14,527,692
OMi Holdings, Inc.	Manufacturer of Overhead Cranes			
12% Secured Debt (Maturity - April 1, 2013)		10,370,000	10,300,493	10,300,493
Common Stock (Fully diluted 48%)			1,080,000	270,000
			11,380,493	10,570,493
The MPI Group, LLC	Manufacturer of Custom Hollow Metal Doors, Frames and Accessories			
9% Secured Debt (Maturity - October 2, 2013)		200,000	198,619	198,619
12% Secured Debt (Maturity - October 2, 2013)		5,000,000	4,798,053	4,798,053
Warrants (Fully diluted 29.7%)			695,943	400,000
Warrants (Fully diluted 17.4%)			200,000	200,000
			5,892,615	5,596,672
Thermal & Mechanical Equipment, LLC	Heat Exchange / Filtration Products and Services			
13% current / 5% PIK Secured Debt (Maturity - September 25, 2014)		5,575,220	5,491,500	5,491,500
Prime Plus 2% Secured Debt (Maturity - September 25, 2014) (8)		1,750,000	1,737,396	1,737,396
Warrants (Fully diluted 50.0%)			1,000,000	1,000,000
			8,228,896	8,228,896
Uvalco Supply, LLC	Farm and Ranch Supply			

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Member Units (Fully diluted 39.6%) (7)		1,113,243	1,270,000
Vision Interests, Inc.	Manufacturer/Installer of		
13% Secured Debt (Maturity - June 5, 2012)	Commercial Signage	9,400,000	8,461,820
Common Stock (Fully diluted 22.3%)			372,000
Warrants (Fully diluted 28%)			160,000
		8,993,820	8,059,660
Ziegler s NYPD, LLC	Casual Restaurant Group		
Prime Plus 2% Secured Debt (Maturity - October 1, 2013)		1,000,000	992,533
(8)			992,533
13% current / 5% PIK Secured Debt (Maturity - October 1, 2013)		4,680,906	4,621,452
Warrants (Fully diluted 47.6%)			600,000
			6,213,985
			6,283,985
Other		537,500	2,364,784
			2,365,538
Subtotal Control Investments		127,303,070	137,368,925

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MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2010

Portfolio Company/Type of Investment (1) (2)	Industry	Principal (6)	Cost (6)	Fair Value
<u>Affiliate Investments (4)</u>				
American Sensor Technologies, Inc. Prime Plus 0.5% Secured Debt (Maturity - May 31, 2010) (8) Warrants (Fully diluted 19.6%)	Manufacturer of Commercial/Industrial Sensors	3,800,000	3,800,000 49,990 3,849,990	3,800,000 950,000 4,750,000
Audio Messaging Solutions, LLC 12% Secured Debt (Maturity - May 8, 2014) Warrants (Fully diluted 8.4%)	Audio Messaging Services	5,572,000	5,190,222 468,373 5,658,595	5,320,000 1,120,000 6,440,000
Compact Power Equipment Centers, LLC 12% Secured Debt (Maturity - September 23, 2014) Member Units (Fully diluted 11.5%)	Light to Medium Duty Equipment Rental	3,000,000	2,963,054 1,147 2,964,201	2,963,054 1,147 2,964,201
DrillingInfo, Inc. 12% Secured Debt (Maturity - November 19, 2014) Warrants (Fully diluted 5.0%)	Information Services for the Oil and Gas Industry	8,000,000	6,680,939 1,250,000 7,930,939	6,680,939 1,830,000 8,510,939
East Teak Fine Hardwoods, Inc. Common Stock (Fully diluted 5.0%)	Hardwood Products		480,318	610,000
Houston Plating & Coatings, LLC Prime Plus 2% Secured Debt (Maturity - July 19, 2011) Prime Plus 2% Secured Debt (Maturity - July 18, 2013) Member Units (7) (Fully diluted 11.1%)	Plating & Industrial Coating Services	100,000 200,000	100,000 200,000 335,000 635,000	100,000 200,000 3,005,000 3,305,000
KBK Industries, LLC 14% Secured Debt (Maturity - January 23, 2011) 8% Secured Debt (Maturity - March 31, 2011) Member Units (7) (Fully diluted 19.3%)	Specialty Manufacturer of Oilfield and Industrial Products	5,250,000 689,940	5,160,229 689,940 340,833 6,191,002	5,160,229 689,940 1,050,333 6,900,502
Laurus Healthcare, LP 13% Secured Debt (Maturity - May 7, 2012) Warrants (Fully diluted 17.5%)	Healthcare Facilities / Services	2,275,000	2,275,000 105,000 2,380,000	2,275,000 4,400,000 6,675,000
Lighting Unlimited, LLC Prime Plus 1% Secured Debt (Maturity - August 22, 2012) (8)	Commercial and Residential Lighting Products and Design Services	1,133,332	1,127,494	1,127,494

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14% Secured Debt (Maturity - August 22, 2012)		1,742,313	1,691,709	1,691,709
Warrants (Fully diluted 15.0%)			54,000	54,000
			2,873,203	2,873,203
National Trench Safety, LLC	Trench & Traffic Safety			
10% PIK Debt (Maturity - April 16, 2014)	Equipment	458,476	458,476	458,476
Member Units (Fully diluted 11.7%)			1,792,308	500,000
			2,250,784	958,476
Olympus Building Services, Inc.	Custodial/Facilities Services			
12% Secured Debt (Maturity - March 27, 2014)		3,150,000	2,953,923	3,050,000
12% Current / 3% PIK Secured Debt (Maturity - March 27, 2014)		575,586	575,587	575,587
Warrants (Fully diluted 22.5%)			470,000	930,000
			3,999,510	4,555,587
Pulse Systems, LLC	Manufacturer of			
Warrants (Fully diluted 7.4%)	Components for Medical Devices		132,856	250,000

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MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2010

Portfolio Company/Type of Investment (1) (2)	Industry	Principal (6)	Cost (6)	Fair Value
Schneider Sales Management, LLC 13% Secured Debt (Maturity - October 15, 2013) Warrants (Fully diluted 20.0%)	Sales Consulting and Training	3,316,527	3,222,456 45,000 3,267,456	3,222,456 3,222,456
Walden Smokey Point, Inc. 14% current / 4% PIK Secured Debt (Maturity - December 30, 2013) Common Stock (Fully diluted 12.6%)	Specialty Transportation / Logistics	8,408,587	8,276,689 1,426,667 9,703,356	8,276,689 2,300,000 10,576,689
WorldCall, Inc. 13% Secured Debt (Maturity - April 22, 2011) Common Stock (Fully diluted 9.9%)	Telecommunication / Information Services	646,225	646,225 296,631 942,856	646,225 646,225
Subtotal Affiliate Investments			53,260,066	63,238,278

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MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2010

Portfolio Company/Type of Investment (1) (2)	Industry	Principal (6)	Cost (6)	Fair Value
<u>Non-Control/Non-Affiliate Investments(5):</u>				
Hayden Acquisition, LLC 8% Secured Debt (Maturity - August 9, 2010)	Manufacturer of Utility Structures	1,800,000	1,781,303	300,000
Support Systems Homes, Inc. 15% Secured Debt (Maturity - August 21, 2018)	Manages Substance Abuse Treatment Centers	576,600	576,600	576,600
Technical Innovations, LLC 13.5% Secured Debt (Maturity - January 16, 2015)	Manufacturer of Specialty Cutting Tools and Punches	3,250,000	3,211,552	3,250,000
Apria Healthcare Group Inc. (9) 11.25% Secured Debt (Maturity - November 1, 2014)	Healthcare Services	12,000,000	12,630,297	13,260,000
Fairway Group Acquisition (9) LIBOR plus 9.5% Secured Debt (Maturity - October 1, 2014) (8)	Retail Grocery Store	4,987,500	4,864,745	4,987,496
Rentech, Inc. (9) LIBOR plus 10% Secured Debt (Maturity - July 29, 2014) (8)	Manufacturer of Fertilizer	4,906,250	4,760,606	4,760,606
Managed Healthcare (9) LIBOR plus 3.25% Secured Debt (Maturity - August 31, 2014)	Healthcare Products	2,000,000	1,485,092	1,670,000
Shearer s Foods, Inc. (9) LIBOR plus 9% Secured Debt (Maturity - March 20, 2016) (8)	Manufacturer of Food / Snacks	4,000,000	3,900,000	3,900,000
Alon Refining Krots (9) 13.5% Secured Debt (Maturity - October 15, 2014)	Petroleum Refiner	4,000,000	3,805,846	3,805,846
Full Spectrum Holdings LLC (9) LIBOR Plus 6.0% Secured Debt (Maturity - December 12, 2012) (8) Warrants (Fully diluted 0.28%)	Professional Services	2,188,951	1,776,427 412,523 2,188,950	1,776,427 412,523 2,188,950
Subtotal Non-Control/Non-Affiliate Investments			39,204,991	38,699,498

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Main Street Capital Partners, LLC	Asset Management		
(Investment Manager)			
100% of Membership Interests		4,284,042	2,175,801
Total Portfolio Investments, March 31, 2010		\$ 224,052,169	\$ 241,482,502

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MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2010

Portfolio Company/Type of Investment (1) (2)	Industry	Principal (6)	Cost (6)	Fair Value
Marketable Securities and Idle Funds Investments Western Refining Inc. LIBOR plus 7.5% Secured Term Loan (Maturity - August 1, 2014) (8)	Investments in Secured and Rated Debt Investments, Certificates of Deposit, and Diversified Bond Funds	\$ 1,757,629	\$ 1,713,923	\$ 1,713,923
Booz Allen Hamilton Inc. 13% Secured Term Loan (Maturity - July 5, 2016) (8)		4,429,375	4,427,305	4,427,305
Pharmanet Development Group, Inc. LIBOR plus 7% Secured Term Loan (Maturity - May 29, 2014) (8)		962,500	962,500	962,500
Carestream Health, Inc. LIBOR plus 5.25% Secured Term Loan (Maturity - October 30, 2013)		3,000,000	2,652,220	2,775,000
Vertrue, Inc. LIBOR plus 3% Secured Term Loan (Maturity - August 18, 2014)		2,000,000	1,596,982	1,675,000
Terex Corporation 7.4% Bond (Maturity - January 15, 2014)		2,000,000	2,039,235	2,039,235
Rite Aid Corporation 7.5% Bond (Maturity - March 1, 2017)		2,000,000	1,879,466	1,879,466
Frontier Communications Corporation 6.6% Bond (Maturity - March 15, 2015)		2,000,000	1,987,788	1,987,788
Barclays Capital High Yield Bond Fund		5,532,479	5,532,479	5,532,479
Other Marketable Securities and Idle Funds Investments		3,338,000	3,097,830	3,150,337
Total Marketable Securities and Idle Funds Investments, March 31, 2010			\$ 25,889,728	\$ 26,143,033

(1) Debt investments are generally income producing. Equity and warrants are non-income producing, unless otherwise noted.

(2) See Note C for summary geographic location of portfolio companies.

(3) Controlled investments are defined by the Investment Company Act of 1940, as amended (1940 Act) as investments in which more than 25% of the voting securities are owned or where the ability to nominate greater than 50% of the board representation is maintained.

(4) Affiliate investments are defined by the 1940 Act as investments in which between 5% and 25% of the voting securities are owned.

(5) Non-Control/Non-Affiliate investments are defined by the 1940 Act as investments that are neither Control Investments nor Affiliate Investments.

(6) Principal is net of prepayments. Cost is net of prepayments and accumulated unearned income.

- (7) Income producing through payment of dividends or distributions.**
- (8) Subject to contractual minimum interest rates.**
- (9) Private placement investment.**

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MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2009

Portfolio Company/Type of Investment (1) (2)	Industry	Principal (6)	Cost (6)	Fair Value
<u>Control Investments (3)</u>				
Café Brazil, LLC	Casual Restaurant Group			
12% Secured Debt (Maturity - April 20, 2011)		\$ 2,500,000	\$ 2,487,947	\$ 2,500,000
Member Units (7) (Fully diluted 42.3%)			41,837	1,520,000
			2,529,784	4,020,000
CBT Nuggets, LLC	Produces and Sells IT Certification Training	1,680,000	1,656,400	1,680,000
14% Secured Debt (Maturity - December 31, 2013)	Videos	915,000	915,000	915,000
10% Secured Debt (Maturity - March 31, 2012)			299,520	1,500,000
Member Units (7) (Fully diluted 24.5%)			2,870,920	4,095,000
Ceres Management, LLC (Lambs)	Aftermarket Automotive Services Chain	2,400,000	2,377,388	2,377,388
14% Secured Debt (Maturity - May 31, 2013)			1,200,000	920,000
Member Units (Fully diluted 42.0%)			218,395	218,395
Class B Member Units (Non-voting)			3,795,783	3,515,783
Condit Exhibits, LLC	Tradeshow Exhibits/ Custom Displays	2,651,514	2,622,107	2,622,107
13% current / 5% PIK Secured Debt (Maturity - July 1, 2013)			300,000	30,000
Warrants (Fully diluted 28.1%)			2,922,107	2,652,107
Gulf Manufacturing, LLC	Industrial Metal Fabrication	1,200,000	1,193,135	1,200,000
Prime plus 1% Secured Debt (Maturity - August 31, 2012)		1,000,000	937,602	998,095
13% Secured Debt (Maturity - August 31, 2012)			472,000	2,360,000
Member Units (7) (Fully diluted 18.4%)			160,000	1,080,000
Warrants (Fully diluted 8.4%)				