

Main Street Capital CORP
Form 10-Q
August 05, 2011
[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2011

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 August 4, 2011 was 23,197,465.

Table of Contents

TABLE OF CONTENTS

PART I
FINANCIAL INFORMATION

<u>Item 1.</u>	<u>Financial Statements</u>	
	<u>Consolidated Balance Sheets – June 30, 2011 (unaudited) and December 31, 2010</u>	1
	<u>Consolidated Statements of Operations (unaudited) – Three and six months ended June 30, 2011 and 2010</u>	2
	<u>Consolidated Statements of Changes in Net Assets (unaudited) – Six months ended June 30, 2011 and 2010</u>	3
	<u>Consolidated Statements of Cash Flows (unaudited) – Six months ended June 30, 2011 and 2010</u>	4
	<u>Consolidated Schedule of Investments (unaudited) – June 30, 2011</u>	5
	<u>Consolidated Schedule of Investments – December 31, 2010</u>	13
	<u>Notes to Consolidated Financial Statements (unaudited)</u>	20
<u>Item 2.</u>	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	39
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	54
<u>Item 4.</u>	<u>Controls and Procedures</u>	54

PART II
OTHER INFORMATION

<u>Item 1.</u>	<u>Legal Proceedings</u>	54
<u>Item 1A.</u>	<u>Risk Factors</u>	54
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	54
<u>Item 6.</u>	<u>Exhibits</u>	55
	<u>Signatures</u>	56

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****MAIN STREET CAPITAL CORPORATION****Consolidated Balance Sheets**

	June 30, 2011	December 31, 2010
	(Unaudited)	
ASSETS		
Portfolio investments at fair value:		
Control investments (cost: \$187,884,250 and \$161,009,443 as of June 30, 2011 and December 31, 2010, respectively)	\$ 206,162,509	\$ 174,596,394
Affiliate investments (cost: \$79,599,578 and \$65,650,789 as of June 30, 2011 and December 31, 2010, respectively)	103,864,454	80,206,804
Non-Control/Non-Affiliate investments (cost: \$157,923,128 and \$91,911,304 as of June 30, 2011 and December 31, 2010, respectively)	159,737,085	91,956,221
Investment in affiliated Investment Manager (cost: \$4,284,042 as of June 30, 2011 and December 31, 2010)	1,964,649	2,051,655
Total portfolio investments (cost: \$429,690,998 and \$322,855,578 as of June 30, 2011 and December 31, 2010, respectively)	471,728,697	348,811,074
Marketable securities and idle funds investments (cost: \$118,916,360 and \$67,970,907 as of June 30, 2011 and December 31, 2010, respectively)	120,299,248	68,752,858
Total investments (cost: \$548,607,358 and \$390,826,485 as of June 30, 2011 and December 31, 2010, respectively)	592,027,945	417,563,932
Cash and cash equivalents	14,132,738	22,334,340
Deferred tax asset		1,958,593
Interest receivable and other assets	7,377,424	4,523,792
Deferred financing costs (net of accumulated amortization of \$1,810,987 and \$1,504,584 as of June 30, 2011 and December 31, 2010, respectively)	3,715,272	2,543,645
Total assets	\$ 617,253,379	\$ 448,924,302
LIABILITIES		
SBIC debentures (par: \$210,000,000 and \$180,000,000 as of June 30, 2011 and December 31, 2010, respectively; of which \$72,637,267 and \$70,557,975 are recorded at fair value as of June 30, 2011 and December 31, 2010, respectively)	\$ 187,637,267	\$ 155,557,975
Credit facility	73,000,000	39,000,000
Payable for securities purchased	10,805,000	
Interest payable	3,717,072	3,194,870
Dividend payable	3,013,738	
Deferred tax liability	953,719	
Payable to affiliated Investment Manager	2,237,417	15,124

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Accounts payable and other liabilities	1,261,674	1,173,295
Total liabilities	282,625,887	198,941,264
Commitments and contingencies		
NET ASSETS		
Common stock, \$0.01 par value per share (150,000,000 shares authorized; 23,182,600 and 18,797,444 issued and outstanding as of June 30, 2011 and December 31, 2010, respectively)	231,826	187,975
Additional paid-in capital	300,130,851	224,485,165
Accumulated net investment income	7,435,312	9,261,405
Accumulated net realized loss from investments	(20,499,798)	(20,541,897)
Net unrealized appreciation, net of income taxes	42,833,531	32,141,997
Total Net Asset Value	330,131,722	245,534,645
Noncontrolling interest	4,495,770	4,448,393
Total net assets including noncontrolling interests	334,627,492	249,983,038
Total liabilities and net assets	\$ 617,253,379	\$ 448,924,302
NET ASSET VALUE PER SHARE	\$ 14.24	\$ 13.06

The accompanying notes are an integral part of these financial statements

Table of Contents

MAIN STREET CAPITAL CORPORATION

Consolidated Statements of Operations

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
INVESTMENT INCOME:				
Interest, fee and dividend income:				
Control investments	\$ 6,491,097	\$ 4,532,343	\$ 12,140,859	\$ 8,127,651
Affiliate investments	3,113,091	1,953,832	5,259,510	3,762,445
Non-Control/Non-Affiliate investments	4,325,520	1,686,032	7,656,629	2,549,428
Total interest, fee and dividend income	13,929,708	8,172,207	25,056,998	14,439,524
Interest from marketable securities, idle funds and other	2,199,054	560,012	4,446,336	1,385,534
Total investment income	16,128,762	8,732,219	29,503,334	15,825,058
EXPENSES:				
Interest	(3,263,807)	(2,111,868)	(6,166,012)	(4,105,105)
General and administrative	(599,361)	(246,194)	(1,106,543)	(671,898)
Expenses reimbursed to affiliated Investment Manager	(2,207,606)	(1,330,611)	(4,337,412)	(2,482,798)
Share-based compensation	(442,897)	(301,458)	(885,794)	(602,916)
Total expenses	(6,513,671)	(3,990,131)	(12,495,761)	(7,862,717)
NET INVESTMENT INCOME	9,615,091	4,742,088	17,007,573	7,962,341
NET REALIZED GAIN (LOSS) FROM INVESTMENTS:				
Control investments		2,301,745		(1,719,173)
Marketable securities and idle funds investments	249,654	353,487	249,654	313,948
Total net realized gain (loss) from investments	249,654	2,655,232	249,654	(1,405,225)
NET REALIZED INCOME	9,864,745	7,397,320	17,257,227	6,557,116
NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION):				
Portfolio investments	11,524,983	957,432	15,543,567	6,072,091
Marketable securities and idle funds investments	519,734	(484,585)	634,477	(231,281)
SBIC debentures	(2,117,924)	1,475,861	(2,079,292)	1,757,054
Investment in affiliated Investment Manager	(45,700)	(141,117)	(87,006)	(286,196)
Total net change in unrealized appreciation	9,881,093	1,807,591	14,011,746	7,311,668
Income tax provision	(1,962,206)	(36,686)	(3,162,612)	(421,260)
Bargain purchase gain				4,890,582
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	17,783,632	9,168,225	28,106,361	18,338,106
Noncontrolling interest	(157,600)	(295,559)	(157,600)	(408,895)
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO COMMON STOCK	\$ 17,626,032	\$ 8,872,666	\$ 27,948,761	\$ 17,929,211
NET INVESTMENT INCOME PER SHARE - BASIC AND DILUTED				
	\$ 0.41	\$ 0.31	\$ 0.79	\$ 0.53
	\$ 0.42	\$ 0.49	\$ 0.80	\$ 0.44

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NET REALIZED INCOME PER SHARE - BASIC AND DILUTED								
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO COMMON STOCK								
PER SHARE - BASIC AND DILUTED	\$	0.77	\$	0.59	\$	1.32	\$	1.22
DIVIDENDS PAID PER SHARE	\$	0.39	\$	0.38	\$	0.77	\$	0.75
WEIGHTED AVERAGE SHARES OUTSTANDING - BASIC AND DILUTED								
		23,015,718		15,147,091		21,128,360		14,754,121

The accompanying notes are an integral part of these financial statements

Table of Contents

MAIN STREET CAPITAL CORPORATION

Consolidated Statements of Changes in Net Assets

(Unaudited)

	Common Stock Number of Shares	Par Value	Additional Paid-In Capital	Accumulated Net Investment Income	Accumulated Net Realized Loss From Investments	Net Unrealized Appreciation from Investments, Net of Income Taxes	Total Net Asset Value	Noncontrolling Interest	Noncontrolling Interest	Total Net Assets Including Interest
Balances at December 31, 2009	10,842,447	\$ 108,425	\$ 123,534,156	\$ 7,269,866	\$ (15,922,020)	\$ 14,669,704	\$ 129,660,131	\$	\$ 129,660,131	
MSC II exchange offer and related transactions	1,246,803	12,468	20,080,623	4,890,582			24,983,673	3,237,210	28,220,883	
Public offering of common stock, net of offering costs	2,875,000	28,750	40,079,845				40,108,595		40,108,595	
Share-based compensation			602,916				602,916		602,916	
Dividend reinvestment	248,803	2,487	3,793,741				3,796,228		3,796,228	
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				(11,331,527)	(1,349,863)		(12,681,390)		(12,681,390)	
Net increase resulting from operations				7,962,341	(1,405,225)	6,890,408	13,447,524		13,447,524	
Noncontrolling interest						(408,895)	(408,895)	408,895		
Balances at June 30, 2010	15,213,053	\$ 152,130	\$ 174,375,323	\$ 8,791,262	\$ (18,677,108)	\$ 21,151,217	\$ 185,792,824	\$ 3,646,105	\$ 189,438,929	
Balances at December 31, 2010	18,797,444	\$ 187,975	\$ 224,485,165	\$ 9,261,405	\$ (20,541,897)	\$ 32,141,997	\$ 245,534,645	\$ 4,448,393	\$ 249,983,038	
Public offering of common stock, net of offering costs	4,025,000	40,250	70,309,656				70,349,906		70,349,906	
Share-based compensation			885,794				885,794		885,794	
Dividend reinvestment	235,844	2,358	4,451,479				4,453,837		4,453,837	
Issuance of restricted stock	124,312	1,243	(1,243)							
Distributions to noncontrolling interest								(110,223)	(110,223)	
Dividends to stockholders				(18,833,666)	(207,555)		(19,041,221)		(19,041,221)	
				17,007,573	249,654	10,849,134	28,106,361		28,106,361	

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Net increase
resulting from
operations
Noncontrolling
interest

(157,600) (157,600) 157,600

Balances at June

30, 2011 23,182,600 \$ 231,826 \$ 300,130,851 \$ 7,435,312 \$ (20,499,798)\$ 42,833,531 \$ 330,131,722 \$ 4,495,770 \$ 334,627,492

The accompanying notes are an integral part of these financial statements

Table of Contents

MAIN STREET CAPITAL CORPORATION

Consolidated Statements of Cash Flows

(Unaudited)

	Six Months Ended June 30,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net increase in net assets resulting from operations	\$ 28,106,361	\$ 18,338,106
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities:		
Net change in unrealized appreciation	(14,011,746)	(7,311,668)
Net realized (gain) loss from investments	(249,654)	1,405,225
Bargain purchase gain		(4,890,582)
Accretion of unearned income	(2,699,360)	(1,092,705)
Net payment-in-kind interest accrual	(2,014,999)	(429,153)
Share-based compensation expense	885,794	602,916
Amortization of deferred financing costs	306,403	195,868
Deferred taxes	2,912,311	(185)
Changes in other assets and liabilities:		
Interest receivable and other assets	(1,400,332)	(1,204,605)
Interest payable	522,202	233,897
Payable to affiliated Investment Manager	2,222,293	384,431
Accounts payable and other liabilities	88,379	431,922
Deferred fees and other	737,240	689,700
Net cash provided by operating activities	15,404,892	7,353,167
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in portfolio companies	(116,120,574)	(85,739,245)
Principal payments received on loans and debt securities in portfolio companies	19,627,346	2,670,737
Proceeds from sale of equity investments and related notes in portfolio companies	375,906	3,151,500
Cash acquired in MSC II exchange offer		2,489,920
Investments in marketable securities and idle funds investments	(77,953,572)	(30,734,400)
Proceeds from marketable securities and idle funds investments	29,276,393	19,546,235
Net cash used in investing activities	(144,794,501)	(88,615,253)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from public offering of common stock, net of offering costs	70,349,906	40,108,595
Distributions to noncontrolling interest	(110,223)	
Dividends paid to stockholders	(11,573,646)	(6,983,532)
Proceeds from issuance of SBIC debentures	30,000,000	10,000,000
Proceeds from credit facility	99,000,000	30,650,000
Repayments on credit facility	(65,000,000)	(18,150,000)
Payment of deferred loan costs and SBIC debenture fees	(1,478,030)	(252,810)
Net cash provided by financing activities	121,188,007	55,372,253
Net decrease in cash and cash equivalents	(8,201,602)	(25,889,833)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	22,334,340	30,619,998
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 14,132,738	\$ 4,730,165

The accompanying notes are an integral part of these financial statements

Table of Contents

MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS

June 30, 2011

(Unaudited)

Portfolio Company/Type of Investment (1) (2)	Industry	Principal (6)	Cost (6)	Fair Value
Control Investments (3)				
Café Brazil, LLC	Casual Restaurant Group			
12% Secured Debt (Maturity - April 20, 2013)		1,700,000	1,698,240	1,700,000
Member Units (Fully diluted 41.0%) (7)			41,837	2,860,220
			1,740,077	4,560,220
California Healthcare Medical Billing, Inc.	Healthcare Billing and Records Management			
12% Secured Debt (Maturity - October 17, 2015)		7,803,000	7,419,403	7,718,351
Warrants (Fully diluted 20.1%)			1,193,333	3,380,333
Common Stock (Fully diluted 9.7%)			1,176,667	1,390,000
			9,789,403	12,488,684
CBT Nuggets, LLC	Produces and Sells IT Certification Training Videos			
14% Secured Debt (Maturity - December 31, 2013)		2,725,000	2,725,000	2,725,000
Member Units (Fully diluted 40.8%) (7)			1,299,520	4,360,000
			4,024,520	7,085,000
Ceres Management, LLC (Lambs)	Aftermarket Automotive Services Chain			
14% Secured Debt (Maturity - May 31, 2013)		4,000,000	3,970,924	3,970,924
9.5% Secured Debt (Lamb's Real Estate Investment I, LLC) (Maturity - October 1, 2025)		1,225,000	1,225,000	1,225,000
Class B Member Units (15% cumulative) (Non-voting) (7)			2,409,667	2,409,667
Member Units (Fully diluted 100%)			1,813,333	390,000
Member Units (Lamb's Real Estate Investment I, LLC) (Fully diluted 100%) (7)			625,000	750,000
			10,043,924	8,745,591
Condit Exhibits, LLC	Tradeshaw Exhibits/Custom Displays			
9% Current / 9% PIK Secured Debt (Maturity - July 1, 2013)		4,660,948	4,626,472	4,626,472
Warrants (Fully diluted 47.9%)			320,000	220,000
			4,946,472	4,846,472
Currie Acquisitions, LLC	Consumer Products			
12% Secured Debt (Maturity - March 1, 2015)		4,750,000	4,039,149	3,039,149
Warrants (Fully diluted 47.3%)			2,566,204	
			6,605,353	3,039,149

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Gulf Manufacturing, LLC	Industrial Metal Fabrication			
9% PIK Secured Debt (Maturity - June 30, 2017)		1,185,131	1,185,131	1,185,131
Member Units (Fully diluted 34.2%) (7)			2,979,813	8,560,000
			4,164,944	9,745,131
Harrison Hydra-Gen, Ltd.	Manufacturer of Hydraulic Generators			
12% Secured Debt (Maturity - June 4, 2015)		5,737,375	5,082,668	5,400,000
Preferred stock (8% cumulative) (7)			1,040,222	1,040,222
Warrants (Fully diluted 35.2%)			717,640	1,360,000
			6,840,530	7,800,222
Hawthorne Customs & Dispatch Services, LLC	Transportation/ Logistics			
Member Units (Fully diluted 59.1%) (7)			692,500	1,300,000
Member Units (Wallisville Real Estate, LLC) (Fully diluted 59.1%) (7)			1,214,784	1,214,784
			1,907,284	2,514,784
Hydratec, Inc.	Agricultural Services			
Common Stock (Fully diluted 92.5%) (7)			7,089,911	10,414,911
Indianapolis Aviation Partners, LLC	FBO / Aviation Support Services			
12% Secured Debt (Maturity - September 15, 2014)		4,500,000	4,178,150	4,350,000
Warrants (Fully diluted 30.1%)			1,129,286	1,270,286
			5,307,436	5,620,286

Table of Contents

MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS

June 30, 2011

(Unaudited)

Portfolio Company/Type of Investment (1) (2)	Industry	Principal (6)	Cost (6)	Fair Value
Control Investments (3)				
Jensen Jewelers of Idaho, LLC	Retail Jewelry			
Prime Plus 2%, Current Coupon 5.25%, Secured Debt (Maturity - November 14, 2013)		2,260,000	2,258,575	2,260,000
13% Current / 6% PIK Secured Debt (Maturity - November 14, 2013)		2,344,896	2,343,198	2,344,896
Member Units (Fully diluted 60.8%) (7)			811,000	1,750,000
			5,412,773	6,354,896
Lighting Unlimited, LLC	Commercial and Residential Lighting Products and Design Services			
8% Secured Debt (Maturity - August 22, 2012)		2,000,000	1,972,676	1,972,676
Preferred Stock (non-voting)			510,098	510,098
Warrants (Fully diluted 7.07%)			54,000	
Common Stock (Fully diluted 70.0%)			100,000	100,000
			2,636,774	2,582,774
Mid-Columbia Lumber Products, LLC	Specialized Lumber Products			
10% Secured Debt (Maturity - April 1, 2012)		1,250,000	1,250,000	1,250,000
12% Secured Debt (Maturity - December 18, 2011)		3,900,000	3,872,028	3,900,000
9.5% Secured Debt (Mid-Columbia Real Estate, LLC) (Maturity - May 13, 2025)		1,084,800	1,084,800	1,084,800
Warrants (Fully diluted 9.2%)			250,000	890,000
Member Units (Fully diluted 42.9%)			812,000	930,000
Member Units (Mid-Columbia Real Estate, LLC) (Fully diluted 50.0%)			250,000	810,000
			7,518,828	8,864,800
NAPCO Precast, LLC	Precast Concrete Manufacturing			
18% Secured Debt (Maturity - February 1, 2013)		5,923,077	5,873,252	5,923,077
Prime Plus 2%, Current Coupon 9%, Secured Debt (Maturity - February 1, 2013) (8)		3,384,615	3,372,167	3,384,615
Member Units (Fully diluted 35.3%) (7)			2,020,000	3,510,000
			11,265,419	12,817,692
NTS Holdings, Inc.	Trench & Traffic Safety Equipment			
12% Secured Debt (Maturity - April 30, 2015)		6,000,000	5,967,193	5,967,193
Preferred stock (12% cumulative) (7)			11,251,405	11,251,405
Common Stock (Fully diluted 72.3%)			1,621,255	190,000
			18,839,853	17,408,598

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OMi Holdings, Inc.	Manufacturer of Overhead Cranes			
12% Secured Debt (Maturity - April 1, 2013)		9,770,000	9,729,276	9,729,276
Common Stock (Fully diluted 48.0%)			1,080,000	1,300,000
			10,809,276	11,029,276
Pegasus Research Group, LLC (Televerde)	Telemarketing and Data Services			
13% Current / 3% PIK Secured Debt (Maturity - January 6, 2016)		6,342,002	6,261,422	6,261,422
Member Units (Fully diluted 43.7%)			1,250,000	1,250,000
			7,511,422	7,511,422
PPL RVs, Inc.	Recreational Vehicle Parts and Consignment			
18% Secured Debt (Maturity - June 10, 2015)		5,750,000	5,677,710	5,750,000
Member Units (Fully diluted 50.1%)			2,150,000	3,250,000
			7,827,710	9,000,000
Principle Environmental, LLC	Noise Abatement Products/Services			
12% Secured Debt (Maturity - February 1, 2016)		5,500,000	4,271,016	4,271,016
12% Current / 2% PIK Secured Debt (Maturity - February 1, 2016)		500,000	490,000	490,000
Warrants (Fully diluted 15%)			1,200,000	1,200,000
Member Units (Fully diluted 25%)			2,000,000	2,000,000
			7,961,016	7,961,016
River Aggregates, LLC	Construction Aggregates			
12% Secured Debt (Maturity - March 30, 2016)		3,500,000	3,314,494	3,314,494
Warrants (Fully diluted 10%)			122,500	122,500
Member Units (Fully diluted 45%)			550,000	550,000
			3,986,994	3,986,994
The MPI Group, LLC	Manufacturer of Custom Hollow Metal Doors, Frames and Accessories			
4.5% Current / 4.5% PIK Secured Debt (Maturity - October 2, 2013)		1,022,013	1,016,675	1,016,675
6% Current / 6% PIK Secured Debt (Maturity - October 2, 2013)		5,252,500	5,112,604	5,112,604
Warrants (Fully diluted 47.1%)			895,943	
			7,025,222	6,129,279

Table of Contents

MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS

June 30, 2011

(Unaudited)

Portfolio Company/Type of Investment (1) (2)	Industry	Principal (6)	Cost (6)	Fair Value
Control Investments (3)				
Thermal & Mechanical Equipment, LLC	Heat Exchange / Filtration Products and Services			
Prime Plus 2%, Current Coupon 9%, Secured Debt (Maturity - September 25, 2014) (8)		1,415,540	1,407,768	1,407,768
13% Current / 5% PIK Secured Debt (Maturity - September 25, 2014)		4,509,680	4,455,564	4,509,680
Member Units (Fully diluted 50.0%) (7)			1,000,000	3,720,000
			6,863,332	9,637,448
Uvalco Supply, LLC	Farm and Ranch Supply			
Member Units (Fully diluted 42.8%) (7)			1,113,243	2,060,000
Van Gilder Insurance Corporation	Insurance Brokerage			
8% Secured Debt (Maturity - January 31, 2016)		1,890,445	1,864,206	1,864,206
13% Secured Debt (Maturity - January 31, 2016)		6,150,000	4,906,126	4,906,126
Warrants (Fully diluted 10%)			1,208,643	1,208,643
Common Stock (Fully diluted 15.51%)			2,499,876	2,499,876
			10,478,851	10,478,851
Vision Interests, Inc.	Manufacturer/Installer of Commercial Signage			
2.6% Current /10.4% PIK Secured Debt (Maturity - June 5, 2012)		9,400,000	8,424,811	6,322,651
2.6% Current /10.4% PIK Secured Debt (Maturity - June 5, 2016)		760,000	740,587	740,587
Warrants (Fully diluted 38.2%)			160,010	
Common Stock (Fully diluted 22.3%)			372,000	
			9,697,408	7,063,238
Ziegler s NYPD, LLC	Casual Restaurant Group			
Prime Plus 2%, Current Coupon 9%, Secured Debt (Maturity - October 31, 2013) (8)		1,000,000	994,928	994,928
13% Current / 5% PIK Secured Debt (Maturity - October 31, 2013)		4,923,793	4,881,347	4,881,347
Warrants (Fully diluted 46.6%)			600,000	539,500
			6,476,275	6,415,775
Subtotal Control Investments (34.8% of total investments at fair value)			187,884,250	206,162,509

Table of Contents

MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS

June 30, 2011

(Unaudited)

Portfolio Company/Type of Investment (1) (2)	Industry	Principal (6)	Cost (6)	Fair Value
<u>Affiliate Investments (4)</u>				
American Sensor Technologies, Inc.	Manufacturer of Commercial/ Industrial Sensors			
9% Secured Debt (Maturity - May 31, 2012)		3,297,783	3,283,052	3,283,052
Warrants (Fully diluted 19.6%)			49,990	2,230,000
			3,333,042	5,513,052
Audio Messaging Solutions, LLC	Audio Messaging Services			
12% Secured Debt (Maturity - June 16, 2016)		14,560,000	14,008,544	14,426,000
Warrants (Fully diluted 9.8%)			886,933	2,110,000
			14,895,477	16,536,000
Compact Power Equipment Centers LLC	Light to Medium Duty Equipment Rental			
6% Current / 6% PIK Secured Debt (Maturity - December 30, 2014)		2,769,142	2,743,190	2,743,190
Series A Member Units (8% cumulative) (7)			820,110	820,110
Member Units (Fully diluted 10.6%)			1,147	1,147
			3,564,447	3,564,447
DrillingInfo, Inc.	Information Services for the Oil and Gas Industry			
12% Secured Debt (Maturity - November 20, 2014)		8,000,000	6,943,909	8,000,000
8.75% Secured Debt (Maturity - April 18, 2016)		750,000	750,000	750,000
Warrants (Fully diluted 4.9%)			1,250,000	8,330,000
Common Stock (Fully diluted 2.4%)			1,335,325	3,930,325
			10,279,234	21,010,325
East Teak Fine Hardwoods, Inc.	Hardwood Products			
Common Stock (Fully diluted 5.0%)			480,318	330,000
Houston Plating & Coatings, LLC	Plating & Industrial Coating Services			
Prime Plus 2%, Current Coupon 5.25%, Debt (Maturity - July 18, 2013)		300,000	300,000	300,000
Member Units (Fully diluted 11.1%) (7)			335,000	3,605,000
			635,000	3,905,000
IRTH Holdings, LLC	Utility Technology Services			
12% Secured Debt (Maturity - December 29, 2015)		5,683,940	5,588,476	5,683,940
Member Units (Fully diluted 22.3%)			850,000	1,570,000

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		6,438,476	7,253,940
KBK Industries, LLC	Specialty Manufacturer of Oilfield and Industrial Products		
10% Secured Debt (Maturity - March 31, 2012)		264,940	264,940
14% Secured Debt (Maturity - January 23, 2014)		5,250,000	5,250,000
Member Units (Fully diluted 18.8%) (7)		340,833	2,180,000
		5,855,773	7,694,940
Laurus Healthcare, LP	Healthcare Facilities / Services		
9% Secured Debt (Maturity - May 12, 2016)		6,150,000	6,150,000
Class A and C Units (Fully diluted 13.1%) (7)		79,505	5,360,000
		6,229,505	11,510,000
Merrick Systems, Inc.	Software and Information Technology		
13% Secured Debt (Maturity - May 5, 2015)		2,900,000	2,491,742
Warrants (Fully diluted 6.5%)			450,000
			2,941,742
			3,560,000
Olympus Building Services, Inc.	Custodial/Facilities Services		
12% Secured Debt (Maturity - March 27, 2014)		3,150,000	2,952,389
12% Current / 3% PIK Secured Debt (Maturity - March 27, 2014)		998,843	998,843
Warrants (Fully diluted 22.5%)			470,000
			600,000
			4,421,232
			4,648,843
OnAsset Intelligence, Inc.	Transportation Monitoring/Tracking Services		
12% Secured Debt (Maturity - October 18, 2012)		1,500,000	697,470
Preferred Stock (7% cumulative) (Fully diluted 5.75%) (7)			1,521,585
Warrants (Fully diluted 4.0%)			830,000
			3,049,055
			3,049,055

Table of Contents

MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

June 30, 2011

(Unaudited)

Portfolio Company/Type of Investment (1) (2)	Industry	Principal (6)	Cost (6)	Fair Value
OPI International Ltd.	Oil and Gas Construction Services			
12% Secured Debt (Maturity - November 30, 2015)		11,750,000	11,072,627	11,072,627
Common Stock (Fully diluted 8.0%)			500,000	500,000
			11,572,627	11,572,627
Schneider Sales Management, LLC	Sales Consulting and Training			
13% Secured Debt (Maturity - October 15, 2013)		3,567,542	3,489,127	250,000
Warrants (Fully diluted 20.0%)			45,000	
			3,534,127	250,000
Walden Smokey Point, Inc.	Specialty Transportation			
Common Stock (Fully diluted 12.6%)			1,426,667	2,820,000
WorldCall, Inc.	Telecommunication/Information Services			
13% Secured Debt (Maturity - April 22, 2012)		646,225	646,225	646,225
Common Stock (Fully diluted 10%)			296,631	
			942,856	646,225
Subtotal Affiliate Investments (17.6% of total investments at fair value)			79,599,578	103,864,454

Table of Contents

MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS

June 30, 2011

(Unaudited)

Portfolio Company/Type of Investment (1) (2)	Industry	Principal (6)	Cost (6)	Fair Value
<u>Non-Control/Non-Affiliate Investments (5)</u>				
Affinity Videonet, Inc.	Videoconferencing Services			
13% Secured Debt (Maturity - December 31, 2015)		2,000,000	1,897,393	1,897,393
13% Current / 1% PIK Secured Debt (Maturity - December 31, 2015)		1,675,857	1,671,885	1,671,885
Warrants (Fully diluted 2.5%)			62,500	62,500
			3,631,778	3,631,778
Alon Refining Krotz Springs, Inc. (9)	Petroleum Products/Refining			
13.5% Secured Debt (Maturity - October 15, 2014)		4,000,000	3,849,696	4,180,000
Arrowhead General Insurance Agency, Inc. (9)	Insurance			
LIBOR Plus 5.75%, Current Coupon 7.5%, Secured Debt (Maturity - March 4, 2017) (8)		3,990,000	3,913,652	3,963,407
LIBOR Plus 9.5%, Current Coupon 11.25% Secured Debt (Maturity - September 30, 2017) (8)		2,000,000	1,941,398	1,990,000
			5,855,050	5,953,407
Bourland & Leverich Supply Co., LLC (9)	Distributor of Oil & Gas Tubular Goods			
LIBOR Plus 9%, Current Coupon 11%, Secured Debt (Maturity - August 19, 2015) (8)		4,331,251	4,145,853	4,571,878
Brand Connections, LLC	Venue-Based Marketing and Media			
14% Secured Debt (Maturity - April 30, 2015)		6,948,943	6,808,751	6,808,751
Chef s Warehouse (9)	Specialty Food Distributor			
LIBOR Plus 9%, Current Coupon 11%, Secured Debt (Maturity - April 23, 2014) (8)		7,861,250	7,667,420	8,057,781
Fairway Group Acquisition (9)	Retail Grocery			
LIBOR Plus 6%, Current Coupon 7.5%, Secured Debt (Maturity - March 3, 2017) (8)		7,500,000	7,431,127	7,487,513
Global Tel*Link Corporation (9)	Communications			
LIBOR Plus 11.25%, Current Coupon 13%, Secured Debt (Maturity - May 10, 2017) (8)		3,000,000	2,944,693	3,027,495
Golden Nugget, LLC (9)	Hotel/Casino			

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LIBOR Plus 8.5%, Current Coupon 10%, Secured Debt (Maturity - April 25, 2016) (8)		10,000,000	9,605,024	9,850,000
Gundle/SLT Environmental, Inc. (9)	Environmental Services			
LIBOR Plus 5.5%, Current Coupon 7.0%, Secured Debt (Maturity - May 24, 2016) (8)		3,000,000	2,970,416	2,977,500
LIBOR Plus 9.5%, Current Coupon 11%, Secured Debt (Maturity - November 23, 2016) (8)		4,000,000	3,920,823	3,949,920
			6,891,239	6,927,420
Hayden Acquisition, LLC	Manufacturer of Utility Structures			
8% Secured Debt (Maturity - July 1, 2011)		1,800,000	1,781,303	
Hoffmaster Group, Inc. (9)	Manufacturer of Specialty Tabletop Products			
LIBOR Plus 5%, Current Coupon 7%, Secured Debt (Maturity - June 2, 2016) (8)		1,490,385	1,439,426	1,496,303
13.5% Secured Debt (Maturity - June 2, 2017)		5,000,000	4,887,082	5,075,000
			6,326,508	6,571,303
Managed Health Care Associates, Inc. (9)	Healthcare Products			
LIBOR Plus 3.25%, Current Coupon 3.53%, Secured Debt (Maturity - August 1, 2014)		2,987,606	2,560,959	2,905,447
Megapath Inc. (9)	Communications			
LIBOR Plus 10%, Current Coupon 12%, Secured Debt (Maturity - November 3, 2015) (8)		3,800,000	3,732,122	3,866,500
Miramax Film NY, LLC (9)	Motion Picture Producer and Distributor			
LIBOR Plus 11%, Current Coupon 13%, Secured Debt (Maturity - December 22, 2016) (8)		4,000,000	3,924,489	4,170,000
Class B Units (Fully diluted 0.2%)			500,000	500,000
			4,424,489	4,670,000
Northland Cable Television, Inc. (9)	Cable Broadcasting			
LIBOR Plus 6%, Current Coupon 7.75%, Secured Debt (Maturity - December 30, 2016) (8)		4,975,000	4,837,786	4,875,843

Table of Contents

MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS

June 30, 2011

(Unaudited)

Portfolio Company/Type of Investment (1) (2)	Industry	Principal (6)	Cost (6)	Fair Value
<u>Non-Control/Non-Affiliate Investments (5)</u>				
Physician Oncology Services, LP (9)	Healthcare Services			
LIBOR Plus 4.75%, Current Coupon 6.25%, Secured Debt (Maturity - January 31, 2017) (8)		839,921	830,997	834,672
Pierre Foods, Inc. (9)	Foodservice Supplier			
LIBOR Plus 5.25%, Current Coupon 7%, Secured Debt (Maturity - September 30, 2016) (8)		4,962,500	4,873,717	5,021,430
LIBOR Plus 9.5%, Current Coupon 11.25%, Secured Debt (Maturity - September 29, 2017) (8)		2,000,000	1,935,419	2,052,500
			6,809,136	7,073,930
Shearer s Foods, Inc. (9)	Manufacturer of Food / Snacks			
12% Current / 3.5% PIK Secured Debt (Maturity - March 31, 2016)		4,181,772	4,093,050	4,202,681
Sourcehov LLC (9)	Outsource/Consulting Services			
LIBOR Plus 5.375%, Current Coupon 6.625%, Secured Debt (Maturity - April 28, 2017) (8)		3,000,000	2,895,764	2,902,500
LIBOR Plus 9.25%, Current Coupon 10.5%, Secured Debt (Maturity - April 30, 2018) (8)		3,000,000	2,865,692	2,870,640
			5,761,456	5,773,140
Standard Steel, LLC (9)	Manufacturer of Steel Wheels and Axles			
12% Secured Debt (Maturity - April 30, 2015)		3,000,000	2,911,366	3,133,200
Support Systems Homes, Inc.	Manages Substance Abuse Treatment Centers			
15% Secured Debt (Maturity - August 31, 2018)		576,600	576,600	576,600
Technical Innovations, LLC	Manufacturer of Specialty Cutting Tools and Punches			
13.5% Secured Debt (Maturity - January 16, 2015)		2,950,000	2,922,036	2,950,000
10% Secured Debt (Maturity - May 4, 2026)		1,440,000	1,411,335	1,411,335
			4,333,371	4,361,335
The Tennis Channel, Inc.	Sports Broadcasting/Media			
LIBOR Plus 6% / 4% PIK, Current Coupon with PIK 14%, Secured Debt (Maturity - January 1,		10,395,656	10,801,470	10,801,470

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2013) (8)

Warrants (Fully diluted 0.11%)		235,467	235,467
		11,036,937	11,036,937
Ultrerra Drilling Technologies, L.P. (9)	Oilfield Services		
LIBOR Plus 7.5%, Current Coupon 9.5%, Secured Debt (Maturity - June 9, 2016) (8)		7,500,000	7,351,884
LIBOR Plus 6.5%, Current Coupon 8.5% Secured Debt (Maturity - June 9, 2016) (8)		1,348,367	1,298,987
		8,650,871	8,726,706
UniTek Global Services, Inc. (9)	Telecommunications		
LIBOR Plus 7.5%, Current Coupon 9%, Secured Debt (Maturity - April 15, 2017) (8)		10,000,000	9,707,528
9,825,000			
Vision Solutions, Inc.	Computers & Electronics		
LIBOR Plus 4.5%, Current Coupon 6%, Secured Debt (Maturity - July 23, 2016) (8)		4,937,500	4,884,750
LIBOR Plus 8%, Current Coupon 9.5%, Secured Debt (Maturity - July 23, 2017) (8)		5,000,000	4,951,441
		9,836,191	9,921,992
Walter Investment Management Corp. (9)	Real Estate		
LIBOR Plus 6.25%, Current Coupon 7.75%, Secured Debt (Maturity - June 30, 2016) (8)		3,000,000	2,940,000
LIBOR Plus 11%, Current Coupon 12.5%, Secured Debt (Maturity - December 30, 2016) (8)		3,000,000	2,940,000
		5,880,000	5,880,000
Other Non-Control/Non-Affiliate Investments (10)		5,000,000	5,001,827
			5,005,776
Subtotal Non-Control/Non-Affiliate Investments (27.0% of total investments at fair value)		157,923,128	159,737,085
Main Street Capital Partners, LLC (Investment Manager) (0.3% of total investments at fair value)	Asset Management		
100% of Membership Interests		4,284,042	1,964,649
Total Portfolio Investments, June 30, 2011		\$ 429,690,998	\$ 471,728,697

Table of Contents

MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

June 30, 2011

(Unaudited)

Portfolio Company/Type of Investment (1) (2)	Industry	Principal (6)	Cost (6)	Fair Value
<u>Marketable Securities and Idle Funds Investments</u>	Investments in Secured and Rated Debt Investments, Certificates of Deposit, and Diversified Bond Funds			
AL Gulf Coast Terminals, LLC LIBOR Plus 5%, Current Coupon 6.75%, Secured Debt (Maturity - July 22, 2016) (8)		\$ 6,655,428	\$ 6,490,349	\$ 6,688,705
API Technologies Corp. LIBOR Plus 6.25%, Current Coupon 7.75%, Secured Debt (Maturity - June 27, 2016) (8)		2,500,000	2,412,500	2,450,000
ATI Acquisition I Corp. LIBOR Plus 5.5%, Current Coupon 7.5%, Secured Debt (Maturity - March 11, 2016) (8)		2,856,137	2,815,493	2,838,286
Centerplate, Inc. LIBOR Plus 8.5%, Current Coupon 10.5%, Secured Debt (Maturity - September 16, 2016) (8)		2,985,000	2,905,023	3,004,597
Excelitas Technologies Corp. LIBOR Plus 4.5%, Current Coupon 5.5%, Secured Debt (Maturity - November 29, 2016) (8)		2,985,000	2,985,000	2,988,119
Flexera Software, Inc. LIBOR Plus 5.75%, Current Coupon 7.5%, Secured Debt (Maturity - January 20, 2017) (8)		4,387,500	4,306,722	4,420,406
Helm Financial Corporation LIBOR Plus 5%, Current Coupon 6.25%, Secured Debt (Maturity - June 1, 2017) (8)		1,995,000	1,975,270	1,996,995
Henniges Automotive Holdings, Inc. LIBOR Plus 10%, Current Coupon 12%, Secured Debt (Maturity - October 28, 2016) (8)		2,916,667	2,862,911	2,916,666
Il Fornaio Corporation LIBOR Plus 5.25%, Current Coupon 6.5%, Secured Debt (Maturity - June 10, 2017) (8)		1,995,000	1,985,137	1,997,504
JJ Lease Funding Corp. LIBOR Plus 8.5%, Current Coupon 10%, Secured Debt (Maturity - April 29, 2017) (8)		4,000,000	3,882,694	3,925,000
Medpace Intermediateco, Inc. LIBOR Plus 5%, Current Coupon 6.5%, Secured Debt (Maturity - June 17, 2017) (8)		5,000,000	4,925,000	4,925,000
MLM Holdings, Inc. LIBOR Plus 5.25%, Current Coupon 7%, Secured Debt (Maturity - December 1, 2016) (8)		6,947,500	6,852,244	6,951,842
Mood Media Corporation				

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LIBOR Plus 5.5%, Current Coupon 7%, Secured Debt (Maturity - May 6, 2018) (8)	3,000,000	2,970,136	2,973,750
MultiPlan, Inc.			
LIBOR Plus 3.25%, Current Coupon 4.75%, Secured Debt (Maturity - August 26, 2017) (8)	3,846,154	3,846,154	3,832,923
NAI Entertainment Holdings LLC			
8.25% Bond (Maturity - December 15, 2017)	1,500,000	1,500,000	1,608,750
Pacific Architects and Engineers Incorporated			
LIBOR Plus 6%, Current Coupon 7.5%, Secured Debt (Maturity - April 4, 2017) (8)	5,000,000	4,902,149	4,987,500
Pretium Packaging Bond			
11.5% Bond (Maturity - April 1, 2016)	1,500,000	1,500,000	1,518,750
Race Point Power, LLC			
LIBOR Plus 6%, Current Coupon 7.75%, Secured Debt (Maturity - January 11, 2018) (8)	4,783,891	4,694,485	4,809,317
Radio One, Inc.			
LIBOR Plus 6%, Current Coupon 7.5%, Secured Debt (Maturity - March 31, 2016) (8)	2,992,500	2,935,001	3,025,702
SonicWALL, Inc.			
LIBOR Plus 6.25%, Current Coupon 8.25%, Secured Debt (Maturity - January 23, 2016) (8)	1,394,355	1,396,512	1,401,327
Speedy Cash Intermediate Holdings Corp.			
10.75% Bond (Maturity - May 15, 2018)	2,000,000	2,000,000	2,045,000
Sprouts Farmers Markets Holdings, LLC			
LIBOR Plus 4.75%, Current Coupon 6%, Secured Debt (Maturity - April 18, 2018) (8)	2,992,500	2,933,788	2,973,812
Surgery Center Holdings, Inc.			
LIBOR Plus 5%, Current Coupon 6.5%, Secured Debt (Maturity - February 6, 2017) (8)	4,987,500	4,963,069	5,031,141
United Refining Bond			
10.5% Bond (Maturity - February 28, 2017)	3,000,000	3,000,000	3,000,000
Visant Corporation			
LIBOR Plus 4%, Current Coupon 5.25%, Secured Debt (Maturity - December 22, 2016) (8)	4,975,000	4,975,000	4,958,110
Wyle Services Corporation			
LIBOR Plus 4.25%, Current Coupon 5.75%, Secured Debt (Maturity - March 26, 2017) (8)	3,911,604	3,888,460	3,928,228
Yankee Cable Acquisition, LLC			
LIBOR Plus 4.5%, Current Coupon 6.5%, Secured Debt (Maturity - August 26, 2016) (8)	3,970,000	3,917,656	3,974,824
Other Marketable Securities and Idle Funds Investments (11)			
	24,545,983	25,095,607	25,126,994
Subtotal Marketable Securities and Idle Funds Investments (20.3% of total investments at fair value)			
		118,916,360	120,299,248
Total Investments, June 30, 2011		\$ 548,607,358	\$ 592,027,945

- (1) Debt investments are generally income producing. Equity and warrants are non-income producing, unless otherwise noted.
- (2) See Note C for summary geographic location of portfolio companies.
- (3) Controlled investments are defined by the Investment Company Act of 1940, as amended (1940 Act) as investments in which more than 25% of the voting securities are owned or where the ability to nominate greater than 50% of the board representation is maintained.
- (4) Affiliate investments are defined by the 1940 Act as investments in which between 5% and 25% of the voting securities are owned and the investments are not classified as Controlled investments.
- (5) Non-Control/Non-Affiliate investments are defined by the 1940 Act as investments that are neither Control Investments nor Affiliate Investments.
- (6) Principal is net of prepayments. Cost is net of prepayments and accumulated unearned income.

- (7) **Income producing through dividends or distributions.**
- (8) **Index based floating interest rate is subject to contractual minimum interest rates.**
- (9) **Private placement portfolio investment.**
- (10) **Other Non-Control/Non-Affiliate investments consist of equity investments in lower middle market companies.**
- (11) **Other Marketable Securities and Idle Funds Investments consist of investments in secured and rated debt investments and diversified bond funds.**

Table of Contents

MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2010

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, 2013)		2,000,000	1,997,439	2,000,000
Member Units (Fully diluted 41.0%) (7)			41,837	2,240,000
			2,039,276	4,240,000
California Healthcare Medical Billing, Inc.	Healthcare Billing and Records Management			
12% Secured Debt (Maturity - October 17, 2013)		7,303,000	6,937,251	6,985,748
Warrants (Fully diluted 20.4%)			1,193,333	3,380,333
Common Stock (Fully diluted 9.7%)			1,176,667	1,390,000
			9,307,251	11,756,081
CBT Nuggets, LLC	Produces and Sells IT Certification Training Videos			
10% Secured Debt (Maturity - March 31, 2012)		775,000	775,000	775,000
14% Secured Debt (Maturity - December 31, 2013)		2,800,000	2,787,551	2,792,180
Member Units (Fully diluted 40.8%) (7)			1,299,520	3,450,000
			4,862,071	7,017,180
Ceres Management, LLC (Lambs)	Aftermarket Automotive Services Chain			
14% Secured Debt (Maturity - May 31, 2013)		4,000,000	3,964,568	3,964,568
9.5% Secured Debt (Lamb's Real Estate Investment I, LLC) (Maturity - August 31, 2014)		1,225,000	1,225,000	1,225,000
Class B Member Units (15% cumulative compounding quarterly) (Non-voting) (7)			1,508,611	1,508,611
Member Units (Fully diluted 70%)			1,813,333	1,100,000
Member Units (Lamb's Real Estate Investment I, LLC) (Fully diluted 100%) (7)			625,000	625,000
			9,136,512	8,423,179
Condit Exhibits, LLC	Tradeshaw Exhibits/ Custom Displays			
9% current / 9% PIK Secured Debt (Maturity - July 1, 2013)		4,660,948	4,619,659	4,619,659
Warrants (Fully diluted 47.9%)			320,000	50,000
			4,939,659	4,669,659
Currie Acquisitions, LLC	Manufacturer of Electric Bicycles/Scooters			
12% Secured Debt (Maturity - March 1, 2015)		4,750,000	3,971,699	3,971,699
Warrants (Fully diluted 47.3%)			2,566,204	2,340,204
			6,537,903	6,311,903

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Gulf Manufacturing, LLC	Industrial Metal Fabrication			
8% Secured Debt (Maturity - August 31, 2014)		3,620,000	3,620,000	3,620,000
13% Secured Debt (Maturity - August 31, 2012)		1,680,000	1,649,959	1,675,165
9% PIK Secured Debt (Maturity - June 30, 2017)		1,420,784	1,420,784	1,420,784
Member Units (Fully diluted 34.2%) (7)			2,979,813	5,870,000
			9,670,556	12,585,949
Harrison Hydra-Gen, Ltd.	Manufacturer of Hydraulic Generators			
12% Secured Debt (Maturity - June 4, 2015)		6,000,000	5,255,101	5,255,101
Warrants (Fully diluted 35.2%)			717,640	717,640
Mandatorily Redeemable Preferred Stock			1,000,000	1,000,000
			6,972,741	6,972,741
Hawthorne Customs & Dispatch Services, LLC	Transportation/ Logistics			
Member Units (Fully diluted 59.1%) (7)			692,500	1,250,000
Member Units (Wallisville Real Estate, LLC) (Fully diluted 59.1%) (7)			1,214,784	1,214,784
			1,907,284	2,464,784
Hydratec, Inc.	Agricultural Services			
Common Stock (Fully diluted 92.5%) (7)			7,087,911	9,177,911
Indianapolis Aviation Partners, LLC	FBO / Aviation Support Services			
12% Secured Debt (Maturity - September 15, 2014)		4,500,000	4,140,255	4,350,000
Warrants (Fully diluted 30.1%)			1,129,286	1,570,286
			5,269,541	5,920,286

Table of Contents

MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2010

Portfolio Company/Type of Investment (1) (2)	Industry	Principal (6)	Cost (6)	Fair Value
Control Investments (3)				
Jensen Jewelers of Idaho, LLC	Retail Jewelry			
Prime Plus 2%, Current Coupon 5.25%, Secured Debt (Maturity - November 14, 2011)		2,260,000	2,256,486	2,260,000
13% current / 6% PIK Secured Debt (Maturity - November 14, 2011)		2,344,897	2,340,040	2,344,896
Member Units (Fully diluted 60.8%) (7)			811,000	1,060,000
			5,407,526	5,664,896
Mid-Columbia Lumber Products, LLC				
	Specialized Lumber Products			
10% Secured Debt (Maturity - April 1, 2012)		1,250,000	1,250,000	1,250,000
12% Secured Debt (Maturity - December 18, 2011)		3,900,000	3,803,664	3,900,000
9.5% Secured Debt (Mid - Columbia Real Estate, LLC) (Maturity - May 13, 2025)		1,107,400	1,107,400	1,107,400
Warrants (Fully diluted 25.5%)			250,000	740,000
Member Units (Fully diluted 26.7%)			500,000	770,000
Member Units (Mid - Columbia Real Estate, LLC) (Fully diluted 50.0%)			250,000	250,000
			7,161,064	8,017,400
NAPCO Precast, LLC				
	Precast Concrete Manufacturing			
18% Secured Debt (Maturity - February 1, 2013)		5,923,077	5,860,313	5,923,077
Prime Plus 2%, Current Coupon 9%, Secured Debt (Maturity - February 1, 2013) (8)		3,384,615	3,368,600	3,384,615
Member Units (Fully diluted 35.3%) (7)			2,020,000	4,340,000
			11,248,913	13,647,692
NTS Holdings, Inc.				
	Trench & Traffic Safety Equipment			
12% Secured Debt (Maturity - April 30, 2015)		6,000,000	5,963,931	5,963,931
Preferred stock (12% cumulative, compounded quarterly) (7)			10,635,273	10,635,273
Common Stock (Fully diluted 72.3%)			1,621,255	776,000
			18,220,459	17,375,204
OMi Holdings, Inc.				
	Manufacturer of Overhead Cranes			
12% Secured Debt (Maturity - April 1, 2013)		10,170,000	10,116,824	10,116,824
Common Stock (Fully diluted 48.0%)			1,080,000	500,000
			11,196,824	10,616,824
PPL RVs, Inc.				
	RV Aftermarket Consignment/Parts			
18% Secured Debt (Maturity - June 10, 2015)		6,250,000	6,165,058	6,165,058
Common Stock (Fully diluted 50.1%)			2,150,000	2,150,000
			8,315,058	8,315,058

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The MPI Group, LLC	Manufacturer of Custom Hollow Metal Doors, Frames and Accessories			
4.5% current / 4.5% PIK Secured Debt (Maturity - October 2, 2013)		507,625	501,176	501,176
6% current / 6% PIK Secured Debt (Maturity - October 2, 2013)		5,101,667	4,935,760	4,935,760
Warrants (Fully diluted 47.1%)			895,943	190,000
			6,332,879	5,626,936
Thermal & Mechanical Equipment, LLC	Heat Exchange / Filtration Products and Services			
Prime plus 2%, Current Coupon 9%, Secured Debt (Maturity - September 25, 2014) (8)		1,750,000	1,739,152	1,739,152
13% current / 5% PIK Secured Debt (Maturity - September 25, 2014)		5,575,220	5,501,111	5,575,220
Warrants (Fully diluted 50.0%)			1,000,000	1,940,000
			8,240,263	9,254,372
Uvalco Supply, LLC	Farm and Ranch Supply			
Member Units (Fully diluted 42.8%) (7)			1,113,243	1,560,000
Vision Interests, Inc.	Manufacturer/Installer of			
2.6% current / 10.4% PIK Secured Debt (Maturity - June 5, 2012)	Commercial Signage	9,400,000	8,424,811	8,022,651
2.6% current / 10.4% PIK Secured Debt (Maturity - June 5, 2016)		760,000	739,663	739,663
Warrants (Fully diluted 38.2%)			160,010	
Common Stock (Fully diluted 22.3%)			372,000	
			9,696,484	8,762,314
Control Investments (3)				
Ziegler s NYPD, LLC	Casual Restaurant Group			
Prime plus 2%, Current Coupon 9%, Secured Debt (Maturity - October 1, 2013) (8)		1,000,000	993,937	993,937
13% current / 5% PIK Secured Debt (Maturity - October 1, 2013)		4,801,810	4,752,088	4,752,088
Warrants (Fully diluted 46.6%)			600,000	470,000
			6,346,025	6,216,025
Subtotal Control Investments			161,009,443	174,596,394

Table of Contents

MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

December 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.	Manufacturer of Commercial/ Industrial Sensors			
9% current / 2% PIK Secured Debt (Maturity - May 31, 2012)		3,536,182	3,514,113	3,514,113
Warrants (Fully diluted 19.6%)			49,990	1,830,000
			3,564,103	5,344,113
Audio Messaging Solutions, LLC	Audio Messaging Services			
12% Secured Debt (Maturity - May 8, 2014)		7,700,000	7,356,395	7,426,299
Warrants (Fully diluted 8.4%)			468,373	1,280,000
			7,824,768	8,706,299
Compact Power Equipment Centers, LLC	Light to Medium Duty Equipment Rental			
6% Current / 6% PIK Secured Debt (Maturity - September 23, 2014)		3,153,971	3,120,950	3,120,950
Member Units (Fully diluted 11.5%)			1,147	1,147
			3,122,097	3,122,097
DrillingInfo, Inc.	Information Services for the Oil and Gas Industry			
12% Secured Debt (Maturity - November 20, 2014)		8,000,000	6,832,370	7,770,000
Warrants (Fully diluted 5.0%)			1,250,000	4,010,000
Common Stock (Fully diluted 2.1%)			1,085,325	1,710,325
			9,167,695	13,490,325
East Teak Fine Hardwoods, Inc.	Hardwood Products			
Common Stock (Fully diluted 5.0%)			480,318	330,000
Houston Plating & Coatings, LLC	Plating & Industrial Coating Services			
Prime plus 2%, Current Coupon 5.25%, Debt (Maturity - July 18, 2013)		300,000	300,000	300,000
Member Units (Fully diluted 11.1%) (7)			335,000	3,025,000
			635,000	3,325,000
IRTH Holdings, LLC	Utility Technology Services			
12% Secured Debt (Maturity - December 29, 2015)		6,000,000	5,891,126	5,891,126
Member Units (Fully diluted 22.3%)			850,000	850,000
			6,741,126	6,741,126

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KBK Industries, LLC	Specialty Manufacturer of Oilfield and Industrial Products			
10% Secured Debt (Maturity - March 31, 2011)		514,940	514,940	514,940
14% Secured Debt (Maturity - January 23, 2011)		5,250,000	5,241,999	5,241,999
Member Units (Fully diluted 18.8%) (7)			340,833	1,790,333
			6,097,772	7,547,272
Laurus Healthcare, LP	Healthcare Facilities / Services			
13% Secured Debt (Maturity - May 7, 2012)		2,275,000	2,275,000	2,275,000
13% Secured Debt (Maturity - December 31, 2011)		525,000	525,000	525,000
Warrants (Fully diluted 13.1%)			79,505	4,620,000
			2,879,505	7,420,000
Lighting Unlimited, LLC	Commercial and Residential Lighting Products and Design Services			
Prime Plus 1% Secured Debt (Maturity - August 22, 2012) (8)		949,996	946,598	946,598
14% Secured Debt (Maturity - August 22, 2012)		1,760,101	1,723,326	1,723,326
Warrants (Fully diluted 17.0%)			54,000	
			2,723,924	2,669,924
Merrick Systems, Inc.	Software and Information Technology			
13% Secured Debt (Maturity - May 5, 2015)		3,000,000	2,540,849	2,540,849
Warrants (Fully diluted 6.5%)			450,000	450,000
			2,990,849	2,990,849

Table of Contents

MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2010

Portfolio Company/Type of Investment (1) (2)	Industry	Principal (6)	Cost (6)	Fair Value
<u>Affiliate Investments (4)</u>				
Olympus Building Services, Inc.	Custodial/Facilities Services			
12% Secured Debt (Maturity - March 27, 2014)		3,150,000	2,976,408	3,050,000
12% Current / 3% PIK Secured Debt (Maturity - March 27, 2014)		984,000	984,001	984,001
Warrants (Fully diluted 22.5%)			470,000	930,000
			4,430,409	4,964,001
OPI International Ltd.				
	Oil and Gas Construction Services			
12% Secured Debt (Maturity - November 30, 2015)		8,700,000	8,537,285	8,537,285
12% Secured Debt (Maturity - November 30, 2015)		750,000	252,288	252,288
Warrants (Fully diluted 8.0%)			500,000	500,000
			9,289,573	9,289,573
Schneider Sales Management, LLC				
	Sales Consulting and Training			
13% Secured Debt (Maturity - October 15, 2013)		3,367,542	3,289,127	1,000,000
Warrants (Fully diluted 20.0%)			45,000	
			3,334,127	1,000,000
Walden Smokey Point, Inc.				
	Specialty Transportation			
Common Stock (Fully diluted 12.6%)			1,426,667	2,620,000
WorldCall, Inc.				
	Telecommunication/Information Services			
13% Secured Debt (Maturity - April 22, 2011)		646,225	646,225	646,225
Common Stock (Fully diluted 10.0%)			296,631	
			942,856	646,225
Subtotal Affiliate Investments			65,650,789	80,206,804

Table of Contents

MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2010

Portfolio Company/Type of Investment (1) (2)	Industry	Principal (6)	Cost (6)	Fair Value
<u>Non-Control/Non-Affiliate Investments (5)</u>				
Affinity Videonet, Inc.				
Videoconferencing Services				
9% Secured Debt (Maturity - December 31, 2012)		500,000	490,000	490,000
13% Secured Debt (Maturity - December 31, 2015)		2,000,000	1,897,500	1,897,500
13% current / 1% PIK Secured Debt (Maturity - December 31, 2015)		2,000,000	1,995,652	1,995,652
Warrants (Fully diluted 2.5%)			62,500	62,500
			4,445,652	4,445,652
Alon Refining Krotz Springs, Inc. (9)				
Petroleum Products/Refining				
13.5% Secured Debt (Maturity - October 15, 2014)		4,000,000	3,832,366	3,900,000
Bourland & Leverich Supply Co., LLC (9)				
Distributor of Oil & Gas Tubular Goods				
LIBOR Plus 8.0%, Current Coupon 11.25%, Secured Debt (Maturity - August 24, 2015) (8)		4,443,750	4,236,574	4,554,847
Brand Connections, LLC				
Venue-Based Marketing and Media				
14% Secured Debt (Maturity - April 30, 2015)		7,312,500	7,151,303	7,151,303
Chef s Warehouse (9)				
Specialty Food Distributor				
LIBOR Plus 9.0%, Current Coupon 11%, Secured Debt (Maturity - April 24, 2014) (8)		8,137,083	7,907,586	8,219,225
Fairway Group Acquisition (9)				
Retail Grocery				
LIBOR plus 9.5%, Current Coupon 12%, Secured Debt (Maturity - October 1, 2014) (8)		4,950,008	4,827,316	4,968,818
Full Spectrum Holdings LLC (9)				
Professional Services				
LIBOR Plus 3.0%, Current Coupon 10.75%, Secured Debt (Maturity - December 12, 2012) (8)		1,523,341	1,301,663	1,301,663
Warrants (Fully diluted 0.28%)			412,523	412,523
			1,714,186	1,714,186
Global Tel*Link Corporation (9)				
Communications Technology				
LIBOR Plus 11.25%, Current Coupon 13%, Secured Debt (Maturity - May 10, 2017) (8)		3,000,000	2,941,728	2,948,271
Hayden Acquisition, LLC				
Manufacturer of Utility Structures				
8% Secured Debt (Maturity - January 1, 2011)		1,800,000	1,781,303	250,000

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Hoffmaster Group, Inc. (9)	Manufacturer of Specialty Tabletop Products			
LIBOR Plus 5.0%, Current Coupon 7%, Secured Debt (Maturity - June 13, 2016) (8)		1,509,615	1,453,860	1,490,745
13.5% Secured Debt (Maturity - June 3, 2017)		5,000,000	4,881,278	4,787,500
			6,335,138	6,278,245
Managed Healthcare (9)	Healthcare Products			
LIBOR plus 3.25%, Current Coupon 3.53%, Secured Debt (Maturity - August 31, 2014)		1,987,606	1,548,214	1,659,650
Megapath Inc. (9)	Communications Technology			
LIBOR plus 10%, Current Coupon 12%, Secured Debt (Maturity - November 4, 2015) (8)		4,000,000	3,922,670	4,040,770
Miramax Film NY, LLC (9)	Motion Picture Producer and Distributor			
LIBOR plus 6%, Current Coupon 7.75%, Secured Debt (Maturity - June 30, 2016) (8)		3,000,000	2,940,000	2,940,000
LIBOR plus 11%, Current Coupon 13%, Secured Debt (Maturity - December 30, 2016) (8)		4,000,000	3,920,000	3,920,000
Class B Units (Fully diluted 0.2%)			500,000	500,000
			7,360,000	7,360,000
Northland Cable Television, Inc. (9)	Cable Broadcasting			
LIBOR Plus 8.0%, Current Coupon 8.26%, Secured Debt (Maturity - June 22, 2013)		5,000,000	4,851,285	4,988,785
Pierre Foods, Inc. (9)	Foodservice Supplier			
Base plus 4.25%, Current Coupon 7.5%, Secured Debt (Maturity - September 30, 2016) (8)		5,000,000	4,903,804	4,992,702
Base plus 8.5%, Current Coupon 11.75%, Secured Debt (Maturity - September 29, 2017) (8)		2,000,000	1,932,106	1,992,181
			6,835,910	6,984,883
Rentech Energy Midwest Corporation (9)	Manufacturer of Fertilizer			
LIBOR plus 10%, Current Coupon 12.5%, Secured Debt (Maturity - July 29, 2014) (8)		2,331,606	2,274,262	2,274,262
Shearer s Foods, Inc. (9)	Manufacturer of Food/Snacks			
12% Current / 3% PIK Secured Debt (Maturity - March 21, 2016)		4,092,707	3,999,396	4,154,098

Table of Contents

MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2010

Portfolio Company/Type of Investment (1) (2)	Industry	Principal (6)	Cost (6)	Fair Value
<u>Non-Control/Non-Affiliate Investments (5)</u>				
Standard Steel, LLC (9)	Manufacturer of Steel Wheels and Axles			
12% Secured Debt (Maturity - April 30, 2015)		3,000,000	2,902,821	2,988,750
Support Systems Homes, Inc.	Manages Substance Abuse Treatment Centers			
15% Secured Debt (Maturity - August 21, 2018)		576,600	576,600	576,600
Technical Innovations, LLC	Manufacturer of Specialty Cutting Tools and Punches			
13.5% Secured Debt (Maturity - January 16, 2015)		2,950,000	2,919,118	2,950,000
The Tennis Channel, Inc.	Sports Broadcasting/Media			
LIBOR plus 6% / 4% PIK, Current Coupon with PIK 14%, Secured Debt (Maturity - January 1, 2013) (8)		9,198,840	9,230,938	9,230,938
Warrants (Fully diluted 0.10%)			211,938	211,938
			9,442,876	9,442,876
Other Non-Control/Non-Affiliate Investments (10)			105,000	105,000
Subtotal Non-Control/Non-Affiliate Investments			91,911,304	91,956,221
Main Street Capital Partners, LLC (Investment Manager)	Asset Management			
100% of Membership Interests			4,284,042	2,051,655
Total Portfolio Investments, December 31, 2010			\$ 322,855,578	\$ 348,811,074

Table of Contents

MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2010

Portfolio Company/Type of Investment (1) (2)	Industry	Principal (6)	Cost (6)	Fair Value
Marketable Securities and Idle Funds Investments	Investments in Secured and Rated Debt Investments, Certificates of Deposit, and Diversified Bond Funds			
AL Gulf Coast Terminals, LLC LIBOR plus 5.0%, Current Coupon 6.75%, Secured Debt (Maturity - September 21, 2016)		\$ 6,919,997	\$ 6,735,294	\$ 6,746,997
Aspen Dental Management, Inc.				