

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)

**x 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

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

| | March 31, 2013 (Unaudited) | December 31, 2012 |
|---|-------------------------------|-------------------|
| ASSETS | | |
| 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 |
| LIABILITIES | | |
| 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 |
| Total liabilities | 383,046 | 393,249 |
| Commitments and contingencies | | |
| NET ASSETS | | |
| 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 |
| Total Net Asset Value | 645,210 | 642,976 |
| Total liabilities and net assets | \$ 1,028,256 | \$ 1,036,225 |
| NET ASSET VALUE PER SHARE | \$ 18.55 | \$ 18.59 |

The accompanying notes are an integral part of these financial statements

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Statements of Operations****(in thousands, except per share amounts)****(Unaudited)**

| | Three Months Ended March 31, | |
|---|-------------------------------------|------------------|
| | 2013 | 2012 |
| INVESTMENT INCOME: | | |
| 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 |
| EXPENSES: | | |
| 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) |
| NET INVESTMENT INCOME | 17,283 | 12,849 |
| NET REALIZED GAIN (LOSS) FROM INVESTMENTS: | | |
| 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 |
| NET REALIZED INCOME | 16,881 | 20,987 |
| NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION): | | |
| 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) |
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS | 23,629 | 23,839 |
| Noncontrolling interest | | (54) |
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS | | |
| ATTRIBUTABLE TO COMMON STOCK | \$ 23,629 | \$ 23,785 |
| NET INVESTMENT INCOME PER SHARE - BASIC AND DILUTED | \$ 0.50 | \$ 0.48 |
| NET REALIZED INCOME PER SHARE - BASIC AND DILUTED | \$ 0.49 | \$ 0.78 |
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS | | |
| ATTRIBUTABLE TO COMMON STOCK PER SHARE - BASIC AND DILUTED | \$ 0.68 | \$ 0.89 |
| DIVIDENDS PAID PER SHARE: | | |

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

The accompanying notes are an integral part of these financial statements

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Statements of Changes in Net Assets**

(in thousands, except shares)

(Unaudited)

| | Common Stock Number of Shares | Par Value | Additional Paid-In Capital | Accumulated Net Investment Income, Net of Dividends | Accumulated Net Realized Gain/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 |
|--|-------------------------------------|--------------|----------------------------------|--|---|---|--------------------------|----------------------------|--|
| Balances at December 31, 2011 | 26,714,384 | \$ 267 | \$ 360,164 | \$ 12,531 | \$ (20,445) | \$ 53,194 | \$ 405,711 | \$ 5,477 | \$ 411,188 |
| MSC II noncontrolling interest acquisition | 229,634 | 2 | 5,413 | | | | 5,415 | (5,417) | (2) |
| Adjustment to investment in Investment Manager related to MSC II noncontrolling interest acquisition | | | (1,616) | | | | (1,616) | | (1,616) |
| Share-based compensation | | | 581 | | | | 581 | | 581 |
| Dividend reinvestment | 117,466 | 1 | 2,700 | | | | 2,701 | | 2,701 |
| Distributions to noncontrolling interest | | | | | | | | (114) | (114) |
| Dividends to stockholders | | | | (7,934) | (3,107) | | (11,041) | | (11,041) |
| Net increase resulting from operations | | | | 12,849 | 8,138 | 2,852 | 23,839 | | 23,839 |
| Noncontrolling interest | | | | | | (54) | (54) | 54 | |
| Balances at March 31, 2012 | 27,061,484 | \$ 270 | \$ 367,242 | \$ 17,446 | \$ (15,414) | \$ 55,992 | \$ 425,536 | \$ | \$ 425,536 |
| Balances at December 31, 2012 | 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 |
| Balances at March 31, 2013 | 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

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Statements of Cash Flows****(in thousands)****(Unaudited)**

| | Three Months Ended March 31, | |
|---|-------------------------------------|------------------|
| | 2013 | 2012 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| 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 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| 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 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 63,517 | 42,650 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | \$ 26,221 | \$ 88,955 |

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, 2013

(in thousands)

(Unaudited)

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

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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 |
| | | | | | |
| Gulf Manufacturing, LLC | 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 |
| | | | | | |
| Harrison Hydra-Gen, Ltd. | 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 |
| Hawthorne Customs and Dispatch Services, LLC | 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 |
|--|--|--|---------------|----------|------------|
| Hydratec, Inc. | 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 |
| | | | | | |
| Indianapolis Aviation Partners, LLC | 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 |
| | | | | | |
| Jensen Jewelers of Idaho, LLC | 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 |
| | | | | | |
| Lighting Unlimited, LLC | 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 |
| | | | | | |
| Marine Shelters Holdings, LLC (LoneStar Marine Shelters) | 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 |
| | | | | | |
| Mid-Columbia Lumber Products, LLC | 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 |
| | | | | | |
| | | | | | |
| NAPCO Precast, LLC | | | | | |

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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 |
| NRI Clinical Research, LLC | 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 |
| NRP Jones, LLC | 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 |
| OMi Holdings, Inc. | 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 |
|--|---|--|---------------|----------|------------|
| Pegasus Research Group, LLC (Televerde) | 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 |
| | | | | | |
| PPL RVs, Inc. | 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 |
| | | | | | |
| Principle Environmental, LLC | 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 |
| | | | | | |
| River Aggregates, LLC | 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 |
| 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) | 1,079 | 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 |
| | | | | | |
| Thermal and Mechanical Equipment, LLC | 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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| | | | | |
|--|--|---|----------------|----------------|
| Uvalco Supply, LLC | Farm and Ranch Supply Store | Member Units (Fully diluted 42.8%) (8) | 1,113 | 3,180 |
| Van Gilder Insurance Corporation | 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 |
| Vision Interests, Inc. | 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 |
| Ziegler's NYPD, LLC | 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 |
| Subtotal Control Investments (27.7% of total investments at fair value) | | | 210,213 | 272,698 |

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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 |
|---|--|--|----------------------|-----------------|-------------------|
| <u>Affiliate Investments (6)</u> | | | | | |
| 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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| | | | | |
|---|--|--|--------|--------|
| Integrated Printing Solutions, LLC | Specialty Card Printing | | | |
| | | 13% Secured Debt (Maturity - September 23, 2016) | 12,500 | 11,843 |
| | | Preferred Equity (Fully diluted 11.0%) | | 2,000 |
| | | Warrants (Fully diluted 8.0%) | | 600 |
| | | | 14,443 | 14,703 |
| irth Solutions, LLC | Damage Prevention Technology Information Services | | | |
| | | Member Units (Fully diluted 12.8%) (8) | 624 | 2,750 |
| KBK Industries, LLC | Specialty Manufacturer of Oilfield and Industrial Products | | | |
| | | 12.5% Secured Debt (Maturity - September 28, 2017) | 9,000 | 8,917 |
| | | Member Units (Fully diluted 17.9%) (8) | | 341 |
| | | | 9,258 | 14,430 |

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| Portfolio Company (1) | Business Description | Type of Investment (2) (3) | Principal (4) | Cost (4) | Fair Value |
|---|--|--|---------------|----------|------------|
| Olympus Building Services, Inc. | 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 |
| OnAsset Intelligence, Inc. | 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 |
| OPI International Ltd. (13) | Oil and Gas Construction Services | Common Equity (Fully diluted 11.5%) (8) | | 1,371 | 4,971 |
| | | | | | |
| PCI Holding Company, Inc. | 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 |
| | | | | | |
| Quality Lease and Rental Holdings, LLC | Rigsite Accommodation Unit Rental and Related Services | 12% Secured Debt (Maturity - January 8, 2018) | 37,350 | 36,800 | 36,800 |
| | | Preferred Member Units (Rocacica, LLC) (Fully diluted 20.0%) | | 2,500 | 2,500 |
| | | | | 39,300 | 39,300 |
| | | | | | |
| Radial Drilling Services Inc. | 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 |
| Samba Holdings, Inc. | 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 |
| | | | | | |
| Spectrio LLC | 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 |

| | | | | | |
|---|---|--|-------|---------|---------|
| SYNEO, LLC | 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 |
| Texas Reexcavation LC | 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 |
| | | | | | |
| Subtotal Affiliate Investments (22.6% of total investments at fair value) | | | | 183,251 | 223,173 |

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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 |
|---|---|--|----------------|-------------------------|-------------------------|
| <u>Non-Control/Non-Affiliate Investments (7)</u> | | | | | |
| AGS LLC (10) | 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 |
| Ameritech College Operations, LLC | For-Profit Nursing and Healthcare College | 18% Secured Debt (Maturity - March 9, 2017) | 6,050 | 5,946 | 6,050 |
| AM General LLC (11) | Specialty Vehicle Manufacturer | LIBOR Plus 9.00%, Current Coupon 10.25%, Secured Debt (Maturity - March 22, 2018) (9) | 3,000 | 2,910 | 2,910 |
| American Media, Inc. (11) | Magazine Operator | 11.50% Bond (Maturity - December 15, 2017) | 2,000 | 1,857 | 1,954 |
| Ancestry.com Inc. (11) | Genealogy Software Service | LIBOR Plus 5.75%, Current Coupon 7.00%, Secured Debt (Maturity - December 27, 2018) (9) | 4,988 | 4,795 | 5,015 |
| Artel, LLC (11) | 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 |
| Audio Visual Services Group, Inc. (11) | 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 5,000 | 4,880 4,904 9,784 | 4,975 4,979 9,954 |

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| | | | | | |
|---|---|---|--------|----------------|----------------|
| B. J. Alan Company | Retailer and Distributor of Consumer Fireworks | 14% Current / 2.5% PIK Secured Debt (Maturity - June 22, 2017) | 11,023 | 10,934 | 10,934 |
| | | | | | |
| Blackboard, Inc. (11) | 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 |
| | | | | | |
| Brand Connections, LLC | Venue-Based Marketing and Media | 12% Secured Debt (Maturity - April 30, 2015) | 7,774 | 7,645 | 7,774 |
| | | | | | |
| Brasa Holdings Inc. (11) | 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 |
| | | | | | |
| Calloway Laboratories, Inc. (10) | Health Care Testing Facilities | 10.00% Current / 2.00% PIK Secured Debt (Maturity - September 30, 2014) | 5,712 | 5,606 | 5,712 |
| | | | | | |
| CDC Software Corporation (11) | 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 |
|--|---|---|---------------|----------|------------|
| CHI Overhead Doors, Inc. (11) | 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 |
| Collective Brands Finance, Inc. (11) | Specialty Footwear Retailer | LIBOR Plus 6.00%, Current Coupon 7.25%, Secured Debt (Maturity - September 20, 2019) (9) | 2,500 | 2,500 | 2,539 |
| | | | | | |
| Compact Power Equipment Centers Inc. | 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 |
| Confie Seguros Holding II Co. (11) | Insurance Brokerage | LIBOR Plus 5.25%, Current Coupon 6.50%, Secured Debt (Maturity - November 9, 2018) (9) | 4,988 | 4,917 | 5,029 |
| | | | | | |
| Connolly Holdings Inc. (11) | 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 |
| Creative Circle, LLC (11) | Professional Staffing Firm | LIBOR Plus 6.00%, Current Coupon 7.25%, Secured Debt (Maturity - September 28, 2017) (9) | 9,607 | 9,516 | 9,619 |
| | | | | | |
| CST Industries (11) | Storage Tank Manufacturer | LIBOR Plus 6.25%, Current Coupon 7.75%, Secured Debt (Maturity - May 22, 2017) (9) | 12,031 | 11,876 | 12,054 |
| | | | | | |
| Diversified Machine, Inc. (11) | Automotive Component Supplier | LIBOR Plus 7.75%, Current Coupon 9.25%, Secured Debt (Maturity - December 21, 2017) (9) | 2,000 | 1,962 | 2,020 |
| | | | | | |
| Drilling Info, Inc. | Information Services for the Oil and Gas Industry | Common Stock (Fully diluted 2.3%) | | 1,335 | 6,090 |
| | | | | | |
| Emerald Performance Materials, Inc. (11) | 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

EnCap Energy Fund Investments (12) (13)

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

Engility Corporation (11) (13)

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 |
|---|---|--|----------------|-------------------------|-------------------------|
| eResearch Technology, Inc. (11) | 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 |
| Fairway Group Acquisition Company (11) | Retail Grocery | LIBOR Plus 5.50%, Current Coupon 6.75%, Secured Debt (Maturity - August 17, 2018) (9) | 3,980 | 3,980 | 4,055 |
| FC Operating, LLC (10) | 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 |
| FishNet Security, Inc. (11) | 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 |
| Fram Group Holdings, Inc. (11) | 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 |
| GFA Brands, Inc. (11) (13) | 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 |
| Grede Holdings, LLC (11) | 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 |
| Grupo Hima San Pablo, Inc. (11) | 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 |
| Hayden Acquisition, LLC | Manufacturer of Utility Structures | 8% Secured Debt (Maturity - April 1, 2013) | 1,800 | 1,781 | |
| Healogics, Inc. (11) | 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 |
| Hearthside Food Solutions, LLC (11) | Contract Food Manufacturer | LIBOR Plus 5.25%, Current Coupon 6.50%, Secured Debt (Maturity - June 5, 2018) (9) | 3,980 | 3,945 | 4,020 |
| Heckmann Corporation (11) (13) | Water Treatment and Disposal Services | 9.88% Bond (Maturity - April 15, 2018) | 3,500 | 3,500 | 3,715 |
| HOA Restaurant Group, LLC (11) | Casual Restaurant Group | 11.25% Bond (Maturity - April 1, 2017) | 2,000 | 2,000 | 1,880 |
| Hudson Products Holdings, Inc. (11) | 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 |
|---|--|--|---------------|----------------|----------------|
| Il Fornaio Corporation (11) | Casual Restaurant Group | LIBOR Plus 5.25%, Current Coupon 6.50%, Secured Debt (Maturity - June 10, 2017) (9) | 1,822 | 1,815 | 1,840 |
| Insight Pharmaceuticals, LLC (11) | Pharmaceuticals Merchant Wholesalers | LIBOR Plus 5.00%, Current Coupon 6.25%, Secured Debt (Maturity - August 25, 2016) (9) | 4,988 | 4,965 | 5,044 |
| Ipreo Holdings LLC (11) | 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 |
| iStar Financial Inc. (11) (13) | Real Estate Investment Trust | LIBOR Plus 4.00%, Current Coupon 5.25%, Secured Debt (Maturity - March 19, 2016) (9) | 515 | 507 | 522 |
| Ivy Hill Middle Market Credit Fund III, Ltd. (12) (13) | Investment Partnership | LIBOR Plus 6.50%, Current Coupon 6.70%, Secured Debt (Maturity - January 15, 2022) | 2,000 | 1,686 | 1,975 |
| Jackson Hewitt Tax Service Inc. (11) | Tax Preparation Services | LIBOR Plus 8.50%, Current Coupon 10.00%, Secured Debt (Maturity - October 15, 2017) (9) | 5,000 | 4,815 | 4,950 |
| Kadmon Pharmaceuticals, LLC (10) | 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 |
| Keypoint Government Solutions, Inc. (11) | 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 |
| LKCM Headwater Investments I, L.P. (12) (13) | Investment Partnership | LP Interests (Fully diluted 2.27%) (8) | | 925 | 925 |
| Maverick Healthcare Group LLC (10) | 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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| | | | | | |
|--|--|---|-------|-------|-------|
| Media Holdings, LLC (11) (13) | Internet Traffic Generator | LIBOR Plus 13.00%, Current Coupon 15.00%, Secured Debt (Maturity - April 27, 2014) (9) | 5,000 | 5,337 | 5,357 |
| | | | | | |
| Medpace Intermediateco, Inc. (11) | 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 |
| | | | | | |
| Metal Services LLC (11) | Steel Mill Services | LIBOR Plus 6.50%, Current Coupon 7.75%, Secured Debt (Maturity - June 30, 2017) (9) | 4,988 | 4,894 | 5,054 |
| | | | | | |
| Metals USA, Inc. (11) (13) | 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 |
|--|--|---|---------------|-----------------------|-----------------------|
| Milk Specialties Company (11) | 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 |
| Miramax Film NY, LLC (11) | Motion Picture Producer and Distributor | Class B Units (Fully diluted 0.2%) | | 500 | 667 |
| Mitel US Holdings, Inc. (11) | 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 |
| Mmodal, Inc. (11) | 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 |
| Modern VideoFilm, Inc. (10) | 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 |
| Mood Media Corporation (11) (13) | 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 |
| National Vision, Inc. (11) | Discount Optical Retailer | LIBOR Plus 5.75%, Current Coupon 7.00%, Secured Debt (Maturity - August 2, 2018) (9) | 3,209 | 3,165 | 3,249 |
| NCI Building Systems, Inc. (11) (13) | 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 |
| NCP Investment Holdings, Inc. | Management of Outpatient Cardiac Cath Labs | Class A and C Units (Fully diluted 3.3%) (8) | | 20 | 2,474 |
| NGPL PipeCo, LLC (11) | 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 |
| North American Breweries Holdings, LLC (11) | 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 |
| Northland Cable Television, Inc. (11) | Television Broadcasting | | | | |
| | | LIBOR Plus 6.00%, Current Coupon 7.75%, Secured Debt (Maturity - December 30, 2016) (9) | 4,799 | 4,703 | 4,751 |
| Oberthur Technologies SA (11) (13) | 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 |
| Oneida Ltd. (11) | 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 |
|---|--|--|---------------|----------|------------|
| Orbitz Worldwide, Inc. (11) (13) | 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 |
| Panolam Industries International, Inc. (11) | Decorative Laminate Manufacturer | LIBOR Plus 6.00%, Current Coupon 7.25%, Secured Debt (Maturity - August 23, 2017) (9) | 3,997 | 3,961 | 3,997 |
| | | | | | |
| Permian Holdings, Inc.(11) | Storage Tank Manufacturer | 10.50% Bond (Maturity - January 15, 2018) | 1,500 | 1,500 | 1,545 |
| | | | | | |
| Physician Oncology Services, L.P. (11) | 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 |
| | | | | | |
| Preferred Proppants, LLC (11) | 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 |
| | | | | | |
| Primesight Limited (10) (13) | Outdoor Advertising Operator | 11.25% Secured Debt (Maturity - October 17, 2015) | 7,671 | 7,671 | 7,500 |
| | | | | | |
| PRV Aerospace, LLC (11) | Aircraft Equipment Manufacturer | LIBOR Plus 5.25%, Current Coupon 6.50%, Secured Debt (Maturity - May 9, 2018) (9) | 5,972 | 5,920 | 6,024 |
| | | | | | |
| Radio One, Inc. (11) | Radio Broadcasting | LIBOR Plus 6.00%, Current Coupon 7.50%, Secured Debt (Maturity - March 31, 2016) (9) | 2,925 | 2,887 | 3,005 |
| | | | | | |
| Relativity Media, LLC (10) | 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 |
| Sabre Industries, Inc. (11) | 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)

| | | | | | |
|--|--|--|-------|-------|-------|
| SAExploration, Inc. (11) (13) | 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 |
| Shale-Inland Holdings, LLC (11) | Distributor of Pipe, Valves, and Fittings | | | | |
| | | 8.75% Bond (Maturity - November 15, 2019) | 3,000 | 3,000 | 3,150 |
| Sonneborn, LLC (11) | Specialty Chemicals Manufacturer | | | | |
| | | LIBOR Plus 5.00%, Current Coupon 6.50%, Secured Debt (Maturity - March 30, 2018) (9) | 2,970 | 2,919 | 3,029 |
| Sotera Defense Solutions, Inc. (11) | 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 | 5,050 |
| | | | | 7,430 | 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 | 235 |
| | | | | 13,122 | 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)

| | | | | | |
|---|---|---|-------|-------|-------|
| US Xpress Enterprises, Inc. (11) | Truckload Carrier | LIBOR Plus 7.50%, Current Coupon 9.00%, Secured Debt (Maturity - November 13, 2016) (9) | 6,313 | 6,197 | 6,329 |
| VFH Parent LLC (11) | 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 |
|--|--|--|---------------|----------------|----------------|
| Visant Corporation (11) | School Affinity Stores | LIBOR Plus 4.00%, Current Coupon 5.25%, Secured Debt (Maturity - December 22, 2016) (9) | 3,882 | 3,882 | 3,779 |
| Vision Solutions, Inc. (11) | 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 |
| Walter Investment Management Corp. (11) (13) | Real Estate Services | LIBOR Plus 4.50%, Current Coupon 5.75%, Secured Debt (Maturity - November 28, 2017) (9) | 2,438 | 2,415 | 2,485 |
| Wenner Media LLC (11) | Magazine Operator | LIBOR Plus 9.50%, Current Coupon 10.75%, Secured Debt (Maturity - February 17, 2018) (9) | 2,191 | 2,115 | 2,183 |
| Western Dental Services, Inc. (11) | Dental Care Services | LIBOR Plus 7.00%, Current Coupon 8.25%, Secured Debt (Maturity - November 1, 2018) (9) | 4,988 | 4,846 | 4,992 |
| Wilton Brands LLC (11) | Specialty Housewares Retailer | LIBOR Plus 6.25%, Current Coupon 7.50%, Secured Debt (Maturity - August 30, 2018) (9) | 1,950 | 1,914 | 1,978 |
| Wireco Worldgroup Inc. (11) | 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 |
| Zilliant Incorporated | 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 |
| Subtotal Non-Control/Non-Affiliate Investments (49.7% of total investments at fair value) | | | | 474,917 | 489,620 |
| Main Street Capital Partners, LLC (Investment Manager) | Asset Management | 100% of Membership Interests | | 2,668 | |

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 |
|--|--|----------------------------|---------------|------------|------------|
| <u>Marketable Securities and Idle Funds Investments</u> | | | | | |
| | Investments in Marketable Securities and Diversified, Registered Bond Funds | | | | |
| Subtotal Marketable Securities and Idle Funds Investments (0.0% of total investments at fair value) | | | | | |
| Total 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

December 31, 2012

(in thousands)

(Unaudited)

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

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

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| Portfolio Company (1) | Business Description | Type of Investment (2) (3) | Principal (4) | Cost (4) | Fair Value |
|--|--|--|---------------|----------|------------|
| Jensen Jewelers of Idaho, LLC | 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 |
| | | | | | |
| Lighting Unlimited, LLC | 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 |
| Marine Shelters Holdings, LLC (LoneStar Marine Shelters) | 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 |
| Mid-Columbia Lumber Products, LLC | Manufacturer of Finger-Jointed Lumber Products | 10% Secured Debt (Maturity - December 18, 2014) | 1,250 | 1,250 | 1,250 |
| | | 12% Secured Debt (Maturity - December 18, 2014) | 3,900 | 3,900 | 3,900 |
| | | 9.5% Secured Debt (Mid - Columbia Real Estate, LLC) (Maturity - May 13, 2025) | 1,017 | 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 |
| | | | | | |
| NAPCO Precast, LLC | 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 |
| NRI Clinical Research, LLC | 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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| | | | | | |
|--|---|---|--------|--------|--------|
| NRP Jones, LLC | 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%) (8) | | 2,900 | 4,800 |
| | | | | 14,917 | 18,041 |
| OMi Holdings, Inc. | 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 |
| Pegasus Research Group, LLC (Televerde) | 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%) (8) | | 1,250 | 3,790 |
| | | | | 6,196 | 8,781 |
| | | | | | |
| PPL RVs, Inc. | 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 |
|--|---|--|---------------|----------|------------|
| Principle Environmental, LLC | 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 |
| River Aggregates, LLC | 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 |
| 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) | 1,079 | 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 |
| Thermal and Mechanical Equipment, LLC | 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 |
| Uvalco Supply, LLC | Farm and Ranch Supply Store | Member Units (Fully diluted 42.8%) (8) | | 1,113 | 2,760 |
| | | | | | |
| Van Gilder Insurance Corporation | 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

| | | | | | |
|---|---|---|-------|---------|---------|
| Vision Interests, Inc. | Manufacturer / Installer of Commercial Signage | 6.5% Current /6.5% PIK Secured Debt (Maturity - December 23, 2016) | 3,204 | 3,146 | 3,146 |
| | | Series A Preferred Stock (Fully diluted 50.9%) | | 3,000 | 2,930 |
| | | Common Stock (Fully diluted 19.1%) | | 3,706 | 110 |
| | | | | 9,852 | 6,186 |
| | | | | | |
| Ziegler's NYPD, LLC | Casual Restaurant Group | Prime Plus 2%, Current Coupon 9%, Secured Debt (Maturity - October 1, 2013) (9) | 1,000 | 998 | 998 |
| | | 13% Current / 5% PIK Secured Debt (Maturity - October 1, 2013) | 5,314 | 5,300 | 5,300 |
| | | Warrants (Fully diluted 46.6%) | | 600 | 180 |
| | | | | 6,898 | 6,478 |
| | | | | | |
| Subtotal Control Investments (29.2% of total investments at fair value) | | | | 217,483 | 278,475 |

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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 |
|---|--|---|---------------|----------|------------|
| <u>Affiliate Investments (6)</u> | | | | | |
| American Sensor Technologies, Inc. | Manufacturer of Commercial / Industrial Sensors | Warrants (Fully diluted 19.6%) | | 50 | 4,170 |
| | | | | | |
| Bridge Capital Solutions Corporation | 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 |
| Congruent Credit Opportunities Fund II, LP (12) (13) | Investment Partnership | LP Interests (Fully diluted 19.8%) (8) | | 19,049 | 19,174 |
| | | | | | |
| 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%) | | 480 | 380 |
| | | | | | |
| Gault Financial, LLC (RMB Capital, LLC) | 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 |
| Houston Plating and Coatings, LLC | Plating and Industrial Coating Services | Member Units (Fully diluted 11.1%) (8) | | 635 | 8,280 |
| | | | | | |
| Indianhead Pipeline Services, LLC | 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 |
|---|--|--|-------------|--------------|
| Integrated Printing Solutions, LLC | Specialty Card Printing | | | |
| | | 13% Secured Debt (Maturity - September 23, 2016) | 12,500 | 11,807 |
| | | Preferred Equity (Fully diluted 11.0%) | | 2,000 |
| | | Warrants (Fully diluted 8.0%) | | 600 |
| | | | 14,407 | 14,907 |
| irth Solutions, LLC | Damage Prevention Technology Information Services | | | |
| | | 12% Secured Debt (Maturity - December 29, 2015) | 3,587 | 3,543 |
| | | Member Units (Fully diluted 12.8%) (8) | | 624 |
| | | | 4,167 | 2,750 |
| | | | | 6,337 |
| KBK Industries, LLC | Specialty Manufacturer of Oilfield and Industrial Products | | | |
| | | 12.5% Secured Debt (Maturity - September 28, 2017) | 9,000 | 8,913 |
| | | Member Units (Fully diluted 17.9%) (8) | | 341 |
| | | | 9,254 | 5,550 |
| | | | | 14,550 |
| Olympus Building Services, Inc. | Custodial / Facilities Services | | | |
| | | 12% Secured Debt (Maturity - March 27, 2014) | 3,050 | 2,975 |
| | | 12% Current / 3% PIK Secured Debt (Maturity - March 27, 2014) | 1,014 | 1,014 |
| | | Warrants (Fully diluted 22.5%) | | 470 |
| | | | 4,459 | 4,459 |
| OnAsset Intelligence, Inc. | Transportation Monitoring / Tracking Services | | | |
| | | 12% Secured Debt (Maturity - April 18, 2013) | 1,500 | 1,500 |
| | | Preferred Stock (7% cumulative) (Fully diluted 5.8%) (8) | | 1,692 |
| | | Warrants (Fully diluted 4.0%) | | 830 |
| | | | 4,022 | 2,440 |

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| Portfolio Company (1) | Business Description | Type of Investment (2) (3) | Principal (4) | Cost (4) | Fair Value |
|--|--|--|----------------|----------------------------------|----------------------------------|
| OPI International Ltd. (13) | Oil and Gas Construction Services | Common Equity (Fully diluted 11.5%) (8) | | 1,371 | 4,971 |
| PCI Holding Company, Inc. | 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 |
| Radial Drilling Services Inc. | 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 |
| Samba Holdings, Inc. | 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 |
| Spectrio LLC | 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 |
| SYNEO, LLC | 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 |
| Texas Reexcavation LC | 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 |
| Subtotal Affiliate Investments (18.7% of total investments at fair value) | | | | 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 |
|---|--|---|----------------------|-------------------------|-------------------------|
| <u>Non-Control/Non-Affiliate Investments (7)</u> | | | | | |
| AGS LLC (10) | 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 |
| Ameritech College Operations, LLC | For-Profit Nursing and Healthcare College | 18% Secured Debt (Maturity - March 9, 2017) | 6,050 | 5,942 | 6,050 |
| Ancestry.com Inc. (11) | Genealogy Software Service | LIBOR Plus 5.75%, Current Coupon 7.00%, Secured Debt (Maturity - December 27, 2018) (9) | 7,000 | 6,720 | 6,767 |
| Artel, LLC (11) | 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 |
| Associated Asphalt Partners, LLC (11) | Liquid Asphalt Supplier | LIBOR Plus 5.75%, Current Coupon 7.25%, Secured Debt (Maturity - March 9, 2018) (9) | 9,400 | 9,250 | 9,259 |
| Audio Visual Services Group, Inc. (11) | 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 5,000 | 4,901 4,901 9,802 | 4,919 4,938 9,857 |
| B. J. Alan Company | 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 |
|--|--------|--------|--------|

| | | | | | |
|---|---|--|-------|----------------|----------------|
| Blackboard, Inc. (11) | 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 |
| Brand Connections, LLC | Venue-Based Marketing and Media | | | | |
| | | 12% Secured Debt (Maturity - April 30, 2015) | 7,974 | 7,828 | 7,974 |
| Brasa Holdings Inc. (11) | 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 |
| Calloway Laboratories, Inc. (10) | Health Care Testing Facilities | | | | |
| | | 10.00% Current / 2.00% PIK Secured Debt (Maturity - September 30, 2014) | 5,479 | 5,361 | 5,479 |
| CDC Software Corporation (11) | Enterprise Application Software | | | | |
| | | LIBOR Plus 6.00%, Current Coupon 7.50%, Secured Debt (Maturity - August 6, 2018) (9) | 4,239 | 4,199 | 4,260 |
| CHI Overhead Doors, Inc. (11) | 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 |
| Citadel Plastics Holding, Inc. (11) | 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 |
| Compact Power Equipment Centers Inc. | 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 |
|---|---|--|---------------|----------------|----------------|
| Confie Seguros Holding II Co. (11) | Insurance Brokerage | LIBOR Plus 5.25%, Current Coupon 6.50%, Secured Debt (Maturity - November 9, 2018) (9) | 5,000 | 4,927 | 4,964 |
| Connolly Holdings Inc. (11) | 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 4,426 | 2,050 4,569 |
| Creative Circle, LLC (11) | Professional Staffing Firm | LIBOR Plus 6.00%, Current Coupon 7.25%, Secured Debt (Maturity - September 28, 2017) (9) | 9,938 | 9,840 | 9,840 |
| CST Industries (11) | Storage Tank Manufacturer | LIBOR Plus 6.25%, Current Coupon 7.75%, Secured Debt (Maturity - May 22, 2017) (9) | 12,188 | 12,022 | 12,110 |
| Diversified Machine, Inc. (11) | Automotive Component Supplier | LIBOR Plus 7.75%, Current Coupon 9.25%, Secured Debt (Maturity - December 21, 2017) (9) | 2,000 | 1,961 | 1,985 |
| Drilling Info, Inc. | Information Services for the Oil and Gas Industry | Common Stock (Fully diluted 2.3%) | | 1,335 | 5,769 |
| Dycom Investments, Inc. (11) (13) | Telecomm Construction & Engineering Providers | 7.13% Bond (Maturity - January 15, 2021) | 1,000 | 1,042 | 1,053 |
| Emerald Performance Materials, Inc. (11) | Specialty Chemicals Manufacturer | LIBOR Plus 5.50%, Current Coupon 6.75%, Secured Debt (Maturity - May 18, 2018) (9) | 4,490 | 4,451 | 4,512 |
| Engility Corporation (11) (13) | Defense Software | LIBOR Plus 4.50%, Current Coupon 5.75%, Secured Debt (Maturity - July 18, 2017) (9) | 8,000 | 7,928 | 7,930 |
| eResearch Technology, Inc. (11) | 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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| | | | | |
|--|---|---|-------|-------|
| EnCap Energy Fund Investments (12) (13) | 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 |
| Fairway Group Acquisition Company (11) | Retail Grocery | LIBOR Plus 6.75%, Current Coupon 8.25%, Secured Debt (Maturity - August 17, 2018) (9) | 3,990 | 3,933 |
| | | | | 4,030 |
| FC Operating, LLC (10) | 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 |
| FishNet Security, Inc. (11) | 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 |
| Flexera Software LLC (11) | Software Licensing | LIBOR Plus 9.75%, Current Coupon 11.00%, Secured Debt (Maturity - September 30, 2018) (9) | 3,000 | 2,789 |
| | | | | 3,053 |
| Fram Group Holdings, Inc. (11) | Manufacturer of Automotive Maintenance Products | LIBOR Plus 5.00%, Current Coupon 6.50%, Secured Debt (Maturity - July 29, 2017) (9) | 988 | 984 |
| | | LIBOR Plus 9.00%, Current Coupon 10.50%, Secured Debt (Maturity - January 29, 2018) (9) | 1,000 | 996 |
| | | | | 1,980 |
| | | | | 1,939 |

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| Portfolio Company (1) | Business Description | Type of Investment (2) (3) | Principal (4) | Cost (4) | Fair Value |
|--|---|---|---------------|----------|------------|
| GFA Brands, Inc. (11) (13) | 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 |
| GMACM Borrower LLC (11) | Mortgage Originator and Servicer | LIBOR Plus 6.00%, Current Coupon 7.25%, Secured Debt (Maturity - November 13, 2015) (9) | 1,000 | 987 | 1,011 |
| Grede Holdings, LLC (11) | 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 |
| Hayden Acquisition, LLC | Manufacturer of Utility Structures | 8% Secured Debt (Maturity - January 1, 2013) | 1,800 | 1,781 | |
| Hearthside Food Solutions, LLC (11) | Contract Food Manufacturer | LIBOR Plus 5.25%, Current Coupon 6.50%, Secured Debt (Maturity - June 5, 2018) (9) | 3,990 | 3,953 | 3,980 |
| Heckmann Corporation (11) (13) | Water Treatment and Disposal Services | 9.88% Bond (Maturity - April 15, 2018) | 3,500 | 3,500 | 3,588 |
| HOA Restaurant Group, LLC (11) | Casual Restaurant Group | 11.25% Bond (Maturity - April 1, 2017) | 2,000 | 2,000 | 1,810 |
| Hudson Products Holdings, Inc. (11) | 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 |
| Hupah Finance Inc. (11) | 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 |
| Il Fornaio Corporation (11) | Casual Restaurant Group | LIBOR Plus 5.25%, Current Coupon 6.50%, Secured Debt (Maturity - June 10, 2017) (9) | 1,822 | 1,815 | 1,836 |
| Insight Pharmaceuticals, LLC (11) | 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) | | | |
| Ipreo Holdings LLC (11) | 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 |
| iStar Financial Inc. (11) (13) | 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 |
| Ivy Hill Middle Market Credit Fund III, Ltd. (12) (13) | Investment Partnership | LIBOR Plus 6.50%, Current Coupon 6.71%, Secured Debt (Maturity - January 15, 2022) | 2,000 | 1,681 | 1,970 |
| Jackson Hewitt Tax Service Inc. (11) | Tax Preparation Services | LIBOR Plus 8.50%, Current Coupon 10.00%, Secured Debt (Maturity - October 15, 2017) (9) | 7,500 | 7,211 | 7,281 |
| Kadmon Pharmaceuticals, LLC (10) | 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 |
| Keypoint Government Solutions, Inc. (11) | 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 |
| Maverick Healthcare Group LLC (10) | 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 |
|--|--|---|---------------|-----------------------|-----------------------|
| Media Holdings, LLC (11) (13) | Internet Traffic Generator | LIBOR Plus 13.00%, Current Coupon 15.00%, Secured Debt (Maturity - April 27, 2014) (9) | 5,000 | 5,332 | 5,000 |
| Medpace Intermediateco, Inc. (11) | 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 |
| Metal Services LLC (11) | Steel Mill Services | LIBOR Plus 6.50%, Current Coupon 7.75%, Secured Debt (Maturity - June 30, 2017) (9) | 5,000 | 4,902 | 5,038 |
| Metals USA, Inc. (11) (13) | 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 |
| Milk Specialties Company (11) | 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 |
| Miramax Film NY, LLC (11) | Motion Picture Producer and Distributor | Class B Units (Fully diluted 0.2%) | | 500 | 576 |
| Mmodal, Inc. (11) | 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 |
| Modern VideoFilm, Inc. (10) | 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 |
| Mood Media Corporation (11) (13) | 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 |
| National Healing Corporation (11) | 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

| | | | | | |
|--|--|---|-------|-------|-------|
| National Vision, Inc. (11) | Discount Optical Retailer | LIBOR Plus 5.75%, Current Coupon 7.00%, Secured Debt (Maturity - August 2, 2018) (9) | 3,226 | 3,179 | 3,274 |
| NCI Building Systems, Inc. (11) | 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 |
| NCP Investment Holdings, Inc. | Management of Outpatient Cardiac Cath Labs | Class A and C Units (Fully diluted 3.3%) (8) | | 20 | 2,474 |
| NGPL PipeCo, LLC (11) | 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 |
| North American Breweries Holdings, LLC (11) | 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 |
| Northland Cable Television, Inc. (11) | Television Broadcasting | LIBOR Plus 6.00%, Current Coupon 7.75%, Secured Debt (Maturity - December 30, 2016) (9) | 4,812 | 4,710 | 4,692 |
| Oberthur Technologies SA (11) (13) | 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 |
| Oneida Ltd. (11) | 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 |
|--|--|---|---------------|----------|------------|
| Panolam Industries International, Inc. (11) | Decorative Laminate Manufacturer | LIBOR Plus 6.00%, Current Coupon 7.25%, Secured Debt (Maturity - August 23, 2017) (9) | 4,048 | 4,010 | 4,038 |
| Peppermill Casinos, Inc. (11) | 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 |
| Phillips Plastic Corporation (11) | 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 |
| Physician Oncology Services, L.P. (11) | 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 |
| PL Propylene LLC (11) (13) | Propylene Producer | LIBOR Plus 5.75%, Current Coupon 7.00%, Secured Debt (Maturity - March 27, 2017) (9) | 3,970 | 3,901 | 4,035 |
| Preferred Proppants, LLC (11) | 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 |
| ProQuest LLC (11) | Academic Research Portal | LIBOR Plus 4.75%, Current Coupon 6.00%, Secured Debt (Maturity - April 13, 2018) (9) | 4,963 | 4,918 | 4,997 |
| PRV Aerospace, LLC (11) | Aircraft Equipment Manufacturer | LIBOR Plus 5.25%, Current Coupon 6.50%, Secured Debt (Maturity - May 9, 2018) (9) | 5,972 | 5,917 | 5,987 |
| Radio One, Inc. (11) | Radio Broadcasting | LIBOR Plus 6.00%, Current Coupon 7.50%, Secured Debt (Maturity - March 31, 2016) (9) | 2,932 | 2,891 | 2,983 |
| Relativity Media, LLC (10) | Full-scale Film and Television Production and Distribution | 10.00% Secured Debt (Maturity - May 24, 2015) | 4,904 | 4,825 | 5,087 |
| | | 15.00% PIK Secured Debt (Maturity - May 24, 2015) | 5,477 | 5,214 | 5,294 |
| | | Class A Units (Fully diluted 0.2%) | | 292 | 292 |
| | | | | 10,331 | 10,673 |

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| | | | | | |
|---|--|--|--------|----------------|----------------|
| Sabre Industries, Inc. (11) | 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 |
| Shale-Inland Holdings, LLC (11) | Distributor of Pipe, Valves, and Fittings | 8.75% Bond (Maturity - November 15, 2019) | 3,000 | 3,000 | 3,143 |
| Sonneborn, LLC (11) | Specialty Chemicals Manufacturer | LIBOR Plus 5.00%, Current Coupon 6.50%, Secured Debt (Maturity - March 30, 2018) (9) | 2,978 | 2,924 | 3,030 |
| Sourcehov LLC (11) | 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 |
| Surgery Center Holdings, Inc. (11) | Ambulatory Surgical Centers | LIBOR Plus 5.00%, Current Coupon 6.50%, Secured Debt (Maturity - February 6, 2017) (9) | 4,881 | 4,863 | 4,857 |
| 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) | 11,050 | 12,776 235 | 12,776 235 |
| | | Warrants (Fully diluted 0.1%) | | 13,011 | 13,011 |
| Totes Isotoner Corporation (11) | Weather Accessory Retail | LIBOR Plus 5.75%, Current Coupon 7.25%, Secured Debt (Maturity - July 7, 2017) (9) | 4,717 | 4,642 | 4,729 |
| TriNet HR Corporation (11) (13) | 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 |
|--|--|--|----------------|-------------------------|-------------------------|
| 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) | 4,379 | 4,268 | 4,308 |
| Universal Fiber Systems, LLC (10) | 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 |
| US Xpress Enterprises, Inc. (11) | Truckload Carrier | LIBOR Plus 7.50%, Current Coupon 9.00%, Secured Debt (Maturity - November 13, 2016) (9) | 6,500 | 6,374 | 6,484 |
| Vantage Specialties, Inc. (11) | 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 |
| VFH Parent LLC (11) | 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 |
| Visant Corporation (11) | School Affinity Stores | LIBOR Plus 4.00%, Current Coupon 5.25%, Secured Debt (Maturity - December 22, 2016) (9) | 3,923 | 3,923 | 3,575 |
| Vision Solutions, Inc. (11) | 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 |
| Walter Investment Management Corp. (11) (13) | Real Estate Services | LIBOR Plus 4.50%, Current Coupon 5.75%, Secured Debt (Maturity - November 28, 2017) (9) | 2,469 | 2,444 | 2,484 |
| Western Dental Services, Inc. (11) | Dental Care Services | LIBOR Plus 7.00%, Current Coupon 8.25%, Secured Debt (Maturity - November 1, 2018) (9) | 5,000 | 4,853 | 4,894 |
| Wilton Brands LLC (11) | | | | | |

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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 |
| Wireco Worldgroup Inc. (11) | 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 |
| WP CPP Holdings, LLC (11) | 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 |
| Zilliant Incorporated | 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 |
| Subtotal Non-Control/Non-Affiliate Investments (49.1% of total investments at fair value) | | | | 456,975 | 467,543 |
| Main Street Capital Partners, LLC (Investment Manager) | Asset Management | 100% of Membership Interests | | 2,668 | |
| Total Portfolio Investments, December 31, 2012 | | | | 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 |
|--|--|--|---------------|------------|------------|
| Marketable Securities and Idle Funds Investments | | | | | |
| | Investments in Marketable Securities and Diversified, Registered Bond Funds | | | | |
| Ceridian Corporation (13) | | LIBOR Plus 5.75%, Current Coupon 5.96%, Secured Debt (Maturity - May 9, 2017) | 10,000 | 10,025 | 10,013 |
| Compass Investors Inc. (13) | | LIBOR Plus 4.00%, Current Coupon 5.25%, Secured Debt (Maturity - December 27, 2019) (9) | 7,000 | 7,005 | 6,994 |
| First Data Corporation (13) | | LIBOR Plus 4.00%, Current Coupon 4.21%, Secured Debt (Maturity - March 23, 2018) | 5,000 | 4,763 | 4,767 |
| Toll Road Investors Partnership II, LP Bond (13) | | Zero Coupon Bond (Maturity - February 15, 2033) | 7,500 | 1,742 | 1,834 |
| Univision Communications Inc. (13) | | LIBOR Plus 4.25%, Current Coupon 4.46%, Secured Debt (Maturity - March 31, 2017) | 5,000 | 4,934 | 4,927 |
| Subtotal Marketable Securities and Idle Funds Investments (3.0% of total investments at fair value) | | | | 28,469 | 28,535 |
| Total Investments, December 31, 2012 | | | | \$ 848,202 | \$ 952,966 |

- (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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| | | | | | |
|---------------------------|----|---------|--------------------|---------------|-------|
| Total Level 3 investments | \$ | 697,631 | Adjustment factors | 0.0% - 100.0% | 99.5% |
|---------------------------|----|---------|--------------------|---------------|-------|

- (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 Unrealized to Realized | Net Unrealized Appreciation (Depreciation) | Other | Fair Value as of March 31, 2013 |
|--------------------|------------------------------------|----------------------------------|--------------------------------|-----------------|---|--|----------|---------------------------------|
| 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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| Cost: | March 31, 2013 | December 31, 2012 |
|------------------|-----------------------|--------------------------|
| 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% |

| Fair Value: | March 31, 2013 | December 31, 2012 |
|--------------------|-----------------------|--------------------------|
| 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.

| Cost: | March 31, 2013 | December 31, 2012 |
|-------------------|-----------------------|--------------------------|
| 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% |

| Fair Value: | March 31, 2013 | December 31, 2012 |
|--------------------|-----------------------|--------------------------|
| 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, 2013 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 |
| Total assets | \$ | 13,244 | \$ 17,657 |
| Accounts payable and accrued liabilities | \$ | 1,410 | \$ 5,483 |
| Equity | | 11,834 | 12,174 |
| Total liabilities and equity | \$ | 13,244 | \$ 17,657 |

| | Three Months Ended March 31, 2013 | (in thousands) (Unaudited) | 2012 |
|---|--------------------------------------|-------------------------------|----------|
| Management fee income from Main Street Capital II | \$ | 776 | \$ 618 |
| Other management advisory fees | | | 56 |
| Total income | | 776 | 674 |
| 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 |
| Total net expenses | | (1,116) | (986) |
| Net Loss | \$ | (340) | \$ (312) |

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

| | Three Months Ended March 31, | |
|--|-------------------------------------|-------------|
| | 2013 | 2012 |
| Per Share Data: | | |
| 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 |

-
- (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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| | Three Months Ended March 31, | |
|---|------------------------------------|------------|
| | 2013 | 2012 |
| | (in thousands, except percentages) | |
| 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)