

Main Street Capital CORP
Form 10-Q
May 06, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2011

OR

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

For the transition period from: to

Commission File Number: 001-33723

Main Street Capital Corporation

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of incorporation or organization)

41-2230745

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

1300 Post Oak Boulevard, Suite 800

Houston, TX

(Address of principal executive offices)

77056

(Zip Code)

(713) 350-6000

(Registrant's telephone number including area code)

n/a

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

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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

The number of shares outstanding of the issuer's common stock as of May 4, 2011 was 22,986,873.

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	March 31, 2011	December 31, 2010
	(Unaudited)	
ASSETS		
Portfolio investments at fair value:		
Control investments (cost: \$189,560,249 and \$161,009,443 as of March 31, 2011 and December 31, 2010, respectively)	\$ 204,890,251	\$ 174,596,394
Affiliate investments (cost: \$68,681,860 and \$65,650,789 as of March 31, 2011 and December 31, 2010, respectively)	84,810,550	80,206,804
Non-Control/Non-Affiliate investments (cost: \$99,475,430 and \$91,911,304 as of March 31, 2011 and December 31, 2010, respectively)	100,815,305	91,956,221
Investment in affiliated Investment Manager (cost: \$4,284,042 as of March 31, 2011 and December 31, 2010)	2,010,349	2,051,655
Total portfolio investments (cost: \$362,001,581 and \$322,855,578 as of March 31, 2011 and December 31, 2010, respectively)	392,526,455	348,811,074
Marketable securities and idle funds investments (cost: \$97,854,377 and \$67,970,907 as of March 31, 2011 and December 31, 2010, respectively)	98,751,072	68,752,858
Total investments (cost: \$459,855,958 and \$390,826,485 as of March 31, 2011 and December 31, 2010, respectively)	491,277,527	417,563,932
Cash and cash equivalents	29,064,271	22,334,340
Deferred tax asset	808,186	1,958,593
Interest receivable and other assets	5,180,003	4,523,792
Deferred financing costs (net of accumulated amortization of \$1,650,229 and \$1,504,584 as of March 31, 2011 and December 31, 2010, respectively)	3,485,980	2,543,645
Total assets	\$ 529,815,967	\$ 448,924,302
LIABILITIES		
SBIC debentures (par: \$210,000,000 and \$180,000,000 as of March 31, 2011 and December 31, 2010, respectively; of which \$70,519,343 and \$70,557,975 are recorded at fair value as of March 31, 2011 and December 31, 2010, respectively)	\$ 185,519,343	\$ 155,557,975
Credit facility	15,000,000	39,000,000
Interest payable	862,547	3,194,870
Dividend payable	2,183,176	
Payable to affiliated Investment Manager	1,168,697	15,124
Accounts payable and other liabilities	1,731,819	1,173,295

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Total liabilities	206,465,582	198,941,264
Commitments and contingencies		
NET ASSETS		
Common stock, \$0.01 par value per share (150,000,000 shares authorized; 22,947,566 and 18,797,444 issued and outstanding as of March 31, 2011 and December 31, 2010, respectively)	229,476	187,975
Additional paid-in capital	297,646,519	224,485,165
Accumulated net investment income	6,605,872	9,261,405
Accumulated net realized loss from investments	(20,541,897)	(20,541,897)
Net unrealized appreciation, net of income taxes	35,072,245	32,141,997
Total Net Asset Value	319,012,215	245,534,645
Noncontrolling interest	4,338,170	4,448,393
Total net assets including noncontrolling interests	323,350,385	249,983,038
Total liabilities and net assets	\$ 529,815,967	\$ 448,924,302
NET ASSET VALUE PER SHARE	\$ 13.90	\$ 13.06

The accompanying notes are an integral part of these financial statements

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MAIN STREET CAPITAL CORPORATION

Consolidated Statements of Operations

(Unaudited)

	Three Months Ended March 31,	
	2011	2010
INVESTMENT INCOME:		
Interest, fee and dividend income:		
Control investments	\$ 5,649,762	\$ 3,595,308
Affiliate investments	2,146,419	1,808,613
Non-Control/Non-Affiliate investments	3,331,109	863,396
Total interest, fee and dividend income	11,127,290	6,267,317
Interest from marketable securities, idle funds and other	2,247,282	825,522
Total investment income	13,374,572	7,092,839
EXPENSES:		
Interest	(2,902,205)	(1,993,237)
General and administrative	(507,182)	(425,704)
Expenses reimbursed to affiliated Investment Manager	(2,129,806)	(1,152,187)
Share-based compensation	(442,897)	(301,458)
Total expenses	(5,982,090)	(3,872,586)
NET INVESTMENT INCOME	7,392,482	3,220,253
NET REALIZED GAIN (LOSS) FROM INVESTMENTS:		
Control investments		(4,020,918)
Marketable securities and idle funds investments		(39,539)
Total net realized gain (loss) from investments		(4,060,457)
NET REALIZED INCOME (LOSS)	7,392,482	(840,204)
NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION):		
Portfolio investments	4,018,584	5,114,659
Marketable securities and idle funds investments	114,743	253,304
SBIC debentures	38,632	281,193
Investment in affiliated Investment Manager	(41,306)	(145,079)
Total net change in unrealized appreciation	4,130,653	5,504,077
Income tax provision	(1,200,405)	(384,574)
Bargain purchase gain		4,890,582
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	10,322,730	9,169,881
Noncontrolling interest		(113,336)
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO COMMON STOCK	\$ 10,322,730	\$ 9,056,545
NET INVESTMENT INCOME PER SHARE - BASIC AND DILUTED	\$ 0.38	\$ 0.22
NET REALIZED INCOME (LOSS) PER SHARE - BASIC AND DILUTED	\$ 0.38	\$ (0.06)
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO COMMON STOCK PER SHARE - BASIC AND DILUTED	\$ 0.54	\$ 0.63
DIVIDENDS PAID PER SHARE	\$ 0.38	\$ 0.38
WEIGHTED AVERAGE SHARES OUTSTANDING - BASIC AND DILUTED	19,217,690	14,356,785

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MAIN STREET CAPITAL CORPORATION

Consolidated Statements of Changes in Net Assets

(Unaudited)

	Common Stock Number of Shares	Par Value	Additional Paid-In Capital	Accumulated Net Investment Income	Accumulated Net Realized Loss From Investments	Net Unrealized Appreciation from Investments, Net of Income Taxes	Total Net Asset Value	Noncontrolling Interest	Noncontrolling Interest	Total Net Assets Including Interest
Balances at December 31, 2009	10,842,447	\$ 108,425	\$ 123,534,156	\$ 7,269,866	\$ (15,922,020)	\$ 14,669,704	\$ 129,660,131	\$	\$	\$ 129,660,131
MSC II exchange offer and related transactions	1,239,695	12,397	19,921,899	4,890,582			24,824,878	3,396,005		28,220,883
Public offering of common stock, net of offering costs	2,875,000	28,750	40,127,248				40,155,998			40,155,998
Share-based compensation			301,458				301,458			301,458
Dividend reinvestment	125,600	1,255	1,848,073				1,849,328			1,849,328
Adjustment to investment in Investment Manager related to the MSC II Exchange Offer			(13,715,958)				(13,715,958)			(13,715,958)
Dividends to stockholders				(6,993,777)			(6,993,777)			(6,993,777)
Net increase resulting from operations				3,220,253	(4,060,457)	5,119,503	4,279,299			4,279,299
Noncontrolling interest						(113,336)	(113,336)	113,336		
Balances at March 31, 2010	15,082,742	\$ 150,827	\$ 172,016,876	\$ 8,386,924	\$ (19,982,477)	\$ 19,675,871	\$ 180,248,021	\$ 3,509,341	\$	\$ 183,757,362
Balances at December 31, 2010	18,797,444	\$ 187,975	\$ 224,485,165	\$ 9,261,405	\$ (20,541,897)	\$ 32,141,997	\$ 245,534,645	\$ 4,448,393	\$	\$ 249,983,038
Public offering of common stock, net of offering costs	4,025,000	40,250	70,309,656				70,349,906			70,349,906
Share-based compensation			442,897				442,897			442,897
Dividend reinvestment	125,122	1,251	2,408,801				2,410,052			2,410,052
Distributions to noncontrolling interest								(110,223)		(110,223)
Dividends to stockholders				(10,048,015)			(10,048,015)			(10,048,015)
Net increase resulting from operations				7,392,482		2,930,248	10,322,730			10,322,730

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Balances at																	
March 31, 2011	22,947,566	\$	229,476	\$	297,646,519	\$	6,605,872	\$	(20,541,897)	\$	35,072,245	\$	319,012,215	\$	4,338,170	\$	323,350,385

The accompanying notes are an integral part of these financial statements

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MAIN STREET CAPITAL CORPORATION

Consolidated Statements of Cash Flows

(Unaudited)

	Three Months Ended March 31,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net increase in net assets resulting from operations	\$ 10,322,730	\$ 9,169,881
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities:		
Net change in unrealized appreciation	(4,130,653)	(5,504,077)
Net realized loss from investments		4,060,457
Bargain purchase gain		(4,890,582)
Accretion of unearned income	(1,556,366)	(596,182)
Net payment-in-kind interest accrual	(946,888)	(201,775)
Share-based compensation expense	442,897	301,458
Amortization of deferred financing costs	145,645	97,688
Deferred taxes	1,150,407	301,992
Changes in other assets and liabilities:		
Interest receivable and other assets	(1,206,211)	(835,521)
Interest payable	(2,332,323)	(1,776,121)
Payable to affiliated Investment Manager	1,153,573	12,060
Accounts payable and other liabilities	558,524	(38,199)
Deferred fees and other	524,000	73,140
Net cash provided by operating activities	4,125,335	174,219
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in portfolio companies	(43,949,652)	(18,528,902)
Cash acquired in MSC II exchange offer		2,489,920
Investments in marketable securities and idle funds investments	(39,349,266)	(25,939,696)
Proceeds from marketable securities and idle funds investments	10,103,821	3,596,689
Principal payments received on loans and debt securities	6,102,777	1,266,386
Net cash used in investing activities	(67,092,320)	(37,115,603)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from public offering of common stock, net of offering costs	70,349,906	40,155,998
Distributions to noncontrolling interest	(110,223)	
Dividends paid to stockholders	(4,654,787)	(3,259,120)
Net change in DRIP deposit	(800,000)	
Proceeds from issuance of SBIC debentures	30,000,000	
Proceeds from credit facility	41,000,000	18,150,000
Repayments on credit facility	(65,000,000)	(16,050,000)
Payment of deferred loan costs and SBIC debenture fees	(1,087,980)	(10,310)
Net cash provided by financing activities	69,696,916	38,986,568
Net increase in cash and cash equivalents	6,729,931	2,045,184
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	22,334,340	30,619,998
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 29,064,271	\$ 32,665,182

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, 2011

(Unaudited)

Portfolio Company/Type of Investment (1) (2)	Industry	Principal (6)	Cost (6)	Fair Value
<u>Control Investments (3)</u>				
Café Brazil, LLC	Casual Restaurant Group			
12% Secured Debt (Maturity - April 20, 2013)		1,900,000	1,897,680	1,900,000
Member Units (7) (Fully diluted 41.0%)			41,837	2,470,000
			1,939,517	4,370,000
California Healthcare Medical Billing, Inc.	Healthcare Billing and Records Management			
12% Secured Debt (Maturity - October 17, 2015)		7,303,000	6,908,889	7,222,715
Warrants (Fully diluted 20.4%)			1,193,333	3,380,333
Common Stock (Fully diluted 9.7%)			1,176,667	1,390,000
			9,278,889	11,993,048
CBT Nuggets, LLC	Produces and Sells IT Certification Training Videos			
10% Secured Debt (Maturity - March 31, 2012)		375,000	375,000	375,000
14% Secured Debt (Maturity - December 31, 2013)		2,800,000	2,794,927	2,794,927
Member Units (7) (Fully diluted 40.8%)			1,299,520	3,870,000
			4,469,447	7,039,927
Ceres Management, LLC (Lambs)	Aftermarket Automotive Services Chain			
14% Secured Debt (Maturity - May 31, 2013)		4,000,000	3,967,689	3,967,689
9.5% Secured Debt (Lamb's Real Estate Investment I, LLC) (Maturity - August 31, 2014)		1,225,000	1,225,000	1,225,000
Class B Member Units (7) (15% cumulative) (Non-voting)			2,173,204	2,173,204
Member Units (Fully diluted 70%)			1,813,333	860,000
Member Units (7) (Lamb's Real Estate Investment I, LLC) (Fully diluted 100%)			625,000	625,000
			9,804,226	8,850,893
Condit Exhibits, LLC	Tradeshaw Exhibits / Custom Displays			
9% Current / 9% PIK Secured Debt (Maturity - July 1, 2013)		4,660,948	4,622,987	4,622,987
Warrants (Fully diluted 47.9%)			320,000	100,000
			4,942,987	4,722,987
Currie Acquisitions, LLC	Consumer Products			
12% Secured Debt (Maturity - March 1, 2015)		4,750,000	4,004,722	4,004,722
Warrants (Fully diluted 47.3%)			2,566,204	2,050,204
			6,570,926	6,054,926
Gulf Manufacturing, LLC	Industrial Metal Fabrication			
8% Secured Debt (Maturity - August 31, 2014)		3,620,000	3,620,000	3,620,000
13% Secured Debt (Maturity - August 31, 2014)		1,680,000	1,619,597	1,641,017
9% PIK Secured Debt (Maturity - June 30, 2017)		1,420,784	1,420,784	1,420,784
Member Units (7) (Fully diluted 34.2%)			2,979,813	6,890,000
			9,640,194	13,571,801

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Harrison Hydra-Gen, Ltd.		Manufacturer of Hydraulic Generators		
12% Secured Debt (Maturity - June 4, 2015)		6,000,000	5,284,650	5,284,650
Preferred stock (7) (8% cumulative)			1,020,000	1,020,000
Warrants (Fully diluted 35.2%)			717,640	717,640
			7,022,290	7,022,290
Hawthorne Customs & Dispatch Services, LLC		Transportation/ Logistics		
Member Units (7) (Fully diluted 59.1%)			692,500	1,250,000
Member Units (Wallisville Real Estate, LLC) (7) (Fully diluted 59.1%)			1,214,784	1,214,784
			1,907,284	2,464,784
Hydratec, Inc.		Agricultural Services		
Common Stock (Fully diluted 92.5%)			7,088,911	10,163,911
Indianapolis Aviation Partners, LLC		FBO / Aviation Support Services		
12% Secured Debt (Maturity - September 15, 2014)		4,500,000	4,158,875	4,350,000
Warrants (Fully diluted 30.1%)			1,129,286	1,270,286
			5,288,161	5,620,286

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MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2011

(Unaudited)

Portfolio Company/Type of Investment (1) (2)	Industry	Principal (6)	Cost (6)	Fair Value
<u>Control Investments (3)</u>				
Jensen Jewelers of Idaho, LLC	Retail Jewelry			
Prime Plus 2% Secured Debt (Maturity - November 14, 2011)		2,260,000	2,257,523	2,260,000
13% Current / 6% PIK Secured Debt (Maturity - November 14, 2011)		2,344,897	2,341,580	2,344,897
Member Units (7) (Fully diluted 60.8%)			811,000	1,410,000
			5,410,103	6,014,897
Mid-Columbia Lumber Products, LLC	Specialized Lumber Products			
10% Secured Debt (Maturity - April 1, 2012)		1,250,000	1,250,000	1,250,000
12% Secured Debt (Maturity - December 18, 2011)		3,900,000	3,855,995	3,900,000
9.5% Secured Debt (Mid - Columbia Real Estate, LLC) (Maturity - May 13, 2025)		1,096,100	1,096,100	1,096,100
Warrants (Fully diluted 25.5%)			250,000	670,000
Member Units (Fully diluted 26.7%)			500,000	700,000
Member Units (Mid - Columbia Real Estate, LLC) (Fully diluted 50.0%)			250,000	250,000
			7,202,095	7,866,100
NAPCO Precast, LLC	Precast Concrete Manufacturing			
18% Secured Debt (Maturity - February 1, 2013)		5,923,077	5,866,633	5,923,077
Prime Plus 2% Secured Debt (Maturity - February 1, 2013) (8)		3,384,615	3,370,363	3,384,615
Member Units (7) (Fully diluted 35.3%)			2,020,000	4,230,000
			11,256,996	13,537,692
NTS Holdings, Inc.	Trench & Traffic Safety Equipment			
12% Secured Debt (Maturity - April 30, 2015)		6,000,000	5,965,537	5,965,537
Preferred stock (7) (12% cumulative)			10,936,831	10,936,831
Common Stock (7) (Fully diluted 72.3%)			1,621,255	776,000
			18,523,623	17,678,368
OMi Holdings, Inc.	Manufacturer of Overhead Cranes			
12% Secured Debt (Maturity - April 1, 2013)		9,970,000	9,923,076	9,923,076
Common Stock (Fully diluted 48.0%)			1,080,000	560,000
			11,003,076	10,483,076
Pegasus Research Group, LLC (Televerde)	Telemarketing and Data Services			
13% Current / 3% PIK Secured Debt (Maturity - January 6, 2016)		6,294,271	6,210,552	6,210,552
Member Units (7) (Fully diluted 43.7%)			1,250,000	1,250,000
			7,460,552	7,460,552
PPL RVs, Inc.	Recreational Vehicle Parts and Consignment			
18% Secured Debt (Maturity - June 10, 2015)		6,250,000	6,168,168	6,168,168
Member Units (Fully diluted 50.1%)			2,150,000	2,280,000

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		8,318,168	8,448,168
Principle Environmental, LLC	Noise Abatement Products/Services		
12% Secured Debt (Maturity - February 1, 2016)		5,500,000	4,228,966
Warrants (Fully diluted 15%)			1,200,000
Member Units (7) (Fully diluted 25%)			2,000,000
		7,428,966	7,428,966
River Aggregates, LLC	Construction Aggregates		
12% Secured Debt (Maturity - March 30, 2016)		3,500,000	3,307,500
Warrants (Fully diluted 10%)			122,500
Member Units (7) (Fully diluted 45%)			550,000
		3,980,000	3,980,000
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)		513,250	507,320
6% Current / 6% PIK Secured Debt (Maturity October 2, 2013)		5,176,667	5,023,558
Warrants (Fully diluted 47.1%)			895,943
		6,426,821	5,720,878

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MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2011

(Unaudited)

Portfolio Company/Type of Investment (1) (2)	Industry	Principal (6)	Cost (6)	Fair Value
Control Investments (3)				
Thermal & Mechanical Equipment, LLC	Heat Exchange / Filtration Products and Services			
Prime Plus 2% Secured Debt (Maturity - September 25, 2014) (8)		1,415,540	1,407,261	1,407,261
13% Current / 5% PIK Secured Debt (Maturity - September 25, 2014)		4,509,680	4,452,583	4,509,680
Member Units (Fully diluted 50.0%)			1,000,000	2,680,000
			6,859,844	8,596,941
Uvalco Supply, LLC	Farm and Ranch Supply			
Member Units (Fully diluted 42.8%) (7)			1,113,243	1,940,000
Van Gilder Insurance Corporation	Manufacturer/Installer of Commercial Signage			
8% Secured Debt (Maturity - January 31, 2016)		1,972,336	1,943,632	1,943,632
13% Secured Debt (Maturity - January 31, 2016)		6,150,000	4,864,029	4,864,029
Warrants (Fully diluted 10%)			1,208,643	1,208,643
Common Stock (Fully diluted 15.51%)			2,499,876	2,499,876
			10,516,180	10,516,180
Vision Interests, Inc.	Manufacturer/Installer of Commercial Signage			
6.5% Current /6.5% PIK Secured Debt (Maturity - June 5, 2012)		9,400,000	8,424,811	6,322,651
6.5% Current /6.5% PIK Secured Debt (Maturity - June 5, 2016)		760,000	740,587	740,587
Warrants (Fully diluted 38.2%)			160,010	
Common Stock (Fully diluted 22.3%)			372,000	
			9,697,408	7,063,238
Ziegler s NYPD, LLC	Casual Restaurant Group			
Prime Plus 2% Secured Debt (Maturity - October 1, 2013) (8)		1,000,000	994,427	994,427
13% Current / 5% PIK Secured Debt (Maturity - October 1, 2013)		4,862,083	4,815,915	4,815,915
Warrants (Fully diluted 46.6%)			600,000	470,000
			6,410,342	6,280,342
Subtotal Control Investments			189,560,249	204,890,251

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MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2011

(Unaudited)

Portfolio Company/Type of Investment (1) (2)	Industry	Principal (6)	Cost (6)	Fair Value
<u>Affiliate Investments (4)</u>				
American Sensor Technologies, Inc.	Manufacturer of Commercial/Industrial Sensors			
9% Secured Debt (Maturity - May 31, 2012)		3,547,783	3,529,283	3,529,283
Warrants (Fully diluted 19.6%)			49,990	2,080,000
			3,579,273	5,609,283
Audio Messaging Solutions, LLC	Audio Messaging Services			
12% Secured Debt (Maturity - May 8, 2014)		7,644,000	7,322,388	7,371,597
Warrants (Fully diluted 8.4%)			468,373	1,280,000
			7,790,761	8,651,597
Compact Power Equipment Centers LLC	Light to Medium Duty Equipment Rental			
6% Current / 6% PIK Secured Debt (Maturity - December 30, 2014)		2,727,564	2,700,572	2,700,572
Series A Member Units (7) (8% cumulative) (Non-voting)			793,651	793,651
Member Units (Fully diluted 11.5%)			1,147	1,147
			3,495,370	3,495,370
DrillingInfo, Inc.	Information Services for the Oil and Gas Industry			
12% Secured Debt (Maturity - November 20, 2014)		8,000,000	6,887,024	7,770,000
Warrants (Fully diluted 5.0%)			1,250,000	4,510,000
Common Stock (Fully diluted 2.1%)			1,085,325	2,070,325
			9,222,349	14,350,325
East Teak Fine Hardwoods, Inc.	Hardwood Products			
Common Stock (Fully diluted 5.0%)			480,318	330,000
Houston Plating & Coatings, LLC	Plating & Industrial Coating Services			
Prime Plus 2% Debt (Maturity - July 18, 2013)		300,000	300,000	300,000
Member Units (7) (Fully diluted 11.1%)			335,000	3,205,000
			635,000	3,505,000
IRTH Holdings, LLC	Utility Technology Services			
12% Secured Debt (Maturity - December 29, 2015)		6,000,000	5,895,114	5,895,114
Member Units (Fully diluted 22.3%)			850,000	850,000
			6,745,114	6,745,114
KBK Industries, LLC	Specialty Manufacturer of Oilfield and Industrial Products			
14% Secured Debt (Maturity - January 23, 2014)		5,250,000	5,250,000	5,250,000
10% Secured Debt (Maturity - March 31, 2012)		389,940	389,940	389,940
Member Units (7) (Fully diluted 18.8%)			340,833	2,010,333
			5,980,773	7,650,273
Laurus Healthcare, LP	Healthcare Facilities / Services			

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10% Secured Debt (Maturity - December 31, 2011)	750,000	750,000	750,000
13% Secured Debt (Maturity - December 31, 2011)	350,000	350,000	350,000
13% Secured Debt (Maturity - May 7, 2012)	2,275,000	2,275,000	2,275,000
Class A and C Units (7) (Fully diluted 13.1%)		79,505	5,070,000
		3,454,505	8,445,000

Lighting Unlimited, LLC

Commercial and Residential Lighting
Products and Design Services

Prime Plus 1% Secured Debt (Maturity - August 22, 2012) (8)	849,996	847,314	847,314
14% Secured Debt (Maturity - August 22, 2012)	1,760,101	1,728,285	1,478,285
Warrants (Fully diluted 17.0%)		54,000	
		2,629,599	2,325,599

Merrick Systems, Inc.

Software and Information Technology

13% Secured Debt (Maturity - May 5, 2015)	3,000,000	2,558,765	2,558,765
Warrants (Fully diluted 6.5%)		450,000	650,000
		3,008,765	3,208,765

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MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2011

(Unaudited)

Portfolio Company/Type of Investment (1) (2)	Industry	Principal (6)	Cost (6)	Fair Value
<u>Affiliate Investments (4)</u>				
Olympus Building Services, Inc.	Custodial/Facilities Services			
12% Secured Debt (Maturity - March 27, 2014)		3,150,000	2,938,384	3,050,000
12% Current / 3% PIK Secured Debt (Maturity - March 27, 2014)		991,380	991,381	991,381
Warrants (Fully diluted 22.5%)			470,000	930,000
			4,399,765	4,971,381
OPI International Ltd.				
	Oil and Gas Construction Services			
12% Secured Debt (Maturity - November 30, 2015)		11,000,000	10,804,330	10,804,330
12% Secured Debt (Maturity - November 30, 2015)		750,000	252,288	252,288
Common Stock (Fully diluted 8.0%)			500,000	500,000
			11,556,618	11,556,618
Schneider Sales Management, LLC				
	Sales Consulting and Training			
13% Secured Debt (Maturity - October 15, 2013)		3,367,542	3,289,127	500,000
Warrants (Fully diluted 20.0%)			45,000	
			3,334,127	500,000
Walden Smokey Point, Inc.				
	Specialty Transportation			
Common Stock (Fully diluted 12.6%)			1,426,667	2,820,000
WorldCall, Inc.				
	Telecommunication/Information Services			
13% Secured Debt (Maturity - April 22, 2011)		646,225	646,225	646,225
Common Stock (Fully diluted 10%)			296,631	
			942,856	646,225
Subtotal Affiliate Investments			68,681,860	84,810,550

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MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2011

(Unaudited)

Portfolio Company/Type of Investment (1) (2)	Industry	Principal (6)	Cost (6)	Fair Value
<u>Non-Control/Non-Affiliate Investments (5)</u>				
Affinity Videonet, Inc.	Videoconferencing Services			
13% Secured Debt (Maturity - December 31, 2015)		2,000,000	1,892,383	1,892,383
13% Current / 1% PIK Secured Debt (Maturity - December 31, 2015)		1,700,000	1,695,809	1,695,809
Warrants (Fully diluted 2.5%)			62,500	62,500
			3,650,692	3,650,692