

Main Street Capital CORP
Form 10-Q
November 06, 2015

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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 September 30, 2015

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, 8th floor
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 ☐

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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 November 6, 2015 was 50,130,534.

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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Balance Sheets****(in thousands, except shares and per share amounts)**

	September 30, 2015	December 31, 2014
	(Unaudited)	
ASSETS		
Portfolio investments at fair value:		
Control investments (cost: \$402,302 and \$342,847 as of September 30, 2015 and December 31, 2014, respectively)	\$ 568,025	\$ 469,846
Affiliate investments (cost: \$312,016 and \$266,243 as of September 30, 2015 and December 31, 2014, respectively)	322,497	278,675
Non-Control/Non-Affiliate investments (cost: \$1,008,980 and \$832,312 as of September 30, 2015 and December 31, 2014, respectively)	976,912	814,809
Total portfolio investments (cost: \$1,723,298 and \$1,441,402 as of September 30, 2015 and December 31, 2014, respectively)	1,867,434	1,563,330
Marketable securities and idle funds investments (cost: \$6,641 and \$10,604 as of September 30, 2015 and December 31, 2014, respectively)	4,583	9,067
Total investments (cost: \$1,729,939 and \$1,452,006 as of September 30, 2015 and December 31, 2014, respectively)	1,872,017	1,572,397
Cash and cash equivalents	35,295	60,432
Interest receivable and other assets	27,031	23,273
Receivable for securities sold	8,245	23,133
Deferred financing costs (net of accumulated amortization of \$8,324 and \$6,462 as of September 30, 2015 and December 31, 2014, respectively)	12,779	14,550
Total assets	\$ 1,955,367	\$ 1,693,785
LIABILITIES		
Credit facility	\$ 346,000	\$ 218,000
SBIC debentures (par: \$225,000 as of September 30, 2015 and December 31, 2014, par of \$75,200 is recorded at a fair value of \$73,804 and \$72,981 as of September 30, 2015 and December 31, 2014, respectively)	223,604	222,781
4.50% Notes	175,000	175,000
6.125% Notes	90,740	90,823
Payable for securities purchased	5,453	14,773
Deferred tax liability, net	663	9,214
Dividend payable	9,014	7,663
Accounts payable and other liabilities	8,917	10,701
Interest payable	4,995	4,848
Total liabilities	864,386	753,803
Commitments and contingencies (Note M)		
NET ASSETS		
Common stock, \$0.01 par value per share (150,000,000 shares authorized; 50,079,178 and 45,079,150 shares issued and outstanding as of September 30, 2015 and December 31, 2014, respectively)	500	451
Additional paid-in capital	998,123	853,606
Accumulated net investment income, net of cumulative dividends of \$382,083 and \$293,789 as of September 30, 2015 and December 31, 2014, respectively	13,927	23,665
Accumulated net realized gain from investments (accumulated net realized gain from investments of \$31,284 before cumulative dividends of \$62,945 as of September 30, 2015 and accumulated net realized gain from investments of \$40,321 before cumulative dividends of \$60,777 as of December 31, 2014)	(31,661)	(20,456)

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Net unrealized appreciation, net of income taxes	110,092	82,716
Total net assets	1,090,981	939,982
Total liabilities and net assets	\$ 1,955,367	\$ 1,693,785
 NET ASSET VALUE PER SHARE	 \$ 21.79	 \$ 20.85

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 shares and per share amounts)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
INVESTMENT INCOME:				
Interest, fee and dividend income:				
Control investments	\$ 13,437	\$ 9,705	\$ 36,264	\$ 29,547
Affiliate investments	6,852	6,687	19,862	18,412
Non-Control/Non-Affiliate investments	22,090	19,839	64,124	53,488
Interest, fee and dividend income	42,379	36,231	120,250	101,447
Interest, fee and dividend income from marketable securities and idle funds investments	229	120	846	557
Total investment income	42,608	36,351	121,096	102,004
EXPENSES:				
Interest	(8,302)	(5,954)	(23,755)	(16,713)
Compensation	(3,727)	(3,047)	(11,055)	(9,115)
General and administrative	(2,212)	(1,871)	(6,271)	(5,279)
Share-based compensation	(1,651)	(1,208)	(4,592)	(3,034)
Expenses charged to the External Investment Manager	1,145	616	3,133	1,343
Total expenses	(14,747)	(11,464)	(42,540)	(32,798)
NET INVESTMENT INCOME	27,861	24,887	78,556	69,206
NET REALIZED GAIN (LOSS):				
Control investments			3,324	
Affiliate investments	5,964	14,737	5,827	8,159
Non-Control/Non-Affiliate investments	(6,195)	962	(16,836)	2,634
Marketable securities and idle funds investments	(1,112)	11	(1,352)	(4)
Total net realized gain (loss)	(1,343)	15,710	(9,037)	10,789
NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION):				
Portfolio investments	(8,389)	(6,891)	21,716	17,018
Marketable securities and idle funds investments	(648)	(426)	(521)	920
SBIC debentures	(50)	(8,749)	(823)	(10,778)
Total net change in unrealized appreciation (depreciation)	(9,087)	(16,066)	20,372	7,160
INCOME TAXES:				
Federal and state income, excise and other taxes	495	(960)	(1,547)	(1,758)
Deferred taxes	2,742	(2,002)	8,551	(6,643)
Income tax benefit (provision)	3,237	(2,962)	7,004	(8,401)
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 20,668	\$ 21,569	\$ 96,895	\$ 78,754

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NET INVESTMENT INCOME PER SHARE BASIC AND DILUTED	\$	0.56	\$	0.55	\$	1.61	\$	1.61
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NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS PER SHARE BASIC AND DILUTED	\$	0.41	\$	0.48	\$	1.99	\$	1.83
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DIVIDENDS PAID PER SHARE:

Regular monthly dividends	\$	0.525	\$	0.495	\$	1.560	\$	1.485
Supplemental dividends						0.275		0.275

Total dividends	\$	0.525	\$	0.495	\$	1.835	\$	1.760
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WEIGHTED AVERAGE SHARES OUTSTANDING BASIC AND DILUTED	50,036,776	44,910,756	48,681,260	43,027,105
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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			Accumulated Net Investment Income, Net of Dividends	Accumulated Net Realized Gain From Investments, Net of Dividends	Net Unrealized Appreciation from Investments, Net of Income Taxes	Total Net Asset Value
	Number of Shares	Par Value	Additional Paid-In Capital				
Balances at December 31, 2013	39,852,604	\$ 398	\$ 694,981	\$ 22,778	\$ (26,334)	\$ 100,710	\$ 792,533
Public offering of common stock, net of offering costs	4,600,000	46	139,651				139,697
Share-based compensation			3,034				3,034
Purchase of vested stock for employee payroll tax withholding	(46,507)		(1,481)				(1,481)
Dividend reinvestment	333,657	3	10,842				10,845
Amortization of directors' deferred compensation			229				229
Issuance of restricted stock	241,578	2	(2)				
Tax benefit related to vesting of restricted shares			542				542
Forfeited shares of terminated employees	(36,138)						
Dividends to stockholders				(63,098)	(13,549)		(76,647)
Net increase (loss) resulting from operations				69,206	10,789	(1,241)	78,754
Balances at September 30, 2014	44,945,194	\$ 449	\$ 847,796	\$ 28,886	\$ (29,094)	\$ 99,469	\$ 947,506
Balances at December 31, 2014	45,079,150	\$ 451	\$ 853,606	\$ 23,665	\$ (20,456)	\$ 82,716	\$ 939,982
Public offering of common stock, net of offering costs	4,370,000	44	127,720				127,764
Share-based compensation			4,592				4,592
Purchase of vested stock for employee payroll tax withholding	(54,840)	(1)	(1,739)				(1,740)
Dividend reinvestment	444,957	4	13,654				13,658
Amortization of directors' deferred compensation			292				292
Issuance of restricted stock	240,074	2	(2)				
Forfeited shares of terminated employees	(163)						
Dividends to stockholders				(88,294)	(2,168)		(90,462)
Net increase (loss) resulting from operations				78,556	(9,037)	27,376	96,895
Balances at September 30, 2015	50,079,178	\$ 500	\$ 998,123	\$ 13,927	\$ (31,661)	\$ 110,092	\$ 1,090,981

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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)**

	Nine Months Ended September 30,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net increase in net assets resulting from operations	\$ 96,895	\$ 78,754
Adjustments to reconcile net increase in net assets resulting from operations to net cash used in operating activities:		
Investments in portfolio companies	(727,099)	(637,843)
Proceeds from sales and repayments of debt investments in portfolio companies	421,933	396,557
Proceeds from sales and return of capital of equity investments in portfolio companies	29,289	26,117
Investments in marketable securities and idle funds investments	(4,483)	(17,704)
Proceeds from sales and repayments of marketable securities and idle funds investments	7,094	22,747
Net change in net unrealized appreciation	(20,372)	(7,160)
Net realized (gain) loss	9,037	(10,789)
Accretion of unearned income	(6,474)	(8,167)
Payment-in-kind interest	(2,485)	(3,947)
Cumulative dividends	(1,242)	(1,422)
Share-based compensation expense	4,592	3,034
Amortization of deferred financing costs	1,899	1,184
Deferred taxes	(8,551)	6,643
Changes in other assets and liabilities:		
Interest receivable and other assets	(3,493)	(4,480)
Interest payable	147	(171)
Accounts payable and other liabilities	(1,618)	(1,584)
Deferred fees and other	1,438	1,457
Net cash used in operating activities	(203,493)	(156,774)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from public offering of common stock, net of offering costs	127,764	139,697
Dividends paid	(75,453)	(64,739)
Proceeds from issuance of SBIC debentures		24,800
Proceeds from credit facility	473,000	353,000
Repayments on credit facility	(345,000)	(303,000)
Payment of deferred loan costs and SBIC debenture fees	(132)	(1,880)
Purchase of vested stock for employee payroll tax withholding	(1,740)	(1,481)
Other	(83)	
Net cash provided by financing activities	178,356	146,397
Net decrease in cash and cash equivalents	(25,137)	(10,377)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	60,432	34,701
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 35,295	\$ 24,324

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Supplemental cash flow disclosures:

Interest paid	\$	21,708	\$	15,701
Taxes paid	\$	2,504	\$	3,656

Non-cash financing activities:

Shares issued pursuant to the DRIP	\$	13,658	\$	10,845
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The accompanying notes are an integral part of these financial statements

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments****September 30, 2015****(in thousands)****(Unaudited)**

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
<u>Control Investments(5)</u>					
Access Media Holdings, LLC(10)	Private Cable Operator	5.00% Current / 5.00% PIK Secured Debt (Maturity October 22, 2018)	21,284	21,284	18,784
		Preferred Member Units (12% cumulative)		3,201	3,201
		Member Units (3,307,545 units)		1	
				24,486	21,985
ASC Interests, LLC	Recreational and Educational Shooting Facility	11% Secured Debt (Maturity July 31, 2018)	2,750	2,715	2,750
		Member Units (1,500 units)(8)		1,500	2,230
				4,215	4,980
Bond-Coat, Inc.	Casing and Tubing Coating Services	12% Secured Debt (Maturity December 28, 2017)	11,596	11,513	11,596
		Common Stock (57,508 shares)		6,350	10,210
				17,863	21,806
Café Brazil, LLC	Casual Restaurant Group	Member Units (1,233 units)(8)		1,742	7,330
CBT Nuggets, LLC	Produces and Sells IT Training Certification Videos	Member Units (416 units)(8)		1,300	38,890
Ceres Management, LLC (Lamb's Tire & Automotive)	Aftermarket Automotive Services Chain	14% Secured Debt (Maturity May 31, 2018)	8,070	8,070	8,070
		Member Units (5,460 units)		5,273	4,420
		9.5% Secured Debt (Lamb's Real Estate Investment I, LLC) (Maturity October 1, 2025)	931	931	931
		Member Units (Lamb's Real Estate Investment I, LLC) (1,000 units)(8)		625	1,240
				14,899	14,661

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CMS Minerals LLC	Oil & Gas Exploration & Production	Preferred Member Units (458 units)(8)	3,246	7,193
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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****September 30, 2015****(in thousands)****(Unaudited)**

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Datacom, LLC	Technology and Telecommunications Provider	10.5% Secured Debt (Maturity May 31, 2019)	11,205	11,117	11,117
		Class A Preferred Member Units (13,154 units)(8)		1,137	1,137
		Class B Preferred Member Units (6,453 units)		6,030	5,570
				18,284	17,824
Garreco, LLC	Manufacturer and Supplier of Dental Products	14% Secured Debt (Maturity January 12, 2018)	5,800	5,733	5,733
		Member Units (1,200 units)(8)		1,200	1,470
				6,933	7,203
GRT Rubber Technologies LLC	Manufacturer of Engineered Rubber Products	LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, Secured Debt (Maturity December 19, 2019)(9)	16,331	16,189	16,189
		Member Units (5,879 units)(8)		13,065	13,065
				29,254	29,254
Gulf Manufacturing, LLC	Manufacturer of Specialty Fabricated Industrial Piping Products	9% PIK Secured Debt (Ashland Capital IX, LLC) (Maturity June 30, 2017)	777	777	777
		Member Units (438 units)(8)		2,980	15,130
				3,757	15,907
Harrison Hydra-Gen, Ltd.	Manufacturer of Hydraulic Generators	12% Secured Debt (Maturity December 4, 2015)	5,010	5,010	5,010
		Preferred Stock (8% cumulative)(8)		1,336	1,336
		Common Stock (107,456 shares)		718	2,300
				7,064	8,646

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Hawthorne Customs and Dispatch Services, LLC				
Facilitator of Import Logistics, Brokerage, and Warehousing				
Member Units (500 units)(8)		589	580	
Member Units (Wallisville Real Estate, LLC) (588,210 units)(8)		1,215	2,220	
		1,804	2,800	
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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****September 30, 2015****(in thousands)****(Unaudited)**

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
HW Temps LLC	Temporary Staffing Solutions	LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.50%, Secured Debt (Maturity July 2, 2020)(9)	9,976	9,880	9,880
		Preferred Member Units (3,200 units)(8)		3,942	3,942
				13,822	13,822
Hydratec, Inc.	Designer and Installer of Micro-Irrigation Systems	Common Stock (7,095 shares)(8)		7,095	14,950
IDX Broker, LLC	Provider of Marketing and CRM Tools for the Real Estate Industry	LIBOR Plus 6.50% (Floor 1.50%), Current Coupon 8.00%, Secured Debt (Maturity November 15, 2018)(9)	25	25	25
		12.5% Secured Debt (Maturity November 15, 2018)	11,350	11,276	11,350
		Member Units (5,400 units)		5,606	6,440
				16,907	17,815
Impact Telecom, Inc.	Telecommunications Services Provider	LIBOR Plus 6.50% (Floor 2.00%), Current Coupon 8.50%, Secured Debt (Maturity May 31, 2018)(9)	1,575	1,570	1,570
		13% Secured Debt (Maturity May 31, 2018)	22,500	15,893	15,893
		Warrants (5,516,667 equivalent shares)		8,000	4,160
				25,463	21,623
Indianapolis Aviation Partners, LLC	Fixed Base Operator	15% Secured Debt (Maturity January 15, 2016)	3,100	3,079	3,100
		Warrants (1,046 equivalent units)		1,129	2,540
				4,208	5,640
Jensen Jewelers of Idaho, LLC	Retail Jewelry Store	Prime Plus 6.75% (Floor 2.00%), Current Coupon 10.00%, Secured Debt (Maturity November 14, 2016)(9)	4,205	4,169	4,205
		Member Units (627 units)(8)		811	4,750

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****September 30, 2015****(in thousands)****(Unaudited)**

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value	
Lighting Unlimited, LLC	Commercial and Residential Lighting Products and Design Services	8% Secured Debt (Maturity August 22, 2016)	1,514	1,514	1,514	
		Preferred Equity (non-voting)		434	434	
		Warrants (71 equivalent units)		54	40	
		Member Units (700 units)(8)		100	420	
				2,102	2,408	
Marine Shelters Holdings, LLC (LoneStar Marine Shelters)	Fabricator of Marine and Industrial Shelters	6% Current / 6% PIK Secured Debt (Maturity December 28, 2017)	8,781	8,688	8,688	
		Preferred Member Units (3,810 units)		5,352	5,352	
				14,040	14,040	
Mid-Columbia Lumber Products, LLC	Manufacturer of Finger-Jointed Lumber Products	10% Secured Debt (Maturity December 18, 2017)	1,750	1,750	1,750	
		12% Secured Debt (Maturity December 18, 2017)	3,900	3,900	3,900	
		Member Units (2,829 units)(8)		1,244	3,980	
		9.5% Secured Debt (Mid-Columbia Real Estate, LLC) (Maturity May 13, 2025)	893	893	893	
		Member Units (Mid Columbia Real Estate, LLC) (250 units)(8)		250	550	
				8,037	11,073	
MH Corbin Holding LLC	Manufacturer and distributor of traffic safety products	10% Secured Debt (Maturity August 31, 2020)	14,000	13,864	13,864	
		Preferred Member Units (4,000 shares)		6,000	6,000	
				19,864	19,864	
MSC Adviser I, LLC(16)	Third Party Investment Advisory Services	Member Units (Fully diluted 100.0%)(8)			32,305	
Mystic Logistics, Inc						

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Logistics and
Distribution Services
Provider for Large
Volume Mailers

12% Secured Debt (Maturity August 15, 2019)	9,448	9,273	9,448
Common Stock (5,873 shares)(8)		2,720	6,580
		11,993	16,028

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****September 30, 2015****(in thousands)****(Unaudited)**

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
NAPCO Precast, LLC	Precast Concrete Manufacturing	Prime Plus 2.00% (Floor 7.00%), Current Coupon 9.00%, Secured Debt (Maturity January 31, 2016)(9)	625	625	625
		Prime Plus 2.00% (Floor 7.00%), Current Coupon 9.00%, Secured Debt (Maturity February 1, 2016)(9)	2,923	2,921	2,923
		18% Secured Debt (Maturity February 1, 2016)	4,468	4,460	4,468
		Member Units (2,955 units)(8)		2,975	8,590
				10,981	16,606
NRI Clinical Research, LLC	Clinical Research Service Provider	14% Secured Debt (Maturity September 8, 2017)	4,740	4,650	4,650
		Warrants (251,723 equivalent units)		252	190
		Member Units (1,454,167 units)		765	1,052
				5,667	5,892
NRP Jones, LLC	Manufacturer of Hoses, Fittings and Assemblies	12% Secured Debt (Maturity December 22, 2016)	13,224	12,885	12,885
		Warrants (14,331 equivalent units)		817	450
		Member Units (50,877 units)(8)		2,900	1,480
				16,602	14,815
OMi Holdings, Inc.	Manufacturer of Overhead Cranes	Common Stock (1,500 shares)(8)		1,080	13,420
Pegasus Research Group, LLC (Televerde)	Provider of Telemarketing and Data Services	Member Units (460 units)(8)		1,290	6,490
PPL RVs, Inc.	Recreational Vehicle Dealer	11.1% Secured Debt (Maturity January 1, 2016)	9,710	9,710	9,710
		Common Stock (1,962 shares)		2,150	8,710
				11,860	18,420

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Principle Environmental, LLC	Noise Abatement Service Provider			
	12% Secured Debt (Maturity April 30, 2017)	4,060	3,979	4,060
	12% Current / 2% PIK Secured Debt (Maturity April 30, 2017)	3,294	3,288	3,294
	Preferred Member Units (19,631 units)(8)		4,663	9,560
	Warrants (1,036 equivalent units)		1,200	530
			13,130	17,444

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****September 30, 2015****(in thousands)****(Unaudited)**

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Quality Lease Service, LLC	Provider of Rigsite Accommodation Unit Rentals and Related Services				
		8% PIK Secured Debt (Maturity June 8, 2020)	6,410	6,410	6,410
		Member Units (1,000 units)		568	2,638
				6,978	9,048
River Aggregates, LLC	Processor of Construction Aggregates				
		Zero Coupon Secured Debt (Maturity June 30, 2018)	750	540	540
		Member Units (1,150 units)(8)		1,150	3,830
		Member Units (RA Properties, LLC) (1,500 units)		369	2,360
				2,059	6,730
SoftTouch Medical Holdings LLC	Home Provider of Pediatric Durable Medical Equipment				
		LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, Secured Debt (Maturity October 31, 2019)(9)	8,245	8,175	8,175
		Member Units (4,450 units)(8)		4,930	5,340
				13,105	13,515
Southern RV, LLC	Recreational Vehicle Dealer				
		13% Secured Debt (Maturity August 8, 2018)	11,400	11,288	11,400
		Member Units (1,680 units)(8)		1,680	11,600
		13% Secured Debt (Southern RV Real Estate, LLC) (Maturity August 8, 2018)	3,250	3,218	3,250
		Member Units (Southern RV Real Estate, LLC) (480 units)		480	540
				16,666	26,790
The MPI Group, LLC	Manufacturer of Custom Hollow Metal Doors, Frames and Accessories				
		9% Secured Debt (Maturity October 2, 2018)	2,924	2,921	2,920
		Series A Preferred Units (2,500 units; 10% Cumulative)		2,500	980

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Warrants (1,424 equivalent units)	1,096	
Member Units (MPI Real Estate Holdings, LLC) (100% Fully diluted)(8)	2,300	2,230
	8,817	6,130

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****September 30, 2015****(in thousands)****(Unaudited)**

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Travis Acquisition LLC	Manufacturer of Aluminum Trailers	12% Secured Debt (Maturity August 30, 2018)	3,628	3,581	3,628
		Member Units (7,282 units)		7,100	14,110
				10,681	17,738
Uvalco Supply, LLC	Farm and Ranch Supply Store	9% Secured Debt (Maturity January 1, 2019)	1,418	1,418	1,418
		Member Units (1,006 units)(8)		1,113	3,210
				2,531	4,628
Vision Interests, Inc.	Manufacturer / Installer of Commercial Signage	13% Secured Debt (Maturity December 23, 2016)	3,138	3,115	3,115
		Series A Preferred Stock (3,000,000 shares)		3,000	3,550
		Common Stock (1,126,242 shares)		3,706	210
				9,821	6,875
Ziegler's NYPD, LLC	Casual Restaurant Group	6.5% Secured Debt (Maturity October 1, 2019)	1,000	992	992
		12% Secured Debt (Maturity October 1, 2019)	500	500	500
		14% Secured Debt (Maturity October 1, 2019)	2,750	2,750	2,750
		Warrants (587 equivalent units)		600	
		Preferred Member Units (10,072 units)		2,834	2,240
				7,676	6,482
Subtotal Control Investments (30.3% of total investments at fair value)				402,302	568,025

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule Of Investments (Continued)****September 30, 2015****(in thousands)****(Unaudited)**

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
<u>Affiliate Investments(6)</u>					
AFG Capital Group, LLC	Provider of Rent-to-Own Financing Solutions and Services	11% Secured Debt (Maturity November 7, 2019)	12,560	12,199	12,199
		Warrants (42 equivalent units)		259	410
		Member Units (186 units)		1,200	1,700
				13,658	14,309
Boss Industries, LLC	Manufacturer and Distributor of Air, Power and Other Industrial Equipment	Preferred Member Units (2,242 units)(8)		2,203	2,543
Bridge Capital Solutions Corporation	Financial Services and Cash Flow Solutions Provider	13% Secured Debt (Maturity April 18, 2017)	7,000	6,872	6,872
		Warrants (22 equivalent shares)		200	1,020
				7,072	7,892
Buca C, LLC	Restaurants	LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.25%, Secured Debt (Maturity June 30, 2020)(9)	25,530	25,288	25,288
		Preferred Member Units (6 units)(8)		3,656	3,656
				28,944	28,944
CAI Software LLC	Provider of Specialized Enterprise Resource Planning Software	12% Secured Debt (Maturity October 10, 2019)	4,973	4,930	4,930
		Member Units (65,356 units)		654	840
				5,584	5,770
Condit Exhibits, LLC	Tradeshaw Exhibits / Custom Displays Provider	Member Units (3,936 units)(8)		100	770

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Congruent Credit Opportunities
Funds(12)(13)

Investment Partnership

LP Interests (Congruent Credit Opportunities Fund II, LP) (Fully diluted 19.8%)(8)	7,644	4,228
LP Interests (Congruent Credit Opportunities Fund III, LP) (Fully diluted 17.4%)	12,099	12,222
	19,743	16,450

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MAIN STREET CAPITAL CORPORATION

Consolidated Schedule Of Investments (Continued)

September 30, 2015

(in thousands)

(Unaudited)