

Edgar Filing: FASTENAL CO - Form SC 13G

FASTENAL CO  
Form SC 13G  
January 29, 2014

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934

(Amendment No: )

FASTENAL CO.

-----  
(Name of Issuer)

Common Stock

-----  
(Title of Class of Securities)

311900104

-----  
(CUSIP Number)

December 31, 2013

-----  
(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
- Rule 13d-1(c)
- Rule 13d-1(d)

\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 311900104

(1) Names of reporting persons. BlackRock, Inc.

(2) Check the appropriate box if a member of a group  
(a)

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(b) [X]

(3) SEC use only

(4) Citizenship or place of organization

Delaware

Number of shares beneficially owned by each reporting person with:

(5) Sole voting power

15233474

(6) Shared voting power

None

(7) Sole dispositive power

17762706

(8) Shared dispositive power

None

(9) Aggregate amount beneficially owned by each reporting person

17762706

(10) Check if the aggregate amount in Row (9) excludes certain shares

(11) Percent of class represented by amount in Row 9

6.0%

(12) Type of reporting person

HC

Item 1.

Item 1(a) Name of issuer:

-----  
FASTENAL CO.

Item 1(b) Address of issuer's principal executive offices:

-----  
2001 THEURER BLVD  
WINONA MN 55987

Item 2.

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2(a) Name of person filing:

-----  
BlackRock, Inc.

2(b) Address or principal business office or, if none, residence:

-----  
BlackRock Inc.  
40 East 52nd Street  
New York, NY 10022

2(c) Citizenship:

-----  
See Item 4 of Cover Page

2(d) Title of class of securities:

-----  
Common Stock

2(e) CUSIP No.:

See Cover Page

Item 3.

If this statement is filed pursuant to Rules 13d-1(b), or 13d-2(b) or (c), check whether the person filing is a:

- Broker or dealer registered under Section 15 of the Act;
- Bank as defined in Section 3(a)(6) of the Act;
- Insurance company as defined in Section 3(a)(19) of the Act;
- Investment company registered under Section 8 of the Investment Company Act of 1940;
- An investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E);
- An employee benefit plan or endowment fund in accordance with Rule 13d-1(b)(1)(ii)(F);
- A parent holding company or control person in accordance with Rule 13d-1(b)(1)(ii)(G);
- A savings associations as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);
- A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940;
- A non-U.S. institution in accordance with Rule 240.13d-1(b)(1)(ii)(J);
- Group, in accordance with Rule 240.13d-1(b)(1)(ii)(K). If filing as a non-U.S. institution in accordance with Rule 240.13d-1(b)(1)(ii)(J), please specify the type of institution:

Item 4. Ownership

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

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Amount beneficially owned:

17762706

Percent of class

6.0%

Number of shares as to which such person has:

Sole power to vote or to direct the vote

15233474

Shared power to vote or to direct the vote

None

Sole power to dispose or to direct the disposition of

17762706

Shared power to dispose or to direct the disposition of

None

Item 5.

Ownership of 5 Percent or Less of a Class. If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than 5 percent of the class of securities, check the following [ ].

Item 6. Ownership of More than 5 Percent on Behalf of Another Person

If any other person is known to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, such securities, a statement to that effect should be included in response to this item and, if such interest relates to more than 5 percent of the class, such person should be identified. A listing of the shareholders of an investment company registered under the Investment Company Act of 1940 or the beneficiaries of employee benefit plan, pension fund or endowment fund is not required.

Various persons have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of the common stock of

FASTENAL CO..

No one person's interest in the common stock of

FASTENAL CO.

is more than five percent of the total outstanding common shares.

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Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company or Control Person.

See Exhibit A

Item 8. Identification and Classification of Members of the Group

If a group has filed this schedule pursuant to Rule 13d-1(b)(ii)(J), so indicate under Item 3(j) and attach an exhibit stating the identity and Item 3 classification of each member of the group. If a group has filed this schedule pursuant to Rule 13d-1(c) or Rule 13d-1(d), attach an exhibit stating the identity of each member of the group.

Item 9. Notice of Dissolution of Group

Notice of dissolution of a group may be furnished as an exhibit stating the date of the dissolution and that all further filings with respect to transactions in the security reported on will be filed, if required, by members of the group, in their individual capacity.

See Item 5.

Item 10. Certifications

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

Signature.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: January 17, 2014  
BlackRock, Inc.

Signature: Matthew J. Fitzgerald

-----  
Name/Title Attorney-In-Fact

The original statement shall be signed by each person on whose behalf the statement is filed or his authorized representative. If the statement is signed on behalf of a person by his authorized

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representative other than an executive officer or general partner of the filing person, evidence of the representative's authority to sign on behalf of such person shall be filed with the statement, provided, however, that a power of attorney for this purpose which is already on file with the Commission may be incorporated by reference. The name and any title of each person who signs the statement shall be typed or printed beneath his signature.

Attention: Intentional misstatements or omissions of fact constitute Federal criminal violations (see 18 U.S.C. 1001).

Exhibit A

### Subsidiary

BlackRock (Luxembourg) S.A.  
BlackRock (Netherlands) B.V.  
BlackRock Advisors (UK) Limited  
BlackRock Advisors, LLC  
BlackRock Asset Management Canada Limited  
BlackRock Asset Management Deutschland AG  
BlackRock Asset Management Ireland Limited  
BlackRock Financial Management, Inc.  
BlackRock Fund Advisors  
BlackRock Fund Management Ireland Limited  
BlackRock Fund Managers Ltd  
BlackRock Institutional Trust Company, N.A.  
BlackRock International Limited  
BlackRock Investment Management (Australia) Limited  
BlackRock Investment Management (UK) Ltd  
BlackRock Investment Management, LLC  
BlackRock Japan Co Ltd  
BlackRock Life Limited

\*Entity beneficially owns 5% or greater of the outstanding shares of the security class being reported on this Schedule 13G.

Exhibit B

### POWER OF ATTORNEY

The undersigned, BLACKROCK, INC., a corporation duly organized under the laws of the State of Delaware, United States (the "Company"), does hereby make, constitute and appoint each of Matthew Mallow, Howard Surloff, Edward Baer, Bartholomew Battista, Dan Waltcher, Karen Clark, Daniel Ronnen, John Stelley, Brian Kindelan, John Blevins, Richard Froio, Matthew Fitzgerald and Con Tzatzakis acting severally, as its true and lawful attorneys-in-fact, for the purpose of, from time to time, executing in its name and on its behalf, whether the Company is acting individually or as representative of others, any and all documents, certificates, instruments, statements, other filings and amendments to the foregoing (collectively, "documents") determined by such person to be necessary or appropriate to comply with ownership or control-person reporting requirements imposed by any United States

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or non-United States governmental or regulatory authority, including without limitation Forms 3, 4, 5, 13D, 13F, 13G and 13H and any amendments to any of the foregoing as may be required to be filed with the Securities and Exchange Commission, and delivering, furnishing or filing any such documents with the appropriate governmental, regulatory authority or other person, and giving and granting to each such attorney-in-fact power and authority to act in the premises as fully and to all intents and purposes as the Company might or could do if personally present by one of its authorized signatories, hereby ratifying and confirming all that said attorney-in-fact shall lawfully do or cause to be done by virtue hereof. Any such determination by an attorney-in-fact named herein shall be conclusively evidenced by such person's execution, delivery, furnishing or filing of the applicable document.

This power of attorney shall expressly revoke the power of attorney dated 30th day of November, 2011 in respect of the subject matter hereof, shall be valid from the date hereof and shall remain in full force and effect until either revoked in writing by the Company, or, in respect of any attorney-in-fact named herein, until such person ceases to be an employee of the Company or one of its affiliates.

IN WITNESS WHEREOF, the undersigned has caused this power of attorney to be executed as of this 10th day of July, 2012.

BLACKROCK, INC.

By: \_ /s/ Chris Leavy  
Name: Chris Leavy  
Title: Chief Investment Officer

11,596 11,596 11,596

Common Stock (57,508 shares)

43.8% 6,350 9,370

17,946 20,966

**Café Brazil, LLC**  
**202 West Main Street, Ste. 100**  
**Allen, TX 75013**

Casual Restaurant Group

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Member Units (1,233 units)(8)

69.0% 1,742 4,900

**CBT Nuggets, LLC**

**1550 Valley River Drive**

**Eugene, OR 97401**

Produces and Sells IT Training Certification Videos

Member Units (416 units)(8)

40.8% 1,300 89,560

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Percent of Class Held(27)	Principal(4)	Cost(4)	Fair Value(18)
<b>Charps, LLC</b> 453 Tower St NW Clearbrook, MN 56634	Pipeline Maintenance and Construction	12% Secured Debt (Maturity February 3, 2022) Preferred Member Units (1,600 units)(28)	80.0%	18,400	18,225	18,225
					400	650
					18,625	18,875
<b>Clad-Rex Steel, LLC</b> 11500 W. King Street Franklin Park, IL 60131	Specialty Manufacturer of Vinyl-Clad Metal	LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.86%, Secured Debt (Maturity December 20, 2021)(9) Member Units (717 units)(8) 10% Secured Debt (Clad-Rex Steel RE Investor, LLC) (Maturity December 20, 2036) Member Units (Clad-Rex Steel RE Investor, LLC) (800 units)	71.7%	13,280	13,168	13,280
					7,280	9,500
				1,183	1,171	1,183
			80.0%		210	280
					21,829	24,243
<b>CMS Minerals Investments</b> 3040 Stout Street Denver, CO 80205	Oil & Gas Exploration & Production	Member Units (CMS Minerals II, LLC) (100 units)(8)	100.0%		3,440	2,392
<b>Copper Trail Energy Fund I, LP(12)(13)</b> 621 17th Street Denver, CO 80293	Investment Partnership	LP Interests (Fully diluted 30.1%)	30.1%		2,500	2,500
<b>Datacom, LLC</b> 100 Enterprise Boulevard Lafayette, LA 70506	Technology and Telecommunications Provider	8% Secured Debt (Maturity May 30, 2018) 5.25% Current / 5.25% PIK Secured Debt (Maturity May 30, 2019)(19) Class A Preferred Member Units(28) Class B Preferred Member Units (6,453 units)(28)	37.6%	1,575	1,575	1,575
				12,349	12,311	11,110
			37.6%		1,181	730
			37.6%		6,030	
					21,097	13,415
<b>Gamber-Johnson Holdings, LLC</b> 3001 Borham Ave. Stevens Point, WI 54481	Manufacturer of Ruggedized Computer Mounting Systems					

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		LIBOR Plus 11.00% (Floor 1.00%), Current Coupon 12.36%, Secured Debt (Maturity June 24, 2021)(9)		23,400	23,213	23,400
		Member Units (8,619 units)(8)	73.8%		14,844	23,370
					38,057	46,770

**Garreco, LLC**  
**430 Hiram Rd.**  
**Heber Springs, AR 72543**

Manufacturer and  
Supplier of Dental  
Products

		LIBOR Plus 10.00% (Floor 1.00%), Current Coupon 11.34%, Secured Debt (Maturity March 31, 2020)(9)		5,483	5,443	5,443
		Member Units (1,200 units)	32.0%		1,200	1,940
					6,643	7,383

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Percent of Class Held(27)	Principal(4)	Cost(4)	Fair Value(18)
<b>GRT Rubber Technologies LLC</b> <b>201 Dana Dr.</b> <b>Paragould, AR 72450</b>	Manufacturer of Engineered Rubber Products	LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.36%, Secured Debt (Maturity December 19, 2019)(9) Member Units (5,879 units)(8)	60.6%	11,603	11,550 13,065 24,615	11,603 21,970 33,573
<b>Gulf Manufacturing, LLC</b> <b>1221 Indiana St.</b> <b>Humble, TX 77396</b>	Manufacturer of Specialty Fabricated Industrial Piping Products	Member Units (438 units)(8)	35.9%		2,980	10,060
<b>Gulf Publishing Holdings, LLC</b> <b>2 Greenway Plaza, Suite 1020</b> <b>Houston, TX 77046</b>	Energy Industry Focused Media and Publishing	LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.86%, Secured Debt (Maturity September 30, 2020)(9) 12.5% Secured Debt (Maturity April 29, 2021) Member Units (3,681 units)	32.1%	80 12,800	80 12,703 3,681 16,464	80 12,703 4,840 17,623
<b>Harborside Holdings, LLC</b> <b>6800 Harborside Dr.</b> <b>Galveston, TX 77554</b>	Real Estate Holding Company	Member units (100 units)	100.0%		6,206	9,400
<b>Harris Preston Fund Investments(12)(13)</b> <b>2901 Via Fortuna</b> <b>Austin, TX 78746</b>	Investment Partnership	LP Interests (2717 MH, L.P.) (Fully diluted 49.3%)	49.3%		536	536
<b>Harrison Hydra-Gen, Ltd.</b> <b>14233 West Road</b> <b>Houston, TX 77041</b>	Manufacturer of Hydraulic Generators	Common Stock (107,456 shares)	33.6%		718	3,580
<b>HW Temps LLC</b> <b>1308 Belmont St</b> <b>Brockton, MA 02301</b>	Temporary Staffing Solutions	LIBOR Plus 11.00% (Floor 1.00%), Current Coupon 12.36%, Secured Debt (Maturity July 2, 2020)(9) Preferred Member Units (3,200 units)(28)	80.0%	9,976	9,918 3,942	9,918 3,940

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				13,860	13,858
<b>Hydratec, Inc.</b> <b>325 Road 192</b> <b>Delano, CA 93215</b>	Designer and Installer of Micro-Irrigation Systems	Common Stock (7,095 shares)(8)	95.9%	7,095	15,000
<b>IDX Broker, LLC</b> <b>100 E Broadway</b> <b>Eugene, OR 97401</b>	Provider of Marketing and CRM Tools for the Real Estate Industry	11.5% Secured Debt (Maturity November 15, 2020)		15,250	15,250
		Preferred Member Units (5,607 units)(8)(28)	97.4%	5,952	11,660
				21,068	26,910

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Percent of Class Held(27)	Principal(4)	Cost(4)	Fair Value(18)
<b>Jensen Jewelers of Idaho, LLC</b> 130 Second Avenue North Twin Falls, ID 83301	Retail Jewelry Store	Prime Plus 6.75% (Floor 2.00%), Current Coupon 11.00%, Secured Debt (Maturity November 14, 2019)(9) Member Units (627 units)(8)	61.4%	3,955	3,917 811	3,955 5,100
					4,728	9,055
<b>KBK Industries, LLC</b> East Hwy 96 Rush Center, KS 67575	Manufacturer of Specialty Oilfield and Industrial Products	10% Secured Debt (Maturity September 28, 2020) 12.5% Secured Debt (Maturity September 28, 2020) Member Units (325 units)(8)	25.5%	375 5,900	372 5,867 783	375 5,900 4,420
					7,022	10,695
<b>Lamb Ventures, LLC</b> 2113 Wells Branch Pkwy, Suite 4000 Austin, TX 78728	Aftermarket Automotive Services Chain	11% Secured Debt (Maturity July 1, 2022) Preferred Equity (non-voting)(28) Member Units (742 units)(8) 9.5% Secured Debt (Lamb's Real Estate Investment I, LLC) (Maturity March 31, 2027) Member Units (Lamb's Real Estate Investment I, LLC) (1,000 units)(8)	100.0% 68.4%	9,942	9,890 400 5,273	9,942 400 6,790
					432	432
					625	520
					16,616	18,084
<b>Marine Shelters Holdings, LLC</b> 6800 Harborside Dr. Galveston, TX 77554	Fabricator of Marine and Industrial Shelters	12% PIK Secured Debt (Maturity December 28, 2017)(14) Preferred Member Units (3,810 units)(28)	100.0%	3,131	3,078 5,352	3,078 8,430
<b>Market Force Information, LLC</b> 371 Centennial Parkway, Suite 210 Louisville, CO 80027	Provider of Customer Experience Management Services	LIBOR Plus 11.00% (Floor 1.00%), Current Coupon 12.48%, Secured Debt (Maturity July 28, 2022)(9) Member Units (657,113 units)	65.7%	23,360	23,143 14,700	23,143 14,700

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37,843 37,843

<b>MH Corbin Holding, LLC</b> <b>8355 Rausch Dr.</b> <b>Plain City, OH 43064</b>	Manufacturer and Distributor of Traffic Safety Products	13% Secured Debt			
		(Maturity August 31, 2020)	12,600	12,526	12,526
		Preferred Member Units (4,000 shares)(28)	80.0%	6,000	6,000
				18,526	18,526

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Percent of Class Held(27)	Principal(4)	Cost(4)	Fair Value(18)
<b>Mid-Columbia Lumber Products, LLC</b> <b>710 "C" Street</b> <b>Culver, OR 97734</b>	Manufacturer of Finger-Jointed Lumber Products	10% Secured Debt (Maturity January 15, 2020)		1,398	1,390	1,390
		12% Secured Debt (Maturity January 15, 2020)		3,900	3,863	3,863
		Member Units (5,714 units)	59.5%		2,405	1,575
		9.5% Secured Debt (Mid-Columbia Real Estate, LLC) (Maturity May 13, 2025)		791	791	791
		Member Units (Mid-Columbia Real Estate, LLC) (500 units)(8)	100.0%		790	1,290
					9,239	8,909
<b>MSC Adviser I, LLC(16)</b> <b>1300 Post Oak Boulevard, 8th Floor</b> <b>Houston, TX 77056</b>	Third Party Investment Advisory Services	Member Units (Fully diluted 100.0%)(8)	100.0%			41,768
<b>Mystic Logistics Holdings, LLC</b> <b>2187 New London Tpke</b> <b>South Glastonbury, CT 06073</b>	Logistics and Distribution Services Provider for Large Volume Mailers	12% Secured Debt (Maturity August 15, 2019)		7,768	7,696	7,696
		Common Stock (5,873 shares)	63.5%		2,720	6,820
					10,416	14,516
<b>NAPCO Precast, LLC</b> <b>6949 Low Bid Lane</b> <b>San Antonio, TX 78250</b>	Precast Concrete Manufacturing	LIBOR Plus 8.50%, Current Coupon 9.98%, Secured Debt (Maturity May 31, 2019)		11,475	11,439	11,475
		Member Units (2,955 units)(8)	44.5%		2,975	11,670
					14,414	23,145
<b>NRI Clinical Research, LLC</b> <b>2010 Wilshire Blvd</b> <b>Los Angeles, CA 90057</b>	Clinical Research Service Provider	LIBOR Plus 6.50% (Floor 1.50%), Current Coupon 8.00%, Secured Debt (Maturity January 15, 2018)(9)		400	400	400
		14% Secured Debt (Maturity January 15, 2018)		3,865	3,865	3,865
		Warrants (251,723 equivalent units; Expiration September 8, 2021; Strike price \$0.01 per unit)	12.0%		252	500
		Member Units (1,454,167 units)	23.9%		765	2,500

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5,282 7,265

**NRP Jones, LLC**  
**210 Philadelphia St**  
**LaPorte, IN 46350**

Manufacturer of  
Hoses, Fittings and  
Assemblies

12% Secured Debt (Maturity March 20,  
2023)  
Member Units (65,208 units)(8)

47.4%

6,376

6,376

6,376

3,717

3,250

10,093

9,626

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Percent of Class Held(27)	Principal(4)	Cost(4)	Fair Value(18)
NuStep, LLC 5111 Venture Drive Ann Arbor, MI 48108	Designer, Manufacturer and Distributor of Fitness Equipment	12% Secured Debt (Maturity January 31, 2022)		20,600	20,420	20,420
		Preferred Member Units (406 units)(28)	80.0%		10,200	10,200
					30,620	30,620
OMi Holdings, Inc. 1515 E I-30 Service Road Royse City, TX 75189	Manufacturer of Overhead Cranes	Common Stock (1,500 shares)(8)	48.0%		1,080	14,110
Pegasus Research Group, LLC 4636 E. University Drive Phoenix, AZ 85034	Provider of Telemarketing and Data Services	Member Units (460 units)(8)	43.7%		1,290	10,310
PPL RVs, Inc. 10777 Southwest Freeway Houston, TX 77074	Recreational Vehicle Dealer	LIBOR Plus 7.00% (Floor 0.50%), Current Coupon 8.34%, Secured Debt (Maturity November 15, 2021)(9)		16,100	15,972	16,100
		Common Stock (1,962 shares)(8)	52.2%		2,150	12,440
					18,122	28,540
Principle Environmental, LLC (d/b/a TruHorizon Environmental Solutions) 201 W. Ranch Court Weatherford, TX 76088	Noise Abatement Service Provider	13% Secured Debt (Maturity April 30, 2020)		7,477	7,347	7,477
		Preferred Member Units (19,631 units)(28)	87.7%		4,600	11,490
		Warrants (1,018 equivalent units; Expiration January 31, 2021; Strike price \$0.01 per unit)	5.0%		1,200	650
				13,147	19,617	
Quality Lease Service, LLC 23403B NW Zac Lentz Pkwy Victoria, TX 77905	Provider of Rigsite Accommodation Unit Rentals and Related Services	Zero Coupon Secured Debt (Maturity June 8, 2020)		7,341	7,341	6,950
		Member Units (1,000 units)	100.0%		2,868	4,938
					10,209	11,888

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River Aggregates, LLC  
 PO Box 8609  
 The Woodlands, TX 77387

Processor of  
 Construction  
 Aggregates

Zero Coupon Secured Debt (Maturity June 30, 2018)		750	707	707
Member Units (1,150 units)	38.3%		1,150	4,610
Member Units (RA Properties, LLC) (1,500 units)	50.0%		369	2,559
			2,226	7,876

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Percent of Class Held(27)	Principal(4)	Cost(4)	Fair Value(18)
<b>SoftTouch Medical Holdings, LLC</b> <b>1800 Sandy Plains Ind Pkwy NE</b> <b>#224</b> <b>Marietta, GA 30066</b>	Provider of In-Home Pediatric Durable Medical Equipment	LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.36%, Secured Debt (Maturity October 31, 2019)(9) Member Units (4,450 units)(8)	45.9%	7,140	7,110 4,930	7,140 10,089
					12,040	17,229
<b>The MPI Group, LLC</b> <b>319 North Hills Road</b> <b>Corbin, KY 40701</b>	Manufacturer of Custom Hollow Metal Doors, Frames and Accessories	9% Secured Debt (Maturity October 2, 2018) Series A Preferred Units (2,500 units)(28) Warrants (1,424 equivalent units; Expiration July 1, 2024; Strike price \$0.01 per unit) Member Units (MPI Real Estate Holdings, LLC) (100 units)(8)	100.0%	2,924	2,923 2,500 1,096	2,410 2,389
					8,819	4,799
<b>Uvalco Supply, LLC</b> <b>2521 E. Main St.</b> <b>Uvalde, TX 78801</b>	Farm and Ranch Supply Store	9% Secured Debt (Maturity January 1, 2019) Member Units (1,867 units)(8)	79.5%	348	348 3,579	348 3,880
					3,927	4,228
<b>Vision Interests, Inc.</b> <b>6630 Arroyo Springs St., Ste. 600</b> <b>Las Vegas, NV 89113</b>	Manufacturer / Installer of Commercial Signage	13% Secured Debt (Maturity December 23, 2018) Series A Preferred Stock (3,000,000 shares)(28) Common Stock (1,126,242 shares)	100.0%	2,814	2,797 3,000 3,706	2,797 3,000
					9,503	5,797
<b>Ziegler's NYPD, LLC</b> <b>13901 North 73rd St., #219</b> <b>Scottsdale, AZ 85260</b>	Casual Restaurant Group	6.5% Secured Debt (Maturity October 1, 2019) 12% Secured Debt (Maturity October 1, 2019)		1,000 300	996 300	996 300
				2,750	2,750	2,750

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14% Secured Debt (Maturity October 1, 2019)				
Warrants (587 equivalent units; Expiration September 29, 2018; Strike price \$0.01 per unit)	4.0%	600		
Preferred Member Units (10,072 units)(28)	100.0%	2,834	3,220	
		7,480	7,266	
<b>Subtotal Control Investments (34.6% of total investments at fair value)</b>		\$ 530,034	\$ 750,706	

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Percent of Class Held(27)	Principal(4)	Cost(4)	Fair Value(18)
<b>Affiliate Investments(6)</b>						
<b>AFG Capital Group, LLC</b> <b>900 McDuff Avenue</b> <b>Grandview, TX 76050</b>	Provider of Rent-to-Own Financing Solutions and Services	Warrants (42 equivalent units; Expiration November 7, 2024; Strike price \$0.01 per unit) Member Units (186 units)(8)(28)	4.0% 80.0%		\$ 259 1,200	\$ 860 3,590
					1,459	4,450
<b>Barfly Ventures, LLC(10)</b> <b>1 Ionia Avenue SW, Suite 200</b> <b>Grand Rapids, MI 49503</b>	Casual Restaurant Group	12% Secured Debt (Maturity August 31, 2020) Options (2 equivalent units) Warrant (1 equivalent unit; Expiration August 31, 2025; Strike price \$1.00 per unit)	3.3% 1.8%	8,715	8,572 397	8,715 920
					473	520
					9,442	10,155
<b>BBB Tank Services, LLC</b> <b>162 Independence Parkway North</b> <b>Baytown, TX 77520</b>	Maintenance, Repair and Construction Services to the Above-Ground Storage Tank Market	LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 9.36%, Secured Debt (Maturity April 8, 2021) (9) 15% Secured Debt (Maturity April 8, 2021) Member Units (800,000 units)	10.2%	800 4,000	778 3,876 800	778 3,876 500
					5,454	5,154
<b>Boccella Precast Products LLC</b> <b>324 New Brooklyn Rd</b> <b>Berlin, NJ 08009</b>	Manufacturer of Precast Hollow Core Concrete	LIBOR Plus 10.00% (Floor 1.00%), Current Coupon 11.34%, Secured Debt (Maturity June 30, 2022)(9) Member Units (2,160,000 units)	19.2%	16,400	16,230 2,160	16,400 3,440
					18,390	19,840
<b>Boss Industries, LLC</b> <b>1761 Genesis Drive</b> <b>LaPorte, IN 46350</b>	Manufacturer and Distributor of Air, Power and Other Industrial Equipment	Preferred Member Units (2,242 units)(8)(28)	29.5%		2,080	3,930

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<p><b>Bridge Capital Solutions Corporation</b>  <b>300 Motor Parkway, Suite 215</b>  <b>Hauppauge, NY 11788</b></p>	<p>Financial Services and Cash Flow Solutions Provider</p>				
		13% Secured Debt (Maturity July 25, 2021)	7,500	5,884	5,884
		Warrants (63 equivalent shares; Expiration July 25, 2026; Strike price \$0.01 per share)	24.0%	2,132	3,520
		13% Secured Debt (Mercury Service Group, LLC) (Maturity July 25, 2021)	1,000	992	1,000
		Preferred Member Units (Mercury Service Group, LLC) (17,742 units)(8)(28)	62.0%	1,000	1,000
				10,008	11,404

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Percent of Class Held(27)	Principal(4)	Cost(4)	Fair Value(18)
<b>Buca C, LLC</b> <b>4700 Millenua Blvd., #400</b> <b>Orlando, FL 32839</b>	Casual Restaurant Group	LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.63%, Secured Debt (Maturity June 30, 2020)(9) Preferred Member Units (6 units; 6% cumulative)(8)(19)(28)	60.0%	20,304	20,193 4,177	20,193 4,172 24,365
<b>CAI Software LLC</b> <b>36 Thurber Boulevard</b> <b>Smithfield, RI 02917</b>	Provider of Specialized Enterprise Resource Planning Software	12% Secured Debt (Maturity October 10, 2019) Member Units (65,356 units)(8)	14.8%	4,083	4,060 654 4,714	4,083 3,230 7,313
<b>Chandler Signs Holdings, LLC(10)</b> <b>14201 Sovereign Rd</b> <b>Fort Worth, TX 76155</b>	Sign Manufacturer	12% Secured Debt (Maturity July 4, 2021) Class A Units (1,500,000 units)(8)	8.9%	4,500	4,468 1,500 5,968	4,500 2,650 7,150
<b>Condit Exhibits, LLC</b> <b>5151 Bannock St</b> <b>Denver, CO 80435</b>	Tradeshaw Exhibits / Custom Displays Provider	Member Units (3,936 units)(8)	15.0%		100	1,950
<b>Congruent Credit Opportunities Funds(12)(13)</b> <b>3131 McKinney Ave., Suite 850</b> <b>Dallas, TX 75204</b>	Investment Partnership	LP Interests (Congruent Credit Opportunities Fund II, LP) (Fully diluted 19.8%)(8) LP Interests (Congruent Credit Opportunities Fund III, LP) (Fully diluted 17.4%)(8)	19.8% 17.4%		5,730 17,869 23,599	1,515 18,632 20,147
<b>Dos Rios Partners(12)(13)</b> <b>205 Wild Basin Road S. Building 3, Suite 100</b> <b>Austin, Texas 78746</b>	Investment Partnership	LP Interests (Dos Rios Partners, LP) (Fully diluted 20.2%)	20.2%		5,996	7,165

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		LP Interests (Dos Rios Partners A, LP) (Fully diluted 6.4%)	6.4%	1,904	1,889
				7,900	9,054
<b>Dos Rios Stone Products LLC(10)</b> <b>3500 FM 2843</b> <b>Florence, TX 76527</b>	Limestone and Sandstone Dimension Cut Stone Mining Quarries	Class A Units (2,000,000 units)(8)(28)	17.7%	2,000	1,790
<b>East Teak Fine Hardwoods, Inc.</b> <b>1106 Drake Road</b> <b>Donalds, SC 29638</b>	Distributor of Hardwood Products	Common Stock (6,250 shares)(8)	5.0%	480	630

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Percent of Class Held(27)	Principal(4)	Cost(4)	Fair Value(18)
<b>EIG Fund Investments(12)(13)</b>						
<b>Three Allen Center 333 Clay Street Suite 3500 Houston, TX 77002</b>						
	Investment Partnership	LP Interests (EIG Global Private Debt Fund-A, L.P.) (Fully diluted 11.1%)(8)	11.1%		1,103	1,055
<b>Freeport Financial Funds(12)(13)</b>						
<b>200 South Wacker Dr, Suite 750 Chicago, Illinois 60606</b>						
	Investment Partnership	LP Interests (Freeport Financial SBIC Fund LP) (Fully diluted 9.3%)(8)	9.3%		5,974	5,614
		LP Interests (Freeport First Lien Loan Fund III LP) (Fully diluted 6.0%)(8)	6.0%		8,558	8,506
					14,532	14,120
<b>Gault Financial, LLC (RMB Capital, LLC)</b>						
<b>409 Bearden Circle Knoxville, TN 37919</b>						
	Purchases and Manages Collection of Healthcare and other Business Receivables	10.5% Secured Debt (Maturity January 1, 2019) Warrants (29,032 equivalent units; Expiration February 9, 2022; Strike price \$0.01 per unit)		12,483	12,483	11,532
			22.5%		400	
					12,883	11,532
<b>Guerdon Modular Holdings, Inc.</b>						
<b>5556 S Federal Way Boise, ID 83716</b>						
	Multi-Family and Commercial Modular Construction Company	13% Secured Debt (Maturity August 13, 2019)		10,708	10,632	10,632
		Preferred Stock (404,998 shares)(28)	24.2%		1,140	
		Common Stock (212,033 shares)	7.3%		2,983	
					14,755	10,632
<b>Harris Preston Fund Investments(12)(13)</b>						
<b>2901 Via Fortuna Austin, TX 78746</b>						
	Investment Partnership	LP Interests (HPEP 3, L.P.) (Fully diluted 9.9%)	9.9%		943	943
<b>Hawk Ridge Systems, LLC(13)</b>						
<b>575 Clyde Ave Mountain View, CA 94043</b>						
	Value-Added Reseller of Engineering Design and Manufacturing Solutions	11% Secured Debt (Maturity December 2, 2021)		14,300	14,175	14,300
			80.0%		2,850	3,800

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		Preferred Member Units (226 units)(8)(28)				
		Preferred Member Units (HRS Services, ULC) (226 units)(8)(28)	80.0%		150	200
					17,175	18,300
<b>Houston Plating and Coatings, LLC</b>						
<b>1315 Georgia St</b>	Provider of Plating and Industrial Coating Services					
<b>South Houston, TX 77587</b>						
		8% Unsecured Convertible Debt (Maturity May 1, 2022)		3,000	3,000	3,200
		Member Units (315,756 units)	14.3%		2,179	6,140
					5,179	9,340
<b>I-45 SLF LLC(12)(13)</b>						
<b>5400 Lyndon B Johnson Freeway</b>	Investment Partnership					
<b>Suite 1300</b>						
<b>Dallas, TX 75240</b>						
		Member Units (Fully diluted 20.0%; 24.4% profits interest)(8)	20.0%		16,200	16,841

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Percent of Class Held(27)	Principal(4)	Cost(4)	Fair Value(18)
<b>L.F. Manufacturing Holdings, LLC(10)</b> <b>P.O. Box 578</b> <b>Giddings, TX 78942</b>	Manufacturer of Fiberglass Products	Member Units (2,179,001 units)	14.1%		2,019	2,000
<b>Meisler Operating LLC</b> <b>1103 E. Franklin Street</b> <b>Evansville, IN 47711</b>	Provider of Short-term Trailer and Container Rental	LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.84%, Secured Debt (Maturity June 7, 2022)(9) Member Units (Milton Meisler Holdings LLC) (31,976 units)	18.8%	16,800	16,633	16,633
					3,200	3,390
					19,833	20,023
<b>OnAsset Intelligence, Inc.</b> <b>8407 Sterling St</b> <b>Irving, TX 75063</b>	Provider of Transportation Monitoring / Tracking Products and Services	12% PIK Secured Debt (Maturity June 30, 2021)(19) 10% PIK Unsecured Debt (Maturity June 30, 2021)(19) Preferred Stock (912 shares)(28) Warrants (5,333 equivalent shares; Expiration April 18, 2021; Strike price \$0.01 per share)	50.0%	5,094	5,094	5,094
				48	48	48
			14.7%		1,981	
					1,919	
					9,042	5,142
<b>OPI International Ltd.(13)</b> <b>4545 Post Oak Place Drive</b> <b>Houston, TX 77027</b>	Provider of Man Camp and Industrial Storage Services	Common Stock (20,766,317 shares)	11.5%		1,371	
<b>PCI Holding Company, Inc.</b> <b>12201 Magnolia Avenue</b> <b>Riverside, CA 92503</b>	Manufacturer of Industrial Gas Generating Systems	12% Secured Debt (Maturity March 31, 2019) Preferred Stock (1,740,000 shares) (non-voting)(28) Preferred Stock (1,500,000 shares; 20% cumulative)(8)(19)(28)	58.0%	12,650	12,593	12,593
			27.8%		1,740	2,610
					3,927	890
					18,260	16,093
<b>Rocacea, LLC (Quality Lease and Rental Holdings, LLC)</b> <b>23403B NW Zac Lentz Pkwy</b> <b>Victoria, TX 77905</b>	Provider of Rigsite Accommodation Unit Rentals and Related Services					

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	12% Secured Debt (Maturity January 8, 2018)(14)(15)		30,785	30,281	250
	Preferred Member Units (250 units)	22.2%		2,500	
				32,781	250

**Tin Roof Acquisition Company**

1516 Demonbreun Street

Nashville, TN 37203

Casual Restaurant  
Group

	12% Secured Debt (Maturity November 13, 2018)		12,783	12,722	12,722
	Class C Preferred Stock (Fully diluted 10.0%; 10% cumulative)(8)(19)(28)	100.0%		3,027	3,027
				15,749	15,749



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31,776 31,280

**Subtotal Affiliate Investments (15.6% of total investments at fair value)** \$ 367,317 \$ 338,854

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Percent of Class Held(27)	Principal(4)	Cost(4)	Fair Value(18)
<b><u>Non-Control/Non-Affiliate Investments(7)</u></b>						
<b>AAC Holdings, Inc.(11)</b> <b>200 Powell Pl.</b> <b>Brentwood, TN 37027</b>	Substance Abuse Treatment Service Provider	LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 8.13%, Secured Debt (Maturity June 30, 2023)(9)		\$ 11,751	\$ 11,475	\$ 11,810
<b>Adams Publishing Group, LLC(10)</b> <b>1600 West End Boulevard,</b> <b>Suite 100</b> <b>St. Louis Park, MN 55416</b>	Local Newspaper Operator	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.69%, Secured Debt (Maturity November 3, 2020)(9)		10,341	10,116	10,147
<b>ADS Tactical, Inc.(10)</b> <b>621 Lynnhaven Parkway,</b> <b>Suite 400</b> <b>Virginia Beach, VA 23452</b>	Value-Added Logistics and Supply Chain Provider to the Defense Industry	LIBOR Plus 7.50% (Floor 0.75%), Current Coupon 9.19%, Secured Debt (Maturity December 31, 2022)(9)		13,014	12,767	12,833
<b>Aethon United BR LP(10)</b> <b>12377 Merit Dr. #1200</b> <b>Dallas, TX 75251</b>	Oil & Gas Exploration & Production	LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 8.15%, Secured Debt (Maturity September 8, 2023)(9)		3,438	3,388	3,388
<b>Ahead, LLC(10)</b> <b>150 S. Wacker Drive, Suite 2500</b> <b>Chicago, IL 60606</b>	IT Infrastructure Value Added Reseller	LIBOR Plus 6.50%, Current Coupon 8.20%, Secured Debt (Maturity November 2, 2020)		11,061	10,848	11,130
<b>Allflex Holdings III Inc.(11)</b> <b>2805 East 14th Street</b> <b>Dallas, TX 75261</b>	Manufacturer of Livestock Identification Products	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.36%, Secured Debt (Maturity July 19, 2021)(9)		13,846	13,781	13,955
<b>American Scaffold Holdings, Inc.(10)</b> <b>3210 Commercial Street</b> <b>San Diego, CA 92113</b>	Marine Scaffolding Service Provider					

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LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 8.19%, Secured Debt (Maturity March 31, 2022)(9)	7,031	6,947	6,996
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**American Teleconferencing**

**Services, Ltd.(11)**

**3280 Peachtree Rd N.E.,**

**Suite 1000**

**Atlanta, GA 30305**

Provider of Audio  
Conferencing and  
Video Collaboration  
Solutions

LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.90%, Secured Debt (Maturity December 8, 2021)(9)	10,582	9,934	10,443
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LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.85%, Secured Debt (Maturity June 6, 2022)(9)	3,714	3,589	3,507
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		13,523	13,950
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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Percent of Class Held(27)	Principal(4)	Cost(4)	Fair Value(18)
<b>Anchor Hocking, LLC(11)</b> 519 N. Pierce Avenue Lancaster, OH 43130	Household Products Manufacturer	LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.49%, Secured Debt (Maturity June 4, 2020)(9) Member Units (440,620 units)	4.4%	2,254	2,211 4,928	2,248 3,745
					7,139	5,993
<b>Apex Linen Service, Inc.</b> 6375 Arville Street Las Vegas, NV 89118	Industrial Launderers	LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.36%, Secured Debt (Maturity October 30, 2022)(9) 16% Secured Debt (Maturity October 30, 2022)		2,400 14,416	2,400 14,347	2,400 14,347
					16,747	16,747
<b>Arcus Hunting LLC.(10)</b> 14161 Lake Forest Drive, Unit A Covington, GA 30014	Manufacturer of Bowhunting and Archery Products and Accessories	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.34%, Secured Debt (Maturity November 13, 2019)(9)		15,391	15,294	15,391
<b>ATI Investment Sub, Inc.(11)</b> 3901 Midway Place NE Albuquerque, NM 87109	Manufacturer of Solar Tracking Systems	LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.82%, Secured Debt (Maturity June 22, 2021)(9)		7,364	7,215	7,346
<b>ATX Networks Corp.(11)(13)(21)</b> 1-501 Clements Road West Ajax, ON L1S 7H4	Provider of Radio Frequency Management Equipment	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.33% / 1.00% PIK, Current Coupon Plus PIK 8.33%, Secured Debt (Maturity June 11, 2021)(9)(19)		9,567	9,454	9,507
<b>Berry Aviation, Inc.(10)</b> 1807 Airport Drive San Marcos, TX 78666	Airline Charter Service Operator	13.75% Secured Debt (Maturity January 30, 2020) Common Stock (553 shares)	2.0%	5,627	5,598 400	5,627 1,010

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			5,998	6,637
<b>BigName Commerce, LLC(10)</b> <b>5300 New Horizons Blvd.</b> <b>Amityville, NY 11701</b>	Provider of Envelopes and Complimentary Stationery Products	LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.59%, Secured Debt (Maturity May 11, 2022)(9)	2,488	2,461
<b>Binswanger Enterprises, LLC(10)</b> <b>965 Ridge Lake Blvd.</b> <b>Memphis, TN 38120</b>	Glass Repair and Installation Service Provider	LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 9.69%, Secured Debt (Maturity March 9, 2022)(9) Member Units (1,050,000 units)	15,325	15,192
		2.8%	1,050	1,000
			16,110	16,192

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Percent of Class Held(27)	Principal(4)	Cost(4)	Fair Value(18)
<b>Bluestem Brands, Inc.(11)</b> 6509 Flying Cloud Dr. Eden Prairie, MN 55344	Multi-Channel Retailer of General Merchandise	LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 9.07%, Secured Debt (Maturity November 6, 2020)(9)		12,127	11,955	8,540
<b>Brainworks Software, LLC(10)</b> 100 South Main Street Sayville, NY 11782	Advertising Sales and Newspaper Circulation Software	Prime Plus 9.25% (Floor 3.25%), Current Coupon 13.75%, Secured Debt (Maturity July 22, 2019)(9)		6,733	6,705	6,573
<b>Brightwood Capital Fund Investments(12)(13)</b> 1540 Broadway, 23rd Floor New York, NY 10036	Investment Partnership	LP Interests (Brightwood Capital Fund III, LP) (Fully diluted 1.6%)(8)	1.6%		12,000	10,328
		LP Interests (Brightwood Capital Fund IV, LP) (Fully diluted 0.8%)(8)	0.8%		1,000	1,063
					13,000	11,391
<b>Brundage-Bone Concrete Pumping, Inc.(11)</b> 6461 Downing St Denver, CO 80229	Construction Services Provider	10.375% Secured Debt (Maturity September 1, 2023)		3,000	2,987	3,180
<b>Cadence Aerospace LLC(10)</b> 610 Newport Center Drive, Suite 950 Newport Beach, CA 92660	Aerostructure Manufacturing	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.91%, Secured Debt (Maturity November 14, 2023)(9)		15,000	14,853	14,853
<b>CapFusion, LLC(13)</b> 2310 W 75th Street Prairie Village, KS 66028	Non-Bank Lender to Small Businesses	13% Secured Debt (Maturity March 25, 2021)(14)		6,705	5,645	1,871
<b>California Pizza Kitchen, Inc.(11)</b> 12181 Bluff Creek Drive Playa Vista, CA 90094	Casual Restaurant Group	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.57%, Secured Debt (Maturity August 23, 2022)(9)		12,902	12,862	12,677

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<b>CDHA Management, LLC(10)</b> <b>300 Frank W. Burr Blvd, Suite 5</b> <b>Teaneck, NJ 07666</b>	Dental Services	LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.76%, Secured Debt (Maturity December 5, 2021)(9)	5,365	5,303	5,365
<b>Central Security Group, Inc.(11)</b> <b>2248 E. 81st St. Suite 4300</b> <b>Tulsa, OK 74137</b>	Security Alarm Monitoring Service Provider	LIBOR Plus 5.63% (Floor 1.00%), Current Coupon 7.19%, Secured Debt (Maturity October 6, 2021)(9)	7,481	7,462	7,518

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Percent of Class Held(27)	Principal(4)	Cost(4)	Fair Value(18)
<b>Cenveo Corporation(11)</b> <b>200 First Stamford Place</b> <b>Stamford, CT 06902</b>	Provider of Commercial Printing, Envelopes, Labels, and Printed Office Products	6% Secured Debt (Maturity August 1, 2019)		19,130	17,126	13,582
<b>Charlotte Russe, Inc.(11)</b> <b>575 Florida Street</b> <b>San Francisco, CA 94010</b>	Fast-Fashion Retailer to Young Women	LIBOR Plus 5.50% (Floor 1.25%), Current Coupon 6.89%, Secured Debt (Maturity May 22, 2019)(9)		19,041	16,473	7,807
<b>Clarius BIGS, LLC(10)</b> <b>311 N Robertson Blvd</b> <b>Beverly Hills, CA 90211</b>	Prints & Advertising Film Financing	15% PIK Secured Debt (Maturity January 5, 2015)(14)(17)		2,924	2,924	85
<b>Clickbooth.com, LLC(10)</b> <b>5911 N. Honore Avenue Suite 114</b> <b>Sarasota, FL 34243</b>	Provider of Digital Advertising Performance Marketing Solutions	LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 10.01%, Secured Debt (Maturity December 5, 2022)(9)		3,000	2,941	2,941
<b>Construction Supply Investments, LLC(10)</b> <b>Nine Greenway Plaza, Suite 2400</b> <b>Houston, TX 77046</b>	Distribution Platform of Specialty Construction Materials to Professional Concrete and Masonry Contractors	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.57%, Secured Debt (Maturity June 30, 2023)(9) Member Units (28,000 units)	2.5%	7,125	7,090 3,723	7,090 3,723
<b>CTVSH, PLLC(10)</b> <b>4434 Frontier Trail</b> <b>Austin, TX 78745</b>	Emergency Care and Specialty Service Animal Hospital	LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 9.48%, Secured Debt (Maturity August 3, 2022)(9)		11,850	11,739	11,739
<b>Darr Equipment LP(10)</b> <b>350 Bank Street</b> <b>Southlake, TX 76092</b>	Heavy Equipment Dealer	11.5% Current / 1% PIK Secured Debt (Maturity June 22, 2023)(19)		7,229	7,229	7,229

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		Warrants (915,734 equivalent units; Expiration December 23, 2023; Strike price \$1.50 per unit)	1.4%	474	10
				7,703	7,239
<b>Digital River, Inc.(11)</b> <b>10380 Bren Road West</b> <b>Minnetonka, MN 55343</b>	Provider of Outsourced e-Commerce Solutions and Services	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 8.08%, Secured Debt (Maturity February 12, 2021)(9)		9,313	9,266
					9,337

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Percent of Class Held(27)	Principal(4)	Cost(4)	Fair Value(18)
<b>Drilling Info Holdings, Inc.</b> 2901 via Fortuna #200 Austin, TX 78746	Information Services for the Oil and Gas Industry	Common Stock (3,788,865 shares)(8)	1.9%			8,610
<b>EnCap Energy Fund Investments(12)(13)</b> 1100 Louisiana Street, Suite 4900 Houston, TX 77002	Investment Partnership	LP Interests (EnCap Energy Capital Fund VIII, L.P.) (Fully diluted 0.1%)(8)	0.1%		3,906	2,202
		LP Interests (EnCap Energy Capital Fund VIII Co-Investors, L.P.) (Fully diluted 0.4%)(8)	0.4%		2,227	1,549
		LP Interests (EnCap Energy Capital Fund IX, L.P.) (Fully diluted 0.1%)(8)	0.1%		4,305	3,720
		LP Interests (EnCap Energy Capital Fund X, L.P.) (Fully diluted 0.1%)(8)	0.1%		6,277	6,225
		LP Interests (EnCap Flatrock Midstream Fund II, L.P.) (Fully diluted 0.8%)(8)	0.8%		6,138	6,116
		LP Interests (EnCap Flatrock Midstream Fund III, L.P.) (Fully diluted 0.2%)(8)	0.2%		3,458	3,828
					26,311	23,640
<b>Evergreen Skills Lux S.á r.l. (d/b/a Skillsoft)(11)(13)</b> 107 Northeastern Blvd. Nashua, NH 03062	Technology-based Performance Support Solutions	LIBOR Plus 8.25% (Floor 1.00%), Current Coupon 9.82%, Secured Debt (Maturity April 28, 2022)(9)		6,999	6,878	6,244
<b>Extreme Reach, Inc.(11)</b> 75 2nd Avenue, Suite 720 Needham, MA 02494	Integrated TV and Video Advertising Platform	LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.95%, Secured Debt (Maturity February 7, 2020)(9)		10,411	10,397	10,398
<b>Felix Investments Holdings II(10)</b> 1530 16th Street, Suite 500 Denver, CO 80202	Oil & Gas Exploration & Production	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.90%, Secured Debt (Maturity August 9, 2022)(9)		3,333	3,267	3,267
<b>Flavors Holdings Inc.(11)</b>	Global Provider of Flavoring and Sweetening Products					

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300 Jefferson St.

Camden, NJ 08104

LIBOR Plus 5.75% (Floor 1.00%), Current Coupon 7.44%, Secured Debt (Maturity April 3, 2020)(9)	13,076	12,616	12,128
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<b>GI KBS Merger Sub LLC(11)</b> <b>3605 Ocean Ranch Blvd.</b> <b>Oceanside, CA 92056</b>	Outsourced Janitorial Services to Retail/Grocery Customers	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.48%, Secured Debt (Maturity October 29, 2021)(9)	6,807	6,733	6,833
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.88%, Secured Debt (Maturity April 29, 2022)(9)	3,915	3,769	3,793
				10,502	10,626

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Percent of Class Held(27)	Principal(4)	Cost(4)	Fair Value(18)
<b>GoWireless Holdings, Inc.(11)</b> <b>9970 W. Cheyenne Avenue #100</b> <b>Las Vegas, NV 89129</b>	Provider of Wireless Telecommunications Carrier Services	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 8.16%, Secured Debt (Maturity December 22, 2024)(9)		18,000	17,820	17,865
<b>Grace Hill, LLC(10)</b> <b>15 S Main Street, Suite 500</b> <b>Greenville, SC 29601</b>	Online Training Tools for the Multi-Family Housing Industry	Prime Plus 5.25% (Floor 1.00%), Current Coupon 9.75%, Secured Debt (Maturity August 15, 2019)(9)		1,215	1,208	1,215
		LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.58%, Secured Debt (Maturity August 15, 2019)(9)		11,407	11,356	11,407
					12,564	12,622
<b>Great Circle Family Foods, LLC(10)</b> <b>4760 E. Los Coyotes Diagonal</b> <b>Long Beach, CA 90815</b>	Quick Service Restaurant Franchise	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.34%, Secured Debt (Maturity October 28, 2019)(9)		7,219	7,187	7,219
<b>Grupo Hima San Pablo, Inc.(11)</b> <b>P.O. Box 4980</b> <b>Caguas, Puerto Rico 00726</b>	Tertiary Care Hospitals	LIBOR Plus 7.00% (Floor 1.50%), Current Coupon 8.50%, Secured Debt (Maturity January 31, 2018)(9)		4,750	4,748	3,541
		13.75% Secured Debt (Maturity July 31, 2018)		2,055	2,040	226
					6,788	3,767
<b>GST Autoleather, Inc.(11)</b> <b>20 Oak Hollow Dr Suite 300</b> <b>Southfield, MI 48033</b>	Automotive Leather Manufacturer	PRIME Plus 6.50% (Floor 2.25%), Current Coupon 11.00%, Secured Debt (Maturity April 5, 2018)(9)		7,578	7,500	7,500
		PRIME Plus 6.50% (Floor 2.00%), Current Coupon 11.00%, Secured Debt (Maturity July 10, 2020)(9)		15,619	15,120	11,813
					22,620	19,313
<b>Guitar Center, Inc.(11)</b> <b>5795 Lindero Canyon Road</b> <b>Westlake Village, CA 91362</b>	Musical Instruments Retailer					

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		6.5% Secured Debt (Maturity April 15, 2019)	16,625	16,009	15,378
<b>Hojeij Branded Foods, LLC(10)</b> <b>1750 The Exchange, Suite 200</b> <b>Atlanta, GA 30339</b>	Multi-Airport, Multi- Concept Restaurant Operator	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.57%, Secured Debt (Maturity July 20, 2022)(9)	12,137	12,022	12,137
<b>Hoover Group, Inc.(10)(13)</b> <b>2135 Highway 6 South</b> <b>Houston, TX 77077</b>	Provider of Storage Tanks and Related Products to the Energy and Petrochemical Markets	LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.70%, Secured Debt (Maturity January 28, 2021)(9)	8,460	7,986	7,783

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Percent of Class Held(27)	Principal(4)	Cost(4)	Fair Value(18)
<b>Hostway Corporation(11)</b> <b>100 N Riverside, Suite 800</b> <b>Chicago, IL 60606</b>	Managed Services and Hosting Provider	LIBOR Plus 6.75% (Floor 1.25%), Current Coupon 8.44%, Secured Debt (Maturity December 13, 2019)(9)		20,150	19,796	19,621
		LIBOR Plus 6.75% (Floor 1.25%), Current Coupon 8.44%, Secured Debt (Maturity December 13, 2018)(9)		12,406	11,575	11,692
					31,371	31,313
<b>Hunter Defense Technologies, Inc.(11)</b> <b>30500 Aurora Road, Suite 100</b> <b>Solon, OH 44139</b>	Provider of Military and Commercial Shelters and Systems	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.70%, Secured Debt (Maturity August 5, 2019)(9)		20,224	19,851	19,997
<b>Hydrofarm Holdings LLC(10)</b>  <b>2249 S. McDowell Ext</b>  <b>Petaluma, CA 94954</b>	Wholesaler of Horticultural Products	LIBOR Plus 7.00%, Current Coupon 8.49%, Secured Debt (Maturity May 12, 2022)		6,708	6,588	6,699
<b>iEnergizer Limited(11)(13)(21)</b> <b>Mont Crevelt House,</b> <b>Bulwer Avenue St</b> <b>Sampson, Guernsey GY2 4LH</b>	Provider of Business Outsourcing Solutions	LIBOR Plus 6.00% (Floor 1.25%), Current Coupon 7.57%, Secured Debt (Maturity May 1, 2019)(9)		11,005	10,764	10,977
<b>Implus Footcare, LLC(10)</b> <b>2001 TW Alexander Drive</b> <b>Box 13925</b> <b>Durham, NC 27709</b>	Provider of Footwear and Related Accessories	LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 8.44%, Secured Debt (Maturity April 30, 2021)(9)		19,372	19,115	19,243
<b>Indivior Finance LLC(11)(13)</b> <b>10710 Midlothian Turnpike,</b> <b>Suite 430</b> <b>Richmond, VA 23235</b>	Specialty Pharmaceutical Company Treating Opioid Dependence	LIBOR Plus 4.50% (Floor 1.00%), Current Coupon 5.50%, Secured Debt (Maturity December 18,		1,176	1,171	1,182

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2022)(9)

**Industrial Services**

**Acquisition, LLC(10)**

**9 Greenway Plaza, Suite 2400  
Houston, TX 77046**

Industrial Cleaning  
Services

11.25% Current / 0.75% PIK

Unsecured Debt (Maturity

December 17, 2022)(19)

4,553

4,478

4,553

Member Units (Industrial Services  
Investments, LLC) (900,000 units)

0.6%

900

810

5,378

5,363

**Inn of the Mountain Gods Resort  
and Casino(11)**

**287 Carrizo Canyon Road  
Mescalero, NM 88340**

Hotel & Casino  
Owner & Operator

9.25% Secured Debt

(Maturity November 30, 2020)

6,249

5,994

5,687

111

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Percent of Class Held(27)	Principal(4)	Cost(4)	Fair Value(18)
<b>iPayment, Inc.(11)</b> 126 East 56th Street New York, NY 10022	Provider of Merchant Acquisition	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.62%, Secured Debt (Maturity April 11, 2023)(9)		11,970	11,861	12,090
<b>iQor US Inc.(11)</b> 200 Central Avenue One Progress Plaza 7th Floor St. Petersburg, FL 33701	Business Process Outsourcing Services Provider	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.69%, Secured Debt (Maturity April 1, 2021)(9)		990	983	986
<b>irth Solutions, LLC</b> 5009 Horizons Drive Columbus, OH 43220	Provider of Damage Prevention Information Technology Services	Member Units (27,893 units)	2.8%		1,441	1,920
<b>Jacent Strategic Merchandising, LLC(10)</b> 860 Welsh Road Huntingdon Valley, PA 19006	General Merchandise Distribution	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 8.01%, Secured Debt (Maturity September 16, 2020)(9)		11,110	11,054	11,110
<b>Jackmont Hospitality, Inc.(10)</b> 1760 Peachtree Street, Suite 200 Atlanta, GA 30309	Franchisee of Casual Dining Restaurants	LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 8.32%, Secured Debt (Maturity May 26, 2021)(9)		4,390	4,379	4,390
<b>Jacuzzi Brands LLC(11)</b> 13925 City Center Dr #200 Chino Hills, CA 91709	Manufacturer of Bath and Spa Products	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.69%, Secured Debt (Maturity June 28, 2023)(9)		3,950	3,876	3,980
<b>Joerns Healthcare, LLC(11)</b> 2430 Whitehall Park Drive, Suite 100 Charlotte, NC 28273	Manufacturer and Distributor of Health Care Equipment & Supplies	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.48% Secured Debt (Maturity May 9, 2020)(9)		13,387	13,299	12,472
<b>Keypoint Government Solutions, Inc.(10)</b>	Provider of Pre-Employment					

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<b>115 East 57th Street</b> <b>New York, NY 10022</b>	Screening Services	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.35%, Secured Debt (Maturity April 18, 2024)(9)	12,031	11,921	12,031
<b>Larchmont Resources, LLC(11)</b>					
<b>333 Clay Street, Suite 3500</b> <b>Houston, TX 77002</b>	Oil & Gas Exploration & Production	LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.53%, PIK Secured Debt (Maturity August 7, 2020) (9)(19) Member Units (Larchmont Intermediate Holdco, LLC) (2,828 units)	2,418	2,418	2,394
		2.8%		353	976
				2,771	3,370

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Percent of Class Held(27)	Principal(4)	Cost(4)	Fair Value(18)
<b>LKCM Headwater InvestmentsI, L.P.(12)(13)</b> <b>301 Commerce Street, Suite 1600 Fort Worth, TX 76102</b>	Investment Partnership	LP Interests (Fully diluted 2.3%)	2.3%		2,500	4,234
<b>Logix Acquisition Company, LLC(10)</b> <b>2950 N. Loop W. 8th Floor Houston, TX 77092</b>	Competitive Local Exchange Carrier	LIBOR Plus 5.75% (Floor 1.00%), Current Coupon 7.28%, Secured Debt (Maturity August 9, 2024)(9)		10,135	9,921	9,921
<b>Looking Glass Investments, LLC(12)(13)</b> <b>316 E Silver Spring Drive, Suite 206 Milwaukee, WI 53217</b>	Specialty Consumer Finance	Member Units (2.5 units) Member Units (LGI Predictive Analytics LLC) (190,712 units)(8)	2.5% 2.6%		125 108 233	57 92 149
<b>LSF9 Atlantis Holdings, LLC(11)</b> <b>772 Prairie Center Drive Suite 420 Eden Prairie, MN 55344</b>	Provider of Wireless Telecommunications Carrier Services	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.57%, Secured Debt (Maturity May 1, 2023)(9)		2,963	2,931	2,978
<b>Lulu's Fashion Lounge, LLC(10)</b> <b>195 Humboldt Ave Chico, CA 95928</b>	Fast Fashion E-Commerce Retailer	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.57%, Secured Debt (Maturity August 28, 2022)(9)		13,381	12,993	13,531
<b>Messenger, LLC(10)</b> <b>318 East 7th Street Auburn, IN 46706</b>	Supplier of Specialty Stationery and Related Products to the Funeral Industry	LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.74%, Secured Debt (Maturity September 9, 2020)(9)		17,331	17,249	17,331
<b>Minute Key, Inc.</b> <b>4760 Walnut Street, Suite 105 Boulder, CO 80301</b>	Operator of Automated Key Duplication Kiosks	Warrants (1,437,409 equivalent shares; Expiration May 20, 2025; Strike price \$0.01 per share)	1.9%		280	1,170

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**NBG Acquisition Inc(11)**

**12303 Technology Blvd. Suite 950  
Austin, TX 78727**

Wholesaler of Home  
Décor Products

LIBOR Plus 5.50% (Floor 1.00%),  
Current Coupon 7.19%, Secured  
Debt (Maturity April 26, 2024)(9)

4,402      4,336      4,452

**New Media Holdings**

**II LLC(11)(13)**

**1345 Avenue of the Americas  
New York, NY 10105**

Local Newspaper  
Operator

LIBOR Plus 6.25% (Floor 1.00%),  
Current Coupon 7.82%, Secured  
Debt (Maturity July 14, 2022)(9)

17,715      17,342      17,864

**NNE Partners, LLC(10)**

**707 Virginia Street East,  
Suite 1200  
Charleston, WV 07060**

Oil & Gas  
Exploration &  
Production

LIBOR Plus 8.00%, Current Coupon  
9.49%, Secured Debt  
(Maturity March 2, 2022)

11,958      11,854      11,854

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Percent of Class Held(27)	Principal(4)	Cost(4)	Fair Value(18)
<b>North American Lifting Holdings, Inc.(11)</b> <b>925 South Loop West</b> <b>Houston, TX 77054</b>	Crane Service Provider	LIBOR Plus 4.50% (Floor 1.00%), Current Coupon 6.19%, Secured Debt (Maturity November 27, 2020)(9)		7,745	6,913	7,256
<b>Novetta Solutions, LLC(11)</b> <b>7921 Jones Branch Drive,</b> <b>5th Floor</b> <b>McLean, VA 22102</b>	Provider of Advanced Analytics Solutions for Defense Agencies	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.70%, Secured Debt (Maturity October 17, 2022)(9)		14,636	14,189	14,239
<b>NTM Acquisition Corp.(11)</b> <b>100 Lighting Way</b> <b>Seacaucus, NJ 07094</b>	Provider of B2B Travel Information Content	LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.94%, Secured Debt (Maturity June 7, 2022)(9)		6,186	6,126	6,155
<b>Ospemifene Royalty Sub LLC (QuatRx)(10)</b>  <b>777 East Eisenhower Parkway,</b> <b>Suite 100</b>  <b>Ann Arbor, MI 48108</b>	Estrogen-Deficiency Drug Manufacturer and Distributor	11.5% Secured Debt (Maturity November 15, 2026)(14)		5,071	5,071	1,198
<b>P.F. Chang's China Bistro, Inc.(11)</b> <b>7676 E. Pinnacle Peak Rd.</b> <b>Scottsdale, AZ 85255</b>	Casual Restaurant Group	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.51%, Secured Debt (Maturity September 1, 2022)(9)		4,988	4,846	4,715
<b>Paris Presents Incorporated(11)</b> <b>3800 Swanson Ct.</b> <b>Gurnee, IL 60031</b>	Branded Cosmetic and Bath Accessories	LIBOR Plus 8.75% (Floor 1.00%), Current Coupon 10.32%, Secured Debt (Maturity December 31, 2021)(9)		4,500	4,471	4,477
<b>Parq Holdings Limited Partnership(11)(13)(21)</b> <b>595 Burrard Street, Suite 700</b> <b>Vancouver, British Columbia</b>	Hotel & Casino Operator					

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<b>V7X1S8</b>		LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 9.19%, Secured Debt (Maturity December 17, 2020)(9)	7,481	7,399	7,528
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**Permian Holdco 2, Inc.(11)**

**2701 West Interstate 20**

**Odessa, TX 79766**

Storage Tank  
Manufacturer

14% PIK Unsecured Debt (Maturity October 15, 2021)(19)		306	306	306
Preferred Stock (Permian Holdco 1, Inc.) (154,558 units)(28)	1.8%		799	980
Common Stock (Permian Holdco 1, Inc.) (154,558 units)	0.8%			140
			1,105	1,426

**Pernix Therapeutics**

**Holdings, Inc.(10)**

**10 North Park Place, Suite 201**

**Morristown, NJ 07960**

Pharmaceutical  
Royalty

12% Secured Debt (Maturity August 1, 2020)		3,129	3,129	1,971
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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Percent of Class Held(27)	Principal(4)	Cost(4)	Fair Value(18)
<b>Point.360(10)</b> 2777 North Ontario Street Burbank, CA 91504	Fully Integrated Provider of Digital Media Services	Warrants (65,463 equivalent shares; Expiration July 7, 2020; Strike price \$0.75 per share) Common Stock (163,658 shares)	0.4% 1.0%		69 273	11 11
<b>PPC/SHIFT LLC(10)</b> 348 E. Maple Rd. Birmingham, MI 48009	Provider of Digital Solutions to Automotive Industry	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.69%, Secured Debt (Maturity December 22, 2021)(9)		6,869	6,748	6,869
<b>Prowler Acquisition Corp.(11)</b> 1010 Lamar, Suite 1320 Houston, TX 77002	Specialty Distributor to the Energy Sector	LIBOR Plus 4.50% (Floor 1.00%), Current Coupon 6.19%, Secured Debt (Maturity January 28, 2020)(9)		12,830	11,332	12,253
<b>PT Network, LLC(10)</b> 501 Fairmount Avenue, Suite 302 Towson, MD, 21286	Provider of Outpatient Physical Therapy and Sports Medicine Services	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.86%, Secured Debt (Maturity November 30, 2021)(9)		8,553	8,553	8,553
<b>QBS Parent, Inc.(11)</b> 811 Main Street, Suite 2000 Houston, TX 77002	Provider of Software and Services to the Oil & Gas Industry	LIBOR Plus 4.75% (Floor 1.00%), Current Coupon 6.13%, Secured Debt (Maturity August 7, 2021)(9)		14,272	14,114	14,165
<b>Research Now Group, Inc. and Survey Sampling International, LLC(11)</b> 58 West 40th Street, 16th Floor New York, NY 10018	Provider of Outsourced Online Surveying	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 7.13%, Secured Debt (Maturity December 20, 2024)(9)		13,500	12,826	12,826
<b>Resolute Industrial, LLC(10)</b> 298 W. Messner Drive Wheeling, IL 60090	HVAC Equipment Rental and Remanufacturing					

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LIBOR Plus 7.62% (Floor 1.00%), Current Coupon 8.95%, Secured Debt (Maturity July 26, 2022)(9)(25)		17,088	16,770	16,770
Member Units (601 units)	0.9%		750	750
			17,520	17,520

**RGL Reservoir  
Operations Inc.(11)(13)(21)**

610, 700 - 2nd Street SW

Calgary, AB, Canada, T2P 2W1

Oil & Gas Equipment  
and Services

1% Current / 9% PIK Secured Debt (Maturity December 21, 2024)(19)		721	407	407
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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Percent of Class Held(27)	Principal(4)	Cost(4)	Fair Value(18)
<b>RM Bidder, LLC(10)</b> <b>1040 N. Las Palmas Ave, Building 40</b> <b>Los Angeles, CA 90038</b>	Scripted and Unscripted TV and Digital Programming Provider	Warrants (327,532 equivalent units; Expiration October 20, 2025; Strike price \$14.28 per unit) Member Units (2,779 units)	1.4% 0.0%		425 46	20
					471	20
<b>SAFETY Investment Holdings, LLC</b> <b>5619 DTC Parkway, Suite 1000</b> <b>Greenwood Village, CO 80111</b>	Provider of Intelligent Driver Record Monitoring Software and Services	Member Units (2,000,000 units)	1.6%		2,000	1,670
<b>Salient Partners L.P.(11)</b> <b>4265 San Felipe, 8th Floor</b> <b>Houston, TX 77027</b>	Provider of Asset Management Services	LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.85%, Secured Debt (Maturity June 9, 2021)(9)		10,081	9,870	9,778
<b>SiTV, LLC(11)</b> <b>700 N Central Ave</b> <b>Glendale, CA 91203</b>	Cable Networks Operator	10.375% Secured Debt (Maturity July 1, 2019)		10,429	7,006	7,040
<b>SMART Modular Technologies, Inc.(10)(13)</b> <b>39870 Eureka Dr.</b> <b>Newark, CA 94560</b>	Provider of Specialty Memory Solutions	LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.66%, Secured Debt (Maturity August 9, 2022)(9)		14,625	14,351	14,552
<b>Sorenson Communications, Inc.(11)</b> <b>4192 South Riverboat Road</b> <b>Salt Lake City, UT 84123</b>	Manufacturer of Communication Products for Hearing Impaired	LIBOR Plus 5.75% (Floor 2.25%), Current Coupon 8.00%, Secured Debt (Maturity April 30, 2020)(9)		13,234	13,170	13,341
<b>Staples Canada ULC(10)(13)(21)</b> <b>6 Staples Avenue</b> <b>Richmond Hill</b> <b>Ontario, Canada ON L4B 4W3</b>	Office Supplies Retailer	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.43%, Secured Debt (Maturity September 12, 2023)		20,000	19,617	18,891

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(9)(22)

<b>Strike, LLC(11)</b>					
<b>1800 Huges Landing Blvd.</b>		Pipeline Construction and Maintenance Services			
<b>Suite 500</b>					
<b>The Woodlands, TX 77380</b>					
		LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity November 30, 2022)(9)	9,500	9,250	9,643
		LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 9.45%, Secured Debt (Maturity May 30, 2019)(9)	2,500	2,479	2,513
				11,729	12,156
<b>Subsea Global Solutions, LLC(10)</b>					
<b>12062 NW 27th Avenue</b>		Underwater Maintenance and Repair Services			
<b>Miami, FL 33167</b>					
		LIBOR Plus 6.00% (Floor 1.50%), Current Coupon 7.50%, Secured Debt (Maturity March 17, 2020)(9)	7,687	7,637	7,687

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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Percent of Class Held(27)	Principal(4)	Cost(4)	Fair Value(18)
<b>Synagro Infrastructure Company, Inc(11)</b> <b>435 Williams Court, Suite 100</b> <b>Baltimore, MD 21220</b>	Waste Management Services	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 7.19%, Secured Debt (Maturity August 22, 2020)(9)		9,161	8,933	8,608
<b>Tectonic Holdings, LLC</b> <b>6900 N. Dallas Parkway, Suite 500</b> <b>Plano, TX 75024</b>	Financial Services Organization	Member Units (200,000 units)(8)	3.1%		2,000	2,320
<b>TE Holdings, LLC(11)</b> <b>4727 Gaillardia Parkway</b> <b>Oklahoma City, OK 73142</b>	Oil & Gas Exploration & Production	Member Units (97,048 units)	0.1%		970	158
<b>TeleGuam Holdings, LLC(11)</b>  <b>624 North Marine Corps Drive</b>  <b>Tamuning, Guam</b>	Cable and Telecom Services Provider	LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 10.07%, Secured Debt (Maturity April 12, 2024)(9)		7,750	7,602	7,808
<b>TGP Holdings III LLC(11)</b> <b>1215 E Wilmington Ave Ste 200</b> <b>Salt Lake City, UT 84106</b>	Outdoor Cooking & Accessories	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.69%, Secured Debt (Maturity September 25, 2024)(9) LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 10.19%, Secured Debt (Maturity September 25, 2025)(9)		6,898	6,820	6,969
				5,000	4,927	5,075
					11,747	12,044
<b>The Container Store, Inc.(11)</b> <b>500 Freeport Parkway</b> <b>Coppell, TX 75019</b>	Operator of Stores Offering Storage and Organizational Products	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.69%, Secured Debt (Maturity August 15, 2021)(9)		9,938	9,660	9,652
<b>TMC Merger Sub Corp.(11)</b> <b>1060 Hensley Street</b> <b>Richmond, CA 94801</b>	Refractory & Maintenance Services Provider	LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.88%, Secured Debt (Maturity October 31, 2022)		17,653	17,516	17,741

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(9)(26)

<p><b>TOMS Shoes, LLC(11)</b>  <b>5404 Jandy Place</b>  <b>Los Angeles, CA 90066</b></p>	<p>Global Designer,  Distributor, and  Retailer of Casual  Footwear</p>	<p>LIBOR Plus 5.50% (Floor 1.00%),  Current Coupon 6.98%, Secured  Debt (Maturity October 30, 2020)(9)</p>	<p>4,875</p>	<p>4,610</p>	<p>2,901</p>
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<p><b>Turning Point Brands, Inc.(10)(13)</b>  <b>5201 Interchange Way</b>  <b>Louisville, KY 40229</b></p>	<p>Marketer/Distributor  of Tobacco Products</p>	<p>LIBOR Plus 6.00% (Floor 1.00%),  Current Coupon 7.61%, Secured  Debt (Maturity May 17, 2022)(9)(25)</p>	<p>8,436</p>	<p>8,364</p>	<p>8,605</p>
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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Percent of Class Held(27)	Principal(4)	Cost(4)	Fair Value(18)
<b>TVG-I-E CMN ACQUISITION, LLC(10)</b> <b>1001 McKinney Street, Suite 400</b> <b>Houston, TX 77002</b>	Organic Lead Generation for Online Postsecondary Schools	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.56%, Secured Debt (Maturity November 3, 2021)(9)		8,170	8,031	8,170
<b>Tweddle Group, Inc.(11)</b> <b>24700 Maplehurst Dr</b> <b>Clinton Township, MI 48036</b>	Provider of Technical Information Services to Automotive OEMs	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.38%, Secured Debt (Maturity October 21, 2022)(9)		6,114	6,011	6,023
<b>U.S. TelePacific Corp.(11)</b> <b>515 S. Flower St. 47th Floor</b> <b>Los Angeles, CA 90071</b>	Provider of Communications and Managed Services	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.69%, Secured Debt (Maturity May 2, 2023)(9)		20,703	20,507	19,862
<b>US Joiner Holding Company(11)</b> <b>5690 Three Noched Rd, Suite 200</b> <b>Crozet, VA 22932</b>	Marine Interior Design and Installation	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.70%, Secured Debt (Maturity April 16, 2020)(9)		13,465	13,366	13,398
<b>VIP Cinema Holdings, Inc.(11)</b> <b>101 Industrial Drive</b> <b>New Albany, MS 38652</b>	Supplier of Luxury Seating to the Cinema Industry	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.70%, Secured Debt (Maturity March 1, 2023)(9)		7,700	7,666	7,777
<b>Vistar Media, Inc.(10)</b> <b>137 5th Ave. 5th Floor</b> <b>New York, NY 10010</b>	Operator of Digital Out-of-Home Advertising Platform	LIBOR Plus 10.00% (Floor 1.00%), Current Coupon 11.69%, Secured Debt (Maturity February 16, 2022)(9) Warrants (70,207 equivalent shares; Expiration February 17, 2027; Strike price \$0.01 per share)	1.1%	3,319	3,048	3,102
					331	499
					3,379	3,601
<b>Wellnext, LLC(10)</b> <b>1301 Sawgrass Corporate Parkway</b> <b>Sunrise, FL 33323</b>	Manufacturer of Supplements and Vitamins					

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LIBOR Plus 10.10% (Floor 1.00%), Current Coupon 11.67%, Secured Debt (Maturity July 21, 2022) (9)(23)	9,930	9,857	9,930
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**Wireless Vision Holdings, LLC(10)**

**40700 Woodward Avenue**

**Suite 250**

**Bloomfield Hills, MI 48304**

Provider of Wireless  
Telecommunications  
Carrier Services

LIBOR Plus 8.91% (Floor 1.00%), Current Coupon 10.27%, Secured Debt (Maturity September 29, 2022) (9)(24)	12,932	12,654	12,654
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Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Percent of Class Held(27)	Principal(4)	Cost(4)	Fair Value(18)
<b>Wirepath LLC(11)</b>						
<b>1800 Continental Boulevard, Suite 200 Charlotte, NC 28273</b>	E-Commerce Provider into Connected Home Market	LIBOR Plus 5.25% (Floor 1.00%), Current Coupon 6.87%, Secured Debt (Maturity August 5, 2024)(9)		4,988	4,964	5,055
<b>Zilliant Incorporated</b>						
<b>3815 S. Capital of Texas Hwy #300 Austin, TX 78704</b>	Price Optimization and Margin Management Solutions	Preferred Stock (186,777 shares)(28)	0.7%		154	260
		Warrants (952,500 equivalent shares; Expiration June 15, 2022; Strike price \$0.001 per share)	2.1%		1,071	1,189
					1,225	1,449
<b>Subtotal Non-Control/Non-Affiliate Investments (49.8% of total investments at fair value)</b>					\$ 1,107,447	\$ 1,081,745
<b>Total Portfolio Investments, December 31, 2017</b>					\$ 2,004,798	\$ 2,171,305

- (1) All investments are Lower Middle Market portfolio investments, unless otherwise noted. See Note B to our consolidated financial statements included elsewhere herein for a description of Lower Middle Market portfolio investments. All of the Company's investments, unless otherwise noted, are encumbered either as security for the Company's Credit Agreement or in support of the SBA-guaranteed debentures issued by the Funds.
- (2) Debt investments are income producing, unless otherwise noted. Equity and warrants are non-income producing, unless otherwise noted.
- (3) See Note C to our consolidated financial statements included elsewhere herein for a summary of geographic location of portfolio companies.
- (4) Principal is net of repayments. Cost is net of repayments 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.

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- (9) Index based floating interest rate is subject to contractual minimum interest rate. A majority of the variable rate loans in the Company's investment portfolio bear interest at a rate that may be determined by reference to either LIBOR or an alternate Base Rate (commonly based on the Federal Funds Rate or the Prime Rate), which typically resets semi-annually, quarterly, or monthly at the borrower's option. The borrower may also elect to have multiple interest reset periods for each loan. For each such loan, the Company has provided the weighted-average annual stated interest rate in effect at December 31, 2017. As noted in this schedule, 67% of the loans (based on the par amount) contain LIBOR floors which range between 0.50% and 2.25%, with a weighted-average LIBOR floor of approximately 1.02%.
- (10) Private Loan portfolio investment. See Note B to our consolidated financial statements included elsewhere herein for a description of Private Loan portfolio investments.
- (11) Middle Market portfolio investment. See Note B to our consolidated financial statements included elsewhere herein for a description of Middle Market portfolio investments.
- (12) Other Portfolio investment. See Note B to our consolidated financial statements included elsewhere herein for a description of Other Portfolio investments.
- (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.
- (14) Non-accrual and non-income producing investment.
- (15) Portfolio company is in a bankruptcy process and, as such, the maturity date of our debt investments in this portfolio company will not be finally determined until such process is complete. As noted in footnote (14), our debt investments in this portfolio company are on non-accrual status.
- (16) External Investment Manager. Investment is not encumbered as security for the Company's Credit Agreement or in support of the SBA-guaranteed debentures issued by the Funds.
- (17) Maturity date is under on-going negotiations with the portfolio company and other lenders, if applicable.
- (18) Investment fair value was determined using significant unobservable inputs, unless otherwise noted. See Note C to our consolidated financial statements included elsewhere herein for further discussion.
- (19) PIK interest income and cumulative dividend income represent income not paid currently in cash.
- (20) All portfolio company headquarters are based in the United States, unless otherwise noted.
- (21) Portfolio company headquarters are located outside of the United States.
- (22) In connection with the Company's debt investment in Staples Canada ULC to help mitigate any potential adverse change in foreign exchange rates during the term of the Company's investment, the Company entered into a forward foreign currency contract with Cadence Bank to lend \$24.2 million Canadian Dollars and receive

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\$20.0 million U.S. Dollars with a settlement date of September 12, 2018. The unrealized appreciation on the forward foreign currency contract is \$0.7 million as of December 31, 2017. This unrealized appreciation is offset by the foreign currency translation depreciation on the investment.

- (23) The Company has entered into an intercreditor agreement that entitles the Company to the "last out" tranche of the first lien secured loans, whereby the "first out" tranche will receive priority as to the "last out" tranche with respect to payments of principal, interest, and any other amounts due thereunder. Therefore, the Company receives a higher interest rate than the contractual stated interest rate of LIBOR plus 7.50% (Floor 1.00%) per the Credit Agreement and the table above reflects such higher rate.
- (24) The Company has entered into an intercreditor agreement that entitles the Company to the "last out" tranche of the first lien secured loans, whereby the "first out" tranche will receive priority as to the "last out" tranche with respect to payments of principal, interest, and any other amounts due thereunder. Therefore, the Company receives a higher interest rate than the contractual stated interest rate of LIBOR plus 8.50% (Floor 1.00%) per the Credit Agreement and the table above reflects such higher rate.
- (25) As part of the credit agreement with the portfolio company, the Company is entitled to the "last out" tranche of the first lien secured loans, whereby the "first out" tranche receives priority over the "last out" tranche with respect to payments of principal, interest, and any other amounts due thereunder. The rate the Company receives per the Credit Agreement is the same as the rate reflected in the table above.
- (26) The Company has entered into an intercreditor agreement that entitles the Company to the "first out" tranche of the first lien secured loans, whereby the "first out" tranche will receive priority as to the "last out" tranche with respect to payments of principal, interest, and any other amounts due thereunder. Therefore, the Company receives a lower interest rate than the contractual stated interest rate of LIBOR plus 6.64% (Floor 1.00%) per the Credit Agreement and the table above reflects such lower rate.
- (27) Percent of class held is presented for equity investments only. Unless otherwise noted, for any warrants, convertible or preferred equity instruments, the percent of class represents the percent of common equity class in the portfolio company that such instrument is convertible or exchangeable into as such instrument does not contain any preferred return rights that would change the investment's economic interest in a sale or exit transaction.
- (28) Percent of class for investment represents percent of specific class only, as such investment has contractual return rights specific to its class.

Table of Contents**MANAGEMENT**

Our business and affairs are managed under the direction of our Board of Directors. Our Board of Directors appoints our officers, who serve at the discretion of the Board of Directors. The responsibilities of the Board of Directors include, among other things, the oversight of our investment activities, the quarterly valuation of our assets, oversight of our financing arrangements and corporate governance activities. The Board of Directors has an Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee, and may establish additional committees from time to time as necessary.

**Board of Directors and Executive Officers**

Our Board of Directors consists of ten members, eight of whom are classified under applicable NYSE listing standards as "independent" directors and under Section 2(a)(19) of the 1940 Act as "non-interested" persons. Pursuant to our articles of incorporation, each member of our Board of Directors serves a one year term, with each current director serving until the 2018 annual meeting of stockholders and until his or her respective successor is duly qualified and elected. Our articles of incorporation give our Board of Directors sole authority to appoint directors to fill vacancies that are created either through an increase in the number of directors or due to the resignation, removal or death of any director.

*Directors*

Information regarding our current Board of Directors is set forth below as of April 18, 2018. We have divided the directors into two groups independent directors and interested directors. Interested directors are "interested persons" of MSCC as defined in Section 2(a)(19) of the 1940 Act. The address for each director is c/o Main Street Capital Corporation, 1300 Post Oak Boulevard, 8<sup>th</sup> Floor, Houston, Texas 77056.

*Independent Directors*

Name	Age	Director Since	Expiration of Term
Michael Appling Jr.	51	2007	2018
Valerie L. Banner	62	2017	2018
Joseph E. Canon	76	2007	2018
Arthur L. French	77	2007	2018
J. Kevin Griffin	46	2011	2018
John E. Jackson	59	2013	2018
Brian E. Lane	61	2015	2018
Stephen B. Solcher	57	2015	2018

*Interested Directors*

Name	Age	Director Since	Expiration of Term
Vincent D. Foster	61	2007	2018
Dwayne L. Hyzak	45	2018	2018

Table of Contents***Executive Officers***

Our executive officers serve at the discretion of our Board of Directors. The following persons serve as our executive officers or significant employees in the following capacities (information as of April 18, 2018):

<b>Name</b>	<b>Age</b>	<b>Position(s) Held</b>
Vincent D. Foster*	61	Chairman of the Board and Chief Executive Officer
Dwayne L. Hyzak*	45	Member of the Board, President, Chief Operating Officer and Senior Managing Director
David L. Magdol*	47	Vice Chairman, Chief Investment Officer and Senior Managing Director
Curtis L. Hartman*	45	Vice Chairman, Chief Credit Officer and Senior Managing Director
Jason B. Beauvais	42	Senior Vice President, General Counsel, Chief Compliance Officer and Secretary
Brent D. Smith	43	Chief Financial Officer and Treasurer
Nicholas T. Meserve	38	Managing Director
K. Colton Braud	32	Managing Director
Alejandro Capetillo	31	Managing Director
Shannon D. Martin	48	Vice President, Chief Accounting Officer and Assistant Treasurer
Katherine S. Silva	38	Vice President and Assistant Treasurer

\*

Member of our Investment Committee and our Executive Committee. The Investment Committee is responsible for all aspects of our lower middle market investment process, including approval of such investments. The Executive Committee consults with and advises our Chief Executive Officer on significant firm-wide operational and strategic priorities.

Member of our Credit Committee. The Credit Committee is responsible for all aspects of our investment process with respect to our middle market portfolio investments, including approval of such investments.

Portfolio manager primarily responsible for the day-to-day management of our investment portfolio.

The address for each executive officer and significant employee is c/o Main Street Capital Corporation, 1300 Post Oak Boulevard, 8<sup>th</sup> Floor, Houston, Texas 77056.

**Biographical Information*****Independent Directors***

*Michael Appling, Jr.* is the Chief Executive Officer of TNT Crane & Rigging Inc., a privately held full service crane and rigging operator. From July 2002 through August 2007, he was the Executive Vice President and Chief Financial Officer of XServ, Inc., a large private equity funded, international industrial services and rental company. Mr. Appling also held the position of CEO and President for United Scaffolding, Inc., an XServ, Inc. operating subsidiary. In February 2007, XServ, Inc. was sold to The Brock Group, a private industrial services company headquartered in Texas. From March 2000 to June 2002, Mr. Appling served as the Chief Financial Officer of CheMatch.com, an online commodities trading forum. ChemConnect, Inc., a venture backed independent trading exchange, acquired CheMatch.com in January 2002. From June 1999 to March 2000, Mr. Appling was Vice President and Chief Financial Officer of American Eco Corporation, a publicly traded, international fabrication, construction and maintenance provider to the energy, pulp and paper and power industries. Mr. Appling worked for ITEQ, Inc., a publicly traded, international fabrication and services company, from September 1997 to May 1999, first as a Director of Corporate Development and then as Vice President, Finance and Accounting. From July 1991 to September 1997, Mr. Appling worked at Arthur

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Andersen, where he practiced as a certified public accountant. We believe Mr. Appling is qualified to serve on our Board of Directors because of his extensive finance and accounting experience, as well as his executive leadership and management experience as a chief executive officer.

*Valerie L. Banner* has served as Vice President, General Counsel and Corporate Secretary of Exterran Corporation (NYSE: EXTN) since November 2015. Prior to the spin-off of Exterran Corporation from Archrock, Inc., formerly known as Exterran Holdings, Inc. (NYSE: AROC, formerly EXH), in November 2015, Ms. Banner served as Associate General Counsel of Exterran Holdings from 2008 to 2015 and as special counsel from 2007 to 2008. Prior to the merger of Hanover Compressor Company and Universal Compression Holdings, Inc. in August 2007 to form Exterran Holdings, she served Universal as special counsel from 2000 to 2007, and served as Senior Vice President, General Counsel and Secretary from 1998 through 2000. Prior to joining Universal, Ms. Banner served as counsel for several publicly traded companies and was in private practice, having begun her career as an associate with Andrews & Kurth LLP. Ms. Banner also serves as an officer and director of certain Exterran Corporation subsidiaries. We believe Ms. Banner is qualified to serve on our Board of Directors because of her extensive legal and leadership experience at public companies, including with respect to mergers and acquisitions, corporate finance, compliance and corporate governance.

*Joseph E. Canon*, since 1982, has been the Executive Vice President and Executive Director, and a member of the Board of Directors, of Dodge Jones Foundation, a private charitable foundation located in Abilene, Texas. Since 2008, he has also been the Executive Vice President and Executive Director, and a member of the Board of Directors, of Kickapoo Springs Foundation and The Legett Foundation, two private family foundations located in Abilene, Texas. Mr. Canon has also been involved during this time as an executive officer and director of several private companies and partnerships with emphasis on energy, financial and other alternative investments. From 1974 to 1982, he served as Executive Vice President and Trust Officer of First National Bank of Abilene. Mr. Canon served until April 2014 on the Board of Directors of First Financial Bankshares, Inc. (NASDAQ: FFIN), a bank and financial holding company headquartered in Abilene, Texas. Mr. Canon also served until April 2014 on the Board of Directors for several bank and trust/asset management subsidiaries of First Financial Bankshares, Inc. He has also served as an executive officer and member of the Board of Directors of various other organizations including the Abilene Convention and Visitors Bureau, Abilene Chamber of Commerce, Conference of Southwest Foundations, City of Abilene Tax Increment District, West Central Texas Municipal Water District and the John G. and Marie Stella Kenedy Memorial Foundation. We believe Mr. Canon's qualifications to serve on our Board of Directors include his many years of managing and investing assets on behalf of public and private entities, his considerable experience in trust banking activities and practices, and his experience on other public boards of directors.

*Arthur L. French* has served in a variety of executive management and board of director roles over the course of his business career. He began his private investment activities in 2000 and served as a director of Fab Tech Industries, a steel fabricator, from November 2000 until August 2009, as a director of Houston Plating and Coatings Company, an industrial coatings company, from 2002 until 2007, as a director of Rawson LP, an industrial distribution and maintenance services company, from May 2003 until June 2009, and as non-executive chairman of Rawson Holdings, LLC from March 2009 until December 2010. From September 2003 through March 2007, Mr. French was a member of the Advisory Board of Main Street Capital Partners, LLC and a limited partner of Main Street Mezzanine Fund, LP (both of which are now subsidiaries of Main Street). Mr. French currently serves as an advisor to LKCM Capital Group, LLC, an alternative investment vehicle for Luther King Capital Management headquartered in Fort Worth, Texas ("LKCM"). In addition, he serves as an independent director, Chairman of the Audit Committee and a member of the Compensation Committee of Relevant Solutions Inc. (previously LKCM Distribution Holdings LP), an LKCM portfolio company which provides industrial instrumentation and controls, air compressor products and systems, heat transfer

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and filter systems and related maintenance services to chemical, petrochemical, oil and gas and power generation customers in Texas, Oklahoma and Louisiana as well as other key markets in the central and western United States. From 1996-1999, Mr. French was Chairman and Chief Executive Officer of Metals USA Inc. (NYSE), where he managed the process of founders acquisition, assembled the management team and took the company through a successful IPO in July 1997. From 1989-1996, he served as Executive Vice President and Director of Keystone International, Inc. (NYSE), a manufacturer of flow controls equipment. After serving as a helicopter pilot in the United States Army, Captain, Corps of Engineers from 1963-1966, Mr. French began his career as a Sales Engineer for Fisher Controls International, Inc., in 1966. During his 23-year career at Fisher Controls, from 1966-1989, Mr. French held various titles, and ended his career at Fisher Controls as President, Chief Operating Officer and Director. We believe Mr. French is qualified to serve on our Board of Directors because of his executive management and leadership roles within numerous public and private companies and his experience in investing in private companies.

*J. Kevin Griffin* is the Senior Vice President of Financial Planning & Analysis at Novant Health, a not-for-profit integrated system of 15 hospitals and a medical group consisting of approximately 1,600 physicians in 500 clinic locations, as well as numerous outpatient surgery centers, medical plazas, rehabilitation programs, diagnostic imaging centers, and community health outreach programs. Mr. Griffin's responsibilities at Novant primarily include debt capital market and M&A transactions, along with various other strategic analysis projects. From 2007 to October 2012, Mr. Griffin was a Managing Director of Fennebresque & Co., LLC, a boutique investment banking firm located in Charlotte, North Carolina. From 2003 through 2007, he was a Partner at McColl Partners, LLC, where he originated and executed middle market M&A transactions. Prior to McColl Partners, Mr. Griffin worked in the M&A and corporate finance divisions of Lazard Ltd, JPMorgan, and Bank of America in New York, Chicago, and Charlotte. Mr. Griffin's investment banking experience consists primarily of executing and originating mergers and acquisitions and corporate finance transactions. We believe Mr. Griffin is qualified to serve on our Board of Directors because of his extensive finance and valuation experience, his knowledge of the healthcare industry, and his extensive background in working with middle market companies in an M&A and advisory capacity.

*John E. Jackson* is the President and Chief Executive Officer of Spartan Energy Partners, LP, a gas gathering, treating and processing company. He has also been a director of Seitel, Inc., a privately owned provider of onshore seismic data to the oil and gas industry in North America, since August 2007, CNX Midstream Partners, LP, formerly known as CONE Midstream Partners, LP (NYSE: CNXM, formerly CNNX), a master limited partnership that owns and operates natural gas gathering and other midstream energy assets in the Marcellus Shale in Pennsylvania and West Virginia, since January 2015, and Basic Energy Services, Inc. (NYSE: BAS), a provider of well site services in the United States to oil and natural gas drilling and producing companies, since December 2016. Mr. Jackson was Chairman, Chief Executive Officer and President of Price Gregory Services, Inc., a pipeline-related infrastructure service provider in North America, from February 2008 until its sale in October of 2009. He served as a director of Hanover Compressor Company ("Hanover"), now known as Exterran Corporation (NYSE: EXTN) and Archrock, Inc. (NYSE: AROC), from July 2004 until May 2010. Mr. Jackson also served as Hanover's President and Chief Executive Officer from October 2004 to August 2007 and as Chief Financial Officer from January 2002 to October 2004. He also serves on the board of several non-profit organizations. We believe Mr. Jackson's qualifications to serve on our Board of Directors include his extensive background in executive and director roles of public and private companies.

*Brian E. Lane* has served as Chief Executive Officer and President of Comfort Systems USA, Inc. (NYSE: FIX), a leading provider of commercial, industrial and institutional heating, ventilation and air conditioning ("HVAC") services, since December 2011 and as a director of Comfort Systems since November 2010. Mr. Lane served as Comfort Systems' President and Chief Operating Officer from

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March 2010 until December 2011. Mr. Lane joined Comfort Systems in October 2003 and served as Vice President and then Senior Vice President for Region One until he was named Executive Vice President and Chief Operating Officer in January 2009. Prior to joining Comfort Systems, Mr. Lane spent fifteen years at Halliburton Company (NYSE: HAL), a global service and equipment company devoted to energy, industrial, and government customers. During his tenure at Halliburton, he held various positions in business development, strategy and project initiatives, and he departed as the Regional Director of Europe and Africa. Mr. Lane's additional experience included serving as a Regional Director of Capstone Turbine Corporation (NASDAQ: CPST), a distributed power manufacturer. He also was a Vice President of Kvaerner, an international engineering and construction company, where he focused on the chemical industry. Mr. Lane is also a member of the Board of Directors of Griffen Dewatering Corporation, a privately held company. Mr. Lane earned a Bachelor of Science in Chemistry from the University of Notre Dame and his MBA from Boston College. We believe Mr. Lane is qualified to serve on our Board of Directors because of his background in executive and director roles of public and private companies and his extensive knowledge of the construction and industrial services industries.

*Stephen B. Solcher* has served as the Senior Vice President of Finance and Business Operations and Chief Financial Officer of BMC Software, Inc., a privately held company that is a global leader in software solutions, since 2005. Previously, Mr. Solcher served as BMC's Treasurer and Vice President of Finance. He joined BMC in 1991 as Assistant Treasurer and became Treasurer the following year. During Mr. Solcher's tenure, BMC grew from nearly \$130 million in annual revenue to \$2.2 billion in annual revenue in 2013, its last year operating as a public company. In addition to leading many M&A transactions as Chief Financial Officer, Mr. Solcher was instrumental in BMC's transition from being a publicly traded company to becoming a private held company in 2013. Prior to joining BMC, he was employed by Arthur Andersen as a certified public accountant. Mr. Solcher also serves on the development board of the Mays Business School at Texas A&M University and has served on the board of numerous nonprofit organizations. He was recognized by Institutional Investor magazine as part of the "All American Executive Team" in 2010 and 2012 and by Houston Business Journal as 2012 Best CFO Large Public Company. We believe Mr. Solcher's qualifications to serve on our Board of Directors include his thorough knowledge of the information technology and software industries and his accounting, finance and M&A experience as a chief financial officer of a large public and private company qualifying him to be an audit committee financial expert.

***Interested Directors***

*Vincent D. Foster* has served as Chairman of Main Street's Board of Directors and Main Street's Chief Executive Officer since 2007 and also served as Main Street's President from 2012 until 2015. He has also been a member of our investment committee since its formation in 2007, a member of our credit committee since its formation in 2011 and a member of our executive committee since its formation in 2015. Mr. Foster also currently serves as a founding director of Quanta Services, Inc. (NYSE: PWR), which provides specialty contracting services to the power, natural gas and telecommunications industries. He also served as a director of U.S. Concrete, Inc. (NASDAQ-CM: USCR) from 1999 until 2010, Carriage Services, Inc. (NYSE: CSV) from 1999 to 2011, HMS Income Fund, Inc., a non-publicly traded business development company of which MSC Adviser I, LLC, a wholly owned subsidiary of Main Street, acts as the investment sub-adviser, from 2012 until 2013 and Team, Inc. (NYSE: TISI) from 2005 until 2017. In addition, Mr. Foster served as a founding director of the Texas TriCities Chapter of the National Association of Corporate Directors from 2004 to 2011. Mr. Foster, a certified public accountant, had a 19 year career with Arthur Andersen, where he was a partner from 1988-1997. Mr. Foster was the director of Andersen's Corporate Finance and Mergers and Acquisitions practice for the Southwest United States and specialized in working with companies involved in consolidating their respective industries. From 1997, Mr. Foster co-founded and has acted as co-managing partner or chief executive of several Main Street predecessor funds and entities, which

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are now subsidiaries of ours. We believe Mr. Foster is qualified to serve on our Board of Directors because of his intimate knowledge of our operations through his day-to-day leadership as Chief Executive Officer of Main Street, along with his comprehensive experience on other public Boards of Directors and his extensive experience in tax, accounting, mergers and acquisitions, corporate governance and finance.

*Dwayne L. Hyzak* has served as a member of our Board of Directors since January 2018, as our President since 2015 and as our Chief Operating Officer and Senior Managing Director since 2014. Mr. Hyzak also serves as a member of our investment committee and our executive committee. Previously, he served as Chief Financial Officer and Senior Managing Director from 2011 and in other executive positions at Main Street since 2007. From 2002, Mr. Hyzak has also served as a Senior Managing Director and in other executive positions of several Main Street predecessor funds and entities, which are now subsidiaries of ours. From 2000 to 2002, Mr. Hyzak was a director of integration with Quanta Services, Inc. (NYSE: PWR), which provides specialty contracting services to the power, natural gas and telecommunications industries, where he was principally focused on the company's mergers and acquisitions and corporate finance activities. Prior to joining Quanta Services, Inc., Mr. Hyzak, a certified public accountant, was a manager with Arthur Andersen in its Transaction Advisory Services group. We believe Mr. Hyzak is qualified to serve on our Board of Directors because of his long tenure in leadership roles at Main Street currently as President and Chief Operating Officer, in which roles he has successfully led our lower middle market investment activities, and previously as Chief Financial Officer, along with his extensive experience in investing and managing investments in lower middle market companies, mergers and acquisitions, corporate finance, tax and accounting.

***Non-Director Officers***

*David L. Magdol* has served as Vice Chairman since 2015 and Chief Investment Officer and Senior Managing Director since 2011. Mr. Magdol is also the chairman of our investment committee and a member of our executive committee. Previously, he served as Senior Vice President and in other executive positions at Main Street since 2007. From 2002, Mr. Magdol has served as a Senior Managing Director and in other executive positions of several Main Street predecessor funds and entities, which are now subsidiaries of ours. Mr. Magdol joined Main Street from the investment banking group at Lazard Freres & Co. Prior to Lazard, he managed a portfolio of private equity investments for the McMullen Group, a private investment firm/family office capitalized by Dr. John J. McMullen, the former owner of the New Jersey Devils and the Houston Astros. Mr. Magdol began his career in the structured finance services group of JP Morgan Chase.

*Curtis L. Hartman* has served as Vice Chairman since 2015 and Chief Credit Officer and Senior Managing Director since 2011. Mr. Hartman is also the chairman of our credit committee and a member of our investment committee and our executive committee. Previously, he served as Senior Vice President and in other executive positions at Main Street since 2007. From 2000, Mr. Hartman has also served as a Senior Managing Director and in other executive positions of several Main Street predecessor funds and entities, which are now subsidiaries of ours. Mr. Hartman also served on the Board of Directors of HMS Income Fund, Inc., a non-publicly traded business development company of which MSC Adviser I, LLC, a wholly owned subsidiary of Main Street, acts as the investment sub-adviser, from 2013 to April 2016. Mr. Hartman currently serves as an executive officer of the Small Business Investor Alliance (SBIA) and has been a member of SBIA's Board of Governors since 2011 where he previously chaired the BDC Committee. From 1999 to 2000, Mr. Hartman was a Director for Sterling City Capital, LLC, a private investment firm. Concurrently with joining Sterling City Capital, he joined United Glass Corporation, a Sterling City Capital portfolio company, as Director of Corporate Development. Prior to joining Sterling City Capital, Mr. Hartman, a certified public

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accountant, was a manager with PricewaterhouseCoopers LLP in its M&A/Transaction Services group and a senior auditor with Deloitte & Touche LLP in its Financial Assurance Group.

*Jason B. Beauvais* has served as Senior Vice President, General Counsel, Chief Compliance Officer and Secretary since 2012. Previously, Mr. Beauvais served as Vice President, General Counsel and Secretary since 2008. From 2006 through 2008, Mr. Beauvais was an attorney with Occidental Petroleum Corporation (NYSE: OXY), an international oil and gas exploration and production company. Prior to joining Occidental Petroleum Corporation, Mr. Beauvais practiced corporate and securities law at Baker Botts L.L.P., where he primarily counseled companies in public issuances and private placements of debt and equity and handled a wide range of general corporate and securities matters as well as mergers and acquisitions.

*Brent D. Smith* has served as Chief Financial Officer and Treasurer since November 2014 and previously as Senior Vice President Finance since August 2014. Mr. Smith previously served as Executive Vice President, Chief Financial Officer and Treasurer of Cal Dive International, Inc. from 2010 through June 2014 and in various finance and accounting roles at Cal Dive from 2005 through 2010. On March 3 2015, Cal Dive and certain of its subsidiaries, excluding its foreign subsidiaries, filed for voluntary protection under Chapter 11 of the Bankruptcy Code. Prior to joining Cal Dive, Mr. Smith was a manager with FTI Consulting (NYSE: FCN). Prior to that, Mr. Smith, a certified public accountant, was employed as a senior auditor at Arthur Andersen LLP.

*Nicholas T. Meserve* has served as Managing Director on our middle market investment team since 2012. Mr. Meserve has also served on the Board of Directors of HMS Income Fund, Inc., a non-publicly traded business development company of which MSC Advisor I, LLC, a wholly owned subsidiary of Main Street, acts as the investment sub-advisor, since April 2016. Previously, from 2004 until 2012, Mr. Meserve worked at Highland Capital Management, LP, a large alternative credit manager, and certain of its affiliates, where he managed a portfolio of senior loans and high yield bonds across a diverse set of industries. Prior to Highland, he was a Credit Analyst at JP Morgan Chase & Co.

*K. Colton Braud, III* has served as a Managing Director on our lower middle market team since January 2017 and has been with the firm in Associate to Director roles since 2012. Prior to joining Main Street, Mr. Braud spent two years as an Associate at Wellspring Capital Management, a middle market private equity firm based in New York. While at Wellspring, Mr. Braud's responsibilities included evaluating leveraged buyout opportunities, conducting due diligence across a wide array of industries and portfolio management. Prior to Wellspring, Mr. Braud served as an Analyst at J.P. Morgan Securities Inc. in its Financial Sponsor Group.

*Alejandro Capetillo* has served as a Managing Director on our lower middle market team since October 2017 and has been with the firm in Analyst to Director roles since 2008. During his time with Main Street, Mr. Capetillo has been part of a lower middle market team that has closed over 30 transactions, including growth financings, dividend recapitalizations, management buyouts and control leveraged buyouts. In addition to having led a number of platform and add-on transactions in diverse industries on behalf of Main Street, Mr. Capetillo has been a member of the board of directors of several of Main Street's portfolio companies, assisting those companies with issues ranging from day-to-day operations to broader growth and exit strategies.

*Shannon D. Martin* has served as Vice President, Chief Accounting Officer and Assistant Treasurer since 2012. From 2006 to 2012, Mr. Martin worked as an independent consultant and performed financial advisory services for several clients, including functioning as acting Chief Accounting Officer from 2008 to 2011 for EquaTerra, Inc. From 1999 to 2006, Mr. Martin was a director of accounting integration and audit with Quanta Services, Inc. (NYSE: PWR), which provides specialty contracting services to the power, natural gas and telecommunications industries, where he focused on the development of integrated accounting, business and information system processes and the company's

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acquisition and integration strategies. From 1992 to 1999, Mr. Martin, a certified public accountant, worked at Arthur Andersen as a manager in the Commercial Services group.

*Katherine S. Silva*, a certified public accountant, has served as Vice President since 2015, with responsibility for managing Small Business Administration matters and several administrative functions, and Assistant Treasurer since 2010, with responsibility for managing day-to-day treasury activities. She also serves as special assistant to Mr. Foster. Ms. Silva has worked at Main Street since 2005 and holds a Bachelor of Arts in Journalism from the University of Georgia.

**CORPORATE GOVERNANCE**

We maintain a corporate governance section on our website which contains copies of the charters for the committees of our Board of Directors. The corporate governance section may be found at <http://mainstcapital.com> under "Corporate Governance Governance Docs" in the "Investors" section of our website. The corporate governance section contains the following documents, which are available in print to any stockholder who requests a copy in writing to Main Street Capital Corporation, Corporate Secretary's Office, 1300 Post Oak Blvd., 8<sup>th</sup> Floor, Houston, Texas 77056:

- Audit Committee Charter
- Nominating and Corporate Governance Committee Charter
- Compensation Committee Charter

In addition, our Code of Business Conduct and Ethics and our Corporate Governance and Stock Ownership Guidelines may be found at <http://mainstcapital.com> under "Corporate Governance Governance Docs" in the "Investors" section of our website and are available in print to any stockholder who requests a copy in writing. Our Board of Directors adopted the Code of Business Conduct and Ethics in order to establish policies, guidelines and procedures that promote ethical practices and conduct by Main Street and all its employees, officers and directors. All officers, directors and employees of Main Street are responsible for maintaining the level of integrity and for complying with the policies contained in the Code of Business Conduct and Ethics. Each employee of Main Street is required to acknowledge that he or she has received, read and understands the Code of Business Conduct and Ethics and agrees to observe the policies and procedures contained therein at the time of hire and annually thereafter. We intend to disclose any substantive amendments to, or waivers from, our Code of Business Conduct and Ethics within four business days of the waiver or amendment through a posting on our website. The Corporate Governance and Stock Ownership Guidelines adopted by our Board of Directors establish our corporate governance principles and practices on a variety of topics, including the responsibilities, composition and functioning of the Board, responsibilities of management and interaction with the Board and stock ownership guidelines for management and Board members. The Nominating and Corporate Governance Committee of our Board assesses the Corporate Governance and Stock Ownership Guidelines periodically and makes recommendations to the Board on any changes to implement.

**Director Independence**

Our Board of Directors currently consists of ten members, eight of whom are classified under applicable listing standards of the New York Stock Exchange as "independent" directors and under Section 2(a)(19) of the 1940 Act as not "interested persons." Based on these independence standards

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and the recommendation of the Nominating and Corporate Governance Committee, our Board of Directors has affirmatively determined that the following directors are independent:

Michael Appling Jr.  
Valerie L. Banner  
Joseph E. Canon  
Arthur L. French  
J. Kevin Griffin  
John E. Jackson  
Brian E. Lane  
Stephen B. Solcher

Our Board of Directors considered certain portfolio investments and other transactions in which our independent directors may have had a direct or indirect interest, including the transactions, if any, described under the heading "Certain Relationships and Related Party Transactions" in evaluating each director's independence under the 1940 Act and applicable listing standards of the New York Stock Exchange, and the Board of Directors determined that no such transaction would impact the ability of any director to exercise independent judgment or impair his or her independence.

**Communications with the Board**

Stockholders or other interested persons may send written communications to the members of our Board of Directors, addressed to Board of Directors, c/o Main Street Capital Corporation, Corporate Secretary's Office, 1300 Post Oak Blvd., 8<sup>th</sup> Floor, Houston, Texas 77056. All communications received in this manner will be delivered to one or more members of our Board of Directors.

**Board Leadership Structure**

Mr. Foster currently serves as both our Chief Executive Officer and as the Chairman of our Board of Directors. As our Chief Executive Officer, Mr. Foster is an "interested person" under Section 2(a)(19) of the 1940 Act. The Board believes that the Company's Chief Executive Officer is currently best situated to serve as Chairman given his history with the Company, his deep knowledge of the Company's business and his extensive experience in managing private debt and equity investments in lower middle market companies and debt investments in middle market companies. The Company's independent directors bring experience, oversight and expertise from outside the Company and industry, while the Chief Executive Officer brings Company-specific and industry-specific experience and expertise. The Board believes that the combined role of Chairman and Chief Executive Officer promotes strategy development and execution while facilitating effective, timely communication between management and the Board. At the present time, the independent directors feel that the combined Chairman and Chief Executive Officer responsibility is optimum for effective corporate governance.

In January 2018, our Board approved a leadership succession plan for the Company. Pursuant to the plan, Mr. Foster, co-founder of Main Street, and who has served as Chairman and Chief Executive Officer since the 2007 initial public offering, will transition the role and responsibility of Chief Executive Officer to Mr. Hyzak, with this transition planned to occur in the fourth quarter of this year. Mr. Foster will then continue to serve as Executive Chairman of the Main Street Board and will work closely with Mr. Hyzak to ensure a smooth transition. This transfer of leadership responsibility is the cornerstone of the Board of Director's long term management succession planning process for the Company. Further, it is the Board's desire that Mr. Foster continue to serve on the Board long term and eventually transition to independent Chairman.

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Our Board of Directors designated Arthur L. French as Lead Independent Director to preside at all executive sessions of non-management directors. In the Lead Independent Director's absence, the remaining non-management directors may appoint a presiding director by majority vote. The non-management directors meet in executive session without management on a regular basis. The Lead Independent Director also has the responsibility of consulting with management on Board and committee meeting agendas, acting as a liaison between management and the non-management directors, including maintaining frequent contact with the Chairman and Chief Executive Officer and facilitating collaboration and communication between the non-management directors and management. Stockholders or other interested persons may send written communications to Arthur L. French, addressed to Lead Independent Director, c/o Main Street Capital Corporation, Corporate Secretary's Office, 1300 Post Oak Blvd., 8<sup>th</sup> Floor, Houston, Texas 77056.

**Board of Directors and its Committees**

*Board of Directors.* Our Board of Directors met four times and acted by unanimous written consent fifteen times during 2017. All directors attended 100% of the meetings of the Board of Directors and of the committees on which they served during 2017, and all eight directors at the time attended the 2017 annual meeting of stockholders in person. Our Board of Directors expects each director to make a diligent effort to attend all Board and committee meetings, as well as each annual meeting of stockholders.

*Committees.* Our Board of Directors currently has, and appoints the members of, standing Audit, Compensation and Nominating and Corporate Governance Committees. Each of those committees is comprised entirely of independent directors and has a written charter approved by our Board of Directors. The current members of the committees are identified in the following table.

Director	Board Committees		
	Audit	Compensation	Nominating and Corporate Governance
Michael Appling Jr.	ý		ý
Valerie L. Banner			ý
Joseph E. Canon		ý	Chair
Arthur L. French		Chair	
J. Kevin Griffin	Chair		ý
John E. Jackson	ý	ý	
Brian E. Lane		ý	ý
Stephen B. Solcher	ý		

*Audit Committee.* During the year ended December 31, 2017, the Audit Committee met four times. The Audit Committee is responsible for selecting, engaging and discharging our independent accountants, reviewing the plans, scope and results of the audit engagement with our independent accountants, approving professional services provided by our independent accountants (as well as the compensation for those services), reviewing the independence of our independent accountants and reviewing the adequacy of our internal control over financial reporting. In addition, the Audit Committee is responsible for assisting our Board of Directors with its review and approval of the determination of the fair value of our investments. Our Board of Directors has determined that each of Messrs. Appling, Griffin, Jackson and Solcher is an "Audit Committee financial expert" as defined by the Securities and Exchange Commission, or the SEC. For more information on the backgrounds of these directors, see their biographical information under "Election of Directors" above.

*Compensation Committee.* During the year ended December 31, 2017, the Compensation Committee met four times and acted by unanimous written consent four times. The Compensation

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Committee determines the compensation and related benefits for our executive officers including the amount of salary, bonus and stock-based compensation to be included in the compensation package for each of our executive officers. In addition, the Compensation Committee assists the Board of Directors in developing and evaluating the compensation of our non-management directors and evaluating succession planning with respect to the chief executive officer and other key executive positions. The Compensation Committee has the authority to engage the services of outside advisers, experts and others as it deems necessary to assist the committee in connection with its responsibilities. The actions of the Compensation Committee are generally reviewed and ratified by the entire Board of Directors, except the employee directors do not vote with respect to their compensation.

*Nominating and Corporate Governance Committee.* During the year ended December 31, 2017, the Nominating and Corporate Governance Committee met four times. The Nominating and Corporate Governance Committee is responsible for determining criteria for service on our Board of Directors, identifying, researching and recommending to the Board of Directors director nominees for election by our stockholders, selecting nominees to fill vacancies on our Board of Directors or a committee of the Board, developing and recommending to our Board of Directors any amendments to our corporate governance principles and overseeing the self-evaluation of our Board of Directors and its committees.

**Compensation Committee Interlocks and Insider Participation**

Each member of the Compensation Committee is independent for purposes of the applicable listing standards of the New York Stock Exchange. During the year ended December 31, 2017, no member of the Compensation Committee was an officer, former officer or employee of ours or had a relationship disclosable under "Certain Relationships and Related Party Transactions," except as disclosed therein. No interlocking relationship, as defined by the rules adopted by the SEC, existed during the year ended December 31, 2017 between any member of the Board of Directors or the Compensation Committee and an executive officer of Main Street.

**Director Nomination Process**

Our Nominating and Corporate Governance Committee has determined that a candidate for election to our Board of Directors must satisfy certain general criteria, including, among other things:

be an individual of the highest character and integrity and have an inquiring mind, vision, a willingness to ask hard questions and the ability to work professionally with others;

be free of any conflict of interest that would violate any applicable law or regulation or interfere with the proper performance of the responsibilities of a director;

be willing and able to devote sufficient time to the affairs of our Company and be diligent in fulfilling the responsibilities of a member of our Board of Directors and a member of any committee thereof (including: developing and maintaining sufficient knowledge of our Company and the specialty finance industry in general; reviewing and analyzing reports and other information important to responsibilities of our Board of Directors and any committee thereof; preparing for, attending and participating in meetings of our Board of Directors and meetings of any committee thereof; and satisfying appropriate orientation and continuing education guidelines); and

have the capacity and desire to represent the balanced, best interests of our stockholders as a whole and not primarily a special interest group or constituency.

The Nominating and Corporate Governance Committee seeks to identify potential director candidates who will strengthen the Board of Directors and will contribute to the overall mix of general criteria identified above. In addition to the general criteria, the Nominating and Corporate Governance Committee considers specific criteria, such as particular skills, experiences (whether in business or in

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other areas such as public service, academia or scientific communities), areas of expertise, specific backgrounds, and other characteristics, that should be represented on the Board of Directors to enhance its effectiveness and the effectiveness of its committees. The Nominating and Corporate Governance Committee does not have a formal policy with respect to diversity; however, the Board and the Nominating and Corporate Governance Committee believe that it is essential that the Board members represent diverse experience and viewpoints and a diverse mix of the specific criteria above. The process of identifying potential director candidates includes establishing procedures for soliciting and reviewing potential nominees from directors and for advising those who suggest nominees of the outcome of such review. The Nominating and Corporate Governance Committee also has the authority to retain and terminate any search firm used to identify director candidates.

Any stockholder may nominate one or more persons for election as one of our directors at an annual meeting of stockholders if the stockholder complies with the notice, information and consent provisions contained in our bylaws and any other applicable law, rule or regulation regarding director nominations. When submitting a nomination to our Company for consideration, a stockholder must provide certain information that would be required under applicable SEC rules, including the following minimum information for each director nominee: full name, age and address; number of any shares of our stock beneficially owned by the nominee, if any; the date such shares were acquired and the investment intent of such acquisition; whether such stockholder believes the nominee is an "interested person" of our Company, as defined in 1940 Act; and all other information required to be disclosed in solicitations of proxies for election of directors in an election contest or is otherwise required, including the nominee's written consent to being named in the proxy statement as a nominee and to serving as a director if elected. See "Stockholders' Proposals" in our 2018 proxy statement and our bylaws for other requirements of stockholder proposals.

The Nominating and Corporate Governance Committee will consider candidates identified through the processes described above, and will evaluate each of them, including incumbents, based on the same criteria. The Nominating and Corporate Governance Committee also takes into account the contributions of incumbent directors as Board members and the benefits to us arising from their experience on our Board of Directors. Although the Nominating and Corporate Governance Committee will consider candidates identified by stockholders, the Nominating and Corporate Governance Committee may determine not to recommend those candidates to our Board of Directors, and our Board of Directors may determine not to nominate any candidates recommended by the Nominating and Corporate Governance Committee. No director nominee named in our 2018 proxy statement was nominated by stockholders.

**Board's Role in the Oversight of Risk Management**

Our Board of Directors as a whole has responsibility for risk oversight, with reviews of certain areas being conducted by the relevant Board committees that report on their deliberations to the full Board. The oversight responsibility of the Board and its committees is enabled by management reporting processes that are designed to provide visibility to the Board about the identification, assessment and management of critical risks and management's risk mitigation strategies. Areas of focus include competitive, economic, operational, financial (accounting, credit, liquidity and tax), legal, regulatory, compliance and other risks. The Board and its committees oversee risks associated with

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their respective principal areas of focus, as summarized below. Committees meet in executive session with key management personnel regularly and with representatives of outside advisors as necessary.

<b>Board/Committee</b>	<b>Primary Areas of Risk Oversight</b>
Full Board	Strategic, financial and execution risks and exposures associated with the annual operating plan and five-year strategic plan; major litigation and regulatory exposures and other current matters that may present material risk to our operations, plans, prospects or reputation; material acquisitions and divestitures.
Audit Committee	Risks and exposures associated with financial matters, particularly investment valuation, financial reporting and disclosure, tax, accounting, oversight of independent accountants, internal control over financial reporting, financial policies and credit and liquidity matters, along with information technology systems and policies including data privacy and security and business continuity and operational risks.
Compensation Committee	Risks and exposures associated with leadership assessment, senior management succession planning, executive and director compensation programs and arrangements, including incentive plans, and compensation related regulatory compliance.
Nominating and Corporate Governance Committee	Risks and exposures relating to our programs and policies relating to legal compliance, corporate governance, and director nomination, evaluation and succession planning.

**COMPENSATION OF DIRECTORS**

The following table sets forth the compensation that we paid during the year ended December 31, 2017 to our non-employee directors. Directors who are also employees of Main Street or any of its subsidiaries do not receive compensation for their services as directors.

Table of Contents**Director Compensation Table**

Name	Fees Earned or Paid in Cash(2)	Stock Awards(3)	Total
Arthur L. French	\$ 227,500	\$ 29,987	\$ 257,487
Michael Appling Jr.	187,500	29,987	217,487
Valerie L. Banner(1)	88,000	30,007	118,007
Joseph E. Canon	190,000	29,987	219,987
J. Kevin Griffin	205,000	29,987	234,987
John E. Jackson	190,000	29,987	219,987
Brian E. Lane	182,500	29,987	212,487
Stephen B. Solcher	182,500	29,987	212,487

(1) Ms. Banner was appointed to the Board on October 31, 2017 to fill a newly created vacancy.

(2) Non-employee directors may elect to defer a portion of their annual cash retainers under the Main Street Capital Corporation Deferred Compensation Plan (the "2015 Deferred Compensation Plan"). Amounts deferred under the plan earn a return based on the returns on certain investment alternatives permitted under the plan, including phantom Main Street stock units, as designated by the participant. The following table sets forth information regarding the activity during 2017 related to the accounts of our non-employee directors under the 2015 Deferred Compensation Plan:

Name	Aggregate Balance at December 31, 2016	2017 Director Contributions	2017 Company Contributions	2017 Aggregate Earnings	2017 Aggregate Withdrawals/Distributions	Aggregate Balance at December 31, 2017
Arthur L. French	\$ 392,249	\$ 75,000		\$ 64,957		\$ 532,206
Michael Appling Jr.	377,164	67,500		62,287		506,951
Valerie L. Banner		88,000		39		88,039
Joseph E. Canon	565,758	190,000		96,739		852,497
J. Kevin Griffin	430,746	100,000		75,360		606,106
John E. Jackson	340,489	80,000		56,940		477,429
Brian E. Lane	133,547	70,000		23,773		227,320
Stephen B. Solcher	163,503	91,250		29,312		284,065

(3) Each of Messrs. French, Appling, Canon, Griffin, Jackson, Lane and Solcher received an award of 743 restricted shares on May 2, 2017, and Ms. Banner received an award of 747 restricted shares on October 31, 2017, under the Main Street Capital Corporation 2015 Non-Employee Director Restricted Stock Plan (the "Non-Employee Director Plan"), which will vest 100% on April 30, 2018, the day of the annual meeting since the prior day is not a business day, provided that the grantee has been in continuous service as a member of the Board through such date. These amounts represent the grant date fair value of the 2017 stock awards in accordance with FASB ASC Topic 718 based on the closing price of our common stock on the date of grant. Dividends paid on restricted stock awards are reflected in the grant date fair value and, therefore, are not shown in the table. Pursuant to SEC rules, the amounts shown exclude the impact of any estimated forfeitures related to service-based vesting conditions. These amounts may not correspond to the actual value that will be recognized by our directors upon vesting. Each of Messrs. French, Appling, Canon, Griffin, Jackson, Lane and Solcher had 743, and Ms. Banner had 747, unvested shares of restricted stock outstanding as of December 31, 2017. Please see the discussion of the assumptions made in the valuation of these awards in Note L to the audited consolidated financial statements included in this prospectus.

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The compensation for non-employee directors for 2017 was comprised of cash compensation paid to or earned by directors in connection with their service as a director. That cash compensation consisted of an annual retainer of \$170,000, and an additional \$40,000 retainer for the Lead Independent Director. Non-employee directors do not receive fees based on meetings attended absent circumstances that require an exceptionally high number of meetings within an annual period. We also reimburse our non-employee directors for all reasonable expenses incurred in connection with their service on our Board. The chairpersons and members of our Board committees received additional annual retainers for 2017 as follows:

the chairperson of the Audit Committee: \$30,000;

members of the Audit Committee other than the chairperson: \$12,500;

the chairperson of the Compensation Committee: \$17,500;

members of the Compensation Committee other than the chairperson: \$7,500;

the chairperson of the Nominating and Corporate Governance Committee: \$12,500; and

members of the Nominating and Corporate Governance Committee other than the chairperson: \$5,000.

The Non-Employee Director Plan provides a means through which we may attract and retain qualified non-employee directors to enter into and remain in service on our Board of Directors. Under the Non-Employee Director Plan, at the beginning of each one-year term of service on our Board of Directors, each non-employee director receives a number of shares equivalent to \$30,000 based on the closing price of a share of our common stock on the New York Stock Exchange (or other exchange on which our shares are then listed) on the date of grant. These shares are subject to forfeiture provisions that will lapse as to an entire award at the end of the one-year term.

In November 2015, our Board of Directors approved and adopted the 2015 Deferred Compensation Plan. The 2015 Deferred Compensation Plan became effective on January 1, 2016 and replaced the Deferred Compensation Plan for Non-Employee Directors previously adopted and approved by the Board in 2013. Under the 2015 Deferred Compensation Plan, non-employee directors and certain key employees may defer receipt of some or all of their cash compensation, subject to certain limitations. Individuals participating in the 2015 Deferred Compensation Plan receive distributions of their respective balances based on predetermined payout schedules or other events as defined by the plan and are also able to direct investments made on their behalf among investment alternatives permitted from time to time under the plan, including phantom Main Street stock units.

For the beneficial ownership of our common stock by each of our directors and the dollar range value of such ownership, please see "Control Persons and Principal Stockholders".

### **COMPENSATION DISCUSSION AND ANALYSIS**

The following Compensation Discussion and Analysis, or CD&A, provides information relating to the compensation of Main Street's Named Executive Officers, or NEOs, for 2017, who were:

Vincent D. Foster, Chairman of the Board and Chief Executive Officer;

Dwayne L. Hyzak, Member of the Board, President, Chief Operating Officer and Senior Managing Director;

David L. Magdol, Vice Chairman, Chief Investment Officer and Senior Managing Director;

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Curtis L. Hartman, Vice Chairman, Chief Credit Officer and Senior Managing Director; and

Brent D. Smith, Chief Financial Officer and Treasurer.

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**Compensation Philosophy and Objectives**

The Main Street compensation system was developed by the Compensation Committee and approved by all independent directors. The system is designed to attract and retain key executives, motivate them to achieve the Company's business objectives and reward them for performance while aligning management's interests with those of the Company's stockholders. The structure of Main Street's incentive compensation programs is formulated to encourage and reward the following, among other things:

achievement of income and capital gains to sustain and grow the Company's dividend payments;

maintenance of liquidity and capital flexibility to accomplish the Company's business objectives, including the preservation of investor capital;

attainment of superior risk-adjusted returns on the Company's investment portfolio; and

professional development and growth of individual executives, the management team and other employees.

The Compensation Committee has the primary authority to establish compensation for the NEOs and other key employees and administers all executive compensation arrangements and policies. Main Street's Chief Executive Officer assists the Committee by providing recommendations regarding the compensation of NEOs and other key employees, excluding himself. The Committee exercises its discretion by modifying or accepting these recommendations. The Chief Executive Officer routinely attends a portion of the Committee meetings. However, the Committee often meets in executive session without the Chief Executive Officer or other members of management when discussing compensation matters and on other occasions as determined by the Committee.

The compensation packages for Main Street NEOs and other key employees are structured to reflect the Compensation Committee's commitment to corporate governance best practices and performance-oriented executive compensation. Specifically, the Compensation Committee has implemented the following practices for NEOs and other key employees:

no employment agreements;

no cash severance benefits;

no supplemental defined benefit pensions; and

no tax gross-up payments.

The Compensation Committee takes into account competitive market practices with respect to the salaries and total direct compensation of the NEOs and other key employees. Members of the Committee consider market practices by reviewing public and non-public information for executives at comparable companies and funds. The Committee also has the authority to utilize compensation consultants to better understand competitive pay practices and has retained such expertise in the past.

**Independent Compensation Consultant**

The Compensation Committee has from time to time engaged independent compensation consultants to assist the Committee and provide advice on a variety of compensation matters relating to NEO, other key employee and independent director compensation, incentive compensation plans and compensation trends, best practices and regulatory matters. Any such compensation consultants are hired by and report directly to the Compensation Committee. Although compensation consultants may work directly with management on behalf of the Compensation Committee, any such work is under the control and supervision of the Compensation Committee. The Compensation Committee did not retain



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any independent compensation consultants or pay any fees for compensation consulting services for fiscal 2017.

**Assessment of Market Data**

In assessing the competitiveness of executive compensation levels, the Compensation Committee analyzes market data of certain companies, including internally managed business development companies, or BDCs, private equity firms and other asset management and financial services companies. This analysis focuses on key elements of compensation practices in general, and more specifically, the compensation practices at companies and funds reasonably comparable in asset size, typical investment size and type, market capitalization and general business scope as compared to the Company.

As regards other internally managed BDCs like Main Street, the Compensation Committee considers the compensation practices and policies pertaining to executive officers as detailed in their company's respective proxies, research analysts' reports and other publicly available information. However, there are relatively few internally managed BDCs and none that are directly comparable to the Company as regards business strategies, assets under management, typical investment size and type and market capitalization. Moreover, regarding the compensation and retention of executive talent, the Company also competes with private equity funds, mezzanine debt funds, hedge funds and other types of specialized investment funds. Since these funds are generally private companies that are not required to publicly disclose their executive compensation practices and policies, the Committee relies on third party compensation surveys as well as other available information to compare compensation practices and policies.

Items taken into account from comparable companies and funds include, but are not necessarily limited to, base compensation, bonus compensation, stock option awards, restricted stock awards, carried interest and other compensation. In addition to actual levels of cash and equity related compensation, the Compensation Committee also considers other approaches comparable companies are taking with regard to overall executive compensation practices. Such items include, but are not necessarily limited to, the use of employment agreements for certain employees, the mix of cash and equity compensation, the use of third party compensation consultants and certain corporate and executive performance measures that are established to achieve longer term total return for stockholders. Finally, in addition to analyzing comparable companies and funds, the Committee also evaluates the relative cost structure of the Company as compared to the entire BDC sector, including internally and externally managed BDCs, as well as other private funds.

**Assessment of Company Performance**

The Compensation Committee believes that sustained financial performance coupled with consistent stockholders' returns as well as proportional employee compensation are essential components for Main Street's long-term business success. Main Street typically makes three to seven year investments in its portfolio companies. However, the Company's business plan involves taking on investment risks over a range of time periods. Accordingly, much emphasis is focused on maintaining the stability of net asset values as well as the continuity of earnings to pass through to stockholders in the form of recurring dividends. The quality of the earnings supporting the dividends as well as the maintenance and growth of dividends are key metrics in the Committee's assessment of financial performance.

Main Street's primary strategy is to generate current income from debt investments and to realize capital gains from equity-related investments. This income supports the payment of dividends to stockholders. The recurring payment of dividends requires a methodical investment acquisition approach and active monitoring and management of the investment portfolio over time. A meaningful

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part of the Company's employee base is dedicated to the maintenance of asset values and expansion of this recurring income to sustain and grow dividends. The Committee believes that stability of the management team is critical to achieving successful implementation of the Company's strategies. Further, the Committee, in establishing and assessing executive salary and performance incentives, is more focused on Main Street results as compared to its business objectives rather than the performance of Main Street relative to other comparable companies or industry metrics.

**Executive Compensation Components**

For 2017, the components of Main Street's direct compensation program for NEOs included:

base salary;

annual cash bonuses;

long-term compensation pursuant to the 2015 Equity and Incentive Plan; and

other benefits.

The Compensation Committee designs each NEO's direct compensation package to appropriately reward the NEO for his or her contribution to the Company. The judgment and experience of the Committee are weighed with individual and Company performance metrics and consultation with the Chief Executive Officer (except with respect to himself) to determine the appropriate mix of compensation for each individual. The Compensation Committee does not target a specific level of compensation relative to market practice, and only uses such data as a reference point when establishing compensation levels for NEOs. Cash compensation consisting of base salary and discretionary bonuses tied to achievement of individual performance goals that are reviewed and approved by the Committee, as well as corporate objectives, are intended to motivate NEOs to remain with the Company and work to achieve expected business objectives. Stock-based compensation is awarded based on performance expectations approved by the Committee for each NEO. The blend of short-term and long-term compensation may be adjusted from time to time to balance the Committee's views regarding the benefits of current cash compensation and appropriate retention incentives.

***Base Salary***

Base salary is used to recognize the experience, skills, knowledge and responsibilities required of the NEOs in their roles. In connection with establishing the base salary of each NEO, the Compensation Committee and management consider a number of factors, including the seniority and experience level of the individual, the functional responsibilities of the position, the experience level of the individual, the Company's ability to replace the executive, the past base salary of the individual and the relative number of well-qualified candidates available in the area. In addition, the Committee considers publicly available information regarding the base salaries paid to similarly situated executive officers and other competitive market practices.

The salaries of the NEOs are reviewed on an annual basis, as well as at the time of promotion or any substantial change in responsibilities. The key factors in determining increases in salary level are relative performance and competitive pressures.

***Annual Cash Bonuses***

Annual cash bonuses are intended to reward individual performance on an annual basis and can therefore be variable from year to year. Cash bonus awards for the NEOs are determined by the Compensation Committee on a discretionary basis based on performance criteria, particularly the Company's dividend performance as well as corporate and individual performance goals and other measures established by the Committee with the Chief Executive Officer's input (except with respect to

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his own performance criteria). Should actual performance exceed expected performance criteria, the Committee may adjust individual cash bonuses to take such superior performance into account.

***Long-Term Incentive Awards***

Main Street's Board of Directors and stockholders approved the 2015 Equity and Incentive Plan in May 2015 to provide stock-based awards as long-term incentive compensation to employees, including the NEOs. The Company uses stock-based awards to (i) attract and retain key employees, (ii) motivate employees by means of performance-related incentives to achieve long-range performance goals, (iii) enable employees to participate in the Company's long-term growth in value and (iv) link employees' compensation to the long-term interests of stockholders. At the time of each award, the Compensation Committee will determine the terms of the award, including any performance period (or periods) and any performance objectives relating to vesting of the award. Prior to the adoption of the 2015 Equity and Incentive Plan, stock-based awards to employees were made under and are governed by the 2008 Equity Incentive Plan. Terms of the 2008 Equity Incentive Plan are substantially similar to the 2015 Equity and Incentive Plan. After adoption of the 2015 Equity and Incentive Plan no further awards have or will be granted under the 2008 Equity Incentive Plan.

***Restricted Stock.*** Main Street has received exemptive relief from the SEC that permits the Company to grant restricted stock in exchange for or in recognition of services by its executive officers and employees. Pursuant to the 2015 Equity and Incentive Plan, the Compensation Committee may award shares of restricted stock to plan participants in such amounts and on such terms as the Committee determines in its sole discretion, provided that such awards are consistent with the conditions set forth in the SEC's exemptive order. Each restricted stock grant will be for a fixed number of shares as set forth in an award agreement between the grantee and Main Street. Award agreements will set forth time and/or performance vesting schedules and other appropriate terms and/or restrictions with respect to awards, including rights to dividends and voting rights. Beginning in 2015, the Committee awarded restricted stock awards to employees, including NEOs, which vest in equal increments over a three year time frame based on continued service during the vesting period. The Committee's previous practice had been to award restricted stock to employees which vested over a four year time frame. The change to the vesting period was made to be more closely aligned with comparable companies.

***Options.*** The Compensation Committee may also grant stock options to purchase Main Street's common stock (including incentive stock options and nonqualified stock options). The Committee expects that any options granted will represent a fixed number of shares of common stock, will have an exercise price equal to the fair market value of common stock on the date of grant, and will be exercisable, or "vested," at some later time after grant. Certain stock options may provide for vesting based on the grantee remaining employed by Main Street for a time certain and/or the grantee and/or the Company attaining specified performance criteria. To date, the Committee has not granted stock options to any NEO.

***Other Benefits***

Main Street's NEOs generally participate in the same benefit plans and programs as the Company's other employees, including comprehensive medical, dental and vision insurance, short term and long term disability insurance and life insurance.

Main Street maintains a 401(k) plan for all full-time employees who are at least 21 years of age through which the Company makes non-discretionary matching contributions to each participant's plan account on the participant's behalf. For each participating employee, the Company's contribution is a 100% match of the employee's contributions up to a 3% contribution level and a 50% match of the employee's contributions from a 3% to a 6% contribution level, with a maximum annual regular

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matching contribution of \$12,150 during 2017. All contributions to the plan, including those made by the Company, vest immediately. The Board of Directors may also, at its sole discretion, provide that the Company will make additional contributions to employee 401(k) plan accounts, which would also vest immediately.

In November 2015, our Board of Directors approved and adopted the 2015 Deferred Compensation Plan to allow non-employee directors and certain key employees, including each of the NEOs, to defer receipt of some or all of their cash compensation, subject to certain limitations. Although not currently anticipated and subject to prior Compensation Committee approval, discretionary employer contributions are also permitted to the 2015 Deferred Compensation Plan. Individuals participating in the 2015 Deferred Compensation Plan receive distributions of their respective balances based on predetermined payout schedules or other events as defined by the plan and are also able to direct investments made on their behalf among investment alternatives permitted from time to time under the plan, including phantom Main Street stock units. The 2015 Deferred Compensation Plan became effective on January 1, 2016.

*Perquisites*

The Company provides no other material benefits, perquisites or retirement benefits to the NEOs.

**Potential Payments Upon Change in Control or Termination of Employment**

Unless the terms of an award provide otherwise, in the event of a specified transaction involving a "change in control" (as defined in the 2015 Equity and Incentive Plan) in which there is an acquiring or surviving entity, the Board of Directors may provide for the assumption of some or all outstanding awards, or for the grant of substitute awards, by the acquirer or survivor. In the event no such assumption or substitution occurs, each stock-based award, subject to its terms, will become fully vested or exercisable prior to the change in control on a basis that gives the holder of the award a reasonable opportunity, as determined by the Board of Directors, to participate as a stockholder in the change in control following vesting or exercise. The award will terminate upon consummation of the change in control.

Transactions involving a "change in control" under the 2015 Equity and Incentive Plan include the following, other than where Main Street's stockholders continue to have substantially the same proportionate ownership in an entity which owns substantially all of Main Street's assets immediately following such transaction:

a single person or entity or group of persons and/or entities, other than Main Street, any of its employee benefit plans, a company owned by Main Street's stockholders in substantially the same proportions as their ownership in Main Street or an underwriter temporarily holding securities pursuant to an offering by Main Street, becomes the beneficial owner of more than 30% of the combined voting power of Main Street's voting securities then outstanding;

a change in the membership of the Board of Directors such that the individuals who, as of the effective date of the 2015 Equity and Incentive Plan, constitute the Board of Directors (the "Continuing Directors"), and any new director whose election or nomination to the Board of Directors was approved by a vote of at least a majority of the Continuing Directors, cease to constitute at least a majority of the Board;

a merger, reorganization or business combination of Main Street or one of its subsidiaries with or into any other entity, other than where the holders of Main Street's voting securities outstanding immediately before such transaction would represent immediately thereafter more than a majority of the combined voting power of the voting securities of Main Street or the surviving entity or the parent of such surviving entity;

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a sale or disposition of all or substantially all of Main Street's assets, other than where the holders of Main Street's voting securities outstanding immediately before such transaction hold securities immediately thereafter which represent more than a majority of the combined voting power of the voting securities of the acquirer or the parent of such acquirer of such assets; or

Main Street's stockholders approve a plan of complete liquidation or dissolution of Main Street.

Our restricted stock awards also provide that upon a participant's death, disability, involuntary termination without cause or voluntary termination with good reason (each as defined in the award agreement), the unvested shares of restricted stock will fully vest. The number of shares and value of unvested restricted stock for each NEO as of December 31, 2017 that would have vested under the acceleration scenarios described above is shown under "Compensation of Executive Officers Outstanding Equity Awards at Fiscal Year-End."

In addition, NEOs who participate in the 2015 Deferred Compensation Plan could receive a distribution of their balances in that plan in connection with their death, disability or termination of employment, depending on their distribution elections under the plan. The aggregate balance in the 2015 Deferred Compensation Plan of each NEO as of December 31, 2017 is shown under "Compensation of Executive Officers Nonqualified Deferred Compensation."

Other than the accelerated vesting of restricted stock and amounts due under the 2015 Deferred Compensation Plan, we would not incur any other payment obligations to our NEOs in the event of a change in control or any of the aforementioned causes of termination of employment.

**1940 Act Restrictions on Company Performance Based Compensation**

The 1940 Act provides that a BDC such as Main Street may maintain either an equity incentive plan or a "profit-sharing plan", but not both, for its NEOs and other employees. The Compensation Committee believes that equity incentives strongly align the interests of NEOs and employees with those of the Company's stockholders. Accordingly, Main Street has adopted and maintained equity incentive plans for its NEOs and employees since 2008. As a result, the 1940 Act prohibits Main Street from having a "profit-sharing plan."

The term "profit-sharing plan" is defined very broadly in the 1940 Act but in this context is generally viewed as referring to incentive and other compensation being directly tied to a company's gross or net income or any other indicia of the company's overall financial performance, such as realized gains or losses and unrealized appreciation or depreciation on investments. In this regard, the SEC has indicated that a compensation program possesses profit-sharing characteristics if a company is obligated to make payments under the program based on company performance metrics.

Due to these restrictions imposed by the 1940 Act, the Compensation Committee is not permitted to use nondiscretionary or formulaic Company performance goals or criteria to determine executive incentive compensation. Instead, the Committee considers overall Company performance along with other factors, including individual performance criteria, and uses its discretion in determining the appropriate compensation for NEOs and other key employees. The Compensation Committee's objective is to work within the 1940 Act regulatory framework to establish appropriate compensation levels, maintain pay-for-performance alignment and implement compensation best practices.

**Tax Deductibility of Compensation**

Section 162(m) of the Internal Revenue Code of 1986, as amended, generally disallows a deduction to public companies to the extent of excess annual compensation over \$1 million paid to certain executive officers, except to the extent compensation qualified as performance based compensation within the meaning of Section 162(m). Section 162(m) was amended and expanded by tax legislation enacted at the end of 2017. For amounts paid in 2018 and later years, the Section 162(m) deduction

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limit applies to an expanded group of executive officers and former executive officers, with limited exceptions. In addition, the exception for performance-based compensation is no longer available starting in 2018. Accordingly, annual cash bonuses to be paid for 2018 performance as well as equity awards granted in 2018 and beyond will no longer qualify as performance-based compensation and will be subject to the deduction limits of Section 162(m). Therefore, to the extent any of these executive officers are paid compensation in excess of \$1,000,000 for any year after 2017, Main Street generally cannot deduct the compensation for U.S. federal income tax purposes.

For years before 2018, Main Street's general policy, where consistent with business objectives, was to preserve the deductibility of executive officer compensation and structured compensation programs accordingly. Going forward and in part as a result of the newly enacted tax legislation the Compensation Committee may authorize amounts and forms of compensation that might not be deductible if the Committee deems such to be in the best interests of Main Street and its stockholders.

**Stockholder Advisory Vote on Executive Compensation**

At our 2017 annual meeting of stockholders, our stockholders provided an advisory vote with 91% of the votes cast approving our compensation philosophy, policies and procedures and the 2016 fiscal year compensation of our NEOs (the "Advisory Vote"). Subsequently, the Compensation Committee considered the results of the Advisory Vote in determining compensation policies and decisions of the Company. The Advisory Vote affected the Company's executive compensation decisions and policies by reaffirming the Company's compensation philosophies, and the Compensation Committee will continue to use these philosophies and past practice in determining future compensation decisions.

**2017 Compensation Determination**

The Compensation Committee analyzed the competitiveness of the components of compensation described above on both an individual and aggregate basis. The Committee believes that the total compensation paid to the NEOs for the fiscal year ended December 31, 2017, is consistent with the overall objectives of Main Street's executive compensation program.

***Base Salary***

The Compensation Committee annually reviews the base salary of each executive officer, including each NEO, and determines whether or not to increase it in its sole discretion. Increases to base salary can be awarded to recognize, among other things, relative performance, relative cost of living and competitive pressures.

In 2017, the Compensation Committee approved base salary increases for each NEO in recognition each NEO's and the Company's performance for the year and also to more closely align each NEO's compensation with similar executive officers of comparable companies.

The amount of annual base salary paid to each NEO for 2017 is presented under the caption entitled "Compensation of Executive Officers Summary Compensation Table." The Committee believes that the salary changes and resulting base salaries were competitive in the market place and appropriate for Main Street executives as a key component of an overall compensation package.

***Annual Cash Incentive Bonus***

Cash bonuses are determined annually by the Compensation Committee and are based on individual and corporate performance objectives coupled with Committee discretion as appropriate. The

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2017 performance criteria used for determining the cash bonuses for NEOs included, among other things, the following:

Achievement of corporate objectives, particularly those related to the maintenance and growth of dividends and preservation of capital through maintenance and growth of net asset value per share;

Individual performance and achievement of individual goals, as well as the contribution to corporate objectives;

Maintaining liquidity and capital flexibility to accomplish the Company's business objectives;

Maintaining the highest ethical standards, internal controls and adherence to regulatory requirements; and

Appropriate and planned development of personnel.

The Company paid cash bonuses to NEOs for 2017 performance in recognition of Main Street's strong financial results, including total stockholder return of 16.0%. The NEOs contributed significantly to the Company's performance. Major achievements considered by the Compensation Committee included increased distributable net investment income per share, increased regular monthly dividends per share, favorable total stockholder return, increased net asset value per share, growth of the investment portfolio, continuation of the Company's low total operating cost structure in comparison to peer organizations, maintaining an investment grade rating from Standard & Poor's Ratings Services, further improving the Company's overall capital structure through its November 2017 investment grade debt offering, low employee turnover, expansion of the Company's third party asset management business and development of talented personnel. The Compensation Committee did not weight these achievements and used discretion in determining the cash bonus amount allocated to each executive. In summary, the performance of the NEO group and the management team overall was at a consistent high level in 2017 resulting in excellent financial results.

The amount of cash bonus paid to each NEO for 2017 is presented under the caption entitled "Compensation of Executive Officers Summary Compensation Table." The Committee believes that these cash bonus awards are individually appropriate based on 2017 performance. Such bonuses comprise a key component of the Company's overall compensation program.

***Long-Term Incentive Awards***

The Company granted restricted shares to our NEOs in 2017 to recognize individual contributions to corporate strategic priorities and to the long-term performance of the Company. Other objectives of restricted stock awards were to assist with retention, align NEO interests with stockholders' and to provide competitive total direct compensation. Contributions to the future success of the Company include expanded roles of NEOs within the Company, recruitment and development of personnel, advancement of strategic initiatives with benefits beyond the current year, development of appropriate capital structure alternatives and enhancement of the Company's reputation with key constituents.

The amount of restricted shares granted to each NEO in 2017 is presented under the caption entitled "Compensation of Executive Officers Grants of Plan-Based Awards." The Committee is currently assessing the potential for long-term incentive compensation through grants of restricted shares to our NEOs for 2018, which are expected to be awarded in April 2018.

**Risk Management and Compensation Policies and Practices**

We believe that risks arising from our compensation policies and practices for our employees are not reasonably likely to have a material adverse effect on the Company. In addition, the Compensation

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Committee believes that the mix and design of the elements of executive compensation do not encourage management to assume excessive risks.

The Compensation Committee has reviewed the elements of executive compensation to determine whether any portion of executive compensation encourages excessive risk taking and concluded:

compensation is allocated among base salary and short and long-term compensation opportunities in such a way as to not encourage excessive risk-taking;

significant weighting towards long-term incentive compensation discourages short-term risk taking;

executive goals are appropriately established across several key metrics and criteria in order to avoid an outcome where the failure to achieve any individual target would result in a large percentage loss of compensation; and

multi-year vesting of restricted stock coupled with share ownership guidelines properly account for the time horizon of risks.

Finally, in addition to the factors described above, incentive compensation decisions include subjective considerations that restrain the influence of formulae or objective driven determinations that might lead to excessive risk taking.

### **COMPENSATION OF EXECUTIVE OFFICERS**

The following table summarizes the compensation of our Named Executive Officers, or NEOs, for the fiscal year ended December 31, 2017.

#### **Summary Compensation Table**

Name and Principal Position	Year	Salary	Bonus(1)	Stock Awards(2)	All Other Compensation(3)	Total
Vincent D. Foster	2017	\$ 608,750	\$ 1,500,000	\$ 1,781,107	\$ 12,150	\$ 3,902,007
Chairman of the Board and	2016	586,250	1,325,000	1,605,277	11,925	3,528,452
Chief Executive Officer	2015	568,750	1,300,000	1,556,595	11,925	3,437,270
Dwayne L. Hyzak	2017	\$ 530,000	\$ 1,200,000	\$ 1,247,270	\$ 12,150	\$ 2,989,420
Member of the Board, President,	2016	498,750	1,000,000	1,172,125	11,925	2,682,800
Chief	2015	435,000	850,000	1,154,887	11,925	2,451,812
Operating Officer and Senior	2017	\$ 381,250	\$ 900,000	\$ 857,203	\$ 12,150	\$ 2,150,603
Managing	2016	361,250	575,000	815,397	11,925	1,763,572
Director	2015	332,500	575,000	753,179	11,925	1,672,604
David L. Magdol	2017	\$ 381,250	\$ 180,000	\$ 857,203	\$ 12,150	\$ 1,430,603
Vice Chairman, Chief Investment	2016	361,250	525,000	815,397	11,925	1,713,572
Officer and	2015	332,500	625,000	803,416	11,925	1,772,841
Senior Managing Director	2017	\$ 316,250	\$ 450,000	\$ 533,837	\$ 12,150	\$ 1,312,237
Curtis L. Hartman	2016	300,000	415,000	509,607	11,925	1,236,532
Vice Chairman, Chief Credit Officer	2015	282,500	400,000	11,925	694,425	1,312,237
and	2016	316,250	450,000	533,837	12,150	1,312,237
Senior Managing Director	2015	332,500	625,000	803,416	11,925	1,772,841
Brent D. Smith	2017	\$ 316,250	\$ 450,000	\$ 533,837	\$ 12,150	\$ 1,312,237
Chief Financial Officer and Treasurer	2016	300,000	415,000	509,607	11,925	1,236,532
	2015	282,500	400,000	11,925	694,425	1,312,237

(1) These amounts reflect annual cash bonuses earned by the NEOs based on individual and corporate performance as determined by the Compensation Committee.

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- (2) These amounts represent the fair value of restricted stock awards in accordance with FASB ASC Topic 718 based on the closing price of our common stock on the grant date. Dividends paid on restricted stock awards are reflected in the grant date fair value and, therefore, are not shown in the table. Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. These amounts do not correspond to the actual value that will be recognized by our NEOs upon the vesting of such grants. Please see the discussion of the assumptions made in the valuation of these awards in Note L to the audited consolidated financial statements included in this prospectus.
- (3) These amounts reflect employer matching contributions we made to each NEO's account in our 401(k) plan.

Table of Contents**Grants of Plan-Based Awards**

The following table sets forth information regarding restricted stock awards granted to our NEOs in fiscal 2017:

Name	Grant Date	Stock Awards; Number of Shares of Stock(1)	Grant Date Fair Value of Stock Awards
Vincent D. Foster	April 3, 2017	46,383	\$ 1,781,107
Dwayne L. Hyzak	April 3, 2017	32,481	1,247,270
David L. Magdol	April 3, 2017	22,323	857,203
Curtis L. Hartman	April 3, 2017	22,323	857,203
Brent D. Smith	April 3, 2017	13,902	533,837

- (1) Restricted stock grants to NEOs under the 2015 Equity and Incentive Plan in 2017 vest ratably over three years from the grant date, and all underlying shares are entitled to dividends and voting rights beginning on the grant date.

**Outstanding Equity Awards at Fiscal Year-End**

The following table sets forth the awards of restricted stock for which forfeiture provisions have not lapsed and remain outstanding at December 31, 2017:

Name	Stock Awards	
	Number of Shares of Stock That Have Not Vested(1)	Market Value of Shares of Stock That Have Not Vested(2)
Vincent D. Foster	108,631(3)	\$ 4,315,910
Dwayne L. Hyzak	78,353(4)	3,112,965
David L. Magdol	55,046(5)	2,186,978
Curtis L. Hartman	53,192(6)	2,113,318
Brent D. Smith	24,767(7)	983,993

- (1) No restricted stock awards have been transferred.
- (2) The market value of shares of stock that have not vested was determined based on the closing price of our common stock on the New York Stock Exchange at December 29, 2017.
- (3) 49,409 shares will vest on April 1, 2018; 11,188 shares will vest on June 20, 2018; 32,573 shares will vest on April 1, 2019; and 15,461 shares will vest on April 1, 2020, subject in each case to the NEO still being employed by us on the respective vesting date.
- (4) 35,813 shares will vest on April 1, 2018; 8,391 shares will vest on June 20, 2018; 23,322 shares will vest on April 1, 2019; and 10,827 shares will vest on April 1, 2020, subject in each case to the NEO still being employed by us on the respective vesting date.
- (5) 24,279 shares will vest on April 1, 2018; 7,193 shares will vest on June 20, 2018; 16,133 shares will vest on April 1, 2019; and 7,441 shares will vest on April 1, 2020, subject in each case to the NEO still being employed by us on the respective vesting date.

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- (6) 24,823 shares will vest on April 1, 2018; 4,795 shares will vest on June 20, 2018; 16,133 shares will vest on April 1, 2019; and 7,441 shares will vest on April 1, 2020, subject in each case to the NEO still being employed by us on the respective vesting date.
- (7) 10,066 shares will vest on April 1, 2018; 10,067 shares will vest on April 1, 2019; and 4,634 shares will vest on April 1, 2020, subject in each case to the NEO still being employed by us on the respective vesting date.

**Equity Awards Vested in Fiscal Year**

The following table sets forth information regarding shares of restricted stock for which forfeiture restrictions lapsed during the fiscal year ended December 31, 2017:

Name	Stock Awards	
	Number of Shares Acquired on Vesting(1)	Value Realized on Vesting(2)
Vincent D. Foster	56,606	\$ 2,172,991
Dwayne L. Hyzak	42,421	1,628,443
David L. Magdol	31,972	1,227,271
Curtis L. Hartman	29,412	1,129,060
Brent D. Smith	9,904	380,179

- (1) Number of shares acquired upon vesting is before withholding of vesting shares by the Company to satisfy tax withholding obligations.
- (2) Value realized upon vesting is based on the closing price of our common stock on the vesting date.

**Nonqualified Deferred Compensation**

The following table sets forth information regarding the activity during the fiscal year ended December 31, 2017 related to the accounts of our NEOs under the 2015 Deferred Compensation Plan:

Name	Aggregate Balance at December 31, 2016	2017 Executive Contributions(1)	2017 Company Contributions	2017 Aggregate Earnings(2)	2017 Aggregate Withdrawals/Distributions	Aggregate Balance at December 31, 2017(3)
Vincent D. Foster	\$ 63,280	\$ 389,562		\$ 69,589		\$ 522,431
Dwayne L. Hyzak	92,535	138,849		36,295		267,679
David L. Magdol	92,570	171,693		43,571		307,834
Curtis L. Hartman	55,037	205,497		35,485		296,019
Brent D. Smith	33,528	48,494		8,927		90,949

- (1) The 2017 Executive Contributions shown above include amounts reported in the "Salary" column of the Summary Compensation Table for 2017 as follows: \$58,312 for Mr. Foster; \$88,849 for Mr. Hyzak; and \$36,521 for Mr. Magdol. The remaining amounts included in 2017 Executive Contributions shown above represent contributions from (i) dividends on unvested stock held by our NEOs and (ii) bonuses that accrued in 2016 but were paid in 2017. The dividends are not separately reported in the Summary Compensation Table but are included in the value shown in the "Stock Awards" column in the year of grant.

(2)

The 2017 Aggregate Earnings shown above represents earnings on amounts in the 2015 Deferred Compensation Plan during 2017. These amounts are not reported in the Summary Compensation Table.

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(3)

The Aggregate Balance at December 31, 2017 shown above includes amounts reported in the Summary Compensation Table for prior years as follows: \$389,875 for Mr. Foster; \$137,281 for Mr. Hyzak; \$93,625 for Mr. Magdol; and \$105,000 for Mr. Hartman.

In November 2015, our Board of Directors approved and adopted the 2015 Deferred Compensation Plan, an unfunded, nonqualified deferred compensation plan, to allow non-employee directors and certain key employees, including each of the NEOs, to defer receipt of some or all of their cash compensation, subject to certain limitations. Pursuant to the 2015 Deferred Compensation Plan, executives may contribute on a pre-tax basis up to 100% of their salary, bonus and dividends paid on shares of unvested Company stock. Although not currently anticipated and subject to prior Compensation Committee approval, discretionary employer contributions are also permitted to the 2015 Deferred Compensation Plan. Individuals participating in the 2015 Deferred Compensation Plan receive distributions of their respective balances based on predetermined payout schedules or other events as defined by the plan. Amounts deferred under the plan earn a return based on the returns on certain investment alternatives permitted under the plan, including phantom Main Street stock units, as designated by the participant. The 2015 Deferred Compensation Plan became effective on January 1, 2016.

**Potential Payments Upon Change in Control or Termination of Employment**

As described in "Compensation Discussion and Analysis," our restricted stock awards to employees, including NEOs, provide that upon certain transactions involving a change in control, or upon a participant's death, disability, involuntary termination without cause or voluntary termination with good reason (each as defined in the award agreement), the unvested shares of restricted stock will fully vest. The number of shares and value of unvested restricted stock for each NEO as of December 31, 2017 that would have vested under the acceleration scenarios described above is shown under the heading " Outstanding Equity Awards at Fiscal Year-End."

In addition, NEOs who participate in the 2015 Deferred Compensation Plan could receive a distribution of their balances in that plan in connection with their death, disability or termination of employment, depending on their distribution elections under the plan. The aggregate balance in the 2015 Deferred Compensation Plan of each NEO as of December 31, 2017 is shown under the heading " Nonqualified Deferred Compensation."

Other than the accelerated vesting of restricted stock and amounts due under the 2015 Deferred Compensation Plan, we would not incur any other payment obligations to our NEOs in the event of a change in control or any of the aforementioned causes of termination of employment.

**Chief Executive Officer Pay Ratio**

For 2017, our last completed fiscal year, the median of the annual total compensation of all of our employees (other than Mr. Foster, our Chief Executive Officer (our "CEO")) was \$141,684, and the annual total compensation of our CEO, as reported in the Summary Compensation Table, was \$3,902,007. Based on this information, our CEO's 2017 annual total compensation was approximately 28 times that of the median of the 2017 annual total compensation of all of our employees.

We selected December 31, 2017 as the date used to identify our "median employee" whose annual total compensation was the median of the annual total compensation of all our employees (other than our CEO) for 2017. As of December 31, 2017, our employee population consisted of 58 individuals, all located in our Houston, Texas office. We compared the annual total compensation for our employee population in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K, which included salary, bonus, stock awards and employer matching contributions to employee accounts in our 401(k) plan. In making this determination, we annualized the compensation of eight employees who were hired in 2017 but did not work for us the entire fiscal year.

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**CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS**

We have procedures in place for the review, approval and monitoring of transactions involving us and certain persons related to us. As a BDC, the 1940 Act restricts us from participating in transactions with any persons affiliated with us, including our officers, directors and employees and any person controlling or under common control with us, subject to certain exceptions.

In the ordinary course of business, we enter into transactions with portfolio companies that may be considered related party transactions. We have implemented certain policies and procedures, both written and unwritten, to ensure that we do not engage in any prohibited transactions with any persons affiliated with us. If such affiliations are found to exist, we seek Board and/or appropriate Board committee review and approval or exemptive relief for such transactions, as appropriate.

In addition, our Code of Business Conduct and Ethics, which is applicable to all of our employees, officers and directors, requires that all employees, officers and directors avoid any conflict, or the appearance of a conflict, between an individual's personal interests and our interests. Our Code of Business Conduct and Ethics is available at <http://mainstcapital.com> under "Corporate Governance Governance Docs" in the "Investors" section of our website.

**CONTROL PERSONS AND PRINCIPAL STOCKHOLDERS**

The following table sets forth information with respect to the beneficial ownership of our common stock by:

each person known to us to beneficially own more than five percent of the outstanding shares of our common stock;

each of our directors and executive officers; and

all of our directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to the securities. There is no common stock subject to options that are currently exercisable or exercisable within 60 days of April 13, 2018. Percentage of beneficial ownership is based on 59,388,275 shares of common stock outstanding as of April 13, 2018.

Unless otherwise indicated, to our knowledge, each stockholder listed below has sole voting and investment power with respect to the shares beneficially owned by the stockholder, and maintains an

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address c/o Main Street Capital Corporation. Our address is 1300 Post Oak Boulevard, 8<sup>th</sup> Floor, Houston, Texas 77056.

Name	Shares Owned	
	Number	Beneficially Percentage
<b>Independent Directors:</b>		
Michael Appling Jr.	126,480(1)	*
Valerie L. Banner	3,004(2)	*
Joseph E. Canon	67,370(3)	*
Arthur L. French	62,891(4)	*
J. Kevin Griffin	27,556(5)	*
John E. Jackson	26,743(6)	*
Brian E. Lane	8,888(7)	*
Stephen B. Solcher	10,338(8)	*
<b>Interested Directors:</b>		
Vincent D. Foster	1,736,724(9)	2.92%
Dwayne L. Hyzak	338,187	*
<b>Executive Officers:</b>		
David L. Magdol	323,396	*
Curtis L. Hartman	250,284	*
Jason B. Beauvais	102,127	*
Brent D. Smith	49,156	*
Nicholas T. Meserve	54,584	*
Shannon D. Martin	42,431	*
All Directors and Executive Officers as a Group (16 persons)	3,230,159	5.44%

\*  
Less than 1%

- (1) Includes 12,955 phantom stock units under the 2015 Deferred Compensation Plan. The director has no investment or voting powers for phantom stock units held under the 2015 Deferred Compensation Plan.
- (2) Includes 2,250 phantom stock units under the 2015 Deferred Compensation Plan. The director has no investment or voting powers for phantom stock units held under the 2015 Deferred Compensation Plan.
- (3) Includes 21,785 phantom stock units under the 2015 Deferred Compensation Plan. The director has no investment or voting powers for phantom stock units held under the 2015 Deferred Compensation Plan.
- (4) Includes 46,548 shares of common stock held by Flying F, LLC, which are beneficially owned by Mr. French, and 13,600 phantom stock units under the 2015 Deferred Compensation Plan. The director has no investment or voting powers for phantom stock units held under the 2015 Deferred Compensation Plan.
- (5) Includes 13,942 phantom stock units under the 2015 Deferred Compensation Plan. The director has no investment or voting powers for phantom stock units held under the 2015 Deferred Compensation Plan.
- (6) Includes 1,222 shares of common stock held by Mr. Jackson's wife and 12,201 phantom stock units under the 2015 Deferred Compensation Plan. The director has no investment

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or voting powers for phantom stock units held under the 2015 Deferred Compensation Plan.

- (7) Includes 5,809 phantom stock units under the 2015 Deferred Compensation Plan. The director has no investment or voting powers for phantom stock units held under the 2015 Deferred Compensation Plan.
- (8) Includes 7,259 phantom stock units under the 2015 Deferred Compensation Plan. The director has no investment or voting powers for phantom stock units held under the 2015 Deferred Compensation Plan.
- (9) Includes 186,141 shares of common stock held by family and charitable trusts. For each of these trusts, Mr. Foster acts as trustee, may from time to time direct the trustee to vote or dispose of these shares and/or holds a remainder interest therein.

The Board of Directors has established stock ownership guidelines pursuant to which independent directors and certain key employees, including each executive officer listed in the table above, are required to achieve and maintain minimum levels of stock ownership. Our Corporate Governance and Stock Ownership Guidelines may be found at <http://mainstcapital.com> under "Corporate Governance Governance Docs" in the "Investors" section of our website.

Our insider trading policy prohibits our directors, officers and employees from holding shares of our common stock or other securities issued by us in a margin account, hedging any such securities or pledging any such securities as collateral for a loan except in limited cases with the pre-approval of our chief compliance officer.

The following table sets forth, as of April 13, 2018, the dollar range of our equity securities that is beneficially owned by each of our directors.

	<b>Dollar Range of Equity Securities Beneficially Owned(1)(2)(3)</b>	
<b>Interested Directors:</b>		
Vincent D. Foster	over \$	100,000
Dwayne L. Hyzak	over \$	100,000
<b>Independent Directors:</b>		
Michael Appling Jr.	over \$	100,000
Valerie L. Banner	over \$	100,000
Joseph E. Canon	over \$	100,000
Arthur L. French	over \$	100,000
J. Kevin Griffin	over \$	100,000
John E. Jackson	over \$	100,000
Brian E. Lane	over \$	100,000
Stephen B. Solcher	over \$	100,000

- (1) Beneficial ownership has been determined in accordance with Rule 16a-1(a)(2) of the Exchange Act.
- (2)

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The dollar range of equity securities beneficially owned by our directors is based on the closing price of our common stock on the New York Stock Exchange of \$37.00 per share as of April 13, 2018.

(3)

The dollar ranges of equity securities beneficially owned are: none, \$1-\$10,000, \$10,001-\$50,000, \$50,001-\$100,000, or over \$100,000.

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**SALES OF COMMON STOCK BELOW NET ASSET VALUE**

Our stockholders may from time to time vote to allow us to issue common stock at a price below the net asset value (NAV) per share of our common stock. In such an approval, our stockholders may not specify a maximum discount below net asset value at which we are able to issue our common stock. In order to sell shares pursuant to such a stockholder authorization:

a majority of our independent directors who have no financial interest in the sale must have approved the sale; and

a majority of such directors, who are not interested persons of Main Street, in consultation with the underwriter or underwriters of the offering if it is to be underwritten, must have determined in good faith, and as of a time immediately prior to the first solicitation by us or on our behalf of firm commitments to purchase such shares or immediately prior to the issuance of such shares, that the price at which such shares are to be sold is not less than a price which closely approximates the market value of those shares, less any underwriting commission or discount.

We are also permitted to sell shares of common stock below NAV per share in rights offerings. Any offering of common stock below NAV per share will be designed to raise capital for investment in accordance with our investment objectives and business strategies.

In making a determination that an offering below NAV per share is in our and our stockholders' best interests, our Board of Directors would consider a variety of factors including:

The effect that an offering below NAV per share would have on our stockholders, including the potential dilution they would experience as a result of the offering;

The amount per share by which the offering price per share and the net proceeds per share are less than the most recently determined NAV per share;

The relationship of recent market prices of our common stock to NAV per share and the potential impact of the offering on the market price per share of our common stock;

Whether the proposed offering price would closely approximate the market value of our shares;

The potential market impact of being able to raise capital during the current financial market difficulties;

The nature of any new investors anticipated to acquire shares in the offering;

The anticipated rate of return on and quality, type and availability of investments to be funded with the proceeds from the offering, if any; and

The leverage available to us, both before and after any offering, and the terms thereof.

We did not seek stockholder authorization to issue common stock at a price below net asset value per share at our 2017 annual meeting of stockholders, and we are not seeking such approval at our 2018 annual meeting of stockholders, because our common stock price per share has been trading significantly above the current net asset value per share of our common stock, but we may seek such authorization at future annual meetings or special meetings of stockholders.

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Sales by us of our common stock at a discount from NAV pose potential risks for our existing stockholders whether or not they participate in the offering, as well as for new investors who participate in the offering.

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The following three headings and accompanying tables will explain and provide hypothetical examples on the impact of an offering at a price less than NAV per share on three different sets of investors:

existing stockholders who do not purchase any shares in the offering;

existing stockholders who purchase a relatively small amount of shares in the offering or a relatively large amount of shares in the offering; and

new investors who become stockholders by purchasing shares in the offering.

**Impact on Existing Stockholders who do not Participate in the Offering**

Our existing stockholders who do not participate in an offering below NAV per share or who do not buy additional shares in the secondary market at the same or lower price we obtain in the offering (after expenses and commissions) face the greatest potential risks. These stockholders will experience an immediate decrease (often called dilution) in the NAV of the shares they hold and their NAV per share. These stockholders will also experience a disproportionately greater decrease in their participation in our earnings and assets and their voting power than the increase we will experience in our assets, potential earning power and voting interests due to the offering. These stockholders may also experience a decline in the market price of their shares, which often reflects to some degree announced or potential decreases in NAV per share. This decrease could be more pronounced as the size of the offering and level of discount to NAV increases.

The following table illustrates the level of NAV dilution that would be experienced by a nonparticipating stockholder in four different hypothetical offerings of different sizes and levels of discount from NAV per share. Actual sales prices and discounts may differ from the presentation below.

The examples assume that Company XYZ has 1,000,000 common shares outstanding, \$15,000,000 in total assets and \$5,000,000 in total liabilities. The current NAV and NAV per share are thus \$10,000,000 and \$10.00. The table illustrates the dilutive effect on nonparticipating Stockholder A of (1) an offering of 50,000 shares (5% of the outstanding shares) at \$9.50 per share after offering expenses and commissions (a 5% discount from NAV), (2) an offering of 100,000 shares (10% of the outstanding shares) at \$9.00 per share after offering expenses and commissions (a 10% discount from NAV), (3) an offering of 250,000 shares (25% of the outstanding shares) at \$8.00 per share after offering expenses and commissions (a 20% discount from NAV) and (4) an offering of 250,000 shares (25% of the outstanding shares) at \$0.01 per share after offering expenses and commissions (a 100% discount from NAV). The prospectus supplement pursuant to which any discounted offering is made

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will include a chart based on the actual number of shares in such offering and the actual discount to the most recently determined NAV.

	Example 1 5% Offering at 5% Discount			Example 2 10% Offering at 10% Discount		Example 3 25% Offering at 20% Discount		Example 4 25% Offering at 100% Discount	
	Prior to Sale Below NAV	Following Sale	% Change	Following Sale	% Change	Following Sale	% Change	Following Sale	% Change
<b>Offering Price</b>									
Price per Share to Public(1)		\$ 10.00		\$ 9.47		\$ 8.42		\$ 0.01	
Net Proceeds per Share to Issuer		\$ 9.50		\$ 9.00		\$ 8.00		\$ 0.01	
<b>Increase in Shares and Decrease to NAV</b>									
Total Shares Outstanding	1,000,000	1,050,000	5.00%	1,100,000	10.00%	1,250,000	25.00%	1,250,000	25.00%
NAV per Share	\$ 10.00	\$ 9.98	(0.20)%	\$ 9.91	(0.90)%	\$ 9.60	(4.00)%	\$ 8.00	(20.00)%
<b>Dilution to Nonparticipating Stockholder A</b>									
<b>Share Dilution</b>									
Shares Held by Stockholder A	10,000	10,000		10,000		10,000		10,000	
Percentage Outstanding Held by Stockholder A	1.00%	0.95%	(4.76)%	0.91%	(9.09)%	0.80%	(20.00)%	0.80%	(20.00)%
<b>NAV Dilution</b>									
Total NAV Held by Stockholder A	\$ 100,000	\$ 99,800	(0.20)%	\$ 99,100	(0.90)%	\$ 96,000	(4.00)%	\$ 80,000	(20.00)%
Total Investment by Stockholder A (Assumed to be \$10.00 per Share)	\$ 100,000	\$ 100,000		\$ 100,000		\$ 100,000		\$ 100,000	
Total Dilution to Stockholder A (Total NAV Less Total Investment)		\$ (200)		\$ (900)		\$ (4,000)		\$ (20,000)	
<b>NAV Dilution per Share</b>									
NAV per Share Held by Stockholder A		\$ 9.98		\$ 9.91		\$ 9.60		\$ 8.00	
Investment per Share Held by Stockholder A (Assumed to be \$10.00 per Share on Shares Held Prior to Sale)	\$ 10.00	\$ 10.00		\$ 10.00		\$ 10.00		\$ 10.00	
NAV Dilution per Share Experienced by Stockholder A (NAV per Share Less Investment per Share)		\$ (0.02)		\$ (0.09)		\$ (0.40)		\$ (2.00)	
Percentage NAV Dilution Experienced by Stockholder A (NAV Dilution per Share Divided by Investment per Share)			(0.20)%		(0.90)%		(4.00)%		(20.00)%

(1) Assumes 5% in selling compensation and expenses paid by us.

### Impact on Existing Stockholders who do Participate in the Offering

Our existing stockholders who participate in an offering below NAV per share or who buy additional shares in the secondary market at the same or lower price as we obtain in the offering (after expenses and commissions) will experience the same types of NAV dilution as the nonparticipating stockholders, albeit at a lower level, to the extent they purchase less than the same percentage of the discounted offering as their interest in our shares immediately prior to the offering. The level of NAV dilution to such stockholders will decrease as the number of shares such stockholders purchase increases. Existing stockholders who buy more than their proportionate percentage will experience NAV dilution but will, in contrast to existing stockholders who purchase less than their proportionate share of the offering, experience an increase (often called accretion) in NAV per share over their investment per share and will also experience a disproportionately greater increase in their participation in our earnings and assets and their voting power than our increase in assets, potential earning power and voting interests due to the offering. The level of accretion will increase as the excess number of shares purchased by such stockholder increases. Even a stockholder who over-participates will, however, be subject to the risk that we may make additional discounted offerings in which such stockholder does not participate, in which case such a stockholder will experience NAV dilution as described above in such subsequent offerings. These stockholders may also experience a decline in the market price of their shares, which often reflects to some degree announced or potential decreases in NAV per share. This decrease could be more pronounced as the size of the offering and the level of discount to NAV increases.

The following chart illustrates the level of dilution and accretion in the hypothetical 25% offering at a 20% discount from the prior chart (Example 3) for a stockholder that acquires shares equal to (1) 50% of its proportionate share of the offering (i.e., 1,250 shares, which is 0.5% of an offering of 250,000 shares rather than its 1.0% proportionate share) and (2) 150% of such percentage



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(i.e., 3,750 shares, which is 1.5% of an offering of 250,000 shares rather than its 1.0% proportionate share). The prospectus supplement pursuant to which any discounted offering is made will include a chart for this example based on the actual number of shares in such offering and the actual discount from the most recently determined NAV per share.

	Prior to Sale Below NAV	50% Participation		150% Participation	
		Following Sale	% Change	Following Sale	% Change
<b>Offering Price</b>					
Price per Share to Public(1)		\$ 8.42		\$ 8.42	
Net Proceeds per Share to Issuer		\$ 8.00		\$ 8.00	
<b>Increase in Shares and Decrease to NAV</b>					
Total Shares Outstanding	1,000,000	1,250,000	25.00%	1,250,000	25.00%
NAV per Share	\$ 10.00	\$ 9.60	(4.00)%	\$ 9.60	(4.00)%
<b>Dilution/Accretion to Participating Stockholder A</b>					
<b>Share Dilution/Accretion</b>					
Shares Held by Stockholder A	10,000	11,250	12.50%	13,750	37.50%
Percentage Outstanding Held by Stockholder A	1.00%	0.90%	(10.00)%	1.10%	10.00%
<b>NAV Dilution/Accretion</b>					
Total NAV Held by Stockholder A	\$ 100,000	\$ 108,000	8.00%	\$ 132,000	32.00%
Total Investment by Stockholder A (Assumed to be \$10.00 per Share on Shares Held Prior to Sale)		\$ 110,525		\$ 131,575	
Total Dilution/Accretion to Stockholder A (Total NAV Less Total Investment)		\$ (2,525)		\$ 425	
<b>NAV Dilution/Accretion per Share</b>					
NAV per Share Held by Stockholder A		\$ 9.60		\$ 9.60	
Investment per Share Held by Stockholder A (Assumed to be \$10.00 per Share on Shares Held Prior to Sale)	\$ 10.00	\$ 9.82	(1.76)%	\$ 9.57	(4.31)%
NAV Dilution/Accretion per Share Experienced by Stockholder A (NAV per Share Less Investment per Share)		\$ (0.22)		\$ 0.03	
Percentage NAV Dilution/Accretion Experienced by Stockholder A (NAV Dilution/Accretion per Share Divided by Investment per Share)			(2.28)%		0.32%

(1) Assumes 5% in selling compensation and expenses paid by us.

### **Impact on New Investors**

Investors who are not currently stockholders, but who participate in an offering below NAV and whose investment per share is greater than the resulting NAV per share due to selling compensation and expenses paid by us will experience an immediate decrease, albeit small, in the NAV of their shares and their NAV per share compared to the price they pay for their shares (Example 1 below). On the other hand, investors who are not currently stockholders, but who participate in an offering below NAV per share and whose investment per share is also less than the resulting NAV per share will experience an immediate increase in the NAV of their shares and their NAV per share compared to the price they pay for their shares (Examples 2, 3 and 4 below). These latter investors will experience a disproportionately greater participation in our earnings and assets and their voting power than our increase in assets, potential earning power and voting interests. These investors will, however, be subject to the risk that we may make additional discounted offerings in which such new stockholder does not participate, in which case such new stockholder will experience dilution as described above in such subsequent offerings. These investors may also experience a decline in the market price of their shares, which often reflects to some degree announced or potential decreases in NAV per share. This decrease could be more pronounced as the size of the offering and level of discount to NAV increases.

The following chart illustrates the level of dilution or accretion for new investors that would be experienced by a new investor in the same hypothetical discounted offerings as described in the first

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chart above. The illustration is for a new investor who purchases the same percentage (1.00%) of the shares in the offering as Stockholder A in the prior examples held immediately prior to the offering. The prospectus supplement pursuant to which any discounted offering is made will include a chart for these examples based on the actual number of shares in such offering and the actual discount from the most recently determined NAV per share.

	Example 1 5% Offering at 5% Discount			Example 2 10% Offering at 10% Discount		Example 3 25% Offering at 20% Discount		Example 4 25% Offering at 100% Discount	
	Prior to Sale Below NAV	Following Sale	% Change	Following Sale	% Change	Following Sale	% Change	Following Sale	% Change
<b>Offering Price</b>									
Price per Share to Public(1)		\$ 10.00		\$ 9.47		\$ 8.42		\$ 0.01	
Net Proceeds per Share to Issuer		\$ 9.50		\$ 9.00		\$ 8.00		\$ 0.01	
<b>Increase in Shares and Decrease to NAV</b>									
Total Shares Outstanding	1,000,000	1,050,000	5.00%	1,100,000	10.00%	1,250,000	25.00%	1,250,000	25.00%
NAV per Share	\$ 10.00	\$ 9.98	(0.20)%	\$ 9.91	(0.90)%	\$ 9.60	(4.00)%	\$ 8.00	(20.00)%
<b>Dilution/Accretion to New Investor A</b>									
<b>Share Dilution</b>									
Shares Held by Investor A		500		1,000		2,500		2,500	
Percentage Outstanding Held by Investor A	0.00%	0.05%		0.09%		0.20%		0.20%	
<b>NAV Dilution</b>									
Total NAV Held by Investor A	\$	4,990		\$ 9,910		\$ 24,000		\$ 20,000	
Total Investment by Investor A (At Price to Public)	\$	5,000		\$ 9,470		\$ 21,050		\$ 25	
Total Dilution/Accretion to Investor A (Total NAV Less Total Investment)	\$	(10)		\$ 440		\$ 2,950		\$ 19,975	
<b>NAV Dilution per Share</b>									
NAV per Share Held by Investor A	\$	9.98		\$ 9.91		\$ 9.60		\$ 8.00	
Investment per Share Held by Investor A	\$	10.00		\$ 9.47		\$ 8.42		\$ 0.01	
NAV Dilution/Accretion per Share Experienced by Investor A (NAV per Share Less Investment per Share)	\$	(0.02)		\$ 0.44		\$ 1.18		\$ 7.99	
Percentage NAV Dilution/Accretion Experienced by Investor A (NAV Dilution/Accretion per Share Divided by Investment per Share)			(0.20)%		4.65%		14.01%		79,900.00%

(1) Assumes 5% in selling compensation and expenses paid by us.

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**DIVIDEND REINVESTMENT AND DIRECT STOCK PURCHASE PLAN**

We have adopted a dividend reinvestment and direct stock purchase plan, or the Plan. The direct stock purchase feature of the Plan is designed to provide new investors and existing holders of our common stock with a convenient and economical method to purchase shares of our common stock and is described in more detail in a separate prospectus supplement. The dividend reinvestment feature of the Plan, or the dividend reinvestment plan, provides for the reinvestment of dividends on behalf of our registered stockholders who hold their shares with American Stock Transfer & Trust Company, LLC, the Plan Administrator and our transfer agent and registrar, or certain brokerage firms that have elected to participate in our dividend reinvestment plan, unless a stockholder has elected to receive dividends in cash. As a result, if we declare a cash dividend, our registered stockholders (or stockholders holding shares through participating brokerage firms) who have not properly "opted out" of the dividend reinvestment plan will have their cash dividend automatically reinvested into additional shares of our common stock.

No action will be required on the part of a registered stockholder to have their cash dividends reinvested in shares of our common stock. A registered stockholder may elect to receive an entire dividend in cash by notifying the Plan Administrator in writing so that such notice is received by the Plan Administrator no later than three business days before the payment date for a particular dividend to stockholders. The Plan Administrator will set up an account for shares acquired through the dividend reinvestment plan for each registered stockholder who has not elected to receive dividends in cash and hold such shares in non-certificated form. Upon request by a stockholder participating in the dividend reinvestment plan, the Plan Administrator will issue a certificate registered in the participant's name for some or all of the whole shares of our common stock credited to a participant's account. Those stockholders whose shares are held by a broker or other financial intermediary may receive dividends in cash by notifying their broker or other financial intermediary of their election.

The share requirements of the dividend reinvestment plan may be satisfied through the issuance of new shares of common stock or through open market purchases of common stock by the Plan Administrator. Newly-issued shares will be valued based upon the final closing price of our common stock on a valuation date determined for each dividend by our Board of Directors. Shares purchased in the open market to satisfy the dividend reinvestment plan requirements will be valued based upon the average price of the applicable shares purchased by the Plan Administrator, before any associated brokerage or other costs.

There will be no brokerage charges or other charges for dividend reinvestment to stockholders who participate in the dividend reinvestment plan. We will pay the Plan Administrator's fees under the dividend reinvestment plan.

Stockholders who receive dividends in the form of stock generally are subject to the same federal, state and local tax consequences as are stockholders who elect to receive their dividends in cash. A stockholder's basis for determining gain or loss upon the sale of stock received in a dividend from us will be equal to the total dollar amount of the dividend payable to the stockholder. Any stock received in a dividend will have a holding period for tax purposes commencing on the day following the day on which the shares are credited to the U.S. stockholder's account.

Participants may terminate their accounts under the dividend reinvestment plan by notifying the Plan Administrator via its website at [www.astfinancial.com](http://www.astfinancial.com), by filling out the transaction request form located at the bottom of their statement and sending it to the Plan Administrator at 6201 15th Avenue, Brooklyn, New York 11219 or by calling the Plan Administrator at 1-866-706-8371.

We may amend, modify, suspend or terminate the Plan, including the dividend reinvestment plan, at any time in our sole discretion. Participants will receive written notice of any material amendment, modification, suspension or termination. All correspondence concerning the plan should be directed to the Plan Administrator by mail at 6201 15th Avenue, Brooklyn, New York 11219 or by telephone at 1-866-706-8371.

Table of Contents**DESCRIPTION OF COMMON STOCK**

*The following description is based on relevant portions of the Maryland General Corporation Law and on our articles of incorporation and bylaws. This summary may not contain all of the information that is important to you, and we refer you to the Maryland General Corporation Law and our articles of incorporation and bylaws for a more detailed description of the provisions summarized below.*

Under the terms of our articles of incorporation, our authorized capital stock consists of 150,000,000 shares of common stock, par value \$0.01 per share. Set forth below is a chart describing the classes of our common stock outstanding as of April 18, 2018:

(1)	(2)	(3)	(4)
Title of Class	Amount Authorized	Amount Held by us or for Our Account	Amount Outstanding Exclusive of Amount Under Column 3
Common Stock	150,000,000		59,441,081

Under our articles of incorporation, our Board of Directors is authorized to classify and reclassify any unissued shares of stock into other classes or series of stock, and to cause the issuance of such shares, without obtaining stockholder approval. In addition, as permitted by the Maryland General Corporation Law, but subject to the 1940 Act, our articles of incorporation provide that the Board of Directors, without any action by our stockholders, may amend the articles of incorporation from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have authority to issue. Under Maryland law, our stockholders generally are not personally liable for our debts or obligations.

All shares of our common stock have equal voting rights and rights to earnings, assets and distributions, except as described below. When shares are issued, upon payment therefor, they will be duly authorized, validly issued, fully paid and nonassessable. Distributions may be paid to the holders of our common stock if, as and when authorized by our Board of Directors and declared by us out of assets legally available therefore. Shares of our common stock have no conversion, exchange, preemptive or redemption rights. In the event of our liquidation, dissolution or winding up, each share of our common stock would be entitled to share ratably in all of our assets that are legally available for distribution after we pay all debts and other liabilities and subject to any preferential rights of holders of our preferred stock, if any preferred stock is outstanding at such time. Each share of our common stock is entitled to one vote on all matters submitted to a vote of stockholders, including the election of directors. Except as provided with respect to any other class or series of stock, the holders of our common stock will possess exclusive voting power. There is no cumulative voting in the election of directors, which means that holders of a majority of the outstanding shares of common stock will elect all of our directors, and holders of less than a majority of such shares will be unable to elect any director.

**Limitation on Liability of Directors and Officers; Indemnification and Advance of Expenses**

Maryland law permits a Maryland corporation to include in its articles of incorporation a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active and deliberate dishonesty established by a final judgment as being material to the cause of action. Our articles of incorporation contain such a provision that eliminates directors' and officers' liability to the maximum extent permitted by Maryland law, subject to the requirements of the 1940 Act.

Our articles of incorporation require us, to the maximum extent permitted by Maryland law and subject to the requirements of the 1940 Act, to indemnify any present or former director or officer or any individual who, while a director or officer and at our request, serves or has served another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or

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other enterprise as a director, officer, partner or trustee, from and against any claim or liability to which such person may become subject or which such person may incur by reason of his or her service in any such capacity, except with respect to any matter as to which such person shall have been finally adjudicated in any proceeding not to have acted in good faith in the reasonable belief that his or her action was in our best interest or to be liable to us or our stockholders by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such person's office.

Our bylaws obligate us, to the maximum extent permitted by Maryland law and subject to the requirements of the 1940 Act, to indemnify any present or former director or officer or any individual who, while a director or officer and at our request, serves or has served another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee and who is made, or threatened to be made, a party to a proceeding by reason of his or her service in any such capacity from and against any claim or liability to which that person may become subject or which that person may incur by reason of his or her service in any such capacity, except with respect to any matter as to which such person shall have been finally adjudicated in any proceeding not to have acted in good faith in the reasonable belief that his or her action was in our best interest or to be liable to us or our stockholders by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such person's office. Our bylaws also require that, to the maximum extent permitted by Maryland law, we may pay certain expenses incurred by any such indemnified person in advance of the final disposition of a proceeding upon receipt of an undertaking by or on behalf of such indemnified person to repay amounts we have so paid if it is ultimately determined that indemnification of such expenses is not authorized under our bylaws.

Maryland law requires a corporation (unless its articles of incorporation provide otherwise, which our articles of incorporation do not) to indemnify a director or officer who has been successful in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service in that capacity. Maryland law permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made, or threatened to be made, a party by reason of his or her service in those or other capacities unless it is established that (a) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (1) was committed in bad faith or (2) was the result of active and deliberate dishonesty, (b) the director or officer actually received an improper personal benefit in money, property or services or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, under Maryland law, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that a personal benefit was improperly received, unless in either case a court orders indemnification, and then only for expenses. In addition, Maryland law permits a corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of (a) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation and (b) a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the standard of conduct was not met.

In addition, we have entered into Indemnity Agreements with our directors and executive officers. The Indemnity Agreements generally provide that we will, to the extent specified in the agreements and to the fullest extent permitted by the 1940 Act and Maryland law as in effect on the day the agreement is executed, indemnify and advance expenses to each indemnitee that is, or is threatened to be made, a party to or a witness in any civil, criminal or administrative proceeding. We will indemnify the indemnitee against all expenses, judgments, fines, penalties and amounts paid in settlement actually and reasonably incurred in connection with any such proceeding unless it is established that (i) the act

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or omission of the indemnitee was material to the matter giving rise to the proceeding and (a) was committed in bad faith or (b) was the result of active and deliberate dishonesty, (ii) the indemnitee actually received an improper personal benefit, or (iii) in the case of a criminal proceeding, the indemnitee had reasonable cause to believe his or her conduct was unlawful. Additionally, for so long as we are subject to the 1940 Act, no advancement of expenses will be made until (i) the indemnitee provides a security for his or her undertaking, (ii) we are insured against losses arising by reason of any lawful advances, or (iii) the majority of a quorum of our disinterested directors, or independent counsel in a written opinion, determine based on a review of readily available facts that there is reason to believe that the indemnitee ultimately will be found entitled to indemnification. The Indemnity Agreements also provide that if the indemnification rights provided for therein are unavailable for any reason, we will pay, in the first instance, the entire amount incurred by the indemnitee in connection with any covered proceeding and waive and relinquish any right of contribution we may have against the indemnitee. The rights provided by the Indemnity Agreements are in addition to any other rights to indemnification or advancement of expenses to which the indemnitee may be entitled under applicable law, our articles of incorporation, our bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment or repeal of the Indemnity Agreements will limit or restrict any right of the indemnitee in respect of any action taken or omitted by the indemnitee prior to such amendment or repeal. The Indemnity Agreements will terminate upon the later of (i) ten years after the date the indemnitee has ceased to serve as our director or officer, or (ii) one year after the final termination of any proceeding for which the indemnitee is granted rights of indemnification or advancement of expenses or which is brought by the indemnitee. The above description of the Indemnity Agreements is subject to, and is qualified in its entirety by reference to, all the provisions of the form of Indemnity Agreement.

We have obtained primary and excess insurance policies insuring our directors and officers against certain liabilities they may incur in their capacity as directors and officers. Under such policies, the insurer, on our behalf, may also pay amounts for which we have granted indemnification to the directors or officers.

**Provisions of the Maryland General Corporation Law and Our Articles of Incorporation and Bylaws**

The Maryland General Corporation Law and our articles of incorporation and bylaws contain provisions that could make it more difficult for a potential acquiror to acquire us by means of a tender offer, proxy contest or otherwise. These provisions are expected to discourage certain coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of us to negotiate first with our Board of Directors. We believe that the benefits of these provisions outweigh the potential disadvantages of discouraging any such acquisition proposals because, among other things, the negotiation of such proposals may improve their terms.

***Election of Directors***

Our bylaws provide that in uncontested elections, directors are elected by a majority of the votes cast in the election of directors, such that a nominee for director will be elected to the Board of Directors if the votes cast for such nominee's election exceed the votes cast against such nominee's election. In a contested election (i.e., the number of nominees exceeds the number of directors to be elected), directors would be elected by a plurality of the votes cast in such election. Pursuant to our corporate governance guidelines, incumbent directors must agree to tender their resignation if they fail to receive the required number of votes for re-election, and in such event the Nominating and Corporate Governance Committee of our Board of Directors will act on an expedited basis to determine whether to accept the director's resignation and will submit such recommendation for prompt consideration by the Board of Directors. These procedures are described in more detail in our Corporate Governance and Stock Ownership Guidelines, which are available at <http://mainstcapital.com> under "Corporate Governance Governance Docs" in the "Investors" section of our website. Pursuant to our articles of incorporation and bylaws, our Board of Directors may amend the bylaws to alter the vote required to elect directors.

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***Number of Directors; Vacancies; Removal***

Our articles of incorporation provide that the number of directors will be set only by the Board of Directors in accordance with our bylaws. Our bylaws provide that a majority of our entire Board of Directors may at any time increase or decrease the number of directors. However, unless the bylaws are amended, the number of directors may never be less than one or more than twelve. We have elected to be subject to the provision of Subtitle 8 of Title 3 of the Maryland General Corporation Law regarding the filling of vacancies on the Board of Directors. Accordingly, at such time, except as may be provided by the Board of Directors in setting the terms of any class or series of preferred stock, any and all vacancies on the Board of Directors may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy shall serve for the remainder of the full term of the directorship in which the vacancy occurred and until a successor is elected and qualifies, subject to any applicable requirements of the 1940 Act. Our articles of incorporation provide that a director may be removed only for cause, as defined in the articles of incorporation, and then only by the affirmative vote of at least two-thirds of the votes entitled to be cast in the election of directors.

***Action by Stockholders***

Under the Maryland General Corporation Law, stockholder action may be taken only at an annual or special meeting of stockholders or by unanimous consent in lieu of a meeting (unless the articles of incorporation provide for stockholder action by less than unanimous written consent, which our articles of incorporation do not). These provisions, combined with the requirements of our bylaws regarding the calling of a stockholder-requested special meeting of stockholders discussed below, may have the effect of delaying consideration of a stockholder proposal until the next annual meeting.

***Advance Notice Provisions for Stockholder Nominations and Stockholder Proposals***

Our bylaws provide that with respect to an annual meeting of stockholders, nominations of persons for election to the Board of Directors and the proposal of business to be considered by stockholders may be made only (1) pursuant to our notice of the meeting, (2) by the Board of Directors or (3) by a stockholder who is entitled to vote at the meeting and who has complied with the advance notice procedures of the bylaws. With respect to special meetings of stockholders, only the business specified in our notice of the meeting may be brought before the meeting. Nominations of persons for election to the Board of Directors at a special meeting may be made only (1) pursuant to our notice of the meeting, (2) by the Board of Directors or (3) provided that the Board of Directors has determined that directors will be elected at the meeting, by a stockholder who is entitled to vote at the meeting and who has complied with the advance notice provisions of the bylaws.

The purpose of requiring stockholders to give us advance notice of nominations and other business is to afford our Board of Directors a meaningful opportunity to consider the qualifications of the proposed nominees and the advisability of any other proposed business and, to the extent deemed necessary or desirable by our Board of Directors, to inform stockholders and make recommendations about such qualifications or business, as well as to provide a more orderly procedure for conducting meetings of stockholders. Although our bylaws do not give our Board of Directors any power to disapprove stockholder nominations for the election of directors or proposals recommending certain action, they may have the effect of precluding a contest for the election of directors or the consideration of stockholder proposals if proper procedures are not followed and of discouraging or deterring a third party from conducting a solicitation of proxies to elect its own slate of directors or to approve its own proposal without regard to whether consideration of such nominees or proposals might be harmful or beneficial to us and our stockholders.

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***Calling of Special Meeting of Stockholders***

Our bylaws provide that special meetings of stockholders may be called by our Board of Directors and certain of our officers. Additionally, our bylaws provide that, subject to the satisfaction of certain procedural and informational requirements by the stockholders requesting the meeting, a special meeting of stockholders shall be called by our secretary upon the written request of stockholders entitled to cast not less than a majority of all of the votes entitled to be cast at such meeting.

***Approval of Extraordinary Corporate Action; Amendment of Articles of Incorporation and Bylaws***

Under Maryland law, a Maryland corporation generally cannot dissolve, amend its articles of incorporation, merge, sell all or substantially all of its assets, engage in a share exchange or engage in similar transactions outside the ordinary course of business, unless approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter. However, a Maryland corporation may provide in its articles of incorporation for approval of these matters by a lesser percentage, but not less than a majority of all of the votes entitled to be cast on the matter. Our articles of incorporation generally provide for approval of amendments to our articles of incorporation and extraordinary transactions by the stockholders entitled to cast at least a majority of the votes entitled to be cast on the matter. Our articles of incorporation also provide that certain amendments and any proposal for our conversion, whether by merger or otherwise, from a closed-end company to an open-end company or any proposal for our liquidation or dissolution requires the approval of the stockholders entitled to cast at least 75.0% of the votes entitled to be cast on such matter. However, if such amendment or proposal is approved by at least 75.0% of our continuing directors (in addition to approval by our Board of Directors), such amendment or proposal may be approved by the stockholders entitled to cast a majority of the votes entitled to be cast on such a matter. The "continuing directors" are defined in our articles of incorporation as our current directors, as well as those directors whose nomination for election by the stockholders or whose election by the directors to fill vacancies is approved by a majority of the continuing directors then on the Board of Directors.

Currently, our articles of incorporation and bylaws provide that the Board of Directors will have the exclusive power to make, alter, amend or repeal any provision of our bylaws. We are seeking stockholder approval at our 2018 annual meeting of stockholders to approve an amendment to our articles of incorporation to allow our stockholders to amend our bylaws by the affirmative vote of a majority of all votes entitled to be cast on the matter. If the amendment to our articles of incorporation is approved by our stockholders, we expect that our Board of Directors will similarly amend our bylaws.

***No Appraisal Rights***

Except with respect to appraisal rights that may arise in connection with the Maryland Control Share Acquisition Act, or Control Share Act, discussed below, as permitted by the Maryland General Corporation Law, our articles of incorporation provide that stockholders will not be entitled to exercise appraisal rights.

***Control Share Acquisitions***

The Control Share Act provides that control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter. Shares owned by the acquiror, by officers or by directors who are employees of the corporation are excluded from shares entitled to vote on the matter. Control shares are voting shares of stock which, if aggregated with all other shares of stock owned by the acquiror or in respect of which the acquiror is able to exercise or direct the exercise of voting power

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(except solely by virtue of a revocable proxy), would entitle the acquiror to exercise voting power in electing directors within one of the following ranges of voting power:

one-tenth but less than one-third;

one-third or more but less than a majority; or

a majority or more of all voting power.

The requisite stockholder approval must be obtained each time an acquiror crosses one of the thresholds of voting power set forth above. Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A control share acquisition means the acquisition of control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition may compel the board of directors of the corporation to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. The right to compel the calling of a special meeting is subject to the satisfaction of certain conditions, including an undertaking to pay the expenses of the meeting. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then the corporation may repurchase for fair value any or all of the control shares, except those for which voting rights have previously been approved. The right of the corporation to repurchase control shares is subject to certain conditions and limitations. Fair value is determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquiror or of any meeting of stockholders at which the voting rights of the shares are considered and not approved. If voting rights for control shares are approved at a stockholders meeting and the acquiror becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of appraisal rights may not be less than the highest price per share paid by the acquiror in the control share acquisition.

The Control Share Act does not apply (a) to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or (b) to acquisitions approved or exempted by the articles of incorporation or bylaws of the corporation.

We are not currently subject to the Control Share Act since our bylaws contain a provision exempting from the Control Share Act any and all acquisitions by any person of our shares of stock. There can be no assurance that such provision will not be otherwise amended or eliminated at any time in the future. It is our understanding that it is the view of the SEC staff that amending our bylaws to subject us to the Control Share Act is inconsistent with 1940 Act Section 18(i), made applicable to BDCs by Section 61 thereunder.

However, we will amend our bylaws to be subject to the Control Share Act only if the Board of Directors determines that it would be in our best interests and if the staff of the SEC permits us to do so after we determine that our being subject to the Control Share Act does not conflict with the 1940 Act.

***Business Combinations***

Under the Maryland Business Combination Act, or the Business Combination Act, "business combinations" between a Maryland corporation and an interested stockholder or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. These business combinations include a merger,

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consolidation, share exchange or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested stockholder is defined as:

any person who beneficially owns 10.0% or more of the voting power of the corporation's shares; or

an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10.0% or more of the voting power of the then outstanding voting stock of the corporation.

A person is not an interested stockholder under this statute if the board of directors approved in advance the transaction by which such stockholder otherwise would have become an interested stockholder. However, in approving a transaction, the board of directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the board.

After the five-year prohibition, any business combination between the Maryland corporation and an interested stockholder generally must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least:

80.0% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation; and

two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate or associate of the interested stockholder.

These super-majority vote requirements do not apply if the corporation's common stockholders receive a minimum price, as defined under Maryland law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares.

The statute permits various exemptions from its provisions, including business combinations that are exempted by the board of directors before the time that the interested stockholder becomes an interested stockholder. Our Board of Directors has adopted a resolution exempting any business combination between us and any other person from the provisions of the Business Combination Act, provided that the business combination is first approved by the Board of Directors, including a majority of the directors who are not interested persons as defined in the 1940 Act. This resolution, however, may be altered or repealed in whole or in part at any time. If these resolutions are repealed, or the Board of Directors does not otherwise approve a business combination, the statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer.

***Conflict with 1940 Act***

Our bylaws provide that, if and to the extent that any provision of the Maryland General Corporation Law, or any provision of our articles of incorporation or bylaws conflicts with any provision of the 1940 Act, the applicable provision of the 1940 Act will control.

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**DESCRIPTION OF OUR PREFERRED STOCK**

Our articles of incorporation authorize our Board of Directors to classify and reclassify any unissued shares of stock into other classes or series of stock, including preferred stock. Prior to issuance of shares of each class or series, the Board of Directors is required by Maryland law and by our articles of incorporation to set the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series. Thus, the Board of Directors could authorize the issuance of shares of preferred stock with terms and conditions which could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for holders of our securities or otherwise be in their best interest. You should note, however, that any issuance of preferred stock must comply with the requirements of the 1940 Act. The 1940 Act requires, among other things, that (1) immediately after issuance and before any dividend or other distribution is made with respect to our securities and before any purchase of securities is made, such preferred stock together with all other senior securities must not exceed an amount equal to 50.0% of our total assets after deducting the amount of such dividend, distribution or purchase price, as the case may be, and (2) the holders of shares of preferred stock, if any are issued, must be entitled as a class to elect two directors at all times and to elect a majority of the directors if distributions on such preferred stock are in arrears by two years or more. Certain matters under the 1940 Act require the separate vote of the holders of any issued and outstanding preferred stock. For example, holders of preferred stock would vote separately from the holders of common stock on a proposal to cease operations as a business development company. Further, the 1940 Act requires that any distributions we make on preferred stock be cumulative. We believe that the availability for issuance of preferred stock will provide us with increased flexibility in structuring future financings and acquisitions.

For any series of preferred stock that we may issue, our Board of Directors will determine and the prospectus supplement relating to such series will describe:

the designation and number of shares of such series;

the rate and time at which, and the preferences and conditions under which, any dividends will be paid on shares of such series, as well as whether such dividends are participating or non-participating;

any provisions relating to convertibility or exchangeability of the shares of such series;

the rights and preferences, if any, of holders of shares of such series upon our liquidation, dissolution or winding up of our affairs;

the voting powers, if any, of the holders of shares of such series;

any provisions relating to the redemption of the shares of such series;

any limitations on our ability to pay dividends or make distributions on, or acquire or redeem, other securities while shares of such series are outstanding;

any conditions or restrictions on our ability to issue additional shares of such series or other securities;

if applicable, a discussion of certain U.S. federal income tax considerations; and

any other relative power, preferences and participating, optional or special rights of shares of such series, and the qualifications, limitations or restrictions thereof.

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All shares of preferred stock that we may issue will be identical and of equal rank except as to the particular terms thereof that may be fixed by our Board of Directors, and all shares of each series of preferred stock will be identical and of equal rank except as to the dates from which cumulative dividends, if any, thereon will be cumulative.

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**DESCRIPTION OF OUR SUBSCRIPTION RIGHTS**

We may issue subscription rights to purchase common stock. Subscription rights may be issued independently or together with any other offered security and may or may not be transferable by the person purchasing or receiving the subscription rights. In connection with any subscription rights offering to our stockholders, we may enter into a standby underwriting or other arrangement with one or more underwriters or other persons pursuant to which such underwriters or other persons would purchase any offered securities remaining unsubscribed for after such subscription rights offering. In connection with a subscription rights offering to our stockholders, we would distribute certificates evidencing the subscription rights and a prospectus supplement to our stockholders on the record date that we set for receiving subscription rights in such subscription rights offering. Our common stockholders will indirectly bear the expenses of such subscription rights offerings, regardless of whether our common stockholders exercise any subscription rights.

The applicable prospectus supplement would describe the following terms of subscription rights in respect of which this prospectus is being delivered:

the title of such subscription rights;

the exercise price or a formula for the determination of the exercise price for such subscription rights;

the number or a formula for the determination of the number of such subscription rights issued to each stockholder;

the extent to which such subscription rights are transferable;

if applicable, a discussion of the material U.S. federal income tax considerations applicable to the issuance or exercise of such subscription rights;

the date on which the right to exercise such subscription rights would commence, and the date on which such rights shall expire (subject to any extension);

the extent to which such subscription rights include an over-subscription privilege with respect to unsubscribed securities;

if applicable, the material terms of any standby underwriting or other purchase arrangement that we may enter into in connection with the subscription rights offering; and

any other terms of such subscription rights, including terms, procedures and limitations relating to the exchange and exercise of such subscription rights.

**Exercise of Subscription Rights**

Each subscription right would entitle the holder of the subscription right to purchase for cash such amount of shares of common stock or other securities at such exercise price as shall in each case be set forth in, or be determinable as set forth in, the prospectus supplement relating to the subscription rights offered thereby or another report filed with the SEC. Subscription rights may be exercised at any time up to the close of business on the expiration date for such subscription rights set forth in the applicable prospectus supplement. After the close of business on the expiration date, all unexercised subscription rights would become void. We have not previously completed such an offering of subscription rights.

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Subscription rights may be exercised as set forth in the prospectus supplement relating to the subscription rights offered thereby. Upon receipt of payment and the subscription rights certificate properly completed and duly executed at the corporate trust office of the subscription rights agent or any other office indicated in the prospectus supplement, we will forward, as soon as practicable, the shares of common stock purchasable upon such exercise. We may determine to offer any unsubscribed offered securities directly to stockholders, persons other than stockholders, to or through agents, underwriters or dealers or through a combination of such methods, including pursuant to standby underwriting or other arrangements, as set forth in the applicable prospectus supplement.

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**DESCRIPTION OF OUR DEBT SECURITIES**

We may issue debt securities in one or more series. The specific terms of each series of debt securities will be described in the particular prospectus supplement relating to that series. The prospectus supplement may or may not modify the general terms found in this prospectus and will be filed with the SEC. For a complete description of the terms of a particular series of debt securities, you should read both this prospectus and the prospectus supplement relating to that particular series.

As required by federal law for all bonds and notes of companies that are publicly offered, the debt securities are governed by a document called an "indenture." An indenture is a contract between us and a financial institution acting as trustee on your behalf, and is subject to and governed by the Trust Indenture Act of 1939, as amended. The trustee has two main roles. First, the trustee can enforce your rights against us if we default. There are some limitations on the extent to which the trustee acts on your behalf, described in the second paragraph under "Events of Default Remedies if an Event of Default Occurs." Second, the trustee performs certain administrative duties for us with respect to the debt securities.

Because this section is a summary, it does not describe every aspect of the debt securities and the indenture. We urge you to read the indenture because it, and not this description, defines your rights as a holder of debt securities. A copy of the form of indenture is attached to the registration statement of which this prospectus is a part. We will file a supplemental indenture with the SEC in connection with any debt offering, at which time the supplemental indenture would be publicly available. See "Available Information" for information on how to obtain a copy of the indenture.

The prospectus supplement, which will accompany this prospectus, will describe the particular series of debt securities being offered by including:

the designation or title of the series of debt securities;

the total principal amount of the series of debt securities;

the percentage of the principal amount at which the series of debt securities will be offered;

the date or dates on which principal will be payable;

the rate or rates (which may be either fixed or variable) and/or the method of determining such rate or rates of interest, if any;

the date or dates from which any interest will accrue, or the method of determining such date or dates, and the date or dates on which any interest will be payable;

whether any interest may be paid by issuing additional securities of the same series in lieu of cash (and the terms upon which any such interest may be paid by issuing additional securities);

the terms for redemption, extension or early repayment, if any;

the currencies in which the series of debt securities are issued and payable;

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whether the amount of payments of principal, premium or interest, if any, on a series of debt securities will be determined with reference to an index, formula or other method (which could be based on one or more currencies, commodities, equity indices or other indices) and how these amounts will be determined;

the place or places of payment, transfer, conversion and/or exchange of the debt securities;

the denominations in which the offered debt securities will be issued (if other than \$1,000 and any integral multiple thereof);

the provision for any sinking fund;

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any restrictive covenants;

any Events of Default;

whether the series of debt securities are issuable in certificated form;

any provisions for defeasance or covenant defeasance;

any special U.S. federal income tax implications, including, if applicable, U.S. federal income tax considerations relating to original issue discount;

whether and under what circumstances we will pay additional amounts in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem the debt securities rather than pay the additional amounts (and the terms of this option);

any provisions for convertibility or exchangeability of the debt securities into or for any other securities;

whether the debt securities are subject to subordination and the terms of such subordination;

whether the debt securities are secured and the terms of any security interests;

the listing, if any, on a securities exchange; and

any other terms.

The debt securities may be secured or unsecured obligations. Under the provisions of the 1940 Act, we are permitted, as a BDC, to issue debt only in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 200% (or 150% if certain requirements are met) after each issuance of debt. Unless the prospectus supplement states otherwise, principal (and premium, if any) and interest, if any, will be paid by us in immediately available funds.

**General**

The indenture provides that any debt securities proposed to be sold under this prospectus and the accompanying prospectus supplement ("offered debt securities") may be issued under the indenture in one or more series.

For purposes of this prospectus, any reference to the payment of principal or premium or interest, if any, on debt securities will include additional amounts if required by the terms of the debt securities.

The indenture does not limit the amount of debt securities that may be issued thereunder from time to time. Debt securities issued under the indenture, when a single trustee is acting for all debt securities issued under the indenture, are called the "indenture securities". The indenture also provides that there may be more than one trustee thereunder, each with respect to one or more different series of indenture securities. See "Resignation of Trustee" below. At a time when two or more trustees are acting under the indenture, each with respect to only certain series, the term "indenture securities" means the one or more series of debt securities with respect to which each respective trustee is acting. In the event that there is more than one trustee under the indenture, the powers and trust obligations of each trustee described in this prospectus will extend only to the one or more series of indenture securities for which it is trustee. If two or more trustees are acting under the indenture, then the indenture securities for which each trustee is acting would be treated as if issued under separate indentures.

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The indenture does not contain any provisions that give you protection in the event we issue a large amount of debt or we are acquired by another entity.

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We refer you to the prospectus supplement for information with respect to any deletions from, modifications of or additions to the Events of Default or our covenants that are described below, including any addition of a covenant or other provision providing event risk protection or similar protection.

We have the ability to issue indenture securities with terms different from those of indenture securities previously issued and, without the consent of the holders thereof, to reopen a previous issue of a series of indenture securities and issue additional indenture securities of that series unless the reopening was restricted when that series was created.

**Conversion and Exchange**

If any debt securities are convertible into or exchangeable for other securities, the prospectus supplement will explain the terms and conditions of the conversion or exchange, including the conversion price or exchange ratio (or the calculation method), the conversion or exchange period (or how the period will be determined), if conversion or exchange will be mandatory or at the option of the holder or us, provisions for adjusting the conversion price or the exchange ratio and provisions affecting conversion or exchange in the event of the redemption of the underlying debt securities. These terms may also include provisions under which the number or amount of other securities to be received by the holders of the debt securities upon conversion or exchange would be calculated according to the market price of the other securities as of a time stated in the prospectus supplement.

**Issuance of Securities in Registered Form**

We may issue the debt securities in registered form, in which case we may issue them either in book-entry form only or in "certificated" form. Debt securities issued in book-entry form will be represented by global securities. We expect that we will usually issue debt securities in book-entry only form represented by global securities.

***Book-Entry Holders***

We will issue registered debt securities in book-entry form only, unless we specify otherwise in the applicable prospectus supplement. This means debt securities will be represented by one or more global securities registered in the name of a depository that will hold them on behalf of financial institutions that participate in the depository's book-entry system. These participating institutions, in turn, hold beneficial interests in the debt securities held by the depository or its nominee. These institutions may hold these interests on behalf of themselves or customers.

Under the indenture, only the person in whose name a debt security is registered is recognized as the holder of that debt security. Consequently, for debt securities issued in book-entry form, we will recognize only the depository as the holder of the debt securities and we will make all payments on the debt securities to the depository. The depository will then pass along the payments it receives to its participants, which in turn will pass the payments along to their customers who are the beneficial owners. The depository and its participants do so under agreements they have made with one another or with their customers; they are not obligated to do so under the terms of the debt securities.

As a result, investors will not own debt securities directly. Instead, they will own beneficial interests in a global security, through a bank, broker or other financial institution that participates in the depository's book-entry system or holds an interest through a participant. As long as the debt securities are represented by one or more global securities, investors will be indirect holders, and not holders, of the debt securities.

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***Street Name Holders***

In the future, we may issue debt securities in certificated form or terminate a global security. In these cases, investors may choose to hold their debt securities in their own names or in "street name." Debt securities held in street name are registered in the name of a bank, broker or other financial institution chosen by the investor, and the investor would hold a beneficial interest in those debt securities through the account he or she maintains at that institution.

For debt securities held in street name, we will recognize only the intermediary banks, brokers and other financial institutions in whose names the debt securities are registered as the holders of those debt securities and we will make all payments on those debt securities to them. These institutions will pass along the payments they receive to their customers who are the beneficial owners, but only because they agree to do so in their customer agreements or because they are legally required to do so. Investors who hold debt securities in street name will be indirect holders, and not holders, of the debt securities.

***Legal Holders***

Our obligations, as well as the obligations of the applicable trustee and those of any third parties employed by us or the applicable trustee, run only to the legal holders of the debt securities. We do not have obligations to investors who hold beneficial interests in global securities, in street name or by any other indirect means. This will be the case whether an investor chooses to be an indirect holder of a debt security or has no choice because we are issuing the debt securities only in book-entry form.

For example, once we make a payment or give a notice to the holder, we have no further responsibility for the payment or notice even if that holder is required, under agreements with depositary participants or customers or by law, to pass it along to the indirect holders but does not do so. Similarly, if we want to obtain the approval of the holders for any purpose (for example, to amend an indenture or to relieve us of the consequences of a default or of our obligation to comply with a particular provision of an indenture), we would seek the approval only from the holders, and not the indirect holders, of the debt securities. Whether and how the holders contact the indirect holders is up to the holders.

When we refer to you in this "Description of Our Debt Securities", we mean those who invest in the debt securities being offered by this prospectus, whether they are the holders or only indirect holders of those debt securities. When we refer to your debt securities, we mean the debt securities in which you hold a direct or indirect interest.

***Special Considerations for Indirect Holders***

If you hold debt securities through a bank, broker or other financial institution, either in book-entry form or in street name, we urge you to check with that institution to find out:

how it handles securities payments and notices,

whether it imposes fees or charges,

how it would handle a request for the holders' consent, if ever required,

whether and how you can instruct it to send you debt securities registered in your own name so you can be a holder, if that is permitted in the future for a particular series of debt securities,

how it would exercise rights under the debt securities if there were a default or other event triggering the need for holders to act to protect their interests, and

if the debt securities are in book-entry form, how the depositary's rules and procedures will affect these matters.



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***Global Securities***

As noted above, we usually will issue debt securities as registered securities in book-entry form only. A global security represents one or any other number of individual debt securities. Generally, all debt securities represented by the same global securities will have the same terms.

Each debt security issued in book-entry form will be represented by a global security that we deposit with and register in the name of a financial institution or its nominee that we select. The financial institution that we select for this purpose is called the depository. Unless we specify otherwise in the applicable prospectus supplement, The Depository Trust Company, New York, New York, known as DTC, will be the depository for all debt securities issued in book-entry form.

A global security may not be transferred to or registered in the name of anyone other than the depository or its nominee, unless special termination situations arise. We describe those situations below under "Special Situations when a Global Security Will Be Terminated". As a result of these arrangements, the depository, or its nominee, will be the sole registered owner and holder of all debt securities represented by a global security, and investors will be permitted to own only beneficial interests in a global security. Beneficial interests must be held by means of an account with a broker, bank or other financial institution that in turn has an account with the depository or with another institution that has an account with the depository. Thus, an investor whose security is represented by a global security will not be a holder of the debt security, but only an indirect holder of a beneficial interest in the global security.

***Special Considerations for Global Securities***

As an indirect holder, an investor's rights relating to a global security will be governed by the account rules of the investor's financial institution and of the depository, as well as general laws relating to securities transfers. The depository that holds the global security will be considered the holder of the debt securities represented by the global security.

If debt securities are issued only in the form of a global security, an investor should be aware of the following:

An investor cannot cause the debt securities to be registered in his or her name, and cannot obtain certificates for his or her interest in the debt securities, except in the special situations we describe below.

An investor will be an indirect holder and must look to his or her own bank or broker for payments on the debt securities and protection of his or her legal rights relating to the debt securities, as we describe under "Issuance of Securities in Registered Form" above.

An investor may not be able to sell interests in the debt securities to some insurance companies and other institutions that are required by law to own their securities in non-book-entry form.

An investor may not be able to pledge his or her interest in a global security in circumstances where certificates representing the debt securities must be delivered to the lender or other beneficiary of the pledge in order for the pledge to be effective.

The depository's policies, which may change from time to time, will govern payments, transfers, exchanges and other matters relating to an investor's interest in a global security. We and the trustee have no responsibility for any aspect of the depository's actions or for its records of ownership interests in a global security. We and the trustee also do not supervise the depository in any way.

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If we redeem less than all the debt securities of a particular series being redeemed, DTC's practice is to determine by lot the amount to be redeemed from each of its participants holding that series.

An investor is required to give notice of exercise of any option to elect repayment of its debt securities, through its participant, to the applicable trustee and to deliver the related debt securities by causing its participant to transfer its interest in those debt securities, on DTC's records, to the applicable trustee.

DTC requires that those who purchase and sell interests in a global security deposited in its book-entry system use immediately available funds. Your broker or bank may also require you to use immediately available funds when purchasing or selling interests in a global security.

Financial institutions that participate in the depository's book-entry system, and through which an investor holds its interest in a global security, may also have their own policies affecting payments, notices and other matters relating to the debt securities. There may be more than one financial intermediary in the chain of ownership for an investor. We do not monitor and are not responsible for the actions of any of those intermediaries.

***Special Situations when a Global Security will be Terminated***

If a global security is terminated, interests in it will be exchanged for certificates in non-book-entry form (certificated securities). After that exchange, the choice of whether to hold the certificated debt securities directly or in street name will be up to the investor. Investors must consult their own banks or brokers to find out how to have their interests in a global security transferred on termination to their own names, so that they will be holders. We have described the rights of legal holders and street name investors under "Issuance of Securities in Registered Form" above.

The prospectus supplement may list situations for terminating a global security that would apply only to the particular series of debt securities covered by the prospectus supplement. If a global security is terminated, only the depository, and not we or the applicable trustee, is responsible for deciding the names of the investors in whose names the debt securities represented by the global security will be registered and, therefore, who will be the holders of those debt securities.

**Payment and Paying Agents**

We will pay interest (either in cash or by delivery of additional indenture securities, as applicable) to the person listed in the applicable trustee's records as the owner of the debt security at the close of business on a particular day in advance of each due date for interest, even if that person no longer owns the debt security on the interest due date. That day, usually about two weeks in advance of the interest due date, is called the "record date." Because we will pay all the interest for an interest period to the holders on the record date, holders buying and selling debt securities must work out between themselves the appropriate purchase price. The most common manner is to adjust the sales price of the debt securities to prorate interest fairly between buyer and seller based on their respective ownership periods within the particular interest period. This prorated interest amount is called "accrued interest."

***Payments on Global Securities***

We will make payments on a global security in accordance with the applicable policies of the depository as in effect from time to time. Under those policies, we will make payments directly to the depository, or its nominee, and not to any indirect holders who own beneficial interests in the global security. An indirect holder's right to those payments will be governed by the rules and practices of the depository and its participants, as described under "Special Considerations for Global Securities."

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*Payments on Certificated Securities*

We will make payments on a certificated debt security as follows. We will pay interest that is due on an interest payment date to the holder of debt securities as shown on the trustee's records as of the close of business on the regular record date. We will make all payments of principal and premium, if any, by check at the office of the applicable trustee and/or at other offices that may be specified in the prospectus supplement or in a notice to holders against surrender of the debt security.

Alternatively, at our option, we may pay any cash interest that becomes due on the debt security by mailing a check to the holder at his or her address shown on the trustee's records as of the close of business on the regular record date or by transfer to an account at a bank in the United States, in either case, on the due date.

*Payment When Offices Are Closed*

If any payment is due on a debt security on a day that is not a business day, we will make the payment on the next day that is a business day. Payments made on the next business day in this situation will be treated under the indenture as if they were made on the original due date, except as otherwise indicated in the attached prospectus supplement. Such payment will not result in a default under any debt security or the indenture, and no interest will accrue on the payment amount from the original due date to the next day that is a business day.

**Book-entry and other indirect holders should consult their banks or brokers for information on how they will receive payments on their debt securities.**

**Events of Default**

You will have rights if an Event of Default occurs in respect of the debt securities of your series and is not cured, as described later in this subsection.

The term "Event of Default" in respect of the debt securities of your series means any of the following:

We do not pay the principal of, or any premium on, a debt security of the series within five days of its due date;

We do not pay interest on a debt security of the series within 30 days of its due date;

We do not deposit any sinking fund payment in respect of debt securities of the series within five days of its due date;

We remain in breach of a covenant in respect of debt securities of the series for 60 days after we receive a written notice of default stating we are in breach. The notice must be sent by either the trustee or holders of at least 25% of the principal amount of debt securities of the series;

We file for bankruptcy or certain other events of bankruptcy, insolvency or reorganization occur;

Any series of debt securities issued under the indenture has an asset coverage, as such term is defined in the 1940 Act, of less than 100 per centum on the last business day of each of twenty-four consecutive calendar months, giving effect to any exemptive relief granted to us by the SEC; or

Any other Event of Default in respect of debt securities of the series described in the prospectus supplement occurs.

An Event of Default for a particular series of debt securities does not necessarily constitute an Event of Default for any other series of debt securities issued under the same or any other indenture. The trustee may withhold notice to the holders of debt securities of any default, except in the payment



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of principal, premium, interest or sinking or purchase fund installment, if it in good faith considers the withholding of notice to be in the interest of the holders.

***Remedies if an Event of Default Occurs***

If an Event of Default has occurred and has not been cured, the trustee or the holders of at least 25% in principal amount of the debt securities of the affected series may (and the trustee shall at the request of such holders) declare the entire principal amount of all the debt securities of that series to be due and immediately payable. This is called a declaration of acceleration of maturity. A declaration of acceleration of maturity may be canceled by the holders of a majority in principal amount of the debt securities of the affected series if (1) we have deposited with the trustee all amounts due and owing with respect to the securities (other than principal that has become due solely by reason of such acceleration) and certain other amounts, and (2) all Events of Default have been cured or waived.

Except in cases of default, where the trustee has some special duties, the trustee is not required to take any action under the indenture at the request of any holders unless the holders offer the trustee reasonable protection from expenses and liability (called an "indemnity"). If reasonable indemnity is provided, the holders of a majority in principal amount of the outstanding debt securities of the relevant series may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the trustee. The trustee may refuse to follow those directions in certain circumstances. No delay or omission in exercising any right or remedy will be treated as a waiver of that right, remedy or Event of Default.

Before you are allowed to bypass your trustee and bring your own lawsuit or other formal legal action or take other steps to enforce your rights or protect your interests relating to the debt securities, the following must occur:

You must give your trustee written notice that an Event of Default with respect to the relevant series of debt securities has occurred and remains uncured;

The holders of at least 25% in principal amount of all outstanding debt securities of the relevant series must make a written request that the trustee take action because of the default and must offer reasonable indemnity to the trustee against the cost and other liabilities of taking that action;

The trustee must not have taken action for 60 days after receipt of the above notice and offer of indemnity; and

The holders of a majority in principal amount of the debt securities of that series must not have given the trustee a direction inconsistent with the above notice during that 60-day period.

However, you are entitled at any time to bring a lawsuit for the payment of money due on your debt securities on or after the due date.

Holders of a majority in principal amount of the debt securities of the affected series may waive any past defaults other than:

in respect of the payment of principal, any premium or interest or

in respect of a covenant that cannot be modified or amended without the consent of each holder.

**Book-entry and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and how to declare or cancel an acceleration of maturity.**

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Each year, we will furnish to each trustee a written statement of certain of our officers certifying that to their knowledge we are in compliance with the indenture and the debt securities or else specifying any default.

**Merger or Consolidation**

Under the terms of the indenture, we are generally permitted to consolidate or merge with another entity. We are also permitted to sell all or substantially all of our assets to another entity. However, we may not take any of these actions unless all the following conditions are met:

Where we merge out of existence or sell our assets, the resulting or transferee entity must agree to be legally responsible for our obligations under the debt securities;

The merger or sale of assets must not cause a default on the debt securities and we must not already be in default (unless the merger or sale would cure the default). For purposes of this no-default test, a default would include an Event of Default that has occurred and has not been cured, as described under "Events of Default" above. A default for this purpose would also include any event that would be an Event of Default if the requirements for giving us a notice of default or our default having to exist for a specific period of time were disregarded;

We must deliver certain certificates and documents to the trustee; and

We must satisfy any other requirements specified in the prospectus supplement relating to a particular series of debt securities.

**Modification or Waiver**

There are three types of changes we can make to the indenture and the debt securities issued thereunder.

***Changes Requiring Your Approval***

First, there are changes that we cannot make to your debt securities without your specific approval. The following is a list of those types of changes:

change the stated maturity of the principal of, or interest on, a debt security or the terms of any sinking fund with respect to any security;

reduce any amounts due on a debt security;

reduce the amount of principal payable upon acceleration of the maturity of an original issue discount or indexed security following a default or upon the redemption thereof or the amount thereof provable in a bankruptcy proceeding;

adversely affect any right of repayment at the holder's option;

change the place (except as otherwise described in the prospectus or prospectus supplement) or currency of payment on a debt security;

impair your right to sue for payment;

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adversely affect any right to convert or exchange a debt security in accordance with its terms;

modify the subordination provisions in the indenture in a manner that is adverse to holders of the outstanding debt securities;

reduce the percentage of holders of debt securities whose consent is needed to modify or amend the indenture;

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reduce the percentage of holders of debt securities whose consent is needed to waive compliance with certain provisions of the indenture or to waive certain defaults or reduce the percentage of holders of debt securities required to satisfy quorum or voting requirements at a meeting of holders;

modify any other aspect of the provisions of the indenture dealing with supplemental indentures with the consent of holders, waiver of past defaults, or the waiver of certain covenants; and

change any obligation we have to pay additional amounts.

***Changes Not Requiring Approval***

The second type of change does not require any vote by the holders of the debt securities. This type is limited to clarifications, establishment of the form or terms of new securities of any series as permitted by the indenture and certain other changes that would not adversely affect holders of the outstanding debt securities in any material respect. We also do not need any approval to make any change that affects only debt securities to be issued under the indenture after the change takes effect.

***Changes Requiring Majority Approval***

Any other change to the indenture and the debt securities would require the following approval:

If the change affects only one series of debt securities, it must be approved by the holders of a majority in principal amount of that series.

If the change affects more than one series of debt securities issued under the same indenture, it must be approved by the holders of a majority in principal amount of all of the series affected by the change, with all affected series voting together as one class for this purpose.

In each case, the required approval must be given by written consent.

The holders of a majority in principal amount of a series of debt securities issued under the indenture, voting together as one class for this purpose, may waive our compliance with some of our covenants applicable to that series of debt securities. However, we cannot obtain a waiver of a payment default or of any of the matters covered by the bullet points included above under " Changes Requiring Your Approval."

***Further Details Concerning Voting***

When taking a vote, we will use the following rules to decide how much principal to attribute to a debt security:

For original issue discount securities, we will use the principal amount that would be due and payable on the voting date if the maturity of these debt securities were accelerated to that date because of a default.

For debt securities whose principal amount is not known (for example, because it is based on an index), we will use the principal face amount at original issuance or a special rule for that debt security described in the prospectus supplement.

For debt securities denominated in one or more foreign currencies, we will use the U.S. dollar equivalent.

Debt securities will not be considered outstanding, and therefore not eligible to vote, if we have deposited or set aside in trust money for their payment or redemption or if we, any other obligor, or any affiliate of us or any obligor own such debt securities. Debt securities will also not be eligible to vote if they have been fully defeased as described later under "Defeasance Full Defeasance."



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We will generally be entitled to set any day as a record date for the purpose of determining the holders of outstanding indenture securities that are entitled to vote or take other action under the indenture. However, the record date may not be more than 30 days before the date of the first solicitation of holders to vote on or take such action. If we set a record date for a vote or other action to be taken by holders of one or more series, that vote or action may be taken only by persons who are holders of outstanding indenture securities of those series on the record date and must be taken within eleven months following the record date.

**Book-entry and other indirect holders should consult their banks or brokers for information on how approval may be granted or denied if we seek to change the indenture or the debt securities or request a waiver.**

**Defeasance**

The following provisions will be applicable to each series of debt securities unless we state in the applicable prospectus supplement that the provisions of covenant defeasance and full defeasance will not be applicable to that series.

*Covenant Defeasance*

Under current U.S. federal tax law and the indenture, we can make the deposit described below and be released from some of the restrictive covenants in the indenture under which the particular series was issued. This is called "covenant defeasance". In that event, you would lose the protection of those restrictive covenants but would gain the protection of having money and government securities set aside in trust to repay your debt securities. If we achieved covenant defeasance and your debt securities were subordinated as described under "Indenture Provisions Subordination" below, such subordination would not prevent the Trustee from applying due funds available to it from the deposit described in the first bullet below to the payment of amounts in respect of such debt securities. In order to achieve covenant defeasance, we must do the following:

We must deposit in trust for the benefit of all holders of a series of debt securities a combination of cash (in such currency in which such securities are then specified as payable at stated maturity) or government obligations applicable to such securities (determined on the basis of the currency in which such securities are then specified as payable at stated maturity) that will generate enough cash to make interest, principal and any other payments on the debt securities on their various due dates and any mandatory sinking fund payments or analogous payments.

We must deliver to the trustee a legal opinion of our counsel confirming that, under current U.S. federal income tax law, we may make the above deposit without causing you to be taxed on the debt securities any differently than if we did not make the deposit.

We must deliver to the trustee a legal opinion of our counsel and officers' certificate stating that all conditions precedent to covenant defeasance have been complied with.

Defeasance must not result in a breach or violation of, or result in a default under, the indenture or any of our other material agreements or instruments.

No default or event of default with respect to such debt securities shall have occurred and be continuing and no defaults or events of default related to bankruptcy, insolvency or reorganization shall occur during the next 90 days.

Satisfy the conditions for covenant defeasance contained in any supplemental indentures.

If we accomplish covenant defeasance, you can still look to us for repayment of the debt securities if there were a shortfall in the trust deposit or the trustee is prevented from making payment. For example, if one of the remaining Events of Default occurred (such as our bankruptcy) and the debt

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securities became immediately due and payable, there might be such a shortfall. However, there is no assurance that we would have sufficient funds to make payment of the shortfall.

***Full Defeasance***

If there is a change in U.S. federal tax law or we obtain an IRS ruling, as described below, we can legally release ourselves from all payment and other obligations on the debt securities of a particular series (called "full defeasance") if we put in place the following other arrangements for you to be repaid:

We must deposit in trust for the benefit of all holders of a series of debt securities a combination of cash (in such currency in which such securities are then specified as payable at stated maturity) or government obligations applicable to such securities (determined on the basis of the currency in which such securities are then specified as payable at stated maturity) that will generate enough cash to make interest, principal and any other payments on the debt securities on their various due dates and any mandatory sinking fund payments or analogous payments.

We must deliver to the trustee a legal opinion confirming that there has been a change in current U.S. federal tax law or an IRS ruling that allows us to make the above deposit without causing you to be taxed on the debt securities any differently than if we did not make the deposit. Under current U.S. federal tax law, the deposit and our legal release from the debt securities would be treated as though we paid you your share of the cash and notes or bonds at the time the cash and notes or bonds were deposited in trust in exchange for your debt securities and you would recognize gain or loss on the debt securities at the time of the deposit.

We must deliver to the trustee a legal opinion of our counsel and officers' certificate stating that all conditions precedent to defeasance have been complied with.

Defeasance must not result in a breach or violation of, or constitute a default under, the indenture or any of our other material agreements or instruments.

No default or event of default with respect to such debt securities shall have occurred and be continuing and no defaults or events of default related to bankruptcy, insolvency or reorganization shall occur during the next 90 days.

Satisfy the conditions for full defeasance contained in any supplemental indentures.

If we ever did accomplish full defeasance, as described above, you would have to rely solely on the trust deposit for repayment of the debt securities. You could not look to us for repayment in the unlikely event of any shortfall. Conversely, the trust deposit would most likely be protected from claims of our lenders and other creditors if we ever became bankrupt or insolvent. If your debt securities were subordinated as described below under "Indenture Provisions Subordination," such subordination would not prevent the Trustee from applying the funds available to it from the deposit referred to in the first bullet of the preceding paragraph to the payment of amounts due in respect of such debt securities.

**Form, Exchange and Transfer of Certificated Registered Securities**

If registered debt securities cease to be issued in book-entry form, they will be issued:

only in fully registered certificated form,

without interest coupons, and

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unless we indicate otherwise in the prospectus supplement, in denominations of \$1,000 and amounts that are multiples of \$1,000.

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Holders may exchange their certificated securities for debt securities of smaller denominations or combined into fewer debt securities of larger denominations, as long as the total principal amount is not changed and as long as the denomination is greater than the minimum denomination for such securities.

Holders may exchange or transfer their certificated securities at the office of the trustee. We have appointed the trustee to act as our agent for registering debt securities in the names of holders transferring debt securities. We may appoint another entity to perform these functions or perform them ourselves.

Holders will not be required to pay a service charge to transfer or exchange their certificated securities, but they may be required to pay any tax or other governmental charge associated with the transfer or exchange. The transfer or exchange will be made only if our transfer agent is satisfied with the holder's proof of legal ownership.

If we have designated additional transfer agents for your debt security, they will be named in your prospectus supplement. We may appoint additional transfer agents or cancel the appointment of any particular transfer agent. We may also approve a change in the office through which any transfer agent acts.

If any certificated securities of a particular series are redeemable and we redeem less than all the debt securities of that series, we may block the transfer or exchange of those debt securities during the period beginning 15 days before the day we mail the notice of redemption and ending on the day of that mailing, in order to freeze the list of holders to prepare the mailing. We may also refuse to register transfers or exchanges of any certificated securities selected for redemption, except that we will continue to permit transfers and exchanges of the unredeemed portion of any debt security that will be partially redeemed.

If a registered debt security is issued in book-entry form, only the depository will be entitled to transfer and exchange the debt security as described in this subsection, since it will be the sole holder of the debt security.

**Resignation of Trustee**

Each trustee may resign or be removed with respect to one or more series of indenture securities provided that a successor trustee is appointed to act with respect to these series and has accepted such appointment. In the event that two or more persons are acting as trustee with respect to different series of indenture securities under the indenture, each of the trustees will be a trustee of a trust separate and apart from the trust administered by any other trustee.

**Indenture Provisions Subordination**

Upon any distribution of our assets upon our dissolution, winding up, liquidation or reorganization, the payment of the principal of (and premium, if any, on) and interest, if any, on any indenture securities denominated as subordinated debt securities is to be subordinated to the extent provided in the indenture in right of payment to the prior payment in full of all Designated Senior Indebtedness (as defined below), but our obligation to you to make payment of the principal of (and premium, if any, on) and interest, if any, on such subordinated debt securities will not otherwise be affected. In addition, no payment on account of principal (or premium, if any), sinking fund or interest, if any, may be made on such subordinated debt securities at any time unless full payment of all amounts due in respect of the principal (and premium, if any), sinking fund and interest on Designated Senior Indebtedness has been made or duly provided for in money or money's worth.

In the event that, notwithstanding the foregoing, any payment by us is received by the trustee in respect of subordinated debt securities or by the holders of any of such subordinated debt securities,

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upon our dissolution, winding up, liquidation or reorganization before all Designated Senior Indebtedness is paid in full, the payment or distribution must be paid over to the holders of the Designated Senior Indebtedness or on their behalf for application to the payment of all the Designated Senior Indebtedness remaining unpaid until all the Designated Senior Indebtedness has been paid in full, after giving effect to any concurrent payment or distribution to the holders of the Designated Senior Indebtedness. Subject to the payment in full of all Designated Senior Indebtedness upon this distribution by us, the holders of such subordinated debt securities will be subrogated to the rights of the holders of the Designated Senior Indebtedness to the extent of payments made to the holders of the Designated Senior Indebtedness out of the distributive share of such subordinated debt securities.

By reason of this subordination, in the event of a distribution of our assets upon our insolvency, certain of our senior creditors may recover more, ratably, than holders of any subordinated debt securities or the holders of any indenture securities that are not Designated Senior Indebtedness. The indenture provides that these subordination provisions will not apply to money and securities held in trust under the defeasance provisions of the indenture.

Designated Senior Indebtedness is defined in the indenture as the principal of (and premium, if any, on) and unpaid interest on:

our indebtedness (including indebtedness of others guaranteed by us), whenever created, incurred, assumed or guaranteed, for money borrowed, that we have designated as "Designated Senior Indebtedness" for purposes of the indenture and in accordance with the terms of the indenture (including any indenture securities designated as Designated Senior Indebtedness), and

renewals, extensions, modifications and refinancings of any of this indebtedness.

If this prospectus is being delivered in connection with the offering of a series of indenture securities denominated as subordinated debt securities, the accompanying prospectus supplement will set forth the approximate amount of our Designated Senior Indebtedness and of our other indebtedness outstanding as of a recent date.

**Secured Indebtedness**

Certain of our indebtedness, including certain series of indenture securities, may be secured. The prospectus supplement for each series of indenture securities will describe the terms of any security interest for such series and will indicate the approximate amount of our secured indebtedness as of a recent date. In the event of a distribution of our assets upon our insolvency, the holders of unsecured indenture securities may recover less, ratably, than holders of any of our secured indebtedness.

**The Trustee under the Indenture**

The Bank of New York Mellon Trust Company, N.A. will serve as the trustee under the indenture.

**Certain Considerations Relating to Foreign Currencies**

Debt securities denominated or payable in foreign currencies may entail significant risks. These risks include the possibility of significant fluctuations in the foreign currency markets, the imposition or modification of foreign exchange controls and potential illiquidity in the secondary market. These risks will vary depending upon the currency or currencies involved and will be more fully described in the applicable prospectus supplement.

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**MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS**

The following discussion is a general summary of the material U.S. federal income tax considerations applicable to us and to an investment in our shares. This summary does not purport to be a complete description of the U.S. federal income tax considerations applicable to such an investment. For example, we have not described tax consequences that may be relevant to certain types of holders subject to special treatment under U.S. federal income tax laws, including stockholders subject to the alternative minimum tax, tax-exempt organizations, insurance companies, dealers in securities, pension plans and trusts, and financial institutions. This summary assumes that investors hold our common stock as capital assets (within the meaning of the Code). The discussion is based upon the Code, Treasury regulations, and administrative and judicial interpretations, each as of the date of this prospectus and all of which are subject to change, possibly retroactively, which could affect the continuing validity of this discussion. We have not sought and will not seek any ruling from the Internal Revenue Service ("IRS") regarding this offering. This summary does not discuss any aspects of U.S. estate or gift tax or foreign, state or local tax. It does not discuss the special treatment under U.S. federal income tax laws that could result if we invested in tax-exempt securities or certain other investment assets.

If we issue preferred stock that may be convertible into or exercisable or exchangeable for securities or other property or preferred stock with other terms that may have different U.S. federal income tax consequences than those described in this summary, the U.S. federal income tax consequences of such preferred stock will be described in the relevant prospectus supplement. This summary does not discuss the consequences of an investment in our subscription rights or debt securities. The U.S. federal income tax consequences of such an investment will be discussed in the relevant prospectus supplement.

A "U.S. stockholder" generally is a beneficial owner of shares of our common stock who is for U.S. federal income tax purposes:

A citizen or individual resident of the United States;

A corporation or other entity treated as a corporation, for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

A trust if a court within the United States is asked to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantive decisions of the trust; or

A trust or an estate, the income of which is subject to U.S. federal income taxation regardless of its source.

A "Non-U.S. stockholder" generally is a beneficial owner of shares of our common stock that is not a U.S. stockholder.

If a partnership (including an entity treated as a partnership for U.S. federal income tax purposes) holds shares of our common stock, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A prospective stockholder that is a partner of a partnership holding shares of our common stock should consult his, her or its tax advisers with respect to the purchase, ownership and disposition of shares of our common stock.

Tax matters are very complicated and the tax consequences to an investor of an investment in our shares will depend on the facts of his, her or its particular situation. We encourage investors to consult their own tax advisers regarding the specific consequences of such an investment, including tax reporting requirements, the applicability of federal, state, local and foreign tax laws, eligibility for the benefits of any applicable tax treaty and the effect of any possible changes in the tax laws.

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**Taxation as a Regulated Investment Company**

MSCC has elected to be treated for U.S. federal income tax purposes as a regulated investment company ("RIC") under Subchapter M of the Code. MSCC's taxable income includes the taxable income generated by MSCC and certain of its subsidiaries, including the Funds, which are treated as disregarded entities for tax purposes. As a RIC, we generally will not pay corporate-level U.S. federal income taxes on any income that we distribute to our stockholders as dividends. To qualify as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements (as described below). In addition, in order to obtain RIC tax treatment, we must distribute to our stockholders, for each taxable year, at least 90% of our "investment company taxable income," which is generally our net ordinary taxable income plus the excess of realized net short-term capital gains over realized net long-term capital losses, and 90% of our tax-exempt income (the "Annual Distribution Requirement"). As part of maintaining RIC status, undistributed taxable income (subject to a 4% non-deductible U.S. federal 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 on or prior to the later of (i) filing of the U.S. federal income tax return for the applicable fiscal year or (ii) the fifteenth day of the ninth month following the close of the year in which such taxable income was generated.

For any taxable year in which we qualify as a RIC and satisfy the Annual Distribution Requirement, we will not be subject to U.S. federal income tax on the portion of our income or capital gains we distribute (or are deemed to distribute) to stockholders. We will be subject to U.S. federal income tax at the regular corporate rates on any income or capital gains not distributed (or deemed distributed) to our stockholders.

We are subject to a 4% non-deductible U.S. federal excise tax on certain undistributed income unless we distribute in a timely manner an amount at least equal to the sum of (1) 98% of our net ordinary taxable income for each calendar year, (2) 98.2% of our capital gain net income for the one-year period ending December 31 in that calendar year and (3) any taxable income recognized, but not distributed, in preceding years on which we paid no U.S. federal income tax (the "Excise Tax Avoidance Requirement"). Dividends declared and paid by us in a year will generally differ from taxable income for that year as such dividends may include the distribution of current year taxable income, exclude amounts carried over into the following year, and include the distribution of prior year taxable income carried over into and distributed in the current year. For amounts we carry over into the following year, we will be required to pay the 4% U.S. federal excise tax based on 98% of our annual taxable income and 98.2% of our capital gain net income in excess of distributions for the year.

In order to qualify as a RIC for U.S. federal income tax purposes, we must, among other things:

continue to qualify as a BDC under the 1940 Act at all times during each taxable year;

derive in each taxable year at least 90% of our gross income from dividends, interest, payments with respect to certain securities, loans, gains from the sale of stock or other securities, net income from certain "qualified publicly traded partnerships," or other income derived with respect to our business of investing in such stock or securities (the "90% Income Test"); and

diversify our holdings so that at the end of each quarter of the taxable year:

at least 50% of the value of our assets consists of cash, cash equivalents, U.S. government securities, securities of other RICs, and other securities if such other securities of any one issuer do not represent more than 5% of the value of our assets or more than 10% of the outstanding voting securities of the issuer; and

no more than 25% of the value of our assets is invested in the securities, other than U.S. government securities or securities of other RICs, (i) of one issuer, (ii) of two or more

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issuers that are controlled, as determined under applicable Code rules, by us and that are engaged in the same or similar or related trades or businesses or (iii) of certain "qualified publicly traded partnerships" (collectively, the "Diversification Tests").

In order to comply with the 90% Income Test, we formed the Taxable Subsidiaries as wholly owned taxable subsidiaries for the primary purpose of permitting us to own equity interests in portfolio companies which are "pass-through" entities for tax purposes. Absent the taxable status of the Taxable Subsidiaries, a portion of the gross income from such portfolio companies would flow directly to us for purposes of the 90% Income Test. To the extent such income did not consist of income derived from securities, such as dividends and interest, it could jeopardize our ability to qualify as a RIC and, therefore, cause us to incur significant U.S. federal income taxes. The Taxable Subsidiaries are consolidated with Main Street for generally accepted accounting principles in the United States of America ("U.S. GAAP") purposes and are included in our consolidated financial statements, and the portfolio investments held by the Taxable Subsidiaries are included in our consolidated financial statements. 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 the portfolio investments. The income tax expense, or benefit, if any, and any related tax assets and liabilities, are reflected in our consolidated financial statements.

The External Investment Manager is accounted for as a portfolio investment for U.S. GAAP purposes and is an indirect wholly owned subsidiary of MSCC, owned through a Taxable Subsidiary. The External Investment Manager is owned by a Taxable Subsidiary in order to comply with the 90% Income Test, since the External Investment Manager's income would likely not consist of income derived from securities, such as dividends and interest, and as a result, it could jeopardize our ability to qualify as a RIC and, therefore, cause us to incur significant U.S. federal income taxes. As a result of its ownership by a Taxable Subsidiary, the External Investment Manager is a disregarded entity for tax purposes. The External Investment Manager has also entered into a tax sharing agreement with its Taxable Subsidiary owner. Since the External Investment Manager is accounted for as a portfolio investment of MSCC and is not included as a consolidated subsidiary of MSCC in MSCC's consolidated financial statements, and as a result of the tax sharing agreement with its Taxable Subsidiary owner, for its stand-alone financial reporting purposes the External Investment Manager is treated as if it is taxed at normal corporate tax rates based on its taxable income and, as a result of its activities, may generate income tax expense or benefit. The income tax expense, or benefit, if any, and the related tax assets and liabilities, of the External Investment Manager are reflected in the External Investment Manager's separate financial statements.

We may be required to recognize taxable income in circumstances in which we do not receive cash. For example, if we hold debt obligations that are treated under applicable tax rules as having original issue discount (such as debt instruments issued with warrants and debt securities invested in at a discount to par), we must include in income each year a portion of the original issue discount that accrues over the life of the obligation, regardless of whether cash representing such income is received by us in the same taxable year. We may also have to include in income other amounts that we have not yet received in cash such as PIK interest, cumulative dividends or amounts that are received in non-cash compensation such as warrants or stock. Because any original issue discount or other amounts accrued will be included in our investment company taxable income for the year of accrual, we may be required to make a distribution to our stockholders in order to satisfy the Annual Distribution Requirement, even though we will not have received any corresponding cash amount.

Although we do not presently expect to do so, we are authorized to borrow funds and to sell assets in order to satisfy distribution requirements. However, under the 1940 Act, we are not permitted to make distributions to our stockholders in certain circumstances while our debt obligations and other senior securities are outstanding unless certain "asset coverage" tests are met. See "Regulation Regulation as a Business Development Company Senior Securities." Moreover, our ability to dispose

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of assets to meet our distribution requirements may be limited by (1) the illiquid nature of our portfolio and/or (2) other requirements relating to our status as a RIC, including the Diversification Tests. If we dispose of assets in order to meet the Annual Distribution Requirement or the Excise Tax Avoidance Requirement, we may make such dispositions at times that, from an investment standpoint, are not advantageous.

We may distribute taxable dividends that are payable in part in our stock. Under certain applicable provisions of the Code and the U.S. Department of Treasury ("Treasury") regulations, distributions payable by us in cash or in shares of stock (at the stockholders election) would satisfy the Annual Distribution Requirement. The Internal Revenue Service has issued guidance indicating that this rule will apply even where the total amount of cash that may be distributed is limited to no more than 20% of the total distribution. According to this guidance, if too many stockholders elect to receive their distributions in cash, each such stockholder would receive a pro rata share of the total cash to be distributed and would receive the remainder of their distribution in shares of stock. Taxable stockholders receiving such dividends will be required to include the full amount of the dividend (whether received in cash, our stock, or a combination thereof) as (i) ordinary income (including any qualified dividend income that, in the case of a noncorporate stockholder, may be eligible for the same reduced maximum tax rate applicable to long-term capital gains to the extent such distribution is properly reported by us as qualified dividend income and such stockholder satisfies certain minimum holding period requirements with respect to our stock) or (ii) long-term capital gain (to the extent such distribution is properly reported as a capital gain dividend), to the extent of our current and accumulated earnings and profits for U.S. federal income tax purposes. As a result, a U.S. stockholder may be required to pay tax with respect to such dividends in excess of any cash received. If a U.S. stockholder sells the stock it receives in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our stock at the time of the sale. Furthermore, with respect to non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in stock. In addition, if a significant number of our stockholders determine to sell shares of our stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our stock.

The remainder of this discussion assumes that we qualify as a RIC and have satisfied the Annual Distribution Requirement.

**Taxation of U.S. Stockholders**

Distributions by us generally are taxable to U.S. stockholders as ordinary income or capital gains. Distributions of our "investment company taxable income" (which is, generally, our net ordinary income plus realized net short-term capital gains in excess of realized net long-term capital losses) will be taxable as ordinary income to U.S. stockholders to the extent of our current or accumulated earnings and profits, whether paid in cash or reinvested in additional common stock. To the extent such distributions paid by us to non-corporate stockholders (including individuals) are attributable to dividends from U.S. corporations and certain qualified foreign corporations, such distributions ("Qualifying Dividends") may be eligible for a maximum tax rate of 20.0% (plus the 3.8% Medicare surtax discussed below, if applicable). In this regard, it is anticipated that distributions paid by us will generally not be attributable to dividends and, therefore, generally will not qualify for the 20.0% (plus the 3.8% Medicare surtax, if applicable) maximum rate applicable to Qualifying Dividends. Distributions of our net capital gains (which is generally our realized net long-term capital gains in excess of realized net short-term capital losses) properly designated by us as "capital gain dividends" will be taxable to a U.S. stockholder as long-term capital gains that are currently taxable at a maximum rate of 20.0% (plus the 3.8% Medicare surtax, if applicable) in the case of individuals, trusts or estates, regardless of the U.S. stockholder's holding period for his, her or its common stock and regardless of

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whether paid in cash or reinvested in additional common stock. Distributions in excess of our earnings and profits first will reduce a U.S. stockholder's adjusted tax basis in such stockholder's common stock and, after the adjusted basis is reduced to zero, will constitute capital gains to such U.S. stockholder.

We may retain some or all of our realized net long-term capital gains in excess of realized net short-term capital losses, but to designate the retained net capital gain as a "deemed distribution." In that case, among other consequences, we will pay tax on the retained amount, each U.S. stockholder will be required to include his, her or its share of the deemed distribution in income as if it had been actually distributed to the U.S. stockholder, and the U.S. stockholder will be entitled to claim a credit equal to his, her or its allocable share of the tax paid thereon by us. Because we expect to pay tax on any retained capital gains at our regular corporate tax rate, and because that rate is in excess of the maximum rate currently payable by individuals on long-term capital gains, the amount of tax that individual U.S. stockholders will be treated as having paid will exceed the tax they owe on the capital gain distribution and such excess generally may be refunded or claimed as a credit against the U.S. stockholder's other U.S. federal income tax obligations. The amount of the deemed distribution net of such tax will be added to the U.S. stockholder's cost basis for his, her or its common stock. In order to utilize the deemed distribution approach, we must provide written notice to our stockholders prior to the expiration of 60 days after the close of the relevant taxable year. We cannot treat any of our investment company taxable income as a "deemed distribution."

In any fiscal year, we may elect to make distributions to our stockholders in excess of our taxable earnings for that fiscal year. As a result, a portion of those distributions may be deemed a return of capital to our stockholders.

For purposes of determining (1) whether the Annual Distribution Requirement is satisfied for any year and (2) the amount of capital gain dividends paid for that year, we may, under certain circumstances, elect to treat a dividend that is paid during the following taxable year as if it had been paid during the taxable year in question. If we make such an election, the U.S. stockholder will still be treated as receiving the dividend in the taxable year in which the distribution is made. However, any dividend declared by us in October, November or December of any calendar year, payable to stockholders of record on a specified date in such month and actually paid during January of the following year, will be treated as if it had been received by our U.S. stockholders on December 31 of the year in which the dividend was declared.

If an investor purchases shares of our common stock shortly before the record date of a distribution, the price of the shares will include the value of the distribution and the investor will be subject to tax on the distribution even though economically it may represent a return of his, her or its investment.

A stockholder generally will recognize taxable gain or loss if the stockholder sells or otherwise disposes of his, her or its shares of our common stock. The amount of gain or loss will be measured by the difference between such stockholder's adjusted tax basis in the common stock sold and the amount of the proceeds received in exchange. Any gain arising from such sale or disposition generally will be treated as long-term capital gain or loss if the stockholder has held his, her or its shares for more than one year. Otherwise, it will be classified as short-term capital gain or loss. However, any capital loss arising from the sale or disposition of shares of our common stock held for six months or less will be treated as long-term capital loss to the extent of the amount of capital gain dividends received, or undistributed capital gain deemed received, with respect to such shares. In addition, all or a portion of any loss recognized upon a disposition of shares of our common stock may be disallowed if other shares of our common stock are purchased (whether through reinvestment of distributions or otherwise) within 30 days before or after the disposition.

In general, individual U.S. stockholders currently are subject to a maximum U.S. federal income tax rate of 20.0% on their net capital gain (i.e., the excess of realized net long-term capital gains over

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realized net short-term capital losses), including any long-term capital gain derived from an investment in our shares. Such rate is lower than the maximum rate on ordinary income currently payable by individuals. In addition, individuals with modified adjusted gross income in excess of \$200,000 (\$250,000 in the case of married individuals filing jointly) and certain estates and trusts are subject to an additional 3.8% Medicare surtax on their "net investment income," which generally includes net income from interest, dividends, annuities, royalties, and rents, and net capital gains (other than certain amounts earned from trades or businesses). Corporate U.S. stockholders currently are subject to U.S. federal income tax on net capital gain at the maximum 21.0% rate also applied to ordinary income. Non-corporate stockholders with net capital losses for a year (i.e., capital losses in excess of capital gains) generally may deduct up to \$3,000 of such losses against their ordinary income each year; any net capital losses of a non-corporate stockholder in excess of \$3,000 generally may be carried forward and used in subsequent years as provided in the Code. Corporate stockholders generally may not deduct any net capital losses for a year, but may carryback such losses for three years or carry forward such losses for five years.

We, or the applicable withholding agent, will send to each of our U.S. stockholders, as promptly as possible after the end of each calendar year, a notice detailing, on a per share and per distribution basis, the amounts includible in such U.S. stockholder's taxable income for such year as ordinary income and as long-term capital gain. In addition, the U.S. federal tax status of each year's distributions generally will be reported to the Internal Revenue Service (including the amount of dividends, if any, eligible for the 20.0% maximum rate). Dividends paid by us generally will not be eligible for the dividends-received deduction or the preferential tax rate applicable to Qualifying Dividends because our income generally will not consist of dividends. Distributions may also be subject to additional state, local and foreign taxes depending on a U.S. stockholder's particular situation.

We may be required to withhold U.S. federal income tax ("backup withholding") from all taxable distributions to any U.S. stockholder that is not otherwise exempt (1) who fails to furnish us with a correct taxpayer identification number or a certificate that such stockholder is exempt from backup withholding or (2) with respect to whom the IRS notifies us that such stockholder has failed to properly report certain interest and dividend income to the IRS and to respond to notices to that effect. An individual's taxpayer identification number is his or her social security number. Any amount withheld under backup withholding is allowed as a credit against the U.S. stockholder's U.S. federal income tax liability, provided that proper information is provided to the IRS.

**Taxation of Non-U.S. Stockholders**

Whether an investment in the shares is appropriate for a Non-U.S. stockholder will depend upon that person's particular circumstances. An investment in the shares by a Non-U.S. stockholder may have adverse tax consequences. Non-U.S. stockholders should consult their tax advisers before investing in our common stock.

Distributions of our "investment company taxable income" to Non-U.S. stockholders (including interest income and realized net short-term capital gains in excess of realized long-term capital losses, which generally would be free of withholding if paid to Non-U.S. stockholders directly) will be subject to withholding of U.S. federal tax at a 30.0% rate (or lower rate provided by an applicable treaty) to the extent of our current and accumulated earnings and profits unless an applicable exception applies. If the distributions are effectively connected with a U.S. trade or business of the Non-U.S. stockholder, and, if an income tax treaty applies, attributable to a permanent establishment in the United States, we will not be required to withhold U.S. federal tax if the Non-U.S. stockholder complies with applicable certification and disclosure requirements, although the distributions will be subject to U.S. federal income tax at the rates applicable to U.S. persons. (Special certification requirements apply to a Non-U.S. stockholder that is a foreign partnership or a foreign trust, and such entities are urged to consult their own tax advisers.)

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We generally are not required to withhold any amounts with respect to certain distributions of (i) U.S. source interest income, and (ii) net short term capital gains in excess of net long term capital losses, in each case to the extent we properly reported such distributions and certain other requirements were satisfied. We anticipate that a portion of our distributions will be eligible for this exemption from withholding; however, we cannot determine what portion of our distributions (if any) will be eligible for this exception until after the end of our taxable year. No certainty can be provided that any of our distributions will be reported as eligible for this exception.

Actual or deemed distributions of our net capital gains to a Non-U.S. stockholder, and gains realized by a Non-U.S. stockholder upon the sale of our common stock, will not be subject to U.S. federal withholding tax and generally will not be subject to U.S. federal income tax unless the distributions or gains, as the case may be, are effectively connected with a U.S. trade or business of the Non-U.S. stockholder and, if an income tax treaty applies, are attributable to a permanent establishment maintained by the Non-U.S. stockholder in the United States.

If we distribute our net capital gains in the form of deemed rather than actual distributions, a Non-U.S. stockholder will be entitled to a U.S. federal income tax credit or tax refund equal to the stockholder's allocable share of the tax we pay on the capital gains deemed to have been distributed. In order to obtain the refund, the Non-U.S. stockholder must obtain a U.S. taxpayer identification number and file a U.S. federal income tax return even if the Non-U.S. stockholder would not otherwise be required to obtain a U.S. taxpayer identification number or file a U.S. federal income tax return. For a corporate Non-U.S. stockholder, distributions (both actual and deemed), and gains realized upon the sale of our common stock that are effectively connected to a U.S. trade or business may, under certain circumstances, be subject to an additional "branch profits tax" at a 30.0% rate (or at a lower rate if provided for by an applicable treaty). Accordingly, investment in the shares may not be appropriate for a Non-U.S. stockholder.

A Non-U.S. stockholder who is a non-resident alien individual, and who is otherwise subject to withholding of U.S. federal tax, may be subject to information reporting and backup withholding of U.S. federal income tax on dividends unless the Non-U.S. stockholder provides us or the dividend paying agent with an IRS Form W-8BEN or IRS Form W-8BEN-E (or an acceptable substitute form) or otherwise meets documentary evidence requirements for establishing that it is a Non-U.S. stockholder or otherwise establishes an exemption from backup withholding.

Legislation commonly referred to as the "Foreign Account Tax Compliance Act," or "FATCA," generally imposes a 30% withholding tax on payments of certain types of income to foreign financial institutions ("FFIs") unless such FFIs either (i) enter into an agreement with the U.S. Treasury to report certain required information with respect to accounts held by U.S. persons (or held by foreign entities that have U.S. persons as substantial owners) or (ii) reside in jurisdictions that have entered into an intergovernmental agreement ("IGA") with the United States to collect and share such information and are in compliance with the terms of such IGA and any enabling legislation or regulations. The types of income subject to the tax include U.S. source interest and dividends, and the gross proceeds from the sale of any property that could produce U.S. source interest or dividends received after December 31, 2018. The information required to be reported includes the identity and taxpayer identification number of each account holder that is a U.S. person and transaction activity within the holder's account. In addition, subject to certain exceptions, this legislation also imposes a 30% withholding on payments to foreign entities that are not FFIs unless the foreign entity certifies that it does not have a greater than 10% U.S. owner or provides the withholding agent with identifying information on each greater than 10% U.S. owner. Depending on the status of a Non-U.S. stockholder and the status of the intermediaries through which it holds our common stock, a Non-U.S. stockholder could be subject to this 30% withholding tax with respect to distributions on our common stock and proceeds from the sale of our common stock. Under certain circumstances, a Non-U.S. stockholder might be eligible for refunds or credits of such taxes.

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Non-U.S. persons should consult their own tax advisers with respect to the U.S. federal income tax and withholding tax, and state, local and foreign tax consequences of an investment in the shares.

**Failure to Qualify as a RIC**

If we fail to satisfy the 90% Income Test or the Diversification Tests for any taxable year, we may nevertheless continue to qualify as a RIC for such year if certain relief provisions are applicable (which may, among other things, require us to pay certain corporate-level U.S. federal taxes or to dispose of certain assets).

If we were unable to qualify for treatment as a RIC and the foregoing relief provisions are not applicable, we would be subject to tax on all of our taxable income at regular corporate rates. We would not be able to deduct distributions to stockholders, nor would they be required to be made. If we were subject to tax on all of our taxable income at regular corporate rates, then distributions we make after being subject to such tax would be taxable to our stockholders and, provided certain holding period and other requirements were met, could qualify for treatment as "qualified dividend income" eligible for the maximum 20% rate (plus a 3.8% Medicare surtax, if applicable) applicable to qualified dividends to the extent of our current and accumulated earnings and profits. Subject to certain limitations under the Code, corporate taxpayers would be eligible for a dividends-received deduction on distributions they receive. Distributions in excess of our current and accumulated earnings and profits would be treated first as a return of capital to the extent of the stockholder's tax basis, and any remaining distributions would be treated as a capital gain. To requalify as a RIC in a subsequent taxable year, we would be required to satisfy the RIC qualification requirements for that year and dispose of any earnings and profits from any year in which we failed to qualify as a RIC. Subject to a limited exception applicable to RICs that qualified as such under Subchapter M of the Code for at least one year prior to disqualification and that requalify as a RIC no later than the second year following the nonqualifying year, we could be subject to tax on any unrealized net built-in gains in the assets held by us during the period in which we failed to qualify as a RIC that are recognized within the subsequent five years, unless we made a special election to pay corporate-level U.S. federal income tax on such built-in gain at the time of our requalification as a RIC.

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**REGULATION**

***Regulation as a Business Development Company***

We have elected to be regulated as a BDC under the 1940 Act. The 1940 Act contains prohibitions and restrictions relating to transactions between BDCs and their affiliates, principal underwriters and affiliates of those affiliates or underwriters. The 1940 Act requires that a majority of the members of the board of directors of a BDC be persons other than "interested persons," as that term is defined in the 1940 Act. In addition, the 1940 Act provides that we may not change the nature of our business so as to cease to be, or to withdraw our election as, a BDC unless approved by a majority of our outstanding voting securities.

The 1940 Act defines "a majority of the outstanding voting securities" as the lesser of (i) 67% or more of the voting securities present at a meeting if the holders of more than 50% of our outstanding voting securities are present or represented by proxy or (ii) more than 50% of our outstanding voting securities.

*Qualifying Assets*

Under the 1940 Act, a BDC may not acquire any asset other than assets of the type listed in Section 55(a) of the 1940 Act, which are referred to as qualifying assets, unless, at the time the acquisition is made, qualifying assets represent at least 70% of the company's total assets. The principal categories of qualifying assets relevant to our business are any of the following:

- (1) Securities purchased in transactions not involving any public offering from the issuer of such securities, which issuer (subject to certain limited exceptions) is an eligible portfolio company (as defined below), or from any person who is, or has been during the preceding 13 months, an affiliated person of an eligible portfolio company, or from any other person, subject to such rules as may be prescribed by the SEC.
- (2) Securities of any eligible portfolio company that we control.
- (3) Securities purchased in a private transaction from a U.S. issuer that is not an investment company or from an affiliated person of the issuer, or in transactions incident thereto, if the issuer is in bankruptcy and subject to reorganization or if the issuer, immediately prior to the purchase of its securities was unable to meet its obligations as they came due without material assistance other than conventional lending or financing arrangements.
- (4) Securities of an eligible portfolio company purchased from any person in a private transaction if there is no ready market for such securities and we already own 60% of the outstanding equity of the eligible portfolio company.
- (5) Securities received in exchange for or distributed on or with respect to securities described in (1) through (4) above, or pursuant to the exercise of warrants or rights relating to such securities.
- (6) Cash, cash equivalents, U.S. government securities or high-quality debt securities maturing in one year or less from the time of investment.

In addition, a BDC must have been organized and have its principal place of business in the United States and must be operated for the purpose of making investments in the types of securities described in (1), (2) or (3) above.

An eligible portfolio company is defined in the 1940 Act as any issuer which:

- (a) is organized under the laws of, and has its principal place of business in, the United States;



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- (b) is not an investment company (other than a small business investment company wholly owned by the BDC) or a company that would be an investment company but for certain exclusions under the 1940 Act; and
- (c) satisfies any of the following:
  - (i) does not have any class of securities that is traded on a national securities exchange or has a class of securities listed on a national securities exchange but has an aggregate market value of outstanding voting and non-voting common equity of less than \$250 million;
  - (ii) is controlled by a BDC or a group of companies including a BDC and the BDC has an affiliated person who is a director of the eligible portfolio company; or
  - (iii) is a small and solvent company having total assets of not more than \$4 million and capital and surplus of not less than \$2 million.

*Managerial Assistance to Portfolio Companies*

As noted above, a BDC must be operated for the purpose of making investments in the type of securities described in (1), (2) or (3) above under the heading entitled "Qualifying Assets." In addition, BDCs must generally offer to make available to such issuer of the securities (other than small and solvent companies described above) significant managerial assistance; except that, where we purchase such securities in conjunction with one or more other persons acting together, one of the other persons in the group may make available such managerial assistance. Making available managerial assistance means, among other things, any arrangement whereby the BDC, through its directors, officers or employees, offers to provide, and, if accepted, does so provide, significant guidance and counsel concerning the management, operations or business objectives and policies of a portfolio company.

*Temporary Investments*

Pending investment in "qualifying assets," as described above, our investments may consist of cash, cash equivalents, U.S. government securities and high-quality debt securities maturing in one year or less from time of investment therein, so that 70% of our assets are qualifying assets.

*Senior Securities*

We are permitted, under specified conditions, to issue multiple classes of debt and one class of stock senior to our common stock if our asset coverage, as defined in the 1940 Act, is at least equal to 200% of all debt and/or senior stock immediately after each such issuance. However, recent legislation has modified the 1940 Act by allowing a BDC to increase the maximum amount of leverage it may incur from an asset coverage ratio of 200% to an asset coverage ratio of 150%, if certain requirements are met. We are permitted to increase our leverage capacity if shareholders representing at least a majority of the votes cast, when quorum is met, approve a proposal to do so. If we receive such shareholder approval, we would be permitted to increase our leverage capacity on the first day after such approval. Alternatively, we may increase the maximum amount of leverage we may incur to an asset coverage ratio of 150% if the "required majority" of our independent directors as defined in Section 57(o) of the 1940 Act approve such increase with such approval becoming effective after one year. In either case, we would be required to make certain disclosures on our website and in SEC filings regarding, among other things, the receipt of approval to increase our leverage, our leverage capacity and usage, and risks related to leverage. In addition, while any senior securities remain outstanding (other than senior securities representing indebtedness issued in consideration of a privately arranged loan which is not intended to be publicly distributed), we must make provisions to

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prohibit any distribution to our stockholders or the repurchase of such securities or shares unless we meet the applicable asset coverage ratios at the time of the distribution or repurchase. We may also borrow amounts up to 5% of the value of our total assets for temporary or emergency purposes without regard to asset coverage. For a discussion of the risks associated with leverage, see "Risk Factors Risks Relating to Our Business and Structure," including, without limitation, " Because we borrow money, the potential for gain or loss on amounts invested in us is magnified and may increase the risk of investing in us."

We have previously received an exemptive order from the SEC to exclude debt securities issued by MSMF and any other wholly owned subsidiaries of ours which operate as SBICs from the asset coverage requirements of the 1940 Act as applicable to Main Street. The exemptive order provides for the exclusion of all debt securities issued by the Funds, including the \$295.8 million of outstanding debt as of December 31, 2017, issued pursuant to the SBIC program. This exemptive order provides us with expanded capacity and flexibility in obtaining future sources of capital for our investment and operational objectives.

*Common Stock*

We are not generally able to issue and sell our common stock at a price below net asset value per share. We may, however, sell our common stock, warrants, options or rights to acquire our common stock, at a price below the current net asset value of the common stock if our Board of Directors determines that such sale is in our best interests and that of our stockholders, and our stockholders approve such sale. In any such case, the price at which our securities are to be issued and sold may not be less than a price which, in the determination of our Board of Directors, closely approximates the market value of such securities (less any distributing commission or discount). We did not seek stockholder authorization to sell shares of our common stock below the then current net asset value per share of our common stock at our 2017 annual meeting of stockholders, and we are not seeking such approval at our 2018 annual meeting of stockholders, because our common stock price had been trading significantly above the net asset value per share of our common stock since 2011. Our stockholders have previously approved a proposal that authorizes us to issue securities to subscribe to, convert to, or purchase shares of our common stock in one or more offerings. We may also make rights offerings to our stockholders at prices per share less than the net asset value per share, subject to applicable requirements of the 1940 Act. See "Risk Factors Risks Relating to Our Business and Structure Stockholders may incur dilution if we sell shares of our common stock in one or more offerings at prices below the then current net asset value per share of our common stock or issue securities to subscribe to, convert to or purchase shares of our common stock."

*Code of Ethics*

We have adopted a code of ethics pursuant to Rule 17j-1 under the 1940 Act that establishes procedures for personal investments and restricts certain personal securities transactions. Personnel subject to the code may invest in securities for their personal investment accounts, including securities that may be purchased or held by us, so long as such investments are made in accordance with the code's requirements. You may read and copy the code of ethics at the SEC's Public Reference Room located at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the code of ethics is available on the EDGAR Database on the SEC's Web site at <http://www.sec.gov>.

*Proxy Voting Policies and Procedures*

We vote proxies relating to our portfolio securities in a manner in which we believe is consistent with the best interest of our stockholders. We review on a case-by-case basis each proposal submitted to a stockholder vote to determine its impact on the portfolio securities held by us. Although we

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generally vote against proposals that we expect would have a negative impact on our portfolio securities, we may vote for such a proposal if there exists compelling long-term reasons to do so.

Our proxy voting decisions are made by the investment team which is responsible for monitoring each of our investments. To ensure that our vote is not the product of a conflict of interest, we require that anyone involved in the decision-making process discloses to our chief compliance officer any potential conflict regarding a proxy vote of which he or she is aware.

Stockholders may obtain information, without charge, regarding how we voted proxies with respect to our portfolio securities by making a written request for proxy voting information to: Chief Compliance Officer, 1300 Post Oak Boulevard, 8th Floor, Houston, Texas 77056.

*Other 1940 Act Regulations*

We are also prohibited under the 1940 Act from knowingly participating in certain transactions with our affiliates without the prior approval of our Board of Directors who are not interested persons and, in some cases, prior approval by the SEC.

We are required to provide and maintain a bond issued by a reputable fidelity insurance company to protect us against larceny and embezzlement. Furthermore, as a BDC, we are prohibited from protecting any director or officer against any liability to us or our stockholders arising from willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such person's office.

We are required to adopt and implement written policies and procedures reasonably designed to prevent violation of the federal securities laws, review these policies and procedures no less frequently than annually for their adequacy and the effectiveness of their implementation, and to designate a chief compliance officer to be responsible for administering the policies and procedures.

We may be periodically examined by the SEC for compliance with the 1940 Act.

***Small Business Investment Company Regulations***

Each of the Funds is licensed by the SBA to operate as a SBIC under Section 301(c) of the Small Business Investment Act of 1958. MSMF obtained its SBIC license in 2002, MSC II obtained its license in 2006 and MSC III obtained its license in 2016.

SBICs are designed to stimulate the flow of private capital to eligible small businesses. Under SBIC regulations, SBICs may make loans to eligible small businesses, invest in the equity securities of such businesses and provide them with consulting and advisory services. Each of the Funds has typically invested in secured debt, acquired warrants and/or made equity investments in qualifying small businesses.

The Funds are subject to regulation and oversight by the SBA, including requirements with respect to reporting financial information, such as the extent of capital impairment if applicable, on a regular basis and annual examinations conducted by the SBA. The SBA, as a creditor, will have a superior claim to the Funds' assets over our stockholders in the event the Funds are liquidated or the SBA exercises its remedies under the SBA-guaranteed debentures issued by the Funds upon an event of default.

We have received exemptive relief from the SEC to permit us to exclude the SBA-guaranteed debentures of the Funds from our 200% asset coverage test under the 1940 Act. As such, our ratio of total consolidated assets to outstanding indebtedness may be less than 200%. This provides us with increased investment flexibility but also increases our risks related to leverage. See "Risk Factors Risks related to our business and structure Because we borrow money, the potential for gain or loss on amounts invested in us is magnified and may increase the risk of investing in us."

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Under present SBIC regulations, eligible small businesses generally include businesses that (together with their affiliates) have a tangible net worth not exceeding \$19.5 million or have average annual net income after U.S. federal income taxes not exceeding \$6.5 million (average net income to be computed without benefit of any carryover loss) for the two most recent fiscal years. In addition, an SBIC must devote 25% of its investment activity to "smaller" enterprises as defined by the SBA. A smaller enterprise generally includes businesses that have a tangible net worth not exceeding \$6 million and have average annual net income after U.S. federal income taxes not exceeding \$2 million (average net income to be computed without benefit of any net carryover loss) for the two most recent fiscal years. SBIC regulations also provide alternative size standard criteria to determine eligibility for designation as an eligible small business or smaller enterprise, which criteria depend on the primary industry in which the business is engaged and are based on such factors as the number of employees and gross revenue. However, once an SBIC has invested in a company, it generally may continue to make follow-on investments in the company, regardless of the size of the portfolio company at the time of the follow-on investment, up to the time of the portfolio company's initial public offering.

The SBA prohibits an SBIC from providing funds to small businesses for certain purposes, such as relending and investment outside the United States, to businesses engaged in certain prohibited industries, and to certain "passive" (non-operating) companies. In addition, without prior SBA approval, an SBIC may not invest an amount equal to more than approximately 30% of the SBIC's regulatory capital, as defined by the SBA, in any one portfolio company and its affiliates.

The SBA places certain limitations on the financing terms of investments by SBICs in portfolio companies (such as limiting the permissible interest rate on debt securities held by an SBIC in a portfolio company). Included in such limitations are SBA regulations which allow an SBIC to exercise control over a small business for a period of seven years from the date on which the SBIC initially acquires its control position. This control period may be extended for an additional period of time with the SBA's prior written approval.

The SBA restricts the ability of an SBIC to lend money to any of its officers, directors and employees or to invest in affiliates thereof. The SBA also prohibits, without prior SBA approval, a "change of control" of an SBIC or transfers that would result in any person (or a group of persons acting in concert) owning 10% or more of a class of equity of a licensed SBIC. A "change of control" is any event which would result in the transfer of the power, direct or indirect, to direct the management and policies of an SBIC, whether through ownership, contractual arrangements or otherwise.

The SBIC licenses allow the Funds to incur leverage by issuing SBA-guaranteed debentures, subject to the issuance of a capital commitment and certain approvals by the SBA and customary procedures. SBA-guaranteed debentures carry long-term fixed rates that are generally lower than rates on comparable bank and other debt. Under applicable regulations, an SBIC may generally have outstanding debentures guaranteed by the SBA in amounts up to twice the amount of the privately-raised funds of the SBIC. Debentures guaranteed by the SBA have a maturity of ten years, require semiannual payments of interest, do not require any principal payments prior to maturity, and are not subject to prepayment penalties. As of December 31, 2017, we, through the Funds, had \$295.8 million of outstanding SBA-guaranteed debentures, which had an annual weighted-average interest rate of approximately 3.6%.

SBICs must invest idle funds that are not being used to make loans in investments permitted under SBIC regulations in the following limited types of securities: (i) direct obligations of, or obligations guaranteed as to principal and interest by, the United States government, which mature within 15 months from the date of the investment; (ii) repurchase agreements with federally insured institutions with a maturity of seven days or less (and the securities underlying the repurchase obligations must be direct obligations of or guaranteed by the federal government); (iii) certificates of

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deposit with a maturity of one year or less, issued by a federally insured institution; (iv) a deposit account in a federally insured institution that is subject to a withdrawal restriction of one year or less; (v) a checking account in a federally insured institution; or (vi) a reasonable petty cash fund.

SBICs are periodically examined and audited by the SBA's staff to determine their compliance with SBIC regulations and are periodically required to file certain financial information and other documents with the SBA.

Neither the SBA nor the U.S. government or any of its agencies or officers has approved any ownership interest to be issued by us or any obligation that we or any of our subsidiaries may incur.

***Securities Exchange Act of 1934 and Sarbanes-Oxley Act Compliance***

We are subject to the reporting and disclosure requirements of the Securities Exchange Act of 1934 (the "Exchange Act"), including the filing of quarterly, annual and current reports, proxy statements and other required items. In addition, we are subject to the Sarbanes-Oxley Act of 2002, which imposes a wide variety of regulatory requirements on publicly-held companies and their insiders. For example:

pursuant to Rule 13a-14 of the Exchange Act, our Chief Executive Officer and Chief Financial Officer are required to certify the accuracy of the consolidated financial statements contained in our periodic reports;

pursuant to Item 307 of Regulation S-K, our periodic reports are required to disclose our conclusions about the effectiveness of our disclosure controls and procedures;

pursuant to Rule 13a-15 of the Exchange Act, our management is required to prepare a report regarding its assessment of our internal control over financial reporting, and our independent registered public accounting firm separately audits our internal control over financial reporting; and

pursuant to Item 308 of Regulation S-K and Rule 13a-15 of the Exchange Act, our periodic reports must disclose whether there were significant changes in our internal control over financial reporting or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

***The New York Stock Exchange Corporate Governance Regulations***

The New York Stock Exchange ("NYSE") has adopted corporate governance regulations that listed companies must comply with. We believe we are in compliance with such corporate governance listing standards. We intend to monitor our compliance with all future listing standards and to take all necessary actions to ensure that we stay in compliance.

***Investment Adviser Regulations***

The External Investment Manager, which is wholly owned by us, is subject to regulation under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). The Advisers Act establishes, among other things, recordkeeping and reporting requirements, disclosure requirements, limitations on transactions between the adviser's account and an advisory client's account, limitations on transactions between the accounts of advisory clients, and general anti-fraud prohibitions. The External Investment Manager may be examined by the SEC from time to time for compliance with the Advisers Act.

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**PLAN OF DISTRIBUTION**

We may offer, from time to time, up to \$1,500,000,000 of our common stock, preferred stock, subscription rights or debt securities. We may sell the securities directly or through underwriters or dealers, "at the market" to or through a market maker or into an existing market or otherwise, directly to one or more purchasers through or without agents or through a combination of any such methods of sale. Any underwriter or agent involved in the offer and sale of the securities will be named in the applicable prospectus supplement. A prospectus supplement or supplements will also describe the terms of the offering of the securities, including: the purchase price of the securities and the proceeds we will receive from the sale; any over-allotment options under which underwriters may purchase additional securities from us; any agency fees or underwriting discounts and other items constituting agents' or underwriters' compensation; the public offering price; any discounts or concessions allowed or re-allowed or paid to dealers; and any securities exchange or market on which the securities may be listed.

The distribution of our securities may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, at prevailing market prices at the time of sale, at prices related to such prevailing market prices, or at negotiated prices, provided, however, that the offering price per share of our common stock less any underwriting commissions or discounts must equal or exceed the net asset value per share of our common stock except (i) with the requisite approval of our stockholders or (ii) under such other circumstances as the SEC may permit. See "Risk Factors Risks Relating to Our Business and Structure Stockholders may incur dilution if we sell shares of our common stock in one or more offerings at prices below the then current net asset value per share of our common stock or issue securities to subscribe to, convert to or purchase shares of our common stock" for a discussion of proposals approved by our stockholders that permit us to issue shares of our common stock below net asset value.

In connection with the sale of our securities, underwriters or agents may receive compensation from us or from purchasers of our securities, for whom they may act as agents, in the form of discounts, concessions or commissions. Underwriters may sell our securities to or through dealers and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. Underwriters, dealers and agents that participate in the distribution of our securities may be deemed to be underwriters under the Securities Act, and any discounts and commissions they receive from us and any profit realized by them on the resale of our securities may be deemed to be underwriting discounts and commissions under the Securities Act. Any such underwriter or agent will be identified and any such compensation received from us will be described in the applicable prospectus supplement.

We may enter into derivative transactions with third parties, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. If the applicable prospectus supplement indicates, in connection with those derivatives, the third parties may sell securities covered by this prospectus and the applicable prospectus supplement, including in short sale transactions. If so, the third party may use securities pledged by us or borrowed from us or others to settle those sales or to close out any related open borrowings of stock, and may use securities received from us in settlement of those derivatives to close out any related open borrowings of stock. The third parties in such sale transactions will be underwriters and, if not identified in this prospectus, will be identified in the applicable prospectus supplement (or a post-effective amendment).

Unless otherwise specified in the applicable prospectus supplement, each class or series of securities will be a new issue with no trading market, other than our common stock, which is traded on the New York Stock Exchange. We may elect to list any other class or series of securities on any exchanges, but we are not obligated to do so. We cannot guarantee the liquidity of the trading markets for any securities.

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Under agreements into which we may enter, underwriters, dealers and agents who participate in the distribution of our securities may be entitled to indemnification by us against certain liabilities, including liabilities under the Securities Act. Underwriters, dealers and agents may engage in transactions with, or perform services for, us in the ordinary course of business.

If so indicated in the applicable prospectus supplement, we will authorize underwriters or other persons acting as our agents to solicit offers by certain institutions to purchase our securities from us pursuant to contracts providing for payment and delivery on a future date. Institutions with which such contracts may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and others, but in all cases such institutions must be approved by us. The obligations of any purchaser under any such contract will be subject to the condition that the purchase of our securities shall not at the time of delivery be prohibited under the laws of the jurisdiction to which such purchaser is subject. The underwriters and such other agents will not have any responsibility in respect of the validity or performance of such contracts. Such contracts will be subject only to those conditions set forth in the prospectus supplement, and the prospectus supplement will set forth the commission payable for solicitation of such contracts.

In order to comply with the securities laws of certain states, if applicable, our securities offered hereby will be sold in such jurisdictions only through registered or licensed brokers or dealers. In addition, in certain states, our securities may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

The maximum amount of any compensation to be received by any member of the Financial Industry Regulatory Authority, Inc. will not be greater than 10% for the sale of any securities being registered.

**CUSTODIAN, TRANSFER AND DISTRIBUTION PAYING AGENT AND REGISTRAR**

Our securities are held under custody agreements by Amegy Bank National Association, whose address is 1801 Main Street, 8<sup>th</sup> Floor, Houston, Texas 77002, and Branch Banking and Trust Company, whose address is 5130 Parkway Plaza Boulevard, Charlotte, North Carolina 28217. American Stock Transfer & Trust Company, LLC acts as our transfer agent, distribution paying agent and registrar. The principal business address of our transfer agent is 6201 15<sup>th</sup> Avenue, Brooklyn, New York, telephone number: (212) 936-5100.

**BROKERAGE ALLOCATION AND OTHER PRACTICES**

Since we generally acquire and dispose of our investments in privately negotiated transactions, we infrequently use brokers in the normal course of our business. Our investment team is primarily responsible for the execution of the publicly traded securities portion of our portfolio transactions and the allocation of brokerage commissions. We do not expect to execute transactions through any particular broker or dealer, but will seek to obtain the best net results for us, taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution, and operational facilities of the firm and the firm's risk and skill in positioning blocks of securities. While we will generally seek reasonably competitive trade execution costs, we will not necessarily pay the lowest spread or commission available. Subject to applicable legal requirements, we may select a broker based partly upon brokerage or research services provided to us. In return for such services, we may pay a higher commission than other brokers would charge if we determine in good faith that such commission is reasonable in relation to the services provided.

We also pay brokerage commissions incurred in connection with open-market purchases of our publicly traded securities from time to time, including pursuant to our dividend reinvestment plan.

We did not pay significant brokerage commissions during the three years ended December 31, 2017 in connection with the acquisition and/or disposal of our investments.

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**LEGAL MATTERS**

Certain legal matters in connection with the securities offered hereby will be passed upon for us by Eversheds Sutherland (US) LLP, Washington D.C. Certain legal matters will be passed upon for underwriters, if any, by the counsel named in the prospectus supplement, if any.

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The audited consolidated financial statements, financial highlights, Schedule 12-14 and the Senior Securities table of Main Street Capital Corporation, included in this prospectus and elsewhere in the registration statement have been so included in reliance upon the reports of Grant Thornton LLP, independent registered public accountants, as stated in their reports appearing herein. Grant Thornton LLP's principal business address is Grant Thornton Tower, 171 North Clark, Suite 200, Chicago, Illinois, 60601.

**AVAILABLE INFORMATION**

We have filed with the SEC a universal shelf registration statement on Form N-2, together with all amendments and related exhibits, under the Securities Act, with respect to the securities offered by this prospectus or any prospectus supplement. The registration statement contains additional information about us and our securities being offered by this prospectus or any prospectus supplement.

We file with or submit to the SEC annual, quarterly and current reports, proxy statements and other information meeting the informational requirements of the Securities Exchange Act of 1934. You may inspect and copy these reports, proxy statements and other information, as well as the registration statement and related exhibits and schedules, at the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements and other information filed electronically by us with the SEC, which are available on the SEC's website at [www.sec.gov](http://www.sec.gov). Copies of these reports, proxy and information statements and other information may be obtained, after paying a duplicating fee, by electronic request at the following e-mail address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov), or by writing the SEC's Public Reference Section, 100 F Street, N.E., Washington, D.C. 20549.

**PRIVACY NOTICE**

We are committed to protecting your privacy. This privacy notice explains the privacy policies of Main Street and its affiliated companies. This notice supersedes any other privacy notice you may have received from Main Street, and its terms apply both to our current stockholders and to former stockholders as well.

We will safeguard, according to strict standards of security and confidentiality, all information we receive about you. The only information we collect from you is your name, address, and number of shares you hold. This information is used only so that we can send you annual reports and other information about us, and send you proxy statements or other information required by law.

We do not share this information with any non-affiliated third party except as described below.

*The People and Companies that Make Up Main Street.* It is our policy that only our authorized employees who need to know your personal information will have access to it. Our personnel who violate our privacy policy are subject to disciplinary action.

*Service Providers.* We may disclose your personal information to companies that provide services on our behalf, such as record keeping, processing your trades, and mailing you information.

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These companies are required to protect your information and use it solely for the purpose for which they received it.

*Courts and Government Officials.* If required by law, we may disclose your personal information in accordance with a court order or at the request of government regulators. Only that information required by law, subpoena, or court order will be disclosed.

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**Report of Independent Registered Public Accounting Firm**

Board of Directors and Stockholders'  
Main Street Capital Corporation

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Main Street Capital Corporation (a Maryland corporation) and subsidiaries (the "Company"), including the consolidated schedule of investments, as of December 31, 2017 and 2016, the related consolidated statements of operations, changes in net assets, and cash flows for each of the three years in the period ended December 31, 2017, and the related notes, schedules and financial highlights (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, and the financial highlights for each of the five years in the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in the 2013 *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated February 23, 2018 expressed an unqualified opinion.

Basis for opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included verification by confirmation of securities as of December 31, 2017 and 2016, by correspondence with the portfolio companies and custodians, or by other appropriate auditing procedures where replies were not received. We believe that our audits provide a reasonable basis for our opinion.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2007.  
Houston, Texas  
February 23, 2018

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

	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<b>ASSETS</b>		
Portfolio investments at fair value:		
Control investments (cost: \$530,034 and \$439,674 as of December 31, 2017 and 2016, respectively)	\$ 750,706	\$ 594,282
Affiliate investments (cost: \$367,317 and \$394,699 as of December 31, 2017 and 2016, respectively)	338,854	375,948
Non-Control/Non-Affiliate investments (cost: \$1,107,447 and \$1,037,510 as of December 31, 2017 and 2016, respectively)	1,081,745	1,026,676
Total investments (cost: \$2,004,798 and \$1,871,883 as of December 31, 2017 and 2016, respectively)	2,171,305	1,996,906
Cash and cash equivalents	51,528	24,480
Interest receivable and other assets	36,343	35,133
Receivable for securities sold	2,382	1,990
Deferred financing costs (net of accumulated amortization of \$5,600 and \$4,598 as of December 31, 2017 and 2016, respectively)	3,837	4,718
Deferred tax asset, net		9,125
Total assets	\$ 2,265,395	\$ 2,072,352
<b>LIABILITIES</b>		
Credit facility	\$ 64,000	\$ 343,000
SBIC debentures (par: \$295,800 and \$240,000 as of December 31, 2017 and 2016, respectively)	288,483	235,686
4.50% Notes due 2022 (par: \$185,000 and \$0 as of December 31, 2017 and 2016, respectively)	182,015	
4.50% Notes due 2019 (par: \$175,000 as of both December 31, 2017 and 2016)	173,616	172,893
6.125% Notes (par: \$90,655 as of both December 31, 2017 and 2016)	89,057	88,752
Accounts payable and other liabilities	20,168	14,205
Payable for securities purchased	40,716	2,184
Interest payable	5,273	4,103
Dividend payable	11,146	10,048
Deferred tax liability, net	10,553	
Total liabilities	885,027	870,871
Commitments and contingencies (Note M)		
<b>NET ASSETS</b>		
Common stock, \$0.01 par value per share (150,000,000 shares authorized; 58,660,680 and 54,312,444 shares issued and outstanding as of December 31, 2017 and 2016, respectively)	586	543
Additional paid-in capital	1,310,780	1,143,883
Accumulated net investment income, net of cumulative dividends of \$662,563 and \$521,297 as of December 31, 2017 and 2016, respectively	7,921	19,033
Accumulated net realized gain from investments (accumulated net realized gain from investments of \$64,576 before cumulative dividends of \$124,690 as of December 31, 2017 and accumulated net realized gain from investments of \$48,394 before cumulative dividends of \$107,281 as of December 31, 2016)	(60,114)	(58,887)
Net unrealized appreciation, net of income taxes	121,195	96,909
Total net assets	1,380,368	1,201,481
Total liabilities and net assets	\$ 2,265,395	\$ 2,072,352

<b>NET ASSET VALUE PER SHARE</b>	\$	23.53	\$	22.10
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The accompanying notes are an integral part of these consolidated financial statements

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

	<b>Twelve Months Ended December 31,</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>INVESTMENT INCOME:</b>			
Interest, fee and dividend income:			
Control investments	\$ 62,762	\$ 52,221	\$ 49,832
Affiliate investments	37,509	37,702	27,200
Non-Control/Non-Affiliate investments	105,470	88,242	86,571
Interest, fee and dividend income	205,741	178,165	163,603
Interest, fee and dividend income from marketable securities and idle funds investments		174	986
Total investment income	205,741	178,339	164,589
<b>EXPENSES:</b>			
Interest	(36,479)	(33,630)	(32,115)
Compensation	(18,560)	(16,408)	(14,852)
General and administrative	(11,674)	(9,284)	(8,621)
Share-based compensation	(10,027)	(8,304)	(6,262)
Expenses allocated to the External Investment Manager	6,370	5,089	4,335
Total expenses	(70,370)	(62,537)	(57,515)
<b>NET INVESTMENT INCOME</b>	<b>135,371</b>	<b>115,802</b>	<b>107,074</b>
<b>NET REALIZED GAIN (LOSS):</b>			
Control investments	259	32,220	(582)
Affiliate investments	8,044	25,167	5,827
Non-Control/Non-Affiliate investments	7,879	(26,317)	(25,147)
Marketable securities and idle funds investments		(1,681)	(1,414)
SBIC debentures	(5,217)		
Total net realized gain (loss)	10,965	29,389	(21,316)
<b>NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION):</b>			
Portfolio investments	42,545	(8,305)	11,048
Marketable securities and idle funds investments		1,729	(177)
SBIC debentures	6,212	(943)	(879)
Total net change in unrealized appreciation (depreciation)	48,757	(7,519)	9,992
<b>INCOME TAXES:</b>			
Federal and state income, excise and other taxes	(5,206)	(2,089)	(2,964)
Deferred taxes	(19,265)	3,316	11,651
Income tax benefit (provision)	(24,471)	1,227	8,687
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<b>\$ 170,622</b>	<b>\$ 138,899</b>	<b>\$ 104,437</b>

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<b>NET INVESTMENT INCOME PER SHARE BASIC AND DILUTED</b>	\$	2.39	\$	2.23	\$	2.18
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<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS PER SHARE BASIC AND DILUTED</b>	\$	3.01	\$	2.67	\$	2.13
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**DIVIDENDS PAID PER SHARE:**

Regular monthly dividends	\$	2.235	\$	2.175	\$	2.100
Supplemental dividends		0.550		0.550	\$	0.550

Total dividends	\$	2.785	\$	2.725	\$	2.650
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<b>WEIGHTED AVERAGE SHARES OUTSTANDING BASIC AND DILUTED</b>	56,691,913	52,025,002	49,071,492
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The accompanying notes are an integral part of these consolidated financial statements

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## MAIN STREET CAPITAL CORPORATION

## Consolidated Statements of Changes in Net Assets

(dollars in thousands, except shares)

	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				
<b>Balances at December 31, 2014</b>	45,079,150	\$ 451	\$ 853,606	\$ 23,665	\$ (20,456)	\$ 82,716	\$ 939,982
Public offering of common stock, net of offering costs	4,510,568	46	132,003				132,049
Share-based compensation			6,262				6,262
Purchase of vested stock for employee payroll tax withholding	(54,840)	(1)	(1,739)				(1,740)
Dividend reinvestment	636,079	6	19,348				19,354
Amortization of directors' deferred compensation			423				423
Issuance of restricted stock, net of forfeited shares	242,787	2	(2)				
Other			1,566				1,566
Dividends to stockholders				(123,558)	(7,881)		(131,439)
Net increase (decrease) resulting from operations				107,074	(21,316)	18,679	104,437
<b>Balances at December 31, 2015</b>	50,413,744	\$ 504	\$ 1,011,467	\$ 7,181	\$ (49,653)	\$ 101,395	\$ 1,070,894
<b>Balances at December 31, 2015</b>	50,413,744	\$ 504	\$ 1,011,467	\$ 7,181	\$ (49,653)	\$ 101,395	\$ 1,070,894
Public offering of common stock, net of offering costs	3,324,646	33	112,006				112,039
Share-based compensation			8,304				8,304
Purchase of vested stock for employee payroll tax withholding	(80,750)	(1)	(2,592)				(2,593)
Dividend reinvestment	434,631	4	14,073				14,077
Amortization of directors' deferred compensation			628				628
Issuance of restricted stock, net of forfeited shares	262,586	3	(3)				
Dividends to stockholders				(103,950)	(38,623)		(142,573)
Cumulative-effect to retained earnings for excess tax benefit						1,806	1,806
Net increase (decrease) resulting from operations				115,802	29,389	(6,292)	138,899
<b>Balances at December 31, 2016</b>	54,354,857	\$ 543	\$ 1,143,883	\$ 19,033	\$ (58,887)	\$ 96,909	\$ 1,201,481
<b>Balances at December 31, 2016</b>	54,354,857	\$ 543	\$ 1,143,883	\$ 19,033	\$ (58,887)	\$ 96,909	\$ 1,201,481
Public offering of common stock, net of offering costs	3,947,165	40	150,946				150,986
Share-based compensation			10,027				10,027
	(113,371)	(1)	(4,350)				(4,351)

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Purchase of vested stock for employee payroll tax withholding								
Investment through issuance of unregistered shares	11,464		442					442
Dividend reinvestment	234,513	2	9,154					9,156
Amortization of directors' deferred compensation			680					680
Issuance of restricted stock, net of forfeited shares	226,052	2	(2)					
Dividends to stockholders				(141,266)	(17,409)			(158,675)
Net increase (decrease) resulting from operations				130,154	16,182	24,286		170,622
<b>Balances at December 31, 2017</b>	<b>58,660,680</b>	<b>\$ 586</b>	<b>\$ 1,310,780</b>	<b>\$ 7,921</b>	<b>\$ (60,114)</b>	<b>\$ 121,195</b>	<b>\$ 1,380,368</b>	

The accompanying notes are an integral part of these consolidated financial statements

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

	<b>Twelve Months Ended December 31,</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net increase in net assets resulting from operations	\$ 170,622	\$ 138,899	\$ 104,437
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used in) operating activities:			
Investments in portfolio companies	(876,744)	(641,197)	(838,441)
Proceeds from sales and repayments of debt investments in portfolio companies	737,297	409,542	570,454
Proceeds from sales and return of capital of equity investments in portfolio companies	82,128	76,731	34,780
Investments in marketable securities and idle funds investments		(523)	(5,767)
Proceeds from sales and repayments of marketable securities and idle funds investments		4,316	9,529
Net change in net unrealized (appreciation) depreciation	(48,757)	7,519	(9,992)
Net realized (gain) loss	(10,965)	(29,389)	21,316
Accretion of unearned income	(17,008)	(10,211)	(8,940)
Payment-in-kind interest	(4,884)	(6,497)	(3,624)
Cumulative dividends	(3,226)	(2,200)	(1,607)
Share-based compensation expense	10,027	8,304	6,262
Amortization of deferred financing costs	2,784	2,582	2,553
Deferred tax (benefit) provision	19,265	(3,316)	(11,651)
Changes in other assets and liabilities:			
Interest receivable and other assets	2,080	(2,564)	(3,220)
Interest payable	1,170	144	(889)
Accounts payable and other liabilities	6,643	2,541	1,639
Deferred fees and other	2,470	2,589	1,769
Net cash provided by (used in) operating activities	72,902	(42,730)	(131,392)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from public offering of common stock, net of offering costs	150,986	112,039	132,049
Proceeds from public offering of 4.50% Notes due 2022	185,000		
Dividends paid	(148,421)	(127,522)	(110,673)
Proceeds from issuance of SBIC debentures	81,000	15,000	
Repayments of SBIC debentures	(25,200)		
Proceeds from credit facility	448,000	390,000	534,000
Repayments on credit facility	(727,000)	(338,000)	(461,000)
Payment of deferred loan costs and SBIC debenture fees	(5,868)	(1,962)	(1,260)
Purchases of vested stock for employee payroll tax withholding	(4,351)	(2,593)	(1,740)
Other		(83)	(85)
Net cash provided by (used in) financing activities	(45,854)	46,879	91,291
Net increase in cash and cash equivalents	27,048	4,149	(40,101)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>24,480</b>	<b>20,331</b>	<b>60,432</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>\$ 51,528</b>	<b>\$ 24,480</b>	<b>\$ 20,331</b>
<b>Supplemental cash flow disclosures:</b>			
Interest paid	\$ 32,411	\$ 30,756	\$ 30,450

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Taxes paid	\$	2,398	\$	1,495	\$	2,687
<b>Non-cash financing activities:</b>						
Shares issued pursuant to the DRIP	\$	9,156	\$	14,077	\$	19,354

The accompanying notes are an integral part of these consolidated financial statements

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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments****December 31, 2017****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b><u>Control Investments(5)</u></b>					
<b>Access Media Holdings, LLC(10)</b>	Private Cable Operator	5% Current / 5% PIK Secured Debt (Maturity July 22, 2020)(19) Preferred Member Units (8,248,500 units) Member Units (45 units)	\$ 23,828	\$ 23,828 8,142 1	\$ 17,150
				31,971	17,150
<b>ASC Interests, LLC</b>	Recreational and Educational Shooting Facility	11% Secured Debt (Maturity July 31, 2018) Member Units (1,500 units)	1,800	1,795 1,500	1,795 1,530
				3,295	3,325
<b>ATS Workholding, LLC(10)</b>	Manufacturer of Machine Cutting Tools and Accessories	5% Secured Debt (Maturity November 16, 2021) Preferred Member Units (3,725,862 units)	3,726	3,249 3,726	3,249 3,726
				6,975	6,975
<b>Bond-Coat, Inc.</b>	Casing and Tubing Coating Services	12% Secured Debt (Maturity December 28, 2017)(17) Common Stock (57,508 shares)	11,596	11,596 6,350	11,596 9,370
				17,946	20,966
<b>Café Brazil, LLC</b>	Casual Restaurant Group	Member Units (1,233 units)(8)		1,742	4,900
<b>CBT Nuggets, LLC</b>	Produces and Sells IT Training Certification Videos	Member Units (416 units)(8)		1,300	89,560
<b>Charps, LLC</b>	Pipeline Maintenance and Construction		18,400	18,225	18,225

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12% Secured Debt (Maturity February 3,  
2022)  
Preferred Member Units (1,600 units)

400 650

18,625 18,875

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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2017****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>Clad-Rex Steel, LLC</b>	Specialty Manufacturer of Vinyl-Clad Metal	LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.86%, Secured Debt (Maturity December 20, 2021)(9) Member Units (717 units)(8)	13,280	13,168 7,280	13,280 9,500
		10% Secured Debt (Clad-Rex Steel RE Investor, LLC) (Maturity December 20, 2036) Member Units (Clad-Rex Steel RE Investor, LLC) (800 units)	1,183	1,171 210	1,183 280
				21,829	24,243
<b>CMS Minerals Investments</b>	Oil & Gas Exploration & Production	Member Units (CMS Minerals II, LLC) (100 units)(8)		3,440	2,392
<b>Copper Trail Energy Fund I, LP(12)(13)</b>	Investment Partnership	LP Interests (Fully diluted 30.1%)		2,500	2,500
<b>Datacom, LLC</b>	Technology and Telecommunications Provider	8% Secured Debt (Maturity May 30, 2018)	1,575	1,575	1,575
		5.25% Current / 5.25% PIK Secured Debt (Maturity May 30, 2019)(19) Class A Preferred Member Units	12,349	12,311 1,181	11,110 730
		Class B Preferred Member Units (6,453 units)		6,030	
				21,097	13,415
<b>Gamber-Johnson Holdings, LLC</b>	Manufacturer of Ruggedized Computer Mounting Systems	LIBOR Plus 11.00% (Floor 1.00%), Current Coupon 12.36%, Secured Debt (Maturity June 24, 2021)(9) Member Units (8,619 units)(8)	23,400	23,213 14,844	23,400 23,370
				38,057	46,770
<b>Garreco, LLC</b>	Manufacturer and Supplier of Dental Products	LIBOR Plus 10.00% (Floor 1.00%), Current Coupon 11.34%, Secured Debt	5,483	5,443	5,443

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(Maturity March 31, 2020)(9)  
Member Units (1,200 units)

1,200 1,940

6,643 7,383

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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2017****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>GRT Rubber Technologies LLC</b>	Manufacturer of Engineered Rubber Products	LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.36%, Secured Debt (Maturity December 19, 2019)(9) Member Units (5,879 units)(8)	11,603	11,550 13,065	11,603 21,970
				24,615	33,573
<b>Gulf Manufacturing, LLC</b>	Manufacturer of Specialty Fabricated Industrial Piping Products	Member Units (438 units)(8)		2,980	10,060
<b>Gulf Publishing Holdings, LLC</b>	Energy Industry Focused Media and Publishing	LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.86%, Secured Debt (Maturity September 30, 2020)(9) 12.5% Secured Debt (Maturity April 29, 2021) Member Units (3,681 units)	80 12,800	80 12,703 3,681	80 12,703 4,840
				16,464	17,623
<b>Harborside Holdings, LLC</b>	Real Estate Holding Company	Member units (100 units)		6,206	9,400
<b>Harris Preston Fund Investments(12)(13)</b>	Investment Partnership	LP Interests (2717 MH, L.P.) (Fully diluted 49.3%)		536	536
<b>Harrison Hydra-Gen, Ltd.</b>	Manufacturer of Hydraulic Generators	Common Stock (107,456 shares)		718	3,580
<b>HW Temps LLC</b>	Temporary Staffing Solutions	LIBOR Plus 11.00% (Floor 1.00%), Current Coupon 12.36%, Secured Debt (Maturity July 2, 2020)(9) Preferred Member Units (3,200 units)	9,976	9,918 3,942	9,918 3,940
				13,860	13,858
<b>Hydratec, Inc.</b>	Designer and Installer of Micro-Irrigation Systems				

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Common Stock (7,095 shares)(8)	7,095	15,000
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**IDX Broker, LLC**

Provider of Marketing  
and CRM Tools for the  
Real Estate Industry

11.5% Secured Debt (Maturity November 15, 2020)	15,250	15,116	15,250
Preferred Member Units (5,607 units)(8)		5,952	11,660
		21,068	26,910

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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2017****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>Jensen Jewelers of Idaho, LLC</b>	Retail Jewelry Store	Prime Plus 6.75% (Floor 2.00%), Current Coupon 11.00%, Secured Debt (Maturity November 14, 2019)(9) Member Units (627 units)(8)	3,955	3,917 811	3,955 5,100
				4,728	9,055
<b>KBK Industries, LLC</b>	Manufacturer of Specialty Oilfield and Industrial Products	10% Secured Debt (Maturity September 28, 2020) 12.5% Secured Debt (Maturity September 28, 2020) Member Units (325 units)(8)	375 5,900	372 5,867 783	375 5,900 4,420
				7,022	10,695
<b>Lamb Ventures, LLC</b>	Aftermarket Automotive Services Chain	11% Secured Debt (Maturity July 1, 2022) Preferred Equity (non-voting) Member Units (742 units)(8) 9.5% Secured Debt (Lamb's Real Estate Investment I, LLC) (Maturity March 31, 2027) Member Units (Lamb's Real Estate Investment I, LLC) (1,000 units)(8)	9,942 432	9,890 400 5,273 428 625	9,942 400 6,790 432 520
				16,616	18,084
<b>Marine Shelters Holdings, LLC</b>	Fabricator of Marine and Industrial Shelters	12% PIK Secured Debt (Maturity December 28, 2017)(14) Preferred Member Units (3,810 units)	3,131	3,078 5,352	3,078 5,352
				8,430	
<b>Market Force Information, LLC</b>	Provider of Customer Experience Management Services	LIBOR Plus 11.00% (Floor 1.00%), Current Coupon 12.48%, Secured Debt (Maturity July 28, 2022)(9) Member Units (657,113 units)	23,360	23,143 14,700	23,143 14,700
				37,843	37,843

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<b>MH Corbin Holding LLC</b>	Manufacturer and Distributor of Traffic Safety Products	13% Secured Debt (Maturity August 31, 2020)	12,600	12,526	12,526
		Preferred Member Units (4,000 shares)		6,000	6,000
				18,526	18,526

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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2017****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>Mid-Columbia Lumber Products, LLC</b>	Manufacturer of Finger-Jointed Lumber Products	10% Secured Debt (Maturity January 15, 2020)	1,398	1,390	1,390
		12% Secured Debt (Maturity January 15, 2020)	3,900	3,863	3,863
		Member Units (5,714 units)		2,405	1,575
		9.5% Secured Debt (Mid-Columbia Real Estate, LLC) (Maturity May 13, 2025)	791	791	791
		Member Units (Mid-Columbia Real Estate, LLC) (500 units)(8)		790	1,290
					9,239
<b>MSC Adviser I, LLC(16)</b>	Third Party Investment Advisory Services	Member Units (Fully diluted 100.0%)(8)			41,768
<b>Mystic Logistics Holdings, LLC</b>	Logistics and Distribution Services Provider for Large Volume Mailers	12% Secured Debt (Maturity August 15, 2019)	7,768	7,696	7,696
		Common Stock (5,873 shares)		2,720	6,820
				10,416	14,516
<b>NAPCO Precast, LLC</b>	Precast Concrete Manufacturing	LIBOR Plus 8.50%, Current Coupon 9.98%, Secured Debt (Maturity May 31, 2019)	11,475	11,439	11,475
		Member Units (2,955 units)(8)		2,975	11,670
				14,414	23,145
<b>NRI Clinical Research, LLC</b>	Clinical Research Service Provider	LIBOR Plus 6.50% (Floor 1.50%), Current Coupon 8.00%, Secured Debt (Maturity January 15, 2018)(9)	400	400	400
		14% Secured Debt (Maturity January 15, 2018)	3,865	3,865	3,865
		Warrants (251,723 equivalent units; Expiration September 8, 2021; Strike price \$0.01 per unit)		252	500
		Member Units (1,454,167 units)		765	2,500
				5,282	7,265

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<b>NRP Jones, LLC</b>	Manufacturer of Hoses, Fittings and Assemblies	12% Secured Debt (Maturity March 20, 2023)	6,376	6,376	6,376
		Member Units (65,208 units)(8)		3,717	3,250
				10,093	9,626

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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2017****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>NuStep, LLC</b>	Designer, Manufacturer and Distributor of Fitness Equipment	12% Secured Debt (Maturity January 31, 2022) Preferred Member Units (406 units)	20,600	20,420 10,200	20,420 10,200
				30,620	30,620
<b>OMi Holdings, Inc.</b>	Manufacturer of Overhead Cranes	Common Stock (1,500 shares)(8)		1,080	14,110
<b>Pegasus Research Group, LLC</b>	Provider of Telemarketing and Data Services	Member Units (460 units)(8)		1,290	10,310
<b>PPL RVs, Inc.</b>	Recreational Vehicle Dealer	LIBOR Plus 7.00% (Floor 0.50%), Current Coupon 8.34%, Secured Debt (Maturity November 15, 2021)(9) Common Stock (1,962 shares)(8)	16,100	15,972 2,150	16,100 12,440
				18,122	28,540
<b>Principle Environmental, LLC (d/b/a TruHorizon Environmental Solutions)</b>	Noise Abatement Service Provider	13% Secured Debt (Maturity April 30, 2020) Preferred Member Units (19,631 units) Warrants (1,018 equivalent units; Expiration January 31, 2021; Strike price \$0.01 per unit)	7,477	7,347 4,600	7,477 11,490
				1,200	650
				13,147	19,617
<b>Quality Lease Service, LLC</b>	Provider of Rigsite Accommodation Unit Rentals and Related Services	Zero Coupon Secured Debt (Maturity June 8, 2020) Member Units (1,000 units)	7,341	7,341 2,868	6,950 4,938
				10,209	11,888
<b>River Aggregates, LLC</b>	Processor of Construction Aggregates				

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Zero Coupon Secured Debt (Maturity June 30, 2018)	750	707	707
Member Units (1,150 units)		1,150	4,610
Member Units (RA Properties, LLC) (1,500 units)		369	2,559
		2,226	7,876

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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2017****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>SoftTouch Medical Holdings LLC</b>	Provider of In-Home Pediatric Durable Medical Equipment	LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.36%, Secured Debt (Maturity October 31, 2019)(9) Member Units (4,450 units)(8)	7,140	7,110 4,930	7,140 10,089
				12,040	17,229
<b>The MPI Group, LLC</b>	Manufacturer of Custom Hollow Metal Doors, Frames and Accessories	9% Secured Debt (Maturity October 2, 2018) Series A Preferred Units (2,500 units) Warrants (1,424 equivalent units; Expiration July 1, 2024; Strike price \$0.01 per unit) Member Units (MPI Real Estate Holdings, LLC) (100 units)(8)	2,924	2,923 2,500 1,096	2,410 2,389
				8,819	4,799
<b>Uvalco Supply, LLC</b>	Farm and Ranch Supply Store	9% Secured Debt (Maturity January 1, 2019) Member Units (1,867 units)(8)	348	348 3,579	348 3,880
				3,927	4,228
<b>Vision Interests, Inc.</b>	Manufacturer / Installer of Commercial Signage	13% Secured Debt (Maturity December 23, 2018) Series A Preferred Stock (3,000,000 shares) Common Stock (1,126,242 shares)	2,814	2,797 3,000 3,706	2,797 3,000
				9,503	5,797
<b>Ziegler's NYPD, LLC</b>	Casual Restaurant Group	6.5% Secured Debt (Maturity October 1, 2019) 12% Secured Debt (Maturity October 1, 2019) 14% Secured Debt (Maturity October 1, 2019) Warrants (587 equivalent units; Expiration September 29, 2018; Strike	1,000 300 2,750	996 300 2,750 600	996 300 2,750

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price \$0.01 per unit)			
Preferred Member Units (10,072 units)	2,834	3,220	
	7,480	7,266	
<b>Subtotal Control Investments (34.6% of total investments at fair value)</b>	<b>\$ 530,034</b>	<b>\$ 750,706</b>	

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## MAIN STREET CAPITAL CORPORATION

## Consolidated Schedule of Investments (Continued)

December 31, 2017

(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
<b><u>Affiliate Investments(6)</u></b>					
AFG Capital Group, LLC	Provider of Rent-to-Own Financing Solutions and Services	Warrants (42 equivalent units; Expiration November 7, 2024; Strike price \$0.01 per unit)		\$ 259	\$ 860
		Member Units (186 units)(8)		1,200	3,590
				1,459	4,450
Barfly Ventures, LLC(10)	Casual Restaurant Group	12% Secured Debt (Maturity August 31, 2020)	8,715	8,572	8,715
		Options (2 equivalent units)		397	920
		Warrant (1 equivalent unit; Expiration August 31, 2025; Strike price \$1.00 per unit)		473	520
				9,442	10,155
BBB Tank Services, LLC	Maintenance, Repair and Construction Services to the Above-Ground Storage Tank Market	LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 9.36%, Secured Debt (Maturity April 8, 2021)(9)	800	778	778
		15% Secured Debt (Maturity April 8, 2021)	4,000	3,876	3,876
		Member Units (800,000 units)		800	500
				5,454	5,154
Boccella Precast Products LLC	Manufacturer of Precast Hollow Core Concrete	LIBOR Plus 10.00% (Floor 1.00%), Current Coupon 11.34%, Secured Debt (Maturity June 30, 2022)(9)	16,400	16,230	16,400
		Member Units (2,160,000 units)		2,160	3,440
				18,390	19,840
Boss Industries, LLC	Manufacturer and Distributor of Air, Power and Other Industrial Equipment	Preferred Member Units (2,242 units)(8)		2,080	3,930



Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2017****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>Bridge Capital Solutions Corporation</b>	Financial Services and Cash Flow Solutions Provider	13% Secured Debt (Maturity July 25, 2021)	7,500	5,884	5,884
		Warrants (63 equivalent shares; Expiration July 25, 2026; Strike price \$0.01 per share)		2,132	3,520
		13% Secured Debt (Mercury Service Group, LLC) (Maturity July 25, 2021)	1,000	992	1,000
		Preferred Member Units (Mercury Service Group, LLC) (17,742 units)(8)		1,000	1,000
				10,008	11,404
<b>Buca C, LLC</b>	Casual Restaurant Group	LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.63%, Secured Debt (Maturity June 30, 2020)(9)	20,304	20,193	20,193
		Preferred Member Units (6 units; 6% cumulative)(8)(19)		4,177	4,172
				24,370	24,365
<b>CAI Software LLC</b>	Provider of Specialized Enterprise Resource Planning Software	12% Secured Debt (Maturity October 10, 2019)	4,083	4,060	4,083
		Member Units (65,356 units)(8)		654	3,230
				4,714	7,313
<b>Chandler Signs Holdings, LLC(10)</b>	Sign Manufacturer	12% Secured Debt (Maturity July 4, 2021)	4,500	4,468	4,500
		Class A Units (1,500,000 units)(8)		1,500	2,650
				5,968	7,150
<b>Condit Exhibits, LLC</b>	Tradeshaw Exhibits / Custom Displays Provider	Member Units (3,936 units)(8)		100	1,950
<b>Congruent Credit Opportunities Funds(12)(13)</b>	Investment Partnership	LP Interests (Congruent Credit Opportunities Fund II, LP) (Fully diluted 19.8%)(8)		5,730	1,515
		LP Interests (Congruent Credit Opportunities Fund III, LP) (Fully diluted		17,869	18,632

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17.4%)(8)

23,599 20,147

<b>Dos Rios Partners(12)(13)</b>	Investment Partnership			
		LP Interests (Dos Rios Partners, LP) (Fully diluted 20.2%)	5,996	7,165
		LP Interests (Dos Rios Partners A, LP) (Fully diluted 6.4%)	1,904	1,889
			7,900	9,054

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## MAIN STREET CAPITAL CORPORATION

## Consolidated Schedule of Investments (Continued)

December 31, 2017

(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
<b>Dos Rios Stone Products LLC(10)</b>	Limestone and Sandstone Dimension Cut Stone Mining Quarries	Class A Units (2,000,000 units)(8)		2,000	1,790
<b>East Teak Fine Hardwoods, Inc.</b>	Distributor of Hardwood Products	Common Stock (6,250 shares)(8)		480	630
<b>EIG Fund Investments(12)(13)</b>	Investment Partnership	LP Interests (EIG Global Private Debt Fund-A, L.P.) (Fully diluted 11.1%)(8)		1,103	1,055
<b>Freeport Financial Funds(12)(13)</b>	Investment Partnership	LP Interests (Freeport Financial SBIC Fund LP) (Fully diluted 9.3%)(8)		5,974	5,614
		LP Interests (Freeport First Lien Loan Fund III LP) (Fully diluted 6.0%)(8)		8,558	8,506
				14,532	14,120
<b>Gault Financial, LLC (RMB Capital, LLC)</b>	Purchases and Manages Collection of Healthcare and other Business Receivables	10.5% Secured Debt (Maturity January 1, 2019) Warrants (29,032 equivalent units; Expiration February 9, 2022; Strike price \$0.01 per unit)	12,483	12,483 400	11,532 11,532
<b>Guerdon Modular Holdings, Inc.</b>	Multi-Family and Commercial Modular Construction Company	13% Secured Debt (Maturity August 13, 2019) Preferred Stock (404,998 shares) Common Stock (212,033 shares)	10,708	10,632 1,140 2,983	10,632 10,632
				14,755	10,632
<b>Harris Preston Fund Investments(12)(13)</b>	Investment Partnership	LP Interests (HPEP 3, L.P.) (Fully diluted 9.9%)		943	943
<b>Hawk Ridge Systems, LLC(13)</b>	Value-Added Reseller of Engineering Design and Manufacturing Solutions				

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11% Secured Debt (Maturity December 2, 2021)	14,300	14,175	14,300
Preferred Member Units (226 units)(8)		2,850	3,800
Preferred Member Units (HRS Services, ULC) (226 units)(8)		150	200
		17,175	18,300

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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2017****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>Houston Plating and Coatings, LLC</b>	Provider of Plating and Industrial Coating Services	8% Unsecured Convertible Debt (Maturity May 1, 2022) Member Units (315,756 units)	3,000	3,000 2,179	3,200 6,140
				5,179	9,340
<b>I-45 SLF LLC(12)(13)</b>	Investment Partnership	Member Units (Fully diluted 20.0%; 24.4% profits interest)(8)		16,200	16,841
<b>L.F. Manufacturing Holdings, LLC(10)</b>	Manufacturer of Fiberglass Products	Member Units (2,179,001 units)		2,019	2,000
<b>Meisler Operating LLC</b>	Provider of Short-term Trailer and Container Rental	LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.84%, Secured Debt (Maturity June 7, 2022)(9) Member Units (Milton Meisler Holdings LLC) (31,976 units)	16,800	16,633 3,200	16,633 3,390
				19,833	20,023
<b>OnAsset Intelligence, Inc.</b>	Provider of Transportation Monitoring / Tracking Products and Services	12% PIK Secured Debt (Maturity June 30, 2021)(19) 10% PIK Unsecured Debt (Maturity June 30, 2021)(19) Preferred Stock (912 shares) Warrants (5,333 equivalent shares; Expiration April 18, 2021; Strike price \$0.01 per share)	5,094 48	5,094 48 1,981	5,094 48
				1,919	
				9,042	5,142
<b>OPI International Ltd.(13)</b>	Provider of Man Camp and Industrial Storage Services	Common Stock (20,766,317 shares)		1,371	
<b>PCI Holding Company, Inc.</b>	Manufacturer of Industrial Gas Generating Systems				

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12% Secured Debt (Maturity March 31, 2019)	12,650	12,593	12,593
Preferred Stock (1,740,000 shares)		1,740	2,610
Preferred Stock (1,500,000 shares; 20% cumulative)(8)(19)		3,927	890
		18,260	16,093

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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2017****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>Rocacea, LLC (Quality Lease and Rental Holdings, LLC)</b>	Provider of Rigsite Accommodation Unit Rentals and Related Services	12% Secured Debt (Maturity January 8, 2018)(14)(15) Preferred Member Units (250 units)	30,785	30,281 2,500	250
				32,781	250
<b>Tin Roof Acquisition Company</b>	Casual Restaurant Group	12% Secured Debt (Maturity November 13, 2018) Class C Preferred Stock (Fully diluted 10.0%; 10% cumulative)(8)(19)	12,783	12,722 3,027	12,722 3,027
				15,749	15,749
<b>UniTek Global Services, Inc.(11)</b>	Provider of Outsourced Infrastructure Services	LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 10.20%, Secured Debt (Maturity January 13, 2019)(9)	8,535	8,529	8,535
		LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 9.20% / 1.00% PIK, Current Coupon Plus PIK 10.20%, Secured Debt (Maturity January 13, 2019)(9)(19)	137	137	137
		15% PIK Unsecured Debt (Maturity July 13, 2019)(19)	865	865	865
		Preferred Stock (2,596,567 shares; 19% cumulative)(8)(19)		2,858	2,850
		Preferred Stock (4,935,377 shares; 13.5% cumulative)(8)(19)		7,361	7,320
		Common Stock (1,075,992 shares)			2,490
					19,750
<b>Universal Wellhead Services Holdings, LLC(10)</b>	Provider of Wellhead Equipment, Designs, and Personnel to the Oil & Gas Industry	Preferred Member Units (UWS Investments, LLC) (716,949 units) Member Units (UWS Investments, LLC) (4,000,000 units)		717 4,000	830 1,910
				4,717	2,740
<b>Valley Healthcare Group, LLC</b>	Provider of Durable Medical Equipment				

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LIBOR Plus 12.50% (Floor 0.50%), Current Coupon 13.86%, Secured Debt (Maturity December 29, 2020)(9)	11,766	11,685	11,685
Preferred Member Units (Valley Healthcare Holding, LLC) (1,600 units)		1,600	1,600
		13,285	13,285

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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2017****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>Volusion, LLC</b>	Provider of Online Software-as-a-Service eCommerce Solutions	11.5% Secured Debt (Maturity January 26, 2020)	16,734	15,200	15,200
		Preferred Member Units (4,876,670 units)		14,000	14,000
		Warrants (1,831,355 equivalent units; Expiration January 26, 2025; Strike price \$0.01 per unit)		2,576	2,080
				31,776	31,280
<b>Subtotal Affiliate Investments (15.6% of total investments at fair value)</b>				<b>\$ 367,317</b>	<b>\$ 338,854</b>

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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2017****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b><u>Non-Control/Non-Affiliate Investments(7)</u></b>					
<b>AAC Holdings, Inc.(11)</b>	Substance Abuse Treatment Service Provider	LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 8.13%, Secured Debt (Maturity June 30, 2023)(9)	\$ 11,751	\$ 11,475	\$ 11,810
<b>Adams Publishing Group, LLC(10)</b>	Local Newspaper Operator	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.69%, Secured Debt (Maturity November 3, 2020)(9)	10,341	10,116	10,147
<b>ADS Tactical, Inc.(10)</b>	Value-Added Logistics and Supply Chain Provider to the Defense Industry	LIBOR Plus 7.50% (Floor 0.75%), Current Coupon 9.19%, Secured Debt (Maturity December 31, 2022)(9)	13,014	12,767	12,833
<b>Aethon United BR LP(10)</b>	Oil & Gas Exploration & Production	LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 8.15%, Secured Debt (Maturity September 8, 2023)(9)	3,438	3,388	3,388
<b>Ahead, LLC(10)</b>	IT Infrastructure Value Added Reseller	LIBOR Plus 6.50%, Current Coupon 8.20%, Secured Debt (Maturity November 2, 2020)	11,061	10,848	11,130
<b>Allflex Holdings III Inc.(11)</b>	Manufacturer of Livestock Identification Products	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.36%, Secured Debt (Maturity July 19, 2021)(9)	13,846	13,781	13,955
<b>American Scaffold Holdings, Inc.(10)</b>	Marine Scaffolding Service Provider	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 8.19%, Secured Debt (Maturity March 31, 2022)(9)	7,031	6,947	6,996

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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2017****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>American Teleconferencing Services, Ltd.(11)</b>	Provider of Audio Conferencing and Video Collaboration Solutions	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.90%, Secured Debt (Maturity December 8, 2021)(9)	10,582	9,934	10,443
		LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.85%, Secured Debt (Maturity June 6, 2022)(9)	3,714	3,589	3,507
				13,523	13,950
<b>Anchor Hocking, LLC(11)</b>	Household Products Manufacturer	LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.49%, Secured Debt (Maturity June 4, 2020)(9)	2,254	2,211	2,248
		Member Units (440,620 units)		4,928	3,745
				7,139	5,993
<b>Apex Linen Service, Inc.</b>	Industrial Launderers	LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.36%, Secured Debt (Maturity October 30, 2022)(9)	2,400	2,400	2,400
		16% Secured Debt (Maturity October 30, 2022)	14,416	14,347	14,347
				16,747	16,747
<b>Arcus Hunting LLC.(10)</b>	Manufacturer of Bowhunting and Archery Products and Accessories	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.34%, Secured Debt (Maturity November 13, 2019)(9)	15,391	15,294	15,391
<b>ATI Investment Sub, Inc.(11)</b>	Manufacturer of Solar Tracking Systems	LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.82%, Secured Debt (Maturity June 22, 2021)(9)	7,364	7,215	7,346
<b>ATX Networks Corp.(11)(13)(21)</b>	Provider of Radio Frequency Management Equipment	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.33% / 1.00% PIK, Current Coupon Plus PIK 8.33%, Secured Debt (Maturity June 11, 2021)(9)(19)	9,567	9,454	9,507

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<b>Berry Aviation, Inc.(10)</b>	Airline Charter Service Operator	13.75% Secured Debt (Maturity January 30, 2020)	5,627	5,598	5,627
		Common Stock (553 shares)		400	1,010
				5,998	6,637

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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2017****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>BigName Commerce, LLC(10)</b>	Provider of Envelopes and Complimentary Stationery Products	LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.59%, Secured Debt (Maturity May 11, 2022)(9)	2,488	2,461	2,461
<b>Binswanger Enterprises, LLC(10)</b>	Glass Repair and Installation Service Provider	LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 9.69%, Secured Debt (Maturity March 9, 2022)(9) Member Units (1,050,000 units)	15,325	15,060 1,050	15,192 1,000
				16,110	16,192
<b>Bluestem Brands, Inc.(11)</b>	Multi-Channel Retailer of General Merchandise	LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 9.07%, Secured Debt (Maturity November 6, 2020)(9)	12,127	11,955	8,540
<b>Brainworks Software, LLC(10)</b>	Advertising Sales and Newspaper Circulation Software	Prime Plus 9.25% (Floor 3.25%), Current Coupon 13.75%, Secured Debt (Maturity July 22, 2019)(9)	6,733	6,705	6,573
<b>Brightwood Capital Fund Investments(12)(13)</b>	Investment Partnership	LP Interests (Brightwood Capital Fund III, LP) (Fully diluted 1.6%)(8) LP Interests (Brightwood Capital Fund IV, LP) (Fully diluted 0.8%)(8)		12,000 1,000	10,328 1,063
				13,000	11,391
<b>Brundage-Bone Concrete Pumping, Inc.(11)</b>	Construction Services Provider	10.375% Secured Debt (Maturity September 1, 2023)	3,000	2,987	3,180
<b>Cadence Aerospace LLC(10)</b>	Aerostructure Manufacturing	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.91%, Secured Debt (Maturity November 14, 2023)(9)	15,000	14,853	14,853
<b>CapFusion, LLC(13)</b>	Non-Bank Lender to Small Businesses				

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13% Secured Debt (Maturity March 25,  
2021)(14)

6,705

5,645

1,871

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<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>California Pizza Kitchen, Inc.(11)</b>	Casual Restaurant Group	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.57%, Secured Debt (Maturity August 23, 2022)(9)	12,902	12,862	12,677
<b>CDHA Management, LLC(10)</b>	Dental Services	LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.76%, Secured Debt (Maturity December 5, 2021)(9)	5,365	5,303	5,365
<b>Central Security Group, Inc.(11)</b>	Security Alarm Monitoring Service Provider	LIBOR Plus 5.63% (Floor 1.00%), Current Coupon 7.19%, Secured Debt (Maturity October 6, 2021)(9)	7,481	7,462	7,518
<b>Cenveo Corporation(11)</b>	Provider of Commercial Printing, Envelopes, Labels, and Printed Office Products	6% Secured Debt (Maturity August 1, 2019)	19,130	17,126	13,582
<b>Charlotte Russe, Inc(11)</b>	Fast-Fashion Retailer to Young Women	LIBOR Plus 5.50% (Floor 1.25%), Current Coupon 6.89%, Secured Debt (Maturity May 22, 2019)(9)	19,041	16,473	7,807
<b>Clarius BIGS, LLC(10)</b>	Prints & Advertising Film Financing	15% PIK Secured Debt (Maturity January 5, 2015)(14)(17)	2,924	2,924	85
<b>Clickbooth.com, LLC(10)</b>	Provider of Digital Advertising Performance Marketing Solutions	LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 10.01%, Secured Debt (Maturity December 5, 2022)(9)	3,000	2,941	2,941
<b>Construction Supply Investments, LLC(10)</b>	Distribution Platform of Specialty Construction Materials to Professional Concrete and Masonry Contractors	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.57%, Secured Debt (Maturity June 30, 2023)(9) Member Units (28,000 units)	7,125	7,090 3,723	7,090 3,723



Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2017****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>CTVSH, PLLC(10)</b>	Emergency Care and Specialty Service Animal Hospital	LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 9.48%, Secured Debt (Maturity August 3, 2022)(9)	11,850	11,739	11,739
<b>Darr Equipment LP(10)</b>	Heavy Equipment Dealer	11.5% Current / 1% PIK Secured Debt (Maturity June 22, 2023)(19) Warrants (915,734 equivalent units; Expiration December 23, 2023; Strike price \$1.50 per unit)	7,229	7,229 474 7,703	7,229 10 7,239
<b>Digital River, Inc.(11)</b>	Provider of Outsourced e-Commerce Solutions and Services	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 8.08%, Secured Debt (Maturity February 12, 2021)(9)	9,313	9,266	9,337
<b>Drilling Info Holdings, Inc.</b>	Information Services for the Oil and Gas Industry	Common Stock (3,788,865 shares)(8)			8,610
<b>EnCap Energy Fund Investments(12)(13)</b>	Investment Partnership	LP Interests (EnCap Energy Capital Fund VIII, L.P.) (Fully diluted 0.1%)(8) LP Interests (EnCap Energy Capital Fund VIII Co-Investors, L.P.) (Fully diluted 0.4%) LP Interests (EnCap Energy Capital Fund IX, L.P.) (Fully diluted 0.1%)(8) LP Interests (EnCap Energy Capital Fund X, L.P.) (Fully diluted 0.1%)(8) LP Interests (EnCap Flatrock Midstream Fund II, L.P.) (Fully diluted 0.8%)(8) LP Interests (EnCap Flatrock Midstream Fund III, L.P.) (Fully diluted 0.2%)		3,906 2,227 4,305 6,277 6,138 3,458 26,311	2,202 1,549 3,720 6,225 6,116 3,828 23,640
<b>Evergreen Skills Lux S.á r.l. (d/b/a Skillsoft)(11)(13)</b>	Technology-based Performance Support Solutions	LIBOR Plus 8.25% (Floor 1.00%), Current Coupon 9.82%, Secured Debt	6,999	6,878	6,244

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(Maturity April 28, 2022)(9)

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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2017****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>Extreme Reach, Inc.(11)</b>	Integrated TV and Video Advertising Platform	LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.95%, Secured Debt (Maturity February 7, 2020)(9)	10,411	10,397	10,398
<b>Felix Investments Holdings II(10)</b>	Oil & Gas Exploration & Production	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.90%, Secured Debt (Maturity August 9, 2022)(9)	3,333	3,267	3,267
<b>Flavors Holdings Inc.(11)</b>	Global Provider of Flavoring and Sweetening Products	LIBOR Plus 5.75% (Floor 1.00%), Current Coupon 7.44%, Secured Debt (Maturity April 3, 2020)(9)	13,076	12,616	12,128
<b>GI KBS Merger Sub LLC(11)</b>	Outsourced Janitorial Services to Retail/Grocery Customers	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.48%, Secured Debt (Maturity October 29, 2021)(9) LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.88%, Secured Debt (Maturity April 29, 2022)(9)	6,807 3,915	6,733 3,769	6,833 3,793
				10,502	10,626
<b>GoWireless Holdings, Inc.(11)</b>	Provider of Wireless Telecommunications Carrier Services	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 8.16%, Secured Debt (Maturity December 22, 2024)(9)	18,000	17,820	17,865
<b>Grace Hill, LLC(10)</b>	Online Training Tools for the Multi-Family Housing Industry	Prime Plus 5.25% (Floor 1.00%), Current Coupon 9.75%, Secured Debt (Maturity August 15, 2019)(9) LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.58%, Secured Debt (Maturity August 15, 2019)(9)	1,215 11,407	1,208 11,356	1,215 11,407
				12,564	12,622

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<b>Great Circle Family Foods, LLC(10)</b>	Quick Service Restaurant Franchise	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.34%, Secured Debt (Maturity October 28, 2019)(9)	7,219	7,187	7,219
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## MAIN STREET CAPITAL CORPORATION

## Consolidated Schedule of Investments (Continued)

December 31, 2017

(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Grupo Hima San Pablo, Inc.(11)	Tertiary Care Hospitals	LIBOR Plus 7.00% (Floor 1.50%), Current Coupon 8.50%, Secured Debt (Maturity January 31, 2018)(9)	4,750	4,748	3,541
		13.75% Secured Debt (Maturity July 31, 2018)	2,055	2,040	226
				6,788	3,767
GST Autoleather, Inc.(11)	Automotive Leather Manufacturer	PRIME Plus 6.50% (Floor 2.25%), Current Coupon 11.00%, Secured Debt (Maturity April 5, 2018)(9)	7,578	7,500	7,500
		PRIME Plus 6.50% (Floor 2.00%), Current Coupon 11.00%, Secured Debt (Maturity July 10, 2020)(9)	15,619	15,120	11,813
				22,620	19,313
Guitar Center, Inc.(11)	Musical Instruments Retailer	6.5% Secured Debt (Maturity April 15, 2019)	16,625	16,009	15,378
Hojeij Branded Foods, LLC(10)	Multi-Airport, Multi- Concept Restaurant Operator	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.57%, Secured Debt (Maturity July 20, 2022)(9)	12,137	12,022	12,137
Hoover Group, Inc.(10)(13)	Provider of Storage Tanks and Related Products to the Energy and Petrochemical Markets	LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.70%, Secured Debt (Maturity January 28, 2021)(9)	8,460	7,986	7,783
Hostway Corporation(11)	Managed Services and Hosting Provider	LIBOR Plus 6.75% (Floor 1.25%), Current Coupon 8.44%, Secured Debt (Maturity December 13, 2019)(9)	20,150	19,796	19,621
		LIBOR Plus 6.75% (Floor 1.25%), Current Coupon 8.44%, Secured Debt (Maturity December 13, 2018)(9)	12,406	11,575	11,692
				31,371	31,313

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**Hunter Defense  
Technologies, Inc.(11)**

Provider of Military and  
Commercial Shelters and  
Systems

LIBOR Plus 6.00% (Floor 1.00%),  
Current Coupon 7.70%, Secured Debt  
(Maturity August 5, 2019)(9)

20,224

19,851

19,997

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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2017****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>Hydrofarm Holdings LLC(10)</b>	Wholesaler of Horticultural Products	LIBOR Plus 7.00%, Current Coupon 8.49%, Secured Debt (Maturity May 12, 2022)	6,708	6,588	6,699
<b>iEnergizer Limited(11)(13)(21)</b>	Provider of Business Outsourcing Solutions	LIBOR Plus 6.00% (Floor 1.25%), Current Coupon 7.57%, Secured Debt (Maturity May 1, 2019)(9)	11,005	10,764	10,977
<b>Implus Footcare, LLC(10)</b>	Provider of Footwear and Related Accessories	LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 8.44%, Secured Debt (Maturity April 30, 2021)(9)	19,372	19,115	19,243
<b>Indivior Finance LLC(11)(13)</b>	Specialty Pharmaceutical Company Treating Opioid Dependence	LIBOR Plus 4.50% (Floor 1.00%), Current Coupon 5.50%, Secured Debt (Maturity December 18, 2022)(9)	1,176	1,171	1,182
<b>Industrial Services Acquisition, LLC(10)</b>	Industrial Cleaning Services	11.25% Current / 0.75% PIK Unsecured Debt (Maturity December 17, 2022)(19) Member Units (Industrial Services Investments, LLC) (900,000 units)	4,553	4,478 900 5,378	4,553 810 5,363
<b>Inn of the Mountain Gods Resort and Casino(11)</b>	Hotel & Casino Owner & Operator	9.25% Secured Debt (Maturity November 30, 2020)	6,249	5,994	5,687
<b>iPayment, Inc.(11)</b>	Provider of Merchant Acquisition	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.62%, Secured Debt (Maturity April 11, 2023)(9)	11,970	11,861	12,090
<b>iQor US Inc.(11)</b>	Business Process Outsourcing Services Provider	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.69%, Secured Debt (Maturity April 1, 2021)(9)	990	983	986

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**irth Solutions, LLC**

Provider of Damage  
Prevention Information  
Technology Services

Member Units (27,893 units)

1,441

1,920

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<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>Jacent Strategic Merchandising, LLC(10)</b>	General Merchandise Distribution	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 8.01%, Secured Debt (Maturity September 16, 2020)(9)	11,110	11,054	11,110
<b>Jackmont Hospitality, Inc.(10)</b>	Franchisee of Casual Dining Restaurants	LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 8.32%, Secured Debt (Maturity May 26, 2021)(9)	4,390	4,379	4,390
<b>Jacuzzi Brands LLC(11)</b>	Manufacturer of Bath and Spa Products	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.69%, Secured Debt (Maturity June 28, 2023)(9)	3,950	3,876	3,980
<b>Joerns Healthcare, LLC(11)</b>	Manufacturer and Distributor of Health Care Equipment & Supplies	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.48% Secured Debt (Maturity May 9, 2020)(9)	13,387	13,299	12,472
<b>Keypoint Government Solutions, Inc.(10)</b>	Provider of Pre-Employment Screening Services	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.35%, Secured Debt (Maturity April 18, 2024)(9)	12,031	11,921	12,031
<b>Larchmont Resources, LLC(11)</b>	Oil & Gas Exploration & Production	LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.53%, PIK Secured Debt (Maturity August 7, 2020)(9)(19) Member Units (Larchmont Intermediate Holdco, LLC) (2,828 units)	2,418	2,418 353	2,394 976
				2,771	3,370
<b>LKCM Headwater Investments I, L.P.(12)(13)</b>	Investment Partnership	LP Interests (Fully diluted 2.3%)		2,500	4,234
<b>Logix Acquisition Company, LLC(10)</b>	Competitive Local Exchange Carrier	LIBOR Plus 5.75% (Floor 1.00%), Current Coupon 7.28%, Secured Debt (Maturity August 9, 2024)(9)	10,135	9,921	9,921



Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2017****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>Looking Glass Investments, LLC(12)(13)</b>	Specialty Consumer Finance	Member Units (2.5 units)		125	57
		Member Units (LGI Predictive Analytics LLC) (190,712 units)(8)		108	92
				233	149
<b>LSF9 Atlantis Holdings, LLC(11)</b>	Provider of Wireless Telecommunications Carrier Services	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.57%, Secured Debt (Maturity May 1, 2023)(9)	2,963	2,931	2,978
<b>Lulu's Fashion Lounge, LLC(10)</b>	Fast Fashion E-Commerce Retailer	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.57%, Secured Debt (Maturity August 28, 2022)(9)	13,381	12,993	13,531
<b>Messenger, LLC(10)</b>	Supplier of Specialty Stationery and Related Products to the Funeral Industry	LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.74%, Secured Debt (Maturity September 9, 2020)(9)	17,331	17,249	17,331
<b>Minute Key, Inc.</b>	Operator of Automated Key Duplication Kiosks	Warrants (1,437,409 equivalent shares; Expiration May 20, 2025; Strike price \$0.01 per share)		280	1,170
<b>NBG Acquisition Inc(11)</b>	Wholesaler of Home Décor Products	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 7.19%, Secured Debt (Maturity April 26, 2024)(9)	4,402	4,336	4,452
<b>New Media Holdings II LLC(11)(13)</b>	Local Newspaper Operator	LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.82%, Secured Debt (Maturity July 14, 2022)(9)	17,715	17,342	17,864
<b>NNE Partners, LLC(10)</b>	Oil & Gas Exploration & Production	LIBOR Plus 8.00%, Current Coupon 9.49%, Secured Debt (Maturity March 2, 2022)	11,958	11,854	11,854

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North American Lifting  
Holdings, Inc.(11)

Crane Service Provider

LIBOR Plus 4.50% (Floor 1.00%),  
Current Coupon 6.19%, Secured Debt  
(Maturity November 27, 2020)(9)

7,745

6,913

7,256

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**MAIN STREET CAPITAL CORPORATION**

**Consolidated Schedule of Investments (Continued)**

**December 31, 2017**

**(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>Novetta Solutions, LLC(11)</b>	Provider of Advanced Analytics Solutions for Defense Agencies	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.70%, Secured Debt (Maturity October 17, 2022)(9)	14,636	14,189	14,239
<b>NTM Acquisition Corp.(11)</b>	Provider of B2B Travel Information Content	LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.94%, Secured Debt (Maturity June 7, 2022)(9)	6,186	6,126	6,155
<b>Ospemifene Royalty Sub LLC (QuatRx)(10)</b>	Estrogen-Deficiency Drug Manufacturer and Distributor	11.5% Secured Debt (Maturity November 15, 2026)(14)	5,071	5,071	1,198
<b>P.F. Chang's China Bistro, Inc.(11)</b>	Casual Restaurant Group	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.51%, Secured Debt (Maturity September 1, 2022)(9)	4,988	4,846	4,715
<b>Paris Presents Incorporated(11)</b>	Branded Cosmetic and Bath Accessories	LIBOR Plus 8.75% (Floor 1.00%), Current Coupon 10.32%, Secured Debt (Maturity December 31, 2021)(9)	4,500	4,471	4,477
<b>Parq Holdings Limited Partnership(11)(13)(21)</b>	Hotel & Casino Operator	LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 9.19%, Secured Debt (Maturity December 17, 2020)(9)	7,481	7,399	7,528
<b>Permian Holdco 2, Inc.(11)</b>	Storage Tank Manufacturer	14% PIK Unsecured Debt (Maturity October 15, 2021)(19)	306	306	306
		Preferred Stock (Permian Holdco 1, Inc.) (154,558 units)		799	980
		Common Stock (Permian Holdco 1, Inc.) (154,558 units)			140
				1,105	1,426
<b>Pernix Therapeutics Holdings, Inc.(10)</b>	Pharmaceutical Royalty	12% Secured Debt (Maturity August 1, 2020)	3,129	3,129	1,971



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<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>Point.360(10)</b>	Fully Integrated Provider of Digital Media Services	Warrants (65,463 equivalent shares; Expiration July 7, 2020; Strike price \$0.75 per share) Common Stock (163,658 shares)		69 273	11
				342	11
<b>PPC/SHIFT LLC(10)</b>	Provider of Digital Solutions to Automotive Industry	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.69%, Secured Debt (Maturity December 22, 2021)(9)	6,869	6,748	6,869
<b>Prowler Acquisition Corp.(11)</b>	Specialty Distributor to the Energy Sector	LIBOR Plus 4.50% (Floor 1.00%), Current Coupon 6.19%, Secured Debt (Maturity January 28, 2020)(9)	12,830	11,332	12,253
<b>PT Network, LLC(10)</b>	Provider of Outpatient Physical Therapy and Sports Medicine Services	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.86%, Secured Debt (Maturity November 30, 2021)(9)	8,553	8,553	8,553
<b>QBS Parent, Inc.(11)</b>	Provider of Software and Services to the Oil & Gas Industry	LIBOR Plus 4.75% (Floor 1.00%), Current Coupon 6.13%, Secured Debt (Maturity August 7, 2021)(9)	14,272	14,114	14,165
<b>Research Now Group, Inc. and Survey Sampling International, LLC(11)</b>	Provider of Outsourced Online Surveying	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 7.13%, Secured Debt (Maturity December 20, 2024)(9)	13,500	12,826	12,826
<b>Resolute Industrial, LLC(10)</b>	HVAC Equipment Rental and Remanufacturing	LIBOR Plus 7.62% (Floor 1.00%), Current Coupon 8.95%, Secured Debt (Maturity July 26, 2022)(9)(25) Member Units (601 units)	17,088	16,770 750	16,770 750

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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2017****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>RGL Reservoir Operations Inc.(11)(13)(21)</b>	Oil & Gas Equipment and Services	1% Current / 9% PIK Secured Debt (Maturity December 21, 2024)(19)	721	407	407
<b>RM Bidder, LLC(10)</b>	Scripted and Unscripted TV and Digital Programming Provider	Warrants (327,532 equivalent units; Expiration October 20, 2025; Strike price \$14.28 per unit) Member Units (2,779 units)		425 46 471	20 20
<b>SAFETY Investment Holdings, LLC</b>	Provider of Intelligent Driver Record Monitoring Software and Services	Member Units (2,000,000 units)		2,000	1,670
<b>Salient Partners L.P.(11)</b>	Provider of Asset Management Services	LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.85%, Secured Debt (Maturity June 9, 2021)(9)	10,081	9,870	9,778
<b>SITV, LLC(11)</b>	Cable Networks Operator	10.375% Secured Debt (Maturity July 1, 2019)	10,429	7,006	7,040
<b>SMART Modular Technologies, Inc.(10)(13)</b>	Provider of Specialty Memory Solutions	LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.66%, Secured Debt (Maturity August 9, 2022)(9)	14,625	14,351	14,552
<b>Sorenson Communications, Inc.(11)</b>	Manufacturer of Communication Products for Hearing Impaired	LIBOR Plus 5.75% (Floor 2.25%), Current Coupon 8.00%, Secured Debt (Maturity April 30, 2020)(9)	13,234	13,170	13,341
<b>Staples Canada ULC(10)(13)(21)</b>	Office Supplies Retailer	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.43%, Secured Debt (Maturity September 12, 2023)(9)(22)	20,000	19,617	18,891

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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2017****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>Strike, LLC(11)</b>	Pipeline Construction and Maintenance Services	LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity November 30, 2022)(9)	9,500	9,250	9,643
		LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 9.45%, Secured Debt (Maturity May 30, 2019)(9)	2,500	2,479	2,513
				11,729	12,156
<b>Subsea Global Solutions, LLC(10)</b>	Underwater Maintenance and Repair Services	LIBOR Plus 6.00% (Floor 1.50%), Current Coupon 7.50%, Secured Debt (Maturity March 17, 2020)(9)	7,687	7,637	7,687
<b>Synagro Infrastructure Company, Inc(11)</b>	Waste Management Services	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 7.19%, Secured Debt (Maturity August 22, 2020)(9)	9,161	8,933	8,608
<b>Tectonic Holdings, LLC</b>	Financial Services Organization	Member Units (200,000 units)(8)		2,000	2,320
<b>TE Holdings, LLC(11)</b>	Oil & Gas Exploration & Production	Member Units (97,048 units)		970	158
<b>TeleGuam Holdings, LLC(11)</b>	Cable and Telecom Services Provider	LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 10.07%, Secured Debt (Maturity April 12, 2024)(9)	7,750	7,602	7,808
<b>TGP Holdings III LLC(11)</b>	Outdoor Cooking & Accessories	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.69%, Secured Debt (Maturity September 25, 2024)(9)	6,898	6,820	6,969
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 10.19%, Secured Debt (Maturity September 25, 2025)(9)	5,000	4,927	5,075
				11,747	12,044
<b>The Container Store, Inc.(11)</b>	Operator of Stores Offering Storage and Organizational Products				

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LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.69%, Secured Debt (Maturity August 15, 2021)(9)	9,938	9,660	9,652
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<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>TMC Merger Sub Corp.(11)</b>	Refractory & Maintenance Services Provider	LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.88%, Secured Debt (Maturity October 31, 2022)(9)(26)	17,653	17,516	17,741
<b>TOMS Shoes, LLC(11)</b>	Global Designer, Distributor, and Retailer of Casual Footwear	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.98%, Secured Debt (Maturity October 30, 2020)(9)	4,875	4,610	2,901
<b>Turning Point Brands, Inc.(10)(13)</b>	Marketer/Distributor of Tobacco Products	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.61%, Secured Debt (Maturity May 17, 2022)(9)(25)	8,436	8,364	8,605
<b>TVG-I-E CMN ACQUISITION, LLC(10)</b>	Organic Lead Generation for Online Postsecondary Schools	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.56%, Secured Debt (Maturity November 3, 2021)(9)	8,170	8,031	8,170
<b>Tweddle Group, Inc.(11)</b>	Provider of Technical Information Services to Automotive OEMs	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.38%, Secured Debt (Maturity October 21, 2022)(9)	6,114	6,011	6,023
<b>U.S. TelePacific Corp.(11)</b>	Provider of Communications and Managed Services	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.69%, Secured Debt (Maturity May 2, 2023)(9)	20,703	20,507	19,862
<b>US Joiner Holding Company(11)</b>	Marine Interior Design and Installation	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.70%, Secured Debt (Maturity April 16, 2020)(9)	13,465	13,366	13,398
<b>VIP Cinema Holdings, Inc.(11)</b>	Supplier of Luxury Seating to the Cinema Industry	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.70%, Secured Debt (Maturity March 1, 2023)(9)	7,700	7,666	7,777



Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2017****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>Vistar Media, Inc.(10)</b>	Operator of Digital Out-of-Home Advertising Platform	LIBOR Plus 10.00% (Floor 1.00%), Current Coupon 11.69%, Secured Debt (Maturity February 16, 2022)(9) Warrants (70,207 equivalent shares; Expiration February 17, 2027; Strike price \$0.01 per share)	3,319	3,048	3,102
				331	499
				3,379	3,601
<b>Wellnext, LLC(10)</b>	Manufacturer of Supplements and Vitamins	LIBOR Plus 10.10% (Floor 1.00%), Current Coupon 11.67%, Secured Debt (Maturity July 21, 2022)(9)(23)	9,930	9,857	9,930
<b>Wireless Vision Holdings, LLC(10)</b>	Provider of Wireless Telecommunications Carrier Services	LIBOR Plus 8.91% (Floor 1.00%), Current Coupon 10.27%, Secured Debt (Maturity September 29, 2022)(9)(24)	12,932	12,654	12,654
<b>Wirepath LLC(11)</b>	E-Commerce Provider into Connected Home Market	LIBOR Plus 5.25% (Floor 1.00%), Current Coupon 6.87%, Secured Debt (Maturity August 5, 2024)(9)	4,988	4,964	5,055
<b>Zilliant Incorporated</b>	Price Optimization and Margin Management Solutions	Preferred Stock (186,777 shares) Warrants (952,500 equivalent shares; Expiration June 15, 2022; Strike price \$0.001 per share)		154	260
				1,071	1,189
				1,225	1,449
<b>Subtotal Non-Control/Non-Affiliate Investments (49.8% of total investments at fair value)</b>				\$ 1,107,447	\$ 1,081,745
<b>Total Portfolio Investments, December 31, 2017</b>				\$ 2,004,798	\$ 2,171,305

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- (1) All investments are Lower Middle Market portfolio investments, unless otherwise noted. See Note B for a description of Lower Middle Market portfolio investments. All of the Company's investments, unless otherwise noted, are encumbered either as security for the Company's Credit Agreement or in support of the SBA-guaranteed debentures issued by the Funds.
- (2) Debt investments are income producing, unless otherwise noted. Equity and warrants are non-income producing, unless otherwise noted.
- (3) See Note C for a summary of geographic location of portfolio companies.
- (4) Principal is net of repayments. Cost is net of repayments 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.

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**MAIN STREET CAPITAL CORPORATION**

**Consolidated Schedule of Investments (Continued)**

**December 31, 2017**

**(dollars in thousands)**

- (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. A majority of the variable rate loans in the Company's investment portfolio bear interest at a rate that may be determined by reference to either LIBOR or an alternate Base Rate (commonly based on the Federal Funds Rate or the Prime Rate), which typically resets semi-annually, quarterly, or monthly at the borrower's option. The borrower may also elect to have multiple interest reset periods for each loan. For each such loan, the Company has provided the weighted average annual stated interest rate in effect at December 31, 2017. As noted in this schedule, 67% of the loans (based on the par amount) contain LIBOR floors which range between 0.50% and 2.25%, with a weighted-average LIBOR floor of approximately 1.02%.
- (10) Private Loan portfolio investment. See Note B for a description of Private Loan portfolio investments.
- (11) Middle Market portfolio investment. See Note B for a description of Middle Market portfolio investments.
- (12) Other Portfolio investment. See Note B for a description of Other Portfolio investments.
- (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.
- (14) Non-accrual and non-income producing investment.
- (15) Portfolio company is in a bankruptcy process and, as such, the maturity date of our debt investments in this portfolio company will not be finally determined until such process is complete. As noted in footnote (14), our debt investments in this portfolio company are on non-accrual status.
- (16) External Investment Manager. Investment is not encumbered as security for the Company's Credit Agreement or in support of the SBA-guaranteed debentures issued by the Funds.
- (17) Maturity date is under on-going negotiations with the portfolio company and other lenders, if applicable.
- (18) Investment fair value was determined using significant unobservable inputs, unless otherwise noted. See Note C for further discussion.
- (19) PIK interest income and cumulative dividend income represent income not paid currently in cash.
- (20) All portfolio company headquarters are based in the United States, unless otherwise noted.
- (21) Portfolio company headquarters are located outside of the United States.
- (22) In connection with the Company's debt investment in Staples Canada ULC to help mitigate any potential adverse change in foreign exchange rates during the term of the Company's investment, the Company entered into a forward foreign currency contract with Cadence Bank to lend \$24.2 million

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Canadian Dollars and receive \$20.0 million U.S. Dollars with a settlement date of September 12, 2018. The unrealized appreciation on the forward foreign currency contract is \$0.7 million as of December 31, 2017. This unrealized appreciation is offset by the foreign currency translation depreciation on the investment.

- (23) The Company has entered into an intercreditor agreement that entitles the Company to the "last out" tranche of the first lien secured loans, whereby the "first out" tranche will receive priority as to the "last out" tranche with respect to payments of principal, interest, and any other amounts due thereunder. Therefore, the Company receives a higher interest rate than the contractual stated interest rate of LIBOR plus 7.50% (Floor 1.00%) per the Credit Agreement and the Consolidated Schedule of Investments above reflects such higher rate.
- (24) The Company has entered into an intercreditor agreement that entitles the Company to the "last out" tranche of the first lien secured loans, whereby the "first out" tranche will receive priority as to the "last out" tranche with respect to payments of principal, interest, and any other amounts due thereunder. Therefore, the Company receives a higher interest rate than the contractual stated interest rate of LIBOR plus 8.50% (Floor 1.00%) per the Credit Agreement and the Consolidated Schedule of Investments above reflects such higher rate.
- (25) As part of the credit agreement with the portfolio company, the Company is entitled to the "last out" tranche of the first lien secured loans, whereby the "first out" tranche receives priority over the "last out" tranche with respect to payments of principal, interest, and any other amounts due thereunder. The rate the Company receives per the Credit Agreement is the same as the rate reflected in the Consolidated Schedule of Investments above.
- (26) The Company has entered into an intercreditor agreement that entitles the Company to the "first out" tranche of the first lien secured loans, whereby the "first out" tranche will receive priority as to the "last out" tranche with respect to payments of principal, interest, and any other amounts due thereunder. Therefore, the Company receives a lower interest rate than the contractual stated interest rate of LIBOR plus 6.64% (Floor 1.00%) per the Credit Agreement and the Consolidated Schedule of Investments above reflects such lower rate.

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments****December 31, 2016****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b><u>Control Investments(5)</u></b>					
<b>Access Media Holdings, LLC(10)</b>	Private Cable Operator	5% Current / 5% PIK Secured Debt (Maturity July 22, 2020)(19) Preferred Member Units (6,581,250 units) Member Units (45 units)	\$ 22,664	\$ 22,664 6,475 1	\$ 19,700 240 19,940
<b>Ameritech College Operations, LLC</b>	For-Profit Nursing and Healthcare College	10% Secured Debt (Maturity November 30, 2019) 13% Secured Debt (Maturity November 30, 2019) 13% Secured Debt (Maturity January 31, 2020) Preferred Member Units (294 units)	514 489 3,025	514 489 3,025 2,291 6,319	514 489 3,025 2,291 6,319
<b>ASC Interests, LLC</b>	Recreational and Educational Shooting Facility	11% Secured Debt (Maturity July 31, 2018) Member Units (1,500 units)(8)	2,100	2,084 1,500 3,584	2,100 2,680 4,780
<b>Bond-Coat, Inc.</b>	Casing and Tubing Coating Services	12% Secured Debt (Maturity December 28, 2017) Common Stock (57,508 shares)	11,596	11,556 6,350 17,906	11,596 6,660 18,256
<b>Café Brazil, LLC</b>	Casual Restaurant Group	Member Units (1,233 units)(8)		1,742	6,040
<b>CBT Nuggets, LLC</b>	Produces and Sells IT Training Certification Videos	Member Units (416 units)(8)		1,300	55,480

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2016****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>Clad-Rex Steel, LLC</b>	Specialty Manufacturer of Vinyl-Clad Metal	LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.50%, Secured Debt (Maturity December 20, 2018)(9)	400	396	396
		LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.50%, Secured Debt (Maturity December 20, 2021)(9)	14,080	13,941	13,941
		Member Units (717 units)		7,280	7,280
		10% Secured Debt (Clad-Rex Steel RE Investor, LLC) (Maturity December 20, 2036)	1,202	1,190	1,190
		Member Units (Clad-Rex Steel RE Investor, LLC) (800 units)		210	210
				23,017	23,017
<b>CMS Minerals Investments</b>	Oil & Gas Exploration & Production	Preferred Member Units (CMS Minerals LLC) (458 units)(8)		2,104	3,682
		Member Units (CMS Minerals II, LLC) (100 units)(8)		3,829	3,381
				5,933	7,063
<b>Datacom, LLC</b>	Technology and Telecommunications Provider	8% Secured Debt (Maturity May 30, 2017)	900	900	900
		5.25% Current / 5.25% PIK Secured Debt (Maturity May 30, 2019)(19)	11,713	11,651	11,049
		Class A Preferred Member Units		1,181	1,368
		Class B Preferred Member Units (6,453 units)		6,030	1,529
				19,762	14,846
<b>Gamber-Johnson Holdings, LLC</b>	Manufacturer of Ruggedized Computer Mounting Systems	LIBOR Plus 11.00% (Floor 1.00%), Current Coupon 12.00%, Secured Debt (Maturity June 24, 2021)(9)	24,080	23,846	23,846
		Member Units (8,619 units)		14,844	18,920
				38,690	42,766
<b>Garreco, LLC</b>	Manufacturer and Supplier of Dental				

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Products

14% Secured Debt (Maturity January 12, 2018)	5,250	5,219	5,219
Member Units (1,200 units)		1,200	1,150
		6,419	6,369

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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2016****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>GRT Rubber Technologies LLC</b>	Manufacturer of Engineered Rubber Products	LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, Secured Debt (Maturity December 19, 2019)(9) Member Units (5,879 units)(8)	13,274	13,188	13,274
				13,065	20,310
				26,253	33,584
<b>Gulf Manufacturing, LLC</b>	Manufacturer of Specialty Fabricated Industrial Piping Products	9% PIK Secured Debt (Ashland Capital IX, LLC) (Maturity June 30, 2017)(19) Member Units (438 units)(8)	777	777	777
				2,980	8,770
				3,757	9,547
<b>Gulf Publishing Holdings, LLC</b>	Energy Industry Focused Media and Publishing	12.5% Secured Debt (Maturity April 29, 2021) Member Units (3,124 units)	10,000	9,911	9,911
				3,124	3,124
				13,035	13,035
<b>Harrison Hydra-Gen, Ltd.</b>	Manufacturer of Hydraulic Generators	Common Stock (107,456 shares)(8)		718	3,120
<b>Hawthorne Customs and Dispatch Services, LLC</b>	Facilitator of Import Logistics, Brokerage, and Warehousing	Member Units (500 units) Member Units (Wallisville Real Estate, LLC) (588,210 units)(8)		589	280
				1,215	2,040
				1,804	2,320
<b>HW Temps LLC</b>	Temporary Staffing Solutions	LIBOR Plus 13.00% (Floor 1.00%), Current Coupon 14.00%, Secured Debt (Maturity July 2, 2020)(9) Preferred Member Units (3,200 units)(8)	10,576	10,500	10,500
				3,942	3,940
				14,442	14,440

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<b>Hydratec, Inc.</b>	Designer and Installer of Micro-Irrigation Systems	Common Stock (7,095 shares)(8)	7,095	15,640
<b>IDX Broker, LLC</b>	Provider of Marketing and CRM Tools for the Real Estate Industry	12.5% Secured Debt		
		(Maturity November 15, 2018)	10,950	10,950
		Member Units (5,400 units)(8)		5,606
				7,040
			16,510	17,990

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## MAIN STREET CAPITAL CORPORATION

## Consolidated Schedule of Investments (Continued)

December 31, 2016

(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Indianapolis Aviation Partners, LLC	Fixed Base Operator	15% Secured Debt (Maturity January 15, 2017)	3,100	3,100	3,100
		Warrants (1,046 equivalent units; Expiration September 15, 2019; Strike price \$0.01 per unit)		1,129	2,649
				4,229	5,749
Jensen Jewelers of Idaho, LLC	Retail Jewelry Store	Prime Plus 6.75% (Floor 2.00%), Current Coupon 10.25%, Secured Debt (Maturity November 14, 2019)(9) Member Units (627 units)(8)	4,055	3,996 811	4,055 4,460
				4,807	8,515
Lamb Ventures, LLC	Aftermarket Automotive Services Chain	11% Secured Debt (Maturity May 31, 2018)	7,657	7,657	7,657
		Preferred Equity (non-voting) Member Units (742 units)(8)		400 5,273	400 5,990
		9.5% Secured Debt (Lamb's Real Estate Investment I, LLC) (Maturity December 31, 2041) Member Units (Lamb's Real Estate Investment I, LLC) (1,000 units)(8)	1,170	1,170	1,170
				625	1,340
				15,125	16,557
Lighting Unlimited, LLC	Commercial and Residential Lighting Products and Design Services	8% Secured Debt (Maturity August 22, 2017)	1,514	1,514	1,514
		Preferred Equity (non-voting) Warrants (71 equivalent units; Expiration June 14, 2021; Strike price \$0.01 per unit) Member Units (700 units)		434 54 100	410
				2,102	1,924
Marine Shelters Holdings, LLC	Fabricator of Marine and Industrial Shelters	12% PIK Secured Debt (Maturity December 28, 2017)(14) Preferred Member Units (3,810 units)	9,967	9,914 5,352	9,387

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		15,266	9,387
<b>MH Corbin Holding LLC</b>	Manufacturer and Distributor of Traffic Safety Products		
	10% Secured Debt (Maturity August 31, 2020)	13,300	13,197
	Preferred Member Units (4,000 shares)		6,000
			19,197

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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2016****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>Mid-Columbia Lumber Products, LLC</b>	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 (3,554 units)		1,810	2,480
		9.5% Secured Debt (Mid Columbia Real Estate, LLC) (Maturity May 13, 2025)	836	836	836
		Member Units (Mid Columbia Real Estate, LLC) (250 units)(8)		250	600
					8,546
<b>MSC Adviser I, LLC(16)</b>	Third Party Investment Advisory Services	Member Units (Fully diluted 100.0%)(8)			30,617
<b>Mystic Logistics Holdings, LLC</b>	Logistics and Distribution Services Provider for Large Volume Mailers	12% Secured Debt (Maturity August 15, 2019)	9,176	9,053	9,176
		Common Stock (5,873 shares)		2,720	5,780
				11,773	14,956
<b>NAPCO Precast, LLC</b>	Precast Concrete Manufacturing	Prime Plus 2.00% (Floor 7.00%), Current Coupon 9.00%, Secured Debt (Maturity February 1, 2019)(9)	2,713	2,693	2,713
		18% Secured Debt (Maturity February 1, 2019)	3,952	3,922	3,952
		Member Units (2,955 units)(8)		2,975	10,920
				9,590	17,585
<b>NRI Clinical Research, LLC</b>	Clinical Research Service Provider	LIBOR Plus 6.50% (Floor 1.50%), Current Coupon 8.00%, Secured Debt (Maturity September 8, 2017)(9)	200	200	200
		14% Secured Debt (Maturity September 8, 2017)	4,261	4,228	4,261
		Warrants (251,723 equivalent units; Expiration September 8, 2021; Strike price \$0.01 per unit)		252	680
		Member Units (1,454,167 units)		765	2,462

5,445

7,603

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## MAIN STREET CAPITAL CORPORATION

## Consolidated Schedule of Investments (Continued)

December 31, 2016

(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
NRP Jones, LLC	Manufacturer of Hoses, Fittings and Assemblies	6% Current / 6% PIK Secured Debt (Maturity December 22, 2016)(17)(19)	13,915	13,915	13,915
		Warrants (14,331 equivalent units; Expiration December 22, 2022; Strike price \$0.01 per unit)		817	130
		Member Units (50,877 units)		2,900	410
				17,632	14,455
OMi Holdings, Inc.	Manufacturer of Overhead Cranes	Common Stock (1,500 shares)(8)		1,080	13,080
Pegasus Research Group, LLC	Provider of Telemarketing and Data Services	Member Units (460 units)(8)		1,290	8,620
PPL RVs, Inc.	Recreational Vehicle Dealer	LIBOR Plus 7.00% (Floor 0.50%), Current Coupon 7.93%, Secured Debt (Maturity November 15, 2021)(9)	18,000	17,826	17,826
		Common Stock (1,962 shares)(8)		2,150	11,780
				19,976	29,606
Principle Environmental, LLC	Noise Abatement Service Provider	12% Secured Debt (Maturity April 30, 2017)	4,060	4,060	4,060
		12% Current / 2% PIK Secured Debt (Maturity April 30, 2017)(19)	3,378	3,378	3,378
		Preferred Member Units (19,631 units)		4,663	5,370
		Warrants (1,036 equivalent units; Expiration January 31, 2021; Strike price \$0.01 per unit)		1,200	270
			13,301	13,078	
Quality Lease Service, LLC	Provider of Rigsite Accommodation Unit Rentals and Related Services	8% PIK Secured Debt (Maturity June 8, 2020)(19)	7,068	7,068	7,068
		Member Units (1,000 units)		1,118	3,188
				8,186	10,256

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<b>River Aggregates, LLC</b>	Processor of Construction Aggregates	Zero Coupon Secured Debt (Maturity June 30, 2018)	750	627	627
		Member Units (1,150 units)(8)		1,150	4,600
		Member Units (RA Properties, LLC) (1,500 units)		369	2,510
				2,146	7,737

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## MAIN STREET CAPITAL CORPORATION

## Consolidated Schedule of Investments (Continued)

December 31, 2016

(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
SoftTouch Medical Holdings LLC	Provider of In-Home Pediatric Durable Medical Equipment	LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, Secured Debt (Maturity October 31, 2019)(9) Member Units (4,450 units)(8)	7,140	7,096	7,140
				4,930	9,170
				12,026	16,310
The MPI Group, LLC	Manufacturer of Custom Hollow Metal Doors, Frames and Accessories	9% Secured Debt (Maturity October 2, 2018) Series A Preferred Units (2,500 units) Warrants (1,424 equivalent units; Expiration July 1, 2024; Strike price \$0.01 per unit) Member Units (MPI Real Estate Holdings, LLC) (100 units)(8)	2,924	2,922	2,922
				2,500	
				1,096	
				2,300	2,300
				8,818	5,222
Uvalco Supply, LLC	Farm and Ranch Supply Store	9% Secured Debt (Maturity January 1, 2019) Member Units (2,011 units)(8)	872	872	872
				3,843	4,640
				4,715	5,512
Vision Interests, Inc.	Manufacturer / Installer of Commercial Signage	13% Secured Debt (Maturity December 23, 2018) Series A Preferred Stock (3,000,000 shares) Common Stock (1,126,242 shares)	2,814	2,814	2,814
				3,000	3,000
				3,706	
				9,520	5,814
Ziegler's NYPD, LLC	Casual Restaurant Group	6.5% Secured Debt (Maturity October 1, 2019) 12% Secured Debt (Maturity October 1, 2019) 14% Secured Debt (Maturity October 1, 2019) Warrants (587 equivalent units; Expiration September 29, 2018; Strike	1,000	994	994
				300	300
				2,750	2,750
				600	240

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	price \$0.01 per unit)		
	Preferred Member Units (10,072 units)	2,834	4,100
		7,478	8,384
<b>Subtotal Control Investments (29.8% of total investments at fair value)</b>		\$ 439,674	\$ 594,282

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## MAIN STREET CAPITAL CORPORATION

## Consolidated Schedule of Investments (Continued)

December 31, 2016

(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
<b><u>Affiliate Investments(6)</u></b>					
AFG Capital Group, LLC	Provider of Rent-to-Own Financing Solutions and Services	Warrants (42 equivalent units; Expiration November 7, 2024; Strike price \$0.01 per unit)		\$ 259	\$ 670
		Member Units (186 units)(8)		1,200	2,750
				1,459	3,420
Barfly Ventures, LLC(10)	Casual Restaurant Group	12% Secured Debt (Maturity August 31, 2020)	5,958	5,860	5,827
		Options (2 equivalent units)		397	490
		Warrant (1 equivalent unit; Expiration August 31, 2025; Strike price \$1.00 per unit)		473	280
				6,730	6,597
BBB Tank Services, LLC	Maintenance, Repair and Construction Services to the Above-Ground Storage Tank Market	LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.50%, Secured Debt (Maturity April 8, 2021)(9)	800	797	797
		15% Current Secured Debt (Maturity April 8, 2021)	4,027	3,991	3,991
		Member Units (800,000 units)		800	800
				5,588	5,588
Boss Industries, LLC	Manufacturer and Distributor of Air, Power and Other Industrial Equipment	Preferred Member Units (2,242 units)(8)		2,426	2,800
Bridge Capital Solutions Corporation	Financial Services and Cash Flow Solutions Provider	13% Secured Debt (Maturity July 25, 2021)	7,500	5,610	5,610
		Warrants (63 equivalent shares; Expiration April 18, 2022; Strike price \$0.01 per share)		2,132	3,370
		13% Secured Debt (Mercury Service Group, LLC) (Maturity July 25, 2021)	1,000	991	1,000

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Preferred Member Units (Mercury Service Group, LLC) (17,742 units)(8)		1,000	1,000
		9,733	10,980

<b>Buca C, LLC</b>	Casual Restaurant Group			
	LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.25%, Secured Debt (Maturity June 30, 2020)(9)	22,671	22,504	22,671
	Preferred Member Units (6 units; 6% cumulative)(8)(19)		3,937	4,660
			26,441	27,331

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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2016****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>CAI Software LLC</b>	Provider of Specialized Enterprise Resource Planning Software	12% Secured Debt (Maturity October 10, 2019)	3,683	3,660	3,683
		Member Units (65,356 units)(8)		654	2,480
				4,314	6,163
<b>CapFusion, LLC(13)</b>	Non-Bank Lender to Small Businesses	13% Secured Debt (Maturity March 25, 2021)	14,400	13,202	13,202
		Warrants (1,600 equivalent units; Expiration March 24, 2026; Strike price \$0.01 per unit)		1,200	1,200
				14,402	14,402
<b>Chandler Signs Holdings, LLC(10)</b>	Sign Manufacturer	12% Secured Debt (Maturity July 4, 2021)	4,500	4,461	4,500
		Class A Units (1,500,000 units)(8)		1,500	3,240
				5,961	7,740
<b>Condit Exhibits, LLC</b>	Tradeshow Exhibits / Custom Displays Provider	Member Units (3,936 units)(8)		100	1,840
<b>Congruent Credit Opportunities Funds(12)(13)</b>	Investment Partnership	LP Interests (Congruent Credit Opportunities Fund II, LP) (Fully diluted 19.8%)(8)		5,730	1,518
		LP Interests (Congruent Credit Opportunities Fund III, LP) (Fully diluted 17.4%)(8)		15,754	16,181
				21,484	17,699
<b>Daseke, Inc.</b>	Specialty Transportation Provider	12% Current / 2.5% PIK Secured Debt (Maturity July 31, 2018)(19)	21,799	21,632	21,799
		Common Stock (19,467 shares)		5,213	24,063
				26,845	45,862

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<b>Dos Rios Partners(12)(13)</b>	Investment Partnership	LP Interests (Dos Rios Partners, LP) (Fully diluted 20.2%)	5,996	4,925
		LP Interests (Dos Rios Partners A, LP) (Fully diluted 6.4%)	1,904	1,444
			7,900	6,369
<b>Dos Rios Stone Products LLC(10)</b>	Limestone and Sandstone Dimension Cut Stone Mining Quarries	Class A Units (2,000,000 units)(8)	2,000	2,070
<b>East Teak Fine Hardwoods, Inc.</b>	Distributor of Hardwood Products	Common Stock (6,250 shares)(8)	480	860

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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2016****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>East West Copolymer &amp; Rubber, LLC</b>	Manufacturer of Synthetic Rubbers	12% Current / 2% PIK Secured Debt (Maturity October 17, 2019)(19) Warrants (2,510,790 equivalent units; Expiration October 15, 2024; Strike price \$0.01 per unit)	9,699	9,591 50	8,630 8,630
<b>EIG Fund Investments(12)(13)</b>	Investment Partnership	LP Interests (EIG Global Private Debt fund-A, L.P.) (Fully diluted 11.1%)(8)		2,804	2,804
<b>EIG Traverse Co-Investment, L.P.(12)(13)</b>	Investment Partnership	LP Interests (Fully diluted 22.2%)(8)		9,805	9,905
<b>Freeport Financial Funds(12)(13)</b>	Investment Partnership	LP Interests (Freeport Financial SBIC Fund LP) (Fully diluted 9.3%)(8) LP Interests (Freeport First Lien Loan Fund III LP) (Fully diluted 6.0%)(8)		5,974 4,763	5,620 4,763
				10,737	10,383
<b>Gault Financial, LLC (RMB Capital, LLC)</b>	Purchases and Manages Collection of Healthcare and other Business Receivables	10% Current Secured Debt (Maturity January 1, 2019) Warrants (29,025 equivalent units; Expiration February 9, 2022; Strike price \$0.01 per unit)	13,046	13,046 400	11,079 11,079
<b>Glowpoint, Inc.</b>	Provider of Cloud Managed Video Collaboration Services	12% Secured Debt (Maturity October 18, 2018) Common Stock (7,711,517 shares)(24)	9,000	8,949 3,958	3,997 2,080
				12,907	6,077
<b>Guerdon Modular Holdings, Inc.</b>	Multi-Family and Commercial Modular Construction Company		10,708	10,594	10,594

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9% Current / 4% PIK Secured Debt (Maturity August 13, 2019)(19)	1,140	1,140
Preferred Stock (404,998 shares)	2,983	80
Common Stock (212,033 shares)		
	14,717	11,814

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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2016****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>Hawk Ridge Systems, LLC(13)</b>	Value-Added Reseller of Engineering Design and Manufacturing Solutions	10% Secured Debt (Maturity December 2, 2021)	10,000	9,901	9,901
		Preferred Member Units (226 units)(8)		2,850	2,850
		Preferred Member Units (HRS Services, ULC) (226 units)		150	150
				12,901	12,901
<b>Houston Plating and Coatings, LLC</b>	Provider of Plating and Industrial Coating Services	Member Units (265,756 units)		1,429	4,000
<b>I-45 SLF LLC(12)(13)</b>	Investment Partnership	Member units (Fully diluted 20.0%; 24.4% profits interest)(8)		14,200	14,586
<b>Indianhead Pipeline Services, LLC</b>	Provider of Pipeline Support Services	12% Secured Debt (Maturity February 6, 2017)	5,100	5,079	5,079
		Preferred Member Units (33,819 units; 8% cumulative)(8)(19)		2,339	2,677
		Warrants (31,928 equivalent units; Expiration August 6, 2022; Strike price \$0.001 per unit)		459	
		Member Units (14,732 units)		1	
			7,878	7,756	
<b>KBK Industries, LLC</b>	Manufacturer of Specialty Oilfield and Industrial Products	10% Secured Debt (Maturity September 28, 2017)	1,250	1,250	1,250
		12.5% Secured Debt (Maturity September 28, 2017)	5,900	5,889	5,889
		Member Units (250 units)		341	2,780
			7,480	9,919	
<b>L.F. Manufacturing Holdings, LLC(10)</b>	Manufacturer of Fiberglass Products	Member Units (2,179,001 units)		2,019	1,380
<b>OnAsset Intelligence, Inc.</b>	Provider of Transportation Monitoring / Tracking				

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### Products and Services

12% PIK Secured Debt (Maturity December 31, 2015)(17)(19)	4,519	4,519	4,519
Preferred Stock (912 shares)		1,981	
Warrants (5,333 equivalent shares; Expiration April 18, 2021; Strike price \$0.01 per share)		1,919	
		8,419	4,519

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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2016****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>OPI International Ltd.(13)</b>	Provider of Man Camp and Industrial Storage Services	10% Unsecured Debt (Maturity April 8, 2018)	473	473	473
		Common Stock (20,766,317 shares)		1,371	1,600
				1,844	2,073
<b>PCI Holding Company, Inc.</b>	Manufacturer of Industrial Gas Generating Systems	12% Secured Debt (Maturity March 31, 2019)	13,000	12,898	13,000
		Preferred Stock (1,500,000 shares; 20% cumulative)(8)(19)		3,379	5,370
				16,277	18,370
<b>Rocaccia, LLC (Quality Lease and Rental Holdings, LLC)</b>	Provider of Rigsite Accommodation Unit Rentals and Related Services	12% Secured Debt (Maturity January 8, 2018)(14)(15)	30,785	30,281	250
		Preferred Member Units (250 units)		2,500	
				32,781	250
<b>Tin Roof Acquisition Company</b>	Casual Restaurant Group	12% Secured Debt (Maturity November 13, 2018)	13,511	13,385	13,385
		Class C Preferred Stock (Fully diluted 10.0%; 10% cumulative)(8)(19)		2,738	2,738
				16,123	16,123
<b>UniTek Global Services, Inc.(11)</b>	Provider of Outsourced Infrastructure Services	LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity January 13, 2019)(9)	5,021	5,010	5,021
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity January 13, 2019)(9)	824	824	824
		15% PIK Unsecured Debt (Maturity July 13, 2019)(19)	745	745	745
		Preferred Stock (4,935,377 shares; 13.5% cumulative)(8)(19)		5,814	6,410
		Common Stock (705,054 shares)			3,010

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		12,393	16,010
<b>Universal Wellhead Services Holdings, LLC(10)</b>	Provider of Wellhead Equipment, Designs, and Personnel to the Oil & Gas Industry		
	Preferred Member Units (UWS Investments, LLC) (716,949 units)	717	720
	Member Units (UWS Investments, LLC) (4,000,000 units)	4,000	610
		4,717	1,330

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## MAIN STREET CAPITAL CORPORATION

## Consolidated Schedule of Investments (Continued)

December 31, 2016

(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Valley Healthcare Group, LLC	Provider of Durable Medical Equipment	LIBOR Plus 12.50% (Floor 0.50%), Current Coupon 13.12%, Secured Debt (Maturity December 29, 2020)(9)	12,956	12,844	12,844
		Preferred Member Units (Valley Healthcare Holding, LLC) (1,600 units)		1,600	1,600
				14,444	14,444
Volusion, LLC	Provider of Online Software-as-a-Service eCommerce Solutions	11.5% Secured Debt (Maturity January 26, 2020)	17,500	15,298	15,298
		Preferred Member Units (4,876,670 units)		14,000	14,000
		Warrants (1,831,355 equivalent units; Expiration January 26, 2025; Strike price \$0.01 per unit)		2,576	2,576
				31,874	31,874
<b>Subtotal Affiliate Investments (18.8% of total investments at fair value)</b>				<b>\$ 394,699</b>	<b>\$ 375,948</b>

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2016****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b><u>Non-Control/Non-Affiliate Investments(7)</u></b>					
<b>Adams Publishing Group, LLC(10)</b>	Local Newspaper Operator	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.00%, Secured Debt (Maturity November 3, 2020)(9)	\$ 7,662	\$ 7,544	\$ 7,662
<b>Ahead, LLC(10)</b>	IT Infrastructure Value Added Reseller	LIBOR Plus 6.50%, Current Coupon 7.50%, Secured Debt (Maturity November 2, 2020)	14,250	13,906	14,303
<b>Allflex Holdings III Inc.(11)</b>	Manufacturer of Livestock Identification Products	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.00%, Secured Debt (Maturity July 19, 2021)(9)	14,795	14,706	14,809
<b>American Scaffold Holdings, Inc.(10)</b>	Marine Scaffolding Service Provider	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity March 31, 2022)(9)	7,359	7,258	7,323
<b>American Seafoods Group, LLC(11)</b>	Catcher and Processor of Alaskan Pollock	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity August 19, 2021)(9)	9,634	9,624	9,634
<b>American Teleconferencing Services, Ltd.(11)</b>	Provider of Audio Conferencing and Video Collaboration Solutions	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity December 8, 2021)(9)	11,163	10,345	10,933
		LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.50%, Secured Debt (Maturity June 6, 2022)(9)	3,714	3,569	3,569
				13,914	14,502
<b>Anchor Hocking, LLC(11)</b>	Household Products Manufacturer	LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, Secured Debt (Maturity June 4, 2018)(9)	2,277	2,277	2,231
		Member Units (440,620 units)		4,928	3,305

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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2016****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>AP Gaming I, LLC(10)</b>	Developer, Manufacturer, and Operator of Gaming Machines	LIBOR Plus 8.25% (Floor 1.00%), Current Coupon 9.25%, Secured Debt (Maturity December 20, 2020)(9)	7,209	7,099	7,194
<b>Apex Linen Service, Inc.</b>	Industrial Launderers	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity October 30, 2022)(9) 13% Secured Debt (Maturity October 30, 2022)	2,400 14,416	2,400 14,337	2,400 14,337
				16,737	16,737
<b>Applied Products, Inc.(10)</b>	Adhesives Distributor	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity September 30, 2019)(9)	3,527	3,499	3,518
<b>Arcus Hunting LLC.(10)</b>	Manufacturer of Bowhunting and Archery Products and Accessories	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.00%, Secured Debt (Maturity November 13, 2019)(9)	13,947	13,796	13,947
<b>Artel, LLC(11)</b>	Provider of Secure Satellite Network and IT Solutions	LIBOR Plus 7.00% (Floor 1.25%), Current Coupon 8.25%, Secured Debt (Maturity November 27, 2017)(9)	7,050	6,920	6,592
<b>ATI Investment Sub, Inc.(11)</b>	Manufacturer of Solar Tracking Systems	LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.25%, Secured Debt (Maturity June 22, 2021)(9)	9,500	9,322	9,476
<b>ATS Workholding, Inc.(10)</b>	Manufacturer of Machine Cutting Tools and Accessories	LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.50%, Secured Debt (Maturity March 10, 2019)(9)	6,173	6,146	5,924
<b>ATX Networks Corp.(11)(13)(21)</b>	Provider of Radio Frequency Management Equipment				

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LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity June 11, 2021)(9)	11,790	11,604	11,584
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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2016****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>Berry Aviation, Inc.(10)</b>	Airline Charter Service Operator	13.75% Secured Debt (Maturity January 30, 2020) Common Stock (553 shares)	5,627	5,588 400	5,627 820
				5,988	6,447
<b>Bluestem Brands, Inc.(11)</b>	Multi-Channel Retailer of General Merchandise	LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity November 6, 2020)(9)	12,880	12,635	11,227
<b>Brainworks Software, LLC(10)</b>	Advertising Sales and Newspaper Circulation Software	Prime Plus 9.25% (Floor 3.25%), Current Coupon 13.00%, Secured Debt (Maturity July 22, 2019)(9)	6,733	6,684	6,733
<b>Brightwood Capital Fund Investments(12)(13)</b>	Investment Partnership	LP Interests (Brightwood Capital Fund III, LP) (Fully diluted 1.6%)(8) LP Interests (Brightwood Capital Fund IV, LP) (Fully diluted 0.9%)		12,000 500	11,094 500
				12,500	11,594
<b>Brundage-Bone Concrete Pumping, Inc.(11)</b>	Construction Services Provider	10.375% Secured Debt (Maturity September 1, 2021)	3,000	2,985	3,240
<b>California Pizza Kitchen, Inc.(11)</b>	Casual Restaurant Group	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity August 23, 2022)(9)	4,988	4,940	4,976
<b>Cenveo Corporation(11)</b>	Provider of Commercial Printing, Envelopes, Labels, and Printed Office Products	6% Secured Debt (Maturity August 1, 2019)	13,130	11,097	11,719
<b>CDHA Management, LLC(10)</b>	Dental Services	LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.25%, Secured Debt (Maturity December 5, 2021)(9)	4,491	4,415	4,415

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Charlotte Russe, Inc(11)

Fast-Fashion Retailer to  
Young Women

LIBOR Plus 5.50% (Floor 1.25%),  
Current Coupon 6.75%, Secured Debt  
(Maturity May 22, 2019)(9)

14,346

14,141

8,724

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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2016****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>Clarius BIGS, LLC(10)</b>	Prints & Advertising Film Financing	15% PIK Secured Debt (Maturity January 5, 2015)(14)(17)	2,928	2,928	88
<b>Compact Power Equipment, Inc.</b>	Equipment / Tool Rental	12% Secured Debt (Maturity October 1, 2017) Series A Preferred Stock (4,298,435 shares)	4,100	4,095 1,079 5,174	4,100 4,180 8,280
<b>Compuware Corporation(11)</b>	Provider of Software and Supporting Services	LIBOR Plus 5.25% (Floor 1.00%), Current Coupon 6.25%, Secured Debt (Maturity December 15, 2019)(9)	8,345	8,187	8,398
<b>Construction Supply Investments, LLC(10)</b>	Distribution Platform of Specialty Construction Materials to Professional Concrete and Masonry Contractors	LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.50%, Secured Debt (Maturity June 30, 2023)(9) Member Units (20,000 units)	8,500	8,416 2,000 10,416	8,416 2,000 10,416
<b>ContextMedia Health, LLC(11)</b>	Provider of Healthcare Media Content	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity December 23, 2021)(9)	8,000	7,201	7,320
<b>Covenant Surgical Partners, Inc.(11)</b>	Ambulatory Surgical Centers	8.75% Secured Debt (Maturity August 1, 2019)	800	800	772
<b>CRGT Inc.(11)</b>	Provider of Custom Software Development	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity December 19, 2020)(9)	6,366	6,286	6,382
<b>CST Industries Inc.(11)</b>	Storage Tank Manufacturer	LIBOR Plus 6.25% (Floor 1.50%), Current Coupon 7.75%, Secured Debt	9,102	9,084	9,102

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(Maturity May 22, 2017)(9)

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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2016****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>Darr Equipment LP(10)</b>	Heavy Equipment Dealer	12% Current / 2% PIK Secured Debt (Maturity April 15, 2020)(19)	21,130	20,697	20,748
		Warrants (915,734 equivalent units; Expiration April 15, 2024; Strike price \$1.50 per unit)		474	10
				21,171	20,758
<b>Digital River, Inc.(11)</b>	Provider of Outsourced e-Commerce Solutions and Services	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity February 12, 2021)(9)	15,184	15,086	15,317
<b>Digital Room LLC(11)</b>	Pure-Play e-Commerce Print Business	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity November 21, 2022)(9)	7,625	7,475	7,549
<b>Drilling Info Holdings, Inc.</b>	Information Services for the Oil and Gas Industry	Common Stock (3,788,865 shares)		1,335	10,410
<b>ECP-PF Holdings Group, Inc.(10)</b>	Fitness Club Operator	LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, Secured Debt (Maturity November 26, 2019)(9)	5,625	5,589	5,625
<b>EnCap Energy Fund Investments(12)(13)</b>	Investment Partnership	LP Interests (EnCap Energy Capital Fund VIII, L.P.) (Fully diluted 0.1%)(8)		3,877	1,955
		LP Interests (EnCap Energy Capital Fund VIII Co-Investors, L.P.) (Fully diluted 0.4%)(8)		2,200	1,225
		LP Interests (EnCap Energy Capital Fund IX, L.P.) (Fully diluted 0.1%)(8)		3,957	3,680
		LP Interests (Encap Energy Capital Fund X, L.P.)(Fully diluted 0.1%)(8)		3,039	3,039
		LP Interests (EnCap Flatrock Midstream Fund II, L.P.)(Fully diluted 0.8%)(8)		9,116	10,452
		LP Interests (EnCap Flatrock Midstream Fund III, L.P.)(Fully diluted 0.2%)(8)		2,513	2,461
				24,702	22,812
<b>Evergreen Skills Lux S.á r.l. (d/b/a Skillsoft)(11)(13)</b>	Technology-based Performance Support Solutions				

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LIBOR Plus 8.25% (Floor 1.00%), Current Coupon 9.25%, Secured Debt (Maturity April 28, 2022)(9)	7,000	6,857	5,274
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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2016****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>Flavors Holdings Inc.(11)</b>	Global Provider of Flavoring and Sweetening Products and Solutions	LIBOR Plus 5.75% (Floor 1.00%), Current Coupon 6.75%, Secured Debt (Maturity April 3, 2020)(9)	12,483	12,082	10,174
<b>GI KBS Merger Sub LLC(11)</b>	Outsourced Janitorial Services to Retail/Grocery Customers	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity October 29, 2021)(9)	3,900	3,851	3,842
		LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity April 29, 2022)(9)	800	787	760
				4,638	4,602
<b>Grace Hill, LLC(10)</b>	Online Training Tools for the Multi-Family Housing Industry	Prime Plus 5.25% (Floor 1.00%), Current Coupon 9.00%, Secured Debt (Maturity August 15, 2019)(9)	634	623	634
		LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity August 15, 2019)(9)	11,552	11,472	11,552
				12,095	12,186
<b>Great Circle Family Foods, LLC(10)</b>	Quick Service Restaurant Franchise	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity October 28, 2019)(9)	7,648	7,598	7,648
<b>Grupo Hima San Pablo, Inc.(11)</b>	Tertiary Care Hospitals	LIBOR Plus 7.00% (Floor 1.50%), Current Coupon 8.50%, Secured Debt (Maturity January 31, 2018)(9)	4,813	4,787	3,734
		13.75% Secured Debt (Maturity July 31, 2018)	2,000	1,962	1,205
				6,749	4,939
<b>GST Autoleather, Inc.(11)</b>	Automotive Leather Manufacturer		13,317	13,215	13,017

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LIBOR Plus 5.50% (Floor 1.00%),  
Current Coupon 6.50%, Secured Debt  
(Maturity July 10, 2020)(9)

<b>Guitar Center, Inc.(11)</b>	Musical Instruments Retailer	6.5% Secured Debt (Maturity April 15, 2019)	14,625	13,890	13,272
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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2016****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>Hojeij Branded Foods, LLC(10)</b>	Multi-Airport, Multi-Concept Restaurant Operator	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity July 27, 2021)(9)	5,432	5,390	5,432
<b>Hoover Group, Inc.(10)(13)</b>	Provider of Storage Tanks and Related Products to the Energy and Petrochemical Markets	LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.25%, Secured Debt (Maturity January 28, 2021)(9)	8,546	7,963	7,963
<b>Horizon Global Corporation(11)(13)</b>	Auto Parts Manufacturer	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity June 30, 2021)(9)	9,375	9,249	9,551
<b>Hostway Corporation(11)</b>	Managed Services and Hosting Provider	LIBOR Plus 6.75% (Floor 1.25%), Current Coupon 8.00%, Secured Debt (Maturity December 13, 2019)(9)	10,577	10,515	10,028
<b>Hunter Defense Technologies, Inc.(11)</b>	Provider of Military and Commercial Shelters and Systems	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity August 5, 2019)(9)	9,606	9,120	8,933
<b>Hygea Holdings, Corp.(10)</b>	Provider of Physician Services	LIBOR Plus 9.25%, Current Coupon 10.17%, Secured Debt (Maturity February 24, 2019) Warrants (5,990,452 equivalent shares; Expiration February 24, 2023; Strike price \$0.01 per share)	7,875	7,381	7,615
				369	1,530
				7,750	9,145
<b>iEnergizer Limited(11)(13)(21)</b>	Provider of Business Outsourcing Solutions	LIBOR Plus 6.00% (Floor 1.25%), Current Coupon 7.25%, Secured Debt (Maturity May 1, 2019)(9)	9,918	9,467	9,621
<b>Indivior Finance LLC(11)(13)</b>					

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Specialty Pharmaceutical  
Company Treating  
Opioid Dependence

LIBOR Plus 6.00% (Floor 1.00%),  
Current Coupon 7.00%, Secured Debt  
(Maturity December 19, 2019)(9)

6,750

6,455

6,809

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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2016****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>Industrial Container Services, LLC(10)</b>	Steel Drum Reconditioner	LIBOR Plus 5.75% (Floor 1.00%), Current Coupon 6.75%, Secured Debt (Maturity December 31, 2018)(9)	8,949	8,932	8,949
<b>Industrial Services Acquisition, LLC(10)</b>	Industrial Cleaning Services	11.25% Current / 0.75% PIK Unsecured Debt (Maturity December 17, 2022)(19) Member Units (Industrial Services Investments, LLC) (900,000 units)	4,519	4,433 900 5,333	4,433 900 5,333
<b>Infinity Acquisition Finance Corp.(11)</b>	Application Software for Capital Markets	7.25% Unsecured Debt (Maturity August 1, 2022)	5,700	5,366	4,802
<b>Inn of the Mountain Gods Resort and Casino(11)</b>	Hotel & Casino Owner & Operator	9.25% Secured Debt (Maturity November 30, 2020)	6,249	5,924	5,687
<b>Intertain Group Limited(11)(13)(21)</b>	Business-to-Consumer Online Gaming Operator	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity April 8, 2022)(9)	4,426	4,364	4,465
<b>iPayment, Inc.(11)</b>	Provider of Merchant Acquisition	LIBOR Plus 5.25% (Floor 1.50%), Current Coupon 6.75%, Secured Debt (Maturity May 8, 2017)(9)	14,918	14,907	14,395
<b>iQor US Inc.(11)</b>	Business Process Outsourcing Services Provider	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity April 1, 2021)(9)	9,812	9,671	9,413
<b>irth Solutions, LLC</b>	Provider of Damage Prevention Information Technology Services	Member Units (27,893 units)		1,441	1,790
<b>Jackmont Hospitality, Inc.(10)</b>	Franchisee of Casual Dining Restaurants		4,445	4,429	4,445

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LIBOR Plus 4.25% (Floor 1.00%),  
Current Coupon 5.25% / 2.50% PIK,  
Current Coupon Plus PIK 7.75%,  
Secured Debt (Maturity May 26,  
2021)(9)(19)

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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2016****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>Joerns Healthcare, LLC(11)</b>	Manufacturer and Distributor of Health Care Equipment & Supplies	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity May 9, 2020)(9)	14,655	14,560	13,776
<b>JSS Holdings, Inc.(11)</b>	Aircraft Maintenance Program Provider	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity August 31, 2021)(9)	12,829	12,562	12,765
<b>Kendra Scott, LLC(11)</b>	Jewelry Retail Stores	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity July 17, 2020)(9)	5,578	5,536	5,550
<b>Keypoint Government Solutions, Inc.(11)</b>	Provider of Pre-Employment Screening Services	LIBOR Plus 6.50% (Floor 1.25%), Current Coupon 7.75%, Secured Debt (Maturity November 13, 2017)(9)	5,459	5,443	5,431
<b>LaMi Products, LLC(10)</b>	General Merchandise Distribution	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity September 16, 2020)(9)	10,735	10,658	10,735
<b>Larchmont Resources, LLC(11)</b>	Oil & Gas Exploration & Production	LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, PIK Secured Debt (Maturity August 7, 2020)(9)(19) Member Units (Larchmont Intermediate Holdco, LLC) (2,828 units)	2,260	2,260 353	2,209 1,193
				2,613	3,402
<b>LKCM Headwater Investments I, L.P.(12)(13)</b>	Investment Partnership	LP Interests (Fully diluted 2.3%)		2,500	3,627
<b>Logix Acquisition Company, LLC(10)</b>	Competitive Local Exchange Carrier	LIBOR Plus 8.28% (Floor 1.00%), Current Coupon 9.28%, Secured Debt (Maturity June 24, 2021)(9)(22)	8,593	8,457	8,593



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## MAIN STREET CAPITAL CORPORATION

## Consolidated Schedule of Investments (Continued)

December 31, 2016

(dollars in thousands)

Portfolio Company(1)(20)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value(18)
Looking Glass Investments, LLC(12)(13)	Specialty Consumer Finance	9% Unsecured Debt (Maturity June 30, 2020)	188	188	188
		Member Units (2.5 units)		125	125
		Member Units (LGI Predictive Analytics LLC) (190,712 units)(8)		160	160
				473	473
Messenger, LLC(10)	Supplier of Specialty Stationery and Related Products to the Funeral Industry	LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.25%, Secured Debt (Maturity September 9, 2020)(9)	14,403	14,326	14,403
Minute Key, Inc.	Operator of Automated Key Duplication Kiosks	10% Current / 2% PIK Secured Debt (Maturity September 19, 2019)(19) Warrants (1,437,409 equivalent shares; Expiration May 20, 2025; Strike price \$0.01 per share)	15,700	15,404	15,404
				280	470
				15,684	15,874
Mood Media Corporation(11)(13)	Provider of Electronic Equipment	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity May 1, 2019)(9)	14,805	14,645	14,312
New Media Holdings II LLC(11)(13)	Local Newspaper Operator	LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity June 4, 2020)(9)	14,888	14,632	14,813
North American Lifting Holdings, Inc.(11)	Crane Service Provider	LIBOR Plus 4.50% (Floor 1.00%), Current Coupon 5.50%, Secured Debt (Maturity November 27, 2020)(9)	3,865	3,235	3,375
North Atlantic Trading Company, Inc.(11)	Marketer/Distributor of Tobacco Products	LIBOR Plus 6.50% (Floor 1.25%), Current Coupon 7.75%, Secured Debt (Maturity January 13, 2020)(9)	9,396	9,343	9,337

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<b>Novitex Intermediate, LLC(11)</b>	Provider of Document Management Services	LIBOR Plus 6.75% (Floor 1.25%), Current Coupon 8.00%, Secured Debt (Maturity July 7, 2020)(9)	9,335	9,175	8,985
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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2016****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>NTM Acquisition Corp.(11)</b>	Provider of B2B Travel Information Content	LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity June 7, 2022)(9)	4,144	4,085	4,128
<b>Ospemifene Royalty Sub LLC (QuatRx)(10)</b>	Estrogen-Deficiency Drug Manufacturer and Distributor	11.5% Secured Debt (Maturity November 15, 2026)(14)	5,071	5,071	2,088
<b>Pardus Oil and Gas, LLC(11)</b>	Oil & Gas Exploration & Production	13% PIK Secured Debt (Maturity November 12, 2021)(19) 5% PIK Secured Debt (Maturity May 13, 2022)(19) Member Units (2,472 units)	1,869 992	1,869 992 2,472	1,869 562 970
				5,333	3,401
<b>Paris Presents Incorporated(11)</b>	Branded Cosmetic and Bath Accessories	LIBOR Plus 8.75% (Floor 1.00%), Current Coupon 9.75%, Secured Debt (Maturity December 31, 2021)(9)	2,000	1,969	1,960
<b>Parq Holdings Limited Partnership(11)(13)(21)</b>	Hotel & Casino Operator	LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity December 17, 2020)(9)	7,500	7,394	7,388
<b>Permian Holdco 2, Inc.(11)</b>	Storage Tank Manufacturer	14% PIK Unsecured Debt (Maturity October 15, 2021)(19) Preferred Stock (Permian Holdco 1, Inc.) (154,558 units) Common Stock (Permian Holdco 1, Inc.) (154,558 units)	198	198 799	198 799
				997	997
<b>Pernix Therapeutics Holdings, Inc.(10)</b>	Pharmaceutical Royalty	12% Secured Debt (Maturity August 1, 2020)	3,447	3,447	3,326
<b>Pet Holdings ULC(11)(13)(21)</b>	Retailer of Pet Products and Supplies to Consumers				

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LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.50%, Secured Debt (Maturity July 5, 2022)(9)	2,494	2,470	2,503
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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2016****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>Pike Corporation(11)</b>	Construction and Maintenance Services for Electric Transmission and Distribution Infrastructure	LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity June 22, 2022)(9)	14,000	13,720	14,082
<b>Point.360(10)</b>	Fully Integrated Provider of Digital Media Services	Warrants (65,463 equivalent shares; Expiration July 7, 2020; Strike price \$0.75 per share) Common Stock (163,658 shares)		69 273 342	63 63
<b>Polycom, Inc.(11)</b>	Provider of Audio and Video Communication Solutions	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity September 27, 2023)(9)	12,089	11,617	12,194
<b>PPC/SHIFT LLC(10)</b>	Provider of Digital Solutions to Automotive Industry	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity June 6, 2022)(9)	7,000	6,852	6,852
<b>Prowler Acquisition Corp.(11)</b>	Specialty Distributor to the Energy Sector	LIBOR Plus 4.50% (Floor 1.00%), Current Coupon 5.50%, Secured Debt (Maturity January 28, 2020)(9)	9,519	7,904	7,044
<b>PT Network, LLC(10)</b>	Provider of Outpatient Physical Therapy and Sports Medicine Services	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity November 30, 2021)(9)	16,225	15,979	15,979
<b>QBS Parent, Inc.(11)</b>	Provider of Software and Services to the Oil & Gas Industry	LIBOR Plus 4.75% (Floor 1.00%), Current Coupon 5.75%, Secured Debt (Maturity August 7, 2021)(9)	11,274	11,201	11,161

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<b>Raley's(11)</b>	Family-Owned Supermarket Chain	LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity May 18, 2022)(9)	4,195	4,125	4,242
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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2016****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>Redbox Automated Retail, LLC(11)</b>	Operator of Home Media Entertainment Kiosks	LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity September 27, 2021)(9)	15,000	14,581	14,629
<b>Renaissance Learning, Inc.(11)</b>	Technology-based K-12 Learning Solutions	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.00%, Secured Debt (Maturity April 11, 2022)(9)	3,000	2,978	2,987
<b>RGL Reservoir Operations Inc.(11)(13)(21)</b>	Oil & Gas Equipment and Services	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity August 13, 2021)(9)	3,910	3,826	880
<b>RM Bidder, LLC(10)</b>	Scripted and Unscripted TV and Digital Programming Provider	Warrants (327,532 equivalent units; Expiration October 20, 2025; Strike price \$14.28 per unit) Member Units (2,779 units)		425 46 471	300 44 344
<b>SAExploration, Inc.(10)(13)(21)</b>	Geophysical Services Provider	Common Stock (50 shares)		65	3
<b>SAFETY Investment Holdings, LLC</b>	Provider of Intelligent Driver Record Monitoring Software and Services	Member Units (2,000,000 units)		2,000	2,000
<b>Salient Partners L.P.(11)</b>	Provider of Asset Management Services	LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity June 9, 2021)(9)	10,812	10,538	10,352
<b>School Specialty, Inc.(11)</b>	Distributor of Education Supplies and Furniture	LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity June 11, 2019)(9)	5,712	5,632	5,784
<b>Sigma Electric Manufacturing Corporation(10)(13)</b>	Manufacturer and Distributor of Electrical				

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Fittings and Parts

LIBOR Plus 7.25% (Floor 1.00%),  
Current Coupon 8.25%, Secured Debt  
(Maturity October 13, 2021)(9)

12,500

12,200

12,200

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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2016****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>Sorenson Communications, Inc.(11)</b>	Manufacturer of Communication Products for Hearing Impaired	LIBOR Plus 5.75% (Floor 2.25%), Current Coupon 8.00%, Secured Debt (Maturity April 30, 2020)(9)	13,371	13,283	13,271
<b>Strike, LLC(11)</b>	Pipeline Construction and Maintenance Services	LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 9.00%, Secured Debt (Maturity November 30, 2022)(9)	10,000	9,666	9,864
<b>Subsea Global Solutions, LLC(10)</b>	Underwater Maintenance and Repair Services	LIBOR Plus 6.00% (Floor 1.50%), Current Coupon 7.50%, Secured Debt (Maturity March 17, 2020)(9)	5,629	5,588	5,624
<b>Synagro Infrastructure Company, Inc(11)</b>	Waste Management Services	LIBOR Plus 5.25% (Floor 1.00%), Current Coupon 6.25%, Secured Debt (Maturity August 22, 2020)(9)	4,714	4,659	4,136
<b>Targus International, LLC(11)</b>	Distributor of Protective Cases for Mobile Devices	15% PIK Secured Debt (Maturity December 31, 2019)(19) Common Stock (Targus Cayman HoldCo Limited) (249,614 shares)(13)	1,140	1,140 2,555 3,695	1,140 2,260 3,400
<b>TE Holdings, LLC(11)</b>	Oil & Gas Exploration & Production	Member Units (97,048 units)		970	728
<b>TeleGuam Holdings, LLC(11)</b>	Cable and Telecom Services Provider	LIBOR Plus 4.00% (Floor 1.25%), Current Coupon 5.25%, Secured Debt (Maturity December 10, 2018)(9) LIBOR Plus 7.50% (Floor 1.25%), Current Coupon 8.75%, Secured Debt (Maturity June 10, 2019)(9)	7,622 10,500	7,613 10,442 18,055	7,546 10,290 17,836

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The Topps Company, Inc.(11)

Trading Cards &  
Confectionary

LIBOR Plus 6.00% (Floor 1.25%),  
Current Coupon 7.25%, Secured Debt  
(Maturity October 2, 2020)(9)

2,218

2,208

2,226

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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2016****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>TMC Merger Sub Corp.(11)</b>	Refractory & Maintenance Services Provider	LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity October 31, 2022)(9)(23)	12,500	12,376	12,438
<b>TOMS Shoes, LLC(11)</b>	Global Designer, Distributor, and Retailer of Casual Footwear	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.50%, Secured Debt (Maturity October 30, 2020)(9)	4,913	4,567	3,635
<b>Travel Leaders Group, LLC(11)</b>	Travel Agency Network Provider	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity December 7, 2020)(9)	10,994	10,936	10,975
<b>Truck Bodies and Equipment International, Inc.(10)</b>	Manufacturer of Dump Truck Bodies and Dump Trailers	LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity March 31, 2021)(9)	15,750	15,602	15,602
<b>TVG-I-E CMN ACQUISITION, LLC(10)</b>	Organic Lead Generation for Online Postsecondary Schools	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity November 3, 2021)(9)	6,459	6,334	6,334
<b>Tweddle Group, Inc.(11)</b>	Provider of Technical Information Services to Automotive OEMs	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity October 21, 2022)(9)	8,462	8,295	8,419
<b>UniRush, LLC</b>	Provider of Prepaid Debit Card Solutions	12% Secured Debt (Maturity February 1, 2019) Warrants (444,725 equivalent units; Expiration February 2, 2026; Strike price \$10.27 per unit)	12,000	10,981 1,250 12,231	12,000 1,250 13,250
<b>US Joiner Holding Company(11)</b>					

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Marine Interior Design  
and Installation

LIBOR Plus 6.00% (Floor 1.00%),  
Current Coupon 7.00%, Secured Debt  
(Maturity April 16, 2020)(9)

11,514

11,435

11,456

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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2016****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>U.S. TelePacific Corp.(10)</b>	Provider of Communications and Managed Services	LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity February 24, 2021)(9)	7,500	7,377	7,377
<b>VCVH Holding Corp. (Verisk)(11)</b>	Healthcare Technology Services Focused on Revenue Maximization	LIBOR Plus 9.25% (Floor 1.00%), Current Coupon 10.25%, Secured Debt (Maturity June 1, 2024)(9)	1,500	1,464	1,488
<b>Virtex Enterprises, LP(10)</b>	Specialty, Full-Service Provider of Complex Electronic Manufacturing Services	12% Secured Debt (Maturity December 27, 2018) Preferred Class A Units (14 units; 5% cumulative)(8) Warrants (11 equivalent units; Expiration December 27, 2023; Strike price \$0.001 per unit)	1,667	1,559 333 186 2,078	1,559 612 220 2,391
<b>Wellnext, LLC(10)</b>	Manufacturer of Supplements and Vitamins	LIBOR Plus 9.00% (Floor 0.50%), Current Coupon 9.85%, Secured Debt (Maturity May 23, 2021)(9)	10,058	9,968	10,058
<b>Western Dental Services, Inc.(11)</b>	Dental Care Services	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity November 1, 2018)(9)	4,904	4,902	4,885
<b>Wilton Brands LLC(11)</b>	Specialty Housewares Retailer	LIBOR Plus 7.25% (Floor 1.25%), Current Coupon 8.50%, Secured Debt (Maturity August 30, 2018)(9)	1,153	1,147	1,093
<b>Worley Claims Services, LLC(10)</b>	Insurance Adjustment Management and Services Provider	LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 9.00%, Secured Debt (Maturity October 31, 2020)(9)	6,386	6,342	6,386

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YP Holdings LLC(11)

Online and Offline  
Advertising Operator

LIBOR Plus 11.00% (Floor 1.25%),  
Current Coupon 12.25%, Secured Debt  
(Maturity June 4, 2018)(9)

11,428

10,969

11,398

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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Schedule of Investments (Continued)****December 31, 2016****(dollars in thousands)**

<b>Portfolio Company(1)(20)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value(18)</b>
<b>Zilliant Incorporated</b>	Price Optimization and Margin Management Solutions	Preferred Stock (186,777 shares)		154	260
		Warrants (952,500 equivalent shares; Expiration June 15, 2022; Strike price \$0.001 per share)		1,071	1,190
				1,225	1,450
<b>Subtotal Non-Control/Non-Affiliate Investments (51.4% of total investments at fair value)</b>				<b>\$ 1,037,510</b>	<b>\$ 1,026,676</b>
<b>Total Portfolio Investments, December 31, 2016</b>				<b>\$ 1,871,883</b>	<b>\$ 1,996,906</b>

- (1) All investments are Lower Middle Market portfolio investments, unless otherwise noted. See Note B for a description of Lower Middle Market portfolio investments. All of the Company's investments, unless otherwise noted, are encumbered either as security for the Company's Credit Agreement or in support of the SBA-guaranteed debentures issued by the Funds.
- (2) Debt investments are income producing, unless otherwise noted. Equity and warrants are non-income producing, unless otherwise noted.
- (3) See Note C for a summary of geographic location of portfolio companies.
- (4) Principal is net of repayments. Cost is net of repayments 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. A majority of the variable rate loans in the Company's investment portfolio bear interest at a rate that may be determined by reference to either LIBOR or an alternate Base Rate (commonly based on the Federal Funds

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Rate or the Prime Rate), which typically resets semi-annually, quarterly, or monthly at the borrower's option. The borrower may also elect to have multiple interest reset periods for each loan. For each such loan, the Company has provided the weighted average annual stated interest rate in effect at December 31, 2016. As noted in this schedule, 64% (based on the par amount of the loans) of the loans contain LIBOR floors which range between 0.50% and 2.25%, with a weighted-average LIBOR floor of approximately 1.04%.

- (10) Private Loan portfolio investment. See Note B for a description of Private Loan portfolio investments.
- (11) Middle Market portfolio investment. See Note B for a description of Middle Market portfolio investments.
- (12) Other Portfolio investment. See Note B for a description of Other Portfolio investments.
- (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.
- (14) Non-accrual and non-income producing investment.
- (15) Portfolio company is in a bankruptcy process and, as such, the maturity date of our debt investments in this portfolio company will not be finally determined until such process is complete. As noted in footnote (14), our debt investments in this portfolio company are on non-accrual status.
- (16) External Investment Manager. Investment is not encumbered as security for the Company's Credit Agreement or in support of the SBA-guaranteed debentures issued by the Funds.
- (17) Maturity date is under on-going negotiations with the portfolio company and other lenders, if applicable.
- (18) Investment value was determined using significant unobservable inputs, unless otherwise noted.
- (19) PIK interest income and cumulative dividend income represent income not paid currently in cash.
- (20) All portfolio company headquarters are based in the United States, unless otherwise noted.
- (21) Portfolio company headquarters are located outside of the United States.

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**MAIN STREET CAPITAL CORPORATION**

**Consolidated Schedule of Investments (Continued)**

**December 31, 2016**

**(dollars in thousands)**

- (22) The Company has entered into an intercreditor agreement that entitles the Company to the "last out" tranche of the first lien secured loans, whereby the "first out" tranche will receive priority as to the "last out" tranche with respect to payments of principal, interest, and any other amounts due thereunder. Therefore, the Company receives a higher interest rate than the contractual stated interest rate of LIBOR plus 7.50% (Floor 1.00%) per the Credit Agreement and the Consolidated Schedule of Investments above reflects such higher rate.
- (23) The Company has entered into an intercreditor agreement that entitles the Company to the "first out" tranche of the first lien secured loans, whereby the "first out" tranche will receive priority as to the "last out" tranche with respect to payments of principal, interest, and any other amounts due thereunder. Therefore, the Company receives a lower interest rate than the contractual stated interest rate of LIBOR plus 6.64% (Floor 1.00%) per the Credit Agreement and the Consolidated Schedule of Investments above reflects such lower rate.
- (24) Investment fair value was determined using observable inputs in non-active markets for which sufficient observable inputs were available. See note C for further discussion.

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**MAIN STREET CAPITAL CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE A ORGANIZATION AND BASIS OF PRESENTATION**

**1. Organization**

Main Street Capital Corporation ("MSCC") is a principal investment firm primarily focused on providing customized debt and equity financing to lower middle market ("LMM") companies and debt capital to middle market ("Middle Market") companies. The portfolio investments of MSCC and its consolidated subsidiaries are typically made to support management buyouts, recapitalizations, growth financings, refinancings and acquisitions of companies that operate in a variety of industry sectors. MSCC seeks to partner with entrepreneurs, business owners and management teams and generally provides "one stop" financing alternatives within its LMM portfolio. MSCC and its consolidated subsidiaries invest primarily in secured debt investments, equity investments, warrants and other securities of LMM companies based in the United States and in secured debt investments of Middle Market companies generally headquartered in the United States.

MSCC was formed in March 2007 to operate as an internally managed business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act"). MSCC wholly owns several investment funds, including Main Street Mezzanine Fund, LP ("MSMF"), Main Street Capital II, LP ("MSC II") and Main Street Capital III, LP ("MSC III" and, collectively with MSMF and MSC II, the "Funds"), and each of their general partners. The Funds are each licensed as a Small Business Investment Company ("SBIC") by the United States Small Business Administration ("SBA"). Because MSCC is internally managed, all of the executive officers and other employees are employed by MSCC. Therefore, MSCC does not pay any external investment advisory fees, but instead directly incurs the operating costs associated with employing investment and portfolio management professionals.

MSC Adviser I, LLC (the "External Investment Manager") was formed in November 2013 as a wholly owned subsidiary of MSCC to provide investment management and other services to parties other than MSCC and its subsidiaries or their portfolio companies ("External Parties") and receive fee income for such services. MSCC has been granted no-action relief by the Securities and Exchange Commission ("SEC") to allow the External Investment Manager to register as a registered investment adviser under the Investment Advisers Act of 1940, as amended. Since the External Investment Manager conducts all of its investment management activities for External Parties, it is accounted for as a portfolio investment of MSCC and is not included as a consolidated subsidiary of MSCC in MSCC's consolidated financial statements.

MSCC has elected to be treated for U.S. 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 U.S. federal income taxes on any net ordinary taxable income or capital gains that it distributes to its stockholders.

MSCC has certain direct and indirect wholly owned subsidiaries that have elected to be taxable entities (the "Taxable Subsidiaries"). The primary purpose of the Taxable Subsidiaries is to permit MSCC to hold equity investments in portfolio companies which are "pass-through" entities for tax purposes.

Unless otherwise noted or the context otherwise indicates, the terms "we," "us," "our," the "Company" and "Main Street" refer to MSCC and its consolidated subsidiaries, which include the Funds and the Taxable Subsidiaries.

Table of Contents**MAIN STREET CAPITAL CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****2. Basis of Presentation**

Main Street's consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). The Company is an investment company following accounting and reporting guidance in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 946, *Financial Services Investment Companies* ("ASC 946"). For each of the periods presented herein, Main Street's consolidated financial statements include the accounts of MSCC and its consolidated subsidiaries. The Investment Portfolio, as used herein, refers to all of Main Street's investments in LMM portfolio companies, investments in Middle Market portfolio companies, Private Loan portfolio investments, Other Portfolio investments and the investment in the External Investment Manager (see Note C Fair Value Hierarchy for Investments and Debentures Portfolio Composition Investment Portfolio Composition for additional discussion of Main Street's Investment Portfolio and definitions for the terms Private Loan and Other Portfolio). Main Street's results of operations and cash flows for the years ended December 31, 2017, 2016 and 2015 and financial position as of December 31, 2017 and 2016, are presented on a consolidated basis. The effects of all intercompany transactions between Main Street and its consolidated subsidiaries have been eliminated in consolidation.

Under regulations pursuant to Article 6 of Regulation S-X applicable to BDCs and ASC 946, Main Street is precluded from consolidating other entities in which Main Street has equity investments, including those in which it has a controlling interest, unless the other entity is another investment company. An exception to this general principle in ASC 946 occurs if Main Street holds a controlling interest in an operating company that provides all or substantially all of its services directly to Main Street or to its portfolio companies. Accordingly, as noted above, MSCC's consolidated financial statements include the financial position and operating results for the Funds and the Taxable Subsidiaries. Main Street has determined that all of its portfolio investments do not qualify for this exception, including the investment in the External Investment Manager. Therefore, Main Street's Investment Portfolio is carried on the consolidated 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 consolidated statements of operations until the investment is realized, usually upon exit, resulting in any gain or loss being recognized as a "Net Realized Gain (Loss)."

***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.

**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 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

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**MAIN STREET CAPITAL CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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 privately held, LMM companies and more liquid 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 primarily debt securities in privately held companies which have been originated through strategic relationships with other investment funds on a collaborative basis, and are often referred to in the debt markets as "club deals." Private Loan investments are typically similar in size, structure, terms and conditions to investments Main Street holds in its LMM portfolio and Middle Market portfolio. Main Street's portfolio also includes Other Portfolio investments which primarily consist of investments that are not consistent with the typical profiles for its LMM portfolio investments, Middle Market portfolio investments or Private Loan portfolio investments, including investments which may be managed by third parties. Main Street's 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 Directors and in accordance with the 1940 Act. Main Street's valuation policies and processes are intended to provide a consistent basis for determining the fair value of Main Street's Investment Portfolio.

For LMM portfolio investments, Main Street generally reviews external events, including private mergers, sales and acquisitions involving comparable companies, and includes these events in the valuation process by using an enterprise value waterfall methodology ("Waterfall") for its LMM equity investments and an income approach using a yield-to-maturity model ("Yield-to-Maturity") for its LMM debt investments. For Middle Market portfolio investments, Main Street primarily uses quoted prices in the valuation process. Main Street determines the appropriateness of the use of third-party broker quotes, if any, in determining fair value based on its understanding of the level of actual transactions used by the broker to develop the quote and whether the quote was an indicative price or binding offer, the depth and consistency of broker quotes and the correlation of changes in broker quotes with underlying performance of the portfolio company and other market indices. For Middle Market and Private Loan portfolio investments in debt securities for which it has determined that third-party quotes or other independent pricing are not available or appropriate, Main Street generally estimates the fair value based on the assumptions that it believes hypothetical market participants would use to value the investment in a current hypothetical sale using the Yield-to-Maturity valuation method. For its Other Portfolio equity investments, Main Street generally calculates the fair value of the investment primarily based on the net asset value ("NAV") of the fund and adjusts the fair value for other factors that would affect the fair value of the investment. All of the valuation approaches for Main Street's portfolio investments estimate the value of the investment as if Main Street were to sell, or exit, the investment as of the measurement date.

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

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**MAIN STREET CAPITAL CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

purposes, "control" portfolio investments are composed of debt and equity securities in companies for which Main Street has a controlling interest in the equity ownership of the portfolio company or the ability to nominate a majority of the portfolio company's board of directors. For valuation purposes, "non-control" portfolio investments are generally composed of debt and equity securities in companies for which Main Street does not have a controlling interest in the equity ownership of the portfolio company or the ability to nominate a majority of the portfolio company's board of directors.

Under the Waterfall valuation method, Main Street estimates the enterprise value of a portfolio company using a combination of market and income approaches or other appropriate valuation methods, such as considering recent transactions in the equity securities of the portfolio company or third-party valuations of the portfolio company, and then performs a waterfall calculation by allocating the enterprise value over the portfolio company's securities in order of their preference relative to one another. 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. Due to SEC deadlines for Main Street's quarterly and annual financial reporting, the operating results of a portfolio company used in the current period valuation are generally the results from the period ended three months prior to such valuation date and may include unaudited, projected, budgeted or pro forma financial information and may require adjustments for non-recurring items or to normalize the operating results that may require significant judgment in its determination. In addition, projecting future financial results requires significant judgment regarding future growth assumptions. In evaluating the operating results, Main Street also analyzes the impact of exposure to litigation, loss of customers or other contingencies. After determining the appropriate enterprise value, 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. In applying the Waterfall valuation method, Main Street assumes the loans are paid off at the principal amount in a change in control transaction and are not assumed by the buyer, which Main Street believes is consistent with its past transaction history and standard industry practices.

Under the Yield-to-Maturity valuation method, Main Street also uses the income approach to determine the fair value of debt securities based on projections of the discounted future free cash flows that the debt security will likely generate, including analyzing the discounted cash flows of interest and principal amounts for the debt security, as set forth in the associated loan agreements, as well as the financial position and credit risk of the portfolio company. Main Street's estimate of the expected repayment date of its debt securities is generally the maturity date of the instrument, as Main Street generally intends to hold its loans and debt securities to maturity. The Yield-to-Maturity analysis also considers changes in leverage levels, credit quality, portfolio company performance and other factors. Main Street will generally 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 principal amount of the debt security valued using the Yield-to-Maturity valuation method. A change in the assumptions that Main Street uses to estimate the fair value of its debt securities using the Yield-to-Maturity valuation method could have a material impact on the determination of fair value. If there is deterioration in credit quality or if a debt security is in workout status, Main Street may consider other factors in determining the fair value of the debt security.

Table of Contents**MAIN STREET CAPITAL CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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.

Under the NAV valuation method, for an investment in an investment fund that does not have a readily determinable fair value, Main Street measures the fair value of the investment predominately based on the NAV of the investment fund as of the measurement date and adjusts the investment's fair value for factors known to Main Street that would affect that fund's NAV, including, but not limited to, fair values for individual investments held by the fund if Main Street holds the same investment or for a publicly traded investment. In addition, in determining the fair value of the investment, Main Street considers whether adjustments to the NAV are necessary in certain circumstances, based on the analysis of any restrictions on redemption of Main Street's investment as of the measurement date, recent actual sales or redemptions of interests in the investment fund, and expected future cash flows available to equity holders, including the rate of return on those cash flows compared to an implied market return on equity required by market participants, or other uncertainties surrounding Main Street's ability to realize the full NAV of its interests in the investment fund.

Pursuant to its internal valuation process and the requirements under the 1940 Act, Main Street performs valuation procedures on each of its portfolio investments quarterly. In addition to its internal valuation process, in arriving at estimates of fair value for its investments in its LMM portfolio companies, Main Street, among other things, consults with a nationally recognized independent financial advisory services firm. The nationally recognized independent financial advisory services firm analyzes and provides observations, recommendations and an assurance certification regarding the Company's determinations of the fair value of its LMM portfolio company investments. The nationally recognized independent financial advisory services firm is generally consulted relative to Main Street's investments in each LMM portfolio company at least once 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 financial advisory services firm 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 and received an assurance certification from its independent financial advisory services firm in arriving at Main Street's determination of fair value on its investments in a total of 53 LMM portfolio companies for the year ended December 31, 2017, representing approximately 91% of the total LMM portfolio at fair value as of December 31, 2017, and on a total of 62 LMM portfolio companies for the year ended December 31, 2016, representing approximately 93% of the total LMM portfolio at fair value as of December 31, 2016. Excluding its investments in new LMM portfolio companies which have not been in the Investment Portfolio for at least twelve months subsequent to the initial investment as of December 31, 2017 and 2016, as applicable, and its investments in the LMM portfolio companies that were not reviewed because their equity is publicly traded, which represented one LMM portfolio company as of December 31, 2016, or they hold real estate for which a third-party appraisal is obtained on at least an annual basis, the percentage of the LMM portfolio reviewed and certified by its independent financial advisory services firm for the years ended December 31, 2017 and 2016 was 97% and 98% of the total LMM portfolio at fair value as of December 31, 2017 and 2016, respectively.

For valuation purposes, all of Main Street's Middle Market portfolio investments are non-control investments. To the extent sufficient observable inputs are available to determine fair value, Main Street uses observable inputs to determine the fair value of these investments through obtaining third-

Table of Contents**MAIN STREET CAPITAL CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

party quotes or other independent pricing. For Middle Market portfolio investments for which it has determined that third-party quotes or other independent pricing are not available or appropriate, Main Street generally estimates the fair value based on the assumptions that it believes hypothetical market participants would use to value such Middle Market debt investments in a current hypothetical sale using the Yield-to-Maturity valuation method and such Middle Market equity investments in a current hypothetical sale using the Waterfall valuation method. Because the vast majority of the Middle Market portfolio investments are typically valued using third-party quotes or other independent pricing services (including 95% and 94% of the Middle Market portfolio investments as of December 31, 2017 and 2016, respectively), Main Street does not generally consult with any financial advisory services firms in connection with determining the fair value of its Middle Market investments.

For valuation purposes, all of Main Street's Private Loan portfolio investments are non-control investments. For Private Loan portfolio investments for which it has determined that third-party quotes or other independent pricing are not available or appropriate, Main Street generally estimates the fair value based on the assumptions that it believes hypothetical market participants would use to value such Private Loan debt investments in a current hypothetical sale using the Yield-to-Maturity valuation method and such Private Loan equity investments in a current hypothetical sale using the Waterfall valuation method.

In addition to its internal valuation process, in arriving at estimates of fair value for its investments in its Private Loan portfolio companies, Main Street, among other things, consults with a nationally recognized independent financial advisory services firm. The nationally recognized independent financial advisory services firm analyzes and provides observations and recommendations and an assurance certification regarding the Company's determinations of the fair value of its Private Loan portfolio company investments. The nationally recognized independent financial advisory services firm is generally consulted relative to Main Street's investments in each Private Loan portfolio company at least once every calendar year, and for Main Street's investments in new Private Loan 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 financial advisory services firm on its investments in one or more Private Loan portfolio companies. Such instances include, but are not limited to, situations where the fair value of Main Street's investment in a Private Loan portfolio company is determined to be insignificant relative to the total Investment Portfolio. Main Street consulted with and received an assurance certification from its independent financial advisory services firm in arriving at its determination of fair value on its investments in a total of 26 Private Loan portfolio companies for the year ended December 31, 2017, representing approximately 57% of the total Private Loan portfolio at fair value as of December 31, 2017, and on a total of 26 Private Loan portfolio companies for the year ended December 31, 2016, representing approximately 68% of the total Private Loan portfolio at fair value as of December 31, 2016. Excluding its investments in new Private Loan portfolio companies which have not been in the Investment Portfolio for at least twelve months subsequent to the initial investment decision as of December 31, 2017 and 2016, as applicable, and its investments in its Private Loan portfolio companies that were not reviewed because the investment is valued based upon third-party quotes or other independent pricing, the percentage of the Private Loan portfolio reviewed and certified by its independent financial advisory services firm for the years ended December 31, 2017 and 2016 was 94% and 97% of the total Private Loan portfolio at fair value as of December 31, 2017 and 2016, respectively.

For valuation purposes, all of Main Street's Other Portfolio investments are non-control investments. Main Street's Other Portfolio investments comprised 4.8% and 5.0% of Main Street's

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**MAIN STREET CAPITAL CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Investment Portfolio at fair value as of December 31, 2017 and 2016, respectively. 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 generally determines the fair value of its investments using the NAV valuation method. For its Other Portfolio debt investments for which it has determined that third-party quotes or other independent pricing are not available or appropriate, Main Street generally estimates the fair value based on the assumptions that it believes hypothetical market participants would use to value such Other Portfolio debt investments in a current hypothetical sale using the Yield-to-Maturity valuation method. For its Other Portfolio debt investments for which third-party quotes or other independent pricing are available and appropriate, Main Street determines the fair value of these investments through obtaining third-party quotes or other independent pricing to the extent that these inputs are available and appropriate to determine fair value.

For valuation purposes, Main Street's investment in the External Investment Manager is a control investment. Market quotations are not readily available for this investment, and as a result, Main Street determines the fair value of the External Investment Manager using the Waterfall valuation method under the market approach. In estimating the enterprise value, Main Street analyzes various factors, including the entity's historical and projected financial results, as well as its size, marketability and performance relative to the population of market comparables. This valuation approach estimates the value of the investment as if Main Street were to sell, or exit, the investment. In addition, Main Street considers its ability to control the capital structure of the company, as well as the timing of a potential exit, in connection with determining the fair value of the External Investment Manager.

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 determined 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 an internally developed 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 overseeing, reviewing and approving, in good faith, Main Street's determination of the fair value for its Investment Portfolio, as well as its valuation procedures, consistent with 1940 Act requirements. Main Street believes its Investment Portfolio as of December 31, 2017 and 2016 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 U.S. GAAP 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 in Note B.1., the consolidated financial statements include investments in the Investment Portfolio whose values have been estimated by Main Street with

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**MAIN STREET CAPITAL CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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 Investment Portfolio valuations, those estimated values may differ materially from the values that would have been determined had a ready market for the securities existed.

**3. Cash and Cash Equivalents**

Cash and cash equivalents consist of cash and 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 December 31, 2017, cash balances totaling \$47.9 million exceeded Federal Deposit Insurance Corporation 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. Interest, Dividend and Fee 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 by the portfolio company or at the point an obligation exists for the portfolio company to make a distribution. In accordance with Main Street's valuation policies, 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 sold or written off, Main Street removes it from non-accrual status.

As of December 31, 2017, Main Street's total Investment Portfolio had five investments on non-accrual status, which comprised approximately 0.2% of its fair value and 2.3% of its cost. As of December 31, 2016, Main Street's total Investment Portfolio had four investments on non-accrual status, which comprised approximately 0.6% of its fair value and 3.0% of its cost.

Main Street holds certain 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 or sold. To maintain RIC tax treatment (as discussed in Note B.9. 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. Main Street stops accruing PIK interest and cumulative dividends and writes off any accrued and uncollected interest and dividends in arrears when it determines that such PIK interest and dividends in arrears are no longer collectible. For the years ended December 31, 2017, 2016 and 2015, (i) approximately 2.4%, 3.6% and 2.2%, respectively, of Main Street's total investment income was

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attributable to PIK interest income not paid currently in cash and (ii) approximately 1.6%, 1.2% and 1.0%, respectively, of Main Street's total investment income was attributable to cumulative dividend income not paid currently in cash.

Main Street may periodically provide services, including structuring and advisory services, to its portfolio companies or other third parties. For services that are separately identifiable and evidence exists to substantiate fair value, fee 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 deferred and accreted into income over the life of the financing.

A presentation of the investment income Main Street received from its Investment Portfolio in each of the periods presented is as follows:

	<b>Twelve Months Ended December 31,</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
	<b>(dollars in thousands)</b>		
Interest, fee and dividend income:			
Interest income	\$ 161,934	\$ 138,689	\$ 131,333
Dividend income	34,704	32,182	24,266
Fee income	9,103	7,294	8,004
<b>Total interest, fee and dividend income</b>	<b>\$ 205,741</b>	<b>\$ 178,165</b>	<b>\$ 163,603</b>

**5. Deferred Financing Costs**

Deferred financing costs include commitment fees and other costs related to Main Street's multi-year revolving credit facility (the "Credit Facility", as discussed further in Note F) and its notes (as discussed further in Note G), as well as the commitment fees and leverage fees (approximately 3.4% of the total commitment and draw amounts, as applicable) on the SBIC debentures (as discussed further in Note E) which are not accounted for under the fair value option under ASC 825 (as discussed further in Note B.11.). Deferred financing costs in connection with the Credit Facility are capitalized as an asset. Deferred financing costs in connection with all other debt arrangements not using the fair value option are a direct deduction from the related debt liability.

**6. Equity Offering Costs**

The Company's equity offering costs are charged against the proceeds from equity offerings when the proceeds are received.

**7. 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 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 or warrants with an exercise price below the fair value of the underlying equity (together, "nominal cost equity") that are valued as part of the negotiation process with the particular portfolio

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## MAIN STREET CAPITAL CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 amounts negotiated with the particular portfolio company. The allocated amounts are based upon the fair value of the nominal cost equity, which is then used to determine the allocation of cost to the debt security. 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 in Note B.9. 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 interest income. For the years ended December 31, 2017, 2016 and 2015, approximately 3.6%, 3.1% and 2.6%, respectively, of Main Street's total investment income was attributable to interest income from the accretion of discounts associated with debt investments, net of any premium reduction.

**8. 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, which is generally the vesting term.

Effective January 1, 2016, Main Street elected early adoption of Accounting Standards Update ("ASU") 2016-09, *Compensation Stock Compensation: Improvements to Employee Share-Based Payment Accounting* ("ASU 2016-09," as discussed further below in Note B.13.). ASU 2016-09 requires that all excess tax benefits and tax deficiencies (including tax benefits of dividends on share-based payment awards) should be recognized as income tax expense or benefit in the income statement and no longer delay recognition of a tax benefit until the tax benefit is realized through a reduction to taxes payable. The tax effects of exercised or vested awards should be treated as discrete items in the reporting period in which they occur. Additionally, ASU 2016-09 allows an entity to make an entity-wide accounting policy election to either estimate the number of awards that are expected to vest, net of forfeitures, (current GAAP) or account for forfeitures when they occur. Amendments related to the timing of when excess tax benefits are recognized, minimum statutory withholding requirements, forfeitures and intrinsic value should be applied using a modified retrospective transition method by means of a cumulative-effect adjustment to equity as of the beginning of the period in which the guidance is adopted. As such, Main Street recorded a \$1.8 million adjustment to "Net Unrealized Appreciation, Net of Income Taxes" on the consolidated balance sheet to capture the cumulative tax effect as of January 1, 2016. Main Street has elected to account for forfeitures as they occur and this change had no impact on its consolidated financial statements. The additional amendments (cash flows

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classification, minimum statutory tax withholding requirements and classification of awards as either a liability or equity) did not have an effect on Main Street's consolidated financial statements.

**9. Income Taxes**

MSCC has elected to be treated for U.S. federal income tax purposes as a RIC. MSCC's taxable income includes the taxable income generated by MSCC and certain of its subsidiaries, including the Funds, which are treated as disregarded entities for tax purposes. As a RIC, MSCC generally will not pay corporate-level U.S. federal income taxes on any net ordinary taxable income or capital gains that MSCC distributes to its stockholders. MSCC must generally distribute at least 90% of its "investment company taxable income" (which is generally its net ordinary taxable income and realized net short-term capital gains in excess of realized net long-term capital losses) and 90% of its tax-exempt income to maintain its RIC status (pass-through tax treatment for amounts distributed). As part of maintaining RIC status, undistributed taxable income (subject to a 4% non-deductible U.S. federal 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 on or prior to the later of (i) the filing of the U.S. federal income tax return for the applicable fiscal year or (ii) the fifteenth day of the ninth month following the close of the year in which such taxable income was generated.

The Taxable Subsidiaries primarily hold certain portfolio investments for Main Street. The Taxable Subsidiaries permit Main Street to hold equity investments in portfolio companies which are "pass-through" entities for tax purposes and to continue to comply with the "source-of-income" requirements contained in the RIC tax provisions of the Code. The Taxable Subsidiaries are consolidated with Main Street for U.S. GAAP financial reporting purposes, and the portfolio investments held by the Taxable Subsidiaries are included in Main Street's consolidated financial statements as portfolio investments and recorded at fair value. The Taxable Subsidiaries are not consolidated with MSCC for income tax purposes and may generate income tax expense, or benefit, and tax assets and liabilities, as a result of their ownership of certain portfolio investments. The taxable income, or loss, of the Taxable Subsidiaries may differ from its book income, or loss, due to temporary book and tax timing differences and permanent differences. The Taxable Subsidiaries are each taxed at their normal corporate tax rates based on their taxable income. The income tax expense, or benefit, if any, and the related tax assets and liabilities, of the Taxable Subsidiaries are reflected in Main Street's consolidated financial statements.

The External Investment Manager is an indirect wholly owned subsidiary of MSCC owned through a Taxable Subsidiary and is a disregarded entity for tax purposes. The External Investment Manager has entered into a tax sharing agreement with its Taxable Subsidiary owner. Since the External Investment Manager is accounted for as a portfolio investment of MSCC and is not included as a consolidated subsidiary of MSCC in MSCC's consolidated financial statements, and as a result of the tax sharing agreement with its Taxable Subsidiary owner, for its stand-alone financial reporting purposes the External Investment Manager is treated as if it is taxed at normal corporate tax rates based on its taxable income and, as a result of its activities, may generate income tax expense or benefit. The income tax expense, or benefit, if any, and the related tax assets and liabilities, of the External Investment Manager are reflected in the External Investment Manager's separate financial statements.

In December 2017, the "Tax Cuts and Jobs Act" legislation was enacted. The Tax Cuts and Jobs Act includes significant changes to the U.S. corporate tax system, including a U.S. federal corporate income tax rate reduction from 35% to 21% and other changes. ASC 740, *Income Taxes*, requires the effects of changes in tax rates and laws on deferred tax balances to be recognized in the period in

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**MAIN STREET CAPITAL CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

which the legislation was enacted. As such, we have accounted for the tax effects as a result of the enactment of the Tax Cuts and Jobs Act as of December 31, 2017.

The Taxable Subsidiaries and the External Investment Manager 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 consolidated 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, if necessary, 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.

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.

**10. Net Realized Gains or Losses and Net Change in Unrealized Appreciation or Depreciation**

Realized gains or losses are measured by the difference between the net proceeds from the sale or redemption of an investment or a financial instrument and the cost basis of the investment or financial instrument, 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 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 and financial instruments to realized gains or losses.

**11. 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, payables and other liabilities approximate the fair values of such items due to the short-term nature of these instruments.

As part of Main Street's acquisition of the majority of the equity interests of MSC II in January 2010 (the "MSC II Acquisition"), 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 as part of the acquisition accounting related to the MSC II Acquisition and values 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 MSC II Acquisition. 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.

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## MAIN STREET CAPITAL CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

**12. 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. In accordance with ASC 260, *Earnings Per Share*, the unvested shares of restricted stock awarded pursuant to Main Street's equity compensation plans are participating securities and, therefore, 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.

**13. Recently Issued or Adopted Accounting Standards**

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 supersedes the revenue recognition requirements under ASC 605, *Revenue Recognition*, and most industry-specific guidance throughout the Industry Topics of the ASC. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. Under the new guidance, an entity is required to perform the following five steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the entity satisfies a performance obligation. The new guidance will significantly enhance comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. Additionally, the guidance requires improved disclosures as to the nature, amount, timing and uncertainty of revenue that is recognized. In March 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, which clarified the implementation guidance on principal versus agent considerations. In April 2016, the FASB issued ASU 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*, which clarified the implementation guidance regarding performance obligations and licensing arrangements. In May 2016, the FASB issued ASU No. 2016-12, *Revenue from Contracts with Customers (Topic 606) Narrow-Scope Improvements and Practical Expedients*, which clarified guidance on assessing collectability, presenting sales tax, measuring noncash consideration, and certain transition matters. In December 2016, the FASB issued ASU No. 2016-20, *Revenue from Contracts with Customers (Topic 606) Technical Corrections and Improvements*, which provided disclosure relief, and clarified the scope and application of the new revenue standard and related cost guidance. The new guidance will be effective for the annual reporting period beginning after December 15, 2017, including interim periods within that reporting period. Early adoption would be permitted for annual reporting periods beginning after December 15, 2016. Main Street expects to identify similar performance obligations under ASC 606 as compared with deliverables and separate units of account previously identified. As a result, Main Street expects timing of its revenue recognition to remain the same.

In April 2015, the FASB issued ASU 2015-03, *Interest Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, which requires debt financing costs related to a recognized debt liability to be presented on the balance sheet as a direct deduction from the related debt liability, similar to the presentation of debt discounts. Additionally in August 2015, the FASB issued ASU 2015-15, *Interest Imputation of Interest: Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements*, which provides further clarification on the same topic and states that the SEC would not object to the deferral and presentation of debt issuance costs as an asset and subsequent amortization of the deferred costs over the term of the line-of-credit

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**MAIN STREET CAPITAL CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. Main Street adopted the guidance for debt arrangements that are not line-of-credit arrangements as of June 30, 2017. Comparative financial statements of prior interim and annual periods have been adjusted to apply the new method retrospectively. As a result of the adoption, Main Street reclassified \$7.9 million of deferred financing costs assets to a direct deduction from the related debt liability on the consolidated balance sheet as of December 31, 2016. The adoption of this guidance had no impact on net assets, the consolidated statements of operations or the consolidated statements of cash flows.

In May 2015, the FASB issued ASU 2015-07, *Fair Value Measurements Disclosures for Certain Entities that Calculate Net Asset Value per Share*. This amendment updates guidance intended to eliminate the diversity in practice surrounding how investments measured at net asset value under the practical expedient with future redemption dates have been categorized in the fair value hierarchy. Under the updated guidance, investments for which fair value is measured at net asset value per share using the practical expedient should no longer be categorized in the fair value hierarchy, while investments for which fair value is measured at net asset value per share but the practical expedient is not applied should continue to be categorized in the fair value hierarchy. The updated guidance requires retrospective adoption for all periods presented and is effective for interim and annual reporting periods beginning after December 15, 2015, with early adoption permitted. Main Street adopted this standard during the three months ended March 31, 2016. There was no impact of the adoption of this new accounting standard on Main Street's consolidated financial statements as none of its investments are measured through the use of the practical expedient.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires lessees to recognize on the balance sheet a right-of-use asset, representing its right to use the underlying asset for the lease term, and a lease liability for all leases with terms greater than 12 months. The guidance also requires qualitative and quantitative disclosures designed to assess the amount, timing, and uncertainty of cash flows arising from leases. The standard requires the use of a modified retrospective transition approach, which includes a number of optional practical expedients that entities may elect to apply. The new guidance is effective for annual periods beginning after December 15, 2018, and interim periods therein. Early application is permitted. While Main Street continues to assess the effect of adoption, Main Street currently believes the most significant change relates to the recognition of a new right-of-use asset and lease liability on its consolidated balance sheet for its office space operating lease. Main Street currently has one operating lease for office space and does not expect a significant change in the leasing activity between now and adoption. See further discussion of the operating lease obligation in Note M.

In March 2016, the FASB issued ASU 2016-09, which is intended to simplify several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The new guidance is effective for annual periods beginning after December 15, 2016, and interim periods therein. Early application is permitted. Main Street elected to early adopt this standard during the three months ended March 31, 2016. See further discussion of the impact of the adoption of this standard in Note B.8.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230)*, which is intended to reduce the existing diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The guidance is effective for annual periods beginning after December 15, 2017, and interim periods therein. Early application is permitted. The

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**MAIN STREET CAPITAL CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

impact of the adoption of this new accounting standard on Main Street's consolidated financial statements is not expected to be material.

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 and any that are not yet effective will not have a material impact on its consolidated financial statements upon adoption.

**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.

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.

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**MAIN STREET CAPITAL CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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 tables 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. During the classification process, Main Street may determine that it is appropriate to transfer investments between fair value hierarchy Levels. These transfers occur when Main Street has concluded that it is appropriate for the classification of an individual asset to be changed due to a change in the factors used to determine the selection of the Level. Any such changes are deemed to be effective during the quarter in which the transfer occurs.

As of December 31, 2017, all of Main Street's LMM portfolio investments consisted of illiquid securities issued by private companies. As a result, as of December 31, 2017, the fair value determination for all of Main Street's LMM portfolio investments primarily consisted of unobservable inputs. As a result, all of Main Street's LMM portfolio investments were categorized as Level 3 as of December 31, 2017. As of December 31, 2016, all of Main Street's LMM portfolio investments except for the equity investment in one portfolio company consisted of illiquid securities issued by private companies. The investment which was the exception was in a company with publicly traded equity. As a result, the fair value determination for the LMM portfolio investments primarily consisted of unobservable inputs. The fair value determination for the publicly traded equity security consisted of observable inputs in non-active markets for which sufficient observable inputs were available to determine the fair value. As a result, all of Main Street's LMM portfolio investments were categorized as Level 3 as of December 31, 2016, except for the one publicly traded equity security which was categorized as Level 2.

As of December 31, 2017 and 2016, Main Street's Middle Market portfolio 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 not available to determine the fair value of these investments and unobservable inputs. As a result, all of Main Street's Middle Market portfolio investments were categorized as Level 3 as of December 31, 2017 and 2016.

As of December 31, 2017 and 2016, Main Street's Private Loan portfolio investments primarily consisted of investments in interest-bearing secured 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 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 as Level 3 as of December 31, 2017 and 2016.

As of December 31, 2017 and 2016, Main Street's Other 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 Other Portfolio investments were categorized as Level 3 as of December 31, 2017 and 2016.

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**MAIN STREET CAPITAL CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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);

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, which are generally valued through an average of the discounted cash flow technique and the market comparable/enterprise value technique (unless one of these approaches is determined to not be appropriate), 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 rates used in the Yield-to-Maturity valuation technique (described in Note B.1. Valuation of the Investment Portfolio) and (ii) the percentage of expected principal recovery. Significant increases (decreases) in any of these discount rates in isolation would result in a significantly lower (higher) fair value measurement. Significant increases (decreases) in any of these expected principal recovery percentages in isolation would result in a significantly higher (lower) 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 tables below.

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## MAIN STREET CAPITAL CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following tables provide a summary of the significant unobservable inputs used to fair value Main Street's Level 3 portfolio investments as of December 31, 2017 and 2016:

Type of Investment	Fair Value as of December 31, 2017 (in thousands)	Valuation Technique	Significant Unobservable Inputs	Range(3)	Weighted Average(3)	Median(3)
Equity investments	\$ 653,008	Discounted cash flow	WACC	11.1% - 23.2%	13.7%	14.0%
		Market comparable / Enterprise Value	EBITDA multiple(1)	4.3x - 8.5x(2)	7.3x	6.0x
Debt investments	\$ 858,816	Discounted cash flow	Risk adjusted discount factor	6.7% - 16.1%(2)	11.2%	11.0%
			Expected principal recovery percentage	2.9% - 100.0%	99.8%	100.0%
Debt investments	\$ 659,481	Market approach	Third-party quote	11.0 - 106.0		
Total Level 3 investments	\$ 2,171,305					

(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. Including these outliers, the range for EBITDA multiple is 4.0x - 17.5x and the range for risk adjusted discount factor is 4.3% - 30.0%.

(3) Does not include investments for which the valuation technique does not include the use of the applicable fair value input.

Type of Investment	Fair Value as of December 31, 2016 (in thousands)	Valuation Technique	Significant Unobservable Inputs	Range(3)	Weighted Average(3)	Median(3)
Equity investments	\$ 567,003	Discounted cash flow	Weighted-average cost of capital	10.4% - 23.1%	13.0%	13.7%
		Market comparable / Enterprise Value	EBITDA multiple(1)	4.5x - 8.5x(2)	7.1x	6.0x
Debt investments	\$ 808,895	Discounted cash flow	Risk adjusted discount factor	7.4% - 15.9%(2)	11.8%	11.6%
			Expected principal recovery percentage	3.0% - 100.0%	99.7%	100.0%
Debt investments	\$ 618,928	Market approach	Third-party quote	22.5 - 108.0		
Total Level 3 investments	\$ 1,994,826					

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- (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. Including these outliers, the range for EBITDA multiple is 3.3x - 17.5x and the range for risk adjusted discount factor is 4.8% - 38.0%.
- (3) Does not include investments for which the valuation technique does not include the use of the applicable fair value input.

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## MAIN STREET CAPITAL CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following tables provide a summary of changes in fair value of Main Street's Level 3 portfolio investments for the years ended December 31, 2017 and 2016 (amounts in thousands):

Type of Investment	Fair Value as of December 31, 2016	Transfers Into Level 3 Hierarchy	Redemptions/ Repayments	New Investments	Net Changes from Unrealized to Realized	Net Unrealized Appreciation (Depreciation)	Other(1)	Fair Value as of December 31, 2017
Debt	\$ 1,427,823	\$	\$ (753,240)	\$ 848,014	\$ 25,146	\$ (19,664)	\$ (9,782)	\$ 1,518,297
Equity	549,453		(44,773)	74,227	(25,596)	77,583	10,599	641,493
Equity Warrant	17,550		(4,697)	331	(549)	(303)	(817)	11,515
	\$ 1,994,826	\$	\$ (802,710)	\$ 922,572	\$ (999)	\$ 57,616	\$	\$ 2,171,305

(1) Includes the impact of non-cash conversions.

Type of Investment	Fair Value as of December 31, 2015	Transfers Into Level 3 Hierarchy	Redemptions/ Repayments	New Investments	Net Changes from Unrealized to Realized	Net Unrealized Appreciation (Depreciation)	Other(1)	Fair Value as of December 31, 2016
Debt	\$ 1,265,544	\$	\$ (431,871)	\$ 555,490	\$ 44,515	\$ 1,295	\$ (7,150)	\$ 1,427,823
Equity	519,966		(15,799)	86,037	(60,544)	12,643	7,150	549,453
Equity Warrant	10,646		(1,011)	5,928	1,011	976		17,550
	\$ 1,796,156	\$	\$ (448,681)	\$ 647,455	\$ (15,018)	\$ 14,914	\$	\$ 1,994,826

(1) Includes the impact of non-cash conversions.

As of December 31, 2017 and 2016, 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. 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 estimated market interest rates in isolation would result in a significantly lower (higher) fair value measurement.

The following tables provide a summary of the significant unobservable inputs used to fair value Main Street's Level 3 SBIC debentures as of December 31, 2017 and 2016 (amounts in thousands):

Type of Instrument

Range

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	Fair Value as of December 31, 2017	Valuation Technique	Significant Unobservable Inputs	Weighted Average
SBIC debentures	\$ 48,608	Discounted cash flow	Estimated market interest rates	4.9% - 5.5% 5.1%

Type of Instrument	Fair Value as of December 31, 2016	Valuation Technique	Significant Unobservable Inputs	Range	Weighted Average
SBIC debentures	\$ 74,803	Discounted cash flow	Estimated market interest rates	3.4% - 5.3%	4.2%

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## MAIN STREET CAPITAL CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following tables provide a summary of changes for the Level 3 SBIC debentures recorded at fair value for the years ended December 31, 2017 and 2016 (amounts in thousands):

Type of Instrument	Fair Value as of December 31, 2016	Repayments	Net Realized Loss	New SBIC Debentures	Net Unrealized (Appreciation) Depreciation	Fair Value as of December 31, 2017
SBIC debentures at fair value	\$ 74,803	\$ (25,200)	\$ 5,217	\$	\$ (6,212)	\$ 48,608

Type of Instrument	Fair Value as of December 31, 2015	Repayments	New SBIC Debentures	Net Unrealized (Appreciation) Depreciation	Fair Value as of December 31, 2016
SBIC debentures at fair value	\$ 73,860	\$	\$	\$ 943	\$ 74,803

At December 31, 2017 and 2016, Main Street's investments and SBIC debentures at fair value were categorized as follows in the fair value hierarchy for ASC 820 purposes:

At December 31, 2017	Fair Value	Fair Value Measurements (in thousands)		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
LMM portfolio investments	\$ 948,196	\$	\$	\$ 948,196
Middle Market portfolio investments	609,256			609,256
Private Loan portfolio investments	467,475			467,475
Other Portfolio investments	104,610			104,610
External Investment Manager	41,768			41,768
Total portfolio investments	2,171,305			2,171,305
Marketable securities and idle funds investments				
Total investments	\$ 2,171,305	\$	\$	\$ 2,171,305
SBIC debentures at fair value	\$ 48,608	\$	\$	\$ 48,608



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## MAIN STREET CAPITAL CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	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)
<b>At December 31, 2016</b>				
LMM portfolio investments	\$ 892,592	\$	\$ 2,080	\$ 890,512
Middle Market portfolio investments	630,578			630,578
Private Loan portfolio investments	342,867			342,867
Other Portfolio investments	100,252			100,252
External Investment Manager	30,617			30,617
Total portfolio investments	1,996,906		2,080	1,994,826
Marketable securities and idle funds investments				
Total investments	\$ 1,996,906	\$	\$ 2,080	\$ 1,994,826
SBIC debentures at fair value	\$ 74,803	\$	\$	\$ 74,803

**Investment Portfolio Composition**

Main Street's 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 \$50 million. The LMM debt investments are typically secured by either a first or second priority lien on the assets of the portfolio company, generally 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 investments, Main Street receives nominally priced equity warrants and/or makes direct equity investments in connection with a debt investment.

Main Street's Middle Market portfolio investments primarily consist of direct investments in or secondary purchases of interest-bearing debt securities in privately held companies based in the United States that are generally larger in size than the 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 \$20 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 portfolio company and typically have a term of between three and seven years from the original investment date.

Main Street's private loan ("Private Loan") portfolio investments are primarily debt securities in privately held companies which have been originated through strategic relationships with other investment funds on a collaborative basis, and are often referred to in the debt markets as "club deals." Private Loan investments are typically similar in size, structure, terms and conditions to investments Main Street holds in its LMM portfolio and Middle Market portfolio. Main Street's Private Loan portfolio debt investments are generally secured by either a first or second priority lien on the assets of the portfolio company and typically have a term of between three and seven years from the original investment date.



Table of Contents**MAIN STREET CAPITAL CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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. For Other Portfolio investments, Main Street generally receives distributions related to the assets held by the portfolio company. Those assets are typically expected to be liquidated over a five to ten year period.

Main Street's external asset management business is conducted through its External Investment Manager. The External Investment Manager earns management fees based on the assets of the funds under management and may earn incentive fees, or a carried interest, based on the performance of the funds managed. Main Street entered into an agreement with the External Investment Manager to share employees in connection with its asset management business generally, and specifically for its relationship with HMS Income Fund, Inc. ("HMS Income"). Through this agreement, Main Street shares employees with the External Investment Manager, including their related infrastructure, business relationships, management expertise and capital raising capabilities. Main Street allocates the related expenses to the External Investment Manager pursuant to the sharing agreement. Main Street's total expenses for the years ended December 31, 2017, 2016 and 2015 are net of expenses allocated to the External Investment Manager of \$6.4 million, \$5.1 million and \$4.3 million, respectively.

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 also be highly concentrated among several portfolio companies. For the years ended December 31, 2017, 2016 and 2015, Main Street did not record investment income from any single portfolio company in excess of 10% of total investment income.

The following tables provide a summary of Main Street's investments in the LMM, Middle Market and Private Loan portfolios as of December 31, 2017 and 2016 (this information excludes the Other Portfolio investments and the External Investment Manager which are discussed further below):

	As of December 31, 2017		
	LMM(a)	Middle Market	Private Loan
	(dollars in millions)		
Number of portfolio companies	70	62	54
Fair value	\$ 948.2	\$ 609.3	\$ 467.5
Cost	\$ 776.5	\$ 629.7	\$ 489.2
% of portfolio at cost debt	67.1%	97.3%	93.6%
% of portfolio at cost equity	32.9%	2.7%	6.4%
% of debt investments at cost secured by first priority lien	98.1%	90.5%	94.5%
Weighted-average annual effective yield(b)	12.0%	9.0%	9.2%
Average EBITDA(c)	\$ 4.4	\$ 78.3	\$ 39.6

(a) At December 31, 2017, Main Street had equity ownership in approximately 97% of its LMM portfolio companies, and the average fully diluted equity ownership in those portfolio companies was approximately 39%.

(b) The weighted-average annual effective yields were computed using the effective interest rates for all debt investments at cost as of December 31, 2017, including amortization of

Table of Contents**MAIN STREET CAPITAL CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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. The weighted-average annual effective yield is higher than what an investor in shares of Main Street's common stock will realize on its investment because it does not reflect Main Street's expenses or any sales load paid by an investor.

(c)

The average EBITDA is calculated using a simple average for the LMM portfolio and a weighted-average for the Middle Market and Private Loan portfolios. These calculations exclude certain portfolio companies, including six LMM portfolio companies, one Middle Market portfolio company and three Private Loan portfolio companies, as EBITDA is not a meaningful valuation metric for Main Street's investments in these portfolio companies, and those portfolio companies whose primary purpose is to own real estate.

**As of December 31, 2016**

	<b>LMM(a)</b>	<b>Middle Market</b>	<b>Private Loan</b>
	<b>(dollars in millions)</b>		
Number of portfolio companies	73	78	46
Fair value	\$ 892.6	\$ 630.6	\$ 342.9
Cost	\$ 760.3	\$ 646.8	\$ 357.7
% of portfolio at cost debt	69.1%	97.2%	93.5%
% of portfolio at cost equity	30.9%	2.8%	6.5%
% of debt investments at cost secured by first priority lien	92.1%	89.1%	89.0%
Weighted-average annual effective yield(b)	12.5%	8.5%	9.6%
Average EBITDA(c)	\$ 5.9	\$ 98.6	\$ 22.7

(a)

At December 31, 2016, Main Street had equity ownership in approximately 99% of its LMM portfolio companies, and the average fully diluted equity ownership in those portfolio companies was approximately 36%.

(b)

The weighted-average annual effective yields were computed using the effective interest rates for all debt investments at cost as of December 31, 2016, 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. The weighted-average annual effective yield is higher than what an investor in shares of Main Street's common stock will realize on its investment because it does not reflect Main Street's expenses or any sales load paid by an investor.

(c)

The average EBITDA is calculated using a simple average for the LMM portfolio and a weighted-average for the Middle Market and Private Loan portfolios. These calculations exclude certain portfolio companies, including five LMM portfolio companies, one Middle Market portfolio company and three Private Loan portfolio companies, as EBITDA is not a meaningful valuation metric for Main Street's investments in these portfolio companies.

As of December 31, 2017, Main Street had Other Portfolio investments in eleven companies, collectively totaling approximately \$104.6 million in fair value and approximately \$109.4 million in cost basis and which comprised approximately 4.8% of Main Street's Investment Portfolio at fair value. As of December 31, 2016, Main Street had Other Portfolio investments in ten companies, collectively totaling approximately \$100.3 million in fair value and approximately \$107.1 million in cost basis and which comprised approximately 5.0% of Main Street's Investment Portfolio at fair value.

Table of Contents**MAIN STREET CAPITAL CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

As discussed further in Note A.1., Main Street holds an investment in the External Investment Manager, a wholly owned subsidiary that is treated as a portfolio investment. As of December 31, 2017, there was no cost basis in this investment and the investment had a fair value of approximately \$41.8 million, which comprised approximately 1.9% of Main Street's Investment Portfolio at fair value. As of December 31, 2016, there was no cost basis in this investment and the investment had a fair value of approximately \$30.6 million, which comprised approximately 1.5% of Main Street's Investment Portfolio at fair value.

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 December 31, 2017 and 2016 (this information excludes the Other Portfolio investments and the External Investment Manager).

<b>Cost:</b>	<b>December 31, 2017</b>	<b>December 31, 2016</b>
First lien debt	79.0%	76.1%
Equity	15.3%	14.5%
Second lien debt	4.5%	7.7%
Equity warrants	0.7%	1.1%
Other	0.5%	0.6%
	100.0%	100.0%

<b>Fair Value:</b>	<b>December 31, 2017</b>	<b>December 31, 2016</b>
First lien debt	70.5%	68.7%
Equity	24.4%	22.6%
Second lien debt	4.1%	7.2%
Equity warrants	0.6%	0.9%
Other	0.4%	0.6%
	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 December 31, 2017 and 2016 (this information excludes the Other Portfolio investments and the External Investment Manager). The geographic composition is determined by the location of the corporate headquarters of the portfolio company.

<b>Cost:</b>	<b>December 31, 2017</b>	<b>December 31, 2016</b>
Southwest	26.1%	29.7%
Midwest	22.3%	23.0%
West	20.7%	16.1%
Northeast	15.2%	14.8%
Southeast	12.8%	13.1%
Canada	1.9%	1.7%
Other Non-United States	1.0%	1.6%
	100.0%	100.0%



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## MAIN STREET CAPITAL CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Fair Value:	December 31, 2017	December 31, 2016
Southwest	26.8%	31.0%
West	23.7%	18.3%
Midwest	20.3%	21.2%
Northeast	14.6%	13.9%
Southeast	11.9%	12.7%
Canada	1.8%	1.4%
Other Non-United States	0.9%	1.5%
	100.0%	100.0%

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

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## MAIN STREET CAPITAL CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

as of December 31, 2017 and 2016 (this information excludes the Other Portfolio investments and the External Investment Manager).

Cost:	December 31, 2017	December 31, 2016
Energy Equipment & Services	6.9%	7.5%
Construction & Engineering	6.4%	5.3%
Hotels, Restaurants & Leisure	6.2%	6.5%
Specialty Retail	5.3%	4.4%
Machinery	5.2%	5.6%
Commercial Services & Supplies	4.5%	5.0%
Media	4.4%	5.7%
Diversified Telecommunication Services	4.1%	3.3%
IT Services	3.9%	3.9%
Professional Services	3.7%	1.4%
Electronic Equipment, Instruments & Components	3.4%	4.5%
Internet Software & Services	3.4%	3.6%
Aerospace & Defense	3.3%	0.9%
Leisure Equipment & Products	3.0%	0.9%
Health Care Providers & Services	2.9%	3.0%
Computers & Peripherals	2.8%	2.2%
Software	2.5%	2.6%
Communications Equipment	2.3%	2.3%
Health Care Equipment & Supplies	2.0%	2.3%
Distributors	1.9%	1.1%
Food Products	1.9%	2.6%
Building Products	1.9%	2.1%
Auto Components	1.9%	3.0%
Construction Materials	1.7%	0.7%
Diversified Consumer Services	1.6%	2.8%
Diversified Financial Services	1.6%	2.3%
Oil, Gas & Consumable Fuels	1.6%	1.2%
Internet & Catalog Retail	1.3%	0.7%
Road & Rail	1.0%	1.5%
Real Estate Management & Development	1.0%	0.7%
Air Freight & Logistics	0.9%	1.0%
Consumer Finance	0.7%	1.5%
Other(1)	4.8%	7.9%
	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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## MAIN STREET CAPITAL CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Fair Value:	December 31, 2017	December 31, 2016
Machinery	6.4%	6.7%
Construction & Engineering	6.3%	5.6%
Energy Equipment & Services	6.2%	5.8%
Hotels, Restaurants & Leisure	5.9%	6.5%
Diversified Consumer Services	5.9%	5.5%
Specialty Retail	5.3%	4.6%
Commercial Services & Supplies	4.1%	5.0%
IT Services	4.0%	3.7%
Media	3.8%	5.2%
Professional Services	3.5%	1.3%
Diversified Telecommunication Services	3.4%	2.5%
Internet Software & Services	3.2%	3.5%
Aerospace & Defense	3.1%	0.8%
Computers & Peripherals	3.0%	2.3%
Leisure Equipment & Products	2.9%	0.9%
Electronic Equipment, Instruments & Components	2.8%	3.9%
Health Care Providers & Services	2.8%	2.9%
Software	2.5%	2.6%
Communications Equipment	2.2%	2.3%
Health Care Equipment & Supplies	2.1%	2.4%
Construction Materials	1.9%	1.0%
Distributors	1.8%	1.1%
Food Products	1.8%	2.4%
Building Products	1.8%	1.9%
Diversified Financial Services	1.6%	2.3%
Auto Components	1.6%	2.9%
Oil, Gas & Consumable Fuels	1.5%	1.1%
Real Estate Management & Development	1.1%	0.7%
Internet & Catalog Retail	1.1%	0.6%
Air Freight & Logistics	1.0%	1.1%
Road & Rail	1.0%	2.5%
Consumer Finance	0.6%	1.3%
Other(1)	3.8%	7.1%
	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 December 31, 2017 and 2016, Main Street had no portfolio investment that was greater than 10% of the Investment Portfolio at fair value.

**Unconsolidated Significant Subsidiaries**

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In accordance with Rules 3-09 and 4-08(g) of Regulation S-X, Main Street must determine which of its unconsolidated controlled portfolio companies, if any, are considered "significant subsidiaries." In evaluating these unconsolidated controlled portfolio companies, there are three tests utilized to determine if any of Main Street's Control Investments (as defined in Note A, including those unconsolidated portfolio companies defined as Control Investments in which Main Street does not own

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greater than 50% of the voting securities) are considered significant subsidiaries: the investment test, the asset test and the income test. Rule 3-09 of Regulation S-X, as interpreted by the SEC, requires Main Street to include separate audited financial statements of an unconsolidated majority-owned subsidiary (Control Investments in which Main Street owns greater than 50% of the voting securities) in an annual report if any of the three tests exceed 20% of Main Street's total investments at fair value, total assets or total income, respectively. Rule 4-08(g) of Regulation S-X requires summarized financial information of a Control Investment in an annual report if any of the three tests exceeds 10% of Main Street's annual total amounts and Rule 10-01(b)(1) of Regulation S-X requires summarized financial information in a quarterly report if any of the three tests exceeds 20% of Main Street's year-to-date total amounts.

As of December 31, 2017 and 2016, Main Street had no single investment that represented greater than 10% of its total Investment Portfolio at fair value and no single investment whose total assets represented greater than 10% of its total assets. After performing the income test for the years ended December 31, 2017 and 2016, Main Street determined that its income from one of its Control Investments individually generated more than 10% of its total income, primarily due to the unrealized appreciation that was recognized on the investment. As such, CBT Nuggets, LLC, an unconsolidated portfolio company that was a Control Investment, but for which Main Street was not the majority owner and did not have rights to maintain greater than 50% of the board representation, was considered a significant subsidiary at the 10% level as of December 31, 2017 and 2016. Additionally, after performing the income test for the year ended December 31, 2015, excluding investments which were fully exited after December 31, 2015, CBT Nuggets, LLC and the wholly owned External Investment Manager were each considered significant subsidiaries at the 10% income level (see further discussion and summarized financial information of the External Investment Manager in Note D).

The following table shows the summarized financial information for CBT Nuggets, LLC:

	As of December 31,		
	2017	2016	
	(dollars in thousands)		
<b>Balance Sheet Data</b>			
Current Assets	\$ 14,585	\$ 7,288	
Noncurrent Assets	11,769	13,609	
Current Liabilities	17,570	17,871	
Noncurrent Liabilities			
	Twelve Months Ended		
	December 31,		
	2017	2016	2015
	(dollars in thousands)		
<b>Summary of Operations</b>			
Total Revenue	\$ 40,802	\$ 38,779	\$ 33,924
Gross Profit	35,837	33,661	29,352
Income from Operations	9,018	13,117	12,099
Net Income	18,379	12,819	12,343

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**MAIN STREET CAPITAL CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**NOTE D EXTERNAL INVESTMENT MANAGER**

As discussed further in Note A.1., the External Investment Manager provides investment management and other services to External Parties. The External Investment Manager is accounted for as a portfolio investment of MSCC since the External Investment Manager conducts all of its investment management activities for External Parties.

During May 2012, Main Street entered into an investment sub-advisory agreement with HMS Adviser, LP ("HMS Adviser"), which is the investment advisor to HMS Income, a non-listed BDC, to provide certain investment advisory services to HMS Adviser. In December 2013, after obtaining required no-action relief from the SEC to allow it to own a registered investment adviser, Main Street assigned the sub-advisory agreement to the External Investment Manager since the fees received from such arrangement could otherwise have negative consequences on MSCC's ability to meet the source-of-income requirement necessary for it to maintain its RIC tax treatment. Under the investment sub-advisory agreement, the External Investment Manager is entitled to 50% of the base management fee and the incentive fees earned by HMS Adviser under its advisory agreement with HMS Income. The External Investment Manager has conditionally agreed to waive a limited amount of the incentive fees otherwise earned. During the years ended December 31, 2017, 2016 and 2015, the External Investment Manager earned \$10.9 million, \$9.5 million and \$7.8 million, respectively, of management fees (net of fees waived, if any) under the sub-advisory agreement with HMS Adviser.

The investment in the External 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. Main Street determines the fair value of the External Investment Manager using the Waterfall valuation method under the market approach (see further discussion in Note B.1.). Any change in fair value of the investment in the External Investment Manager is recognized on Main Street's consolidated statements of operations in "Net Change in Unrealized Appreciation (Depreciation) Portfolio investments."

The External Investment Manager is an indirect wholly owned subsidiary of MSCC owned through a Taxable Subsidiary and is a disregarded entity for tax purposes. The External Investment Manager has entered into a tax sharing agreement with its Taxable Subsidiary owner. Since the External Investment Manager is accounted for as a portfolio investment of MSCC and is not included as a consolidated subsidiary of MSCC in MSCC's consolidated financial statements, and as a result of the tax sharing agreement with its Taxable Subsidiary owner, for financial reporting purposes the External Investment Manager is treated as if it is taxed at normal corporate tax rates based on its taxable income and, as a result of its activities, may generate income tax expense or benefit. Main Street owns the External Investment Manager through the Taxable Subsidiary to allow MSCC to continue to comply with the "source-of-income" requirements contained in the RIC tax provisions of the Code. The taxable income, or loss, of the External Investment Manager may differ from its book income, or loss, due to temporary book and tax timing differences and permanent differences. As a result of the above described financial reporting and tax treatment, the External Investment Manager provides for any income tax expense, or benefit, and any tax assets or liabilities in its separate financial statements.

Main Street shares employees with the External Investment Manager and allocates costs related to such shared employees to the External Investment Manager generally based on a combination of the direct time spent, new investment origination activity and assets under management, depending on the nature of the expense. For the years ended December 31, 2017, 2016 and 2015, Main Street allocated \$6.4 million, \$5.1 million and \$4.3 million of total expenses, respectively, to the External Investment Manager. The total contribution of the External Investment Manager to Main Street's net investment

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income consists of the combination of the expenses allocated to the External Investment Manager and the dividend income received from the External Investment Manager. For the years ended December 31, 2017, 2016 and 2015, the total contribution to Main Street's net investment income was \$9.4 million, \$7.9 million and \$6.5 million, respectively.

Summarized financial information from the separate financial statements of the External Investment Manager as of December 31, 2017 and 2016 and for the years ended December 31, 2017, 2016 and 2015 is as follows:

	As of December 31,	
	2017	2016
	(dollars in thousands)	
Cash	\$	\$
Accounts receivable HMS Income	2,863	2,496
<b>Total assets</b>	<b>\$ 2,863</b>	<b>\$ 2,496</b>
Accounts payable to MSCC and its subsidiaries	\$ 1,963	\$ 1,635
Dividend payable to MSCC and its subsidiaries	900	719
Taxes payable		142
Equity		
<b>Total liabilities and equity</b>	<b>\$ 2,863</b>	<b>\$ 2,496</b>

	Twelve Months Ended December,		
	2017	2016	2015
	(dollars in thousands)		
Management fee income	\$ 10,946	\$ 9,540	\$ 7,767
Expenses allocated from MSCC or its subsidiaries:			
Salaries, share-based compensation and other personnel costs	(3,989)	(3,470)	(3,005)
Other G&A expenses	(2,381)	(1,619)	(1,330)
<b>Total allocated expenses</b>	<b>(6,370)</b>	<b>(5,089)</b>	<b>(4,335)</b>
Pre-tax income	4,576	4,451	3,432
Tax expense	(1,544)	(1,623)	(1,235)
<b>Net income</b>	<b>\$ 3,032</b>	<b>\$ 2,828</b>	<b>\$ 2,197</b>

**NOTE E SBIC DEBENTURES**

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Due to each of the Funds' status as a licensed SBIC, Main Street has the ability to issue, through the Funds, debentures guaranteed by the SBA up to a maximum amount of \$350.0 million through its three existing SBIC licenses. SBIC debentures payable were \$295.8 million and \$240.0 million at December 31, 2017 and 2016, respectively. SBIC debentures provide for interest to be paid semiannually, with principal due at the applicable 10-year maturity date of each debenture. During the year ended December 31, 2017, Main Street issued \$81.0 million of SBIC debentures and opportunistically prepaid \$25.2 million of existing SBIC debentures as part of an effort to manage the maturity dates of the oldest SBIC debentures, leaving \$54.2 million of additional capacity under Main Street's SBIC licenses. As a result of this prepayment, Main Street recognized a realized loss of

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**MAIN STREET CAPITAL CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

\$5.2 million due to the previously recognized gain recorded as a result of recording the MSC II debentures at fair value on the date of the acquisition of the majority interests of MSC II. The effect of the realized loss is offset by the reversal of all previously recognized unrealized depreciation due to fair value adjustments since the date of the acquisition. Main Street expects to issue new SBIC debentures under the SBIC program in the future in an amount up to the regulatory maximum amount of \$350.0 million for affiliated SBIC funds. The weighted-average annual interest rate on the SBIC debentures was 3.6% and 4.1% as of December 31, 2017 and 2016, respectively. The first principal maturity due under the existing SBIC debentures is in 2019, and the weighted-average remaining duration as of December 31, 2017 was approximately 5.8 years. For the years ended December 31, 2017, 2016 and 2015, Main Street recognized interest expense attributable to the SBIC debentures of \$10.5 million, \$10.0 million and \$9.9 million, respectively. Main Street has incurred upfront leverage and other miscellaneous fees of approximately 3.4% of the debenture principal amount. In accordance with SBA regulations, the Funds are precluded from incurring additional non-SBIC debt without the prior approval of the SBA.

As of December 31, 2017, the recorded value of the SBIC debentures was \$288.5 million which consisted of (i) \$48.6 million recorded at fair value, or \$1.4 million less than the \$50.0 million par value of the SBIC debentures issued in MSC II, (ii) \$149.8 million par value of SBIC debentures outstanding held in MSMF, with a recorded value of \$147.5 million that was net of unamortized debt issuance costs of \$2.3 million and (iii) \$96.0 million par value of SBIC debentures held in MSC III with a recorded value of \$92.4 million that was net of unamortized debt issuance costs of \$3.6 million. As of December 31, 2017, 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 \$266.3 million, or \$29.5 million less than the \$295.8 million face value of the SBIC debentures.

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The maturity dates and fixed interest rates for Main Street's SBIC Debentures as of December 31, 2017 and 2016 are summarized in the following table:

<b>Maturity Date</b>	<b>Fixed Interest Rate</b>	<b>December 31, 2017</b>	<b>December 31, 2016</b>
9/1/2017	6.43%		15,000,000
3/1/2018	6.38%		10,200,000
9/1/2019	4.95%	20,000,000	20,000,000
3/1/2020	4.51%	10,000,000	10,000,000
9/1/2020	3.50%	35,000,000	35,000,000
9/1/2020	3.93%	10,000,000	10,000,000
3/1/2021	4.37%	10,000,000	10,000,000
3/1/2021	4.60%	20,000,000	20,000,000
9/1/2021	3.39%	10,000,000	10,000,000
9/1/2022	2.53%	5,000,000	5,000,000
3/1/2023	3.16%	16,000,000	16,000,000
3/1/2024	3.95%	8,000,000	8,000,000
3/1/2024	3.95%	12,000,000	12,000,000
3/1/2024	3.95%	11,400,000	11,400,000
3/1/2024	3.95%	7,600,000	7,600,000
3/1/2024	3.55%	24,800,000	24,800,000
3/1/2027	3.52%	40,400,000	15,000,000
9/1/2027	3.19%	34,600,000	
3/1/2028(1)	2.02%	21,000,000	
Ending Balance		295,800,000	240,000,000

(1)

The interest rate for this tranche of SBIC debentures represents an initial rate that has not been fixed by the SBA as of December 31, 2017. In March 2018, the rate for this tranche of SBIC debentures will be determined and, thereafter, the rate will be fixed for the ensuing 10 years.

**NOTE F CREDIT FACILITY**

Main Street maintains the Credit Facility to provide additional liquidity to support its investment and operational activities. The Credit Facility was amended in September 2017 to increase total commitments to \$585.0 million from a diversified group of fifteen lenders. The Credit Facility matures in September 2021 and contains an accordion feature which allows Main Street to increase the total commitments under the facility to up to \$750.0 million from new and 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 at a rate equal to the applicable LIBOR rate (1.56% as of December 31, 2017) plus (i) 1.875% (or the applicable base rate (Prime Rate of 4.50% as of December 31, 2017) plus 0.875%) as long as Main Street maintains an investment grade rating and meets certain agreed upon excess collateral and maximum leverage requirements, (ii) 2.0% (or the applicable base rate plus 1.0%) if Main Street maintains an investment grade rating but does not meet certain excess collateral and maximum leverage requirements or (iii) 2.25% (or the applicable base rate plus 1.25%) if Main Street does not maintain an investment grade rating. Main Street pays unused commitment fees of 0.25% per annum on the unused lender commitments under the Credit Facility. The Credit Facility is secured by a



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first lien on the assets of MSCC and its subsidiaries, excluding the equity ownership or assets of the Funds and the External Investment Manager. The Credit Facility contains certain affirmative and negative covenants, including but not limited to: (i) maintaining a minimum availability of at least 10% of the borrowing base, (ii) maintaining an interest coverage ratio of at least 2.0 to 1.0, (iii) maintaining an asset coverage ratio of at least 1.5 to 1.0 and (iv) maintaining a minimum tangible net worth. The Credit Facility is provided on a revolving basis through its final maturity date in September 2021, and contains two, one-year extension options which could extend the final maturity by up to two years, subject to certain conditions, including lender approval.

At December 31, 2017, Main Street had \$64.0 million in borrowings outstanding under the Credit Facility. As of December 31, 2017, if Main Street had adopted the fair value option under ASC 825 for its Credit Facility, Main Street estimates its fair value would approximate its recorded value. Main Street recognized interest expense related to the Credit Facility, including unused commitment fees and amortization of deferred issuance costs, of \$10.6 million, \$9.2 million and \$7.7 million, respectively, for the years ended December 31, 2017, 2016 and 2015. As of December 31, 2017, the interest rate on the Credit Facility was 3.2%. The average interest rate for the year ended December 31, 2017 was 3.0%. Main Street was in compliance with all financial covenants of the Credit Facility.

**NOTE G NOTES****6.125% Notes**

In April 2013, Main Street issued \$92.0 million, including the underwriters full exercise of their option to purchase additional principal amounts to cover over-allotments, in aggregate principal amount of 6.125% Notes due 2023 (the "6.125% Notes"). The 6.125% Notes are unsecured obligations and rank pari passu with Main Street's current and future unsecured indebtedness; senior to any of its future indebtedness that expressly provides it is subordinated to the 6.125% Notes; effectively subordinated to all of its existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness, including borrowings under its Credit Facility; and structurally subordinated to all existing and future indebtedness and other obligations of any of its subsidiaries, including without limitation, the indebtedness of the Funds. The 6.125% Notes mature on April 1, 2023, and may be redeemed in whole or in part at any time or from time to time at Main Street's option on or after April 1, 2018. The 6.125% Notes bear interest at a rate of 6.125% per year payable quarterly on January 1, April 1, July 1 and October 1 of each year. The total net proceeds to Main Street from the 6.125% Notes, after underwriting discounts and estimated offering expenses payable, were approximately \$89.0 million. Main Street has listed the 6.125% Notes on the New York Stock Exchange under the trading symbol "MSCA." Main Street may from time to time repurchase the 6.125% Notes in accordance with the 1940 Act and the rules promulgated thereunder. As of December 31, 2017, the outstanding balance of the 6.125% Notes was \$90.7 million and the recorded value of \$89.1 million was net of unamortized debt issuance costs of \$1.6 million. As of December 31, 2017, if Main Street had adopted the fair value option under ASC 825 for the 6.125% Notes, Main Street estimates the fair value would be approximately \$91.6 million. Main Street recognized interest expense related to the 6.125% Notes, including amortization of unamortized deferred issuance costs, of \$5.9 million for each of the years ended December 31, 2017, 2016 and 2015.

The indenture governing the 6.125% Notes (the "6.125% Notes Indenture") contains certain covenants, including covenants requiring Main Street's compliance with (regardless of whether Main Street is subject to) the asset coverage requirements set forth in Section 18(a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act, as well as covenants requiring Main Street to provide financial information to the holders of the 6.125% Notes and the Trustee if Main Street ceases to be subject to

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the reporting requirements of the Securities Exchange Act of 1934. These covenants are subject to limitations and exceptions that are described in the 6.125% Notes Indenture. As of December 31, 2017, Main Street was in compliance with these covenants.

**4.50% Notes due 2019**

In November 2014, Main Street issued \$175.0 million in aggregate principal amount of 4.50% unsecured notes due 2019 (the "4.50% Notes due 2019") at an issue price of 99.53%. The 4.50% Notes due 2019 are unsecured obligations and rank pari passu with Main Street's current and future unsecured indebtedness; senior to any of its future indebtedness that expressly provides it is subordinated to the 4.50% Notes due 2019; effectively subordinated to all of its existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness, including borrowings under its Credit Facility; and structurally subordinated to all existing and future indebtedness and other obligations of any of its subsidiaries, including without limitation, the indebtedness of the Funds. The 4.50% Notes due 2019 mature on December 1, 2019, and may be redeemed in whole or in part at any time at Main Street's option subject to certain make-whole provisions. The 4.50% Notes due 2019 bear interest at a rate of 4.50% per year payable semiannually on June 1 and December 1 of each year. The total net proceeds from the 4.50% Notes due 2019, resulting from the issue price and after underwriting discounts and estimated offering expenses payable, were approximately \$171.2 million. Main Street may from time to time repurchase the 4.50% Notes due 2019 in accordance with the 1940 Act and the rules promulgated thereunder. As of December 31, 2017, the outstanding balance of the 4.50% Notes due 2019 was \$175.0 million and the recorded value of \$173.6 million was net of unamortized debt issuance costs of \$1.4 million. As of December 31, 2017, if Main Street had adopted the fair value option under ASC 825 for the 4.50% Notes due 2019, Main Street estimates its fair value would be approximately \$177.0 million. Main Street recognized interest expense related to the 4.50% Notes due 2019, including amortization of unamortized deferred issuance costs, of \$8.6 million for each of the years ended December 31, 2017, 2016 and 2015.

The indenture governing the 4.50% Notes due 2019 (the "4.50% Notes due 2019 Indenture") contains certain covenants, including covenants requiring Main Street's compliance with (regardless of whether Main Street is subject to) the asset coverage requirements set forth in Section 18(a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act, as well as covenants requiring Main Street to provide financial information to the holders of the 4.50% Notes due 2019 and the Trustee if Main Street ceases to be subject to the reporting requirements of the Securities Exchange Act of 1934. These covenants are subject to limitations and exceptions that are described in the 4.50% Notes due 2019 Indenture. As of December 31, 2017, Main Street was in compliance with these covenants.

**4.50% Notes due 2022**

In November 2017, Main Street issued \$185.0 million in aggregate principal amount of 4.50% unsecured notes due 2022 (the "4.50% Notes due 2022") at an issue price of 99.16%. The 4.50% Notes due 2022 are unsecured obligations and rank pari passu with Main Street's current and future unsecured indebtedness; senior to any of its future indebtedness that expressly provides it is subordinated to the 4.50% Notes due 2022; effectively subordinated to all of its existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness, including borrowings under its Credit Facility; and structurally subordinated to all existing and future indebtedness and other obligations of any of its subsidiaries, including without limitation, the indebtedness of the Funds. The 4.50% Notes due 2022 mature on December 1, 2022, and may be redeemed in whole or in part at any time at Main Street's option subject to certain make-whole

Table of Contents**MAIN STREET CAPITAL CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

provisions. The 4.50% Notes due 2022 bear interest at a rate of 4.50% per year payable semiannually on June 1 and December 1 of each year. The total net proceeds from the 4.50% Notes due 2022, resulting from the issue price and after underwriting discounts and estimated offering expenses payable, were approximately \$182.2 million. Main Street may from time to time repurchase the 4.50% Notes due 2022 in accordance with the 1940 Act and the rules promulgated thereunder. As of December 31, 2017, the outstanding balance of the 4.50% Notes due 2022 was \$185.0 million and the recorded value of \$182.0 million was net of unamortized debt issuance costs of \$3.0 million. As of December 31, 2017, if Main Street had adopted the fair value option under ASC 825 for the 4.50% Notes due 2022, Main Street estimates its fair value would be approximately \$186.6 million. Main Street recognized interest expense related to the 4.50% Notes due 2022, including amortization of unamortized deferred issuance costs, of \$0.9 million for the year ended December 31, 2017.

The indenture governing the 4.50% Notes due 2022 (the "4.50% Notes due 2022 Indenture") contains certain covenants, including covenants requiring Main Street's compliance with (regardless of whether Main Street is subject to) the asset coverage requirements set forth in Section 18(a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act, as well as covenants requiring Main Street to provide financial information to the holders of the 4.50% Notes due 2022 and the Trustee if Main Street ceases to be subject to the reporting requirements of the Securities Exchange Act of 1934. These covenants are subject to limitations and exceptions that are described in the 4.50% Notes due 2022 Indenture. As of December 31, 2017, Main Street was in compliance with these covenants.

**NOTE H FINANCIAL HIGHLIGHTS**

Per Share Data:	Twelve Months Ended December 31,					
	2017	2016	2015	2014	2013	
NAV at the beginning of the period	\$ 22.10	\$ 21.24	\$ 20.85	\$ 19.89	\$ 18.59	
Net investment income(1)	2.39	2.23	2.18	2.20	2.06	
Net realized gain(1)(2)	0.19	0.56	(0.43)	0.53	0.07	
Net change in net unrealized appreciation (depreciation)(1)(2)	0.86	(0.14)	0.20	(0.27)	0.52	
Income tax benefit (provision)(1)(2)	(0.43)	0.02	0.18	(0.15)		
Net increase in net assets resulting from operations(1)	3.01	2.67	2.13	2.31	2.65	
Dividends paid from net investment income	(2.47)	(1.99)	(2.49)	(2.17)	(2.29)	
Distributions from capital gains	(0.32)	(0.74)	(0.16)	(0.38)	(0.37)	
Total dividends paid	(2.79)	(2.73)	(2.65)	(2.55)	(2.66)	
Impact of the net change in monthly dividends declared prior to the end of the period and paid in the subsequent period	(0.01)	(0.01)	(0.01)	(0.01)	(0.02)	
Accretive effect of stock offerings (issuing shares above NAV per share)	1.07	0.76	0.74	1.07	1.13	
Accretive effect of DRIP issuance (issuing shares above NAV per share)	0.06	0.08	0.12	0.12	0.13	
Other(3)	0.09	0.09	0.06	0.02	0.07	
NAV at the end of the period	\$ 23.53	\$ 22.10	\$ 21.24	\$ 20.85	\$ 19.89	
Market value at the end of the period	\$ 39.73	\$ 36.77	\$ 29.08	\$ 29.24	\$ 32.69	
Shares outstanding at the end of the period	58,660,680	54,354,857	50,413,744	45,079,150	39,852,604	

(1)

Based on weighted-average number of common shares outstanding for the period.



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- (2) Net realized gains or losses, net change in unrealized appreciation or depreciation, and income taxes can fluctuate significantly from period to period.
- (3) 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.

	Twelve Months Ended December 31,				
	2017	2016	2015	2014	2013
	(dollars in thousands)				
NAV at end of period	\$ 1,380,368	\$ 1,201,481	\$ 1,070,894	\$ 939,982	\$ 792,533
Average NAV	\$ 1,287,639	\$ 1,118,567	\$ 1,055,313	\$ 885,568	\$ 706,056
Average outstanding debt	\$ 843,993	\$ 801,048	\$ 759,396	\$ 575,524	\$ 444,331
Ratio of total expenses, including income tax expense, to average NAV(1)	7.37%	5.48%	4.63%	5.82%	5.82%
Ratio of operating expenses to average NAV(2)	5.47%	5.59%	5.45%	5.11%	5.82%
Ratio of operating expenses, excluding interest expense, to average NAV(2)	2.63%	2.58%	2.41%	2.44%	2.95%
Ratio of net investment income to average NAV	10.51%	10.35%	10.15%	10.79%	10.68%
Portfolio turnover ratio	38.18%	24.63%	25.37%	35.71%	36.10%
Total investment return(3)	16.02%	37.36%	8.49%	3.09%	16.68%
Total return based on change in NAV(4)	14.20%	12.97%	11.11%	12.71%	15.06%

- (1) Total expenses are the sum of operating expenses and net income tax provision/benefit. Net income tax provision/benefit includes the accrual of net deferred tax provision/benefit relating to the net unrealized appreciation/depreciation on portfolio investments held in Taxable Subsidiaries and due to the change in the loss carryforwards, which are non-cash in nature and may vary significantly from period to period. Main Street is required to include net deferred tax provision/benefit in calculating its total expenses even though these net deferred taxes are not currently payable/receivable.
- (2) Unless otherwise noted, operating expenses include interest, compensation, general and administrative and share-based compensation expenses, net of expenses allocated to the External Investment Manager.
- (3) Total investment return is based on the purchase of stock at the current market price on the first day and a sale at the current market price on the last day of each period reported on the table and assumes reinvestment of dividends at prices obtained by Main Street's dividend reinvestment plan during the period. The return does not reflect any sales load that may be paid by an investor.
- (4) Total return is based on change in net asset value was calculated using the sum of ending net asset value plus dividends to stockholders and other non-operating changes during the period, as divided by the beginning net asset value. Non-operating changes include any items that affect net asset value other than the net increase in net assets resulting from operations, such as the effects of stock offerings, shares issued under the DRIP and equity incentive plans and other miscellaneous items.

Table of Contents**MAIN STREET CAPITAL CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****NOTE I DIVIDENDS, DISTRIBUTIONS AND TAXABLE INCOME**

During 2017, Main Street paid supplemental dividends of \$0.275 per share in each of June and December 2017, regular monthly dividends of \$0.185 per share for each month of January through September 2017, regular monthly dividends of \$0.190 per share for each month of October through December 2017, with such dividends totaling \$157.6 million, or \$2.785 per share. The 2017 regular monthly dividends, which total \$125.9 million, or \$2.235 per share, represent a 2.8% increase from the regular monthly dividends paid per share for the year ended 2016. For tax purposes, the 2017 dividends, which included the effects of accrued dividends, total \$2.79 per share and were comprised of (i) ordinary income totaling approximately \$2.218 per share, (ii) long term capital gain totaling approximately \$0.490 per share, and (iii) qualified dividend income totaling approximately \$0.082 per share. As of December 31, 2017, Main Street estimates that it has generated undistributed taxable income of approximately \$53.5 million, or \$0.91 per share, that will be carried forward toward distributions to be paid in 2018. For the years ended December 31, 2016 and 2015, Main Street paid total dividends of approximately \$141.6 million, or \$2.725 per share, and \$130.0 million, or \$2.650 per share, respectively.

MSCC has elected to be treated for U.S. federal income tax purposes as a RIC. MSCC's taxable income includes the taxable income generated by MSCC and certain of its subsidiaries, including the Funds, which are treated as disregarded entities for tax purposes. As a RIC, MSCC generally will not pay corporate-level U.S. federal income taxes on any net ordinary taxable income or capital gains that MSCC distributes to its stockholders. MSCC must generally distribute at least 90% of its "investment company taxable income" (which is generally its net ordinary taxable income and realized net short-term capital gains in excess of realized net long-term capital losses) and 90% of its tax-exempt income to maintain its RIC status (pass-through tax treatment for amounts distributed). As part of maintaining RIC status, undistributed taxable income (subject to a 4% non-deductible U.S. federal 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 on or prior to the later of (i) filing of the U.S. federal income tax return for the applicable fiscal year or (ii) the fifteenth day of the ninth month following the close of the year in which such taxable income was generated.

Ordinary dividend distributions from a RIC do not qualify for the 20% maximum tax rate (plus a 3.8% Medicare surtax, if applicable) on dividend income from domestic corporations and qualified foreign corporations, except to the extent that the RIC received the income in the form of qualifying dividends from domestic corporations and qualified foreign corporations. The tax attributes for distributions will generally include both ordinary income and capital gains, but may also include qualified dividends or return of capital. The tax character of distributions paid for the years ended December 31, 2017, 2016 and 2015 was as follows:

	<b>Twelve Months Ended December 31,</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
	<b>(dollars in thousands)</b>		
Ordinary income(1)	\$ 126,540	\$ 100,059	\$ 114,975
Qualified dividends	4,656	2,992	5,179
Distributions of long term capital gains	27,479	39,522	11,285
Distributions on tax basis	\$ 158,675	\$ 142,573	\$ 131,439

(1) The years ended December 31, 2017, 2016 and 2015 include \$1.5 million, \$1.6 million and \$1.5 million, respectively, that was reported as compensation for services for tax purposes in accordance with Section 83 of the Code.

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## MAIN STREET CAPITAL CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Listed below is a reconciliation of "Net increase in net assets resulting from operations" to taxable income and to total distributions declared to common stockholders for the years ended December 31, 2017, 2016 and 2015.

	Year Ended December 31,		
	2017	2016	2015
	(estimated, dollars in thousands)		
Net increase in net assets resulting from operations	\$ 170,622	\$ 138,899	\$ 104,437
Book tax difference from share-based compensation expense	(867)	1,619	1,006
Net change in net unrealized (appreciation) depreciation	(48,757)	7,519	(9,992)
Income tax provision (benefit)	24,471	(1,227)	(8,687)
Pre-tax book loss not consolidated for tax purposes	2,357	15,742	32,323
Book income and tax income differences, including debt origination, structuring fees, dividends, realized gains (losses) and changes in estimates	10,844	(7,300)	3,397
Estimated taxable income(1)	158,670	155,252	122,484
Taxable income earned in prior year and carried forward for distribution in current year	42,362	29,683	38,638
Taxable income earned prior to period end and carried forward for distribution next period	(53,503)	(52,410)	(38,757)
Dividend payable as of period end and paid in the following period	11,146	10,048	9,074
Total distributions accrued or paid to common stockholders	\$ 158,675	\$ 142,573	\$ 131,439

(1) Main Street's taxable income for each period is an estimate and will not be finally determined until the company files its tax return for each year. Therefore, the final taxable income, and the taxable income earned in each period and carried forward for distribution in the following period, may be different than this estimate.

The Taxable Subsidiaries primarily hold certain portfolio investments for Main Street. The Taxable Subsidiaries permit Main Street to hold equity investments in portfolio companies which are "pass-through" entities for tax purposes and to continue to comply with the "source-of-income" requirements contained in the RIC tax provisions of the Code. The Taxable Subsidiaries are consolidated with Main Street for U.S. GAAP financial reporting purposes, and the portfolio investments held by the Taxable Subsidiaries are included in Main Street's consolidated financial statements as portfolio investments and recorded at fair value. The Taxable Subsidiaries are not consolidated with MSCC for income tax purposes and may generate income tax expense, or benefit, and tax assets and liabilities, as a result of their ownership of certain portfolio investments. The taxable income, or loss, of the Taxable Subsidiaries may differ from its book income, or loss, due to temporary book and tax timing differences and permanent differences. The Taxable Subsidiaries are each taxed at their normal corporate tax rates based on their taxable income. The income tax expense, or benefit, if any, and the related tax assets and liabilities, of the Taxable Subsidiaries are reflected in Main Street's consolidated financial statements.

The income tax expense, or benefit, and the related tax assets and liabilities generated by the Taxable Subsidiaries, if any, are reflected in Main Street's consolidated statement of operations. Main

Table of Contents**MAIN STREET CAPITAL CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Street's provision for income taxes was comprised of the following for the years ended December 31, 2017, 2016 and 2015 (amounts in thousands):

	<b>Twelve Months Ended December 31,</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
Current tax expense:			
Federal	\$ 1,865	\$ 1	\$ 607
State	1,415	347	1,181
Total current tax expense	3,280	348	1,788
Deferred tax expense (benefit):			
Federal	15,248	(5,359)	(10,781)
State	4,017	2,043	(870)
Total deferred tax expense (benefit)	19,265	(3,316)	(11,651)
Excise tax	1,926	1,741	1,176
Total income tax provision (benefit)	\$ 24,471	\$ (1,227)	\$ (8,687)

As of December 31, 2017, the cost of investments for U.S. federal income tax purposes was \$2,002.1 million, with such investments having a gross unrealized appreciation of \$329.4 million and gross unrealized depreciation of \$154.3 million.

The net deferred tax liability at December 31, 2017 was \$10.6 million compared to a net deferred tax asset of \$9.1 million at December 31, 2016, primarily related to loss carryforwards, timing differences in net unrealized appreciation or depreciation and other temporary book-tax differences relating to portfolio investments held by the Taxable Subsidiaries. In addition, during the three months ended March 31, 2016, Main Street recorded a one-time \$1.8 million increase to deferred tax assets for previously unrecognized excess tax benefits associated with share-based compensation due to the early adoption of the new accounting standard ASU 2016-09 (See further discussion in Note B.8.). The net deferred tax liability as of December 31, 2017 equal to \$10.6 million reflects a reduction of \$2.8 million resulting from the decrease in the U.S. federal corporate income tax rate from 35% to 21% as enacted by the Tax Cuts and Jobs Act (See further discussion in Note B.9.). For the year ended December 31, 2017, for U.S. federal income tax purposes, the Taxable Subsidiaries utilized capital loss carryforwards totaling approximately \$9.1 million. At December 31, 2017, for U.S. federal income tax purposes, the Taxable Subsidiaries had a capital loss carryforward of \$4.6 million which, if unused, will expire in taxable year 2021. At December 31, 2017, for U.S. federal income tax purposes, the Taxable Subsidiaries had a net operating loss carryforward which, if unused, will expire in various taxable years from 2029 through 2037. The timing and manner in which Main Street will utilize any loss carryforwards in any year, or in total, may be limited in the future under the provisions of the Code.

Management believes that the realization of the deferred tax assets is more likely than not based on expectations as to future taxable income and scheduled reversals of temporary differences. Accordingly, Main Street did not record a valuation allowance related to its deferred tax assets at

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## MAIN STREET CAPITAL CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2017 and 2016. The following table sets forth the significant components of net deferred tax assets and liabilities as of December 31, 2017 and 2016 (amounts in thousands):

	Years Ended December 31,	
	2017	2016
<b>Deferred tax assets:</b>		
Net operating loss carryforwards	\$ 28,422	\$ 38,880
Capital loss carryforwards	1,011	5,175
Other	893	
<b>Total deferred tax assets</b>	<b>30,326</b>	<b>44,055</b>
<b>Deferred tax liabilities:</b>		
Net unrealized appreciation of portfolio investments	(31,711)	(21,807)
Net basis differences in portfolio investments	(9,168)	(13,112)
Other		(11)
<b>Total deferred tax liabilities</b>	<b>(40,879)</b>	<b>(34,930)</b>
<b>Total deferred tax asset (liabilities), net</b>	<b>\$ (10,553)</b>	<b>\$ 9,125</b>

**NOTE J COMMON STOCK**

In November 2015, Main Street commenced a program with certain selling agents through which it can sell shares of its common stock by means of at-the-market offerings from time to time (the "ATM Program"). During the year ended December 31, 2017, Main Street sold 3,944,972 shares of its common stock at a weighted-average price of \$38.72 per share and raised \$152.8 million of gross proceeds under the ATM Program. Net proceeds were \$150.9 million after commissions to the selling agents on shares sold and offering costs. As of December 31, 2017, 1,911,356 shares remained available for sale under the ATM Program.

During the year ended December 31, 2016, Main Street sold 3,324,646 shares of its common stock at a weighted-average price of \$34.17 per share and raised \$113.6 million of gross proceeds under the ATM Program. Net proceeds were \$112.0 million after commissions to the selling agents on shares sold and offering costs. As of December 31, 2016, sales transactions representing 42,413 shares had not settled and are not included in shares issued and outstanding on the face of the consolidated balance sheet, but are included in the weighted-average shares outstanding in the consolidated statement of operations and in the shares used to calculate net asset value per share.

During November and December 2015, Main Street sold 140,568 shares of its common stock at a weighted-average price of \$31.98 per share and raised \$4.5 million of gross proceeds under the ATM Program. Net proceeds were \$4.3 million after commissions to the selling agents on shares sold and offering costs.

During March 2015, Main Street completed a follow-on public equity offering of 4,370,000 shares of common stock, including the underwriters' full exercise of their option to purchase 570,000 additional shares, resulting in total net proceeds, including exercise of the underwriters' option to purchase additional shares and after deducting underwriting discounts and estimated offering expenses payable by Main Street, of approximately \$127.8 million.

Table of Contents**MAIN STREET CAPITAL CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****NOTE K DIVIDEND REINVESTMENT PLAN ("DRIP")**

Main Street's DRIP provides for the reinvestment of dividends on behalf of its stockholders, unless a stockholder has elected to receive dividends in cash. As a result, if Main Street declares a cash dividend, the company's stockholders who have not "opted out" of the DRIP by the dividend record date will have their cash dividend automatically reinvested into additional shares of MSCC common stock. The share requirements of the DRIP may be satisfied through the issuance of shares of common stock or through open market purchases of common stock. Newly issued shares will be valued based upon the final closing price of MSCC's common stock on the valuation date determined for each dividend by Main Street's Board of Directors. Shares purchased in the open market to satisfy the DRIP requirements will be valued based upon the average price of the applicable shares purchased, before any associated brokerage or other costs. Main Street's DRIP is administered by its transfer agent on behalf of Main Street's record holders and participating brokerage firms. Brokerage firms and other financial intermediaries may decide not to participate in Main Street's DRIP but may provide a similar dividend reinvestment plan for their clients.

For the year ended December 31, 2017, \$9.2 million of the total \$157.6 million in dividends paid to stockholders represented DRIP participation. During this period, the DRIP participation requirements were satisfied with the issuance of 234,513 newly issued shares. For the year ended December 31, 2016, \$14.1 million of the total \$141.6 million in dividends paid to stockholders represented DRIP participation. During this period, the DRIP participation requirements were satisfied with the issuance of 434,631 newly issued shares. For the year ended December 31, 2015, \$19.4 million of the total \$130.0 million in dividends paid to stockholders represented DRIP participation. During this period, the DRIP participation requirements were satisfied with the issuance of 636,079 newly issued shares and with the purchase of 3,131 shares of common stock in the open market. The shares disclosed above relate only to Main Street's DRIP and exclude any activity related to broker-managed dividend reinvestment plans.

**NOTE L 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 measured 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, which is generally the vesting term.

Main Street's Board of Directors approves the issuance of shares of restricted stock to Main Street employees pursuant to the Main Street Capital Corporation 2015 Equity and Incentive Plan (the "Equity and Incentive Plan"). These shares generally vest over a three-year period from the grant date. The fair value is expensed over the service period, starting on the grant date. The following table summarizes the restricted stock issuances approved by Main Street's Board of Directors under the

Table of Contents**MAIN STREET CAPITAL CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Equity and Incentive Plan, net of shares forfeited, if any, and the remaining shares of restricted stock available for issuance as of December 31, 2017.

Restricted stock authorized under the plan	3,000,000
Less net restricted stock granted during:	
Year ended December 31, 2015	(900)
Year ended December 31, 2016	(260,514)
Year ended December 31, 2017	(223,812)
Restricted stock available for issuance as of December 31, 2017	2,514,774

As of December 31, 2017, the following table summarizes the restricted stock issued to Main Street's non-employee directors and the remaining shares of restricted stock available for issuance pursuant to the Main Street Capital Corporation 2015 Non-Employee Director Restricted Stock Plan. These shares are granted upon appointment or election to the board and vest on the day immediately preceding the annual meeting of stockholders following the respective grant date and are expensed over such service period.

Restricted stock authorized under the plan	300,000
Less net restricted stock granted during:	
Year ended December 31, 2015	(6,806)
Year ended December 31, 2016	(6,748)
Year ended December 31, 2017	(5,948)
Restricted stock available for issuance as of December 31, 2017	280,498

For the years ended December 31, 2017, 2016 and 2015, Main Street recognized total share-based compensation expense of \$10.0 million, \$8.3 million and \$6.3 million, respectively, related to the restricted stock issued to Main Street employees and independent directors. As of December 31, 2017, there was \$10.8 million of total unrecognized compensation expense related to Main Street's non-vested restricted shares. This compensation expense is expected to be recognized over a remaining weighted-average period of approximately 1.7 years as of December 31, 2017.

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## MAIN STREET CAPITAL CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## NOTE M COMMITMENTS AND CONTINGENCIES

As of December 31, 2017, Main Street had the following outstanding commitments (in thousands):

	<b>Amount</b>
<i>Investments with equity capital commitments that have not yet funded:</i>	
<i>Congruent Credit Opportunities Funds</i>	
Congruent Credit Opportunities Fund II, LP	\$ 8,488
Congruent Credit Opportunities Fund III, LP	12,131
	\$ 20,619
<i>Encap Energy Fund Investments</i>	
EnCap Energy Capital Fund VIII, L.P.	\$ 377
EnCap Energy Capital Fund IX, L.P.	591
EnCap Energy Capital Fund X, L.P.	3,856
EnCap Flatrock Midstream Fund II, L.P.	7,117
EnCap Flatrock Midstream Fund III, L.P.	4,042
	\$ 15,983
<i>Brightwood Capital Fund Investments</i>	
Brightwood Capital Fund III, LP	\$ 3,000
Brightwood Capital Fund IV, LP	4,000
	\$ 7,000
<i>Freeport Fund Investments</i>	
Freeport First Lien Loan Fund III LP	\$ 3,942
Freeport Financial SBIC Fund LP	1,375
	\$ 5,317
EIG Fund Investments	\$ 3,980
<i>Harris Preston Fund Investments</i>	
HPEP 3, L.P.	\$ 4,057
LKCM Headwater Investments I, L.P.	\$ 2,500
Copper Trail Energy Fund I, LP	\$ 2,500
<i>Dos Rios Partners</i>	
Dos Rios Partners, LP	\$ 1,594
Dos Rios Partners A, LP	506
	\$ 2,100
I-45 SLF LLC	\$ 800
Access Media Holdings, LLC	\$ 302
Total equity commitments	\$ 65,158
<i>Investments with commitments to fund revolving loans that have not been fully drawn or term loans with additional commitments not yet funded:</i>	
Resolute Industrial, LLC	\$ 5,750
NNE Partners, LLC	5,542
PT Network, LLC	3,947
Hojeij Branded Foods, LLC	3,422
CDHA Management, LLC	2,343
Wireless Vision Holdings, LLC	2,068
Boccella Precast Products LLC	2,000
Arcus Hunting LLC	1,951
Barfly Ventures, LLC	1,838
Felix Investments Holdings II	1,667
Hawk Ridge Systems, LLC	1,600
Meisler Operating LLC	1,600
Market Force Information, LLC	1,600

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Aethon United BR LP	1,563
IDX Broker, LLC	1,500
Lamb Ventures, LLC	1,500
GST Autoleather, Inc.	1,437
Messenger, LLC	1,417
TGP Holdings III LLC	1,255
Gamber-Johnson Holdings, LLC	1,200
NuStep, LLC	1,200
Subsea Global Solutions, LLC	1,114
CTVSH, PLLC	800
Mystic Logistics Holdings, LLC	800
KBK Industries, LLC	625
NRI Clinical Research, LLC	600
PPC/SHIFT LLC	500
UniTek Global Services, Inc.	483
ATS Workholding, LLC	461
Grace Hill, LLC	444
Clad-Rex Steel, LLC	400
Gulf Publishing Holdings, LLC	320
OnAsset Intelligence, Inc.	225
Jensen Jewelers of Idaho, LLC	200
BigName Commerce, LLC	101
Permian Holdco 2, Inc.	39
Total loan commitments	\$ 53,512
Total commitments	\$ 118,670

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Table of Contents**MAIN STREET CAPITAL CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Main Street will fund its unfunded commitments from the same sources it uses to fund its investment commitments that are funded at the time they are made (which are typically through existing cash and cash equivalents and borrowings under the Credit Facility). Main Street follows a process to manage its liquidity and ensure that it has available capital to fund its unfunded commitments as necessary. The Company had total unrealized depreciation of \$0.1 million on the outstanding unfunded commitments as of December 31, 2017.

Main Street has an operating lease for office space. Total rent expense incurred by Main Street for the years ended December 2017, 2016 and 2015 was \$0.7 million, \$0.6 million and \$0.5 million, respectively.

The following table shows future minimum payments under Main Street's operating lease as of December 31, 2017:

<b>For the Years Ended December 31,</b>	<b>Amount</b>
2018	346
2019	749
2020	763
2021	777
2022	791
Thereafter	4,239
<b>Total</b>	<b>\$ 7,665</b>

Main Street may, from time to time, be involved in litigation arising out of its operations in the normal course of business or otherwise. Furthermore, third parties may try to impose liability on Main Street in connection with the activities of its portfolio companies. While the outcome of any current legal proceedings cannot at this time be predicted with certainty, Main Street does not expect any current matters will materially affect its financial condition or results of operations; however, there can be no assurance whether any pending legal proceedings will have a material adverse effect on Main Street's financial condition or results of operations in any future reporting period.

**NOTE N SELECTED QUARTERLY DATA (UNAUDITED)**

	<b>2017</b> <b>(dollars in thousands,</b> <b>except per share amounts)</b>			
	<b>Qtr. 1</b>	<b>Qtr. 2</b>	<b>Qtr. 3</b>	<b>Qtr. 4</b>
Total investment income	\$ 47,889	\$ 50,271	\$ 51,786	\$ 55,795
Net investment income	\$ 31,166	\$ 32,693	\$ 34,029	\$ 37,483
Net increase in net assets resulting from operations	\$ 31,450	\$ 42,829	\$ 34,899	\$ 61,444
Net investment income per share basic and diluted	\$ 0.57	\$ 0.58	\$ 0.60	\$ 0.64
Net increase in net assets resulting from operations per share basic and diluted	\$ 0.57	\$ 0.76	\$ 0.61	\$ 1.05

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## MAIN STREET CAPITAL CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	2016			
	(dollars in thousands, except per share amounts)			
	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4
Total investment income	\$ 42,006	\$ 42,902	\$ 46,599	\$ 46,830
Net investment income	\$ 27,164	\$ 27,648	\$ 30,557	\$ 30,432
Net increase in net assets resulting from operations	\$ 16,812	\$ 30,911	\$ 43,181	\$ 47,993
Net investment income per share basic and diluted	\$ 0.54	\$ 0.54	\$ 0.58	\$ 0.57
Net increase in net assets resulting from operations per share basic and diluted	\$ 0.33	\$ 0.60	\$ 0.82	\$ 0.90

	2015			
	(dollars in thousands, except per share amounts)			
	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4
Total investment income	\$ 37,179	\$ 41,308	\$ 42,608	\$ 43,493
Net investment income	\$ 23,491	\$ 27,201	\$ 27,861	\$ 28,520
Net increase in net assets resulting from operations	\$ 35,424	\$ 40,802	\$ 20,668	\$ 7,543
Net investment income per share basic and diluted	\$ 0.51	\$ 0.55	\$ 0.56	\$ 0.57
Net increase in net assets resulting from operations per share basic and diluted	\$ 0.77	\$ 0.82	\$ 0.41	\$ 0.15

**NOTE O RELATED PARTY TRANSACTIONS**

As discussed further in Note D, the External Investment Manager is treated as a wholly owned portfolio company of MSCC and is included as part of Main Street's Investment Portfolio. At December 31, 2017, Main Street had a receivable of approximately \$2.9 million due from the External Investment Manager which included (i) approximately \$2.0 million related primarily to operating expenses incurred by MSCC or its subsidiaries as required to support the External Investment Manager's business and amounts due from the External Investment Manager to Main Street under a tax sharing agreement (see further discussion in Note D) and (ii) approximately \$0.9 million of dividends declared but not paid by the External Investment Manager.

In November 2015, Main Street's Board of Directors approved and adopted the Main Street Capital Corporation Deferred Compensation Plan (the "2015 Deferred Compensation Plan"). The 2015 Deferred Compensation Plan became effective on January 1, 2016 and replaced the Deferred Compensation Plan for Non-Employee Directors previously adopted by the Board of Directors in June 2013 (the "2013 Deferred Compensation Plan"). Under the 2015 Deferred Compensation Plan, non-employee directors and certain key employees may defer receipt of some or all of their cash compensation and directors' fees, subject to certain limitations. Individuals participating in the 2015 Deferred Compensation Plan receive distributions of their respective balances based on predetermined payout schedules or other events as defined by the plan and are also able to direct investments made on their behalf among investment alternatives permitted from time to time under the plan, including phantom Main Street stock units. As of December 31, 2017, \$4.0 million of compensation and directors' fees had been deferred under the 2015 Deferred Compensation Plan (including amounts previously deferred under the 2013 Deferred Compensation Plan). Of this amount, \$2.5 million was deferred into phantom Main Street stock units, representing 74,487 shares of Main Street's common stock. Including phantom stock units issued through dividend reinvestment, the phantom stock units outstanding as of December 31, 2017 represented 89,040 shares of Main Street's common stock. Any

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**MAIN STREET CAPITAL CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

amounts deferred under the plan represented by phantom Main Street stock units will not be issued or included as outstanding on the consolidated statements of changes in net assets until such shares are actually distributed to the participant in accordance with the plan, but are included in operating expenses and weighted-average shares outstanding in Main Street's consolidated statements of operations as earned.

**NOTE P SUBSEQUENT EVENTS**

During January 2018, Main Street made a new portfolio investment to facilitate the minority recapitalization of Brewer Crane, LLC ("Brewer"), a leading Southern California full-service crane rental service provider. Main Street, along with a co-investor, partnered with Brewer's founder and Chief Executive Officer to facilitate the transaction, with Main Street funding \$14.2 million in a combination of first-lien, senior secured term debt and a direct equity investment. Headquartered in Lakeside, California, and founded in 1997, Brewer provides crane rental services to San Diego County and the surrounding Southern California area, offering mobile cranes, tower cranes, skilled operators, construction hoists, hauling, rigging, storage, service and repairs, and miscellaneous equipment rental.

In February 2018, Main Street fully exited its debt and equity investments in SoftTouch Medical Holdings, LLC ("SoftTouch"), a leading provider of home medical equipment and services, serving pediatric patients across the states of Georgia and Alabama. SoftTouch provides a broad array of medical equipment and services to chronically ill youth through its diverse product offerings, including respiratory therapy, enteral feeding, phototherapy, ventilators, amongst others. Main Street realized a gain of approximately \$5.2 million on the exit of its equity investment in SoftTouch.

In February 2018, Main Street made a new portfolio investment to facilitate the management led buyout of DMS Holdco, LLC. ("DMS"), a leading provider of omni-channel direct marketing services. Main Street, along with a co-investor, partnered with the DMS' management team to facilitate the transaction, with Main Street funding \$27.2 million in a combination of first-lien, senior secured term debt and a direct equity investment. Headquartered in Portland, Oregon, and founded in 1982, DMS develops and executes end-to-end, omni-channel direct marketing services including strategy, creative design, direct mail production/fulfillment, and digital marketing to various end markets including the FinTech, banking, telecom and technology industries.

During February 2018, Main Street declared regular monthly dividends of \$0.190 per share for each of April, May and June 2018. These regular monthly dividends equal a total of \$0.570 per share for the second quarter of 2018. The second quarter 2018 regular monthly dividends represent a 2.7% increase from the dividends declared for the second quarter of 2017. Including the dividends declared for the second quarter of 2018, Main Street will have paid \$22.530 per share in cumulative dividends since its October 2007 initial public offering.

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**Report of Independent Registered Public Accounting Firm**

Board of Directors and Stockholders'  
Main Street Capital Corporation

Opinion on financial statement schedule

We have audited in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB") the consolidated financial statements of Main Street Capital Corporation, and subsidiaries, (the "Company") referred to in our report dated February 23, 2018, which is included in the annual report on Form 10-K. Our audits of the consolidated financial statements also included the audit of the financial statement schedule listed in the index appearing under Item 15(2). In our opinion, this financial statement schedule, when considered in relation to the consolidated financial statements as a whole, presents fairly, in all material respects, the information set forth therein.

Basis for opinion

This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statement schedule based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

/s/ GRANT THORNTON LLP

Houston, Texas  
February 23, 2018

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## MAIN STREET CAPITAL CORPORATION

**Consolidated Schedule of Investments in and Advances to Affiliates  
December 31, 2017  
(dollars in thousands)**

Company	Investment(1)	Amount of Realized Gain/(Loss)	Amount of Unrealized Gain/(Loss)	Amount of Interest, Fees or Dividends Credited to Income(2)	December 31, 2016 Fair Value	Gross Additions(3)	Gross Reductions(4)	December 31, 2017 Fair Value
<b>Majority-owned investments</b>								
2717 MH, L.P.	LP Interests	\$	\$	\$	\$	\$ 536	\$	\$ 536
Café Brazil, LLC	Member Units		(1,140)	179	6,040		1,140	4,900
Clad-Rex Steel, LLC	LIBOR Plus 9.50% (Floor 1.00)		112	1,542	14,337	143	1,200	13,280
	Member Units		2,220	520	7,280	2,220		9,500
	10% Secured Debt		12	119	1,190	12	19	1,183
	Member Units		70		210	70		280
CMS Minerals Investments	Preferred Member Units	1,405	(1,578)	96	3,682		3,682	
	Member Units		(600)	212	3,381		989	2,392
Gamber-Johnson Holdings, LLC	LIBOR Plus 11.00% (Floor 1.00%)		187	2,988	23,846	235	681	23,400
	Member Units		4,450	592	18,920	4,450		23,370
GRT Rubber Technologies LLC	LIBOR Plus 9.00% (Floor 1.00%)		(34)	1,314	13,274	34	1,705	11,603
	Member Units		1,660	746	20,310	1,660		21,970
Harborside Holdings, LLC	Member Units		3,194			9,400		9,400
Hydratec, Inc.	Common Stock		(640)	1,631	15,640		640	15,000
IDX Broker, LLC	11.5% Secured Debt		88	1,316	10,950	5,500	1,200	15,250
	Preferred Member Units		4,274	136	7,040	4,620		11,660
Jensen Jewelers of Idaho, LLC	Prime Plus 6.75% (Floor 2.00%)		(20)	451	4,055	520	620	3,955
	Member Units		640	207	4,460	640		5,100
Lamb Ventures, LLC	11% Secured Debt		52	994	7,657	2,850	565	9,942
	Preferred Equity				400			400
	Member Units		800	40	5,990	800		6,790
	9.5% Secured Debt		4	65	1,170	432	1,170	432
	Member Units		(820)	845	1,340		820	520
Lighting Unlimited, LLC	8% Secured Debt			29	1,514		1,514	

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	Preferred Equity	(434)	24	410	24	434	
	Warrants	(54)	54		54	54	
	Member Units	(100)	100		100	100	
<b>Mid-Columbia Lumber Products, LLC</b>	10% Secured Debt		176	1,750	593	953	1,390
	12% Secured Debt		477	3,900		37	3,863
	Member Units	(1,500)	6	2,480	595	1,500	1,575
	9.5% Secured Debt		78	836		45	791
	Member Units	150	72	600	690		1,290
<b>MSC Adviser I, LLC</b>	Member Units		11,151	3,032	30,617	11,151	41,768
<b>Mystic Logistics Holdings, LLC</b>	12% Secured Debt	(124)	1,073	9,176	52	1,532	7,696
	Common Stock		1,040	5,780	1,040		6,820
<b>NRP Jones, LLC</b>	12% Secured Debt		4,117	13,915	7,821	15,360	6,376
	Warrants		687	130	687	817	
	Member Units	2,023	18	410	2,840		3,250
<b>PPL RVs, Inc.</b>	LIBOR Plus 7.00% (Floor 0.50%)		128	1,473	17,826	174	1,900
	Common Stock		660	80	11,780	660	12,440
<b>Principle Environmental, LLC (d/b.a TruHorizon Environmental Solutions)</b>	13% Secured Debt		131	998	7,438	39	7,477
	Preferred Member Units	(63)	6,183		5,370	6,183	63
	Warrants		380		270	380	650
<b>Quality Lease Service, LLC</b>	Zero Coupon Secured Debt	(391)	273	7,068	273	391	6,950
	Member Units			3,188	1,750		4,938
<b>The MPI Group, LLC</b>	9% Secured Debt	(513)	268	2,922	1	513	2,410
	Series A Preferred Units						
	Warrants						
	Member Units	90	92	2,300	89		2,389
<b>Uvalco Supply, LLC</b>	9% Secured Debt		54	872		524	348
	Member Units	69	(496)	235	4,640	760	3,880
<b>Vision Interests, Inc.</b>	13% Secured Debt		382	2,814		17	2,797
	Series A Preferred Stock			3,000			3,000
	Common Stock						

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Company	Investment(1)	Amount of Gain/(Loss) Realized	Amount of Gain/(Loss) Unrealized	Amount of Interest, Fees or Dividends Credited to Income(2)	December 31, 2016		December 31, 2017	
					Fair Value	Gross Additions(3)	Gross Reductions(4)	Fair Value
<b>Ziegler's NYPD, LLC</b>	6.5% Secured Debt			68	994	2		996
	12% Secured Debt			37	300			300
	14% Secured Debt			390	2,750			2,750
	Warrants		(240)		240		240	
	Preferred Member Units		(880)		4,100		880	3,220
<b>Other controlled investments</b>								
<b>Access Media Holdings, LLC</b>	5% Current/5% PIK Secured Debt		(3,714)	2,379	19,700	1,164	3,714	17,150
	Preferred Member Units		(1,908)		240	1,668	1,908	
	Member Units							
<b>Ameritech College Operations, LLC</b>	13% Secured Debt			96	1,003		1,003	
	13% Secured Debt			285	3,025		3,025	
	Preferred Member Units	(3,321)		198	2,291	3,900	6,191	
<b>ASC Interests, LLC</b>	11% Secured Debt		(16)	232	2,100	11	316	1,795
	Member Units		(1,150)	(12)	2,680		1,150	1,530
<b>ATS Workholding, LLC</b>	5% Secured Debt			36		3,249		3,249
	Preferred Member Units					3,726		3,726
<b>Bond-Coat, Inc.</b>	12% Secured Debt		(40)	1,450	11,596	40	40	11,596
	Common Stock		2,710		6,660	2,710		9,370
<b>CBT Nuggets, LLC</b>	Member Units		34,080	9,439	55,480	34,080		89,560
<b>Charps, LLC</b>	12% Secured Debt			2,371		19,025	800	18,225
	Preferred Member Units		250			650		650
<b>Copper Trail Energy Fund I, LP</b>	LP Interests					2,500		2,500
<b>Datacom, LLC</b>	8% Secured Debt			101	900	945	270	1,575
	5.25% Current / 5.25% PIK Secured Debt		(599)	1,296	11,049	660	599	11,110
	Class A Preferred Member Units		(638)		1,368		638	730
	Class B Preferred Member Units		(1,529)		1,529		1,529	
<b>Garreco, LLC</b>	LIBOR Plus 10.00% (Floor 1.00%) Member Units		790	702	5,219	991	767	5,443
					1,150	790		1,940
<b>Gulf Manufacturing, LLC</b>	9% PIK Secured Debt			51	777		777	
	Member Units		1,290	437	8,770	1,290		10,060

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<b>Gulf Publishing Holdings, LLC</b>	LIBOR Plus 9.50% (Floor 1.00%)		5		80		80
	12.5% Secured Debt		1,557	9,911	2,792		12,703
	Member Units	1,159	40	3,124	1,716		4,840
<b>Harrison Hydra-Gen, Ltd.</b>	Common Stock		460	3,120	460		3,580
<b>Hawthorne Customs and Dispatch Services, LLC</b>	Member Units	(159)	309		280	309	589
	Member Units	632	(825)	127	2,040		2,040
<b>HW Temps LLC</b>	LIBOR Plus 11.00% (Floor 1.00%)			1,430	10,500	18	600
	Preferred Member Units			140	3,940		3,940
<b>Indianapolis Aviation Partners, LLC</b>	15% Secured Debt			292	3,100		3,100
	Warrants	2,384	(1,520)		2,649		2,649
<b>KBK Industries, LLC</b>	10% Secured Debt		3	100	1,250	100	975
	12.5% Secured Debt		33	788	5,889	11	5,900
	Member Units		1,197	183	2,780	1,640	4,420
<b>Marine Shelters Holdings, LLC</b>	12% PIK Secured Debt		(2,551)		9,387		9,387
	Preferred Member Units	(100)				100	100
<b>Market Force Information, LLC</b>	LIBOR Plus 11.00% (Floor 1.00%)			1,541		23,815	672
	Member Units					14,700	14,700
<b>MH Corbin Holding LLC</b>	13% Secured Debt			2,030	13,197	29	700
	Preferred Member Units			140	6,000		6,000
<b>NAPCO Precast, LLC</b>	LIBOR Plus 8.50%		36	917		11,475	11,475
	Prime Plus 2.00% (Floor 7.00%)		(20)	122	2,713	20	2,733
	18% Secured Debt		(30)	327	3,952	30	3,982
	Member Units		750	393	10,920	750	11,670
<b>NRI Clinical Research, LLC</b>	LIBOR Plus 6.50% (Floor 1.50%)			36	200	200	400
	14% Secured Debt		(33)	650	4,261	33	429
	Warrants		(180)		680		180
	Member Units		38		2,462	360	322
<b>NuStep, LLC</b>	12% Secured Debt			2,646		20,420	20,420
	Preferred Member Units					10,200	10,200
<b>OMi Holdings, Inc.</b>	Common Stock		1,030	1,081	13,080	1,030	14,110
<b>Pegasus Research Group, LLC</b>	Member Units		1,690	157	8,620	1,690	10,310
<b>River Aggregates, LLC</b>	Zero Coupon Secured Debt			80	627	80	707
	Member Units		10		4,600	10	4,610
	Member Units		50		2,510	49	2,559



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Company	Investment(1)	Amount of Realized Gain/(Loss)	Amount of Unrealized Gain/(Loss)	Amount of Interest, Fees or Dividends Credited to Income(2)	December 31, 2016 Fair Value	Gross Additions(3)	Gross Reductions(4)	December 31, 2017 Fair Value
<b>SoftTouch Medical Holdings LLC</b>	LIBOR Plus 9.00% (Floor 1.00%)		(15)	748	7,140	15	15	7,140
	Member Units		920	969	9,170	919		10,089
<b>Other</b>								
Amounts related to investments transferred to or from other 1940 Act classification during the period								
				(219)	(9,919)			
		\$ 259	\$ 63,625	\$ 62,762	\$ 594,282	\$ 239,770	\$ 93,265	\$ 750,706