

Main Street Capital CORP
Form 497
October 18, 2011

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The information in this preliminary prospectus supplement is not complete and may be changed. A registration statement relating to these securities has been filed with and declared effective by the Securities and Exchange Commission. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell and are not soliciting offers to buy these securities in any state where such offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED OCTOBER 18, 2011

PRELIMINARY PROSPECTUS SUPPLEMENT
(to Prospectus dated July 20, 2011)

Shares

Main Street Capital Corporation

Common Stock

We are offering for sale _____ shares of our common stock.

We are a principal investment firm primarily focused on providing customized debt and equity financing to lower middle market ("LMM") companies, which we generally define as companies with annual revenues between \$10 million and \$100 million that operate in diverse industries. We seek to fill the current financing gap for LMM businesses, which, historically, have had more limited access to financing from commercial banks and other traditional sources. The LMM companies in which we invest generally will not be rated by any rating agency and, if they were rated, they may be referred to as "below investment grade" or "junk." Investing in such LMM companies is speculative.

In addition to our primary investment strategy of investing in LMM companies, we opportunistically pursue investments in privately placed debt securities. Our private placement investment portfolio primarily consists of direct or secondary private placements of interest bearing debt securities in companies that are generally larger in size than the LMM companies included in our investment portfolio.

Our principal investment objective is to maximize our portfolio's total return by generating current income from our debt investments and capital appreciation from our equity and equity related investments, including warrants, convertible securities and other rights to acquire equity securities in a portfolio company.

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We are an internally managed, closed-end, non-diversified management investment company that has elected to be treated as a business development company under the Investment Company Act of 1940.

Our common stock is listed on the New York Stock Exchange under the symbol "MAIN." On October 17, 2011, the last reported sale price of our common stock on the New York Stock Exchange was \$18.37 per share.

Shares of closed-end investment companies such as ours frequently trade at a discount to their net asset value. This risk is separate and distinct from the risk that our net asset value per share may decline. We cannot predict whether our common stock will trade above, at or below net asset value. In this regard, on June 15, 2011, our common stockholders voted to allow us to issue common stock at a price below net asset value per share for a period of one year ending on June 14, 2012. Our stockholders did not specify a maximum discount below net asset value at which we are able to issue our common stock; however, we cannot issue shares of our common stock below net asset value unless our Board of Directors determines that it would be in our and our stockholders' best interests to do so. Sales of common stock at prices below net asset value per share dilute the interests of existing stockholders, have the effect of reducing our net asset value per share and may reduce our market price per share. In addition, continuous sales of common stock below net asset value may have a negative impact on total returns and could have a negative impact on the market price of our shares of common stock. See "Sales of Common Stock Below Net Asset Value" in the accompanying prospectus.

Investing in our common stock involves a high degree of risk, and should be considered highly speculative. See "Risk Factors" beginning on page 12 of the accompanying prospectus to read about factors you should consider, including the risk of leverage and dilution, before investing in our common stock.

This prospectus supplement and the accompanying prospectus contain important information about us that a prospective investor should know before investing in our common stock. Please read this prospectus supplement and the accompanying prospectus before investing and keep them for future reference. We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission, or SEC. This information is available free of charge by contacting us at 1300 Post Oak Boulevard, Suite 800, Houston, Texas 77056 or by telephone at (713) 350-6000 or on our website at www.mainstreetcapital.com. Information contained on our website is not incorporated by reference into this prospectus supplement or the accompanying prospectus, and you should not consider that information to be part of this prospectus supplement or the accompanying prospectus. The SEC also maintains a website at www.sec.gov that contains such information.

	Per Share	Total
Public offering price	\$	\$
Underwriting discount (4.50%)	\$	\$
Proceeds, before expenses, to us(1)	\$	\$

(1) We estimate that we will incur approximately \$200,000 in offering expenses in connection with this offering.

The underwriters have the option to purchase up to an additional _____ shares of common stock at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus supplement solely to cover any over-allotments. If the over-allotment option is exercised in full, the total public offering price will be \$ _____, the total underwriting discount (4.50%) will be \$ _____, and the total proceeds to us, before deducting estimated expenses payable by us of \$200,000, will be \$ _____.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares on or about October _____, 2011.

Morgan Keegan

Baird

Janney Montgomery Scott

Ladenburg Thalmann & Co. Inc.

Sanders Morris Harris

BB&T Capital Markets
A Division of Scott & Stringfellow, LLC

The date of this prospectus supplement is October , 2011

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ABOUT THE PROSPECTUS

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering of common stock and also adds to and updates information contained in the accompanying prospectus. The second part is the accompanying prospectus, which provides more information about the common stock we may offer from time to time. To the extent the information contained in this prospectus supplement differs from the information contained in the accompanying prospectus, the information in this prospectus supplement shall control.

You should rely only on the information contained in this prospectus supplement and the accompanying prospectus. Neither we nor the underwriters have authorized any other person to provide you with different information from that contained in this prospectus supplement or the accompanying prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell, or a solicitation of an offer to buy, any shares of our common stock by any person in any jurisdiction where it is unlawful for that person to make such an offer or solicitation or to any person in any jurisdiction to whom it is unlawful to make such an offer or solicitation. The information contained in this prospectus supplement and the accompanying prospectus is complete and accurate only as of their respective dates, regardless of the time of their delivery or sale of our common stock. This prospectus supplement supersedes the accompanying prospectus to the extent it contains information different from or additional to the information in that prospectus.

Forward-Looking Statements

Information contained in this prospectus supplement and the accompanying prospectus may contain forward-looking statements, which can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "anticipate," "estimate," or "continue" or the negative thereof or other variations thereon or comparable terminology. The matters described in the section titled "Risk Factors" in the accompanying prospectus and certain other factors noted throughout this prospectus supplement and the accompanying prospectus constitute cautionary statements identifying important factors with respect to any such forward-looking statements, including certain risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. We undertake no obligation to revise or update any forward-looking statements but advise you to consult any additional disclosures that we may make directly to you or through reports that we may file in the future with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. We note that the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995 does not apply to statements made in this prospectus supplement or the accompanying prospectus.

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PROSPECTUS SUMMARY

This summary highlights some of the information in this prospectus supplement and the accompanying prospectus. It is not complete and may not contain all of the information that you may want to consider. To understand the terms of the common stock offered hereby, you should read the entire prospectus supplement and the accompanying prospectus carefully. Together, these documents describe the specific terms of the shares we are offering. You should carefully read the sections titled "Selected Financial Data," "Interim Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Interim Financial Statements" and the documents identified in the section titled "Available Information" in this prospectus supplement, as well as the section titled "Risk Factors" in the accompanying prospectus. Except as otherwise noted, all information in this prospectus supplement and the accompanying prospectus assumes no exercise of the underwriters' over-allotment option.

Organization

Main Street Capital Corporation ("MSCC") was formed on March 9, 2007 for the purpose of (i) acquiring 100% of the equity interests of Main Street Mezzanine Fund, LP ("MSMF") and its general partner, Main Street Mezzanine Management, LLC ("MSMF GP"), (ii) acquiring 100% of the equity interests of Main Street Capital Partners, LLC (the "Investment Manager"), (iii) raising capital in an initial public offering, which was completed in October 2007 (the "IPO"), and (iv) thereafter operating as an internally managed business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act"). MSMF is licensed as a Small Business Investment Company ("SBIC") by the United States Small Business Administration ("SBA") and the Investment Manager acts as MSMF's manager and investment adviser. Because the Investment Manager, which employs all of the executive officers and other employees of MSCC, is wholly owned by us, we do not pay any external investment advisory fees but instead we incur the operating costs associated with employing investment and portfolio management professionals through the Investment Manager. The IPO and related transactions discussed above were consummated in October 2007 and are collectively termed the "Formation Transactions."

On January 7, 2010, MSCC consummated transactions (the "Exchange Offer") to exchange 1,239,695 shares of its common stock for approximately 88% of the total dollar value of the limited partner interests in Main Street Capital II, LP ("MSC II" and, together with MSMF, the "Funds"). Pursuant to the terms of the Exchange Offer, 100% of the membership interests in the general partner of MSC II, Main Street Capital II GP, LLC ("MSC II GP"), were also transferred to MSCC for no consideration. MSC II commenced operations in January 2006, is an investment fund that operates as an SBIC and is also managed by the Investment Manager. The Exchange Offer and related transactions, including the transfer of the MSC II GP interests, are collectively termed the "Exchange Offer Transactions" (see Note I to the consolidated financial statements included in this prospectus supplement). As of June 30, 2011, an approximately 12% minority ownership in the total dollar value of the MSC II limited partnership interests remained outstanding, including approximately 5% owned by affiliates of MSCC. We have submitted an exemptive relief application to the SEC to permit us to acquire the approximately 5% ownership in the total dollar value of the MSC II limited partnership interests held by affiliates of MSCC using the same valuation formula utilized in the Exchange Offer. There can be no assurance that we will obtain the exemptive relief or that if we do obtain such relief it will be obtained on the terms we have outlined in our request.

MSCC has direct or indirect subsidiaries that have elected to be taxable entities (the "Taxable Subsidiaries"). The primary purpose of these entities is to hold certain investments that generate "pass through" income for tax purposes. The Taxable Subsidiaries are each taxed at their normal corporate tax rates based on their taxable income.

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Unless otherwise noted or the context otherwise indicates, the terms "we," "us," "our" and "Main Street" refer to MSCC and its subsidiaries, including the Funds and the Taxable Subsidiaries.

Overview

We are a principal investment firm primarily focused on providing customized debt and equity financing to lower middle market ("LMM") companies, which we generally define as companies with annual revenues between \$10 million and \$100 million that operate in diverse industries. We invest primarily in secured debt instruments, equity investments, warrants and other securities of LMM companies based in the United States. Our principal investment objective is to maximize our portfolio's total return by generating current income from our debt investments and capital appreciation from our equity and equity related investments, including warrants, convertible securities and other rights to acquire equity securities in a portfolio company. Our LMM portfolio investments generally range in size from \$5 million to \$25 million.

We seek to fill the current financing gap for LMM businesses, which, historically, have had more limited access to financing from commercial banks and other traditional sources. The underserved nature of the lower middle market creates the opportunity for us to meet the financing needs of LMM companies while also negotiating favorable transaction terms and equity participations. Our ability to invest across a company's capital structure, from senior secured loans to equity securities, allows us to offer portfolio companies a comprehensive suite of financing solutions, or "one stop" financing. Providing customized, "one stop" financing solutions has become even more relevant to our LMM portfolio companies in the current investing environment. We generally seek to partner directly with entrepreneurs, management teams and business owners in making our investments. We believe that our LMM investment strategy has a lower correlation to the broader debt and equity markets.

As of June 30, 2011, we had debt and equity investments in 49 LMM portfolio companies with an aggregate fair value of \$336.4 million and a weighted average effective yield on our LMM debt investments of approximately 14.8%. Approximately 76% of our total LMM portfolio investments at cost were in the form of debt investments and 92% of such debt investments at cost were secured by first priority liens on the assets of our LMM portfolio companies as of June 30, 2011. At June 30, 2011, we had equity ownership in approximately 92% of our LMM portfolio companies and the average fully diluted equity ownership in those portfolio companies was approximately 35%. The weighted average effective yield was computed using the effective interest rates for all debt investments at June 30, 2011, including amortization of deferred debt origination fees and accretion of original issue discount but excluding liquidation fees payable upon repayment and any debt investments on non-accrual status.

In addition to our LMM investment strategy, we opportunistically pursue investments in privately placed debt securities. Our private placement investment portfolio primarily consists of direct or secondary private placements of interest bearing debt securities in companies that are generally larger in size than the LMM companies included in our investment portfolio. As of June 30, 2011, we had privately placed portfolio investments in 23 companies collectively totaling approximately \$133.3 million in fair value with a total cost basis of approximately \$129.8 million. The weighted average revenues for the 23 privately placed portfolio company investments were approximately \$399 million as of June 30, 2011. Our privately placed portfolio investments are primarily in the form of debt investments and 69% of such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average effective yield on our privately placed portfolio debt investments was approximately 11.0% as of June 30, 2011. The weighted average effective yield was computed using the effective interest rates for all debt investments at June 30, 2011, including amortization of deferred debt origination fees and accretion of original issue discount but excluding liquidation fees payable upon repayment and any debt investments on non-accrual status.

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Our portfolio investments are generally made through MSCC and the Funds. MSCC and the Funds share the same investment strategies and criteria, although they are subject to different regulatory regimes. See "Regulation" in the accompanying prospectus. An investor's return in MSCC will depend, in part, on the Funds' investment returns as MSMF is a wholly owned subsidiary of MSCC and MSC II is a majority owned subsidiary of MSCC.

The level of new portfolio investment activity will fluctuate from period to period based upon our view of the current economic fundamentals, our ability to identify new investment opportunities that meet our investment criteria, and our ability to consummate the identified opportunities. The level of new investment activity, and associated interest and fee income, will directly impact future investment income. In addition, the level of dividends paid by portfolio companies and the portion of our portfolio debt investments on non-accrual status will directly impact future investment income. While we intend to grow our portfolio and our investment income over the long-term, our growth and our operating results may be more limited during depressed economic periods. However, we intend to appropriately manage our cost structure and liquidity position based on applicable economic conditions and our investment outlook. The level of realized gains or losses and unrealized appreciation or depreciation will also fluctuate depending upon portfolio activity and the performance of our individual portfolio companies. The changes in realized gains and losses and unrealized appreciation or depreciation could have a material impact on our operating results.

You should be aware that investments in our portfolio companies carry a number of risks including, but not limited to, investing in companies which may have limited operating histories and financial resources and other risks common to investing in below investment grade debt and equity investments in private, smaller companies. Please see "Risk Factors Risks Related to Our Investments" in the accompanying prospectus for a more complete discussion of the risks involved with investing in our portfolio companies.

Our principal executive offices are located at 1300 Post Oak Boulevard, Suite 800, Houston, Texas 77056, and our telephone number is (713) 350-6000. We maintain a website at <http://www.mainstcapital.com>. Information contained on our website is not incorporated by reference into this prospectus supplement or the accompanying prospectus, and you should not consider that information to be part of this prospectus supplement or the accompanying prospectus.

Business Strategies

Our principal investment objective is to maximize our portfolio's total return by generating current income from our debt investments and realizing capital appreciation from our equity and equity-related investments, including warrants, convertible securities and other rights to acquire equity securities in a portfolio company. We have adopted the following business strategies to achieve our investment objective. Please see "Business Business Strategies" in the accompanying prospectus for a more complete discussion of our business strategies.

Delivering Customized Financing Solutions in the Lower Middle Market. We offer to our LMM portfolio companies customized debt financing solutions with equity components that are tailored to the facts and circumstances of each situation.

Focusing on Established Companies. We generally invest in companies with established market positions, experienced management teams and proven revenue streams.

Leveraging the Skills and Experience of Our Investment Team. Our investment team has significant experience in lending to and investing in LMM and middle market companies.

Investing Across Multiple Companies, Industries and Regions. We seek to maintain a portfolio of investments that is appropriately balanced among various companies, industries, geographic regions and end markets.

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Capitalizing on Strong Transaction Sourcing Network. Our investment team seeks to leverage its extensive and growing network of referral sources for portfolio company investments.

Benefiting from Lower, Fixed, Long-Term Cost of Capital. The SBIC licenses held by the Funds have allowed them to issue SBA-guaranteed debentures. SBA-guaranteed debentures carry long-term fixed rates that are generally lower than rates on comparable bank and other commercial debt.

Investment Criteria

Our investment team has identified the following investment criteria that it believes are important in evaluating prospective portfolio companies. Our investment team uses these criteria in evaluating investment opportunities. However, not all of these criteria have been, or will be, met in connection with each of our investments. Please see "Business Investment Criteria" in the accompanying prospectus for a more complete discussion of our investment criteria.

Proven Management Team with Meaningful Equity Stake. We look for operationally-oriented management with direct industry experience and a successful track record. In addition, we expect the management team of each portfolio company to have meaningful equity ownership in the portfolio company to better align our respective economic interests.

Established Companies with Positive Cash Flow. We seek to invest in established companies with sound historical financial performance.

Defensible Competitive Advantages/Favorable Industry Position. We primarily focus on companies having competitive advantages in their respective markets and/or operating in industries with barriers to entry, which may help to protect their market position and profitability.

Exit Alternatives. We exit our debt investments primarily through the repayment of our investment from internally generated cash flow of the portfolio company and/or refinancing. In addition, we seek to invest in companies whose business models and expected future cash flows may provide alternative methods of repaying our investment.

Recent Developments

Preliminary Estimate of Third Quarter 2011 Results

Today we announced preliminary estimated ranges for distributable net investment income per share⁽¹⁾⁽²⁾ during the quarter ended September 30, 2011 of \$0.43 to \$0.46 per share and for net investment income per share⁽²⁾ during the quarter ended September 30, 2011 of \$0.41 to \$0.44 per share. The estimated distributable net investment income per share and estimated net investment income per share ranges represent 43% to 53% and 46% to 57% increases, respectively, over the corresponding amounts for the third quarter 2010. In addition, we announced a preliminary estimate that our net asset value per share as of September 30, 2011 increased between 0.5% and 1.5% from our net asset value per share as of June 30, 2011.

The information furnished above is based on our management's preliminary determinations and current expectations, and such information is inherently uncertain. The preliminary estimates are subject to completion of our customary quarterly closing and review procedures, including the determination of the fair value of our portfolio investments by our Board of Directors, and have not yet been approved by our Board of Directors. As a result, actual results could differ materially from the current preliminary estimates based on adjustments made during our quarterly closing and review procedures and our reported information in our quarterly report on Form 10-Q for the quarter ended September 30, 2011 may differ from this information, and any such differences may be material. In addition, the information furnished above does not include all of the information regarding our

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financial condition and results of operations for the quarter ended September 30, 2011 that may be important to readers. As a result, readers are cautioned not to place undue reliance on this preliminary information and should view this information in the context of our full third quarter 2011 results when we disclose such results in our quarterly report on Form 10-Q for the quarter ended September 30, 2011. This preliminary information is based on our current management expectations that involve substantial risks and uncertainties that could cause actual results to differ materially from the results expressed in, or implied by, such information.

(1)

Distributable net investment income per share is net investment income per share as determined in accordance with U.S. Generally Accepted Accounting Principles, or GAAP, excluding the per share impact of share-based compensation expense, which is non-cash in nature. We believe presenting distributable net investment income per share is a useful and appropriate supplemental disclosure for analyzing our financial performance since share-based compensation does not require settlement in cash. However, distributable net investment income per share is a non-GAAP measure and should not be considered as a replacement to net investment income per share and other earnings measures presented in accordance with GAAP. Instead, distributable net investment income per share should be reviewed only in connection with such GAAP measures in analyzing our financial performance. In order to reconcile estimated distributable net investment income per share to estimated net investment income per share in accordance with GAAP, \$0.02 to \$0.03 per share of estimated share-based compensation expense is added back to estimated net investment income per share.

(2)

Per share amounts exclude the earnings attributable to the remaining noncontrolling equity interest in MSC II not owned by us.

Other Recent Developments

During September 2011, we completed an LMM portfolio investment in Integrated Printing Solutions, L.L.C. ("IPS"). This investment supported the recapitalization of IPS and provided additional growth financing. Our investment in IPS consists of \$10.0 million in first lien secured debt with equity warrant participation. Headquartered in Centennial, Colorado, IPS is a provider of print, data programming and management, and specialty marketing strategies. IPS specializes in card and card personalization services, on-demand digital card printing and fulfillment, distribution and warehousing, commercial printing and direct mail, as well as print management for the retail, health care, prepaid card, financial and advertising industries.

During September 2011, we completed an LMM portfolio investment in NRI Clinical Research, LLC ("NRI"). This investment supported the acquisition of the assets and business of a dedicated investigative facility that conducts clinical trials for the pharmaceutical industry by a group of private investors. Our investment in NRI consists of \$6.3 million in first lien secured debt and a \$0.5 million direct equity investment. Staffed by physicians and support personnel, NRI recruits and treats patients with later stage drugs in development by its pharmaceutical company clients. NRI's primary focus is on Phase II and Phase III metabolic disease trials, principally in diabetes, hypertension and obesity. NRI is headquartered in California.

During August 2011, our Board of Directors increased its size from six to seven directors and appointed J. Kevin Griffin as a director to fill the vacancy created by the increase until our 2012 annual meeting of stockholders. Mr. Griffin was also appointed to serve on the Audit Committee of the Board of Directors.

During August 2011, the Board of Directors appointed Dwayne L. Hyzak as Chief Financial Officer and Senior Managing Director, Curtis L. Hartman as Chief Credit Officer and Senior Managing Director, and David L. Magdol as Chief Investment Officer and Senior Managing Director of Main Street. Each of these executives had been a Senior Vice President of Main Street since 2007 and served

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as a managing director or in other executive roles of our predecessor funds since at least 2002. Each of these executives assumed his new executive role while also maintaining his current portfolio investment responsibilities. In his new role as Chief Credit Officer, Mr. Hartman chairs our Credit Committee, which is responsible for oversight of the investment process with respect to our private placement and marketable securities investment portfolio. In his new role as Chief Investment Officer, Mr. Magdol chairs our Investment Committee, which is responsible for oversight of the investment process with respect to our LMM investment portfolio. Vincent D. Foster, our Chairman and Chief Executive Officer, and Todd A. Reppert, our President, are also members of both the Credit Committee and the Investment Committee. In connection with Mr. Hyzak's appointment as Chief Financial Officer, he assumed responsibilities as our principal financial officer. Mr. Reppert, who was previously the Chief Financial Officer of Main Street, retained the title of President and the ongoing responsibilities over operational and administrative aspects of our business.

During August 2011, we declared monthly dividends of \$0.135 per share for each of October, November and December 2011. These monthly dividends equal a total of \$0.405 per share for the fourth quarter of 2011. Because the record date for the November 2011 dividend payment is prior to the date of this offering, investors who purchase shares of our common stock in this offering will not be entitled to receive such dividend. However, investors who purchase shares of our common stock in this offering will be entitled to receive the December 2011 dividend payment and subsequent monthly dividends provided that they continue to hold such shares.

During July 2011, we completed an LMM portfolio investment in SYNEO, LLC. This investment facilitated the merger of Technical Innovations, LLC ("TI"), an existing portfolio company of ours, and ASG Medical Systems, LLC ("ASG"). The SYNEO investment consists of \$5.5 million in first lien secured debt and a \$1.0 million direct equity investment. TI designs and manufactures manual, semi-automated, pneumatic and computer numerically controlled (CNC) machines and tools used by medical device manufacturers to place holes in catheters and for tissue cutting applications. ASG is a leader in the automation of catheter and guidewire manufacturing.

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Common stock offered by us	shares
Common stock outstanding prior to this offering	shares
Common stock to be outstanding after this offering	shares
Over-allotment option	shares
Use of proceeds	<p>The net proceeds from this offering (without exercise of the over-allotment option and before deducting estimated expenses payable by us of approximately \$200,000) will be \$.</p> <p>We intend to initially use the net proceeds from this offering to repay outstanding debt borrowed under our \$155 million credit facility. However, through re-borrowing of the initial repayments under our \$155 million credit facility, we intend to use the net proceeds from this offering to make investments in accordance with our investment objective and strategies described in this prospectus supplement and the accompanying prospectus, to make investments in marketable securities and idle funds investments, which may include investments in secured intermediate term bank debt, rated debt securities and other income producing investments, to pay our operating expenses and other cash obligations, and for general corporate purposes. See "Use of Proceeds" below.</p>
Dividends and distributions	<p>Our dividends and other distributions, if any, will be determined by our Board of Directors from time to time.</p> <p>Our ability to declare dividends depends on our earnings, our overall financial condition (including our liquidity position), maintenance of our regulated investment company ("RIC") status under Subchapter M of the Internal Revenue Code (the "Code") and such other factors as our Board of Directors may deem relevant from time to time. From our IPO through the third quarter of 2008 we paid quarterly dividends, but in the fourth quarter of 2008 we began paying, and we intend to continue paying, monthly dividends to our stockholders. When we make monthly distributions, we will be required to determine the extent to which such distributions are paid out of current or accumulated earnings, recognized capital gains or capital. To the extent there is a return of capital, investors will be required to reduce their basis in our stock for federal tax purposes. In the future, our distributions may include a return of capital.</p>

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	In August 2011, we declared monthly dividends of \$0.135 per share for each of October, November and December 2011. These monthly dividends equate to a total of \$0.405 per share for the fourth quarter of 2011. Because the record date for the November 2011 dividend payment is prior to the date of this offering, investors who purchase shares of our common stock in this offering will not be entitled to receive such dividend. However, investors who purchase shares of our common stock in this offering will be entitled to receive the December 2011 dividend payment and subsequent monthly dividends provided that they continue to hold such shares.
Taxation	MSCC has elected to be treated for federal income tax purposes as a RIC under Subchapter M of the Code. Accordingly, we generally will not pay corporate-level federal income taxes on any net ordinary income or capital gains that we distribute to our stockholders as dividends. To maintain our RIC tax treatment, we must meet specified source-of-income and asset diversification requirements and distribute annually at least 90% of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any.
	Depending on the level of taxable income earned in a tax year, we may choose to carry forward taxable income in excess of current year distributions into the next tax year and pay a 4% excise tax on such income. Any such undistributed taxable income must be distributed through a dividend declared prior to filing the final tax return related to the year which generated such taxable income. See "Material U.S. Federal Income Tax Considerations" in the accompanying prospectus.
Risk factors	See "Risk Factors" beginning on page 12 of the accompanying prospectus for a discussion of risks you should carefully consider before deciding to invest in shares of our common stock.
New York Stock Exchange symbol	"MAIN"

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The following table is intended to assist you in understanding the costs and expenses that an investor in this offering will bear directly or indirectly. We caution you that some of the percentages indicated in the table below are estimates and may vary. Except where the context suggests otherwise, whenever this prospectus supplement contains a reference to fees or expenses paid by "you," "us" or "Main Street," or that "we" will pay fees or expenses, stockholders will indirectly bear such fees or expenses as investors in us.

Stockholder Transaction Expenses:	
Sales load (as a percentage of offering price)	4.50%(1)
Offering expenses (as a percentage of offering price)	%(2)
Dividend reinvestment plan expenses	(3)
Total stockholder transaction expenses (as a percentage of offering price)	%
Annual Expenses (as a percentage of net assets attributable to common stock):	
Operating expenses	3.67%(4)
Interest payments on borrowed funds	3.84%(5)
Income tax expense	0.28%(6)
Acquired fund fees and expenses	0.02%(7)
Total annual expenses	7.81%(8)

- (1) Represents the underwriting discount with respect to the shares sold by us in this offering.
- (2) The offering expenses of this offering borne by us are estimated to be approximately \$200,000. If the underwriters exercise their over-allotment option in full, the offering expenses borne by us (as a percentage of the offering price) will be approximately %.
- (3) The expenses of administering our dividend reinvestment plan are included in operating expenses.
- (4) Operating expenses represent the estimated annual expenses of MSCC and its consolidated subsidiaries, including MSC II. There is a 12% minority ownership interest in MSC II not held by MSCC or its subsidiaries. The ratio of operating expenses to net assets, net of the expenses related to the noncontrolling interest in MSC II, would be 3.63%.
- (5) Interest payments on borrowed funds represent our estimated annual interest payments on borrowed funds.
- (6) Income tax expense primarily relates to the accrual of deferred taxes on the net unrealized appreciation from portfolio investments held in Taxable Subsidiaries, which is non-cash in nature and may vary significantly from period to period. We are required to include deferred taxes in calculating our annual expenses even though these deferred taxes are not currently payable. Due to the variable nature of this expense and the difficulty in providing an estimate for future periods, this income tax expense estimate is based upon the actual amount of income tax expense for the year ended December 31, 2010. The ratio of total annual expenses to net assets, before income tax expense, would be 7.53%.
- (7) Acquired fund fees and expenses represent the estimated indirect expense incurred due to investments in other investment companies and private funds.
- (8) The total annual expenses are the sum of operating expenses, interest payments on borrowed funds, income tax expenses and acquired fund fees and expenses.

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Example

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock. In calculating the following expense amounts, we have assumed we would have no additional leverage and that our annual operating expenses would remain at the levels set forth in the table above, and that you would pay a sales load of 4.50% (the underwriting discount to be paid by us with respect to common stock sold by us in this offering).

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a \$1,000 investment, assuming a 5.0% annual return	\$ 80.1	\$ 233.0	\$ 376.9	\$ 700.5

The example and the expenses in the table above should not be considered a representation of our future expenses, and actual expenses may be greater or less than those shown. While the example assumes, as required by the SEC, a 5.0% annual return, our performance will vary and may result in a return greater or less than 5.0%. In addition, while the example assumes reinvestment of all dividends at net asset value, participants in our dividend reinvestment plan will receive a number of shares of our common stock, determined by dividing the total dollar amount of the dividend payable to a participant by (i) the market price per share of our common stock at the close of trading on the dividend payment date in the event that we use newly issued shares to satisfy the share requirements of the dividend reinvestment plan or (ii) the average purchase price of all shares of common stock purchased by the administrator of the dividend reinvestment plan in the event that shares are purchased in the open market to satisfy the share requirements of the dividend reinvestment plan, which may be at, above or below net asset value. See "Dividend Reinvestment Plan" in the accompanying prospectus for additional information regarding our dividend reinvestment plan.

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USE OF PROCEEDS

The net proceeds from the sale of the _____ shares of common stock in this offering are \$ _____, and \$ _____ if the underwriter's over-allotment option is exercised in full, after deducting the underwriting discount and estimated offering expenses of approximately \$200,000 payable by us.

We intend to initially use the net proceeds from this offering to repay outstanding debt borrowed under our \$155 million credit facility. However, through re-borrowing of the initial repayments under our \$155 million credit facility, we intend to use the net proceeds from this offering to make investments in accordance with our investment objective and strategies described in this prospectus supplement and the accompanying prospectus, to make investments in marketable securities and idle funds investments, which may include investments in secured intermediate term bank debt, rated debt securities and other income producing investments, to pay our operating expenses and other cash obligations, and for general corporate purposes. Our ability to achieve our investment objective may be limited to the extent that the net proceeds from an offering, pending full investment, are held in interest bearing deposits or other short-term instruments. See "Risk Factors Risks Relating to Our Common Stock We may be unable to invest a significant portion of the net proceeds from an offering or from exiting an investment or other capital on acceptable terms, which could harm our financial condition and operating results" in the accompanying prospectus.

At October 18, 2011, we had approximately \$114 million outstanding under our \$155 million credit facility. Our credit facility matures on September 20, 2014, unless extended, and bears interest, at our election, on a per annum basis equal to (i) the applicable LIBOR rate plus 2.50% or (ii) the applicable base rate plus 1.50%. Amounts repaid under our \$155 million credit facility will remain available for future borrowings.

Affiliates of Morgan Keegan & Company, Inc. and BB&T Capital Markets, each an underwriter in this offering, act as lenders and/or agents under our \$155 million credit facility. As described above, we intend to use net proceeds of this offering to repay the outstanding indebtedness under this credit facility, and those affiliates therefore may receive a portion of the proceeds from this offering through the repayment of those borrowings. See "Underwriting Conflicts of Interest" below.

Table of Contents**CAPITALIZATION**

The following table sets forth our capitalization:

on an actual basis as of June 30, 2011; and

on an as-adjusted basis giving effect to the sale of _____ shares of our common stock in this offering at the public offering price of \$ _____ per share, less estimated underwriting discounts and offering expenses payable by us.

This table should be read in conjunction with "Interim Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Interim Financial Statements" in this prospectus supplement.

	As of June 30, 2011	
	Actual	As-adjusted for this Offering
	(Unaudited)	
Cash and cash equivalents	\$ 14,132,738	\$ 14,132,738
Marketable securities and idle funds investments	120,299,248	(1)
Total cash and cash equivalents, marketable securities and idle funds investments	\$ 134,431,986	\$
SBIC debentures (par: \$210,000,000; of which \$72,637,267 is recorded at fair value)	\$ 187,637,267	\$ 187,637,267
Credit facility	73,000,000	
Net asset value:		
Common stock, \$0.01 par value per share (150,000,000 shares authorized; 23,182,600 and _____ issued and outstanding, actual and as adjusted for this offering, respectively)	231,826	
Additional paid-in capital	300,130,851	
Accumulated net investment income	7,435,312	7,435,312
Accumulated net realized loss from investments	(20,499,798)	(20,499,798)
Net unrealized appreciation, net of income taxes	42,833,531	42,833,531
Total net asset value	330,131,722	
Total capitalization	\$ 590,768,989	\$

(1)

This table assumes that we will use any proceeds from this offering that are not used to repay outstanding indebtedness under our \$155 million credit facility to invest in marketable securities and idle funds investments until such time as we are able to invest such proceeds in lower middle market companies and privately placed debt securities.

Table of Contents**SELECTED FINANCIAL DATA**

The selected financial data below reflects the combined operations of MSMF and MSMF GP for the year ended December 31, 2006 and the consolidated operations of Main Street and its subsidiaries for the years ended December 31, 2007, 2008, 2009, and 2010 and for the six months ended June 30, 2010 and 2011. The selected financial data at December 31, 2006, 2007, 2008, 2009, and 2010 and for the years ended December 31, 2006, 2007, 2008, 2009, and 2010, have been derived from combined/consolidated financial statements that have been audited by Grant Thornton LLP, an independent registered public accounting firm. The selected financial data at June 30, 2011, and for the six months ended June 30, 2010 and 2011, have been derived from unaudited financial data but, in the opinion of management, reflect all adjustments (consisting only of normal recurring adjustments) that are necessary to present fairly the financial condition and operating results for such interim periods. Interim results as of and for the six months ended June 30, 2011 are not necessarily indicative of the results that may be expected for the year ending December 31, 2011. You should read this selected financial data in conjunction with our "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Senior Securities" and the financial statements and related notes thereto in the accompanying prospectus and "Interim Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Interim Financial Statements" in this prospectus supplement.

	Six Months Ended June 30,		Years Ended December 31,				
	2011	2010	2010	2009	2008	2007	2006
	(dollars in thousands)						
	(Unaudited)						
Statement of operations data:							
Investment income:							
Total interest, fee and dividend income	\$ 25,057	\$ 14,440	\$ 33,525	\$ 14,283	\$ 16,123	\$ 11,312	\$ 9,013
Interest from idle funds and other	4,446	1,385	2,983	1,719	1,172	1,163	749
Total investment income	29,503	15,825	36,508	16,002	17,295	12,475	9,762
Expenses:							
Interest	(6,166)	(4,105)	(9,058)	(3,791)	(3,778)	(3,246)	(2,717)
General and administrative	(1,107)	(672)	(1,437)	(1,351)	(1,684)	(512)	(198)
Expenses reimbursed to Investment Manager	(4,337)	(2,483)	(5,263)	(570)	(1,007)		
Share-based compensation	(886)	(603)	(1,489)	(1,068)	(511)		
Management fees to affiliate						(1,500)	(1,942)
Professional costs related to initial public offering						(695)	
Total expenses	(12,496)	(7,863)	(17,247)	(6,780)	(6,980)	(5,953)	(4,857)
Net investment income	17,007	7,962	19,261	9,222	10,315	6,522	4,905
Total net realized gain (loss) from investments	250	(1,405)	(2,880)	(7,798)	1,398	4,692	2,430
Net realized income	17,257	6,557	16,381	1,424	11,713	11,214	7,335
Total net change in unrealized appreciation (depreciation)	14,012	7,312	19,639	8,242	(3,961)	(5,406)	8,488
Income tax benefit (provision)	(3,163)	(421)	(941)	2,290	3,182	(3,263)	
Bargain purchase gain		4,890	4,891				
Net increase (decrease) in net assets resulting from operations	28,106	18,338	39,970	11,956	10,934	2,545	15,823
Noncontrolling interest	(157)	(409)	(1,226)				
Net increase (decrease) in net assets resulting from operations attributable to common stock	\$ 27,949	\$ 17,929	\$ 38,744	\$ 11,956	\$ 10,934	\$ 2,545	\$ 15,823

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Net investment income per share basic and diluted	\$	0.79	\$	0.53	\$	1.16	\$	0.92	\$	1.13	\$	0.76	N/A
Net realized income per share basic and diluted	\$	0.80	\$	0.44	\$	0.99	\$	0.14	\$	1.29	\$	1.31	N/A
Net increase in net assets resulting from operations attributable to common stock per share basic and diluted	\$	1.32	\$	1.22	\$	2.38	\$	1.19	\$	1.20	\$	0.30	N/A
Weighted average shares outstanding basic and diluted		21,128,360		14,754,121		16,292,846		10,042,639		9,095,904		8,587,701	N/A

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	As of June 30, 2011	2010	As of December 31, 2009 2008 2007 2006			
	(dollars in thousands)					
	(Unaudited)					
Balance sheet data:						
Assets:						
Total portfolio investments at fair value	\$ 471,729	\$ 348,811	\$ 156,740	\$ 127,007	\$ 105,650	\$ 73,711
Marketable securities and idle funds investments	120,299	68,753	3,253	4,390	24,063	
Cash and cash equivalents	14,133	22,334	30,620	35,375	41,889	13,769
Deferred tax asset		1,958	2,716	1,121		
Interest receivable and other assets	7,377	4,524	1,510	1,101	1,576	630
Deferred financing costs, net of accumulated amortization	3,715	2,544	1,611	1,635	1,670	1,333
Total assets	\$ 617,253	\$ 448,924	\$ 196,450	\$ 170,629	\$ 174,848	\$ 89,443
Liabilities and net assets:						
SBIC debentures	\$ 187,637	\$ 155,558	\$ 65,000	\$ 55,000	\$ 55,000	\$ 45,100
Credit facility	73,000	39,000				
Payable for securities purchased	10,805					
Deferred tax liability	954				3,026	
Interest payable	3,717	3,195	1,069	1,108	1,063	855
Dividend payable	3,014			726		
Accounts payable and other liabilities	3,499	1,188	721	1,439	610	216
Total liabilities	282,626	198,941	66,790	58,273	59,699	46,171
Total net asset value	330,132	245,535	129,660	112,356	115,149	43,272
Noncontrolling interest	4,495	4,448				
Total liabilities and net assets	\$ 617,253	\$ 448,924	\$ 196,450	\$ 170,629	\$ 174,848	\$ 89,443
Other data:						
Weighted average effective yield on LMM debt investments(1)	14.8%	14.5%	14.3%	14.0%	14.3%	15.0%
Number of LMM portfolio companies(2)	49	44	35	31	27	24
Weighted average effective yield on privately placed debt investments(1)	11.0%	12.5%	14.4%	N/A	N/A	N/A
Number of privately placed portfolio companies	23	15	4	N/A	N/A	N/A
Expense ratios (as percentage of average net assets):						
Total expenses, including income tax expense	5.1%(4)(5)	8.8%(5)	5.6%	6.1%	16.2%(3)	12.5%
Operating expenses	4.1%(4)(5)	8.3%(5)	5.6%	6.1%	10.5%(3)	12.5%
Operating expenses, excluding interest expense	2.1%(4)(5)	4.0%(5)	2.5%	2.8%	4.8%(3)	5.5%

(1) Weighted-average effective yield is calculated based on our debt investments at the end of each period and includes amortization of deferred debt origination fees and accretion of original issue discount, but excludes liquidation fees payable upon repayment and any debt investments on non-accrual status.

(2) Excludes the investment in affiliated Investment Manager, as discussed elsewhere in this prospectus supplement.

(3)

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The ratio for the year ended December 31, 2007 reflects the impact of professional costs related to the IPO. These costs were 25.7% of operating expenses for the year.

- (4) Not annualized.
- (5) Ratios are net of amounts attributable to MSC II non-controlling interest.

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**INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion should be read in conjunction with our consolidated financial statements and notes thereto contained elsewhere in this prospectus supplement.

Statements we make in the following discussion which express a belief, expectation or intention, as well as those that are not historical fact, are forward-looking statements that are subject to risks, uncertainties and assumptions. Our actual results, performance or achievements, or industry results, could differ materially from those we express in the following discussion as a result of a variety of factors, including the risks and uncertainties we have referred to under the headings "Cautionary Statement Concerning Forward-Looking Statements" and "Risk Factors" in the accompanying prospectus.

ORGANIZATION

Main Street Capital Corporation ("MSCC") was formed on March 9, 2007 for the purpose of (i) acquiring 100% of the equity interests of Main Street Mezzanine Fund, LP ("MSMF") and its general partner, Main Street Mezzanine Management, LLC ("MSMF GP"), (ii) acquiring 100% of the equity interests of Main Street Capital Partners, LLC (the "Investment Manager"), (iii) raising capital in an initial public offering, which was completed in October 2007 (the "IPO"), and (iv) thereafter operating as an internally managed business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act"). MSMF is licensed as a Small Business Investment Company ("SBIC") by the United States Small Business Administration ("SBA") and the Investment Manager acts as MSMF's manager and investment adviser. Because the Investment Manager, which employs all of the executive officers and other employees of MSCC, is wholly owned by us, we do not pay any external investment advisory fees, but instead we incur the operating costs associated with employing investment and portfolio management professionals through the Investment Manager. The IPO and related transactions discussed above were consummated in October 2007 and are collectively termed the "Formation Transactions."

On January 7, 2010, MSCC consummated transactions (the "Exchange Offer") to exchange 1,239,695 shares of its common stock for approximately 88% of the total dollar value of the limited partner interests in Main Street Capital II, LP ("MSC II" and, together with MSMF, the "Funds"). Pursuant to the terms of the Exchange Offer, 100% of the membership interests in the general partner of MSC II, Main Street Capital II GP, LLC ("MSC II GP"), were also transferred to MSCC for no consideration. MSC II commenced operations in January 2006, is an investment fund that operates as an SBIC, and is also managed by the Investment Manager. The Exchange Offer and related transactions, including the transfer of the MSC II GP interests, are collectively termed the "Exchange Offer Transactions" (see Note I to the consolidated financial statements). As of June 30, 2011, an approximately 12% minority ownership in the total dollar value of the MSC II limited partnership interests remained outstanding, including approximately 5% owned by affiliates of MSCC. We have submitted an exemptive relief application to the SEC to permit us to acquire the approximately 5% ownership in the total dollar value of the MSC II limited partnership interests held by affiliates of MSCC using the same valuation formula utilized in the Exchange Offer. There can be no assurance that we will obtain the exemptive relief or that if we do obtain such relief it will be obtained on the terms we have outlined in our request.

MSCC has elected to be treated for federal income tax purposes as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). As a result, MSCC generally will not pay corporate-level federal income taxes on any net ordinary income or capital gains that it distributes to its stockholders as dividends.

MSCC has direct or indirect subsidiaries that have elected to be taxable entities (the "Taxable Subsidiaries"). The primary purpose of these entities is to hold certain investments that generate "pass

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through" income for tax purposes. The Taxable Subsidiaries are each taxed at their normal corporate tax rates based on their taxable income.

Unless otherwise noted or the context otherwise indicates, the terms "we," "us," "our" and "Main Street" refer to MSCC and its subsidiaries, including the Funds and the Taxable Subsidiaries.

OVERVIEW

We are a principal investment firm primarily focused on providing customized debt and equity financing to lower middle market ("LMM") companies, which we generally define as companies with annual revenues between \$10 million and \$100 million that operate in diverse industries. We invest primarily in secured debt instruments, equity investments, warrants and other securities of LMM companies based in the United States. Our principal investment objective is to maximize our portfolio's total return by generating current income from our debt investments and capital appreciation from our equity and equity related investments, including warrants, convertible securities and other rights to acquire equity securities in a portfolio company. Our LMM portfolio investments generally range in size from \$5 million to \$25 million.

We seek to fill the current financing gap for LMM businesses, which, historically, have had more limited access to financing from commercial banks and other traditional sources. The underserved nature of the lower middle market creates the opportunity for us to meet the financing needs of LMM companies while also negotiating favorable transaction terms and equity participations. Our ability to invest across a company's capital structure, from senior secured loans to equity securities, allows us to offer portfolio companies a comprehensive suite of financing solutions, or "one stop" financing. Providing customized, "one stop" financing solutions has become even more relevant to our LMM portfolio companies in the current investing environment. We generally seek to partner directly with entrepreneurs, management teams and business owners in making our investments. We believe that our LMM investment strategy has a lower correlation to the broader debt and equity markets.

In addition to our LMM investment strategy, we opportunistically pursue investments in privately placed debt securities. Our private placement investment portfolio primarily consists of direct or secondary private placements of interest bearing debt securities in companies that are generally larger in size than the LMM companies included in our investment portfolio. As of June 30, 2011, we had privately placed portfolio investments in 23 companies collectively totaling approximately \$133.3 million in fair value with a total cost basis of approximately \$129.8 million. The weighted average revenues for the 23 privately placed portfolio company investments were approximately \$399 million as of June 30, 2011. Our privately placed portfolio investments are primarily in the form of debt investments and 69% of such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average effective yield on our privately placed portfolio debt investments was approximately 11.0% as of June 30, 2011.

Our portfolio investments are generally made through MSCC and the Funds. MSCC and the Funds share the same investment strategies and criteria, although they are subject to different regulatory regimes. An investor's return in MSCC will depend, in part, on the Funds' investment returns as MSMF is a wholly owned subsidiary of MSCC and MSC II is a majority owned subsidiary of MSCC.

The level of new portfolio investment activity will fluctuate from period to period based upon our view of the current economic fundamentals, our ability to identify new investment opportunities that meet our investment criteria, and our ability to consummate the identified opportunities. The level of new investment activity, and associated interest and fee income, will directly impact future investment income. In addition, the level of dividends paid by portfolio companies and the portion of our portfolio debt investments on non-accrual status will directly impact future investment income. While we intend to grow our portfolio and our investment income over the long-term, our growth and our operating

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results may be more limited during depressed economic periods. However, we intend to appropriately manage our cost structure and liquidity position based on applicable economic conditions and our investment outlook. The level of realized gains or losses and unrealized appreciation or depreciation will also fluctuate depending upon portfolio activity and the performance of our individual portfolio companies. The changes in realized gains and losses and unrealized appreciation or depreciation could have a material impact on our operating results.

For the six months ended June 30, 2011, we paid dividends on a monthly basis totaling \$0.765 per share, or \$16.0 million. In June 2011, we declared monthly dividends for the third quarter of 2011 totaling \$0.39 per share, and in August 2011, we declared monthly dividends for the fourth quarter of 2011 totaling \$0.405 per share. During 2010, we paid monthly dividends of \$0.125 per share, or \$1.50 per share for the entire year. Including the dividends declared for the third and fourth quarters of 2011, we will have paid approximately \$6.32 per share in cumulative dividends since our October 2007 initial public offering.

At June 30, 2011, we had \$134.4 million in cash and cash equivalents, marketable securities, and idle funds investments. In June 2011, we closed an expansion of the three-year credit facility (the "Credit Facility") from \$100 million to \$155 million to provide additional liquidity in support of future investment and operational activities. The \$55 million increase in total commitments included commitment increases by all six lenders currently participating in the Credit Facility. In addition to the \$55 million increase in total commitments, we extended the maturity of the Credit Facility by one year to September 2014. In March 2011, we completed a follow-on public stock offering in which we sold 4,025,000 shares of common stock, including the underwriters' full exercise of the over-allotment option, at a price to the public of \$18.35 per share (or approximately 141% of the then latest reported Net Asset Value per share), resulting in total net proceeds of approximately \$70.3 million, after deducting underwriters' commissions and offering costs.

CRITICAL ACCOUNTING POLICIES

Basis of Presentation

Our financial statements are prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). For the three and six months ended June 30, 2011 and 2010, our consolidated financial statements include the accounts of MSCC and its consolidated subsidiaries, including the Funds. Portfolio investments, as used herein, refers to all of our portfolio investments in LMM companies, private placement portfolio investments, and our investment in the Investment Manager but excludes all of our "Marketable securities and idle funds investments." Private placement portfolio investments include investments made through direct or secondary purchases of interest-bearing debt securities in companies that are generally larger in size than the LMM companies included as part of our portfolio investments. "Marketable securities and idle funds investments" are classified as financial instruments and are reported separately on our Consolidated Balance Sheets and Consolidated Schedule of Investments due to the nature of such investments. Our results of operations and cash flows for the three and six months ended June 30, 2011 and 2010, and financial position as of June 30, 2011 and December 31, 2010, are presented on a consolidated basis. The effects of all intercompany transactions between Main Street and its consolidated subsidiaries have been eliminated in consolidation. Certain reclassifications have been made to prior period balances to conform with the current financial statement presentation.

The accompanying unaudited consolidated financial statements of Main Street are presented in conformity with U.S. GAAP for interim financial information and pursuant to the requirements of Article 10 of Regulation S-X. Accordingly, certain disclosures accompanying annual financial statements prepared in accordance with U.S. GAAP are omitted. In the opinion of management, the unaudited consolidated financial results included herein contain all adjustments, consisting solely of normal

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recurring accruals, considered necessary for the fair presentation of financial statements for the interim periods included herein. The results of operations for the three and six months ended June 30, 2011 are not necessarily indicative of the operating results to be expected for the full year. Also, the unaudited financial statements and notes should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2010. Financial statements prepared on a U.S. GAAP basis require management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

Under the investment company rules and regulations pursuant to Article 6 of Regulation S-X and the Audit and Accounting Guide for Investment Companies issued by the American Institute of Certified Public Accountants (the "AICPA Guide"), we are precluded from consolidating portfolio company investments, including those in which we have a controlling interest, unless the portfolio company is another investment company. An exception to this general principle in the AICPA Guide occurs if we own a controlled operating company that provides all or substantially all of its services directly to us, or to an investment company of ours. None of the investments made by us qualify for this exception. Therefore, our portfolio investments are carried on the balance sheet at fair value, as discussed further in Note B to our consolidated financial statements, with any adjustments to fair value recognized as "Net Change in Unrealized Appreciation (Depreciation)" on our Statement of Operations until the investment is exited, resulting in any gain or loss on exit being recognized as a "Net Realized Gain (Loss) from Investments."

Portfolio Investment Valuation

The most significant estimate inherent in the preparation of our consolidated financial statements is the valuation of our portfolio investments and the related amounts of unrealized appreciation and depreciation. As of June 30, 2011 and December 31, 2010, approximately 76% and 78%, respectively, of our total assets represented investments in portfolio companies valued at fair value (including our investment in the Investment Manager). We are required to report our investments at fair value. We follow the provisions of the Accounting Standards Codification ("Codification" or "ASC") 820, *Fair Value Measurements and Disclosures* ("ASC 820"). ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and enhances disclosure requirements for fair value measurements.

Our portfolio strategy calls for us to invest primarily in illiquid securities issued by private, LMM companies as well as privately placed debt securities issued by private, middle market companies that are generally larger in size than the LMM companies. These portfolio investments may be subject to restrictions on resale. LMM companies generally have no established trading market while privately placed debt securities generally have established markets that are not active. We determine in good faith the fair value of our portfolio investments pursuant to a valuation policy in accordance with ASC 820 and a valuation process approved by our Board of Directors and in accordance with the 1940 Act. For LMM investments, we review external events, including private mergers, sales and acquisitions involving comparable companies, and include these events in the valuation process. For private placement portfolio investments, we generally use observable inputs such as quoted prices in the valuation process. Our valuation policy and process is intended to provide a consistent basis for determining the fair value of the portfolio.

For valuation purposes, control investments are composed of equity and debt securities for which we have a controlling interest in the portfolio company or have the ability to nominate a majority of the portfolio company's board of directors. Market quotations are generally not readily available for our control investments. As a result, we determine the fair value of control investments using a combination of market and income approaches. Under the market approach, we will typically use the

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enterprise value methodology to determine the fair value of these investments. The enterprise value is the fair value at which an enterprise could be sold in a transaction between two willing parties, other than through a forced or liquidation sale. Typically, private companies are bought and sold based on multiples of earnings before interest, taxes, depreciation and amortization, or 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, we analyze various factors, including the portfolio company's historical and projected financial results. We allocate the enterprise value to investments in order of the legal priority of the investments. We will also use the income approach to determine the fair value of these securities, based on projections of the discounted future free cash flows that the portfolio company or the debt security will likely generate. The valuation approaches for our control investments estimate the value of the investment if we were to sell, or exit, the investment, assuming the highest and best use of the investment by market participants. In addition, these valuation approaches consider the value associated with our ability to control the capital structure of the portfolio company, as well as the timing of a potential exit.

For valuation purposes, non-control LMM portfolio investments are composed of debt and equity securities for which we do not have a controlling interest in the portfolio company, or the ability to nominate a majority of the portfolio company's board of directors. Market quotations for non-control LMM portfolio investments are generally not readily available. For our non-control LMM portfolio investments, we use a combination of the market and income approaches to value our equity investments and the income approach to value our debt instruments. For non-control LMM debt investments, we determine the fair value primarily using a yield approach that analyzes the discounted cash flows of interest and principal for the debt security, as set forth in the associated loan agreements, as well as the financial position and credit risk of each of these portfolio investments. Our estimate of the expected repayment date of an LMM debt security is generally the legal maturity date of the instrument, as we generally intend to hold our loans to maturity. The yield analysis considers changes in leverage levels, credit quality, portfolio company performance and other factors. We will use the value determined by the yield analysis as the fair value for that security; however, because of our general intent to hold our loans to maturity, the fair value will not exceed the face amount of the LMM debt security. A change in the assumptions that we use to estimate the fair value of our LMM debt securities using the yield analysis could have a material impact on the determination of fair value. If there is deterioration in credit quality or an LMM debt security is in workout status, we may consider other factors in determining the fair value of the LMM debt security, including the value attributable to the debt security from the enterprise value of the portfolio company or the proceeds that would be received in a liquidation analysis.

Our private placement portfolio investments primarily consist of direct or secondary purchases of interest-bearing debt securities in companies that are generally larger in size than the LMM companies included in our investment portfolio. For valuation purposes, all of our private placement portfolio investments are non-control investments and are composed of debt securities for which we do not have a controlling interest in the portfolio company, or the ability to nominate a majority of the portfolio company's board of directors. We primarily use observable inputs to determine the fair value of these investments through obtaining third party quotes or independent pricing.

Due to the inherent uncertainty in the valuation process, our estimate of fair value may differ materially from the values that would have been used had a ready market for the securities existed. In addition, changes in the market environment, portfolio company performance and other events that may occur over the lives of the investments may cause the gains or losses ultimately realized on these investments to be materially different than the valuations currently assigned. We estimate the fair value

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of each individual investment and record changes in fair value as unrealized appreciation or depreciation.

Revenue Recognition

Interest and Dividend Income

We record interest and dividend income on the accrual basis to the extent amounts are expected to be collected. Dividend income is recorded as dividends are declared or at the point an obligation exists for the portfolio company to make a distribution. In accordance with our valuation policy, we evaluate accrued interest and dividend income periodically for collectability. When a loan or debt security becomes 90 days or more past due, and if we otherwise do not expect the debtor to be able to service all of its debt or other obligations, we will generally place the loan or debt security on non-accrual status and cease recognizing interest income on that loan or debt security until the borrower has demonstrated the ability and intent to pay contractual amounts due. If a loan or debt security's status significantly improves regarding the debtor's ability to service the debt or other obligations, or if a loan or debt security is fully impaired, sold or written off, we will remove it from non-accrual status.

Fee Income

We may periodically provide services, including structuring and advisory services, to our portfolio companies. For services that are separately identifiable and evidence exists to substantiate fair value, income is recognized as earned, which is generally when the investment or other applicable transaction closes. Fees received in connection with debt financing transactions for services that do not meet these criteria are treated as debt origination fees and are accreted into interest income over the life of the financing.

Payment-in-Kind ("PIK") Interest and Cumulative Dividends

We hold debt and preferred equity instruments in our 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 dividends in arrears may be deferred until such time as the preferred equity is redeemed. To maintain RIC tax treatment (as discussed below), these non-cash sources of income may need to be paid out to stockholders in the form of distributions, even though we may not have collected the PIK interest and cumulative dividends in cash. We will stop accruing PIK interest and cumulative dividends and will write off any accrued and uncollected interest and dividends in arrears when it is determined that such PIK interest and dividends in arrears are no longer collectible.

Share-Based Compensation

We account for our share-based compensation plans using the fair value method, as prescribed by ASC 718, *Compensation Stock Compensation*. Accordingly, for restricted stock awards, we measured the grant date fair value based upon the market price of our common stock on the date of the grant and will amortize this fair value to share-based compensation expense over the requisite service period or vesting term.

Income Taxes

MSCC has elected to be, and intends to continue to qualify for the tax treatment applicable to, a RIC under the Code, and, among other things, intends to make the required distributions to its

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stockholders as specified therein. In order to qualify as a RIC, MSCC is required to timely distribute to its stockholders at least 90% of investment company taxable income, as defined by the Code, each year. Depending on the level of taxable income earned in a tax year, MSCC may choose to carry forward taxable income in excess of current year distributions into the next tax year and pay a 4% excise tax on such income. Any such carryover taxable income must be distributed through a dividend declared prior to filing the final tax return related to the year which generated such taxable income.

The Taxable Subsidiaries hold certain portfolio investments of Main Street. The Taxable Subsidiaries are consolidated for U.S. GAAP reporting purposes, and the portfolio investments held by them are included in Main Street's consolidated financial statements. The Taxable Subsidiaries permit Main Street to hold equity investments in portfolio companies which are "pass through" entities for tax purposes in order to comply with the "source income" requirements contained in the RIC tax provisions. The Taxable Subsidiaries are not consolidated with Main Street for income tax purposes and may generate income tax expense, or benefit, as a result of their ownership of certain portfolio investments. This income tax expense, or benefit, is reflected in Main Street's Consolidated Statement of Operations.

The Taxable Subsidiaries use the liability method in accounting for income taxes. Deferred tax assets and liabilities are recorded for temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, using statutory tax rates in effect for the year in which the temporary differences are expected to reverse. A valuation allowance is provided against deferred tax assets when it is more likely than not that some portion or all of the deferred tax asset will not be realized.

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.

LMM PORTFOLIO COMPOSITION

LMM portfolio investments principally consist of secured debt, equity warrants and direct equity investments in privately held, LMM companies. The LMM debt investments are secured by either a first or second lien on the assets of the portfolio company, generally bear interest at fixed rates, and generally mature between five and seven years from the original investment date. In most LMM portfolio companies, we also receive nominally priced equity warrants and/or make direct equity investments, usually in connection with a debt investment.

Summaries of the composition of our LMM investment portfolio at cost and fair value as a percentage of total LMM portfolio investments are shown in the following table:

Cost:	June 30, 2011	December 31, 2010
First lien debt	69.4%	70.6%
Equity	19.4%	17.7%
Second lien debt	6.1%	6.7%
Equity warrants	5.1%	5.0%
	100.0%	100.0%

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Fair Value:	June 30, 2011	December 31, 2010
First lien debt	59.1%	62.6%
Equity	27.6%	21.9%
Second lien debt	5.6%	6.5%
Equity warrants	7.7%	9.0%
	100.0%	100.0%

The following table shows the LMM portfolio composition by geographic region of the United States at cost and fair value as a percentage of total LMM portfolio investments. The geographic composition is determined by the location of the corporate headquarters of the portfolio company:

Cost:	June 30, 2011	December 31, 2010
Southwest	51.3%	50.5%
West	29.0%	29.3%
Southeast	8.8%	7.0%
Midwest	6.0%	7.2%
Northeast	4.9%	6.0%
	100.0%	100.0%

Fair Value:	June 30, 2011	December 31, 2010
Southwest	54.5%	51.8%
West	26.4%	28.4%
Southeast	7.9%	6.4%
Midwest	6.1%	7.2%
Northeast	5.1%	6.2%
	100.0%	100.0%

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Main Street's LMM portfolio investments are in companies conducting business in a variety of industries. Set forth below are tables showing the composition of Main Street's LMM portfolio investments by industry at cost and fair value as of June 30, 2011 and December 31, 2010:

Cost:	June 30, 2011	December 31, 2010
Professional services	15.2%	15.4%
Media/Marketing	8.6%	6.6%
Information services	8.3%	7.8%
Equipment rental	7.6%	8.4%
Retail	6.5%	7.4%
Industrial equipment	6.0%	7.2%
Health care services	5.6%	5.0%
Industrial services	5.2%	7.2%
Electronics manufacturing	4.4%	5.2%
Transportation/Logistics	4.0%	1.3%
Energy Services	3.9%	0.0%
Metal fabrication	3.8%	6.3%
Precast concrete manufacturing	3.8%	4.4%
Restaurant	2.8%	3.3%
Custom wood products	2.7%	3.0%
Agricultural services	2.4%	2.8%
Consumer Products	2.2%	2.6%
Manufacturing	2.0%	2.4%
Infrastructure products	2.0%	0.7%
Governmental services	1.5%	1.8%
Health care products	1.5%	1.2%
	100.0%	100.0%

Fair Value:	June 30, 2011	December 31, 2010
Professional services	13.3%	14.3%
Information services	11.8%	8.5%
Media/Marketing	7.5%	5.9%
Health care services	7.3%	7.1%
Industrial services	6.4%	7.8%
Equipment rental	6.2%	7.3%
Retail	5.9%	6.6%
Industrial equipment	5.6%	6.3%
Metal fabrication	4.7%	6.5%
Transportation/Logistics	4.2%	1.8%
Precast concrete manufacturing	3.8%	4.9%
Electronics manufacturing	3.7%	5.0%
Energy Services	3.4%	0.0%
Restaurant	3.3%	3.7%
Agricultural services	3.1%	3.3%
Custom wood products	2.7%	3.0%
Manufacturing	2.3%	2.7%
Governmental services	1.4%	1.8%
Health care products	1.3%	1.1%
Infrastructure products	1.2%	0.1%
Consumer Products	0.9%	2.3%
	100.0%	100.0%

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Our LMM portfolio investments carry a number of risks including, but not limited to: (1) investing in LMM companies which may have limited operating histories and financial resources; (2) holding investments that are not publicly traded and which may be subject to legal and other restrictions on resale; and (3) other risks common to investing in below investment grade debt and equity investments in private, smaller companies.

PORTFOLIO ASSET QUALITY

We utilize an internally developed investment rating system to rate the performance of each portfolio company. Investment Rating 1 represents a portfolio company that is performing in a manner which significantly exceeds expectations and projections. Investment Rating 2 represents a portfolio company that, in general, is performing above expectations. Investment Rating 3 represents a portfolio company that is generally performing in accordance with expectations. Investment Rating 4 represents a portfolio company that is underperforming expectations. Investments with such a rating require increased monitoring and scrutiny by us. Investment Rating 5 represents a portfolio company that is significantly underperforming. Investments with such a rating require heightened levels of monitoring and scrutiny by us and involve the recognition of significant unrealized depreciation on such investment. All new portfolio investments receive an initial 3 rating.

The following table shows the distribution of our LMM and privately placed portfolio investments (excluding the investment in our affiliated Investment Manager) on the 1 to 5 investment rating scale at fair value as of June 30, 2011 and December 31, 2010:

Investment Rating	June 30, 2011		December 31, 2010	
	Investments at Fair Value	Percentage of Total Portfolio	Investments at Fair Value	Percentage of Total Portfolio
(Unaudited)				
(dollars in thousands)				
1	\$ 93,597	19.9%	\$ 52,147	15.0%
2	236,729	50.4%	153,408	44.2%
3	122,310	26.0%	122,249	35.3%
4	16,878	3.6%	17,705	5.1%
5	250	0.1%	1,250	0.4%
Totals	\$ 469,764	100.0%	\$ 346,759	100.0%

Based upon our investment rating system, the weighted average rating of our portfolio was approximately 2.1 as of June 30, 2011 and approximately 2.3 as of December 31, 2010. As of June 30, 2011, we had two investments on non-accrual status, which comprised approximately 1.6% of the total portfolio investments at fair value and 3.7% of the total portfolio investments at cost (or 1.2% and 2.8%, respectively with the inclusion of marketable securities and idle funds investments), in each case excluding the investment in the affiliated Investment Manager. As of December 31, 2010, we had two investments on non-accrual status, which comprised approximately 2.6% of the total portfolio investments at fair value and 3.6% of the total portfolio investments at cost (or 2.2% and 3.0%, respectively with the inclusion of marketable securities and idle funds investments), in each case excluding the investment in the affiliated Investment Manager.

The broader fundamentals of the United States economy remain mixed, and unemployment remains elevated. In the event that the United States economy contracts, it is likely that the financial results of small- to mid-sized companies, like those in which we invest, could experience deterioration or limited growth from current levels, which could ultimately lead to difficulty in meeting their debt service requirements and an increase in defaults. Consequently, we can provide no assurance that the performance of certain portfolio companies will not be negatively impacted by economic cycles or other conditions, which could also have a negative impact on our future results.

Table of Contents**DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS***Comparison of the three months ended June 30, 2011 and June 30, 2010*

	Three Months Ended June 30,		Net Change	
	2011	2010	Amount	%
	(dollars in millions)			
Total investment income	\$ 16.1	\$ 8.7	\$ 7.4	85%
Total expenses	(6.5)	(4.0)	(2.5)	63%
Net investment income	9.6	4.7	4.9	103%
Net realized gain from investments	0.3	2.7	(2.4)	-91%
Net realized income	9.9	7.4	2.5	33%
Net change in unrealized appreciation	9.9	1.8	8.1	447%
Income tax provision	(2.0)		(2.0)	NM
Noncontrolling interest	(0.2)	(0.3)	0.1	47%
Net increase in net assets resulting from operations attributable to common stock	\$ 17.6	\$ 8.9	\$ 8.7	99%

	Three Months Ended June 30,		Net Change	
	2011	2010	Amount	%
	(dollars in millions)			
Net investment income	\$ 9.6	\$ 4.7	\$ 4.9	103%
Share-based compensation expense	0.4	0.3	0.1	47%
Distributable net investment income(a)	10.0	5.0	5.0	99%
Net realized gain from investments	0.3	2.7	(2.4)	-91%
Distributable net realized income(a)	\$ 10.3	\$ 7.7	\$ 2.6	34%
Distributable net investment income per share Basic and diluted(a)(b)	\$ 0.43	\$ 0.33	\$ 0.10	30%
Distributable net realized income per share Basic and diluted(a)(b)	\$ 0.44	\$ 0.51	\$ (0.07)	-14%

(a)

Distributable net investment income and distributable net realized income are net investment income and net realized income, respectively, as determined in accordance with U.S. GAAP, excluding the impact of share-based compensation expense which is non-cash in nature. Main Street believes presenting distributable net investment income and distributable net realized income, and related per share amounts, are useful and appropriate supplemental disclosures for analyzing its financial performance since share-based compensation does not require settlement in cash. However, distributable net investment income and distributable net realized income are non-U.S. GAAP measures and should not be considered as a replacement to net investment income, net realized income, and other earnings measures presented in accordance with U.S. GAAP. Instead, distributable net investment income and distributable net realized income should be reviewed only in connection with such U.S. GAAP measures in analyzing Main Street's financial performance. A reconciliation of net investment income and net realized income in accordance with U.S. GAAP to distributable net investment income and distributable net realized income is presented in the table above.

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- (b) Per share amounts exclude the earnings attributable to the remaining noncontrolling equity interests in MSC II not owned by Main Street.

Investment Income

For the three months ended June 30, 2011, total investment income was \$16.1 million, an 85% increase over the \$8.7 million for the corresponding period of 2010. This comparable period increase was principally attributable to (i) a \$5.9 million increase in interest income from higher average levels of both portfolio debt investments and interest-bearing marketable securities and idle funds investments and (ii) a \$1.7 million increase in dividend income from portfolio equity investments. The increase in investment income included \$0.5 million of non-recurring income associated with prepayment and repricing activity for certain debt investments and a \$0.3 million special dividend from one portfolio equity investment.

Expenses

For the three months ended June 30, 2011, total expenses increased by approximately \$2.5 million to \$6.5 million from \$4.0 million in the corresponding period of 2010. This comparable period increase in expenses was principally attributable to (i) higher interest expense of \$1.2 million as a result of the issuance of an additional \$65 million in SBIC debentures subsequent to the second quarter of 2010 and increased borrowing activity under the Credit Facility, (ii) higher share-based compensation expense of \$0.1 million related to non-cash amortization for restricted share grants, and (iii) higher compensation and other operating expenses of \$1.2 million as a result of the significant increase in investment income and portfolio investments compared to the corresponding period of 2010.

Distributable Net Investment Income

Distributable net investment income for the three months ended June 30, 2011 increased 99% to \$10.0 million, or \$0.43 per share, compared with \$5.0 million, or \$0.33 per share, in the corresponding period of 2010. The increase in distributable net investment income was primarily due to the higher level of total investment income partially offset by higher interest and other operating expenses, due to the changes discussed above. Distributable net investment income on a per share basis for the second quarter of 2011 reflects (i) approximately \$0.02 per share of non-recurring investment income associated with the prepayment and repricing activity discussed above, (ii) \$0.01 per share of investment income due to the special dividend discussed above, and (iii) a greater number of average shares outstanding compared to the corresponding period in 2010 primarily due to the March 2011 and August 2010 follow-on stock offerings.

Net Investment Income

Net investment income for the three months ended June 30, 2011 was \$9.6 million, or a 103% increase, compared to net investment income of \$4.7 million during the corresponding period of 2010. The increase in net investment income was principally attributable to the increase in total investment income partially offset by the higher interest and other operating expenses discussed above.

Distributable Net Realized Income

Distributable net realized income increased to \$10.3 million, or \$0.44 per share, in the second quarter of 2011 compared with distributable net realized income of \$7.7 million, or \$0.51 per share, in the corresponding period of 2010. The increase was due to the higher level of total distributable net investment income in 2011, partially offset by the higher level of total net realized gain from investments in the corresponding period of 2010. The \$2.7 million net realized gain during the second

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quarter of 2010 was primarily attributable to realized gains recognized on two partial exits and one full exit of portfolio company equity investments.

Net Realized Income

The higher level of net investment income partially offset by the change in net realized gain from investments during the three months ended June 30, 2011 resulted in a \$2.5 million increase in net realized income compared with the corresponding period of 2010.

Net Increase in Net Assets Resulting from Operations Attributable to Common Stock

For the three months ended June 30, 2011, the \$9.9 million net change in unrealized appreciation was principally attributable to (i) unrealized appreciation on 39 portfolio investments totaling \$17.8 million, partially offset by unrealized depreciation on 15 portfolio investments totaling \$6.2 million, (ii) \$0.5 million of net unrealized appreciation on investments in marketable securities and idle funds investments, and (iii) \$2.1 million of net unrealized depreciation attributable to our SBIC debentures. For the second quarter of 2011, we also recognized a net income tax provision of \$2.0 million principally related to deferred taxes on net unrealized appreciation of certain portfolio investments held in our Taxable Subsidiaries. The noncontrolling interest of \$0.2 million recognized in the second quarter of 2011 reflects the pro rata portion of MSC II net earnings attributable to the equity interests in MSC II not owned by Main Street.

As a result of these events, our net increase in net assets resulting from operations attributable to common stock during the three months ended June 30, 2011 was \$17.6 million, or \$0.77 per share, compared with a net increase in net assets resulting from operations attributable to common stock of \$8.9 million, or \$0.59 per share, in the corresponding period of 2010.

Comparison of the six months ended June 30, 2011 and June 30, 2010

	Six Months Ended June 30,		Net Change	
	2011	2010	Amount	%
(dollars in millions)				
Total investment income	\$ 29.5	\$ 15.8	\$ 13.7	86%
Total expenses	(12.5)	(7.9)	(4.6)	59%
Net investment income	17.0	7.9	9.1	114%
Net realized gain (loss) from investments	0.3	(1.4)	1.7	118%
Net realized income	17.3	6.5	10.8	163%
Net change in unrealized appreciation from investments	14.0	7.3	6.7	92%
Income tax provision	(3.2)	(0.4)	(2.8)	-651%
Bargain purchase gain		4.9	(4.9)	NM
Noncontrolling interest	(0.2)	(0.4)	0.2	61%
Net increase in net assets resulting from operations attributable to common	\$ 27.9	\$ 17.9	\$ 10.0	56%

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	Six Months Ended June 30,		Net Change	
	2011	2010	Amount	%
	(dollars in millions)			
Net investment income	\$ 17.0	\$ 7.9	\$ 9.1	114%
Share-based compensation expense	0.9	0.6	0.3	47%
Distributable net investment income(a)	17.9	8.5	9.4	109%
Net realized gain (loss) from investments	0.3	(1.4)	1.7	118%
Distributable net realized income(a)	\$ 18.2	\$ 7.1	\$ 11.1	153%
Distributable net investment income per share Basic and diluted(a)(b)	\$ 0.83	\$ 0.57	\$ 0.26	46%
Distributable net realized income per share Basic and diluted(a)(b)	\$ 0.84	\$ 0.48	\$ 0.36	74%

- (a) Distributable net investment income and distributable net realized income are net investment income and net realized income, respectively, as determined in accordance with U.S. GAAP, excluding the impact of share-based compensation expense which is non-cash in nature. Main Street believes presenting distributable net investment income and distributable net realized income, and related per share amounts, are useful and appropriate supplemental disclosures for analyzing its financial performance since share-based compensation does not require settlement in cash. However, distributable net investment income and distributable net realized income are non- U.S. GAAP measures and should not be considered as a replacement to net investment income, net realized income, and other earnings measures presented in accordance with U.S. GAAP. Instead, distributable net investment income and distributable net realized income should be reviewed only in connection with such U.S. GAAP measures in analyzing Main Street's financial performance. A reconciliation of net investment income and net realized income in accordance with U.S. GAAP to distributable net investment income and distributable net realized income is presented in the table above.
- (b) Per share amounts exclude the earnings attributable to the remaining noncontrolling equity interests in MSC II not owned by Main Street.

Investment Income

For the six months ended June 30, 2011, total investment income was \$29.5 million, an 86% increase over the \$15.8 million in the corresponding period of 2010. This comparable period increase was principally attributable to (i) an \$11.1 million increase in interest income from higher average levels of both portfolio debt investments and interest-bearing marketable securities and idle funds investments and (ii) a \$2.3 million increase in dividend income from portfolio equity investments. The increase in investment income included \$1.1 million of non-recurring income associated with prepayment and repricing activity for certain debt investments and a \$0.3 million special dividend from one portfolio equity investment.

Expenses

For the six months ended June 30, 2011, total expenses increased by approximately \$4.6 million to \$12.5 million from \$7.9 million in the corresponding period of 2010. This comparable period increase in expenses was principally attributable to (i) higher interest expense of \$2.1 million as a result of the issuance of an additional \$65 million in SBIC debentures subsequent to the second quarter of 2010 and increased borrowing activity under the Credit Facility, (ii) higher share-based compensation expense of

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\$0.3 million related to non-cash amortization for restricted share grants, and (iii) higher compensation and other operating expenses of \$2.2 million as a result of the significant increase in investment income and portfolio investments compared to the corresponding period of 2010.

Distributable Net Investment Income

Distributable net investment income for the six months ended June 30, 2011 increased 109% to \$17.9 million, or \$0.83 per share, compared with \$8.5 million, or \$0.57 per share, in the corresponding period of 2010. The increase in distributable net investment income was primarily due to the higher level of total investment income partially offset by higher interest and other operating expenses, due to the changes discussed above. Distributable net investment income on a per share basis for the first six months of 2011 reflects (i) approximately \$0.05 per share of non-recurring investment income associated with the prepayment and repricing activity discussed above, (ii) \$0.01 per share of investment income due to the special dividend discussed above, and (iii) a greater number of average shares outstanding compared to the corresponding period in 2010 primarily due to the March 2011 and August 2010 follow-on stock offerings.

Net Investment Income

Net investment income for the six months ended June 30, 2011 was \$17.0 million, or a 114% increase, compared to net investment income of \$7.9 million during the corresponding period of 2010. The increase in net investment income was principally attributable to the increase in total investment income partially offset by higher interest and other operating expenses as discussed above.

Distributable Net Realized Income

Distributable net realized income increased to \$18.2 million, or \$0.84 per share, in the first six months of 2011 compared with distributable net realized income of \$7.1 million, or \$0.48 per share, in the corresponding period of 2010. The increase was primarily attributable to the higher level of distributable net investment income as well as the change from net realized loss to net realized gain from investments. The \$1.4 million net realized loss during the first six months of 2010 was primarily attributable to \$4.0 million of realized loss from our debt and equity investment in one portfolio company, partially offset by \$2.3 million of realized gain on two partial exits and one full exit of portfolio company equity investments.

Net Realized Income

The higher level of net investment income and the change from net realized loss to net realized gain from investments during the six months ended June 30, 2011 resulted in a \$10.8 million increase in net realized income compared with the corresponding period of 2010.

Net Increase in Net Assets Resulting from Operations Attributable to Common Stock

For the six months ended June 30, 2011, the \$14.0 million net change in unrealized appreciation was principally attributable to (i) unrealized appreciation on 45 portfolio investments totaling \$25.4 million, partially offset by unrealized depreciation on 13 portfolio investments totaling \$9.9 million, (ii) \$0.6 million of net unrealized appreciation on investments in marketable securities and idle funds investments and, (iii) \$2.1 million of net unrealized depreciation attributable to our SBIC debentures. For the six months ended June 30, 2011, we also recognized a net income tax provision of \$3.2 million principally related to deferred taxes on net unrealized appreciation of certain portfolio investments held in our Taxable Subsidiaries. The noncontrolling interest of \$0.2 million recognized during the first six months of 2011 reflects the pro rata portion of MSC II net earnings attributable to the equity interests in MSC II not owned by Main Street.

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As a result of these events, our net increase in net assets resulting from operations attributable to common stock during the six months ended June 30, 2011 was \$27.9 million, or \$1.32 per share, compared with a net increase in net assets resulting from operations attributable to common stock of \$17.9 million, or \$1.22 per share, in the corresponding period of 2010.

Liquidity and Capital Resources

Cash Flows

For the six months ended June 30, 2011, we experienced a net decrease in cash and cash equivalents in the amount of \$8.2 million. During that period, we generated \$15.4 million of cash from our operating activities, primarily from distributable net investment income partially offset by accretion of unearned income, net payment-in-kind interest income, and increases in interest receivable and other assets. We used \$144.8 million in net cash from investing activities for the six months ended June 30, 2011, principally including the funding of \$116.1 million for LMM and private placement portfolio investments and the funding of \$78.0 million for marketable securities and idle funds investments, partially offset by (i) \$29.3 million of cash proceeds from the sale of marketable securities and idle funds investments and (ii) \$19.6 million in cash proceeds from the repayment of LMM and private placement portfolio debt investments. For the first six months of 2011, \$121.2 million in cash was provided by financing activities, which principally consisted of (i) \$70.3 million in net cash proceeds from a public stock offering in March 2011, (ii) \$30.0 million in cash proceeds from the issuance of SBIC debentures, and (iii) \$34.0 million in net borrowings under the Credit Facility, partially offset by (i) \$11.6 million in cash dividends paid to stockholders and (ii) \$1.5 million in deferred loan costs paid in connection with the Credit Facility and the issuance of additional SBIC debentures.

For the six months ended June 30, 2010, we experienced a net decrease in cash and cash equivalents in the amount of \$25.9 million. During that period, we generated \$7.4 million of cash from our operating activities, primarily from distributable net investment income partially offset by accretion of unearned income and increases in interest receivable and other assets. We used \$88.7 million in net cash from investing activities for the six months ended June 30, 2010, principally including the funding of \$85.7 million for LMM and private placement portfolio investments and the funding of \$30.7 million for marketable securities and idle funds investments, partially offset by (i) \$19.5 million of cash proceeds from the sale of marketable securities and idle funds investments, (ii) \$2.5 million in cash acquired as part of the Exchange Offer, (iii) \$3.2 million from the full and partial exits of equity investments and (iv) \$2.7 million in cash proceeds from the repayment of LMM and private placement portfolio debt investments. For the first six months of 2010, \$55.4 million in cash was provided by financing activities, which principally consisted of (i) \$40.1 million in net cash proceeds from a January 2010 public stock offering, (ii) \$10.0 million in cash proceeds from the issuance of SBIC debentures, and (iii) \$12.5 million in net borrowings under the Credit Facility, partially offset by (i) \$7.0 million in cash dividends paid to stockholders and (ii) \$0.3 million in deferred loan costs paid in connection with the issuance of additional SBIC debentures.

Capital Resources

As of June 30, 2011, we had \$134.4 million in cash and cash equivalents, marketable securities, and idle funds investments, and our net asset value totaled \$330.1 million, or \$14.24 per share. In June 2011, we expanded the Credit Facility from \$100 million to \$155 million to provide additional liquidity in support of future investment and operational activities. The \$55 million increase in total commitments included commitment increases by all six lenders currently participating in the Credit Facility. In addition to the \$55 million increase in total commitments, we extended the maturity of the Credit Facility by one year to September 2014. The amended Credit Facility also contains an accordion feature that allows for a further increase in total commitments under the facility to \$200 million on the same terms and conditions as the existing lender commitments. Borrowings under the Credit Facility

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bear interest, subject to our election, on a per annum basis equal to (i) the applicable LIBOR rate plus 2.50% or (ii) the applicable base rate plus 1.50%. We pay unused commitment fees of 0.375% per annum on the average unused lender commitments under the Credit Facility. The Credit Facility is secured by a first lien on the assets of MSCC and its subsidiaries, excluding the assets of the Funds. The Credit Facility contains certain affirmative and negative covenants, including but not limited to: (i) maintaining an interest coverage ratio of at least 2.0 to 1.0, (ii) maintaining an asset coverage ratio of at least 2.5 to 1.0, and (iii) maintaining a minimum tangible net worth. At June 30, 2011, we had \$73.0 million in borrowings outstanding under the Credit Facility, bearing interest at an interest rate of 2.69%. As of June 30, 2011, we were in compliance with all financial covenants of the Credit Facility.

In March 2011, we completed a follow-on public stock offering in which we sold 4,025,000 shares of common stock, including the underwriters' full exercise of the over-allotment option, at a price to the public of \$18.35 per share (or approximately 141% of the then latest reported Net Asset Value per share), resulting in total net proceeds of approximately \$70.3 million, after deducting underwriters' commissions and offering costs.

Due to each of the Funds' status as a licensed SBIC, we have the ability to issue, through the Funds, debentures guaranteed by the SBA at favorable interest rates. Under the regulations applicable to SBIC funds, an SBIC can have outstanding debentures guaranteed by the SBA generally in an amount up to twice its regulatory capital, which effectively approximates the amount of its equity capital. Debentures guaranteed by the SBA have fixed interest rates that equal prevailing 10-year Treasury Note rates plus a market spread and have a maturity of ten years with interest payable semi-annually. The principal amount of the debentures is not required to be paid before maturity but may be pre-paid at any time. Debentures issued prior to September 2006 were subject to pre-payment penalties during their first five years. Those pre-payment penalties no longer apply to debentures issued after September 1, 2006. On June 30, 2011, we, through the Funds, had \$210 million of outstanding indebtedness guaranteed by the SBA, which carried a weighted average fixed interest rate of approximately 5.1%. The first maturity related to the SBIC debentures does not occur until 2013, and the weighted average duration is approximately 7.0 years as of June 30, 2011.

The American Recovery and Reinvestment Act of 2009 enacted in February 2009 (the "Stimulus Bill") contained several provisions applicable to SBIC funds, including the Funds. One of the key SBIC-related provisions included in the Stimulus Bill increased the maximum amount of combined SBIC leverage (or SBIC leverage cap) to \$225 million for affiliated SBIC funds. The prior maximum amount of SBIC leverage available to affiliated SBIC funds was approximately \$137 million, subject to annual escalation. Since the increase in the SBIC leverage cap applies to affiliated SBIC funds, Main Street is required to allocate such increased borrowing capacity between the Funds.

We anticipate that we will continue to fund our investment activities through existing cash and cash equivalents, the liquidation of marketable securities and idle funds investments, and a combination of future debt and equity capital. Our primary uses of funds will be investments in portfolio companies, operating expenses and cash distributions to holders of our common stock.

We periodically invest excess cash balances into marketable securities and idle funds investments. The primary investment objective of marketable securities and idle funds investments is to generate incremental cash returns on excess cash balances prior to utilizing those funds for investment in our LMM and private placement portfolio investment strategy. Marketable securities and idle funds investments generally consist of debt investments, independently rated debt investments, certificates of deposit with financial institutions, and diversified bond funds. The composition of marketable securities and idle funds investments will vary in a given period based upon, among other things, changes in market conditions, the underlying fundamentals in our marketable securities and idle funds investments,

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our outlook regarding future LMM and private placement portfolio investment needs, and any regulatory requirements applicable to Main Street.

If our common stock trades below our net asset value per share, we will generally not be able to issue additional common stock at the market price unless our stockholders approve such a sale and our Board of Directors makes certain determinations. A proposal, approved by our stockholders at our June 2011 annual meeting of stockholders, authorizes us to sell shares of our common stock below the then current net asset value per share of our common stock in one or more offerings for a period of one year ending on June 15, 2012. We would need similar future approval from our stockholders to issue shares below the then current net asset value per share any time after the expiration of the current approval.

In order to satisfy the Code requirements applicable to a RIC, we intend to distribute to our stockholders substantially all of our taxable income, but we may also elect to periodically spillover certain excess undistributed taxable income from one tax year into the next tax year. In addition, as a BDC, we generally are required to meet a coverage ratio of total assets to total senior securities, which include borrowings and any preferred stock we may issue in the future, of at least 200%. This requirement limits the amount that we may borrow. In January 2008, we received exemptive relief from the SEC that permits us to exclude SBA-guaranteed debt issued by our wholly owned SBIC subsidiary, MSMF, from our asset coverage ratio, which, in turn, enables us to fund more investments with debt capital. We expect to obtain similar relief from the SEC with respect to SBIC debt securities issued by MSC II, including the \$95 million of currently outstanding debt related to its participation in the SBIC program.

Although we have been able to secure access to additional liquidity, including our expanded \$155 million Credit Facility, recent public stock offerings, and the increase in available leverage through the SBIC program as part of the Stimulus Bill, there is no assurance that debt or equity capital will be available to us in the future on favorable terms, or at all.

Recently Issued Accounting Standards

In May 2011, the FASB issued Accounting Standards Update ("ASU") 2011-04, Fair Value Measurements (Topic 820), *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* ("ASU 2011-04"). ASU 2011-04 results in common fair value measurement and disclosure requirements in U.S. GAAP and IFRSs. ASU 2011-04 is effective for interim and annual reporting periods beginning after December 15, 2011. The adoption of ASU 2011-04 is not expected to have a significant impact on Main Street's financial condition and results of operations.

In February 2011, the FASB issued ASU 2011-02, Receivables (Topic 310): *A Creditor's Determination of Whether a Restructuring is a Troubled Debt Restructuring* ("ASU 2011-02"). ASU 2011-02 clarifies which loan modifications constitute troubled debt restructurings. It is intended to assist creditors in determining whether a modification of the terms of a receivable meets the criteria to be considered a troubled debt restructuring, both for purposes of recording an impairment loss and for disclosure of troubled debt restructurings. In evaluating whether a restructuring constitutes a troubled debt restructuring, a creditor must separately conclude that both of the following exist: (a) the restructuring constitutes a concession; and (b) the debtor is experiencing financial difficulties. ASU 2011-02 provides guidance to clarify whether the creditor has granted a concession and whether a debtor is experiencing financial difficulties. The new guidance is effective for interim and annual periods beginning on or after June 15, 2011, and applies retrospectively to restructurings occurring on or after the beginning of the fiscal year of adoption. The adoption of ASU 2011-02 did not have a significant impact on Main Street's financial condition and results of operations.

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In January 2010, the FASB issued ASU 2010-06, Fair Value Measurements and Disclosures (Topic 820), *Improving Disclosures About Fair Value Measurements* ("ASU 2010-06"). ASU 2010-06 adds new requirements for disclosures about transfers into and out of Level 1 and 2 and separate disclosures about purchases, sales, issuances and settlements relating to Level 3 measurements. It also clarifies existing fair value disclosures about the level of disaggregation, inputs and valuation techniques. ASU 2010-06 is effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010. The adoption of ASU 2010-06 did not have a significant impact on Main Street's financial condition and results of operations.

Inflation

Inflation has not had a significant effect on our results of operations in any of the reporting periods presented herein. However, our portfolio companies have experienced, and may in the future experience, the impacts of inflation on their operating results, including periodic escalations in their costs for raw materials and required energy consumption.

Off-Balance Sheet Arrangements

We may be a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financial needs of our portfolio companies. These instruments include commitments to extend credit and involve, to varying degrees, elements of liquidity and credit risk in excess of the amount recognized in the balance sheet. At June 30, 2011, we had seven outstanding commitments to fund unused revolving loans for up to \$20.0 million in total.

Contractual Obligations

As of June 30, 2011, our future fixed commitments for cash payments on contractual obligations for each of the next five years and thereafter are as follows:

	Total	2011	2012	2013	2014	2015	2016 and thereafter
	(dollars in thousands)						
SBIC debentures	\$ 210,000	\$	\$	\$ 4,000	\$ 18,000	\$ 23,100	\$ 164,900
Interest due on SBIC debentures	75,456	5,338	10,833	10,803	10,497	9,411	28,574
Total	\$ 285,456	\$ 5,338	\$ 10,833	\$ 14,803	\$ 28,497	\$ 32,511	\$ 193,474

MSC II is obligated to make payments under an investment advisory agreement with the Investment Manager, MSCC's wholly owned subsidiary. The payments due under the investment advisory agreement were fixed for the first five years at \$3.3 million per year, paid quarterly, until September 30, 2010. Subsequent to September 30, 2010, under the investment advisory agreement, MSC II is obligated to pay a 2% annualized management fee based upon MSC II assets under management.

MSCC is obligated to make payments under a support services agreement with the Investment Manager. The Investment Manager is reimbursed for its excess operating expenses associated with providing investment management and other services to MSCC and its subsidiaries, as well as MSC II and third parties. Each quarter, as part of the support services agreement, MSCC makes payments to cover all cash operating expenses incurred by the Investment Manager, less the recurring management fees that the Investment Manager receives from MSC II pursuant to a long-term investment advisory services agreement and any other fees received from third parties for providing external services. For

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the six months ended June 30, 2011 and 2010, the expenses reimbursed by MSCC to the Investment Manager and management fees paid by MSC II were \$4.3 million and \$2.5 million, respectively.

Related Party Transactions

As discussed further in Note D to the accompanying consolidated financial statements, subsequent to the completion of the Formation Transactions, the Investment Manager is a wholly owned portfolio company of MSCC. At June 30, 2011, the Investment Manager had a receivable of \$2.2 million due from MSCC related to operating expenses incurred by the Investment Manager required to support Main Street's business.

Table of Contents**UNDERWRITING**

Under the terms and subject to the conditions contained in an underwriting agreement dated _____, 2011, the underwriters named below, for whom Morgan Keegan & Company, Inc. is acting as representative, have severally agreed to purchase, and we have agreed to sell to them, the number of shares of common stock indicated below:

Underwriter	Number of Shares
Morgan Keegan & Company, Inc.	
Robert W. Baird & Co. Incorporated	
BB&T Capital Markets, a division of Scott & Stringfellow, LLC	
Janney Montgomery Scott LLC	
Ladenburg Thalmann & Co. Inc.	
Sanders Morris Harris Inc.	
D.A. Davidson & Co.	
Wunderlich Securities, Inc.	

Total

The underwriting agreement provides that the obligations of the underwriters to pay for and accept delivery of the shares of common stock offered hereby are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are severally obligated to take and pay for all shares of common stock offered hereby (other than those covered by the underwriters' over-allotment option described below) if any such shares are taken. We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act.

Our common stock is listed on the New York Stock Exchange under the symbol "MAIN."

Over-Allotment Option

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus supplement, to purchase up to an aggregate of _____ additional shares of common stock at the public offering price set forth on the cover page hereof, less the underwriting discount. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the shares of common stock offered hereby. To the extent such option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase approximately the same percentage of such additional shares of common stock as the number set forth next to such underwriter's name in the preceding table bears to the total number of shares set forth next to the names of all underwriters in the preceding table.

Lock-Up Agreements

We, and certain of our executive officers and directors, have agreed, subject to certain exceptions, not to issue, sell, offer to sell, contract or agree to sell, hypothecate, pledge, transfer, grant any option to purchase, establish an open put equivalent position or otherwise dispose of or agree to dispose of directly or indirectly, any shares of our common stock, or any securities convertible into or exercisable or exchangeable for any shares of our common stock or any right to acquire shares of our common stock, for 45 days from the date of this prospectus supplement, subject to extension upon material announcements or earnings releases. The representative, at any time and without notice, may release all or any portion of the common stock subject to the foregoing lock-up agreements.

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Underwriting Discounts

The underwriters initially propose to offer the shares directly to the public at the public offering price set forth on the cover page of this prospectus supplement and to certain dealers at a price that represents a concession not in excess of \$ _____ per share below the public offering price. After the initial public offering of the shares, the offering price and other selling terms may be changed by the underwriters.

The following table provides information regarding the per share and total underwriting discount that we are to pay to the underwriters. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase up to _____ additional shares from us.

	Per Share	Total without Exercise of Over-allotment	Total with Full Exercise of Over-allotment
Underwriting discount payable by us on shares sold to the public	\$	\$	\$

We will pay all expenses incident to the offering and sale of shares of our common stock by us in this offering. We estimate that the total expenses of the offering, excluding the underwriting discount will be approximately \$200,000.

A prospectus supplement in electronic format may be made available on the web sites maintained by one or more of the underwriters, or selling group members, if any, participating in this offering. The representative may agree to allocate a number of shares to underwriters and selling group members for the sale to their online brokerage account holders. Internet distributions will be allocated by the underwriters and selling group members that will make Internet distributions on the same basis as other allocations. The representative may agree to allocate a number of shares to underwriters for sale to their online brokerage account holders.

Price Stabilization, Short Positions and Penalty Bids

In connection with this offering, the underwriters may purchase and sell shares of our common stock in the open market. These transactions may include over-allotment, syndicate covering transactions and stabilizing transactions. An over-allotment involves syndicate sales of shares in excess of the number of shares to be purchased by the underwriters in the offering, which creates a syndicate short position. Syndicate covering transactions involve purchases of shares in the open market after the distribution has been completed in order to cover syndicate short positions.

Stabilizing transactions consist of some bids or purchases of shares of our common stock made for the purpose of preventing or slowing a decline in the market price of the shares while the offering is in progress.

In addition, the underwriters may impose penalty bids, under which they may reclaim the selling concession from a syndicate member when the shares of our common stock originally sold by that syndicate member are purchased in a stabilizing transaction or syndicate covering transaction to cover syndicate short positions.

Similar to other purchase transactions, these activities may have the effect of raising or maintaining the market price of the common stock or preventing or slowing a decline in the market price of the common stock. As a result, the price of the common stock may be higher than the price that might otherwise exist in the open market. Except for the sale of shares of our common stock in this offering, the underwriters may carry out these transactions on the New York Stock Exchange, in the over-the-counter market or otherwise.

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Neither the underwriters nor we make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the shares. In addition, neither the underwriters nor we make any representation that the underwriters will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Conflicts of Interest

Affiliates of Morgan Keegan & Company, Inc. and BB&T Capital Markets, underwriters in this offering, act as lenders and/or agents under our \$155 million credit facility. Certain of the net proceeds from the sale of our common stock, not including underwriting compensation, may be paid to affiliates of Morgan Keegan & Company, Inc. and BB&T Capital Markets in connection with the repayment of debt owed under our \$155 million credit facility. As a result, Morgan Keegan & Company, Inc. and BB&T Capital Markets and/or their affiliates may receive more than 5% of the net proceeds of this offering, not including underwriting compensation.

The underwriters and/or their affiliates from time to time provide and may in the future provide investment banking, commercial banking and financial advisory services to us, for which they have received and may receive customary compensation.

In addition, the underwriters and/or their affiliates may from time to time refer investment banking clients to us as potential portfolio investments. If we invest in those clients, we may utilize net proceeds from this offering to fund such investments, and the referring underwriter or its affiliate may receive placement fees from its client in connection with such financing, which placement fees may be paid out of the amount funded by us.

The addresses of the underwriters are: Morgan Keegan & Company, Inc., 50 N. Front St., 19th Floor, Memphis, Tennessee 38103; BB&T Capital Markets, 901 East Byrd Street, Suite 410, Richmond, Virginia 23219; Robert W. Baird & Co. Incorporated, 777 East Wisconsin Avenue, Milwaukee, Wisconsin 53202; Janney Montgomery Scott LLC, 1801 Market Street, Philadelphia, Pennsylvania 19103; Ladenburg Thalmann & Co. Inc., 520 Madison Avenue, 9th Floor, New York, New York 10022; Sanders Morris Harris Inc., 600 Travis, Suite 5800, Houston, Texas 77002; D.A. Davidson & Co., 8 Third Street North, Great Falls, Montana 59401; and Wunderlich Securities, Inc., 6000 Poplar Avenue, Suite 150, Memphis, Tennessee 38119.

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LEGAL MATTERS

Certain legal matters regarding the shares of common stock offered hereby will be passed upon for us by Sutherland Asbill & Brennan LLP, Washington D.C., and certain legal matters in connection with this offering will be passed upon for the underwriters by Bass, Berry & Sims PLC, Memphis, Tennessee.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The consolidated financial statements, Schedule 12-14 and the schedule of Senior Securities of Main Street Capital Corporation, included in the accompanying prospectus have been so included in reliance upon the reports of Grant Thornton LLP, independent registered public accountants, upon the authority of said firm as experts in giving said reports. Grant Thornton LLP's principal business address is 333 Clay Street, 2700 Three Allen Center, Houston, Texas 77002.

AVAILABLE INFORMATION

We have filed with the SEC a registration statement on Form N-2, together with all amendments and related exhibits, under the Securities Act, with respect to our shares of common stock offered by this prospectus supplement. The registration statement contains additional information about us and our shares of common stock being offered by this 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. 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, or by writing the SEC's Public Reference Section, 100 F Street, N.E., Washington, D.C. 20549.

Table of Contents**INTERIM FINANCIAL STATEMENTS****MAIN STREET CAPITAL CORPORATION****Consolidated Balance Sheets**

	June 30, 2011	December 31,
	(Unaudited)	2010
ASSETS		
Portfolio investments at fair value:		
Control investments (cost: \$187,884,250 and \$161,009,443 as of June 30, 2011 and December 31, 2010, respectively)	\$ 206,162,509	\$ 174,596,394
Affiliate investments (cost: \$79,599,578 and \$65,650,789 as of June 30, 2011 and December 31, 2010, respectively)	103,864,454	80,206,804
Non-Control/Non-Affiliate investments (cost: \$157,923,128 and \$91,911,304 as of June 30, 2011 and December 31, 2010, respectively)	159,737,085	91,956,221
Investment in affiliated Investment Manager (cost: \$4,284,042 as of June 30, 2011 and December 31, 2010)	1,964,649	2,051,655
Total portfolio investments (cost: \$429,690,998 and \$322,855,578 as of June 30, 2011 and December 31, 2010, respectively)	471,728,697	348,811,074
Marketable securities and idle funds investments (cost: \$118,916,360 and \$67,970,907 as of June 30, 2011 and December 31, 2010, respectively)	120,299,248	68,752,858
Total investments (cost: \$548,607,358 and \$390,826,485 as of June 30, 2011 and December 31, 2010, respectively)	592,027,945	417,563,932
Cash and cash equivalents	14,132,738	22,334,340
Deferred tax asset		1,958,593
Interest receivable and other assets	7,377,424	4,523,792
Deferred financing costs (net of accumulated amortization of \$1,810,987 and \$1,504,584 as of June 30, 2011 and December 31, 2010, respectively)	3,715,272	2,543,645
Total assets	\$ 617,253,379	\$ 448,924,302
LIABILITIES		
SBIC debentures (par: \$210,000,000 and \$180,000,000 as of June 30, 2011 and December 31, 2010, respectively; of which \$72,637,267 and \$70,557,975 are recorded at fair value as of June 30, 2011 and December 31, 2010, respectively)	\$ 187,637,267	\$ 155,557,975
Credit facility	73,000,000	39,000,000
Payable for securities purchased	10,805,000	
Interest payable	3,717,072	3,194,870
Dividend payable	3,013,738	
Deferred tax liability	953,719	
Payable to affiliated Investment Manager	2,237,417	15,124
Accounts payable and other liabilities	1,261,674	1,173,295
Total liabilities	282,625,887	198,941,264
Commitments and contingencies		
NET ASSETS		
Common stock, \$0.01 par value per share (150,000,000 shares authorized; 23,182,600 and 18,797,444 issued and outstanding as of June 30, 2011 and December 31, 2010, respectively)	231,826	187,975
Additional paid-in capital	300,130,851	224,485,165
Accumulated net investment income	7,435,312	9,261,405
Accumulated net realized loss from investments	(20,499,798)	(20,541,897)
Net unrealized appreciation, net of income taxes	42,833,531	32,141,997
Total Net Asset Value	330,131,722	245,534,645
Noncontrolling interest	4,495,770	4,448,393

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Total net assets including noncontrolling interests	334,627,492	249,983,038
Total liabilities and net assets	\$ 617,253,379	\$ 448,924,302
NET ASSET VALUE PER SHARE	\$ 14.24	\$ 13.06

The accompanying notes are an integral part of these financial statements

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Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Statements of Operations****(Unaudited)**

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

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NET REALIZED INCOME PER SHARE BASIC AND DILUTED	\$	0.42	\$	0.49	\$	0.80	\$	0.44
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO COMMON STOCK PER SHARE BASIC AND DILUTED	\$	0.77	\$	0.59	\$	1.32	\$	1.22
DIVIDENDS PAID PER SHARE	\$	0.39	\$	0.38	\$	0.77	\$	0.75
WEIGHTED AVERAGE SHARES OUTSTANDING BASIC AND DILUTED		23,015,718		15,147,091		21,128,360		14,754,121

The accompanying notes are an integral part of these financial statements

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

	Common Stock		Additional Paid-In Capital	Accumulated Net Investment Income	Net Unrealized Accumulated Net Realized Loss From Investments	Net Unrealized Appreciation from Investments, Net of Income Taxes	Total Net Asset Value	Noncontrolling Interest	Total Net Assets Including Noncontrolling Interest
	Number of Shares	Par Value							
Balances at December 31, 2009	10,842,447	\$ 108,425	\$ 123,534,156	\$ 7,269,866	\$(15,922,020)	\$ 14,669,704	\$ 129,660,131	\$	\$ 129,660,131
MSC II exchange offer and related transactions	1,246,803	12,468	20,080,623	4,890,582			24,983,673	3,237,210	28,220,883
Public offering of common stock, net of offering costs	2,875,000	28,750	40,079,845				40,108,595		40,108,595
Share-based compensation			602,916				602,916		602,916
Dividend reinvestment	248,803	2,487	3,793,741				3,796,228		3,796,228
Adjustment to investment in Investment Manager related to the MSC II Exchange Offer			(13,715,958)				(13,715,958)		(13,715,958)
Dividends to stockholders				(11,331,527)	(1,349,863)		(12,681,390)		(12,681,390)
Net increase resulting from operations				7,962,341	(1,405,225)	6,890,408	13,447,524		13,447,524
Noncontrolling interest						(408,895)	(408,895)	408,895	
Balances at June 30, 2010	15,213,053	\$ 152,130	\$ 174,375,323	\$ 8,791,262	\$(18,677,108)	\$ 21,151,217	\$ 185,792,824	\$ 3,646,105	\$ 189,438,929
Balances at December 31, 2010	18,797,444	\$ 187,975	\$ 224,485,165	\$ 9,261,405	\$(20,541,897)	\$ 32,141,997	\$ 245,534,645	\$ 4,448,393	\$ 249,983,038
Public offering of common stock, net of offering costs	4,025,000	40,250	70,309,656				70,349,906		70,349,906
Share-based compensation			885,794				885,794		885,794
Dividend reinvestment	235,844	2,358	4,451,479				4,453,837		4,453,837
Issuance of restricted stock	124,312	1,243	(1,243)						
Distributions to noncontrolling interest								(110,223)	(110,223)
Dividends to stockholders				(18,833,666)	(207,555)		(19,041,221)		(19,041,221)
Net increase resulting from operations				17,007,573	249,654	10,849,134	28,106,361		28,106,361
Noncontrolling interest						(157,600)	(157,600)	157,600	
Balances at June 30, 2011	23,182,600	\$ 231,826	\$ 300,130,851	\$ 7,435,312	\$(20,499,798)	\$ 42,833,531	\$ 330,131,722	\$ 4,495,770	\$ 334,627,492

The accompanying notes are an integral part of these financial statements

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Statements of Cash Flows****(Unaudited)****Six Months Ended June 30,****2011 2010**

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

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MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

June 30, 2011

(Unaudited)

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

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

June 30, 2011

(Unaudited)

Portfolio Company/Type of Investment(1)(2)	Industry	Principal(6)	Cost(6)	Fair Value
Gulf Manufacturing, LLC	Industrial Metal Fabrication			
9% PIK Secured Debt (Maturity June 30, 2017)		1,185,131	1,185,131	1,185,131
Member Units (Fully diluted 34.2%)(7)			2,979,813	8,560,000
			4,164,944	9,745,131
Harrison Hydra-Gen, Ltd.	Manufacturer of Hydraulic Generators			
12% Secured Debt (Maturity June 4, 2015)		5,737,375	5,082,668	5,400,000
Preferred stock (8% cumulative)(7)			1,040,222	1,040,222
Warrants (Fully diluted 35.2%)			717,640	1,360,000
			6,840,530	7,800,222
Hawthorne Customs & Dispatch Services, LLC	Transportation/ Logistics			
Member Units (Fully diluted 59.1%)(7)			692,500	1,300,000
Member Units (Wallisville Real Estate, LLC) (Fully diluted 59.1%)(7)			1,214,784	1,214,784
			1,907,284	2,514,784
Hydratec, Inc.	Agricultural Services			
Common Stock (Fully diluted 92.5%)(7)			7,089,911	10,414,911
Indianapolis Aviation Partners, LLC	FBO / Aviation Support Services			
12% Secured Debt (Maturity September 15, 2014)		4,500,000	4,178,150	4,350,000
Warrants (Fully diluted 30.1%)			1,129,286	1,270,286
			5,307,436	5,620,286
Jensen Jewelers of Idaho, LLC	Retail Jewelry			
Prime Plus 2%, Current Coupon 5.25%, Secured Debt (Maturity November 14, 2013)		2,260,000	2,258,575	2,260,000
13% Current / 6% PIK Secured Debt (Maturity November 14, 2013)		2,344,896	2,343,198	2,344,896
Member Units (Fully diluted 60.8%)(7)			811,000	1,750,000
			5,412,773	6,354,896
Lighting Unlimited, LLC	Commercial and Residential Lighting Products and Design Services			
8% Secured Debt (Maturity August 22, 2012)		2,000,000	1,972,676	1,972,676
Preferred Stock (non-voting)			510,098	510,098
Warrants (Fully diluted 7.07%)			54,000	
Common Stock (Fully diluted 70.0%)			100,000	100,000
			2,636,774	2,582,774

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

June 30, 2011

(Unaudited)

Portfolio Company/Type of Investment(1)(2)	Industry	Principal(6)	Cost(6)	Fair Value
Mid-Columbia Lumber Products, LLC	Specialized Lumber Products			
10% Secured Debt (Maturity April 1, 2012)		1,250,000	1,250,000	1,250,000
12% Secured Debt (Maturity December 18, 2011)		3,900,000	3,872,028	3,900,000
9.5% Secured Debt (Mid-Columbia Real Estate, LLC) (Maturity May 13, 2025)		1,084,800	1,084,800	1,084,800
Warrants (Fully diluted 9.2%)			250,000	890,000
Member Units (Fully diluted 42.9%)			812,000	930,000
Member Units (Mid-Columbia Real Estate, LLC) (Fully diluted 50.0%)			250,000	810,000
			7,518,828	8,864,800
NAPCO Precast, LLC	Precast Concrete Manufacturing			
18% Secured Debt (Maturity February 1, 2013)		5,923,077	5,873,252	5,923,077
Prime Plus 2%, Current Coupon 9%, Secured Debt (Maturity February 1, 2013)(8)		3,384,615	3,372,167	3,384,615
Member Units (Fully diluted 35.3%)(7)			2,020,000	3,510,000
			11,265,419	12,817,692
NTS Holdings, Inc.	Trench & Traffic Safety Equipment			
12% Secured Debt (Maturity April 30, 2015)		6,000,000	5,967,193	5,967,193
Preferred stock (12% cumulative)(7)			11,251,405	11,251,405
Common Stock (Fully diluted 72.3%)			1,621,255	190,000
			18,839,853	17,408,598
OMi Holdings, Inc.	Manufacturer of Overhead Cranes			
12% Secured Debt (Maturity April 1, 2013)		9,770,000	9,729,276	9,729,276
Common Stock (Fully diluted 48.0%)			1,080,000	1,300,000
			10,809,276	11,029,276
Pegasus Research Group, LLC (Televerde)	Telemarketing and Data Services			
13% Current / 3% PIK Secured Debt (Maturity January 6, 2016)		6,342,002	6,261,422	6,261,422
Member Units (Fully diluted 43.7%)			1,250,000	1,250,000
			7,511,422	7,511,422
PPL RVs, Inc.	Recreational Vehicle Parts and Consignment			
18% Secured Debt (Maturity June 10, 2015)		5,750,000	5,677,710	5,750,000
Member Units (Fully diluted 50.1%)			2,150,000	3,250,000
			7,827,710	9,000,000

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

June 30, 2011

(Unaudited)

Portfolio Company/Type of Investment(1)(2)	Industry	Principal(6)	Cost(6)	Fair Value
Principle Environmental, LLC	Noise Abatement Products/Services			
12% Secured Debt (Maturity February 1, 2016)		5,500,000	4,271,016	4,271,016
12% Current / 2% PIK Secured Debt (Maturity February 1, 2016)		500,000	490,000	490,000
Warrants (Fully diluted 15%)			1,200,000	1,200,000
Member Units (Fully diluted 25%)			2,000,000	2,000,000
			7,961,016	7,961,016
River Aggregates, LLC	Construction Aggregates			
12% Secured Debt (Maturity March 30, 2016)		3,500,000	3,314,494	3,314,494
Warrants (Fully diluted 10%)			122,500	122,500
Member Units (Fully diluted 45%)			550,000	550,000
			3,986,994	3,986,994
The MPI Group, LLC	Manufacturer of Custom Hollow Metal Doors, Frames and Accessories			
4.5% Current / 4.5% PIK Secured Debt (Maturity October 2, 2013)		1,022,013	1,016,675	1,016,675
6% Current / 6% PIK Secured Debt (Maturity October 2, 2013)		5,252,500	5,112,604	5,112,604
Warrants (Fully diluted 47.1%)			895,943	
			7,025,222	6,129,279
Thermal & Mechanical Equipment, LLC	Heat Exchange / Filtration Products and Services			
Prime Plus 2%, Current Coupon 9%, Secured Debt (Maturity September 25, 2014)(8)		1,415,540	1,407,768	1,407,768
13% Current / 5% PIK Secured Debt (Maturity September 25, 2014)		4,509,680	4,455,564	4,509,680
Member Units (Fully diluted 50.0%)(7)			1,000,000	3,720,000
			6,863,332	9,637,448
Uvalco Supply, LLC	Farm and Ranch Supply			
Member Units (Fully diluted 42.8%)(7)			1,113,243	2,060,000
Van Gilder Insurance Corporation	Insurance Brokerage			
8% Secured Debt (Maturity January 31, 2016)		1,890,445	1,864,206	1,864,206
13% Secured Debt (Maturity January 31, 2016)		6,150,000	4,906,126	4,906,126
Warrants (Fully diluted 10%)			1,208,643	1,208,643
Common Stock (Fully diluted 15.51%)			2,499,876	2,499,876
			10,478,851	10,478,851

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

June 30, 2011

(Unaudited)

Portfolio Company/Type of Investment(1)(2)	Industry	Principal(6)	Cost(6)	Fair Value
Vision Interests, Inc.	Manufacturer/Installer of Commercial Signage			
2.6% Current /10.4% PIK Secured Debt (Maturity June 5, 2012)		9,400,000	8,424,811	6,322,651
2.6% Current /10.4% PIK Secured Debt (Maturity June 5, 2016)		760,000	740,587	740,587
Warrants (Fully diluted 38.2%)			160,010	
Common Stock (Fully diluted 22.3%)			372,000	
			9,697,408	7,063,238
Ziegler's NYPD, LLC	Casual Restaurant Group			
Prime Plus 2%, Current Coupon 9%, Secured Debt (Maturity October 31, 2013)(8)		1,000,000	994,928	994,928
13% Current / 5% PIK Secured Debt (Maturity October 31, 2013)		4,923,793	4,881,347	4,881,347
Warrants (Fully diluted 46.6%)			600,000	539,500
			6,476,275	6,415,775
Subtotal Control Investments (34.8% of total investments at fair value)			187,884,250	206,162,509

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

June 30, 2011

(Unaudited)

Portfolio Company/Type of Investment(1)(2)	Industry	Principal(6)	Cost(6)	Fair Value
Affiliate Investments(4)				
American Sensor Technologies, Inc.	Manufacturer of Commercial/Industrial Sensors			
9% Secured Debt (Maturity May 31, 2012)		3,297,783	3,283,052	3,283,052
Warrants (Fully diluted 19.6%)			49,990	2,230,000
			3,333,042	5,513,052
Audio Messaging Solutions, LLC	Audio Messaging Services			
12% Secured Debt (Maturity June 16, 2016)		14,560,000	14,008,544	14,426,000
Warrants (Fully diluted 9.8%)			886,933	2,110,000
			14,895,477	16,536,000
Compact Power Equipment Centers LLC	Light to Medium Duty Equipment Rental			
6% Current / 6% PIK Secured Debt (Maturity December 30, 2014)		2,769,142	2,743,190	2,743,190
Series A Member Units (8% cumulative)(7)			820,110	820,110
Member Units (Fully diluted 10.6%)			1,147	1,147
			3,564,447	3,564,447
DrillingInfo, Inc.	Information Services for the Oil and Gas Industry			
12% Secured Debt (Maturity November 20, 2014)		8,000,000	6,943,909	8,000,000
8.75% Secured Debt (Maturity April 18, 2016)		750,000	750,000	750,000
Warrants (Fully diluted 4.9%)			1,250,000	8,330,000
Common Stock (Fully diluted 2.4%)			1,335,325	3,930,325
			10,279,234	21,010,325
East Teak Fine Hardwoods, Inc.	Hardwood Products			
Common Stock (Fully diluted 5.0%)			480,318	330,000
Houston Plating & Coatings, LLC	Plating & Industrial Coating Services			
Prime Plus 2%, Current Coupon 5.25%, Debt (Maturity July 18, 2013)		300,000	300,000	300,000
Member Units (Fully diluted 11.1%)(7)			335,000	3,605,000
			635,000	3,905,000
IRTH Holdings, LLC	Utility Technology Services			
12% Secured Debt (Maturity December 29, 2015)		5,683,940	5,588,476	5,683,940
Member Units (Fully diluted 22.3%)			850,000	1,570,000
			6,438,476	7,253,940
KBK Industries, LLC	Specialty Manufacturer of Oilfield and Industrial Products			
10% Secured Debt (Maturity March 31, 2012)		264,940	264,940	264,940
14% Secured Debt (Maturity January 23, 2014)		5,250,000	5,250,000	5,250,000
Member Units (Fully diluted 18.8%)(7)			340,833	2,180,000
			5,855,773	7,694,940

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

June 30, 2011

(Unaudited)

Portfolio Company/Type of Investment(1)(2)	Industry	Principal(6)	Cost(6)	Fair Value
Laurus Healthcare, LP	Healthcare Facilities / Services			
9% Secured Debt (Maturity May 12, 2016)		6,150,000	6,150,000	6,150,000
Class A and C Units (Fully diluted 13.1%)(7)			79,505	5,360,000
			6,229,505	11,510,000
Merrick Systems, Inc.	Software and Information Technology			
13% Secured Debt (Maturity May 5, 2015)		2,900,000	2,491,742	2,680,000
Warrants (Fully diluted 6.5%)			450,000	880,000
			2,941,742	3,560,000
Olympus Building Services, Inc.	Custodial/Facilities Services			
12% Secured Debt (Maturity March 27, 2014)		3,150,000	2,952,389	3,050,000
12% Current / 3% PIK Secured Debt (Maturity March 27, 2014)		998,843	998,843	998,843
Warrants (Fully diluted 22.5%)			470,000	600,000
			4,421,232	4,648,843
OnAsset Intelligence, Inc.	Transportation Monitoring/Tracking Services			
12% Secured Debt (Maturity October 18, 2012)		1,500,000	697,470	697,470
Preferred Stock (7% cumulative) (Fully diluted 5.75%)(7)			1,521,585	1,521,585
Warrants (Fully diluted 4.0%)			830,000	830,000
			3,049,055	3,049,055
OPI International Ltd.	Oil and Gas Construction Services			
12% Secured Debt (Maturity November 30, 2015)		11,750,000	11,072,627	11,072,627
Common Stock (Fully diluted 8.0%)			500,000	500,000
			11,572,627	11,572,627
Schneider Sales Management, LLC	Sales Consulting and Training			
13% Secured Debt (Maturity October 15, 2013)		3,567,542	3,489,127	250,000
Warrants (Fully diluted 20.0%)			45,000	
			3,534,127	250,000
Walden Smokey Point, Inc.	Specialty Transportation			
Common Stock (Fully diluted 12.6%)			1,426,667	2,820,000
WorldCall, Inc.	Telecommunication/Information Services			
13% Secured Debt (Maturity April 22, 2012)		646,225	646,225	646,225
Common Stock (Fully diluted 10%)			296,631	
			942,856	646,225
Subtotal Affiliate Investments (17.6% of total investments at fair value)			79,599,578	103,864,454

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

June 30, 2011

(Unaudited)

Portfolio Company/Type of Investment(1)(2)	Industry	Principal(6)	Cost(6)	Fair Value
Non-Control/Non-Affiliate Investments(5)				
Affinity Videonet, Inc.	Videoconferencing Services			
13% Secured Debt (Maturity December 31, 2015)		2,000,000	1,897,393	1,897,393
13% Current / 1% PIK Secured Debt (Maturity December 31, 2015)		1,675,857	1,671,885	1,671,885
Warrants (Fully diluted 2.5%)			62,500	62,500
			3,631,778	3,631,778
Alon Refining Krotz Springs, Inc.(9)	Petroleum Products/Refining			
13.5% Secured Debt (Maturity October 15, 2014)		4,000,000	3,849,696	4,180,000
Arrowhead General Insurance Agency, Inc.(9)	Insurance			
LIBOR Plus 5.75%, Current Coupon 7.5%, Secured Debt (Maturity March 4, 2017)(8)		3,990,000	3,913,652	3,963,407
LIBOR Plus 9.5%, Current Coupon 11.25% Secured Debt (Maturity September 30, 2017)(8)		2,000,000	1,941,398	1,990,000
			5,855,050	5,953,407
Bourland & Leverich Supply Co., LLC(9)	Distributor of Oil & Gas Tubular Goods			
LIBOR Plus 9%, Current Coupon 11%, Secured Debt (Maturity August 19, 2015)(8)		4,331,251	4,145,853	4,571,878
Brand Connections, LLC	Venue-Based Marketing and Media			
14% Secured Debt (Maturity April 30, 2015)		6,948,943	6,808,751	6,808,751
Chef's Warehouse(9)	Specialty Food Distributor			
LIBOR Plus 9%, Current Coupon 11%, Secured Debt (Maturity April 23, 2014)(8)		7,861,250	7,667,420	8,057,781
Fairway Group Acquisition(9)	Retail Grocery			
LIBOR Plus 6%, Current Coupon 7.5%, Secured Debt (Maturity March 3, 2017)(8)		7,500,000	7,431,127	7,487,513
Global Tel*Link Corporation(9)	Communications			
LIBOR Plus 11.25%, Current Coupon 13%, Secured Debt (Maturity May 10, 2017)(8)		3,000,000	2,944,693	3,027,495
Golden Nugget, LLC(9)	Hotel/Casino			
LIBOR Plus 8.5%, Current Coupon 10%, Secured Debt (Maturity April 25, 2016)(8)		10,000,000	9,605,024	9,850,000

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

June 30, 2011

(Unaudited)

Portfolio Company/Type of Investment(1)(2)	Industry	Principal(6)	Cost(6)	Fair Value
Gundle/SLT Environmental, Inc.(9)	Environmental Services			
LIBOR Plus 5.5%, Current Coupon 7.0%, Secured Debt (Maturity May 27, 2016)(8)		3,000,000	2,970,416	2,977,500
LIBOR Plus 9.5%, Current Coupon 11%, Secured Debt (Maturity November 27, 2016)(8)		4,000,000	3,920,823	3,949,920
			6,891,239	6,927,420
Hayden Acquisition, LLC	Manufacturer of Utility Structures			
8% Secured Debt (Maturity July 1, 2011)		1,800,000	1,781,303	
Hoffmaster Group, Inc.(9)	Manufacturer of Specialty Tabletop Products			
LIBOR Plus 5%, Current Coupon 7%, Secured Debt (Maturity June 2, 2016)(8)		1,490,385	1,439,426	1,496,303
13.5% Secured Debt (Maturity June 2, 2017)		5,000,000	4,887,082	5,075,000
			6,326,508	6,571,303
Managed Health Care Associates, Inc.(9)	Healthcare Products			
LIBOR Plus 3.25%, Current Coupon 3.53%, Secured Debt (Maturity August 1, 2014)		2,987,606	2,560,959	2,905,447
Megapath Inc.(9)	Communications			
LIBOR Plus 10%, Current Coupon 12%, Secured Debt (Maturity November 3, 2015)(8)		3,800,000	3,732,122	3,866,500
Miramax Film NY, LLC(9)	Motion Picture Producer and Distributor			
LIBOR Plus 11%, Current Coupon 13%, Secured Debt (Maturity December 22, 2016)(8)		4,000,000	3,924,489	4,170,000
Class B Units (Fully diluted 0.2%)			500,000	500,000
			4,424,489	4,670,000
Northland Cable Television, Inc.(9)	Cable Broadcasting			
LIBOR Plus 6%, Current Coupon 7.75%, Secured Debt (Maturity December 30, 2016)(8)		4,975,000	4,837,786	4,875,843
Physician Oncology Services, LP(9)	Healthcare Services			
LIBOR Plus 4.75%, Current Coupon 6.25%, Secured Debt (Maturity January 31, 2017)(8)		839,921	830,997	834,672

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

June 30, 2011

(Unaudited)

Portfolio Company/Type of Investment(1)(2)	Industry	Principal(6)	Cost(6)	Fair Value
Pierre Foods, Inc.(9)	Foodservice Supplier			
LIBOR Plus 5.25%, Current Coupon 7%, Secured Debt (Maturity September 30, 2016)(8)		4,962,500	4,873,717	5,021,430
LIBOR Plus 9.5%, Current Coupon 11.25%, Secured Debt (Maturity September 29, 2017)(8)		2,000,000	1,935,419	2,052,500
			6,809,136	7,073,930
Shearer's Foods, Inc.(9)	Manufacturer of Food / Snacks			
12% Current / 3.5% PIK Secured Debt (Maturity March 31, 2016)		4,181,772	4,093,050	4,202,681
Sourcehov LLC(9)	Outsource/Consulting Services			
LIBOR Plus 5.375%, Current Coupon 6.625%, Secured Debt (Maturity April 28, 2017)(8)		3,000,000	2,895,764	2,902,500
LIBOR Plus 9.25%, Current Coupon 10.5%, Secured Debt (Maturity April 30, 2018)(8)		3,000,000	2,865,692	2,870,640
			5,761,456	5,773,140
Standard Steel, LLC(9)	Manufacturer of Steel Wheels and Axles			
12% Secured Debt (Maturity April 30, 2015)		3,000,000	2,911,366	3,133,200
Support Systems Homes, Inc.	Manages Substance Abuse Treatment Centers			
15% Secured Debt (Maturity August 31, 2018)		576,600	576,600	576,600
Technical Innovations, LLC	Manufacturer of Specialty Cutting Tools and Punches			
13.5% Secured Debt (Maturity January 16, 2015)		2,950,000	2,922,036	2,950,000
10% Secured Debt (Maturity May 4, 2026)		1,440,000	1,411,335	1,411,335
			4,333,371	4,361,335
The Tennis Channel, Inc.	Sports Broadcasting/Media			
LIBOR Plus 6% / 4% PIK, Current Coupon with PIK 14%, Secured Debt (Maturity January 1, 2013)(8)		10,395,656	10,801,470	10,801,470
Warrants (Fully diluted 0.11%)			235,467	235,467
			11,036,937	11,036,937
Ulterra Drilling Technologies, L.P.(9)	Oilfield Services			
LIBOR Plus 7.5%, Current Coupon 9.5%, Secured Debt (Maturity June 9, 2016)(8)		7,500,000	7,351,884	7,406,250
LIBOR Plus 6.5%, Current Coupon 8.5% Secured Debt (Maturity June 9, 2016)(8)		1,348,367	1,298,987	1,320,456
			8,650,871	8,726,706

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

June 30, 2011

(Unaudited)

Portfolio Company/Type of Investment(1)(2)	Industry	Principal(6)	Cost(6)	Fair Value
UniTek Global Services, Inc.(9)	Telecommunications			
LIBOR Plus 7.5%, Current Coupon 9%, Secured Debt (Maturity April 15, 2018)(8)		10,000,000	9,707,528	9,825,000
Vision Solutions, Inc.	Computers & Electronics			
LIBOR Plus 4.5%, Current Coupon 6%, Secured Debt (Maturity July 23, 2016)(8)		4,937,500	4,884,750	4,928,242
LIBOR Plus 8%, Current Coupon 9.5%, Secured Debt (Maturity July 23, 2017)(8)		5,000,000	4,951,441	4,993,750
			9,836,191	9,921,992
Walter Investment Management Corp.(9)	Real Estate			
LIBOR Plus 6.25%, Current Coupon 7.75%, Secured Debt (Maturity June 30, 2016)(8)		3,000,000	2,940,000	2,940,000
LIBOR Plus 11%, Current Coupon 12.5%, Secured Debt (Maturity December 30, 2016)(8)		3,000,000	2,940,000	2,940,000
			5,880,000	5,880,000
Other Non-Control/Non-Affiliate Investments(10)		5,000,000	5,001,827	5,005,776
Subtotal Non-Control/Non-Affiliate Investments (27.0% of total investments at fair value)			157,923,128	159,737,085
Main Street Capital Partners, LLC (Investment Manager) (0.3% of total investments at fair value)	Asset Management			
100% of Membership Interests			4,284,042	1,964,649
Total Portfolio Investments, June 30, 2011			\$ 429,690,998	\$ 471,728,697

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

June 30, 2011

(Unaudited)

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

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

June 30, 2011

(Unaudited)

Portfolio Company/Type of Investment(1)(2)	Industry	Principal(6)	Cost(6)	Fair Value
MLM Holdings, Inc.				
LIBOR Plus 5.25%, Current Coupon 7%, Secured Debt (Maturity December 1, 2016)(8)		6,947,500	6,852,244	6,951,842
Mood Media Corporation				
LIBOR Plus 5.5%, Current Coupon 7%, Secured Debt (Maturity May 6, 2018)(8)		3,000,000	2,970,136	2,973,750
MultiPlan, Inc.				
LIBOR Plus 3.25%, Current Coupon 4.75%, Secured Debt (Maturity August 26, 2017)(8)		3,846,154	3,846,154	3,832,923
NAI Entertainment Holdings LLC				
8.25% Bond (Maturity December 15, 2017)		1,500,000	1,500,000	1,608,750
Pacific Architects and Engineers Incorporated				
LIBOR Plus 6%, Current Coupon 7.5%, Secured Debt (Maturity April 4, 2017)(8)		5,000,000	4,902,149	4,987,500
Pretium Packaging Bond				
11.5% Bond (Maturity April 1, 2016)		1,500,000	1,500,000	1,518,750
Race Point Power, LLC				
LIBOR Plus 6%, Current Coupon 7.75%, Secured Debt (Maturity January 11, 2018)(8)		4,783,891	4,694,485	4,809,317
Radio One, Inc.				
LIBOR Plus 6%, Current Coupon 7.5%, Secured Debt (Maturity March 31, 2016)(8)		2,992,500	2,935,001	3,025,702
SonicWALL, Inc.				
LIBOR Plus 6.25%, Current Coupon 8.25%, Secured Debt (Maturity January 23, 2016)(8)		1,394,355	1,396,512	1,401,327
Speedy Cash Intermediate Holdings Corp.				
10.75% Bond (Maturity May 15, 2018)		2,000,000	2,000,000	2,045,000
Sprouts Farmers Markets Holdings, LLC				
LIBOR Plus 4.75%, Current Coupon 6%, Secured Debt (Maturity April 18, 2018)(8)		2,992,500	2,933,788	2,973,812
Surgery Center Holdings, Inc.				
LIBOR Plus 5%, Current Coupon 6.5%, Secured Debt (Maturity February 6, 2017)(8)		4,987,500	4,963,069	5,031,141
United Refining Bond				
10.5% Bond (Maturity February 28, 2017)		3,000,000	3,000,000	3,000,000
Visant Corporation				
LIBOR Plus 4%, Current Coupon 5.25%, Secured Debt (Maturity December 22, 2016)(8)		4,975,000	4,975,000	4,958,110

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

June 30, 2011

(Unaudited)

Portfolio Company/Type of Investment(1)(2)	Industry	Principal(6)	Cost(6)	Fair Value
Wyle Services Corporation				
LIBOR Plus 4.25%, Current Coupon 5.75%, Secured Debt (Maturity March 26, 2017)(8)		3,911,604	3,888,460	3,928,228
Yankee Cable Acquisition, LLC				
LIBOR Plus 4.5%, Current Coupon 6.5%, Secured Debt (Maturity August 26, 2016)(8)		3,970,000	3,917,656	3,974,824
Other Marketable Securities and Idle Funds Investments(11)		24,545,983	25,095,607	25,126,994
Subtotal Marketable Securities and Idle Funds Investments (20.3% of total investments at fair value)			118,916,360	120,299,248
Total Investments, June 30, 2011			\$ 548,607,358	\$ 592,027,945

- (1) Debt investments are generally income producing. Equity and warrants are non-income producing, unless otherwise noted.
- (2) See Note C for summary geographic location of portfolio companies.
- (3) Controlled investments are defined by the Investment Company Act of 1940, as amended ("1940 Act") as investments in which more than 25% of the voting securities are owned or where the ability to nominate greater than 50% of the board representation is maintained.
- (4) Affiliate investments are defined by the 1940 Act as investments in which between 5% and 25% of the voting securities are owned and the investments are not classified as Controlled investments.
- (5) Non-Control/Non-Affiliate investments are defined by the 1940 Act as investments that are neither Control Investments nor Affiliate Investments.
- (6) Principal is net of prepayments. Cost is net of prepayments and accumulated unearned income.
- (7) Income producing through dividends or distributions.
- (8) Index based floating interest rate is subject to contractual minimum interest rates.
- (9) Private placement portfolio investment.
- (10) Other Non-Control/Non-Affiliate investments consist of equity investments in lower middle market companies.
- (11) Other Marketable Securities and Idle Funds Investments consist of investments in secured and rated debt investments and diversified bond funds.

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MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2010

Portfolio Company/Type of Investment(1)(2)	Industry	Principal(6)	Cost(6)	Fair Value
Control Investments(3)				
Café Brazil, LLC	Casual Restaurant Group			
12% Secured Debt (Maturity April 20, 2013)		2,000,000	1,997,439	2,000,000
Member Units (Fully diluted 41.0%)(7)			41,837	2,240,000
			2,039,276	4,240,000
California Healthcare Medical Billing, Inc.	Healthcare Billing and Records Management			
12% Secured Debt (Maturity October 17, 2013)		7,303,000	6,937,251	6,985,748
Warrants (Fully diluted 20.4%)			1,193,333	3,380,333
Common Stock (Fully diluted 9.7%)			1,176,667	1,390,000
			9,307,251	11,756,081
CBT Nuggets, LLC	Produces and Sells IT Certification Training Videos			
10% Secured Debt (Maturity March 31, 2012)		775,000	775,000	775,000
14% Secured Debt (Maturity December 31, 2013)		2,800,000	2,787,551	2,792,180
Member Units (Fully diluted 40.8%)(7)			1,299,520	3,450,000
			4,862,071	7,017,180
Ceres Management, LLC (Lambs)	Aftermarket Automotive Services Chain			
14% Secured Debt (Maturity May 31, 2013)		4,000,000	3,964,568	3,964,568
9.5% Secured Debt (Lamb's Real Estate Investment I, LLC) (Maturity August 31, 2014)		1,225,000	1,225,000	1,225,000
Class B Member Units (15% cumulative compounding quarterly) (Non-voting)(7)			1,508,611	1,508,611
Member Units (Fully diluted 70%)			1,813,333	1,100,000
Member Units (Lamb's Real Estate Investment I, LLC) (Fully diluted 100%)(7)			625,000	625,000
			9,136,512	8,423,179
Condit Exhibits, LLC	Tradeshow Exhibits/ Custom Displays			
9% current / 9% PIK Secured Debt (Maturity July 1, 2013)		4,660,948	4,619,659	4,619,659
Warrants (Fully diluted 47.9%)			320,000	50,000
			4,939,659	4,669,659
Currie Acquisitions, LLC	Manufacturer of Electric Bicycles/Scooters			
12% Secured Debt (Maturity March 1, 2015)		4,750,000	3,971,699	3,971,699
Warrants (Fully diluted 47.3%)			2,566,204	2,340,204
			6,537,903	6,311,903

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2010

Portfolio Company/Type of Investment(1)(2)	Industry	Principal(6)	Cost(6)	Fair Value
Gulf Manufacturing, LLC	Industrial Metal Fabrication			
8% Secured Debt (Maturity August 31, 2014)		3,620,000	3,620,000	3,620,000
13% Secured Debt (Maturity August 31, 2012)		1,680,000	1,649,959	1,675,165
9% PIK Secured Debt (Maturity June 30, 2017)		1,420,784	1,420,784	1,420,784
Member Units (Fully diluted 34.2%)(7)			2,979,813	5,870,000
			9,670,556	12,585,949
Harrison Hydra-Gen, Ltd.	Manufacturer of Hydraulic Generators			
12% Secured Debt (Maturity June 4, 2015)		6,000,000	5,255,101	5,255,101
Warrants (Fully diluted 35.2%)			717,640	717,640
Mandatorily Redeemable Preferred Stock			1,000,000	1,000,000
			6,972,741	6,972,741
Hawthorne Customs & Dispatch Services, LLC	Transportation/ Logistics			
Member Units (Fully diluted 59.1%)(7)			692,500	1,250,000
Member Units (Wallisville Real Estate, LLC) (Fully diluted 59.1%)(7)			1,214,784	1,214,784
			1,907,284	2,464,784
Hydratec, Inc.	Agricultural Services			
Common Stock (Fully diluted 92.5%)(7)			7,087,911	9,177,911
Indianapolis Aviation Partners, LLC	FBO / Aviation Support Services			
12% Secured Debt (Maturity September 15, 2014)		4,500,000	4,140,255	4,350,000
Warrants (Fully diluted 30.1%)			1,129,286	1,570,286
			5,269,541	5,920,286
Jensen Jewelers of Idaho, LLC	Retail Jewelry			
Prime Plus 2%, Current Coupon 5.25%, Secured Debt (Maturity November 14, 2011)		2,260,000	2,256,486	2,260,000
13% current / 6% PIK Secured Debt (Maturity November 14, 2011)		2,344,897	2,340,040	2,344,896
Member Units (Fully diluted 60.8%)(7)			811,000	1,060,000
			5,407,526	5,664,896

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2010

Portfolio Company/Type of Investment(1)(2)	Industry	Principal(6)	Cost(6)	Fair Value
Mid-Columbia Lumber Products, LLC	Specialized Lumber Products			
10% Secured Debt (Maturity April 1, 2012)		1,250,000	1,250,000	1,250,000
12% Secured Debt (Maturity December 18, 2011)		3,900,000	3,803,664	3,900,000
9.5% Secured Debt (Mid-Columbia Real Estate, LLC) (Maturity May 13, 2025)		1,107,400	1,107,400	1,107,400
Warrants (Fully diluted 25.5%)			250,000	740,000
Member Units (Fully diluted 26.7%)			500,000	770,000
Member Units (Mid-Columbia Real Estate, LLC) (Fully diluted 50.0%)			250,000	250,000
			7,161,064	8,017,400
NAPCO Precast, LLC	Precast Concrete Manufacturing			
18% Secured Debt (Maturity February 1, 2013)		5,923,077	5,860,313	5,923,077
Prime Plus 2%, Current Coupon 9%, Secured Debt (Maturity February 1, 2013)(8)		3,384,615	3,368,600	3,384,615
Member Units (Fully diluted 35.3%)(7)			2,020,000	4,340,000
			11,248,913	13,647,692
NTS Holdings, Inc.	Trench & Traffic Safety Equipment			
12% Secured Debt (Maturity April 30, 2015)		6,000,000	5,963,931	5,963,931
Preferred stock (12% cumulative, compounded quarterly)(7)			10,635,273	10,635,273
Common Stock (Fully diluted 72.3%)			1,621,255	776,000
			18,220,459	17,375,204
OMi Holdings, Inc.	Manufacturer of Overhead Cranes			
12% Secured Debt (Maturity April 1, 2013)		10,170,000	10,116,824	10,116,824
Common Stock (Fully diluted 48.0%)			1,080,000	500,000
			11,196,824	10,616,824
PPL RVs, Inc.	RV Aftermarket Consignment/Parts			
18% Secured Debt (Maturity June 10, 2015)		6,250,000	6,165,058	6,165,058
Common Stock (Fully diluted 50.1%)			2,150,000	2,150,000
			8,315,058	8,315,058
The MPI Group, LLC	Manufacturer of Custom Hollow Metal Doors, Frames and Accessories			
4.5% current / 4.5% PIK Secured Debt (Maturity October 2, 2013)		507,625	501,176	501,176
6% current / 6% PIK Secured Debt (Maturity October 2, 2013)		5,101,667	4,935,760	4,935,760
Warrants (Fully diluted 47.1%)			895,943	190,000
			6,332,879	5,626,936

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2010

Portfolio Company/Type of Investment(1)(2)	Industry	Principal(6)	Cost(6)	Fair Value
Thermal & Mechanical Equipment, LLC	Heat Exchange / Filtration Products and Services			
Prime plus 2%, Current Coupon 9%, Secured Debt (Maturity September 25, 2014)(8)		1,750,000	1,739,152	1,739,152
13% current / 5% PIK Secured Debt (Maturity September 25, 2014)		5,575,220	5,501,111	5,575,220
Warrants (Fully diluted 50.0%)			1,000,000	1,940,000
			8,240,263	9,254,372
Uvalco Supply, LLC	Farm and Ranch Supply			
Member Units (Fully diluted 42.8%)(7)			1,113,243	1,560,000
Vision Interests, Inc.	Manufacturer/Installer of Commercial Signage			
2.6% current /10.4% PIK Secured Debt (Maturity June 5, 2012)		9,400,000	8,424,811	8,022,651
2.6% current /10.4% PIK Secured Debt (Maturity June 5, 2016)		760,000	739,663	739,663
Warrants (Fully diluted 38.2%)			160,010	
Common Stock (Fully diluted 22.3%)			372,000	
			9,696,484	8,762,314
Ziegler's NYPD, LLC	Casual Restaurant Group			
Prime plus 2%, Current Coupon 9%, Secured Debt (Maturity October 1, 2013)(8)		1,000,000	993,937	993,937
13% current / 5% PIK Secured Debt (Maturity October 1, 2013)		4,801,810	4,752,088	4,752,088
Warrants (Fully diluted 46.6%)			600,000	470,000
			6,346,025	6,216,025
Subtotal Control Investments			161,009,443	174,596,394

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2010

Portfolio Company/Type of Investment(1)(2)	Industry	Principal(6)	Cost(6)	Fair Value
Affiliate Investments(4)				
American Sensor Technologies, Inc.	Manufacturer of Commercial/ Industrial Sensors			
9% current / 2% PIK Secured Debt (Maturity May 31, 2012)		3,536,182	3,514,113	3,514,113
Warrants (Fully diluted 19.6%)			49,990	1,830,000
			3,564,103	5,344,113
Audio Messaging Solutions, LLC	Audio Messaging Services			
12% Secured Debt (Maturity May 8, 2014)		7,700,000	7,356,395	7,426,299
Warrants (Fully diluted 8.4%)			468,373	1,280,000
			7,824,768	8,706,299
Compact Power Equipment Centers, LLC	Light to Medium Duty Equipment Rental			
6% Current / 6% PIK Secured Debt (Maturity September 23, 2014)		3,153,971	3,120,950	3,120,950
Member Units (Fully diluted 11.5%)			1,147	1,147
			3,122,097	3,122,097
DrillingInfo, Inc.	Information Services for the Oil and Gas Industry			
12% Secured Debt (Maturity November 20, 2014)		8,000,000	6,832,370	7,770,000
Warrants (Fully diluted 5.0%)			1,250,000	4,010,000
Common Stock (Fully diluted 2.1%)			1,085,325	1,710,325
			9,167,695	13,490,325
East Teak Fine Hardwoods, Inc.	Hardwood Products			
Common Stock (Fully diluted 5.0%)			480,318	330,000
Houston Plating & Coatings, LLC	Plating & Industrial Coating Services			
Prime plus 2%, Current Coupon 5.25%, Debt (Maturity July 18, 2013)		300,000	300,000	300,000
Member Units (Fully diluted 11.1%)(7)			335,000	3,025,000
			635,000	3,325,000
IRTH Holdings, LLC	Utility Technology Services			
12% Secured Debt (Maturity December 29, 2015)		6,000,000	5,891,126	5,891,126
Member Units (Fully diluted 22.3%)			850,000	850,000
			6,741,126	6,741,126
KBK Industries, LLC	Specialty Manufacturer of Oilfield and Industrial Products			
10% Secured Debt (Maturity March 31, 2011)		514,940	514,940	514,940
14% Secured Debt (Maturity January 23, 2011)		5,250,000	5,241,999	5,241,999
Member Units (Fully diluted 18.8%)(7)			340,833	1,790,333
			6,097,772	7,547,272

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2010

Portfolio Company/Type of Investment(1)(2)	Industry	Principal(6)	Cost(6)	Fair Value
Laurus Healthcare, LP	Healthcare Facilities / Services			
13% Secured Debt (Maturity May 7, 2012)		2,275,000	2,275,000	2,275,000
13% Secured Debt (Maturity December 31, 2011)		525,000	525,000	525,000
Warrants (Fully diluted 13.1%)			79,505	4,620,000
			2,879,505	7,420,000
Lighting Unlimited, LLC	Commercial and Residential Lighting Products and Design Services			
Prime Plus 1% Secured Debt (Maturity August 22, 2012)(8)		949,996	946,598	946,598
14% Secured Debt (Maturity August 22, 2012)		1,760,101	1,723,326	1,723,326
Warrants (Fully diluted 17.0%)			54,000	
			2,723,924	2,669,924
Merrick Systems, Inc.	Software and Information Technology			
13% Secured Debt (Maturity May 5, 2015)		3,000,000	2,540,849	2,540,849
Warrants (Fully diluted 6.5%)			450,000	450,000
			2,990,849	2,990,849
Olympus Building Services, Inc.	Custodial/Facilities Services			
12% Secured Debt (Maturity March 27, 2014)		3,150,000	2,976,408	3,050,000
12% Current / 3% PIK Secured Debt (Maturity March 27, 2014)		984,000	984,001	984,001
Warrants (Fully diluted 22.5%)			470,000	930,000
			4,430,409	4,964,001
OPI International Ltd.	Oil and Gas Construction Services			
12% Secured Debt (Maturity November 30, 2015)		8,700,000	8,537,285	8,537,285
12% Secured Debt (Maturity November 30, 2015)		750,000	252,288	252,288
Warrants (Fully diluted 8.0%)			500,000	500,000
			9,289,573	9,289,573
Schneider Sales Management, LLC	Sales Consulting and Training			
13% Secured Debt (Maturity October 15, 2013)		3,367,542	3,289,127	1,000,000
Warrants (Fully diluted 20.0%)			45,000	
			3,334,127	1,000,000
Walden Smokey Point, Inc.	Specialty Transportation			
Common Stock (Fully diluted 12.6%)			1,426,667	2,620,000
WorldCall, Inc.	Telecommunication/Information Services			
13% Secured Debt (Maturity April 22, 2011)		646,225	646,225	646,225
Common Stock (Fully diluted 10.0%)			296,631	
			942,856	646,225
Subtotal Affiliate Investments			65,650,789	80,206,804

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2010

Portfolio Company/Type of Investment(1)(2)	Industry	Principal(6)	Cost(6)	Fair Value
Non-Control/Non-Affiliate Investments(5)				
Affinity Videonet, Inc.	Videoconferencing Services			
9% Secured Debt (Maturity December 31, 2012)		500,000	490,000	490,000
13% Secured Debt (Maturity December 31, 2015)		2,000,000	1,897,500	1,897,500
13% current / 1% PIK Secured Debt (Maturity December 31, 2015)		2,000,000	1,995,652	1,995,652
Warrants (Fully diluted 2.5%)			62,500	62,500
			4,445,652	4,445,652
Alon Refining Krotz Springs, Inc.(9)	Petroleum Products/Refining			
13.5% Secured Debt (Maturity October 15, 2014)		4,000,000	3,832,366	3,900,000
Bourland & Leverich Supply Co., LLC(9)	Distributor of Oil & Gas Tubular Goods			
LIBOR Plus 8.0%, Current Coupon 11.25%, Secured Debt (Maturity August 24, 2015)(8)		4,443,750	4,236,574	4,554,847
Brand Connections, LLC	Venue-Based Marketing and Media			
14% Secured Debt (Maturity April 30, 2015)		7,312,500	7,151,303	7,151,303
Chef's Warehouse(9)	Specialty Food Distributor			
LIBOR Plus 9.0%, Current Coupon 11%, Secured Debt (Maturity April 24, 2014)(8)		8,137,083	7,907,586	8,219,225
Fairway Group Acquisition(9)	Retail Grocery			
LIBOR plus 9.5%, Current Coupon 12%, Secured Debt (Maturity October 1, 2014)(8)		4,950,008	4,827,316	4,968,818
Full Spectrum Holdings LLC(9)	Professional Services			
LIBOR Plus 3.0%, Current Coupon 10.75%, Secured Debt (Maturity December 12, 2012)(8)		1,523,341	1,301,663	1,301,663
Warrants (Fully diluted 0.28%)			412,523	412,523
			1,714,186	1,714,186
Global Tel*Link Corporation(9)	Communications Technology			
LIBOR Plus 11.25%, Current Coupon 13%, Secured Debt (Maturity May 10, 2017)(8)		3,000,000	2,941,728	2,948,271
Hayden Acquisition, LLC	Manufacturer of Utility Structures			
8% Secured Debt (Maturity January 1, 2011)		1,800,000	1,781,303	250,000
Hoffmaster Group, Inc.(9)	Manufacturer of Specialty Tabletop Products			
LIBOR Plus 5.0%, Current Coupon 7%, Secured Debt (Maturity June 13, 2016)(8)		1,509,615	1,453,860	1,490,745
13.5% Secured Debt (Maturity June 3, 2017)		5,000,000	4,881,278	4,787,500
			6,335,138	6,278,245
Managed Healthcare(9)	Healthcare Products			
LIBOR plus 3.25%, Current Coupon 3.53%, Secured Debt (Maturity August 31, 2014)		1,987,606	1,548,214	1,659,650

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2010

Portfolio Company/Type of Investment(1)(2)	Industry	Principal(6)	Cost(6)	Fair Value
Megapath Inc.(9)	Communications Technology			
LIBOR plus 10%, Current Coupon 12%, Secured Debt (Maturity November 4, 2015)(8)		4,000,000	3,922,670	4,040,770
Miramax Film NY, LLC(9)	Motion Picture Producer and Distributor			
LIBOR plus 6%, Current Coupon 7.75%, Secured Debt (Maturity June 30, 2016)(8)		3,000,000	2,940,000	2,940,000
LIBOR plus 11%, Current Coupon 13%, Secured Debt (Maturity December 30, 2016)(8)		4,000,000	3,920,000	3,920,000
Class B Units (Fully diluted 0.2%)			500,000	500,000
			7,360,000	7,360,000
Northland Cable Television, Inc.(9)	Cable Broadcasting			
LIBOR Plus 8.0%, Current Coupon 8.26%, Secured Debt (Maturity June 22, 2013)		5,000,000	4,851,285	4,988,785
Pierre Foods, Inc.(9)	Foodservice Supplier			
Base plus 4.25%, Current Coupon 7.5%, Secured Debt (Maturity September 30, 2016)(8)		5,000,000	4,903,804	4,992,702
Base plus 8.5%, Current Coupon 11.75%, Secured Debt (Maturity September 29, 2017)(8)		2,000,000	1,932,106	1,992,181
			6,835,910	6,984,883
Rentech Energy Midwest Corporation(9)	Manufacturer of Fertilizer			
LIBOR plus 10%, Current Coupon 12.5%, Secured Debt (Maturity July 29, 2014)(8)		2,331,606	2,274,262	2,274,262
Shearer's Foods, Inc.(9)	Manufacturer of Food/Snacks			
12% Current / 3% PIK Secured Debt (Maturity March 21, 2016)		4,092,707	3,999,396	4,154,098
Standard Steel, LLC(9)	Manufacturer of Steel Wheels and Axles			
12% Secured Debt (Maturity April 30, 2015)		3,000,000	2,902,821	2,988,750
Support Systems Homes, Inc.	Manages Substance Abuse Treatment Centers			
15% Secured Debt (Maturity August 21, 2018)		576,600	576,600	576,600
Technical Innovations, LLC	Manufacturer of Specialty Cutting Tools and Punches			
13.5% Secured Debt (Maturity January 16, 2015)		2,950,000	2,919,118	2,950,000
The Tennis Channel, Inc.	Sports Broadcasting/Media			
LIBOR plus 6% / 4% PIK, Current Coupon with PIK 14%, Secured Debt (Maturity January 1, 2013)(8)		9,198,840	9,230,938	9,230,938
Warrants (Fully diluted 0.10%)			211,938	211,938
			9,442,876	9,442,876
Other Non-Control/Non-Affiliate Investments(10)			105,000	105,000
Subtotal Non-Control/Non-Affiliate Investments			91,911,304	91,956,221

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2010

Portfolio Company/Type of Investment(1)(2)	Industry	Principal(6)	Cost(6)	Fair Value
Main Street Capital Partners, LLC (Investment Manager)	Asset Management			
100% of Membership Interests			4,284,042	2,051,655
Total Portfolio Investments, December 31, 2010			\$ 322,855,578	\$ 348,811,074
Marketable Securities and Idle Funds Investments	Investments in Secured and Rated Debt Investments, Certificates of Deposit, and Diversified Bond Funds			
AL Gulf Coast Terminals, LLC				
LIBOR plus 5.0%, Current Coupon 6.75%, Secured Debt (Maturity September 21, 2016)(8)		\$ 6,919,997	\$ 6,735,294	\$ 6,746,997
Aspen Dental Management, Inc.				
LIBOR plus 5.0%, Current Coupon 8.25%, Secured Debt (Maturity October 13, 2016)(8)		4,987,500	4,691,670	4,806,974
ATI Acquisition I Corp.				
LIBOR plus 5.5%, Current Coupon 7.5%, Secured Debt (Maturity September 14, 2016)(8)		2,885,675	2,841,517	2,857,332
Booz Allen Hamilton Inc.				
13% Debt (Maturity July 5, 2016)		1,716,044	1,781,625	1,765,380
Centerplate, Inc.				
LIBOR plus 7.5%, Current Coupon 10.75%, Secured Debt (Maturity September 16, 2016)(8)		3,000,000	2,914,206	2,988,750
CHG Companies, Inc.				
LIBOR plus 5.5%, Current Coupon 7.25%, Secured Debt (Maturity October 14, 2016)(8)		1,975,000	1,937,558	1,996,754
Excelitas Technologies Corp.				
LIBOR plus 5.75%, Current Coupon 7.25%, Secured Debt (Maturity December 2, 2016)(8)		3,000,000	2,971,096	3,020,771
Gentiva Health Services, Inc.				
LIBOR plus 5.0%, Current Coupon 6.75%, Secured Debt (Maturity September 20, 2016)(8)		2,981,250	2,975,289	3,014,789
Henniges Automotive Holdings, Inc.				
LIBOR plus 10.0%, Current Coupon 12%, Secured Debt (Maturity December 7, 2016)(8)		3,000,000	2,941,308	2,941,308
MLM Holdings, Inc.				
LIBOR plus 5.25%, Current Coupon 7%, Secured Debt (Maturity December 1, 2016)(8)		6,982,500	6,879,686	6,897,406
MultiPlan, Inc.				
LIBOR plus 4.75%, Current Coupon 6.5%, Secured Debt (Maturity August 26, 2017)(8)		3,876,923	3,863,709	3,913,269
Rite Aid Corporation				
7.5% Bond (Maturity March 1, 2017)		2,000,000	1,889,335	1,845,874
SonicWALL, Inc.				
LIBOR plus 6.25%, Current Coupon 8.25%, Secured Debt (Maturity August 1, 2016)(8)		1,794,355	1,797,374	1,807,813

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2010

Portfolio Company/Type of Investment(1)(2)	Industry	Principal(6)	Cost(6)	Fair Value
Terex Corporation				
7.4% Bond (Maturity January 15, 2014)		2,000,000	2,023,301	2,023,301
Visant Corporation				
LIBOR plus 5.25%, Current Coupon 7%, Secured Debt (Maturity December 28, 2016)(8)		4,987,500	4,891,963	5,057,003
Vision Solutions, Inc.				
LIBOR plus 6.0%, Current Coupon 7.75%, Secured Debt (Maturity July 23, 2016)(8)		1,925,000	1,612,010	1,631,338
Western Refining Inc.				
LIBOR plus 7.5%, Current Coupon 10.75%, Secured Debt (Maturity August 1, 2014)(8)		1,708,883	1,672,628	1,736,654
Wyle Services Corporation				
LIBOR plus 4.0%, Current Coupon 6%, Secured Debt (Maturity September 10, 2016)(8)		3,989,992	3,964,645	4,003,290
Yankee Cable Acquisition, LLC				
LIBOR plus 4.5%, Current Coupon 6.5%, Secured Debt (Maturity August 26, 2016)(8)		3,990,000	3,933,213	3,990,000
Other Marketable Securities and Idle Funds Investments(11)				
		5,529,450	5,653,480	5,707,855
Subtotal Marketable Securities and Idle Funds Investments			67,970,907	68,752,858
Total Investments, December 31, 2010			\$ 390,826,485	\$ 417,563,932

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

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- (10) Other Non-Control/Non-Affiliate investments consist of equity investments in lower middle market companies.
- (11) Other Marketable Securities and Idle Funds Investments consist of investments in secured and rated debt investments and diversified bond funds.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

NOTE A ORGANIZATION AND BASIS OF PRESENTATION

1. Organization

Main Street Capital Corporation ("MSCC") was formed on March 9, 2007 for the purpose of (i) acquiring 100% of the equity interests of Main Street Mezzanine Fund, LP ("MSMF") and its general partner, Main Street Mezzanine Management, LLC ("MSMF GP"), (ii) acquiring 100% of the equity interests of Main Street Capital Partners, LLC (the "Investment Manager"), (iii) raising capital in an initial public offering, which was completed in October 2007 (the "IPO"), and (iv) thereafter operating as an internally managed business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act"). MSMF is licensed as a Small Business Investment Company ("SBIC") by the United States Small Business Administration ("SBA") and the Investment Manager acts as MSMF's manager and investment adviser. Because the Investment Manager, which employs all of the executive officers and other employees of MSCC, is wholly owned by MSCC, MSCC does not pay any external investment advisory fees but instead incurs the operating costs associated with employing investment and portfolio management professionals through the Investment Manager. The IPO and related transactions discussed above were consummated in October 2007 and are collectively termed the "Formation Transactions."

On January 7, 2010, MSCC consummated transactions (the "Exchange Offer") to exchange 1,239,695 shares of its common stock for approximately 88% of the total dollar value of the limited partner interests in Main Street Capital II, LP ("MSC II" and, together with MSMF, the "Funds"). Pursuant to the terms of the Exchange Offer, 100% of the membership interests in the general partner of MSC II, Main Street Capital II GP, LLC ("MSC II GP"), were also transferred to MSCC for no consideration. MSC II commenced operations in January 2006, is an investment fund that operates as an SBIC and is also managed by the Investment Manager. The Exchange Offer and related transactions, including the transfer of the MSC II GP interests, are collectively termed the "Exchange Offer Transactions" (see Note I).

MSCC has elected to be treated for federal income tax purposes as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). As a result, MSCC generally will not pay corporate-level federal income taxes on any net ordinary income or capital gains that it distributes to its stockholders as dividends.

MSCC has direct or indirect subsidiaries that have elected to be taxable entities (the "Taxable Subsidiaries"). The primary purpose of these entities is to hold certain investments that generate "pass through" income for tax purposes. The Taxable Subsidiaries are each taxed at their normal corporate tax rates based on their taxable income.

Unless otherwise noted or the context otherwise indicates, the terms "we," "us," "our" and "Main Street" refer to MSCC and its subsidiaries, including MSMF, MSC II, and the Taxable Subsidiaries.

2. Basis of Presentation

Main Street's financial statements are prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). For the three and six months ended June 30, 2011 and 2010, Main Street's consolidated financial statements include the accounts of MSCC and its consolidated subsidiaries, including the Funds. Portfolio investments, as used herein, refers to all of Main Street's investments in lower middle market ("LMM") portfolio companies, private placement

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE A ORGANIZATION AND BASIS OF PRESENTATION (Continued)

portfolio investments, and the investment in the Investment Manager and excludes all "Marketable securities and idle funds investments." Private placement portfolio investments include investments made through direct or secondary purchases of interest-bearing debt securities in companies that are generally larger in size than the LMM companies included as part of Main Street's portfolio investments. The Investment Manager is accounted for as a portfolio investment (see Note D). "Marketable securities and idle funds investments" are classified as financial instruments and are reported separately on Main Street's Consolidated Balance Sheets and Consolidated Schedule of Investments due to the nature of such investments (see Note B.9). Main Street's results of operations and cash flows for the three and six months ended June 30, 2011 and 2010, and financial position as of June 30, 2011 and December 31, 2010, are presented on a consolidated basis. The effects of all intercompany transactions between Main Street and its consolidated subsidiaries have been eliminated in consolidation. Certain reclassifications have been made to prior period balances to conform with the current financial statement presentation.

The accompanying unaudited consolidated financial statements of Main Street are presented in conformity with U.S. GAAP for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Article 10 of Regulation S-X. Accordingly, certain disclosures accompanying annual financial statements prepared in accordance with U.S. GAAP are omitted. In the opinion of management, the unaudited consolidated financial results included herein contain all adjustments, consisting solely of normal recurring accruals, considered necessary for the fair presentation of financial statements for the interim periods included herein. The results of operations for the three and six months ended June 30, 2011 are not necessarily indicative of the operating results to be expected for the full year. Also, the unaudited financial statements and notes should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2010. Financial statements prepared on a U.S. GAAP basis require management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

Under the investment company rules and regulations pursuant to Article 6 of Regulation S-X and the Audit and Accounting Guide for Investment Companies issued by the American Institute of Certified Public Accountants (the "AICPA Guide"), Main Street is precluded from consolidating portfolio company investments, including those in which it has a controlling interest, unless the portfolio company is another investment company. An exception to this general principle in the AICPA Guide occurs if Main Street owns a controlled operating company that provides all or substantially all of its services directly to Main Street or to an investment company of Main Street. None of the investments made by Main Street qualify for this exception. Therefore, Main Street's portfolio investments are carried on the balance sheet at fair value, as discussed further in Note B, with any adjustments to fair value recognized as "Net Change in Unrealized Appreciation (Depreciation)" on the Statement of Operations until the investment is realized, usually upon exit, resulting in any gain or loss on exit being recognized as a "Net Realized Gain (Loss) from Investments."

Portfolio Investment Classification

Main Street classifies its portfolio investments in accordance with the requirements of the 1940 Act. Under the 1940 Act, (a) "Control Investments" are defined as investments in which Main Street

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE A ORGANIZATION AND BASIS OF PRESENTATION (Continued)

owns more than 25% of the voting securities or has rights to maintain greater than 50% of the board representation, (b) "Affiliate Investments" are defined as investments in which Main Street owns between 5% and 25% of the voting securities and does not have rights to maintain greater than 50% of the board representation, and (c) Non-Control/Non-Affiliate Investments" are defined as investments that are neither Control Investments nor Affiliate Investments. The line item on Main Street's Consolidated Balance Sheets entitled "Investment in affiliated Investment Manager" represents Main Street's investment in a wholly owned investment manager subsidiary that is accounted for as a portfolio investment.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Valuation of Portfolio Investments

Main Street accounts for its LMM portfolio investments, private placement portfolio investments, and the investment in the Investment Manager at fair value. As a result, Main Street follows the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("Codification" or "ASC") 820, *Fair Value Measurements and Disclosures* ("ASC 820"). ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements. ASC 820 requires Main Street to assume that the portfolio investment is to be sold in the principal market to independent market participants, or in the absence of a principal market, in the most advantageous market, which may be a hypothetical market. Market participants are defined as buyers and sellers in the principal or most advantageous market that are independent, knowledgeable, and willing and able to transact. With the adoption of this statement, Main Street incorporated the income approach to estimate the fair value of its LMM portfolio debt investments principally using a yield-to-maturity model.

Main Street's portfolio strategy calls for it to invest primarily in illiquid securities issued by private, LMM companies as well as privately placed debt securities issued by private, middle market companies that are generally larger in size than the LMM companies. These portfolio investments may be subject to restrictions on resale and will generally have no established trading market. Main Street determines in good faith the fair value of its portfolio investments 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 reviews external events, including private mergers, sales and acquisitions involving comparable companies, and includes these events in the valuation process. Main Street's valuation policy and process are intended to provide a consistent basis for determining the fair value of the portfolio.

For valuation purposes, "control" investments are composed of equity and debt securities for which Main Street has a controlling interest in the portfolio company or has the ability to nominate a majority of the portfolio company's board of directors. Market quotations are generally not readily available for Main Street's control investments. As a result, Main Street determines the fair value of control investments using a combination of market and income approaches. Under the market approach, Main Street will typically use the enterprise value methodology to determine the fair value of these investments. The enterprise value is the fair value at which an enterprise could be sold in a transaction between two willing parties, other than through a forced or liquidation sale. Typically,

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

private companies are bought and sold based on multiples of earnings before interest, taxes, depreciation and amortization ("EBITDA"), cash flows, net income, revenues, or in limited cases, book value. There is no single methodology for estimating enterprise value. For any one portfolio company, enterprise value is generally described as a range of values from which a single estimate of enterprise value is derived. In estimating the enterprise value of a portfolio company, Main Street analyzes various factors, including the portfolio company's historical and projected financial results. Main Street allocates the enterprise value to investments in order of the legal priority of the investments. Main Street will also use the income approach to determine the fair value of these securities, based on projections of the discounted future free cash flows that the portfolio company or the debt security will likely generate. The valuation approaches for Main Street's control investments estimate the value of the investment if Main Street were to sell, or exit, the investment, assuming the highest and best use of the investment by market participants. In addition, these valuation approaches consider the value associated with Main Street's ability to control the capital structure of the portfolio company, as well as the timing of a potential exit.

For valuation purposes, "non-control" LMM portfolio investments are composed of debt and equity securities for which Main Street does not have a controlling interest in the portfolio company, or the ability to nominate a majority of the portfolio company's board of directors. Market quotations for non-control LMM portfolio investments are generally not readily available. For non-control LMM portfolio investments, Main Street uses a combination of the market and income approaches to value its equity investments and the income approach to value its debt instruments. For non-control LMM debt investments, Main Street determines the fair value primarily using a yield approach that analyzes the discounted cash flows of interest and principal for the debt security, as set forth in the associated loan agreements, as well as the financial position and credit risk of each of these portfolio investments. Main Street's estimate of the expected repayment date of an LMM debt security is generally the legal maturity date of the instrument, as Main Street generally intends to hold its loans to maturity. The yield analysis considers changes in leverage levels, credit quality, portfolio company performance and other factors. Main Street will use the value determined by the yield analysis as the fair value for that security; however, because of Main Street's general intent to hold its loans to maturity, the fair value will not exceed the face amount of the LMM debt security. A change in the assumptions that Main Street uses to estimate the fair value of its LMM debt securities using the yield analysis could have a material impact on the determination of fair value. If there is deterioration in credit quality or an LMM debt security is in workout status, Main Street may consider other factors in determining the fair value of the LMM debt security, including the value attributable to the debt security from the enterprise value of the portfolio company or the proceeds that would be received in a liquidation analysis.

Pursuant to its internal valuation process and the requirements under the 1940 Act, Main Street performs valuation procedures on each LMM portfolio company once a quarter. In addition to its internal valuation process, in arriving at estimates of fair value for portfolio companies, Main Street, among other things, consults with a nationally recognized independent advisor. The nationally recognized independent advisor is generally consulted relative to each LMM portfolio investment at least once in every calendar year, and for 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

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

nationally recognized independent advisor on 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 an LMM portfolio company is determined to be insignificant relative to the total investment portfolio. Main Street consulted with its independent advisor in arriving at Main Street's determination of fair value on a total of 20 LMM portfolio companies for the six months ended June 30, 2011, representing approximately 40% of the total LMM portfolio and investment in the affiliated Investment Manager at fair value as of June 30, 2011.

Main Street's private placement portfolio investments primarily consist of direct or secondary purchases of interest-bearing debt securities in companies that are generally larger in size than the LMM companies included in Main Street's LMM portfolio. For valuation purposes, all of Main Street's private placement portfolio investments are non-control investments and are composed of securities for which Main Street does not have a controlling interest in the portfolio company, or the ability to nominate a majority of the portfolio company's board of directors. Main Street primarily uses observable inputs to determine the fair value of these investments through obtaining third party quotes or other independent pricing. As of June 30, 2011, Main Street had privately placed portfolio investments in 23 companies collectively totaling approximately \$133.3 million in fair value with a total cost basis of approximately \$129.8 million. The weighted average revenues for the 23 privately placed portfolio company investments were approximately \$399 million. Main Street's privately placed portfolio investments are primarily in the form of debt investments and 69% of such debt investments at cost were secured by first priority liens on portfolio company assets as of June 30, 2011. The weighted average effective yield on Main Street's privately placed portfolio debt investments was approximately 11.0% as of June 30, 2011.

Due to the inherent uncertainty in the valuation process, Main Street's estimate of fair value may differ materially from the values that would have been used had a ready market for the securities existed. In addition, changes in the market environment, portfolio company performance and other events that may occur over the lives of the investments may cause the gains or losses ultimately realized on these investments to be materially different than the valuations currently assigned. Main Street estimates the fair value of each individual investment and records changes in fair value as unrealized appreciation or depreciation.

Main Street uses a standard internal portfolio investment rating system in connection with its investment oversight, portfolio management/analysis and investment valuation procedures. This system takes into account both quantitative and qualitative factors of the portfolio company and the investments held therein.

The Board of Directors of Main Street has the final responsibility for reviewing and approving, in good faith, Main Street's estimate of the fair value for its portfolio investments consistent with the 1940 Act requirements. Main Street believes its portfolio investments as of June 30, 2011 and December 31, 2010 approximate fair value as of those dates based on the market in which Main Street operates and other conditions in existence at those reporting periods.

2. Interest and Dividend Income

Interest and dividend income is recorded on the accrual basis to the extent amounts are expected to be collected. Dividend income is recorded as dividends are declared or at the point an obligation

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

exists for the portfolio company to make a distribution. In accordance with Main Street's valuation policy, accrued interest and dividend income is evaluated periodically for collectability. When a loan or debt security becomes 90 days or more past due, and if Main Street otherwise does not expect the debtor to be able to service all of its debt or other obligations, Main Street will generally place the loan or debt security on non-accrual status and cease recognizing interest income on that loan or debt security until the borrower has demonstrated the ability and intent to pay contractual amounts due. If a loan or debt security's status significantly improves regarding the debtor's ability to service the debt or other obligations, or if a loan or debt security is fully impaired, sold or written off, it will be removed from non-accrual status.

Main Street holds debt and preferred equity instruments in its investment portfolio that contain payment-in-kind ("PIK") interest and cumulative dividend provisions. The PIK interest, computed at the contractual rate specified in each debt agreement, is periodically added to the principal balance of the debt and is recorded as interest income. Thus, the actual collection of this interest may be deferred until the time of debt principal repayment. Cumulative dividends are recorded as dividend income, and any dividends in arrears are added to the balance of the preferred equity investment. The actual collection of dividends in arrears may be deferred until such time as the preferred equity is redeemed. To maintain RIC tax treatment (as discussed below), these non-cash sources of income may need to be paid out to stockholders in the form of distributions, even though Main Street may not have collected the PIK interest and cumulative dividends in cash.

As of June 30, 2011, Main Street had two investments on non-accrual status, which comprised approximately 1.6% of the total portfolio investments at fair value and 3.7% of the total portfolio investments at cost (or 1.2% and 2.8%, respectively with the inclusion of marketable securities and idle funds investments), in each case excluding the investment in the affiliated Investment Manager. As of December 31, 2010, Main Street had two investments on non-accrual status, which comprised approximately 2.6% of the total portfolio investments at fair value and 3.6% of the total portfolio investments at cost (or 2.2% and 3.0%, respectively with the inclusion of marketable securities and idle funds investments), in each case excluding the investment in the affiliated Investment Manager.

3. Fee Income Structuring and Advisory Services

Main Street may periodically provide services, including structuring and advisory services, to its portfolio companies. For services that are separately identifiable and evidence exists to substantiate fair value, income is recognized as earned, which is generally when the investment or other applicable transaction closes. Fees received in connection with debt financing transactions for services that do not meet these criteria are treated as debt origination fees and are accreted into interest income over the life of the financing.

4. Unearned Income Debt Origination Fees and Original Issue Discount

Main Street capitalizes upfront debt origination fees received in connection with financings and reflects such fees as unearned income netted against investments. Main Street will also capitalize and offset direct loan origination costs against the origination fees received. The unearned income from the fees, net of direct debt origination costs, is accreted into interest income based on the effective interest method over the life of the financing.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In connection with its portfolio debt investments, Main Street sometimes receives nominal cost warrants ("nominal cost equity") that are valued as part of the negotiation process with the particular portfolio company. When Main Street receives nominal cost equity, Main Street allocates its cost basis in its investment between its debt securities and its nominal cost equity at the time of origination. Any discount recorded on a debt investment resulting from this allocation is reflected as unearned income, which is netted against the debt investment, and accreted into interest income based on the effective interest method over the life of the debt. The actual collection of this interest may be deferred until the time of debt principal repayment. To maintain RIC tax treatment (as discussed below), these non-cash sources of income may need to be paid out to stockholders in the form of distributions, even though Main Street may not have collected the interest income.

5. 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 that fair value to share-based compensation expense over the requisite service period or vesting term.

6. Income Taxes

MSCC has elected and intends to continue to qualify for the tax treatment applicable to a RIC under the Code, and, among other things, intends to make the required distributions to its stockholders as specified therein. In order to qualify as a RIC, MSCC is required to timely distribute to its stockholders at least 90% of investment company taxable income, as defined by the Code, each year. Depending on the level of taxable income earned in a tax year, MSCC may choose to carry forward taxable income in excess of current year distributions into the next tax year and pay a 4% excise tax on such income. Any such carryover taxable income must be distributed through a dividend declared prior to filing the final tax return related to the year which generated such taxable income.

The Taxable Subsidiaries hold certain portfolio investments of Main Street. The Taxable Subsidiaries are consolidated for U.S. GAAP reporting purposes, and the portfolio investments held by them are included in the consolidated financial statements. The Taxable Subsidiaries permit Main Street to hold equity investments in portfolio companies which are "pass through" entities for tax purposes in order to comply with the "source income" requirements contained in the RIC tax provisions. The Taxable Subsidiaries are not consolidated with Main Street for income tax purposes and may generate income tax expense, or benefit, as a result of their ownership of certain portfolio investments. This income tax expense, or benefit, is reflected in the consolidated statement of operations.

The Taxable Subsidiaries use the liability method in accounting for income taxes. Deferred tax assets and liabilities are recorded for temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, using statutory tax rates in effect for the year in which the temporary differences are expected to reverse. A valuation allowance is provided against deferred tax assets when it is more likely than not that some portion or all of the deferred tax asset will not be realized.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

7. Net Realized Gains or Losses from Investments and Net Change in Unrealized Appreciation or Depreciation from Investments

Realized gains or losses are measured by the difference between the net proceeds from the sale or redemption of an investment and the cost basis of the investment, without regard to unrealized appreciation or depreciation previously recognized, and includes investments written-off during the period net of recoveries and realized gains or losses from in-kind redemptions. Net change in unrealized appreciation or depreciation from investments reflects the net change in the valuation of the investment portfolio and financial instruments and the reclassification of any prior period unrealized appreciation or depreciation on exited investments.

8. Concentration of Credit Risks

Main Street places its cash in financial institutions, and, at times, such balances may be in excess of the federally insured limit.

9. 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, marketable securities, receivables, accounts payable and accrued liabilities approximate the fair values of such items. Marketable securities and idle funds investments generally include investments in certificates of deposit, U.S. government agency securities, intermediate-term secured debt, independently rated debt investments, and diversified bond funds. The fair value determination for these investments under the provisions of ASC 820 primarily consists of Level 2 observable inputs.

The SBIC debentures remain a strategic advantage due to their flexible structure, long-term duration, and low fixed interest rates. As part of the Exchange Offer Transactions, 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 those SBIC debentures acquired (the "Acquired Debentures") as part of the acquisition accounting related to the Exchange Offer. In order to provide for a more consistent basis of presentation, Main Street has elected and will continue to elect the fair value option for SBIC debentures issued by MSC II subsequent to the Exchange Offer. Once 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 expensed.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Earnings per Share

Basic and diluted per share calculations are computed utilizing the weighted average number of shares of common stock outstanding for the period. Main Street adopted the amended guidance in ASC 260, *Earnings Per Share*, and based on the guidance, determined that unvested shares of restricted stock are participating securities and should therefore be 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.

As a result of the Exchange Offer Transactions, the net earnings attributable to the remaining externally owned noncontrolling interest in MSC II is excluded from all per share amounts presented, and the per share amounts only reflect the net earnings attributable to Main Street's ownership interest in MSC II. The following table provides a reconciliation of Net Investment Income and Net Realized Income excluding amounts related to the remaining noncontrolling interest in MSC II for the three and six months ended June 30, 2011 and 2010.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Net Investment Income	\$ 9,615,091	\$ 4,742,088	\$ 17,007,573	\$ 7,962,341
Noncontrolling interest share of Net Investment Income	(224,532)	(73,271)	(381,973)	(140,445)
Net Investment Income attributable to common stock	9,390,559	4,668,817	16,625,600	7,821,896
Total net realized gain (loss) from investments	249,654	2,655,232	249,654	(1,405,225)
Noncontrolling interest share of net realized (gain) loss from investments		54,480		54,480
Net Realized Income attributable to common stock	\$ 9,640,213	\$ 7,378,529	\$ 16,875,254	\$ 6,471,151
Net Investment Income per share Basic and diluted	\$ 0.41	\$ 0.31	\$ 0.79	\$ 0.53
Net Realized Income per share Basic and diluted	\$ 0.42	\$ 0.49	\$ 0.80	\$ 0.44
Weighted average shares outstanding Basic and diluted	23,015,718	15,147,091	21,128,360	14,754,121

11. Recently Issued Accounting Standards

In May 2011, the FASB issued Accounting Standards Update ("ASU") 2011-04, Fair Value Measurements (Topic 820), *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* ("ASU 2011-04"). ASU 2011-04 results in common fair value measurement and disclosure requirements in U.S. GAAP and IFRSs. ASU 2011-04 is effective for

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

interim and annual reporting periods beginning after December 15, 2011. The adoption of ASU 2011-04 is not expected to have a significant impact on Main Street's financial condition and results of operations.

In February 2011, the FASB issued ASU 2011-02, Receivables (Topic 310): *A Creditor's Determination of Whether a Restructuring is a Troubled Debt Restructuring* ("ASU 2011-02"). ASU 2011-02 clarifies which loan modifications constitute troubled debt restructurings. It is intended to assist creditors in determining whether a modification of the terms of a receivable meets the criteria to be considered a troubled debt restructuring, both for purposes of recording an impairment loss and for disclosure of troubled debt restructurings. In evaluating whether a restructuring constitutes a troubled debt restructuring, a creditor must separately conclude that both of the following exist: (a) the restructuring constitutes a concession; and (b) the debtor is experiencing financial difficulties. ASU 2011-02 provides guidance to clarify whether the creditor has granted a concession and whether a debtor is experiencing financial difficulties. The new guidance is effective for interim and annual periods beginning on or after June 15, 2011, and applies retrospectively to restructurings occurring on or after the beginning of the fiscal year of adoption. The adoption of ASU 2011-02 did not have a significant impact on Main Street's financial condition and results of operations.

In January 2010, the FASB issued ASU 2010-06, Fair Value Measurements and Disclosures (Topic 820), *Improving Disclosures About Fair Value Measurements* ("ASU 2010-06"). ASU 2010-06 adds new requirements for disclosures about transfers into and out of Level 1 and 2 and separate disclosures about purchases, sales, issuances and settlements relating to Level 3 measurements. It also clarifies existing fair value disclosures about the level of disaggregation, inputs and valuation techniques. ASU 2010-06 is effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010. The adoption of ASU 2010-06 did not have a significant impact on Main Street's financial condition and results of operations.

NOTE C FAIR VALUE HIERARCHY FOR INVESTMENTS AND DEBENTURES

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

MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE C FAIR VALUE HIERARCHY FOR INVESTMENTS AND DEBENTURES (Continued)

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. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the investment (for example, investments in illiquid securities issued by private companies).

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, gains and losses for such investments categorized within the Level 3 table below may include changes in fair value that are attributable to both observable inputs (Levels 1 and 2) and unobservable inputs (Level 3). Main Street conducts reviews of fair value hierarchy classifications on a quarterly basis. Changes in the observability of valuation inputs may result in a reclassification for certain investments.

As of June 30, 2011 and December 31, 2010, all of Main Street's private placement portfolio investments and marketable securities and idle funds investments consisted primarily of investments in secured and unsecured debt investments, and independently rated debt investments. The fair value determination for these investments primarily consisted of observable inputs in non-active markets. As a result, all of Main Street's private placement portfolio investments and marketable securities and idle funds investments were categorized as Level 2 as of June 30, 2011 and December 31, 2010.

As of June 30, 2011 and December 31, 2010, all of Main Street's LMM portfolio investments consisted of illiquid securities issued by private companies. The fair value determination for these investments primarily consisted of unobservable inputs. As a result, all of Main Street's LMM portfolio

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE C FAIR VALUE HIERARCHY FOR INVESTMENTS AND DEBENTURES (Continued)

investments were categorized as Level 3. The fair value determination of each portfolio investment 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;

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Qualitative assessment of key management;

Contractual rights, obligations or restrictions associated with the investment; and

Other factors deemed relevant.

As of June 30, 2011 and December 31, 2010, 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 approach that analyzes the discounted cash flows of interest and principal for each SBIC debenture recorded at fair value based on estimated market interest rates for debt instruments of similar structure, terms, and maturity. Main Street's estimate of the expected repayment date of principal for each SBIC debenture recorded at fair value is the legal maturity date of the instrument, as Main Street generally intends not to repay its SBIC debentures prior to maturity.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE C FAIR VALUE HIERARCHY FOR INVESTMENTS AND DEBENTURES (Continued)

The following table provides a summary of changes in fair value of Main Street's Level 3 portfolio investments for the six months ended June 30, 2011:

Type of Investment	December 31, 2010 Fair Value	Accretion of Unearned Income	Redemptions/ Repayments/ Exits(1)	New Investments(1)	Net Unrealized Appreciation (Depreciation)	June 30, 2011 Fair Value
Debt	\$ 183,894,069	\$ 1,234,210	\$ (12,362,506)	\$ 37,058,938	\$ (2,667,507)	\$ 207,157,204
Equity	61,201,721			11,371,073	13,381,667	85,954,461
Equity warrants	25,080,963			3,779,703	3,433,096	32,293,762
Investment Manager	2,051,655				(87,006)	1,964,649
	\$ 272,228,408	\$ 1,234,210	\$ (12,362,506)	\$ 52,209,714	\$ 14,060,250	\$ 327,370,076

(1) Includes the impact of non-cash conversions

The following table provides a summary of changes for the Level 3 SBIC Debentures recorded at fair value for the six months ended June 30, 2011:

Type of Investment	December 31, 2010 Fair Value	New SBIC Repayment	New SBIC Debentures	Net Unrealized (Appreciation) Depreciation	June 30, 2011 Fair Value
SBIC Debentures at fair value	\$ 70,557,975	\$	\$	\$ 2,079,292	\$ 72,637,267

At June 30, 2011 and December 31, 2010, Main Street's investments and SBIC Debentures at fair value were categorized as follows in the fair value hierarchy for ASC 820 purposes:

At June 30, 2011	Fair Value	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
LMM portfolio investments	\$ 336,442,364	\$	\$ 11,036,937	\$ 325,405,427
Private placement portfolio investments	133,321,684		133,321,684	
Investment in affiliated Investment Manager	1,964,649			1,964,649
Total portfolio investments	471,728,697		144,358,621	327,370,076
Marketable securities and idle funds investments	120,299,248		120,299,248	
Total investments	\$ 592,027,945	\$	\$ 264,657,869	\$ 327,370,076

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SBIC Debentures at fair value	\$	72,637,267	\$		\$	72,637,267
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE C FAIR VALUE HIERARCHY FOR INVESTMENTS AND DEBENTURES (Continued)

At December 31, 2010	Fair Value	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
LMM portfolio investments	\$ 279,619,629	\$	\$ 9,442,876	\$ 270,176,753
Private placement portfolio investments	67,139,790		67,139,790	
Investment in affiliated Investment Manager	2,051,655			2,051,655
Total portfolio investments	348,811,074		76,582,666	272,228,408
Marketable securities and idle funds investments	68,752,858		68,752,858	
Total investments	\$ 417,563,932	\$	\$ 145,335,524	\$ 272,228,408
SBIC Debentures at fair value	\$ 70,557,975	\$	\$	\$ 70,557,975

For the six months ended June 30, 2011, there were no transfers within the three fair value hierarchy levels.

LMM Portfolio Investments

Main Street's LMM portfolio investments principally consist of secured debt, equity warrants and direct equity investments in privately held, LMM companies. The LMM debt investments are secured by either a first or second lien on the assets of the portfolio company, primarily bear interest at fixed rates, and generally mature between five and seven years from the original investment date. In most LMM portfolio companies, Main Street also receives nominally priced equity warrants and/or makes direct equity investments, usually in connection with a debt investment.

Investment income, consisting of interest, dividends and fees, can fluctuate dramatically due to various factors, including level of new investment activity, repayment of a debt investment or sale of an equity interest. Revenue recognition in any given year could be highly concentrated among several portfolio companies. For the six months ended June 30, 2011 and 2010, Main Street did not record investment income from any portfolio company in excess of 10% of total investment income.

As of June 30, 2011, Main Street had debt and equity investments in 49 LMM portfolio companies with an aggregate fair value of \$336.4 million and a weighted average effective yield on its LMM debt investments of approximately 14.8%. Approximately 76% of Main Street's total LMM portfolio investments at cost were in the form of debt investments and 92% of such debt investments at cost were secured by first priority liens on the assets of Main Street's LMM portfolio companies as of June 30, 2011. At June 30, 2011, Main Street had equity ownership in approximately 92% of its LMM portfolio companies and the average fully diluted equity ownership in those portfolio companies was approximately 35%. As of December 31, 2010, Main Street had debt and equity investments in 44 LMM portfolio companies with an aggregate fair value of \$279.6 million and a weighted average effective yield on its LMM debt investments of approximately 14.5%. The weighted average yields were computed using the effective interest rates for all debt investments at June 30, 2011 and December 31,

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE C FAIR VALUE HIERARCHY FOR INVESTMENTS AND DEBENTURES (Continued)

2010, including amortization of deferred debt origination fees and accretion of original issue discount but excluding liquidation fees payable upon repayment and any debt investments on non-accrual status.

Summaries of the composition of Main Street's LMM investment portfolio at cost and fair value as a percentage of total LMM portfolio investments are shown in the following table:

Cost:	June 30, 2011	December 31, 2010
First lien debt	69.4%	70.6%
Equity	19.4%	17.7%
Second lien debt	6.1%	6.7%
Equity warrants	5.1%	5.0%
	100.0%	100.0%

Fair Value:	June 30, 2011	December 31, 2010
First lien debt	59.1%	62.6%
Equity	27.6%	21.9%
Second lien debt	5.6%	6.5%
Equity warrants	7.7%	9.0%
	100.0%	100.0%

The following table shows the LMM portfolio composition by geographic region of the United States at cost and fair value as a percentage of total LMM portfolio investments. The geographic composition is determined by the location of the corporate headquarters of the portfolio company.

Cost:	June 30, 2011	December 31, 2010
Southwest	51.3%	50.5%
West	29.0%	29.3%
Southeast	8.8%	7.0%
Midwest	6.0%	7.2%
Northeast	4.9%	6.0%
	100.0%	100.0%

Fair Value:	June 30, 2011	December 31, 2010
Southwest	54.5%	51.8%
West	26.4%	28.4%
Southeast	7.9%	6.4%
Midwest	6.1%	7.2%
Northeast	5.1%	6.2%

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100.0%

100.0%

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NOTE C FAIR VALUE HIERARCHY FOR INVESTMENTS AND DEBENTURES (Continued)

Main Street's LMM portfolio investments are in companies conducting business in a variety of industries. Set forth below are tables showing the composition of Main Street's LMM portfolio investments by industry at cost and fair value as of June 30, 2011 and December 31, 2010:

Cost:	June 30, 2011	December 31, 2010
Professional services	15.2%	15.4%
Media/Marketing	8.6%	6.6%
Information services	8.3%	7.8%
Equipment rental	7.6%	8.4%
Retail	6.5%	7.4%
Industrial equipment	6.0%	7.2%
Health care services	5.6%	5.0%
Industrial services	5.2%	7.2%
Electronics manufacturing	4.4%	5.2%
Transportation/Logistics	4.0%	1.3%
Energy Services	3.9%	0.0%
Metal fabrication	3.8%	6.3%
Precast concrete manufacturing	3.8%	4.4%
Restaurant	2.8%	3.3%
Custom wood products	2.7%	3.0%
Agricultural services	2.4%	2.8%
Consumer Products	2.2%	2.6%
Manufacturing	2.0%	2.4%
Infrastructure products	2.0%	0.7%
Governmental services	1.5%	1.8%
Health care products	1.5%	1.2%
	100.0%	100.0%

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MAIN STREET CAPITAL CORPORATION

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(Unaudited)

NOTE C FAIR VALUE HIERARCHY FOR INVESTMENTS AND DEBENTURES (Continued)

Fair Value:	June 30, 2011	December 31, 2010
Professional services	13.3%	14.3%
Information services	11.8%	8.5%
Media/Marketing	7.5%	5.9%
Health care services	7.3%	7.1%
Industrial services	6.4%	7.8%
Equipment rental	6.2%	7.3%
Retail	5.9%	6.6%
Industrial equipment	5.6%	6.3%
Metal fabrication	4.7%	6.5%
Transportation/Logistics	4.2%	1.8%
Precast concrete manufacturing	3.8%	4.9%
Electronics manufacturing	3.7%	5.0%
Energy Services	3.4%	0.0%
Restaurant	3.3%	3.7%
Agricultural services	3.1%	3.3%
Custom wood products	2.7%	3.0%
Manufacturing	2.3%	2.7%
Governmental services	1.4%	1.8%
Health care products	1.3%	1.1%
Infrastructure products	1.2%	0.1%
Consumer Products	0.9%	2.3%
	100.0%	100.0%

At June 30, 2011 and December 31, 2010, Main Street had no investments that were greater than 10% of its total investment portfolio at fair value.

NOTE D WHOLLY OWNED INVESTMENT MANAGER

As part of the Formation Transactions, the Investment Manager became a wholly owned subsidiary of MSCC. However, the Investment Manager is accounted for as a portfolio investment, since the Investment Manager is not an investment company and since it conducts a significant portion of its investment management activities for parties outside of MSCC and its consolidated subsidiaries. The Investment Manager receives recurring investment management fees from MSC II pursuant to a separate investment advisory agreement. The payments due under the investment advisory agreement were fixed at \$3.3 million per year, paid quarterly, until September 30, 2010. Subsequent to September 30, 2010, under the investment advisory agreement, MSC II is obligated to pay a 2% annualized management fee based upon the MSC II assets under management. Subsequent to the closing of the Exchange Offer, the investment in the Investment Manager was reduced to reflect the remaining pro rata portion of the MSC II equity and the related portion of the MSCII management fees that were not acquired by MSCC. The Investment Manager also receives certain management, consulting and advisory fees for providing these services to third parties, and collectively with the MSC II management fees attributable to the remaining noncontrolling interest in MSC II is referred to as the "External Services." The portfolio investment in the Investment Manager is accounted for using

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE D WHOLLY OWNED INVESTMENT MANAGER (Continued)

fair value accounting, with the fair value determined by Main Street and approved, in good faith, by Main Street's Board of Directors, based on the same valuation methodologies applied to determine the original valuation. The valuation for the Investment Manager is based on the total estimated present value of the net cash flows received for the External Services, over the estimated dollar averaged life of the related investment management, advisory or consulting contract, and is also based on comparable public market transactions. The net cash flows utilized in the valuation of the Investment Manager exclude any revenues and expenses from MSCC and its subsidiaries, but include the revenues attributable to External Services, and are reduced by an estimated allocation of costs related to providing such External Services. Any change in fair value of the investment in the Investment Manager is recognized on Main Street's statement of operations as "Unrealized appreciation (depreciation) in Investment in affiliated Investment Manager," with a corresponding increase (in the case of appreciation) or decrease (in the case of depreciation) to "Investment in affiliated Investment Manager" on Main Street's balance sheet. As part of the Exchange Offer Transactions, the investment in the Investment Manager was reduced \$13.7 million and recorded against "Additional paid-in capital" as an adjustment to the original valuation recorded as part of the Formation Transactions. Main Street believes that the valuation for the Investment Manager will generally decrease over the life of the investment management, advisory and consulting contracts attributable to third parties, absent obtaining additional recurring cash flows from performing External Services for other external investment entities or other third parties.

The Investment Manager has elected, for tax purposes, to be treated as a taxable entity and is taxed at normal corporate tax rates based on its taxable income. The taxable income of the Investment Manager may differ from its book income due to temporary book and tax timing differences, as well as permanent differences. The Investment Manager provides for any current taxes payable and deferred tax items in its separate financial statements.

MSCC has a support services agreement with the Investment Manager that is structured to provide reimbursement to the Investment Manager for any personnel, administrative and other costs it incurs in conducting its operational and investment management activities in excess of the fees received for providing management advisory services. As a wholly owned subsidiary of MSCC, the Investment Manager manages the day-to-day operational and investment activities of MSCC and its subsidiaries. The Investment Manager pays personnel and other administrative expenses, except those specifically required to be borne by MSCC which principally include direct costs that are specific to MSCC's status as a publicly traded entity. The expenses paid by the Investment Manager include the cost of salaries and related benefits, rent, equipment and other administrative costs required for day-to-day operations.

Pursuant to the support services agreement with MSCC, the Investment Manager is reimbursed by MSCC for its excess operating expenses associated with providing investment management and other services to MSCC and its subsidiaries, as well as third parties. Each quarter, as part of the support services agreement, MSCC makes payments to cover all cash operating expenses incurred by the Investment Manager, less fees that the Investment Manager receives pursuant to long-term investment advisory agreements and consulting agreements. Subsequent to the consolidation of MSC II in connection with the Exchange Offer, the management fees paid by MSC II to the Investment Manager are now included in "Expenses reimbursed to affiliated Investment Manager" on the statements of operations along with any additional net costs reimbursed by MSCC to the Investment Manager

Table of Contents**MAIN STREET CAPITAL CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)****NOTE D WHOLLY OWNED INVESTMENT MANAGER (Continued)**

pursuant to the support services agreement. For the six months ended June 30, 2011 and 2010, the expenses reimbursed by MSCC and management fees paid by MSC II to the Investment Manager totaled \$4.3 million and \$2.5 million, respectively.

In its separate stand-alone financial statements as summarized below, the Investment Manager recognized an \$18 million intangible asset related to the investment advisory agreement with MSC II consistent with Staff Accounting Bulletin No. 54, Application of "Pushdown" Basis of Accounting in Financial Statements of Subsidiaries Acquired by Purchase ("SAB 54"). Under SAB 54, push-down accounting is required in "purchase transactions that result in an entity becoming substantially wholly owned." In this case, MSCC acquired 100% of the equity interests in the Investment Manager in the Formation Transactions. Because the \$18 million value attributed to MSCC's investment in the Investment Manager was derived from the long-term, recurring management fees under the investment advisory agreement with MSC II, the same methodology used to determine the \$18 million valuation of the Investment Manager in connection with the Formation Transactions was utilized to establish the push-down accounting basis for the intangible asset. The intangible asset is being amortized over the estimated economic life of the investment advisory agreement with MSC II. For the six months ended June 30, 2011 and 2010, the Investment Manager recognized \$0.6 million and \$0.5 million of amortization expense in each respective period associated with the intangible asset. Amortization expense is not included in the expenses reimbursed by MSCC to the Investment Manager based upon the support services agreement since it is non-cash and non-operating in nature.

Summarized financial information from the separate financial statements of the Investment Manager is as follows:

	As of June 30, 2011	As of December 31, 2010
	(Unaudited)	
Cash	\$ 46,961	\$ 191,645
Accounts receivable	129,095	75,501
Accounts receivable MSCC	2,237,417	15,124
Intangible asset (net of accumulated amortization of \$3,788,297 and \$3,209,740 as of June 30, 2011 and December 31, 2010, respectively)	14,211,703	14,790,260
Deposits and other	44,734	139,244
 Total assets	 \$ 16,669,910	 \$ 15,211,774
Accounts payable and accrued liabilities	\$ 2,602,780	\$ 566,087
Equity	14,067,130	14,645,687
 Total liabilities and equity	 \$ 16,669,910	 \$ 15,211,774

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Table of Contents**MAIN STREET CAPITAL CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)****NOTE D WHOLLY OWNED INVESTMENT MANAGER (Continued)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
	(Unaudited)		(Unaudited)	
Management fee income from Main Street Capital II	\$ 643,256	\$ 831,300	\$ 1,152,935	\$ 1,662,600
Other management advisory fees	129,375	92,500	174,375	190,095
Total income	772,631	923,800	1,327,310	1,852,695
Salaries, benefits and other personnel costs	(2,075,354)	(1,211,407)	(3,877,131)	(2,167,744)
Occupancy expense	(82,582)	(72,346)	(163,197)	(153,243)
Professional expenses	(23,137)	(39,962)	(89,319)	(65,380)
Amortization expense intangible asset	(292,395)	(268,252)	(578,557)	(530,786)
Other expenses	(155,908)	(99,396)	(382,140)	(286,526)
Expense reimbursement from MSCC	1,564,350	499,311	3,184,477	820,198
Total net expenses	(1,065,026)	(1,192,052)	(1,905,867)	(2,383,481)
Net income	\$ (292,395)	\$ (268,252)	\$ (578,557)	\$ (530,786)

NOTE E SBIC DEBENTURES

SBIC debentures payable at June 30, 2011 and December 31, 2010 were \$210 million and \$180 million, respectively. SBIC debentures provide for interest to be paid semi-annually, with principal due at the applicable 10-year maturity date. The weighted average interest rate as of June 30, 2011 and December 31, 2010 was 5.1% and 5.2%, respectively. The first principal maturity due under the existing SBIC debentures is in 2013, and the weighted average duration is approximately 7.0 years. For the six months ended June 30, 2011, Main Street recognized \$5.3 million in interest expense attributable to the SBIC debentures. In accordance with SBA regulations, the Funds are precluded from incurring additional non-SBIC debt without the prior approval of the SBA. The Funds are subject to annual compliance examinations by the SBA. There have been no historical findings resulting from these examinations.

As of June 30, 2011, the recorded value of the SBIC debentures was \$187.6 million which consisted of (i) \$72.6 million recorded at fair value, or \$22.4 million less than the face value of these SBIC debentures held in MSC II, and (ii) \$115 million reported at face value and held in MSMF. As of June 30, 2011, 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 \$164.8 million, or \$45.2 million less than the face value of the SBIC debentures.

NOTE F CREDIT FACILITY

In June 2011, Main Street closed an expansion of its credit facility (the "Credit Facility") from \$100 million to \$155 million to provide additional liquidity in support of future investment and operational activities. The \$55 million increase in total commitments included commitment increases by all six lenders currently participating in the Credit Facility. In addition to the \$55 million increase in total

commitments, Main Street extended the maturity of the Credit Facility by one year to

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE F CREDIT FACILITY (Continued)

September 2014. The amended Credit Facility also contains an accordion feature that allows for a further increase in total commitments under the facility to \$200 million on the same terms and conditions as the existing lender commitments. Borrowings under the Credit Facility bear interest, subject to Main Street's election, on a per annum basis equal to (i) the applicable LIBOR rate plus 2.50% or (ii) the applicable base rate plus 1.50%. Main Street pays unused commitment fees of 0.375% per annum on the unused lender commitments under the Credit Facility. The Credit Facility is secured by a first lien on the assets of MSCC and its subsidiaries, excluding the assets of the Funds. The Credit Facility contains certain affirmative and negative covenants, including but not limited to: (i) maintaining an interest coverage ratio of at least 2.0 to 1.0, (ii) maintaining an asset coverage ratio of at least 2.5 to 1.0, and (iii) maintaining a minimum tangible net worth. At June 30, 2011, Main Street had \$73.0 million in borrowings outstanding under the Credit Facility. For the six months ended June 30, 2011, Main Street recognized \$0.9 million in interest expense related to the Credit Facility, including unused commitment fees and amortization of deferred loan costs. As of June 30, 2011, the interest rate on the Credit Facility was 2.69%, and Main Street was in compliance with all financial covenants of the Credit Facility.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE G FINANCIAL HIGHLIGHTS

	Six Months Ended June 30,	
	2011	2010
Per Share Data:		
Net asset value at beginning of period	\$ 13.06	\$ 11.96
Net investment income(1)(3)	0.79	0.53
Net realized gain (loss) from investments(1)(2)(3)	0.01	(0.09)
Net change in unrealized appreciation(1)(2)(3)	0.67	0.48
Income tax provision(1)(2)(3)	(0.15)	(0.03)
Bargain purchase gain(1)		0.33
Net increase in net assets resulting from operations(1)	1.32	1.22
Dividends paid to stockholders	(0.77)	(0.75)
Impact of monthly dividend declared as of June 30, 2011 and 2010 but paid on July 15, 2011 and 2010	(0.13)	(0.13)
Accretive effect of public stock offerings (issuing shares above NAV per share)	0.68	0.41
Accretive effect of Exchange Offer		0.35
Adjustment to investment in Investment Manager in connection with Exchange Offer Transactions		(0.90)
Accretive effect of DRIP issuance (issuing shares above NAV per share)	0.05	0.05
Other(4)	0.03	
Net asset value at June 30, 2011 and 2010	\$ 14.24	\$ 12.21
Market value at June 30, 2011 and 2010	\$ 18.95	\$ 14.93
Shares outstanding at June 30, 2011 and 2010	23,182,600	15,213,053

- (1) Based on weighted average number of common shares outstanding for the period.
- (2) Net realized gains or losses, net change in unrealized appreciation or depreciation, and income taxes can fluctuate significantly from period to period.
- (3) Per share amounts are net of the earnings attributable to MSC II noncontrolling interest.
- (4) Includes the impact of the different share amounts as a result of calculating certain per share data based on the weighted average basic shares outstanding during the period and certain per share data based on the shares outstanding as of a period end or transaction date.

Table of Contents**MAIN STREET CAPITAL CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)****NOTE G FINANCIAL HIGHLIGHTS (Continued)**

	Six Months Ended June 30,	
	2011	2010
Net asset value at end of period	\$ 330,131,722	\$ 185,792,824
Average net asset value	\$ 298,226,195	\$ 165,233,659
Average outstanding debt	\$ 250,000,000	\$ 137,553,039
Ratio of total expenses, including income tax expense, to average net asset value(1)(2)(3)	5.05%	4.84%
Ratio of operating expenses to average net asset value(1)(2)	4.05%	4.63%
Ratio of operating expenses, excluding interest expense, to average net asset value(1)(2)	2.08%	2.21%
Ratio of net investment income to average net asset value(1)(2)	5.57%	4.73%
Total return based on change in net asset value(1)(4)	11.38%	10.06%

(1) Not annualized.

(2) Ratios are net of amounts attributable to MSC II noncontrolling interest.

(3) Total expenses are the sum of operating expenses and income tax expense. Income tax expense primarily relates to the accrual of deferred taxes on the net unrealized appreciation from portfolio investments held in Taxable Subsidiaries, which is non-cash in nature and may vary significantly from period to period. Main Street is required to include deferred taxes in calculating its total expenses even though these deferred taxes are not currently payable.

(4) Total return 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.

NOTE H DIVIDENDS, DISTRIBUTIONS AND TAXABLE INCOME

Main Street paid monthly dividends of \$0.125 per share for each month of January 2011 through March 2011 and monthly dividends of \$0.13 per share for each month of April 2011 through June 2011, totaling \$16.0 million, or \$0.765 per share, for the six month period. During June 2011, Main Street declared and accrued a \$0.13 per share monthly dividend to be paid in July 2011. For the six months ended June 30, 2010, Main Street paid total monthly dividends of approximately \$10.8 million, or \$0.750 per share, for the period.

The determination of the tax attributes for Main Street's distributions is made annually, based upon its taxable income for the full year and distributions paid for the full year. Therefore, a determination made on an interim basis may not be representative of the actual tax attributes of distributions for a full year. Ordinary dividend distributions from a RIC do not qualify for the 15% maximum tax rate 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 dividends will generally include both ordinary income and capital gains but may also include qualified dividends or return of capital.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE H DIVIDENDS, DISTRIBUTIONS AND TAXABLE INCOME (Continued)

MSCC has elected to be treated for federal income tax purposes as a RIC. As a RIC, MSCC generally will not pay corporate-level federal income taxes on any net ordinary income or capital gains that MSCC distributes to its stockholders as dividends. MSCC must generally distribute at least 90% of its investment company taxable income to qualify for pass-through tax treatment and maintain its RIC status. As part of maintaining RIC status, undistributed taxable income (subject to a 4% excise tax) pertaining to a given fiscal year may be distributed up to 12 months subsequent to the end of that fiscal year, provided such dividends are declared prior to the filing of the federal income tax return for the prior year.

The Taxable Subsidiaries hold certain portfolio investments for Main Street. The Taxable Subsidiaries are consolidated with Main Street for financial reporting purposes, and the portfolio investments held by the Taxable Subsidiaries are included in Main Street's consolidated financial statements. The principal purpose of the Taxable Subsidiaries is to permit Main Street to hold equity investments in portfolio companies which are "pass through" entities for tax purposes in order to comply with the "source income" requirements contained in the RIC tax provisions of the Code. The Taxable Subsidiaries are not consolidated with Main Street for income tax purposes and may generate income tax expense or income tax benefit as a result of their ownership of various portfolio investments. This income tax expense or benefit, if any, is reflected in Main Street's Consolidated Statement of Operations. For the six months ended June 30, 2011, Main Street recognized an income tax provision of \$3.2 million primarily consisting of deferred tax expense related to net unrealized appreciation on certain portfolio investments held by the Taxable Subsidiaries.

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Table of Contents**MAIN STREET CAPITAL CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)****NOTE H DIVIDENDS, DISTRIBUTIONS AND TAXABLE INCOME (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 six months ended June 30, 2011 and 2010.

	Six Months Ended June 30,	
	2011	2010
	(estimated)	
Net increase in net assets resulting from operations	\$ 28,106,361	\$ 18,338,106
Share-based compensation expense	885,794	602,916
Net realized income allocated to noncontrolling interest	(381,973)	(85,965)
Net change in unrealized appreciation on investments	(14,011,746)	(7,311,668)
Bargain purchase gain		(4,890,582)
Income tax provision	3,162,612	421,260
Pre-tax book (income) loss not consolidated for tax purposes	(175,034)	3,418,893
Book income and tax income differences, including debt origination, structuring fees, dividends, and realized gains	3,286,235	629,850
Estimated taxable income	20,872,249	11,122,810
Taxable income earned in prior year and carried forward for distribution in current year		848,452
Ordinary taxable income earned in current period and carried forward for distribution	(4,844,766)	(1,191,504)
Dividend accrued as of June 30, 2011 and 2010 and paid on July 15, 2011 and 2010	3,013,738	1,901,632
Total distributions accrued or paid to common stockholders	\$ 19,041,221	\$ 12,681,390

The net deferred tax liability at June 30, 2011 was \$1.0 million and primarily related to timing differences from net unrealized appreciation from portfolio debt and equity investments as well as timing differences related to taxable income of equity investments in portfolio companies which are "pass through" entities for tax purposes. The net deferred tax asset at December 31, 2010 was \$2.0 million and primarily related to timing differences from recognition of unrealized depreciation and unrealized appreciation from portfolio debt and equity investments as well as timing differences from taxable income from equity investments in portfolio companies which are "pass through" entities for tax purposes.

NOTE I EXCHANGE