Main Street Capital CORP
Form 497
May 28, 2009

Table of Contents

Filed pursuant to Rule 497
Registration Statement No. 333-155806

PROSPECTUS SUPPLEMENT
(to Prospectus dated May 1, 2009)

1,250,000 Shares

Main Street Capital Corporation

Common Stock

We are offering for sale 1,250,000 shares of our common stock. Including the underwriting discount, these shares are being offered at a discount from our most recently determined net asset value per share of $11.84 pursuant to the authority granted by our common stockholders at our annual meeting of stockholders held on June 17, 2008. Our current authority to offer shares at a price below net asset value per share ends on June 11, 2009, unless our stockholders extend this authority at our 2009 annual meeting of stockholders on June 11, 2009. 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. See Risk Factors beginning on page 10 of the accompanying prospectus and Sales of Common Stock Below Net Asset Value on page S-10 of this prospectus supplement and on page 79 of the accompanying prospectus.

We are a principal investment firm focused on providing customized debt and equity financing to lower middle-market companies that operate in diverse industries. We seek to fill the current financing gap for lower middle-market businesses, which have limited access to financing from commercial banks and other traditional sources.

Our 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 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 Nasdaq Global Select Market under the symbol MAIN. On May 27, 2009, the last reported sale price of our common stock on the Nasdaq Global Select Market was $13.21 per share.

Investing in our common stock involves a high degree of risk, and should be considered highly speculative. See Risk Factors beginning on page 10 of the accompanying prospectus to read about factors you should consider, including the risk of leverage, 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. 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.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. The Securities and

Exchange Commission also maintains a website at *www.sec.gov* that contains such information.

	Per Share	Total
Public offering price	$ 12.10	$ 15,125,000
Underwriting discount (5.0%)	$ 0.605	$ 756,250
Proceeds, before expenses, to us(1)	$ 11.495	$ 14,368,750

(1) We estimate that we will incur approximately $300,000 in offering expenses in connection with this offering.

The underwriters have the option to purchase up to an additional 187,500 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 $17,393,750, and the total underwriting discount (5.0%) will be $869,688. The proceeds to us would be $16,524,062, before deducting estimated expenses payable by us of $300,000.

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 June 2, 2009.

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

Morgan Keegan & Company, Inc.

Sanders Morris Harris

Janney Montgomery Scott

Ladenburg Thalmann & Co. Inc.

The date of this prospectus supplement is May 28, 2009

Table of Contents

TABLE OF CONTENTS

	Page
PROSPECTUS SUPPLEMENT	
Prospectus Summary	S-1
Fees and Expenses	S-4
Use of Proceeds	S-6
Capitalization	S-7
Selected Financial Data	S-8
Sales of Common Stock Below Net Asset Value	S-10
Underwriting	S-14
Legal Matters	S-17
Independent Registered Public Accounting Firm	S-17
Available Information	S-17
Interim Management s Discussion and Analysis of Financial Condition and Results of Operations	S-18
Interim Financial Statements	S-34
PROSPECTUS	
Prospectus Summary	1
Fees and Expenses	8
Risk Factors	10
Cautionary Statement Concerning Forward-Looking Statements	25
Formation Transactions	26
Use of Proceeds	27
Price Range of Common Stock and Distributions	27
Purchases of Equity Securities	29
Selected Financial Data	30
Management s Discussion and Analysis of Financial Condition and Results of Operations	32
Senior Securities	48
Business	49
Portfolio Companies	57
Management	61
Certain Relationships and Transactions	77
Control Persons and Principal Stockholders	77
Sales of Common Stock Below Net Asset Value	79
Dividend Reinvestment Plan	85
Description of Capital Stock	86
Material U.S. Federal Income Tax Considerations	92
Regulation	98
Plan of Distribution	103
Custodian, Transfer and Distribution Paying Agent and Registrar	104
Brokerage Allocation and Other Practices	104
Legal Matters	104
Independent Registered Public Accounting Firm	104
Available Information	105
Privacy Notice	105
Index to Financial Statements	F-1

Table of Contents

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.

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 gives more information. 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.

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 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.

Table of Contents

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.

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 (the Fund) and its general partner, Main Street Mezzanine Management, LLC (the General Partner), (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 (the 1940 Act). The transactions discussed above were consummated in October 2007 and are collectively termed the Formation Transactions. The Fund is licensed as a Small Business Investment Company (SBIC) by the United States Small Business Administration (SBA), and the Investment Manager acts as the Fund s manager and investment adviser. The Investment Manager also acts as the manager and investment adviser to Main Street Capital II, LP (MSC II), a privately owned, affiliated SBIC which commenced investment operations in January 2006. MSCC did not acquire any interest in MSC II in connection with the Formation Transactions and currently does not hold any equity interest in MSC II. Unless otherwise noted or the context otherwise indicates, the terms we, us, our and Main Street refer to the Fund and the General Partner prior to the IPO and to MSCC and its subsidiaries, including the Fund and the General Partner, subsequent to the IPO.

Main Street

We are a principal investment firm focused on providing customized financing solutions to lower middle-market companies, which we generally define as companies with annual revenues between $10 million and $100 million. Our 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. Our investments generally range in size from $2 million to $15 million. Our ability to invest across a company s capital structure, from senior secured loans to subordinated debt to equity securities, allows us to offer portfolio companies a comprehensive suite of financing solutions, or one-stop financing.

Our investments are made through both MSCC and the Fund. Since the IPO, MSCC and the Fund have co-invested in substantially every investment we have made. MSCC and the Fund share the same investment strategies and criteria in the lower middle-market, 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 Fund s investment returns as the Fund is a wholly owned subsidiary of MSCC.

We typically seek to work with entrepreneurs, business owners and management teams to provide customized financing for strategic acquisitions, business expansion and other growth initiatives, ownership transitions and

recapitalizations. In structuring transactions, we seek to protect our rights, manage our risk and create value by: (i) providing financing at lower leverage ratios; (ii) generally taking first priority liens on assets; and (iii) providing significant equity incentives for management teams of our portfolio companies. We seek to avoid competing with other capital providers for transactions because we believe competitive transactions often have execution risks and can result in potential conflicts among creditors and lower returns due to more aggressive valuation multiples and higher leverage ratios.

Table of Contents

As of March 31, 2009, we had debt and equity investments in 32 core portfolio companies (i.e., other than our investment in the Investment Manager) with an aggregate fair value of $109 million and a weighted average effective yield on our debt investments of approximately 14%. As of March 31, 2009, approximately 84% of our total core portfolio investments at cost were in the form of debt investments and 91% of such debt investments at cost were secured by first priority liens on the assets of our portfolio companies. At March 31, 2009, we had equity ownership in approximately 94% of our core portfolio companies and the average fully diluted equity ownership in these portfolio companies was approximately 25%.

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.

Recent Developments

In April 2009, we fully exited our remaining debt investment in Pulse Systems, LLC (Pulse). We received the full repayment of our remaining first lien, secured debt investment in Pulse as part of a refinancing transaction with a large regional bank. We continue to hold an equity warrant position equal to approximately 7% of the fully diluted equity interest in Pulse. We realized a total cash internal rate of return on the Pulse debt investment equal to approximately 16%.

During May 2009, we completed a $3.6 million portfolio investment in Audio Messaging Solutions, LLC (AMS). Our investment in AMS consisted of a $3.4 million first lien, secured debt investment. We also provided AMS with a $0.2 million first lien, secured revolving loan to support AMS s working capital requirements. AMS provides outsourced solutions for its customers telephone on-hold messaging requirements through a subscription-based revenue model. AMS writes, records and delivers on-hold messaging and music to over 7,000 customers at more than 25,000 locations.

During May 2009, the Fund received a leverage commitment from the SBA for $10 million of additional SBIC leverage. This additional commitment was issued based upon the SBIC leverage cap increase from approximately $137 million to $225 million for affiliated SBIC funds pursuant to the recently enacted American Recovery and Reinvestment Act of 2009. Main Street currently estimates that at least $65 million of additional SBIC leverage (including the $10 million commitment received in May 2009) is now accessible by the Fund for future investment activities, subject to the required capitalization of the Fund.

On May 27, 2009, we declared monthly dividends of $0.125 per share for each of July, August and September 2009. These monthly dividends equate to a total of $0.375 per share for the third quarter of 2009 representing an annualized dividend yield of approximately 11.0% based on the closing price of our common stock on the Nasdaq Global Select Market on May 26, 2009.

Table of Contents

The Offering

Common stock offered by us	1,250,000 shares
Common stock outstanding prior to this offering	9,090,334 shares
Common stock to be outstanding after this offering	10,340,334 shares
Over-allotment option	187,500 shares
Use of proceeds	The net proceeds from this offering (without exercise of the over-allotment option and before deducting estimated expenses payable by us of approximately $300,000) will be $14,368,750. We intend to use all of the net proceeds from selling our common stock to make investments in lower middle-market companies in accordance with our investment objective and strategies described in this prospectus supplement and the accompanying prospectus, pay our operating expenses and dividends to our stockholders and for general corporate purposes. Pending such use, we will invest the net proceeds primarily in idle funds investments consistent with our business development company (BDC) election and our election to be taxed as a regulated investment company (RIC). See Use of Proceeds in this prospectus supplement for more information.
Dividends and distributions	Our dividends and other distributions, if any, will be determined by our Board of Directors from time to time. Our ability to declare dividends depends on our earnings, our overall financial condition (including our liquidity position), maintenance of our RIC status 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. In March 2009, we declared monthly dividends of $0.125 per share for each of April, May and June 2009. These monthly dividends equate to a total of $0.375 per share for the second quarter of 2009 representing an annualized dividend yield of approximately 11.0% based on the closing price of our common stock on the Nasdaq Global Select Market on May 26, 2009. Because the record date for the June 2009 dividend 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.
Taxation	MSCC has elected to be treated for federal income tax purposes as a RIC under Subchapter M of the Internal Revenue Code (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.

Table of Contents

	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 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. See Material U.S. Federal Income Tax Considerations in the accompanying prospectus.
Risk factors	See Risk Factors beginning on page 10 of the accompanying prospectus for a discussion of risks you should carefully consider before deciding to invest in shares of our common stock.
Nasdaq Global Select Market symbol	MAIN

FEES AND EXPENSES

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)	5.0%(1)
Offering expenses (as a percentage of offering price)	2.0% (2)
Dividend reinvestment plan expenses	(3)
Total stockholder transaction expenses (as a percentage of offering price)	7.0%
Annual Expenses (as a percentage of net assets attributable to common stock):	
Operating expenses	6.0%(4)
Interest payments on borrowed funds	3.5%(5)
Total annual expenses	9.5%(6)

(1) Represents the underwriting discount with respect to the shares sold by us in this offering.

(2) The offering expenses of this offering are estimated to be approximately $300,000. 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 1.7%.

(3) The expenses of administering our dividend reinvestment plan are included in operating expenses.

(4) Operating expenses include the expenses of the Investment Manager as if it were consolidated with MSCC for accounting purposes, including expenses incurred by the Investment Manager in managing MSC II pursuant to an

investment advisory services agreement between the Investment Manager and MSC II and other third party consulting arrangements. Based on this investment advisory services agreement, MSC II paid the Investment Manager approximately $3.3 million in 2008, and approximately $0.8 million through the first quarter of 2009, for these services. In accordance with the terms of the support services agreement between MSCC and the Investment Manager, MSCC is only required to reimburse the Investment Manager for expenses incurred by the Investment Manager in providing investment management and other services to MSCC less amounts the Investment Manager receives from MSC II and other third parties. Consequently, MSCC is only incurring the expenses of the Investment Manager net of fees received for third party investment advisory and consulting services. Our percentage of operating expenses to net assets attributable to common stock only including the expenses incurred by MSCC net of the investment advisory and consulting service fees received by the Investment Manager from MSC II and other third parties would be 2.8%.

Table of Contents

(5) Interest payments on borrowed funds principally consist of approximately $3.2 million of annual interest payments on funds borrowed directly by the Fund. As of March 31, 2009, the Fund had $55 million of outstanding indebtedness guaranteed by the SBA. This does not include MSCC s undrawn $30 million investment credit facility which would bear interest, subject to MSCC s election, on a per annum basis equal to (i) the applicable LIBOR rate plus 2.75% or (ii) the applicable base rate plus 0.75%.

(6) The total annual expenses are the sum of operating expenses and interest payments on borrowed funds. In the future we may borrow money to leverage our net assets and increase our total assets.

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 5.0% (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	$ 168	$ 350	$ 514	$ 862

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 divided 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.

Table of Contents

USE OF PROCEEDS

The net proceeds from the sale of the 1,250,000 shares of common stock in this offering are $14,068,750, and $16,224,062 if the underwriter s over-allotment option is exercised in full, after deducting the underwriting discount and estimated offering expenses of approximately $300,000 payable by us.

We intend to use all of the net proceeds from this offering to make investments in lower middle-market companies in accordance with our investment objective and strategies described in this prospectus supplement and the accompanying prospectus, pay our operating expenses and dividends to our stockholders and for general corporate purposes. Pending such use, we will invest the net proceeds of this offering primarily in idle funds investments, which may include investments in secured intermediate term bank debt and high quality debt investments, consistent with our BDC election and our election to be taxed as a RIC. See Regulation Regulation as a Business Development Company Idle Funds Investments in the accompanying prospectus.

Table of Contents

CAPITALIZATION

The following table sets forth our capitalization:

on an actual basis as of March 31, 2009; and

on an as-adjusted basis giving effect to the sale of 1,250,000 shares of our common stock in this offering at the public offering price of $12.10 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 March 31, 2009	
	Actual	As-adjusted for this Offering
	(Unaudited)	
Cash and cash equivalents	$ 18,862,802	$ 23,006,336
Idle funds investments (cost: $16,081,221, actual and as adjusted)	15,898,252	25,898,252
Total cash and cash equivalents and idle funds investments	$ 34,761,054	$ 48,904,588
SBIC debentures	$ 55,000,000	$ 55,000,000
Stockholders equity:		
Common stock, $0.01 par value per share (150,000,000 shares authorized; 9,241,183 and 10,491,183 issued; and 9,041,939 and 10,291,939 outstanding, actual and as adjusted, respectively)	92,412	104,912
Additional paid-in capital	104,994,125	119,050,375
Undistributed net realized income	3,240,048	3,240,048
Net unrealized appreciation from investments, net of income taxes	659,468	659,468
Treasury stock, at cost (199,244 shares, actual and as adjusted)	(1,948,112)	(1,948,112)
Total stockholders equity	107,037,941	121,106,691
Total capitalization	$ 162,037,941	$ 176,106,691

Table of Contents

SELECTED FINANCIAL DATA

The selected financial data below reflects the combined operations of the Fund and the General Partner for the years ended December 31, 2004, 2005 and 2006 and the consolidated operations of Main Street and its subsidiaries for the years ended December 31, 2007 and 2008 and the three months ended March 31, 2008 and 2009. The selected financial data at December 31, 2005, 2006, 2007 and 2008, and for the years ended December 31, 2004, 2005, 2006, 2007 and 2008, 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 December 31, 2004 has been derived from unaudited combined financial statements. The selected financial data for the three months ended March 31, 2008 and 2009, and as of March 31, 2008 and 2009, has been derived from unaudited financial data but, in the opinion of management, reflects all adjustments (consisting only of normal recurring adjustments) that are necessary to present fairly the results for such interim periods. Interim results as of and for the three months ended March 31, 2009 are not necessarily indicative of the results that may be expected for the year ending December 31, 2009. 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.

	Years Ended December 31,					Three Months Ended March 31,	
	2004	2005	2006	2007	2008	2008	2009
						(Unaudited)	
	(Dollars in thousands)						
Statement of operations data:							
Investment income:							
Total interest, fee and dividend income	$ 4,452	$ 7,338	$ 9,013	$ 11,312	$ 15,967	$ 3,557	$ 3,310
Interest from idle funds and other	9	222	749	1,163	1,328	470	282
Total investment income	4,461	7,560	9,762	12,475	17,295	4,027	3,592
Expenses:							
Interest	(869)	(2,064)	(2,717)	(3,246)	(3,778)	(844)	(931)
General and administrative	(184)	(197)	(198)	(512)	(1,684)	(452)	(315)
Expenses reimbursed to Investment Manager					(1,007)	(227)	(34)
Share-based compensation					(511)		(196)
Management fees to affiliate	(1,916)	(1,929)	(1,942)	(1,500)			
Professional costs related to initial public offering				(695)			
Total expenses	(2,969)	(4,190)	(4,857)	(5,953)	(6,980)	(1,523)	(1,476)

Net investment income	1,492	3,370	4,905	6,522	10,315	2,504	2,116
Total net realized gain from investments	1,171	1,488	2,430	4,692	1,398	611	894
Net realized income	2,663	4,858	7,335	11,214	11,713	3,115	3,010
Total net change in unrealized appreciation (depreciation) from investments	1,764	3,032	8,488	(5,406)	(3,961)	344	(3,421)
Income tax benefit (provision)				(3,263)	3,182	(256)	(57)
Net increase (decrease) in net assets resulting from operations	$ 4,427	$ 7,890	$ 15,823	$ 2,545	$ 10,934	$ 3,203	$ (468)
Net investment income per share basic and diluted	N/A	N/A	N/A	$ 0.76	$ 1.15	$ 0.28	$ 0.23
Net realized income per share basic and diluted	N/A	N/A	N/A	$ 1.31	$ 1.31	$ 0.35	$ 0.33
Net increase (decrease) in net assets resulting from operations per share basic and diluted	N/A	N/A	N/A	$ 0.30	$ 1.22	$ 0.36	$ (0.05)
Weighted average shares outstanding basic	N/A	N/A	N/A	8,587,701	8,967,383	8,959,718	9,125,440
Weighted average shares outstanding diluted	N/A	N/A	N/A	8,587,701	8,971,064	8,959,718	9,125,440

	As of December 31,					As of March 31,	
	2004	2005	2006	2007	2008	2008	2009
	(Unaudited)					(Unaudited)	
	(Dollars in thousands)						
Balance sheet data:							
Assets:							
Total portfolio investments at fair value	$ 37,972	$ 51,192	$ 73,711	$ 105,650	$ 127,007	$ 122,449	$ 126,322
Idle funds investments				24,063	4,390		15,898
Cash and cash equivalents	796	26,261	13,769	41,889	35,375	73,954	18,863
Deferred tax asset					1,121		794
Other assets	262	439	630	1,576	1,101	1,045	1,568
Deferred financing costs, net of accumulated amortization	984	1,442	1,333	1,670	1,635	1,639	1,545
Total assets	$ 40,014	$ 79,334	$ 89,443	$ 174,848	$ 170,629	$ 199,087	$ 164,990
Liabilities and net assets:							
SBIC debentures	$ 22,000	$ 45,100	$ 45,100	$ 55,000	$ 55,000	$ 55,000	$ 55,000
Line of credit						25,000	
Deferred tax liability				3,026		3,151	
Interest payable	354	771	855	1,063	1,108	312	317
Accounts payable and other liabilities	422	194	216	610	2,165	318	2,635
Total liabilities	22,776	46,065	46,171	59,699	58,273	83,781	57,952
Total net assets	17,238	33,269	43,272	115,149	112,356	115,306	107,038
Total liabilities and net assets	$ 40,014	$ 79,334	$ 89,443	$ 174,848	$ 170,629	$ 199,087	$ 164,990
Other data:							
Weighted average effective yield on debt investments(1)	15.3%	15.3%	15.0%	14.3%	14.0%	14.1%	14.0%
Number of portfolio companies(2)	14	19	24	27	31	29	32
Expense ratios (as percentage of average net assets):							
Operating expenses(3)	13.7%	9.0%	5.5%	4.8%	2.8%	0.6%	0.5%
Interest expense	5.7%	8.8%	7.0%	5.7%	3.3%	0.7%	0.9%

(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 debt investments on non-accrual status.

(2) Excludes the investment in affiliated Investment Manager, as referenced in Formation Transactions in the accompanying prospectus and in the notes to the financial statements elsewhere in this prospectus supplement and the accompanying prospectus.

(3) 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. Interim period ratios are not annualized.

Table of Contents

SALES OF COMMON STOCK BELOW NET ASSET VALUE

On June 17, 2008, our common stockholders voted to allow us to issue common stock at any discount from our net asset value (NAV) per share for a period of one year ending on June 11, 2009, the date of our 2009 annual stockholders meeting, and we are seeking similar approval from our stockholders at our 2009 annual stockholders meeting for the following year. In order to sell shares pursuant to this authorization:

- a majority of our independent directors who have no financial interest in the sale must have approved the sale; and
- a majority of such directors, who are not interested persons of Main Street, in consultation with the underwriter or underwriters of the offering if it is to be underwritten, must have determined in good faith, and as of a time immediately prior to the first solicitation by us or on our behalf of firm commitments to purchase such shares or immediately prior to the issuance of such shares, that the price at which such shares are to be sold is not less than a price which closely approximates the market value of those shares, less any underwriting commission or discount.

The offering being made pursuant to this prospectus supplement is at a price (including the underwriting discount) below our most recently determined NAV per share of $11.84. In making a determination that this offering is in our and our stockholders best interests, our Board of Directors considered a variety of factors including:

- The effect that the offering will have on our stockholders, including any potential dilution they may experience as a result of the offering;
- The amount per share by which the offering price per share and the net proceeds per share are less than the most recently determined NAV per share;
- The relationship of recent market prices of our common stock to NAV per share and the potential impact of the offering on the market price per share of our common stock;
- Whether the proposed offering price closely approximates the market value of our shares;
- The potential market impact of being able to raise capital during the current financial market difficulties;
- The nature of any new investors anticipated to acquire shares in the offering;
- The anticipated rate of return on and quality, type and availability of investments to be funded with the proceeds from the offering, if any; and
- The leverage available to us, both before and after the offering, and the terms thereof.

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

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

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

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

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

Impact on Existing Stockholders who do not Participate in this Offering

Our existing stockholders who do not participate in this offering or who do not buy additional shares in the secondary market at the same or lower price we obtain in the offering (after expenses and commissions) face the greatest potential risks. These stockholders will experience an immediate decrease (often called

Table of Contents

dilution) in the NAV of the shares they hold and their NAV per share. These stockholders will also experience a disproportionately greater decrease in their participation in our earnings and assets and their voting power than the increase we will experience in our assets, potential earning power and voting interests due to the offering. These stockholders may also experience a decline in the market price of their shares, which often reflects to some degree announced or potential decreases in NAV per share. This decrease could be more pronounced as the size of the offering and level of discount to NAV increases.

The following table illustrates the level of NAV dilution that would be experienced by a current 1.0% stockholder who does not participate in this offering.

	Prior to Sale Below NAV	Following Sale	% Change
Offering Price			
Price per Share to Public		$ 12.10	
Net Proceeds per Share to Issuer(1)		$ 11.495	
Increase in Shares and Decrease to NAV			
Total Shares Outstanding	9,090,334	10,340,334	13.75%
NAV per Share	$ 11.84	$ 11.80	(0.34)%
Dilution to Nonparticipating Stockholder A			
Share Dilution			
Shares Held by Stockholder A	90,903	90,903	
Percentage Outstanding Held by Stockholder A	1.00%	0.88%	(12.09)%
NAV Dilution			
Total NAV Held by Stockholder A	$ 1,076,296	$ 1,072,659	
Total Investment by Stockholder A (Assumed to be at NAV per Share)	$ 1,076,296	$ 1,076,296	
Total Dilution to Stockholder A (Total NAV Less Total Investment)		$ (3.637)	
NAV Dilution per Share			
NAV per Share Held by Stockholder A		$ 11.80	
Investment per Share Held by Stockholder A (Assumed to be at NAV per Share on Shares Held Prior to Sale)	$ 11.84	$ 11.84	
NAV Dilution per Share Experienced by Stockholder A (NAV per Share Less Investment per Share)		$ (0.04)	
Percentage NAV Dilution Experienced by Stockholder A (NAV Dilution per Share Divided by Investment per Share)			(0.34)%

Impact on Existing Stockholders who do Participate in this Offering

Our existing stockholders who participate in this offering or who buy additional shares in the secondary market at the same or lower price as we obtain in this offering (after expenses and commissions) will experience the same types of NAV dilution as the nonparticipating stockholders, albeit at a lower level, to the extent they purchase less than the same percentage of the discounted offering as their interest in our shares immediately prior to the offering. The level of NAV dilution to such stockholders will decrease as the number of shares such stockholders purchase increases. Existing stockholders who buy more than their proportionate percentage will experience NAV dilution but will, in contrast to existing stockholders who purchase less than their proportionate share of the offering, experience an

increase (often called accretion) in NAV per share over their investment per share and will also experience a disproportionately greater increase in their participation in our earnings and assets and their voting power than our increase in assets, potential earning power and voting interests due to the offering. The level of accretion will increase as the excess number of shares purchased by such stockholder increases. Even a stockholder who over-participates will, however, be subject to the risk that we may make additional discounted offerings in which such stockholder does not participate, in

Table of Contents

which case such a stockholder will experience NAV dilution as described above in such subsequent offerings. These stockholders may also experience a decline in the market price of their shares, which often reflects to some degree announced or potential decreases in NAV per share. This decrease could be more pronounced as the size of the offering and the level of discount to NAV increases.

The following table illustrates the level of dilution and accretion in this offering for a current 1.0% stockholder that acquires shares equal to (1) 50% of its proportionate share of the offering (i.e., 6,250 shares, which is 0.5% of this offering rather than its 1.0% proportionate share) and (2) 150% of such percentage (i.e., 18,750 shares, which is 1.5% of the offering rather than its 1.0% proportionate share).

		50% Participation		150% Participation	
	Prior to Sale Below NAV	Following Sale	% Change	Following Sale	% Change
Offering Price					
Price per Share to Public		$ 12.10		$ 12.10	
Net Proceeds per Share to Issuer(1)		$ 11.495		$ 11.495	
Increase in Shares and Decrease to NAV					
Total Shares Outstanding	9,090,334	10,340,334	13.75%	10,340,334	13.75%
NAV per Share	$ 11.84	$ 11.80	(0.34)%	$ 11.80	(0.34)%
Dilution/Accretion to Participating Stockholder A					
Share Dilution/Accretion					
Shares Held by Stockholder A	90,903	97,153	6.88%	109,653	20.63%
Percentage Outstanding Held by Stockholder A	1.00%	0.94%	(6.04)%	1.06%	6.04%
NAV Dilution/Accretion					
Total NAV Held by Stockholder A	$ 1,076,296	$ 1,146,409	6.51%	$ 1,293,909	20.22%
Total Investment by Stockholder A (Assumed to be at NAV per Share on Shares Held Prior to Sale)		$ 1,151,921		$ 1,303,171	
Total Dilution/Accretion to Stockholder A (Total NAV Less Total Investment)		$ (5,512)		$ (9,262)	
NAV Dilution/Accretion per Share					
NAV per Share Held by Stockholder A		$ 11.80		$ 11.80	
Investment per Share Held by Stockholder A (Assumed to be at NAV per Share on	$ 11.84	$ 11.86	0.14%	$ 11.88	0.38%

Shares Held Prior to Sale)				
NAV Dilution/Accretion per Share Experienced by Stockholder A (NAV per Share Less Investment per Share)	$	(0.06)	$	(0.08)
Percentage NAV Dilution/Accretion Experienced by Stockholder A (NAV Dilution/Accretion per Share Divided by Investment per Share)		(0.48)%		(0.71)%

S-12

Table of Contents

Impact on New Investors

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

The following chart illustrates the level of dilution or accretion for new investors that will be experienced by a new investor who purchases the same percentage (1.0%) of the shares in this offering as the stockholder in the prior examples held immediately prior to this offering.

	Prior to Sale Below NAV	Following Sale	% Change
Offering Price			
Price per Share to Public		$ 12.10	
Net Proceeds per Share to Issuer(1)		$ 11.495	
Increase in Shares and Decrease to NAV			
Total Shares Outstanding	9,090,334	10,340,334	13.75%
NAV per Share	$ 11.84	$ 11.80	(0.34)%
Dilution/Accretion to New Investor A			
Share Dilution			
Shares Held by Investor A		12,500	
Percentage Outstanding Held by Investor A	0.00%	0.12%	
NAV Dilution			
Total NAV Held by Investor A		$ 147,500	
Total Investment by Investor A (At Price to Public)		$ 151,250	
Total Dilution/Accretion to Investor A (Total NAV Less Total Investment)		$ (3,750)	
NAV Dilution per Share			
NAV per Share Held by Investor A		$ 11.80	
Investment per Share Held by Investor A		$ 12.10	
NAV Dilution/Accretion per Share Experienced by Investor A (NAV per Share Less Investment per Share)		$ (0.30)	
Percentage NAV Dilution/Accretion Experienced by Investor A (NAV Dilution/ Accretion per Share Divided by Investment per Share)			(2.48)%

Table of Contents

UNDERWRITING

Under the terms and subject to the conditions contained in an underwriting agreement dated May 28, 2009, the underwriters named below, for whom BB&T Capital Markets, a division of Scott & Stringfellow, LLC 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**
BB&T Capital Markets, a division of Scott & Stringfellow, LLC	437,500
Morgan Keegan & Company, Inc.	375,000
SMH Capital Inc.	187,500
Janney Montgomery Scott LLC	125,000
Ladenburg Thalmann & Co. Inc.	125,000
Total	1,250,000

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 Nasdaq Global Select Market 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 187,500 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 periods of 60 days and 90 days, respectively, from the effective 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.

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 $0.363 per share below the public offering price. Any underwriters may allow, and such dealers may re-allow, a concession not in excess of $0.10 per share to other underwriters or to certain dealers. After the initial public offering of the shares, the offering price and other selling terms may be changed by the underwriters.

Table of Contents

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 187,500 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	$ 0.605	$ 756,250	$ 869,688

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 $300,000.

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 Nasdaq Global Select Market, in the over-the-counter market or otherwise.

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.

Passive Market Making Pursuant to Regulation M

In connection with this transaction, the underwriters may engage in passive market making transactions in the common stock on the Nasdaq Global Select Market, prior to the pricing and completion of this offering. Passive market making is permitted by SEC Regulation M and consists of displaying bids on the Nasdaq Global Select Market no higher than the bid prices of independent market makers and making purchases at prices no higher than these independent bids and effected in response to order flow. Net purchases by a passive market maker on each day are limited to a specified percentage of the passive market maker s average daily trading volume in the common stock during a specified period and must be discontinued when such limit

Table of Contents

is reached. Passive market making may cause the price of the common stock to be higher than the price that otherwise would exist in the open market in the absence of such transactions.

Affiliations

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. Affiliates of BB&T Capital Markets are (i) the administrative agent under our $50 million Treasury Secured Revolving Credit Agreement and (ii) a lender and administrative agent under our $30 million Revolving Credit Facility. As of March 31, 2009, we did not have any outstanding borrowings under these facilities.

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: BB&T Capital Markets, a division of Scott & Stringfellow, LLC, 909 E. Main Street, Richmond, Virginia 23219, Morgan Keegan & Company, Inc., 50 N. Front St., 19th Floor, Memphis, Tennessee 38103, SMH Capital Inc., 600 Travis Street, Suite 5800, Houston, Texas 77002, Janney Montgomery Scott LLC, 1801 Market Street, Philadelphia, Pennsylvania 19103, and Ladenburg Thalmann & Co. Inc., 520 Madison Avenue, 9th Floor, New York, New York 10022.

Table of Contents

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 and Schedule 12-14 of Main Street Capital Corporation as of December 31, 2008 and December 31, 2007 and for the two years then ended, the combined financial statements of Main Street Mezzanine Fund, LP and Main Street Mezzanine Management, LLC as of December 31, 2006 and for the year then ended, and the Senior Securities table, included in this prospectus and elsewhere in the registration statement have been so included in reliance upon the reports of Grant Thornton LLP, independent registered public accountants, upon the authority of said firm as experts in giving said reports.

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.

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

The following discussion should be read in conjunction with Interim Financial Statements 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 (the Fund) and its general partner, Main Street Mezzanine Management, LLC (the General Partner), (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). The transactions discussed above were consummated in October 2007 and are collectively termed the Formation Transactions. Immediately following the Formation Transactions, Main Street Equity Interests, Inc. (MSEI) was formed as a wholly owned consolidated subsidiary of MSCC. MSEI 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. Unless otherwise noted or the context otherwise indicates, the terms we, us, our and Ma Street refer to the Fund and the General Partner prior to the IPO and to MSCC and its subsidiaries, including the Fund and the General Partner, subsequent to the IPO.

OVERVIEW

We are a principal investment firm focused on providing customized debt and equity financing to lower middle-market 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 lower middle-market 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 investments generally range in size from $2 million to $15 million.

Our investments are generally made through both MSCC and the Fund. Since the IPO, MSCC and the Fund have co-invested in substantially every investment we have made. MSCC and the Fund share the same investment strategies and criteria in the lower middle-market, although they are subject to different regulatory regimes. An investor s return in MSCC will depend, in part, on the Fund s investment returns as the Fund is a wholly owned subsidiary of MSCC.

We seek to fill the current financing gap for lower middle-market businesses, which, historically, have had limited access to financing from commercial banks and other traditional sources. Given the current credit environment, we

believe the limited access to financing for lower middle market companies is even more pronounced. The underserved nature of the lower middle market creates the opportunity for us to meet the financing needs of lower middle-market 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 portfolio companies in the current credit environment. We generally seek to partner directly with

entrepreneurs, management teams and business owners in making our investments. Main Street believes that its core investment strategy has a lower correlation to the broader debt and equity markets.

Due to the uncertainties in the current economic environment and our desire to maintain adequate liquidity, we intend to be very selective in our near term portfolio growth. 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.

During 2008, we paid approximately $1.425 per share in dividends. In December 2008, we declared monthly dividends for the first quarter of 2009 totaling $0.375 per share representing a 10.3% increase from the dividends paid in the first quarter of 2008. In March 2009, we declared monthly dividends for the second quarter of 2009 totaling $0.375 per share representing a 7.1% increase from the dividends paid in the second quarter of 2008. Including the dividends declared for the second quarter of 2009, we will have paid approximately $2.51 per share in cumulative dividends since our October 2007 initial public offering. For tax purposes, the monthly dividend paid in January 2009 was applied against the 2008 taxable income distribution requirements since it was declared and accrued prior to December 31, 2008. Excluding the impact for the tax treatment of the January 2009 dividend, we estimate that we generated undistributed taxable income (or spillover income) of approximately $4 million, or $0.43 per share, during 2008 that will be carried forward toward distributions paid in 2009. For the 2009 calendar year, we estimate that we will pay dividends in the range of $1.50 to $1.65 per share representing an increase of 5.3% to 15.8% over the total dividends per share paid during calendar year 2008. The estimated range for total 2009 dividends is based upon projections of 2009 taxable income, anticipated 2009 portfolio activity, and the $4 million of estimated 2008 spillover income that will be utilized to pay dividends during 2009. We will continue to pay dividends on a monthly basis during 2009 and will continue to provide quarterly updates related to our 2009 dividend guidance.

At March 31, 2009, we had $34.8 million in cash and cash equivalents plus idle funds investments. During October 2008, we closed a $30 million multi-year investment line of credit. Due to our existing cash, cash equivalents and available leverage, we expect to have sufficient cash resources to support our investment and operational activities throughout all of 2009 and well into 2010. However, this projection will be impacted by, among other things, the pace of new and follow on investments, investment redemptions, the level of cash flow from operations and cash flow from realized gains, and the level of dividends paid in cash.

The recently enacted American Recovery and Reinvestment Act of 2009 (the 2009 Stimulus Bill) contains several provisions applicable to Small Business Investment Company (SBIC) funds, including the Fund, our wholly owned subsidiary. One of the key SBIC-related provisions included in the 2009 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, as adjusted annually based upon changes in the Consumer Price Index. Due to the increase in the maximum amount of SBIC leverage available, we will now have access to incremental SBIC leverage to support our future investment activities. Since the increase in the SBIC leverage cap applies to affiliated SBIC funds, we will allocate such increased borrowing capacity between the Fund and Main Street Capital II, LP (MSC II), an independently owned SBIC that is managed by the Investment Manager and therefore deemed to be affiliated for SBIC regulatory purposes. It is currently estimated that at least $65 million of additional SBIC leverage is now accessible by Main Street for future investment activities, subject to the required capitalization of the Fund.

In our view, the SBIC leverage, including the increased capacity, remains a strategic advantage due to its long-term, flexible structure and a low fixed cost. The SBIC leverage also provides proper matching of

duration and cost compared with our portfolio debt investments. The weighted average duration of our portfolio debt investments is approximately 3.3 years compared to a weighted average duration of over 6 years for our SBIC leverage. This duration analysis on our SBIC leverage does not consider the opportunity to revolve or refinance our existing SBIC leverage into new 10-year tranches upon contractual maturity. Approximately 86% of portfolio debt investments bear interest at fixed rates which is also appropriately matched by the long-term, low cost fixed rates available through our SBIC leverage. In addition, we believe the embedded value of our SBIC leverage would be significant if we adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (SFAS 159) relating to accounting for debt obligations at their fair value.

CRITICAL ACCOUNTING POLICIES

Basis of Presentation

Our consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP). For the three months ended March 31, 2009 and 2008, the consolidated financial statements of Main Street include the accounts of MSCC, the Fund, MSEI and the General Partner. The Investment Manager is accounted for as a portfolio investment. Main Street s results of operations and cash flows for the three months ended March 31, 2009 and 2008 and financial positions as of March 31, 2009 and December 31, 2008 are presented on a consolidated basis. The effects of all intercompany transactions between Main Street and its subsidiaries have been eliminated in consolidation.

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 our management, the unaudited consolidated financial results included herein contain all adjustments, consisting solely of normal recurring accruals considered necessary for the fair presentation of financial statements for the interim periods included herein. The results of operations for the three months ended March 31, 2009 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 our audited financial statements and notes thereto for the year ended December 31, 2008. 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 interim financial statements, with any adjustments to fair value recognized as Net Change in Unrealized Appreciation (Depreciation) from Investments on our Statement of Operations until the investment is disposed of, 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 March 31, 2009 and December 31, 2008, approximately 77% and 74%, respectively, of our total assets represented investments in portfolio companies valued at fair value (including the investment in the Investment Manager). We are required to report our investments at fair value. We adopted the provisions of SFAS No. 157,

Table of Contents

Fair Value Measurements (SFAS 157) in the first quarter of 2008. SFAS 157 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 business plan calls for us to invest primarily in illiquid securities issued by private companies and/or thinly traded public companies. These investments may be subject to restrictions on resale and will generally have no established trading market. As a result, we determine in good faith the fair value of our portfolio investments pursuant to a valuation policy in accordance with SFAS 157 and a valuation process approved by our Board of Directors and in accordance with the 1940 Act. We review external events, including private mergers, sales and acquisitions involving comparable companies, and include these events in the valuation process. Our valuation policy 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 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 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 our non-control investments are not readily available. For our non-control 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 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 a 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 debt security. A change in the assumptions that we use to estimate the fair value of our 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 a debt security is in workout status, we may consider other factors in determining the fair value of a 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.

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 different than the valuations currently assigned. We determine the fair value 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 ability to service the debt or other obligations, or if a loan or debt security is fully impaired 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

While not significant to our total debt investment portfolio, we currently hold several loans in our portfolio that contain PIK interest provisions. The PIK interest, computed at the contractual rate specified in each loan agreement, is added to the principal balance of the loan and recorded as interest income. To maintain regulated investment company (RIC) tax treatment (as discussed below), this non-cash source of income will need to be paid out to stockholders in the form of distributions, even though we may not have collected the cash. We will stop accruing PIK interest and write off any accrued and uncollected interest when it is determined that PIK interest is no longer collectible.

Share-Based Compensation

We account for our share-based compensation plans using the fair value method, as prescribed by SFAS No. 123R, Share-Based Payment . 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 and intends to qualify for the tax treatment applicable to a RIC under Subchapter M of the Internal Revenue Code of 1986, as amended (the Code), and, among other things, intends to make the required distributions to our stockholders as specified therein. As a RIC, 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. 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 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.

MSCC s wholly owned subsidiary, MSEI, is a taxable entity which holds certain of our portfolio investments. MSEI is consolidated with Main Street for U.S. GAAP reporting purposes, and the portfolio investments held by MSEI are included in our consolidated financial statements. The principal purpose of MSEI is to permit us 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. MSEI is not consolidated with Main Street for income tax purposes and may generate income tax expense as a result of MSEI s ownership of certain portfolio investments. This income tax expense, if any, is reflected in our consolidated statement of operations.

MSEI uses 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.

PORTFOLIO COMPOSITION

Portfolio investments principally consist of secured debt, equity warrants and direct equity investments in privately held companies. The 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. We also receive nominally priced equity warrants and make direct equity investments, usually in connection with a debt investment in a portfolio company.

The Investment Manager is a wholly owned subsidiary of MSCC. However, the Investment Manager is accounted for as a portfolio investment of Main Street, since it is not an investment company and since it conducts a significant portion of its investment management activities outside of MSCC and its subsidiaries. To allow for more relevant disclosure of our core investment portfolio, our investment in the Investment Manager has been excluded from the tables and amounts set forth below.

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

Cost:	**March 31, 2009**	**December 31, 2008**
First lien debt	76.6%	76.2%
Equity	10.7%	11.0%
Second lien debt	7.3%	7.4%
Equity warrants	5.4%	5.4%
	100.0%	100.0%

Fair Value:	**March 31, 2009**	**December 31, 2008**
First lien debt	68.2%	67.0%
Equity	14.1%	15.7%

Equity warrants	10.5%	10.2%
Second lien debt	7.2%	7.1%
	100.0%	100.0%

Table of Contents

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

Cost:	March 31, 2009	December 31, 2008
Southwest	48.9%	50.2%
West	36.4%	36.3%
Northeast	5.3%	3.7%
Southeast	4.9%	5.1%
Midwest	4.5%	4.7%
	100.0%	100.0%

Fair Value:	March 31, 2009	December 31, 2008
Southwest	56.5%	56.0%
West	31.1%	31.1%
Northeast	5.4%	3.7%
Midwest	4.4%	5.1%
Southeast	2.6%	4.1%
	100.0%	100.0%

Main Street s core portfolio investments are generally in lower middle-market companies conducting business in a variety of industries. Set forth below are tables showing the composition of Main Street s core portfolio by industry at cost and fair value as of March 31, 2009 and December 31, 2008:

Cost:	March 31, 2009	December 31, 2008
Industrial equipment	11.5%	12.0%
Precast concrete manufacturing	11.2%	11.3%
Custom wood products	9.1%	9.3%
Agricultural services	8.1%	8.3%
Electronics manufacturing	7.4%	7.6%
Professional services	6.5%	4.1%
Retail	6.4%	6.5%
Transportation/Logistics	6.3%	6.6%
Restaurant	6.0%	6.1%
Health care products	5.7%	5.8%
Mining and minerals	4.7%	4.8%

Manufacturing	4.5%	4.7%
Health care services	4.1%	4.2%
Metal fabrication	3.2%	3.4%
Equipment rental	2.1%	2.1%
Infrastructure products	1.7%	1.7%
Information services	0.9%	0.9%
Industrial services	0.5%	0.5%
Distribution	0.1%	0.1%
	100.0%	100.0%

Table of Contents

Fair Value:	March 31, 2009	December 31, 2008
Precast concrete manufacturing	14.2%	13.7%
Industrial equipment	8.4%	10.2%
Agricultural services	8.1%	8.1%
Electronics manufacturing	7.2%	7.7%
Professional services	7.2%	5.4%
Custom wood products	6.8%	6.8%
Restaurant	6.7%	6.7%
Health care services	6.6%	6.1%
Retail	6.4%	7.0%
Transportation/Logistics	6.4%	6.5%
Health care products	5.9%	5.8%
Metal fabrication	5.1%	4.3%
Manufacturing	4.4%	5.1%
Industrial services	2.9%	2.8%
Equipment rental	2.0%	2.0%
Information services	0.9%	0.9%
Infrastructure products	0.5%	0.5%
Distribution	0.3%	0.4%
	100.0%	100.0%

Our core portfolio investments carry a number of risks including, but not limited to: (1) investing in lower middle-market companies which may have a limited operating history 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 for our entire portfolio of investments. Investment Rating 1 represents a portfolio company that is performing in a manner which significantly exceeds our original expectations and projections. Investment Rating 2 represents a portfolio company that, in general, is performing above our original expectations. Investment Rating 3 represents a portfolio company that is generally performing in accordance with our original expectations. Investment Rating 4 represents a portfolio company that is underperforming our original expectations. Investments with such a rating require increased Main Street monitoring and scrutiny. Investment Rating 5 represents a portfolio company that is significantly underperforming. Investments with such a rating require heightened levels of Main Street monitoring and scrutiny and involve the recognition of unrealized depreciation on such investment.

Table of Contents

The following table shows the distribution of our core investments on our 1 to 5 investment rating scale at fair value as of March 31, 2009 and December 31, 2008:

Investment Ranking	March 31, 2009 Investments at Fair Value	March 31, 2009 Percentage of Total Portfolio	December 31, 2008 Investments at Fair Value	December 31, 2008 Percentage of Total Portfolio
	(Unaudited)			
	(Dollars in thousands)			
1	$ 27,614	25.3%	$ 27,523	24.9%
2	18,149	16.5%	23,150	21.0%
3	54,729	50.1%	53,123	48.1%
4	8,315	7.6%	6,035	5.5%
5	500	0.5%	500	0.5%
Totals	$ 109,307	100.0%	$ 110,331	100.0%

Based upon our investment rating system, the weighted average rating of our portfolio as of March 31, 2009 and December 31, 2008 was approximately 2.4. As of March 31, 2009, and December 31, 2008, we had one investment on non-accrual status. This investment comprised approximately 0.5% of the core investment portfolio at fair value for each of the two periods presented above.

In the event that the United States economy remains in a prolonged recession, it is possible that the financial results of small- to mid-sized companies, like those in which we invest, could experience deterioration, which could ultimately lead to difficulty in meeting their debt service requirements and an increase in defaults. In addition, the end markets for certain of our portfolio companies products and services have experienced, and continue to experience, negative economic trends. We are seeing reduced operating results at several portfolio companies due to the general economic difficulties. We expect the trend of reduced operating results to continue throughout 2009. Consequently, we can provide no assurance that the performance of certain of our portfolio companies will not be negatively impacted by these economic or other conditions, which could also have a negative impact on our future results.

Discussion and Analysis of Results of Operations

Comparison of three months ended March 31, 2009 and 2008

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008	Net Change Amount	Net Change %
	(Unaudited)			
	(Dollars in millions)			
Total investment income	$ 3.6	$ 4.0	$ (0.4)	(11)%
Total expenses	(1.5)	(1.5)	0.0	(3)%

Net investment income	2.1	2.5	(0.4)	(15)%
Total net realized gain from investments	0.9	0.6	0.3	46%
Net realized income	3.0	3.1	(0.1)	(3)%
Net change in unrealized appreciation (depreciation) from investments	(3.4)	0.3	(3.7)	NM
Income tax benefit (provision)	(0.1)	(0.2)	0.1	NM
Net increase (decrease) in net assets resulting from operations	$ (0.5)	$ 3.2	$ (3.7)	(115)%

	Three Months Ended March 31,		Net Change	
	2009	2008	Amount	%
	(Unaudited) (Dollars in millions)			
Net investment income	$ 2.1	$ 2.5	$ (0.4)	(15)%
Share-based compensation expense	0.2		0.2	NM
Distributable net investment income(a)	2.3	2.5	(0.2)	(8)%
Total net realized gain from investments	0.9	0.6	0.3	46%
Distributable net realized income	$ 3.2	$ 3.1	$ 0.1	3%

(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. generally accepted accounting principles, or GAAP, excluding the impact of share-based compensation expense which is non-cash in nature. Main Street believes presenting distributable net investment income, distributable net realized income, and related per share measures 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-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 GAAP. Instead, distributable net investment income and distributable net realized income should be reviewed only in connection with such GAAP measures in analyzing Main Street s financial performance. A reconciliation of net investment income and net realized income in accordance with GAAP to distributable net investment income and distributable net realized income is presented in the table above.

Investment Income

For the three months ended March 31, 2009, total investment income was $3.6 million, a $0.4 million, or 11%, decrease over the $4.0 million of total investment income for the three months ended March 31, 2008. This comparable period decrease was principally attributable to (i) lower fee income of $0.5 million due to slower portfolio growth given the uncertainty in the current economic environment and (ii) lower interest income of $0.1 million from idle funds investments based on lower average levels of idle funds; partially offset by higher interest income of $0.2 million on higher average levels of portfolio debt investments.

Expenses

For the three months ended March 31, 2009, expenses totaled $1.5 million, a 3% decrease over total expenses for the three months ended March 31, 2008. The decrease in total expenses was primarily attributable to $0.3 million in general, administrative and other overhead expenses associated with (i) consulting fees received by the affiliated Investment Manager during the first quarter of 2009, (ii) lower accrued compensation costs as a result of lower investment income levels and (iii) reduced costs for certain legal and administrative activities based upon developing internal resources to perform such activities. The decrease in general, administrative and other overhead expenses was partially offset by (i) $0.2 million of share-based compensation expense related to non-cash amortization for restricted

share grants made in July 2008, and (ii) $0.1 million in interest expense principally related to unused commitment and other fees from the $30 million investment credit facility entered into on October 24, 2008.

Distributable Net Investment Income

Distributable net investment income for the three months ended March 31, 2009 was $2.3 million, or an 8% decrease, compared to distributable net investment income of $2.5 million during the three months ended March 31, 2008. The decrease in distributable net investment income was primarily attributable to reduced levels of total investment income, partially offset by lower operating expenses.

Net Investment Income

Net investment income for the three months ended March 31, 2009 was $2.1 million, or a 15% decrease, compared to net investment income of $2.5 million during the three months ended March 31, 2008. The decrease in net investment income was attributable to the decrease in total investment income, partially offset by the decrease in general and administrative expenses, net of share-based compensation expense, as discussed above.

Distributable Net Realized Income

For the three months ended March 31, 2009, the net realized gains from investments was $0.9 million, or a 46% increase, over the net realized gains of $0.6 million during the three months ended March 31, 2008. The net realized gains during the three months ended March 31, 2009 principally included a $0.7 million realized gain related to the partial exit of our equity investments in one portfolio company and a $0.1 million realized gain related to the sale of certain idle funds investments.

The higher net realized gains in the three months ended March 31, 2009, partially offset by the lower level of distributable net investment income during that period, resulted in a 3% increase in the distributable net realized income for the three months ended March 31, 2009 compared with the corresponding period in 2008.

Net Realized Income

The higher net realized gains in the three months ended March 31, 2009, offset by the lower net investment income during that period, resulted in a $0.1 million, or 3%, decrease in the net realized income for the three months ended March 31, 2009 compared with the corresponding period in 2008.

Net Increase (Decrease) in Net Assets from Operations

During the three months ended March 31, 2009, we recorded a net change in unrealized depreciation in the amount of $3.4 million, or a $3.7 million decrease, compared to the $0.3 million net change in unrealized appreciation for the three months ended March 31, 2008. The $3.4 million net change in unrealized depreciation for the first three months of 2009 was principally attributable to (i) $0.9 million in accounting reversals of net unrealized appreciation attributable to the total net realized gain on the exit of the portfolio equity investments and idle funds investments discussed above, (ii) unrealized depreciation on twelve investments in portfolio companies totaling $4.2 million, partially offset by unrealized appreciation on five investments in portfolio companies totaling $1.7 million, (iii) $0.3 million in unrealized depreciation on idle funds investments, and (iv) $0.3 million in unrealized appreciation attributable to our investment in the affiliated Investment Manager based upon an increase in the contractual future cash flows from third party asset management and advisory activities. For the first quarter of 2009, we also recognized a net income tax provision of $0.1 million.

As a result of these events, our net decrease in net assets resulting from operations during the three months ended March 31, 2009 was $0.5 million compared to a net increase in net assets resulting from operations of $3.2 million during the three months ended March 31, 2008.

Liquidity and Capital Resources

Cash Flows

For the three months ended March 31, 2009, we experienced a net decrease in cash and cash equivalents in the amount of $16.5 million. During that period, we generated $0.3 million of cash from our operating activities, primarily from

net investment income partially offset by the semi-annual interest payments on our SBIC debentures. We used $12.0 million in net cash from investing activities, principally including the funding of $13.1 million for idle funds investments and the funding of $2.2 million for a new portfolio company investment, partially offset by $0.9 million in cash proceeds from repayment of debt investments and $2.4 million of cash proceeds from the sale of idle funds investments. During the first three months of 2009,

we used $4.8 million in cash for financing activities, which principally consisted of $3.4 million in cash dividends to stockholders and $1.3 million in purchases of treasury stock as part of our share repurchase program.

For the three months ended March 31, 2008, we experienced a net increase in cash and equivalents in the amount of $32.1 million. During that period, we generated $1.5 million of cash from our operating activities, primarily from net investment income partially offset by the semi-annual interest payment on our SBIC debentures. We also generated $8.6 million in net cash from investing activities, principally including the funding of new investments and several smaller follow-on investments for a total of $18.1 million, offset by proceeds from the maturity of a $24.1 million investment in idle funds investments, $1.9 million in cash proceeds from repayment of debt investments and $0.7 million of cash proceeds from the redemption and sale of equity investments. During the first three months of 2008, we generated $22.0 million in cash from financing activities, which principally consisted of the net proceeds from a $25.0 million line of credit borrowing, partially offset by $3.0 million of cash dividends to stockholders.

Capital Resources

As of March 31, 2009, we had $34.8 million in cash and cash equivalents plus idle funds investments, and our net assets totaled $107.0 million. On October 24, 2008, Main Street entered into a $30 million, three-year investment credit facility (the Investment Facility) with Branch Banking and Trust Company (BB&T) and Compass Bank, as lenders, and BB&T, as administrative agent for the lenders. The purpose of the Investment Facility is to provide additional liquidity in support of future investment and operational activities. The Investment Facility allows for an increase in the total size of the facility up to $75 million, subject to certain conditions, and has a maturity date of October 24, 2011. Borrowings under the Investment Facility bear interest, subject to Main Street s election, on a per annum basis equal to (i) the applicable LIBOR rate plus 2.75% or (ii) the applicable base rate plus 0.75%. Main Street will pay unused commitment fees of 0.375% per annum on the average unused lender commitments under the Investment Facility. The Investment Facility contains certain affirmative and negative covenants, including but not limited to: (i) maintaining a minimum liquidity of not less than 10% of the aggregate principal amount outstanding, (ii) maintaining an interest coverage ratio of at least 2.00 to 1.00, and (iii) maintaining a minimum tangible net worth. At March 31, 2009, Main Street had no borrowings outstanding under the Investment Facility, and Main Street was in compliance with all covenants of the Investment Facility.

Due to the Fund s status as a licensed SBIC, we have the ability to issue, through the Fund, debentures guaranteed by the Small Business Administration (the SBA) at favorable interest rates. Under the regulations applicable to SBICs, an SBIC can have outstanding debentures guaranteed by the SBA generally in an amount up to twice its regulatory capital, which generally equates to the amount of its equity capital. Debentures guaranteed by the SBA have fixed interest rates that approximate prevailing 10-year Treasury Note rates plus a 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 March 31, 2009, we, through the Fund, had $55 million of outstanding indebtedness guaranteed by the SBA, which carried an average fixed interest rate of approximately 5.8%. The first maturity related to the SBIC debentures does not occur until 2013, and the weighted average duration is over 6 years as of March 31, 2009.

The 2009 Stimulus Bill contains several provisions applicable to SBIC funds, including the Fund. One of the key SBIC-related provisions included in the 2009 Stimulus Bill increases 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, as adjusted annually based upon changes in the Consumer Price Index. Due to the increase in the maximum amount of SBIC leverage available, we will now have access to incremental SBIC leverage to support our future investment activities. Since the increase in the SBIC leverage cap applies to affiliated SBIC funds, we will allocate such increased borrowing capacity between the Fund,

our wholly owned SBIC subsidiary, and MSC II, an independently owned SBIC that is managed by Main Street and therefore deemed to be affiliated

Table of Contents

for SBIC regulatory purposes. It is currently estimated that at least $65 million of additional SBIC leverage is now accessible by Main Street for future investment activities, subject to the required capitalization of the Fund.

Due to our existing cash and cash equivalents plus idle funds investments and the available borrowing capacity through both the SBIC program and the Investment Facility, we project that we will have sufficient liquidity to fund our investment and operational activities throughout all of calendar year 2009 and well into 2010. However, this projection will be impacted by, among other things, the pace of new and follow on investments, investment redemptions, the level of cash flow from operations and cash flow from realized gains, and the level of dividends we pay in cash. We anticipate that we will continue to fund our investment activities through existing cash and cash equivalents plus idle funds investments and a combination of future debt and additional equity capital.

On December 31, 2007, we entered into a Treasury Secured Revolving Credit Agreement (the Treasury Facility) among us, Wachovia Bank, National Association, and Branch Banking and Trust Company (BB&T), as administrative agent for the lenders. Under the Treasury Facility, the lenders agreed to extend revolving loans to us in an amount not to exceed $100 million; however, due to the maturation of our investment portfolio and the additional flexibility provided by the Investment Facility, we unilaterally reduced the Treasury Facility from $100 million to $50 million during October 2008. The reduction in the size of the Treasury Facility resulted in a 50% reduction in the amount of unused commitment fees paid by us. The purpose of the Treasury Facility is to provide us flexibility in the sizing of portfolio investments and to facilitate the growth of our investment portfolio. The Treasury Facility has a two-year term and bears interest, at our option, either (i) at the LIBOR rate or (ii) at a published prime rate of interest, plus 25 basis points in either case. The applicable interest rates under the Treasury Facility would be increased by 15 basis points if usage under the Treasury Facility is in excess of 50% of the days within a given calendar quarter. The Treasury Facility also requires payment of 15 basis points per annum in unused commitment fees based on the average daily unused balances under the facility. The Treasury Facility is secured by certain securities accounts maintained by BB&T and is also guaranteed by the Investment Manager. The Treasury Facility contains certain affirmative and negative covenants, including but not limited to: (i) maintaining a cash collateral coverage ratio of at least 1.01 to 1.0, (ii) maintaining an interest coverage ratio of at least 2.0 to 1.0, and (iii) maintaining a minimum tangible net worth. At March 31, 2009, we had no borrowings outstanding under the Treasury Facility, and Main Street was in compliance with all covenants of the Treasury Facility.

We intend to generate additional cash from future offerings of securities, future borrowings, repayments or sales of investments, and cash flow from operations, including income earned from investments in our portfolio companies and, to a lesser extent, from the temporary investments of cash in idle funds investments that mature in one year or less with the exception of diversified bond funds. Our primary uses of funds will be investments in portfolio companies, operating expenses and cash distributions to holders of our common stock.

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 2008 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 11, 2009. We are seeking similar approval at our 2009 annual meeting of stockholders to be held on June 11, 2009.

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 all of our 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 the Fund from our asset

coverage ratio, which, in turn, enables us to fund more investments with debt capital.

Table of Contents

Current Market Conditions

Beginning in late 2007, the United States entered a recession. Throughout 2008, the economy continued to deteriorate and many believe that the current recession could continue for an extended period. During 2008, banks and others in the financial services industry reported significant write-downs in the fair value of their assets, which has led to the failure of a number of banks and investment companies, a number of distressed mergers and acquisitions, the government take-over of the nation s two largest government-sponsored mortgage companies, and the passage of the $700 billion Emergency Economic Stabilization Act of 2008 in October 2008 and the $787 billion 2009 Stimulus Bill. In addition, the stock market has declined significantly, with both the S&P 500 and the NASDAQ Global Select Market (on which our stock trades), declining by more than 40% between December 31, 2007 and March 31, 2009. As the recession deepened, unemployment rose and consumer confidence declined, which led to significant reductions in spending by both consumers and businesses.

Although we have been able to secure access to additional liquidity, including the recently obtained $30 million Investment Facility and the increase in available leverage through the SBIC program as part of the 2009 Stimulus Bill, the current turmoil in the debt markets and uncertainty in the equity capital markets provides no assurance that debt or equity capital will be available to us in the future on favorable terms, or at all.

The deterioration in consumer confidence and a general reduction in spending by both consumers and businesses has had an adverse effect on a number of the industries in which some of our portfolio companies operate. In the event that the United States economy remains in a protracted recession, the results of some of the lower middle-market companies like those in which we invest, will continue to experience deterioration, which could ultimately lead to difficulty in meeting their debt service requirements and an increase in their defaults. In addition, the end markets for certain of our portfolio companies products and services have experienced, and continue to experience, negative economic trends. We can provide no assurance that the performance of our portfolio companies will not be negatively impacted by economic or other conditions, which could have a negative impact on our future results.

Recently Issued Accounting Standards

In June 2008, the Financial Accounting Standards Board (FASB) issued EITF 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities* (EITF 03-6-1). This FASB Staff Position (FSP) addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting and, therefore, need to be included in the earnings allocation in computing earnings per share (EPS). This FSP will be effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those years. All prior-period EPS data presented will be adjusted retrospectively (including interim financial statements, summaries of earnings, and selected financial data) to conform to the provisions of this FSP. Early application is not permitted. On July 1, 2008, our Board of Directors approved the issuance of shares of restricted stock to Main Street employees and Main Street s independent directors. We determined that these shares of restricted stock are participating securities prior to vesting. For the three months ended March 31, 2009 and 2008, 255,645 shares and 0 shares, respectively, of non-vested restricted stock have been included in our basic and diluted EPS computations.

In October 2008, the FASB issued FSP No. 157-3, *Determining the Fair Value of a Financial Asset When the Market for That Asset is Not Active* (FSP 157-3). FSP 157-3 provides an illustrative example of how to determine the fair value of a financial asset in an inactive market. The FSP does not change the fair value measurement principles set forth in SFAS 157. Since adopting SFAS 157 in January 2008, our practices for determining the fair value of our investment portfolio have been, and continue to be, consistent with the guidance provided in the example in FSP 157-3. Therefore, our adoption of FSP 157-3 did not affect our practices for determining the fair value of our investment portfolio and did not have a material effect on our financial position or results of operations.

Table of Contents

In April 2009, the FASB issued FSP No. FAS 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly* (FSP 157-4) and FSP No. FAS 107-1 and APB 28-1, *Interim Disclosures About Fair Value of Financial Instruments* (FSP 107-1). Both FSPs are effective for reporting periods ending on or after June 15, 2009, although early adoption will be permitted under some conditions and can be applied for periods ending on or after March 15. Since adopting SFAS 157 in January 2008, our practices for determining fair value and for disclosures about the fair value of our investment portfolio have been, and continue to be, consistent with the guidance provided in FSP 157-4 and FSP 107-1. Therefore, our adoption of both FSP 157-4 and FSP 107-1 will not have a material effect on our financial position or results of operations.

Inflation

Inflation has not had a significant effect on our results of operations in any of the reporting periods presented in this prospectus supplement. However, our portfolio companies have and may continue to 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 March 31, 2009, we had two outstanding commitments to fund unused revolving loans for up to $900,000.

Contractual Obligations

As of December 31, 2008, our future fixed commitments for cash payments on contractual obligations for each of the next five years and thereafter are as follows:

	Total	2009	2010	2011	2012	2013	2014 and thereafter
				(Unaudited) (Dollars in thousands)			
SBIC debentures payable	$ 55,000	$	$	$	$	$ 4,000	$ 51,000
Interest due on SBIC debentures	21,495	3,179	3,179	3,179	3,188	3,179	5,591
Total	$ 76,495	$ 3,179	$ 3,179	$ 3,179	$ 3,188	$ 7,179	$ 56,591

MSCC is obligated to make payments under a support services agreement with the Investment Manager. Subsequent to the completion of the Formation Transactions and the IPO, the Investment Manager is reimbursed for its excess expenses associated with providing investment management and other services to MSCC and its subsidiaries, as well as MSC II and other third parties. Each quarter, as part of the support services agreement, MSCC makes payments to cover all 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.

Related Party Transactions

We co-invested with MSC II in several existing portfolio investments prior to the IPO, but did not co-invest with MSC II subsequent to the IPO and prior to June 2008. In June 2008, we received exemptive relief from the SEC to allow us to resume co-investing with MSC II in accordance with the terms of such exemptive relief. MSC II is managed by the Investment Manager, and the Investment Manager is wholly owned by MSCC. MSC II is an SBIC fund with similar investment objectives to Main Street and which began its investment operations in January 2006. The co-investments among Main Street and MSC II had all been made at the same time and on the same terms and conditions. The co-investments were also made in accordance

Table of Contents

with the Investment Manager s conflicts policy and in accordance with the applicable SBIC conflict of interest regulations.

As discussed further in Note D to the accompanying consolidated financials statements, subsequent to the completion of the Formation Transactions, the Investment Manager is a wholly owned portfolio company of Main Street. At March 31, 2009 and December 31, 2008, the Investment Manager had a payable of $151,013 and a receivable of $302,633, respectively, with MSCC related to recurring expenses required to support MSCC s business.

Table of Contents

INTERIM FINANCIAL STATEMENTS

MAIN STREET CAPITAL CORPORATION

Consolidated Balance Sheets

	March 31, 2009 (Unaudited)	December 31, 2008
ASSETS		
Investments at fair value:		
Control investments (cost: $61,222,879 and $60,767,805 as of March 31, 2009 and December 31, 2008, respectively)	$ 63,487,353	$ 65,542,608
Affiliate investments (cost: $39,854,725 and $37,946,800 as of March 31, 2009 and December 31, 2008, respectively)	40,548,128	39,412,695
Non-Control/Non-Affiliate investments (cost: $6,263,975 and $6,245,405 as of March 31, 2009 and December 31, 2008, respectively)	5,271,728	5,375,886
Investment in affiliated Investment Manager (cost: $18,000,000 as of March 31, 2009 and December 31, 2008)	17,014,221	16,675,626
Total investments (cost: $125,341,579 and $122,960,010 as of March 31, 2009 and December 31, 2008, respectively)	126,321,430	127,006,815
Idle funds investments (cost: $16,081,221 and $4,218,704 as of March 31, 2009 and December 31, 2008, respectively)	15,898,252	4,389,795
Cash and cash equivalents	18,862,802	35,374,826
Deferred tax asset	793,961	1,121,681
Other assets	1,567,958	1,100,922
Deferred financing costs (net of accumulated amortization of $1,046,136 and $956,037 as of March 31, 2009 and December 31, 2008, respectively)	1,545,139	1,635,238
Total assets	$ 164,989,542	$ 170,629,277
LIABILITIES		
SBIC debentures	$ 55,000,000	$ 55,000,000
Interest payable	316,898	1,108,193
Accounts payable and other liabilities	2,634,703	2,165,028
Total liabilities	57,951,601	58,273,221
Commitments and contingencies		
NET ASSETS		
Common stock, $0.01 par value per share (150,000,000 shares authorized; 9,241,183 issued; and 9,041,939 and 9,206,483 outstanding as of March 31, 2009 and December 31, 2008, respectively)	92,412	92,412
Additional paid-in capital	104,994,125	104,798,399

Undistributed net realized income	3,240,048	3,658,495
Net unrealized appreciation from investments, net of income taxes	659,468	4,137,756
Treasury stock, at cost (199,244 and 34,700 shares as of March 31, 2009 and December 31, 2008, respectively)	(1,948,112)	(331,006)
Total net assets	107,037,941	112,356,056
Total liabilities and net assets	$ 164,989,542	$ 170,629,277
NET ASSET VALUE PER SHARE	$ 11.84	$ 12.20

The accompanying notes are an integral part of these financial statements

Table of Contents

MAIN STREET CAPITAL CORPORATION

Consolidated Statements of Operations (Unaudited)

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
INVESTMENT INCOME:		
Interest, fee and dividend income:		
Control investments	$ 2,002,620	$ 1,906,902
Affiliate investments	1,169,056	1,064,961
Non-Control/Non-Affiliate investments	137,955	585,642
Total interest, fee and dividend income	3,309,631	3,557,505
Interest from idle funds and other	282,794	469,861
Total investment income	3,592,425	4,027,366
EXPENSES:		
Interest	(931,335)	(844,407)
General and administrative	(314,673)	(452,330)
Expenses reimbursed to affiliated Investment Manager	(34,425)	(226,567)
Share-based compensation	(195,726)	
Total expenses	(1,476,159)	(1,523,304)
NET INVESTMENT INCOME	2,116,266	2,504,062
NET REALIZED GAIN FROM INVESTMENTS:		
Control investments	767,601	
Affiliate investments		611,250
Non-Control/Non-Affiliate investments	126,623	
Total net realized gain from investments	894,224	611,250
NET REALIZED INCOME	3,010,490	3,115,312
NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION) FROM INVESTMENTS:		
Control investments	(2,510,329)	1,071,109
Affiliate investments	(772,491)	(497,368)
Non-Control/Non-Affiliate investments	(476,788)	
Investment in affiliated Investment Manager	338,595	(229,729)
Total net change in unrealized appreciation (depreciation) from investments	(3,421,013)	344,012
Income tax provision	(57,275)	(256,688)
	$ (467,798)	$ 3,202,636

NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS				
NET INVESTMENT INCOME PER SHARE BASIC AND DILUTED	$	0.23	$	0.28
NET REALIZED INCOME PER SHARE BASIC AND DILUTED	$	0.33	$	0.35
DIVIDENDS PAID PER SHARE	$	0.38	$	0.34
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS PER SHARE BASIC AND DILUTED	$	(0.05)	$	0.36
WEIGHTED AVERAGE SHARES OUTSTANDING BASIC AND DILUTED		9,125,440		8,959,718

The accompanying notes are an integral part of these financial statements

Table of Contents

MAIN STREET CAPITAL CORPORATION

Consolidated Statements of Changes in Net Assets
(Unaudited)

	Common Stock		Additional	Undistributed	Net Unrealized Appreciation from Investments,	Treasury Stock		T
	Number of Shares	Par Value	Paid-In Capital	Net Realized Income	Net of Income Taxes	Number of Shares	Value	A
t December 31,	8,959,718	$ 89,597	$ 104,076,033	$ 6,067,131	$ 4,916,447		$	$ 11
o stockholders				(3,046,304)				(
e resulting from				3,115,312	87,324			
t March 31,	8,959,718	$ 89,597	$ 104,076,033	$ 6,136,139	$ 5,003,771		$	$ 11
t December 31,	9,241,183	$ 92,412	$ 104,798,399	$ 3,658,495	$ 4,137,756	(34,700)	$ (331,006)	$ 11
f treasury stock						(164,544)	(1,617,106)	(
d compensation			195,726					
o stockholders				(3,428,937)				(
se resulting from				3,010,490	(3,478,288)			
t March 31,	9,241,183	$ 92,412	$ 104,994,125	$ 3,240,048	$ 659,468	(199,244)	$ (1,948,112)	$ 10

The accompanying notes are an integral part of these financial statements

Table of Contents

MAIN STREET CAPITAL CORPORATION

Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net increase (decrease) in net assets resulting from operations:	$ (467,798)	$ 3,202,636
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by operating activities:		
Net change in unrealized (appreciation) depreciation from investments	3,421,013	(344,012)
Net realized gain from investments	(894,224)	(611,250)
Accretion of unearned income	(130,356)	(363,146)
Net payment-in-kind interest accrual	(150,728)	(151,792)
Share-based compensation expense	195,726	
Amortization of deferred financing costs	100,523	47,940
Deferred taxes	327,720	125,551
Changes in other assets and liabilities:		
Other assets	(550,442)	366,631
Interest payable	(791,295)	(750,600)
Accounts payable and other liabilities	(828,276)	(292,164)
Deferred debt origination fees received	37,800	252,166
Net cash provided by operating activities	269,663	1,481,960
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in portfolio companies	(2,173,320)	(18,076,602)
Investments in idle funds	(13,085,200)	
Proceeds from idle funds investments	2,345,327	24,063,261
Principal payments received on loans and debt securities	886,042	1,954,408
Proceeds from sale of equity securities and related notes		704,654
Net cash provided by (used in) investing activities	(12,027,151)	8,645,721
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of treasury stock	(1,323,226)	
Dividends paid to stockholders	(3,420,886)	(3,046,304)
Proceeds from line of credit		25,000,000
Payment of deferred loan costs and SBIC debenture fees	(10,424)	(16,394)
Net cash provided by (used in) financing activities	(4,754,536)	21,937,302
Net increase (decrease) in cash and cash equivalents	(16,512,024)	32,064,983
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	35,374,826	41,889,324
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 18,862,802	$ 73,954,307

The accompanying notes are an integral part of these financial statements

Table of Contents

MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS
March 31, 2009
(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, 2011)		$ 2,750,000	$ 2,730,172	$ 2,750,000
Member Units(7) (Fully diluted 42.3%)			41,837	940,000
			2,772,009	3,690,000
CBT Nuggets, LLC	Produces and Sells IT Certification Training Videos			
14% Secured Debt (Maturity June 1, 2011)		1,680,000	1,645,795	1,680,000
10% Secured Debt (Maturity March 31, 2012)		915,000	915,000	915,000
10% Secured Debt (Maturity March 31, 2010)		300,000	300,000	300,000
Member Units(7) (Fully diluted 24.5%)			299,520	1,230,000
			3,160,315	4,125,000
Ceres Management, LLC (Lambs)	Aftermarket Automotive Services Chain			
14% Secured Debt (Maturity May 31, 2013)		2,400,000	2,373,735	2,373,735
Member Units (Fully diluted 42.0%)			1,200,000	870,000
			3,573,735	3,243,735
Condit Exhibits, LLC				
13% current / 5% PIK Secured Debt (Maturity July 1, 2013)	Tradeshow Exhibits/ Custom Displays	2,337,044	2,303,440	2,303,440
Warrants (Fully diluted 28.1%)			300,000	160,000
			2,603,440	2,463,440
Gulf Manufacturing, LLC	Industrial Metal Fabrication			
Prime plus 1% Secured Debt (Maturity August 31, 2012)		1,200,000	1,191,347	1,200,000
13% Secured Debt (Maturity August 31, 2012)		1,800,000	1,663,324	1,780,000
Member Units(7) (Fully diluted 18.4%)			472,000	1,710,000
Warrants (Fully diluted 8.4%)			160,000	920,000
			3,486,671	5,610,000
Hawthorne Customs & Dispatch Services, LLC	Transportation/ Logistics			
13% Secured Debt (Maturity January 31, 2011)		975,000	954,643	954,643
Member Units(7) (Fully diluted 27.8%)			375,000	435,000
Warrants (Fully diluted 16.5%)			37,500	230,000

			1,367,143	1,619,643
Hydratec Holdings, LLC	Agricultural Services			
12.5% Secured Debt (Maturity October 31, 2012)		5,400,000	5,315,866	5,315,866
Prime plus 1% Secured Debt (Maturity October 31, 2012)		1,595,244	1,580,911	1,580,911
Member Units (Fully diluted 60.0%)			1,800,000	1,980,000
			8,696,777	8,876,777
Jensen Jewelers of Idaho, LLC	Retail Jewelry			
Prime Plus 2% Secured Debt (Maturity November 14, 2011)		1,044,000	1,032,025	1,045,068
13% current / 6% PIK Secured Debt (Maturity November 14, 2011)		1,019,735	1,003,359	1,020,971
Member Units(7) (Fully diluted 24.3%)			376,000	290,000
			2,411,384	2,356,039

Table of Contents

Portfolio Company/Type of Investment(1)(2)	Industry	Principal(6)	Cost(6)	Fair Value
NAPCO Precast, LLC	Precast Concrete			
18% Secured Debt (Maturity February 1, 2013)	Manufacturing	6,461,538	6,352,776	6,461,535
Prime Plus 2% Secured Debt (Maturity February 1, 2013)(8)		3,692,308	3,662,545	3,692,308
Member Units(7) (Fully diluted 36.1%)			2,020,000	5,120,000
			12,035,321	15,273,843
OMi Holdings, Inc.	Manufacturer of			
12% Secured Debt (Maturity April 1, 2013)	Overhead Cranes	6,450,000	6,397,683	6,397,683
Common Stock (Fully diluted 28.8%)			900,000	310,000
			7,297,683	6,707,683
Quest Design & Production, LLC	Design and Fabrication of Custom Display			
10% Secured Debt (Maturity June 30, 2013)	Systems	600,000	465,060	600,000
0% Secured Debt (Maturity June 30, 2013)		2,000,000	2,000,000	1,400,000
Warrants (Fully diluted 40.0%)			1,595,858	
Warrants (Fully diluted 20.0%)			40,000	
			4,100,918	2,000,000
Universal Scaffolding & Equipment, LLC	Manufacturer of Scaffolding and Shoring			
Prime plus 1% Secured Debt (Maturity August 17, 2012)(8)	Equipment	841,750	835,681	835,681
13% current / 5% PIK Secured Debt (Maturity August 17, 2012)		3,377,176	3,328,485	1,660,000
Member Units (Fully diluted 18.4%)			992,062	
			5,156,228	2,495,681
Uvalco Supply, LLC	Farm and Ranch Supply			
Member Units (Fully diluted 39.6%)			905,743	1,370,000
Ziegler s NYPD, LLC	Casual Restaurant Group			
Prime plus 2% Secured Debt (Maturity October 1, 2013)(8)		600,000	594,483	594,483
13% current / 5% PIK Secured Debt (Maturity October 1, 2013)		2,738,206	2,701,029	2,701,029
Warrants (Fully diluted 28.6%)			360,000	360,000
			3,655,512	3,655,512
Subtotal Control Investments			61,222,879	63,487,353

Table of Contents

MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS
March 31, 2009
(Unaudited)

o Company/Type of Investment(1)(2)	Industry	Principal(6)	Cost(6)	Fair V
e Investments(4)				
age Millwork Company, Inc.	Manufacturer/Distributor			
cured Debt (Maturity February 5, 2012)	of Wood Doors	3,066,667	2,962,928	2,96
s (Fully diluted 12.2%)			97,808	
			3,060,736	2,96
an Sensor Technologies, Inc.	Manufacturer of			
us 0.5% Secured Debt (Maturity	Commercial/ Industrial			
2010)(8)	Sensors	3,800,000	3,800,000	3,80
s (Fully diluted 20.0%)			50,000	25
			3,850,000	4,05
Global Resources, LLC				
K Secured Debt (Maturity November 15,	Processor of Industrial			
	Minerals	4,791,944	4,655,836	
Units (Fully diluted 8.5%)			400,000	
			5,055,836	
nia Healthcare Medical Billing, Inc.	Healthcare Services			
cured Debt (Maturity October 17, 2013)		1,410,000	1,153,353	1,15
n Stock (Fully diluted 6%)			390,000	39
s (Fully diluted 12%)			240,000	48
			1,783,353	2,02
n Plating & Coatings, LLC				
us 2% Secured Debt (Maturity July 18,	Plating & Industrial Coating			
	Services	300,000	300,000	30
Units(7) (Fully diluted 11.1%)			210,000	2,90
			510,000	3,20
dustries, LLC	Specialty Manufacturer of			
cured Debt (Maturity January 23, 2011)	Oilfield and Industrial	3,937,500	3,803,359	3,80
ured Debt (Maturity March 1, 2010)	Products	375,000	375,000	37
ured Debt (Maturity March 31, 2010)		450,000	450,000	45
Units(7) (Fully diluted 14.5%)			187,500	20
			4,815,859	4,82
Healthcare, LP	Healthcare Facilities			
cured Debt (Maturity May 7, 2009)		2,275,000	2,271,099	2,27

s (Fully diluted 17.5%)			105,000	2,74
			2,376,099	5,01
l Trench Safety, LLC	Trench & Traffic Safety			
K Debt (Maturity April 16, 2014)	Equipment	414,447	414,447	41
Units (Fully diluted 11.7%)			1,792,308	1,79
			2,206,755	2,20
is Building Services, Inc.	Custodial/Facilities Services			
cured Debt (Maturity March 26, 2014)		1,890,000	1,707,345	1,70
s (Fully diluted 13.5%)			150,000	15
			1,857,345	1,85

Table of Contents

rtfolio Company/Type of Investment(1)(2)	Industry	Principal(6)	Cost(6)	Fair Value
lse Systems, LLC	Manufacturer of Components for Medical Devices			
% Secured Debt (Maturity June 1, 2009)		1,831,274	1,826,463	1,831,274
arrants (Fully diluted 7.4%)			132,856	450,000
			1,959,319	2,281,274
hneider Sales Management, LLC	Sales Consulting and Training			
% Secured Debt (Maturity October 15, 2013)		1,980,000	1,920,462	1,920,462
arrants (Fully diluted 12.0%)			45,000	
			1,965,462	1,920,462
sion Interests, Inc.	Manufacturer/ Installer of Commercial Signage			
% Secured Debt (Maturity June 5, 2012)		3,760,000	3,589,323	3,589,323
ommon Stock (Fully diluted 8.9%)			372,000	100,000
arrants (Fully diluted 11.2%)			160,000	130,000
			4,121,323	3,819,323
alden Smokey Point, Inc.				
% current / 4% PIK Secured Debt (Maturity ecember 30, 2013)	Specialty Transportation/ Logistics	4,848,533	4,760,492	4,760,492
ommon Stock (Fully diluted 7.6%)			600,000	600,000
			5,360,492	5,360,492
orldCall, Inc.	Telecommunication/ Information Services			
% Secured Debt (Maturity October 22, 2009)		646,225	635,515	639,999
ommon Stock (Fully diluted 9.9%)			296,631	382,838
			932,146	1,022,837
btotal Affiliate Investments			39,854,725	40,548,128

Table of Contents

MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS
March 31, 2009
(Unaudited)

Portfolio Company/Type of Investment(1)(2)	Industry	Principal(6)	Cost(6)	Fair Value
Non-Control/Non-Affiliate Investments(5):				
East Teak Fine Hardwoods, Inc.	Hardwood Products			
Common Stock (Fully diluted 3.3%)			130,000	370,000
Hayden Acquisition, LLC				
8% Secured Debt (Maturity August 9, 2009)	Manufacturer of Utility Structures	1,800,000	1,781,303	500,000
Support Systems Homes, Inc.	Manages Substance			
15% Secured Debt (Maturity August 21, 2018)	Abuse Treatment Centers	226,461	226,461	226,461
Technical Innovations, LLC	Manufacturer of Specialty Cutting			
7% Secured Debt (Maturity August 31, 2009)	Tools and Punches	529,684	525,267	525,267
13.5% Secured Debt (Maturity January 16, 2015)		3,650,000	3,600,944	3,650,000
			4,126,211	4,175,267
Subtotal Non-Control/Non-Affiliate Investments			6,263,975	5,271,728
Main Street Capital Partners, LLC (Investment Manager)	Asset Management			
100% of Membership Interests			18,000,000	17,014,221
Total Portfolio Investments, March 31, 2009			$ 125,341,579	$ 126,321,430
Idle Funds Investments	Investments in			
iBOXX High Yield Corporate Bond	High-Quality Debt	$ 728,422	$ 728,422	$ 728,422
Barclays Capital High Yield Bond	Investments,	267,598	267,598	267,598
4.50% National City Bank Bond (Maturity March 15, 2010)	Certificates of Deposit, and	1,000,000	1,000,000	1,000,000
1.65% Certificate of Deposit (Maturity October 5, 2009)	Diversified Bond Funds	2,500,000	2,500,000	2,500,000
1.73% Certificate of Deposit (Maturity August 22, 2009)		5,000,000	5,000,000	5,000,000
Vanguard High-Yield Corp Fund Admiral Shares		3,909,512	3,909,512	3,848,921
		2,675,689	2,675,689	2,553,311

Vanguard Long-Term Investment-Grade Fund Admiral Shares				
	$	16,081,221	$	15,898,252

Table of Contents

(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.

(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 payment of dividends or distributions.

(8) Subject to contractual minimum rates.

Table of Contents

MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS
December 31, 2008

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, 2011)		$ 2,750,000	$ 2,728,113	$ 2,750,000
Member Units(7) (Fully diluted 42.3%)			41,837	1,000,000
			2,769,950	3,750,000
CBT Nuggets, LLC	Produces and Sells			
14% Secured Debt (Maturity June 1, 2011)	IT Certification	1,680,000	1,642,518	1,680,000
10% Secured Debt (Maturity December 31, 2009)	Training Videos	150,000	150,000	150,000
Member Units(7) (Fully diluted 29.1%)			432,000	1,625,000
Warrants (Fully diluted 10.5%)			72,000	500,000
			2,296,518	3,955,000
Ceres Management, LLC (Lambs)	Aftermarket Automotive			
14% Secured Debt (Maturity May 31, 2013)	Services Chain	2,400,000	2,372,601	2,372,601
Member Units (Fully diluted 42.0%)			1,200,000	1,300,000
			3,572,601	3,672,601
Condit Exhibits, LLC	Tradeshow Exhibits/			
13% current / 5% PIK Secured Debt (Maturity July 1, 2013)	Custom Displays	2,308,073	2,273,194	2,273,194
Warrants (Fully diluted 28.1%)			300,000	300,000
			2,573,194	2,573,194
Gulf Manufacturing, LLC	Industrial Metal Fabrication			
Prime plus 1% Secured Debt (Maturity August 31, 2012)		1,200,000	1,190,764	1,200,000
13% Secured Debt (Maturity August 31, 2012)		1,900,000	1,747,777	1,880,000
Member Units(7) (Fully diluted 18.6%)			472,000	1,100,000
Warrants (Fully diluted 8.4%)			160,000	550,000
			3,570,541	4,730,000
Hawthorne Customs & Dispatch Services, LLC	Transportation/Logistics			
13% Secured Debt (Maturity January 31, 2011)		1,200,000	1,171,988	1,171,988
Member Units(7) (Fully diluted 27.8%)			375,000	435,000
Warrants (Fully diluted 16.5%)			37,500	230,000

			1,584,488	1,836,988
Hydratec Holdings, LLC	Agricultural Services			
12.5% Secured Debt (Maturity October 31, 2012)		5,400,000	5,311,329	5,311,329
Prime plus 1% Secured Debt (Maturity October 31, 2012)		1,595,244	1,579,911	1,579,911
Member Units (Fully diluted 60%)			1,800,000	2,050,000
			8,691,240	8,941,240
Jensen Jewelers of Idaho, LLC	Retail Jewelry			
Prime Plus 2% Secured Debt (Maturity November 14, 2011)		1,044,000	1,030,957	1,044,000
13% current / 6% PIK Secured Debt (Maturity November 14, 2011)		1,004,591	986,980	1,004,591
Member Units(7)(Fully diluted 24.3%)			376,000	380,000
			2,393,937	2,428,591
NAPCO Precast, LLC	Precast Concrete Manufacturing			
18% Secured Debt (Maturity February 1, 2013)		6,461,538	6,348,011	6,461,538
Prime Plus 2% Secured Debt (Maturity February 1, 2013)(8)		3,692,308	3,660,945	3,692,308
Member Units(7) (Fully diluted 36.1%)			2,000,000	5,100,000
			12,008,956	15,253,846

Table of Contents

Portfolio Company/Type of Investment(1)(2)	Industry	Principal(6)	Cost(6)	Fair Value
OMi Holdings, Inc.	Manufacturer of Overhead Cranes			
12% Secured Debt (Maturity April 1, 2013)		6,660,000	6,603,400	6,603,400
Common Stock (Fully diluted 28.8%)			900,000	570,000
			7,503,400	7,173,400
Quest Design & Production, LLC	Design and Fabrication of Custom Display Systems			
10% Secured Debt (Maturity June 30, 2013)		600,000	465,060	600,000
0% Secured Debt (Maturity June 30, 2013)		2,000,000	2,000,000	1,400,000
Warrants (Fully diluted 40.0%)			1,595,858	
Warrants (Fully diluted 20.0%)			40,000	
			4,100,918	2,000,000
Universal Scaffolding & Equipment, LLC	Manufacturer of Scaffolding and Shoring Equipment			
Prime plus 1% Secured Debt (Maturity August 17, 2012)(8)		881,833	875,072	875,072
13% current / 5% PIK Secured Debt (Maturity August 17, 2012)		3,362,698	3,311,508	3,160,000
Member Units (Fully diluted 18.4%)			992,063	
			5,178,643	4,035,072
Uvalco Supply, LLC	Farm and Ranch Supply			
Member Units (Fully diluted 39.6%)			905,743	1,575,000
Ziegler s NYPD, LLC	Casual Restaurant Group			
Prime plus 2% Secured Debt (Maturity October 1, 2013)(8)		600,000	594,239	594,239
13% current / 5% PIK Secured Debt (Maturity October 1, 2013)		2,704,262	2,663,437	2,663,437
Warrants (Fully diluted 28.6%)			360,000	360,000
			3,617,676	3,617,676
Subtotal Control Investments			60,767,805	65,542,608

Table of Contents

MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS
December 31, 2008

o Company/Type of Investment(1)(2)	Industry	Principal (6)	Cost (6)	Fair Va
e Investments(4)				
age Millwork Company, Inc.	Manufacturer/Distributor of Wood Doors			
cured Debt (Maturity February 5, 2012)		3,066,667	2,955,442	2,95
s (Fully diluted 12.2%)			97,808	
			3,053,250	2,95
an Sensor Technologies, Inc.	Manufacturer of Commercial/ Industrial Sensors			
lus 0.5% Secured Debt (Maturity 2010)(8)		3,800,000	3,800,000	3,800
s (Fully diluted 20.0%)			50,000	250
			3,850,000	4,050
Global Resources, LLC	Processor of Industrial Minerals			
K Secured Debt (Maturity November 15,		4,791,944	4,655,836	
r Units (Fully diluted 8.5%)			400,000	
			5,055,836	
nia Healthcare Medical Billing, Inc.	Healthcare Services			
cured Debt (Maturity October 17, 2013)		1,410,000	1,141,706	1,141
n Stock (Fully diluted 6%)			390,000	390
s (Fully diluted 12%)			240,000	240
			1,771,706	1,77
n Plating & Coatings, LLC	Plating & Industrial Coating Services			
lus 2% Secured Debt (Maturity July 18,		300,000	300,000	300
r Units(7) (Fully diluted 11.1%)			210,000	2,750
			510,000	3,050
ndustries, LLC	Specialty Manufacturer of Oilfield and Industrial Products			
cured Debt (Maturity January 23, 2011)		3,937,500	3,787,758	3,93
ured Debt (Maturity March 1, 2010)		468,750	468,750	468
ured Debt (Maturity March 31, 2009)		450,000	450,000	450
r Units(7) (Fully diluted 14.5%)			187,500	775
			4,894,008	5,63
Healthcare, LP	Healthcare Facilities			
cured Debt (Maturity May 7, 2009)		2,275,000	2,259,664	2,27

s (Fully diluted 17.5%)			105,000	2,500
			2,364,664	4,77
l Trench Safety, LLC	Trench & Traffic			
K Debt (Maturity April 16, 2014)	Safety Equipment	404,256	404,256	40
r Units (Fully diluted 11.7%)			1,792,308	1,79
			2,196,564	2,19
ystems, LLC	Manufacturer of			
cured Debt (Maturity June 1, 2009)	Components for	1,831,274	1,819,464	1,83
s (Fully diluted 7.4%)	Medical Devices		132,856	45
			1,952,320	2,28
ler Sales Management, LLC	Sales Consulting and Training			
cured Debt (Maturity October 15, 2013)		1,980,000	1,909,972	1,90
s (Fully diluted 12.0%)			45,000	4
			1,954,972	1,95
Interests, Inc.	Manufacturer/Installer			
cured Debt (Maturity June 5, 2012)	of Commercial Signage	3,760,000	3,579,117	3,57
n Stock (Fully diluted 8.9%)			372,000	42
s (Fully diluted 11.2%)			160,000	42
			4,111,117	4,41
Smokey Point, Inc.	Specialty Transportation/ Logistics			
rent / 4% PIK Secured Debt (Maturity er 30, 2013)		4,800,533	4,704,533	4,70
n Stock (Fully diluted 7.6%)			600,000	60
			5,304,533	5,30
Call, Inc.	Telecommunication/			
cured Debt (Maturity October 22, 2009)	Information Services	646,225	631,199	64
n Stock (Fully diluted 9.9%)			296,631	38
			927,830	1,02
l Affiliate Investments			37,946,800	39,41

Table of Contents

MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS
December 31, 2008

Portfolio Company/Type of Investment(1)(2)	Industry	Principal(6)	Cost(6)	Fair Value
Non-Control/Non-Affiliate Investments(5):				
East Teak Fine Hardwoods, Inc.	Hardwood Products			
Common Stock (Fully diluted 3.3%)			130,000	490,000
Hayden Acquisition, LLC	Manufacturer of			
8% Secured Debt (Maturity March 9, 2009)	Utility Structures	1,800,000	1,781,303	500,000
Support Systems Homes, Inc.	Manages Substance			
15% Secured Debt (Maturity August 21, 2018)	Abuse Treatment Centers	226,589	226,589	226,589
Technical Innovations, LLC	Manufacturer of Specialty Cutting Tools and			
7% Secured Debt (Maturity August 31, 2009)	Punches	416,364	409,297	409,297
13.5% Secured Debt (Maturity January 16, 2015)		3,750,000	3,698,216	3,750,000
			4,107,513	4,159,297
Subtotal Non-Control/Non-Affiliate Investments			6,245,405	5,375,886
Main Street Capital Partners, LLC (Investment Manager)	Asset Management			
100% of Membership Interests			18,000,000	16,675,626
Total Portfolio Investments, December 31, 2008			$ 122,960,010	$ 127,006,815
Idle Funds Investments	Investments in High-Quality Debt Investments and			
8.3% General Electric Capital Corporate Bond (Maturity September 20, 2009)	Diversified Bond Funds	$ 1,218,704	$ 1,218,704	$ 1,218,704
4.50% National City Bank Bond (Maturity March 15, 2010)		1,000,000	1,000,000	1,000,000
Vanguard High-Yield Corp Fund Admiral Shares		1,000,000	1,000,000	1,086,514
		1,000,000	1,000,000	1,084,577

Vanguard Long-Term Investment-Grade Fund Admiral Shares		
	$ 4,218,704	$ 4,389,795

(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.

(5) Non-Control/Non-Affiliate investments are defined by the 1940 Act as investments that are neither Control Investments nor Affiliate Investments.

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(7) Income producing through payment of dividends or distributions.

(8) Subject to contractual minimum rates.

Table of Contents

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 (the Fund) and its general partner, Main Street Mezzanine Management, LLC (the General Partner), (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). The transactions discussed above were consummated in October 2007 and are collectively termed the Formation Transactions. The term Main Street refers to the Fund and the General Partner prior to the IPO and to MSCC and its subsidiaries, including the Fund and the General Partner, subsequent to the IPO.

Immediately following the Formation Transactions, Main Street Equity Interests, Inc. (MSEI) was created as a wholly owned consolidated subsidiary of MSCC. MSEI 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.

2. *Basis of Presentation*

Main Street s financial statements are prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP). For the three months ended March 31, 2009 and 2008, the consolidated financial statements of Main Street include the accounts of MSCC, the Fund, MSEI and the General Partner. The Investment Manager is accounted for as a portfolio investment (see Note D). Main Street s results of operations and cash flows for the three months ended March 31, 2009 and 2008 and financial positions as of March 31, 2009 and December 31, 2008 are presented on a consolidated basis. The effects of all intercompany transactions between Main Street and its 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 months ended March 31, 2009 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, 2008. 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 s. 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

MAIN STREET CAPITAL CORPORATION

Notes to Consolidated Financial Statements (Continued)

discussed further in Note B, with any adjustments to fair value recognized as Net Change in Unrealized Appreciation (Depreciation) from Investments on the Statement of Operations until the investment is disposed of, 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, Control Investments are defined as investments in which Main Street owns more than 25% of the voting securities or has rights to maintain greater than 50% of the board representation. Under the 1940 Act, Affiliate Investments are defined as investments in which Main Street owns between 5% and 25% of the voting securities. Under the 1940 Act, Non-Control/Non-Affiliate Investments are defined as investments that are neither Control investments nor Affiliate investments. The 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 of Main Street.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Valuation of Investments*

Main Street accounts for its portfolio investments at fair value. As a result, Main Street adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements* (SFAS 157) in the first quarter of 2008. SFAS 157 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. SFAS 157 requires Main Street to assume that the portfolio investment is to be sold in the principal market to 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 debt investments principally using a yield-to-maturity model. Prior to the adoption of SFAS 157, Main Street reported unearned income as a single line item on the consolidated balance sheets and consolidated schedule of investments. Unearned income is no longer reported as a separate line and is now part of the investment portfolio cost and fair value on the consolidated balance sheets and the consolidated schedule of investments. This change in presentation had no impact on the overall net cost or fair value of Main Street s investment portfolio and had no impact on Main Street s financial position or results of operations.

Main Street s business plan calls for it to invest primarily in illiquid securities issued by private companies and/or thinly traded public companies. These investments may be subject to restrictions on resale and will generally have no established trading market. As a result, Main Street determines in good faith the fair value of its portfolio investments pursuant to a valuation policy in accordance with SFAS 157 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 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 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

MAIN STREET CAPITAL CORPORATION

Notes to Consolidated Financial Statements (Continued)

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, 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 it 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 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 Main Street s non-control investments are not readily available. For Main Street s non-control investments, Main Street uses a combination of market and income approaches to value its equity investments and the income approach to value its debt instruments. For non-control 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 a 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 debt security. A change in the assumptions that Main Street uses to estimate the fair value of its 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 a debt security is in workout status, Main Street may consider other factors in determining the fair value of a 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.

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 different than the valuations currently assigned. Main Street determines the fair value of each individual investment and records changes in fair value as unrealized appreciation or depreciation.

Main Street uses a standard investment ranking 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. Each quarter, Main Street estimates the fair value of each portfolio investment, and the Board of Directors of Main Street oversees, reviews and approves, in good faith, Main Street s fair value estimates consistent with the 1940 Act requirements.

Pursuant to its internal valuation process, Main Street performs valuation procedures on each 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 portfolio

MAIN STREET CAPITAL CORPORATION

Notes to Consolidated Financial Statements (Continued)

investment at least once in every calendar year, and for new portfolio companies, at least once in the twelve-month period subsequent to the initial investment. In certain instances, Main Street may determine that it is not cost-effective, and as a result is not in its stockholders best interest, to consult with the nationally recognized independent advisor on one or more portfolio companies. Such instances include, but are not limited to, situations where the fair value of Main Street s investment in a 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 4 portfolio companies for the three months ended March 31, 2009, representing approximately 9% of the total portfolio investments at fair value as of March 31, 2009. 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 the investments.

Main Street believes its investments as of March 31, 2009 and December 31, 2008 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 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 collectibility. 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 ability to service the debt or other obligations, or if a loan or debt security is fully impaired or written off, it will be removed from non-accrual status.

While not significant to its total portfolio, Main Street holds debt instruments in its portfolio that contain payment-in-kind (PIK) interest provisions. The PIK interest, computed at the contractual rate specified in each debt agreement, is 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.

As of March 31, 2009, and December 31, 2008, Main Street had one investment on non-accrual status. This investment comprised approximately 0.5% of the core investment portfolio at fair value for each of the two periods then ended.

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.

MAIN STREET CAPITAL CORPORATION

Notes to Consolidated Financial Statements (Continued)

In connection with its 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 resulting discount from recording the debt is reflected as unearned income, which is netted against the investment, and accreted into interest income based on the effective interest method over the life of the debt.

5. *Share-Based Compensation*

Main Street accounts for its share-based compensation plan using the fair value method, as prescribed by SFAS No. 123R, *Share-Based Payment* (SFAS 123R). 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 as share-based compensation expense over the requisite service period or vesting term.

6. *Income Taxes*

MSCC has elected and intends to qualify for the tax treatment applicable to regulated investment companies (RIC) under Subchapter M of the Internal Revenue Code of 1986, as amended (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.

MSCC s wholly owned subsidiary, MSEI, is a taxable entity which holds certain portfolio investments of Main Street. MSEI is consolidated with Main Street for U.S. GAAP reporting purposes, and the portfolio investments held by MSEI are included in Main Street s consolidated financial statements. The principal purpose of MSEI 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. MSEI is not consolidated with Main Street for income tax purposes and may generate income tax expense as a result of its ownership of certain portfolio investments. This income tax expense, if any, is reflected in Main Street s Consolidated Statement of Operations.

MSEI uses 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.

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

MAIN STREET CAPITAL CORPORATION

Notes to Consolidated Financial Statements (Continued)

depreciation previously recognized, and includes investments written-off during the period net of recoveries. Net change in unrealized appreciation or depreciation from investments reflects the net change in the valuation of the investment portfolio pursuant to Main Street s valuation guidelines 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, receivables, accounts payable and accrued liabilities approximate the fair values of such items. Idle funds investments consist primarily of short term investments in U.S. government agency securities, investments in high-quality debt investments, certificates of deposit, and diversified bond funds. The fair value determination for these investments primarily consists of Level 1 observable inputs.

10. *Recently Issued Accounting Standards*

In June 2008, the Financial Accounting Standards Board (FASB) issued EITF 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities* (EITF 03-6-1). This FASB Staff Position (FSP) addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting and, therefore, need to be included in the earnings allocation in computing earnings per share (EPS). This FSP will be effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those years. All prior-period EPS data presented will be adjusted retrospectively (including interim financial statements, summaries of earnings, and selected financial data) to conform to the provisions of this FSP. Early application is not permitted. On July 1, 2008, Main Street s Board of Directors approved the issuance of shares of restricted stock to Main Street employees and independent directors as discussed further in Note J. Main Street determined that these shares of restricted stock are participating securities prior to vesting. For the three months ended March 31, 2009, 255,645 shares of non-vested restricted stock have been included in Main Street s basic and diluted EPS computations.

In October 2008, the FASB issued FSP No. 157-3, *Determining the Fair Value of a Financial Asset When the Market for That Asset is Not Active* (FSP 157-3). FSP 157-3 provides an illustrative example of how to determine the fair value of a financial asset in an inactive market. The FSP does not change the fair value measurement principles set forth in SFAS 157. Since adopting SFAS 157 in January 2008, Main Street s practices for determining the fair value of its investment portfolio have been, and continue to be, consistent with the guidance provided in the example in FSP 157-3. Therefore, Main Street s adoption of FSP 157-3 did not affect its practices for determining the fair value of its investment portfolio and does not have a material effect on its financial position or results of operations.

In April 2009, the FASB issued FSP No. FAS 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly* (FSP 157-4) and FSP No. FAS 107-1 and APB 28-1, *Interim Disclosures About Fair Value of Financial Instruments* (FSP 107-1). Both FSPs are effective for reporting periods ending on or after June 15, 2009, although early adoption will be permitted under some conditions and can be applied for periods ending on or after March 15. Since adopting SFAS 157 in January 2008, Main Street s practices for determining fair value and for disclosures about the fair value of its investment portfolio have been, and continue to be,

MAIN STREET CAPITAL CORPORATION

Notes to Consolidated Financial Statements (Continued)

consistent with the guidance provided in FSP 157-4 and FSP 107-1. Therefore, Main Street s adoption of both FSP 157-4 and FSP 107-1 will not have a material effect on its financial position or results of operations.

NOTE C FAIR VALUE HIERARCHY FOR PORTFOLIO AND IDLE FUNDS INVESTMENTS

In connection with valuing portfolio investments, Main Street adopted the provisions of SFAS 157 in the first quarter of 2008. SFAS 157 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 portfolio investments at fair value.

Fair Value Hierarchy

In accordance with SFAS 157, Main Street has categorized its portfolio 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).

Portfolio investments recorded on Main Street s balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 Investments whose values are based on unadjusted quoted prices for identical assets in an active market that Main Street has the ability to access (examples include investments in active exchange-traded equity securities and investments in most U.S. government and agency securities).

Level 2 Investments whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the investment. Level 2 inputs include the following:

- Quoted prices for similar assets in active markets (for example, investments in restricted stock);
- Quoted prices for identical or similar assets in non-active markets (for example, investments in thinly traded public companies);
- Pricing models whose inputs are observable for substantially the full term of the investment (for example, market interest rate indices); and
- Pricing models whose inputs are derived principally from, or corroborated by, observable market data through correlation or other means for substantially the full term of the investment.

Level 3 Investments whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. 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 SFAS 157, 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.

Table of Contents

MAIN STREET CAPITAL CORPORATION

Notes to Consolidated Financial Statements (Continued)

As of March 31, 2009 and December 31, 2008, all of Main Street s idle funds investments consisted primarily of investments in high-quality debt investments, certificates of deposit, and diversified bond funds. The fair value determination for these investments primarily consisted of observable inputs. As a result, all of Main Street s idle funds investments were categorized as Level 1 as of March 31, 2009 and December 31, 2008, with a fair value of $15,898,252 and $4,389,795, respectively.

As of March 31, 2009, all of Main Street s 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 portfolio 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;
- Qualitative assessment of key management;
- Contractual rights, obligations or restrictions associated with the investment; and
- Other factors deemed relevant.

The following table provides a summary of changes in fair value of Main Street s Level 3 portfolio investments for the three months ended March 31, 2009:

Type of Investment	December 31, 2008 Fair Value	Accretion of Unearned Income	Redemptions/ Repayments	New Investments	Net Changes from Unrealized to Realized	Net Unrealized Appreciation (Depreciation)	March 31, 2009 Fair Value
Debt	$ 81,751,043	$ 130,356	$ (768,961)	$ 3,054,654	$ (68,911)	$ (1,651,118)	$ 82,447,063
Equity	22,735,146		(132,480)	20,000	(365,853)	(1,266,667)	20,990,146
Equity warrants	5,845,000		(72,000)	150,000	(428,000)	375,000	5,870,000
Investment Manager	16,675,626					338,595	17,014,221
	$ 127,006,815	$ 130,356	$ (973,441)	$ 3,224,654	$ (862,764)	$ (2,204,190)	$ 126,321,430

MAIN STREET CAPITAL CORPORATION

Notes to Consolidated Financial Statements (Continued)

Portfolio Investments

Main Street s portfolio investments principally consist of secured debt, equity warrants and direct equity investments in privately held companies. The 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 original investment. Main Street receives nominally priced equity warrants and makes direct equity investments, usually in connection with a debt investment in a portfolio company.

As discussed further in Note D, the Investment Manager is a wholly owned subsidiary of MSCC. However, the Investment Manager is accounted for as a portfolio investment of Main Street, since it conducts a significant portion of its investment management activities for entities other than MSCC or its subsidiaries. To allow for more relevant disclosure of Main Street s core investment portfolio, Main Street s investment in the Investment Manager has been excluded from the tables and amounts set forth in this Note C. Core portfolio investments, as used herein, refers to all of Main Street s portfolio investments excluding its investment in the Investment Manager.

Investment income, consisting of interest, dividends and fees, can fluctuate dramatically upon 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 three months ended March 31, 2009, Main Street recorded investment income from one portfolio company in excess of 10% of total investment income. The investment income from that portfolio company represented approximately 11% of the total investment income for the period, principally related to interest income from debt investments in such company. For the three months ended March 31, 2008, Main Street recorded investment income from one portfolio company in excess of 10% of total investment income. The investment income from that portfolio company represented approximately 15% of the total investment income for the period, principally related to interest income and transaction and structuring fees on the new investment in such company.

As of March 31, 2009, Main Street had debt and equity investments in 32 core portfolio companies with an aggregate fair value of $109,307,209 and a weighted average effective yield on its debt investments of approximately 14%. Approximately 84% of Main Street s total core portfolio investments at cost were in the form of debt investments and 91% of such debt investments at cost were secured by first priority liens on the assets of Main Street s portfolio companies as of March 31, 2009. At March 31, 2009, Main Street had equity ownership in approximately 94% of its core portfolio companies and the average fully diluted equity ownership in those portfolio companies was approximately 25%. As of December 31, 2008, Main Street had debt and equity investments in 31 core portfolio companies with an aggregate fair value of $110,331,189 and a weighted average effective yield on its debt investments of approximately 14%. The weighted average yields were computed using the effective interest rates for all debt investments at March 31, 2009 and December 31, 2008, including amortization of deferred debt origination fees and accretion of original issue discount but excluding any debt investments on non-accrual status.

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

Cost:	March 31, 2009	December 31, 2008

First lien debt	76.6%	76.2%
Equity	10.7%	11.0%
Second lien debt	7.3%	7.4%
Equity warrants	5.4%	5.4%
	100.0%	100.0%

MAIN STREET CAPITAL CORPORATION

Notes to Consolidated Financial Statements (Continued)

Fair Value:	**March 31, 2009**	**December 31, 2008**
First lien debt	68.2%	67.0%
Equity	14.1%	15.7%
Equity warrants	10.5%	10.2%
Second lien debt	7.2%	7.1%
	100.0%	100.0%

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

Cost:	**March 31, 2009**	**December 31, 2008**
Southwest	48.9%	50.2%
West	36.4%	36.3%
Northeast	5.3%	3.7%
Southeast	4.9%	5.1%
Midwest	4.5%	4.7%
	100.0%	100.0%

Fair Value:	**March 31, 2009**	**December 31, 2008**
Southwest	56.5%	56.0%
West	31.1%	31.1%
Northeast	5.4%	3.7%
Midwest	4.4%	5.1%
Southeast	2.6%	4.1%
	100.0%	100.0%

Table of Contents

MAIN STREET CAPITAL CORPORATION

Notes to Consolidated Financial Statements (Continued)

Main Street s core portfolio investments are generally in lower middle-market companies conducting business in a variety of industries. Set forth below are tables showing the composition of Main Street s core portfolio investments by industry at cost and fair value as of March 31, 2009 and December 31, 2008:

Cost:	March 31, 2009	December 31, 2008
Industrial equipment	11.5%	12.0%
Precast concrete manufacturing	11.2%	11.3%
Custom wood products	9.1%	9.3%
Agricultural services	8.1%	8.3%
Electronics manufacturing	7.4%	7.6%
Professional services	6.5%	4.1%
Retail	6.4%	6.5%
Transportation/Logistics	6.3%	6.6%
Restaurant	6.0%	6.1%
Health care products	5.7%	5.8%
Mining and minerals	4.7%	4.8%
Manufacturing	4.5%	4.7%
Health care services	4.1%	4.2%
Metal fabrication	3.2%	3.4%
Equipment rental	2.1%	2.1%
Infrastructure products	1.7%	1.7%
Information services	0.9%	0.9%
Industrial services	0.5%	0.5%
Distribution	0.1%	0.1%
	100.0%	100.0%

MAIN STREET CAPITAL CORPORATION

Notes to Consolidated Financial Statements (Continued)

Fair Value:	**March 31, 2009**	**December 31, 2008**
Precast concrete manufacturing	14.2%	13.7%
Industrial equipment	8.4%	10.2%
Agricultural services	8.1%	8.1%
Electronics manufacturing	7.2%	7.7%
Professional services	7.2%	5.4%
Custom wood products	6.8%	6.8%
Restaurant	6.7%	6.7%
Health care services	6.6%	6.1%
Retail	6.4%	7.0%
Transportation/Logistics	6.4%	6.5%
Health care products	5.9%	5.8%
Metal fabrication	5.1%	4.3%
Manufacturing	4.4%	5.1%
Industrial services	2.9%	2.8%
Equipment rental	2.0%	2.0%
Information services	0.9%	0.9%
Infrastructure products	0.5%	0.5%
Distribution	0.3%	0.4%
	100.0%	100.0%

Main Street s core portfolio investments are generally in lower middle-market companies conducting business in a variety of industries. At March 31, 2009, Main Street had one investment that was greater than 10% of its total core investment portfolio at fair value. That investment represented approximately 14% of the core portfolio at fair value. At December 31, 2008, Main Street had one investment that was greater than 10% of its total core investment portfolio at fair value. That investment represented approximately 14% of the core portfolio at fair value at December 31, 2008.

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 of Main Street, since the Investment Manager is not an investment company and since it conducts a significant portion of its investment management activities for Main Street Capital II, LP (MSC II), a separate SBIC fund, which is not part of MSCC or one of its subsidiaries. The Investment Manager receives recurring investment management fees from MSC II pursuant to a separate investment advisory agreement, paid quarterly, which currently total $3.3 million per year, and the Investment Manager also receives other consulting or advisory fees from third parties (the External Services). The portfolio investment in the Investment Manager is accounted for using fair value accounting, with the fair value determined by Main Street and approved, in good faith, by Main Street s Board of Directors, based on the same

valuation methodologies applied to determine the original $18 million 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 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 External Services and include an estimated allocation of costs related to providing services to MSC II and other third parties. Any change in fair value of the Investment

MAIN STREET CAPITAL CORPORATION

Notes to Consolidated Financial Statements (Continued)

Manager investment 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. Main Street believes that the valuation for the Investment Manager will generally decrease over the life of the investment advisory and consulting contracts with MSC II and other third parties, absent obtaining additional recurring cash flows from performing the 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 the External 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, as well as the investment activities of MSC II. 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 expenses associated with providing investment management and other services to MSCC and its subsidiaries, as well as MSC II and other third parties. Each quarter, as part of the support services agreement, MSCC makes payments to cover all expenses incurred by the Investment Manager, less the recurring External Services fees that the Investment Manager receives from MSC II and other third parties pursuant to long-term investment advisory services and consulting agreements. For the three months ended March 31, 2009 and 2008, the expenses reimbursed by MSCC to the Investment Manager were $34,425 and $226,567, respectively.

In its separate stand alone financial statements as presented below, the Investment Manager recognized an $18 million intangible asset related to the investment advisory agreement with MSC II and 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. 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 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 three months ended March 31, 2009 and 2008, the Investment Manager recognized $250,405 and $454,562 in amortization expense 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 between the two entities since it is non-cash in nature.

Table of Contents

MAIN STREET CAPITAL CORPORATION

Notes to Consolidated Financial Statements (Continued)

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

	March 31, 2009 (Unaudited)	December 31, 2008
ASSETS		
Cash	$ 31,371	$ 20,772
Accounts receivable	9,815	17,990
Accounts receivable MSCC		302,633
Intangible asset (net of accumulated amortization of $1,424,612 and $1,174,207 as of March 31, 2009 and December 31, 2008, respectively)	16,575,388	16,825,793
Deposits and other	151,754	103,392
Total assets	$ 16,768,328	$ 17,270,580
LIABILITIES		
Accounts payable MSCC	$ 151,013	$
Accounts payable and accrued liabilities	186,500	589,360
Total liabilities	337,513	589,360
Equity	16,430,815	16,681,220
Total liabilities and equity	$ 16,768,328	$ 17,270,580

	Three Months Ended March 31, 2009 (Unaudited)	2008
Management fee income from MSC II	$ 831,300	$ 831,300
Other management advisory and consulting fees	65,625	
Total income	896,925	831,300
EXPENSES		
Salaries, benefits and other personnel costs	(762,048)	(851,501)
Occupancy expense	(78,853)	(45,199)
Professional expenses	(7,552)	(1,330)
Amortization expense intangible asset	(250,405)	(285,938)
Other	(82,897)	(159,837)

Expense reimbursement from MSCC		34,425		226,567
Total net expenses		(1,147,330)		(1,117,238)
Net income (loss)	$	(250,405)	$	(285,938)

NOTE E SBIC DEBENTURES

SBIC debentures payable at March 31, 2009 and December 31, 2008 were $55 million. 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 March 31, 2009 and December 31, 2008 was 5.78%. The first principal maturity due under the existing SBIC debentures is in 2013, and the weighted average duration is

MAIN STREET CAPITAL CORPORATION

Notes to Consolidated Financial Statements (Continued)

approximately 6.2 years. Main Street is subject to regular compliance examinations by the Small Business Administration. There have been no historical findings resulting from these examinations.

NOTE F INVESTMENT AND TREASURY CREDIT FACILITIES

On October 24, 2008, Main Street entered into a $30 million, three-year investment credit facility (the Investment Facility) with Branch Banking and Trust Company (BB&T) and Compass Bank, as lenders, and BB&T, as administrative agent for the lenders. The purpose of the Investment Facility is to provide additional liquidity in support of future investment and operational activities. The Investment Facility allows for an increase in the total size of the facility up to $75 million, subject to certain conditions, and has a maturity date of October 24, 2011. Borrowings under the Investment Facility bear interest, subject to Main Street s election, on a per annum basis equal to (i) the applicable LIBOR rate plus 2.75% or (ii) the applicable base rate plus 0.75%. Main Street will pay unused commitment fees of 0.375% per annum on the average unused lender commitments under the Investment Facility. The Investment Facility is secured by certain assets of MSCC, MSEI and the Investment Manager. The Investment Facility contains certain affirmative and negative covenants, including but not limited to: (i) maintaining a minimum liquidity of not less than 10% of the aggregate principal amount outstanding, (ii) maintaining an interest coverage ratio of at least 2.00 to 1.00, and (iii) maintaining a minimum tangible net worth. At March 31, 2009, Main Street had no borrowings outstanding under the Investment Facility, and Main Street was in compliance with all covenants of the Investment Facility.

On December 31, 2007, Main Street entered into a treasury-based credit facility (the Treasury Facility) among Main Street, Wachovia Bank, National Association and BB&T, as administrative agent for the lenders. The purpose of the Treasury Facility is to provide flexibility in the sizing of portfolio investments and to facilitate the growth of Main Street s investment portfolio. Under the Treasury Facility, the lenders had agreed to extend revolving loans to Main Street in an amount not to exceed $100 million; however, due to the maturation of Main Street s investment portfolio and the additional flexibility provided by the Investment Facility, Main Street unilaterally reduced the Treasury Facility from $100 million to $50 million during October 2008. The reduction in the size of the Treasury Facility reduced the amount of unused commitment fees paid by Main Street. The Treasury Facility has a two-year term and bears interest, at Main Street s option, either (i) at the LIBOR rate or (ii) at a published prime rate of interest, plus 0.25% in each case. The applicable interest rates under the Treasury Facility would be increased by 0.15% if usage under the Treasury Facility is in excess of 50% of the days within a given calendar quarter. The Treasury Facility requires payment of 0.15% per annum in unused commitment fees based on average daily unused balances under the facility. The Treasury Facility is secured by certain securities accounts maintained for Main Street by BB&T and is also guaranteed by Main Street s wholly-owned Investment Manager. The Treasury Facility contains certain affirmative and negative covenants, including but not limited to: (i) maintaining a cash collateral coverage ratio of at least 1.01 to 1.0, (ii) maintaining an interest coverage ratio of at least 2.0 to 1.0, and (iii) maintaining a minimum tangible net worth. At March 31, 2009, Main Street had no borrowings outstanding under the Treasury Facility, and Main Street was in compliance with all covenants of the Treasury Facility.

Table of Contents

MAIN STREET CAPITAL CORPORATION

Notes to Consolidated Financial Statements (Continued)

NOTE G FINANCIAL HIGHLIGHTS

	Three Months Ended March 31, 2009	2008
Per Share Data:		
Net asset value at beginning of period	$ 12.20	$ 12.85
Net investment income(1)	0.23	0.28
Net realized gains(1)(2)	0.10	0.07
Net change in unrealized appreciation (depreciation) on investments(1)(2)	(0.37)	0.04
Income tax provision(1)	(0.01)	(0.03)
Net increase (decrease) in net assets resulting from operations(1)	(0.05)	0.36
Net decrease in net assets from dividends to stockholders	(0.38)	(0.34)
Increase due to share-based compensation	0.02	
Accretive effect of share repurchase program (repurchases below net asset value)	0.04	
Other(3)	0.01	
Net asset value at March 31, 2009 and 2008	$ 11.84	$ 12.87
Market value at March 31, 2009 and 2008	$ 9.98	$ 13.68
Shares outstanding at March 31, 2009 and 2008	9,041,939	8,959,718

(1) Based on weighted average number of common shares outstanding for the period.

(2) Net realized gains and net change in unrealized appreciation or depreciation can fluctuate significantly from period to period.

(3) Represents 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.

	Three Months Ended March 31, 2009	2008
Net assets at end of period	$ 107,037,942	$ 115,305,540
Average net assets	$ 109,697,001	$ 115,227,374
Average outstanding debt	$ 55,000,000	$ 55,000,000
Ratio of total expenses, excluding interest expense, to average net assets(1)	0.50%	0.59%
Ratio of total expenses to average net assets(1)	1.35%	1.32%

Ratio of net investment income to average net assets(1)	1.93%	2.17%
Total return based on change in net asset value(2)	(0.42)%	2.78%

(1) Not annualized.

(2) 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.

MAIN STREET CAPITAL CORPORATION

Notes to Consolidated Financial Statements (Continued)

NOTE H DIVIDEND, DISTRIBUTIONS AND TAXABLE INCOME

In September 2008, Main Street announced that it would begin making dividend payments on a monthly, as opposed to a quarterly, basis beginning in October 2008.

Main Street s Board of Directors declared monthly dividends of $0.125 per share for each of January, February and March 2009. Including dividends declared as of December 31, 2008 and paid to stockholders in January 2009, Main Street paid $3.4 million or $0.375 per share to stockholders for the period, including $0.4 million paid to Main Street s Dividend Reinvestment Plan (DRIP) administrator during December 2008 for the purchase of DRIP shares in the open market to satisfy the DRIP participation requirements for the January 2009 dividend. During March 2009, Main Street declared $1.1 million or $0.125 per share for the April 2009 monthly dividend, including $0.4 million paid to its DRIP administrator for the purchase of common stock in the open market to satisfy the DRIP participation requirements in connection with the April 2009 monthly dividend. Based upon the closing trading price on the day before the payment date for the April 2009 dividend, Main Street also issued 12,992 new shares in order to satisfy April 2009 DRIP requirements. During February 2008, Main Street s Board of Directors declared a quarterly dividend of approximately $3.0 million or $0.34 per common share for the three months ended March 31, 2008.

The determination of the tax attributes of 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. Main Street s estimates that the tax attributes of its distributions year-to-date as of March 31, 2009 consist substantially of ordinary income. There can be no assurance that this estimate is representative of the final tax attributes of Main Street s 2009 distributions to its stockholders. 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 (which Main Street did not receive during the year-to-date period of 2009).

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 distribute at least 90% of its investment company taxable income to qualify for pass-through tax treatment and maintain its RIC status. MSCC has distributed and currently intends to distribute sufficient dividends to qualify as a RIC. As part of maintaining RIC status, 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 MSCC s federal income tax return.

One of MSCC s wholly owned subsidiaries, MSEI, is a taxable entity which holds certain portfolio investments for Main Street. MSEI is consolidated with Main Street for financial reporting purposes, and the portfolio investments held by MSEI are included in Main Street s consolidated financial statements. The principal purpose of MSEI 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. MSEI is not consolidated with Main Street for income tax purposes and may generate income tax expense as a result of its ownership of various portfolio investments. This income tax expense, if any, is reflected in Main Street s Consolidated Statement of Operations.

Table of Contents

MAIN STREET CAPITAL CORPORATION

Notes to Consolidated Financial Statements (Continued)

Listed below is a reconciliation of Net Increase (Decrease) in Net Assets Resulting from Operations to taxable income and also to total distributions declared to common stockholders for the three months ended March 31, 2009 and 2008:

	Three Months Ended March 31, 2009 (Estimated)	Three Months Ended March 31, 2008
Net increase (decrease) in net assets resulting from operations	$ (467,798)	$ 3,202,636
Share based compensation expense	195,726	
Net change in unrealized (appreciation) depreciation on investments	3,421,013	(344,012)
Income tax provision	57,275	256,688
Pre-tax book loss (income) of taxable subsidiary, MSEI, not consolidated for tax purposes	(617,124)	(222,866)
Book income and tax income differences, including debt origination and structuring fees	(50,257)	(3,550)
Taxable income	2,538,835	2,888,896
Taxable income earned in prior year and carried forward for distribution in current year	2,799,963	1,445,059
Taxable income earned in current period and carried forward for distribution	(1,909,861)	(1,287,651)
Total distributions to common stockholders	$ 3,428,937	$ 3,046,304

NOTE I DIVIDEND REINVESTMENT PLAN

Main Street s DRIP provides for the reinvestment of dividends on behalf of its stockholders, unless a stockholder has elected to receive dividends in cash. As a result, if Main Street declares a cash dividend, the company s stockholders who have not opted out of the DRIP by the dividend record date will have their cash dividend automatically reinvested into additional shares of MSCC common stock. Main Street has the option to satisfy the share requirements of the DRIP through the issuance of shares of common stock or through open market purchases of common stock by the DRIP plan administrator. Newly issued shares will be valued based upon the final closing price of MSCC s common stock on the valuation date determined for each dividend by Main Street s Board of Directors. Shares purchased in the open market to satisfy the DRIP requirements will be valued based upon the average price of the applicable shares purchased by the DRIP plan administrator, before any associated brokerage or other costs. Main Street s DRIP is administered by its transfer agent on behalf of Main Street s record holders and participating brokerage firms. Brokerage firms and other financial intermediaries may not participate in Main Street s DRIP but may provide a similar dividend reinvestment plan.

For the three months ended March 31, 2009, $1.4 million of the total $3.4 million in dividends paid to stockholders represented DRIP participation and 137,993 shares of common stock were purchased in the open market to satisfy the DRIP participation requirements. During March 2009, Main Street funded $0.4 million to its DRIP administrator for

the purchase of common stock in the open market to satisfy the DRIP participation requirements in connection with the April 2009 monthly dividend. For the three months ended March 31, 2008, $1.2 million of the total $3.0 million distribution to stockholders represented DRIP participation and 94,065 shares of common stock were purchased in the open market to satisfy the DRIP participation requirements. The shares disclosed above relate only to Main Street s DRIP and exclude any activity related to broker-managed dividend reinvestment plans.

Table of Contents

MAIN STREET CAPITAL CORPORATION

Notes to Consolidated Financial Statements (Continued)

NOTE J SHARE-BASED COMPENSATION

Main Street accounts for its share-based compensation plans using the fair value method, as prescribed by SFAS 123R. Accordingly, for restricted stock awards, Main Street measured the grant date fair value based upon the market price of its common stock on the date of the grant and will amortize this fair value to share-based compensation expense over the requisite service period or vesting term.

On July 1, 2008, Main Street s Board of Directors approved the issuance of 245,645 shares of restricted stock to Main Street employees pursuant to the Main Street Capital Corporation 2008 Equity Incentive Plan. These shares will vest over a four-year period from the grant date and will be expensed over the four-year service period starting on the grant date.

On July 1, 2008, a total of 20,000 shares of restricted stock was issued to Main Street s independent directors pursuant to the Main Street Capital Corporation 2008 Non-Employee Director Restricted Stock Plan. One-half of those shares vested immediately on the grant date, and the remaining half will vest on the day immediately preceding the next annual meeting at which Main Street stockholders elect directors, provided that these independent directors have been in continuous service as members of the Board through such date. As a result, 50% of those shares were expensed during July 2008 with the remaining 50% to be expensed over a one-year service period starting on the grant date.

For the three months ended March 31, 2009, Main Street recognized total share-based compensation expense of $195,726 related to the restricted stock issued to Main Street employees and Main Street s independent directors.

As of March 31, 2009, there was $2,184,440 of total unrecognized compensation cost related to Main Street s non-vested restricted shares. This cost is expected to be recognized over a weighted-average period of approximately 3.0 years.

NOTE K EARNINGS PER SHARE

The following table summarizes our calculation of basic and diluted earnings per share for the three months ended March 31, 2009, and 2008:

	Three Months Ended March 31,	
	2009	**2008**
Numerator:		
Net increase (decrease) in net assets resulting from operations	$ (467,798)	$ 3,202,636
Denominator:		
Basic and diluted weighted-average shares outstanding	9,125,440	8,959,718
Net increase (decrease) in net assets resulting from operations per share:		
Basic and diluted	$ (0.05)	$ 0.36

On January 1, 2009, Main Street adopted the provisions of FSP EITF 03-6-1. Based on this new staff position, Main Street included performance-based restricted stock in its calculation of basic and diluted earnings per share when it believes it is probable the performance criteria will be met and the forfeiture provisions have not lapsed.

NOTE L COMMITMENTS

At March 31, 2009, Main Street had two outstanding commitments to fund unused revolving loans for up to $900,000.

Table of Contents

MAIN STREET CAPITAL CORPORATION

Notes to Consolidated Financial Statements (Continued)

NOTE M SUPPLEMENTAL CASH FLOW DISCLOSURES

Listed below are supplemental cash flow disclosures for the three months ended March 31, 2009 and 2008:

	Three Months Ended March 31,	
	2009	2008
Interest paid	$ 1,622,108	$ 1,585,297
Taxes paid	$ 387,134	$ 310,000

NOTE N RELATED PARTY TRANSACTIONS

We co-invested with MSC II in several existing portfolio investments prior to the IPO, but did not co-invest with MSC II subsequent to the IPO and prior to June 2008. In June 2008, we received exemptive relief from the SEC to allow us to resume co-investing with MSC II in accordance with the terms of such exemptive relief. MSC II is managed by the Investment Manager, and the Investment Manager is wholly owned by MSCC. MSC II is an SBIC fund with similar investment objectives to Main Street and which began its investment operations in January 2006. The co-investments among Main Street and MSC II had all been made at the same time and on the same terms and conditions. The co-investments were also made in accordance with the Investment Manager s conflicts policy and in accordance with the applicable SBIC conflict of interest regulations.

As discussed further in Note D to the accompanying consolidated financials statements, subsequent to the completion of the Formation Transactions, the Investment Manager is a wholly owned portfolio company of Main Street. At March 31, 2009 and December 31, 2008, the Investment Manager had a payable of $151,013 and a receivable of $302,633, respectively, with MSCC related to the funding of recurring expenses required to support MSCC s business.

NOTE O SUBSEQUENT EVENTS

During May 2009, Main Street completed a $3.6 million portfolio investment in Audio Messaging Solutions, LLC (AMS). Main Street s investment in AMS consisted of a $3.4 million first lien, secured debt investment. Main Street also provided AMS with a $0.2 million first lien, secured revolving loan to support AMS s working capital requirements. AMS provides on hold messaging services, which includes writing, recording, and delivery of customer messaging and music.

Table of Contents

PROSPECTUS

$300,000,000

Main Street Capital Corporation

Common Stock

We may offer, from time to time, up to $300,000,000 of our common stock, $0.01 par value per share, in one or more offerings. Our common stock may be offered at prices and on terms to be disclosed in one or more supplements to this prospectus. The offering price per share of our common stock, less any underwriting commissions or discounts, will not be less than the net asset value per share of our common stock at the time of the offering, except (i) with the consent of the majority of our common stockholders or (ii) under such other circumstances as the Securities and Exchange Commission may permit. On June 17, 2008, 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 the earlier of June 16, 2009 or the date of our 2009 annual stockholders meeting. 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. Shares of closed-end investment companies such as us 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. You should read this prospectus and the applicable prospectus supplement carefully before you invest in our common stock.

Our common stock may be offered directly to one or more purchasers through agents designated from time to time by us, or to or through underwriters or dealers. The prospectus supplement relating to the offering will identify any agents or underwriters involved in the sale of our common stock, and will disclose any applicable purchase price, fee, commission or discount arrangement between us and our agents or underwriters or among our underwriters or the basis upon which such amount may be calculated. See Plan of Distribution. We may not sell any of our common stock through agents, underwriters or dealers without delivery of a prospectus supplement describing the method and terms of the offering of such common stock.

We are a principal investment fund focused on providing customized debt and equity financing to lower middle-market companies that operate in diverse industries. We seek to fill the current financing gap for lower middle-market businesses, which have limited access to financing from commercial banks and other traditional sources.

Our 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 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 Nasdaq Global Select Market under the symbol MAIN. On April 23, 2009, the last reported sale price of our common stock on the Nasdaq Global Select Market was $11.70 per share.

Investing in our common stock involves a high degree of risk, and should be considered highly speculative. See Risk Factors beginning on page 10 to read about factors you should consider, including the risk of leverage, before investing in our common stock.

This prospectus and the accompanying prospectus supplement contain important information about us that a prospective investor should know before investing in our common stock. Please read this prospectus and the accompanying prospectus supplement 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. 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.mainstcapital.com*. Information contained on our website is not incorporated by reference into this prospectus, and you should not consider that information to be part of this prospectus. The Securities and Exchange Commission also maintains a website at *www.sec.gov* that contains such information.

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

The date of this prospectus is May 1, 2009

TABLE OF CONTENTS

	Page
Prospectus Summary	1
Fees and Expenses	8
Risk Factors	10
Cautionary Statement Concerning Forward-Looking Statements	25
Formation Transactions	26
Use of Proceeds	27
Price Range of Common Stock and Distributions	27
Purchases of Equity Securities	29
Selected Financial Data	30
Management s Discussion and Analysis of Financial Condition and Results of Operations	32
Senior Securities	48
Business	49
Portfolio Companies	57
Management	61
Certain Relationships and Transactions	77
Control Persons and Principal Stockholders	77
Sales of Common Stock Below Net Asset Value	79
Dividend Reinvestment Plan	85
Description of Capital Stock	86
Material U.S. Federal Income Tax Considerations	92
Regulation	98
Plan of Distribution	103
Custodian, Transfer and Distribution Paying Agent and Registrar	104
Brokerage Allocation and Other Practices	104
Legal Matters	104
Independent Registered Public Accounting Firm	104
Available Information	105
Privacy Notice	105
Index to Financial Statements	F-1

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission, or SEC, using the shelf registration process. Under the shelf registration process, we may offer, from time to time, up to $300,000,000 of our common stock on terms to be determined at the time of the offering. This prospectus provides you with a general description of the common stock that we may offer. Each time we use this prospectus to offer common stock, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. Please carefully read this prospectus and any accompanying prospectus supplement together with the additional information described under Available Information and Risk Factors before you make an investment decision.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus or any accompanying supplement to this prospectus. You must not rely on any unauthorized information or representations not contained in this prospectus or any accompanying prospectus supplement as if we had authorized it. This prospectus and any accompanying prospectus supplement do not constitute an offer to sell or a

solicitation of any offer to buy any security other than the registered securities to which they relate, nor do they constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The information contained in this prospectus and any accompanying prospectus supplement is accurate as of the dates on their covers.

PROSPECTUS SUMMARY

This summary highlights some of the information in this prospectus. It is not complete and may not contain all of the information that you may want to consider. You should read the entire prospectus and any prospectus supplement carefully, including the section entitled Risk Factors.

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 (the Fund) and its general partner, Main Street Mezzanine Management, LLC (the General Partner), (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). The transactions discussed above were consummated in October 2007 and are collectively termed the Formation Transactions. The Fund is licensed as a Small Business Investment Company (SBIC) by the United States Small Business Administration (SBA) and the Investment Manager acts as the Fund s manager and investment adviser. The Investment Manager also acts as the manager and investment adviser to Main Street Capital II, LP (MSC II), a privately owned, affiliated SBIC which commenced investment operations in January 2006. MSCC did not acquire any interest in MSC II in connection with the Formation Transactions and currently does not hold any equity interest in MSC II. Unless otherwise noted or the context otherwise indicates, the terms we, us, our and Main Street refer to the Fund and the General Partner prior to the IPO and to MSCC and its subsidiaries, including the Fund and the General Partner, subsequent to the IPO.

Main Street

We are a principal investment firm focused on providing customized financing solutions to lower middle-market companies, which we generally define as companies with annual revenues between $10 million and $100 million. Our 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. Our investments generally range in size from $2 million to $15 million. Our ability to invest across a company s capital structure, from senior secured loans to subordinated debt to equity securities, allows us to offer portfolio companies a comprehensive suite of financing solutions, or one-stop financing.

Our investments are made through both MSCC and the Fund. Since the IPO, MSCC and the Fund have co-invested in substantially every investment we have made. MSCC and the Fund share the same investment strategies and criteria in the lower middle-market, although they are subject to different regulatory regimes. See Regulation. An investor s return in MSCC will depend, in part, on the Fund s investment returns as the Fund is a wholly owned subsidiary of MSCC.

We typically seek to work with entrepreneurs, business owners and management teams to provide customized financing for strategic acquisitions, business expansion and other growth initiatives, ownership transitions and recapitalizations. In structuring transactions, we seek to protect our rights, manage our risk and create value by: (i) providing financing at lower leverage ratios; (ii) generally taking first priority liens on assets; and (iii) providing significant equity incentives for management teams of our portfolio companies. We seek to avoid competing with other capital providers for transactions because we believe competitive transactions often have execution risks and can result in potential conflicts among creditors and lower returns due to more aggressive valuation multiples and higher leverage ratios.

As of December 31, 2008, Main Street had debt and equity investments in 31 portfolio companies. Approximately 84% of our total portfolio investments at cost, excluding our 100% equity interest in the Investment Manager, were in the form of debt investments and 91% of such debt investments at cost were secured by first priority liens on the assets of our portfolio companies. As of December 31, 2008, Main Street had a weighted average effective yield on its debt investments of 14%. Weighted average yields are computed using the effective interest rates for all debt investments at December 31, 2008, including amortization of deferred debt origination fees and accretion of original issue discount. At December 31, 2008, we had equity

ownership in approximately 94% of our portfolio companies and the average fully diluted equity ownership in those portfolio companies was approximately 25%.

You should be aware that investments in the lower middle-market carry a number of risks including, but not limited to, investing in companies which have a limited operating history 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 for a more complete discussion of the risks involved with investing in the lower middle-market.

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 or any prospectus supplement, and you should not consider that information to be part of this prospectus or any prospectus supplement.

Business Strategies

Our 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:

Delivering Customized Financing Solutions. We believe our ability to provide a broad range of customized financing solutions to lower middle-market companies sets us apart from other capital providers that focus on providing a limited number of financing solutions. We offer to our portfolio companies customized debt financing solutions with equity components that are tailored to the facts and circumstances of each situation. Our ability to invest across a company s capital structure, from senior secured loans to subordinated debt to equity securities, allows us to offer our portfolio companies a comprehensive suite of financing solutions, or one-stop financing.

Focusing on Established Companies in the Lower Middle-Market. We generally invest in companies with established market positions, experienced management teams and proven revenue streams. Those companies generally possess better risk-adjusted return profiles than newer companies that are building management or are in the early stages of building a revenue base. In addition, established lower middle-market companies generally provide opportunities for capital appreciation.

Leveraging the Skills and Experience of Our Investment Team. Our investment team has significant experience in lending to and investing in lower middle-market companies. The members of our investment team have broad investment backgrounds, with prior experience at private investment funds, investment banks and other financial services companies, and currently include seven certified public accountants and one chartered financial analyst. The expertise of our investment team in analyzing, valuing, structuring, negotiating and closing transactions should provide us with competitive advantages by allowing us to consider customized financing solutions and non-traditional and complex structures.

Investing Across Multiple Industries. We seek to maintain a portfolio of investments that is appropriately balanced among various companies, industries, geographic regions and end markets. This portfolio balance is intended to mitigate the potential effects of negative economic events for particular companies, regions and industries.

Capitalizing on Strong Transaction Sourcing Network. Our investment team seeks to leverage its extensive network of referral sources for investments in lower middle-market companies. We have developed a reputation in our marketplace as a responsive, efficient and reliable source of financing, which has created a growing stream of proprietary deal flow for us.

Benefiting from Lower Cost of Capital. The Fund s SBIC license has allowed it to issue SBA-guaranteed debentures. SBA-guaranteed debentures carry long-term fixed rates that are generally lower than rates on comparable bank and other debt. Because lower cost SBA leverage is, and will continue

to be, a significant part of our capital base through the Fund, our relative cost of debt capital should be lower than many of our competitors. In addition, the SBIC leverage that we receive through the Fund represents a stable, long-term component of our capital structure.

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.

Proven Management Team with Meaningful Financial Commitment. 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. We believe management teams with these attributes are more likely to manage the companies in a manner that protects our debt investment and enhances the value of our equity investment.

Established Companies with Positive Cash Flow. We seek to invest in established companies in the lower middle-market with sound historical financial performance. We typically focus on companies that have historically generated EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) of $1.0 million to $10.0 million and commensurate levels of free cash flow. We generally do not intend to invest in start-up companies or companies with speculative business plans.

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 expect that the primary means by which we exit our debt investments will be through the repayment of our investment from internally generated cash flow and/or refinancing. In addition, we seek to invest in companies whose business models and expected future cash flows may provide alternate methods of repaying our investment, such as through a strategic acquisition by other industry participants or a recapitalization.

Formation Transactions

As part of the Formation Transactions, the Investment Manager, which employs all of the executive officers and other employees of MSCC, became a wholly owned subsidiary of MSCC. However, the Investment Manager is accounted for as a portfolio investment of Main Street, since the Investment Manager is not a registered investment company and since it conducts a significant portion of its investment management activities for MSC II, a separate SBIC fund in which MSCC does not have an equity interest. The Investment Manager receives recurring investment management fees from MSC II pursuant to a separate investment advisory agreement, paid quarterly, which currently total $3.3 million per year. The portfolio investment in the Investment Manager is accounted for using fair value accounting, with the fair value determined by MSCC and approved, in good faith, by MSCC s Board of Directors. MSCC s valuation of the Investment Manager is based upon the discounted net cash flows from third party recurring investment managers fees. The net cash flows utilized in the valuation of the Investment Manager exclude any revenues and expenses from all related parties (including MSCC) but include the management fees from MSC II and an estimated allocation of costs related to providing services to MSC II. For more information on the Investment Manager, see Note D Wholly Owned Investment Manager to our consolidated financial statements.

In connection with the Formation Transactions, MSCC entered into a support services agreement with the Investment Manager. The agreement requires the Investment Manager to manage the day-to-day operational and investment activities of Main Street. The Investment Manager generally incurs all normal operating and administrative expenses, except those specifically required to be borne by MSCC, which principally include costs that are specific to MSCC s status as a publicly traded entity. The expenses paid by the Investment

3

Manager include the cost of salaries and related benefits, rent, equipment and other administrative costs required for Main Street s day-to-day operations.

The Investment Manager is reimbursed for its expenses associated with providing operational and investment management services to MSCC and its subsidiaries. Each quarter, as part of the support services agreement, MSCC makes payments to cover all expenses incurred by the Investment Manager, less amounts the Investment Manager receives from MSC II pursuant to a separate investment advisory services agreement. Based on this separate investment advisory services agreement, MSC II paid the Investment Manager approximately $3.3 million in 2008 for these services.

The IPO involved the public offering and sale of 4,300,000 shares of our common stock, including shares sold upon the underwriters exercise of the over-allotment option, at a price to the public of $15.00 per share of our common stock, resulting in net proceeds to us of approximately $60.2 million, after deducting underwriters commissions totaling approximately $4.3 million. As a result of the IPO and the Formation Transactions described above, we are a closed-end, non-diversified management investment company that has elected to be treated as a BDC under the 1940 Act. 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 net operating costs associated with employing investment and portfolio management professionals through the Investment Manager.

Immediately following the completion of the Formation Transactions, Main Street Equity Interests, Inc. (MSEI) was created as a wholly-owned consolidated subsidiary of MSCC to hold certain of our portfolio investments. MSEI 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 MSEI may differ from its book income due to deferred tax timing differences as well as permanent differences.

We co-invested with MSC II in several existing portfolio investments prior to the IPO, but did not co-invest with MSC II subsequent to the IPO and prior to June 2008. On June 4, 2008, we received exemptive relief from the SEC to allow us to resume co-investing with MSC II in accordance with the terms of such exemptive relief.

The Offering

We may offer, from time to time, up to $300,000,000 of our common stock, on terms to be determined at the time of the offering. Our common stock may be offered at prices and on terms to be disclosed in one or more prospectus supplements. The offering price per share of our common stock, less any underwriting commissions or discounts, will not be less than the net asset value per share of our common stock at the time of the offering, except (i) with the consent of the majority of our common stockholders (which we received from our stockholders at our June 17, 2008 annual stockholders meeting, for a period of one year ending on the earlier of June 16, 2009 or the date of our 2009 annual stockholders meeting) or (ii) under such other circumstances as the SEC may permit. 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.

Our common stock may be offered directly to one or more purchasers by us or through agents designated from time to time by us, or to or through underwriters or dealers. The prospectus supplement relating to the offering will disclose the terms of the offering, including the name or names of any agents or underwriters involved in the sale of our common stock by us, the purchase price, and any fee, commission or discount arrangement between us and our agents or underwriters or among our underwriters or the basis upon which such amount may be calculated. See Plan of Distribution. We may not sell any of our common stock through agents, underwriters or dealers without delivery of a prospectus supplement describing the method and terms of the offering of our common stock.

4

Set forth below is additional information regarding the offering of our common stock:

Use of proceeds	We intend to use all of the net proceeds from selling our common stock to make investments in lower middle-market companies in accordance with our investment objective and strategies described in this prospectus or any prospectus supplement, pay our operating expenses and dividends to our stockholders and for general corporate purposes. Pending such use, we will invest the net proceeds primarily in short-term securities consistent with our BDC election and our election to be taxed as a regulated investment company (RIC). See Use of Proceeds.
Nasdaq Global Select Market symbol	MAIN
Dividends	We have paid quarterly, but, beginning in the fourth quarter of 2008, will pay monthly, dividends to our stockholders out of assets legally available for distribution. Our dividends, if any, will be determined by our Board of Directors.
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 90.0% 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 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. See Material U.S. Federal Income Tax Considerations.
Dividend reinvestment plan	We have adopted a dividend reinvestment plan for our stockholders. The dividend reinvestment plan is an opt out reinvestment plan. As a result, if we declare dividends, then stockholders cash dividends will be automatically reinvested in additional shares of our common stock, unless they specifically opt out of the dividend reinvestment plan so as to receive cash dividends. Stockholders who receive dividends in the form of stock will be subject to the same federal, state and local tax consequences as stockholders who elect to receive their dividends in cash. See Dividend Reinvestment Plan.
Trading at a discount	Shares of closed-end investment companies 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 shares will trade above, at or below net asset value.

Risk factors

Investing in our common stock involves a high degree of risk. You should consider carefully the information found in Risk Factors, including the following risks:

The current state of the economy and financial markets increases the liklihood of adverse effects on our financial position and results of operations. Continued economic adversity could impair our portfolio companies financial positions and operating results and affect the industries in which we invest, which could, in turn, harm our operating results.

Our investment portfolio is and will continue to be recorded at fair value, with our Board of Directors having final responsibility for overseeing, reviewing and approving, in good faith, our estimate of fair value and, as a result, there is and will continue to be uncertainty as to the value of our portfolio investments.

Our financial condition and results of operations depends on our ability to effectively manage and deploy capital.

We may face increasing competition for investment opportunities.

We have a limited operating history as a BDC and as a RIC.

Regulations governing our operation as a BDC will affect our ability to, and the way in which we raise additional capital.

Our wholly-owned subsidiary, the Fund, is licensed by the SBA, and therefore subject to SBIC regulations.

Because we borrow money, the potential for gain or loss on amounts invested in us is magnified and may increase the risk of investing in us.

We, through the Fund, issue debt securities guaranteed by the SBA and sold in the capital markets. As a result of its guarantee of the debt securities, the SBA has fixed dollar claims on the assets of the Fund that are superior to the claims of our common stockholders.

We will be subject to corporate-level income tax if we are unable to qualify as a RIC under Subchapter M of the Code.

We may not be able to pay you dividends, our dividends may not grow over time, and a portion of dividends paid to you may be a return of capital.

Because we intend to distribute substantially all of our income to our stockholders to maintain our status as a RIC, we will continue to need additional capital to finance our growth, and regulations governing our

operation as a BDC will affect our ability to, and the way in which we, raise additional capital.

Stockholders may incur dilution if we sell shares of our common stock in one or more offerings at prices below the then current net asset value per share of our common stock or issue securities to subscribe to, convert to or purchase shares of our common stock.

Table of Contents

Our investments in portfolio companies involve higher levels of risk, and we could lose all or part of our investment. Investing in lower middle-market companies involves a number of significant risks. Among other things, these companies:

may have limited financial resources and may be unable to meet their obligations under their debt instruments that we hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of us realizing any guarantees from subsidiaries or affiliates of our portfolio companies that we may have obtained in connection with our investment, as well as a corresponding decrease in the value of the equity components of our investments;

may have shorter operating histories, narrower product lines, smaller market shares and/or significant customer concentrations than larger businesses, which tend to render them more vulnerable to competitors actions and market conditions, as well as general economic downturns;

are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on our portfolio company and, in turn, on us;

generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position; and

generally have less publicly available information about their businesses, operations and financial condition. We are required to rely on the ability of our management team and investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies. If we are unable to uncover all material information about these companies, we may not make a fully informed investment decision, and may lose all or part of our investment.

Our portfolio companies may incur debt that ranks equally with, or senior to, our investments in such companies.

We are a non-diversified investment company within the meaning of the 1940 Act, and therefore we are not limited with respect to the proportion of our assets that may be invested in securities of a single issuer.

Shares of closed-end investment companies, including BDCs, may trade at a discount to their net asset value.

We may be unable to invest a significant portion of the net proceeds from an offering on acceptable terms, which could harm our financial condition and operating results.

	The market price of our common stock may be volatile and fluctuate significantly. See Risk Factors beginning on page 10 for a more complete discussion of these and other risks you should carefully consider before deciding to invest in shares of our common stock.
Available Information	We file annual, quarterly and current reports, proxy statements and other information with the SEC under the Securities Exchange Act of 1934, or the Exchange Act. You can inspect any materials we file with the SEC, without charge, at the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. The information we file with the SEC is available free of charge by contacting us at 1300 Post Oak Boulevard, Suite 800, Houston, TX 77056, by telephone at (713) 350-6000 or on our website at *http://www.mainstcapital.com*. The SEC also maintains a website that contains reports, proxy statements and other information regarding registrants, including us, that file such information electronically with the SEC. The address of the SEC s web site is *http://www.sec.gov*. Information contained on our website or on the SEC s web site about us is not incorporated into this prospectus, and you should not consider information contained on our website or on the SEC s website to be part of this prospectus.

FEES AND EXPENSES

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 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)	%(1)
Offering expenses	%(2)
Dividend reinvestment plan expenses	%(3)
Total stockholder transaction expenses (as a percentage of offering price)	%(4)
Annual Expenses (as a percentage of net assets attributable to common stock):	
Operating expenses	6.3%(5)
Interest payments on borrowed funds	2.8%(6)
Total annual expenses	9.1%(7)

(1) In the event that our common stock is sold to or through underwriters, a corresponding prospectus supplement will disclose the applicable sales load.

(2)

In the event that we conduct on offering of our common stock, a corresponding prospectus supplement will disclose the estimated offering expenses.

(3) The expenses of administering our dividend reinvestment plan are included in operating expenses.

(4) Total stockholder transaction expenses may include sales load and will be disclosed in a future prospectus supplement, if any.

(5) Operating expenses include the expenses of the Investment Manager as if it were consolidated with MSCC for accounting purposes, including expenses incurred by the Investment Manager in managing MSC II

pursuant to an investment advisory services agreement between the Investment Manager and MSC II and other third party consulting arrangements. Based on this investment advisory services agreement, MSC II paid the Investment Manager approximately $3.3 million in 2008 for these services. In accordance with the terms of the support services agreement between MSCC and the Investment Manager, MSCC is only required to reimburse the Investment Manager for expenses incurred by the Investment Manager in providing investment management and other services to MSCC less amounts the Investment Manager receives from MSC II and other third parties. Consequently, MSCC is only incurring the expenses of the Investment Manager net of fees received for third party investment advisory and consulting services. Our percentage of operating expenses to net assets attributable to common stock only including the expenses incurred by MSCC net of the investment advisory and consulting service fees received by the Investment Manager from MSC II and other third parties would be 3.4%.

(6) Interest payments on borrowed funds principally consist of approximately $3.2 million of annual interest payments on funds borrowed directly by the Fund. As of December 31, 2008, the Fund had $55.0 million of outstanding indebtedness guaranteed by the SBA. This does not include MSCC s undrawn $30 million investment credit facility which would bear interest, subject to MSCC s election, on a per annum basis equal to (i) the applicable LIBOR rate plus 2.75% or (ii) the applicable base rate plus 0.75%.

(7) The total annual expenses are the sum of operating expenses and interest payments on borrowed funds. In the future we may borrow money to leverage our net assets and increase our total assets.

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. In the event that shares to which this prospectus relates are sold to or through underwriters, a corresponding prospectus supplement will restate this example to reflect the applicable sales load.

	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	$ 94	$ 270	$ 430	$ 774

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 divided 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 for additional information regarding our dividend reinvestment plan.

Table of Contents

RISK FACTORS

Investing in our common stock involves a number of significant risks. In addition to the other information contained in this prospectus and any accompanying prospectus supplement, you should consider carefully the following information before making an investment in our common stock. The risks set out below are not the only risks we face. Additional risks and uncertainties not presently known to us or not presently deemed material by us might also impair our operations and performance. If any of the following events occur, our business, financial condition and results of operations could be materially and adversely affected. In such case, our net asset value and the trading price of our common stock could decline, and you may lose all or part of your investment.

Risks Relating to Economic Conditions

The current state of the economy and financial markets increases the likelihood of adverse effects on our financial position and results of operations. Continued economic adversity could impair our portfolio companies financial positions and operating results and affect the industries in which we invest, which could, in turn, harm our operating results.

Beginning in late 2007, the United States entered a recession. Throughout 2008, the economy continued to deteriorate and many believe that the current recession could continue for an extended period. During 2008, banks and others in the financial services industry reported significant write-downs in the fair value of their assets, which has led to the failure of a number of banks and investment companies, a number of distressed mergers and acquisitions, the government take-over of the nation s two largest government-sponsored mortgage companies, and the passage of the $700 billion Emergency Economic Stabilization Act of 2008 in October 2008 and the $787 billion American Recovery and Reinvestment Act of 2009 (the 2009 Stimulus Bill). In addition, the stock market has declined significantly, with both the S&P 500 and the NASDAQ Global Select Market (on which our stock trades), declining by nearly 40% between December 31, 2007 and December 31, 2008. As the recession deepened during 2008, unemployment rose and consumer confidence declined, which led to significant reductions in spending by both consumers and businesses.

Although we have been able to secure access to additional liquidity, including the recently obtained $30 million investment credit facility and the increase in available leverage through the SBIC program as part of the 2009 Stimulus Bill, the current turmoil in the debt markets and uncertainty in the equity capital markets provides no assurance that debt or equity capital will be available to us in the future on favorable terms, or at all.

The deterioration in consumer confidence and a general reduction in spending by both consumers and businesses has had an adverse effect on a number of the industries in which some of our portfolio companies operate. In the event that the United States economy remains in a protracted period of weakness, the results of some of the lower middle-market companies like those in which we invest, will continue to experience deterioration, which could ultimately lead to difficulty in meeting their debt service requirements and an increase in their defaults. In addition, the end markets for certain of our portfolio companies products and services have experienced, and continue to experience, negative economic trends. We can provide no assurance that the performance of certain of our portfolio companies will not be negatively impacted by economic or other conditions which could have a negative impact on our future results.

Risks Relating to Our Business and Structure

Our investment portfolio is and will continue to be recorded at fair value, with our Board of Directors having final responsibility for overseeing, reviewing and approving, in good faith, our estimate of fair value and, as a result, there is and will continue to be uncertainty as to the value of our portfolio investments.

Under the 1940 Act, we are required to carry our portfolio investments at market value or, if there is no readily available market value, at fair value as determined by us with our Board of Directors having final responsibility for overseeing, reviewing and approving, in good faith, our estimate of fair value. Typically, there is not a public market for the securities of the privately held companies in which we have invested and

Table of Contents

will generally continue to invest. As a result, we value these securities quarterly at fair value based on input from management, a third party independent valuation firm and our audit committee and with the oversight, review and approval of our Board of Directors.

The determination of fair value and consequently, the amount of unrealized gains and losses in our portfolio, are to a certain degree, subjective and dependent on a valuation process approved by our Board of Directors. Certain factors that may be considered in determining the fair value of our investments include external events, such as private mergers, sales and acquisitions involving comparable companies. Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, our determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed. Due to this uncertainty, our fair value determinations may cause our net asset value on a given date to materially understate or overstate the value that we may ultimately realize on one or more of our investments. As a result, investors purchasing our common stock based on an overstated net asset value would pay a higher price than the value of our investments might warrant. Conversely, investors selling shares during a period in which the net asset value understates the value of our investments will receive a lower price for their shares than the value of our investments might warrant.

Our financial condition and results of operations depends on our ability to effectively manage and deploy capital.

Our ability to achieve our investment objective of maximizing 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, depends on our ability to effectively manage and deploy capital, which depends, in turn, on our investment team s ability to identify, evaluate and monitor, and our ability to finance and invest in, companies that meet our investment criteria.

Accomplishing our investment objective on a cost-effective basis is largely a function of our investment team s handling of the investment process, its ability to provide competent, attentive and efficient services and our access to investments offering acceptable terms. In addition to monitoring the performance of our existing investments, members of our investment team are also called upon, from time to time, to provide managerial assistance to some of our portfolio companies. These demands on their time may distract them or slow the rate of investment.

Even if we are able to grow and build upon our investment operations, any failure to manage our growth effectively could have a material adverse effect on our business, financial condition, results of operations and prospects. The results of our operations will depend on many factors, including the availability of opportunities for investment, readily accessible short and long-term funding alternatives in the financial markets and economic conditions. Furthermore, if we cannot successfully operate our business or implement our investment policies and strategies as described herein, it could negatively impact our ability to pay dividends.

We may face increasing competition for investment opportunities.

We compete for investments with other BDCs and investment funds (including private equity funds, mezzanine funds and other SBICs), as well as traditional financial services companies such as commercial banks and other sources of funding. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, some competitors may have a lower cost of capital and access to funding sources that are not available to us, including from federal government agencies through federal rescue programs such as the U.S. Department of Treasury s Financial Stability Plan (formerly known as the Troubled Asset Relief Program). In addition, some of our competitors may have higher risk tolerances or different risk assessments than we have. These characteristics could allow our competitors to consider a wider variety of investments, establish more relationships and offer better pricing and more flexible structuring than we are able to do. We may lose

investment opportunities if we do not match our competitors pricing, terms and structure. If we are forced to match our competitors pricing, terms

11

and structure, we may not be able to achieve acceptable returns on our investments or may bear substantial risk of capital loss. A significant part of our competitive advantage stems from the fact that the market for investments in lower middle-market companies is underserved by traditional commercial banks and other financing sources. A significant increase in the number and/or the size of our competitors in this target market could force us to accept less attractive investment terms. Furthermore, many of our competitors have greater experience operating under, or are not subject to, the regulatory restrictions that the 1940 Act imposes on us as a BDC.

We are dependent upon our key investment personnel for our future success.

We depend on the members of our investment team, particularly Vincent D. Foster, Todd A. Reppert, Rodger A. Stout, Curtis L. Hartman, Dwayne L. Hyzak and David L. Magdol, for the identification, review, final selection, structuring, closing and monitoring of our investments. These employees have significant investment expertise and relationships that we rely on to implement our business plan. Although we have entered into employment agreements with Messrs, Reppert, Stout, Hartman, Hyzak and Magdol and a non-compete agreement with Mr. Foster, we have no guarantee that they will remain employed with us. If we lose the services of these individuals, we may not be able to operate our business as we expect, and our ability to compete could be harmed, which could cause our operating results to suffer.

Our success depends on attracting and retaining qualified personnel in a competitive environment.

Our growth will require that we retain new investment and administrative personnel in a competitive market. Our ability to attract and retain personnel with the requisite credentials, experience and skills depends on several factors including, but not limited to, our ability to offer competitive wages, benefits and professional growth opportunities. Many of the entities, including investment funds (such as private equity funds and mezzanine funds) and traditional financial services companies, with which we compete for experienced personnel have greater resources than we have.

The competitive environment for qualified personnel may require us to take certain measures to ensure that we are able to attract and retain experienced personnel. Such measures may include increasing the attractiveness of our overall compensation packages, altering the structure of our compensation packages through the use of additional forms of compensation, or other steps. The inability to attract and retain experienced personnel would have a material adverse effect on our business.

Our business model depends to a significant extent upon strong referral relationships, and our inability to maintain or develop these relationships, as well as the failure of these relationships to generate investment opportunities, could adversely affect our business.

We expect that members of our management team will maintain their relationships with intermediaries, financial institutions, investment bankers, commercial bankers, attorneys, accountants, consultants and other individuals within our network, and we will rely to a significant extent upon these relationships to provide us with potential investment opportunities. If our management team fails to maintain its existing relationships or develop new relationships with sources of investment opportunities, we will not be able to grow our investment portfolio. In addition, individuals with whom members of our management team have relationships are not obligated to provide us with investment opportunities, and, therefore, there is no assurance that such relationships will generate investment opportunities for us.

We have a limited operating history as a BDC and as a RIC.

The 1940 Act imposes numerous constraints on the operations of BDCs. Prior to the completion of the IPO, we did not operate, and our management team had no experience operating, as a BDC under the 1940 Act or as a RIC under

Subchapter M of the Code. As a result, we have limited operating results under these regulatory frameworks that can demonstrate either their effect on our business or our ability to manage our business under these frameworks. Our management team s limited experience in managing a portfolio of assets under such constraints may hinder our ability to take advantage of attractive investment opportunities and, as a

result, achieve our investment objective. Furthermore, any failure to comply with the requirements imposed on BDCs by the 1940 Act could cause the SEC to bring an enforcement action against us. If we do not remain a BDC, we might be regulated as a registered closed-end investment company under the 1940 Act, which would further decrease our operating flexibility.

Regulations governing our operation as a BDC will affect our ability to, and the way in which we raise additional capital.

Our business will require capital to operate and grow. We may acquire such additional capital from the following sources:

Senior Securities. We may issue debt securities or preferred stock and/or borrow money from banks or other financial institutions, which we refer to collectively as senior securities. As a result of issuing senior securities, we will be exposed to additional risks, including the following:

Under the provisions of the 1940 Act, we are permitted, as a BDC, to issue senior securities only in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 200% immediately after each issuance of senior securities. If the value of our assets declines, we may be unable to satisfy this test. If that happens, we will be prohibited from issuing debt securities or preferred stock and/or borrowing money from banks or other financial institutions until such time as we satisfy this test.

Any amounts that we use to service our debt or make payments on preferred stock will not be available for dividends to our common stockholders.

It is likely that any senior securities or other indebtedness we issue will be governed by an indenture or other instrument containing covenants restricting our operating flexibility. Additionally, some of these securities or other indebtedness may be rated by rating agencies, and in obtaining a rating for such securities and other indebtedness, we may be required to abide by operating and investment guidelines that further restrict operating and financial flexibility.

We and, indirectly, our stockholders will bear the cost of issuing and servicing such securities and other indebtedness.

Preferred stock or any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock, including separate voting rights and could delay or prevent a transaction or a change in control to the detriment of the holders of our common stock.

Additional Common Stock. We are not generally able to issue and sell our common stock at a price below net asset value per share. We may, however, sell our common stock, warrants, options or rights to acquire our common stock, at a price below the current net asset value of the common stock if our Board of Directors determines that such sale is in the best interests of our stockholders, and our stockholders approve such sale. See Stockholders may incur dilution if we sell shares of our common stock in one or more offerings at prices below the then current net asset value per share of our common stock or issue securities to subscribe to, convert to or purchase shares of our common stock for a discussion of proposals approved by our stockholders that permit us to issue shares of our common stock below net asset value. We may also make rights offerings to our stockholders at prices per share less than the net asset value per share, subject to applicable requirements of the 1940 Act. If we raise additional funds by issuing more common stock or senior securities convertible into, or exchangeable for, our common stock, the percentage ownership of our stockholders at that time would decrease, and they may experience dilution. Moreover, we can offer no assurance that

we will be able to issue and sell additional equity securities in the future, on favorable terms or at all.

Table of Contents

Our wholly-owned subsidiary, the Fund, is licensed by the SBA, and therefore subject to SBIC regulations.

The Fund, our wholly-owned subsidiary, is licensed to act as a small business investment company and is regulated by the SBA. The SBA also places certain limitations on the financing terms of investments by SBICs in portfolio companies and prohibits SBICs from providing funds for certain purposes or to businesses in a few prohibited industries. Compliance with SBIC requirements may cause the Fund to forego attractive investment opportunities that are not permitted under SBIC regulations.

Further, the SBIC regulations require that a licensed SBIC be periodically examined and audited by the SBA to determine its compliance with the relevant SBIC regulations. The SBA prohibits, without prior SBA approval, a change of control of an SBIC or transfers that would result in any person (or a group of persons acting in concert) owning 10% or more of a class of capital stock of a licensed SBIC. If the Fund fails to comply with applicable SBIC regulations, the SBA could, depending on the severity of the violation, limit or prohibit its use of debentures, declare outstanding debentures immediately due and payable, and/or limit it from making new investments. In addition, the SBA can revoke or suspend a license for willful or repeated violation of, or willful or repeated failure to observe, any provision of the Small Business Investment Act of 1958 or any rule or regulation promulgated thereunder. Such actions by the SBA would, in turn, negatively affect us because the Fund is our wholly owned subsidiary.

Because we borrow money, the potential for gain or loss on amounts invested in us is magnified and may increase the risk of investing in us.

Borrowings, also known as leverage, magnify the potential for gain or loss on invested equity capital. As we use leverage to partially finance our investments, you will experience increased risks of investing in our common stock. We, through the Fund, issue debt securities guaranteed by the SBA and sold in the capital markets. As a result of its guarantee of the debt securities, the SBA has fixed dollar claims on the assets of the Fund that are superior to the claims of our common stockholders. We may also borrow from banks and other lenders, including under the $30 million, three-year investment credit facility we entered into in October 2008. See Management s Discussion and Analysis of Financial Condition and Results of Operations Capital Resources for a discussion regarding the two credit facilities into which we have entered. If the value of our assets increases, then leveraging would cause the net asset value attributable to our common stock to increase more sharply than it would have had we not leveraged. Conversely, if the value of our assets decreases, leveraging would cause net asset value to decline more sharply than it otherwise would have had we not leveraged our business. Similarly, any increase in our income in excess of interest payable on the borrowed funds would cause our net investment income to increase more than it would without the leverage, while any decrease in our income would cause net investment income to decline more sharply than it would have had we not borrowed. Such a decline could negatively affect our ability to pay common stock dividends. Leverage is generally considered a speculative investment technique.

As of December 31, 2008, we, through the Fund, had $55 million of outstanding indebtedness guaranteed by the SBA, which had a weighted average annualized interest cost of approximately 5.8% (exclusive of deferred financing costs). The debentures guaranteed by the SBA have a maturity of ten years and require semi-annual payments of interest. We will need to generate sufficient cash flow to make required interest payments on the debentures. If we are unable to meet the financial obligations under the debentures, the SBA, as a creditor, will have a superior claim to the assets of the Fund over our stockholders in the event we liquidate or the SBA exercises its remedies under such debentures as the result of a default by us.

Table of Contents

Illustration. The following table illustrates the effect of leverage on returns from an investment in our common stock assuming various annual returns, net of expenses. The calculations in the table below are hypothetical and actual returns may be higher or lower than those appearing below.

Assumed Return on Our Portfolio(1)
(net of expenses)

	(10.0)%	(5.0)%	0.0%	5.0%	10.0%
Corresponding net return to common stockholder	(18.0)%	(10.4)%	(2.8)%	4.8%	12.3%

(1) Assumes $170.6 million in total assets, $55 million in debt outstanding, $112.4 million in net assets, and an average cost of funds of 5.8%. Actual interest payments may be different.

Our ability to achieve our investment objective may depend in part on our ability to achieve additional leverage on favorable terms by issuing debentures guaranteed by the SBA, through the Fund, or by borrowing from banks or insurance companies, and there can be no assurance that such additional leverage can in fact be achieved.

SBIC regulations limit the outstanding dollar amount of SBA-guaranteed debentures that may be issued by an SBIC or group of SBICs under common control.

The SBIC regulations currently limit the dollar amount of SBA-guaranteed debentures that can be issued by any one SBIC or group of SBICs under common control to $225 million. Moreover, an SBIC may not generally borrow an amount in excess of two times its regulatory capital. Because of our investment team s affiliations with MSC II, a privately owned SBIC which commenced investment operations in January 2006, the Fund and MSC II may be deemed to be a group of affiliated SBICs under common control. Thus, the dollar amount of SBA-guaranteed debentures that can be issued collectively by the Fund and MSC II may be limited to $225 million, absent relief from the SBA. While we cannot presently predict whether or not we, through the Fund, will borrow the maximum permitted amount, if we reach the maximum dollar amount of SBA guaranteed debentures permitted, and thereafter require additional capital, our cost of capital may increase, and there is no assurance that we will be able to obtain additional financing on acceptable terms.

The Fund s current status as an SBIC does not automatically assure that it will continue to receive SBA-guaranteed debenture funding. Receipt of SBA leverage funding is dependent upon the Fund continuing to be in compliance with SBIC regulations and policies. Moreover, the amount of SBA leverage funding available to SBICs is dependent upon annual Congressional authorizations and in the future may be subject to annual Congressional appropriations. There can be no assurance that there will be sufficient debenture funding available at the times desired by the Fund.

We may experience fluctuations in our quarterly results.

We could experience fluctuations in our quarterly operating results due to a number of factors, including our ability or inability to make investments in companies that meet our investment criteria, the interest rate payable on the debt securities we acquire, the level of portfolio dividend and fee income, the level of our expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which we encounter competition in our markets and general economic conditions. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods.

Our Board of Directors may change our operating policies and strategies without prior notice or stockholder approval, the effects of which may be adverse.

Our Board of Directors has the authority to modify or waive our current operating policies, investment criteria and strategies without prior notice and without stockholder approval. We cannot predict the effect any changes to our current operating policies, investment criteria and strategies would have on our business, net

asset value, operating results and value of our stock. However, the effects might be adverse, which could negatively impact our ability to pay you dividends and cause you to lose all or part of your investment.

We will be subject to corporate-level income tax if we are unable to qualify as a RIC under Subchapter M of the Code.

To maintain RIC tax treatment under the Code, we must meet the following annual distribution, source income and asset diversification requirements:

The annual distribution requirement for a RIC will be satisfied if we distribute to our stockholders on an annual basis 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 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. For more information regarding tax treatment, see Material U.S. Federal Income Tax Considerations Taxation as a Regulated Investment Company. Because we use debt financing, we are subject to certain asset coverage ratio requirements under the 1940 Act and are (and may in the future become) subject to certain financial covenants under loan and credit agreements that could, under certain circumstances, restrict us from making distributions necessary to satisfy the distribution requirement. If we are unable to obtain cash from other sources, we could fail to qualify for RIC tax treatment and thus become subject to corporate-level income tax.

The source income requirement will be satisfied if we obtain at least 90% of our income for each year from distributions, interest, gains from the sale of stock or securities or similar sources.

The asset diversification requirement will be satisfied if we meet certain asset diversification requirements at the end of each quarter of our taxable year. To satisfy this requirement, at least 50% of the value of our assets must consist of cash, cash equivalents, U.S. Government securities, securities of other RICs, and other acceptable securities; and no more than 25% of the value of our assets can be invested in the securities, other than U.S. government securities or securities of other RICs, of one issuer, of two or more issuers that are controlled, as determined under applicable Code rules, by us and that are engaged in the same or similar or related trades or businesses or of certain qualified publicly traded partnerships. Failure to meet these requirements may result in our having to dispose of certain investments quickly in order to prevent the loss of RIC status. Because most of our investments will be in private companies, and therefore will be relatively illiquid, any such dispositions could be made at disadvantageous prices and could result in substantial losses.

If we fail to maintain RIC tax treatment for any reason and are subject to corporate income tax, the resulting corporate taxes could substantially reduce our net assets, the amount of income available for distribution and the amount of our distributions.

We may not be able to pay you dividends, our dividends may not grow over time, and a portion of dividends paid to you may be a return of capital.

We intend to pay monthly dividends to our stockholders out of assets legally available for distribution. We cannot assure you that we will achieve investment results that will allow us to pay a specified level of cash dividends, previously projected dividends for future periods, or year-to-year increases in cash dividends. Our ability to pay dividends might be adversely affected by, among other things, the impact of one or more of the risk factors described herein. In addition, the inability to satisfy the asset coverage test applicable to us as a BDC could limit our ability to pay dividends. All dividends will be paid at the discretion of our Board of Directors and will depend on our earnings,

our financial condition, maintenance of our RIC status, compliance with applicable BDC regulations, the Fund s compliance with applicable SBIC regulations and such other factors as our Board of Directors may deem relevant from time to time. We cannot assure you that we will pay dividends to our stockholders in the future.

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.

We may have difficulty paying our required distributions if we recognize income before or without receiving cash representing such income.

For federal income tax purposes, we will include in income certain amounts that we have not yet received in cash, such as original issue discount, which may arise if we receive warrants in connection with the origination of a loan or possibly in other circumstances, or contractual payment-in-kind, or PIK, interest, which represents contractual interest added to the loan balance and due at the end of the loan term. Such original issue discounts or increases in loan balances as a result of contractual PIK arrangements will be included in income before we receive any corresponding cash payments. We also may be required to include in income certain other amounts that we will not receive in cash. Approximately 2.7% of our total investment income for the year ended December 31, 2008 was attributable to paid in kind interest.

Since, in certain cases, we may recognize income before or without receiving cash representing such income, we may have difficulty meeting the annual distribution requirement necessary to maintain RIC tax treatment under the Code. Accordingly, we may have to sell some of our investments at times and/or at prices we would not consider advantageous, raise additional debt or equity capital or forgo new investment opportunities for this purpose. If we are not able to obtain cash from other sources, we may fail to qualify for RIC tax treatment and thus become subject to corporate-level income tax. For additional discussion regarding the tax implications of a RIC, please see Material U.S. Federal Income Tax Considerations Taxation as a Regulated Investment Company.

We may in the future choose to pay dividends in our own stock, in which case you may be required to pay tax in excess of the cash you receive.

We may distribute taxable dividends that are payable in part in our stock. Under a recently issued IRS revenue procedure, up to 90% of any such taxable dividend for 2009 could be payable in our stock. Taxable stockholders receiving such dividends will be required to include the full amount of the dividend as ordinary income (or as long-term capital gain to the extent such distribution is properly designated as a capital gain dividend) to the extent of our current and accumulated earnings and profits for United States federal income tax purposes. As a result, a U.S. stockholder may be required to pay tax with respect to such dividends in excess of any cash received. If a U.S. stockholder sells the stock it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our stock at the time of the sale. Furthermore, with respect to non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in stock. In addition, if a significant number of our stockholders determine to sell shares of our stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our stock.

The Fund, as an SBIC, may be unable to make distributions to us that will enable us to meet or maintain RIC status, which could result in the imposition of an entity-level tax.

In order for us to continue to qualify for RIC tax treatment and to minimize corporate-level taxes, we will be required to distribute substantially all of our net ordinary income and net capital gain income, including income from certain of our subsidiaries, which includes the income from the Fund. We will be partially dependent on the Fund for cash distributions to enable us to meet the RIC distribution requirements. The Fund may be limited by the Small Business Investment Act of 1958, and SBIC regulations governing SBICs, from making certain distributions to us that may be

necessary to enable us to maintain our status as a RIC. We may have to request a waiver of the SBA s restrictions for the Fund to make certain distributions to maintain our eligibility for RIC status. We cannot assure you that the SBA will grant such waiver and if the Fund is unable

to obtain a waiver, compliance with the SBIC regulations may result in loss of RIC tax treatment and a consequent imposition of an entity-level tax on us.

Because we intend to distribute substantially all of our income to our stockholders to maintain our status as a RIC, we will continue to need additional capital to finance our growth, and regulations governing our operation as a BDC will affect our ability to, and the way in which we, raise additional capital.

In order to satisfy the requirements applicable to a RIC and to minimize corporate-level taxes, we intend to distribute to our stockholders substantially all of our net ordinary income and net capital gain income. We may carry forward excess undistributed taxable income into the next year, net of the 4% excise tax. 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. As a BDC, we generally are required to meet an asset coverage ratio, as defined in the 1940 Act , of at least 200% immediately after each issuance of senior securities. This requirement limits the amount that we may borrow. Because we will continue to need capital to grow our investment portfolio, this limitation may prevent us from incurring debt and require us to raise additional equity at a time when it may be disadvantageous to do so.

While we expect to be able to borrow and to issue additional debt and equity securities, we cannot assure you that debt and equity financing will be available to us on favorable terms, or at all. In addition, as a BDC, we generally are not permitted to issue equity securities priced below net asset value without stockholder approval. If additional funds are not available to us, we could be forced to curtail or cease new investment activities, and our net asset value could decline.

Stockholders may incur dilution if we sell shares of our common stock in one or more offerings at prices below the then current net asset value per share of our common stock or issue securities to subscribe to, convert to or purchase shares of our common stock.

At our 2008 annual meeting of stockholders, our stockholders approved two proposals designed to allow us to access the capital markets in ways that we were previously unable to as a result of restrictions that, absent stockholder approval, apply to BDCs under the 1940 Act. Specifically, our stockholders approved proposals that (1) authorize 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 the earlier of June 16, 2009 or the date of our 2009 annual meeting of stockholders and (2) authorize us to issue securities to subscribe to, convert to, or purchase shares of our common stock in one or more offerings. Any decision to sell shares of our common stock below the then current net asset value per share of our common stock or securities to subscribe to, convert to, or purchase shares of our common stock would be subject to the determination by our Board of Directors that such issuance is in our and our stockholders best interests.

If we were to sell shares of our common stock below net asset value per share, such sales would result in an immediate dilution to the net asset value per share. This dilution would occur as a result of the sale of shares at a price below the then *current* net asset value per share of our common stock and a proportionately greater decrease in a stockholder s interest in our earnings and assets and voting interest in us than the increase in our assets resulting from such issuance. In addition, if we issue securities to subscribe to, convert to or purchase shares of common stock, the exercise or conversion of such securities would increase the number of outstanding shares of our common stock. Any such exercise would be dilutive on the voting power of existing stockholders, and could be dilutive with regard to dividends and our net asset value, and other economic aspects of the common stock.

Because the number of shares of common stock that could be so issued and the timing of any issuance is not currently known, the actual dilutive effect cannot be predicted; however, the example below illustrates the effect of dilution to existing stockholders resulting from the sale of common stock at prices below the net asset value of such shares.

Table of Contents

Illustration: Example of Dilutive Effect of the Issuance of Shares Below Net Asset Value. Assume that Company XYZ has 1,000,000 total shares outstanding, $15,000,000 in total assets and $5,000,000 in total liabilities. The net asset value per share of the common stock of Company XYZ is $10.00. The following table illustrates the reduction to net asset value, or NAV, and the dilution experienced by Stockholder A following the sale of 40,000 shares of the common stock of Company XYZ at $9.50 per share, a price below its NAV per share.

	Prior to Sale Below NAV	Following Sale Below NAV	Percentage Change
Reduction to NAV			
Total Shares Outstanding	1,000,000	1,040,000	4.0%
NAV per share	$ 10.00	$ 9.98	(0.2)%
Dilution to Existing Stockholder			
Shares Held by Stockholder A	10,000	10,000(1)	0.0%
Percentage Held by Stockholder A	1.00%	0.96%	(3.8)%
Total Interest of Stockholder A in NAV	$ 100,000	$ 99,808	(0.2)%

(1) Assumes that Stockholder A does not purchase additional shares in the sale of shares below NAV.

Changes in laws or regulations governing our operations may adversely affect our business or cause us to alter our business strategy.

We, the Fund, and our portfolio companies are subject to applicable local, state and federal laws and regulations, including, without limitation, federal immigration laws and regulations. New legislation may be enacted or new interpretations, rulings or regulations could be adopted, including those governing the types of investments we are permitted to make, any of which could harm us and our stockholders, potentially with retroactive effect. In addition, any change to the SBA s current debenture SBIC program could have a significant impact on our ability to obtain lower-cost leverage, through the Fund, and, therefore, our ability to compete with other finance companies.

Additionally, any changes to the laws and regulations governing our operations relating to permitted investments may cause us to alter our investment strategy in order to avail ourselves of new or different opportunities. Such changes could result in material differences to the strategies and plans set forth herein and may result in our investment focus shifting from the areas of expertise of our investment team to other types of investments in which our investment team may have less expertise or little or no experience. Thus, any such changes, if they occur, could have a material adverse effect on our results of operations and the value of your investment.

Terrorist attacks, acts of war or natural disasters may affect any market for our common stock, impact the businesses in which we invest and harm our business, operating results and financial condition.

Terrorist acts, acts of war or natural disasters may disrupt our operations, as well as the operations of the businesses in which we invest. Such acts have created, and continue to create, economic and political uncertainties and have contributed to global economic instability. Future terrorist activities, military or security operations, or natural disasters could further weaken the domestic/global economies and create additional uncertainties, which may negatively impact the businesses in which we invest directly or indirectly and, in turn, could have a material adverse impact on our business, operating results and financial condition. Losses from terrorist attacks and natural disasters are generally uninsurable.

Table of Contents

Risks Related to Our Investments

Our investments in portfolio companies involve higher levels of risk, and we could lose all or part of our investment.

Investing in lower middle-market companies involves a number of significant risks. Among other things, these companies:

- may have limited financial resources and may be unable to meet their obligations under their debt instruments that we hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of us realizing any guarantees from subsidiaries or affiliates of our portfolio companies that we may have obtained in connection with our investment, as well as a corresponding decrease in the value of the equity components of our investments;

- may have shorter operating histories, narrower product lines, smaller market shares and/or significant customer concentrations than larger businesses, which tend to render them more vulnerable to competitors actions and market conditions, as well as general economic downturns;

- are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on our portfolio company and, in turn, on us;

- generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position; and

- generally have less publicly available information about their businesses, operations and financial condition. We are required to rely on the ability of our management team and investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies. If we are unable to uncover all material information about these companies, we may not make a fully informed investment decision, and may lose all or part of our investment.

In addition, in the course of providing significant managerial assistance to certain of our portfolio companies, certain of our officers and directors may serve as directors on the boards of such companies. To the extent that litigation arises out of our investments in these companies, our officers and directors may be named as defendants in such litigation, which could result in an expenditure of funds (through our indemnification of such officers and directors) and the diversion of management time and resources.

The lack of liquidity in our investments may adversely affect our business.

We invest, and will continue to invest in companies whose securities are not publicly traded, and whose securities will be subject to legal and other restrictions on resale or will otherwise be less liquid than publicly traded securities. The illiquidity of these investments may make it difficult for us to sell these investments when desired. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we had previously recorded these investments. As a result, we do not expect to achieve liquidity in our investments in the near-term. Our investments are usually subject to contractual or legal restrictions on resale or are otherwise illiquid because there is usually no established trading market for such investments. The illiquidity of most of our investments may make it difficult for us to dispose of them at a favorable price, and, as a result, we may suffer

losses.

We may not have the funds or ability to make additional investments in our portfolio companies.

We may not have the funds or ability to make additional investments in our portfolio companies. After our initial investment in a portfolio company, we may be called upon from time to time to provide additional funds to such company or have the opportunity to increase our investment through the exercise of a warrant to purchase common stock. There is no assurance that we will make, or will have sufficient funds to make, follow-on investments. Any decisions not to make a follow-on investment or any inability on our part to make

such an investment may have a negative impact on a portfolio company in need of such an investment, may result in a missed opportunity for us to increase our participation in a successful operation or may reduce the expected yield on the investment.

Our portfolio companies may incur debt that ranks equally with, or senior to, our investments in such companies.

We invest primarily in secured term debt as well as equity issued by lower middle-market companies. Our portfolio companies may have, or may be permitted to incur, other debt that ranks equally with, or senior to, the debt in which we invest. By their terms, such debt instruments may entitle the holders to receive payment of interest or principal on or before the dates on which we are entitled to receive payments with respect to the debt instruments in which we invest. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of debt instruments ranking senior to our investment in that portfolio company would typically be entitled to receive payment in full before we receive any distribution. After repaying such senior creditors, such portfolio company may not have any remaining assets to use for repaying its obligation to us. In the case of debt ranking equally with debt instruments in which we invest, we would have to share on an equal basis any distributions with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company.

There may be circumstances where our debt investments could be subordinated to claims of other creditors or we could be subject to lender liability claims.

Even though we may have structured certain of our investments as secured loans, if one of our portfolio companies were to go bankrupt, depending on the facts and circumstances, and based upon principles of equitable subordination as defined by existing case law, a bankruptcy court could subordinate all or a portion of our claim to that of other creditors and transfer any lien securing such subordinated claim to the bankruptcy estate. The principles of equitable subordination defined by case law have generally indicated that a claim may be subordinated only if its holder is guilty of misconduct or where the senior loan is re-characterized as an equity investment and the senior lender has actually provided significant managerial assistance to the bankrupt debtor. We may also be subject to lender liability claims for actions taken by us with respect to a borrower s business or instances where we exercise control over the borrower. It is possible that we could become subject to a lender s liability claim, including as a result of actions taken in rendering significant managerial assistance or actions to compel and collect payments from the borrower outside the ordinary course of business.

Second priority liens on collateral securing loans that we make to our portfolio companies may be subject to control by senior creditors with first priority liens. If there is a default, the value of the collateral may not be sufficient to repay in full both the first priority creditors and us.

Certain loans that we make are secured by a second priority security interest in the same collateral pledged by a portfolio company to secure senior debt owed by the portfolio company to commercial banks or other traditional lenders. Often the senior lender has procured covenants from the portfolio company prohibiting the incurrence of additional secured debt without the senior lender s consent. Prior to and as a condition of permitting the portfolio company to borrow money from us secured by the same collateral pledged to the senior lender, the senior lender will require assurances that it will control the disposition of any collateral in the event of bankruptcy or other default. In many such cases, the senior lender will require us to enter into an intercreditor agreement prior to permitting the portfolio company to borrow from us. Typically the intercreditor agreements we are requested to execute expressly subordinate our debt instruments to those held by the senior lender and further provide that the senior lender shall control: (1) the commencement of foreclosure or other proceedings to liquidate and collect on the collateral; (2) the nature, timing and conduct of foreclosure or other collection proceedings; (3) the amendment of any collateral document; (4) the release of the security interests in respect of any collateral; and (5) the waiver of defaults under any

security

agreement. Because of the control we may cede to senior lenders under intercreditor agreements we may enter, we may be unable to realize the proceeds of any collateral securing some of our loans.

Finally, the value of the collateral securing our debt investment will ultimately depend on market and economic conditions, the availability of buyers and other factors. Therefore, there can be no assurance that the proceeds, if any, from the sale or sales of all of the collateral would be sufficient to satisfy the loan obligations secured by our first or second priority liens. There is also a risk that such collateral securing our investments will decrease in value over time, will be difficult to sell in a timely manner, will be difficult to appraise and will fluctuate in value based upon the success of the portfolio company and market conditions. If such proceeds are not sufficient to repay amounts outstanding under the loan obligations secured by our second priority liens, then we, to the extent not repaid from the proceeds of the sale of the collateral, will only have an unsecured claim against the company s remaining assets, if any.

We are a non-diversified investment company within the meaning of the 1940 Act, and therefore we are not limited with respect to the proportion of our assets that may be invested in securities of a single issuer.

We are classified as a non-diversified investment company within the meaning of the 1940 Act, which means that we are not limited by the 1940 Act with respect to the proportion of our assets that we may invest in securities of a single issuer. Although we seek to maintain a diversified portfolio in accordance with our business strategies, to the extent that we assume large positions in the securities of a small number of issuers, our net asset value may fluctuate to a greater extent than that of a diversified investment company as a result of changes in the financial condition or the market s assessment of the issuer. We may also be more susceptible to any single economic or regulatory occurrence than a diversified investment company. Beyond our RIC asset diversification requirements, we do not have fixed guidelines for diversification, and our investments could be concentrated in relatively few portfolio companies.

We generally will not control our portfolio companies.

We do not, and do not expect to, control the decision making in many of our portfolio companies, even though we may have board representation or board observation rights, and our debt agreements may contain certain restrictive covenants. As a result, we are subject to the risk that a portfolio company in which we invest will make business decisions with which we disagree and the management of such company, as representatives of the holders of their common equity, will take risks or otherwise act in ways that do not serve our interests as debt investors. Due to the lack of liquidity for our investments in non-traded companies, we may not be able to dispose of our interests in our portfolio companies as readily as we would like or at an appropriate valuation. As a result, a portfolio company may make decisions that would decrease the value of our portfolio holdings.

Defaults by our portfolio companies will harm our operating results.

A portfolio company s failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its secured assets, which could trigger cross-defaults under other agreements and jeopardize a portfolio company s ability to meet its obligations under the debt or equity securities that we hold. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants, with a defaulting portfolio company.

Any unrealized losses we experience on our loan portfolio may be an indication of future realized losses, which could reduce our income available for distribution.

As a BDC, we are required to carry our investments at market value or, if no market value is ascertainable, at the fair value as determined in good faith by our Board of Directors. Decreases in the market values or fair values of our

investments will be recorded as unrealized depreciation. Any unrealized losses in our loan portfolio could be an indication of a portfolio company s inability to meet its repayment obligations

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Table of Contents

to us with respect to the affected loans. This could result in realized losses in the future and ultimately in reductions of our income available for distribution in future periods.

Prepayments of our debt investments by our portfolio companies could adversely impact our results of operations and reduce our return on equity.

We are subject to the risk that the investments we make in our portfolio companies may be repaid prior to maturity. When this occurs, we will generally reinvest these proceeds in temporary investments, pending their future investment in new portfolio companies. These temporary investments will typically have substantially lower yields than the debt being prepaid and we could experience significant delays in reinvesting these amounts. Any future investment in a new portfolio company may also be at lower yields than the debt that was repaid. As a result, our results of operations could be materially adversely affected if one or more of our portfolio companies elect to prepay amounts owed to us. Additionally, prepayments could negatively impact our return on equity, which could result in a decline in the market price of our common stock.

Changes in interest rates may affect our cost of capital and net investment income.

Some of our debt investments will bear interest at variable rates and the interest income from these investments could be negatively affected by decreases in market interest rates. In addition, an increase in interest rates would make it more expensive to use debt to finance our investments. As a result, a significant increase in market interest rates could increase our cost of capital, which would reduce our net investment income. Also, an increase in interest rates available to investors could make an investment in our common stock less attractive if we are not able to increase our dividend rate, a situation which could reduce the value of our common stock. Conversely, a decrease in interest rates may have an adverse impact on our returns by requiring us to seek lower yields on our debt investments and by increasing the risk that our portfolio companies will prepay our debt investments, resulting in the need to redeploy capital at potentially lower rates. A decrease in market interest rates may also adversely impact our returns on idle funds, which would reduce our net investment income.

We may not realize gains from our equity investments.

Certain investments that we have made in the past and may make in the future include warrants or other equity securities. Investments in equity securities involve a number of significant risks, including the risk of further dilution as a result of additional issuances, inability to access additional capital and failure to pay current distributions. Investments in preferred securities involve special risks, such as the risk of deferred distributions, credit risk, illiquidity and limited voting rights. In addition, we may from time to time make non-control, equity investments in portfolio companies. Our goal is ultimately to realize gains upon our disposition of such equity interests. However, the equity interests we receive may not appreciate in value and, in fact, may decline in value. Accordingly, we may not be able to realize gains from our equity interests, and any gains that we do realize on the disposition of any equity interests may not be sufficient to offset any other losses we experience. We also may be unable to realize any value if a portfolio company does not have a liquidity event, such as a sale of the business, recapitalization or public offering, which would allow us to sell the underlying equity interests. We often seek puts or similar rights to give us the right to sell our equity securities back to the portfolio company issuer. We may be unable to exercise these puts rights for the consideration provided in our investment documents if the issuer is in financial distress.

Risks Relating to an Offering of Our Common Stock

Shares of closed-end investment companies, including BDCs, may trade at a discount to their net asset value.

Shares of closed-end investment companies, including BDCs, may trade at a discount from net asset value. This characteristic of closed-end investment companies and BDCs 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 at, above or below net asset value. In addition, if our common stock trades below net asset value, we will

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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. See Risks Relating to Our Business and Structure Stockholders may incur dilution if we sell shares of our common stock in one or more offerings at prices below the then current net asset value per share of our common stock or issue securities to subscribe to, convert to or purchase shares of our common stock for a discussion of proposals approved by our stockholders that permit us to issue shares of our common stock below net asset value.

We may be unable to invest a significant portion of the net proceeds from an offering on acceptable terms, which could harm our financial condition and operating results.

Delays in investing the net proceeds raised in an offering may cause our performance to be worse than that of other fully invested BDCs or other lenders or investors pursuing comparable investment strategies. We cannot assure you that we will be able to identify any investments that meet our investment objective or that any investment that we make will produce a positive return. We may be unable to invest the net proceeds of any offering on acceptable terms within the time period that we anticipate or at all, which could harm our financial condition and operating results.

We anticipate that, depending on market conditions and the amount of any particular offering, it may take us a substantial period of time to invest substantially all of the net proceeds of any offering in securities meeting our investment objective. During this period, we will invest the net proceeds of any offering primarily in cash, cash equivalents, U.S. government securities and high-quality debt instruments, which may produce returns that are significantly lower than the returns which we expect to achieve when our portfolio is fully invested in securities meeting our investment objective. As a result, any distributions that we pay during such period may be substantially lower than the distributions that we may be able to pay when our portfolio is fully invested in securities meeting our investment objective. In addition, until such time as the net proceeds of any offering are invested in securities meeting our investment objective, the market price for our common stock may decline. Thus, the initial return on your investment may be lower than when, if ever, our portfolio is fully invested in securities meeting our investment objective.

Investing in our common stock may involve an above average degree of risk.

The investments we make in accordance with our investment objective may result in a higher amount of risk than alternative investment options and a higher risk of volatility or loss of principal. Our investments in portfolio companies involve higher levels of risk, and therefore, an investment in our shares may not be suitable for someone with lower risk tolerance.

The market price of our common stock may be volatile and fluctuate significantly.

Fluctuations in the trading prices of our shares may adversely affect the liquidity of the trading market for our shares and, if we seek to raise capital through future equity financings, our ability to raise such equity capital. The market price and liquidity of the market for our common stock may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include:

- significant volatility in the market price and trading volume of securities of BDCs or other companies in our sector, which are not necessarily related to the operating performance of these companies;
- changes in regulatory policies, accounting pronouncements or tax guidelines, particularly with respect to RICs, BDCs or SBICs;
- inability to obtain any exemptive relief that may be required by us in the future from the SEC;

loss of our BDC or RIC status or the Fund s status as an SBIC;

changes in our earnings or variations in our operating results;

changes in the value of our portfolio of investments;

Table of Contents

- any shortfall in our investment income or net investment income or any increase in losses from levels expected by investors or securities analysts;
- loss of a major funding source;
- fluctuations in interest rates;
- the operating performance of companies comparable to us;
- departure of our key personnel;
- global or national credit market changes; and
- general economic trends and other external factors.

Provisions of the Maryland General Corporation Law and our articles of incorporation and bylaws could deter takeover attempts and have an adverse impact on the price of our common stock.

The Maryland General Corporation Law and our articles of incorporation and bylaws contain provisions that may have the effect of discouraging, delaying or making difficult a change in control of our company or the removal of our incumbent directors. The existence of these provisions, among others, may have a negative impact on the price of our common stock and may discourage third-party bids for ownership of our company. These provisions may prevent any premiums being offered to you for our common stock.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

Some of the statements in this prospectus and any accompanying prospectus supplement constitute forward-looking statements because they relate to future events or our future performance or financial condition. The forward-looking statements contained in this prospectus and any accompanying prospectus supplement may include statements as to:

- our future operating results and dividend projections;
- our business prospects and the prospects of our portfolio companies;
- the impact of the investments that we expect to make;
- the ability of our portfolio companies to achieve their objectives;
- our expected financings and investments;
- the adequacy of our cash resources and working capital; and
- the timing of cash flows, if any, from the operations of our portfolio companies.

In addition, words such as anticipate, believe, expect and intend indicate a forward-looking statement, although not forward-looking statements include these words. The forward-looking statements contained in this prospectus and any accompanying prospectus supplement involve risks and uncertainties. Our actual results could differ materially from those implied or expressed in the forward-looking statements for any reason, including the factors set forth in Risk

Factors and elsewhere in this prospectus and any accompanying prospectus supplement. Other factors that could cause actual results to differ materially include:

- changes in the economy;
- risks associated with possible disruption in our operations or the economy generally due to terrorism or natural disasters; and
- future changes in laws or regulations and conditions in our operating areas.

We have based the forward-looking statements included in this prospectus and will base the forward-looking statements included in any accompanying prospectus supplement on information available to us on the date of this prospectus and any accompanying prospectus supplement, as appropriate, and we assume no

obligation to update any such forward-looking statements, except as required by law. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we in the future may file with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

FORMATION TRANSACTIONS

MSCC was formed on March 9, 2007, for the purpose of (i) acquiring 100% of the equity interests of the Fund and its general partner, the General Partner, (ii) acquiring 100% of the equity interests of the Investment Manager, (iii) raising capital in the IPO, and (iv) thereafter operating as an internally managed BDC under the 1940 Act. The Fund is licensed as an SBIC by the SBA and the Investment Manager acts as the Fund s manager and investment adviser. The Investment Manager also acts as the manager and investment adviser to MSC II, a privately owned, affiliated SBIC which commenced investment operations in January 2006. MSCC did not acquire any interest in MSC II in connection with the Formation Transactions and currently does not hold any equity interest in MSC II. The transactions discussed above were consummated in October 2007 and are collectively termed the Formation Transactions.

As part of the Formation Transactions, the Investment Manager, which employs all of the executive officers and other employees of MSCC, became a wholly owned subsidiary of MSCC. However, the Investment Manager is accounted for as a portfolio investment of Main Street, since the Investment Manager is not a registered investment company and since it conducts a significant portion of its investment management activities for MSC II, a separate SBIC fund in which MSCC does not have an equity interest. The Investment Manager receives recurring investment management fees from MSC II pursuant to a separate investment advisory agreement, paid quarterly, which currently total $3.3 million per year. The portfolio investment in the Investment Manager is accounted for using fair value accounting, with the fair value determined by MSCC and approved, in good faith, by MSCC s Board of Directors. MSCC s valuation of the Investment Manager is based upon the discounted net cash flows from third party recurring investment managers fees. The net cash flows utilized in the valuation of the Investment Manager exclude any revenues and expenses from all related parties (including MSCC) but include the management fees from MSC II and an estimated allocation of costs related to providing services to MSC II. For more information on the Investment Manager, see Note D Wholly Owned Investment Manager to our consolidated financial statements.

In connection with the Formation Transactions, MSCC entered into a support services agreement with the Investment Manager. The agreement requires the Investment Manager to manage the day-to-day operational and investment activities of Main Street. The Investment Manager generally incurs all normal operating and administrative expenses, except those specifically required to be borne by MSCC, which principally include 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 Main Street s day-to-day operations.

The Investment Manager is reimbursed for its expenses associated with providing operational and investment management services to MSCC and its subsidiaries. Each quarter, as part of the support services agreement, MSCC makes payments to cover all expenses incurred by the Investment Manager, less amounts the Investment Manager receives from MSC II pursuant to a separate investment advisory services agreement. Based on this separate investment advisory services agreement, MSC II paid the Investment Manager approximately $3.3 million in 2008 for these services.

The IPO involved the public offering and sale of 4,300,000 shares of our common stock, including shares sold upon the underwriters exercise of the over-allotment option, at a price to the public of $15.00 per share of our common stock, resulting in net proceeds to us of approximately $60.2 million, after deducting underwriters commissions

totaling approximately $4.3 million. As a result of the IPO and the Formation Transactions described above, we are a closed-end, non-diversified management investment company that has elected to be treated as a BDC under the 1940 Act. 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 net operating costs associated with employing investment and portfolio management professionals through the Investment Manager.

Immediately following the completion of the Formation Transactions, MSEI was created as a wholly-owned consolidated subsidiary of MSCC to hold certain of our portfolio investments. MSEI 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 MSEI may differ from its book income due to deferred tax timing differences as well as permanent differences.

We co-invested with MSC II in several existing portfolio investments prior to the IPO, but did not co-invest with MSC II subsequent to the IPO and prior to June 2008. On June 4, 2008, we received exemptive relief from the SEC to allow us to resume co-investing with MSC II in accordance with the terms of such exemptive relief.

USE OF PROCEEDS

We intend to use all of the net proceeds from selling our common stock to make investments in lower middle-market companies in accordance with our investment objective and strategies described in this prospectus or any prospectus supplement, pay our operating expenses and dividends to our stockholders and for general corporate purposes. Pending such use, we will invest the net proceeds of any offering primarily in short-term securities consistent with our BDC election and our election to be taxed as a RIC. See Regulation Regulation as a Business Development Company Idle Funds Investments. 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. The supplement to this prospectus relating to an offering will more fully identify the use of proceeds from such an offering.

PRICE RANGE OF COMMON STOCK AND DISTRIBUTIONS

Our common stock is traded on the Nasdaq Global Select Market under the symbol MAIN. The following table sets forth, for each fiscal quarter since our initial public offering, the range of high and low sales prices of our common stock as reported on the Nasdaq Global Select Market, the sales price as a percentage of our net asset value (NAV) and the dividends declared by us for each fiscal quarter. The stock quotations are inter-dealer quotations and do not include mark-ups, mark-downs or commissions and as such do not necessarily represent actual transactions.

During the fourth quarter of 2008, we began paying monthly instead of quarterly dividends to our stockholders, determined by our Board of Directors on a quarterly basis.

	NAV(1)	Price Range High	Price Range Low	Percentage of High Sales Price to NAV(2)	Percentage of Low Sales Price to NAV(2)	Cash Dividend per Share(3)
Year ended December 31, 2007						
October 5, 2007 to December 31, 2007(4)	$ 12.85	$ 15.02	$ 13.60	117%	106%	$ 0.33
Year ended December 31, 2008						
First Quarter	$ 12.87	$ 14.10	$ 12.75	110%	99%	$ 0.34

Second Quarter	$	13.02	$	14.40	$	10.90	111%	84%	$	0.35
Third Quarter	$	12.49	$	14.40	$	11.38	115%	91%	$	0.36
Fourth Quarter	$	12.20	$	11.95	$	8.82	98%	72%	$	0.375
Year ended December 31, 2009										
First Quarter		*	$	10.43	$	9.07	*	*	$	0.375
Second Quarter (through April 23, 2009)		*	$	12.99	$	9.66	*	*	$	0.375

(1) Net asset value per share is determined as of the last day in the relevant quarter and therefore may not reflect the net asset value per share on the date of the high and low sales prices. The net asset values shown are based on outstanding shares at the end of each period. Net asset value has not yet been determined for the first and second quarters of 2009.

(2) Calculated as the respective high or low sales price divided by net asset value.

(3) Represents the dividend declared in the specified quarter. We have adopted an opt out dividend reinvestment plan for our common stockholders. As a result, if we declare a dividend, then stockholders cash dividends will be automatically reinvested in additional shares of our common stock, unless they specifically opt out of the dividend reinvestment plan so as to receive cash dividends. See Dividend Reinvestment Plan.

(4) Our stock began trading on the Nasdaq Global Select Market on October 5, 2007.

The last reported price for our common stock on April 23, 2009 was $11.70 per share. As of April 22, 2009, we had 120 stockholders of record.

Shares of BDCs may trade at a market price that is less than the value of the net assets attributable to those shares. The possibilities that our shares of common stock will trade at a discount from net asset value or at premiums that are unsustainable over the long term are separate and distinct from the risk that our net asset value will decrease. It is not possible to predict whether the common stock offered hereby will trade at, above, or below net asset value. Since our IPO in October 2007, our shares of common stock have traded at prices both less than and exceeding our net asset value.

We have distributed quarterly, but, beginning in the fourth quarter of 2008, we began to distribute monthly, dividends to our stockholders.

Our dividends, if any, are determined by our Board of Directors. MSCC has elected to be treated for federal income tax purposes as a RIC under Subchapter M of the Code. As long as we qualify as a RIC, we will not be taxed on our investment company taxable income or realized net capital gains, to the extent that such taxable income or gains are distributed, or deemed to be distributed, to stockholders on a timely basis.

To maintain RIC tax treatment, we must, among other things, distribute at least 90.0% 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 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. Please refer to Material U.S. Federal Income Tax Considerations for further information regarding the consequences of our retention of net capital gains. We may, in the future, make actual distributions to our stockholders of our net capital gains. We can offer no assurance that we will achieve results that will permit the payment of any cash distributions and, if we issue senior securities, we will be prohibited from making distributions if doing so causes us to fail to maintain the asset coverage ratios stipulated by the 1940 Act or if distributions are limited by the terms of any of our borrowings. See Regulation and Material U.S. Federal Income Tax Considerations.

Table of Contents

PURCHASES OF EQUITY SECURITIES

On November 13, 2008, we announced that our Board of Directors authorized our officers, in their discretion and subject to compliance with the 1940 Act and other applicable laws, to purchase on the open market or in privately negotiated transactions, an amount up to $5 million of the outstanding shares of our common stock at prices per share not to exceed our last reported net asset value per share. The share repurchase program is authorized to be in effect through the earlier of December 31, 2009 or such time as the approved $5 million repurchase amount has been fully utilized. We can not assure you the extent that we will conduct open market purchases, and to the extent we do conduct open market purchases, we may terminate them at any time. As of December 31, 2008, we had purchased 34,700 shares of our common stock for $331,006 in the open market pursuant to the program. The following chart summarizes repurchases of our common stock under the stock repurchase program through December 31, 2008.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans	Maximum Number (or Approximate Dollar Value) of Shares that May Yet be Purchased Under the Plans or