

Main Street Capital CORP  
Form 497  
March 11, 2015

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)

[AUDITED FINANCIAL STATEMENTS Index to Financial Statements](#)

[TABLE OF CONTENTS](#)

[INDEX TO FINANCIAL STATEMENTS](#)

[Table of Contents](#)

**Filed Pursuant to Rule 497  
Registration Statement No. 333-183555**

**PROSPECTUS SUPPLEMENT  
(to Prospectus dated May 7, 2014)**

**3,800,000 Shares**

## **Common Stock**

---

We are offering for sale 3,800,000 shares of our common stock. The underwriters have agreed to purchase our shares of common stock from us at a price of \$29.32 per share which will result in \$111,216,000 of net proceeds, after deducting estimated offering expenses, to us, or \$127,928,400 assuming full exercise of the underwriters' option to purchase additional shares described below. We expect that our expenses for this offering will be approximately \$200,000. The underwriters may offer the shares of common stock from time to time for sale in one or more transactions on the New York Stock Exchange, in the over-the-counter market, through negotiated transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices. See "Underwriting."

The underwriters may also exercise their option to purchase up to an additional 570,000 shares of common stock from us, at the price per share set forth above, for 30 days after the date of this prospectus supplement.

We are a principal investment firm primarily focused on providing customized debt and equity financing to lower middle market ("LMM") companies and debt capital to middle market ("Middle Market") companies. Our LMM companies generally have annual revenues between \$10 million and \$150 million, and our LMM portfolio investments generally range in size from \$5 million to \$50 million. Our Middle Market investments are made in businesses that are generally larger in size than our LMM portfolio companies, with annual revenues typically between \$150 million and \$1.5 billion, and our Middle Market investments generally range in size from \$3 million to \$15 million.

**The LMM and Middle Market securities in which we invest generally would be rated below investment grade if they were rated by rating agencies. Below investment grade securities, which are often referred to as "junk," have predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. They may also be difficult to value and are illiquid.**

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.

## Edgar Filing: Main Street Capital CORP - Form 497

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

Our common stock is listed on the New York Stock Exchange under the symbol "MAIN." On March 9, 2015, the last reported sale price of our common stock on the New York Stock Exchange was \$31.14 per share, and the net asset value per share of our common stock on December 31, 2014 (the last date prior to the date of this prospectus supplement on which we determined our net asset value per share) was \$20.85.

**Investing in our common stock involves a high degree of risk, and should be considered highly speculative. See "Supplementary Risk Factors" beginning on page S-13 of this prospectus supplement and "Risk Factors" beginning on page 16 of the accompanying prospectus to read about factors you should consider, including the risk of leverage and dilution, before investing in our common stock.**

This prospectus supplement and the accompanying prospectus contain important information about us that a prospective investor should know before investing in our common stock. Please read this prospectus supplement and the accompanying prospectus before investing and keep them for future reference. We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission, or SEC. This information is available free of charge by contacting us at 1300 Post Oak Boulevard, 8th Floor, Houston, Texas 77056 or by telephone at (713) 350-6000 or on our website at [www.mainstreetcapital.com](http://www.mainstreetcapital.com). Information contained on our website is not incorporated by reference into this prospectus supplement or the accompanying prospectus, and you should not consider that information to be part of this prospectus supplement or the accompanying prospectus. The SEC also maintains a website at [www.sec.gov](http://www.sec.gov) that contains such information.

**Neither the Securities and Exchange Commission nor any state securities commission, nor any other regulatory body, 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 March 13, 2015.

*Joint Book-Running Managers*

**RAYMOND JAMES**

**BAIRD**

**RBC CAPITAL MARKETS**

*Co-Manager*

**SANDERS MORRIS HARRIS**

**The date of this prospectus supplement is March 9, 2015**

---

Table of Contents

## TABLE OF CONTENTS

	Page
<b>Prospectus Supplement</b>	
<u>Prospectus Summary</u>	<u>S-1</u>
<u>Fees and Expenses</u>	<u>S-11</u>
<u>Supplementary Risk Factors</u>	<u>S-13</u>
<u>Use of Proceeds</u>	<u>S-16</u>
<u>Capitalization</u>	<u>S-17</u>
<u>Price Range of Common Stock and Distributions</u>	<u>S-18</u>
<u>Selected Financial Data</u>	<u>S-22</u>
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>S-24</u>
<u>Senior Securities</u>	<u>S-54</u>
<u>Business</u>	<u>S-55</u>
<u>Dividend Reinvestment Plan</u>	<u>S-73</u>
<u>Certain U.S. Federal Income Tax Considerations</u>	<u>S-74</u>
<u>Underwriting (Conflicts of Interest)</u>	<u>S-82</u>
<u>Legal Matters</u>	<u>S-86</u>
<u>Independent Registered Public Accounting Firm</u>	<u>S-86</u>
<u>Available Information</u>	<u>S-86</u>
<u>Audited Financial Statements</u>	<u>S-87</u>
<b>Prospectus</b>	
<u>Prospectus Summary</u>	<u>1</u>
<u>Fees and Expenses</u>	<u>14</u>
<u>Risk Factors</u>	<u>16</u>
<u>Cautionary Statement Concerning Forward-Looking Statements</u>	<u>37</u>
<u>Use of Proceeds</u>	<u>38</u>
<u>Price Range of Common Stock and Distributions</u>	<u>39</u>
<u>Ratios of Earnings to Fixed Charges</u>	<u>43</u>
<u>Selected Financial Data</u>	<u>44</u>
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>46</u>
<u>Senior Securities</u>	<u>74</u>
<u>Business</u>	<u>75</u>
<u>Portfolio Companies</u>	<u>92</u>
<u>Management</u>	<u>119</u>
<u>Certain Relationships and Related Transactions</u>	<u>142</u>
<u>Control Persons and Principal Stockholders</u>	<u>143</u>
<u>Sales of Common Stock Below Net Asset Value</u>	<u>145</u>
<u>Dividend Reinvestment Plan</u>	<u>150</u>
<u>Description of Common Stock</u>	<u>151</u>
<u>Description of Our Preferred Stock</u>	<u>158</u>
<u>Description of Our Warrants</u>	<u>159</u>
<u>Description of Our Subscription Rights</u>	<u>161</u>
<u>Description of Our Debt Securities</u>	<u>162</u>
<u>Description of Our Units</u>	<u>176</u>
<u>Material U.S. Federal Income Tax Considerations</u>	<u>176</u>
<u>Regulation</u>	<u>184</u>
<u>Plan of Distribution</u>	<u>189</u>
<u>Custodian, Transfer and Distribution Paying Agent and Registrar</u>	<u>191</u>
<u>Brokerage Allocation and Other Practices</u>	<u>191</u>
<u>Legal Matters</u>	<u>191</u>
<u>Independent Registered Public Accounting Firm</u>	<u>191</u>
<u>Available Information</u>	<u>192</u>
<u>Privacy Notice</u>	<u>192</u>
<u>Index to Financial Statements</u>	<u>F-1</u>



Table of Contents

**ABOUT THE PROSPECTUS**

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

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

**Forward-Looking Statements**

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

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 "Supplementary Risk Factors," "Selected Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Audited Financial Statements" in this prospectus supplement 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' option to purchase additional shares.*

**Organization**

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

During January 2010, MSCC acquired (the "Exchange Offer") approximately 88% of the total dollar value of the limited partner interests in Main Street Capital II, LP ("MSC II" and, together with MSMF, the "Funds") and 100% of the membership interests in the general partner of MSC II, Main Street Capital II GP, LLC ("MSC II GP"). MSC II is an investment fund that operates as an SBIC and commenced operations in January 2006. During the first quarter of 2012, MSCC acquired all of the remaining minority ownership of the MSC II limited partnership interests (the "Final MSC II Exchange"). The Exchange Offer and related transactions, including the acquisition of MSC II GP interests and the Final MSC II Exchange, are collectively termed the "Exchange Offer Transactions."

MSC Adviser I, LLC (the "External Investment Manager" and, together with the Internal Investment Manager, the "Investment Managers") was formed in November 2013 as a wholly owned subsidiary of MSCC to provide investment management and other services to parties other than MSCC and its subsidiaries ("External Parties") and receive fee income for such services. MSCC has been granted no-action relief by the Securities and Exchange Commission ("SEC") to allow the External Investment Manager to register as a registered investment adviser ("RIA") under Investment Advisers Act of 1940, as amended (the "Advisers Act"). The External Investment Manager is accounted for as a portfolio investment of MSCC, since the External Investment Manager conducts all of its investment management activities for parties outside of MSCC and its consolidated subsidiaries or their portfolio companies.

MSCC has elected to be treated for U.S. federal income tax purposes as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (the

Table of Contents

"Code"). As a result, MSCC generally will not pay corporate-level U.S. federal income taxes on any net ordinary income or capital gains that it distributes to its stockholders.

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

Unless otherwise noted or the context otherwise indicates, the terms "we," "us," "our" and "Main Street" refer to MSCC and its consolidated subsidiaries, which include the Funds, the Taxable Subsidiaries and, beginning April 1, 2013, the Internal Investment Manager.

The following diagram depicts Main Street's organizational structure:

---

\* Each of the Taxable Subsidiaries is directly or indirectly wholly owned by MSCC.

\*\* Accounted for as a portfolio investment at fair value, as opposed to a consolidated subsidiary.

**Overview**

We are a principal investment firm primarily focused on providing customized debt and equity financing to lower middle market ("LMM") companies and debt capital to middle market ("Middle Market") companies. Our portfolio investments are typically made to support management buyouts, recapitalizations, growth financings, refinancings and acquisitions of companies that operate in diverse industry sectors. We seek to partner with entrepreneurs, business owners and management teams and generally provide "one stop" financing alternatives within our LMM portfolio. We invest primarily in secured debt investments, equity investments, warrants and other securities of LMM companies based in the United States and in secured debt investments of Middle Market companies generally headquartered in the United States.

Our principal investment objective is to maximize our portfolio's total return by generating current income from our debt investments and capital appreciation from our equity and equity related investments, including warrants, convertible securities and other rights to acquire equity securities in a portfolio company. Our LMM companies generally have annual revenues between \$10 million and \$150 million, and our LMM portfolio investments generally range in size from \$5 million to \$50 million. Our Middle Market investments are made in businesses that are generally larger in size than our LMM portfolio companies, with annual revenues typically between \$150 million and \$1.5 billion, and our Middle Market investments generally range in size from \$3 million to \$15 million. Our private loan ("Private Loan") investments are made in businesses that are consistent with the size of companies in our LMM portfolio or our Middle Market portfolio, but are investments which have





Table of Contents

been originated through strategic relationships with other investment funds on a collaborative basis. The structure, terms and conditions for these Private Loan investments are typically consistent with the structure, terms and conditions for the investments made in our LMM portfolio or Middle Market portfolio.

Our other portfolio ("Other Portfolio") investments primarily consist of investments which are not consistent with the typical profiles for our LMM, Middle Market or Private Loan portfolio investments, including investments which may be managed by third parties. In our Other Portfolio, we may incur indirect fees and expenses in connection with investments managed by third parties, such as investments in other investment companies or private funds.

Our external asset management business is conducted through our External Investment Manager. We have entered into an agreement to provide the External Investment Manager with asset management service support in connection with its asset management business generally, and specifically for its relationship with HMS Income Fund, Inc. ("HMS Income"). Through this agreement, we provide management and other services to the External Investment Manager, as well as access to our employees, infrastructure, business relationships, management expertise and capital raising capabilities. In the first quarter of 2014, we began charging the External Investment Manager for these services. Our total expenses for the year ended December 31, 2014 are net of expenses of \$2.0 million charged to the External Investment Manager. The External Investment Manager earns management fees based on the assets of the funds under management and may earn incentive fees, or a carried interest, based on the performance of the funds managed.

We seek to fill the financing gap for LMM businesses, which, historically, have had more limited access to financing from commercial banks and other traditional sources. The underserved nature of the LMM creates the opportunity for us to meet the financing needs of LMM companies while also negotiating favorable transaction terms and equity participations. Our ability to invest across a company's capital structure, from secured loans to equity securities, allows us to offer portfolio companies a comprehensive suite of financing options, or a "one stop" financing solution. Providing customized, "one stop" financing solutions is important to LMM portfolio companies. We generally seek to partner directly with entrepreneurs, management teams and business owners in making our investments. Our LMM portfolio debt investments are generally secured by a first lien on the assets of the portfolio company and typically have a term of between five and seven years from the original investment date. We believe that our LMM investment strategy has limited correlation to the broader debt and equity markets.

As of December 31, 2014, we had debt and equity investments in 66 LMM portfolio companies with an aggregate fair value of approximately \$733.2 million, with a total cost basis of approximately \$599.4 million, and a weighted average annual effective yield on our LMM debt investments of approximately 13.2%. As of December 31, 2014, approximately 72% of our total LMM portfolio investments at cost were in the form of debt investments and approximately 90% of such debt investments at cost were secured by first priority liens on the assets of our LMM portfolio companies. At December 31, 2014, we had equity ownership in approximately 95% of our LMM portfolio companies and the average fully diluted equity ownership in those portfolio companies was approximately 35%. As of December 31, 2013, we had debt and equity investments in 62 LMM portfolio companies with an aggregate fair value of approximately \$659.4 million, with a total cost basis of approximately \$543.3 million and a weighted average annual effective yield on our LMM debt investments of approximately 14.7%. As of December 31, 2013, approximately 76% of our total LMM portfolio investments at cost were in the form of debt investments and approximately 86% of such debt investments at cost were secured by first priority liens on the assets of our LMM portfolio companies. At December 31, 2013, we had equity ownership in approximately 94% of our LMM portfolio companies and the average fully diluted equity ownership in those portfolio companies was approximately 33%. The weighted average annual yields were computed using the effective interest

Table of Contents

rates for all debt investments at cost as of December 31, 2014 and 2013, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status.

In addition to our LMM investment strategy, we pursue investments in Middle Market companies. Our Middle Market portfolio investments primarily consist of direct investments in or secondary purchases of interest bearing debt securities in privately held companies that are generally larger in size than the companies included in our LMM portfolio. Our Middle Market portfolio debt investments are generally secured by either a first or second priority lien on the assets of the portfolio company and typically have an expected duration of between three and seven years from the original investment date.

As of December 31, 2014, we had Middle Market portfolio investments in 86 companies, collectively totaling approximately \$542.7 million in fair value with a total cost basis of approximately \$561.8 million. The weighted average earnings before interest, taxes, depreciation and amortization ("EBITDA") for the 86 Middle Market portfolio companies was approximately \$77.2 million as of December 31, 2014. As of December 31, 2014, substantially all of our Middle Market portfolio investments were in the form of debt investments and approximately 85% of such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on our Middle Market portfolio debt investments was approximately 7.8% as of December 31, 2014. As of December 31, 2013, we had Middle Market portfolio investments in 92 companies collectively totaling approximately \$471.5 million in fair value with a total cost basis of approximately \$468.3 million. The weighted average EBITDA for the 92 Middle Market portfolio companies was approximately \$79.0 million as of December 31, 2013. As of December 31, 2013, substantially all of our Middle Market portfolio investments were in the form of debt investments and approximately 92% of such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on our Middle Market portfolio debt investments was approximately 7.8% as of December 31, 2013. The weighted average annual yields were computed using the effective interest rates for all debt investments at cost as of December 31, 2014 and 2013, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status.

Our Private Loan portfolio investments primarily consist of investments in interest-bearing debt securities in companies that are consistent with the size of the companies included in our LMM portfolio or our Middle Market portfolio, but are investments that have been originated through strategic relationships with other investment funds on a collaborative basis. Our Private Loan portfolio debt investments are generally secured by either a first or second priority lien on the assets of the portfolio company and typically have a term of between three and seven years from the original investment date.

As of December 31, 2014, we had Private Loan portfolio investments in 31 companies, collectively totaling approximately \$213.0 million in fair value with a total cost basis of approximately \$224.0 million. The weighted average EBITDA for the 31 Private Loan portfolio companies was approximately \$18.1 million as of December 31, 2014. As of December 31, 2014, approximately 96% of our Private Loan portfolio investments were in the form of debt investments and approximately 88% of such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on our Private Loan portfolio debt investments was approximately 10.1% as of December 31, 2014. As of December 31, 2013, we had Private Loan portfolio investments in 15 companies, collectively totaling approximately \$111.5 million in fair value with a total cost basis of approximately \$111.3 million. The weighted average EBITDA for the 15 Private Loan portfolio companies was approximately \$18.4 million as of December 31, 2013. As of December 31, 2013, approximately 95% of our Private Loan portfolio investments were in the form of debt investments and approximately 98% of such debt investments at cost were secured by first priority

Table of Contents

liens on portfolio company assets. The weighted average annual effective yield on our Private Loan portfolio debt investments was approximately 11.3% as of December 31, 2013. The weighted average annual yields were computed using the effective interest rates for all debt investments at cost as of December 31, 2014 and 2013, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status.

As of December 31, 2014, we had Other Portfolio investments in six companies, collectively totaling approximately \$58.9 million in fair value and approximately \$56.2 million in cost basis and which comprised approximately 3.8% of our Investment Portfolio (as defined in "Business Investment Portfolio") at fair value as of December 31, 2014. As of December 31, 2013, we had Other Portfolio investments in six companies, collectively totaling approximately \$42.8 million in fair value and approximately \$40.1 million in cost basis and which comprised approximately 3.3% of our Investment Portfolio at fair value as of December 31, 2013.

As previously discussed, the External Investment Manager is a wholly owned subsidiary that is treated as a portfolio investment. As of December 31, 2014, there was no cost basis in this investment and the investment had a fair value of \$15.6 million, which comprised 1.0% of our Investment Portfolio at fair value. As of December 31, 2013, there was no cost basis in this investment and the investment had a fair value of \$1.1 million, which comprised 0.1% of our Investment Portfolio at fair value.

Our portfolio investments are generally made through MSCC and the Funds. MSCC and the Funds share the same investment strategies and criteria, although they are subject to different regulatory regimes (see "Regulation"). An investor's return in MSCC will depend, in part, on the Funds' investment returns as they are wholly owned subsidiaries of MSCC.

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

Because we are internally managed, Main Street does not pay any external investment advisory fees, but instead incurs the operating costs associated with employing investment and portfolio management professionals through the Internal Investment Manager. We believe that our internally managed structure provides us with a beneficial operating expense structure when compared to other publicly traded and privately held investment firms which are externally managed, and our internally managed structure allows us the opportunity to leverage our non-interest operating expenses as we grow our Investment Portfolio. For the year ended December 31, 2014, the ratio of our total operating expenses, excluding interest expense, as a percentage of our quarterly average total assets was 1.4%, compared to 1.7% for the year ended December 31, 2013 (with the 2013 ratio excluding interest expense and excluding the effect of the non-recurring accelerated vesting of restricted stock of our retired Executive Vice-Chairman, which resulted in additional share-based compensation expense of \$1.3 million during 2013). Including the effect of the accelerated vesting of restricted stock, the ratio for the year ended December 31, 2013 was 1.8%.

Table of Contents

During May 2012, we entered into an investment sub-advisory agreement with HMS Adviser, LP ("HMS Adviser"), which is the investment advisor to HMS Income, a non-publicly traded BDC whose registration statement on Form N-2 was declared effective by the SEC in June 2012, to provide certain investment advisory services to HMS Adviser. In December 2013, after obtaining required no-action relief from the SEC to allow us to own a registered investment adviser, we assigned the sub-advisory agreement to the External Investment Manager since the fees received from such arrangement could otherwise have negative consequences on our ability to meet the source of income requirement necessary for us to maintain our RIC tax treatment. Under the investment sub-advisory agreement, the External Investment Manager is entitled to 50% of the base management fee and the incentive fees earned by HMS Adviser under its advisory agreement with HMS Income. We and the External Investment Manager agreed to waive all such fees from the effective date of HMS Income's registration statement on Form N-2 through December 31, 2013. As a result, as of December 31, 2013, neither we nor the External Investment Manager had received any base management fee or incentive fees under the investment sub-advisory agreement and neither was due any unpaid compensation for any base management fee or incentive fees under the investment sub-advisory agreement through December 31, 2013. The External Investment Manager has not waived the base management fees or incentive fees after December 31, 2013 and, as a result, the External Investment Manager began accruing such fees on January 1, 2014. During the year ended December 31, 2014, the External Investment Manager earned \$2.8 million of base management fees under the sub-advisory agreement with HMS Adviser.

During April 2014, we received an exemptive order from the SEC permitting co-investments by us and HMS Income in certain negotiated transactions where co-investing would otherwise be prohibited under the 1940 Act. We have made, and in the future intend to continue to make, such co-investments with HMS Income in accordance with the conditions of the order. The order requires, among other things, that we and the External Investment Manager consider whether each such investment opportunity is appropriate for HMS Income and, if it is appropriate, to propose an allocation of the investment opportunity between us and HMS Income.

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

Our principal executive offices are located at 1300 Post Oak Boulevard, 8<sup>th</sup> Floor, Houston, Texas 77056, and our telephone number is (713) 350-6000. We maintain a website at <http://www.mainstreetcapital.com>. Information contained on our website is not incorporated by reference into this prospectus supplement or the accompanying prospectus, and you should not consider that information to be part of this prospectus supplement or the accompanying prospectus.

**Business Strategies**

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

## Edgar Filing: Main Street Capital CORP - Form 497

### Table of Contents

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

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

*Leverage the Skills and Experience of Our Investment Team.* Our investment team has significant experience in lending to and investing in LMM and Middle Market companies.

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

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

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

### **Investment Criteria**

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

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

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

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

*Exit Alternatives.* We exit our debt investments primarily through the repayment of our investment from internally generated cash flow of the portfolio company and/or a 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.

### **Recent Developments**

On November 13, 2014, our Board of Directors elected Brent D. Smith to Chief Financial Officer and Treasurer. Mr. Smith, age 39, had previously served as our Senior Vice President Finance since August 2014. Previously he served as the Executive Vice-President, Chief Financial Officer and Treasurer of Cal Dive International, Inc. from 2010 through June 2014 and in various finance and accounting roles at Cal Dive from

Edgar Filing: Main Street Capital CORP - Form 497

2005 through 2010. On March 3, 2015, Cal Dive and certain of its subsidiaries, excluding its foreign subsidiaries, filed for voluntary protection under Chapter 11 of the

S-7

---

## Edgar Filing: Main Street Capital CORP - Form 497

### Table of Contents

Bankruptcy Code. Prior to joining Cal Dive, Mr. Smith was a manager with FTI Consulting (NYSE: FCN). Prior to that, Mr. Smith was employed as a senior auditor at Arthur Andersen LLP.

In January 2015, we led a new portfolio investment totaling \$45.0 million of invested capital in Volusion, LLC ("Volusion"), with Main Street funding \$31.5 million of the investment. The proceeds of the investment were used to provide capital to fund Volusion's near-term growth opportunities. Our investment in Volusion included a combination of first-lien, senior secured term debt with equity warrant participation and a direct equity investment. In addition, we and our co-investor are providing Volusion a commitment for up to \$10.0 million of additional capital to support its future growth opportunities. Headquartered in Austin, Texas, and founded in 1999, Volusion provides an online software-as-a-service solution for its customers' e-Commerce stores and activities.

In January 2015, we participated in a new portfolio investment totaling \$24.0 million of invested capital in Berry Aviation, Inc. ("Berry"), with our portion of the funding being \$6.4 million, and including \$6.0 million of secured subordinated term debt and a \$0.4 million equity investment for a minority equity ownership position in Berry. We partnered with our co-investors to facilitate a minority recapitalization of Berry and to support its growth initiatives. Headquartered in San Marcos, Texas, Berry is a full service aviation business that provides air carrier and concierge services to both private sector and public clients, including the United States Department of Defense ("U.S. DOD") and other governmental agencies.

During February 2015, we declared regular monthly dividends of \$0.175 per share for each of April, May and June 2015. These regular monthly dividends equal a total of \$0.525 per share for the second quarter of 2015. The second quarter 2015 regular monthly dividends represent a 6.1% increase from the dividends declared for the second quarter of 2014. Including the dividends declared for the second quarter of 2015, we will have paid \$14.27 per share in cumulative dividends since our October 2007 initial public offering.

Table of Contents

**The Offering**

Common stock offered by us	3,800,000 shares
Common stock outstanding prior to this offering	45,160,465 shares
Common stock to be outstanding after this offering	48,960,465 shares
Option to purchase additional shares	570,000 shares
Use of proceeds	

The net proceeds from this offering (without exercise of the option to purchase additional shares and after deducting estimated expenses payable by us of approximately \$200,000) will be \$111,216,000.

We intend to initially use the net proceeds from this offering to repay outstanding debt borrowed under our Credit Facility. However, through re-borrowing of the initial repayments under our Credit Facility, we intend to use the net proceeds from this offering to make investments in accordance with our investment objective and strategies described in this prospectus supplement and the accompanying prospectus, to make investments in marketable securities and idle funds investments, which may include investments in secured intermediate term bank debt, rated debt securities and other income producing investments, to pay our operating expenses and other cash obligations, and for general corporate purposes. See "Use of Proceeds" below.

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.

When we make monthly distributions, we are 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.



Table of Contents

	<p>In February 2015, we declared regular monthly dividends of \$0.175 per share for each of April, May and June 2014. These regular monthly dividends equate to a total of \$0.525 per share for the second quarter of 2014. Investors who purchase shares of our common stock in this offering will be entitled to receive the April regular monthly dividend payment and subsequent dividends provided that they continue to hold such shares.</p>
Taxation	<p>MSCC has elected to be treated for U.S. federal income tax purposes as a RIC under Subchapter M of the Code. Accordingly, we generally will not pay corporate-level U.S. federal income taxes on any net ordinary income or capital gains that we distribute to our stockholders as dividends. To maintain our qualification as a RIC for U.S. federal income tax purposes, 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.</p> <p>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% U.S. federal 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 "Certain U.S. Federal Income Tax Considerations" in this prospectus supplement.</p>
Risk factors	<p>See "Supplementary Risk Factors" beginning on page S-13 of this prospectus supplement and "Risk Factors" beginning on page 16 of the accompanying prospectus for a discussion of risks you should carefully consider before deciding to invest in shares of our common stock.</p>
New York Stock Exchange symbol	<p>"MAIN"</p>

Table of Contents**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.

<b><i>Stockholder Transaction Expenses:</i></b>	
Sales load (as a percentage of offering price)	5.84%(1)
Offering expenses (as a percentage of offering price)	0.17%(2)
Dividend reinvestment plan expenses	(3)
<b>Total stockholder transaction expenses (as a percentage of offering price)</b>	<b>6.01%</b>
<b><i>Annual Expenses (as a percentage of net assets attributable to common stock):</i></b>	
Operating expenses	2.52%(4)
Interest payments on borrowed funds	3.36%(5)
Income tax expense	0.67%(6)
Acquired fund fees and expenses	0.44%(7)
<b>Total annual expenses</b>	<b>6.99%</b>

- (1) Because the underwriters may offer the shares from time to time at varying prices, for purposes of calculating the sales load, we have assumed that the underwriters will sell the shares to the public at a price of \$31.14 per share, the last reported sales price of our common stock on March 9, 2015.
- (2) The offering expenses of this offering borne by us are estimated to be approximately \$200,000. If the underwriters exercise their option to purchase additional shares in full, the offering expenses borne by us (as a percentage of the offering price) will be approximately 0.15%.
- (3) The expenses of administering our dividend reinvestment plan are included in operating expenses.
- (4) Operating expenses in this table represent the estimated expenses of MSCC and its consolidated subsidiaries, including the Internal Investment Manager.
- (5) Interest payments on borrowed funds represent our estimated annual interest payments on borrowed funds based on current debt levels as adjusted for projected increases (but not decreases) in debt levels over the next twelve months.
- (6) Income tax expense relates to the accrual of (a) deferred tax provision (benefit) on the net unrealized appreciation (depreciation) from portfolio investments held in Taxable Subsidiaries and (b) excise, state and other taxes. Deferred taxes are non cash in nature and may vary significantly from period to period. We are required to include deferred taxes in calculating our annual expenses even though deferred taxes are not currently payable or receivable. Due to the variable nature of deferred tax expense, which can be a large portion of the income tax expense, and the difficulty in providing an estimate for future periods, this income tax expense estimate is based upon the actual amount of income tax expense for the year ended December 31, 2014.
- (7) Acquired fund fees and expenses represent the estimated indirect expense incurred due to investments in other investment companies and private funds.



Table of Contents*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 5.84% (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	\$ 129	\$ 264	\$ 393	\$ 693

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

Table of Contents

**SUPPLEMENTARY RISK FACTORS**

Investing in our securities involves a number of significant risks. In addition to the other information contained in this prospectus supplement and the accompanying prospectus, you should consider carefully the following supplementary risk factors together with the risk factors beginning on page 16 of the accompanying prospectus before making an investment in our securities. The risks set out below and in the accompanying prospectus 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 events described herein or in the accompanying prospectus 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 Our Business and Structure**

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

Borrowings, also known as leverage, magnify the potential for loss on investments in our indebtedness and gain or loss on investments in our equity capital. As we use leverage to partially finance our investments, you will experience increased risks of investing in our securities. We, through the Funds, 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 Funds that are superior to the claims of our securities holders. We may also borrow from banks and other lenders, including under our Credit Facility, and may issue debt securities or enter into other types of borrowing arrangements in the future. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Capital Resources" for a discussion regarding our outstanding indebtedness. 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 decrease in our income would cause net investment income to decline more sharply than it would have had we not leveraged our business. Such a decline could negatively affect our ability to pay common stock dividends, scheduled debt payments or other payments related to our securities. Use of leverage is generally considered a speculative investment technique.

As of December 31, 2014, we, through the Funds, had \$225.0 million of outstanding indebtedness guaranteed by the SBA, which had a weighted average annualized interest cost of approximately 4.2% (exclusive of deferred financing costs). The debentures guaranteed by the SBA have a maturity of ten years, with a current weighted average remaining maturity of 6.6 years as of December 31, 2014, 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 Funds 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.

In addition, as of December 31, 2014, we had \$218.0 million outstanding under our Credit Facility. Borrowings under the Credit Facility bear interest, subject to our election, on a per annum basis equal to (i) the applicable LIBOR rate (0.16% as of December 31, 2014) plus 2.00%, as long as we maintain an investment grade rating (or 2.25% if we do not maintain an investment grade rating) or (ii) the applicable base rate (Prime Rate of 3.25% as of December 31, 2014) plus 1.00%, as long as we maintain an investment grade rating (or 1.25% if we do not maintain an investment grade rating). We pay unused commitment fees of 0.25% per annum on the unused lender commitments under the Credit Facility. If we are unable to meet the financial obligations under the Credit Facility, the Credit Facility lending group will have a superior claim to the assets of MSCC and its subsidiaries (excluding the

Table of Contents

assets of the Funds) over our stockholders in the event we liquidate or the lending group exercises its remedies under the Credit Facility as the result of a default by us.

In April 2013, we issued \$92.0 million in aggregate principal amount of 6.125% Notes due 2023 (the "6.125% Notes"). As of December 31, 2014, the outstanding balance of the 6.125% Notes was \$90.8 million. The 6.125% Notes are unsecured obligations and rank pari passu with our current and future senior unsecured indebtedness; senior to any of our future indebtedness that expressly provides it is subordinated to the 6.125% Notes; effectively subordinated to all of our existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness, including borrowings under our Credit Facility; and structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries, including without limitation, the indebtedness of the Funds. The 6.125% Notes mature on April 1, 2023, and may be redeemed in whole or in part at any time or from time to time at our option on or after April 1, 2018. The 6.125% Notes bear interest at a rate of 6.125% per year.

In November 2014, we issued \$175.0 million in aggregate principal amount of 4.50% unsecured notes due 2019 (the "4.50% Notes" and, together with the 6.125% Notes, the "Notes") at an issue price of 99.53%. As of December 31, 2014, the outstanding balance of the 4.50% Notes was \$175.0 million. The 4.50% Notes are unsecured obligations and rank pari passu with our current and future senior unsecured indebtedness; senior to any of our future indebtedness that expressly provides it is subordinated to the 4.50% Notes; effectively subordinated to all of our existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness, including borrowings under our Credit Facility; and structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries, including without limitation, the indebtedness of the Funds. The 4.50% Notes mature on December 1, 2019, and may be redeemed in whole or in part at any time at our option subject to certain make whole provisions.

*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(2)	(21.0)%	(12.0)%	(3.0)%	6.0%	15.0%

(1) Assumes \$1.7 billion in total assets, \$708.8 million in debt outstanding, \$940.0 million in net assets, and a weighted average interest rate of 4.0%. Actual interest payments may be different.

(2) In order for us to cover our annual interest payments on indebtedness, we must achieve annual returns on our December 31, 2014 total assets of at least 1.7%.

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

Table of Contents

**Risks Related to Our Investments**

*Continuation of the current decline in oil and natural gas prices for a prolonged period of time could have a material adverse effect on us.*

A prolonged continuation of the current decline in oil and natural gas prices would adversely affect the credit quality of our debt investments and the underlying operating performance of our equity investments in energy-related businesses. A decrease in credit quality and the operating performance would, in turn, negatively affect the fair value of these investments, which would consequently negatively affect our net asset value. Should the current decline in oil and natural gas prices persist, it is likely that our energy-related portfolio companies' abilities to satisfy financial or operating covenants imposed by us or other lenders will be adversely affected, thereby negatively impacting their financial condition and their ability to satisfy their debt service and other obligations to us. Likewise, should the current decline in oil and natural gas prices persist, it is likely that our energy-related portfolio companies' cash flow and profit generating capacities would also be adversely affected thereby negatively impacting their ability to pay us dividends or distributions on our equity investments.

S-15

---

Table of Contents

**USE OF PROCEEDS**

The net proceeds from the sale of the 3,800,000 shares of common stock in this offering are \$111,216,000, and \$127,928,400 if the underwriter's option to purchase additional shares is exercised in full, after deducting the underwriting discount and estimated offering expenses payable by us.

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

On March 9, 2015, we had approximately \$254 million outstanding under our Credit Facility. Our Credit Facility matures in September 2019, unless extended, and bears interest, at our election, on a per annum basis equal to (i) the applicable LIBOR rate plus 2.00% or (ii) the applicable base rate plus 1.00% so long as Main Street maintains an investment grade rating, and 0.25% higher in each case otherwise. Amounts repaid under our Credit Facility will remain available for future borrowings.

Affiliates of Raymond James & Associates, Inc. and RBC Capital Markets, LLC, underwriters in this offering, act as lenders and/or agents under our Credit Facility. As described above, we intend to use net proceeds of this offering to repay the outstanding indebtedness under this Credit Facility, and such affiliates therefore may receive a portion of the proceeds from this offering through the repayment of those borrowings. See "Underwriting Conflicts of Interest" below.



Table of Contents**CAPITALIZATION**

The following table sets forth our capitalization:

on an actual basis as of December 31, 2014; and

on an as-adjusted basis giving effect to the sale of 3,800,000 shares of our common stock in this offering at the price of \$29.32 per share, less estimated offering expenses payable by us and the application of the proceeds thereof.

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

	<b>As of December 31, 2014</b>	
	<b>Actual</b>	<b>As-adjusted for this Offering (Unaudited)</b>
	<b>(in thousands, except shares)</b>	
Cash and cash equivalents	\$ 60,432	\$ 60,432
Marketable securities and idle funds investments (cost: \$10,604)	9,067	9,067
<b>Total cash and cash equivalents, marketable securities and idle funds investments</b>	<b>\$ 69,499</b>	<b>\$ 69,499</b>
SBIC debentures (par: \$225,000; par of \$75,200 is recorded at a fair value of \$72,981)	\$ 222,781	\$ 222,781
Credit facility(1)	218,000	106,784
4.50% Notes	175,000	175,000
6.125% Notes	90,823	90,823
Net asset value:		
Common stock, \$0.01 par value per share (150,000,000 shares authorized; 45,079,150 and 48,879,150 shares issued and outstanding, actual and as adjusted for this offering, respectively)	451	489
Additional paid-in capital	853,606	964,784
Accumulated net investment income, net of cumulative dividends of \$293,789	23,665	23,665
Accumulated net realized gain from investments (accumulated net realized gain from investments of \$40,321 before cumulative dividends of \$60,777)	(20,456)	(20,456)
Net unrealized appreciation, net of income taxes	82,716	82,716
<b>Total net asset value</b>	<b>939,982</b>	<b>1,051,198</b>
<b>Total capitalization</b>	<b>\$ 1,646,586</b>	<b>\$ 1,646,586</b>

(1)

As of March 9, 2015, we had approximately \$254 million outstanding under our Credit Facility outstanding. This table has not been adjusted to reflect the changes in our outstanding borrowings under the Credit Facility subsequent to December 31, 2014.

Table of Contents**PRICE RANGE OF COMMON STOCK AND DISTRIBUTIONS**

Our common stock is traded on the New York Stock Exchange ("NYSE") under the symbol "MAIN." Prior to October 14, 2010, our common stock was traded on the NASDAQ Global Select Market under the same symbol "MAIN." Our common stock began trading on the NASDAQ Global Select Market on October 5, 2007. Prior to that date, there was no established public trading market for our common stock.

The following table sets forth, for each fiscal quarter during 2015, 2014 and 2013, the range of high and low closing prices of our common stock as reported on the NYSE, and the sales price as a percentage of the net asset value per share of our common stock.

	Price Range			Percentage of High Sales Price to NAV(2)	Percentage of Low Sales Price to NAV(2)
	NAV(1)	High	Low		
<b>Year ending December 31, 2015</b>					
First Quarter (through March 6, 2015)	* \$	\$ 31.47	\$ 27.87		
<b>Year ending December 31, 2014</b>					
Fourth Quarter	\$ 20.85	\$ 32.68	\$ 27.48	157%	132%
Third Quarter	21.08	32.87	30.38	156%	144%
Second Quarter	21.03	33.54	29.55	159%	141%
First Quarter	20.14	35.69	32.23	177%	160%
<b>Year ending December 31, 2013</b>					
Fourth Quarter	\$ 19.89	\$ 33.13	\$ 29.70	167%	149%
Third Quarter	20.01	31.08	27.41	155%	137%
Second Quarter	18.72	32.13	26.43	172%	141%
First Quarter	18.55	34.38	30.44	185%	164%

- (1) Net asset value per share, or NAV, 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 quarter of 2015.
- (2) Calculated as the respective high or low share price divided by NAV for such quarter.

On March 6, 2015 the last sale price of our common stock on the NYSE was \$31.42 per share, and there were approximately 200 holders of record of the common stock which did not include stockholders for whom shares are held in "nominee" or "street name." The net asset value per share of our common stock on December 31, 2014 (the last date prior to the date of this prospectus supplement on which we determined our net asset value per share) was \$20.85, and the March 6, 2015 closing price of our common stock was 151% of this net asset value per share.

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

We currently pay regular monthly dividends and semi-annual supplemental dividends to our stockholders. Our monthly dividends, if any, will be determined by our Board of Directors on a quarterly basis. Our semi-annual supplemental dividends, if any, will be determined by our Board of Directors based upon our undistributed taxable income. The following table summarizes our dividends declared to date:

Edgar Filing: Main Street Capital CORP - Form 497

Table of Contents

Date Declared	Record Date	Payment Date	Amount(1)
<b>Fiscal year 2015</b>			
February 24, 2015	May 20, 2015	June 15, 2015	\$ 0.175
February 24, 2015	April 21, 2015	May 15, 2015	\$ 0.175
February 24, 2015	March 31, 2015	April 15, 2015	\$ 0.175
November 6, 2014	February 20, 2015	March 16, 2015	\$ 0.170
November 6, 2014	January 21, 2015	February 13, 2015	\$ 0.170
November 6, 2014	December 31, 2014	January 15, 2015	\$ 0.170(2)
Total			\$ 1.035

<b>Fiscal year 2014</b>			
October 23, 2014	December 18, 2014	December 24, 2014	\$ 0.275(2)
August 4, 2014	November 20, 2014	December 15, 2014	\$ 0.170(2)
August 4, 2014	October 20, 2014	November 14, 2014	\$ 0.170(2)
August 4, 2014	September 19, 2014	October 15, 2014	\$ 0.170(2)
May 6, 2014	August 20, 2014	September 15, 2014	\$ 0.165(2)
May 6, 2014	July 21, 2014	August 15, 2014	\$ 0.165(2)
May 6, 2014	June 30, 2014	July 15, 2014	\$ 0.165(2)
April 21, 2014	June 20, 2014	June 25, 2014	\$ 0.275(2)
February 26, 2014	May 21, 2014	June 16, 2014	\$ 0.165(2)
February 26, 2014	April 20, 2014	May 15, 2014	\$ 0.165(2)
February 26, 2014	March 21, 2014	April 15, 2014	\$ 0.165(2)
November 6, 2013	February 20, 2014	March 14, 2014	\$ 0.165(2)
November 6, 2013	January 21, 2014	February 14, 2014	\$ 0.165(2)
November 6, 2013	December 30, 2013	January 15, 2014	\$ 0.165(3)
Total			\$ 2.545

<b>Fiscal year 2013</b>			
November 20, 2013	December 19, 2013	December 24, 2013	\$ 0.250(3)
August 6, 2013	November 21, 2013	December 16, 2013	\$ 0.160(3)
August 6, 2013	October 21, 2013	November 15, 2013	\$ 0.160(3)
August 6, 2013	September 20, 2013	October 15, 2013	\$ 0.160(3)
May 13, 2013	July 22, 2013	July 26, 2013	\$ 0.200(3)
May 8, 2013	May 21, 2013	September 16, 2013	\$ 0.155(3)
May 8, 2013	July 17, 2013	August 15, 2013	\$ 0.155(3)
May 8, 2013	June 18, 2013	July 15, 2013	\$ 0.155(3)
March 5, 2013	May 21, 2013	June 14, 2013	\$ 0.155(3)
March 5, 2013	April 19, 2013	May 15, 2013	\$ 0.155(3)
March 5, 2013	March 21, 2013	April 15, 2013	\$ 0.155(3)
November 6, 2012	February 21, 2013	March 15, 2013	\$ 0.150(3)
November 6, 2012	January 18, 2013	February 15, 2013	\$ 0.150(3)
November 6, 2012	January 4, 2013	January 23, 2013	\$ 0.350(3)
November 6, 2012	December 20, 2012	January 15, 2013	\$ 0.150(4)
Total			\$ 2.660

<b>Fiscal year 2012</b>			
July 31, 2012	November 21, 2012	December 14, 2012	\$ 0.150(4)
July 31, 2012	October 19, 2012	November 15, 2012	\$ 0.150(4)

Edgar Filing: Main Street Capital CORP - Form 497

July 31, 2012	September 20, 2012	October 15, 2012	\$	0.150(4)
May 1, 2012	August 21, 2012	September 14, 2012	\$	0.145(4)
May 1, 2012	July 20, 2012	August 15, 2012	\$	0.145(4)
May 1, 2012	June 21, 2012	July 16, 2012	\$	0.145(4)
March 6, 2012	May 21, 2012	June 15, 2012	\$	0.140(4)
March 6, 2012	April 20, 2012	May 15, 2012	\$	0.140(4)
March 6, 2012	March 21, 2012	April 16, 2012	\$	0.140(4)
December 8, 2011	February 22, 2012	March 15, 2012	\$	0.135(4)
December 8, 2011	January 18, 2012	February 15, 2012	\$	0.135(4)
December 8, 2011	December 21, 2011	January 16, 2012	\$	0.135(5)
Total			\$	1.710

S-19

---

## Edgar Filing: Main Street Capital CORP - Form 497

### Table of Contents

Date Declared	Record Date	Payment Date	Amount(1)
<b>Fiscal year 2011</b>			
Total			\$ 1.560(5)
<b>Fiscal year 2010</b>			
Total			\$ 1.500(6)
<b>Fiscal year 2009</b>			
Total			\$ 1.500(7)(8)
<b>Fiscal year 2008</b>			
Total			\$ 1.425(8)
<b>Fiscal year 2007</b>			
Total			\$ 0.330(9)
Cumulative dividends declared or paid			\$ 14.265

- 
- (1) 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. Ordinary dividend distributions from a RIC do not qualify for the tax rate applicable to "qualified 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.
- (2) These dividends attributable to fiscal year 2014 were comprised of ordinary income of \$2.083 per share, long-term capital gain of \$0.419 per share, and qualified dividend income of \$0.048 per share, and included dividends with a record date during fiscal year 2014, including the dividend declared and accrued as of December 31, 2014 and paid on January 15, 2015, pursuant to the Code.
- (3) These dividends attributable to fiscal year 2013 were comprised of ordinary income of \$1.872 per share, long-term capital gain of \$0.346 per share, and qualified dividend income of \$0.457 per share, and included dividends with a record date during fiscal year 2013, including the dividend declared and accrued as of December 31, 2013 and paid on January 15, 2014, pursuant to the Code.
- (4) These dividends attributable to fiscal year 2012 were comprised of ordinary income of \$0.923 per share, long-term capital gain of \$0.748 per share, and qualified dividend income of \$0.054 per share, and included dividends with a record date during fiscal year 2012, including the dividend declared and accrued as of December 31, 2012 and paid on January 15, 2013, pursuant to the Code.
- (5)

## Edgar Filing: Main Street Capital CORP - Form 497

These dividends attributable to fiscal year 2011 were comprised of ordinary income of \$1.253 per share, long-term capital gain of \$0.373 per share, and qualified dividend income of \$0.069 per share, and included dividends with a record date during fiscal year 2011, including the dividend declared and accrued as of December 31, 2011 and paid on January 16, 2012, pursuant to the Code.

- (6) These dividends attributable to fiscal year 2010 were comprised of ordinary income of \$1.220 per share, long-term capital gain of \$0.268 per share, and qualified dividend income of \$0.012 per share.
- (7) These dividends attributable to fiscal year 2009 were comprised of ordinary income of \$1.218 per share and long-term capital gain of \$0.157 per share and excluded the \$0.125 paid on January 15, 2009 which had been declared and accrued as of December 31, 2008.
- (8) These dividends attributable to fiscal year 2008 were comprised of ordinary income of \$0.953 per share and long-term capital gain of \$0.597 per share, and included dividends with a record date during fiscal year 2008, including the \$0.125 per share dividend declared and accrued as of December 31, 2008 and paid on January 15, 2009, pursuant to the Code.
- (9) This quarterly dividend attributable to fiscal year 2007 was comprised of ordinary income of \$0.105 per share and long-term capital gain of \$0.225 per share.

To obtain and maintain RIC tax treatment, we must, among other things, distribute 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. We will be subject to a 4% nondeductible U.S. federal excise tax on certain undistributed taxable income unless we distribute in a timely manner an amount at least equal to the sum of (1) 98% of our net ordinary income for each calendar year, (2) 98.2% of our capital gain net income for the one-year period ending December 31 in that calendar year and (3) any income

Table of Contents

recognized, but not distributed, in preceding years (the "Excise Tax Avoidance Requirement"). Dividends declared and paid by us in a year will generally differ from taxable income for that year, as such dividends may include the distribution of current year taxable income, less amounts carried over into the following year, and the distribution of prior year taxable income carried over into and distributed in the current year. For amounts we carry over into the following year, we will be required to pay a 4% U.S. federal excise tax on the amount by which 98% of our annual ordinary taxable income and 98.2% of capital gains exceeds our distributions for the year. We may retain for investment some or all of our net capital gains (i.e., realized net long-term capital gains in excess of realized net short-term capital losses) and treat such amounts as deemed distributions to our stockholders. If we do this, our stockholders will be treated as if they had received actual distributions of the capital gains we retained and then reinvested the net after-tax proceeds in our common stock. In general, our stockholders also would be eligible to claim a tax credit (or, in certain circumstances, a tax refund) equal to their allocable shares of the tax we paid on the capital gains deemed distributed to them. 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 may 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.

We may distribute taxable dividends that are payable in part in our stock. Under certain applicable provisions of the Code and the Treasury regulations, distributions payable by us in cash or in shares of stock (at the stockholders election) would satisfy the Annual Distribution Requirement. The IRS has issued private letter rulings providing that a dividend payable in stock or in cash at the election of the stockholders will be treated as a taxable dividend eligible for the dividends paid deduction provided that at least 20% of the total dividend is payable in cash and certain other requirements are satisfied. 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 dividend is properly reported as a capital gain dividend), to the extent of our current and accumulated earnings and profits for U.S. federal income tax purposes. As a result, a U.S. stockholder may be required to pay tax with respect to such dividends in excess of any cash received. If a U.S. stockholder sells the stock it receives 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.

We have adopted a dividend reinvestment plan ("DRIP") that provides for the reinvestment of dividends on behalf of our stockholders, unless a stockholder has elected to receive dividends in cash. As a result, if we declare a cash dividend, our stockholders who have not "opted out" of the DRIP by the dividend record date will have their cash dividend automatically reinvested into additional shares of MSCC common stock. The share requirements of the DRIP may be satisfied through the issuance of new 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 a valuation date determined for each dividend by our 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.

Table of Contents**SELECTED FINANCIAL DATA**

The selected financial and other data below reflects the consolidated financial condition and the consolidated statement of operations of Main Street and its subsidiaries as of and for the years ended December 31, 2014, 2013, 2012, 2011 and 2010 have been derived from consolidated financial statements that have been audited by Grant Thornton LLP, an independent registered public accounting firm. You should read this selected financial and other data in conjunction with our "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and related notes thereto in the accompanying prospectus and "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Senior Securities" and "Audited Financial Statements" in this prospectus supplement.

	Years Ended December 31,				
	2014	2013	2012	2011	2010
	(dollars in thousands)				
<b>Statement of operations data:</b>					
Investment income:					
Total interest, fee and dividend income	\$ 139,939	\$ 115,158	\$ 88,858	\$ 65,045	\$ 35,645
Interest from idle funds and other	824	1,339	1,662	1,195	863
<b>Total investment income</b>	<b>140,763</b>	<b>116,497</b>	<b>90,520</b>	<b>66,240</b>	<b>36,508</b>
Expenses:					
Interest	(23,589)	(20,238)	(15,631)	(13,518)	(9,058)
Compensation	(12,337)	(8,560)			
General and administrative	(7,134)	(4,877)	(2,330)	(2,483)	(1,437)
Expenses charged to the External Investment Manager	2,048				
Expenses reimbursed to Internal Investment Manager		(3,189)	(10,669)	(8,915)	(5,263)
Share-based compensation	(4,215)	(4,210)	(2,565)	(2,047)	(1,489)
<b>Total expenses</b>	<b>(45,227)</b>	<b>(41,074)</b>	<b>(31,195)</b>	<b>(26,963)</b>	<b>(17,247)</b>
Net investment income	95,536	75,423	59,325	39,277	19,261
Total net realized gain (loss) from investments	23,206	7,277	16,479	2,639	(2,880)
Total net realized loss from SBIC debentures		(4,775)			
<b>Net realized income</b>	<b>118,742</b>	<b>77,925</b>	<b>75,804</b>	<b>41,916</b>	<b>16,381</b>
Total net change in unrealized appreciation (depreciation) from investments	(776)	14,503	44,464	34,989	13,046
Total net change in unrealized appreciation (depreciation) from SBIC debentures and investment in the Internal Investment Manager	(10,931)	4,392	(5,004)	(6,511)	6,593
Income tax benefit (provision)	(6,287)	35	(10,820)	(6,288)	(941)
Bargain purchase gain					4,891
<b>Net increase in net assets resulting from operations</b>	<b>100,748</b>	<b>96,855</b>	<b>104,444</b>	<b>64,106</b>	<b>39,970</b>
Noncontrolling interest			(54)	(1,139)	(1,226)
<b>Net increase in net assets resulting from operations attributable to common stock</b>	<b>\$ 100,748</b>	<b>\$ 96,855</b>	<b>\$ 104,390</b>	<b>\$ 62,967</b>	<b>\$ 38,744</b>
<b>Net investment income per share basic and diluted</b>	<b>\$ 2.20</b>	<b>\$ 2.06</b>	<b>\$ 2.01</b>	<b>\$ 1.69</b>	<b>\$ 1.16</b>
<b>Net realized income per share basic and diluted</b>	<b>\$ 2.73</b>	<b>\$ 2.13</b>	<b>\$ 2.56</b>	<b>\$ 1.80</b>	<b>\$ 0.99</b>
<b>Net increase in net assets resulting from operations attributable to common stock per share basic and diluted</b>	<b>\$ 2.31</b>	<b>\$ 2.65</b>	<b>\$ 3.53</b>	<b>\$ 2.76</b>	<b>\$ 2.38</b>
<b>Weighted average shares outstanding basic and diluted</b>	<b>43,522,397</b>	<b>36,617,850</b>	<b>29,540,114</b>	<b>22,850,299</b>	<b>16,292,846</b>





Edgar Filing: Main Street Capital CORP - Form 497

Table of Contents

	As of December 31,				
	2014	2013	2012	2011	2010
	(dollars in thousands)				
<b>Balance sheet data:</b>					
Assets:					
Total portfolio investments at fair value	\$ 1,563,330	\$ 1,286,188	\$ 924,431	\$ 658,093	\$ 407,987
Marketable securities and idle funds investments	9,067	13,301	28,535	26,242	9,577
Cash and cash equivalents	60,432	34,701	63,517	42,650	22,334
Deferred tax asset, net					1,958
Interest receivable and other assets	46,406	16,054	14,580	6,539	4,524
Deferred financing costs, net of accumulated amortization	14,550	9,931	5,162	4,168	2,544
<b>Total assets</b>	<b>\$ 1,693,785</b>	<b>\$ 1,360,175</b>	<b>\$ 1,036,225</b>	<b>\$ 737,692</b>	<b>\$ 448,924</b>
Liabilities and net assets:					
Credit facility	\$ 218,000	\$ 237,000	\$ 132,000	\$ 107,000	\$ 39,000
4.50% Notes	175,000				
6.125% Notes	90,823	90,882			
SBIC debentures at fair value(1)	222,781	187,050	211,467	201,887	155,558
Payable for securities purchased	14,773	27,088	20,661		
Deferred tax liability, net	9,214	5,940	11,778	3,776	
Dividend payable	7,663	6,577	5,188	2,856	
Interest payable	4,848	2,556	3,562	3,984	3,195
Accounts payable and other liabilities	10,701	10,549	8,593	7,001	1,188
<b>Total liabilities</b>	<b>753,803</b>	<b>567,642</b>	<b>393,249</b>	<b>326,504</b>	<b>198,941</b>
<b>Total net asset value</b>	<b>939,982</b>	<b>792,533</b>	<b>642,976</b>	<b>405,711</b>	<b>245,535</b>
Noncontrolling interest				5,477	4,448
<b>Total liabilities and net assets</b>	<b>\$ 1,693,785</b>	<b>\$ 1,360,175</b>	<b>\$ 1,036,225</b>	<b>\$ 737,692</b>	<b>\$ 448,924</b>
<b>Other data:</b>					
Weighted average effective yield on LMM debt investments(2)	13.2%	14.7%	14.3%	14.8%	14.5%
Number of LMM portfolio companies	66	62	56	54	44
Weighted average effective yield on Middle Market debt investments(2)	7.8%	7.8%	8.0%	9.5%	10.5%
Number of Middle Market portfolio companies	86	92	79	57	32
Weighted average effective yield on Private Loan debt investments(2)	10.1%	11.3%	14.8%		
Number of Private Loan portfolio companies	31	15	9		
Expense ratios (as percentage of average net assets):					
Total expenses, including income tax expense	5.8%	5.8%	8.2%(3)	9.8%(3)	8.8%(3)
Operating expenses	5.1%	5.8%	6.1%(3)	8.0%(3)	8.3%(3)
Operating expenses, excluding interest expense	2.4%	3.0%	3.0%(3)	4.0%(3)	4.0%(3)

(1) SBIC debentures for December 31, 2014, 2013, 2012, 2011 and 2010 are \$225,000, \$200,200, \$225,000, \$220,000 and \$180,000 at par, respectively, with par of \$75,200 for December 31, 2014 and 2013, \$100,000 for December 31, 2012, and \$95,000 for

## Edgar Filing: Main Street Capital CORP - Form 497

December 31, 2011 and 2010 recorded at fair value of \$72,981, \$62,050, \$86,467, 76,887 and \$70,558, as of December 31, 2014, 2013, 2012, 2011 and 2010, respectively.

- (2) Weighted-average effective yield is calculated based on our debt investments at the end of each period and includes amortization of deferred debt origination fees and accretion of original issue discount, but excludes liquidation fees payable upon repayment and any debt investments on non-accrual status.
- (3) Ratios are net of amounts attributable to MSC II non-controlling interest.

S-23

---

Table of Contents

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

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

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

**ORGANIZATION**

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

During January 2010, MSCC acquired (the "Exchange Offer") approximately 88% of the total dollar value of the limited partner interests in Main Street Capital II, LP ("MSC II" and, together with MSMF, the "Funds") and 100% of the membership interests in the general partner of MSC II, Main Street Capital II GP, LLC ("MSC II GP"). MSC II is an investment fund that operates as an SBIC and commenced operations in January 2006. During the first quarter of 2012, MSCC acquired all of the remaining minority ownership of the MSC II limited partnership interests (the "Final MSC II Exchange"). The Exchange Offer and related transactions, including the acquisition of MSC II GP interests and the Final MSC II Exchange, are collectively termed the "Exchange Offer Transactions."

MSC Adviser I, LLC (the "External Investment Manager" and, together with the Internal Investment Manager, the "Investment Managers") was formed in November 2013 as a wholly owned subsidiary of MSCC to provide investment management and other services to parties other than MSCC and its subsidiaries ("External Parties") and receive fee income for such services. MSCC has been granted no action relief by the Securities and Exchange Commission ("SEC") to allow the External Investment Manager to register as a registered investment adviser ("RIA") under Investment Advisers Act of 1940, as amended (the "Advisers Act"). The External Investment Manager is accounted for as a portfolio investment of MSCC, since the External Investment Manager conducts all of its investment management activities for parties outside of MSCC and its consolidated subsidiaries or their portfolio companies.

MSCC has elected to be treated for federal income tax purposes as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (the

Table of Contents

"Code"). As a result, MSCC generally will not pay corporate-level federal income taxes on any net ordinary income or capital gains that it distributes to its stockholders.

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

Unless otherwise noted or the context otherwise indicates, the terms "we," "us," "our" and "Main Street" refer to MSCC and its consolidated subsidiaries, which include the Funds, the Taxable Subsidiaries and, beginning April 1, 2013, the Internal Investment Manager.

**OVERVIEW**

We are a principal investment firm primarily focused on providing customized debt and equity financing to lower middle market ("LMM") companies and debt capital to middle market ("Middle Market") companies. Our portfolio investments are typically made to support management buyouts, recapitalizations, growth financings, refinancings and acquisitions of companies that operate in diverse industry sectors. We seek to partner with entrepreneurs, business owners and management teams and generally provide "one stop" financing alternatives within our LMM portfolio. We invest primarily in secured debt investments, equity investments, warrants and other securities of LMM companies based in the United States and in secured debt investments of Middle Market companies generally headquartered in the United States.

Our principal investment objective is to maximize our portfolio's total return by generating current income from our debt investments and capital appreciation from our equity and equity related investments, including warrants, convertible securities and other rights to acquire equity securities in a portfolio company. Our LMM companies generally have annual revenues between \$10 million and \$150 million, and our LMM portfolio investments generally range in size from \$5 million to \$50 million. Our Middle Market investments are made in businesses that are generally larger in size than our LMM portfolio companies, with annual revenues typically between \$150 million and \$1.5 billion, and our Middle Market investments generally range in size from \$3 million to \$15 million. Our private loan ("Private Loan") investments are made in businesses that are consistent with the size of companies in our LMM portfolio or our Middle Market portfolio, but are investments which have been originated through strategic relationships with other investment funds on a collaborative basis. The structure, terms and conditions for these Private Loan investments are typically consistent with the structure, terms and conditions for the investments made in our LMM portfolio or Middle Market portfolio.

Our other portfolio ("Other Portfolio") investments primarily consist of investments which are not consistent with the typical profiles for our LMM, Middle Market or Private Loan portfolio investments, including investments which may be managed by third parties. In our Other Portfolio, we may incur indirect fees and expenses in connection with investments managed by third parties, such as investments in other investment companies or private funds.

Our external asset management business is conducted through our External Investment Manager. We have entered into an agreement to provide the External Investment Manager with asset management service support in connection with its asset management business generally, and specifically for its relationship with HMS Income Fund, Inc. ("HMS Income"). Through this agreement, we provide management and other services to the External Investment Manager, as well as access to our employees, infrastructure, business relationships, management expertise and capital raising capabilities. In the first quarter of 2014, we began charging the External Investment Manager for these services. Our total expenses for the year ended December 31, 2014 are net of expenses of \$2.0 million

Table of Contents

charged to the External Investment Manager. The External Investment Manager earns management fees based on the assets of the funds under management and may earn incentive fees, or a carried interest, based on the performance of the funds managed.

We seek to fill the financing gap for LMM businesses, which, historically, have had more limited access to financing from commercial banks and other traditional sources. The underserved nature of the LMM creates the opportunity for us to meet the financing needs of LMM companies while also negotiating favorable transaction terms and equity participations. Our ability to invest across a company's capital structure, from secured loans to equity securities, allows us to offer portfolio companies a comprehensive suite of financing options, or a "one stop" financing solution. Providing customized, "one stop" financing solutions is important to LMM portfolio companies. We generally seek to partner directly with entrepreneurs, management teams and business owners in making our investments. Our LMM portfolio debt investments are generally secured by a first lien on the assets of the portfolio company and typically have a term of between five and seven years from the original investment date. We believe that our LMM investment strategy has limited correlation to the broader debt and equity markets.

As of December 31, 2014, we had debt and equity investments in 66 LMM portfolio companies with an aggregate fair value of approximately \$733.2 million, with a total cost basis of approximately \$599.4 million, and a weighted average annual effective yield on our LMM debt investments of approximately 13.2%. As of December 31, 2014, approximately 72% of our total LMM portfolio investments at cost were in the form of debt investments and approximately 90% of such debt investments at cost were secured by first priority liens on the assets of our LMM portfolio companies. At December 31, 2014, we had equity ownership in approximately 95% of our LMM portfolio companies and the average fully diluted equity ownership in those portfolio companies was approximately 35%. As of December 31, 2013, we had debt and equity investments in 62 LMM portfolio companies with an aggregate fair value of approximately \$659.4 million, with a total cost basis of approximately \$543.3 million and a weighted average annual effective yield on our LMM debt investments of approximately 14.7%. As of December 31, 2013, approximately 76% of our total LMM portfolio investments at cost were in the form of debt investments and approximately 86% of such debt investments at cost were secured by first priority liens on the assets of our LMM portfolio companies. At December 31, 2013, we had equity ownership in approximately 94% of our LMM portfolio companies and the average fully diluted equity ownership in those portfolio companies was approximately 33%. The weighted average annual yields were computed using the effective interest rates for all debt investments at cost as of December 31, 2014 and 2013, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status.

In addition to our LMM investment strategy, we pursue investments in Middle Market companies. Our Middle Market portfolio investments primarily consist of direct investments in or secondary purchases of interest bearing debt securities in privately held companies that are generally larger in size than the companies included in our LMM portfolio. Our Middle Market portfolio debt investments are generally secured by either a first or second priority lien on the assets of the portfolio company and typically have an expected duration of between three and seven years from the original investment date.

As of December 31, 2014, we had Middle Market portfolio investments in 86 companies, collectively totaling approximately \$542.7 million in fair value with a total cost basis of approximately \$561.8 million. The weighted average earnings before interest, taxes, depreciation and amortization ("EBITDA") for the 86 Middle Market portfolio companies was approximately \$77.2 million as of December 31, 2014. As of December 31, 2014, substantially all of our Middle Market portfolio investments were in the form of debt investments and approximately 85% of such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on our Middle Market portfolio debt investments was approximately 7.8% as of

Table of Contents

December 31, 2014. As of December 31, 2013, we had Middle Market portfolio investments in 92 companies collectively totaling approximately \$471.5 million in fair value with a total cost basis of approximately \$468.3 million. The weighted average EBITDA for the 92 Middle Market portfolio companies was approximately \$79.0 million as of December 31, 2013. As of December 31, 2013, substantially all of our Middle Market portfolio investments were in the form of debt investments and approximately 92% of such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on our Middle Market portfolio debt investments was approximately 7.8% as of December 31, 2013. The weighted average annual yields were computed using the effective interest rates for all debt investments at cost as of December 31, 2014 and 2013, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status.

Our Private Loan portfolio investments primarily consist of investments in interest-bearing debt securities in companies that are consistent with the size of the companies included in our LMM portfolio or our Middle Market portfolio, but are investments that have been originated through strategic relationships with other investment funds on a collaborative basis. Our Private Loan portfolio debt investments are generally secured by either a first or second priority lien on the assets of the portfolio company and typically have a term of between three and seven years from the original investment date.

As of December 31, 2014, we had Private Loan portfolio investments in 31 companies, collectively totaling approximately \$213.0 million in fair value with a total cost basis of approximately \$224.0 million. The weighted average EBITDA for the 31 Private Loan portfolio companies was approximately \$18.1 million as of December 31, 2014. As of December 31, 2014, approximately 96% of our Private Loan portfolio investments were in the form of debt investments and approximately 88% of such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on our Private Loan portfolio debt investments was approximately 10.1% as of December 31, 2014. As of December 31, 2013, we had Private Loan portfolio investments in 15 companies, collectively totaling approximately \$111.5 million in fair value with a total cost basis of approximately \$111.3 million. The weighted average EBITDA for the 15 Private Loan portfolio companies was approximately \$18.4 million as of December 31, 2013. As of December 31, 2013, approximately 95% of our Private Loan portfolio investments were in the form of debt investments and approximately 98% of such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on our Private Loan portfolio debt investments was approximately 11.3% as of December 31, 2013. The weighted average annual yields were computed using the effective interest rates for all debt investments at cost as of December 31, 2014 and 2013, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status.

As of December 31, 2014, we had Other Portfolio investments in six companies, collectively totaling approximately \$58.9 million in fair value and approximately \$56.2 million in cost basis and which comprised approximately 3.8% of our Investment Portfolio (as defined in "Critical Accounting Policies Basis of Presentation" below) at fair value as of December 31, 2014. As of December 31, 2013, we had Other Portfolio investments in six companies, collectively totaling approximately \$42.8 million in fair value and approximately \$40.1 million in cost basis and which comprised approximately 3.3% of our Investment Portfolio at fair value as of December 31, 2013.

As previously discussed, the External Investment Manager is a wholly owned subsidiary that is treated as a portfolio investment. As of December 31, 2014, there was no cost basis in this investment and the investment had a fair value of \$15.6 million, which comprised 1.0% of our Investment Portfolio

Table of Contents

at fair value. As of December 31, 2013, there was no cost basis in this investment and the investment had a fair value of \$1.1 million, which comprised 0.1% of our Investment Portfolio at fair value.

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

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

Because we are internally managed, Main Street does not pay any external investment advisory fees, but instead incurs the operating costs associated with employing investment and portfolio management professionals through the Internal Investment Manager. We believe that our internally managed structure provides us with a beneficial operating expense structure when compared to other publicly traded and privately held investment firms which are externally managed, and our internally managed structure allows us the opportunity to leverage our non-interest operating expenses as we grow our Investment Portfolio. For the year ended December 31, 2014, the ratio of our total operating expenses, excluding interest expense, as a percentage of our quarterly average total assets was 1.4%, compared to 1.7% for the year ended December 31, 2013 (with the 2013 ratio excluding interest expense and excluding the effect of the non-recurring accelerated vesting of restricted stock of our retired Executive Vice-Chairman, which resulted in additional share-based compensation expense of \$1.3 million during 2013). Including the effect of the accelerated vesting of restricted stock, the ratio for the year ended December 31, 2013 was 1.8%.

During May 2012, we entered into an investment sub-advisory agreement with HMS Adviser, LP ("HMS Adviser"), which is the investment advisor to HMS Income, a non-publicly traded BDC whose registration statement on Form N-2 was declared effective by the SEC in June 2012, to provide certain investment advisory services to HMS Adviser. In December 2013, after obtaining required no-action relief from the SEC to allow us to own a registered investment adviser, we assigned the sub-advisory agreement to the External Investment Manager since the fees received from such arrangement could otherwise have negative consequences on MSCC's ability to meet the source of income requirement necessary for us to maintain our RIC tax treatment. Under the investment sub-advisory agreement, the External Investment Manager is entitled to 50% of the base management fee and the incentive fees earned by HMS Adviser under its advisory agreement with HMS Income. We and the External Investment Manager agreed to waive all such fees from the effective date of HMS Income's registration statement on Form N-2 through December 31, 2013. As a result, as of December 31, 2013, neither we nor the External Investment Manager had received any base management fee or incentive fees under the investment sub-advisory agreement and neither was due any unpaid compensation for any base management fee or incentive fees under the investment sub-advisory agreement through December 31, 2013. The External Investment Manager has not waived the base management fees or incentive fees after December 31, 2013 and, as a result, began accruing such fees on January 1, 2014. During the year



Table of Contents

ended December 31, 2014, the External Investment Manager earned \$2.8 million of base management fees under the sub-advisory agreement with HMS Adviser.

During April 2014, we received an exemptive order from the SEC permitting co-investments by us and HMS Income in certain negotiated transactions where co-investing would otherwise be prohibited under the 1940 Act. We have made, and in the future intend to continue to make, such co-investments with HMS Income in accordance with the conditions of the order. The order requires, among other things, that we and the External Investment Manager consider whether each such investment opportunity is appropriate for HMS Income and, if it is appropriate, to propose an allocation of the investment opportunity between us and HMS Income.

**CRITICAL ACCOUNTING POLICIES**

*Basis of Presentation*

Our financial statements are prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). For each of the periods presented herein, our consolidated financial statements include the accounts of MSCC and its consolidated subsidiaries (which as noted above and discussed in detail below, include the Funds and the Taxable Subsidiaries and, beginning April 1, 2013, include the Internal Investment Manager which was previously treated as a portfolio investment). The Investment Portfolio, as used herein, refers to all of our investments in LMM portfolio companies, investments in Middle Market portfolio companies, Private Loan portfolio investments, Other Portfolio investments, the investment in the External Investment Manager and, for all periods up to and including March 31, 2013, the investment in the Internal Investment Manager, but excludes all "Marketable securities and idle funds investments", and, for all periods after March 31, 2013, the Investment Portfolio also excludes the investment in the Internal Investment Manager. For all periods up to and including the period ending March 31, 2013, the Internal Investment Manager was accounted for as a portfolio investment (see further discussion below) and was not consolidated with MSCC and its consolidated subsidiaries. For all periods after March 31, 2013, the Internal Investment Manager is consolidated with MSCC and its other consolidated subsidiaries. "Marketable securities and idle funds investments" are classified as financial instruments and are reported separately on our Consolidated Balance Sheets and Consolidated Schedules of Investments due to the nature of such investments. Our results of operations and cash flows for the years ended December 31, 2014, 2013 and 2012 and our financial position as of December 31, 2014 and 2013 are presented on a consolidated basis. The effects of all intercompany transactions between us and our consolidated subsidiaries have been eliminated in consolidation.

Under the regulations pursuant to Article 6 of Regulation S-X applicable to BDCs and the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("Codification" or "ASC") 946, *Financial Services Investment Companies* ("ASC 946"), 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 ASC 946 occurs if we hold a controlling interest in an operating company that provides all or substantially all of its services directly to us, or to our portfolio companies. None of the portfolio investments made by us qualify for this exception, including the investment in the External Investment Manager, except as discussed below with respect to the Internal Investment Manager. Therefore, the Investment Portfolio is carried on the balance sheet at fair value, with any adjustments to fair value recognized as "Net Change in Unrealized Appreciation (Depreciation)" on our Statement of Operations until the investment is realized, usually upon exit, resulting in any gain or loss being recognized as a "Net Realized Gain (Loss)." For all periods prior to and including March 31, 2013, the Internal Investment Manager was accounted for as a portfolio investment and included as part of the Investment Portfolio in our consolidated financial statements. The Internal Investment Manager was consolidated with MSCC and its other consolidated subsidiaries prospectively beginning April 1, 2013

Table of Contents

as the controlled operating subsidiary is providing substantially all of its services directly or indirectly to Main Street or our portfolio companies.

***Portfolio Investment Valuation***

The most significant determination inherent in the preparation of our consolidated financial statements is the valuation of our Investment Portfolio and the related amounts of unrealized appreciation and depreciation. As of December 31, 2014 and 2013, our Investment Portfolio valued at fair value represented approximately 92% and 95% of our total assets, respectively. We are required to report our investments at fair value. We follow the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820"). ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and enhances disclosure requirements for fair value measurements. ASC 820 requires us to assume that the portfolio investment is to be sold in the principal market to independent market participants, which may be a hypothetical market. Market participants are defined as buyers and sellers in the principal market that are independent, knowledgeable and willing and able to transact.

Our portfolio strategy calls for us to invest primarily in illiquid debt and equity securities issued by private, LMM companies and debt securities issued by Middle Market companies that are generally larger in size than the LMM companies. We categorize some of our investments in LMM companies and Middle Market companies as Private Loan portfolio investments, which are primarily debt securities issued by companies that are consistent in size with either the LMM companies or Middle Market companies, but are investments which have been originated through strategic relationships with other investment funds on a collaborative basis. The structure, terms and conditions for these Private Loan investments are typically consistent with the structure, terms and conditions for the investments made in our LMM portfolio or Middle Market portfolio. Our portfolio also includes Other Portfolio investments which primarily consist of investments that are not consistent with the typical profiles for our LMM portfolio investments, Middle Market portfolio investments or Private Loan portfolio investments, including investments which may be managed by third parties. Our portfolio investments may be subject to restrictions on resale.

LMM investments and Other Portfolio investments generally have no established trading market while Middle Market securities generally have established markets that are not active. Private Loan investments may include investments which have no established trading market or have established markets that are not active. We determine in good faith the fair value of our Investment Portfolio pursuant to a valuation policy in accordance with ASC 820 and a valuation process approved by our Board of Directors and in accordance with the 1940 Act. Our valuation policies and processes are intended to provide a consistent basis for determining the fair value of our Investment Portfolio.

For LMM portfolio investments, we generally review external events, including private mergers, sales and acquisitions involving comparable companies, and include these events in the valuation process by using an enterprise value waterfall methodology ("Waterfall") for our LMM equity investments and an income approach using a yield-to-maturity model ("Yield-to-Maturity") for our LMM debt investments. For Middle Market portfolio investments, we primarily use quoted prices in the valuation process. We determine the appropriateness of the use of third-party broker quotes, if any, in determining fair value based on our understanding of the level of actual transactions used by the broker to develop the quote and whether the quote was an indicative price or binding offer, the depth and consistency of broker quotes and the correlation of changes in broker quotes with underlying performance of the portfolio company and other market indices. For Middle Market and Private Loan portfolio investments in debt securities for which we have determined that third-party quotes or other independent pricing are not available or appropriate, we generally estimate the fair value based on the assumptions that we believe hypothetical market participants would use to value the investment in a current hypothetical sale using the Yield-to-Maturity valuation method. For our Other Portfolio equity

Table of Contents

investments, we generally calculate the fair value of the investment primarily based on the net asset value ("NAV") of the fund. All of the valuation approaches for our portfolio investments estimate the value of the investment as if we were to sell, or exit, the investment as of the measurement date.

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, "control" portfolio investments are composed of debt and equity securities in companies for which we have a controlling interest in the equity ownership of the portfolio company or the ability to nominate a majority of the portfolio company's board of directors. For valuation purposes, "non-control" portfolio investments are generally composed of debt and equity securities in companies for which we do not have a controlling interest in the equity ownership of the portfolio company or the ability to nominate a majority of the portfolio company's board of directors.

Under the Waterfall valuation method, we estimate the enterprise value of a portfolio company using a combination of market and income approaches or other appropriate valuation methods, such as considering recent transactions in the equity securities of the portfolio company or third-party valuations of the portfolio company, and then perform a waterfall calculation by using the enterprise value over the portfolio company's securities in order of their preference relative to one another. The enterprise value is the fair value at which an enterprise could be sold in a transaction between two willing parties, other than through a forced or liquidation sale. Typically, private companies are bought and sold based on multiples of 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. The operating results of a portfolio company may include unaudited, projected, budgeted or pro forma financial information and may require adjustments for non-recurring items or to normalize the operating results that may require significant judgment in our determination. In addition, projecting future financial results requires significant judgment regarding future growth assumptions. In evaluating the operating results, we also analyze the impact of exposure to litigation, loss of customers or other contingencies. After determining the appropriate enterprise value, we allocate the enterprise value to investments in order of the legal priority of the various components of the portfolio company's capital structure. In applying the Waterfall valuation method, we assume the loans are paid off at the principal amount in a change in control transaction and are not assumed by the buyer, which we believe is consistent with our past transaction history and standard industry practices.

Under the Yield-to-Maturity valuation method, we use the income approach to determine the fair value of debt securities, based on projections of the discounted future free cash flows that the debt security will likely generate, including analyzing the discounted cash flows of interest and principal amounts for the debt security, as set forth in the associated loan agreements, as well as the financial position and credit risk of each of these portfolio investments. Our estimate of the expected repayment date of our debt securities is generally the legal maturity date of the instrument, as we generally intend to hold our loans and debt securities to maturity. The Yield-to-Maturity analysis considers changes in leverage levels, credit quality, portfolio company performance and other factors. We will use the value determined by the Yield-to-Maturity 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 principal amount of the debt security valued using the Yield-to-Maturity valuation method. A change in the assumptions that we use to estimate the fair value of our debt securities using the Yield-to-Maturity valuation method could have a material impact on the determination of fair value. If there is deterioration in credit quality or if a debt security is in workout status, we may consider other factors in determining the fair value of the debt security, including the value attributable to the debt security from the enterprise value of the portfolio company or the proceeds that would most likely be received in a liquidation analysis.

Table of Contents

Under the NAV valuation method, for an investment in an investment fund that does not have a readily determinable fair value, we measure the fair value of the investment predominately based on the NAV of the investment fund as of the measurement date. However, in determining the fair value of the investment, we may consider whether adjustments to the NAV are necessary in certain circumstances, based on the analysis of any restrictions on redemption of our investment as of the measurement date, recent actual sales or redemptions of interests in the investment fund, and expected future cash flows available to equity holders, including the rate of return on those cash flows compared to an implied market return on equity required by market participants, or other uncertainties surrounding our ability to realize the full NAV of our interests in the investment fund.

Pursuant to our internal valuation process and the requirements under the 1940 Act, we perform valuation procedures on our investments in each LMM portfolio company quarterly. In addition to our internal valuation process, in determining the estimates of fair value for our investments in LMM portfolio companies, we, among other things, consult with a nationally recognized independent financial advisory services firm. The nationally recognized independent financial advisory services firm is generally consulted relative to our investments in each LMM portfolio company at least once in every calendar year, and for our investments in new LMM portfolio companies, at least once in the twelve-month period subsequent to the initial investment. In certain instances, we may determine that it is not cost-effective, and as a result is not in our stockholders' best interest, to consult with the nationally recognized independent financial advisory services firm on our investments in one or more LMM portfolio companies. Such instances include, but are not limited to, situations where the fair value of our investment in a LMM portfolio company is determined to be insignificant relative to the total Investment Portfolio. We consulted with our independent financial advisory services firm in arriving at our determination of fair value on our investments in a total of 52 LMM portfolio companies for the year ended December 31, 2014, representing approximately 83% of the total LMM portfolio at fair value as of December 31, 2014, and on a total of 50 LMM portfolio companies for the year ended December 31, 2013, representing approximately 76% of the total LMM portfolio at fair value as of December 31, 2013. Excluding our investments in new LMM portfolio companies which have not been in the Investment Portfolio for at least twelve months subsequent to the initial investment as of December 31, 2014 and 2013, as applicable, and our investments in the LMM portfolio companies that were not reviewed because their equity is publicly traded, the percentage of the LMM portfolio reviewed by our independent financial advisory services firm for the year ended December 31, 2014 and 2013 was 99% and 100% of the total LMM portfolio at fair value as of December 31, 2014 and 2013, respectively.

For valuation purposes, all of our Middle Market portfolio investments are non-control investments. To the extent sufficient observable inputs are available to determine fair value, we use observable inputs to determine the fair value of these investments through obtaining third-party quotes or other independent pricing. For Middle Market portfolio investments for which we have determined that third-party quotes or other independent pricing are not available or appropriate, we generally estimate the fair value based on the assumptions that we believe hypothetical market participants would use to value such Middle Market debt investments in a current hypothetical sale using the Yield-to-Maturity valuation method and such Middle Market equity investments in a current hypothetical sale using the Waterfall valuation method.

For valuation purposes, all of our Private Loan portfolio investments are non-control investments. For Private Loan portfolio investments for which we have determined that third-party quotes or other independent pricing are not available or appropriate, we generally estimate the fair value based on the assumptions that we believe hypothetical market participants would use to value such Private Loan debt investments in a current hypothetical sale using the Yield-to-Maturity valuation method and such Private Loan equity investments in a current hypothetical sale using the Waterfall valuation method.

Table of Contents

For valuation purposes, all of our Other Portfolio investments are non-control investments. Our Other Portfolio investments comprised approximately 3.8% and 3.3%, respectively, of our Investment Portfolio at fair value as of December 31, 2014 and 2013. Similar to the LMM investment portfolio, market quotations for Other Portfolio equity investments are generally not readily available. For our Other Portfolio equity investments, we generally determine the fair value of our investments using the NAV valuation method. For Other Portfolio debt investments, we generally determine the fair value of these investments through obtaining third-party quotes or other independent pricing to the extent that these inputs are available and appropriate to determine fair value. For Other Portfolio debt investments for which we have determined that third-party quotes or other independent pricing are not available or appropriate, we generally estimate the fair value based on the assumptions that we believe hypothetical market participants would use to value such Other Portfolio debt investments in a current hypothetical sale using the Yield-to-Maturity valuation method.

For valuation purposes, our investment in the External Investment Manager is a control investment. Market quotations are not readily available for this investment, and as a result, we determine the fair value of the External Investment Manager using the Waterfall valuation method under the market approach. In estimating the enterprise value, we analyze various factors, including the entity's historical and projected financial results, as well as its size, marketability and performance relative to the population of market multiples. This valuation approach estimates the value of the investment as if we were to sell, or exit, the investment. In addition, we consider the value associated with our ability to control the capital structure of the company, as well as the timing of a potential exit.

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

Our Board of Directors has the final responsibility for overseeing, reviewing and approving, in good faith, our determination of the fair value for our Investment Portfolio and our valuation procedures, consistent with 1940 Act requirements. We believe our Investment Portfolio as of December 31, 2014 and 2013 approximates fair value as of those dates based on the markets in which we operate and other conditions in existence on those reporting dates.

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

Table of Contents

*Fee Income*

We may periodically provide services, including structuring and advisory services, to our portfolio companies or other third parties. 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 deferred and accreted into interest income over the life of the financing.

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

We hold debt and preferred equity instruments in our Investment Portfolio that contain payment-in-kind ("PIK") interest and cumulative dividend provisions. The PIK interest, computed at the contractual rate specified in each debt agreement, is periodically added to the principal balance of the debt and is recorded as interest income. Thus, the actual collection of this interest may be deferred until the time of debt principal repayment. Cumulative dividends are recorded as dividend income, and any dividends in arrears are added to the balance of the preferred equity investment. The actual collection of these dividends in arrears may be deferred until such time as the preferred equity is redeemed or sold. To maintain RIC tax treatment (as discussed below), these non-cash sources of income may need to be paid out to stockholders in the form of distributions, even though we may not have collected the PIK interest and cumulative dividends in cash. We stop accruing PIK interest and cumulative dividends and write off any accrued and uncollected interest and dividends in arrears when it is determined that such PIK interest and dividends in arrears are no longer collectible. For the years ended December 31, 2014, 2013 and 2012 (i) approximately 3.3%, 4.3% and 4.3%, respectively, of our total investment income was attributable to PIK interest income not paid currently in cash and (ii) approximately 1.3%, 1.2% and 0.3%, respectively, of our total investment income was attributable to cumulative dividend income not paid currently in cash.

*Share-Based Compensation*

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

*Income Taxes*

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

The Taxable Subsidiaries hold certain portfolio investments for us. The Taxable Subsidiaries are consolidated with us for U.S. GAAP reporting purposes, and the portfolio investments held by them are included in our consolidated financial statements as portfolio investments and recorded at fair value. The Taxable Subsidiaries permit us to hold equity investments in portfolio companies which are

Table of Contents

"pass-through" entities for tax purposes and continue to comply with the "source-income" requirements contained in the RIC tax provisions of the Code. The Taxable Subsidiaries are not consolidated with us for income tax purposes and may generate income tax expense, or benefit, and the related tax assets and liabilities, as a result of their ownership of certain portfolio investments. This income tax expense, or benefit, if any, and the related tax assets and liabilities, are reflected in our consolidated financial statements.

The Internal Investment Manager has elected, for tax purposes, to be treated as a taxable entity, is not consolidated with us for income tax purposes and is taxed at normal corporate tax rates based on its taxable income and, as a result of its activities, may generate income tax expense or benefit. The Internal Investment Manager elected to be treated as a taxable entity to enable it to receive fee income and to allow MSCC to continue to comply with the "source income" requirements contained in the RIC tax provisions of the Code. The taxable income, or loss, of the Internal Investment Manager may differ from its book income, or loss, due to temporary book and tax timing differences and permanent differences. Through March 31, 2013, the Internal Investment Manager provided for any income tax expense, or benefit, and any related tax assets or liabilities, in its separate financial statements. Beginning April 1, 2013, the Internal Investment Manager is included in our consolidated financial statements and reflected as a consolidated subsidiary and any income tax expense, or benefit, and any related tax assets and liabilities, are reflected in our consolidated financial statements.

The Taxable Subsidiaries and the Internal Investment Manager use the liability method in accounting for income taxes. Deferred tax assets and liabilities are recorded for temporary differences between the tax basis of assets and liabilities and their reported amounts in the 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.

**INVESTMENT PORTFOLIO COMPOSITION**

LMM portfolio investments primarily consist of secured debt, equity warrants and direct equity investments in privately held, LMM companies based in the United States. Our LMM portfolio companies generally have annual revenues between \$10 million and \$150 million, and our LMM investments generally range in size from \$5 million to \$50 million. The LMM debt investments are typically secured by either a first or second priority lien on the assets of the portfolio company, generally bear interest at fixed rates, and generally have a term of between five and seven years from the original investment date. In most LMM portfolio investments, we receive nominally priced equity warrants and/or make direct equity investments in connection with a debt investment.

Middle Market portfolio investments primarily consist of direct investments in or secondary purchases of interest-bearing debt securities in privately held companies based in the United States that are generally larger in size than the companies included in our LMM portfolio. Our Middle Market portfolio companies generally have annual revenues between \$150 million and \$1.5 billion, and our Middle Market investments generally range in size from \$3 million to \$15 million. Our Middle Market portfolio debt investments are generally secured by either a first or second priority lien on the assets of the portfolio company and typically have a term of between three and seven years from the original investment date.

Our Private Loan portfolio investments primarily consist of investments in interest-bearing debt securities in companies that are consistent with the size of companies in our LMM portfolio or our

Table of Contents

Middle Market portfolio, but are investments which have been originated through strategic relationships with other investment funds on a collaborative basis. Our Private Loan portfolio debt investments are generally secured by either a first or second priority lien on the assets of the portfolio company and typically have a term of between three and seven years from the original investment date.

Our Other Portfolio investments primarily consist of investments which are not consistent with the typical profiles for LMM, Middle Market and Private Loan portfolio investments, including investments which may be managed by third parties. In the Other Portfolio, we may incur indirect fees and expenses in connection with investments managed by third parties, such as investments in other investment companies or private funds.

Our external asset management business is conducted through our External Investment Manager. We have entered into an agreement to provide the External Investment Manager with asset management service support in connection with its asset management business generally, and specifically for its relationship with HMS Income Fund, Inc. ("HMS Income"). Through this agreement, we provide management and other services to the External Investment Manager, as well as access to our employees, infrastructure, business relationships, management expertise and capital raising capabilities. In the first quarter of 2014, we began charging the External Investment Manager for these services. Our total expenses for the year ended December 31, 2014 are net of expenses of \$2.0 million charged to the External Investment Manager. The External Investment Manager earns management fees based on the assets of the funds under management and may earn incentive fees, or a carried interest, based on the performance of the funds managed.

The following tables summarize the composition of our total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments at cost and fair value by type of investment as a percentage of the total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments as of December 31, 2014 and 2013 (this information excludes the Other Portfolio investments and the External Investment Manager).

<b>Cost:</b>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
First lien debt	75.7%	79.0%
Equity	11.6%	10.4%
Second lien debt	10.0%	8.4%
Equity warrants	1.5%	1.9%
Other	1.2%	0.3%
	100.0%	100.0%

<b>Fair Value:</b>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
First lien debt	66.9%	69.9%
Equity	21.9%	19.3%
Second lien debt	9.2%	7.6%
Equity warrants	1.0%	2.9%
Other	1.0%	0.3%
	100.0%	100.0%



## Edgar Filing: Main Street Capital CORP - Form 497

### Table of Contents

The following tables summarize the composition of the total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments by geographic region of the United States or other countries at cost and fair value as a percentage of the total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments, as of December 31, 2014 and 2013 (this information excludes the Other Portfolio investments and the External Investment Manager). The geographic composition is determined by the location of the corporate headquarters of the portfolio company.

<b>Cost:</b>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Southwest	29.6%	27.8%
Northeast	19.9%	18.0%
West	18.7%	19.1%
Southeast	15.4%	15.6%
Midwest	13.5%	15.4%
Canada	0.7%	1.2%
Other Non-United States	2.2%	2.9%
	100.0%	100.0%

<b>Fair Value:</b>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Southwest	33.7%	30.9%
West	20.4%	20.1%
Northeast	18.3%	17.6%
Midwest	12.7%	15.0%
Southeast	12.4%	12.6%
Canada	0.6%	1.1%
Other Non-United States	1.9%	2.7%
	100.0%	100.0%

Our LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments are in companies conducting business in a variety of industries. The following tables summarize the composition of our total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments, by industry at cost and fair value as of

## Edgar Filing: Main Street Capital CORP - Form 497

### Table of Contents

December 31, 2014 and 2013 (this information excludes the Other Portfolio investments and the External Investment Manager).

Cost:	December 31, 2014	December 31, 2013
Media	8.3%	7.8%
Energy Equipment & Services	8.3%	10.7%
Machinery	6.5%	3.3%
IT Services	5.9%	6.1%
Hotels, Restaurants & Leisure	5.6%	5.8%
Software	5.4%	3.8%
Construction & Engineering	5.3%	4.1%
Health Care Providers & Services	4.9%	5.8%
Specialty Retail	4.7%	7.2%
Diversified Telecommunication Services	4.0%	3.3%
Electronic Equipment, Instruments & Components	3.0%	2.3%
Diversified Consumer Services	2.9%	2.4%
Oil, Gas & Consumable Fuels	2.5%	3.2%
Auto Components	2.3%	1.6%
Health Care Equipment & Supplies	2.1%	1.2%
Internet Software & Services	1.9%	2.5%
Road & Rail	1.8%	2.7%
Food Products	1.8%	0.9%
Pharmaceuticals	1.8%	0.6%
Textiles, Apparel & Luxury Goods	1.3%	1.6%
Chemicals	1.3%	1.3%
Aerospace & Defense	1.2%	0.8%
Trading Companies & Distributors	1.2%	1.5%
Professional Services	1.1%	1.4%
Building Products	1.1%	1.4%
Commercial Services & Supplies	1.0%	5.1%
Distributors	1.0%	0.0%
Diversified Financial Services	1.0%	0.4%
Containers & Packaging	0.9%	1.0%
Consumer Finance	0.9%	1.1%
Other(1)	9.0%	9.1%
	100.0%	100.0%

---

(1) Includes various industries with each industry individually less than 1.0% of the total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments at each date.

Table of Contents

Fair Value:	December 31, 2014	December 31, 2013
Machinery	8.1%	5.3%
Energy Equipment & Services	7.9%	10.2%
Media	7.7%	7.6%
Hotels, Restaurants & Leisure	5.6%	5.6%
Construction & Engineering	5.5%	4.6%
Software	5.5%	4.0%
IT Services	5.4%	5.6%
Specialty Retail	4.9%	6.5%
Diversified Consumer Services	4.4%	3.9%
Health Care Providers & Services	4.4%	5.6%
Diversified Telecommunication Services	3.8%	3.6%
Electronic Equipment, Instruments & Components	2.5%	2.4%
Auto Components	2.5%	1.5%
Internet Software & Services	2.3%	2.9%
Road & Rail	2.3%	3.0%
Oil, Gas & Consumable Fuels	1.9%	2.9%
Health Care Equipment & Supplies	1.9%	1.0%
Pharmaceuticals	1.7%	0.6%
Food Products	1.6%	0.8%
Paper & Forest Products	1.2%	1.3%
Textiles, Apparel & Luxury Goods	1.2%	1.4%
Chemicals	1.2%	1.2%
Aerospace & Defense	1.1%	0.7%
Trading Companies & Distributors	1.1%	1.3%
Commercial Services & Supplies	1.0%	4.6%
Professional Services	1.0%	1.2%
Distributors	1.0%	0.0%
Diversified Financial Services	1.0%	0.4%
Building Products	0.9%	1.0%
Other(1)	9.4%	9.3%
	100.0%	100.0%

(1)

Includes various industries with each industry individually less than 1.0% of the total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments at each date.

Our LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments carry a number of risks including, but not limited to: (1) investing in companies which may have limited operating histories and financial resources; (2) holding investments that generally 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 our Investment Portfolio. Please see "Risk Factors Risks Related to Our Investments" for a more complete discussion of the risks involved with investing in our Investment Portfolio.

**PORTFOLIO ASSET QUALITY**

We utilize an internally developed investment rating system to rate the performance of each LMM portfolio company and to monitor our expected level of returns on each of our LMM investments in relation to our expectations for the portfolio company. The investment rating system takes into



## Edgar Filing: Main Street Capital CORP - Form 497

### Table of Contents

consideration various factors, including but not limited to, each investment's expected level of returns and the collectability of our debt investments, comparisons to competitors and other industry participants and the portfolio company's future outlook.

Investment Rating 1 represents a LMM portfolio company that is performing in a manner which significantly exceeds expectations.

Investment Rating 2 represents a LMM portfolio company that, in general, is performing above expectations.

Investment Rating 3 represents a LMM portfolio company that is generally performing in accordance with expectations.

Investment Rating 4 represents a LMM portfolio company that is underperforming expectations. Investments with such a rating require increased monitoring and scrutiny by us.

Investment Rating 5 represents a LMM portfolio company that is significantly underperforming. Investments with such a rating require heightened levels of monitoring and scrutiny by us and involve the recognition of significant unrealized depreciation on such investment.

All new LMM portfolio investments receive an initial Investment Rating of 3.

The following table shows the distribution of our LMM portfolio investments on the 1 to 5 investment rating scale at fair value as of December 31, 2014 and 2013.

Investment Rating	As of December 31, 2014		As of December 31, 2013	
	Investments at Fair Value	Percentage of Total Portfolio	Investments at Fair Value	Percentage of Total Portfolio
(in thousands, except percentages)				
1	\$ 287,693	39.2%	\$ 242,013	36.7%
2	133,266	18.2%	116,908	17.7%
3	239,100	32.6%	239,843	36.4%
4	61,475	8.4%	60,641	9.2%
5	11,657	1.6%		0.0%
Total	\$ 733,191	100.0%	\$ 659,405	100.0%

Based upon our investment rating system, the weighted average rating of our LMM portfolio as of December 31, 2014 and 2013 was approximately 2.2 and 2.2, respectively.

As of December 31, 2014, our total Investment Portfolio had five investments with positive fair value on non-accrual status, which comprised approximately 1.7% of its fair value and 4.7% of its cost, and no fully impaired investments. As of December 31, 2013, our total Investment Portfolio had two investments with positive fair value on non-accrual status, which comprised approximately 2.3% of its fair value and 4.7% of its cost, and no fully impaired investments.

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



Table of Contents**DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS***Comparison of years ended December 31, 2014 and 2013*

	Twelve Months Ended December 31,		Net Change	
	2014	2013	Amount	%
	(in thousands)			
Total investment income	\$ 140,763	\$ 116,497	\$ 24,266	21%
Total expenses	(45,227)	(41,074)	(4,153)	10%
Net investment income	95,536	75,423	20,113	27%
Net realized gain from investments	23,206	7,277	15,929	219%
Net realized loss from SBIC debentures		(4,775)	4,775	
Net realized income	118,742	77,925	40,817	52%
Net change in unrealized appreciation (depreciation) from:				
Portfolio investments	(824)	16,155	(16,979)	
SBIC debentures and marketable securities and idle funds	(10,883)	2,740	(13,623)	
Total net change in unrealized appreciation (depreciation)	(11,707)	18,895	(30,602)	
Income tax benefit (provision)	(6,287)	35	(6,322)	
Net increase in net assets resulting from operations	\$ 100,748	\$ 96,855	\$ 3,893	4%

	Twelve Months Ended December 31,		Net Change	
	2014	2013	Amount	%
	(in thousands, except per share amounts)			
Net investment income	\$ 95,536	\$ 75,423	\$ 20,113	27%
Share-based compensation expense	4,215	4,210	5	0%
Distributable net investment income(a)	99,751	79,633	20,118	25%
Net realized gain from investments	23,206	7,277	15,929	219%
Net realized loss from SBIC debentures		(4,775)	4,775	
Distributable net realized income(a)	\$ 122,957	\$ 82,135	\$ 40,822	50%
Distributable net investment income per share Basic and diluted(a)	\$ 2.29	\$ 2.17	\$ 0.12	6%
Distributable net realized income per share Basic and diluted(a)	\$ 2.83	\$ 2.24	\$ 0.59	26%

(a)

## Edgar Filing: Main Street Capital CORP - Form 497

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

S-41

---



Table of Contents

*Investment Income*

For the year ended December 31, 2014, total investment income was \$140.8 million, a 21% increase over the \$116.5 million of total investment income for the corresponding period of 2013. This comparable period increase was principally attributable to (i) a \$15.9 million increase in interest income from higher average levels of portfolio debt investments, (ii) an \$8.1 million increase in dividend income from Investment Portfolio equity investments and (iii) a \$0.8 million increase in fee income from higher origination activity and refinancing and prepayment activity, partially offset by a \$0.6 million decrease in interest and dividend income due to a lower level of Marketable securities and idle funds investments. The \$24.3 million increase in total investment income in the year ended December 31, 2014 includes a \$1.3 million net decrease in investment income related to accelerated prepayment and repricing activity for certain Investment Portfolio debt investments and Marketable securities and idle funds investments and \$1.6 million of unusual dividend income.

*Expenses*

For the year ended December 31, 2014, total expenses increased to \$45.2 million from \$41.1 million for the corresponding period of 2013. This comparable period increase in operating expenses was principally attributable to (i) a \$3.4 million increase in interest expense, primarily as a result of (a) the issuance of our 6.125% Notes due 2023 (the "6.125% Notes") in April 2013, (b) the issuance of our 4.50% Notes due 2019 (the "4.50% Notes") in November 2014 and (c) a higher average outstanding balance on our credit facility ("Credit Facility") when compared to prior year, partially offset by a decrease in interest expense from our SBIC debentures due to a lower average interest rate, in both cases when compared to the prior year, (ii) a \$1.0 million increase in compensation expense related to increases in the number of personnel, base compensation and other incentive compensation accruals and (iii) a \$1.8 million increase related to other general and administrative expenses, partially offset by (i) a \$2.0 million decrease in expenses related to the expenses charged to the External Investment Manager (see further discussion in "Overview"), in each case when compared to the prior year. Share-based compensation expense was \$4.2 million for 2014, which is unchanged from 2013, due to the net effect of the non-recurring accelerated vesting of restricted stock of our retired Executive Vice-Chairman in 2013, which resulted in additional share-based compensation expense of \$1.3 million in the prior year, which was offset by an increase of \$1.3 million related to non-cash amortization for the vesting of restricted share grants in 2014. For the year ended December 31, 2014, the ratio of our total operating expenses, excluding interest expense, as a percentage of our quarterly average total assets was 1.4% compared to 1.7% for the year ended December 31, 2013 (the prior year comparison excluding the effect of the accelerated vesting as discussed above). Including the effect of the accelerated vesting of restricted stock, the ratio would have been 1.8% for the year ended December 31, 2013.

*Distributable Net Investment Income*

Distributable net investment income increased 25% to \$99.8 million, or \$2.29 per share, compared with \$79.6 million, or \$2.17 per share, in the corresponding period of 2013. The increase in distributable net investment income was primarily due to the higher level of total investment income partially offset by higher operating expenses, due to the changes discussed above. Distributable net investment income on a per share basis for the year ended December 31, 2014 reflects (i) a decrease of approximately \$0.06 per share from the comparable period in 2013 attributable to the net decrease in the comparable levels of accelerated prepayment and repricing activity for certain investment portfolio debt investments, (ii) approximately \$0.04 per share attributable to the unusual dividend income as discussed above and (iii) a greater number of average shares outstanding compared to the corresponding period in 2013 primarily due to the August 2013 and April 2014 follow-on equity offerings.

Table of Contents

*Net Investment Income*

Net investment income for the year ended December 31, 2014 was \$95.5 million, or a 27% increase, compared to net investment income of \$75.4 million for the corresponding period of 2013. The increase in net investment income was principally attributable to the increase in total investment income partially offset by higher operating expenses as discussed above.

*Distributable Net Realized Income*

Distributable net realized income was \$123.0 million, or \$2.83 per share, for the year ended December 31, 2014 compared with \$82.1 million, or \$2.24 per share, in the corresponding period of 2013. The \$40.8 million increase was primarily attributable to (i) the \$20.1 million increase in total distributable net investment income in the year ended December 31, 2014 when compared to the corresponding period of 2013 as discussed above, (ii) the \$15.9 million increase in the net realized gain from investments for the year ended December 31, 2014 and (iii) the \$4.8 million decrease in the net realized loss from SBIC debentures to zero for the year ended December 31, 2014. The net realized gain from investments of \$23.2 million during the year ended December 31, 2014 was primarily attributable to (i) \$27.1 million of realized gains recognized on the exit of four LMM portfolio investments in 2014 and (ii) net realized gains on several Middle Market investments totaling \$2.0 million, partially offset by a net realized loss of \$6.5 million in conjunction with a change in control transaction involving a LMM portfolio company in the second quarter of 2014.

*Net Realized Income*

The higher level of net investment income for the year ended December 31, 2014 as compared to the year ended December 31, 2013, the \$15.9 million increase in the net realized gain from investments in the year ended December 31, 2014 as compared to December 31, 2013 and the \$4.8 million decrease in the net realized loss from SBIC debentures recognized in year ended December 31, 2013, in each case as discussed above, resulted in a \$40.8 million increase in net realized income compared with the corresponding period of 2013.

*Net Increase in Net Assets Resulting from Operations*

The net increase in net assets resulting from operations during the year ended December 31, 2014 was \$100.7 million, or \$2.31 per share, compared with \$96.9 million, or \$2.65 per share, during the year ended December 31, 2013. This increase from the prior year was primarily the result of (i) a \$20.1 million increase in net investment income and (ii) a \$15.9 million increase in the net realized gain (loss) from investments and (iii) the \$4.8 million decrease in the net realized loss from SBIC debentures, in each case due to the factors discussed above, partially offset by (i) a \$30.6 million decrease in net change in unrealized appreciation (depreciation) to \$11.7 million of net unrealized depreciation for the year ended December 31, 2014 compared to \$18.9 million of net unrealized appreciation in the prior year and (ii) a \$6.3 million increase in the income tax provision from the prior year. The total net unrealized depreciation for the year ended December 31, 2014 of \$11.7 million included (i) net unrealized appreciation totaling \$33.7 million on LMM portfolio investments, including unrealized appreciation on 39 LMM portfolio investments and unrealized depreciation on 12 LMM portfolio investments, (ii) \$14.5 million of unrealized appreciation on the External Investment Manager, and (iii) \$0.3 million of net unrealized appreciation on Other Portfolio investments, offset by (i) accounting reversals of net unrealized appreciation from prior periods of \$20.7 million related to portfolio investment exits and repayments, (ii) \$18.7 million of net unrealized depreciation on Middle Market portfolio investments, (iii) \$10.9 million of unrealized depreciation on the SBIC debentures held by MSC II which are accounted for on a fair value basis, and (iv) \$9.9 million of net unrealized depreciation on Private Loan portfolio investments. The income tax provision for the year ended December 31, 2014 of \$6.3 million principally consisted of deferred taxes of \$3.3 million, which is

Edgar Filing: Main Street Capital CORP - Form 497

Table of Contents

primarily the result of the impact on deferred taxes related to the utilization of net operating losses and net unrealized appreciation on our portfolio investments held in our Taxable Subsidiaries, and other taxes of \$3.0 million, which includes a \$1.4 million accrual for U.S. federal excise tax on our estimated spillover taxable income and \$1.6 million related to accruals for state and other taxes.

*Comparison of years ended December 31, 2013 and 2012*

	Twelve Months Ended December 31,		Net Change	
	2013	2012	Amount	%
	(dollars in millions)			
Total investment income	\$ 116.5	\$ 90.5	\$ 26.0	29%
Total expenses	(41.1)	(31.2)	(9.9)	32%
Net investment income	75.4	59.3	16.1	27%
Net realized gain from investments	7.3	16.5	(9.2)	(56)%
Net realized loss from SBIC debentures	(4.8)		(4.8)	
Net realized income	77.9	75.8	2.1	3%
Net change in unrealized appreciation (depreciation) from:				
Portfolio investments	16.2	44.7	(28.5)	(64)%
SBIC debentures, marketable securities and idle funds and investment in the Internal Investment Manager	2.8	(5.2)	8.0	
Total net change in unrealized appreciation	19.0	39.5	(20.5)	(52)%
Income tax provision		(10.8)	10.8	
Noncontrolling interest		(0.1)	0.1	
Net increase in net assets resulting from operations attributable to common stock	\$ 96.9	\$ 104.4	\$ (7.5)	(7)%

	Twelve Months Ended December 31,		Net Change	
	2013	2012	Amount	%
	(dollars in millions)			
Net investment income	\$ 75.4	\$ 59.3	\$ 16.1	27%
Share-based compensation expense	4.2	2.6	1.6	64%
Distributable net investment income(a)	79.6	61.9	17.7	29%
Net realized gain from investments	7.3	16.5	(9.2)	(56)%
Net realized loss from SBIC debentures	(4.8)		(4.8)	
Distributable net realized income(a)	82.1	78.4	3.7	5%
Distributable net investment income per share Basic and diluted(a)(b)	\$ 2.17	\$ 2.09	\$ 0.08	4%
Distributable net realized income per share Basic and diluted(a)(b)	\$ 2.24	\$ 2.65	\$ (0.41)	(15)%

- (a) Distributable net investment income and distributable net realized income are net investment income and net realized income, respectively, as determined in accordance with U.S. GAAP, excluding the impact of share-based compensation expense which is non-cash in nature. We believe presenting distributable net investment income and distributable net realized income, and related per share amounts, is useful and appropriate supplemental disclosure of information for analyzing our financial performance since share-based compensation does not require settlement in cash. However, distributable net investment income and distributable net realized income are

Table of Contents

non-U.S. GAAP measures and should not be considered as a replacement to net investment income, net realized income, and other earnings measures presented in accordance with U.S. GAAP. Instead, distributable net investment income and distributable net realized income should be reviewed only in connection with such U.S. GAAP measures in analyzing our financial performance. A reconciliation of net investment income and net realized income in accordance with U.S. GAAP to distributable net investment income and distributable net realized income is presented in the table above.

(b)

Per share amounts exclude the earnings attributable to the noncontrolling equity interests in MSC II not owned by Main Street for the periods prior to the completion of the Final MSC II Exchange during the first quarter of 2012.

*Investment Income*

For the year ended December 31, 2013, total investment income was \$116.5 million, a 29% increase over the \$90.5 million of total investment income for the corresponding period of 2012. This comparable period increase was principally attributable to (i) a \$22.4 million increase in interest income from higher average levels of portfolio debt investments and increased activity in the Investment Portfolio and (ii) a \$3.9 million increase in dividend income from Investment Portfolio equity investments, partially offset by a \$0.3 million decrease in interest and dividend income from Marketable securities and idle funds investments. The \$26.0 million increase in investment income in the year ended December 31, 2013 includes a \$1.7 million decrease in the amount of non-recurring investment income associated with debt repayment and financing activities of LMM portfolio investments included in investment income, partially offset by a \$1.1 million increase in the amount of investment income related to higher accelerated prepayment and repricing activity of certain Middle Market and Private Loan portfolio debt investments and Marketable securities and idle funds investments in each case for the year ended December 31, 2013, when compared to the same period in 2012.

*Expenses*

For the year ended December 31, 2013, total expenses increased to \$41.1 million from \$31.2 million for the corresponding period of 2012. This comparable period increase in expenses was principally attributable to (i) a \$4.6 million increase in interest expense, (ii) higher compensation and related expenses of \$2.1 million, primarily as a result of additional personnel compared to the same period in the prior year, (iii) a \$1.6 million increase in other general and administrative expenses and (iv) an increase of \$1.6 million in share-based compensation, primarily due to \$1.3 million of expense associated with the accelerated vesting of all the unvested shares of restricted stock in connection with the retirement of our former Executive Vice-Chairman during the year ended December 31, 2013. The \$4.6 million increase in interest expense was primarily a result of (i) a \$4.4 million increase primarily related to the issuance of the 6.125% Notes in April 2013 and (ii) a \$1.3 million increase related to a higher average outstanding balance on the Credit Facility, partially offset by a \$1.1 million decrease related to prepayments on our Small Business Investment Company ("SBIC") debentures and lower average interest rates on the SBIC debentures. The ratio of our total operating expenses, excluding interest expense and excluding the effect of the accelerated vesting of restricted stock of our former Executive Vice-Chairman discussed above, as a percentage of our average total assets was 1.7% for the year ended December 31, 2013, compared to 1.8% for the prior year. Including the effect of the accelerated vesting of restricted stock of our former Executive Vice-Chairman, the ratio would have been 1.8% for the year ended December 31, 2013.

*Distributable Net Investment Income*

Distributable net investment income increased \$17.7 million to \$79.6 million, or \$2.17 per share, compared with \$61.9 million, or \$2.09 per share, in the corresponding period of 2012. The increase in

Table of Contents

distributable net investment income was primarily due to the higher level of total investment income partially offset by higher interest and other operating expenses, due to the changes discussed above. The distributable net investment income on a per share basis for the year ended December 31, 2013 reflects the impact of a greater number of average shares outstanding compared to the corresponding period in 2012 primarily due to the June 2012, December 2012 and August 2013 follow-on equity offerings.

*Net Investment Income*

Net investment income for the year ended December 31, 2013 was \$75.4 million, or a 27% increase, compared to net investment income of \$59.3 million for the corresponding period of 2012. The increase in net investment income was principally attributable to the increase in total investment income partially offset by higher interest and other operating expenses as discussed above.

*Distributable Net Realized Income*

Distributable net realized income was \$82.1 million, or \$2.24 per share, for the year ended December 31, 2013 compared with \$78.4 million, or \$2.65 per share, in the corresponding period of 2012. The \$3.7 million increase was primarily attributable to higher distributable net investment income in the year ended December 31, 2013 compared to the corresponding period of 2012 as discussed above, partially offset by (i) a decrease in net realized gain from investments of \$9.2 million, to \$7.3 million in 2013 from \$16.5 million in prior year, and (ii) a realized loss of \$4.8 million on the repayment of certain SBIC debentures issued to MSC II which had been accounted for on the fair value method of accounting under ASC 825. The \$7.3 million net realized gain on investments during the year ended December 31, 2013 was primarily attributable to (i) a realized gain of \$11.3 million on the full exit of two LMM equity investments, (ii) realized gains of \$1.0 million on the partial exits of several LMM investments, (iii) net realized gains on several Middle Market and Marketable securities and idle funds investments totaling \$1.9 million, partially offset by (i) realized losses of \$2.6 million on the restructuring of a LMM equity investment and \$1.8 million on the full exit of one LMM investment, respectively, and (ii) the realized loss of \$1.8 million on the full exit of one Middle Market investment.

*Net Realized Income*

The lower net realized gain from investments and the realized loss from the SBIC debentures, partially offset by the higher net investment income, in the year ended December 31, 2013 compared to the corresponding period of 2012, in each case as discussed above, resulted in a \$2.1 million increase in net realized income compared with the corresponding period of 2012.

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

The net increase in net assets resulting from operations attributable to common stock during the year ended December 31, 2013 was \$96.9 million, or \$2.65 per share, compared with \$104.4 million, or \$3.53 per share, in the corresponding period of 2012. This \$7.5 million decrease from the comparable period in the prior year was primarily the result of the \$20.5 million difference in the net change in unrealized appreciation to \$19.0 million for the year ended December 31, 2013, compared to \$39.5 million for the comparable period in the prior year, partially offset by (i) a \$10.8 million decrease in the net income tax provision and (ii) the \$2.1 million increase in net realized income due to the factors discussed above, both for the year ended December 31, 2013 in comparison to the comparable period in the prior year. The total net change in unrealized appreciation for the year ended December 31, 2013 of \$19.0 million included (i) \$16.2 million of net unrealized appreciation from portfolio investments and (ii) the net unrealized appreciation of \$4.4 million on the SBIC debentures, which resulted from the \$4.8 million of accounting reversals of prior unrealized depreciation on the

Table of Contents

SBIC debentures in conjunction with the realized loss on the repayment of the SBIC debentures as discussed above, partially offset by net unrealized depreciation of \$0.4 million on the remaining SBIC debentures held by MSC II, partially offset by the net unrealized depreciation from Marketable securities and idle funds investments of \$1.7 million. The \$16.2 million net change in unrealized appreciation from portfolio investments for the year ended December 31, 2013 was principally attributable to (i) unrealized appreciation on 37 LMM portfolio investments totaling \$60.6 million, partially offset by unrealized depreciation on 15 LMM portfolio investments totaling \$38.8 million, (ii) \$3.7 million of net unrealized appreciation on Middle Market investments, (iii) \$1.1 million of net unrealized appreciation on the External Investment Manager and (iv) \$2.2 million of net unrealized appreciation on the Other Portfolio investments, partially offset by accounting reversals of net unrealized appreciation from prior periods of \$12.8 million related to portfolio investment exits and repayments. The net income tax benefit for the year ended December 31, 2013 related to a deferred tax benefit of \$3.6 million, partially offset by an income tax provision on other taxes of \$3.6 million. The deferred taxes related primarily to net unrealized depreciation on equity investments held in our Taxable Subsidiaries. The other taxes include \$1.8 million related to an accrual for excise tax on our estimated spillover taxable income and \$1.8 million related to accruals for state and other taxes.

***Liquidity and Capital Resources***

*Cash Flows*

For the year ended December 31, 2014, we experienced a net increase in cash and cash equivalents in the amount of \$25.7 million, which is the net result of \$190.9 million of cash used for our operating activities and \$216.6 million provided by financing activities.

During the period, we used \$190.9 million of cash for our operating activities, which resulted primarily from (i) cash flows we generated from the ordinary operating profits earned through our operating activities totaling \$84.5 million, which is our \$99.8 million of distributable net investment income, excluding the non-cash effects of the accretion of unearned income of \$10.5 million, payment-in-kind interest income of \$4.7 million, cumulative dividends of \$1.8 million and the amortization expense for deferred financing costs of \$1.7 million, (ii) cash uses totaling \$858.2 million from (a) the funding of new portfolio company investments and settlement of accruals for portfolio investments existing as of December 31, 2013, which together total \$831.2 million, (b) the funding of new Marketable securities and idle funds investments and settlement of accruals for Marketable securities and idle funds investments existing as of December 31, 2013, which together total \$22.7 million and (c) increases in other assets of \$4.3 million, and (iii) cash proceeds totaling \$582.8 million from (a) \$554.7 million in cash proceeds from the repayments of debt investments and sales of equity investments, (b) \$27.0 million of cash proceeds from the sale of Marketable securities and idle funds investments and (c) \$1.1 million related to increases in payables and accruals.

During 2014, \$216.6 million in cash was provided by financing activities, which principally consisted of (i) \$175.0 million in proceeds from the issuance of the 4.50% Notes in November 2014, (ii) \$139.7 million in net cash proceeds from a follow-on public equity offering in April 2014 and (iii) \$24.8 million in cash proceeds from the issuance of SBIC debentures, partially offset by (i) \$95.9 million in cash dividends paid to stockholders, (ii) \$19.0 million in net cash repayments of the Credit Facility, (iii) \$6.4 million in loan costs associated with our SBIC debentures, the 4.50% Notes and the Credit Facility and (iv) \$1.5 million in other costs.

For the year ended December 31, 2013, we experienced a net decrease in cash and cash equivalents in the amount of \$28.8 million, which is the net result of \$240.7 million of cash used for our operating activities and \$211.9 million provided by financing activities.

During the period, we used \$240.7 million of cash for our operating activities, which resulted primarily from (i) cash flows we generated from the ordinary operating profits earned through our

Table of Contents

operating activities totaling \$63.8 million, which is our \$79.6 million of distributable net investment income, excluding the non-cash effects of the accretion of unearned income of \$10.9 million, payment-in-kind interest income of \$5.0 million, cumulative dividends of \$1.4 million and the amortization expense for deferred financing costs of \$1.5 million, (ii) cash uses totaling \$824.8 million from (a) the funding of new portfolio company investments and settlement of accruals for portfolio investments existing as of December 31, 2012, which together total \$767.5 million, (b) the funding of new Marketable securities and idle funds investments and settlement of accruals for Marketable securities and idle funds investments existing as of December 31, 2012, which together total \$54.0 million, and (c) \$3.3 million related to decreases in payables and accruals, and (iii) cash proceeds totaling \$520.3 million from (a) \$465.0 million in cash proceeds from the repayments or sales of debt investments and sales of equity investments, (b) \$51.7 million of cash proceeds from the sale of Marketable securities and idle funds investments and (c) decreases in other assets of \$3.6 million.

During 2013, \$211.9 million in cash was provided by financing activities, which principally consisted of (i) \$131.5 million in net cash proceeds from a follow-on public equity offering in August 2013, (ii) \$105.0 million in net cash proceeds from the Credit Facility and (iii) \$92.0 million in cash proceeds from the issuance of the 6.125% Notes, partially offset by (i) a \$24.8 million net decrease in outstanding SBIC debentures resulting from \$63.8 million in repayments of SBIC debentures, net of \$39.0 million in proceeds from the issuance of SBIC debentures, (ii) \$83.2 million in cash dividends paid to stockholders and (iii) \$6.3 million in loan costs associated with our SBIC debentures, our Notes and the Credit Facility.

*Capital Resources*

As of December 31, 2014, we had \$60.4 million in cash and cash equivalents, \$9.1 million in Marketable securities and idle funds investments and \$354.5 million of unused capacity under the Credit Facility, which we maintain to support our future investment and operating activities. As of December 31, 2014, our net asset value totaled \$940.0 million, or \$20.85 per share.

The Credit Facility was amended during 2014 to increase the total commitments from \$445.0 million to \$572.5 million, decrease the interest rate subject to Main Street maintaining an investment grade rating and extend the final maturity by one year to September 2019. The amended Credit Facility also contains an upsized accordion feature which allows us to increase the total commitments under the facility up to \$650.0 million from new and existing lenders on the same terms and conditions as the existing commitments.

Borrowings under the Credit Facility bear interest, subject to our election, on a per annum basis equal to (i) the applicable LIBOR rate (0.16% as of December 31, 2014) plus 2.00%, as long as we maintain an investment grade rating (or 2.25% if we do not maintain an investment grade rating) or (ii) the applicable base rate (Prime Rate of 3.25% as of December 31, 2014) plus 1.00%, as long as we maintain an investment grade rating (or 1.25% if we do not maintain an investment grade rating). We pay unused commitment fees of 0.25% per annum on the unused lender commitments under the Credit Facility. The Credit Facility is secured by a first lien on the assets of MSCC and its subsidiaries, excluding the equity ownership or assets of the Funds and the External Investment Manager. The Credit Facility contains certain affirmative and negative covenants, including but not limited to: (i) maintaining a minimum availability of at least 10% of the borrowing base, (ii) maintaining an interest coverage ratio of at least 2.0 to 1.0, (iii) maintaining an asset coverage ratio of at least 1.5 to 1.0, and (iv) maintaining a minimum tangible net worth. The Credit Facility is provided on a revolving basis through its final maturity date in September 2019, and contains two, one-year extension options which could extend the final maturity by up to two years, subject to certain conditions, including lender approval. As of December 31, 2014, we had \$218.0 million in borrowings outstanding under the Credit Facility, the interest rate on the Credit Facility was 2.16% and we were in compliance with all financial covenants of the Credit Facility.



Table of Contents

Due to each of the Funds' status as a licensed SBIC, we have the ability to issue, through the Funds, debentures guaranteed by the SBA at favorable interest rates. Under the regulations applicable to SBIC funds, an SBIC can have outstanding debentures guaranteed by the SBA generally in an amount up to twice its regulatory capital, which effectively approximates the amount of its equity capital, up to a regulatory maximum amount of debentures of \$225.0 million. Debentures guaranteed by the SBA have fixed interest rates that equal prevailing 10-year Treasury Note rates plus a market spread and have a maturity of ten years with interest payable semi-annually. The principal amount of the debentures is not required to be paid before maturity, but may be pre-paid at any time with no prepayment penalty. During the year ended December 31, 2014, we issued \$24.8 million of SBIC debentures under the SBIC program to reach the current regulatory maximum amount of \$225.0 million. On December 31, 2014, through our two wholly owned SBICs, we had \$225.0 million of outstanding SBIC debentures guaranteed by the SBA, which bear a weighted average annual fixed interest rate of approximately 4.2%, paid semi-annually, and mature ten years from issuance. The first maturity related to our SBIC debentures does not occur until 2017, and the remaining weighted average duration is approximately 6.6 years as of December 31, 2014.

In April 2013, we issued \$92.0 million, including the underwriters' full exercise of their over-allotment option, in aggregate principal amount of the 6.125% Notes. The 6.125% Notes are unsecured obligations and rank pari passu with our current and future senior unsecured indebtedness; senior to any of our future indebtedness that expressly provides it is subordinated to the 6.125% Notes; effectively subordinated to all of our existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness, including borrowings under our Credit Facility; and structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries, including without limitation, the indebtedness of the Funds. The 6.125% Notes mature on April 1, 2023, and may be redeemed in whole or in part at any time or from time to time at our option on or after April 1, 2018. We may from time to time repurchase 6.125% Notes in accordance with the 1940 Act and the rules promulgated thereunder. As of December 31, 2014, the outstanding balance of the 6.125% Notes was \$90.8 million.

The indenture governing the 6.125% Notes (the "6.125% Notes Indenture") contains certain covenants, including covenants requiring our compliance with (regardless of whether we are subject to) the asset coverage requirements set forth in Section 18(a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act, as well as covenants requiring us to provide financial information to the holders of the 6.125% Notes and the Trustee if we cease to be subject to the reporting requirements of the Securities Exchange Act of 1934. These covenants are subject to limitations and exceptions that are described in the 6.125% Notes Indenture.

In November 2014, we issued \$175.0 million in aggregate principal amount of the 4.50% Notes at an issue price of 99.53%. The 4.50% Notes are unsecured obligations and rank pari passu with our current and future senior unsecured indebtedness; senior to any of our future indebtedness that expressly provides it is subordinated to the 4.50% Notes; effectively subordinated to all of our existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness, including borrowings under our Credit Facility; and structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries, including without limitation, the indebtedness of the Funds. The 4.50% Notes mature on December 1, 2019, and may be redeemed in whole or in part at any time at our option subject to certain make whole provisions. The 4.50% Notes bear interest at a rate of 4.50% per year payable semi-annually on June 1 and December 1 of each year, beginning June 1, 2015. Our total net proceeds from the 4.50% Notes, resulting from the issue price and after underwriting discounts and estimated offering expenses payable by us, were approximately \$171.2 million. We may from time to time repurchase 4.50% Notes in accordance with the 1940 Act and the rules promulgated thereunder. As of December 31, 2014, the outstanding balance of the 4.50% Notes was \$175.0 million.

Table of Contents

The indenture governing the 4.50% Notes (the "4.50% Notes Indenture") contains certain covenants, including covenants requiring our compliance with (regardless of whether we are subject to) the asset coverage requirements set forth in Section 18(a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act, as well as covenants requiring us to provide financial information to the holders of the 4.50% Notes and the Trustee if we cease to be subject to the reporting requirements of the Securities Exchange Act of 1934. These covenants are subject to limitations and exceptions that are described in the 4.50% Notes Indenture.

In August 2013, we completed a follow-on public equity offering of 4,600,000 shares of common stock, including the underwriters' full exercise of their option to purchase additional shares, at a price to the public of \$29.75 per share, resulting in total net proceeds of approximately \$131.5 million, after deducting underwriters' commissions and offering costs.

In April 2014, we completed a follow-on public equity offering of 4,600,000 shares of common stock, including the underwriters' full exercise of their option to purchase additional shares, at a price to the public of \$31.50 per share, resulting in total net proceeds of approximately \$139.6 million, after deducting underwriters' commissions and offering costs.

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

We periodically invest excess cash balances into Marketable securities and idle funds investments. The primary investment objective of Marketable securities and idle funds investments is to generate incremental cash returns on excess cash balances prior to utilizing those funds for investment in our LMM, Middle Market and Private Loan portfolio investments. Marketable securities and idle funds investments generally consist of debt investments, independently rated debt investments, certificates of deposit with financial institutions, diversified bond funds and publicly traded debt and equity investments. The composition of Marketable securities and idle funds investments will vary in a given period based upon, among other things, changes in market conditions, the underlying fundamentals in our Marketable securities and idle funds investments, our outlook regarding future LMM, Middle Market and Private Loan portfolio investment needs, and any regulatory requirements applicable to us.

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. We did not seek stockholder authorization to sell shares of our common stock below the then current net asset value per share of our common stock at our 2014 annual meeting of stockholders because our common stock price per share had been trading significantly above the current net asset value per share of our common stock, and we do not currently expect to seek such approval at our 2015 annual meeting of stockholders for the same reason. We would therefore need future approval from our stockholders to issue shares below the then current net asset value per share.

In order to satisfy the Code requirements applicable to a RIC, we intend to distribute to our stockholders, after consideration and application of our ability under the Code to spillover certain excess undistributed taxable income from one tax year into the next tax year, substantially all of our taxable income. In addition, as a BDC, we generally are required to meet a coverage ratio of total assets to total senior securities, which include borrowings and any preferred stock we may issue in the future, of at least 200%. This requirement limits the amount that we may borrow. In January 2008, we received an exemptive order from the SEC to exclude SBA guaranteed debt securities issued by MSMF and any other wholly owned subsidiaries of ours which operate as SBICs from the asset coverage requirements of the 1940 Act as applicable to us, which, in turn, enables us to fund more investments with debt capital.

Table of Contents

Although we have been able to secure access to additional liquidity, including recent public equity and debt offerings, our \$572.5 million Credit Facility, and the available leverage through the SBIC program, there is no assurance that debt or equity capital will be available to us in the future on favorable terms, or at all.

***Recently Issued or Adopted Accounting Standards***

In February 2013, the FASB issued Accounting Standards Update ("ASU") 2013-04, Liabilities (Topic 405): Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date ("ASU 2013-04"). ASU 2013-04 provides additional guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this guidance is fixed at the reporting date. Public companies are required to apply ASU 2013-04 prospectively for interim and annual reporting periods beginning after December 15, 2013. The adoption of this standard did not have a material effect on our consolidated financial statements.

In June 2013, the FASB issued Accounting Standards Update ("ASU") 2013-08, Financial Services - Investment Companies (Topic 946): Amendments to the Scope, Measurement, and Disclosure Requirements ("ASU 2013-08"). ASU 2013-08 amends the criteria that define an investment company, clarifies the measurement guidance and requires certain additional disclosures. Public companies are required to apply ASU 2013-08 prospectively for interim and annual reporting periods beginning after December 15, 2013. The adoption of this standard did not have a material effect on our consolidated financial statements.

In July 2013, the FASB issued ASU 2013-11, *Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists* ("ASU 2013-11"). ASU 2013-11 provides guidance on the balance sheet presentation of an unrecognized tax benefit when a net operating loss carryforward, similar tax loss, or tax credit carryforward exists as of the reporting date. The update is effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2013. Retrospective application is permitted. The adoption of this standard did not have a material effect on our consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-9 supersedes the revenue recognition requirements under ASC Topic 605, *Revenue Recognition*, and most industry-specific guidance throughout the Industry Topics of the ASC. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. Under the new guidance, an entity is required to perform the following five steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. The new guidance will significantly enhance comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. Additionally, the guidance requires improved disclosures as to the nature, amount, timing and uncertainty of revenue that is recognized. The new guidance is effective for the annual reporting period beginning after December 15, 2016, including interim periods within that reporting period. Early adoption is not permitted. We are currently evaluating the impact the adoption of this new accounting standard will have on our consolidated financial statements.

From time to time, new accounting pronouncements are issued by the FASB or other standards setting bodies that are adopted by us as of the specified effective date. We believe that the impact of

## Edgar Filing: Main Street Capital CORP - Form 497

### Table of Contents

recently issued standards and any that are not yet effective will not have a material impact on our financial statements upon adoption.

#### ***Inflation***

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

#### ***Off-Balance Sheet Arrangements***

We may be a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financial needs of our portfolio companies. These instruments include commitments to extend credit and involve, to varying degrees, elements of liquidity and credit risk in excess of the amount recognized in the balance sheet. At December 31, 2014, we had a total of \$131.4 million in outstanding commitments comprised of (i) 26 commitments to fund revolving loans that had not been fully drawn or term loans that had not been funded and (ii) six capital commitments that had not been fully called.

#### ***Contractual Obligations***

As of December 31, 2014, the future fixed commitments for cash payments in connection with our SBIC debentures and the 4.50% Notes and the 6.125% Notes for each of the next five years and thereafter are as follows:

	2015	2016	2017	2018	2019	2020 and thereafter	Total
	(dollars in thousands)						
SBIC debentures	\$	\$	\$ 15,000	\$ 10,200	\$ 20,000	\$ 179,800	225,000
Interest due on SBIC debentures	9,421	9,448	9,423	8,130	7,807	17,601	61,830
Notes 6.125%						90,823	90,823
Interest due on 6.125% Notes	5,566	5,566	5,566	5,567	5,567	19,483	47,315
4.50% Notes					175,000		175,000
Interest due on 4.50% Notes	8,444	7,875	7,875	7,875	7,875		39,944
<b>Total</b>	<b>\$ 23,431</b>	<b>\$ 22,889</b>	<b>\$ 37,864</b>	<b>\$ 31,772</b>	<b>\$ 216,249</b>	<b>\$ 307,707</b>	<b>\$ 639,912</b>

As of December 31, 2014, we had \$218.0 million in borrowings outstanding under our Credit Facility, and the Credit Facility is currently scheduled to mature in September 2019. The Credit Facility contains two, one year extension options which could extend the maturity to September 2021. See further discussion of the Credit Facility terms in "Liquidity and Capital Resources Capital Resources".

#### ***Related Party Transactions***

As discussed further above, the External Investment Manager is treated as a wholly owned portfolio company of ours and is included as part of our Investment Portfolio. At December 31, 2014, we had a receivable of \$1.0 million due from the External Investment Manager which included approximately \$0.7 million related to operating expenses incurred by the Internal Investment Manager required to support the External Investment Manager's business, along with dividends declared but not paid by the External Investment Manager of approximately \$0.3 million.

In June 2013, we adopted a deferred compensation plan for the non-employee members of our board of directors, which allows the directors at their option to defer all or a portion of the fees paid

Table of Contents

for their services as directors and have such deferred fees paid in shares of our common stock within 90 days following the termination of a participant's service as a director. As of December 31, 2014, \$0.6 million of directors' fees had been deferred under this plan. These deferred fees represented 18,672 shares of our common shares. These shares will not be issued or included as outstanding on the consolidated statement of changes in net assets until each applicable participant's end of service as a director, but are included in operating expenses and weighted average shares outstanding on our consolidated statement of operations as earned.

S-53

---

Table of Contents**SENIOR SECURITIES**

Information about our senior securities is shown in the following table as of December 31 for the years indicated in the table, unless otherwise noted. Grant Thornton LLP's report on the senior securities table as of December 31, 2014, is an exhibit to the registration statement of which this prospectus supplement is a part.

<b>Class and Year</b>	<b>Total Amount Outstanding Exclusive of Treasury Securities(1) (dollars in thousands)</b>	<b>Asset Coverage per Unit(2)</b>	<b>Involuntary Liquidating Preference per Unit(3)</b>	<b>Average Market Value per Unit(4)</b>
<b><i>SBIC Debentures</i></b>				
2007	\$ 55,000	3,094		N/A
2008	55,000	3,043		N/A
2009	65,000	2,995		N/A
2010	180,000	2,030		N/A
2011	220,000	2,202		N/A
2012	225,000	2,763		N/A
2013	200,200	2,476		N/A
2014	225,000	2,323		N/A
<b><i>Credit Facility</i></b>				
2010	\$ 39,000	2,030		N/A
2011	107,000	2,202		N/A
2012	132,000	2,763		N/A
2013	237,000	2,476		N/A
2014	218,000	2,323		N/A
<b><i>6.125% Notes</i></b>				
2013	\$ 90,882	2,476		\$ 24.35
2014	90,823	2,323		24.78
<b><i>4.50% Notes</i></b>				
2014	\$ 175,000	2,323		N/A

(1) Total amount of each class of senior securities outstanding at the end of the period presented.

(2) Asset coverage per unit is the ratio of the carrying value of our total consolidated assets, less all liabilities and indebtedness not represented by senior securities, to the aggregate amount of senior securities representing indebtedness. Asset coverage per unit is expressed in terms of dollar amounts per \$1,000 of indebtedness.

(3) The amount to which such class of senior security would be entitled upon the involuntary liquidation of the issuer in preference to any security junior to it. The " " indicates information which the Securities and Exchange Commission expressly does not require to be disclosed for certain types of senior securities.

(4) Average market value per unit for our 6.125% Notes represents the average of the daily closing prices as reported on the NYSE during the period presented. Average market value per unit for our SBIC Debentures, Credit Facility and 4.50% Notes are not applicable because these are not registered for public trading.

Table of Contents

**BUSINESS**

We are a principal investment firm primarily focused on providing customized debt and equity financing to lower middle market ("LMM") companies and debt capital to middle market ("Middle Market") companies. Our portfolio investments are typically made to support management buyouts, recapitalizations, growth financings, refinancings and acquisitions of companies that operate in diverse industry sectors. We seek to partner with entrepreneurs, business owners and management teams and generally provide "one stop" financing alternatives within our LMM portfolio. We invest primarily in secured debt investments, equity investments, warrants and other securities of LMM companies based in the United States and in secured debt investments of Middle Market companies generally headquartered in the United States.

Our principal investment objective is to maximize our portfolio's total return by generating current income from our debt investments and capital appreciation from our equity and equity related investments, including warrants, convertible securities and other rights to acquire equity securities in a portfolio company. Our LMM companies generally have annual revenues between \$10 million and \$150 million, and our LMM portfolio investments generally range in size from \$5 million to \$50 million. Our Middle Market investments are made in businesses that are generally larger in size than our LMM portfolio companies, with annual revenues typically between \$150 million and \$1.5 billion, and our Middle Market investments generally range in size from \$3 million to \$15 million. Our private loan ("Private Loan") investments are made in businesses that are consistent with the size of companies in our LMM portfolio or our Middle Market portfolio, but are investments which have been originated through strategic relationships with other investment funds on a collaborative basis. The structure, terms and conditions for these Private Loan investments are typically consistent with the structure, terms and conditions for the investments made in our LMM portfolio or Middle Market portfolio.

Our other portfolio ("Other Portfolio") investments primarily consist of investments which are not consistent with the typical profiles for our LMM, Middle Market or Private Loan portfolio investments, including investments which may be managed by third parties. In our Other Portfolio, we may incur indirect fees and expenses in connection with investments managed by third parties, such as investments in other investment companies or private funds.

Our external asset management business is conducted through our External Investment Manager. We have entered into an agreement to provide the External Investment Manager with asset management service support in connection with its asset management business generally, and specifically for its relationship with HMS Income Fund, Inc. ("HMS Income"). Through this agreement, we provide management and other services to the External Investment Manager, as well as access to our employees, infrastructure, business relationships, management expertise and capital raising capabilities. In the first quarter of 2014, we began charging the External Investment Manager for these services. Our total expenses for the year ended December 31, 2014 are net of expenses of \$2.0 million charged to the External Investment Manager. The External Investment Manager earns management fees based on the assets of the funds under management and may earn incentive fees, or a carried interest, based on the performance of the funds managed.

We seek to fill the financing gap for LMM businesses, which, historically, have had more limited access to financing from commercial banks and other traditional sources. The underserved nature of the LMM creates the opportunity for us to meet the financing needs of LMM companies while also negotiating favorable transaction terms and equity participations. Our ability to invest across a company's capital structure, from secured loans to equity securities, allows us to offer portfolio companies a comprehensive suite of financing options, or a "one stop" financing solution. Providing customized, "one stop" financing solutions is important to LMM portfolio companies. We generally seek to partner directly with entrepreneurs, management teams and business owners in making our

Table of Contents

investments. Our LMM portfolio debt investments are generally secured by a first lien on the assets of the portfolio company and typically have a term of between five and seven years from the original investment date. We believe that our LMM investment strategy has limited correlation to the broader debt and equity markets.

As of December 31, 2014, we had debt and equity investments in 66 LMM portfolio companies with an aggregate fair value of approximately \$733.2 million, with a total cost basis of approximately \$599.4 million, and a weighted average annual effective yield on our LMM debt investments of approximately 13.2%. As of December 31, 2014, approximately 72% of our total LMM portfolio investments at cost were in the form of debt investments and approximately 90% of such debt investments at cost were secured by first priority liens on the assets of our LMM portfolio companies. At December 31, 2014, we had equity ownership in approximately 95% of our LMM portfolio companies and the average fully diluted equity ownership in those portfolio companies was approximately 35%. As of December 31, 2013, we had debt and equity investments in 62 LMM portfolio companies with an aggregate fair value of approximately \$659.4 million, with a total cost basis of approximately \$543.3 million and a weighted average annual effective yield on our LMM debt investments of approximately 14.7%. As of December 31, 2013, approximately 76% of our total LMM portfolio investments at cost were in the form of debt investments and approximately 86% of such debt investments at cost were secured by first priority liens on the assets of our LMM portfolio companies. At December 31, 2013, we had equity ownership in approximately 94% of our LMM portfolio companies and the average fully diluted equity ownership in those portfolio companies was approximately 33%. The weighted average annual yields were computed using the effective interest rates for all debt investments at cost as of December 31, 2014 and 2013, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status.

In addition to our LMM investment strategy, we pursue investments in Middle Market companies. Our Middle Market portfolio investments primarily consist of direct investments in or secondary purchases of interest bearing debt securities in privately held companies that are generally larger in size than the companies included in our LMM portfolio. Our Middle Market portfolio debt investments are generally secured by either a first or second priority lien on the assets of the portfolio company and typically have an expected duration of between three and seven years from the original investment date.

As of December 31, 2014, we had Middle Market portfolio investments in 86 companies, collectively totaling approximately \$542.7 million in fair value with a total cost basis of approximately \$561.8 million. The weighted average earnings before interest, taxes, depreciation and amortization ("EBITDA") for the 86 Middle Market portfolio companies was approximately \$77.2 million as of December 31, 2014. As of December 31, 2014, substantially all of our Middle Market portfolio investments were in the form of debt investments and approximately 85% of such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on our Middle Market portfolio debt investments was approximately 7.8% as of December 31, 2014. As of December 31, 2013, we had Middle Market portfolio investments in 92 companies collectively totaling approximately \$471.5 million in fair value with a total cost basis of approximately \$468.3 million. The weighted average EBITDA for the 92 Middle Market portfolio companies was approximately \$79.0 million as of December 31, 2013. As of December 31, 2013, substantially all of our Middle Market portfolio investments were in the form of debt investments and approximately 92% of such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on our Middle Market portfolio debt investments was approximately 7.8% as of December 31, 2013. The weighted average annual yields were computed using the effective interest rates for all debt investments at cost as of December 31, 2014 and 2013, including amortization of deferred debt origination fees and accretion of original issue



Table of Contents

discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status.

Our Private Loan portfolio investments primarily consist of investments in interest-bearing debt securities in companies that are consistent with the size of the companies included in our LMM portfolio or our Middle Market portfolio, but are investments that have been originated through strategic relationships with other investment funds on a collaborative basis. Our Private Loan portfolio debt investments are generally secured by either a first or second priority lien on the assets of the portfolio company and typically have a term of between three and seven years from the original investment date.

As of December 31, 2014, we had Private Loan portfolio investments in 31 companies, collectively totaling approximately \$213.0 million in fair value with a total cost basis of approximately \$224.0 million. The weighted average EBITDA for the 31 Private Loan portfolio companies was approximately \$18.1 million as of December 31, 2014. As of December 31, 2014, approximately 96% of our Private Loan portfolio investments were in the form of debt investments and approximately 88% of such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on our Private Loan portfolio debt investments was approximately 10.1% as of December 31, 2014. As of December 31, 2013, we had Private Loan portfolio investments in 15 companies, collectively totaling approximately \$111.5 million in fair value with a total cost basis of approximately \$111.3 million. The weighted average EBITDA for the 15 Private Loan portfolio companies was approximately \$18.4 million as of December 31, 2013. As of December 31, 2013, approximately 95% of our Private Loan portfolio investments were in the form of debt investments and approximately 98% of such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on our Private Loan portfolio debt investments was approximately 11.3% as of December 31, 2013. The weighted average annual yields were computed using the effective interest rates for all debt investments at cost as of December 31, 2014 and 2013, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status.

As of December 31, 2014, we had Other Portfolio investments in six companies, collectively totaling approximately \$58.9 million in fair value and approximately \$56.2 million in cost basis and which comprised approximately 3.8% of our Investment Portfolio (as defined in "Investment Portfolio" below) at fair value as of December 31, 2014. As of December 31, 2013, we had Other Portfolio investments in six companies, collectively totaling approximately \$42.8 million in fair value and approximately \$40.1 million in cost basis and which comprised approximately 3.3% of our Investment Portfolio at fair value as of December 31, 2013.

As previously discussed, the External Investment Manager is a wholly owned subsidiary that is treated as a portfolio investment. As of December 31, 2014, there was no cost basis in this investment and the investment had a fair value of \$15.6 million, which comprised 1.0% of our Investment Portfolio at fair value. As of December 31, 2013, there was no cost basis in this investment and the investment had a fair value of \$1.1 million, which comprised 0.1% of our Investment Portfolio at fair value.

Our portfolio investments are generally made through MSCC and the Funds. MSCC and the Funds share the same investment strategies and criteria, although they are subject to different regulatory regimes (see "Regulation"). An investor's return in MSCC will depend, in part, on the Funds' investment returns as they are wholly owned subsidiaries of MSCC.

The level of new portfolio investment activity will fluctuate from period to period based upon our view of the current economic fundamentals, our ability to identify new investment opportunities that meet our investment criteria, and our ability to consummate the identified opportunities. The level of new investment activity, and associated interest and fee income, will directly impact future investment

Table of Contents

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 on our investments will also fluctuate depending upon portfolio activity, economic conditions 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.

Because we are internally managed, Main Street does not pay any external investment advisory fees, but instead incurs the operating costs associated with employing investment and portfolio management professionals through the Internal Investment Manager. We believe that our internally managed structure provides us with a beneficial operating expense structure when compared to other publicly traded and privately held investment firms which are externally managed, and our internally managed structure allows us the opportunity to leverage our non-interest operating expenses as we grow our Investment Portfolio. For the year ended December 31, 2014, the ratio of our total operating expenses, excluding interest expense, as a percentage of our quarterly average total assets was 1.4% compared to 1.7% for the year ended December 31, 2013 (with the 2013 ratio excluding interest expense and excluding the effect of the non-recurring accelerated vesting of restricted stock of our retired Executive Vice-Chairman, which resulted in additional share-based compensation expense of \$1.3 million during 2013). Including the effect of the accelerated vesting of restricted stock, the ratio for the year ended December 31, 2013 was 1.8%.

During May 2012, we entered into an investment sub-advisory agreement with HMS Adviser, LP ("HMS Adviser"), which is the investment advisor to HMS Income, a non-publicly traded BDC whose registration statement on Form N-2 was declared effective by the SEC in June 2012, to provide certain investment advisory services to HMS Adviser. In December 2013, after obtaining required no-action relief from the SEC to allow us to own a registered investment adviser, we assigned the sub-advisory agreement to the External Investment Manager since the fees received from such arrangement could otherwise have negative consequences on our ability to meet the source of income requirement necessary for us to maintain our RIC tax treatment. Under the investment sub-advisory agreement, the External Investment Manager is entitled to 50% of the base management fee and the incentive fees earned by HMS Adviser under its advisory agreement with HMS Income. We and the External Investment Manager agreed to waive all such fees from the effective date of HMS Income's registration statement on Form N-2 through December 31, 2013. As a result, as of December 31, 2013, neither we nor the External Investment Manager had received any base management fee or incentive fees under the investment sub-advisory agreement and neither was due any unpaid compensation for any base management fee or incentive fees under the investment sub-advisory agreement through December 31, 2013. The External Investment Manager has not waived the base management fees or incentive fees after December 31, 2013 and, as a result, the External Investment Manager began accruing such fees on January 1, 2014. During the year ended December 31, 2014, the External Investment Manager earned \$2.8 million of base management fees under the sub-advisory agreement with HMS Adviser.

During April 2014, we received an exemptive order from the SEC permitting co-investments by us and HMS Income in certain negotiated transactions where co-investing would otherwise be prohibited under the 1940 Act. We have made, and in the future intend to continue to make, such co-investments with HMS Income in accordance with the conditions of the order. The order requires, among other things, that we and the External Investment Manager consider whether each such investment opportunity is appropriate for HMS Income and, if it is appropriate, to propose an allocation of the investment opportunity between us and HMS Income.

Table of Contents

**Recent Developments**

On November 13, 2014, our Board of Directors elected Brent D. Smith to Chief Financial Officer and Treasurer. Mr. Smith, age 39, had previously served as our Senior Vice President Finance since August 2014. Previously he served as the Executive Vice-President, Chief Financial Officer and Treasurer of Cal Dive International, Inc. from 2010 through June 2014 and in various finance and accounting roles at Cal Dive from 2005 through 2010. On March 3, 2015, Cal Dive and certain of its subsidiaries, excluding its foreign subsidiaries, filed for voluntary protection under Chapter 11 of the Bankruptcy Code. Prior to joining Cal Dive, Mr. Smith was a manager with FTI Consulting (NYSE: FCN). Prior to that, Mr. Smith was employed as a senior auditor at Arthur Andersen LLP.

In January 2015, we led a new portfolio investment totaling \$45.0 million of invested capital in Volusion, LLC ("Volusion"), with Main Street funding \$31.5 million of the investment. The proceeds of the investment were used to provide capital to fund Volusion's near-term growth opportunities. Our investment in Volusion included a combination of first-lien, senior secured term debt with equity warrant participation and a direct equity investment. In addition, we and our co-investor are providing Volusion a commitment for up to \$10.0 million of additional capital to support its future growth opportunities. Headquartered in Austin, Texas, and founded in 1999, Volusion provides an online software-as-a-service solution for its customers' e-Commerce stores and activities.

In January 2015, we participated in a new portfolio investment totaling \$24.0 million of invested capital in Berry Aviation, Inc. ("Berry"), with our portion of the funding being \$6.4 million, and including \$6.0 million of secured subordinated term debt and a \$0.4 million equity investment for a minority equity ownership position in Berry. We partnered with our co-investors to facilitate a minority recapitalization of Berry and to support its growth initiatives. Headquartered in San Marcos, Texas, Berry is a full service aviation business that provides air carrier and concierge services to both private sector and public clients, including the United States Department of Defense ("U.S. DOD") and other governmental agencies.

During February 2015, we declared regular monthly dividends of \$0.175 per share for each of April, May and June 2015. These regular monthly dividends equal a total of \$0.525 per share for the second quarter of 2015. The second quarter 2015 regular monthly dividends represent a 6.1% increase from the dividends declared for the second quarter of 2014. Including the dividends declared for the second quarter of 2015, we will have paid \$14.27 per share in cumulative dividends since our October 2007 initial public offering.

**Business Strategies**

Our principal investment objective is to maximize our portfolio's total return by generating current income from our debt investments and realizing capital appreciation from our equity and equity-related investments, including warrants, convertible securities and other rights to acquire equity securities in a portfolio company. We have adopted the following business strategies to achieve our investment objective:

*Deliver Customized Financing Solutions in the Lower Middle Market.* We offer LMM portfolio companies customized debt and equity financing solutions that are tailored to the facts and circumstances of each situation. We believe our ability to provide a broad range of customized financing solutions to LMM companies sets us apart from other capital providers that focus on providing a limited number of financing solutions. Our ability to invest across a company's capital structure, from senior secured loans to subordinated debt to equity securities, allows us to offer LMM portfolio companies a comprehensive suite of financing options, or a "one-stop" financing solution.

Table of Contents

*Focus on Established Companies.* We generally invest in companies with established market positions, experienced management teams and proven revenue streams. We believe that those companies generally possess better risk-adjusted return profiles than newer companies that are building their management teams or are in the early stages of building a revenue base. We also believe that established companies in our targeted size range also generally provide opportunities for capital appreciation.

*Leverage the Skills and Experience of Our Investment Team.* Our investment team has significant experience in lending to and investing in LMM and Middle Market companies. 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 five certified public accountants and five Chartered Financial Analyst® (CFA) charter holders. 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 or complex structures for our portfolio companies. Also, the reputation of our investment team has and should continue to enable us to generate additional revenue in the form of management and incentive fees in connection with us providing advisory services to other investment funds.

*Invest Across Multiple Companies, Industries, Regions and End Markets.* 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, industries and end markets.

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

*Benefit from Lower, Fixed, Long-Term Cost of Capital.* The SBIC licenses held by the Funds have allowed them to issue SBA-guaranteed debentures. SBA-guaranteed debentures carry long-term fixed interest rates that are generally lower than interest rates on comparable bank loans and other debt. Because lower cost SBA leverage is, and will continue to be, a significant part of our capital base through the Funds, our relative cost of debt capital should be lower than many of our competitors. In addition, the SBIC leverage that we receive through the Funds represents a stable, long-term component of our capital structure with proper matching of duration and cost compared to our LMM portfolio investments. We also maintain an investment grade rating from Standard & Poor's Ratings Services which provides us the opportunity and flexibility to obtain additional, attractive long-term financing options to supplement 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 Equity Stake.* We look for operationally-oriented management with direct industry experience and a successful track record. In addition, we expect the management team of each LMM 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 both protects our debt investment and enhances the value of our equity investment.

Table of Contents

*Established Companies with Positive Cash Flow.* We seek to invest in established companies with sound historical financial performance. We typically focus on LMM companies that have historically generated EBITDA of \$3 million to \$20 million and commensurate levels of free cash flow. We also pursue investments in debt securities of Middle Market companies that are generally established companies with sound historical financial performance that are generally larger in size than LMM companies. We generally do not 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 exit our debt investments primarily through the repayment of our investment from internally generated cash flow of the portfolio company and/or a 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.

**Investment Portfolio**

The Investment Portfolio, as used herein, refers to all of our investments in LMM portfolio companies, investments in Middle Market portfolio companies, Private Loan portfolio investments, Other Portfolio investments, the investment in the External Investment Manager and, for all periods up to and including March 31, 2013, the investment in the Internal Investment Manager, but excludes all "Marketable securities and idle funds investments", and, for all periods after March 31, 2013, the Investment Portfolio also excludes the investment in the Internal Investment Manager. For all periods up to and including the period ending March 31, 2013, the Internal Investment Manager was accounted for as a portfolio investment (see further discussion above) and was not consolidated with MSCC and its consolidated subsidiaries. For all periods after March 31, 2013, the Internal Investment Manager is consolidated with MSCC and its other consolidated subsidiaries. Our LMM portfolio investments primarily consist of secured debt, equity warrants and direct equity investments in privately held, LMM companies based in the United States. Our Middle Market portfolio investments primarily consist of direct investments in or secondary purchases of interest-bearing debt securities in privately held companies based in the United States that are generally larger in size than the companies included in our LMM portfolio. Our Private Loan portfolio investments primarily consist of investments in interest-bearing debt securities in companies that are consistent with the size of companies in our LMM portfolio or our Middle Market portfolio, but are investments which have been originated through strategic relationships with other investment funds on a collaborative basis. Our Other Portfolio investments primarily consist of investments which are not consistent with the typical profiles for our LMM, Middle Market and Private Loan portfolio investments, including investments which may be managed by third parties. In our Other Portfolio, we may incur indirect fees and expenses in connection with investments managed by third parties, such as investments in other investment companies or private funds.

***Debt Investments***

Historically, we have made LMM debt investments principally in the form of single tranche debt. Single tranche debt financing involves issuing one debt security that blends the risk and return profiles of both first lien secured and subordinated debt. We believe that single tranche debt is more appropriate for many LMM companies given their size in order to reduce structural complexity and potential conflicts among creditors.

Table of Contents

Our LMM debt investments generally have a term of five to seven years from the original investment date, with limited required amortization prior to maturity, and provide for monthly or quarterly payment of interest at fixed interest rates generally between 10% and 14% per annum, payable currently in cash. In some instances, we have provided floating interest rates for our single tranche debt securities. In addition, certain LMM debt investments may have a form of interest that is not paid currently but is accrued and added to the loan balance and paid at maturity. We refer to this form of interest as payment-in-kind, or PIK, interest. We typically structure our LMM debt investments with the maximum seniority and collateral that we can reasonably obtain while seeking to achieve our total return target. In most cases, our LMM debt investment will be collateralized by a first priority lien on substantially all the assets of the portfolio company. As of December 31, 2014, approximately 90% of our LMM debt investments at cost were secured by first priority liens on the assets of our LMM portfolio companies.

In addition to seeking a senior lien position in the capital structure of our LMM portfolio companies, we seek to limit the downside potential of our LMM debt investments by negotiating covenants that are designed to protect our LMM debt investments while affording our portfolio companies as much flexibility in managing their businesses as is reasonable. Such restrictions may include affirmative and negative covenants, default penalties, lien protection, change of control or change of management provisions, key-man life insurance, guarantees, equity pledges, personal guaranties, where appropriate, and put rights. In addition, we typically seek board representation or observation rights in all of our LMM portfolio companies.

While we will continue to focus our LMM debt investments primarily on single tranche debt investments, we also anticipate structuring some of our debt investments as mezzanine loans. We anticipate that these mezzanine loans will be primarily junior secured or unsecured, subordinated loans that provide for relatively high fixed interest rates payable currently in cash that will provide us with significant interest income plus the additional opportunity for income and gains through PIK interest and equity warrants and other similar equity instruments issued in conjunction with these mezzanine loans. These loans typically will have interest-only payments in the early years, with amortization of principal deferred to the later years of the mezzanine loan term. Typically, our mezzanine loans will have maturities of three to five years. We will generally target fixed interest rates of 12% to 14%, payable currently in cash for our mezzanine loan investments with higher targeted total returns from equity warrants or PIK interest.

We also pursue debt investments in Middle Market companies. Our Middle Market portfolio investments primarily consist of direct investments or secondary purchases of interest-bearing debt securities in privately held companies based in the United States that are generally larger in size than the companies included in our LMM portfolio. Our Middle Market portfolio debt investments are generally secured by either a first or second priority lien on the assets of the portfolio company and typically have a term of between three and seven years from the original investment date. The debt investments in our Middle Market portfolio have rights and protections that are similar to those in our LMM debt investments, which may include affirmative and negative covenants, default penalties, lien protection, change of control provisions, guarantees and equity pledges. The Middle Market debt investments generally have floating interest rates at LIBOR plus a margin, and are typically subject to LIBOR floors. As of December 31, 2014, substantially all of our Middle Market portfolio investments were in the form of debt investments, with approximately 97% of these debt investments at cost secured by portfolio company assets and approximately 85% of such debt investments at cost secured by first priority liens.

Our Private Loan portfolio investments primarily consist of investments in interest-bearing debt securities in companies that are consistent with the size of companies in our LMM portfolio or our Middle Market portfolio, but are investments which have been originated through strategic relationships with other investment funds on a collaborative basis. Our Private Loan portfolio debt

Table of Contents

investments are generally secured by either a first or second priority lien and typically have a term of between three and seven years from the original investment date. As of December 31, 2014, approximately 96% of our Private Loan portfolio investments were in the form of debt investments and approximately 88% of such debt investments at cost were secured by first priority liens on portfolio company assets.

***Warrants***

In connection with a portion of our LMM debt investments, we have historically received equity warrants to establish or increase our equity interest in the LMM portfolio company. Warrants we receive in connection with a LMM debt investment typically require only a nominal cost to exercise, and thus, as a LMM portfolio company appreciates in value, we may achieve additional investment return from this equity interest. We typically structure the warrants to provide provisions protecting our rights as a minority-interest holder, as well as secured or unsecured put rights, or rights to sell such securities back to the LMM portfolio company, upon the occurrence of specified events. In certain cases, we also may obtain registration rights in connection with these equity interests, which may include demand and "piggyback" registration rights.

***Direct Equity Investments***

We also will seek to make direct equity investments in situations where it is appropriate to align our interests with key management and stockholders of our LMM portfolio companies, and to allow for participation in the appreciation in the equity values of our LMM portfolio companies. We usually make our direct equity investments in connection with debt investments. In addition, we may have both equity warrants and direct equity positions in some of our LMM portfolio companies. We seek to maintain fully diluted equity positions in our LMM portfolio companies of 5% to 50%, and may have controlling equity interests in some instances. We have a value orientation toward our direct equity investments and have traditionally been able to purchase our equity investments at reasonable valuations.

**Investment Process**

Our investment committee is responsible for all aspects of our LMM investment process. The current members of our investment committee are Vincent D. Foster, our Chairman, President and Chief Executive Officer, Dwayne L. Hyzak, our Chief Operating Officer and Senior Managing Director, Curtis L. Hartman, our Chief Credit Officer and Senior Managing Director, and David Magdol, our Chief Investment Officer and Senior Managing Director.

Our credit committee is responsible for all aspects of our Middle Market portfolio investment process. The current members of our credit committee are Messrs. Foster, Hartman and Rodger A. Stout, our Executive Vice President.

Investment process responsibility for each Private Loan portfolio investment is delegated to either the investment committee or the credit committee based upon the nature of the investment and the manner in which it was originated. Similarly, the investment processes for each Private Loan portfolio investment, from origination to close and to eventual exit, will follow the processes for our LMM portfolio investments or our Middle Market portfolio investments as outlined below, or a combination thereof.

Our investment strategy involves a "team" approach, whereby potential transactions are screened by several members of our investment team before being presented to the investment committee or the credit committee, as applicable. Our investment committee and credit committee each meet on an as needed basis depending on transaction volume. We generally categorize our investment process into seven distinct stages:

Table of Contents

***Deal Generation/Origination***

Deal generation and origination is maximized through long-standing and extensive relationships with industry contacts, brokers, commercial and investment bankers, entrepreneurs, service providers such as lawyers, financial advisors, accountants and current and former portfolio companies and investors. Our investment team has focused its deal generation and origination efforts on LMM and Middle Market companies, and we have developed a reputation as a knowledgeable, reliable and active source of capital and assistance in these markets.

***Screening***

During the screening process, if a transaction initially meets our investment criteria, we will perform preliminary due diligence, taking into consideration some or all of the following information:

a comprehensive financial model based on quantitative analysis of historical financial performance, projections and pro forma adjustments to determine the estimated internal rate of return;

a brief industry and market analysis;

direct industry expertise imported from other portfolio companies or investors;

preliminary qualitative analysis of the management team's competencies and backgrounds;

potential investment structures and pricing terms; and

regulatory compliance.

Upon successful screening of a proposed LMM transaction, the investment team makes a recommendation to our investment committee. If our investment committee concurs with moving forward on the proposed LMM transaction, we typically issue a non-binding term sheet to the company. For Middle Market portfolio investments, the initial term sheet is typically issued by the borrower, through the syndicating bank, and is screened by the investment team which makes a recommendation to our credit committee.

***Term Sheet***

For proposed LMM transactions, the non-binding term sheet will include the key economic terms based upon our analysis performed during the screening process as well as a proposed timeline and our qualitative expectation for the transaction. While the term sheet for LMM investments is non-binding, we typically receive an expense deposit in order to move the transaction to the due diligence phase. Upon execution of a term sheet, we begin our formal due diligence process.

For proposed Middle Market transactions, the initial term sheet will include key economic terms and other conditions proposed by the borrower and its representatives and the proposed timeline for the investment, which are reviewed by our investment team to determine if such terms and conditions are in agreement with our investment objectives.

***Due Diligence***

Due diligence on a proposed LMM investment is performed by a minimum of two of our investment professionals, whom we refer to collectively as the investment team, and certain external resources, who together conduct due diligence to understand the relationships among the prospective portfolio company's business plan, operations and financial performance. Our LMM due diligence review includes some or all of the following:

site visits with management and key personnel;





Table of Contents

detailed review of historical and projected financial statements;

operational reviews and analysis;

interviews with customers and suppliers;

detailed evaluation of company management, including background checks;

review of material contracts;

in-depth industry, market and strategy analysis;

regulatory compliance analysis; and

review by legal, environmental or other consultants, if applicable.

Due diligence on a proposed Middle Market investment is generally performed on materials and information obtained from certain external resources and assessed internally by a minimum of two of our investment professionals, who work to understand the relationships among the prospective portfolio company's business plan, operations and financial performance using the accumulated due diligence information. Our Middle Market due diligence review includes some or all of the following:

detailed review of historical and projected financial statements;

in-depth industry, market, operational and strategy analysis;

regulatory compliance analysis; and

detailed review of the company's management team and their capabilities.

During the due diligence process, significant attention is given to sensitivity analyses and how the company might be expected to perform given downside, base-case and upside scenarios. In certain cases, we may decide not to make an investment based on the results of the diligence process.

***Document and Close***

Upon completion of a satisfactory due diligence review of a proposed LMM portfolio investment, the investment team presents the findings and a recommendation to our investment committee. The presentation contains information which can include, but is not limited to, the following:

company history and overview;

## Edgar Filing: Main Street Capital CORP - Form 497

transaction overview, history and rationale, including an analysis of transaction strengths and risks;

analysis of key customers and suppliers and key contracts;

a working capital analysis;

an analysis of the company's business strategy;

a management and key equity investor background check and assessment;

third-party accounting, legal, environmental or other due diligence findings;

investment structure and expected returns;

anticipated sources of repayment and potential exit strategies;

pro forma capitalization and ownership;

an analysis of historical financial results and key financial ratios;

sensitivities to management's financial projections;

S-65

---

Table of Contents

regulatory compliance analysis findings; and

detailed reconciliations of historical to pro forma results.

Upon completion of a satisfactory due diligence review of a proposed Middle Market portfolio investment, the investment team presents the findings and a recommendation to our credit committee. The presentation contains information which can include, but is not limited to, the following:

company history and overview;

transaction overview, history and rationale, including an analysis of transaction strengths and risks;

analysis of key customers and suppliers;

an analysis of the company's business strategy;

investment structure and expected returns;

anticipated sources of repayment and potential exit strategies;

pro forma capitalization and ownership;

regulatory compliance analysis findings; and

an analysis of historical financial results and key financial ratios.

If any adjustments to the transaction terms or structures are proposed by the investment committee or credit committee, as applicable, such changes are made and applicable analyses are updated prior to approval of the transaction. Approval for the transaction must be made by the affirmative vote from a majority of the members of the investment committee or credit committee, as applicable, with the committee member managing the transaction, if any, abstaining from the vote. Upon receipt of transaction approval, we will re-confirm regulatory compliance, process and finalize all required legal documents, and fund the investment.

***Post-Investment***

We continuously monitor the status and progress of the portfolio companies. We generally offer managerial assistance to our portfolio companies, giving them access to our investment experience, direct industry expertise and contacts. The same investment team that was involved in the investment process will continue its involvement in the portfolio company post-investment. This provides for continuity of knowledge and allows the investment team to maintain a strong business relationship with key management of our portfolio companies for post-investment assistance and monitoring purposes. As part of the monitoring process of LMM portfolio investments, the investment team will analyze monthly and quarterly financial statements versus the previous periods and year, review financial projections, meet and discuss issues or opportunities with management, attend board meetings and review all compliance certificates and covenants. While we maintain limited involvement in the ordinary course operations of our LMM portfolio companies, we maintain a higher level of involvement in non-ordinary course financing or strategic activities and any non-performing scenarios. We also monitor the performance of our Middle Market portfolio investments; however, due to the larger size and higher sophistication level of these Middle Market companies in comparison to our LMM portfolio companies, it is not necessary or practical to have as much direct management interface.

## Edgar Filing: Main Street Capital CORP - Form 497

We utilize an internally developed investment rating system to rate the performance of each LMM portfolio company and to monitor our expected level of returns on each of our LMM investments in relation to our expectations for the portfolio company. The investment rating system takes into consideration various factors, including, but not limited to, each investment's expected level of returns

S-66

---

Table of Contents

and the collectability of our debt investments, comparisons to competitors and other industry participants and the portfolio company's future outlook.

*Investment Rating 1* represents a LMM portfolio company that is performing in a manner which significantly exceeds expectations;

*Investment Rating 2* represents a LMM portfolio company that, in general, is performing above expectations;

*Investment Rating 3* represents a LMM portfolio company that is generally performing in accordance with expectations;

*Investment Rating 4* represents a LMM portfolio company that is underperforming expectations. Investments with such a rating require increased monitoring and scrutiny by us; and

*Investment Rating 5* represents a LMM portfolio company that is significantly underperforming. Investments with such a rating require heightened levels of monitoring and scrutiny by us and involve the recognition of significant unrealized depreciation on such investment.

All new LMM portfolio investments receive an initial 3 rating.

The following table shows the distribution of our LMM portfolio investments on the 1 to 5 investment rating scale at fair value as of December 31, 2014 and 2013:

Investment Rating	As of December 31, 2014		As of December 31, 2013	
	Investments at Fair Value	Percentage of Total Portfolio	Investments at Fair Value	Percentage of Total Portfolio
	(in thousands, except percentages)			
1	\$ 287,693	39.2%	\$ 242,013	36.7%
2	133,266	18.2%	116,908	17.7%
3	239,100	32.6%	239,843	36.4%
4	61,475	8.4%	60,641	9.2%
5	11,657	1.6%		0.0%
Total	\$ 733,191	100.0%	\$ 659,405	100.0%

Based upon our investment rating system, the weighted average rating of our LMM portfolio as of December 31, 2014 and 2013 was approximately 2.2 and 2.2, respectively.

As of December 31, 2014, our total Investment Portfolio had five investments with positive fair value on non-accrual status, which comprised approximately 1.7% of its fair value and 4.7% of its cost, and no fully impaired investments. As of December 31, 2013, our total Investment Portfolio had two investments with positive fair value on non-accrual status, which comprised approximately 2.3% of its fair value and 4.7% of its cost, and no fully impaired investments.

***Exit Strategies/Refinancing***

While we generally exit most investments through the refinancing or repayment of our debt and redemption of our equity positions, we typically assist our LMM portfolio companies in developing and planning exit opportunities, including any sale or merger of our portfolio companies. We may also assist in the structure, timing, execution and transition of the exit strategy. The refinancing or repayment of Middle Market debt investments typically does not require our assistance due to the additional resources available to these larger, Middle Market companies.



Table of Contents

**Determination of Net Asset Value and Investment Portfolio Valuation Process**

We determine the net asset value per share of our common stock on a quarterly basis. The net asset value per share is equal to our total assets minus liabilities and any non-controlling interests outstanding divided by the total number of shares of common stock outstanding.

We are required to report our investments at fair value. As a result, the most significant determination inherent in the preparation of our consolidated financial statements is the valuation of our Investment Portfolio and the related amounts of unrealized appreciation and depreciation. As of December 31, 2014 and 2013, our Investment Portfolio valued at fair value represented approximately 92% and 95% of our total assets, respectively. We follow the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("Codification" or "ASC") 820, *Fair Value Measurements and Disclosures* ("ASC 820"). ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and enhances disclosure requirements for fair value measurements. ASC 820 requires us to assume that the portfolio investment is to be sold in the principal market to independent market participants, which may be a hypothetical market. Market participants are defined as buyers and sellers in the principal market that are independent, knowledgeable and willing and able to transact.

Our portfolio strategy calls for us to invest primarily in illiquid debt and equity securities issued by private, LMM companies and debt securities issued by Middle Market companies that are generally larger in size than the LMM companies. We categorize some of our investments in LMM companies and Middle Market companies as Private Loan portfolio investments, which are primarily debt securities issued by companies that are consistent in size with either the LMM companies or Middle Market companies, but are investments which have been originated through strategic relationships with other investment funds on a collaborative basis. The structure, terms and conditions for these Private Loan investments are typically consistent with the structure, terms and conditions for the investments made in our LMM portfolio or Middle Market portfolio. Our portfolio also includes Other Portfolio investments which primarily consist of investments that are not consistent with the typical profiles for our LMM portfolio investments, Middle Market portfolio investments or Private Loan portfolio investments, including investments which may be managed by third parties. Our portfolio investments may be subject to restrictions on resale.

LMM investments and Other Portfolio investments generally have no established trading market while Middle Market securities generally have established markets that are not active. Private Loan investments may include investments which have no established trading market or have established markets that are not active. We determine in good faith the fair value of our Investment Portfolio pursuant to a valuation policy in accordance with ASC 820 and a valuation process approved by our Board of Directors and in accordance with the 1940 Act. Our valuation policies and processes are intended to provide a consistent basis for determining the fair value of our Investment Portfolio.

For LMM portfolio investments, we generally review external events, including private mergers, sales and acquisitions involving comparable companies, and include these events in the valuation process by using an enterprise value waterfall methodology ("Waterfall") for our LMM equity investments and an income approach using a yield-to-maturity model ("Yield-to-Maturity") for our LMM debt investments. For Middle Market portfolio investments, we primarily use quoted prices in the valuation process. We determine the appropriateness of the use of third-party broker quotes, if any, in determining fair value based on our understanding of the level of actual transactions used by the broker to develop the quote and whether the quote was an indicative price or binding offer, the depth and consistency of broker quotes and the correlation of changes in broker quotes with underlying performance of the portfolio company and other market indices. For Middle Market and Private Loan portfolio investments in debt securities for which we have determined that third-party quotes or other independent pricing are not available or appropriate, we generally estimate the fair value based on the



Table of Contents

assumptions that we believe hypothetical market participants would use to value the investment in a current hypothetical sale using the Yield-to-Maturity valuation method. For our Other Portfolio equity investments, we generally calculate the fair value of the investment primarily based on the net asset value ("NAV") of the fund. All of the valuation approaches for our portfolio investments estimate the value of the investment as if we were to sell, or exit, the investment as of the measurement date.

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, "control" portfolio investments are composed of debt and equity securities in companies for which we have a controlling interest in the equity ownership of the portfolio company or the ability to nominate a majority of the portfolio company's board of directors. For valuation purposes, "non-control" portfolio investments are generally composed of debt and equity securities in companies for which we do not have a controlling interest in the equity ownership of the portfolio company or the ability to nominate a majority of the portfolio company's board of directors.

Under the Waterfall valuation method, we estimate the enterprise value of a portfolio company using a combination of market and income approaches or other appropriate valuation methods, such as considering recent transactions in the equity securities of the portfolio company or third-party valuations of the portfolio company, and then perform a waterfall calculation by using the enterprise value over the portfolio company's securities in order of their preference relative to one another. The enterprise value is the fair value at which an enterprise could be sold in a transaction between two willing parties, other than through a forced or liquidation sale. Typically, private companies are bought and sold based on multiples of 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. The operating results of a portfolio company may include unaudited, projected, budgeted or pro forma financial information and may require adjustments for non-recurring items or to normalize the operating results that may require significant judgment in our determination. In addition, projecting future financial results requires significant judgment regarding future growth assumptions. In evaluating the operating results, we also analyze the impact of exposure to litigation, loss of customers or other contingencies. After determining the appropriate enterprise value, we allocate the enterprise value to investments in order of the legal priority of the various components of the portfolio company's capital structure. In applying the Waterfall valuation method, we assume the loans are paid off at the principal amount in a change in control transaction and are not assumed by the buyer, which we believe is consistent with our past transaction history and standard industry practices.

Under the Yield-to-Maturity valuation method, we use the income approach to determine the fair value of debt securities, based on projections of the discounted future free cash flows that the debt security will likely generate, including analyzing the discounted cash flows of interest and principal amounts for the debt security, as set forth in the associated loan agreements, as well as the financial position and credit risk of each of these portfolio investments. Our estimate of the expected repayment date of our debt securities is generally the legal maturity date of the instrument, as we generally intend to hold our loans and debt securities to maturity. The Yield-to-Maturity analysis considers changes in leverage levels, credit quality, portfolio company performance and other factors. We will use the value determined by the Yield-to-Maturity 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 principal amount of the debt security valued using the Yield-to-Maturity valuation method. A change in the assumptions that we use to estimate the fair value of our debt securities using the Yield-to-Maturity valuation method could have a material impact on the determination of fair value. If there is deterioration in credit quality or if a debt security is in workout status, we may consider other factors in determining the fair

Table of Contents

value of the debt security, including the value attributable to the debt security from the enterprise value of the portfolio company or the proceeds that would most likely be received in a liquidation analysis.

Under the NAV valuation method, for an investment in an investment fund that does not have a readily determinable fair value, we measure the fair value of the investment predominately based on the NAV of the investment fund as of the measurement date. However, in determining the fair value of the investment, we may consider whether adjustments to the NAV are necessary in certain circumstances, based on the analysis of any restrictions on redemption of our investment as of the measurement date, recent actual sales or redemptions of interests in the investment fund, and expected future cash flows available to equity holders, including the rate of return on those cash flows compared to an implied market return on equity required by market participants, or other uncertainties surrounding our ability to realize the full NAV of our interests in the investment fund.

Pursuant to our internal valuation process and the requirements under the 1940 Act, we perform valuation procedures on our investments in each LMM portfolio company quarterly. In addition to our internal valuation process, in determining the estimates of fair value for our investments in LMM portfolio companies, we, among other things, consult with a nationally recognized independent financial advisory services firm. The nationally recognized independent financial advisory services firm is generally consulted relative to our investments in each LMM portfolio company at least once in every calendar year, and for our investments in new LMM portfolio companies, at least once in the twelve month period subsequent to the initial investment. In certain instances, we may determine that it is not cost effective, and as a result is not in our stockholders' best interest, to consult with the nationally recognized independent financial advisory services firm on our investments in one or more LMM portfolio companies. Such instances include, but are not limited to, situations where the fair value of our investment in a LMM portfolio company is determined to be insignificant relative to the total Investment Portfolio. We consulted with our independent financial advisory services firm in arriving at our determination of fair value on our investments in a total of 52 LMM portfolio companies for the year ended December 31, 2014, representing approximately 83% of the total LMM portfolio at fair value as of December 31, 2014, and on a total of 50 LMM portfolio companies for the year ended December 31, 2013, representing approximately 76% of the total LMM portfolio at fair value as of December 31, 2013. Excluding our investments in new LMM portfolio companies which have not been in the Investment Portfolio for at least twelve months subsequent to the initial investment as of December 31, 2014 and 2013, as applicable, and our investments in the LMM portfolio companies that were not reviewed because their equity is publicly traded, the percentage of the LMM portfolio reviewed by our independent financial advisory services firm for the year ended December 31, 2014 and 2013 was 99% and 100% of the total LMM portfolio at fair value as of December 31, 2014 and 2013, respectively.

For valuation purposes, all of our Middle Market portfolio investments are non-control investments. To the extent sufficient observable inputs are available to determine fair value, we use observable inputs to determine the fair value of these investments through obtaining third party quotes or other independent pricing. For Middle Market portfolio investments for which we have determined that third party quotes or other independent pricing are not available or appropriate, we generally estimate the fair value based on the assumptions that we believe hypothetical market participants would use to value such Middle Market debt investments in a current hypothetical sale using the Yield-to-Maturity valuation method and such Middle Market equity investments in a current hypothetical sale using the Waterfall valuation method.

For valuation purposes, all of our Private Loan portfolio investments are non-control investments. For Private Loan portfolio investments for which we have determined that third party quotes or other independent pricing are not available or appropriate, we generally estimate the fair value based on the assumptions that we believe hypothetical market participants would use to value such Private Loan debt investments in a current hypothetical sale using the Yield-to-Maturity valuation method and such Private Loan equity investments in a current hypothetical sale using the Waterfall valuation method.

Table of Contents

For valuation purposes, all of our Other Portfolio investments are non-control investments. Our Other Portfolio investments comprised approximately 3.8% and 3.3%, respectively, of our Investment Portfolio at fair value as of December 31, 2014 and 2013. Similar to the LMM investment portfolio, market quotations for Other Portfolio equity investments are generally not readily available. For our Other Portfolio equity investments, we generally determine the fair value of our investments using the NAV valuation method. For Other Portfolio debt investments, we generally determine the fair value of these investments through obtaining third party quotes or other independent pricing to the extent that these inputs are available and appropriate to determine fair value. For Other Portfolio debt investments for which we have determined that third party quotes or other independent pricing are not available or appropriate, we generally estimate the fair value based on the assumptions that we believe hypothetical market participants would use to value such Other Portfolio debt investments in a current hypothetical sale using the Yield-to-Maturity valuation method.

For valuation purposes, our investment in the External Investment Manager is a control investment. Market quotations are not readily available for this investment, and as a result, we determine the fair value of the External Investment Manager using the Waterfall valuation method under the market approach. In estimating the enterprise value, we analyze various factors, including the entity's historical and projected financial results, as well as its size, marketability and performance relative to the population of market multiples. This valuation approach estimates the value of the investment as if we were to sell, or exit, the investment. In addition, we consider the value associated with our ability to control the capital structure of the company, as well as the timing of a potential exit.

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

As described below, we undertake a multi-step valuation process each quarter in connection with determining the fair value of our investments, with our Board of Directors having final responsibility for overseeing, reviewing and approving, in good faith, our determination of the fair value for our Investment Portfolio and our valuation procedures, consistent with 1940 Act requirements.

Our quarterly valuation process begins with each LMM and Private Loan portfolio company investment being initially valued by the investment team responsible for monitoring the portfolio investment;

The fair value determination for our Middle Market and Other Portfolio debt and equity investments and our investment in the External Investment Manager consists of unobservable and observable inputs which are initially reviewed by the investment professionals responsible for monitoring the portfolio investment;

Preliminary valuation conclusions are then reviewed by and discussed with senior management, and the investment team considers and assesses, as appropriate, any changes that may be required to the preliminary valuations to address any comments provided by senior management;

As described above, a nationally recognized independent financial advisory services firm performs certain mutually agreed upon limited procedures on a selection of management's LMM portfolio company valuation conclusions;

The Audit Committee of our Board of Directors reviews management's valuations, and the investment team and senior management consider and assess, as appropriate, any changes that

Table of Contents

may be required to management's valuations to address any comments provided by the Audit Committee; and

The Board of Directors assesses the valuations and ultimately approves the fair value of each investment in our portfolio in good faith.

Determination of fair value involves subjective judgments and estimates. The notes to our financial statements refer to the uncertainty with respect to the possible effect of such valuations, and any change in such valuations, on our financial results and financial condition.

**Competition**

We compete for investments with a number of investment funds (including private equity funds, mezzanine funds, BDCs, and SBICs), as well as traditional financial services companies such as commercial banks and other sources of financing. Many of the entities that compete with us are larger and have more resources available to them. We believe we are able to be competitive with these entities primarily on the basis of our focus toward the underserved LMM, the experience and contacts of our management team, our responsive and efficient investment analysis and decision-making processes, our comprehensive suite of customized financing solutions and the investment terms we offer.

We believe that some of our competitors make senior secured loans, junior secured loans and subordinated debt investments with interest rates and returns that are comparable to or lower than the rates and returns that we target. Therefore, we do not seek to compete primarily on the interest rates and returns that we offer to potential portfolio companies. For additional information concerning the competitive risks we face, see "Risk Factors Risks Related to Our Business and Structure We may face increasing competition for investment opportunities" in the accompanying prospectus.

**Employees**

As of December 31, 2014, we had 38 employees. These employees include investment and portfolio management professionals, operations professionals and administrative staff. As necessary, we will hire additional investment professionals and administrative personnel. All of our employees are located in our Houston, Texas office.

**Properties**

We do not own any real estate or other physical properties materially important to our operations. Currently, we lease office space in Houston, Texas for our corporate headquarters.

**Legal Proceedings**

We may, from time to time, be involved in litigation arising out of our operations in the normal course of business or otherwise. Furthermore, third parties may seek to impose liability on us in connection with the activities of our portfolio companies. While the outcome of any current legal proceedings cannot at this time be predicted with certainty, we do not expect any current matters will materially affect our financial condition or results of operations; however, there can be no assurance whether any pending legal proceedings will have a material adverse effect on our financial condition or results of operations in any future reporting period.

Table of Contents

**DIVIDEND REINVESTMENT PLAN**

We have adopted a dividend reinvestment plan that provides for the reinvestment of dividends on behalf of our registered stockholders who hold their shares with American Stock Transfer and Trust Company, the plan administrator and our transfer agent and registrar, or certain brokerage firms that have elected to participate in our dividend reinvestment plan, unless a stockholder has elected to receive dividends in cash. As a result, if we declare a cash dividend, our registered stockholders (or stockholders holding shares through participating brokerage firms) who have not "opted out" of our dividend reinvestment plan by the dividend record date will have their cash dividend automatically reinvested into additional shares of our common stock.

No action will be required on the part of a registered stockholder to have their cash dividends reinvested in shares of our common stock. A registered stockholder may elect to receive an entire dividend in cash by notifying American Stock Transfer & Trust Company in writing so that such notice is received by the plan administrator no later than the record date for dividends to stockholders. The plan administrator will set up an account for shares acquired through the plan for each registered stockholder who has not elected to receive dividends in cash and hold such shares in non-certificated form. Upon request by a stockholder participating in the plan, received in writing not less than 10 days prior to the record date, the plan administrator will, instead of crediting shares to the participant's account, issue a certificate registered in the participant's name for the number of whole shares of our common stock and a check for any fractional share. Those stockholders whose shares are held by a broker or other financial intermediary may receive dividends in cash by notifying their broker or other financial intermediary of their election.

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

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

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

Participants may terminate their accounts under the plan by notifying the plan administrator via its website at [www.amstock.com](http://www.amstock.com), by filling out the transaction request form located at the bottom of their statement and sending it to the plan administrator at 59 Maiden Lane New York, New York 10038 or by calling the plan administrators at (212) 936-5100.

We may terminate the plan upon notice in writing mailed to each participant at least 30 days prior to any record date for the payment of any dividend by us. All correspondence concerning the plan should be directed to the plan administrator by mail at 59 Maiden Lane New York, New York 10038 or by telephone at (212) 936-5100.

Table of Contents

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

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

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

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

A citizen or individual resident of the United States;

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

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

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

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

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

Tax matters are very complicated and the tax consequences to an investor of an investment in our shares will depend on the facts of his, her or its particular situation. We encourage investors to consult their own tax advisers regarding the specific consequences of such an investment, including tax

Table of Contents

reporting requirements, the applicability of federal, state, local and foreign tax laws, eligibility for the benefits of any applicable tax treaty and the effect of any possible changes in the tax laws.

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

**Election to be Taxed as a Regulated Investment Company**

MSCC has elected to be treated for U.S. federal income tax purposes as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code (the "Code"). MSCC's taxable income includes the taxable income generated by MSCC and certain of its subsidiaries, including the Funds, which are treated as disregarded entities for tax purposes. As a RIC, MSCC generally will not pay corporate-level U.S. federal income taxes on any income that we distribute to our stockholders as dividends. To qualify as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements (as described below). In addition, in order to obtain RIC tax treatment, we must distribute to our stockholders, for each taxable year, at least 90% of our "investment company taxable income," which is generally our net ordinary income plus the excess of realized net short-term capital gains over realized net long-term capital losses, and 90% of our tax exempt income (the "Annual Distribution Requirement").

**Taxation as a Regulated Investment Company**

We will be subject to a 4% nondeductible U.S. federal excise tax on certain undistributed income unless we distribute in a timely manner an amount at least equal to the sum of (1) 98% of our net ordinary income for each calendar year, (2) 98.2% of our capital gain net income for the one-year period ending December 31 in that calendar year and (3) any income recognized, but not distributed, in preceding years (the "Excise Tax Avoidance Requirement"). Dividends declared and paid by us in a year will generally differ from taxable income for that year as such dividends may include the distribution of current year taxable income, exclude amounts carried over into the following year, and include the distribution of prior year taxable income carried over into and distributed in the current year. For amounts we carry over into the following year, we will be required to pay the 4% U.S. federal excise tax based on 98% of our annual taxable income and 98.2% of our capital gain net income in excess of distributions for the year.

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

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

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

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

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

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

Table of Contents

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

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

In order to comply with the 90% Income Test, we also elected that each of the Investment Managers is a taxable entity. Absent the taxable status of the Investment Managers, the gross income from the Investment Managers would flow directly to us for purposes of the 90% Income Test. Since such income would likely not consist of income derived from securities, such as dividends and interest, it could jeopardize our ability to qualify as a RIC and, therefore, cause us to incur significant U.S. federal income taxes. Beginning April 1, 2013, the Internal Investment Manager is consolidated with Main Street for U.S. GAAP purposes and included in our Consolidated Financial Statements and any income tax expense, or benefit, and any related tax assets and liabilities of the Internal Investment Manager are reflected in our consolidated financial statements, while the External Investment Manager is accounted for as a portfolio investment for U.S. GAAP purposes. The Investment Managers are not consolidated with MSCC for income tax purposes and may generate income tax expense, or benefit, as a result of their operating activities.

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

Although we do not presently expect to do so, we are authorized to borrow funds and to sell assets in order to satisfy distribution requirements. However, under the 1940 Act, we are not permitted to make distributions to our stockholders in certain circumstances while our debt obligations and other senior securities are outstanding unless certain "asset coverage" tests are met. See "Regulation as a Business Development Company Senior Securities." Moreover, our ability to dispose of assets to meet our distribution requirements may be limited by (1) the illiquid nature of our portfolio and/or (2) other requirements relating to our status as a RIC, including the Diversification Tests. If we dispose of assets in order to meet the Annual Distribution Requirement or the Excise Tax



Table of Contents

Avoidance Requirement, we may make such dispositions at times that, from an investment standpoint, are not advantageous.

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

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

**Taxation of U.S. Stockholders**

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

Table of Contents

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

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

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

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

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

In general, individual U.S. stockholders currently are subject to a maximum U.S. federal income tax rate of 20.0% on their net capital gain (i.e., the excess of realized net long-term capital gains over realized net short-term capital losses), including any long-term capital gain derived from an investment in our shares. Such rate is lower than the maximum rate on ordinary income currently payable by individuals. In addition, individuals with income in excess of \$200,000 (\$250,000 in the case of married

Table of Contents

individuals filing jointly) and certain estates and trusts are subject to an additional 3.8% Medicare surtax on their "net investment income," which generally includes net income from interest, dividends, annuities, royalties, and rents, and net capital gains (other than certain amounts earned from trades or businesses). Corporate U.S. stockholders currently are subject to U.S. federal income tax on net capital gain at the maximum 35.0% rate also applied to ordinary income. Non-corporate stockholders with net capital losses for a year (i.e., capital losses in excess of capital gains) generally may deduct up to \$3,000 of such losses against their ordinary income each year; any net capital losses of a non-corporate stockholder in excess of \$3,000 generally may be carried forward and used in subsequent years as provided in the Code. Corporate stockholders generally may not deduct any net capital losses for a year, but may carryback such losses for three years or carry forward such losses for five years.

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

As a RIC, we will be subject to the alternative minimum tax ("AMT"), but any items that are treated differently for AMT purposes must be apportioned between us and our stockholders and this may affect the stockholders' AMT liabilities. Although regulations explaining the precise method of apportionment have not yet been issued by the Internal Revenue Service, we intend in general to apportion these items in the same proportion that dividends paid to each stockholder bear to our taxable income (determined without regard to the dividends paid deduction), unless we determine that a different method for a particular item is warranted under the circumstances.

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

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

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

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

Table of Contents

certification and disclosure requirements, although the distributions will be subject to U.S. federal income tax at the rates applicable to U.S. persons. (Special certification requirements apply to a Non-U.S. stockholder that is a foreign partnership or a foreign trust, and such entities are urged to consult their own tax advisers.)

For taxable years prior to January 1, 2015, except as provided below, we generally were not required to withhold any amounts with respect to certain distributions of (i) U.S.-source interest income, and (ii) net short-term capital gains in excess of net long-term capital losses, in each case to the extent we properly reported such distributions and certain other requirements were satisfied. This special exemption from withholding tax on certain distributions expired on January 1, 2015. No assurance can be given as to whether this exemption will be extended for taxable years beginning on or after January 1, 2015, or whether any of our distributions would be reported as eligible for this special exemption from withholding tax even if extended. Currently, we do not anticipate that any significant amount of our distributions would be reported as eligible for this exemption from withholding.

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

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

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

The Foreign Account Tax Compliance Act generally imposes a 30% withholding tax on payments of certain types of income to foreign financial institutions that fail to enter into an agreement with the United States Treasury to report certain required information with respect to accounts held by U.S. persons (or held by foreign entities that have U.S. persons as substantial owners). The types of income subject to the tax include U.S. source interest and dividends and the gross proceeds from the sale of any property that could produce U.S.-source interest or dividends paid after December 31, 2016. The information required to be reported includes the identity and taxpayer identification number of each account holder that is a U.S. person and transaction activity within the holder's account. In addition, subject to certain exceptions, this legislation also imposes a 30% withholding on payments to foreign entities that are not financial institutions unless the foreign entity certifies that it does not have a greater than 10% U.S. owner or provides the withholding agent with identifying information on each greater than 10% U.S. owner. Depending on the status of a Non-U.S. stockholder and the status of the

Table of Contents

intermediaries through which they hold their units, Non-U.S. stockholders could be subject to this 30% withholding tax with respect to distributions on their units and proceeds from the sale of their units. Under certain circumstances, a Non-U.S. stockholder might be eligible for refunds or credits of such taxes.

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

**Failure to Qualify as a RIC**

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

If we were unable to qualify for treatment as a RIC and the foregoing relief provisions are not applicable, we would be subject to tax on all of our taxable income at regular corporate rates. We would not be able to deduct distributions to stockholders, nor would they be required to be made. If we were subject to tax on all of our taxable income at regular corporate rates, then distributions we make after being subject to such tax would be taxable to our stockholders and, provided certain holding period and other requirements were met, could qualify for treatment as "qualified dividend income" eligible for the maximum 20% rate (plus a 3.8% Medicare surtax, if applicable) applicable to qualified dividends to the extent of our current and accumulated earnings and profits. Subject to certain limitations under the Code, corporate distributions would be eligible for the dividends-received deduction. Distributions in excess of our current and accumulated earnings and profits would be treated first as a return of capital to the extent of the stockholder's tax basis, and any remaining distributions would be treated as a capital gain. To requalify as a RIC in a subsequent taxable year, we would be required to satisfy the RIC qualification requirements for that year and dispose of any earnings and profits from any year in which we failed to qualify as a RIC. Subject to a limited exception applicable to RICs that qualified as such under Subchapter M of the Code for at least one year prior to disqualification and that requalify as a RIC no later than the second year following the nonqualifying year, we could be subject to tax on any unrealized net built-in gains in the assets held by us during the period in which we failed to qualify as a RIC that are recognized within the subsequent 10 years, unless we made a special election to pay corporate-level tax on such built-in gain at the time of our requalification as a RIC.

Table of Contents**UNDERWRITING**

Under the terms and subject to the conditions contained in a purchase agreement dated March 9, 2015, the underwriters named below, for whom Raymond James & Associates, Inc. is acting as representative, have severally agreed to purchase, and we have agreed to sell to them, the number of shares of common stock indicated below:

<b>Underwriter</b>	<b>Number of Shares</b>
Raymond James & Associates, Inc.	1,910,000
Robert W. Baird & Co. Incorporated	787,500
RBC Capital Markets, LLC	787,500
Sanders Morris Harris Inc.	315,000
<b>Total</b>	<b>3,800,000</b>

The purchase 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' option to purchase additional shares described below) if any such shares are taken. The offering of the common stock by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part. We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act.

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

The underwriters are purchasing the shares of common stock from us at \$29.32 per share (representing \$111,416,000 aggregate proceeds to us, before we deduct our aggregate out-of-pocket expenses of approximately \$200,000, or \$128,128,400 if the underwriters' option to purchase additional shares described below is exercised in full). The underwriters may offer the shares of common stock from time to time for sale in one or more transactions on the New York Stock Exchange, in the over-the-counter market, through negotiated transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices. In connection with the sale of the shares of common stock offered hereby, the underwriters may be deemed to have received compensation in the form of underwriting discounts. The underwriters may effect such transactions by selling shares of common stock to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or purchasers of shares of common stock for whom they may act as agents or to whom they may sell as principal.

**Option to Purchase Additional Shares**

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 570,000 additional shares of common stock at the price set forth on the cover page of this prospectus supplement. 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

Table of Contents

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 30 days from the date of this prospectus supplement, subject to extension upon material announcements or earnings releases. The representative, at any time and without notice, may release all or any portion of the common stock subject to the foregoing lock-up agreements.

**Price Stabilization, Short Positions and Penalty Bids**

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

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

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

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

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.

**Selling Restrictions**

*European Economic Area*

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") an offer of shares may not be made to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representative of the several underwriters; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

Table of Contents

provided that no such offer of shares of our common stock shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of shares to the public" in relation to any shares of our common stock in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares of our common stock to be offered so as to enable an investor to decide to purchase or subscribe for any shares of our common stock, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. The expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

The sellers of shares of our common stock have not authorized and do not authorize the making of any offer of shares of our common stock through any financial intermediary, other than offers made by the underwriters with a view to underwriting the shares of our common stock as contemplated in this prospectus supplement and the accompanying prospectus. Accordingly, no purchaser of shares of our common stock, other than the underwriters, is authorized to make any further offer of shares of our common stock on behalf of the sellers or the underwriters.

***United Kingdom***

Each underwriter has represented and agreed that:

- (a) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 ("FSMA") with respect to anything done by it in relation to the shares of common stock in, from or otherwise involving the United Kingdom; and
- (b) it will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue and sale of such shares of common stock in circumstances in which Section 21(1) of the FSMA does not apply to us.

***Japan***

The securities have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

***Hong Kong***

The shares may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document



Table of Contents

relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

*Singapore*

This prospectus supplement and the accompanying prospectus have not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust will not be transferable for six months after that corporation or that trust has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A) of the SFA and in accordance with the conditions specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

**Conflicts of Interest**

Affiliates of Raymond James & Associates, Inc. and RBC Capital Markets, LLC, underwriters in this offering, act as lenders and/or agents under our Credit Facility. Certain of the net proceeds from the sale of our common stock, not including underwriting compensation, may be paid to such affiliates of Raymond James & Associates, Inc. and RBC Capital Markets, LLC in connection with the repayment of debt owed under our Credit Facility. As a result, Raymond James & Associates, Inc. and RBC Capital Markets, LLC and/or their affiliates may receive more than 5% of the net proceeds of this offering, not including underwriting compensation.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The underwriters and/or their affiliates from time to time provide and may in the future provide investment banking, commercial banking and financial advisory services to us, for which they have received and may receive customary compensation.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to our assets, securities and/or instruments (directly, as collateral securing other obligations or otherwise) and/or persons and entities with

Table of Contents

relationships with us. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments. 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: Raymond James & Associates, Inc., 880 Carillon Parkway, St. Petersburg, Florida 33716; Robert W. Baird & Co. Incorporated, 777 East Wisconsin Avenue, Milwaukee, Wisconsin 53202; RBC Capital Markets, LLC, 3 World Financial Center, 200 Vesey Street, 8th Floor, New York, New York 10281; and Sanders Morris Harris Inc., 600 Travis, Suite 5800, Houston, Texas 77002.

**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 Morrison & Foerster LLP, Washington D.C.

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The consolidated financial statements, financial highlights, Schedule 12-14 and the schedule of Senior Securities of Main Street Capital Corporation, included in this prospectus supplement and the accompanying prospectus have been so included in reliance upon the reports of Grant Thornton LLP, independent registered public accountants, upon the authority of said firm as experts in giving said reports. Grant Thornton LLP's principal business address is 175 W. Jackson Blvd., 20th Floor, Chicago, Illinois 60604.

**AVAILABLE INFORMATION**

We have filed with the SEC a universal shelf registration statement on Form N-2, together with all amendments and related exhibits, under the Securities Act, with respect to 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](http://www.sec.gov). Copies of these reports, proxy and information statements and other information may be obtained, after paying a duplicating fee, by electronic request at the following e-mail address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov), or by writing the SEC's Public Reference Section, 100 F Street, N.E., Washington, D.C. 20549.

Table of Contents

**AUDITED FINANCIAL STATEMENTS**  
**Index to Financial Statements**

<u>Report of Independent Registered Public Accounting Firm</u>	<u>S-88</u>
<u>Consolidated Balance Sheets as of December 31, 2014 and 2013</u>	<u>S-89</u>
<u>Consolidated Statements of Operations for the Years Ended December 31, 2014, 2013, and 2012</u>	<u>S-90</u>
<u>Consolidated Statements of Changes in Net Assets for the Years Ended December 31, 2014, 2013, and 2012</u>	<u>S-91</u>
<u>Consolidated Statements of Cash Flows for the Years Ended December 31, 2014, 2013, and 2012</u>	<u>S-92</u>
<u>Consolidated Schedules of Investments as of December 31, 2014 and 2013</u>	<u>S-93</u>
<u>Notes to Consolidated Financial Statements</u>	<u>S-141</u>

S-87

---

Table of Contents

**Report of Independent Registered Public Accounting Firm**

Board of Directors and Stockholders' of  
Main Street Capital Corporation

We have audited the accompanying consolidated balance sheets of Main Street Capital Corporation (a Maryland corporation) and subsidiaries ("the Company"), including the consolidated schedule of investments, as of December 31, 2014 and 2013 and the related consolidated statements of operations, changes in net assets and cash flows for each of three years in the period ended December 31, 2014 and the financial highlights (see Note I) for each of the five years in the period ended December 31, 2014. These financial statements and financial highlights are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included verification by confirmation of securities as of December 31, 2014 and 2013, by correspondence with the portfolio companies and custodians, or by other appropriate auditing procedures where replies were not received. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Main Street Capital Corporation and subsidiaries as of December 31, 2014 and 2013 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014, and the financial highlights for each of the five years in the period ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2014, based on criteria established in the 2013 Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 27, 2015 (not separately included herein), expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ GRANT THORNTON LLP

Dallas, Texas  
February 27, 2015

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

	December 31, 2014	December 31, 2013
<b>ASSETS</b>		
Portfolio investments at fair value:		
Control investments (cost: \$342,847 and \$277,411 as of December 31, 2014 and December 31, 2013, respectively)	\$ 469,846	\$ 356,973
Affiliate investments (cost: \$266,243 and \$242,592 as of December 31, 2014 and December 31, 2013, respectively)	278,675	268,113
Non-Control/Non-Affiliate investments (cost: \$832,312 and \$643,068 as of December 31, 2014 and December 31, 2013, respectively)	814,809	661,102
Total portfolio investments (cost: \$1,441,402 and \$1,163,071 as of December 31, 2014 and December 31, 2013, respectively)	1,563,330	1,286,188
Marketable securities and idle funds investments (cost: \$10,604 and \$14,885 as of December 31, 2014 and December 31, 2013, respectively)	9,067	13,301
Total investments (cost: \$1,452,006 and \$1,177,956 as of December 31, 2014 and December 31, 2013, respectively)	1,572,397	1,299,489
Cash and cash equivalents	60,432	34,701
Interest receivable and other assets	23,273	16,054
Receivable for securities sold	23,133	
Deferred financing costs (net of accumulated amortization of \$6,462 and \$4,722 as of December 31, 2014 and December 31, 2013, respectively)	14,550	9,931
Total assets	\$ 1,693,785	\$ 1,360,175

**LIABILITIES**

Credit facility	\$ 218,000	\$ 237,000
	222,781	187,050

Edgar Filing: Main Street Capital CORP - Form 497

SBIC debentures (par: \$225,000 as of December 31, 2014 and \$200,200 as of December 31, 2013, par of \$75,200 is recorded at a fair value of \$72,981 and \$62,050 as of December 31, 2014 and December 31, 2013, respectively)

4.50% Notes	175,000	
6.125% Notes	90,823	90,882
Payable for securities purchased	14,773	27,088
Deferred tax liability, net	9,214	5,940
Dividend payable	7,663	6,577
Accounts payable and other liabilities	10,701	10,549
Interest payable	4,848	2,556
Total liabilities	753,803	567,642
Commitments and contingencies (Note N)		

**NET ASSETS**

Common stock, \$0.01 par value per share (150,000,000 shares authorized; 45,079,150 and 39,852,604 shares issued and outstanding as of December 31, 2014 and December 31, 2013, respectively)	451	398
Additional paid-in capital	853,606	694,981
Accumulated net investment income, net of cumulative dividends of \$293,789 and \$199,140 as of December 31, 2014 and December 31, 2013, respectively	23,665	22,778
Accumulated net realized gain from investments (accumulated net realized gain from investments of \$40,321 before cumulative dividends of \$60,777 as of December 31, 2014 and accumulated net realized gain from investments of \$17,115 before cumulative dividends of \$43,449 as of December 31, 2013)	(20,456)	(26,334)
Net unrealized appreciation, net of income taxes	82,716	100,710
Total net assets	939,982	792,533
Total liabilities and net assets	\$ 1,693,785	\$ 1,360,175

**NET ASSET VALUE PER SHARE**

\$ 20.85 \$ 19.89

Edgar Filing: Main Street Capital CORP - Form 497

The accompanying notes are an integral part of these financial statements

S-89

---

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

	<b>Twelve Months Ended December 31,</b>		
	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>INVESTMENT INCOME:</b>			
Interest, fee and dividend income:			
Control investments	\$ 40,122	\$ 34,502	\$ 24,752
Affiliate investments	26,151	23,573	20,340
Non-Control/Non-Affiliate investments	73,666	57,083	43,766
Interest, fee and dividend income	139,939	115,158	88,858
Interest, fee and dividend income from marketable securities and idle funds	824	1,339	1,662
Total investment income	140,763	116,497	90,520
<b>EXPENSES:</b>			
Interest	(23,589)	(20,238)	(15,631)
Compensation	(12,337)	(8,560)	
General and administrative	(7,134)	(4,877)	(2,330)
Share-based compensation	(4,215)	(4,210)	(2,565)
Expenses charged to the External Investment Manager	2,048		
Expenses reimbursed to Internal Investment Manager		(3,189)	(10,669)
Total expenses	(45,227)	(41,074)	(31,195)
<b>NET INVESTMENT INCOME</b>	<b>95,536</b>	<b>75,423</b>	<b>59,325</b>
<b>NET REALIZED GAIN (LOSS):</b>			
Control investments	(10)	8,669	(1,940)
Affiliate investments	12,019	981	16,215
Non-Control/Non-Affiliate investments	11,257	(2,705)	865
Marketable securities and idle funds investments	(60)	332	1,339
SBIC debentures		(4,775)	
Total net realized gain (loss)	23,206	2,502	16,479
<b>NET REALIZED INCOME</b>	<b>118,742</b>	<b>77,925</b>	<b>75,804</b>
<b>NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION):</b>			
Portfolio investments	(824)	16,155	44,704
Marketable securities and idle funds investments	48	(1,652)	(240)
SBIC debentures	(10,931)	4,392	(4,751)
Investment in affiliated Investment Manager			(253)
Total net change in unrealized appreciation (depreciation)	(11,707)	18,895	39,460
<b>INCOME TAXES:</b>			
Federal and state income, excise and other taxes	(3,013)	(3,556)	(2,818)
Deferred taxes	(3,274)	3,591	(8,002)
Income tax benefit (provision)	(6,287)	35	(10,820)
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<b>100,748</b>	<b>96,855</b>	<b>104,444</b>
Noncontrolling interest			(54)



Edgar Filing: Main Street Capital CORP - Form 497

<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO COMMON STOCK</b>	\$	100,748	\$	96,855	\$	104,390
<b>NET INVESTMENT INCOME PER SHARE BASIC AND DILUTED</b>	\$	2.20	\$	2.06	\$	2.01
<b>NET REALIZED INCOME PER SHARE BASIC AND DILUTED</b>	\$	2.73	\$	2.13	\$	2.56
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO COMMON STOCK PER SHARE BASIC AND DILUTED</b>	\$	2.31	\$	2.65	\$	3.53
<b>DIVIDENDS PAID PER SHARE:</b>						
Regular monthly dividends	\$	1.995	\$	1.860	\$	1.71
Supplemental dividends		0.550		0.800		
<b>Total dividends</b>	\$	2.545	\$	2.660	\$	1.71
<b>WEIGHTED AVERAGE SHARES OUTSTANDING BASIC AND DILUTED</b>		43,522,397		36,617,850		29,540,114

The accompanying notes are an integral part of these financial statements

S-90

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

(in thousands, except shares)

	Common Stock			Accumulated Net Investment Income, Net of Dividends	Accumulated Net Realized Gain From Investments, Net of Dividends	Net Unrealized Appreciation from Investments, Net of Income Taxes	Total Net Asset Value
	Number of Shares	Par Value	Additional Paid-In Capital				
<b>Balances at December 31, 2011</b>	26,714,384	\$ 267	\$ 360,164	\$ 12,531	\$ (20,445)	\$ 53,194	\$ 405,711
Public offering of common stock, net of offering costs	7,187,500	72	169,874				169,946
MSC II noncontrolling interest acquisition	229,634	2	5,328				5,330
Adjustment to investment in Investment Manager related to MSC II noncontrolling interest acquisition			(1,616)				(1,616)
Share-based compensation			2,565				2,565
Purchase of vested stock for employee payroll tax withholding	(43,503)		(1,096)				(1,096)
Dividend reinvestment	349,960	3	8,919				8,922
Issuance of restricted stock	151,509	2	(2)				
Distributions to noncontrolling interest							
Dividends to stockholders				(35,987)	(15,189)		(51,176)
Net increase resulting from operations				59,325	16,479	28,640	104,444
Noncontrolling interest						(54)	(54)
<b>Balances at December 31, 2012</b>	34,589,484	\$ 346	\$ 544,136	\$ 35,869	\$ (19,155)	\$ 81,780	\$ 642,976
<b>Balances at December 31, 2012</b>	34,589,484	\$ 346	\$ 544,136	\$ 35,869	\$ (19,155)	\$ 81,780	\$ 642,976
Public offering of common stock, net of offering costs	4,600,000	46	131,407				131,453
Share-based compensation			4,210				4,210
Purchase of vested stock for employee payroll tax withholding	(62,025)	(1)	(1,764)				(1,765)
Dividend reinvestment	433,218	4	13,622				13,626
Issuance of restricted stock	275,145	3	(3)				
Consolidation of Internal Investment Manager			2,037				2,037
Issuances of common stock	18,125		578				578
Other	(1,343)		758				758
Dividends to stockholders				(83,739)	(14,456)		(98,195)
Net increase resulting from operations				70,648	7,277	18,930	96,855
<b>Balances at December 31, 2013</b>	39,852,604	\$ 398	\$ 694,981	\$ 22,778	\$ (26,334)	\$ 100,710	\$ 792,533
<b>Balances at December 31, 2013</b>	39,852,604	\$ 398	\$ 694,981	\$ 22,778	\$ (26,334)	\$ 100,710	\$ 792,533
Public offering of common stock, net of offering costs	4,600,000	46	139,651				139,697
Share-based compensation			4,215				4,215
Purchase of vested stock for employee payroll tax withholding	(46,955)		(1,495)				(1,495)
Dividend reinvestment	468,417	5	14,951				14,956
Amortization of directors' deferred compensation			297				297
Issuance of restricted stock	241,578	2	(2)				
Tax benefit related to vesting of restricted shares			1,008				1,008
Forfeited shares of terminated employees	(36,494)						

Edgar Filing: Main Street Capital CORP - Form 497

Dividends to stockholders	(94,649)	(17,328)	(111,977)				
Net increase (loss) resulting from operations	95,536	23,206	(17,994)	100,748			
<b>Balances at December 31, 2014</b>	45,079,150	\$ 451	\$ 853,606	\$ 23,665	\$ (20,456)	\$ 82,716	\$ 939,982

The accompanying notes are an integral part of these financial statements

S-91

---

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

	<b>Twelve Months Ended December 31,</b>		
	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net increase in net assets resulting from operations	\$ 100,748	\$ 96,855	\$ 104,444
Adjustments to reconcile net increase in net assets resulting from operations to net cash used in operating activities:			
Investments in portfolio companies	(831,192)	(767,457)	(639,776)
Proceeds from sales and repayments of debt investments in portfolio companies	512,084	446,042	400,017
Proceeds from sales of equity investments in portfolio companies	42,585	18,991	35,106
Investments in marketable securities and idle funds investments	(22,691)	(54,011)	(14,379)
Proceeds from sales and repayments of marketable securities and idle funds investments	26,958	51,662	34,504
Net change in unrealized appreciation (depreciation)	11,707	(18,895)	(39,460)
Net realized (gain) loss	(23,206)	(2,502)	(16,479)
Accretion of unearned income	(10,491)	(10,881)	(12,409)
Payment-in-kind interest	(4,685)	(5,041)	(4,425)
Cumulative dividends	(1,815)	(1,377)	(315)
Share-based compensation expense	4,215	4,210	2,565
Amortization of deferred financing costs	1,740	1,519	1,036
Deferred taxes	3,274	(3,591)	8,002
Changes in other assets and liabilities:			
Interest receivable and other assets	(6,686)	87	2,681
Interest payable	2,292	(1,006)	(422)
Payable to Internal Investment Manager		(3,960)	(765)
Accounts payable and other liabilities	1,817	5,137	1,941
Deferred fees and other	2,428	3,512	2,475
Net cash used in operating activities	(190,918)	(240,706)	(135,659)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from public offering of common stock, net of offering costs	139,697	131,453	169,946
Proceeds from public offering of 6.125% Notes		92,000	
Repurchases of 6.125% Notes	(59)	(1,108)	
Proceeds from public offering of 4.50% Notes	175,000		
Dividends paid to stockholders	(95,935)	(83,180)	(39,922)
Proceeds from issuance of SBIC debentures	24,800	39,000	21,000
Repayments of SBIC debentures		(63,800)	(16,000)
Proceeds from credit facility	491,000	460,000	311,000
Repayments on credit facility	(510,000)	(355,000)	(286,000)
Payment of deferred loan costs and SBIC debenture fees	(6,359)	(6,288)	(2,201)
Other	(1,495)	(1,187)	(1,297)
Net cash provided by financing activities	216,649	211,890	156,526
Net increase (decrease) in cash and cash equivalents	25,731	(28,816)	20,867
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>34,701</b>	<b>63,517</b>	<b>42,650</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>\$ 60,432</b>	<b>\$ 34,701</b>	<b>\$ 63,517</b>

Edgar Filing: Main Street Capital CORP - Form 497

**Supplemental cash flow disclosures:**

Interest paid	\$	19,559	\$	19,760	\$	15,017
Taxes paid	\$	4,152	\$	2,431	\$	798
<b>Non-cash financing activities:</b>						
Shares issued pursuant to the DRIP	\$	14,956	\$	13,627	\$	8,922

The accompanying notes are an integral part of these financial statements

S-92

---

Table of Contents

**MAIN STREET CAPITAL CORPORATION**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**

**December 31, 2014**

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
<b><u>Control Investments(5)</u></b>					
<b>ASC Interests, LLC</b>	Recreational and Educational Shooting Facility	11% Secured Debt (Maturity July 31, 2018)	3,000	2,954	3,000
		Member Units (1,500 units)(8)		1,500	1,970
				4,454	4,970
<b>Bond-Coat, Inc.</b>	Casing and Tubing Coating Services	12% Secured Debt (Maturity December 28, 2017)	13,570	13,446	13,570
		Common Stock (57,508 shares)		6,350	11,210
				19,796	24,780
<b>Café Brazil, LLC</b>	Casual Restaurant Group	Member Units (1,233 units)(8)		1,742	6,980
<b>California Healthcare Medical Billing, Inc.</b>	Outsourced Billing and Revenue Cycle Management	9% Secured Debt (Maturity October 17, 2016)	8,703	8,568	8,703
		Warrants (466,947 equivalent shares)		1,193	3,480
		Common Stock (207,789 shares)		1,177	1,460
				10,938	13,643
<b>CBT Nuggets, LLC</b>	Produces and Sells IT Training Certification Videos	Member Units (416 units)(8)		1,300	27,200
<b>Ceres Management, LLC (Lamb's Tire &amp; Automotive)</b>	Aftermarket Automotive Services Chain	14% Secured Debt (Maturity May 31, 2018)	3,916	3,916	3,916
		Class B Member Units (12% cumulative)(8)		4,048	4,048
		Member Units (5,460 units)		5,273	2,510
		9.5% Secured Debt (Lamb's Real Estate Investment I, LLC) (Maturity October 1, 2025)	968	968	968
		Member Units (Lamb's Real Estate Investment I, LLC) (1,000 units)(8)		625	1,240
				14,830	12,682
<b>Datacom, LLC</b>	Technology and Telecommunications Provider	10.5% Secured Debt (Maturity May 31, 2019)	11,205	11,103	11,103
		Member Units (6,453 units)		6,030	6,030

S-93

17,133

17,133

---

Table of Contents

## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Garreco, LLC	Manufacturer and Supplier of Dental Products	14% Secured Debt (Maturity January 12, 2018)	5,400	5,320	5,320
		Member Units (1,200 units)(8)		1,200	1,360
				6,520	6,680
GRT Rubber Technologies LLC	Engineered Rubber Product Manufacturer	LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, Secured Debt (Maturity December 19, 2019)(9)	16,750	16,585	16,585
		Member Units (5,879 units)		13,065	13,065
				29,650	29,650
Gulf Manufacturing, LLC	Manufacturer of Specialty Fabricated Industrial Piping Products	9% PIK Secured Debt (Ashland Capital IX, LLC) (Maturity June 30, 2017)	744	744	744
		Member Units (438 units)(8)		2,980	16,540
				3,724	17,284
Harrison Hydra-Gen, Ltd.	Manufacturer of Hydraulic Generators	12% Secured Debt (Maturity June 4, 2015)	5,487	5,409	5,487
		Preferred Stock (8% cumulative)(8)		1,260	1,260
		Common Stock (105,880 shares)		718	1,830
				7,387	8,577
Hawthorne Customs and Dispatch Services, LLC	Facilitator of Import Logistics, Brokerage, and Warehousing	Member Units (500 units)(8)		589	370
		Member Units (Wallisville Real Estate, LLC) (588,210 units)(8)		1,215	2,220
				1,804	2,590
Hydratec, Inc.	Designer and Installer of Micro-Irrigation Systems	Common Stock (7,095 shares)(8)		7,095	13,720
IDX Broker, LLC	Provider of Marketing and CRM Tools for the Real Estate Industry	LIBOR Plus 6.50% (Floor 1.50%), Current Coupon 8.00%, Secured Debt (Maturity November 18, 2018)(9)	125	125	125
		12.5% Secured Debt (Maturity November 18, 2018)	10,571	10,483	10,571



Edgar Filing: Main Street Capital CORP - Form 497

Member Units (5,029 units)	5,029	5,450
	15,637	16,146
S-94		

---

Table of Contents

## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Impact Telecom, Inc.	Telecommunications Services Provider	LIBOR Plus 6.50% (Floor 2.00%), Current Coupon 8.50%, Secured Debt (Maturity May 31, 2018)(9)	1,575	1,569	1,569
		13% Secured Debt (Maturity May 31, 2018)	22,500	15,515	15,515
		Warrants (5,516,667 equivalent shares)		8,000	4,160
				25,084	21,244
Indianapolis Aviation Partners, LLC	Fixed Base Operator	15% Secured Debt (Maturity January 15, 2015)	3,100	3,100	3,100
		Warrants (1,046 equivalent units)		1,129	2,540
				4,229	5,640
Jensen Jewelers of Idaho, LLC	Retail Jewelry Store	Prime Plus 6.75% (Floor 3.25%), Current Coupon 10.00%, Secured Debt (Maturity November 14, 2016)(9)	3,655	3,618	3,655
		Member Units (627 units)(8)		811	3,580
				4,429	7,235
Lighting Unlimited, LLC	Commercial and Residential Lighting Products and Design Services	8% Secured Debt (Maturity August 22, 2015)	1,550	1,550	1,550
		Preferred Equity (non-voting)		439	439
		Warrants (71 equivalent units)		54	40
		Member Units (700 units)(8)		100	360
				2,143	2,389
Marine Shelters Holdings, LLC (LoneStar Marine Shelters)	Fabricator of Marine and Industrial Shelters	12% Secured Debt (Maturity December 28, 2017)	10,250	10,112	10,112
		Preferred Member Units (2,669 units)		3,750	3,750
				13,862	13,862
Mid-Columbia Lumber Products, LLC	Manufacturer of Finger-Jointed Lumber Products	10% Secured Debt (Maturity December 18, 2017)	1,750	1,750	1,750
		12% Secured Debt (Maturity December 18, 2017)	3,900	3,900	3,900
		Member Units (2,829 units)(8)		1,244	10,180

Edgar Filing: Main Street Capital CORP - Form 497

		9.5% Secured Debt (Mid Columbia Real Estate, LLC) (Maturity May 13, 2025)	927	927	927
		Member Units (Mid Columbia Real Estate, LLC) (250 units)(8)		250	550
				8,071	17,307
<b>MSC Adviser I, LLC(16)</b>	Third Party Investment Advisory Services	Member Units (Fully diluted 100.0%)(8) S-95			15,580

Table of Contents

## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Mystic Logistics, Inc	Logistics and Distribution Services Provider for Large Volume Mailers	12% Secured Debt (Maturity August 15, 2019)	10,000	9,790	9,790
		Common Stock (5,873 shares)		2,720	2,720
				12,510	12,510
NAPCO Precast, LLC	Precast Concrete Manufacturing	Prime Plus 2.00% (Floor 7.00%), Current Coupon 9.00%, Secured Debt (Maturity September 1, 2015)(9)	625	615	625
		Prime Plus 2.00% (Floor 7.00%), Current Coupon 9.00%, Secured Debt (Maturity February 1, 2016)(9)	2,923	2,915	2,923
		18% Secured Debt (Maturity February 1, 2016)	4,468	4,440	4,468
		Member Units (2,955 units)(8)		2,975	7,560
				10,945	15,576
NRI Clinical Research, LLC	Clinical Research Service Provider	14% Secured Debt (Maturity September 8, 2016)	4,889	4,779	4,779
		Warrants (251,723 equivalent units)		252	160
		Member Units (671,233 units)		671	722
				5,702	5,661
NRP Jones, LLC	Manufacturer of Hoses, Fittings and Assemblies	12% Secured Debt (Maturity December 22, 2016)	12,100	11,590	11,590
		Warrants (14,331 equivalent units)		817	970
		Member Units (50,877 units)(8)		2,900	3,190
				15,307	15,750
OMi Holdings, Inc.	Manufacturer of Overhead Cranes	Common Stock (1,500 shares)(8)		1,080	13,420
Pegasus Research Group, LLC (Televerde)	Provider of Telemarketing and Data Services	Member Units (460 units)(8)		1,290	5,860
PPL RVs, Inc.	Recreational Vehicle Dealer	11.1% Secured Debt (Maturity June 10, 2015)	7,860	7,848	7,860
		Common Stock (1,961 shares)		2,150	8,160
				9,998	16,020
Principle Environmental, LLC					

## Edgar Filing: Main Street Capital CORP - Form 497

Noise Abatement Service  
Provider

12% Secured Debt (Maturity April 30, 2017)	4,060	3,813	4,060
12% Current / 2% PIK Secured Debt (Maturity April 30, 2017)	3,244	3,227	3,244
Preferred Member Units (19,631 units)		4,663	11,830
Warrants (1,036 equivalent units)		1,200	720
		12,903	19,854

S-96

---

Table of Contents

## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
River Aggregates, LLC	Processor of Construction Aggregates	Zero Coupon Secured Debt (Maturity June 30, 2018)	750	468	468
		12% Secured Debt (Maturity June 30, 2018)	500	500	500
		Member Units (1,150 units)(8)		1,150	2,570
		Member Units (RA Properties, LLC) (1,500 units)		369	369
					2,487
SoftTouch Medical Holdings LLC	Home Provider of Pediatric Durable Medical Equipment	LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, Secured Debt (Maturity October 31, 2019)(9)	8,500	8,417	8,417
		Member Units (4,526 units)		5,015	5,015
				13,432	13,432
Southern RV, LLC	Recreational Vehicle Dealer	13% Secured Debt (Maturity August 8, 2018)	11,400	11,266	11,400
		Member Units (1,680 units)(8)		1,680	4,920
		13% Secured Debt (Southern RV Real Estate, LLC) (Maturity August 8, 2018)	3,250	3,212	3,250
		Member Units (Southern RV Real Estate, LLC) (480 units)		480	470
				16,638	20,040
The MPI Group, LLC	Manufacturer of Custom Hollow Metal Doors, Frames and Accessories	9% Secured Debt (Maturity October 8, 2018)	2,724	2,724	2,724
		Series A Preferred Units (2,500 units; 10% Cumulative)		2,500	980
		Warrants (1,424 equivalent units)		1,096	
		Member Units (MPI Real Estate Holdings, LLC) (100% Fully diluted)(8)		2,300	2,300
				8,620	6,004
Travis Acquisition LLC	Manufacturer of Aluminum Trailers	12% Secured Debt (Maturity August 30, 2018)	4,693	4,617	4,693
		Member Units (7,282 units)		7,100	13,650
				11,717	18,343
Uvalco Supply, LLC					

# Edgar Filing: Main Street Capital CORP - Form 497

Farm and Ranch Supply  
Store

9% Secured Debt (Maturity January 1, 2019)	1,802	1,802	1,802
Member Units (1,006 units)(8)		1,113	3,500

2,915 5,302

S-97

---

Table of Contents

## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Vision Interests, Inc.	Manufacturer / Installer of Commercial Signage	13% Secured Debt (Maturity December 23, 2016)	3,204	3,169	3,154
		Series A Preferred Stock (3,000,000 shares)		3,000	3,250
		Common Stock (1,126,242 shares)		3,706	100
				9,875	6,504
Ziegler's NYPD, LLC	Casual Restaurant Group	Prime Plus 2.00% (Floor 7.00%), Current Coupon 9.00%, Secured Debt (Maturity October 1, 2018)(9)	1,500	1,491	1,491
		9% Current / 9% PIK Secured Debt (Maturity October 1, 2018)	5,509	5,509	4,880
		Warrants (587 equivalent units)		600	
				7,600	6,371
<b>Subtotal Control Investments (29.9% of total investments at fair value)</b>				<b>342,847</b>	<b>469,846</b>

S-98



Table of Contents

## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
<b>Affiliate Investments(6)</b>					
AFG Capital Group, LLC	Provider of Rent-to-Own Financing Solutions and Services	11% Secured Debt (Maturity November 7, 2019)	6,800	6,465	6,465
		Warrants (42 equivalent units)		259	259
		Member Units (186 units)		1,200	1,200
				7,924	7,924
Boss Industries, LLC	Manufacturer and Distributor of Air Compressors, Auxiliary Power Units, Gas Booster Systems and Vapor Recovery Systems	Preferred Member Units (2,242 units)		2,000	2,000
Bridge Capital Solutions Corporation	Financial Services and Cash Flow Solutions Provider	13% Secured Debt (Maturity April 18, 2017)	6,000	5,837	5,837
		Warrants (19 equivalent shares)		200	710
				6,037	6,547
Brightwood Capital Fund III, LP(12)(13)	Investment Partnership	LP Interests (Brightwood Capital Fund III, LP) (Fully diluted 9.1%)(8)		8,448	8,448
CAI Software LLC	Provider of Specialized Enterprise Resource Planning Software	12% Secured Debt (Maturity October 10, 2019)	5,400	5,348	5,348
		Member Units (65,356 units)		654	654
				6,002	6,002
Condit Exhibits, LLC	Tradeshow Exhibits / Custom Displays Provider	Member Units (3,936 units)(8)		100	610
Congruent Credit Opportunities Funds(12)(13)	Investment Partnership	LP Interests (Congruent Credit Opportunities Fund II, LP) (Fully diluted 19.8%)(8)		18,575	18,378
		LP Interests (Congruent Credit Opportunities Fund III, LP) (Fully diluted 17.4%)(8)		7,734	7,734
				26,309	26,112

Edgar Filing: Main Street Capital CORP - Form 497

<b>Daseke, Inc.</b>	Specialty Transportation Provider	12% Current / 2.5% PIK Secured Debt			
		(Maturity July 31, 2018)	20,723	20,403	20,723
		Common Stock (19,467 shares)		5,213	13,780
				25,616	34,503
		S-99			

---

Table of Contents

## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Dos Rios Partners(12)(13)	Investment Partnership	LP Interests (Dos Rios Partners, LP) (Fully diluted 20.2%)(8)		2,325	2,325
		LP Interests (Dos Rios Partners A, LP) (Fully diluted 6.4%)(8)		738	738
				3,063	3,063
East Teak Fine Hardwoods, Inc.	Distributor of Hardwood Products	Common Stock (5,000 shares)(8)		480	860
East West Copolymer & Rubber, LLC	Manufacturer of Synthetic Rubbers	12% Secured Debt (Maturity October 17, 2019)	9,600	9,436	9,436
		Warrants (1,823,278 equivalent units)		50	50
				9,486	9,486
Freeport Financial SBIC Fund LP(12)(13)	Investment Partnership	LP Interests (Fully diluted 9.9%)(8)		4,677	4,677
Gault Financial, LLC (RMB Capital, LLC)	Purchases and Manages Liquidation of Distressed Assets	10% Secured Debt (Maturity November 21, 2016)	13,046	12,749	10,782
		Warrants (29,025 equivalent units)		400	
				13,149	10,782
Glowpoint, Inc.	Provider of Cloud Managed Video Collaboration Services	8% Secured Debt (Maturity October 18, 2018)	400	396	396
		12% Secured Debt (Maturity October 18, 2018)	9,000	8,909	8,909
		Common Stock (7,711,517 shares)		3,958	8,480
				13,263	17,785
Guerdon Modular Holdings, Inc.	Multi-Family and Commercial Modular Construction Company	11% Secured Debt (Maturity August 13, 2019)	11,200	11,044	11,044
		Common Stock (213,221 shares)		2,400	2,400
				13,444	13,444
Houston Plating and Coatings, LLC	Provider of Plating and Industrial Coating Services	Member Units (248,082 units)(8)		996	11,470
Indianhead Pipeline Services, LLC					

## Edgar Filing: Main Street Capital CORP - Form 497

Provider of Pipeline  
Support Services

12% Secured Debt (Maturity February 6, 2017)	6,900	6,625	6,625
Preferred Member Units (28,905 units; 8% cumulative)(8)		1,960	1,960
Warrants (38,193 equivalent units)		459	
Member Units (14,732 units)		1	

9,045 8,585

S-100

---

Table of Contents

## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
<b>irth Solutions, LLC</b>	Provider of Damage Prevention Information Technology Services	Member Units (128 units)(8)		624	3,960
<b>KBK Industries, LLC</b>	Specialty Manufacturer of Oilfield and Industrial Products	12.5% Secured Debt (Maturity September 28, 2017) Member Units (250 units)(8)	8,250	8,198 341	8,250 6,120
				8,539	14,370
<b>L.F. Manufacturing Holdings, LLC(10)</b>	Manufacturer of Fiberglass Products	Member Units (2,000,000 units)(8)		2,019	2,374
<b>MPS Denver, LLC</b>	Specialty Card Printing	Member Units (13,800 units)		1,130	1,130
<b>OnAsset Intelligence, Inc.</b>	Provider of Transportation Monitoring / Tracking Products and Services	12% PIK Secured Debt (Maturity March 31, 2015) Preferred Stock (912 shares; 7% cumulative)(8) Warrants (5,333 equivalent shares)	3,553	3,553 1,947 1,919	3,553 2,700 6,253
<b>OPI International Ltd.(13)</b>	Provider of Man Camp and Industrial Storage Services	Common Stock (20,766,317 shares)		1,371	4,971
<b>PCI Holding Company, Inc.</b>	Manufacturer of Industrial Gas Generating Systems	Preferred Stock (1,500,000 shares; 20% cumulative)(8)		2,259	4,430
<b>Quality Lease and Rental Holdings, LLC</b>	Provider of Rigsite Accommodation Unit Rentals and Related Services	8% Secured Debt (Maturity October 1, 2014)(14)(17) 12% Secured Debt (Maturity January 8, 2018)(14) Preferred Member Units (Rocaciea, LLC) (250 units)	157 36,577	157 36,073 2,500	157 11,500 11,657
<b>Radial Drilling Services Inc.</b>	Oil and Gas Technology Provider			38,730	11,657

Edgar Filing: Main Street Capital CORP - Form 497

12% Secured Debt (Maturity November 22, 2016)	4,200	3,792	3,792
Warrants (316 equivalent shares)		758	
		4,550	3,792

S-101

---

Table of Contents

## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Samba Holdings, Inc.	Provider of Intelligent Driver Record Monitoring Software and Services	12.5% Secured Debt (Maturity November 17, 2016)	26,418	26,188	26,418
		Common Stock (170,963 shares)		2,087	6,030
				28,275	32,448
SYNEO, LLC	Manufacturer of Automation Machines, Specialty Cutting Tools and Punches	12% Secured Debt (Maturity July 13, 2016)	2,700	2,674	2,674
		Member Units (1,177 units)(8)		1,097	801
		10% Secured Debt (Leadrock Properties, LLC) (Maturity May 4, 2026)	1,440	1,415	1,415
				5,186	4,890
Tin Roof Acquisition Company	Casual Restaurant Group	12% Secured Debt (Maturity November 30, 2018)	14,100	13,861	13,861
		Class C Preferred Stock (Fully diluted 10.0%; 10% cumulative)(8)		2,241	2,241
				16,102	16,102
<b>Subtotal Affiliate Investments (17.7% of total investments at fair value)</b>				<b>266,243</b>	<b>278,675</b>

S-102

Table of Contents

## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
<b>Non-Control/Non-Affiliate Investments(7)</b>					
Accuvant Finance, LLC(11)	Cyber Security Value Added Reseller	LIBOR Plus 4.75% (Floor 1.00%), Current Coupon 5.75%, Secured Debt (Maturity October 22, 2020)(9)	5,597	5,546	5,583
Allflex Holdings III Inc.(11)	Manufacturer of Livestock Identification Products	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.00%, Secured Debt (Maturity July 19, 2021)(9)	6,000	5,937	5,888
AM General LLC(11)	Specialty Vehicle Manufacturer	LIBOR Plus 9.00% (Floor 1.25%), Current Coupon 10.25%, Secured Debt (Maturity March 22, 2018)(9)	2,550	2,496	2,282
AM3 Pinnacle Corporation(10)	Provider of Comprehensive Internet, TV and Voice Services for Multi- Dwelling Unit Properties	10% Secured Debt (Maturity October 22, 2018) Common Stock (60,240 shares)	21,002	20,863 2,000	20,863 1,840
				22,863	22,703
AmeriTech College, LLC	For-Profit Nursing and Healthcare College	10% Secured Debt (Maturity November 30, 2019) 10% Secured Debt (Maturity January 31, 2020)	979 6,050	979 6,050	979 6,050
				7,029	7,029
AMF Bowling Centers, Inc.(11)	Bowling Alley Operator	LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity September 18, 2021)(9)	4,988	4,915	4,913
Anchor Hocking, LLC(11)	Household Products Manufacturer	LIBOR Plus 6.50% (Floor 1.25%), Current Coupon 7.75% / 1.75% PIK, Current Coupon Plus PIK 9.50%, Secured Debt (Maturity May 21, 2020)(9)	10,916	10,842	6,559
AP Gaming I, LLC(10)	Developer, Manufacturer, and Operator of Gaming Machines	LIBOR Plus 8.25% (Floor 1.00%), Current Coupon 9.25%, Secured Debt (Maturity December 20, 2020)(9)	6,930	6,744	6,930





Table of Contents**MAIN STREET CAPITAL CORPORATION****CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)****December 31, 2014****(in thousands)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Applied Products, Inc.(10)</b>	Adhesives Distributor	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity September 30, 2019)(9)	6,236	6,170	6,170
<b>Aptean, Inc.(11)</b>	Enterprise Application Software Provider	LIBOR Plus 4.25% (Floor 1.00%), Current Coupon 5.25%, Secured Debt (Maturity February 26, 2020)(9)	7,667	7,642	7,450
<b>Artel, LLC(11)</b>	Land-Based and Commercial Satellite Provider	LIBOR Plus 6.00% (Floor 1.25%), Current Coupon 7.25%, Secured Debt (Maturity November 27, 2017)(9)	4,594	4,549	4,548
<b>ATS Workholding, Inc.(10)</b>	Manufacturer of Machine Cutting Tools and Accessories	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.00%, Secured Debt (Maturity March 10, 2019)(9)	6,558	6,506	6,506
<b>Beers Enterprises, Inc.(10)</b>	Provider of Broadcast Video Transport Services	Prime Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity March 19, 2019)(9)	6,263	6,210	6,210
<b>Bioventus LLC(10)</b>	Production of Orthopedic Healing Products	LIBOR Plus 10.00% (Floor 1.00%), Current Coupon 11.00%, Secured Debt (Maturity April 10, 2020)(9)	5,000	4,903	4,987
<b>Blackbrush Oil and Gas LP(11)</b>	Oil & Gas Exploration	LIBOR Plus 6.50%, (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity July 30, 2021)(9)	4,000	3,971	3,320
<b>Blackhawk Specialty Tools LLC(11)</b>	Oilfield Equipment & Services	LIBOR Plus 5.25% (Floor 1.25%), Current Coupon 6.50%, Secured Debt (Maturity August 1, 2019)(9)	6,224	6,189	6,131
<b>Blue Bird Body Company(11)</b>	School Bus Manufacturer	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.50%, Secured Debt (Maturity June 26, 2020)(9)	11,500	11,339	11,443
<b>Bluestem Brands, Inc.(11)</b>	Multi-Channel Retailer of General Merchandise	LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity November 6, 2020)(9)	7,500	7,213	7,237

S-104

Table of Contents

## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Brainworks Software, LLC(10)	Advertising Sales and Production and Newspaper Circulation Software	LIBOR Plus 8.25% (Floor 1.00%), Current Coupon 9.25%, Secured Debt (Maturity July 22, 2019)(9)	6,263	6,182	6,182
Brasa Holdings Inc.(11)	Upscale Full Service Restaurants	LIBOR Plus 9.50% (Floor 1.50%), Current Coupon 11.00%, Secured Debt (Maturity January 20, 2020)(9)	2,143	2,128	2,121
Brundage-Bone Concrete Pumping, Inc.(11)	Construction Services Provider	10.375% Secured Debt (Maturity September 1, 2021)	2,500	2,500	2,556
Calloway Laboratories, Inc.(10)	Health Care Testing Facilities	12% PIK Secured Debt (Maturity September 30, 2015)(14) Warrants (125,000 equivalent shares)	7,225	7,176 17	2,878
				7,193	2,878
Cedar Bay Generation Company LP(11)	Coal-Fired Cogeneration Plant	LIBOR Plus 5.00% (Floor 1.25%), Current Coupon 6.25%, Secured Debt (Maturity April 23, 2020)(9)	2,476	2,457	2,458
Cengage Learning Acquisitions, Inc.(11)	Provider of Educational Print and Digital Services	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity March 31, 2020)(9)	4,000	3,990	3,975
CGSC of Delaware Holdings Corp.(11)(13)	Insurance Brokerage Firm	LIBOR Plus 7.00% (Floor 1.25%), Current Coupon 8.25%, Secured Debt (Maturity October 16, 2020)(9)	2,000	1,975	1,780
Charlotte Russe, Inc(11)	Fast-Fashion Retailer to Young Women	LIBOR Plus 5.50% (Floor 1.25%), Current Coupon 6.75%, Secured Debt (Maturity May 22, 2019)(9)	4,938	4,900	4,822
CHI Overhead Doors, Inc.(11)	Manufacturer of Overhead Garage Doors	LIBOR Plus 9.50%, (Floor 1.50%), Current Coupon 11.00%, Secured Debt (Maturity September 18, 2019)(9)	2,500	2,467	2,475

S-105

Table of Contents

## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
<b>Clarius ASIG, LLC(10)</b>	Prints & Advertising Film Financing	12% PIK Secured Debt (Maturity September 14, 2014)(17)	2,723	2,663	2,723
<b>Clarius BIGS, LLC(10)</b>	Prints & Advertising Film Financing	12% PIK Secured Debt (Maturity January 5, 2015)(14)	4,400	4,285	1,848
<b>Compact Power Equipment, Inc.</b>	Equipment / Tool Rental	12% Secured Debt (Maturity October 1, 2017) Series A Preferred Stock (4,298,435 shares; 8% cumulative)(8)	4,100	4,085	4,100
				1,079	2,401
				5,164	6,501
<b>Covenant Surgical Partners, Inc.(11)</b>	Ambulatory Surgical Centers	8.75% Secured Debt (Maturity August 1, 2019)	2,000	2,000	2,020
<b>CRGT Inc.(11)</b>	Provider of Custom Software Development	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity December 19, 2020)(9)	10,000	9,800	9,850
<b>CST Industries Inc.(11)</b>	Storage Tank Manufacturer	LIBOR Plus 6.25% (Floor 1.50%), Current Coupon 7.75%, Secured Debt (Maturity May 22, 2017)(9)	7,109	7,050	7,037
<b>Darr Equipment LP(10)</b>	Heavy Equipment Dealer	11.75% Current / 2% PIK Secured Debt (Maturity April 15, 2020) Warrants (915,734 equivalent units)	20,291	19,676	19,676
				474	474
				20,150	20,150
<b>Digity Media LLC(11)</b>	Radio Station Operator	LIBOR Plus 5.00% (Floor 1.25%), Current Coupon 6.25%, Secured Debt (Maturity February 10, 2019)(9)	7,406	7,335	7,387
<b>Drilling Info, Inc.</b>	Information Services for the Oil and Gas Industry	Common Stock (3,788,865 shares)		1,335	9,920
<b>ECP-PF Holdings Group, Inc.(10)</b>	Fitness Club Operator	LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, Secured Debt (Maturity November 26, 2019)(9)	5,625	5,570	5,570

S-106

Table of Contents

## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
<b>EnCap Energy Fund Investments(12)(13)</b>	Investment Partnership	LP Interests (EnCap Energy Capital Fund VIII, L.P.) (Fully diluted 0.1%)(8)		3,430	3,240
		LP Interests (EnCap Energy Capital Fund VIII Co- Investors, L.P.) (Fully diluted 0.4%)(8)		1,561	1,325
		LP Interests (EnCap Energy Capital Fund IX, L.P.) (Fully diluted 0.1%)(8)		1,654	1,477
		LP Interests (EnCap Flatrock Midstream Fund II, L.P.) (Fully diluted 1.0%)(8)		4,586	4,567
		LP Interests (EnCap Flatrock Midstream Fund III, L.P.) (Fully diluted 0.8%)		184	184
					11,415
<b>Energy and Exploration Partners, LLC(11)</b>	Oil & Gas Exploration & Production	LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 7.75%, Secured Debt (Maturity January 22, 2019)(9)	9,461	9,054	6,788
<b>e-Rewards, Inc.(11)</b>	Provider of Digital Data Collection	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity October 29, 2018)(9)	12,687	12,518	12,560
<b>Evergreen Skills Lux S.á r.l. (d/b/a Skillsoft)(11)</b>	Technology-based Performance Support Solutions	LIBOR Plus 8.25% (Floor 1.00%), Current Coupon 9.25%, Secured Debt (Maturity April 28, 2022)(9)	3,000	2,979	2,845
<b>FC Operating, LLC(10)</b>	Christian Specialty Retail Stores	LIBOR Plus 10.75% (Floor 1.25%), Current Coupon 12.00%, Secured Debt (Maturity November 14, 2017)(9)	5,400	5,330	4,132
<b>FishNet Security, Inc.(11)</b>	Information Technology Value-Added Reseller	LIBOR Plus 5.00% (Floor 1.25%), Current Coupon 6.25%, Secured Debt (Maturity November 30, 2017)(9)	7,840	7,791	7,840
<b>Flavors Holdings Inc.(11)</b>	Global Provider of Flavoring and Sweetening Products and Solutions	LIBOR Plus 5.75% (Floor 1.00%), Current Coupon 6.75%, Secured Debt (Maturity April 30, 2020)(9)	4,938	4,746	4,728

S-107

Table of Contents

## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Fram Group Holdings, Inc.(11)	Manufacturer of Automotive Maintenance Products	LIBOR Plus 5.00% (Floor 1.50%), Current Coupon 6.50%, Secured Debt (Maturity July 29, 2017)(9)	5,935	5,928	5,907
		LIBOR Plus 9.00% (Floor 1.50%), Current Coupon 10.50%, Secured Debt (Maturity January 29, 2018)(9)	700	698	684
				6,626	6,591
GI KBS Merger Sub LLC(11)	Outsourced Janitorial Services to Retail/Grocery Customers	LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity April 29, 2022)(9)	800	784	796
Grace Hill, LLC(10)	Online Training Tools for the Multi-Family Housing Industry	LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity August 15, 2019)(9)	9,546	9,436	9,436
Grupo Hima San Pablo, Inc.(11)	Tertiary Care Hospitals	LIBOR Plus 7.00% (Floor 1.50%), Current Coupon 8.50%, Secured Debt (Maturity January 31, 2018)(9)	4,913	4,846	4,775
		13.75% Secured Debt (Maturity July 31, 2018)	2,000	1,925	1,920
				6,771	6,695
GST Autoleather, Inc.(11)	Automotive Leather Manufacturer	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.50%, Secured Debt (Maturity July 10, 2020)(9)	9,975	9,882	9,825
Guitar Center, Inc.(11)	Musical Instruments Retailer	6.5% Secured Debt (Maturity April 15, 2019)	7,000	6,817	6,020
Halcon Resources Corporation(11)(13)	Oil & Gas Exploration & Production	9.75% Unsecured Debt (Maturity July 15, 2020)	6,925	6,335	5,194
Hostway Corporation(11)	Managed Services and Hosting Provider	LIBOR Plus 4.75% (Floor 1.25%), Current Coupon 6.00%, Secured Debt (Maturity December 13, 2019)(9)	9,750	9,671	9,652
		LIBOR Plus 8.75% (Floor 1.25%), Current Coupon 10.00%, Secured Debt	5,000	4,917	4,950

Edgar Filing: Main Street Capital CORP - Form 497

(Maturity December 11, 2020)(9)

14,588

14,602

S-108

---

Table of Contents

## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Hunter Defense Technologies, Inc.(11)	Provider of Military and Commercial Shelters and Systems	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.50%, Secured Debt (Maturity August 5, 2019)(9)	9,875	9,783	9,752
ICON Health & Fitness, Inc.(11)	Producer of Fitness Products	11.875% Secured Debt (Maturity October 15, 2016)	4,385	4,323	4,122
iEnergizer Limited(11)(13)	Provider of Business Outsourcing Solutions	LIBOR Plus 6.00% (Floor 1.25%), Current Coupon 7.25%, Secured Debt (Maturity May 1, 2019)(9)	10,029	9,905	9,277
Infinity Acquisition Finance Corp.(11)	Application Software for Capital Markets	7.25% Unsecured Debt (Maturity August 1, 2022)	4,000	4,000	3,620
Inn of the Mountain Gods Resort and Casino(11)	Hotel & Casino Owner & Operator	9.25% Secured Debt (Maturity November 30, 2020)	3,851	3,687	3,697
iQor US Inc.(11)	Business Process Outsourcing Services Provider	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity April 1, 2021)(9)	9,987	9,789	9,288
Jackson Hewitt Tax Service Inc.(11)	Tax Preparation Service Provider	LIBOR Plus 8.50% (Floor 1.50%), Current Coupon 10.00%, Secured Debt (Maturity October 16, 2017)(9)	4,509	4,396	4,509
Joerns Healthcare, LLC(11)	Manufacturer and Distributor of Health Care Equipment & Supplies	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity May 9, 2020)(9)	9,950	9,853	9,838
John Deere Landscapes LLC(10)	Distributor of Landscaping Supplies	LIBOR Plus 4.00% (Floor 1.00%), Current Coupon 5.00%, Secured Debt (Maturity December 23, 2019)(9)	8,573	8,193	8,193
Keypoint Government Solutions, Inc.(11)	Provider of Pre-Employment Screening Services	LIBOR Plus 6.50% (Floor 1.25%), Current Coupon 7.75%, Secured Debt (Maturity November 13, 2017)(9)	4,726	4,668	4,702

S-109





Table of Contents**MAIN STREET CAPITAL CORPORATION****CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)****December 31, 2014****(in thousands)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Lansing Trade Group LLC(11)</b>	Commodity Merchandiser	9.25% Unsecured Debt (Maturity February 15, 2019)	6,000	6,000	5,610
<b>Larchmont Resources, LLC(11)</b>	Oil & Gas Exploration & Production	LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.25%, Secured Debt (Maturity August 7, 2019)(9)	6,895	6,842	6,636
<b>LKCM Distribution Holdings, L.P.</b>	Distributor of Industrial Process Equipment	12% Current / 2.5% PIK Secured Debt (Maturity December 23, 2018)	16,417	16,278	16,417
<b>LKCM Headwater Investments I, L.P.(12)(13)</b>	Investment Partnership	LP Interests (Fully diluted 2.3%)(8)		2,250	5,764
<b>MAH Merger Corporation(11)</b>	Sports-Themed Casual Dining Chain	LIBOR Plus 4.50% (Floor 1.25%), Current Coupon 5.75%, Secured Debt (Maturity July 19, 2019)(9)	7,258	7,198	7,276
<b>MediMedia USA, Inc.(11)</b>	Provider of Healthcare Media and Marketing	LIBOR Plus 6.75% (Floor 1.25%), Current Coupon 8.00%, Secured Debt (Maturity November 20, 2018)(9)	5,411	5,292	5,289
<b>Messenger, LLC(10)</b>	Supplier of Specialty Stationary and Related Products to the Funeral Industry	LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity December 5, 2019)(9)	13,639	13,518	13,518
<b>Milk Specialties Company(11)</b>	Processor of Nutrition Products	LIBOR Plus 6.25% (Floor 1.25%), Current Coupon 7.50%, Secured Debt (Maturity November 9, 2018)(9)	7,847	7,806	7,670
<b>Minute Key, Inc.</b>	Operator of Automated Key Duplication Kiosks	10% Current / 2% PIK Secured Debt (Maturity September 19, 2019)	4,023	3,985	3,985
<b>Miramax Film NY, LLC(11)</b>	Motion Picture Producer and Distributor	Class B Units (12% cumulative)(8)		792	792
<b>Modern VideoFilm, Inc.(10)</b>	Post-Production Film Studio	LIBOR Plus 3.50% (Floor 1.50%), Current Coupon 5.00% / 8.50% PIK, Current Coupon Plus PIK 13.50%, Secured Debt (Maturity September 25, 2017)(9)(14) Warrants (1,375 equivalent shares)	6,302	6,119 151	1,954 1

S-110

6,270

1,955

---

Table of Contents**MAIN STREET CAPITAL CORPORATION****CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)****December 31, 2014****(in thousands)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Mood Media Corporation(11)(13)</b>	Provider of Electronic Equipment	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity May 1, 2019)(9)	12,193	12,053	11,964
<b>MP Assets Corporation(11)</b>	Manufacturer of Battery Components	LIBOR Plus 4.50% (Floor 1.00%), Current Coupon 5.50%, Secured Debt (Maturity December 19, 2019)(9)	4,416	4,378	4,394
<b>New Media Holdings II LLC(11)(13)</b>	Local Newspaper Operator	LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity June 4, 2020)(9)	14,925	14,649	14,776
<b>Nice-Pak Products, Inc.(11)</b>	Pre-Moistened Wipes Manufacturer	LIBOR Plus 6.00% (Floor 1.50%), Current Coupon 7.50%, Secured Debt (Maturity June 18, 2015)(9)	12,541	12,518	12,478
<b>North Atlantic Trading Company, Inc.(11)</b>	Marketer/Distributor of Tobacco Products	LIBOR Plus 6.50% (Floor 1.25%), Current Coupon 7.75%, Secured Debt (Maturity January 13, 2020)(9)	7,426	7,361	7,305
<b>Novitex Intermediate, LLC(11)</b>	Provider of Document Management Services	LIBOR Plus 6.25% (Floor 1.25%), Current Coupon 7.50%, Secured Debt (Maturity July 7, 2020)(9)	5,985	5,929	5,746
<b>Ospemifene Royalty Sub LLC (QuatRx)(10)</b>	Estrogen-Deficiency Drug Manufacturer and Distributor	11.5% Secured Debt (Maturity November 15, 2026)	5,205	5,205	5,205
<b>Panolam Industries International, Inc.(11)</b>	Decorative Laminate Manufacturer	LIBOR Plus 6.50% (Floor 1.25%), Current Coupon 7.75%, Secured Debt (Maturity August 23, 2017)(9)	6,994	6,949	6,889
<b>Parq Holdings Limited Partnership(11)(13)</b>	Hotel & Casino Operator	LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity December 17, 2020)(9)	6,226	6,078	6,108
<b>Permian Holdings, Inc.(11)</b>	Storage Tank Manufacturer	10.5% Secured Debt (Maturity January 15, 2018)	2,755	2,728	2,066

S-111

Table of Contents

## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
<b>Pernix Therapeutics Holdings, Inc.(10)(13)</b>	Pharmaceutical Royalty Anti-Migraine	12% Secured Debt (Maturity August 1, 2020)	4,000	4,000	4,000
<b>PeroxyChem LLC(11)</b>	Chemical Manufacturer	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity February 28, 2020)(9)	8,933	8,774	8,843
<b>Philadelphia Energy Solutions Refining and Marketing LLC(11)</b>	Oil & Gas Refiner	LIBOR Plus 5.00% (Floor 1.25%), Current Coupon 6.25%, Secured Debt (Maturity April 4, 2018)(9)	2,948	2,917	2,785
<b>Pike Corporation(11)</b>	Construction and Maintenance Services for Electric Transmission and Distribution Infrastructure	LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity June 22, 2022)(9)	15,000	14,628	14,825
<b>Polyconcept Financial B.V.(11)</b>	Promotional Products to Corporations and Consumers	LIBOR Plus 4.75% (Floor 1.25%), Current Coupon 6.00%, Secured Debt (Maturity June 28, 2019)(9)	4,325	4,311	4,309
<b>Primesight Limited(10)(13)</b>	Outdoor Advertising Operator	10% Secured Debt (Maturity October 22, 2016)	8,869	8,806	8,284
<b>Printpack Holdings, Inc.(11)</b>	Manufacturer of Flexible and Rigid Packaging	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity May 29, 2020)(9)	5,468	5,417	5,450
<b>PT Network, LLC(10)</b>	Provider of Outpatient Physical Therapy and Sports Medicine Services	LIBOR Plus 7.00% (Floor 1.50%), Current Coupon 8.50%, Secured Debt (Maturity November 1, 2018)(9)	11,946	11,828	11,828
<b>QBS Parent, Inc.(11)</b>	Provider of Software and Services to the Oil & Gas Industry	LIBOR Plus 4.75% (Floor 1.00%), Current Coupon 5.75%, Secured Debt (Maturity August 7, 2021)(9)	10,000	9,905	9,825

S-112

Table of Contents

## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
<b>RCHP, Inc.(11)</b>	Regional Non-Urban Hospital Owner/Operator	LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.50%, Secured Debt (Maturity October 23, 2019)(9)	4,000	3,945	3,990
<b>Recorded Books Inc.(11)</b>	Audiobook and Digital Content Publisher	LIBOR Plus 4.25% (Floor 1.00%), Current Coupon 5.25%, Secured Debt (Maturity January 31, 2020)(9)	12,031	11,925	11,941
<b>Relativity Media, LLC(10)</b>	Full-Scale Film and Television Production and Distribution	10% Secured Debt (Maturity May 30, 2015) 15% PIK Secured Debt (Maturity May 30, 2015) Class A Units (260,194 units)	5,787 7,410	5,772 7,347 292	5,801 7,558 1,086
				13,411	14,445
<b>Renaissance Learning, Inc.(11)</b>	Technology-based K-12 Learning Solutions	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.00%, Secured Debt (Maturity April 11, 2022)(9)	3,000	2,972	2,880
<b>RGL Reservoir Operations Inc.(11)(13)</b>	Oil & Gas Equipment and Services	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity August 13, 2021)(9)	3,990	3,876	3,219
<b>RLJ Entertainment, Inc.(10)</b>	Movie and TV Programming Licensee and Distributor	LIBOR Plus 8.75% (Floor 0.25%), Current Coupon 9.00%, Secured Debt (Maturity September 11, 2019)(9)	11,399	11,318	11,318
<b>SAExploration, Inc.(10)(13)</b>	Geophysical Services Provider	Common Stock (6,472 shares)(8)		65	27
<b>Sage Automotive Interiors, Inc(11)</b>	Automotive Textiles Manufacturer	LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 9.00%, Secured Debt (Maturity October 8, 2021)(9)	3,000	2,971	2,985
<b>Sagittarius Restaurants LLC (d/b/a Del Taco)(11)</b>	Mexican/American QSR Restaurant Chain	LIBOR Plus 4.50% (Floor 1.00%), Current Coupon 5.50%, Secured Debt (Maturity October 1, 2018)(9)	4,591	4,572	4,562
<b>SCE Partners, LLC(10)</b>	Hotel & Casino Operator	LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.25%, Secured Debt	7,481	7,421	7,519



Table of Contents

## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Sotera Defense Solutions, Inc.(11)	Defense Industry Intelligence Services	LIBOR Plus 7.50% (Floor 1.50%), Current Coupon 9.00%, Secured Debt (Maturity April 21, 2017)(9)	10,984	10,564	10,160
Symphony Teleca Services, Inc.(11)	Outsourced Product Development	LIBOR Plus 4.75% (Floor 1.00%), Current Coupon 5.75%, Secured Debt (Maturity August 7, 2019)(9)	14,000	13,870	13,930
Synagro Infrastructure Company, Inc(11)	Waste Management Services	LIBOR Plus 5.25% (Floor 1.00%), Current Coupon 6.25%, Secured Debt (Maturity August 22, 2020)(9)	6,913	6,798	6,822
Targus Group International(11)	Distributor of Protective Cases for Mobile Devices	LIBOR Plus 9.50% (Floor 1.50%), Current Coupon 11.00% / 1.00% PIK, Current Coupon Plus PIK 12.00%, Secured Debt (Maturity May 24, 2016)(9)	4,288	4,299	3,495
TeleGuam Holdings, LLC(11)	Cable and Telecom Services Provider	LIBOR Plus 4.00% (Floor 1.25%), Current Coupon 5.25%, Secured Debt (Maturity December 10, 2018)(9) LIBOR Plus 7.50% (Floor 1.25%), Current Coupon 8.75%, Secured Debt (Maturity June 10, 2019)(9)	6,830 2,500	6,813 2,480	6,796 2,512
Templar Energy LLC(11)	Oil & Gas Exploration & Production	LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity November 25, 2020)(9)	5,000	4,945	3,615
The Tennis Channel, Inc.(10)	Television-Based Sports Broadcasting	Warrants (114,316 equivalent shares)		235	301
The Topps Company, Inc.(11)	Trading Cards & Confectionary	LIBOR Plus 6.00% (Floor 1.25%), Current Coupon 7.25%, Secured Debt (Maturity October 2, 2018)(9)	1,980	1,964	1,930
Therakos, Inc.(11)	Immune System Disease Treatment	LIBOR Plus 5.75% (Floor 1.25%), Current Coupon 7.00%, Secured Debt (Maturity December 27, 2017)(9)	6,278	6,178	6,255

S-114



Table of Contents

## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
<b>TOMS Shoes, LLC(11)</b>	Global Designer, Distributor, and Retailer of Casual Footwear	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.50%, Secured Debt (Maturity October 30, 2020)(9)	5,000	4,511	4,625
<b>Travel Leaders Group, LLC(11)</b>	Travel Agency Network Provider	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity December 5, 2018)(9)	12,445	12,305	12,445
<b>UniTek Global Services, Inc.(11)</b>	Provider of Outsourced Infrastructure Services	LIBOR Plus 9.50% (Floor 1.50%), Current Coupon 11.00% / 4.00% PIK, Current Coupon Plus PIK 15.00%, Secured Debt (Maturity April 15, 2018)(9)(14) 5% Current / 2.25% PIK Secured Debt (Maturity August 13, 2019)(14) Warrants (267,302 equivalent shares)	10,776 640	10,173 640 449	7,942 640
<b>Universal Fiber Systems, LLC(10)</b>	Manufacturer of Synthetic Fibers	LIBOR Plus 4.25% (Floor 1.00%), Current Coupon 5.25%, Secured Debt (Maturity January 31, 2019)(9)	5,094	5,084	5,082
<b>Universal Wellhead Services Holdings, LLC(10)</b>	Provider of Wellhead Equipment, Designs, and Personnel to the Oil & Gas Industry	Class A Units(4,000,000 units)		4,000	4,000
<b>US Joiner Holding Company(11)</b>	Marine Interior Design and Installation	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity April 16, 2020)(9)	7,444	7,410	7,332
<b>Vantage Oncology, LLC(11)</b>	Outpatient Radiation Oncology Treatment Centers	9.5% Secured Debt (Maturity June 5, 2017)	7,000	7,000	6,790
<b>Virtex Enterprises, LP(10)</b>	Specialty, Full-Service Provider of Complex Electronic Manufacturing Services	12% Secured Debt (Maturity December 27, 2018) Preferred Class A Units (14 units; 5% cumulative)(8) Warrants (11 equivalent units)	1,667	1,479 344 186	1,479 344 186



Table of Contents**MAIN STREET CAPITAL CORPORATION****CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)****December 31, 2014****(in thousands)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Vision Solutions, Inc.(11)</b>	Provider of Information Availability Software	LIBOR Plus 8.00% (Floor 1.50%), Current Coupon 9.50%, Secured Debt (Maturity July 23, 2017)(9)	5,000	4,941	4,872
<b>Western Dental Services, Inc.(11)</b>	Dental Care Services	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity November 1, 2018)(9)	5,395	5,391	5,153
<b>Wilton Brands LLC(11)</b>	Specialty Housewares Retailer	LIBOR Plus 6.25% (Floor 1.25%), Current Coupon 7.50%, Secured Debt (Maturity August 30, 2018)(9)	1,750	1,727	1,636
<b>Worley Claims Services, LLC(10)</b>	Insurance Adjustment Management and Services Provider	LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 9.00%, Secured Debt (Maturity October 31, 2020)(9)	6,500	6,437	6,533
<b>Zilliant Incorporated</b>	Price Optimization and Margin Management Solutions	Warrants (952,500 equivalent shares)		1,071	1,071
<b>Subtotal Non-Control/Non-Affiliate Investments (51.8% of total investments at fair value)</b>				832,312	814,809
<b>Total Portfolio Investments, December 31, 2014</b>				1,441,402	1,563,330

S-116

Table of Contents

## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
<b>Marketable Securities and Idle Funds Investments</b>					
Solar Senior Capital Ltd.(13)(15)	Business Development Company	Common Stock (39,000 shares)(8)		742	584
<b>Other Marketable Securities and Idle Funds Investments(13)(15)</b>	Investments in Marketable Securities and Diversified, Registered Bond Funds		518	9,862	8,483
<b>Subtotal Marketable Securities and Idle Funds Investments (0.6% of total investments at fair value)</b>				10,604	9,067
<b>Total Investments, December 31, 2014</b>				\$ 1,452,006	\$ 1,572,397

- (1) All investments are Lower Middle Market portfolio investments, unless otherwise noted. Substantially all of the Company's assets are encumbered either as security for the Company's credit agreement or in support of the SBA-guaranteed debentures issued by the Funds.
- (2) Debt investments are income producing, unless otherwise noted. Equity and warrants are non-income producing, unless otherwise noted.
- (3) See Note C for summary geographic location of portfolio companies.
- (4) Principal is net of prepayments. Cost is net of prepayments and accumulated unearned income.
- (5) Control investments are defined by the Investment Company Act of 1940, as amended ("1940 Act") as investments in which more than 25% of the voting securities are owned or where the ability to nominate greater than 50% of the board representation is maintained.
- (6) Affiliate investments are defined by the 1940 Act as investments in which between 5% and 25% of the voting securities are owned and the investments are not classified as Control investments.
- (7) Non-Control/Non-Affiliate investments are defined by the 1940 Act as investments that are neither Control investments nor Affiliate investments.
- (8) Income producing through dividends or distributions.
- (9) Index based floating interest rate is subject to contractual minimum interest rate.
- (10) Private Loan portfolio investment. See Note B for a summary of Private Loan portfolio investments.
- (11)

## Edgar Filing: Main Street Capital CORP - Form 497

Middle Market portfolio investment. See Note B for a summary of Middle Market portfolio investments.

- (12) Other Portfolio investment. See Note B for a summary of Other Portfolio investments.
- (13) Investment is not a qualifying asset as defined under Section 55(a) of the 1940 Act. Qualifying assets must represent at least 70% of total assets at the time of acquisition of any additional non-qualifying assets.
- (14) Non-accrual and non-income producing investment.
- (15) Marketable securities and idle fund investments.
- (16) External Investment Manager.
- (17) Maturity date is under on-going negotiations with the portfolio company and other lenders, if applicable.

S-117

---

Table of Contents

## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2013

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
<b>Control Investments(5)</b>					
ASC Interests, LLC	Recreational and Educational Shooting Facility	11% Secured Debt (Maturity July 31, 2018)	3,500	3,434	3,434
		Member Units (1,500 units)		1,500	1,500
				4,934	4,934
Bond-Coat, Inc.	Casing and Tubing Coating Services	12% Secured Debt (Maturity December 28, 2017)	14,750	14,581	14,750
		Common Stock (56,330 shares)		6,220	8,850
				20,801	23,600
Café Brazil, LLC	Casual Restaurant Group	Member Units (1,233 units)(8)		1,742	6,770
California Healthcare Medical Billing, Inc.	Outsourced Billing and Revenue Cycle Management	12% Secured Debt (Maturity October 17, 2015)	8,103	7,973	8,103
		Warrants (466,947 equivalent shares)		1,193	3,380
		Common Stock (207,789 shares)		1,177	1,560
				10,343	13,043
CBT Nuggets, LLC	Produces and Sells IT Training Certification Videos	Member Units (416 units)(8)		1,300	16,700
Ceres Management, LLC (Lamb's Tire & Automotive)	Aftermarket Automotive Services Chain	14% Secured Debt (Maturity May 31, 2018)	4,000	4,000	4,000
		Class B Member Units (12% cumulative)(8)		3,586	3,586
		Member Units (5,460 units)		5,273	1,190
		9.5% Secured Debt (Lamb's Real Estate Investment I, LLC) (Maturity October 1, 2025)	1,017	1,017	1,017
		Member Units (Lamb's Real Estate Investment I, LLC) (1,000 units)(8)		625	1,060
				14,501	10,853
Garreco, LLC	Manufacturer and Supplier of Dental Products	14% Secured Debt (Maturity January 12, 2018)	5,800	5,693	5,693
		Member Units (1,200 units)		1,200	1,200
				6,893	6,893
		S-118			



Table of Contents

## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2013

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Gulf Manufacturing, LLC	Manufacturer of Specialty Fabricated Industrial Piping Products	9% PIK Secured Debt (Ashland Capital IX, LLC) (Maturity June 30, 2017)	919	919	919
		Member Units (438 units)(8)		2,980	13,220
				3,899	14,139
Harrison Hydra-Gen, Ltd.	Manufacturer of Hydraulic Generators	12% Secured Debt (Maturity June 4, 2015)	4,896	4,659	4,896
		Preferred Stock (8% cumulative)(8)		1,167	1,167
		Common Stock (107,456 shares)		718	1,340
				6,544	7,403
Hawthorne Customs and Dispatch Services, LLC	Facilitator of Import Logistics, Brokerage, and Warehousing	Member Units (500 units)(8)		589	440
		Member Units (Wallisville Real Estate, LLC) (Fully diluted 59.1%)(8)		1,215	2,050
				1,804	2,490
Hydratec, Inc.	Designer and Installer of Micro-Irrigation Systems	Common Stock (7,095 shares)(8)		7,095	13,720
IDX Broker, LLC	Provider of Marketing and CRM Tools for Real Estate	12.5% Secured Debt (Maturity November 18, 2018)	10,571	10,467	10,467
		Member Units (5,029 units)		5,029	5,029
				15,496	15,496
Impact Telecom, Inc.	Telecommunications Services	LIBOR Plus 4.50% (Floor 2.00%), Current Coupon 6.50%, Secured Debt (Maturity May 31, 2018)(9)	1,575	1,568	1,568
		13% Secured Debt (Maturity May 31, 2018)	22,500	14,690	14,690
		Warrants (5,516,667 equivalent shares)		8,000	8,760
				24,258	25,018
Indianapolis Aviation Partners, LLC	Fixed Base Operator	15% Secured Debt (Maturity September 15, 2014)	3,550	3,483	3,550
		Warrants (1,046 equivalent units)		1,129	2,200



Edgar Filing: Main Street Capital CORP - Form 497

		4,612	5,750
<b>Jensen Jewelers of Idaho, LLC</b>			
	Retail Jewelry Store		
	Prime Plus 6.75% (Floor 3.25%), Current Coupon 10.00%, Secured		
	Debt (Maturity November 14, 2016)(9)	4,255	4,193
	Member Units (627 units)(8)		811
			3,310
			5,004
	S-119		7,565

Table of Contents

## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2013

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
<b>Lighting Unlimited, LLC</b>	Commercial and Residential Lighting Products and Design Services	8% Secured Debt (Maturity August 22, 2014)	1,676	1,676	1,676
		Preferred Stock (non-voting)		459	470
		Warrants (71 equivalent units)		54	30
		Member Units (700 units)		100	250
					2,289
<b>Marine Shelters Holdings, LLC (LoneStar Marine Shelters)</b>	Fabricator of Marine and Industrial Shelters	12% Secured Debt (Maturity December 28, 2017)	10,250	10,076	10,076
		Preferred Member Units (2,669 units)		3,750	3,750
				13,826	13,826
<b>Mid-Columbia Lumber Products, LLC</b>	Manufacturer of Finger- Jointed Lumber Products	10% Secured Debt (Maturity December 18, 2017)	1,750	1,750	1,750
		12% Secured Debt (Maturity December 18, 2017)	3,900	3,900	3,900
		Member Units (2,774 units)(8)		1,132	8,280
		9.5% Secured Debt (Mid Columbia Real Estate, LLC) (Maturity May 13, 2025)	972	972	972
		Member Units (Mid Columbia Real Estate, LLC) (250 units)(8)		250	440
				8,004	15,342
<b>MSC Adviser I, LLC(15)</b>	Investment Partnership	Member Units (Fully diluted 100.0%)			1,064
<b>NAPCO Precast, LLC</b>	Precast Concrete Manufacturing	Prime Plus 2.00% (Floor 7.00%), Current Coupon 9.00%, Secured Debt (Maturity September 1, 2015)(9)	2,750	2,703	2,750
		Prime Plus 2.00% (Floor 7.00%), Current Coupon 9.00%, Secured Debt (Maturity February 1, 2016)(9)	2,923	2,893	2,923
		18% Secured Debt (Maturity February 1, 2016)	4,468	4,418	4,468
		Member Units (2,955 units)(8)		2,975	5,920
			12,989	16,061	
<b>NRI Clinical Research, LLC</b>	Clinical Research Center	14% Secured Debt (Maturity September 8, 2016)	4,394	4,226	4,226
		Warrants (251,723 equivalent units)		252	440

Edgar Filing: Main Street Capital CORP - Form 497

Member Units (500,000 units)	500	870
S-120	4,978	5,536

---

Table of Contents

## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2013

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
NRP Jones, LLC	Manufacturer of Hoses, Fittings and Assemblies	12% Secured Debt			
		(Maturity December 22, 2016)	12,100	11,382	12,100
		Warrants (14,331 equivalent units)		817	1,420
		Member Units (50,877 units)(8)		2,900	5,050
				15,099	18,570
OMi Holdings, Inc.	Manufacturer of Overhead Cranes	Common Stock (1,500 shares)(8)		1,080	13,420
Pegasus Research Group, LLC (Televerde)	Telemarketing and Data Services	15% Secured Debt			
		(Maturity January 6, 2016)	4,791	4,760	4,791
		Member Units (450 units)(8)		1,250	4,860
				6,010	9,651
PPL RVs, Inc.	Recreational Vehicle Dealer	11.1% Secured Debt			
		(Maturity June 10, 2015)	7,860	7,827	7,860
		Common Stock (2,000 shares)		2,150	7,990
				9,977	15,850
Principle Environmental, LLC	Noise Abatement Services	12% Secured Debt			
		(Maturity February 1, 2016)	3,506	3,070	3,506
		12% Current / 2% PIK Secured Debt			
		(Maturity February 1, 2016)	4,674	4,617	4,656
		Warrants (1,036 equivalent units)		1,200	2,620
		Member Units (1,553 units)(8)		1,863	4,180
				10,750	14,962
River Aggregates, LLC	Processor of Construction Aggregates	Zero Coupon Secured Debt			
		(Maturity June 30, 2018)	750	421	421
		12% Secured Debt (Maturity June 30, 2018)	500	500	500
		Member Units (1,150 units)		1,150	
		Member Units (RA Properties, LLC) (1,500 units)		369	369
				2,440	1,290
Southern RV, LLC	Recreational Vehicle Dealer	13% Secured Debt (Maturity August 8, 2018)	11,400	11,239	11,239
		Member Units (1,680 units)(8)		1,680	1,680

Edgar Filing: Main Street Capital CORP - Form 497

13% Secured Debt (Southern RV Real Estate, LLC) (Maturity August 8, 2018)	3,250	3,204	3,204
Member Units (Southern RV Real Estate, LLC) (480 units)		480	480
		16,603	16,603
S-121			

---

Table of Contents

## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2013

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
The MPI Group, LLC	Manufacturer of Custom Hollow Metal Doors, Frames and Accessories	4.5% Current / 4.5% PIK Secured Debt (Maturity July 1, 2014)	1,079	1,079	880
		6% Current / 6% PIK Secured Debt (Maturity July 1, 2014)	5,639	5,639	4,600
		Warrants (1,068 equivalent units)		1,096	
				7,814	5,480
Travis Acquisition LLC	Manufacturer of Aluminum Trailers	12% Secured Debt (Maturity August 30, 2018)	9,200	9,025	9,025
		Member Units (7,282 units)		7,100	7,100
				16,125	16,125
Uvalco Supply, LLC	Farm and Ranch Supply Store	9% Secured Debt (Maturity January 1, 2019)	2,175	2,175	2,175
		Member Units (1,006 units)(8)		1,113	3,730
				3,288	5,905
Vision Interests, Inc.	Manufacturer / Installer of Commercial Signage	13% Secured Debt (Maturity December 23, 2016)	3,204	3,158	3,158
		Series A Preferred Stock (3,000,000 shares)		3,000	1,510
		Common Stock (1,126,242 shares)		3,706	
				9,864	4,668
Ziegler's NYPD, LLC	Casual Restaurant Group	Prime Plus 2.00% (Floor 7.00%), Current Coupon 9.00%, Secured Debt (Maturity October 1, 2018)(9)	1,000	1,000	1,000
		9% Current / 9% PIK Secured Debt (Maturity October 1, 2018)	5,449	5,449	4,820
		Warrants (587 equivalent units)		600	
				7,049	5,820
<b>Subtotal Control Investments (27.5% of total investments at fair value)</b>				<b>277,411</b>	<b>356,973</b>

Table of Contents

## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2013

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
<b><u>Affiliate Investments(6)</u></b>					
American Sensor Technologies, Inc.	Manufacturer of Commercial / Industrial Sensors	Warrants (674,677 equivalent shares)		50	10,100
Bridge Capital Solutions Corporation	Financial Services and Cash Flow Solutions	13% Secured Debt (Maturity April 17, 2017)	5,000	4,799	4,799
		Warrants (19 equivalent shares)		200	530
				4,999	5,329
Buffalo Composite Materials Holdings, LLC(10)	Manufacturer of Fiberglass Products	Member Units (2,000,000 units)		2,035	2,035
Condit Exhibits, LLC	Tradeshow Exhibits / Custom Displays	12% Secured Debt (Maturity July 31, 2018)	3,750	3,750	3,750
		Warrants (2,755 equivalent units)		100	540
				3,850	4,290
Congruent Credit Opportunities Funds(12)(13)	Investment Partnership	LP Interests (Congruent Credit Opportunities Fund II, LP) (Fully diluted 19.8%)(8)		22,060	22,692
		LP Interests (Congruent Credit Opportunities Fund III, LP) (Fully diluted 17.4%)		4,128	4,128
				26,188	26,820
Daseke, Inc.	Specialty Transportation Provider	12% Current / 2.5% PIK Secured Debt (Maturity July 31, 2018)	20,206	19,828	19,828
		Common Stock (18,038 shares)		4,642	11,689
				24,470	31,517
Dos Rios Partners(12)(13)	Investment Partnership	LP Interests (Dos Rios Partners, LP) (Fully diluted 27.7%)		1,269	1,269
		LP Interests (Dos Rios Partners A, LP) (Fully diluted 9.1%)		403	403
				1,672	1,672
East Teak Fine Hardwoods, Inc.	Hardwood Products	Common Stock (5,000 shares)		480	450
	Investment Partnership				

Edgar Filing: Main Street Capital CORP - Form 497

Freeport Financial SBIC  
Fund LP(12)(13)

LP Interests (Fully diluted 9.9%)  
S-123

1,618

1,618

---



Table of Contents

## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2013

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Gault Financial, LLC (RMB Capital, LLC)	Purchases and Manages Liquidation of Distressed Assets	14% Secured Debt (Maturity November 21, 2016) Warrants (29,025 equivalent units)	12,165	11,747 400	10,550
				12,147	10,550
Glowpoint, Inc.	Cloud Managed Video Collaboration Services	8% Secured Debt (Maturity October 18, 2018)	300	294	294
		12% Secured Debt (Maturity October 18, 2018)	9,000	8,892	8,892
		Common Stock (GP Investment Holdings, LLC) (7,711,517 shares)		3,800	10,235
				12,986	19,421
Houston Plating and Coatings, LLC	Plating and Industrial Coating Services	Member Units (238,333 units)(8)		635	9,160
Indianhead Pipeline Services, LLC	Pipeline Support Services	12% Secured Debt (Maturity February 6, 2017)	7,800	7,394	7,800
		Preferred Member Units (28,905 units; 8% cumulative)(8)		1,832	1,832
		Warrants (38,193 equivalent units)		459	470
		Member Units (14,732 units)(8)		1	530
				9,686	10,632
Integrated Printing Solutions, LLC	Specialty Card Printing	8% PIK Secured Debt (Maturity January 31, 2014)(14)	750	750	750
		13% PIK Secured Debt (Maturity September 23, 2016)(14)	12,500	11,918	8,365
		Preferred Member Units (13.6 units)		2,000	
		Warrants (9.9 equivalent units)		600	
				15,268	9,115
irth Solutions, LLC	Damage Prevention Technology Information Services	Member Units (128 units)(8)		624	3,300
KBK Industries, LLC	Specialty Manufacturer of Oilfield and Industrial Products	12.5% Secured Debt (Maturity September 28, 2017)	9,000	8,927	9,000
		Member Units (250 units)(8)		341	5,740

Edgar Filing: Main Street Capital CORP - Form 497

		9,268	14,740
<b>OnAsset Intelligence, Inc.</b>	Transportation Monitoring / Tracking Services		
	12% PIK Secured Debt (Maturity June 30, 2014)	2,330	1,788
	Preferred Stock (908 shares; 7% cumulative)(8)		1,815
	Warrants (3,629 shares)		1,787
			370
			5,390
	S-124		4,760

Table of Contents

## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2013

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
<b>OPI International Ltd.(13)</b>	Oil and Gas Construction Services	Common Stock (20,766,317 shares)		1,371	4,971
<b>PCI Holding Company, Inc.</b>	Manufacturer of Industrial Gas Generating Systems	12% Current / 4% PIK Secured Debt (Maturity December 18, 2017)	4,449	4,376	4,449
		Preferred Stock (1,500,000 shares; 20% cumulative)(8)		1,847	3,311
				6,223	7,760
<b>Quality Lease and Rental Holdings, LLC</b>	Rigsite Accommodation Unit Rental and Related Services	12% Secured Debt (Maturity January 8, 2018)(14)	37,350	36,843	20,000
		Preferred Member Units (Rocacia, LLC) (250 units)		2,500	
				39,343	20,000
<b>Radial Drilling Services Inc.</b>	Oil and Gas Technology	12% Secured Debt (Maturity November 22, 2016)	4,200	3,626	3,626
		Warrants (316 equivalent shares)		758	
				4,384	3,626
<b>Samba Holdings, Inc.</b>	Intelligent Driver Record Monitoring Software and Services	12.5% Secured Debt (Maturity November 17, 2016)	11,453	11,325	11,453
		Common Stock (158,066 shares)		1,707	4,510
				13,032	15,963
<b>Spectrio LLC</b>	Audio Messaging Services	LIBOR Plus 7.50%, (Floor 1.00%) Current Coupon 8.50%, Secured Debt (Maturity November 19, 2018)(9)	17,878	17,504	17,878
		Warrants (191 equivalent units)		887	3,850
				18,391	21,728
<b>SYNEO, LLC</b>	Manufacturer of Specialty Cutting Tools and Punches	12% Secured Debt (Maturity July 13, 2016)	4,300	4,238	4,238
		Member Units (1,111 units)		1,036	740
		10% Secured Debt (Leadrock Properties, LLC) (Maturity May 4, 2026)	1,440	1,414	1,414

Edgar Filing: Main Street Capital CORP - Form 497

			6,688	6,392
<b>Texas Reexcavation LC</b>	Hydro Excavation Services			
		12% Current / 3% PIK Secured Debt (Maturity December 31, 2017)	6,185	6,082
		Class A Member Units (290 units)		2,900
				3,270
			8,982	9,352
		S-125		

---

Table of Contents

**MAIN STREET CAPITAL CORPORATION**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)**

**December 31, 2013**

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
<b>Tin Roof Acquisition Company</b>	Casual Restaurant Group	12% Secured Debt (Maturity November 30, 2018)	11,000	10,785	10,785
		Class C Preferred Member Units (Fully diluted 10%; 10% cumulative)(8)		2,027	2,027
				12,812	12,812
<b>Subtotal Affiliate Investments (20.6% of total investments at fair value)</b>				<b>242,592</b>	<b>268,113</b>

S-126

Table of Contents

## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2013

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
<b>Non-Control/Non-Affiliate Investments(7)</b>					
<b>ABG Intermediate Holdings 2, LLC(11)</b>	Trademark Licensing of Clothing	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity June 28, 2019)(9)	7,500	7,463	7,463
<b>Allflex Holdings III Inc.(11)</b>	Manufacturer of Livestock Identification Products	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.00%, Secured Debt (Maturity July 19, 2021)(9)	5,000	4,952	5,076
<b>Alvogen Pharma US, Inc.(11)</b>	Pharmaceutical Company Focused on Generics	LIBOR Plus 5.75% (Floor 1.25%), Current Coupon 7.00%, Secured Debt (Maturity May 23, 2018)(9)	1,966	1,938	1,996
<b>AM General LLC(11)</b>	Specialty Vehicle Manufacturer	LIBOR Plus 9.00% (Floor 1.25%), Current Coupon 10.25%, Secured Debt (Maturity March 22, 2018)(9)	2,850	2,775	2,501
<b>AM3 Pinnacle Corporation(10)</b>	Provider of Comprehensive Internet, TV and Voice Services for Multi-Dwelling Unit Properties	10% Secured Debt (Maturity October 22, 2018) Common Stock (60,240 shares)	22,500	22,320 2,000	22,320 2,000
				24,320	24,320
<b>American Beacon Advisors Inc.(11)</b>	Provider of Sub-Advised Investment Products	LIBOR Plus 3.75% (Floor 1.00%), Current Coupon 4.75%, Secured Debt (Maturity November 22, 2019)(9)	6,500	6,436	6,534
<b>AmeriTech College, LLC</b>	For-Profit Nursing and Healthcare College	18% Secured Debt (Maturity March 9, 2017)	6,050	5,960	6,050
<b>AMF Bowling Centers, Inc.(11)</b>	Bowling Alley Operator	LIBOR Plus 7.50% (Floor 1.25%), Current Coupon 8.75%, Secured Debt (Maturity June 29, 2018)(9)	4,938	4,799	4,975
<b>Anchor Hocking, LLC(11)</b>	Household Products Manufacturer	LIBOR Plus 6.25% (Floor 1.25%), Current Coupon 7.50%, Secured Debt (Maturity May 21, 2020)(9)	6,965	6,900	7,078

S-127

Table of Contents**MAIN STREET CAPITAL CORPORATION****CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)****December 31, 2013****(in thousands)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Ancile Solutions, Inc.(11)</b>	Provider of eLearning Solutions	LIBOR Plus 5.00% (Floor 1.25%), Current Coupon 6.25%, Secured Debt (Maturity July 15, 2018)(9)	9,628	9,571	9,652
<b>Answers Corporation(11)</b>	Consumer Internet Search Services Provider	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.50%, Secured Debt (Maturity December 20, 2018)(9)	8,500	8,415	8,436
<b>AP Gaming I, LLC(10)</b>	Developer, Manufacturer, and Operator of Gaming Machines	LIBOR Plus 8.25% (Floor 1.00%), Current Coupon 9.25%, Secured Debt (Maturity December 20, 2020)(9)	7,000	6,790	6,913
<b>Apria Healthcare Group, Inc.(11)</b>	Provider of Home Healthcare Equipment	LIBOR Plus 5.50% (Floor 1.25%), Current Coupon 6.75%, Secured Debt (Maturity April 6, 2020)(9)	5,473	5,441	5,500
<b>Artel, LLC(11)</b>	Land-Based and Commercial Satellite Provider	LIBOR Plus 6.00% (Floor 1.25%), Current Coupon 7.25%, Secured Debt (Maturity November 27, 2017)(9)	5,953	5,878	5,864
<b>Atkins Nutritionals Holdings II, Inc.(11)</b>	Weight Management Food Products	LIBOR Plus 5.00% (Floor 1.25%), Current Coupon 6.25%, Secured Debt (Maturity January 2, 2019)(9)	1,985	1,985	2,010
<b>B. J. Alan Company</b>	Retailer and Distributor of Consumer Fireworks	12.5% Current / 2.5% PIK Secured Debt (Maturity June 22, 2017)	11,235	11,158	11,158
<b>BBTS Borrower LP(11)</b>	Oil & Gas Exploration and Midstream Services	LIBOR Plus 6.50% (Floor 1.25%), Current Coupon 7.75%, Secured Debt (Maturity June 4, 2019)(9)	6,948	6,883	7,013
<b>Blackhawk Specialty Tools LLC(11)</b>	Oilfield Equipment & Services	LIBOR Plus 5.25% (Floor 1.25%), Current Coupon 6.50%, Secured Debt (Maturity August 1, 2019)(9)	5,413	5,375	5,399
<b>Bluestem Brands, Inc.(11)</b>	Multi-Channel Retailer of General Merchandise	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity December 6, 2018)(9)	4,000	3,921	3,960

S-128

Table of Contents

## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2013

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Brand Connections, LLC	Venue-Based Marketing and Media	12% Secured Debt (Maturity April 30, 2015)	7,063	6,983	7,063
Brasa Holdings Inc.(11)	Upscale Full Service Restaurants	LIBOR Plus 4.75% (Floor 1.00%), Current Coupon 5.75%, Secured Debt (Maturity July 19, 2019)(9)	3,456	3,379	3,498
		LIBOR Plus 9.50% (Floor 1.50%), Current Coupon 11.00%, Secured Debt (Maturity January 20, 2020)(9)	3,857	3,820	3,896
				7,199	7,394
Calloway Laboratories, Inc.(10)	Health Care Testing Facilities	12% PIK Secured Debt (Maturity September 30, 2014) Warrants (125,000 equivalent shares)	6,336	6,276 17	4,738
				6,293	4,738
CDC Software Corporation(11)	Enterprise Application Software	LIBOR Plus 6.00% (Floor 1.50%), Current Coupon 7.50%, Secured Debt (Maturity August 6, 2018)(9)	4,197	4,163	4,244
Cedar Bay Generation Company LP(11)	Coal-Fired Cogeneration Plant	LIBOR Plus 5.00% (Floor 1.25%), Current Coupon 6.25%, Secured Debt (Maturity April 23, 2020)(9)	7,964	7,891	8,028
Charlotte Russe, Inc(11)	Fast-Fashion Retailer to Young Women	LIBOR Plus 5.50% (Floor 1.25%), Current Coupon 6.75%, Secured Debt (Maturity May 22, 2019)(9)	4,988	4,942	4,919
CHI Overhead Doors, Inc.(11)	Manufacturer of Overhead Garage Doors	LIBOR Plus 9.50% (Floor 1.50%), Current Coupon 11.00%, Secured Debt (Maturity September 18, 2019)(9)	2,500	2,462	2,513
Collective Brands Finance, Inc.(11)	Specialty Footwear Retailer	LIBOR Plus 6.00% (Floor 1.25%), Current Coupon 7.25%, Secured Debt (Maturity October 9, 2019)(9)	2,481	2,481	2,494
Compact Power Equipment, Inc.	Equipment / Tool Rental	6% Current / 6% PIK Secured Debt (Maturity October 1, 2017) Series A Preferred Stock (4,298,435 shares; 8% cumulative)(8)	3,918	3,901 998	3,918 2,230



S-129

4,899

6,148

Table of Contents

## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2013

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
<b>CGSC of Delaware Holdings Corp.(11)(13)</b>	Insurance Brokerage Firm	LIBOR Plus 7.00% (Floor 1.25%), Current Coupon 8.25%, Secured Debt (Maturity October 16, 2020)(9)	2,000	1,972	1,940
<b>Connolly Holdings Inc.(11)</b>	Audit Recovery Software	LIBOR Plus 5.25% (Floor 1.25%), Current Coupon 6.50%, Secured Debt (Maturity July 13, 2018)(9)	2,395	2,376	2,405
		LIBOR Plus 9.25% (Floor 1.25%), Current Coupon 10.50%, Secured Debt (Maturity January 15, 2019)(9)	2,000	1,967	2,045
				4,343	4,450
<b>CST Industries Inc.(11)</b>	Storage Tank Manufacturer	LIBOR Plus 6.25% (Floor 1.50%), Current Coupon 7.75%, Secured Debt (Maturity May 22, 2017)(9)	11,563	11,436	11,389
<b>Drilling Info, Inc.</b>	Information Services for the Oil and Gas Industry	Common Stock (3,788,865 shares)		1,335	9,470
<b>Emerald Performance Materials, Inc.(11)</b>	Specialty Chemicals Manufacturer	LIBOR Plus 5.50% (Floor 1.25%), Current Coupon 6.75%, Secured Debt (Maturity May 18, 2018)(9)	4,434	4,401	4,467
<b>EnCap Energy Fund Investments(12)(13)</b>	Investment Partnership				