Main Street Capital CORP
Form 497
May 27, 2009

Table of Contents

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

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

SUBJECT TO COMPLETION, DATED MAY 27, 2009

PRELIMINARY PROSPECTUS SUPPLEMENT
(to Prospectus dated May 1, 2009)

Shares

Main Street Capital Corporation

Common Stock

We are offering for sale shares of our common stock. These shares may be offered at a discount from our most recently determined net asset value per share of $11.84 pursuant to the authority granted by our common stockholders at our annual meeting of stockholders held on June 17, 2008. Our current authority to offer shares at a price below net asset value per share ends on June 11, 2009, unless our stockholders extend this authority at our 2009 annual meeting of stockholders on June 11, 2009. Sales of common stock at prices below net asset value per share dilute the interests of existing stockholders, have the effect of reducing our net asset value per share and may reduce our market price per share. See Risk Factors beginning on page 10 of the accompanying prospectus and Sales of Common Stock Below Net Asset Value on page S-10 of this prospectus supplement and on page 79 of the accompanying prospectus.

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

Our investment objective is to maximize our portfolio s total return by generating current income from our debt investments and realizing capital appreciation from our equity and equity-related investments, including warrants, convertible securities and other rights to acquire equity securities in a portfolio company. We are an internally managed, closed-end, non-diversified management investment company that has elected to be treated as a business development company under the Investment Company Act of 1940.

Our common stock is listed on the Nasdaq Global Select Market under the symbol MAIN. On May 26, 2009, the last reported sale price of our common stock on the Nasdaq Global Select Market was $13.63 per share.

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

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

	Per Share	**Total**
Public offering price	$	$
Underwriting discount (5.0%)	$	$
Proceeds, before expenses, to us(1)	$	$

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

The underwriters have the option to purchase up to an additional shares of common stock at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus supplement solely to cover any over-allotments. If the over-allotment option is exercised in full, the total public offering price will be $, and the total underwriting discount (5.0%) will be $. The proceeds to us would be $, before deducting estimated expenses payable by us of $300,000.

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

The underwriters expect to deliver the shares on or about , 2009.

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

Morgan Keegan & Company, Inc.

Sanders Morris Harris

Janney Montgomery Scott

Ladenburg Thalmann & Co. Inc.

The date of this prospectus supplement is , 2009

TABLE OF CONTENTS

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

Table of Contents

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

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

Information contained in this prospectus supplement and the accompanying prospectus may contain forward-looking statements, which can be identified by the use of forward-looking terminology such as may, will, expect, intend, anticipate, estimate, or continue or the negative thereof or other variations thereon or comparable terminology. The matters described in Risk Factors in the accompanying prospectus and certain other factors noted throughout this prospectus supplement and the accompanying prospectus constitute cautionary statements identifying important factors with respect to any such forward-looking statements, including certain risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements.

PROSPECTUS SUMMARY

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

Main Street Capital Corporation (MSCC) was formed on March 9, 2007, for the purpose of (i) acquiring 100% of the equity interests of Main Street Mezzanine Fund, LP (the Fund) and its general partner, Main Street Mezzanine Management, LLC (the General Partner), (ii) acquiring 100% of the equity interests of Main Street Capital Partners, LLC (the Investment Manager), (iii) raising capital in an initial public offering, which was completed in October 2007 (the IPO), and (iv) thereafter operating as an internally managed business development company (BDC) under the Investment Company Act of 1940 (the 1940 Act). The transactions discussed above were consummated in October 2007 and are collectively termed the Formation Transactions. The Fund is licensed as a Small Business Investment Company (SBIC) by the United States Small Business Administration (SBA), and the Investment Manager acts as the Fund s manager and investment adviser. The Investment Manager also acts as the manager and investment adviser to Main Street Capital II, LP (MSC II), a privately owned, affiliated SBIC which commenced investment operations in January 2006. MSCC did not acquire any interest in MSC II in connection with the Formation Transactions and currently does not hold any equity interest in MSC II. Unless otherwise noted or the context otherwise indicates, the terms we, us, our and Main Street refer to the Fund and the General Partner prior to the IPO and to MSCC and its subsidiaries, including the Fund and the General Partner, subsequent to the IPO.

Main Street

We are a principal investment firm focused on providing customized financing solutions to lower middle-market companies, which we generally define as companies with annual revenues between $10 million and $100 million. Our investment objective is to maximize our portfolio s total return by generating current income from our debt investments and realizing capital appreciation from our equity and equity-related investments, including warrants, convertible securities and other rights to acquire equity securities in a portfolio company. Our investments generally range in size from $2 million to $15 million. Our ability to invest across a company s capital structure, from senior secured loans to subordinated debt to equity securities, allows us to offer portfolio companies a comprehensive suite of financing solutions, or one-stop financing.

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

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

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

Table of Contents

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

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

Recent Developments

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

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

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

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

Table of Contents

The Offering

Common stock offered by us	shares
Common stock outstanding prior to this offering	9,090,334 shares
Common stock to be outstanding after this offering	shares
Over-allotment option	shares
Use of proceeds	The net proceeds from this offering (without exercise of the over-allotment option and before deducting estimated expenses payable by us of approximately $300,000) will be $. We intend to use all of the net proceeds from selling our common stock to make investments in lower middle-market companies in accordance with our investment objective and strategies described in this prospectus supplement and the accompanying prospectus, pay our operating expenses and dividends to our stockholders and for general corporate purposes. Pending such use, we will invest the net proceeds primarily in idle funds investments consistent with our business development company (BDC) election and our election to be taxed as a regulated investment company (RIC). See Use of Proceeds in this prospectus supplement for more information.
Dividends and distributions	Our dividends and other distributions, if any, will be determined by our Board of Directors from time to time. Our ability to declare dividends depends on our earnings, our overall financial condition (including our liquidity position), maintenance of our RIC status and such other factors as our Board of Directors may deem relevant from time to time. From our IPO through the third quarter of 2008 we paid quarterly dividends, but in the fourth quarter of 2008 we began paying, and we intend to continue paying, monthly dividends to our stockholders. In March 2009, we declared monthly dividends of $0.125 per share for each of April, May and June 2009. These monthly dividends equate to a total of $0.375 per share for the second quarter of 2009 representing an annualized dividend yield of approximately 11.0% based on the closing price of our common stock on the Nasdaq Global Select Market on May 26, 2009. Because the record date for the June 2009 dividend is prior to the date of this offering, investors who purchase shares of our common stock in this offering will not be entitled to receive such dividend.
Taxation	MSCC has elected to be treated for federal income tax purposes as a RIC under Subchapter M of the Internal Revenue Code (the Code).

Accordingly, we generally will not pay corporate-level federal income taxes on any net ordinary income or capital gains that we distribute to our stockholders as dividends. To maintain our RIC tax treatment, we must meet specified source-of-income and asset diversification requirements and distribute annually at least 90% of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any.

	Depending on the level of taxable income earned in a tax year, we may choose to carry forward taxable income in excess of current year distributions into the next tax year and pay a 4% excise tax on such income. Any such carryover taxable income must be distributed through a dividend declared prior to filing the final tax return related to the year which generated such taxable income. See Material U.S. Federal Income Tax Considerations in the accompanying prospectus.
Risk factors	See Risk Factors beginning on page 10 of the accompanying prospectus for a discussion of risks you should carefully consider before deciding to invest in shares of our common stock.
Nasdaq Global Select Market symbol	MAIN

FEES AND EXPENSES

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

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

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

(2) The offering expenses of this offering are estimated to be approximately $300,000. If the underwriters exercise their over-allotment option in full, the offering expenses borne by us (as a percentage of the offering price) will be approximately %.

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

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

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

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

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

Example

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock. In calculating the following expense amounts, we have assumed we would have no additional leverage and that our annual operating expenses would remain at the levels set forth in the table above, and that you would pay a sales load of 5.0% (the underwriting discount to be paid by us with respect to common stock sold by us in this offering).

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a $1,000 investment, assuming a 5.0% annual return	$ 148	$ 330	$ 494	$ 842

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

Table of Contents

USE OF PROCEEDS

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

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

Table of Contents

CAPITALIZATION

The following table sets forth our capitalization:

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

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

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

	As of March 31, 2009	
	Actual	As-adjusted for this Offering
	(Unaudited)	
Cash and cash equivalents	$ 18,862,802	$
Idle funds investments (cost: $16,081,221, actual and as adjusted)	15,898,252	
Total cash and cash equivalents and idle funds investments	$ 34,761,054	$
SBIC debentures	55,000,000	55,000,000
Stockholders equity:		
Common stock, $0.01 par value per share (150,000,000 shares authorized; 9,241,183 and issued; and 9,041,939 and outstanding, actual and as adjusted, respectively)	92,412	
Additional paid-in capital	104,994,125	
Undistributed net realized income	3,240,048	
Net unrealized appreciation from investments, net of income taxes	659,468	
Treasury stock, at cost (199,244 shares, actual and as adjusted)	(1,948,112)	(1,948,112)
Total stockholders equity	107,037,941	
Total capitalization	$ 162,037,941	$

Table of Contents

SELECTED FINANCIAL DATA

The selected financial data below reflects the combined operations of the Fund and the General Partner for the years ended December 31, 2004, 2005 and 2006 and the consolidated operations of Main Street and its subsidiaries for the years ended December 31, 2007 and 2008 and the three months ended March 31, 2008 and 2009. The selected financial data at December 31, 2005, 2006, 2007 and 2008, and for the years ended December 31, 2004, 2005, 2006, 2007 and 2008, have been derived from combined/consolidated financial statements that have been audited by Grant Thornton LLP, an independent registered public accounting firm. The selected financial data at December 31, 2004 has been derived from unaudited combined financial statements. The selected financial data for the three months ended March 31, 2008 and 2009, and as of March 31, 2008 and 2009, has been derived from unaudited financial data but, in the opinion of management, reflects all adjustments (consisting only of normal recurring adjustments) that are necessary to present fairly the results for such interim periods. Interim results as of and for the three months ended March 31, 2009 are not necessarily indicative of the results that may be expected for the year ending December 31, 2009. You should read this selected financial data in conjunction with our Management s Discussion and Analysis of Financial Condition and Results of Operations, Senior Securities and the financial statements and related notes thereto in the accompanying prospectus and Interim Management s Discussion and Analysis of Financial Condition and Results of Operations and Interim Financial Statements in this prospectus supplement.

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

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

Table of Contents

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

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

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

(3) The ratio for the year ended December 31, 2007 reflects the impact of professional costs related to the IPO. These costs were 25.7% of operating expenses for the year. Interim period ratios are not annualized.

Table of Contents

SALES OF COMMON STOCK BELOW NET ASSET VALUE

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

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

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

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

The effect that the offering will have on our stockholders, including any potential dilution they may experience as a result of the offering;

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

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

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

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

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

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

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

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

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

- existing stockholders who do not purchase any shares in the offering;
- existing stockholders who purchase a relatively small amount of shares in the offering or a relatively large amount of shares in the offering; and
- new investors who become stockholders by purchasing shares in the offering.

Impact on Existing Stockholders who do not Participate in this Offering

Our existing stockholders who do not participate in this offering (to the extent it is priced below our most recently determined NAV) or who do not buy additional shares in the secondary market at the same or lower price we obtain in such an offering (after expenses and commissions) face the greatest potential risks. These stockholders will experience an immediate decrease (often called dilution) in the NAV of the shares they hold

Table of Contents

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

The following table illustrates the level of NAV dilution that would be experienced by a current 1.0% stockholder who does not participate in this offering (to the extent it is priced below our most recently determined NAV).

	Prior to Sale Below NAV	Following Sale	% Change
Offering Price			
Price per Share to Public		$	
Net Proceeds per Share to Issuer(1)		$	
Increase in Shares and Decrease to NAV			
Total Shares Outstanding	9,090,334		%
NAV per Share	$ 11.84	$	%
Dilution to Nonparticipating Stockholder A			
Share Dilution			
Shares Held by Stockholder A	90,903	90,903	
Percentage Outstanding Held by Stockholder A	1.00%	%	%
NAV Dilution			
Total NAV Held by Stockholder A	$ 1,076,292	$	
Total Investment by Stockholder A (Assumed to be at NAV per Share)	$ 1,076,292	$ 1,076,292	
Total Dilution to Stockholder A (Total NAV Less Total Investment)		$	
NAV Dilution per Share			
NAV per Share Held by Stockholder A		$	
Investment per Share Held by Stockholder A (Assumed to be at NAV per Share on Shares Held Prior to Sale)	$ 11.84	$	
NAV Dilution per Share Experienced by Stockholder A (NAV per Share Less Investment per Share)		$	
Percentage NAV Dilution Experienced by Stockholder A (NAV Dilution per Share Divided by Investment per Share)			%

Impact on Existing Stockholders who do Participate in this Offering

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

accretion) in NAV per share over their investment per share and will also experience a disproportionately greater increase in their participation in our earnings and assets and their voting power than our increase in assets, potential earning power and voting interests due to the offering. The level of accretion will increase as the excess number of shares purchased by such stockholder

Table of Contents

increases. Even a stockholder who over-participates will, however, be subject to the risk that we may make additional discounted offerings in which such stockholder does not participate, in which case such a stockholder will experience NAV dilution as described above in such subsequent offerings. These stockholders may also experience a decline in the market price of their shares, which often reflects to some degree announced or potential decreases in NAV per share. This decrease could be more pronounced as the size of the offering and the level of discount to NAV increases.

The following table illustrates the level of dilution and accretion in this offering (to the extent it is priced below our most recently determined NAV) for a current 1.0% stockholder that acquires shares equal to (1) 50% of its proportionate share of the offering (i.e., shares, which is 0.5% of this offering rather than its 1.0% proportionate share) and (2) 150% of such percentage (i.e., shares, which is 1.5% of the offering rather than its 1.0% proportionate share).

		50% Participation		150% Participation	
	Prior to Sale Below NAV	Following Sale	% Change	Following Sale	% Change
Offering Price					
Price per Share to Public		$		$	
Net Proceeds per Share to Issuer(1)		$		$	
Increase in Shares and Decrease to NAV					
Total Shares Outstanding	9,090,334		%		%
NAV per Share	$ 11.84	$	%	$	%
Dilution/Accretion to Participating Stockholder A					
Share Dilution/Accretion					
Shares Held by Stockholder A	90,903		%		%
Percentage Outstanding Held by Stockholder A	1.00%	%	%	%	%
NAV Dilution/Accretion					
Total NAV Held by Stockholder A	$ 1,076,296	$	%	$	%
Total Investment by Stockholder A (Assumed to be at NAV per Share on Shares Held Prior to Sale)		$		$	
Total Dilution/Accretion to Stockholder A (Total NAV Less Total Investment)		$		$	
NAV Dilution/Accretion per Share					
NAV per Share Held by Stockholder A		$		$	
Investment per Share Held by Stockholder A (Assumed to be at NAV per Share on Shares Held Prior to Sale)	$ 11.84	$	%	$	%
NAV Dilution/Accretion per Share Experienced by Stockholder A (NAV per Share Less Investment per Share)		$		$	
Percentage NAV Dilution/Accretion Experienced by Stockholder A (NAV Dilution/Accretion per Share Divided by			%		%

Investment per Share)

Impact on New Investors

Investors who are not currently stockholders, but who participate in this offering (to the extent it is priced below our most recently determined NAV) and whose investment per share is greater than the resulting NAV

Table of Contents

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

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

	Prior to Sale Below NAV	Following Sale	% Change
Offering Price			
Price per Share to Public		$	
Net Proceeds per Share to Issuer(1)		$	
Increase in Shares and Decrease to NAV			
Total Shares Outstanding	9,090,334		%
NAV per Share	$ 11.84	$	%
Dilution/Accretion to New Investor A			
Share Dilution			
Shares Held by Investor A			
Percentage Outstanding Held by Investor A	0.00%	%	
NAV Dilution			
Total NAV Held by Investor A		$	
Total Investment by Investor A (At Price to Public)		$	
Total Dilution/Accretion to Investor A (Total NAV Less Total Investment)		$	
NAV Dilution per Share			
NAV per Share Held by Investor A		$	
Investment per Share Held by Investor A		$	
NAV Dilution/Accretion per Share Experienced by Investor A (NAV per Share Less Investment per Share)		$	
Percentage NAV Dilution/Accretion Experienced by Investor A (NAV Dilution/ Accretion per Share Divided by Investment per Share)			%

Table of Contents

UNDERWRITING

Under the terms and subject to the conditions contained in an underwriting agreement dated May , 2009, the underwriters named below, for whom BB&T Capital Markets, a division of Scott & Stringfellow, LLC is acting as representative, have severally agreed to purchase, and we have agreed to sell to them, the number of shares of common stock indicated below:

Underwriter	Number of Shares
BB&T Capital Markets, a division of Scott & Stringfellow, LLC	
Morgan Keegan & Company, Inc.	
SMH Capital Inc.	
Janney Montgomery Scott LLC	
Ladenburg Thalmann & Co. Inc.	
Total	

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

Our common stock is listed on the Nasdaq Global Select Market under the symbol MAIN.

Over-Allotment Option

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

Lock-Up Agreements

We, and certain of our executive officers and directors, have agreed, subject to certain exceptions, not to issue, sell, offer to sell, contract or agree to sell, hypothecate, pledge, transfer, grant any option to purchase, establish an open put equivalent position or otherwise dispose of or agree to dispose of directly or indirectly, any shares of our common stock, or any securities convertible into or exercisable or exchangeable for any shares of our common stock or any right to acquire shares of our common stock, for periods of 60 days and 90 days, respectively, from the effective date of this prospectus supplement, subject to extension upon material announcements or earnings releases. The representative, at any time and without notice, may release all or any portion of the common stock subject to the

foregoing lock-up agreements.

Underwriting Discounts

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

Table of Contents

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

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

We will pay all expenses incident to the offering and sale of shares of our common stock by us in this offering. We estimate that the total expenses of the offering, excluding the underwriting discount will be approximately $300,000.

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

Price Stabilization, Short Positions and Penalty Bids

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

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

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

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

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

Passive Market Making Pursuant to Regulation M

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

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

Affiliations

The underwriters and/or their affiliates from time to time provide and may in the future provide investment banking, commercial banking and financial advisory services to us, for which they have received and may receive customary compensation. Affiliates of BB&T Capital Markets are (i) the administrative agent under our $50 million Treasury Secured Revolving Credit Agreement and (ii) a lender and administrative agent under our $30 million Revolving Credit Facility. As of March 31, 2009, we did not have any outstanding borrowings under these facilities.

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

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

Table of Contents

LEGAL MATTERS

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

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

AVAILABLE INFORMATION

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

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

Table of Contents

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

The following discussion should be read in conjunction with Interim Financial Statements in this prospectus supplement.

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

ORGANIZATION

Main Street Capital Corporation (MSCC) was formed on March 9, 2007 for the purpose of (i) acquiring 100% of the equity interests of Main Street Mezzanine Fund, LP (the Fund) and its general partner, Main Street Mezzanine Management, LLC (the General Partner), (ii) acquiring 100% of the equity interests of Main Street Capital Partners, LLC (the Investment Manager), (iii) raising capital in an initial public offering, which was completed in October 2007 (the IPO), and (iv) thereafter operating as an internally managed business development company (BDC) under the Investment Company Act of 1940, as amended (the 1940 Act). The transactions discussed above were consummated in October 2007 and are collectively termed the Formation Transactions. Immediately following the Formation Transactions, Main Street Equity Interests, Inc. (MSEI) was formed as a wholly owned consolidated subsidiary of MSCC. MSEI has elected for tax purposes to be treated as a taxable entity and is taxed at normal corporate tax rates based on its taxable income. Unless otherwise noted or the context otherwise indicates, the terms we, us, our and Ma Street refer to the Fund and the General Partner prior to the IPO and to MSCC and its subsidiaries, including the Fund and the General Partner, subsequent to the IPO.

OVERVIEW

We are a principal investment firm focused on providing customized debt and equity financing to lower middle-market companies, which we generally define as companies with annual revenues between $10 million and $100 million that operate in diverse industries. We invest primarily in secured debt instruments, equity investments, warrants and other securities of lower middle-market companies based in the United States. Our principal investment objective is to maximize our portfolio s total return by generating current income from our debt investments and capital appreciation from our equity and equity-related investments, including warrants, convertible securities and other rights to acquire equity securities in a portfolio company. Our investments generally range in size from $2 million to $15 million.

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

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

believe the limited access to financing for lower middle market companies is even more pronounced. The underserved nature of the lower middle market creates the opportunity for us to meet the financing needs of lower middle-market companies while also negotiating favorable transaction terms and equity participations. Our ability to invest across a company s capital structure, from senior secured loans to equity securities, allows us to offer portfolio companies a comprehensive suite of financing solutions, or one stop financing. Providing customized, one stop financing solutions has become even more relevant to our portfolio companies in the current credit environment. We generally seek to partner directly with

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

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

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

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

The recently enacted American Recovery and Reinvestment Act of 2009 (the 2009 Stimulus Bill) contains several provisions applicable to Small Business Investment Company (SBIC) funds, including the Fund, our wholly owned subsidiary. One of the key SBIC-related provisions included in the 2009 Stimulus Bill increased the maximum amount of combined SBIC leverage (or SBIC leverage cap) to $225 million for affiliated SBIC funds. The prior maximum amount of SBIC leverage available to affiliated SBIC funds was approximately $137 million, as adjusted annually based upon changes in the Consumer Price Index. Due to the increase in the maximum amount of SBIC leverage available, we will now have access to incremental SBIC leverage to support our future investment activities. Since the increase in the SBIC leverage cap applies to affiliated SBIC funds, we will allocate such increased borrowing capacity between the Fund and Main Street Capital II, LP (MSC II), an independently owned SBIC that is managed by the Investment Manager and therefore deemed to be affiliated for SBIC regulatory purposes. It is currently estimated that at least $65 million of additional SBIC leverage is now accessible by Main Street for future investment activities, subject to the required capitalization of the Fund.

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

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

CRITICAL ACCOUNTING POLICIES

Basis of Presentation

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

The accompanying unaudited consolidated financial statements of Main Street are presented in conformity with U.S. GAAP for interim financial information and pursuant to the requirements of Article 10 of Regulation S-X. Accordingly, certain disclosures accompanying annual financial statements prepared in accordance with U.S. GAAP are omitted. In the opinion of our management, the unaudited consolidated financial results included herein contain all adjustments, consisting solely of normal recurring accruals considered necessary for the fair presentation of financial statements for the interim periods included herein. The results of operations for the three months ended March 31, 2009 are not necessarily indicative of the operating results to be expected for the full year. Also, the unaudited financial statements and notes should be read in conjunction with our audited financial statements and notes thereto for the year ended December 31, 2008. Financial statements prepared on a U.S. GAAP basis require management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

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

Portfolio Investment Valuation

The most significant estimate inherent in the preparation of our consolidated financial statements is the valuation of our portfolio investments and the related amounts of unrealized appreciation and depreciation. As of March 31, 2009 and December 31, 2008, approximately 77% and 74%, respectively, of our total assets represented investments in portfolio companies valued at fair value (including the investment in the Investment Manager). We are required to report our investments at fair value. We adopted the provisions of SFAS No. 157,

Table of Contents

Fair Value Measurements (SFAS 157) in the first quarter of 2008. SFAS 157 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and enhances disclosure requirements for fair value measurements.

Our business plan calls for us to invest primarily in illiquid securities issued by private companies and/or thinly traded public companies. These investments may be subject to restrictions on resale and will generally have no established trading market. As a result, we determine in good faith the fair value of our portfolio investments pursuant to a valuation policy in accordance with SFAS 157 and a valuation process approved by our Board of Directors and in accordance with the 1940 Act. We review external events, including private mergers, sales and acquisitions involving comparable companies, and include these events in the valuation process. Our valuation policy is intended to provide a consistent basis for determining the fair value of the portfolio.

For valuation purposes, control investments are composed of equity and debt securities for which we have a controlling interest in the portfolio company or have the ability to nominate a majority of the portfolio company s board of directors. Market quotations are generally not readily available for our control investments. As a result, we determine the fair value of control investments using a combination of market and income approaches. Under the market approach, we will typically use the enterprise value methodology to determine the fair value of these investments. The enterprise value is the fair value at which an enterprise could be sold in a transaction between two willing parties, other than through a forced or liquidation sale. Typically, private companies are bought and sold based on multiples of earnings before interest, taxes, depreciation and amortization, or EBITDA, cash flows, net income, revenues, or in limited cases, book value. There is no single methodology for estimating enterprise value. For any one portfolio company, enterprise value is generally described as a range of values from which a single estimate of enterprise value is derived. In estimating the enterprise value of a portfolio company, we analyze various factors, including the portfolio company s historical and projected financial results. We allocate the enterprise value to investments in order of the legal priority of the investments. We will also use the income approach to determine the fair value of these securities, based on projections of the discounted future free cash flows that the portfolio company or the debt security will likely generate. The valuation approaches for our control investments estimate the value of the investment if we were to sell, or exit, the investment, assuming the highest and best use of the investment by market participants. In addition, these valuation approaches consider the value associated with our ability to control the capital structure of the portfolio company, as well as the timing of a potential exit.

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

Due to the inherent uncertainty in the valuation process, our estimate of fair value may differ materially from the values that would have been used had a ready market for the securities existed. In addition, changes in the market environment, portfolio company performance and other events that may occur over the lives of

the investments may cause the gains or losses ultimately realized on these investments to be different than the valuations currently assigned. We determine the fair value of each individual investment and record changes in fair value as unrealized appreciation or depreciation.

Revenue Recognition

Interest and Dividend Income

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

Fee Income

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

Payment-in-Kind (PIK) Interest

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

Share-Based Compensation

We account for our share-based compensation plans using the fair value method, as prescribed by SFAS No. 123R, Share-Based Payment . Accordingly, for restricted stock awards, we measured the grant date fair value based upon the market price of our common stock on the date of the grant and will amortize this fair value to share-based compensation expense over the requisite service period or vesting term.

Income Taxes

MSCC has elected and intends to qualify for the tax treatment applicable to a RIC under Subchapter M of the Internal Revenue Code of 1986, as amended (the Code), and, among other things, intends to make the required distributions to our stockholders as specified therein. As a RIC, we generally will not pay corporate-level federal income taxes on any net ordinary income or capital gains that we distribute to our stockholders as dividends. Depending on the level of taxable income earned in a tax year, we may choose to carry forward taxable income in excess of current year

distributions into the next tax year and pay a 4% excise tax on such income. Any such carryover taxable income must be distributed through a dividend declared prior to filing the final tax return related to the year which generated such taxable income.

Table of Contents

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

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

PORTFOLIO COMPOSITION

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

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

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

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

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

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

Table of Contents

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

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

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

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

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

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

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

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

PORTFOLIO ASSET QUALITY

We utilize an internally developed investment rating system for our entire portfolio of investments. Investment Rating 1 represents a portfolio company that is performing in a manner which significantly exceeds our original expectations and projections. Investment Rating 2 represents a portfolio company that, in general, is performing above our original expectations. Investment Rating 3 represents a portfolio company that is generally performing in accordance with our original expectations. Investment Rating 4 represents a portfolio company that is underperforming our original expectations. Investments with such a rating require increased Main Street monitoring and scrutiny. Investment Rating 5 represents a portfolio company that is significantly underperforming. Investments with such a rating require heightened levels of Main Street monitoring and scrutiny and involve the recognition of unrealized depreciation on such investment.

Table of Contents

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

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

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

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

Discussion and Analysis of Results of Operations

Comparison of three months ended March 31, 2009 and 2008

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

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

Table of Contents

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

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

Investment Income

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

Expenses

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

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

Distributable Net Investment Income

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

Net Investment Income

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

Distributable Net Realized Income

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

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

Net Realized Income

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

Net Increase (Decrease) in Net Assets from Operations

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

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

Liquidity and Capital Resources

Cash Flows

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

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

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

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

Capital Resources

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

Due to the Fund s status as a licensed SBIC, we have the ability to issue, through the Fund, debentures guaranteed by the Small Business Administration (the SBA) at favorable interest rates. Under the regulations applicable to SBICs, an SBIC can have outstanding debentures guaranteed by the SBA generally in an amount up to twice its regulatory capital, which generally equates to the amount of its equity capital. Debentures guaranteed by the SBA have fixed interest rates that approximate prevailing 10-year Treasury Note rates plus a spread and have a maturity of ten years with interest payable semi-annually. The principal amount of the debentures is not required to be paid before maturity but may be pre-paid at any time. Debentures issued prior to September 2006 were subject to pre-payment penalties during their first five years. Those pre-payment penalties no longer apply to debentures issued after September 1, 2006. On March 31, 2009, we, through the Fund, had $55 million of outstanding indebtedness guaranteed by the SBA, which carried an average fixed interest rate of approximately 5.8%. The first maturity related to the SBIC debentures does not occur until 2013, and the weighted average duration is over 6 years as of March 31, 2009.

The 2009 Stimulus Bill contains several provisions applicable to SBIC funds, including the Fund. One of the key SBIC-related provisions included in the 2009 Stimulus Bill increases the maximum amount of combined SBIC leverage (or SBIC leverage cap) to $225 million for affiliated SBIC funds. The prior maximum amount of SBIC leverage available to affiliated SBIC funds was approximately $137 million, as adjusted annually based upon changes in the Consumer Price Index. Due to the increase in the maximum amount of SBIC leverage available, we will now have access to incremental SBIC leverage to support our future investment activities. Since the increase in the SBIC leverage cap applies to affiliated SBIC funds, we will allocate such increased borrowing capacity between the Fund,

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

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

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

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

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

If our common stock trades below our net asset value per share, we will generally not be able to issue additional common stock at the market price unless our stockholders approve such a sale and our Board of Directors makes certain determinations. A proposal, approved by our stockholders at our 2008 annual meeting of stockholders, authorizes us to sell shares of our common stock below the then current net asset value per share of our common stock in one or more offerings for a period of one year ending on June 11, 2009. We are seeking similar approval at our 2009 annual meeting of stockholders to be held on June 11, 2009.

In order to satisfy the Code requirements applicable to a RIC, we intend to distribute to our stockholders substantially all of our taxable income, but we may also elect to periodically spillover certain excess undistributed taxable income from one tax year into the next tax year. In addition, as a BDC, we generally are required to meet a coverage ratio of total assets to total senior securities, which include all of our borrowings and any preferred stock we may issue in the future, of at least 200%. This requirement limits the amount that we may borrow. In January 2008, we received exemptive relief from the SEC that permits us to exclude SBA-guaranteed debt issued by the Fund from our asset

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

Current Market Conditions

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

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

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

Recently Issued Accounting Standards

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

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

Table of Contents

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

Inflation

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

Off-Balance Sheet Arrangements

We may be a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financial needs of our portfolio companies. These instruments include commitments to extend credit and involve, to varying degrees, elements of liquidity and credit risk in excess of the amount recognized in the balance sheet. At March 31, 2009, we had two outstanding commitments to fund unused revolving loans for up to $900,000.

Contractual Obligations

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

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

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

Related Party Transactions

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

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

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

Table of Contents

INTERIM FINANCIAL STATEMENTS

MAIN STREET CAPITAL CORPORATION

Consolidated Balance Sheets

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

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

The accompanying notes are an integral part of these financial statements

Table of Contents

MAIN STREET CAPITAL CORPORATION

Consolidated Statements of Operations
(Unaudited)

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

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

The accompanying notes are an integral part of these financial statements

Table of Contents

MAIN STREET CAPITAL CORPORATION

Consolidated Statements of Changes in Net Assets (Unaudited)

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

The accompanying notes are an integral part of these financial statements

Table of Contents

MAIN STREET CAPITAL CORPORATION

Consolidated Statements of Cash Flows
(Unaudited)

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

The accompanying notes are an integral part of these financial statements

MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS
March 31, 2009
(Unaudited)

Portfolio Company/Type of Investment(1)(2)	Industry	Principal(6)	Cost(6)	Fair Value
Control Investments(3)				
Café Brazil, LLC	Casual Restaurant Group			
12% Secured Debt (Maturity April 20, 2011)		$ 2,750,000	$ 2,730,172	$ 2,750,000
Member Units(7) (Fully diluted 42.3%)			41,837	940,000
			2,772,009	3,690,000
CBT Nuggets, LLC	Produces and Sells IT Certification Training Videos			
14% Secured Debt (Maturity June 1, 2011)		1,680,000	1,645,795	1,680,000
10% Secured Debt (Maturity March 31, 2012)		915,000	915,000	915,000
10% Secured Debt (Maturity March 31, 2010)		300,000	300,000	300,000
Member Units(7) (Fully diluted 24.5%)			299,520	1,230,000
			3,160,315	4,125,000
Ceres Management, LLC (Lambs)	Aftermarket Automotive Services Chain			
14% Secured Debt (Maturity May 31, 2013)		2,400,000	2,373,735	2,373,735
Member Units (Fully diluted 42.0%)			1,200,000	870,000
			3,573,735	3,243,735
Condit Exhibits, LLC				
13% current / 5% PIK Secured Debt (Maturity July 1, 2013)	Tradeshow Exhibits/ Custom Displays	2,337,044	2,303,440	2,303,440
Warrants (Fully diluted 28.1%)			300,000	160,000
			2,603,440	2,463,440
Gulf Manufacturing, LLC	Industrial Metal Fabrication			
Prime plus 1% Secured Debt (Maturity August 31, 2012)		1,200,000	1,191,347	1,200,000
13% Secured Debt (Maturity August 31, 2012)		1,800,000	1,663,324	1,780,000
Member Units(7) (Fully diluted 18.4%)			472,000	1,710,000
Warrants (Fully diluted 8.4%)			160,000	920,000
			3,486,671	5,610,000
Hawthorne Customs & Dispatch Services, LLC	Transportation/ Logistics			
13% Secured Debt (Maturity January 31, 2011)		975,000	954,643	954,643
Member Units(7) (Fully diluted 27.8%)			375,000	435,000
Warrants (Fully diluted 16.5%)			37,500	230,000

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

Table of Contents

Portfolio Company/Type of Investment(1)(2)	Industry	Principal(6)	Cost(6)	Fair Value
NAPCO Precast, LLC	Precast Concrete			
18% Secured Debt (Maturity February 1, 2013)	Manufacturing	6,461,538	6,352,776	6,461,535
Prime Plus 2% Secured Debt (Maturity February 1, 2013)(8)		3,692,308	3,662,545	3,692,308
Member Units(7) (Fully diluted 36.1%)			2,020,000	5,120,000
			12,035,321	15,273,843
OMi Holdings, Inc.	Manufacturer of			
12% Secured Debt (Maturity April 1, 2013)	Overhead Cranes	6,450,000	6,397,683	6,397,683
Common Stock (Fully diluted 28.8%)			900,000	310,000
			7,297,683	6,707,683
Quest Design & Production, LLC	Design and Fabrication of Custom Display			
10% Secured Debt (Maturity June 30, 2013)	Systems	600,000	465,060	600,000
0% Secured Debt (Maturity June 30, 2013)		2,000,000	2,000,000	1,400,000
Warrants (Fully diluted 40.0%)			1,595,858	
Warrants (Fully diluted 20.0%)			40,000	
			4,100,918	2,000,000
Universal Scaffolding & Equipment, LLC	Manufacturer of Scaffolding and			
Prime plus 1% Secured Debt (Maturity August 17, 2012)(8)	Shoring Equipment	841,750	835,681	835,681