Main Street Capital CORP
Form 497
March 21, 2011

Use these links to rapidly review the document
TABLE OF CONTENTS
AUDITED FINANCIAL STATEMENTS

Table of Contents

Filed pursuant to Rule 497
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The information in this preliminary prospectus supplement is not complete and may be changed. A registration statement relating to these securities has been filed with and declared effective by the Securities and Exchange Commission. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell and are not soliciting offers to buy these securities in any state where such offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MARCH 21, 2011

PRELIMINARY PROSPECTUS SUPPLEMENT
(to Prospectus dated June 17, 2010)

Shares

Main Street Capital Corporation

Common Stock

We are offering for sale shares of our common stock.

We are a principal investment firm primarily focused on providing customized debt and equity financing to lower middle market ("LMM") companies, which we generally define as companies with annual revenues between $10 million and $100 million that operate in diverse industries. We seek to fill the current financing gap for LMM businesses, which, historically, have had more limited access to financing from commercial banks and other traditional sources. 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.

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

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

Our common stock is listed on the New York Stock Exchange under the symbol "MAIN." On March 18, 2011, the last reported sale price of our common stock on the New York Stock Exchange was $19.19 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 13 of the accompanying prospectus and "Supplemental Risk Factors" beginning on page S-10 of this prospectus supplement 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, or SEC. This information is available free of charge by contacting us at 1300 Post Oak Boulevard, Suite 800, Houston, Texas 77056 or by telephone at (713) 350-6000 or on our website at *www.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 SEC also maintains a website at *www.sec.gov* that contains such information.

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

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

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

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

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

Morgan Keegan

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

Baird

Janney Montgomery Scott

Sanders Morris Harris

The date of this prospectus supplement is March , 2011

Table of Contents

TABLE OF CONTENTS

Table of Contents

ABOUT THE PROSPECTUS

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

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

Forward-Looking Statements

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

Table of Contents

PROSPECTUS SUMMARY

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

Organization

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

On January 7, 2010, MSCC consummated transactions (the "Exchange Offer") to exchange 1,239,695 shares of its common stock for approximately 88% of the total dollar value of the limited partner interests in Main Street Capital II, LP ("MSC II" and, together with MSMF, the "Funds"). Pursuant to the terms of the Exchange Offer, 100% of the membership interests in the general partner of MSC II, Main Street Capital II GP, LLC ("MSC II GP"), were also transferred to MSCC for no consideration. MSC II commenced operations in January 2006, is an investment fund that operates as an SBIC, and is also managed by the Investment Manager. The Exchange Offer and related transactions, including the transfer of the MSC II GP interests, are collectively termed the "Exchange Offer Transactions" (see Note J to the consolidated financial statements included in this prospectus supplement). As of December 31, 2010, an approximately 12% minority ownership in the total dollar value of the MSC II limited partnership interests remained outstanding, including approximately 5% owned by affiliates of MSCC. We have submitted an exemptive relief application to the SEC to permit us to acquire the approximately 5% ownership in the total dollar value of the MSC II limited partnership interests held by affiliates of MSCC using the same valuation formula utilized in the Exchange Offer. There can be no assurance that we will obtain the exemptive relief or that if we do obtain such relief it will be obtained on the terms we have outlined in our request.

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

Table of Contents

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

Overview

We are a principal investment firm primarily focused on providing customized debt and equity financing to lower middle market ("LMM") companies, which we generally define as companies with annual revenues between $10 million and $100 million that operate in diverse industries. We invest primarily in secured debt instruments, equity investments, warrants and other securities of LMM companies based in the United States. Our principal investment objective is to maximize our portfolio's total return by generating current income from our debt investments and capital appreciation from our equity and equity related investments, including warrants, convertible securities and other rights to acquire equity securities in a portfolio company. Our LMM portfolio investments generally range in size from $3 million to $20 million.

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

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 prefer negotiated transactions to widely conducted auctions because we believe widely conducted auction transactions often have higher execution risk and can result in potential conflicts among creditors and lower returns due to more aggressive valuation multiples and leverage ratios.

As of December 31, 2010, we had debt and equity investments in 44 LMM portfolio companies. Approximately 77% of our total LMM portfolio investments at cost, excluding our 100% equity interest investment in the Investment Manager, were in the form of debt investments and 91% of such debt investments at cost were secured by first priority liens on the assets of our LMM portfolio companies. As of December 31, 2010, we had a weighted average effective yield on our LMM debt investments of 14.5%. Weighted average yields are computed using the effective interest rates for all debt investments at December 31, 2010, including amortization of deferred debt origination fees and accretion of original issue discount. At December 31, 2010, we had equity ownership in approximately 91% of our LMM portfolio companies and the average fully diluted equity ownership in those portfolio companies was approximately 33%.

In addition to our primary investment strategy of investing in LMM companies, we opportunistically pursue investments in privately placed debt securities. Our private placement investment portfolio primarily consists of direct or secondary private placements of interest bearing debt securities in companies that are generally larger in size than the LMM companies included in our investment portfolio. As of December 31, 2010, we had privately placed portfolio investments in 16 companies collectively totaling approximately $67.1 million in fair value with a total cost basis of

Table of Contents

approximately $65.6 million. The weighted average revenues for the 16 privately placed portfolio investments was approximately $352 million. All of our privately placed portfolio investments were in the form of debt investments and 71% of such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average effective yield on our privately placed portfolio debt investments was approximately 12.5% as of December 31, 2010.

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

Our investments are made through both MSCC and the Funds. MSCC and the Funds 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 Funds' investment returns as MSMF is a wholly owned subsidiary of MSCC and as MSC II is a majority owned subsidiary of MSCC.

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

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

Business Strategies

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

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

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

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

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

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

Benefiting from Lower, Fixed, Long-Term Cost of Capital. The SBIC licenses held by the Funds have allowed them to issue SBA-guaranteed debentures. SBA-guaranteed debentures carry long-term fixed rates that are generally lower than rates on comparable bank and other commercial debt. Because lower cost SBIC leverage is, and will continue to be, a significant part of our capital base through the Funds, our relative cost of debt capital should be lower than many of our competitors. In addition, the SBIC leverage that we receive through the Funds represents a stable, long-term component of our capital structure with proper matching of duration and cost compared to our portfolio investments.

Investment Criteria

Our investment team has identified the following investment criteria that it believes are important in evaluating prospective portfolio companies. Our investment team uses these criteria in evaluating investment opportunities. However, not all of these criteria have been, or will be, met in connection with each of our investments.

Proven Management Team with Meaningful Equity Stake. We look for operationally-oriented management with direct industry experience and a successful track record. In addition, we expect the management team of each portfolio company to have meaningful equity ownership in the portfolio company to better align our respective economic interests. We believe management teams with these attributes are more likely to manage the companies in a manner that both protects our debt investment and enhances the value of our equity investment.

Established Companies with Positive Cash Flow. We seek to invest in established companies with sound historical financial performance. We typically focus on LMM companies that have historically generated EBITDA ("Earnings Before Interest, Taxes, Depreciation and

Amortization") of $1 million to $10 million and commensurate levels of free cash flow. We also opportunistically pursue investments in privately placed debt securities in companies that are generally larger in size than the LMM companies we target. We generally do not invest in start-up companies or companies with speculative business plans.

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

Exit Alternatives. We exit our debt investments primarily through the repayment of our investment from internally generated cash flow of the portfolio company and/or refinancing. In addition, we seek to invest in companies whose business models and expected future cash flows may provide alternate methods of repaying our investment, such as through a strategic acquisition by other industry participants or a recapitalization.

Recent Developments

During January 2011, we closed an expansion of our three-year credit facility (the "Credit Facility") from $85 million to $100 million. The $15 million increase in total commitments pursuant to an accordion feature under the Credit Facility relates to a new lender relationship, which further diversifies the Main Street lending group to a total of six participants. The accordion feature of the Credit Facility allows us to seek up to $150 million of total commitments from new or existing lenders on the same terms and conditions as the existing commitments. The increase in total commitments under the Credit Facility provides us with access to additional financing capacity in support of our future investment and operational activities. As of March 18, 2011, we had approximately $65.0 million outstanding under the Credit Facility.

During January 2011, we closed LMM portfolio investments in Pegasus Research Group, LLC (dba Televerde ("Televerde")), and in Van Gilder Insurance Corporation ("Van Gilder"). Our $7.5 million investment in Televerde represents a combination of debt and equity capital invested in the company in order to support the recapitalization and growth financing of the company. Televerde is headquartered in Phoenix, Arizona and provides sales-lead services to Fortune 500 IT hardware and software companies. Our $10.7 million investment in Van Gilder represents a combination of debt and equity capital invested in the company in order to refinance certain debt obligations and provide additional liquidity for the company's ongoing operations. Van Gilder is headquartered in Denver, Colorado and provides a full spectrum of insurance brokerage services including business insurance, employee benefits, risk management and personal insurance services.

During February 2011, we completed a LMM portfolio investment in Principle Environmental, LLC ("Principle"). Our $7.5 million investment in Principle represents a combination of debt and equity capital invested in the company in order to support the recapitalization of the company, as well as to provide additional financing for future growth. Principle primarily serves the oil and gas and transportation industries, and is the leading provider of noise abatement services in the Marcellus Shale oil and gas basin. The company is headquartered in Weatherford, Texas with additional facilities in Pennsylvania.

Table of Contents

The Offering

Common stock offered by us	shares
Common stock outstanding prior to this offering	18,922,566 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 $200,000) will be $. We intend to use the net proceeds from this offering to repay outstanding debt borrowed under our $100 million credit facility. We intend to use any remaining net proceeds from this offering to make investments in accordance with our investment objective and strategies described in this prospectus supplement and the accompanying prospectus, pay our operating expenses and other cash obligations, and for general corporate purposes. Pending such uses, we currently intend to invest the net proceeds of this offering in marketable securities and idle funds investments, which may include investments in secured intermediate term bank debt, rated debt securities and other income producing investments, consistent with our BDC election and our election to be taxed as a regulated investment company ("RIC"). See "Regulation Regulation as a Business Development Company" in the accompanying prospectus.
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 2011, we declared monthly dividends of $0.13 per share for each of April, May and June 2011. These monthly dividends equate to a total of $0.39 per share for the second quarter of 2011. Because the record date for the April 2011 dividend payment is on or after the date of this offering, investors who purchase shares of our common stock in this offering will be entitled to receive such dividend as their initial monthly dividend.

Table of Contents

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 undistributed taxable income must be distributed through a dividend declared prior to filing the final tax return related to the year which generated such taxable income. See "Material U.S. Federal Income Tax Considerations" in the accompanying prospectus and "Additional Material U.S. Federal Income Tax Considerations" in this prospectus supplement.
Risk factors	See "Supplemental Risk Factors" beginning on page S-10 of this prospectus supplement and "Risk Factors" beginning on page 13 of the accompanying prospectus for a discussion of risks you should carefully consider before deciding to invest in shares of our common stock.
New York Stock Exchange symbol	"MAIN"

Table of Contents

FEES AND EXPENSES

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

Stockholder Transaction Expenses:	
Sales load (as a percentage of offering price)	4.50%(1)
Offering expenses (as a percentage of offering price)	%(2)
Dividend reinvestment plan expenses	(3)
Total stockholder transaction expenses (as a percentage of offering price)	%
Annual Expenses (as a percentage of net assets attributable to common stock):	
Operating expenses	3.28%(4)
Interest payments on borrowed funds	3.90%(5)
Total annual expenses	7.18%(6)

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

(2) The offering expenses of this offering borne by us are estimated to be approximately $200,000. If the underwriters exercise their over-allotment option in full, the offering expenses borne by us (as a percentage of the offering price) will be approximately %.

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

(4) Operating expenses represent the estimated annual expenses of MSCC and its consolidated subsidiaries, including MSC II. There is a 12% minority ownership interest in MSC II not held by MSCC or its subsidiaries. The ratio of operating expenses to net assets, net of the expenses related to the minority interest in MSC II, would be 3.19%.

(5) Interest payments on borrowed funds represent our estimated annual interest payments on borrowed funds.

(6) The total annual expenses are the sum of operating expenses and interest payments on borrowed funds.

Example

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

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a $1,000 investment, assuming a 5.0% annual return	$ 123.4	$ 265.4	$ 400.8	$ 712.3

Table of Contents

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

SUPPLEMENTAL RISK FACTORS

Investing in our common stock involves a number of significant risks. In addition to the other information contained in this prospectus supplement and the accompanying prospectus, you should consider carefully the following supplementary risk factors together with the risk factors beginning on page 13 of the accompanying prospectus before making an investment in our common stock. The risks set out below and in the accompanying prospectus are not the only risks we face. Additional risks and uncertainties not presently known to us or not presently deemed material by us might also impair our operations and performance. If any of the events described herein or in the accompanying prospectus occur, our business, financial condition and results of operations could be materially and adversely affected. In such case, our net asset value and the trading price of our common stock could decline, and you may lose all or part of your investment.

Risks Relating to Economic Conditions

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

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

Although we have been able to secure access to additional liquidity, including our $100 million credit facility, periodic follow on equity offerings, and the increase in available leverage through the SBIC program as part of the American Recovery and Reinvestment Act of 2009 enacted in February 2009 (the "Stimulus Bill"), the potential for volatility in the debt and 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.

Risks Relating to Our Business and Structure

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

Borrowings, also known as leverage, magnify the potential for gain or loss on invested equity capital. As we use leverage to partially finance our investments, you will experience increased risks of investing in our common stock. We, through the Funds, issue debt securities guaranteed by the SBA and sold in the capital markets. As a result of its guarantee of the debt securities, the SBA has fixed dollar claims on the assets of the Funds that are superior to the claims of our common stockholders. We may also borrow from banks and other lenders, including under the $100 million credit facility we entered into during 2010 and expanded during January 2011. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Capital Resources" in this prospectus supplement for a discussion regarding our credit facility. If the value of our assets increases, then leveraging would cause the net asset value attributable to our common stock to increase more sharply than it would have had we not leveraged. Conversely, if the value of our assets decreases, leveraging would cause net asset value to decline more sharply than it otherwise would have had we not leveraged our business. Similarly, any increase in our income in excess of interest payable on the borrowed funds would cause our net investment income to increase more than it would without the leverage, while any

Table of Contents

decrease in our income would cause net investment income to decline more sharply than it would have had we not borrowed. Such a decline could negatively affect our ability to pay common stock dividends. Leverage is generally considered a speculative investment technique.

As of December 31, 2010, we, through the Funds, had $180 million of outstanding indebtedness guaranteed by the SBA, which had a weighted average annualized interest cost of approximately 5.2% (exclusive of deferred financing costs). The debentures guaranteed by the SBA have a maturity of ten years and require semi-annual payments of interest. We will need to generate sufficient cash flow to make required interest payments on the debentures. If we are unable to meet the financial obligations under the debentures, the SBA, as a creditor, will have a superior claim to the assets of the Funds over our stockholders in the event we liquidate or the SBA exercises its remedies under such debentures as the result of a default by us. In addition, as of December 31, 2010, we had $39 million outstanding under the Credit Facility. Borrowings under the Credit Facility bear interest, subject to our election, on a per annum basis equal to (i) the applicable LIBOR rate plus 2.50% or (ii) the applicable base rate plus 1.50%. Main Street pays unused commitment fees of 0.375% per annum on the average unused lender commitments under the Credit Facility. If we are unable to meet the financial obligations under the Credit Facility, the Credit Facility lending group will have a superior claim to the assets of MSCC and its subsidiaries (excluding the assets of the Funds) over our stockholders in the event we liquidate or the lending group exercises its remedies under the Credit Facility as the result of a default by us.

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

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

	(10.0)%	**(5.0)%**	**0.0%**	**5.0%**	**10.0%**
Corresponding net return to common stockholder	(22.2)%	(13.2)%	(4.2)%	4.8%	13.7%

(1) Assumes $448.9 million in total assets, $219.0 million in face amount of debt outstanding, $250.0 million in net assets, and an average cost of funds of 4.8%. Actual interest payments may be different.

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

Risks Related to Our Investments

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

Investing in our portfolio companies involves a number of significant risks. Among other things, these companies:

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

Table of Contents

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

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

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

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

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

Our marketable securities and idle funds investments are subject to risks including risks similar to our portfolio investments.

Marketable securities and idle funds investments can include, among other things, secured and unsecured debt investments, independently rated debt investments and diversified bond funds. Many of these investments in debt obligations are, or would be if rated, below investment grade quality. Indebtedness of below investment grade quality is regarded as having predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal, similar to our portfolio investments in the lower middle market. (See " Our investments in portfolio companies involve higher levels of risk, and we could lose all or part of our investment" in this prospectus supplement.) Many of these marketable securities and idle funds investments are purchased through over the counter or other markets and are therefore liquid at the time of purchase but may subsequently become illiquid due to events relating to the issuer of the securities, market events, economic conditions or investor perceptions. See "Risk Factors Risks Related to Our Investments The lack of liquidity in our investments may adversely affect our business" in the accompanying prospectus for a description of risks related to holding illiquid investments. In addition, domestic and foreign markets are complex and interrelated, so that events in one sector of the world markets or economy, or in one geographical region, can reverberate and have materially negative consequences for other market, economic or regional sectors in a manner that may not be foreseen and which may materially affect the market price of our marketable securities and idle funds investments. Other risks that our portfolio investments are subject to are also applicable to these marketable securities and idle funds investments. See "Risk Factors Risks Related to Our Investments" in the accompanying prospectus and " Risks Related to Our Investments" in this prospectus supplement for risks affecting our portfolio investments.

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 $200,000 payable by us.

We intend to use the net proceeds from this offering to repay outstanding debt borrowed under our $100 million credit facility. We intend to use any remaining net proceeds from this offering to make investments in accordance with our investment objective and strategies described in this prospectus supplement and the accompanying prospectus, pay our operating expenses and other cash obligations, and for general corporate purposes. Pending such uses, we currently intend to invest the net proceeds of this offering in marketable securities and idle funds investments, which may include investments in secured intermediate term bank debt, rated debt securities and other income producing investments, consistent with our BDC election and our election to be taxed as a RIC. See "Regulation Regulation as a Business Development Company" in the accompanying prospectus.

At March 18, 2011, we had approximately $65.0 million outstanding under our $100 million credit facility. Our credit facility matures on September 20, 2013, unless extended, and bears interest, at our election, on a per annum basis equal to (i) the applicable LIBOR rate plus 2.50% or (ii) the applicable base rate plus 1.50%. Amounts repaid under our $100 million credit facility will remain available for future borrowings.

Affiliates of Morgan Keegan & Company, Inc. and BB&T Capital Markets, each an underwriter in this offering, act as lenders and/or agents under our $100 million credit facility. As described above, we intend to use net proceeds of this offering to repay the outstanding indebtedness under this credit facility, and those affiliates therefore may receive a portion of the proceeds from this offering through the repayment of those borrowings. See "Underwriting Conflicts of Interest" below.

Table of Contents

CAPITALIZATION

The following table sets forth our capitalization:

- on an actual basis as of December 31, 2010; 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 "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Audited Financial Statements" in this prospectus supplement.

	As of December 31, 2010	
	Actual	As-adjusted for this Offering (Unaudited)
Cash and cash equivalents	$ 22,334,340	$ 22,334,340
Marketable securities and idle funds investments	68,752,858	(1)
Total cash and cash equivalents, marketable securities and idle funds investments	$ 91,087,198	$
SBIC debentures (par: $180,000,000; of which $70,557,975 is recorded at fair value)	$ 155,557,975	$ 155,557,975
Credit facility	39,000,000	
Net asset value:		
Common stock, $0.01 par value per share (150,000,000 shares authorized; 18,797,444 and issued and outstanding, actual and as adjusted for this offering, respectively)	187,975	
Additional paid-in capital	224,485,165	
Accumulated net investment income	9,261,405	9,261,405
Accumulated net realized gain (loss) from investments	(20,541,897)	(20,541,897)
Net unrealized appreciation from investments, net of income taxes	32,141,997	32,141,997
Total net asset value	245,534,645	
Total capitalization	$ 440,092,620	$

(1) This table assumes that we will use any proceeds from this offering that are not used to repay outstanding indebtedness under our $100 million credit facility to invest in marketable securities and idle funds investments until such time as we are able to invest such proceeds in lower middle market companies and privately placed debt securities.

Table of Contents

PRICE RANGE OF COMMON STOCK AND DISTRIBUTIONS

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

The following table sets forth, for each fiscal quarter since our common stock began trading, the range of high and low closing prices of our common stock as reported on the NYSE and on the NASDAQ Global Select Market, as applicable, and the sales price as a percentage of our net asset value per share ("NAV").

		Price Range		Percentage of High Sales Price to	Percentage of Low Sales Price to
	NAV(1)	High	Low	NAV(2)	NAV(2)
Year ended December 31, 2011					
First Quarter (to March 18, 2011)	*	$ 19.71	$ 17.86	*	*
Year ended December 31, 2010					
Fourth Quarter	$ 13.06	$ 18.19	$ 16.01	139%	123%
Third Quarter	12.73	16.90	14.78	133	116
Second Quarter	12.21	16.90	13.71	138	112
First Quarter	11.95	16.14	13.95	135	117
Year ended December 31, 2009					
Fourth Quarter	$ 11.96	$ 16.35	$ 13.29	137%	111%
Third Quarter	12.01	14.25	13.03	119	108
Second Quarter	11.80	14.74	9.66	125	82
First Quarter	11.84	10.43	9.07	88	77
Year ended December 31, 2008					
Fourth Quarter	$ 12.20	$ 11.95	$ 8.82	98%	72%
Third Quarter	12.49	14.40	11.38	115	91
Second Quarter	13.02	14.40	10.90	111	84
First Quarter	12.87	14.10	12.75	110	99
Year ended December 31, 2007					
October 5, 2007 to December 31, 2007(3)	$ 12.85	$ 15.02	$ 13.60	117%	106%

(1) NAV is determined as of the last day in the relevant quarter and therefore may not reflect the net asset value per share on the date of the high and low sales prices. The net asset values shown are based on outstanding shares at the end of each period. Net asset value has not yet been determined for the first quarter of 2011.

(2) Calculated as the respective high or low share price divided by NAV listed for such period.

(3) Our stock began trading on October 5, 2007.

On March 18, 2011, the last sale price of our common stock on the NYSE was $19.19 per share, and there were approximately 216 holders of record of the common stock which did not include shareholders for whom shares are held in "nominee" or "street name."

Table of Contents

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

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. Our monthly dividends, if any, will be determined by our Board of Directors on a quarterly basis.

Table of Contents

The following table summarizes our dividends declared to date:

Date Declared	Record Date	Payment Date	Amount(1)
Fiscal year 2011			
March 9, 2011	March 24, 2011	April 15, 2011	$ 0.130
March 9, 2011	April 21, 2011	May 16, 2011	$ 0.130
March 9, 2011	May 20, 2011	June 15, 2011	$ 0.130
December 9, 2010	February 22, 2011	March 15, 2011	$ 0.125
December 9, 2010	January 20, 2011	February 15, 2011	$ 0.125
December 9, 2010	January 6, 2011	January 14, 2011	$ 0.125
Total			$ 0.765
Fiscal year 2010			
September 8, 2010	November 19, 2010	December 15, 2010	$ 0.125(2)
September 8, 2010	October 21, 2010	November 15, 2010	$ 0.125(2)
September 8, 2010	September 23, 2010	October 15, 2010	$ 0.125(2)
June 3, 2010	August 20, 2010	September 15, 2010	$ 0.125(2)
June 3, 2010	July 21, 2010	August 16, 2010	$ 0.125(2)
June 3, 2010	June 21, 2010	July 15, 2010	$ 0.125(2)
March 9, 2010	May 20, 2010	June 15, 2010	$ 0.125(2)
March 9, 2010	April 21, 2010	May 14, 2010	$ 0.125(2)
March 9, 2010	March 25, 2010	April 15, 2010	$ 0.125(2)
December 8, 2009	February 22, 2010	March 15, 2010	$ 0.125(2)
December 8, 2009	January 21, 2010	February 16, 2010	$ 0.125(2)
December 8, 2009	January 6, 2010	January 15, 2010	$ 0.125(2)
Total			$ 1.500
Fiscal year 2009			
September 3, 2009	November 20, 2009	December 15, 2009	$ 0.125(3)
September 3, 2009	October 21, 2009	November 16, 2009	$ 0.125(3)
September 3, 2009	September 21, 2009	October 15, 2009	$ 0.125(3)
June 3, 2009	August 20, 2009	September 15, 2009	$ 0.125(3)
June 3, 2009	July 21, 2009	August 14, 2009	$ 0.125(3)
June 3, 2009	June 19, 2009	July 15, 2009	$ 0.125(3)
March 4, 2009	May 21, 2009	June 15, 2009	$ 0.125(3)
March 4, 2009	April 21, 2009	May 15, 2009	$ 0.125(3)
March 4, 2009	March 20, 2009	April 15, 2009	$ 0.125(3)
December 3, 2008	February 20, 2009	March 16, 2009	$ 0.125(3)
December 3, 2008	January 22, 2009	February 16, 2009	$ 0.125(3)
December 3, 2008	December 19, 2008	January 15, 2009	$ 0.125(4)
Total			$ 1.500
Fiscal year 2008			
Total			$ 1.425(4)
Fiscal year 2007			
Total			$ 0.330(5)
			$ 5.520

Cumulative dividends declared or paid since the initial public offering	

(1) The determination of the tax attributes of Main Street's distributions is made annually, based upon its taxable income for the full year and distributions paid for the full year. Ordinary dividend distributions from a RIC do not qualify for the 15% maximum tax rate on dividend income from

domestic corporations and qualified foreign corporations, except to the extent that the RIC received the income in the form of qualifying dividends from domestic corporations and qualified foreign corporations.

(2) These dividends attributable to fiscal year 2010 for tax purposes were comprised of ordinary income of $1.22 per share, long term capital gain of $0.27 per share, and qualified dividend income of $0.01 per share.

(3) These dividends attributable to fiscal year 2009 for tax purposes were comprised of ordinary income of $1.22 per share and long term capital gain of $0.16 per share.

(4) These dividends attributable to fiscal year 2008 for tax purposes were comprised of ordinary income of $0.95 per share and long term capital gain of $0.60 per share and included dividends declared during fiscal year 2008 and the dividend declared and accrued as of December 31, 2008 but paid on January 15, 2009, pursuant to the Code.

(5) This quarterly dividend attributable to fiscal year 2007 was comprised of ordinary income of $0.105 per share and long term capital gain of $0.225 per share.

To obtain and maintain RIC tax treatment, we must, among other things, distribute at least 90% of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. We will be subject to a 4% nondeductible federal excise tax on certain undistributed taxable income unless we distribute in a timely manner an amount at least equal to the sum of (1) 98% of our net ordinary income for each calendar year, (2) 98.2% of our capital gain net income for the one-year period ending December 31 in that calendar year and (3) any income recognized, but not distributed, in preceding years (the "Excise Tax Avoidance Requirement"). Dividends declared and paid by us in a year will generally differ from taxable income for that year, as such dividends may include the distribution of current year taxable income, less amounts carried over into the following year, and the distribution of prior year taxable income carried over into and distributed in the current year. For amounts we carry over into the following year, we will be required to pay the 4% excise tax described above. We may retain for investment some or all of our net capital gains (i.e., realized net long-term capital gains in excess of realized net short-term capital losses) and treat such amounts as deemed distributions to our stockholders. If we do this, our stockholders will be treated as if they had received actual distributions of the capital gains we retained and then reinvested the net after-tax proceeds in our common stock. In general, our stockholders also would be eligible to claim a tax credit (or, in certain circumstances, a tax refund) equal to their allocable shares of the tax we paid on the capital gains deemed distributed to them. We can offer no assurance that we will achieve results that will permit the payment of any cash distributions and, if we issue senior securities, we may be prohibited from making distributions if doing so causes us to fail to maintain the asset coverage ratios stipulated by the 1940 Act or if distributions are limited by the terms of any of our borrowings.

Pursuant to a revenue procedure issued by the Internal Revenue Service, or the IRS, the IRS has indicated that it will treat distributions from certain publicly traded RICs (including business development companies) that are paid part in cash and part in stock as dividends that would satisfy the RIC's annual distribution requirements. In order to qualify for such treatment, the revenue procedure requires that at least 10% of the total distribution be paid in cash and that each stockholder have a right to elect to receive its entire distribution in cash. If too many stockholders elect to receive cash, each stockholder electing to receive cash must receive a proportionate share of the cash to be distributed (although no stockholder electing to receive cash may receive less than 10% of such stockholder's distribution in cash). This revenue procedure applies to distributions declared on or before December 31, 2012, with respect to taxable years ended on or before December 31, 2011.

Where the IRS revenue procedure is not currently applicable, the IRS has also issued private letter rulings on cash and stock dividends paid by RICs and real estate investment trusts using a 20% cash standard (and, more recently, the 10% cash standard of the above-referenced IRS revenue procedure) if certain requirements are satisfied.

Table of Contents

SELECTED FINANCIAL DATA

The selected financial data below reflects the combined operations of MSMF and MSMF GP for the years ended December 31, 2006 and the consolidated operations of Main Street and its subsidiaries for the years ended December 31, 2007, 2008, 2009, and 2010. The selected financial data at December 31, 2006, 2007, 2008, 2009, and 2010 and for the years ended December 31, 2006, 2007, 2008, 2009, and 2010, have been derived from combined/consolidated financial statements that have been audited by Grant Thornton LLP, an independent registered public accounting firm. You should read this selected financial data in conjunction with our "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and related notes included in this prospectus.

	Years Ended December 31,				
	2006	2007	2008	2009	2010
	(dollars in thousands)				
Statement of operations data:					
Investment income:					
Total interest, fee and dividend income	$ 9,013	$ 11,312	$ 16,123	$ 14,283	$ 33,525
Interest from idle funds and other	749	1,163	1,172	1,719	2,983
Total investment income	9,762	12,475	17,295	16,002	36,508
Expenses:					
Interest	(2,717)	(3,246)	(3,778)	(3,791)	(9,058)
General and administrative	(198)	(512)	(1,684)	(1,351)	(1,437)
Expenses reimbursed to Investment Manager			(1,007)	(570)	(5,263)
Share-based compensation			(511)	(1,068)	(1,489)
Management fees to affiliate	(1,942)	(1,500)			
Professional costs related to initial public offering		(695)			
Total expenses	(4,857)	(5,953)	(6,980)	(6,780)	(17,247)
Net investment income	4,905	6,522	10,315	9,222	19,261
Total net realized gain (loss) from investments	2,430	4,692	1,398	(7,798)	(2,880)
Net realized income	7,335	11,214	11,713	1,424	16,381
Total net change in unrealized appreciation (depreciation) from investments	8,488	(5,406)	(3,961)	8,242	19,639
Income tax benefit (provision)		(3,263)	3,182	2,290	(941)
Bargain purchase gain					4,891
Net increase (decrease) in net assets resulting from operations	15,823	2,545	10,934	11,956	39,970
Noncontrolling interest					(1,226)
Net increase (decrease) in net assets resulting from operations attributable to common stock	$ 15,823	$ 2,545	$ 10,934	$ 11,956	$ 38,744
Net investment income per share basic and diluted	N/A	$ 0.76	$ 1.13	$ 0.92	$ 1.16
Net realized income per share basic and diluted	N/A	$ 1.31	$ 1.29	$ 0.14	$ 0.99
Net increase (decrease) in net assets resulting from operations attributable to common stock per share basic and diluted	N/A	$ 0.30	$ 1.20	$ 1.19	$ 2.38
Weighted average shares outstanding basic and diluted	N/A	8,587,701	9,095,904	10,042,639	16,292,846

Table of Contents

	As of December 31,				
	2006	**2007**	**2008**	**2009**	**2010**
	(dollars in thousands)				
Balance sheet data:					
Assets:					
Total portfolio investments at fair value	$ 73,711	$ 105,650	$ 127,007	$ 156,740	$ 348,811
Marketable securities and idle funds investments		24,063	4,390	3,253	68,753
Cash and cash equivalents	13,769	41,889	35,375	30,620	22,334
Deferred tax asset			1,121	2,716	1,958
Interest receivable and other assets	630	1,576	1,101	1,510	4,524
Deferred financing costs, net of accumulated amortization	1,333	1,670	1,635	1,611	2,544
Total assets	$ 89,443	$ 174,848	$ 170,629	$ 196,450	$ 448,924
Liabilities and net assets:					
SBIC debentures	$ 45,100	$ 55,000	$ 55,000	$ 65,000	$ 155,558
Credit facility					39,000
Deferred tax liability		3,026			
Interest payable	855	1,063	1,108	1,069	3,195
Dividend payable			726		
Accounts payable and other liabilities	216	610	1,439	721	1,188
Total liabilities	46,171	59,699	58,273	66,790	198,941
Total net asset value	43,272	115,149	112,356	129,660	245,535
Noncontrolling interest					4,448
Total liabilities and net assets	$ 89,443	$ 174,848	$ 170,629	$ 196,450	$ 448,924
Other data:					
Weighted average effective yield on LMM debt investments(1)	15.0%	14.3%	14.0%	14.3%	14.5%
Number of LMM portfolio companies(2)	24	27	31	35	44
Expense ratios (as percentage of average net assets):					
Operating expenses(3)	5.5%	4.8%	2.8%	2.5%	4.0%
Interest expense	7.0%	5.7%	3.3%	3.1%	4.3%

(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 discussed in the notes to the financial statements elsewhere in this prospectus supplement.

(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.

Table of Contents

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

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

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

ORGANIZATION

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

On January 7, 2010, MSCC consummated transactions (the "Exchange Offer") to exchange 1,239,695 shares of its common stock for approximately 88% of the total dollar value of the limited partner interests in Main Street Capital II, LP ("MSC II" and, together with MSMF, the "Funds"). Pursuant to the terms of the Exchange Offer, 100% of the membership interests in the general partner of MSC II, Main Street Capital II GP, LLC ("MSC II GP"), were also transferred to MSCC for no consideration. MSC II commenced operations in January 2006, is an investment fund that operates as an SBIC and is also managed by the Investment Manager. The Exchange Offer and related transactions, including the transfer of the MSC II GP interests, are collectively termed the "Exchange Offer Transactions" (see Note J to the consolidated financial statements included in this prospectus supplement). As of December 31, 2010, an approximately 12% minority ownership in the total dollar value of the MSC II limited partnership interests remained outstanding, including approximately 5% owned by affiliates of MSCC.

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

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

Table of Contents

OVERVIEW

We are a principal investment firm primarily focused on providing customized debt and equity financing to lower middle market ("LMM") companies, which we generally define as companies with annual revenues between $10 million and $100 million that operate in diverse industries. We invest primarily in secured debt instruments, equity investments, warrants and other securities of LMM companies based in the United States. Our principal investment objective is to maximize our portfolio's total return by generating current income from our debt investments and capital appreciation from our equity and equity related investments, including warrants, convertible securities and other rights to acquire equity securities in a portfolio company. Our LMM portfolio investments generally range in size from $3 million to $20 million.

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

In addition to our primary investment strategy of investing in LMM companies, we opportunistically pursue investments in privately placed debt securities. Our private placement investment portfolio primarily consists of direct or secondary private placements of interest bearing debt securities in companies that are generally larger in size than the LMM companies included in our investment portfolio. As of December 31, 2010, we had privately placed portfolio investments in 16 companies collectively totaling approximately $67.1 million in fair value with a total cost basis of approximately $65.6 million. The weighted average revenues for the 16 privately placed portfolio investments was approximately $352 million. All of our privately placed portfolio investments were in the form of debt investments and 71% of such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average effective yield on our privately placed portfolio debt investments was approximately 12.5% as of December 31, 2010.

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

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

Table of Contents

companies. The changes in realized gains and losses and unrealized appreciation or depreciation could have a material impact on our operating results.

For the year ended December 31, 2010, we paid dividends on a monthly basis totaling $1.50 per share, or $23.9 million. We generated undistributed taxable income (or "spillover income") of approximately $1.6 million, or $0.09 per share, during 2010 that will be carried forward toward distributions paid in 2011. In December 2010, we declared monthly dividends for the first quarter of 2011 totaling $0.375 per share. In March 2011, we declared monthly dividends for the second quarter of 2011 totaling $0.39 per share. Including the dividends declared for the first and second quarters of 2011, we will have paid approximately $5.52 per share in cumulative dividends since our October 2007 initial public offering.

At December 31, 2010, we had $91.1 million in cash and cash equivalents, marketable securities, and idle funds investments. In August 2010, we completed a follow-on public stock offering in which we sold 3,220,000 shares of common stock, including the underwriters' exercise of the over-allotment option, at a price to the public of $15.00 per share (or approximately 123% of the then latest reported Net Asset Value per share), resulting in total net proceeds of approximately $45.8 million, after deducting underwriters' commissions and offering costs. In January 2010, we completed a follow-on public stock offering in which we sold 2,875,000 shares of common stock, including the underwriters' exercise of the over-allotment option, at a price to the public of $14.75 per share (or approximately 123% of the then latest reported Net Asset Value per share), resulting in total net proceeds of approximately $40.1 million, after deducting underwriters' commissions and offering costs.

CRITICAL ACCOUNTING POLICIES

Basis of Presentation

Our financial statements are prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). For the year ended December 31, 2010, our consolidated financial statements include the accounts of MSCC and its consolidated subsidiaries, including MSMF and MSC II. For the year ended 2009, our consolidated financial statements include the accounts of MSCC and its consolidated subsidiaries, including MSMF. Portfolio investments, as used herein, refers to all of our portfolio investments in LMM companies, private placement portfolio investments, and the Investment Manager and excludes all "Marketable securities and idle funds investments." Private placement portfolio investments include investments made through direct or secondary purchases of interest-bearing debt securities in companies that are generally larger in size than the LMM companies included as part of our portfolio investments. "Marketable securities and idle funds investments" are classified as financial instruments and are reported separately on our Consolidated Balance Sheets and Consolidated Schedule of Investments due to the nature of such investments. Our results of operations and cash flows for the years ended December 31, 2010, 2009, and 2008, and financial position as of December 31, 2010 and 2009, are presented on a consolidated basis. The effects of all intercompany transactions between Main Street and its consolidated subsidiaries have been eliminated in consolidation. Certain reclassifications have been made to prior period balances to conform with the current financial statement presentation, including the reclassification of private placement portfolio investments which were formerly classified as "Marketable securities and idle funds investments" and are now classified as portfolio investments in the "Non-Control/Non-Affiliate investments" category due to our current intent to hold such investments until their maturity and the fact that their terms adhere more to our portfolio investment strategy.

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

Portfolio Investment Valuation

The most significant estimate inherent in the preparation of our consolidated financial statements is the valuation of our portfolio investments and the related amounts of unrealized appreciation and depreciation. As of December 31, 2010 and 2009, approximately 78% and 80%, 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 the Accounting Standards Codification ("Codification" or "ASC") 820, *Fair Value Measurements and Disclosures* in the first quarter of 2008. ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and enhances disclosure requirements for fair value measurements.

Our portfolio strategy calls for us to invest primarily in illiquid securities issued by private, LMM companies. These LMM portfolio investments may be subject to restrictions on resale and will generally have no established trading market. We determine in good faith the fair value of our LMM portfolio investments pursuant to a valuation policy in accordance with ASC 820 and a valuation process approved by our Board of Directors and in accordance with the 1940 Act. We review external events, including private mergers, sales and acquisitions involving comparable companies, and include these events in the valuation process. Our valuation policy and process are intended to provide a consistent basis for determining the fair value of the portfolio.

For valuation purposes, control investments are composed of equity and debt securities for which 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.

Table of Contents

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

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

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

Table of Contents

Fee Income

We may periodically provide services, including structuring and advisory services, to our portfolio companies. 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 the total portfolio, we hold debt and preferred equity instruments in our investment portfolio that contain payment-in-kind ("PIK") interest and cumulative dividend provisions. The PIK interest, computed at the contractual rate specified in each debt agreement, is added to the principal balance of the debt and is recorded as interest income. Thus, the actual collection of this interest may be deferred until the time of debt principal repayment. Cumulative dividends are recorded as dividend income, and any dividends in arrears are added to the balance of the preferred equity investment. The actual collection of dividends in arrears may be deferred until such time as the preferred equity is redeemed. To maintain regulated investment company ("RIC") tax treatment (as discussed below), these non-cash sources of income will need to be paid out to stockholders in the form of distributions, even though we may not have collected the PIK interest and cumulative dividends in cash. We will stop accruing PIK interest and cumulative dividends and will write off any accrued and uncollected interest and dividends in arrears when it is determined that such PIK interest and dividends in arrears are no longer collectible.

Share-Based Compensation

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

Income Taxes

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

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

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

Taxable income generally differs from net income for financial reporting purposes due to temporary and permanent differences in the recognition of income and expenses. Taxable income generally excludes net unrealized appreciation or depreciation, as investment gains or losses are not included in taxable income until they are realized.

LMM PORTFOLIO COMPOSITION

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

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

Cost:	**December 31, 2010**	**December 31, 2009**
First lien debt	70.6%	69.3%
Equity	17.7%	13.4%
Second lien debt	6.7%	10.7%
Equity warrants	5.0%	6.6%
	100.0%	100.0%

Fair Value:	**December 31, 2010**	**December 31, 2009**
First lien debt	62.6%	57.4%
Equity	21.9%	19.5%
Equity warrants	9.0%	13.5%
Second lien debt	6.5%	9.6%
	100.0%	100.0%

Table of Contents

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

Cost:	December 31, 2010	December 31, 2009
Southwest	50.5%	50.1%
West	29.3%	28.6%
Midwest	7.2%	6.9%
Southeast	7.0%	9.0%
Northeast	6.0%	5.4%
	100.0%	100.0%

Fair Value:	December 31, 2010	December 31, 2009
Southwest	51.8%	51.1%
West	28.4%	28.4%
Midwest	7.2%	6.3%
Southeast	6.4%	8.4%
Northeast	6.2%	5.8%
	100.0%	100.0%

Main Street's LMM portfolio investments are generally in companies conducting business in a variety of industries. Set forth below are tables showing the composition of Main Street's LMM portfolio investments by industry at cost and fair value as of December 31, 2010 and 2009:

Cost:	December 31, 2010	December 31, 2009
Professional services	15.4%	12.7%
Equipment rental	8.4%	3.6%
Information services	7.8%	5.1%
Retail	7.4%	7.5%
Industrial equipment	7.2%	6.4%
Industrial services	7.2%	5.0%
Media/Marketing	6.6%	0.0%
Metal fabrication	6.3%	2.5%
Electronics manufacturing	5.2%	7.1%
Health care services	5.0%	4.7%
Precast concrete manufacturing	4.4%	9.7%
Restaurant	3.3%	5.6%
Custom wood products	3.0%	6.7%
Agricultural services	2.8%	6.6%
Consumer Products	2.6%	0.0%
Manufacturing	2.4%	4.1%
Governmental services	1.8%	2.0%
Transportation/Logistics	1.3%	6.1%
Health care products	1.2%	3.0%
Infrastructure products	0.7%	1.6%
	100.0%	100.0%

Table of Contents

Fair Value:	December 31, 2010	December 31, 2009
Professional services	14.3%	12.2%
Information services	8.5%	4.4%
Industrial services	7.8%	7.0%
Equipment rental	7.3%	2.3%
Health care services	7.1%	9.1%
Retail	6.6%	6.6%
Metal fabrication	6.5%	4.5%
Industrial equipment	6.3%	5.2%
Media/Marketing	5.9%	0.0%
Electronics manufacturing	5.0%	6.2%
Precast concrete manufacturing	4.9%	11.5%
Restaurant	3.7%	6.2%
Agricultural services	3.3%	7.9%
Custom wood products	3.0%	1.6%
Manufacturing	2.7%	3.9%
Consumer Products	2.3%	0.0%
Transportation/Logistics	1.8%	6.3%
Governmental services	1.8%	2.1%
Health care products	1.1%	2.9%
Infrastructure products	0.1%	0.1%
	100.0%	100.0%

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

PORTFOLIO ASSET QUALITY

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

Table of Contents

The following table shows the distribution of our LMM and privately placed portfolio investments (excluding the investment in our affiliated Investment Manager) on the 1 to 5 investment rating scale at fair value as of December 31, 2010 and 2009:

Investment Rating	December 31, 2010 Investments at Fair Value	December 31, 2010 Percentage of Total Portfolio	December 31, 2009 Investments at Fair Value	December 31, 2009 Percentage of Total Portfolio
	(dollars in thousands)			
1	$ 52,147	15.0%	$ 14,509	10.3%
2	153,408	44.2%	59,116	42.0%
3	122,249	35.3%	57,578	40.9%
4	17,705	5.1%	9,000	6.4%
5	1,250	0.4%	500	0.4%
Totals	$ 346,759	100.0%	$ 140,703	100.0%

Based upon our investment rating system, the weighted average rating of our portfolio as of December 31, 2010 and 2009 was approximately 2.3 and 2.4, respectively. As of December 31, 2010 and 2009, we had two and three investments, respectively, on non-accrual status comprising approximately 2.6% and 1.1%, respectively, of the total portfolio investments at fair value for each year then ended (excluding Main Street's investment in the Investment Manager).

The broader fundamentals of the United States economy remain mixed, and unemployment remains elevated. In the event that the United States economy contracts, it is likely that the financial results of small- to mid-sized companies, like those in which we invest, could experience deterioration or limited growth from current levels, which could ultimately lead to difficulty in meeting their debt service requirements and an increase in defaults. Consequently, we can provide no assurance that the performance of certain portfolio companies will not be negatively impacted by 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 years ended December 31, 2010 and December 31, 2009

	Years Ended December 31, 2010	Years Ended December 31, 2009	Net Change Amount	Net Change %
	(dollars in millions)			
Total investment income	$ 36.5	$ 16.0	$ 20.5	128%
Total expenses	(17.2)	(6.8)	(10.4)	154%
Net investment income	19.3	9.2	10.1	109%
Total net realized loss from investments	(2.9)	(7.8)	4.9	NM
Net realized income	16.4	1.4	15.0	1050%
Net change in unrealized appreciation	19.6	8.2	11.4	138%
Income tax benefit (provision)	(1.0)	2.3	(3.3)	-141%
Bargain purchase gain	4.9		4.9	NM
Noncontrolling interest	(1.2)		(1.2)	NM
Net increase in net assets resulting from operations attributable to common stock	$ 38.7	$ 11.9	$ 26.8	224%

Table of Contents

	Years Ended December 31,		Net Change	
	2010	2009	Amount	%
	(dollars in millions)			
Net investment income	$ 19.3	$ 9.2	$ 10.1	109%
Share-based compensation expense	1.4	1.1	0.3	39%
Distributable net investment income(a)	20.7	10.3	10.4	102%
Total net realized loss from investments	(2.9)	(7.8)	4.9	NM
Distributable net realized income(a)	$ 17.8	$ 2.5	$ 15.3	617%
Distributable net investment income per share Basic and diluted(a)	$ 1.25	$ 1.02	$ 0.23	22%
Distributable net realized income per share Basic and diluted(a)	$ 1.08	$ 0.25	$ 0.83	332%

(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 and distributable net realized income, and related per share amounts, are useful and appropriate supplemental disclosures for analyzing its financial performance since share-based compensation does not require settlement in cash. However, distributable net investment income and distributable net realized income are non-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 year ended December 31, 2010, total investment income was $36.5 million, a $20.5 million, or 128%, increase over the $16.0 million of total investment income for the year ended December 31, 2009. This comparable period increase was principally attributable to (i) $13.1 million of total investment income from portfolio investments held by MSC II, the fund acquired as part of the Exchange Offer, (ii) a $6.7 million increase in interest income from higher average levels of both portfolio debt investments and interest-bearing marketable securities or idle funds investments, (iii) a $0.5 million increase in non-recurring interest income in the fourth quarter of 2010 due to higher levels of prepayment activity from our portfolio debt investments, and (iv) a $0.3 million increase in fee income due to higher levels of transaction activity, partially offset by a $0.1 million decrease in dividend income principally due to a $0.9 million special dividend from a portfolio company investment that was received in the third quarter of 2009.

Expenses

For the year ended December 31, 2010, total expenses increased by approximately $10.4 million, or 154%, to $17.2 million from $6.8 million for the year ended December 31, 2009. This comparable period increase in expenses was principally attributable to (i) $7.8 million in interest expense and other operating expenses related to MSC II subsequent to the Exchange Offer, (ii) higher share-based compensation expense of $0.3 million related to non-cash amortization for restricted share grants, (iii) higher interest expense of $0.7 million as a result of an additional $20.0 million in SBIC

Debentures issued through MSMF during 2010 and borrowings under our credit facility during the fourth quarter of 2010, and (iv) higher personnel costs and other operating expenses.

Distributable Net Investment Income

Distributable net investment income increased $10.4 million to $20.7 million, or $1.25 per share, for 2010 compared with distributable net investment income of $10.3 million, or $1.02 per share, in 2009. The increase in distributable net investment income was primarily due to higher levels of total investment income partially offset by higher interest and other operating expenses, due to the changes discussed above. Distributable net investment income on a per share basis for 2010 reflects a greater number of average shares outstanding compared to 2009 due to the January and August 2010 follow-on stock offerings, as well as the shares issued to consummate the Exchange Offer.

Net Investment Income

Net investment income for the year ended December 31, 2010 was $19.3 million, or a 109% increase, compared to net investment income of $9.2 million during the year ended December 31, 2009. The increase in net investment income was principally attributable to the increase in total investment income, partially offset by higher interest and other operating expenses as discussed above.

Distributable Net Realized Income

For the year ended December 31, 2010, the net realized loss from investments of $2.9 million was primarily attributable to (i) $4.0 million of realized loss on our debt and equity investment in Quest Design and Production, LLC in the first quarter of 2010 and (ii) $1.9 million of realized loss on our debt and equity investment in Advantage Millwork Company, Inc. in the third quarter of 2010, partially offset by (i) $2.3 million of realized gain during the second quarter of 2010 on the partial exits of equity investments in Laurus Healthcare, LP and Gulf Manufacturing, LLC and on the full exit of our equity investment in Pulse Systems, LLC and (ii) $0.7 million of net realized gain related to private placement, marketable securities, and idle funds investments. The net realized loss of $7.8 million during the 2009 year related to realized losses recognized on the exit of our investments in two portfolio companies, partially offset by net realized gain on the partial exit of our equity investments in one portfolio company and net realized gain attributable to marketable securities investments.

Distributable net realized income increased $15.3 million to $17.8 million, or $1.08 per share, for 2010 compared with distributable net realized income of $2.5 million, or $0.25 per share, in 2009 due to the higher levels of distributable net investment income as well as the change in total net realized loss from investments.

Net Realized Income

The higher levels of net investment income for the year ended December 31, 2010, partially offset by the change in total net realized loss during that period, resulted in a $15.0 million increase in net realized income compared with 2009.

Net Increase in Net Assets Resulting from Operations

For the year ended December 31, 2010, the $19.6 million net change in unrealized appreciation was principally attributable to (i) $2.8 million in accounting reversals of net unrealized depreciation attributable to the net realized loss recognized during 2010 as discussed above, (ii) unrealized appreciation on 29 portfolio investments totaling $18.3 million, offset by unrealized depreciation on 18 portfolio investments totaling $8.8 million, (iii) $6.9 million in unrealized appreciation attributable to our SBIC debentures, (iv) $0.6 million in unrealized appreciation attributable to investments in marketable securities, and (v) $0.3 million in unrealized depreciation attributable to our investment in

Table of Contents

the affiliated Investment Manager. The noncontrolling interest of $1.2 million recognized during 2010 reflected the pro rata portion of MSC II net earnings attributable to the equity interests in MSC II not owned by Main Street. During the first quarter of 2010, we also recognized a $4.9 million bargain purchase gain related to the consummation of the Exchange Offer. The bargain purchase gain recognized during the first quarter of 2010 is a non-recurring gain which was solely generated by the acquisition accounting related to the Exchange Offer. For the year ended December 31, 2010, we also recognized a net income tax provision of $1.0 million principally related to deferred taxes on unrealized appreciation of equity investments held in our Taxable Subsidiaries.

As a result of these events, our net increase in net assets resulting from operations attributable to common stock during 2010 was $38.7 million, or $2.38 per share, compared with a net increase in net assets resulting from operations attributable to common stock of $11.9 million, or $1.19 per share, in 2009.

Comparison of years ended December 31, 2009 and December 31, 2008

	Years Ended December 31,		Net Change	
	2009	2008	Amount	%
	(dollars in millions)			
Total investment income	$ 16.0	$ 17.3	$ (1.3)	(7)%
Total expenses	(6.8)	(7.0)	0.2	(3)%
Net investment income	9.2	10.3	(1.1)	(11)%
Total net realized gain (loss) from investments	(7.8)	1.4	(9.2)	NM
Net realized income	1.4	11.7	(10.3)	(88)%
Net change in unrealized appreciation (depreciation) from investments	8.2	(4.0)	12.2	NM
Income tax benefit	2.3	3.2	(0.9)	(28)%
Net increase in net assets resulting from operations	$ 11.9	$ 10.9	$ 1.0	9%

	Years Ended December 31,		Net Change	
	2009	2008	Amount	%
	(dollars in millions)			
Net investment income	$ 9.2	$ 10.3	$ (1.1)	(11)%
Share-based compensation expense	1.1	0.5	0.6	109%
Distributable net investment income(a)	10.3	10.8	(0.5)	(5)%
Total net realized gain (loss) from investments	(7.8)	1.4	(9.2)	NM
Distributable net realized income(a)	$ 2.5	$ 12.2	$ (9.7)	(80)%
Distributable net investment income per share Basic and diluted(a)	$ 1.02	$ 1.19	$ (0.17)	(14)%
Distributable net realized income per share Basic and diluted(a)	$ 0.25	$ 1.34	$ (1.09)	(81)%

(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 and distributable net realized income, and

Table of Contents

related per share amounts, are useful and appropriate supplemental disclosures for analyzing its financial performance since share-based compensation does not require settlement in cash. However, distributable net investment income and distributable net realized income are non-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 year ended December 31, 2009, total investment income was $16.0 million, a $1.3 million, or 7%, decrease over the $17.3 million of total investment income for the year ended December 31, 2008. This comparable period decrease was principally attributable to (i) lower dividend income of $1.4 million due to certain portfolio companies retaining their excess cash flow as additional cushion given reduced economic visibility and lower near-term earnings expectations and (ii) reduced levels of fee income of $1.3 million due to lower new investment originations; partially offset by higher interest income of $1.4 million from LMM and privately placed portfolio debt investments and from marketable securities and idle funds investments on higher average levels of such investments.

Expenses

For the year ended December 31, 2009, total expenses decreased by approximately $0.2 million, or 3%, to $6.8 million from $7.0 million for the year ended December 31, 2008. The decrease in total expenses was primarily attributable to a $0.8 million reduction in general, administrative and other overhead expenses. The reduction in general, administrative and overhead costs primarily related to (i) lower accrued compensation e