

Main Street Capital CORP
Form 497
August 12, 2013

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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 AUGUST 12, 2013

**PRELIMINARY PROSPECTUS SUPPLEMENT
(to Prospectus dated August 1, 2013)**

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 and debt capital to middle market ("Middle Market") companies. Our LMM companies generally have annual revenues between \$10 million and \$150 million, and our LMM portfolio investments generally range in size from \$5 million to \$25 million. Our Middle Market investments are made in businesses that are generally larger in size than our LMM portfolio companies, with annual revenues typically between \$150 million and \$1.5 billion, and our Middle Market investments generally range in size from \$3 million to \$15 million.

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

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

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 August _____, 2013, the last reported sale price of our common stock on the New York Stock Exchange was \$ _____ per share, and the net asset value per share of our common stock on June 30, 2013 (the last date prior to the

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date of this prospectus supplement on which we determined our net asset value per share) was \$18.72.

Investing in our common stock involves a high degree of risk, and should be considered highly speculative. See "Supplementary Risk Factors" beginning on page S-12 of this prospectus supplement and "Risk Factors" beginning on page 15 of the accompanying prospectus to read about factors you should consider, including the risk of leverage and dilution, before investing in our common stock.

This prospectus supplement and the accompanying prospectus contain important information about us that a prospective investor should know before investing in our common stock. Please read this prospectus supplement and the accompanying prospectus before investing and keep them for future reference. We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission, or SEC. This information is available free of charge by contacting us at 1300 Post Oak Boulevard, Suite 800, Houston, Texas 77056 or by telephone at (713) 350-6000 or on our website at www.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 (3.75%) | \$ | \$ |
| 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. If the option to purchase additional shares is exercised in full, the total public offering price will be \$ _____, the total underwriting discount (3.75%) will be \$ _____, and the total proceeds to us, before deducting estimated expenses payable by us of \$200,000, will be \$ _____.

The Securities and Exchange Commission has not 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 August _____, 2013.

RAYMOND JAMES

GOLDMAN, SACHS & CO.

BAIRD

The date of this prospectus supplement is August _____, 2013

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ABOUT THE PROSPECTUS

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

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

Forward-Looking Statements

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

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PROSPECTUS SUMMARY

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

Organization

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

On January 7, 2010, MSCC consummated transactions (the "Exchange Offer") to exchange 1,239,695 shares of its common stock for approximately 88% of the total dollar value of the limited partner interests in Main Street Capital II, LP ("MSC II" and, together with MSMF, the "Funds"). Pursuant to the terms of the Exchange Offer, 100% of the membership interests in the general partner of MSC II, Main Street Capital II GP, LLC ("MSC II GP"), were also transferred to MSCC for no consideration. MSC II commenced operations in January 2006, is an investment fund that operates as an SBIC and is also managed by the Investment Manager. During the first quarter of 2012, MSCC exchanged 229,634 shares of its common stock to acquire all of the remaining minority ownership in the total dollar value of the MSC II limited partnership interests, including approximately 5% owned by affiliates of MSCC (the "Final MSC II Exchange"). After the completion of the Final MSC II Exchange, MSCC owns 100% of MSC II. The Exchange Offer and related transactions, including the transfer of the MSC II GP interests and the Final MSC II Exchange, are collectively termed the "Exchange Offer Transactions."

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

MSCC has direct and indirect wholly owned subsidiaries that have elected to be taxable entities (the "Taxable Subsidiaries"). The primary purpose of these entities is to hold certain investments that generate "pass through" income for tax purposes. The Investment Manager is also a direct wholly

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owned subsidiary that has elected to be a taxable entity. The Taxable Subsidiaries and the Investment Manager are each taxed at their normal corporate tax rates based on their taxable income.

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

Overview

We are a principal investment firm primarily focused on providing customized debt and equity financing to lower middle market ("LMM") companies and debt capital to middle market ("Middle Market") companies. Our portfolio investments are typically made to support management buyouts, recapitalizations, growth financings, refinancings and acquisitions of companies that operate in diverse industry sectors. We seek to partner with entrepreneurs, business owners and management teams and generally provide "one stop" financing alternatives within our LMM portfolio. We invest primarily in secured debt investments, equity investments, warrants and other securities of LMM companies based in the United States and in secured debt investments of Middle Market companies generally headquartered in the United States. Our principal investment objective is to maximize our portfolio's total return by generating current income from our debt investments and capital appreciation from our equity and equity related investments, including warrants, convertible securities and other rights to acquire equity securities in a portfolio company. Our LMM companies generally have annual revenues between \$10 million and \$150 million, and our LMM portfolio investments generally range in size from \$5 million to \$25 million. Our Middle Market investments are made in businesses that are generally larger in size than our LMM portfolio companies, with annual revenues typically between \$150 million and \$1.5 billion, and our Middle Market investments generally range in size from \$3 million to \$15 million. Our private loan ("Private Loan") investments are made in businesses that are consistent with the size of companies in our LMM portfolio or our Middle Market portfolio, but are investments which have been originated through strategic relationships with other investment funds on a collaborative basis. The structure, terms and conditions for these Private Loan investments are typically consistent with the structure, terms and conditions for the loans made in our LMM portfolio or Middle Market portfolio.

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

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 LMM creates the opportunity for us to meet the financing needs of LMM companies while also negotiating favorable transaction terms and equity participations. Our ability to invest across a company's capital structure, from senior secured loans to equity securities, allows us to offer portfolio companies a comprehensive suite of financing options, or a "one stop" financing solution. Providing customized, "one stop" financing solutions 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. Our LMM portfolio debt investments are generally secured by a first lien on the assets of the portfolio company and typically have a term of between five and seven years. We believe that our LMM investment strategy has a lower correlation to the broader debt and equity markets.

As of June 30, 2013, we had debt and equity investments in 58 LMM portfolio companies with an aggregate fair value of approximately \$555.3 million, with a total cost basis of approximately

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\$438.7 million, and a weighted average annual effective yield on our LMM debt investments of approximately 15.1%. As of June 30, 2013 approximately 75% of our total LMM portfolio investments at cost were in the form of debt investments and approximately 94% of such debt investments at cost were secured by first priority liens on the assets of our LMM portfolio companies. At June 30, 2013, we had equity ownership in approximately 93% of our LMM portfolio companies and the average fully diluted equity ownership in those portfolio companies was approximately 33%. As of December 31, 2012, we had debt and equity investments in 56 LMM portfolio companies with an aggregate fair value of approximately \$482.9 million, with a total cost basis of approximately \$380.5 million, and a weighted average annual effective yield on our LMM debt investments of approximately 14.3%. As of December 31, 2012, approximately 75% of our total LMM portfolio investments at cost were in the form of debt investments and approximately 93.0% of such debt investments at cost were secured by first priority liens on the assets of our LMM portfolio companies. At December 31, 2012, we had equity ownership in approximately 93% of our LMM portfolio companies and the average fully diluted equity ownership in those portfolio companies was approximately 33%. The weighted average annual yields were computed using the effective interest rates for all debt investments at June 30, 2013 and December 31, 2012, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status.

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

As of June 30, 2013, we had Middle Market portfolio investments in 95 companies, collectively totaling approximately \$445.2 million in fair value with a total cost basis of approximately \$440.4 million. The weighted average revenue for the 95 Middle Market portfolio company investments was approximately \$576.8 million as of June 30, 2013. As of June 30, 2013, substantially all of our Middle Market portfolio investments were in the form of debt investments and approximately 92% of such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on our Middle Market portfolio debt investments was approximately 7.9% as of June 30, 2013. As of December 31, 2012, we had Middle Market portfolio investments in 79 companies, collectively totaling approximately \$352.0 million in fair value with a total cost basis of approximately \$348.1 million. The weighted average revenue for the 79 Middle Market portfolio company investments was approximately \$533.6 million as of December 31, 2012. As of December 31, 2012, substantially all of our Middle Market portfolio investments were in the form of debt investments and approximately 91% of such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on our Middle Market portfolio debt investments was approximately 8.0% as of December 31, 2012. The weighted average annual yields were computed using the effective interest rates for all debt investments at June 30, 2013 and December 31, 2012, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments.

Our Private Loan portfolio investments primarily consist of investments in interest-bearing debt securities in companies that are consistent with the size of the companies included in our LMM portfolio or our Middle Market portfolio. Our Private Loan portfolio debt investments are generally secured by either a first or second priority lien on the assets of the portfolio company and typically have a term of between three and seven years.

As of June 30, 2013, we had Private Loan portfolio investments in 11 companies, collectively totaling approximately \$78.9 million in fair value with a total cost basis of approximately \$79.3 million.

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The weighted average revenue for the 11 Private Loan portfolio company investments was approximately \$309.4 million as of June 30, 2013. As of June 30, 2013, 99% of our Private Loan portfolio investments were in the form of debt investments and all such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on our Private Loan portfolio debt investments was approximately 12.2% as of June 30, 2013. As of December 31, 2012, we had Private Loan portfolio investments in 9 companies, collectively totaling approximately \$65.5 million in fair value with a total cost basis of approximately \$64.9 million. The weighted average revenue for the 9 Private Loan portfolio company investments was approximately \$230.5 million as of December 31, 2012. As of December 31, 2012, 99% of our Private Loan portfolio investments were in the form of debt investments and all such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on our Private Loan portfolio debt investments was approximately 14.8% as of December 31, 2012. The weighted average annual yields were computed using the effective interest rates for all debt investments at June 30, 2013 and 2012, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments.

As of June 30, 2013, we had Other Portfolio investments in 6 companies, collectively totaling approximately \$34.6 million in fair value and approximately \$32.3 million in cost basis and which comprised 3.1% of our Investment Portfolio at fair value as of June 30, 2013. As of December 31, 2012, we had Other Portfolio investments in 3 companies, collectively totaling approximately \$24.1 million in both fair value and approximately \$23.6 million in cost basis and which comprised 2.6% of our Investment Portfolio at fair value as of December 31, 2012.

During the six months ended June 30, 2013, there were ten portfolio company investment transfers from the LMM and Middle Market portfolio investment categories to the Private Loan portfolio investment category totaling \$69.6 million in fair value and \$69.0 million in cost as of the date of transfer.

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 and MSC II are both wholly owned subsidiaries of MSCC.

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

MSCC and its consolidated subsidiaries are internally managed by the Investment Manager, a wholly owned subsidiary of MSCC, which employs all of the executive officers and other employees of Main Street. Because the Investment Manager is wholly owned by MSCC, Main Street does not pay any external investment advisory fees, but instead incurs the operating costs associated with employing investment and portfolio management professionals through the Investment Manager. We believe that our internally managed structure provides us with a beneficial operating expense structure when

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compared to other publicly-traded and privately-held investment firms which are externally managed, and our internally managed structure allows us the opportunity to leverage our non-interest operating expenses as we grow our investment portfolio. For the three and six months ended June 30, 2013, the ratio of our total operating expenses, excluding interest expense, as a percentage of our quarterly average total assets was 1.6% and 1.6%, respectively, on an annualized basis, compared to 1.9% and 2.0%, respectively, on an annualized basis for the three and six months ended June 30, 2012 and 1.8% for the year ended December 31, 2012.

During May 2012, MSCC and the Investment Manager executed an investment sub-advisory agreement with HMS Adviser, LP ("HMS Adviser"), which is the investment advisor to HMS Income Fund, Inc. ("HMS Income"), a non publicly-traded BDC whose registration statement on Form N-2 was declared effective by the SEC in June 2012, to provide certain investment advisory services to HMS Adviser. MSCC is initially providing such investment advisory services to HMS Adviser, but it is ultimately intended that the Investment Manager provide such services because the fees MSCC receives from such arrangement could otherwise have negative consequences on its ability to meet the source-of-income requirement necessary for it to maintain its RIC tax treatment (MSCC or the Investment Adviser, whichever is providing such investment advisory services, the "Sub-Adviser"). Certain relief must be obtained from the SEC before the Investment Manager is permitted to provide these services to HMS Adviser, which relief is being sought, but there can be no assurance that it will be obtained. Under the investment sub-advisory agreement, the Sub-Adviser is entitled to 50% of the base management fee and the incentive fees earned by HMS Adviser under its advisory agreement with HMS Income. However, the Sub-Adviser has agreed to waive all such fees from the effective date of HMS Adviser's registration statement on Form N-2 through December 31, 2013. As a result, as of June 30, 2013, the Sub-Adviser has not received any base management fee or incentive fees under the investment sub-advisory agreement and the Sub-Adviser is not due any unpaid compensation for any base management fee or incentive fees under the investment sub-advisory agreement.

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

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

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

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

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

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

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

Investment Criteria

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

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

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

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

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

In July 2013, we closed a LMM portfolio investment in Garreco, LLC ("Garreco") to facilitate a recapitalization of the company. The investment consists of \$5.8 million in senior secured term debt and a \$1.2 million direct equity investment. Garreco is headquartered in Heber Springs, Arkansas, and is a manufacturer and supplier of consumable products used to create dentures, crowns, and bridges in dental laboratories and clinics.

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In July 2013, we completed a new portfolio investment totaling \$5.0 million of invested capital in ASC Interests, LLC ("ASC"). Our investment in ASC consists of \$3.5 million in first lien, senior secured debt and a \$1.5 million direct equity investment, and the proceeds of our investment were used by ASC to complete a management-led buyout of ASC Owners Group, LLC, dba American Shooting Centers. ASC, operating under the name American Shooting Centers since 1989, operates a 563 acre

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shooting complex located in George Bush Park, Harris County, Texas. ASC is among the premier outdoor shooting facilities in the United States. ASC's complex consists of rifle and pistol shooting lanes, a trap and skeet facility and sporting clays fields.

In August 2013, we completed a follow on investment totaling \$20.0 million in second lien senior subordinated secured debt in Daseke, Inc. ("Daseke"), to support Daseke's addition of Central Oregon Truck Company, Inc. ("COTC"). Founded in 1992 and based in Redmond, Oregon, COTC provides dedicated flatbed transportation and logistical services to the contiguous United States as well as parts of Canada.

In August 2013, we closed a new portfolio investment totaling \$16.8 million of invested capital in Southern RV, LLC and Southern RV Real Estate, LLC (collectively, "Southern RV"). Our investment in Southern RV consists of \$14.6 million in first lien, senior secured term debt, of which \$3.3 million is a first lien mortgage loan, and a \$2.2 million direct equity investment. Southern RV is one of the largest dealers of new and used recreational vehicles ("RV") and related services in the Gulf Coast region.

In August 2013, we announced the appointment of John E. Jackson as a new independent member of our Board of Directors. Simultaneous with Mr. Jackson's appointment to the Board, Todd A. Reppert retired as Executive Vice Chairman of Main Street and from the Investment Committee and Credit Committee and from the Board of Directors of MSCC in conjunction with a new investment initiative led by him which will focus on making debt and equity investments in private U.S. companies that are generally smaller than those currently being pursued by us for investment. Mr. Reppert will remain involved in managing our wholly owned SBIC funds while certain regulatory approvals are sought. As a part of his retirement, the Board accelerated the vesting of all of the unvested shares of restricted stock previously granted to him under our 2008 Equity Incentive Plan.

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The Offering

| | |
|--|--------|
| Common stock offered by us | shares |
| Common stock outstanding prior to this offering | shares |
| Common stock to be outstanding after this offering | shares |
| Option to purchase additional shares | shares |
| Use of proceeds | |

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

We intend to initially use the net proceeds from this offering to repay outstanding debt borrowed under our \$372.5 million Credit Facility. However, through re-borrowing of the initial repayments under our \$372.5 million Credit Facility, we intend to use the net proceeds from this offering to make investments in accordance with our investment objective and strategies described in this prospectus supplement and the accompanying prospectus, to make investments in marketable securities and idle funds investments, which may include investments in secured intermediate term bank debt, rated debt securities and other income producing investments, to pay our operating expenses and other cash obligations, and for general corporate purposes. See "Use of Proceeds" below.

Dividends and distributions

Our dividends and other distributions, if any, will be determined by our Board of Directors from time to time.

Our ability to declare dividends depends on our earnings, our overall financial condition (including our liquidity position), maintenance of our RIC status and such other factors as our Board of Directors may deem relevant from time to time. From our IPO through the third quarter of 2008 we paid quarterly dividends, but in the fourth quarter of 2008 we began paying, and we intend to continue paying, monthly dividends to our stockholders.

When we make monthly distributions, we are required to determine the extent to which such distributions are paid out of current or accumulated earnings, recognized capital gains or capital. To the extent there is a return of capital, investors will be required to reduce their basis in our stock for federal tax purposes. In the future, our distributions may include a return of capital.

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| | |
|--------------------------------|---|
| | <p>In May 2013, we declared regular monthly dividends of \$0.155 per share for each of July, August and September 2013. These regular monthly dividends equate to a total of \$0.465 per share for the third quarter of 2013. Investors who purchase shares of our common stock in this offering will be entitled to receive the September regular monthly dividend payment and subsequent dividends provided that they continue to hold such shares.</p> |
| Taxation | <p>MSCC has elected to be treated for federal income tax purposes as a RIC under Subchapter M of the Code. Accordingly, we generally will not pay corporate-level federal income taxes on any net ordinary income or capital gains that we distribute to our stockholders as dividends. To maintain our qualification as a RIC for federal income tax purposes, we must meet specified source-of-income and asset diversification requirements and distribute annually at least 90% of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any.</p> <p>Depending on the level of taxable income earned in a tax year, we may choose to carry forward taxable income in excess of current year distributions into the next tax year and pay a 4% excise tax on such income. Any such carryover taxable income must be distributed through a dividend declared prior to filing the final tax return related to the year which generated such taxable income. See "Material U.S. Federal Income Tax Considerations" in the accompanying prospectus.</p> |
| Risk factors | <p>See "Supplementary Risk Factors" beginning on page S-12 of this prospectus supplement and "Risk Factors" beginning on page 15 of the accompanying prospectus for a discussion of risks you should carefully consider before deciding to invest in shares of our common stock.</p> |
| New York Stock Exchange symbol | <p>"MAIN"</p> |

Table of Contents**FEES AND EXPENSES**

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

| | |
|--|--------------|
| Stockholder Transaction Expenses: | |
| Sales load (as a percentage of offering price) | 3.75%(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 | 2.59%(4) |
| Interest payments on borrowed funds | 3.70%(5) |
| Income tax expense | 1.65%(6) |
| Acquired fund fees and expenses | 0.63%(7) |
| Total annual expenses | 8.57% |

- (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 option to purchase additional shares 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 in this table represent the estimated expenses of MSCC and its consolidated subsidiaries, including the Investment Manager.
- (5) Interest payments on borrowed funds represent our estimated annual interest payments on borrowed funds based on current debt levels as adjusted for projected increases (but not decreases) in debt levels over the next twelve months.
- (6) Income tax expense relates to the accrual of (a) deferred taxes on the net unrealized appreciation from portfolio investments held in Taxable Subsidiaries and (b) excise, state and other taxes. Deferred taxes are non-cash in nature and may vary significantly from period to period. We are required to include deferred taxes in calculating our annual expenses even though deferred taxes are not currently payable. Due to the variable nature of deferred tax expense, which is a large portion of the income tax expense, and the difficulty in providing an estimate for future periods, this income tax expense estimate is based upon the actual amount of income tax expense for the year ended December 31, 2012.
- (7) Acquired fund fees and expenses represent the estimated indirect expense incurred due to investments in other investment companies and private funds.

Table of Contents**Example**

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock. In calculating the following expense amounts, we have assumed we would have no additional leverage and that our annual operating expenses would remain at the levels set forth in the table above, and that you would pay a sales load of 3.75% (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 | \$ | \$ | \$ | \$ |

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

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SUPPLEMENTARY RISK FACTORS

Investing in our securities involves a number of significant risks. In addition to the other information contained in this prospectus supplement and the accompanying prospectus, you should consider carefully the following supplementary risk factors together with the risk factors beginning on page 15 of the accompanying prospectus before making an investment in our securities. The risks set out below and in the accompanying prospectus are not the only risks we face. Additional risks and uncertainties not presently known to us or not presently deemed material by us might also impair our operations and performance. If any of the events described herein or in the accompanying prospectus occur, our business, financial condition and results of operations could be materially and adversely affected. In such case, our net asset value and the trading price of our common stock could decline, and you may lose all or part of your investment.

It is unclear how increased regulatory oversight and changes in the method for determining LIBOR may affect the value of the financial obligations to be held or issued by us that are linked to LIBOR, or how such changes could affect our results of operations or financial condition.

As a result of concerns about the accuracy of the calculation of LIBOR, a number of British Bankers' Association, or BBA, member banks entered into settlements with certain regulators and law enforcement agencies with respect to the alleged manipulation of LIBOR, and there are ongoing investigations by regulators and governmental authorities in various jurisdictions. Following a review of LIBOR conducted at the request of the U.K. government, on September 28, 2012, recommendations for reforming the setting and governing of LIBOR were released, which are referred to as the Wheatley Review. The Wheatley Review made a number of recommendations for changes with respect to LIBOR, including the introduction of S-5 statutory regulation of LIBOR, the transfer of responsibility for LIBOR from the BBA to an independent administrator, changes to the method of the compilation of lending rates and new regulatory oversight and enforcement mechanisms for rate-setting and a reduction in the number of currencies and tenors for which LIBOR is published. Based on the Wheatley Review and on a subsequent public and governmental consultation process, on March 25, 2013, the U.K. Financial Services Authority published final rules for the U.K. Financial Conduct Authority's regulation and supervision of LIBOR, which are referred to as the FCA Rules. In particular, the FCA Rules include requirements that (1) an independent LIBOR administrator monitor and survey LIBOR submissions to identify breaches of practice standards and/or potentially manipulative behavior, and (2) firms submitting data to LIBOR establish and maintain a clear conflicts of interest policy and appropriate systems and controls. The FCA Rules took effect on April 2, 2013, and on July 9, 2013, NYSE Euronext was chosen to serve as the independent LIBOR administrator commencing in 2014. It is uncertain what additional regulatory changes or what changes, if any, in the method of determining LIBOR may be required or made by the U.K. government or other governmental or regulatory authorities. Accordingly, uncertainty as to the nature of such changes may adversely affect the market for or value of any LIBOR-linked securities, loans, derivatives and other financial obligations or extensions of credit held by or due to us or on our overall financial condition or results of operations. In addition, any further changes or reforms to the determination or supervision of LIBOR may result in a sudden or prolonged increase or decrease in reported LIBOR, which could have an adverse impact on the market for or value of any LIBOR-linked securities, loans, derivatives and other financial obligations or extensions of credit held by or due to us or on our overall financial condition or results of operations.

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USE OF PROCEEDS

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

We intend to initially use the net proceeds from this offering to repay outstanding debt borrowed under our \$372.5 million Credit Facility. However, through re-borrowing of the initial repayments under our \$372.5 million Credit Facility, we intend to use the net proceeds from this offering to make investments in accordance with our investment objective and strategies described in this prospectus supplement and the accompanying prospectus, to make investments in marketable securities and idle funds investments, which may include investments in secured intermediate term bank debt, rated debt securities and other income producing investments, to pay our operating expenses and other cash obligations, and for general corporate purposes. Our ability to achieve our investment objective may be limited to the extent that the net proceeds from an offering, pending full investment, are held in interest bearing deposits or other short-term instruments. See "Risk Factors Risks Relating to Our Securities We may be unable to invest a significant portion of the net proceeds from an offering or from exiting an investment or other capital on acceptable terms, which could harm our financial condition and operating results" in the accompanying prospectus.

At August 9, 2013, we had approximately \$246.0 million outstanding under our \$372.5 million Credit Facility. Our Credit Facility matures in September 2017, 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 \$372.5 million Credit Facility will remain available for future borrowings. As of June 30, 2013, the interest rate on our \$372.5 million Credit Facility was 2.69%.

Affiliates of Raymond James & Associates, Inc., underwriters in this offering, act as lenders and/or agents under our \$372.5 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 such affiliates therefore may receive a portion of the proceeds from this offering through the repayment of those borrowings. See "Underwriting Conflicts of Interest" below.

Table of Contents**CAPITALIZATION**

The following table sets forth our capitalization:

on an actual basis as of June 30, 2013; and

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

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

| | As of June 30, 2013 | |
|--|--------------------------------------|--|
| | Actual | As-adjusted for this Offering |
| | (Unaudited) | |
| | (in thousands, except shares) | |
| Cash and cash equivalents | \$ 41,220 | \$ 41,220 |
| Marketable securities and idle funds investments (cost: \$22,502) | 21,759 | 21,759 |
| Total cash and cash equivalents, marketable securities and idle funds investments | \$ 62,979 | \$ 62,979 |
| SBIC debentures (par: \$225,000; par of \$100,000 is recorded at a fair value of \$87,123) | \$ 212,123 | \$ 212,123 |
| Credit facility(1) | 215,000 | |
| Notes payable | 92,000 | 92,000 |
| Net asset value: | | |
| Common stock, \$0.01 par value per share (150,000,000 shares authorized; 35,014,302 and _____ shares issued and outstanding, actual and as adjusted for this offering, respectively) | 350 | |
| Additional paid-in capital | 553,011 | |
| Accumulated net investment income, net of cumulative dividends of \$159,506 | 26,879 | 26,879 |
| Accumulated net realized gain from investments (accumulated net realized gain from investments of \$10,241 before cumulative dividends of \$28,993) | (18,752) | (18,752) |
| Net unrealized appreciation, net of income taxes | 93,895 | 93,895 |
| Total net asset value | 655,383 | |
| Total capitalization | \$ 1,174,506 | \$ _____ |

(1) As of August 9, 2013, we had approximately \$246.0 million outstanding under our \$372.5 million credit facility. This table has not been adjusted to reflect our additional borrowings under the credit facility subsequent to June 30, 2013.

Table of Contents**SELECTED FINANCIAL DATA**

The selected financial and other data below reflects the consolidated financial condition and the consolidated statement of operations of Main Street and its subsidiaries as of and for the years ended December 31, 2012, 2011, 2010, 2009 and 2008 and as of and for the six months ended June 30, 2013 and 2012. The selected financial data at December 31, 2012, 2011, 2010, 2009 and 2008 and for the years ended December 31, 2012, 2011, 2010, 2009 and 2008, have been derived from consolidated financial statements that have been audited by Grant Thornton LLP, an independent registered public accounting firm. The selected financial data at June 30, 2013, and for the six months ended June 30, 2013 and 2012, have been derived from unaudited financial data but, in the opinion of management, reflect all adjustments (consisting only of normal recurring adjustments) that are necessary to present fairly the financial condition and operating results for such interim periods. Interim results as of and for the six months ended June 30, 2013 are not necessarily indicative of the results that may be expected for the year ending December 31, 2013. You should read this selected financial data in conjunction with our "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Senior Securities" and the financial statements and related notes thereto in the accompanying prospectus and "Interim Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Interim Financial Statements" in this prospectus supplement.

| | Six Months Ended June 30, | | Years Ended December 31, | | | | |
|---|------------------------------|------------------|--------------------------|------------------|------------------|------------------|------------------|
| | 2013 | 2012 | 2012 | 2011 | 2010 | 2009 | 2008 |
| | (dollars in thousands) | | | | | | |
| | (Unaudited) | | | | | | |
| Statement of operations data: | | | | | | | |
| Investment income: | | | | | | | |
| Total interest, fee and dividend income | \$ 52,763 | \$ 39,912 | \$ 88,858 | \$ 65,045 | \$ 35,645 | \$ 14,514 | \$ 16,123 |
| Interest and dividends from idle funds and other | 681 | 1,489 | 1,662 | 1,195 | 863 | 1,488 | 1,172 |
| Total investment income | 53,444 | 41,401 | 90,520 | 66,240 | 36,508 | 16,002 | 17,295 |
| Expenses: | | | | | | | |
| Interest | (9,424) | (8,044) | (15,631) | (13,518) | (9,058) | (3,791) | (3,778) |
| Compensation and related | (2,574) | | | | | | |
| General and administrative | (1,937) | (1,162) | (2,330) | (2,483) | (1,437) | (1,351) | (1,684) |
| Expenses reimbursed to Investment Manager | (3,189) | (5,359) | (10,669) | (8,915) | (5,263) | (570) | (1,007) |
| Share-based compensation | (1,205) | (1,161) | (2,565) | (2,047) | (1,489) | (1,068) | (511) |
| Total expenses | (18,329) | (15,726) | (31,195) | (26,963) | (17,247) | (6,780) | (6,980) |
| Net investment income | 35,115 | 25,675 | 59,325 | 39,277 | 19,261 | 9,222 | 10,315 |
| Total net realized gain (loss) from investments | 403 | 4,809 | 16,479 | 2,639 | (2,880) | (7,798) | 1,398 |
| Net realized income | 35,518 | 30,484 | 75,804 | 41,916 | 16,381 | 1,424 | 11,713 |
| Total net change in unrealized appreciation (depreciation) | 14,948 | 20,380 | 39,460 | 28,478 | 19,639 | 8,242 | (3,961) |
| Income tax benefit (provision) | (2,833) | (2,872) | (10,820) | (6,288) | (941) | 2,290 | 3,182 |
| Bargain purchase gain | | | | | 4,891 | | |
| Net increase in net assets resulting from operations | 47,633 | 47,992 | 104,444 | 64,106 | 39,970 | 11,956 | 10,934 |
| Noncontrolling interest | | (54) | (54) | (1,139) | (1,226) | | |
| Net increase in net assets resulting from operations attributable to common stock | \$ 47,633 | \$ 47,938 | \$ 104,390 | \$ 62,967 | \$ 38,744 | \$ 11,956 | \$ 10,934 |
| Net investment income per share basic and diluted | \$ 1.01 | \$ 0.94 | \$ 2.01 | \$ 1.69 | \$ 1.16 | \$ 0.92 | \$ 1.13 |
| Net realized income per share basic and diluted | \$ 1.02 | \$ 1.12 | \$ 2.56 | \$ 1.80 | \$ 0.99 | \$ 0.14 | \$ 1.29 |
| Net increase in net assets resulting from operations attributable to common stock per share basic and diluted | \$ 1.37 | \$ 1.77 | \$ 3.53 | \$ 2.76 | \$ 2.38 | \$ 1.19 | \$ 1.20 |
| Weighted average shares outstanding basic and diluted | 34,751,905 | 27,118,421 | 29,540,114 | 22,850,299 | 16,292,846 | 10,042,639 | 9,095,904 |

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| | As of June 30, | | As of December 31, | | | |
|---|------------------------|--------------|--------------------|------------|------------|------------|
| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
| | (dollars in thousands) | | | | | |
| | (Unaudited) | | | | | |
| Balance sheet data: | | | | | | |
| Assets: | | | | | | |
| Total portfolio investments at fair value | \$ 1,114,095 | \$ 924,431 | \$ 658,093 | \$ 407,987 | \$ 159,154 | \$ 127,007 |
| Marketable securities and idle funds investments | 21,759 | 28,535 | 26,242 | 9,577 | 839 | 4,390 |
| Cash and cash equivalents | 41,220 | 63,517 | 42,650 | 22,334 | 30,620 | 35,375 |
| Receivable for securities sold | 31,213 | | | | | |
| Interest receivable and other assets | 12,168 | 14,580 | 6,539 | 4,524 | 1,510 | 1,101 |
| Deferred financing costs, net of accumulated amortization | 7,994 | 5,162 | 4,168 | 2,544 | 1,611 | 1,635 |
| Deferred tax asset, net | | | | 1,958 | 2,716 | 1,121 |
| Total assets | \$ 1,228,449 | \$ 1,036,225 | \$ 737,692 | \$ 448,924 | \$ 196,450 | \$ 170,629 |
| Liabilities and net assets: | | | | | | |
| SBIC debentures at fair value | \$ 212,123 | \$ 211,467 | \$ 201,887 | \$ 155,558 | \$ 65,000 | \$ 55,000 |
| Credit facility | 215,000 | 132,000 | 107,000 | 39,000 | | |
| Notes payable | 92,000 | | | | | |
| Accounts payable for securities purchased | 26,605 | 20,661 | | | | |
| Deferred tax liability, net | 11,006 | 11,778 | 3,776 | | | |
| Accounts payable and other liabilities | 5,782 | 8,593 | 7,001 | 1,188 | 721 | 1,439 |
| Interest payable | 5,626 | 3,562 | 3,984 | 3,195 | 1,069 | 1,108 |
| Dividend payable | 4,924 | 5,188 | 2,856 | | | 726 |
| Total liabilities | 573,066 | 393,249 | 326,504 | 198,941 | 66,790 | 58,273 |
| Total net asset value | 655,383 | 642,976 | 405,711 | 245,535 | 129,660 | 112,356 |
| Noncontrolling interest | | | 5,477 | 4,448 | | |
| Total liabilities and net assets | \$ 1,228,449 | \$ 1,036,225 | \$ 737,692 | \$ 448,924 | \$ 196,450 | \$ 170,629 |
| Other data: | | | | | | |
| Weighted average effective yield on LMM debt investments(1) | 15.1% | 14.3% | 14.8% | 14.5% | 14.3% | 14.0% |
| Number of LMM portfolio companies(2) | 58 | 56 | 54 | 44 | 35 | 31 |
| Weighted average effective yield on Middle Market debt investments(1) | 7.9% | 8.0% | 9.5% | 10.5% | 11.8% | N/A |
| Number of Middle Market portfolio companies | 95 | 79 | 57 | 32 | 6 | N/A |
| Expense ratios (as percentage of average net assets): | | | | | | |
| Total expenses, including income tax expense | 3.3%(4) | 8.2%(3) | 9.8%(3) | 8.8%(3) | 5.6% | 6.1% |
| Operating expenses | 2.8%(4) | 6.1%(3) | 8.0%(3) | 8.3%(3) | 5.6% | 6.1% |
| Operating expenses, excluding interest expense | 1.4%(4) | 3.0%(3) | 4.0%(3) | 4.0%(3) | 2.5% | 2.8% |

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

(2)

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

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

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

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

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

ORGANIZATION

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

On January 7, 2010, MSCC consummated transactions (the "Exchange Offer") to exchange 1,239,695 shares of its common stock for approximately 88% of the total dollar value of the limited partner interests in Main Street Capital II, LP ("MSC II" and, together with MSMF, the "Funds"). Pursuant to the terms of the Exchange Offer, 100% of the membership interests in the general partner of MSC II, Main Street Capital II GP, LLC ("MSC II GP"), were also transferred to MSCC for no consideration. MSC II commenced operations in January 2006, is an investment fund that operates as an SBIC and is also managed by the Investment Manager. During the first quarter of 2012, MSCC exchanged 229,634 shares of its common stock to acquire all of the remaining minority ownership in the total dollar value of the MSC II limited partnership interests, including approximately 5% owned by affiliates of MSCC (the "Final MSC II Exchange"). After the completion of the Final MSC II Exchange, MSCC owns 100% of MSC II. The Exchange Offer and related transactions, including the transfer of the MSC II GP interests and the Final MSC II Exchange, are collectively termed the "Exchange Offer Transactions."

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

MSCC has direct and indirect wholly owned subsidiaries that have elected to be taxable entities (the "Taxable Subsidiaries"). The primary purpose of these entities is to hold certain investments that generate "pass through" income for tax purposes. The Investment Manager is also a direct wholly

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owned subsidiary that has elected to be a taxable entity. The Taxable Subsidiaries and the Investment Manager are each taxed at their normal corporate tax rates based on their taxable income.

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

OVERVIEW

We are a principal investment firm primarily focused on providing customized debt and equity financing to lower middle market ("LMM") companies and debt capital to middle market ("Middle Market") companies. Our portfolio investments are typically made to support management buyouts, recapitalizations, growth financings, refinancings and acquisitions of companies that operate in diverse industry sectors. We seek to partner with entrepreneurs, business owners and management teams and generally provide "one stop" financing alternatives within our LMM portfolio. We invest primarily in secured debt investments, equity investments, warrants and other securities of LMM companies based in the United States and in secured debt investments of Middle Market companies generally headquartered in the United States. Our principal investment objective is to maximize our portfolio's total return by generating current income from our debt investments and capital appreciation from our equity and equity related investments, including warrants, convertible securities and other rights to acquire equity securities in a portfolio company. Our LMM companies generally have annual revenues between \$10 million and \$150 million, and our LMM portfolio investments generally range in size from \$5 million to \$25 million. Our Middle Market investments are made in businesses that are generally larger in size than our LMM portfolio companies, with annual revenues typically between \$150 million and \$1.5 billion, and our Middle Market investments generally range in size from \$3 million to \$15 million. Our private loan ("Private Loan") investments are made in businesses that are consistent with the size of companies in our LMM portfolio or our Middle Market portfolio, but are investments which have been originated through strategic relationships with other investment funds on a collaborative basis. The structure, terms and conditions for these Private Loan investments are typically consistent with the structure, terms and conditions for the loans made in our LMM portfolio or Middle Market portfolio.

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

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 LMM creates the opportunity for us to meet the financing needs of LMM companies while also negotiating favorable transaction terms and equity participations. Our ability to invest across a company's capital structure, from senior secured loans to equity securities, allows us to offer portfolio companies a comprehensive suite of financing options, or a "one stop" financing solution. Providing customized, "one stop" financing solutions 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. Our LMM portfolio debt investments are generally secured by a first lien on the assets of the portfolio company and typically have a term of between five and seven years. We believe that our LMM investment strategy has a lower correlation to the broader debt and equity markets.

As of June 30, 2013, we had debt and equity investments in 58 LMM portfolio companies with an aggregate fair value of approximately \$555.3 million, with a total cost basis of approximately

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\$438.7 million, and a weighted average annual effective yield on our LMM debt investments of approximately 15.1%. As of June 30, 2013 approximately 75% of our total LMM portfolio investments at cost were in the form of debt investments and approximately 94% of such debt investments at cost were secured by first priority liens on the assets of our LMM portfolio companies. At June 30, 2013, we had equity ownership in approximately 93% of our LMM portfolio companies and the average fully diluted equity ownership in those portfolio companies was approximately 33%. As of December 31, 2012, we had debt and equity investments in 56 LMM portfolio companies with an aggregate fair value of approximately \$482.9 million, with a total cost basis of approximately \$380.5 million, and a weighted average annual effective yield on our LMM debt investments of approximately 14.3%. As of December 31, 2012, approximately 75% of our total LMM portfolio investments at cost were in the form of debt investments and approximately 93.0% of such debt investments at cost were secured by first priority liens on the assets of our LMM portfolio companies. At December 31, 2012, we had equity ownership in approximately 93% of our LMM portfolio companies and the average fully diluted equity ownership in those portfolio companies was approximately 33%. The weighted average annual yields were computed using the effective interest rates for all debt investments at June 30, 2013 and December 31, 2012, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status.

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

As of June 30, 2013, we had Middle Market portfolio investments in 95 companies, collectively totaling approximately \$445.2 million in fair value with a total cost basis of approximately \$440.4 million. The weighted average revenue for the 95 Middle Market portfolio company investments was approximately \$576.8 million as of June 30, 2013. As of June 30, 2013, substantially all of our Middle Market portfolio investments were in the form of debt investments and approximately 92% of such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on our Middle Market portfolio debt investments was approximately 7.9% as of June 30, 2013. As of December 31, 2012, we had Middle Market portfolio investments in 79 companies, collectively totaling approximately \$352.0 million in fair value with a total cost basis of approximately \$348.1 million. The weighted average revenue for the 79 Middle Market portfolio company investments was approximately \$533.6 million as of December 31, 2012. As of December 31, 2012, substantially all of our Middle Market portfolio investments were in the form of debt investments and approximately 91% of such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on our Middle Market portfolio debt investments was approximately 8.0% as of December 31, 2012. The weighted average annual yields were computed using the effective interest rates for all debt investments at June 30, 2013 and December 31, 2012, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments.

Our Private Loan portfolio investments primarily consist of investments in interest-bearing debt securities in companies that are consistent with the size of the companies included in our LMM portfolio or our Middle Market portfolio. Our Private Loan portfolio debt investments are generally secured by either a first or second priority lien on the assets of the portfolio company and typically have a term of between three and seven years.

As of June 30, 2013, we had Private Loan portfolio investments in 11 companies, collectively totaling approximately \$78.9 million in fair value with a total cost basis of approximately \$79.3 million.

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The weighted average revenue for the 11 Private Loan portfolio company investments was approximately \$309.4 million as of June 30, 2013. As of June 30, 2013, 99% of our Private Loan portfolio investments were in the form of debt investments and all such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on our Private Loan portfolio debt investments was approximately 12.2% as of June 30, 2013. As of December 31, 2012, we had Private Loan portfolio investments in 9 companies, collectively totaling approximately \$65.5 million in fair value with a total cost basis of approximately \$64.9 million. The weighted average revenue for the 9 Private Loan portfolio company investments was approximately \$230.5 million as of December 31, 2012. As of December 31, 2012, 99% of our Private Loan portfolio investments were in the form of debt investments and all such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on our Private Loan portfolio debt investments was approximately 14.8% as of December 31, 2012. The weighted average annual yields were computed using the effective interest rates for all debt investments at June 30, 2013 and 2012, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments.

As of June 30, 2013, we had Other Portfolio investments in 6 companies, collectively totaling approximately \$34.6 million in fair value and approximately \$32.3 million in cost basis and which comprised 3.1% of our Investment Portfolio at fair value as of June 30, 2013. As of December 31, 2012, we had Other Portfolio investments in 3 companies, collectively totaling approximately \$24.1 million in both fair value and approximately \$23.6 million in cost basis and which comprised 2.6% of our Investment Portfolio at fair value as of December 31, 2012.

During the six months ended June 30, 2013, there were ten portfolio company investment transfers from the LMM and Middle Market portfolio investment categories to the Private Loan portfolio investment category totaling \$69.6 million in fair value and \$69.0 million in cost as of the date of transfer.

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 and MSC II are both wholly owned subsidiaries of MSCC.

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

MSCC and its consolidated subsidiaries are internally managed by the Investment Manager, a wholly owned subsidiary of MSCC, which employs all of the executive officers and other employees of Main Street. Because the Investment Manager is wholly owned by MSCC, Main Street does not pay any external investment advisory fees, but instead incurs the operating costs associated with employing investment and portfolio management professionals through the Investment Manager. We believe that our internally managed structure provides us with a beneficial operating expense structure when

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compared to other publicly-traded and privately-held investment firms which are externally managed, and our internally managed structure allows us the opportunity to leverage our non-interest operating expenses as we grow our investment portfolio. For the three and six months ended June 30, 2013, the ratio of our total operating expenses, excluding interest expense, as a percentage of our quarterly average total assets was 1.6% and 1.6%, respectively, on an annualized basis, compared to 1.9% and 2.0%, respectively, on an annualized basis for the three and six months ended June 30, 2012 and 1.8% for the year ended December 31, 2012.

During May 2012, MSCC and the Investment Manager executed an investment sub-advisory agreement with HMS Adviser, LP ("HMS Adviser"), which is the investment advisor to HMS Income Fund, Inc. ("HMS Income"), a non publicly-traded BDC whose registration statement on Form N-2 was declared effective by the SEC in June 2012, to provide certain investment advisory services to HMS Adviser. MSCC is initially providing such investment advisory services to HMS Adviser, but it is ultimately intended that the Investment Manager provide such services because the fees MSCC receives from such arrangement could otherwise have negative consequences on its ability to meet the source-of-income requirement necessary for it to maintain its RIC tax treatment (MSCC or the Investment Adviser, whichever is providing such investment advisory services, the "Sub-Adviser"). Certain relief must be obtained from the SEC before the Investment Manager is permitted to provide these services to HMS Adviser, which relief is being sought, but there can be no assurance that it will be obtained. Under the investment sub-advisory agreement, the Sub-Adviser is entitled to 50% of the base management fee and the incentive fees earned by HMS Adviser under its advisory agreement with HMS Income. However, the Sub-Adviser has agreed to waive all such fees from the effective date of HMS Adviser's registration statement on Form N-2 through December 31, 2013. As a result, as of June 30, 2013, the Sub-Adviser has not received any base management fee or incentive fees under the investment sub-advisory agreement and the Sub-Adviser is not due any unpaid compensation for any base management fee or incentive fees under the investment sub-advisory agreement.

CRITICAL ACCOUNTING POLICIES

Basis of Presentation

Our financial statements are prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). For the three months ended March 31, 2013 and the three and six months ended June 30, 2012, our consolidated financial statements include the accounts of MSCC and its consolidated subsidiaries, which include the Funds and the Taxable Subsidiaries. Beginning April 1, 2013, and for all periods thereafter, our consolidated financial statements also include the balance sheet and income statement accounts and other information for the Investment Manager reflected as a consolidated subsidiary (see further discussion below). The Investment Portfolio, as used herein, refers to all of our LMM portfolio investments, Middle Market portfolio investments, Private Loan portfolio investments, Other Portfolio investments and, for all periods up to and including March 31, 2013, the investment in the Investment Manager, but excludes all "Marketable securities and idle funds investments," and for all periods after March 31, 2013, the Investment Portfolio also excludes the Investment Manager. For all periods up to and including the period ending March 31, 2013, the Investment Manager was accounted for as a portfolio investment and was not consolidated with MSCC and its consolidated subsidiaries. For all periods after March 31, 2013, the Investment Manager is consolidated with MSCC and its other consolidated subsidiaries. Marketable securities and idle funds investments are classified as financial instruments and are reported separately on our Consolidated Balance Sheets and Consolidated Schedule of Investments due to the nature of such investments. Our results of operations for the three and six months ended June 30, 2013 and 2012, cash flows for the six months ended June 30, 2013 and 2012, and financial position as of June 30, 2013 and December 31, 2012, are presented on a consolidated basis. The effects of all intercompany transactions between Main Street and its consolidated subsidiaries have been eliminated in

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consolidation. Certain reclassifications have been made to prior period balances to conform with the current presentation, including certain investments previously included as part of the LMM portfolio or Middle Market portfolio that are now classified as part of the Private Loan portfolio and the reclassification of Investment Portfolio and Marketable securities and idle funds investment related activity from cash flows from investing activities to cash flows from operating activities.

The accompanying unaudited consolidated financial statements of Main Street are presented in conformity with U.S. GAAP for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Article 10 of Regulation S-X. Accordingly, certain disclosures accompanying annual financial statements prepared in accordance with U.S. GAAP are omitted. In the opinion of management, the unaudited consolidated financial results included herein contain all adjustments, consisting solely of normal recurring accruals, considered necessary for the fair presentation of financial statements for the interim periods included herein. The results of operations for the three and six months ended June 30, 2013 and June 30, 2012 are not necessarily indicative of the operating results to be expected for the full year. Also, the unaudited financial statements and notes should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2012. Financial statements prepared on a U.S. GAAP basis require management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

Under the investment company rules and regulations pursuant to Article 6 of Regulation S-X and the Audit and Accounting Guide for Investment Companies issued by the American Institute of Certified Public Accountants (the "AICPA Guide"), we are precluded from consolidating portfolio company investments, including those in which we have a controlling interest, unless the portfolio company is another investment company. An exception to this general principle in the AICPA Guide occurs if we hold a controlling interest in an operating company that provides all or substantially all of its services directly to us, or to an investment company of ours. None of the portfolio investments made by us qualify for this exception, except as discussed below with respect to the Investment Manager. Therefore, the Investment Portfolio is carried on the balance sheet at fair value, with any adjustments to fair value recognized as "Net Change in Unrealized Appreciation (Depreciation)" on our Statement of Operations until the investment is realized, usually upon exit, resulting in any gain or loss being recognized as a "Net Realized Gain (Loss) from Investments." For all periods prior to and including March 31, 2013, the Investment Manager was accounted for as a portfolio investment and included as part of the Investment Portfolio in our consolidated financial statements. The Investment Manager was consolidated with MSCC and its other consolidated subsidiaries prospectively beginning April 1, 2013 as the controlled operating subsidiary was providing substantially all of its services directly or indirectly to Main Street or its portfolio companies.

Portfolio Investment Valuation

The most significant determination inherent in the preparation of our consolidated financial statements is the valuation of our Investment Portfolio and the related amounts of unrealized appreciation and depreciation. As of June 30, 2013 and December 31, 2012, approximately 91% and 89%, respectively, of our total assets at each date represented our Investment Portfolio valued at fair value. We are required to report our investments at fair value. We follow the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("Codification" or "ASC") 820, *Fair Value Measurements and Disclosures* ("ASC 820"). ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and enhances disclosure requirements for fair value measurements.

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

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

For LMM investments, we review external events, including private mergers, sales and acquisitions involving comparable companies, and include these events in the valuation process. For Middle Market portfolio investments, we primarily use observable inputs such as quoted prices in the valuation process. For Middle Market portfolio investments for which sufficient observable inputs are not available to determine fair value, we generally use a combination of observable inputs through obtaining third party quotes or other independent pricing and an approach similar to the income approach using a yield-to-maturity model used to value our LMM portfolio debt investments.

For valuation purposes, "control" LMM portfolio investments are composed of debt and equity securities in companies for which we 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 are generally not readily available for our control LMM portfolio investments. As a result, for control LMM portfolio investments, we determine the fair value 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 various components of the portfolio company's capital structure. 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, and which includes using a yield-to-maturity 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. The valuation approaches for our control LMM portfolio investments estimate the value of the investment if we were to sell, or exit, the investment. 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.

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For valuation purposes, "non-control" LMM portfolio investments are composed of debt and equity securities in companies 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 are generally not readily available for non-control LMM portfolio investments. 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 investments similar to the approaches used for our control LMM portfolio investments, and which includes using a yield-to-maturity 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 LMM loans and debt securities to maturity. The yield-to-maturity analysis considers changes in leverage levels, credit quality, portfolio company performance and other factors. We will use the value determined by the yield-to-maturity analysis as the fair value for that security; however, because of our general intent to hold our loans to maturity, the fair value will not exceed the 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-to-maturity analysis could have a material impact on the determination of fair value. If there is deterioration in credit quality or if a LMM debt security is in workout status, we may consider other factors in determining the fair value of the LMM debt security, including the value attributable to the debt security from the enterprise value of the portfolio company or the proceeds that would most likely be received in a liquidation analysis.

Our Middle Market portfolio investments primarily consist of direct or secondary investments in interest-bearing debt securities in companies that are generally larger in size than the LMM companies included in our Investment Portfolio. For valuation purposes, all of our Middle Market portfolio investments are non-control investments 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 other independent pricing, to the extent such sufficient observable inputs are available to determine fair value. For Middle Market portfolio investments for which sufficient observable inputs are not available to determine fair value, we generally use a combination of observable inputs through obtaining third party quotes or other independent pricing and an approach similar to the income approach using a yield-to-maturity model used to value our LMM portfolio debt investments.

Our Private Loan portfolio investments primarily consist of direct or secondary investments in interest-bearing debt securities in companies that are consistent with the size of companies included in our LMM portfolio or our Middle Market portfolio. For valuation purposes, all of our Private Loan portfolio investments are non-control investments 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. As sufficient observable inputs to determine the fair value of these Private Loan portfolio investments through obtaining third party pricing or other independent pricing are not generally available, we generally use a combination of observable inputs through obtaining third party quotes or other independent pricing and an approach similar to the income approach using a yield-to-maturity model used to value our LMM portfolio debt investments.

For valuation purposes, all of our Other Portfolio investments are non-control investments for which we generally 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. Our Other Portfolio investments comprised 3.1% and 2.6%, respectively, of our Investment Portfolio at fair value as of June 30, 2013 and December 31, 2012. Similar to the LMM investment portfolio, market quotations for Other Portfolio equity investments are generally not readily available. For our Other Portfolio equity investments, we determine the fair value based on the fair value of the portfolio company as

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determined by independent third parties and based on our proportional ownership in the portfolio company, as well as the financial position and assessed risk of each of these portfolio investments. For Other Portfolio debt investments with observable inputs, we determine the fair value of these investments through obtaining third party quotes or other independent pricing, to the extent such sufficient observable inputs are available to determine fair value. To the extent observable inputs are not available, we value these Other Portfolio debt investments through an approach similar to the income approach using a yield-to-maturity model used to value our LMM portfolio debt investments.

Due to the inherent uncertainty in the valuation process, our determination of fair value for our Investment Portfolio may differ materially from the values that would have been 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 determine the fair value of each individual investment and record changes in fair value as unrealized appreciation or depreciation.

Revenue Recognition

Interest and Dividend Income

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

Fee Income

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

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

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

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Share-Based Compensation

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

Income Taxes

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

The Taxable Subsidiaries hold certain portfolio investments for us. The Taxable Subsidiaries are consolidated with us for financial reporting purposes, and the portfolio investments held by the Taxable Subsidiaries are included in our consolidated financial statements. The principal purpose of the Taxable Subsidiaries is to permit us to hold equity investments in portfolio companies which are "pass through" entities for tax purposes and continue to comply with the "source income" requirements contained in the RIC tax provisions of the Code. The Taxable Subsidiaries are not consolidated with us for income tax purposes and may generate income tax expense, or benefit, and the related tax assets and liabilities, as a result of their ownership of various portfolio investments. This income tax expense, or benefit, if any, and related tax assets and liabilities, are reflected in our consolidated financial statements.

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

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

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

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

Middle Market portfolio investments primarily consist of direct or secondary investments in interest-bearing debt securities in companies that are generally larger in size than the LMM companies included in our LMM portfolio. Our Middle Market portfolio debt investments are generally secured by either a first or second priority lien and typically have a term of between three and five years.

Our Private Loan portfolio investments primarily consist of investments in interest-bearing debt securities in companies that are consistent with the size of companies included in our LMM portfolio or our Middle Market portfolio. Our Private Loan portfolio debt investments are generally secured by either a first or second priority lien on the assets of the portfolio company and typically have a term of between three and seven years.

The following tables summarize the composition of our total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments at cost and fair value by type of investment as a percentage of the total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments as of June 30, 2013 and December 31, 2012 (this information excludes the Other Portfolio investments and the Investment Manager).

| Cost: | June 30, 2013 | December 31, 2012 |
|------------------|----------------------|--------------------------|
| First lien debt | 82.3% | 81.1% |
| Equity | 9.4% | 10.4% |
| Second lien debt | 5.5% | 6.0% |
| Equity warrants | 2.4% | 1.9% |
| Other | 0.4% | 0.6% |
| | 100.0% | 100.0% |

| Fair Value: | June 30, 2013 | December 31, 2012 |
|--------------------|----------------------|--------------------------|
| First lien debt | 73.4% | 72.1% |
| Equity | 17.7% | 18.7% |
| Second lien debt | 5.0% | 5.4% |
| Equity warrants | 3.6% | 3.3% |
| Other | 0.3% | 0.5% |
| | 100.0% | 100.0% |

The following tables summarize the composition of the total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments by geographic region of the United States or other countries at cost and fair value as a percentage of the total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments, as of June 30, 2013 and December 31, 2012 (this information excludes the Other Portfolio

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investments and the Investment Manager). The geographic composition is determined by the location of the corporate headquarters of the portfolio company.

| Cost: | June 30, 2013 | December 31, 2012 |
|-------------------|----------------------|--------------------------|
| West | 24.4% | 25.7% |
| Southwest | 22.5% | 27.7% |
| Northeast | 17.4% | 17.2% |
| Southeast | 15.9% | 10.1% |
| Midwest | 14.2% | 17.6% |
| Non-United States | 5.6% | 1.7% |
| | 100.0% | 100.0% |

| Fair Value: | June 30, 2013 | December 31, 2012 |
|--------------------|----------------------|--------------------------|
| Southwest | 26.0% | 31.3% |
| West | 24.3% | 25.3% |
| Northeast | 16.1% | 15.8% |
| Southeast | 14.4% | 9.1% |
| Midwest | 14.2% | 17.0% |
| Non-United States | 5.0% | 1.5% |
| | 100.0% | 100.0% |

Our LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments are in companies conducting business in a variety of industries. The following tables summarize the composition of our total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments, by industry at cost and fair value as of June 30,

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2013 and December 31, 2012 (this information excludes the Other Portfolio investments and the Investment Manager).

| Cost: | June 30, 2013 | December 31, 2012 |
|--|------------------|----------------------|
| Energy Equipment & Services | 12.2% | 8.4% |
| Media | 7.6% | 7.2% |
| Specialty Retail | 5.9% | 6.1% |
| Software | 5.3% | 8.3% |
| Commercial Services & Supplies | 5.3% | 6.4% |
| Health Care Providers & Services | 5.3% | 5.3% |
| Machinery | 5.2% | 6.7% |
| Construction & Engineering | 4.2% | 4.7% |
| Hotels, Restaurants & Leisure | 2.9% | 3.5% |
| Diversified Consumer Services | 2.9% | 3.2% |
| IT Services | 2.8% | 2.8% |
| Professional Services | 2.8% | 2.2% |
| Diversified Telecommunication Services | 2.6% | 0.0% |
| Electronic Equipment, Instruments & Components | 2.2% | 2.6% |
| Textiles, Apparel & Luxury Goods | 2.1% | 0.7% |
| Oil, Gas & Consumable Fuels | 2.0% | 1.6% |
| Insurance | 1.9% | 2.0% |
| Health Care Equipment & Supplies | 1.9% | 1.5% |
| Food Products | 1.6% | 2.0% |
| Electrical Equipment | 1.5% | 0.8% |
| Metals & Mining | 1.5% | 2.2% |
| Building Products | 1.4% | 2.0% |
| Aerospace & Defense | 1.4% | 1.9% |
| Communications Equipment | 1.4% | 1.2% |
| Consumer Finance | 1.3% | 1.2% |
| Chemicals | 1.2% | 2.0% |
| Containers & Packaging | 1.2% | 1.5% |
| Paper & Forest Products | 1.1% | 1.0% |
| Leisure Equipment & Products | 1.1% | 0.0% |
| Road & Rail | 1.0% | 1.0% |
| Trading Companies & Distributors | 0.8% | 1.0% |
| Construction Materials | 0.5% | 1.7% |
| Other(1) | 7.9% | 7.3% |
| | 100.0% | 100.0% |

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

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| Fair Value: | June 30, 2013 | December 31, 2012 |
|--|--------------------------|------------------------------|
| Energy Equipment & Services | 13.5% | 10.2% |
| Media | 7.2% | 6.7% |
| Machinery | 6.5% | 8.3% |
| Health Care Providers & Services | 5.3% | 5.3% |
| Software | 5.2% | 7.9% |
| Commercial Services & Supplies | 5.1% | 6.1% |
| Specialty Retail | 4.9% | 4.9% |
| Construction & Engineering | 4.5% | 5.1% |
| Diversified Consumer Services | 3.7% | 4.0% |
| Hotels, Restaurants & Leisure | 3.0% | 3.5% |
| IT Services | 2.5% | 2.5% |
| Professional Services | 2.4% | 2.0% |
| Diversified Telecommunication Services | 2.3% | 0.0% |
| Electronic Equipment, Instruments & Components | 2.1% | 2.4% |
| Textiles, Apparel & Luxury Goods | 1.9% | 0.6% |
| Oil, Gas & Consumable Fuels | 1.8% | 1.4% |
| Insurance | 1.7% | 1.8% |
| Health Care Equipment & Supplies | 1.7% | 1.3% |
| Food Products | 1.5% | 1.8% |
| Trading Companies & Distributors | 1.5% | 1.7% |
| Road & Rail | 1.5% | 1.5% |
| Electrical Equipment | 1.4% | 0.7% |
| Metals & Mining | 1.3% | 1.9% |
| Aerospace & Defense | 1.3% | 1.7% |
| Paper & Forest Products | 1.3% | 1.2% |
| Communications Equipment | 1.3% | 1.1% |
| Chemicals | 1.1% | 1.8% |
| Containers & Packaging | 1.1% | 1.3% |
| Consumer Finance | 1.1% | 1.1% |
| Building Products | 1.0% | 1.5% |
| Leisure Equipment & Products | 1.0% | 0.0% |
| Transportation Infrastructure | 0.8% | 1.0% |
| Construction Materials | 0.2% | 1.4% |
| Other(1) | 7.3% | 6.3% |
| | 100.0% | 100.0% |

(1)

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

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

Table of Contents**PORTFOLIO ASSET QUALITY**

We utilize an internally developed investment rating system to rate the performance of each LMM portfolio company and to monitor our expected level of returns on each of our LMM investments in relation to our expectations for the portfolio company. The investment rating system takes into consideration various factors, including but not limited to each investment's expected level of returns and the collectability of our debt investments, comparisons to competitors and other industry participants and the portfolio company's future outlook. Investment Rating 1 represents a LMM portfolio company that is performing in a manner which significantly exceeds expectations. Investment Rating 2 represents a LMM portfolio company that, in general, is performing above expectations. Investment Rating 3 represents a LMM portfolio company that is generally performing in accordance with expectations. Investment Rating 4 represents a LMM portfolio company that is underperforming expectations. Investments with such a rating require increased monitoring and scrutiny by us. Investment Rating 5 represents a LMM portfolio company that is significantly underperforming. Investments with such a rating require heightened levels of monitoring and scrutiny by us and involve the recognition of significant unrealized depreciation on such investment. All new LMM portfolio investments receive an initial Investment Rating of 3.

The following table shows the distribution of our LMM portfolio investments on the 1 to 5 investment rating scale at fair value as of June 30, 2013 and December 31, 2012:

| Investment Rating | June 30, 2013 | | December 31, 2012 | |
|------------------------|---------------------------|-------------------------------|---------------------------|-------------------------------|
| | Investments at Fair Value | Percentage of Total Portfolio | Investments at Fair Value | Percentage of Total Portfolio |
| (dollars in thousands) | | | | |
| 1 | \$ 182,907 | 32.9% | \$ 167,154 | 34.6% |
| 2 | 118,630 | 21.4% | 117,157 | 24.3% |
| 3 | 219,309 | 39.5% | 174,754 | 36.2% |
| 4 | 34,468 | 6.2% | 23,799 | 4.9% |
| 5 | | 0.0% | | 0.0% |
| Totals | \$ 555,314 | 100.0% | \$ 482,864 | 100.0% |

Based upon our investment rating system, the weighted average rating of our LMM portfolio was approximately 2.2 as of June 30, 2013 and 2.1 as of December 31, 2012.

For the total Investment Portfolio, as of June 30, 2013, we had one investment with positive fair value on non-accrual status which comprised 0.2% of the total Investment Portfolio at fair value and, together with another fully impaired investment, comprised approximately 0.7% of the total Investment Portfolio at cost. As of December 31, 2012, we had no investments with positive fair value on non-accrual status and one fully impaired investment which comprised approximately 0.2% of the total Investment Portfolio at cost, excluding the investment in the affiliated Investment Manager.

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

Table of Contents**DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS**

| | Three Months Ended June 30, | | Net Change | |
|--|-----------------------------|---------|------------|------|
| | 2013 | 2012 | Amount | % |
| | (dollars in millions) | | | |
| Total investment income | \$ 27.8 | \$ 20.8 | \$ 7.0 | 33% |
| Total expenses | (10.0) | (8.0) | (2.0) | 24% |
| Net investment income | 17.8 | 12.8 | 5.0 | 39% |
| Net realized gain (loss) from investments | 0.8 | (3.3) | 4.1 | |
| Net realized income | 18.6 | 9.5 | 9.1 | 96% |
| Net change in unrealized appreciation (depreciation) from: | | | | |
| Portfolio investments | 6.3 | 17.5 | (11.2) | |
| SBIC debentures, marketable securities and idle funds and investment in the Investment Manager | (0.1) | (1.8) | 1.7 | |
| Total net change in unrealized appreciation | 6.2 | 15.7 | (9.5) | |
| Income tax provision | (0.8) | (1.0) | 0.2 | |
| Net increase in net assets resulting from operations attributable to common stock | \$ 24.0 | \$ 24.2 | \$ (0.2) | (1)% |

| | Three Months Ended June 30, | | Net Change | |
|---|-----------------------------|---------|------------|-----|
| | 2013 | 2012 | Amount | % |
| | (dollars in millions) | | | |
| Net investment income | \$ 17.8 | \$ 12.8 | \$ 5.0 | 39% |
| Share-based compensation expense | 0.6 | 0.6 | (0.0) | 4% |
| Distributable net investment income(a) | 18.4 | 13.4 | 5.0 | 38% |
| Net realized gain (loss) from investments | 0.8 | (3.3) | 4.1 | |
| Distributable net realized income(a) | \$ 19.2 | \$ 10.1 | \$ 9.1 | 91% |
| Distributable net investment income per share | | | | |
| Basic and diluted(a) | \$ 0.53 | \$ 0.49 | \$ 0.04 | 8% |
| Distributable net realized income per share | | | | |
| Basic and diluted(a) | \$ 0.55 | \$ 0.37 | \$ 0.18 | 49% |

(a)

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

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performance. A reconciliation of net investment income and net realized income in accordance with U.S. GAAP to distributable net investment income and distributable net realized income is presented in the table above.

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Investment Income

For the three months ended June 30, 2013, total investment income was \$27.8 million, a 33% increase over the \$20.8 million of total investment income for the corresponding period of 2012. This comparable period increase was principally attributable to (i) a 6.4 million increase in interest income from higher average levels of portfolio debt investments and increased activity in the Investment Portfolio and (ii) a \$1.0 million increase in dividend income from Investment Portfolio equity investments, partially offset by (i) a \$0.3 million decrease in fee income due to lower LMM new deal activity and (ii) a \$0.2 million decrease in Marketable securities and idle funds investments income. The \$7.0 million increase in investment income in the second quarter of 2013 includes a \$1.2 million net increase in investment income related to accelerated prepayment and repricing activity for certain portfolio debt investments and Marketable securities and idle funds investments when compared to the same period in 2012.

Expenses

For the three months ended June 30, 2013, total expenses increased to \$10.0 million from \$8.0 million for the corresponding period of 2012. This comparable period increase in operating expenses was principally attributable to (i) higher interest expenses of \$1.4 million primarily as a result of the \$92.0 million Notes offering in April 2013 and (ii) an increase in general and administrative expenses of \$0.6 million, which is composed of \$0.2 million in higher compensation and related expenses primarily as a result of additional personnel and a \$0.4 million increase related to other general and administrative expenses compared to the corresponding period of 2012. The ratio of our total operating expenses, excluding interest expense, as a percentage of our average total assets was 1.6% on an annualized basis for the three months ended June 30, 2013, compared to 1.9% for the comparable period in the prior year.

Distributable Net Investment Income

Distributable net investment income increased 38% to \$18.4 million, or \$0.53 per share, compared with \$13.4 million, or \$0.49 per share, in the corresponding period of 2012. The increase in distributable net investment income was primarily due to the higher level of total investment income partially offset by higher operating expenses, due to the changes discussed above. Distributable net investment income on a per share basis for the three months ended June 30, 2013 reflects (i) an increase of approximately \$0.03 per share from the comparable period in 2012 attributable to the increase in the comparable levels of accelerated prepayment and repricing activity for certain portfolio debt investments and Marketable securities and idle funds investments as discussed above and (ii) a greater number of average shares outstanding compared to the corresponding period in 2012 primarily due to the June 2012 and December 2012 follow-on stock offerings.

Net Investment Income

Net investment income for the three months ended June 30, 2013 was \$17.8 million, or a 39% increase, compared to net investment income of \$12.8 million for the corresponding period of 2012. The increase in net investment income was principally attributable to the increase in total investment income partially offset by higher operating expenses as discussed above.

Distributable Net Realized Income

Distributable net realized income was \$19.2 million, or \$0.55 per share, for the three months ended June 30, 2013 compared with distributable net realized income of \$10.1 million, or \$0.37 per share, in the corresponding period of 2012. The \$9.1 million increase was primarily attributable to (i) the increase in net realized gain from investments of \$4.1 million due primarily to the realized losses

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of \$3.3 million incurred in the second quarter of 2012, and (ii) higher distributable net investment income in the three months ended June 30, 2013 compared to the corresponding period of 2012 as discussed above. The \$0.8 million net realized gain from investments during the second quarter of 2013 was primarily attributable to net realized gains related to Middle Market debt and Marketable securities and idle funds investments.

Net Realized Income

The higher levels of net investment income and net realized gain from investments in the three months ended June 30, 2013 compared to the corresponding period of 2012, both as discussed above, resulted in a \$9.1 million increase in net realized income compared with the corresponding period of 2012.

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

The net increase in net assets resulting from operations attributable to common stock during the three months ended June 30, 2013 was \$24.0 million, or \$0.69 per share, compared with a net increase of \$24.2 million, or \$0.88 per share, in the second quarter of 2012. This \$0.2 million decrease from the comparable period in the prior year was the result of the \$9.1 million increase in net realized income as discussed above, offset by a \$9.5 million decrease in the net change in unrealized appreciation to \$6.2 million in the second quarter of 2013, compared to \$15.7 million for the comparable period in the prior year. The total net change in unrealized appreciation for the second quarter of 2013 of \$6.2 million included a \$6.3 million net change in unrealized appreciation from portfolio investments and a net change in unrealized appreciation of \$0.6 million from the SBIC debentures held by MSC II, partially offset by a net unrealized depreciation from Marketable securities and idle funds investments of \$0.7 million. The \$6.3 million net change in unrealized appreciation from portfolio investments for the three months ended June 30, 2013 was principally attributable to (i) unrealized appreciation on 21 LMM portfolio investments totaling \$10.0 million, partially offset by unrealized depreciation on 4 LMM portfolio investments totaling \$1.0 million and (ii) net unrealized appreciation on Other Portfolio investments of \$1.5 million, partially offset by (iii) \$1.8 million of net unrealized depreciation on the Middle Market portfolio investments, (iv) \$0.9 million of net unrealized depreciation on Private Loan portfolio investments, and (v) accounting reversals of net unrealized appreciation from prior periods of \$1.5 million related to portfolio investment exits and repayments. For the three months ended June 30, 2013, we also recognized a net income tax provision of \$0.8 million primarily related to other taxes of \$0.7 million which include a \$0.5 million accrual for excise tax on our estimated spillover taxable income and \$0.2 million related to accruals for state and other taxes.

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| | Six Months Ended June 30, | | Net Change | |
|--|------------------------------|---------|------------|------|
| | 2013 | 2012 | Amount | % |
| | (dollars in millions) | | | |
| Total investment income | \$ 53.4 | \$ 41.4 | \$ 12.0 | 29% |
| Total expenses | (18.3) | (15.7) | (2.6) | 17% |
| Net investment income | 35.1 | 25.7 | 9.4 | 37% |
| Net realized gain (loss) from investments | 0.4 | 4.8 | (4.4) | |
| Net realized income | 35.5 | 30.5 | 5.0 | |
| Net change in unrealized appreciation (depreciation) from: | | | | |
| Portfolio investments | 16.4 | 22.0 | (5.6) | |
| SBIC debentures, marketable securities and idle funds and investment in the Investment Manager | (1.5) | (1.6) | 0.1 | |
| Total net change in unrealized appreciation | 14.9 | 20.4 | (5.5) | |
| Income tax provision | (2.8) | (2.9) | 0.1 | |
| Noncontrolling interest | | (0.1) | 0.1 | |
| Net increase in net assets resulting from operations attributable to common stock | \$ 47.6 | \$ 47.9 | \$ (0.3) | (1)% |

| | Six Months Ended June 30, | | Net Change | |
|---|------------------------------|---------|------------|------|
| | 2013 | 2012 | Amount | % |
| | (dollars in millions) | | | |
| Net investment income | \$ 35.1 | \$ 25.7 | \$ 9.4 | 37% |
| Share-based compensation expense | 1.2 | 1.2 | (0.0) | 4% |
| Distributable net investment income(a) | 36.3 | 26.9 | 9.4 | 35% |
| Net realized gain from investments | 0.4 | 4.8 | (4.4) | |
| Distributable net realized income(a) | \$ 36.7 | \$ 31.7 | \$ 5.0 | |
| Distributable net investment income per share Basic and diluted(a)(b) | \$ 1.05 | \$ 0.99 | \$ 0.06 | 6% |
| Distributable net realized income per share Basic and diluted(a)(b) | \$ 1.06 | \$ 1.17 | \$ (0.11) | (9)% |

(a)

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

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

Investment Income

For the six months ended June 30, 2013, total investment income was \$53.4 million, a 29% increase over the \$41.4 million of total investment income for the corresponding period of 2012. This comparable period increase was principally attributable to (i) a 10.6 million increase in interest income from higher average levels of portfolio debt investments and increased activity in the Investment Portfolio, and (ii) a \$2.1 million increase in dividend income from portfolio equity investments, offset by (i) a \$0.8 million decrease in interest and dividend income from Marketable securities and idle funds investments. The \$12.0 million increase in investment income in the second quarter of 2013 includes a \$1.5 million decrease in the amount of non-recurring investment income associated with debt repayment and financing activities in LMM portfolio investments included in investment income in the first six months of 2013 offset by a \$1.5 million increase in the amount of investment income related to higher accelerated prepayment and repricing activity of certain Middle Market and Private Loan portfolio debt investments and Marketable securities and idle funds investments in the first six months of 2013, both when compared to the comparable period.

Expenses

For the six months ended June 30, 2013, total expenses increased to \$18.3 million from \$15.7 million for the corresponding period of 2012. This comparable period increase in operating expenses was principally attributable to (i) higher interest expenses of \$1.4 million primarily as a result of the \$92.0 million Notes offering in April 2013 and (ii) an increase in general and administrative expenses of \$1.2 million, which is composed an increase of \$0.7 million related to compensation and related expenses primarily as a result of additional personnel and an increase of \$0.5 million related to other general and administrative expenses compared to the corresponding period of 2012. The ratio of our total operating expenses, excluding interest expense, as a percentage of our average total assets was 1.6% on an annualized basis for the six months ended June 30, 2013, compared to 2.0% for the comparable period in the prior year.

Distributable Net Investment Income

Distributable net investment income increased 35% to \$36.3 million, or \$1.05 per share, compared with \$26.9 million, or \$0.99 per share, in the corresponding period of 2012. The increase in distributable net investment income was primarily due to the higher level of total investment income partially offset by higher operating expenses, due to the changes discussed above. The distributable net investment income on a per share basis for the six months ended June 30, 2013 reflects the impact of a greater number of average shares outstanding compared to the corresponding period in 2012 primarily due to the June 2012 and December 2012 follow-on stock offerings.

Net Investment Income

Net investment income for the six months ended June 30, 2013 was \$35.1 million, or a 37% increase, compared to net investment income of \$25.7 million for the corresponding period of 2012. The increase in net investment income was principally attributable to the increase in total investment income partially offset by higher operating expenses as discussed above.

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Distributable Net Realized Income

Distributable net realized income was \$36.7 million, or \$1.06 per share, for the six months ended June 30, 2013 compared with distributable net realized income of \$31.7 million, or \$1.17 per share, in the corresponding period of 2012. The \$5.0 million increase was primarily attributable to higher distributable net investment income in the six months ended June 30, 2013 compared to the corresponding period of 2012 as discussed above, partially offset by a decrease in net realized gain from investments of \$4.4 million. The \$0.4 million net realized gain from investments during the six months ended June 30, 2013 was primarily attributable to related to Middle Market debt and Marketable securities investments and idle funds investments.

Net Realized Income

The higher net investment income, partially offset by lower level of net realized gain from investments, in the six months ended June 30, 2013 compared to the corresponding period of 2012, both as discussed above, resulted in a \$5.0 million increase in net realized income compared with the corresponding period of 2012.

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

The net increase in net assets resulting from operations attributable to common stock during the six months ended June 30, 2013 was \$47.6 million, or \$1.37 per share, compared with a net increase of \$47.9 million, or \$1.77 per share, in the corresponding period of 2012. This \$0.3 million decrease from the comparable period in the prior year was primarily the result of a \$5.5 million decrease in the net change in unrealized appreciation to \$14.9 million in the second quarter of 2013, compared to \$20.4 million for the comparable period in the prior year, partially offset by the increase in net realized income as discussed above. The total net change in unrealized appreciation for the six months ended June 30, 2013 of \$14.9 million included \$16.4 million of net unrealized appreciation from portfolio investments, partially offset by net unrealized depreciation of \$0.7 million on the SBIC debentures held by MSC II and by the net unrealized depreciation from Marketable securities and idle funds investments of \$0.8 million. The \$16.4 million net change in unrealized appreciation from portfolio investments for the six months ended June 30, 2013 was principally attributable to (i) unrealized appreciation on 25 LMM portfolio investments totaling \$19.6 million, partially offset by unrealized depreciation on 13 LMM portfolio investments totaling \$4.4 million, (ii) \$2.9 million of net unrealized appreciation on the Middle Market investments and (iii) \$1.8 million of net unrealized appreciation on the Other portfolio, partially offset by (i) accounting reversals of net unrealized appreciation from prior periods of \$2.8 million related to portfolio investment exits and repayments and (ii) \$0.7 million of net unrealized depreciation on the Private Loan investments. For the six months ended June 30, 2013, we also recognized a net income tax provision of \$2.8 million related to deferred taxes of \$1.4 million and other taxes of \$1.4 million. The deferred taxes related primarily to net unrealized appreciation on equity investments held in our taxable subsidiaries. The other taxes include \$0.9 million related to an accrual for excise tax on our estimated spillover taxable income and \$0.5 million related to accruals for state and other taxes.

Liquidity and Capital Resources

Cash Flows

For the six months ended June 30, 2013, we experienced a net decrease in cash and cash equivalents in the amount of \$22.3 million. During the period, we used \$155.2 million of cash for our operating activities, which resulted primarily from (i) cash flows we generated from the ordinary operating profits earned through our operating activities totaling \$28.8 million, which is our \$36.3 million of distributable net investment income, excluding the non-cash effects of the accretion of

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unearned income of \$5.1 million, payment-in-kind interest income of \$2.4 million, cumulative dividends of \$0.5 million and the amortization expense for deferred financing costs of \$0.5 million, (ii) cash uses totaling \$409.7 million from (a) the funding of new portfolio company investments and settlement of accruals for portfolio investments existing as of December 31, 2012, which together total \$353.6 million, (b) the funding of new Marketable securities and idle funds investments and settlement of accruals for Marketable securities and idle funds investments existing as of December 31, 2012, which together total \$52.5 million, and (c) \$3.6 million related to decreases in payables and accruals, and (iii) cash proceeds totaling \$225.7 million from (a) \$178.8 million in cash proceeds from the sales and repayments of debt and equity investments, (b) \$42.5 million of cash proceeds from the sale of Marketable securities and idle funds investments, and (c) decreases in other assets of \$4.4 million.

During the six months ended June 30, 2013, \$132.9 million in cash was provided by financing activities, which principally consisted of \$89.0 million of net proceeds from the issuance of Notes and \$83.0 million in net cash proceeds from our credit facility (the "Credit Facility"), partially offset by \$38.8 million in cash dividends paid to stockholders.

Capital Resources

As of June 30, 2013, we had \$41.2 million in cash and cash equivalents, \$21.8 million in Marketable Securities and and idle funds investments and \$157.5 million of unused capacity under the Credit Facility, which we maintain to support our future investment and operating activities. As of June 30, 2013, our net asset value totaled \$655.4 million, or \$18.72 per share.

The Credit Facility was amended during the three months ended June 30, 2013 to provide for an increase from \$287.5 million to \$372.5 million in total commitments and to a diversified group of ten lenders. The Credit Facility contains an accordion feature which allows us to increase the total commitments under the facility up to \$425.0 million from new or existing lenders on the same terms and conditions as the existing commitments.

Borrowings under the Credit Facility bear interest, subject to our election, on a per annum basis equal to (i) the applicable LIBOR rate (0.19%, as of June 30, 2013) plus 2.50% or (ii) the applicable base rate (Prime Rate, 3.25% as of June 30, 2013) plus 1.50%. We pay unused commitment fees of 0.375% per annum on the unused lender commitments under the Credit Facility. The Credit Facility is secured by a first lien on the assets of MSCC and its subsidiaries, excluding the assets of the Funds. The Credit Facility contains certain affirmative and negative covenants, including but not limited to: (i) maintaining an interest coverage ratio of at least 2.0 to 1.0, (ii) maintaining an asset coverage ratio of at least 2.5 to 1.0, and (iii) maintaining a minimum tangible net worth. The Credit Facility includes an initial revolving period through September 2015 followed by a two-year term out period with a final maturity in September 2017, and contains two, one-year extension options which could extend both the revolving period and the final maturity by up to two years, subject to certain conditions including lender approval. At June 30, 2013, we had \$215.0 million in borrowings outstanding under the Credit Facility. As of June 30, 2013, the interest rate on the Credit Facility was 2.69%, and we were in compliance with all financial covenants of the Credit Facility.

Due to each of the Funds' status as a licensed SBIC, we have the ability to issue, through the Funds, debentures guaranteed by the SBA at favorable interest rates. Under the regulations applicable to SBIC funds, an SBIC can have outstanding debentures guaranteed by the SBA generally in an amount up to twice its regulatory capital, which effectively approximates the amount of its equity capital. Debentures guaranteed by the SBA have fixed interest rates that equal prevailing 10-year Treasury Note rates plus a market spread and have a maturity of ten years with interest payable semi-annually. The principal amount of the debentures is not required to be paid before maturity but may be pre-paid at any time with no prepayment penalty. On June 30, 2013, we, through the Funds, had \$225 million of outstanding indebtedness guaranteed by the SBA, which carried a weighted average

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annual fixed interest rate of approximately 4.8%. The first maturity related to the SBIC debentures does not occur until 2014, and the remaining weighted average duration is approximately 5.9 years as of June 30, 2013.

In April, 2013, we issued \$92.0 million, including the underwriter's full exercise of the over-allotment option, in aggregate principal amount of 6.125% Notes due 2023 (the "Notes"). The Notes are unsecured obligations and rank pari passu with our current and future senior unsecured indebtedness; senior to any of our future indebtedness that expressly provides it is subordinated to the Notes; effectively subordinated to all of our existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness, including borrowings under our Credit Facility; and structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries, including without limitation, the indebtedness of the Funds. The Notes mature on April 1, 2023, and may be redeemed in whole or in part at any time or from time to time at our option on or after April 1, 2018. As of June 30, 2013, the outstanding balance of the Notes was \$92.0 million. Main Street may from time to time repurchase Notes in accordance with the 1940 Act and the rules promulgated thereunder.

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

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

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

If our common stock trades below our net asset value per share, we will generally not be able to issue additional common stock at the market price unless our stockholders approve such a sale and our Board of Directors makes certain determinations. We did not seek approval to sell shares of our common stock below the then current net asset value per share of our common stock from our stockholders at our 2013 annual meeting of stockholders because our common stock price per share has been trading significantly above the current net asset value per share of our common stock. We would therefore need future approval from our stockholders to issue shares below the then current net asset value per share if we desire to issue shares of our common stock at a price below the then current net asset value per share.

In order to satisfy the Code requirements applicable to a RIC, we intend to distribute to our stockholders substantially all of our taxable income, but we may also elect to periodically spillover certain excess undistributed taxable income from one tax year into the next tax year. In addition, as a BDC, we generally are required to meet a coverage ratio of total assets to total senior securities, which

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include borrowings and any preferred stock we may issue in the future, of at least 200%. This requirement limits the amount that we may borrow. In January 2008, we received an exemptive order from the SEC to exclude SBA-guaranteed debt securities issued by MSMF and any other wholly owned subsidiaries of ours which operate as SBICs from the asset coverage requirements of the 1940 Act as applicable to us, which, in turn, enables us to fund more investments with debt capital.

Although we have been able to secure access to additional liquidity, including recent public stock offerings, our expanded \$372.5 million Credit Facility, and the available leverage through the SBIC program, there is no assurance that debt or equity capital will be available to us in the future on favorable terms, or at all.

Recently Issued Accounting Standards

From time to time, new accounting pronouncements are issued by the FASB or other standards setting bodies that are adopted by us as of the specified effective date. We believe that the impact of recently issued standards that are not yet effective will not have a material impact on our financial statements upon adoption.

Inflation

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

Off-Balance Sheet Arrangements

We may be a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financial needs of our portfolio companies. These instruments include commitments to extend credit and involve, to varying degrees, elements of liquidity and credit risk in excess of the amount recognized in the balance sheet. At June 30, 2013, we had a total of \$101.3 million in outstanding commitments comprised of (i) eight commitments to fund revolving loans that had not been fully drawn and (ii) five capital commitments that had not been fully called.

Contractual Obligations

As of June 30, 2013, the future fixed commitments for cash payments in connection with our SBIC debentures and the Notes for each of the next five years and thereafter are as follows:

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 and thereafter | Total |
|------------------------------------|------------------------|------------------|------------------|------------------|------------------|------------------------|-------------------|
| | (dollars in thousands) | | | | | | |
| SBIC debentures | \$ | \$ 6,000 | \$ 23,100 | \$ 5,000 | \$ 44,700 | \$ 146,200 | \$ 225,000 |
| Interest due on SBIC debentures | 5,455 | 10,893 | 10,382 | 9,241 | 8,353 | 17,690 | 62,014 |
| Notes | | | | | | 92,000 | 92,000 |
| Interest due on Notes | 2,833 | 5,713 | 5,713 | 5,729 | 5,713 | 31,431 | 57,132 |
| Total | \$ 8,288 | \$ 22,606 | \$ 39,195 | \$ 19,970 | \$ 58,766 | \$ 287,321 | \$ 436,146 |

As of June 30, 2013, we had \$215.0 million in borrowings outstanding under our Credit Facility and the Credit Facility is currently scheduled to mature in September 2017. The Credit Facility contains two, one year extension options which could extend the maturity to September 2019. See further discussion of the Credit Facility terms in Liquidity and Capital Resources Capital Resources.

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Related Party Transactions

Subsequent to the completion of the Formation Transactions, the Investment Manager was treated as a wholly owned portfolio company of MSCC and was included as part of our Investment Portfolio through March 31, 2013. At December 31, 2012, the Investment Manager had a receivable of \$4.1 million due from MSCC related to operating expenses incurred by the Investment Manager required to support our business. Beginning April 1, 2013, the accounts of the Investment Manager are included as a part of our consolidated financial statements and the Investment Manager is reflected as a consolidated subsidiary, as opposed to being a part of our Investment Portfolio, and any intercompany balances between the Investment Manager and MSCC or any of its other consolidated subsidiaries have been eliminated in consolidation.

In June 2013, we adopted a deferred compensation plan for the non-employee members of our board of directors, which allows the directors at their option to defer all or a portion of the fees paid for their services as directors and have such deferred fees paid in shares of our common stock within 90 days after the participant's end of service as a director. As of June 30, 2013, \$225,000 of directors' fees had been deferred under this plan. These deferred fees represented 8,239 shares of our common shares. These shares will not be issued or included as outstanding on the consolidated statement of changes in net assets until each applicable participant's end of service as a director, but will be included in operating expenses and weighted average shares outstanding on our consolidated statement of operations as earned.

Recent Developments

In July 2013, we closed a LMM portfolio investment in Garreco, LLC ("Garreco") to facilitate a recapitalization of the company. The investment consists of \$5.8 million in senior secured term debt and a \$1.2 million direct equity investment. Garreco is headquartered in Heber Springs, Arkansas, and is a manufacturer and supplier of consumable products used to create dentures, crowns, and bridges in dental laboratories and clinics.

In July 2013, we completed a new portfolio investment totaling \$5.0 million of invested capital in ASC Interests, LLC ("ASC"). Our investment in ASC consists of \$3.5 million in first lien, senior secured debt and a \$1.5 million direct equity investment, and the proceeds of our investment were used by ASC to complete a management-led buyout of ASC Owners Group, LLC, dba American Shooting Centers. ASC, operating under the name American Shooting Centers since 1989, operates a 563 acre shooting complex located in George Bush Park, Harris County, Texas. ASC is among the premier outdoor shooting facilities in the United States. ASC's complex consists of rifle and pistol shooting lanes, a trap and skeet facility and sporting clays fields.

In August 2013, we completed a follow on investment totaling \$20.0 million in second lien senior subordinated secured debt in Daseke, Inc. ("Daseke"), to support Daseke's addition of Central Oregon Truck Company, Inc. ("COTC"). Founded in 1992 and based in Redmond, Oregon, COTC provides dedicated flatbed transportation and logistical services to the contiguous United States as well as parts of Canada.

In August 2013, we closed a new portfolio investment totaling \$16.8 million of invested capital in Southern RV, LLC and Southern RV Real Estate, LLC (collectively, "Southern RV"). Our investment in Southern RV consists of \$14.6 million in first lien, senior secured term debt, of which \$3.3 million is a first lien mortgage loan, and a \$2.2 million direct equity investment. Southern RV is one of the largest dealers of new and used recreational vehicles ("RV") and related services in the Gulf Coast region.

In August 2013, we announced the appointment of John E. Jackson as a new independent member of our Board of Directors. Simultaneous with Mr. Jackson's appointment to the Board,

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Todd A. Reppert retired as Executive Vice Chairman of Main Street and from the Investment Committee and Credit Committee and from the Board of Directors of MSCC in conjunction with a new investment initiative led by him which will focus on making debt and equity investments in private U.S. companies that are generally smaller than those currently being pursued by us for investment. Mr. Reppert will remain involved in managing our wholly owned SBIC funds while certain regulatory approvals are sought. As a part of his retirement, the Board accelerated the vesting of all of the unvested shares of restricted stock previously granted to him under our 2008 Equity Incentive Plan.

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Table of Contents**UNDERWRITING**

Under the terms and subject to the conditions contained in an underwriting agreement dated August 1, 2013, the underwriters named below, for whom Raymond James & Associates, Inc. and Goldman, Sachs & Co. are acting as representatives, have severally agreed to purchase, and we have agreed to sell to them, the number of shares of common stock indicated below:

| Underwriter | Number of Shares |
|------------------------------------|---------------------|
| Raymond James & Associates, Inc. | |
| Goldman, Sachs & Co. | |
| Robert W. Baird & Co. Incorporated | |

Total

The underwriting agreement provides that the obligations of the underwriters to pay for and accept delivery of the shares of common stock offered hereby are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are severally obligated to take and pay for all shares of common stock offered hereby (other than those covered by the underwriters' option to purchase additional shares described below) if any such shares are taken. The offering of the common stock by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part. We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act.

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

Option to Purchase Additional Shares

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

Lock-Up Agreements

We, and certain of our executive officers and directors, have agreed, subject to certain exceptions, not to issue, sell, offer to sell, contract or agree to sell, hypothecate, pledge, transfer, grant any option to purchase, establish an open put equivalent position or otherwise dispose of or agree to dispose of directly or indirectly, any shares of our common stock, or any securities convertible into or exercisable or exchangeable for any shares of our common stock or any right to acquire shares of our common stock, for 30 days from the date of this prospectus supplement, subject to extension upon material announcements or earnings releases. The representatives, at any time and without notice, may release all or any portion of the common stock subject to the foregoing lock-up agreements.

Underwriting Discounts

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

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

| | Per Share | Total without Exercise of Option to Purchase Additional Shares | Total with Full Exercise of Option to Purchase Additional Shares |
|--|-----------|---|---|
| Underwriting discount payable by us on shares sold to the public | \$ | \$ | \$ |

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

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

Price Stabilization, Short Positions and Penalty Bids

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

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

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

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

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

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Selling Restrictions

European Economic Area

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

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

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

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

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

United Kingdom

Each underwriter has represented and agreed that:

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

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Japan

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

Hong Kong

The shares may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore

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

Conflicts of Interest

Affiliates of Raymond James & Associates, Inc., underwriters in this offering, act as lenders and/or agents under our \$372.5 million Credit Facility. Certain of the net proceeds from the sale of our

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common stock, not including underwriting compensation, may be paid to such affiliates of Raymond James & Associates, Inc. in connection with the repayment of debt owed under our \$372.5 million Credit Facility. As a result, Raymond James & Associates, Inc. and/or its affiliates may receive more than 5% of the net proceeds of this offering, not including underwriting compensation.

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

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to our assets, securities and/or instruments (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with us. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments. In addition, the underwriters and/or their affiliates may from time to time refer investment banking clients to us as potential portfolio investments. If we invest in those clients, we may utilize net proceeds from this offering to fund such investments, and the referring underwriter or its affiliate may receive placement fees from its client in connection with such financing, which placement fees may be paid out of the amount funded by us.

The addresses of the underwriters are: Raymond James & Associates, Inc., 880 Carillon Parkway, St. Petersburg, Florida 33716; Goldman, Sachs & Co., 200 West Street, New York, New York 10282; and Robert W. Baird & Co. Incorporated, 777 East Wisconsin Avenue, Milwaukee, Wisconsin 53202.

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LEGAL MATTERS

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

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

AVAILABLE INFORMATION

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

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

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

| | June 30, 2013 | December 31, 2012 |
|---|--------------------------|------------------------------|
| | (Unaudited) | |
| ASSETS | | |
| Portfolio investments at fair value: | | |
| Control investments (cost: \$235,029 and \$217,483 as of June 30, 2013 and December 31, 2012, respectively) | \$ 302,558 | \$ 278,475 |
| Affiliate investments (cost: \$187,622 and \$142,607 as of June 30, 2013 and December 31, 2012, respectively) | 230,293 | 178,413 |
| Non-Control/Non-Affiliate investments (cost: \$567,997 and \$456,975 as of June 30, 2013 and December 31, 2012, respectively) | 581,244 | 467,543 |
| Investment in affiliated Investment Manager (cost: \$2,668 as of December 31, 2012) | | |
| Total portfolio investments (cost: \$990,648 and \$819,733 as of June 30, 2013 and December 31, 2012, respectively) | 1,114,095 | 924,431 |
| Marketable securities and idle funds investments (cost: \$22,502 and \$28,469 as of June 30, 2013 and December 31, 2012, respectively) | 21,759 | 28,535 |
| Total investments (cost: \$1,013,150 and \$848,202 as of June 30, 2013 and December 31, 2012, respectively) | 1,135,854 | 952,966 |
| Cash and cash equivalents | 41,220 | 63,517 |
| Interest receivable and other assets | 12,168 | 14,580 |
| Receivable for securities sold | 31,213 | |
| Deferred financing costs (net of accumulated amortization of \$3,430 and \$3,203 as of June 30, 2013 and December 31, 2012, respectively) | 7,994 | 5,162 |
| Total assets | \$ 1,228,449 | \$ 1,036,225 |
| LIABILITIES | | |
| SBIC debentures (par: \$225,000 as of June 30, 2013 and December 31, 2012, par of \$100,000 is recorded at a fair value of \$87,123 and \$86,467 as of June 30, 2013 and December 31, 2012, respectively) | \$ 212,123 | \$ 211,467 |
| Credit facility | 215,000 | 132,000 |
| Notes payable | 92,000 | |
| Payable for securities purchased | 26,605 | 20,661 |
| Deferred tax liability, net | 11,006 | 11,778 |
| Accounts payable and other liabilities | 5,782 | 4,527 |
| Interest payable | 5,626 | 3,562 |
| Dividend payable | 4,924 | 5,188 |
| Payable to affiliated Investment Manager | | 4,066 |
| Total liabilities | 573,066 | 393,249 |
| Commitments and contingencies (Note M) | | |
| NET ASSETS | | |
| Common stock, \$0.01 par value per share (150,000,000 shares authorized; 35,014,302 and 34,589,484 shares issued and outstanding as of June 30, 2013 and December 31, 2012, respectively) | 350 | 346 |
| Additional paid-in capital | 553,011 | 544,136 |
| Accumulated net investment income, net of cumulative dividends of \$159,506 and \$115,401 as of June 30, 2013 and December 31, 2012, respectively | 26,879 | 35,869 |
| Accumulated net realized gain from investments (accumulated net realized gain from investments of \$10,241 before cumulative dividends of \$28,993 as of June 30, 2013 and accumulated net realized gain from investments of \$9,838 before cumulative dividends of \$28,993 as of December 31, 2012) | (18,752) | (19,155) |
| Net unrealized appreciation, net of income taxes | 93,895 | 81,780 |
| Total net assets | 655,383 | 642,976 |

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| | | |
|----------------------------------|-----------------|-----------------|
| Total liabilities and net assets | \$ 1,228,449 | \$ 1,036,225 |
| NET ASSET VALUE PER SHARE | \$ 18.72 | \$ 18.59 |

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--|------------------|--------------------------------------|------------------|
| | 2013 | 2012 | 2013 | 2012 |
| INVESTMENT INCOME: | | | | |
| Interest, fee and dividend income: | | | | |
| Control investments | \$ 8,169 | \$ 6,083 | \$ 14,703 | \$ 11,850 |
| Affiliate investments | 5,399 | 4,141 | 11,060 | 9,814 |
| Non-Control/Non-Affiliate investments | 13,862 | 10,101 | 27,000 | 18,248 |
| Interest, fee and dividend income | 27,430 | 20,325 | 52,763 | 39,912 |
| Interest and dividends from marketable securities, idle funds and other | 370 | 517 | 681 | 1,489 |
| Total investment income | 27,800 | 20,842 | 53,444 | 41,401 |
| EXPENSES: | | | | |
| Interest | (5,542) | (4,180) | (9,424) | (8,044) |
| Compensation | (2,574) | | (2,574) | |
| General and administrative | (1,249) | (554) | (1,937) | (1,162) |
| Expenses reimbursed to affiliated Investment Manager | | (2,702) | (3,189) | (5,359) |
| Share-based compensation | (602) | (580) | (1,205) | (1,161) |
| Total expenses | (9,967) | (8,016) | (18,329) | (15,726) |
| NET INVESTMENT INCOME | 17,833 | 12,826 | 35,115 | 25,675 |
| NET REALIZED GAIN (LOSS) FROM INVESTMENTS: | | | | |
| Control investments | | (96) | | (2,061) |
| Affiliate investments | | (3,732) | | 5,500 |
| Non-Control/Non-Affiliate investments | 483 | 174 | 140 | 337 |
| Marketable securities and idle funds investments | 322 | 325 | 263 | 1,033 |
| Total net realized gain (loss) from investments | 805 | (3,329) | 403 | 4,809 |
| NET REALIZED INCOME | 18,638 | 9,497 | 35,518 | 30,484 |
| NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION): | | | | |
| Portfolio investments | 6,337 | 17,515 | 16,415 | 22,023 |
| Marketable securities and idle funds investments | (743) | (55) | (810) | (84) |
| SBIC debentures | 555 | (1,808) | (657) | (1,508) |
| Investment in affiliated Investment Manager | | | | (51) |
| Total net change in unrealized appreciation | 6,149 | 15,652 | 14,948 | 20,380 |
| INCOME TAXES: | | | | |
| Federal and state income, excise, and other taxes | (752) | (601) | (1,422) | (1,270) |
| Deferred taxes | (31) | (395) | (1,411) | (1,602) |
| Income tax provision | (783) | (996) | (2,833) | (2,872) |
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS | 24,004 | 24,153 | 47,633 | 47,992 |
| Noncontrolling interest | | | | (54) |
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO COMMON STOCK | \$ 24,004 | \$ 24,153 | \$ 47,633 | \$ 47,938 |

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| | | | | | | | | |
|--|----|------------|----|------------|----|------------|----|------------|
| NET INVESTMENT INCOME PER SHARE BASIC AND DILUTED | \$ | 0.51 | \$ | 0.47 | \$ | 1.01 | \$ | 0.94 |
| NET REALIZED INCOME PER SHARE BASIC AND DILUTED | \$ | 0.54 | \$ | 0.35 | \$ | 1.02 | \$ | 1.12 |
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO COMMON STOCK PER SHARE BASIC AND DILUTED | \$ | 0.69 | \$ | 0.88 | \$ | 1.37 | \$ | 1.77 |
| DIVIDENDS PAID PER SHARE: | | | | | | | | |
| Regular monthly dividends | \$ | 0.47 | \$ | 0.42 | \$ | 0.92 | \$ | 0.83 |
| Supplemental dividends | | | | | | 0.35 | | |
| Total | \$ | 0.47 | \$ | 0.42 | \$ | 1.27 | \$ | 0.83 |
| WEIGHTED AVERAGE SHARES OUTSTANDING BASIC AND DILUTED | | 34,803,729 | | 27,365,758 | | 34,751,905 | | 27,118,421 |

The accompanying notes are an integral part of these financial statements

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MAIN STREET CAPITAL CORPORATION

Consolidated Statements of Changes in Net Assets

(in thousands, except shares)

(Unaudited)

| | Common Stock | | | Accumulated | Net | Accumulated | Net | Total Net | Total Net | |
|--|--------------|--------|------------|-------------|-------------|--------------|--------------|-----------|----------------|----------------|
| | Number of | Par | Additional | Net of | Realized | Unrealized | Investment | Asset | Noncontrolling | Noncontrolling |
| | Shares | Value | Paid-In | Income, | Gain | Appreciation | From | Value | Interest | Interest |
| | | | Capital | Net of | From | from | Investments, | | | |
| | | | | Dividends | Net of | Investments, | Net of | | | |
| | | | | | Dividends | From | Income | | | |
| | | | | | | Investments, | Taxes | | | |
| | | | | | | Net of | | | | |
| | | | | | | Income | | | | |
| | | | | | | Asset | | | | |
| | | | | | | Value | | | | |
| | | | | | | | | | | |
| Balances at December 31, 2011 | 26,714,384 | \$ 267 | \$ 360,164 | \$ 12,531 | \$ (20,445) | \$ 53,194 | \$ 405,711 | \$ 5,477 | \$ 411,188 | |
| Public offering of common stock, net of offering costs | 4,312,500 | 43 | 92,913 | | | | 92,956 | | 92,956 | |
| MSC II noncontrolling interest acquisition | 229,634 | 2 | 5,328 | | | | 5,330 | (5,417) | (87) | |
| Adjustment to investment in Investment Manager related to MSC II noncontrolling interest acquisition | | | (1,616) | | | | (1,616) | | (1,616) | |
| Share-based compensation | | | 1,161 | | | | 1,161 | | 1,161 | |
| Purchase of vested stock for employee payroll tax withholding | (7,858) | | (199) | | | | (199) | | (199) | |
| Dividend reinvestment | 200,961 | 2 | 4,712 | | | | 4,714 | | 4,714 | |
| Issuance of restricted stock | 139,033 | 1 | (1) | | | | | | | |
| Distributions to noncontrolling interest | | | | | | | | | (114) | (114) |
| Dividends to stockholders | | | | (9,068) | (13,523) | | (22,591) | | | (22,591) |
| Net increase resulting from operations | | | | 25,675 | 4,809 | 17,508 | 47,992 | | | 47,992 |
| Noncontrolling interest | | | | | | | (54) | (54) | 54 | |
| Balances at June 30, 2012 | 31,588,654 | \$ 315 | \$ 462,462 | \$ 29,138 | \$ (29,159) | \$ 70,648 | \$ 533,404 | | \$ 533,404 | |
| Balances at December 31, 2012 | 34,589,484 | \$ 346 | \$ 544,136 | \$ 35,869 | \$ (19,155) | \$ 81,780 | \$ 642,976 | | \$ 642,976 | |
| Share-based compensation | | | 1,205 | | | | 1,205 | | 1,205 | |
| Purchase of vested stock for employee payroll tax withholding | (19,460) | | (523) | | | | (523) | | (523) | |
| Dividend reinvestment | 173,926 | 2 | 5,580 | | | | 5,582 | | 5,582 | |
| Issuance of restricted stock | 252,227 | 2 | (2) | | | | | | | |
| Consolidation of Investment Manager | | | 2,037 | | | | 2,037 | | 2,037 | |
| Issuances of common stock | 18,125 | | 578 | | | | 578 | | 578 | |
| Dividends to stockholders | | | | (44,105) | | | (44,105) | | (44,105) | |
| Net increase resulting from operations | | | | 35,115 | 403 | 12,115 | 47,633 | | | 47,633 |
| Balances at June 30, 2013 | 35,014,302 | \$ 350 | \$ 553,011 | \$ 26,879 | \$ (18,752) | \$ 93,895 | \$ 655,383 | | \$ 655,383 | |

The accompanying notes are an integral part of these financial statements

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

| | Six Months Ended June 30, | |
|---|----------------------------------|------------------|
| | 2013 | 2012 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net increase in net assets resulting from operations | \$ 47,633 | \$ 47,992 |
| Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used in) operating activities: | | |
| Investments in portfolio companies | (353,620) | (261,019) |
| Proceeds from sales and repayments of debt investments | 178,750 | 131,852 |
| Proceeds from sale of equity investments in portfolio companies | | 26,547 |
| Investments in marketable securities and idle funds investments | (52,503) | (7,596) |
| Proceeds from marketable securities and idle funds investments | 42,469 | 27,212 |
| Net change in unrealized appreciation | (14,948) | (20,380) |
| Net realized (gain) loss from investments | (403) | (4,809) |
| Accretion of unearned income | (5,079) | (6,405) |
| Payment-in-kind interest | (2,368) | (1,529) |
| Cumulative dividends | (467) | (133) |
| Share-based compensation expense | 1,205 | 1,161 |
| Amortization of deferred financing costs | 538 | 467 |
| Deferred taxes | 1,411 | 1,622 |
| Changes in other assets and liabilities: | | |
| Interest receivable and other assets | 2,913 | (346) |
| Interest payable | 2,064 | (100) |
| Payable to affiliated Investment Manager | (3,960) | (2,071) |
| Accounts payable and other liabilities | (330) | 553 |
| Deferred fees and other | 1,500 | 623 |
| Net cash provided by (used in) operating activities | (155,195) | (66,359) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from public offering of common stock, net of offering costs | | 92,956 |
| Proceeds from public offering of 6.125% Notes | 92,000 | |
| Dividends paid to stockholders | (38,787) | (17,528) |
| Proceeds from credit facility | 250,000 | 114,000 |
| Repayments on credit facility | (167,000) | (133,000) |
| Payment of deferred loan costs and SBIC debenture fees | (3,370) | (292) |
| Other | 55 | (451) |
| Net cash provided by (used in) financing activities | 132,898 | 55,685 |
| Net increase (decrease) in cash and cash equivalents | (22,297) | (10,674) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 63,517 | 42,650 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | \$ 41,220 | \$ 31,976 |
| Supplemental cash flow disclosures: | | |
| Interest Paid | \$ 6,827 | \$ 7,677 |
| Taxes paid | \$ 4,466 | \$ 473 |
| Non-cash financing activities: | | |
| Shares issued pursuant to the DRIP | \$ 5,580 | \$ 4,714 |

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The accompanying notes are an integral part of these financial statements

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MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

June 30, 2013

(in thousands)
(Unaudited)

| Portfolio Company(1) | Business Description | Type of Investment(2)(3) | Principal(4) | Cost(4) | Fair Value |
|---|--|--|--------------|---------|---------------|
| Control Investments(5) | | | | | |
| Bond-Coat, Inc. | Casing and Tubing Coating Services | 12% Secured Debt (Maturity December 28, 2017) | 14,750 | 14,565 | 14,565 |
| | | Common Stock (Fully diluted 43.4%) | | 6,350 | 7,150 |
| | | | | 20,915 | 21,715 |
| Café Brazil, LLC | Casual Restaurant Group | Member Units (Fully diluted 69.0%)(8) | | 1,742 | 6,770 |
| California Healthcare Medical Billing, Inc. | Outsourced Billing and Revenue Cycle Management | 12% Secured Debt (Maturity October 17, 2015) | 8,103 | 7,942 | 8,094 |
| | | Warrants (Fully diluted 21.3%) | | 1,193 | 3,380 |
| | | Common Stock (Fully diluted 9.8%) | | 1,177 | 1,560 |
| | | | | 10,312 | 13,034 |
| CBT Nuggets, LLC | Produces and Sells IT Training Certification Videos | Member Units (Fully diluted 41.6%)(8) | | 1,300 | 9,650 |
| Ceres Management, LLC (Lamb's Tire & Automotive) | Aftermarket Automotive Services Chain | 14% Secured Debt (Maturity May 31, 2018) | 4,000 | 4,000 | 4,000 |
| | | Class B Member Units (12% cumulative)(8) | | 3,100 | 3,100 |
| | | Member Units (Fully diluted 100.0%) | | 5,273 | 510 |
| | | 9.5% Secured Debt (Lamb's Real Estate Investment I, LLC) (Maturity October 1, 2025) | 1,041 | 1,041 | 1,041 |
| | | Member Units (Lamb's Real Estate Investment I, LLC) (Fully diluted 100%) | | 625 | 730 |
| | | | | 14,039 | 9,381 |
| Condit Exhibits, LLC | Tradeshow Exhibits / Custom Displays | 13% Current / 5% PIK Secured Debt (Maturity July 1, 2013) | 4,661 | 4,661 | 4,661 |
| | | Warrants (Fully diluted 47.9%) | | 320 | 1,400 |
| | | | | 4,981 | 6,061 |
| Gulf Manufacturing, LLC | Manufacturer of Specialty Fabricated Industrial Piping Products | 9% PIK Secured Debt (Ashland Capital IX, LLC) (Maturity June 30, 2017) | 919 | 919 | 919 |
| | | Member Units (Fully diluted 34.2%)(8) | | 2,980 | 12,660 |

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| | | | | |
|---|---|---|-------|--------|
| | | | 3,899 | 13,579 |
| Harrison Hydra-Gen, Ltd. | Manufacturer of Hydraulic Generators | | | |
| | | 9% Secured Debt (Maturity June 4, 2015) | 4,896 | 4,896 |
| | | Preferred Stock (8% cumulative)(8) | | 1,124 |
| | | Common Stock (Fully diluted 34.5%)(8) | | 718 |
| | | | 6,433 | 7,360 |
| Hawthorne Customs and Dispatch Services, LLC | Facilitator of Import Logistics, Brokerage, and Warehousing | | | |
| | | Member Units (Fully diluted 47.6%)(8) | | 589 |
| | | Member Units (Wallisville Real Estate, LLC) (Fully diluted 59.1%)(8) | | 1,215 |
| | | | 1,804 | 2,330 |
| Hydratec, Inc. | Designer and Installer of Micro-Irrigation Systems | | | |
| | | Prime Plus 1%, Current Coupon 9%, Secured Debt (Maturity October 31, 2013)(9) | 375 | 375 |
| | | Common Stock (Fully diluted 94.2%)(8) | | 7,095 |
| | | | 7,470 | 13,725 |
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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

June 30, 2013

(in thousands)
(Unaudited)

| Portfolio Company(1) | Business Description | Type of Investment(2)(3) | Principal(4) | Cost(4) | Fair Value |
|---|--|---|--------------|---------|------------|
| Control Investments(5) | | | | | |
| Impact Telecom, Inc. | Telecommunications Services | LIBOR Plus 4.50%, Current Coupon 6.50%, Secured Debt (Maturity May 31, 2018) | 2,500 | 2,493 | 2,493 |
| | | 13% Secured Debt (Maturity May 31, 2018) | 22,500 | 14,233 | 14,233 |
| | | Warrants (Fully diluted 40.0%) | | 8,000 | 8,000 |
| | | | | 24,726 | 24,726 |
| Indianapolis Aviation Partners, LLC | Fixed Base Operator | 15% Secured Debt (Maturity September 15, 2014) | 3,850 | 3,734 | 3,850 |
| | | Warrants (Fully diluted 30.1%) | | 1,129 | 1,940 |
| | | | | 4,863 | 5,790 |
| Jensen Jewelers of Idaho, LLC | Retail Jewelry Store | Prime Plus 2%, Current Coupon 5.25%, Secured Debt (Maturity November 14, 2013)(9) | 1,597 | 1,597 | 1,597 |
| | | 13% Current / 6% PIK Secured Debt (Maturity November 14, 2013) | 1,657 | 1,657 | 1,657 |
| | | Member Units (Fully diluted 60.8%)(8) | | 811 | 2,770 |
| | | | | 4,065 | 6,024 |
| Lighting Unlimited, LLC | Commercial and Residential Lighting Products and Design Services | 8% Secured Debt (Maturity August 22, 2014) | 1,784 | 1,784 | 1,784 |
| | | Preferred Stock (non-voting) | | 476 | 162 |
| | | Warrants (Fully diluted 7.1%) | | 54 | |
| | | Common Stock (Fully diluted 70.0%)(8) | | 100 | |
| | | | 2,414 | 1,946 | |
| Marine Shelters Holdings, LLC (LoneStar Marine Shelters) | Fabricator of Marine and Industrial Shelters | 12% Secured Debt (Maturity December 28, 2017) | 10,250 | 10,060 | 10,060 |
| | | Preferred Stock (Fully diluted 26.7%) | | 3,750 | 3,750 |
| | | | | 13,810 | 13,810 |
| Mid-Columbia Lumber Products, LLC | Manufacturer of Finger- Jointed Lumber Products | 10% Secured Debt (Maturity December 18, 2017) | 1,750 | 1,750 | 1,750 |
| | | 12% Secured Debt (Maturity December 18, 2017) | 3,900 | 3,900 | 3,900 |
| | | | | | |

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| | | | | | |
|-----------------------------------|---|---|--------|--------|--------|
| | | 9.5% Secured Debt (Mid Columbia Real Estate, LLC) (Maturity May 13, 2025) | 994 | 994 | 994 |
| | | Warrants (Fully diluted 9.2%) | | 90 | 800 |
| | | Member Units (Fully diluted 42.9%) | | 1,042 | 3,850 |
| | | Member Units (Mid Columbia Real Estate, LLC) (Fully diluted 50.0%)(8) | | 250 | 270 |
| | | | | 8,026 | 11,564 |
| NAPCO Precast, LLC | Precast Concrete Manufacturing | | | | |
| | | Prime Plus 2%, Current Coupon 9%, Secured Debt (Maturity February 1, 2016)(9) | 2,923 | 2,886 | 2,886 |
| | | 18% Secured Debt (Maturity February 1, 2016) | 4,468 | 4,408 | 4,408 |
| | | Member Units (Fully diluted 44.0%) | | 2,975 | 4,790 |
| | | | | 10,269 | 12,084 |
| NRI Clinical Research, LLC | Clinical Research Center | | | | |
| | | 14% Secured Debt (Maturity September 8, 2016) | 4,595 | 4,395 | 4,395 |
| | | Warrants (Fully diluted 12.5%)(8) | | 252 | 480 |
| | | Member Units (Fully diluted 24.8%)(8) | | 500 | 960 |
| | | | | 5,147 | 5,835 |
| NRP Jones, LLC | Manufacturer of Hoses, Fittings and Assemblies | | | | |
| | | 12% Secured Debt (Maturity December 22, 2016) | 12,100 | 11,288 | 12,100 |
| | | Warrants (Fully diluted 12.2%) | | 817 | 1,250 |
| | | Member Units (Fully diluted 43.2%)(8) | | 2,900 | 4,410 |
| | | | | 15,005 | 17,760 |

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

June 30, 2013

(in thousands)
(Unaudited)

| Portfolio Company(1) | Business Description | Type of Investment(2)(3) | Principal(4) | Cost(4) | Fair Value |
|--|---|---|----------------|----------------------------------|----------------------------------|
| Control Investments(5) | | | | | |
| OMi Holdings, Inc. | Manufacturer of Overhead Cranes | Common Stock (Fully diluted 48.0%) | | 1,080 | 8,740 |
| Pegasus Research Group, LLC (Televerde) | Telemarketing and Data Services | 15% Secured Debt (Maturity January 6, 2016) Member Units (Fully diluted 43.7%)(8) | 4,991 | 4,952 1,250 | 4,991 4,800 |
| | | | | 6,202 | 9,791 |
| PPL RVs, Inc. | Recreational Vehicle Dealer | 11.1% Secured Debt (Maturity June 10, 2015) Common Stock (Fully diluted 51.1%) | 8,310 | 8,265 2,150 | 8,310 6,080 |
| | | | | 10,415 | 14,390 |
| Principle Environmental, LLC | Noise Abatement Services | 12% Secured Debt (Maturity February 1, 2016) 12% Current / 2% PIK Secured Debt (Maturity February 1, 2016) Warrants (Fully diluted 14.2%) Member Units (Fully diluted 22.6%) | 3,506 3,931 | 2,987 3,878 1,200 1,863 | 3,506 3,925 3,860 6,150 |
| | | | | 9,928 | 17,441 |
| River Aggregates, LLC | Processor of Construction Aggregates | 12% Secured Debt (Maturity March 30, 2016)(14) Warrants (Fully diluted 20.0%) Member Units (Fully diluted 40.0%) Member Units (RA Properties, LLC) (Fully diluted 50.0%) | 3,860 | 3,662 202 550 269 | 2,250 269 |
| | | | | 4,683 | 2,519 |
| The MPI Group, LLC | Manufacturer of Custom Hollow Metal Doors, Frames and Accessories | 4.5% Current / 4.5% PIK Secured Debt (Maturity October 2, 2013) 6% Current / 6% PIK Secured Debt (Maturity October 2, 2013) Warrants (Fully diluted 52.3%) | 1,079 5,639 | 1,079 5,621 1,096 | 1,079 5,451 |
| | | | | 7,796 | 6,530 |
| Thermal and Mechanical Equipment, LLC | Commercial and Industrial Engineering Services | | | | |

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| | | | | | |
|---|--|---|-------|--------|--------|
| | | Prime Plus 2%, Current Coupon 9%, Secured Debt (Maturity September 25, 2014)(9) | 818 | 816 | 818 |
| | | 13% Current / 5% PIK Secured Debt (Maturity September 25, 2014) | 2,607 | 2,593 | 2,607 |
| | | Member Units (Fully diluted 52.6%)(8) | | 1,000 | 10,080 |
| | | | | 4,409 | 13,505 |
| Uvalco Supply, LLC | Farm and Ranch Supply Store | Member Units (Fully diluted 42.8%)(8) | | 1,113 | 3,230 |
| Van Gilder Insurance Corporation | Insurance Brokerage | 8% Current / 3% PIK Secured Debt (Maturity January 31, 2014) | 878 | 878 | 878 |
| | | 8% Current / 3% PIK Secured Debt (Maturity January 31, 2016) | 1,187 | 1,177 | 1,177 |
| | | 13% Current / 3% PIK Secured Debt (Maturity January 31, 2016) | 6,243 | 5,518 | 5,518 |
| | | Warrants (Fully diluted 10.0%) | | 1,209 | 1,510 |
| | | Common Stock (Fully diluted 15.5%) | | 2,500 | 2,350 |
| | | | | 11,282 | 11,433 |
| Vision Interests, Inc. | Manufacturer / Installer of Commercial Signage | 13% Secured Debt (Maturity December 23, 2016) | 3,204 | 3,152 | 3,152 |
| | | Series A Preferred Stock (Fully diluted 50.9%) | | 3,000 | 2,000 |
| | | Common Stock (Fully diluted 19.1%) | | 3,706 | 60 |
| | | | | 9,858 | 5,212 |
| | | S-55 | | | |

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

June 30, 2013

(in thousands)
(Unaudited)

| Portfolio Company(1) | Business Description | Type of Investment(2)(3) | Principal(4) | Cost(4) | Fair Value |
|--|-------------------------|--|--------------|---------|------------|
| Control Investments(5) | | | | | |
| Ziegler's NYPD, LLC | Casual Restaurant Group | Prime Plus 2%, Current Coupon 9%, Secured Debt (Maturity October 1, 2013)(9) | 1,000 | 999 | 999 |
| | | 13% Current / 5% PIK Secured Debt (Maturity October 1, 2013) | 5,449 | 5,444 | 5,444 |
| | | Warrants (Fully diluted 46.6%) | | 600 | 180 |
| | | | | 7,043 | 6,623 |
| Subtotal Control Investments (26.6% of total investments at fair value) | | | | 235,029 | 302,558 |

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

June 30, 2013

(in thousands)
(Unaudited)

| Portfolio Company(1) | Business Description | Type of Investment(2)(3) | Principal(4) | Cost(4) | Fair Value |
|---|--|--|--------------|----------------------------|----------------------------------|
| Affiliate Investments(6) | | | | | |
| American Sensor Technologies, Inc. | Manufacturer of Commercial / Industrial Sensors | Warrants (Fully diluted 19.6%) | | 50 | 5,600 |
| Bridge Capital Solutions Corporation | Financial Services and Cash Flow Solutions | 13% Secured Debt (Maturity April 17, 2017) Warrants (Fully diluted 7.5%) | 5,000 | 4,776 200 | 4,776 390 |
| | | | | 4,976 | 5,166 |
| Congruent Credit Opportunities Fund II, LP(12)(13) | Investment Partnership | LP Interests (Fully diluted 19.8%)(8) | | 22,536 | 22,996 |
| Daseke, Inc. | Specialty Transportation Provider | Common Stock (Fully diluted 12.6%) | | 3,213 | 10,260 |
| Dos Rios Partners(12)(13) | Investment Partnership | LP Interests (Dos Rios Partners, LP) (Fully diluted 27.69%) LP Interests (Dos Rios Partners A, LP) (Fully diluted 9.14%) | | 1,105 220 | 1,105 220 |
| | | | | 1,325 | 1,325 |
| East Teak Fine Hardwoods, Inc. | Hardwood Products | Common Stock (Fully diluted 5.0%)(8) | | 480 | 380 |
| Freeport Financial SBIC Fund LP(12)(13) | Investment Partnership | LP Interests (Fully diluted 9.9%) | | 297 | 297 |
| Gault Financial, LLC (RMB Capital, LLC) | Purchases and Manages Liquidation of Distressed Assets | 14% Secured Debt (Maturity November 21, 2016) Warrants (Fully diluted 22.5%) | 12,165 | 11,692 400 | 11,692 240 |
| | | | | 12,092 | 11,932 |
| Houston Plating and Coatings, LLC | Plating and Industrial Coating Services | Member Units (Fully diluted 11.1%)(8) | | 635 | 8,660 |
| Indianhead Pipeline Services, LLC | Pipeline Support Services | 12% Secured Debt (Maturity February 6, 2017) Preferred Equity (8% cumulative)(8) Warrants (Fully diluted 10.6%) Member Units (Fully diluted 12.1%)(8) | 8,275 | 7,802 1,750 459 1 | 8,271 1,750 1,990 2,280 |

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| | | | | |
|---|--|---|--------|--------|
| | | | 10,012 | 14,291 |
| Integrated Printing Solutions, LLC | Specialty Card Printing | | | |
| | | 13% Secured Debt (Maturity September 23, 2016) | 12,500 | 11,880 |
| | | Preferred Equity (Fully diluted 11.0%) | | 2,000 |
| | | Warrants (Fully diluted 8.0%) | | 600 |
| | | | | 860 |
| | | | 14,480 | 14,740 |
| irth Solutions, LLC | Damage Prevention Technology Information Services | | | |
| | | Member Units (Fully diluted 12.8%)(8) | | 624 |
| | | | | 2,990 |
| KBK Industries, LLC | Specialty Manufacturer of Oilfield and Industrial Products | | | |
| | | 12.5% Secured Debt (Maturity September 28, 2017) | 9,000 | 8,920 |
| | | Member Units (Fully diluted 17.9%)(8) | | 341 |
| | | | | 5,680 |
| | | | 9,261 | 14,680 |
| Olympus Building Services, Inc. | Custodial / Facilities Services | | | |
| | | 12% Secured Debt (Maturity March 27, 2014) | 2,915 | 2,871 |
| | | 12% Current / 3% PIK Secured Debt (Maturity March 27, 2014) | 1,029 | 1,029 |
| | | Warrants (Fully diluted 22.5%) | | 470 |
| | | | | 400 |
| | | | 4,370 | 4,300 |

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

June 30, 2013

(in thousands)
(Unaudited)

| Portfolio Company(1) | Business Description | Type of Investment(2)(3) | Principal(4) | Cost(4) | Fair Value |
|---|--|--|--------------|---------|------------|
| Affiliate Investments(6) | | | | | |
| OnAsset Intelligence, Inc. | Transportation Monitoring / Tracking Services | 12% PIK Secured Debt (Maturity June 30, 2014) | 1,800 | 1,128 | 1,128 |
| | | Preferred Stock (7% cumulative) (Fully diluted 3.9%)(8) | | 1,752 | 2,500 |
| | | Warrants (Fully diluted 11.9%) | | 1,573 | 1,293 |
| | | | | 4,453 | 4,921 |
| OPI International Ltd.(13) | Oil and Gas Construction Services | Common Equity (Fully diluted 11.5%)(8) | | 1,371 | 4,971 |
| PCI Holding Company, Inc. | Manufacturer of Industrial Gas Generating Systems | 12% Current / 4% PIK Secured Debt (Maturity December 18, 2017) | 4,857 | 4,769 | 4,769 |
| | | Preferred Stock (20% cumulative) (Fully diluted 19.4%)(8) | | 1,669 | 1,669 |
| | | | | 6,438 | 6,438 |
| Quality Lease and Rental Holdings, LLC | Rigsite Accommodation Unit Rental and Related Services | 12% Secured Debt (Maturity January 8, 2018) | 37,350 | 36,822 | 36,822 |
| | | Preferred Member Units (Rocacia, LLC) (Fully diluted 20.0%) | | 2,500 | 2,500 |
| | | | | 39,322 | 39,322 |
| Radial Drilling Services Inc. | Oil and Gas Technology | 12% Secured Debt (Maturity November 23, 2016) | 4,200 | 3,553 | 3,553 |
| | | Warrants (Fully diluted 24.0%) | | 758 | 560 |
| | | | | 4,311 | 4,113 |
| Samba Holdings, Inc. | Intelligent Driver Record Monitoring Software and Services | 12.5% Secured Debt (Maturity November 17, 2016) | 11,481 | 11,335 | 11,481 |
| | | Common Stock (Fully diluted 19.4%) | | 1,707 | 3,930 |
| | | | | 13,042 | 15,411 |

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| | | | | | |
|--|---|--|--------|---------|---------|
| Spectrio LLC | Audio Messaging Services | 8% Secured Debt (Maturity June 16, 2016) | 280 | 280 | 280 |
| | | 12% Secured Debt (Maturity June 16, 2016) | 17,990 | 17,610 | 17,963 |
| | | Warrants (Fully diluted 9.8%) | | 887 | 3,700 |
| | | | | 18,777 | 21,943 |
| SYNEO, LLC | Manufacturer of Specialty Cutting Tools and Punches | 12% Secured Debt (Maturity July 13, 2016) | 4,300 | 4,228 | 4,228 |
| | | 10% Secured Debt (Leadrock Properties, LLC) (Maturity May 4, 2026) | 1,440 | 1,413 | 1,413 |
| | | Member Units (Fully diluted 11.1%) | | 1,036 | 1,036 |
| | | | | 6,677 | 6,677 |
| Texas Reexcavation LC | Hydro Excavation Services | 12% Current / 3% PIK Secured Debt (Maturity December 31, 2017) | 6,091 | 5,980 | 5,980 |
| | | Class A Member Units (Fully diluted 16.3%) | | 2,900 | 2,900 |
| | | | | 8,880 | 8,880 |
| Subtotal Affiliate Investments (20.3% of total investments at fair value) | | | | 187,622 | 230,293 |

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

June 30, 2013

(in thousands)
(Unaudited)

| Portfolio Company(1) | Business Description | Type of Investment(2)(3) | Principal(4) | Cost(4) | Fair Value |
|--|--|--|----------------|----------------|----------------|
| Non-Control/Non-Affiliate Investments(7) | | | | | |
| AGS LLC(10) | Developer, Manufacturer, and Operator of Gaming Machines | LIBOR Plus 10.00%, Current Coupon 11.50%, Secured Debt (Maturity August 23, 2016)(9) | 10,000 | 9,837 | 9,837 |
| Ameritech College Operations, LLC | For-Profit Nursing and Healthcare College | 18% Secured Debt (Maturity March 9, 2017) | 6,050 | 5,951 | 6,050 |
| AM General LLC(11) | Specialty Vehicle Manufacturer | LIBOR Plus 9.00%, Current Coupon 10.25%, Secured Debt (Maturity March 22, 2018)(9) | 3,000 | 2,913 | 3,008 |
| American Media, Inc.(11) | Magazine Operator | 11.50% Secured Bond (Maturity December 15, 2017) | 2,000 | 1,862 | 1,939 |
| Ancestry.com Inc.(11) | Genealogy Software Service | LIBOR Plus 5.75%, Current Coupon 7.00%, Secured Debt (Maturity December 27, 2018)(9) | 3,644 | 3,508 | 3,651 |
| Anchor Hocking, LLC(11) | Household Products Manufacturer | LIBOR Plus 6.25%, Current Coupon 7.50%, Secured Debt (Maturity May 21, 2020)(9) | 7,000 | 6,931 | 7,064 |
| Apria Healthcare Group, Inc.(11) | Home Healthcare Equipment | LIBOR Plus 5.50%, Current Coupon 6.75%, Secured Debt (Maturity April 5, 2020)(9) | 5,500 | 5,446 | 5,515 |
| Artel, LLC(11) | Land-Based and Commercial Satellite Provider | LIBOR Plus 6.00%, Current Coupon 7.25%, Secured Debt (Maturity November 27, 2017)(9) | 4,875 | 4,831 | 4,851 |
| Atkins Nutritionals Holdings II, Inc.(11) | Weight Management Food Products | LIBOR Plus 5.00%, Current Coupon 6.25%, Secured Debt (Maturity January 2, 2019)(9) | 1,995 | 1,995 | 2,001 |
| Audio Visual Services Group, Inc.(11) | Hotel & Venue Audio Visual Operator | LIBOR Plus 5.50%, Current Coupon 6.75%, Secured Debt (Maturity November 9, 2018)(9) LIBOR Plus 9.50%, Current Coupon 10.75%, Secured Debt (Maturity May 9, 2019)(9) | 4,963 5,000 | 4,871 4,906 | 5,012 5,000 |

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| | | | 9,777 | 10,012 | |
|-------------------------------|--|--|--------|--------|--------|
| B. J. Alan Company | Retailer and Distributor of Consumer Fireworks | 14% Current / 2.5% PIK Secured Debt (Maturity June 22, 2017) | 11,093 | 11,008 | 11,008 |
| BBTS Borrower LP(11) | Oil & Gas Exploration and Midstream Services | LIBOR Plus 6.50%, Current Coupon 7.75%, Secured Debt (Maturity June 4, 2019) (9) | 7,000 | 6,931 | 6,974 |
| Blackboard, Inc.(11) | Education Software Provider | LIBOR Plus 4.75%, Current Coupon 6.25%, Secured Debt (Maturity October 4, 2018)(9) | 1,355 | 1,355 | 1,371 |
| | | LIBOR Plus 10.00%, Current Coupon 11.50%, Secured Debt (Maturity April 4, 2019)(9) | 2,000 | 1,859 | 2,040 |
| | | | | 3,214 | 3,411 |
| Brand Connections, LLC | Venue-Based Marketing and Media | 12% Secured Debt (Maturity April 30, 2015) | 7,463 | 7,351 | 7,463 |

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Table of Contents**MAIN STREET CAPITAL CORPORATION****CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)****June 30, 2013****(in thousands)
(Unaudited)**

| Portfolio Company(1) | Business Description | Type of Investment(2)(3) | Principal(4) | Cost(4) | Fair Value |
|---|---------------------------------------|--|---------------------|----------------|-------------------|
| Non-Control/Non-Affiliate Investments(7) | | | | | |
| Brasa Holdings Inc.(11) | Upscale Full Service Restaurants | LIBOR Plus 6.25%, Current Coupon 7.50%, Secured Debt (Maturity July 18, 2019)(9) | 3,483 | 3,395 | 3,526 |
| | | LIBOR Plus 9.50%, Current Coupon 11.00%, Secured Debt (Maturity January 19, 2020)(9) | 6,000 | 5,934 | 6,120 |
| | | | | 9,329 | 9,646 |
| Calloway Laboratories, Inc.(10) | Health Care Testing Facilities | 10.00% Current / 2.00% PIK Secured Debt (Maturity September 30, 2014) Warrants (Fully diluted 1.5%) | 6,020 | 5,939 17 | 5,575 17 |
| | | | | 5,956 | 5,592 |
| CDC Software Corporation(11) | Enterprise Application Software | LIBOR Plus 6.00%, Current Coupon 7.50%, Secured Debt (Maturity August 6, 2018)(9) | 4,218 | 4,181 | 4,223 |
| Cedar Bay Generation Company LP(11) | Coal-Fired Cogeneration Plant | LIBOR Plus 5.00%, Current Coupon 6.25%, Secured Debt (Maturity April 23, 2020)(9) | 8,523 | 8,440 | 8,544 |
| Charlotte Russe, Inc(11) | Fast-Fashion Retailer to Young Women | LIBOR Plus 5.50%, Current Coupon 6.75%, Secured Debt (Maturity May 22, 2019)(9) | 5,000 | 4,951 | 4,975 |
| CHI Overhead Doors, Inc.(11) | Manufacturer of Overhead Garage Doors | LIBOR Plus 4.25%, Current Coupon 5.75%, Secured Debt (Maturity March 18, 2019)(9) | 2,404 | 2,368 | 2,410 |
| | | LIBOR Plus 9.50%, Current Coupon 11.00%, Secured Debt (Maturity September 18, 2019)(9) | 2,500 | 2,460 | 2,525 |
| | | | | 4,828 | 4,935 |
| Collective Brands Finance, Inc.(11) | Specialty Footwear Retailer | LIBOR Plus 6.00%, Current Coupon 7.25%, Secured Debt (Maturity September 20, 2019)(9) | 2,494 | 2,494 | 2,531 |
| Compact Power Equipment Centers Inc. | Equipment / Tool Rental | 6% Current / 6% PIK Secured Debt (Maturity October 1, 2017) | 3,800 | 3,782 960 | 3,782 1,749 |

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Series A Stock (8% cumulative) (Fully diluted 4.2%)(8)

| | | | | |
|--|----------------------------|---|--------|--------|
| | | | 4,742 | 5,531 |
| Confie Seguros Holding II Co.(11) | Insurance Brokerage Firm | | | |
| | | LIBOR Plus 5.25%, Current Coupon 6.50%, Secured Debt (Maturity November 9, 2018)(9) | 4,923 | 4,856 |
| CGSC of Delaware Holdings Corp.(11) | Insurance Brokerage Firm | | | |
| | | LIBOR Plus 7.00%, Current Coupon 8.25%, Secured Debt (Maturity October 16, 2020)(9) | 2,000 | 1,970 |
| Connolly Holdings Inc.(11) | Audit Recovery Software | | | |
| | | LIBOR Plus 5.25%, Current Coupon 6.50%, Secured Debt (Maturity July 15, 2018)(9) | 2,395 | 2,375 |
| | | LIBOR Plus 9.25%, Current Coupon 10.50%, Secured Debt (Maturity January 15, 2019)(9) | 2,000 | 1,964 |
| | | | 4,339 | 4,442 |
| Creative Circle, LLC(11) | Professional Staffing Firm | | | |
| | | LIBOR Plus 6.00%, Current Coupon 7.25%, Secured Debt (Maturity September 28, 2017)(9) | 8,933 | 8,852 |
| CST Industries Inc.(11) | Storage Tank Manufacturer | | | |
| | | LIBOR Plus 6.25%, Current Coupon 7.75%, Secured Debt (Maturity May 22, 2017)(9) | 11,875 | 11,729 |
| | | | | 11,890 |

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

June 30, 2013

(in thousands)
(Unaudited)

| Portfolio Company(1) | Business Description | Type of Investment(2)(3) | Principal(4) | Cost(4) | Fair Value |
|---|---|--|--------------|---------|------------|
| Non-Control/Non-Affiliate Investments(7) | | | | | |
| Diversified Machine, Inc.(11) | Automotive Component Supplier | LIBOR Plus 7.75%, Current Coupon 9.25%, Secured Debt (Maturity December 21, 2017)(9) | 1,989 | 1,953 | 2,029 |
| Drilling Info, Inc. | Information Services for the Oil and Gas Industry | Common Stock (Fully diluted 2.3%) | | 1,335 | 6,420 |
| EB Sports Corp.(10) | Sporting Goods Manufacturer | 11.50% Secured Debt (Maturity December 31, 2015) | 10,000 | 10,000 | 9,950 |
| Emerald Performance Materials, Inc.(11) | Specialty Chemicals Manufacturer | LIBOR Plus 5.50%, Current Coupon 6.75%, Secured Debt (Maturity May 18, 2018)(9) | 4,456 | 4,421 | 4,467 |
| EnCap Energy Fund Investments(12)(13) | Investment Partnership | LP Interests (EnCap Energy Capital Fund VIII, L.P.) (Fully diluted 0.1%)(8) | | 2,374 | 2,491 |
| | | LP Interests (EnCap Energy Capital Fund VIII Co- Investors, L.P.) (Fully diluted 0.3%) | | 1,134 | 1,185 |
| | | LP Interests (EnCap Energy Capital Fund IX, L.P.) (Fully diluted 0.1%) | | 366 | 366 |
| | | LP Interests (EnCap Flatrock Midstream Fund II, L.P.) (Fully diluted 0.8%) | | 1,611 | 1,611 |
| | | | | 5,485 | 5,653 |
| Engility Corporation(11)(13) | Defense Software | LIBOR Plus 4.50%, Current Coupon 5.75%, Secured Debt (Maturity July 18, 2017)(9) | 4,813 | 4,773 | 4,813 |
| eResearch Technology, Inc.(11) | Provider of Technology-Driven Health Research | LIBOR Plus 4.75%, Current Coupon 6.00%, Secured Debt (Maturity May 2, 2018)(9) | 4,030 | 3,907 | 4,055 |
| Fairway Group Acquisition Company(11)(13) | Specialty Food Retail Stores | LIBOR Plus 4.00%, Current Coupon 5.00%, Secured Debt (Maturity August 17, 2018)(9) | 3,980 | 3,980 | 3,988 |
| Fender Musical Instruments Corporation(11) | Manufacturer of Musical Instruments | LIBOR Plus 4.50%, Current Coupon 5.75%, Secured Debt (Maturity April 3, 2019)(9) | 500 | 495 | 502 |
| Fishchbein Intermediary Corp.(11) | Packaging and Material Handling Equipment | LIBOR Plus 4.00%, Current Coupon 5.25%, Secured Debt (Maturity May 1, 2019)(9) | 5,000 | 4,976 | 5,025 |

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| | | | | | |
|--------------------------------------|---|--|-------|-------|-------|
| FC Operating, LLC(10) | Christian Specialty Retail Stores | LIBOR Plus 10.75%, Current Coupon 12.00%, Secured Debt (Maturity November 14, 2017)(9) | 5,850 | 5,744 | 5,850 |
| FishNet Security, Inc.(11) | Information Technology Value-Added Reseller | LIBOR Plus 6.50%, Current Coupon 7.75%, Secured Debt (Maturity November 30, 2017)(9) | 7,960 | 7,888 | 7,960 |
| Fram Group Holdings, Inc.(11) | Manufacturer of Automotive Maintenance Products | LIBOR Plus 5.00%, Current Coupon 6.50%, Secured Debt (Maturity July 29, 2017)(9) | 964 | 961 | 958 |
| | | LIBOR Plus 9.00%, Current Coupon 10.50%, Secured Debt (Maturity January 29, 2018)(9) | 1,000 | 996 | 976 |
| | | | | 1,957 | 1,934 |

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

June 30, 2013

(in thousands)
(Unaudited)

| Portfolio Company(1) | Business Description | Type of Investment(2)(3) | Principal(4) | Cost(4) | Fair Value |
|---|--|---|--------------|---------|------------|
| Non-Control/Non-Affiliate Investments(7) | | | | | |
| Gastar Exploration USA, Inc.(11) | Oil & Gas Exploration & Production | 8.63% Secured Bond (Maturity May 15, 2018) | 1,000 | 1,000 | 960 |
| GFA Brands, Inc.(11)(13) | Distributor of Health Food Products | LIBOR Plus 5.75%, Current Coupon 7.00%, Secured Debt (Maturity July 2, 2018)(9) | 6,773 | 6,655 | 6,798 |
| Grupo Hima San Pablo, Inc.(11) | Tertiary Care Hospitals | LIBOR Plus 7.00%, Current Coupon 8.50%, Secured Debt (Maturity January 31, 2018)(9) | 4,988 | 4,893 | 4,888 |
| | | 13.75 Secured Debt (Maturity July 31, 2018)(9) | 2,000 | 1,904 | 1,950 |
| | | | | 6,797 | 6,838 |
| Hayden Acquisition, LLC | Manufacturer of Utility Structures | 8% Secured Debt (Maturity July 1, 2013)(15) | 1,800 | 1,781 | |
| Healogics, Inc.(11) | Wound Care Management | Common Equity (Fully diluted 0.02%)(8) | | 50 | 50 |
| Hearthside Food Solutions, LLC(11) | Contract Food Manufacturer | LIBOR Plus 5.25%, Current Coupon 6.50%, Secured Debt (Maturity June 5, 2018)(9) | 3,970 | 3,936 | 3,990 |
| Heckmann Corporation(11)(13) | Water Treatment and Disposal Services | 9.88% Unsecured Bond (Maturity April 15, 2018) | 3,500 | 3,500 | 3,649 |
| Hudson Products Holdings, Inc.(11) | Manufacturer of Heat Transfer Equipment | LIBOR Plus 4.00%, Current Coupon 5.25%, Secured Debt (Maturity June 7, 2017)(9) | 4,255 | 4,222 | 4,289 |
| iEnergizer Limited(11)(13) | Provider of Business Outsourcing Solutions | LIBOR Plus 6.00%, Current Coupon 7.25%, Secured Debt (Maturity May 1, 2019)(9) | 7,000 | 6,874 | 6,913 |
| Ipreo Holdings LLC(11) | Application Software for Capital Markets | LIBOR Plus 5.25%, Current Coupon 6.50%, Secured Debt (Maturity August 5, 2017)(9) | 5,637 | 5,569 | 5,700 |
| iStar Financial Inc.(11)(13) | Real Estate Investment Trust | LIBOR Plus 4.00%, Current Coupon 5.25%, Secured Debt (Maturity March 19, 2016)(9) | 69 | 68 | 69 |
| Ivy Hill Middle Market Credit Fund III, Ltd.(12)(13) | Investment Partnership | | | | |

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| | | | | | |
|---|--|--|-------|-------|-------|
| | | LIBOR Plus 6.50%, Current Coupon 6.70%, Secured Debt (Maturity January 15, 2022) | 2,000 | 1,692 | 2,000 |
| Jackson Hewitt Tax Service Inc.(11) | Tax Preparation Services | | | | |
| | | LIBOR Plus 8.50%, Current Coupon 10.00%, Secured Debt (Maturity October 15, 2017)(9) | 4,844 | 4,672 | 4,717 |
| Joernes Healthcare, LLC(11) | Health Care Equipment & Supplies | | | | |
| | | LIBOR Plus 5.00%, Current Coupon 6.25%, Secured Debt (Maturity March 28, 2018)(9) | 6,500 | 6,438 | 6,468 |
| Keypoint Government Solutions, Inc.(11) | Pre-Employment Screening Services | | | | |
| | | LIBOR Plus 6.00%, Current Coupon 7.25%, Secured Debt (Maturity November 13, 2017)(9) | 4,875 | 4,788 | 4,887 |
| Learning Care Group (US) No. 2 Inc.(11) | Provider of Early Childhood Education | | | | |
| | | LIBOR Plus 4.75%, Current Coupon 6.00%, Secured Debt (Maturity May 8, 2019)(9) | 5,500 | 5,446 | 5,490 |
| LKCM Headwater Investments I, L.P.(12)(13) | Investment Partnership | | | | |
| | | LP Interests (Fully diluted 2.27%)(8) | | 925 | 2,330 |

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

June 30, 2013

(in thousands)
(Unaudited)

| Portfolio Company(1) | Business Description | Type of Investment(2)(3) | Principal(4) | Cost(4) | Fair Value |
|---|--|--|--------------|--------------|------------|
| Non-Control/Non-Affiliate Investments(7) | | | | | |
| Maverick Healthcare Group LLC(10) | Home Healthcare Products and Services | LIBOR Plus 9.00%, Current Coupon 10.75%, Secured Debt (Maturity December 30, 2016)(9) | 4,888 | 4,888 | 4,906 |
| Media Holdings, LLC(11)(13) | Internet Traffic Generator | LIBOR Plus 13.00%, Current Coupon 15.00%, Secured Debt (Maturity April 27, 2014)(9) | 5,000 | 5,341 | 5,358 |
| MediMedia USA, Inc.(11) | Provider of Healthcare Media and Marketing | LIBOR Plus 6.75%, Current Coupon 8.00%, Secured Debt (Maturity November 20, 2018)(9) | 5,500 | 5,337 | 5,466 |
| Medpace Intermediateco, Inc.(11) | Clinical Trial Development and Execution | LIBOR Plus 5.00%, Current Coupon 6.50%, Secured Debt (Maturity June 19, 2017)(9) | 3,626 | 3,587 | 3,644 |
| Metal Services LLC(11) | Steel Mill Services | LIBOR Plus 6.50%, Current Coupon 7.75%, Secured Debt (Maturity June 30, 2017)(9) | 4,988 | 4,898 | 5,020 |
| Milk Specialties Company(11) | Processor of Nutrition Products | LIBOR Plus 5.75%, Current Coupon 7.00%, Secured Debt (Maturity November 9, 2018)(9) | 4,988 | 4,942 | 5,037 |
| Miramax Film NY, LLC(11) | Motion Picture Producer and Distributor | Class B Units (Fully diluted 0.2%) | | 500 | 719 |
| Mitel US Holdings, Inc.(11) | Enterprise IP Telephone Provider | LIBOR Plus 5.75%, Current Coupon 7.00%, Secured Debt (Maturity February 27, 2019)(9) | 3,990 | 3,952 | 4,000 |
| Modern VideoFilm, Inc.(10) | Post-Production Film Studio | LIBOR Plus 9.00%, Current Coupon 10.50%, Secured Debt (Maturity December 19, 2017)(9) Warrants (Fully diluted 2.5%) | 5,139 | 4,928 151 | 4,785 1 |
| National Vision, Inc.(11) | Discount Optical Retailer | LIBOR Plus 5.75%, Current Coupon 7.00%, Secured Debt (Maturity August 2, 2018)(9) | 3,209 | 5,079 | 4,786 |
| Neenah Foundry Company(11) | | | | 3,167 | 3,225 |

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| | | | | | |
|---|--|---|-------|-------|-------|
| | Operator of Iron Foundries | LIBOR Plus 5.50%, Current Coupon 6.75%, Secured Debt (Maturity April 26, 2017)(9) | 7,500 | 7,355 | 7,505 |
| NGPL PipeCo, LLC(11) | Natural Gas Pipelines and Storage Facilities | LIBOR Plus 5.50%, Current Coupon 6.75%, Secured Debt (Maturity September 15, 2017)(9) | 8,582 | 8,466 | 8,547 |
| Nice-Pak Products, Inc.(11) | Pre-Moistened Wipes Manufacturer | LIBOR Plus 6.50%, Current Coupon 8.00%, Secured Debt (Maturity June 18, 2014)(9) | 4,972 | 4,888 | 4,798 |
| NCP Investment Holdings, Inc. | Management of Outpatient Cardiac Cath Labs | Class A and C Units (Fully diluted 3.3%)(8) | | 20 | 2,580 |
| North American Breweries Holdings, LLC(11) | Operator of Specialty Breweries | LIBOR Plus 6.25%, Current Coupon 7.50%, Secured Debt (Maturity December 11, 2018)(9) | 3,990 | 3,916 | 4,005 |
| Northland Cable Television, Inc.(11) | Television Broadcasting | LIBOR Plus 6.00%, Current Coupon 7.75%, Secured Debt (Maturity December 30, 2016)(9) | 4,738 | 4,647 | 4,690 |

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

June 30, 2013

(in thousands)
(Unaudited)

| Portfolio Company(1) | Business Description | Type of Investment(2)(3) | Principal(4) | Cost(4) | Fair Value |
|---|--|--|----------------|----------------|----------------|
| Non-Control/Non-Affiliate Investments(7) | | | | | |
| Oberthur Technologies SA(11)(13) | Smart Card, Printing, Identity, and Cash Protection Security | LIBOR Plus 5.00%, Current Coupon 6.25%, Secured Debt (Maturity November 30, 2018)(9) | 6,930 | 6,636 | 6,901 |
| Orbitz Worldwide, Inc.(11)(13) | Online Travel Agent | LIBOR Plus 3.50%, Current Coupon 4.50%, Secured Debt (Maturity September 20, 2017)(9) LIBOR Plus 4.75%, Current Coupon 5.75%, Secured Debt (Maturity March 20, 2019)(9) | 1,333 1,167 | 1,333 1,167 | 1,343 1,173 |
| | | | | 2,500 | 2,516 |
| Otter Products, LLC(11) | Protective Cases for Mobile Devices | LIBOR Plus 4.25%, Current Coupon 5.25%, Secured Debt (Maturity April 29, 2019)(9) | 1,000 | 1,001 | 1,004 |
| Panolam Industries International, Inc.(11) | Decorative Laminate Manufacturer | LIBOR Plus 6.00%, Current Coupon 7.25%, Secured Debt (Maturity August 23, 2017)(9) | 3,946 | 3,912 | 3,933 |
| Permian Holdings, Inc.(11) | Storage Tank Manufacturer | 10.50% Secured Bond (Maturity January 15, 2018) | 1,500 | 1,500 | 1,455 |
| Philadelphia Energy Solutions Refining and Marketing LLC(11) | Oil & Gas Refiner | LIBOR Plus 5.00%, Current Coupon 6.25%, Secured Debt (Maturity April 4, 2018)(9) | 2,993 | 2,950 | 2,985 |
| Polyconcept Financial B.V.(11) | Promotional Products to Corporations and Consumers | LIBOR Plus 4.75%, Current Coupon 6.00%, Secured Debt (Maturity June 30, 2019)(9) | 3,500 | 3,465 | 3,465 |
| Preferred Proppants, LLC(11) | Producer of Sand Based Proppants | LIBOR Plus 7.50%, Current Coupon 9.00%, Secured Debt (Maturity December 15, 2016)(9) | 5,912 | 5,806 | 5,623 |
| Primesight Limited(10)(13) | Outdoor Advertising Operator | 11.25% Secured Debt (Maturity October 17, 2015) | 7,575 | 7,575 | 7,412 |
| PRV Aerospace, LLC(11) | Aircraft Equipment Manufacturer | LIBOR Plus 5.25%, Current Coupon 6.50%, Secured Debt (Maturity May 9, 2018)(9) | 5,957 | 5,907 | 5,983 |

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| | | | | | |
|------------------------------------|--|--|-------|--------|--------|
| Radio One, Inc.(11) | Radio Broadcasting | LIBOR Plus 6.00%, Current Coupon 7.50%, Secured Debt (Maturity March 31, 2016)(9) | 2,917 | 2,882 | 2,986 |
| Relativity Media, LLC(10) | Full-scale Film and Television Production and Distribution | 10.00% Secured Debt (Maturity May 24, 2015) | 4,904 | 4,839 | 4,904 |
| | | 15.00% PIK Secured Debt (Maturity May 24, 2015) | 5,903 | 5,677 | 5,903 |
| | | Class A Units (Fully diluted 0.2)% | | 292 | 292 |
| | | | | 10,808 | 11,099 |
| Sabre Industries, Inc.(11) | Manufacturer of Telecom Structures and Equipment | LIBOR Plus 4.75%, Current Coupon 5.75%, Secured Debt (Maturity August 24, 2018)(9) | 6,468 | 6,398 | 6,532 |
| SAExploration, Inc.(10)(13) | Geophysical Services Provider | 11.00% Current / 2.50% PIK Secured Debt (Maturity November 28, 2016) | 8,000 | 8,107 | 8,107 |
| | | Common Stock (Fully diluted 0.01%) | | 65 | 65 |
| | | | | 8,172 | 8,172 |
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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

June 30, 2013

(in thousands)
(Unaudited)

| Portfolio Company(1) | Business Description | Type of Investment(2)(3) | Principal(4) | Cost(4) | Fair Value |
|---|---|---|--------------|---------|------------|
| Non-Control/Non-Affiliate Investments(7) | | | | | |
| Shale-Inland Holdings, LLC(11) | Distributor of Pipe, Valves, and Fittings | 8.75% Secured Bond (Maturity November 15, 2019) | 3,000 | 3,000 | 3,060 |
| Sonneborn, LLC(11) | Specialty Chemicals Manufacturer | LIBOR Plus 5.00%, Current Coupon 6.50%, Secured Debt (Maturity March 30, 2018)(9) | 2,863 | 2,816 | 2,892 |
| Sotera Defense Solutions, Inc.(11) | Defense Industry Intelligence Services | LIBOR Plus 6.00%, Current Coupon 7.50%, Secured Debt (Maturity April 22, 2017)(9) | 9,146 | 8,832 | 8,232 |
| Sourcehov LLC(11) | Business Process Services | LIBOR Plus 7.50%, Current Coupon 8.75%, Secured Debt (Maturity April 30, 2018)(9) | 1,500 | 1,485 | 1,512 |
| Surgery Center 2 Holdings, Inc.(11) | Ambulatory Surgical Centers | LIBOR Plus 4.75%, Current Coupon 6.00%, Secured Debt (Maturity April 11, 2019)(9) | 3,483 | 3,449 | 3,502 |
| Sutherland Global Services, Inc.(11) | Business Process Outsourcing Provider | LIBOR Plus 6.00%, Current Coupon 7.25%, Secured Debt (Maturity March 6, 2019)(9) | 6,913 | 6,782 | 6,930 |
| Targus Group International(11) | Protective Cases for Mobile Devices | LIBOR Plus 9.50%, Current Coupon 11.00%, Secured Debt (Maturity May 24, 2016)(9) | 4,649 | 4,672 | 4,440 |
| Technimark LLC(11) | Injection Molding | LIBOR Plus 4.25%, Current Coupon 5.50%, Secured Debt (Maturity April 17, 2019)(9) | 4,000 | 3,961 | 4,040 |
| TeleGuam Holdings, LLC(11) | Telecommunications Equipment | LIBOR Plus 4.00%, Current Coupon 5.25%, Secured Debt (Maturity December 1, 2018)(9) | 7,000 | 6,965 | 6,965 |
| | | LIBOR Plus 7.50%, Current Coupon 8.75%, Secured Debt (Maturity June 1, 2019)(9) | 2,500 | 2,475 | 2,525 |
| | | | | 9,440 | 9,490 |
| Tervita Corporation(11)(13) | Oil and Gas Environmental Services | LIBOR Plus 5.00%, Current Coupon 6.25%, Secured Debt (Maturity May 15, 2018)(9) | 3,491 | 3,459 | 3,487 |
| ThermaSys Corporation(11) | Manufacturer of Industrial Heat Exchanges | LIBOR Plus 4.00%, Current Coupon 5.25%, Secured Debt (Maturity May 3, 2019)(9) | 8,000 | 7,922 | 8,004 |

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| | | | | | |
|---------------------------------------|---|--|-------|-------|-------|
| The Tennis Channel, Inc.(10) | Television-Based Sports Broadcasting | Warrants (Fully diluted 0.1%) | | 235 | 235 |
| Therakos, Inc.(11) | Immune System Disease Treatment | LIBOR Plus 6.25%, Current Coupon 7.50%, Secured Debt (Maturity December 27, 2017)(9) | 4,975 | 4,836 | 4,987 |
| Totes Isotoner Corporation(11) | Weather Accessory Retail | LIBOR Plus 5.75%, Current Coupon 7.25%, Secured Debt (Maturity July 7, 2017)(9) | 4,532 | 4,466 | 4,546 |
| TriNet HR Corporation(11)(13) | Outsourced Human Resources Solutions | LIBOR Plus 5.25%, Current Coupon 6.50%, Secured Debt (Maturity October 24, 2018)(9) | 3,993 | 3,993 | 3,997 |

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Table of Contents**MAIN STREET CAPITAL CORPORATION****CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)****June 30, 2013****(in thousands)
(Unaudited)**

| Portfolio Company(1) | Business Description | Type of Investment(2)(3) | Principal(4) | Cost(4) | Fair Value |
|---|---|---|---------------------|----------------|-------------------|
| Non-Control/Non-Affiliate Investments(7) | | | | | |
| UniTek Global Services, Inc.(11) | Provider of Outsourced Infrastructure Services | LIBOR Plus 7.50%, Current Coupon 9.00%, Secured Debt (Maturity April 15, 2018)(9) | 9,344 | 9,050 | 8,643 |
| Universal Fiber Systems, LLC(10) | Manufacturer of Synthetic Fibers | LIBOR Plus 5.75%, Current Coupon 7.50%, Secured Debt (Maturity June 26, 2015)(9) | 11,027 | 10,957 | 11,096 |
| US Xpress Enterprises, Inc.(11) | Truckload Carrier | LIBOR Plus 7.88%, Current Coupon 9.38%, Secured Debt (Maturity November 13, 2016)(9) | 6,313 | 6,202 | 6,314 |
| Vantage Oncology, LLC(11) | Outpatient Radiation Oncology Treatment Centers | 9.50% Secured Bond (Maturity June 15, 2017) | 9,000 | 9,000 | 8,910 |
| VFH Parent LLC(11) | Electronic Trading and Market Making | LIBOR Plus 4.50%, Current Coupon 5.75%, Secured Debt (Maturity July 8, 2016)(9) | 4,782 | 4,778 | 4,827 |
| Visant Corporation(11) | School Affinity Stores | LIBOR Plus 4.00%, Current Coupon 5.25%, Secured Debt (Maturity December 22, 2016)(9) | 3,882 | 3,882 | 3,711 |
| Vision Solutions, Inc.(11) | Provider of Information Availability Software | LIBOR Plus 4.50%, Current Coupon 6.00%, Secured Debt (Maturity July 23, 2016)(9) | 2,416 | 2,269 | 2,375 |
| | | LIBOR Plus 8.00%, Current Coupon 9.50%, Secured Debt (Maturity July 23, 2017)(9) | 5,000 | 4,965 | 4,950 |
| | | | | 7,234 | 7,325 |
| Walter Investment Management Corp.(11)(13) | Real Estate Services | LIBOR Plus 4.50%, Current Coupon 5.75%, Secured Debt (Maturity November 28, 2017)(9) | 2,406 | 2,385 | 2,418 |
| Wenner Media LLC(11) | Magazine Operator | LIBOR Plus 9.50%, Current Coupon 10.75%, Secured Debt (Maturity February 17, 2018)(9) | 2,085 | 2,016 | 2,134 |
| Western Dental Services, Inc.(11) | Dental Care Services | LIBOR Plus 7.00%, Current Coupon 8.25%, Secured Debt (Maturity November 1, 2018)(9) | 4,975 | 4,839 | 4,978 |
| Wilton Brands LLC(11) | Specialty Housewares Retailer | | | | |

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| | | | | | |
|--------------------------------------|--|--|-------|-------|-------|
| Wireco Worldgroup Inc.(11) | Manufacturer of Synthetic Lifting Products | LIBOR Plus 6.25%, Current Coupon 7.50%, Secured Debt (Maturity August 30, 2018)(9) | 1,925 | 1,891 | 1,934 |
| | | LIBOR Plus 4.75%, Current Coupon 6.00%, Secured Debt (Maturity February 15, 2017)(9) | 2,481 | 2,461 | 2,484 |
| Xerium Technologies, Inc.(11) | Paper Production Equipment | LIBOR Plus 5.00%, Current Coupon 6.25%, Secured Debt (Maturity May 17, 2019)(9) | 2,000 | 1,990 | 2,014 |
| | | LIBOR Plus 6.75%, Current Coupon 8.00%, Secured Debt (Maturity June 30, 2018)(9) | 3,990 | 3,892 | 3,947 |
| YP Holdings LLC(11) | Online and Offline Advertising Operator | LIBOR Plus 6.25%, Current Coupon 7.50%, Secured Debt (Maturity August 30, 2018)(9) | 1,925 | 1,891 | 1,934 |
| | | LIBOR Plus 4.75%, Current Coupon 6.00%, Secured Debt (Maturity February 15, 2017)(9) | 2,481 | 2,461 | 2,484 |

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

June 30, 2013

(in thousands)
(Unaudited)

| Portfolio Company(1) | Business Description | Type of Investment(2)(3) | Principal(4) | Cost(4) | Fair Value |
|--|---|--|--------------|----------------|----------------|
| Non-Control/Non-Affiliate Investments(7) | | | | | |
| Zilliant Incorporated | Price Optimization and Margin Management Solutions | 12% Secured Debt (Maturity June 15, 2017) Warrants (Fully diluted 2.7%) | 8,000 | 6,957 1,071 | 6,957 1,071 |
| | | | | 8,028 | 8,028 |
| Subtotal Non-Control/Non-Affiliate Investments (51.2% of total investments at fair value) | | | | 567,997 | 581,244 |
| Total Portfolio Investments, June 30, 2013 | | | | 990,648 | 1,114,095 |
| Marketable Securities and Idle Funds Investments | | | | | |
| | Investments in Marketable Securities and Diversified, Registered Bond Funds | | | | |
| Other Marketable Securities and Idle Funds Investments(13) | | | | 22,502 | 21,759 |
| Subtotal Marketable Securities and Idle Funds Investments (1.9% of total investments at fair value) | | | | 22,502 | 21,759 |
| Total Investments, June 30, 2013 | | | | \$ 1,013,150 | \$ 1,135,854 |

- (1) All investments are Lower Middle Market portfolio investments, unless otherwise noted.
- (2) Debt investments are generally income producing, unless otherwise noted. Equity and warrants are non-income producing, unless otherwise noted.
- (3) See Note C Fair Value Hierarchy for Investments and Debentures Portfolio Investment Composition for summary geographic location of portfolio companies.
- (4) Principal is net of prepayments. Cost is net of prepayments and accumulated unearned income.

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- (5) Control investments are defined by the Investment Company Act of 1940, as amended ("1940 Act") as investments in which more than 25% of the voting securities are owned or where the ability to nominate greater than 50% of the board representation is maintained.
- (6) Affiliate investments are defined by the 1940 Act as investments in which between 5% and 25% of the voting securities are owned and the investments are not classified as Control investments.
- (7) Non-Control/Non-Affiliate investments are defined by the 1940 Act as investments that are neither Control investments nor Affiliate investments.
- (8) Income producing through dividends or distributions.
- (9) Index based floating interest rate is subject to contractual minimum interest rate.
- (10) Private Loan portfolio investment. See Note C Fair Value Hierarchy for Investments and Debentures Portfolio Investment Composition for the definition of the term Private Loan.
- (11) Middle Market portfolio investment. See Note C Fair Value Hierarchy for Investments and Debentures Portfolio Investment Composition for the definition of the term Middle Market.
- (12) Other Portfolio investment. See Note C Fair Value Hierarchy for Investments and Debentures Portfolio Investment Composition for the definition of the term Other Portfolio.
- (13) Investment is not a qualifying asset as defined under Section 55(a) of the 1940 Act. Qualifying assets must represent at least 70% of total assets at the time of acquisition of any additional non-qualifying assets.
- (14) Non-accrual and non-income producing investment.
- (15) Fully impaired and non-income producing investment.

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MAIN STREET CAPITAL CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2012

(in thousands)
(Unaudited)

| Portfolio Company(1) | Business Description | Type of Investment(2)(3) | Principal(4) | Cost(4) | Fair Value |
|---|---|--|--------------|---|---|
| Control Investments(5) | | | | | |
| Bond-Coat, Inc. | Casing and Tubing Coating Services | 12% Secured Debt (Maturity December 28, 2017) Common Stock (Fully diluted 43.4%) | 14,750 | 14,550 6,350 | 14,550 6,350 |
| | | | | 20,900 | 20,900 |
| Café Brazil, LLC | Casual Restaurant Group | 12% Secured Debt (Maturity April 20, 2013) Member Units (Fully diluted 41.0%)(8) | 500 | 500 42 | 500 3,690 |
| | | | | 542 | 4,190 |
| California Healthcare Medical Billing, Inc. | Outsourced Billing and Revenue Cycle Management | 12% Secured Debt (Maturity October 17, 2015) Warrants (Fully diluted 21.3%) Common Stock (Fully diluted 9.8%) | 8,103 | 7,913 1,193 1,177 | 8,016 3,380 1,560 |
| | | | | 10,283 | 12,956 |
| CBT Nuggets, LLC | Produces and Sells IT Training Certification Videos | 14% Secured Debt (Maturity December 31, 2013) Member Units (Fully diluted 41.6%)(8) | 450 | 450 1,300 | 450 7,800 |
| | | | | 1,750 | 8,250 |
| Ceres Management, LLC (Lamb's Tire & Automotive) | Aftermarket Automotive Services Chain | 14% Secured Debt (Maturity May 31, 2013) Class B Member Units (12% cumulative) Member Units (Fully diluted 79.0%) 9.5% Secured Debt (Lamb's Real Estate Investment I, LLC) (Maturity October 1, 2025) Member Units (Lamb's Real Estate Investment I, LLC) (Fully diluted 100%) | 4,000 | 3,993 3,000 5,273 1,066 625 | 3,993 3,000 5,273 1,066 860 |
| | | | | 13,957 | 8,919 |
| Condit Exhibits, LLC | Tradeshow Exhibits / Custom Displays | 13% Current / 5% PIK Secured Debt (Maturity July 1, 2013) Warrants (Fully diluted 47.9%) | 4,661 | 4,652 320 | 4,652 600 |

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| | | | | |
|---|---|--|-------|--------|
| | | | 4,972 | 5,252 |
| Gulf Manufacturing, LLC | Manufacturer of Specialty Fabricated Industrial Piping Products | | | |
| | | 9% PIK Secured Debt (Ashland Capital IX, LLC) (Maturity June 30, 2017) | 919 | 919 |
| | | Member Units (Fully diluted 34.2%)(8) | 2,980 | 12,660 |
| | | | 3,899 | 13,579 |
| Harrison Hydra-Gen, Ltd. | Manufacturer of Hydraulic Generators | | | |
| | | 9% Secured Debt (Maturity June 4, 2015) | 5,024 | 4,644 |
| | | Preferred Stock (8% cumulative)(8) | | 1,081 |
| | | Common Stock (Fully diluted 34.5%)(8) | | 718 |
| | | | 6,443 | 7,655 |
| Hawthorne Customs and Dispatch Services, LLC | Facilitator of Import Logistics, Brokerage, and Warehousing | | | |
| | | Member Units (Fully diluted 47.6%)(8) | | 589 |
| | | Member Units (Wallisville Real Estate, LLC) (Fully diluted 59.1%)(8) | | 1,215 |
| | | | 1,804 | 2,355 |
| Hydratec, Inc. | Designer and Installer of Micro-Irrigation Systems | | | |
| | | Common Stock (Fully diluted 94.2%)(8) | 7,095 | 13,710 |

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2012

(in thousands)
(Unaudited)

| Portfolio Company(1) | Business Description | Type of Investment(2)(3) | Principal(4) | Cost(4) | Fair Value |
|---|--|---|--------------|---------|------------|
| Control Investments(5) | | | | | |
| Indianapolis Aviation Partners, LLC | Fixed Base Operator | 15% Secured Debt (Maturity September 15, 2014) | 4,150 | 3,982 | 4,070 |
| | | Warrants (Fully diluted 30.1%) | | 1,129 | 2,130 |
| | | | | 5,111 | 6,200 |
| Jensen Jewelers of Idaho, LLC | Retail Jewelry Store | Prime Plus 2%, Current Coupon 5.25%, Secured Debt (Maturity November 14, 2013)(9) | 1,696 | 1,696 | 1,696 |
| | | 13% Current / 6% PIK Secured Debt (Maturity November 14, 2013) | 1,759 | 1,759 | 1,759 |
| | | Member Units (Fully diluted 60.8%)(8) | | 811 | 2,060 |
| | | | | 4,266 | 5,515 |
| Lighting Unlimited, LLC | Commercial and Residential Lighting Products and Design Services | 8% Secured Debt (Maturity August 22, 2014) | 1,892 | 1,892 | 1,892 |
| | | Preferred Stock (non-voting) | | 493 | 493 |
| | | Warrants (Fully diluted 7.1%) | | 54 | 4 |
| | | Common Stock (Fully diluted 70.0%)(8) | | 100 | 36 |
| | | | | 2,539 | 2,425 |
| Marine Shelters Holdings, LLC (LoneStar Marine Shelters) | Fabricator of Marine and Industrial Shelters | 12% Secured Debt (Maturity December 28, 2017) | 10,250 | 10,045 | 10,045 |
| | | Preferred Stock (Fully diluted 26.7%) | | 3,750 | 3,750 |
| | | | | 13,795 | 13,795 |
| Mid-Columbia Lumber Products, LLC | Manufacturer of Finger-Jointed Lumber Products | 10% Secured Debt (Maturity December 18, 2014) | 1,250 | 1,250 | 1,250 |
| | | 12% Secured Debt (Maturity December 18, 2014) | 3,900 | 3,900 | 3,900 |
| | | 9.5% Secured Debt (Mid-Columbia Real Estate, LLC) (Maturity May 13, 2025) | 1,017 | 1,017 | 1,017 |
| | | Warrants (Fully diluted 9.2%) | | 250 | 1,470 |
| | | Member Units (Fully diluted 42.9%) | | 882 | 1,580 |
| | | Member Units (Mid-Columbia Real Estate, LLC) (Fully diluted 50.0%)(8) | | 250 | 810 |
| | | | | | 7,549 |

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| | | | | | |
|-----------------------------------|--|--|--------|--------|--------|
| NAPCO Precast, LLC | Precast Concrete Manufacturing | Prime Plus 2%, Current Coupon 9%, Secured Debt (Maturity February 1, 2016)(9) | 3,385 | 3,334 | 3,334 |
| | | 18% Secured Debt (Maturity February 1, 2016) | 5,173 | 5,093 | 5,093 |
| | | Member Units (Fully diluted 44.0%) | | 2,975 | 4,360 |
| | | | | 11,402 | 12,787 |
| NRI Clinical Research, LLC | Clinical Research Center | 14% Secured Debt (Maturity September 8, 2016) | 4,736 | 4,506 | 4,506 |
| | | Warrants (Fully diluted 12.5%) | | 252 | 480 |
| | | Member Units (Fully diluted 24.8%)(8) | | 500 | 960 |
| | | | | 5,258 | 5,946 |
| NRP Jones, LLC | Manufacturer of Hoses, Fittings and Assemblies | 12% Secured Debt (Maturity December 22, 2016) | 12,100 | 11,200 | 11,891 |
| | | Warrants (Fully diluted 12.2%) | | 817 | 1,350 |
| | | Member Units (Fully diluted 43.2%)(8) | | 2,900 | 4,800 |
| | | | | 14,917 | 18,041 |
| OMi Holdings, Inc. | Manufacturer of Overhead Cranes | 12% Secured Debt (Maturity April 1, 2013) | 6,000 | 5,997 | 6,000 |
| | | Common Stock (Fully diluted 48.0%) | | 1,080 | 8,740 |
| | | | | 7,077 | 14,740 |

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2012

(in thousands)
(Unaudited)

| Portfolio Company(1) | Business Description | Type of Investment(2)(3) | Principal(4) | Cost(4) | Fair Value |
|---|---|---|--------------|---------|------------|
| Control Investments(5) | | | | | |
| Pegasus Research Group, LLC (Televerde) | Telemarketing and Data Services | 13% Current / 5% PIK Secured Debt (Maturity January 6, 2016) | 4,991 | 4,946 | 4,991 |
| | | Member Units (Fully diluted 43.7%)(8) | | 1,250 | 3,790 |
| | | | | 6,196 | 8,781 |
| PPL RVs, Inc. | Recreational Vehicle Dealer | 11.1% Secured Debt (Maturity June 10, 2015) | 8,460 | 8,404 | 8,460 |
| | | Common Stock (Fully diluted 51.1%) | | 2,150 | 6,120 |
| | | | | 10,554 | 14,580 |
| Principle Environmental, LLC | Noise Abatement Services | 12% Secured Debt (Maturity February 1, 2016) | 4,750 | 3,945 | 4,750 |
| | | 12% Current / 2% PIK Secured Debt (Maturity February 1, 2016) | 3,594 | 3,539 | 3,594 |
| | | Warrants (Fully diluted 14.2%) | | 1,200 | 3,860 |
| | | Member Units (Fully diluted 22.6%) | | 1,863 | 6,150 |
| | | | | 10,547 | 18,354 |
| River Aggregates, LLC | Processor of Construction Aggregates | 12% Secured Debt (Maturity March 30, 2016) | 3,860 | 3,662 | 3,662 |
| | | Warrants (Fully diluted 20.0%) | | 202 | |
| | | Member Units (Fully diluted 40.0%) | | 550 | |
| | | | | 4,414 | 3,662 |
| The MPI Group, LLC | Manufacturer of Custom Hollow Metal Doors, Frames and Accessories | 4.5% Current / 4.5% PIK Secured Debt (Maturity October 2, 2013) | 1,079 | 1,077 | 1,077 |
| | | 6% Current / 6% PIK Secured Debt (Maturity October 2, 2013) | 5,639 | 5,588 | 5,588 |
| | | Warrants (Fully diluted 52.3%) | | 1,096 | |
| | | | | 7,761 | 6,665 |
| Thermal and Mechanical Equipment, LLC | Commercial and Industrial Engineering Services | Prime Plus 2%, Current Coupon 9%, Secured Debt (Maturity September 25, 2014)(9) | 1,033 | 1,030 | 1,033 |
| | | 13% Current / 5% PIK Secured Debt (Maturity September 25, 2014) | 3,292 | 3,268 | 3,292 |

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| | | | | |
|---|--|---|--------|--------|
| | | Member Units (Fully diluted 50.0%)(8) | 1,000 | 8,250 |
| | | | 5,298 | 12,575 |
| Uvalco Supply, LLC | Farm and Ranch Supply Store | Member Units (Fully diluted 42.8%)(8) | 1,113 | 2,760 |
| Van Gilder Insurance Corporation | Insurance Brokerage | 8% Secured Debt (Maturity January 31, 2014) | 915 | 914 |
| | | 8% Secured Debt (Maturity January 31, 2016) | 1,361 | 1,349 |
| | | 13% Secured Debt (Maturity January 31, 2016) | 6,150 | 5,319 |
| | | Warrants (Fully diluted 10.0%) | | 1,209 |
| | | Common Stock (Fully diluted 15.5%) | | 2,430 |
| | | | 11,291 | 11,192 |
| Vision Interests, Inc. | Manufacturer / Installer of Commercial Signage | 6.5% Current /6.5% PIK Secured Debt (Maturity December 23, 2016) | 3,204 | 3,146 |
| | | Series A Preferred Stock (Fully diluted 50.9%) | | 3,000 |
| | | Common Stock (Fully diluted 19.1%) | | 3,706 |
| | | | 9,852 | 6,186 |

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2012

(in thousands)
(Unaudited)

| Portfolio Company(1) | Business Description | Type of Investment(2)(3) | Principal(4) | Cost(4) | Fair Value |
|--|-------------------------|--|--------------|---------|------------|
| Control Investments(5) | | | | | |
| Ziegler's NYPD, LLC | Casual Restaurant Group | Prime Plus 2%, Current Coupon 9%, Secured Debt (Maturity October 1, 2013)(9) | 1,000 | 998 | 998 |
| | | 13% Current / 5% PIK Secured Debt (Maturity October 1, 2013) | 5,314 | 5,300 | 5,300 |
| | | Warrants (Fully diluted 46.6%) | | 600 | 180 |
| | | | | 6,898 | 6,478 |
| Subtotal Control Investments (29.2% of total investments at fair value) | | | | 217,483 | 278,475 |

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2012

(in thousands)
(Unaudited)

| Portfolio Company(1) | Business Description | Type of Investment(2)(3) | Principal(4) | Cost(4) | Fair Value |
|---|--|--|--------------|----------------------------|-------------------------------|
| Affiliate Investments(6) | | | | | |
| American Sensor Technologies, Inc. | Manufacturer of Commercial / Industrial Sensors | Warrants (Fully diluted 19.6%) | | 50 | 4,170 |
| Bridge Capital Solutions Corporation | Financial Services and Cash Flow Solutions | 13% Secured Debt (Maturity April 17, 2017) Warrants (Fully diluted 7.5%) | 5,000 | 4,754 200 | 4,754 310 |
| | | | | 4,954 | 5,064 |
| Congruent Credit Opportunities Fund II, LP(12)(13) | Investment Partnership | LP Interests (Fully diluted 19.8%)(8) | | 19,049 | 19,174 |
| Daseke, Inc. | Specialty Transportation Provider | Common Stock (Fully diluted 12.6%) | | 1,427 | 7,310 |
| East Teak Fine Hardwoods, Inc. | Hardwood Products | Common Stock (Fully diluted 5.0%) | | 480 | 380 |
| Gault Financial, LLC (RMB Capital, LLC) | Purchases and Manages Liquidation of Distressed Assets | 14% Secured Debt (Maturity November 21, 2016) Warrants (Fully diluted 22.5%) | 9,828 | 9,348 400 | 9,348 240 |
| | | | | 9,748 | 9,588 |
| Houston Plating and Coatings, LLC | Plating and Industrial Coating Services | Member Units (Fully diluted 11.1%)(8) | | 635 | 8,280 |
| Indianhead Pipeline Services, LLC | Pipeline Support Services | 12% Secured Debt (Maturity February 6, 2017) Preferred Equity (Fully diluted 8.0%)(8) Warrants (Fully diluted 10.6%) Member Units (Fully diluted 4.1%)(8) | 8,725 | 8,186 1,676 459 1 | 8,186 1,676 1,490 50 |
| | | | | 10,322 | 11,402 |
| Integrated Printing Solutions, LLC | Specialty Card Printing | 13% Secured Debt (Maturity September 23, 2016) Preferred Equity (Fully diluted 11.0%) Warrants (Fully diluted 8.0%) | 12,500 | 11,807 2,000 600 | 11,807 2,000 1,100 |
| | | | | 14,407 | 14,907 |

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| | | | | | |
|--|---|--|-------|-------|--------|
| irth Solutions, LLC | Damage Prevention Technology Information Services | 12% Secured Debt (Maturity December 29, 2015) | 3,587 | 3,543 | 3,587 |
| | | Member Units (Fully diluted 12.8%)(8) | | 624 | 2,750 |
| | | | | 4,167 | 6,337 |
| KBK Industries, LLC | Specialty Manufacturer of Oilfield and Industrial Products | 12.5% Secured Debt (Maturity September 28, 2017) | 9,000 | 8,913 | 9,000 |
| | | Member Units (Fully diluted 17.9%)(8) | | 341 | 5,550 |
| | | | | 9,254 | 14,550 |
| Olympus Building Services, Inc. | Custodial / Facilities Services | 12% Secured Debt (Maturity March 27, 2014) | 3,050 | 2,975 | 2,975 |
| | | 12% Current / 3% PIK Secured Debt (Maturity March 27, 2014) | 1,014 | 1,014 | 1,014 |
| | | Warrants (Fully diluted 22.5%) | | 470 | 470 |
| | | | | 4,459 | 4,459 |

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2012

(in thousands)
(Unaudited)

| Portfolio Company(1) | Business Description | Type of Investment(2)(3) | Principal(4) | Cost(4) | Fair Value |
|--------------------------------------|--|--|--------------|---------|------------|
| Affiliate Investments(6) | | | | | |
| OnAsset Intelligence, Inc. | Transportation Monitoring / Tracking Services | 12% Secured Debt (Maturity April 18, 2013) | 1,500 | 1,500 | 1,500 |
| | | Preferred Stock (7% cumulative) (Fully diluted 5.8%)(8) | | 1,692 | 2,440 |
| | | Warrants (Fully diluted 4.0%) | | 830 | 550 |
| | | | | 4,022 | 4,490 |
| OPI International Ltd.(13) | Oil and Gas Construction Services | Common Equity (Fully diluted 11.5%)(8) | | 1,371 | 4,971 |
| | | | | | |
| PCI Holding Company, Inc. | Manufacturer of Industrial Gas Generating Systems | 12% Current / 4% PIK Secured Debt (Maturity December 18, 2017) | 5,008 | 4,909 | 4,909 |
| | | Preferred Stock (20% cumulative) (Fully diluted 19.4%)(8) | | 1,511 | 1,511 |
| | | | | 6,420 | 6,420 |
| | | | | | |
| Radial Drilling Services Inc. | Oil and Gas Technology | 12% Secured Debt (Maturity November 23, 2016) | 4,200 | 3,485 | 3,485 |
| | | Warrants (Fully diluted 24.0%) | | 758 | 758 |
| | | | | 4,243 | 4,243 |
| Samba Holdings, Inc. | Intelligent Driver Record Monitoring Software and Services | 12.5% Secured Debt (Maturity November 17, 2016) | 11,923 | 11,754 | 11,923 |
| | | Common Stock (Fully diluted 19.4%) | | 1,707 | 3,670 |
| | | | | 13,461 | 15,593 |
| Spectrio LLC | Audio Messaging Services | 8% Secured Debt (Maturity June 16, 2016) | 280 | 280 | 280 |
| | | 12% Secured Debt (Maturity June 16, 2016) | 17,990 | 17,559 | 17,963 |
| | | Warrants (Fully diluted 9.8%) | | 887 | 3,420 |
| | | | | 18,726 | 21,663 |
| SYNEO, LLC | Manufacturer of Specialty Cutting Tools and Punches | | | | |

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| | | | | | |
|--|---------------------------|--|-------|---------|---------|
| | | 12% Secured Debt (Maturity July 13, 2016) | 4,300 | 4,218 | 4,218 |
| | | 10% Secured Debt (Leadrock Properties, LLC) (Maturity May 4, 2026) | 1,440 | 1,413 | 1,413 |
| | | Member Units (Fully diluted 11.1%) | | 1,000 | 1,000 |
| | | | | 6,631 | 6,631 |
| Texas Reexcavation LC | Hydro Excavation Services | | | | |
| | | 12% Current / 3% PIK Secured Debt (Maturity December 31, 2017) | 6,001 | 5,881 | 5,881 |
| | | Class A Member Units (Fully diluted 16.3)% | | 2,900 | 2,900 |
| | | | | 8,781 | 8,781 |
| Subtotal Affiliate Investments (18.7% of total investments at fair value) | | | | 142,607 | 178,413 |

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2012

(in thousands)
(Unaudited)

| Portfolio Company(1) | Business Description | Type of Investment(2)(3) | Principal(4) | Cost(4) | Fair Value |
|---|--|--|--------------|---------|------------|
| Non-Control/Non-Affiliate Investments(7) | | | | | |
| AGS LLC(10) | Developer, Manufacturer, and Operator of Gaming Machines | LIBOR Plus 10.00%, Current Coupon 11.50%, Secured Debt (Maturity August 23, 2016)(9) | 9,423 | 9,239 | 9,239 |
| Ameritech College Operations, LLC | For-Profit Nursing and Healthcare College | 18% Secured Debt (Maturity March 9, 2017) | 6,050 | 5,942 | 6,050 |
| Ancestry.com Inc.(11) | Genealogy Software Service | LIBOR Plus 5.75%, Current Coupon 7.00%, Secured Debt (Maturity December 27, 2018)(9) | 7,000 | 6,720 | 6,767 |
| Artel, LLC(11) | Land-Based and Commercial Satellite Provider | LIBOR Plus 6.00%, Current Coupon 7.25%, Secured Debt (Maturity November 27, 2017)(9) | 5,000 | 4,951 | 4,950 |
| Associated Asphalt Partners, LLC(11) | Liquid Asphalt Supplier | LIBOR Plus 5.75%, Current Coupon 7.25%, Secured Debt (Maturity March 9, 2018)(9) | 9,400 | 9,250 | 9,259 |
| Audio Visual Services Group, Inc.(11) | Hotel & Venue Audio Visual Operator | LIBOR Plus 5.50%, Current Coupon 6.75%, Secured Debt (Maturity November 9, 2018)(9) | 5,000 | 4,901 | 4,919 |
| | | LIBOR Plus 9.50%, Current Coupon 10.75%, Secured Debt (Maturity May 9, 2019)(9) | 5,000 | 4,901 | 4,938 |
| | | | | 9,802 | 9,857 |
| B. J. Alan Company | Retailer and Distributor of Consumer Fireworks | 14% Current / 2.5% PIK Secured Debt (Maturity June 22, 2017) | 10,134 | 10,042 | 10,042 |
| Blackboard, Inc.(11) | Education Software Provider | LIBOR Plus 6.00%, Current Coupon 7.50%, Secured Debt (Maturity October 4, 2018)(9) | 1,361 | 1,319 | 1,379 |
| | | LIBOR Plus 10.00%, Current Coupon 11.50%, Secured Debt (Maturity April 4, 2019)(9) | 2,000 | 1,852 | 1,927 |
| | | | | 3,171 | 3,306 |

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| | | | | | |
|--|---------------------------------------|---|-------|-------|-------|
| Brand Connections, LLC | Venue-Based Marketing and Media | 12% Secured Debt (Maturity April 30, 2015) | 7,974 | 7,828 | 7,974 |
| Brasa Holdings Inc.(11) | Upscale Full Service Restaurants | LIBOR Plus 6.25%, Current Coupon 7.50%, Secured Debt (Maturity July 18, 2019)(9) | 3,491 | 3,395 | 3,525 |
| | | LIBOR Plus 9.50%, Current Coupon 11.00%, Secured Debt (Maturity January 19, 2020)(9) | 2,000 | 1,927 | 2,030 |
| | | | | 5,322 | 5,555 |
| Calloway Laboratories, Inc.(10) | Health Care Testing Facilities | 10.00% Current / 2.00% PIK Secured Debt (Maturity September 30, 2014) | 5,479 | 5,361 | 5,479 |
| CDC Software Corporation(11) | Enterprise Application Software | LIBOR Plus 6.00%, Current Coupon 7.50%, Secured Debt (Maturity August 6, 2018)(9) | 4,239 | 4,199 | 4,260 |
| CHI Overhead Doors, Inc.(11) | Manufacturer of Overhead Garage Doors | LIBOR Plus 5.75%, Current Coupon 7.25%, Secured Debt (Maturity August 17, 2017)(9) | 2,410 | 2,371 | 2,421 |
| | | LIBOR Plus 9.50%, Current Coupon 11.00%, Secured Debt (Maturity February 17, 2018)(9) | 2,500 | 2,457 | 2,463 |
| | | | | 4,828 | 4,884 |

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2012

(in thousands)
(Unaudited)

| Portfolio Company(1) | Business Description | Type of Investment(2)(3) | Principal(4) | Cost(4) | Fair Value |
|---|---|--|----------------|----------------|----------------|
| Non-Control/Non-Affiliate Investments(7) | | | | | |
| Citadel Plastics Holding, Inc.(11) | Supplier of Commodity Chemicals / Plastic Parts | LIBOR Plus 5.25%, Current Coupon 6.75%, Secured Debt (Maturity February 28, 2018)(9) | 2,985 | 2,959 | 2,989 |
| Compact Power Equipment Centers Inc. | Equipment / Tool Rental | 6% Current / 6% PIK Secured Debt (Maturity October 1, 2017) Series A Stock (8% cumulative) (Fully diluted 4.2%)(8) | 3,687 | 3,669 923 | 3,669 1,232 |
| Confie Seguros Holding II Co.(11) | Insurance Brokerage | LIBOR Plus 5.25%, Current Coupon 6.50%, Secured Debt (Maturity November 9, 2018)(9) | 5,000 | 4,927 | 4,964 |
| Connolly Holdings Inc.(11) | Audit Recovery Software | LIBOR Plus 5.25%, Current Coupon 6.50%, Secured Debt (Maturity July 15, 2018)(9) LIBOR Plus 9.25%, Current Coupon 10.50%, Secured Debt (Maturity January 15, 2019)(9) | 2,488 2,000 | 2,464 1,962 | 2,519 2,050 |
| Creative Circle, LLC(11) | Professional Staffing Firm | LIBOR Plus 6.00%, Current Coupon 7.25%, Secured Debt (Maturity September 28, 2017)(9) | 9,938 | 4,426 9,840 | 4,569 9,840 |
| CST Industries(11) | Storage Tank Manufacturer | LIBOR Plus 6.25%, Current Coupon 7.75%, Secured Debt (Maturity May 22, 2017)(9) | 12,188 | 12,022 | 12,110 |
| Diversified Machine, Inc.(11) | Automotive Component Supplier | LIBOR Plus 7.75%, Current Coupon 9.25%, Secured Debt (Maturity December 21, 2017)(9) | 2,000 | 1,961 | 1,985 |
| Drilling Info, Inc. | Information Services for the Oil and Gas Industry | Common Stock (Fully diluted 2.3%) | | 1,335 | 5,769 |
| Dycom Investments, Inc.(11)(13) | Telecomm Construction & Engineering Providers | 7.13% Bond (Maturity January 15, 2021) | 1,000 | 1,042 | 1,053 |
| Emerald Performance Materials, Inc.(11) | | | | | |

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| | | | | | |
|--|--|--|-------|-------|-------|
| | Specialty Chemicals Manufacturer | LIBOR Plus 5.50%, Current Coupon 6.75%, Secured Debt (Maturity May 18, 2018)(9) | 4,490 | 4,451 | 4,512 |
| Engility Corporation(11)(13) | Defense Software | LIBOR Plus 4.50%, Current Coupon 5.75%, Secured Debt (Maturity July 18, 2017)(9) | 8,000 | 7,928 | 7,930 |
| eResearch Technology, Inc.(11) | Provider of Technology- Driven Health Research | LIBOR Plus 6.50%, Current Coupon 8.00%, Secured Debt (Maturity June 29, 2018)(9) | 3,491 | 3,361 | 3,465 |
| EnCap Energy Fund Investments(12)(13) | Investment Partnership | LP Interests (EnCap Energy Capital Fund VIII, L.P.) (Fully diluted 0.1%)(8) | | 1,735 | 1,852 |
| | | LP Interests (EnCap Energy Capital Fund VIII Co-Investors, L.P.) (Fully diluted 0.3%) | | 442 | 442 |
| | | LP Interests (EnCap Flatrock Midstream Fund II, L.P.) (Fully diluted 0.8%) | | 664 | 664 |
| | | | | 2,841 | 2,958 |
| Fairway Group Acquisition Company(11) | Retail Grocery | LIBOR Plus 6.75%, Current Coupon 8.25%, Secured Debt (Maturity August 17, 2018)(9) | 3,990 | 3,933 | 4,030 |

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2012

(in thousands)
(Unaudited)

| Portfolio Company(1) | Business Description | Type of Investment(2)(3) | Principal(4) | Cost(4) | Fair Value |
|---|---|--|--------------|------------|------------|
| Non-Control/Non-Affiliate Investments(7) | | | | | |
| FC Operating, LLC(10) | Christian Specialty Retail Stores | LIBOR Plus 10.75%, Current Coupon 12.00%, Secured Debt (Maturity November 14, 2017)(9) | 6,000 | 5,883 | 5,916 |
| FishNet Security, Inc.(11) | Information Technology Value-Added Reseller | LIBOR Plus 6.00%, Current Coupon 7.25%, Secured Debt (Maturity November 30, 2017)(9) | 8,000 | 7,921 | 7,960 |
| Flexera Software LLC(11) | Software Licensing | LIBOR Plus 9.75%, Current Coupon 11.00%, Secured Debt (Maturity September 30, 2018)(9) | 3,000 | 2,789 | 3,053 |
| Fram Group Holdings, Inc.(11) | Manufacturer of Automotive Maintenance Products | LIBOR Plus 5.00%, Current Coupon 6.50%, Secured Debt (Maturity July 29, 2017)(9) LIBOR Plus 9.00%, Current Coupon 10.50%, Secured Debt (Maturity January 29, 2018)(9) | 988 1,000 | 984 996 | 989 950 |
| GFA Brands, Inc.(11)(13) | Distributor of Health Food Products | LIBOR Plus 5.75%, Current Coupon 7.00%, Secured Debt (Maturity July 2, 2018)(9) | 6,790 | 6,663 | 6,909 |
| GMACM Borrower LLC(11) | Mortgage Originator and Servicer | LIBOR Plus 6.00%, Current Coupon 7.25%, Secured Debt (Maturity November 13, 2015)(9) | 1,000 | 987 | 1,011 |
| Grede Holdings, LLC(11) | Operator of Iron Foundries | LIBOR Plus 5.50%, Current Coupon 7.00%, Secured Debt (Maturity April 3, 2017)(9) | 5,000 | 4,975 | 5,025 |
| Hayden Acquisition, LLC | Manufacturer of Utility Structures | 8% Secured Debt (Maturity January 1, 2013)(14) | 1,800 | 1,781 | |
| Hearthside Food Solutions, LLC(11) | Contract Food Manufacturer | LIBOR Plus 5.25%, Current Coupon 6.50%, Secured Debt (Maturity June 5, 2018)(9) | 3,990 | 3,953 | 3,980 |
| Heckmann Corporation(11)(13) | Water Treatment and Disposal Services | 9.88% Bond (Maturity April 15, 2018) | 3,500 | 3,500 | 3,588 |

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| | | | | | |
|---|---|---|-------|-------|-------|
| HOA Restaurant Group, LLC(11) | Casual Restaurant Group | 11.25% Bond (Maturity April 1, 2017) | 2,000 | 2,000 | 1,810 |
| Hudson Products Holdings, Inc.(11) | Manufacturer of Heat Transfer Equipment | LIBOR Plus 5.75%, Current Coupon 7.00%, Secured Debt (Maturity June 7, 2017)(9) | 4,000 | 3,961 | 4,015 |
| Hupah Finance Inc.(11) | Manufacturer of Industrial Machinery | LIBOR Plus 5.00%, Current Coupon 6.25%, Secured Debt (Maturity January 19, 2019)(9) | 2,978 | 2,924 | 3,015 |
| Il Fornaio Corporation(11) | Casual Restaurant Group | LIBOR Plus 5.25%, Current Coupon 6.50%, Secured Debt (Maturity June 10, 2017)(9) | 1,822 | 1,815 | 1,836 |
| Insight Pharmaceuticals, LLC(11) | Pharmaceuticals Merchant Wholesalers | LIBOR Plus 5.00%, Current Coupon 6.25%, Secured Debt (Maturity August 25, 2016)(9) | 5,000 | 4,976 | 5,025 |

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2012

(in thousands)
(Unaudited)

| Portfolio Company(1) | Business Description | Type of Investment(2)(3) | Principal(4) | Cost(4) | Fair Value |
|---|--|---|--------------|---------|------------|
| Non-Control/Non-Affiliate Investments(7) | | | | | |
| Ipreo Holdings LLC(11) | Application Software for Capital Markets | LIBOR Plus 6.50%, Current Coupon 8.00%, Secured Debt (Maturity August 5, 2017)(9) | 5,688 | 5,610 | 5,723 |
| iStar Financial Inc.(11)(13) | Real Estate Investment Trust | LIBOR Plus 4.00%, Current Coupon 5.25%, Secured Debt (Maturity March 19, 2016)(9) | 1,444 | 1,422 | 1,461 |
| Ivy Hill Middle Market Credit Fund III, Ltd.(12)(13) | Investment Partnership | LIBOR Plus 6.50%, Current Coupon 6.71%, Secured Debt (Maturity January 15, 2022) | 2,000 | 1,681 | 1,970 |
| Jackson Hewitt Tax Service Inc.(11) | Tax Preparation Services | LIBOR Plus 8.50%, Current Coupon 10.00%, Secured Debt (Maturity October 15, 2017)(9) | 7,500 | 7,211 | 7,281 |
| Kadmon Pharmaceuticals, LLC(10) | Biopharmaceutical Products and Services | LIBOR Plus 13.00% / 12.00% PIK, Current Coupon with PIK 27.00%, Secured Debt (Maturity April 30, 2013)(9) | 6,056 | 6,056 | 6,056 |
| Keypoint Government Solutions, Inc.(11) | Pre-employment Screening Services | LIBOR Plus 6.00%, Current Coupon 7.25%, Secured Debt (Maturity November 13, 2017)(9) | 5,000 | 4,903 | 4,975 |
| Maverick Healthcare Group LLC(10) | Home Healthcare Products and Services | LIBOR Plus 9.00%, Current Coupon 10.75%, Secured Debt (Maturity December 30, 2016)(9) | 4,900 | 4,900 | 4,992 |
| Media Holdings, LLC(11)(13) | Internet Traffic Generator | LIBOR Plus 13.00%, Current Coupon 15.00%, Secured Debt (Maturity April 27, 2014)(9) | 5,000 | 5,332 | 5,000 |
| Medpace Intermediateco, Inc.(11) | Clinical Trial Development and Execution | LIBOR Plus 5.00%, Current Coupon 6.50%, Secured Debt (Maturity June 19, 2017)(9) | 4,612 | 4,557 | 4,427 |
| Metal Services LLC(11) | Steel Mill Services | LIBOR Plus 6.50%, Current Coupon 7.75%, Secured Debt (Maturity June 30, 2017)(9) | 5,000 | 4,902 | 5,038 |
| Metals USA, Inc.(11)(13) | Operator of Metal Service Centers | LIBOR Plus 5.00%, Current Coupon 6.25%, Secured Debt (Maturity December 14, | 7,500 | 7,426 | 7,463 |

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| | | 2019(9) | | | |
|-------------------------------------|---|--|-------|--------------|--------------|
| Milk Specialties Company(11) | Processor of Nutrition Products | LIBOR Plus 5.75%, Current Coupon 7.00%, Secured Debt (Maturity November 9, 2018)(9) | 5,000 | 4,951 | 4,988 |
| Miramax Film NY, LLC(11) | Motion Picture Producer and Distributor | Class B Units (Fully diluted 0.2%) | | 500 | 576 |
| Mmodal, Inc.(11) | Healthcare Equipment and Services | LIBOR Plus 5.50%, Current Coupon 6.75%, Secured Debt (Maturity August 16, 2019)(9) | 3,990 | 3,940 | 3,850 |
| Modern VideoFilm, Inc.(10) | Post-Production Film Studio | LIBOR Plus 9.00%, Current Coupon 10.50%, Secured Debt (Maturity December 19, 2017)(9) Warrants (Fully diluted 1.5%) | 5,005 | 4,780 150 | 4,780 150 |
| | | | | 4,930 | 4,930 |

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Table of Contents**MAIN STREET CAPITAL CORPORATION****CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)****December 31, 2012****(in thousands)
(Unaudited)**

| Portfolio Company(1) | Business Description | Type of Investment(2)(3) | Principal(4) | Cost(4) | Fair Value |
|---|--|---|---------------------|----------------|-------------------|
| Non-Control/Non-Affiliate Investments(7) | | | | | |
| Mood Media Corporation(11)(13) | Music Programming and Broadcasting | LIBOR Plus 5.50%, Current Coupon 7.00%, Secured Debt (Maturity May 6, 2018)(9) | 1,775 | 1,759 | 1,780 |
| National Healing Corporation(11) | Wound Care Management | LIBOR Plus 10.00%, Current Coupon 11.50%, Secured Debt (Maturity November 30, 2018)(9) Common Equity (Fully diluted 0.02%) | 1,500 | 1,422 50 | 1,545 50 |
| | | | | 1,472 | 1,595 |
| National Vision, Inc.(11) | Discount Optical Retailer | LIBOR Plus 5.75%, Current Coupon 7.00%, Secured Debt (Maturity August 2, 2018)(9) | 3,226 | 3,179 | 3,274 |
| NCI Building Systems, Inc.(11) | Non-Residential Building Products Manufacturer | LIBOR Plus 6.75%, Current Coupon 8.00%, Secured Debt (Maturity May 2, 2018)(9) | 2,450 | 2,335 | 2,455 |
| NCP Investment Holdings, Inc. | Management of Outpatient Cardiac Cath Labs | Class A and C Units (Fully diluted 3.3%)(8) | | 20 | 2,474 |
| NGPL PipeCo, LLC(11) | Natural Gas Pipelines and Storage Facilities | LIBOR Plus 5.50%, Current Coupon 6.75%, Secured Debt (Maturity September 15, 2017)(9) | 8,679 | 8,548 | 8,901 |
| North American Breweries Holdings, LLC(11) | Operator of Specialty Breweries | LIBOR Plus 6.25%, Current Coupon 7.50%, Secured Debt (Maturity December 11, 2018)(9) | 4,000 | 3,921 | 4,020 |
| Northland Cable Television, Inc.(11) | Television Broadcasting | LIBOR Plus 6.00%, Current Coupon 7.75%, Secured Debt (Maturity December 30, 2016)(9) | 4,812 | 4,710 | 4,692 |
| Oberthur Technologies SA(11)(13) | Smart Card, Printing, Identity, and Cash Protection Security | LIBOR Plus 5.00%, Current Coupon 6.25%, Secured Debt (Maturity November 30, 2018)(9) | 6,965 | 6,648 | 6,913 |
| Oneida Ltd.(11) | Household Products Manufacturer | LIBOR Plus 7.75%, Current Coupon 9.25%, Secured Debt (Maturity September 25, 2017)(9) | 1,933 | 1,899 | 1,904 |

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| | | | | | |
|---|---|--|-------|-------|-------|
| Panolam Industries International, Inc.(11) | Decorative Laminate Manufacturer | LIBOR Plus 6.00%, Current Coupon 7.25%, Secured Debt (Maturity August 23, 2017)(9) | 4,048 | 4,010 | 4,038 |
| Peppermill Casinos, Inc.(11) | Operator of Casinos and Gaming Operations | LIBOR Plus 6.00%, Current Coupon 7.25%, Secured Debt (Maturity November 2, 2018)(9) | 2,295 | 2,204 | 2,246 |
| Phillips Plastic Corporation(11) | Custom Molder of Plastics and Metals | LIBOR Plus 5.00%, Current Coupon 6.50%, Secured Debt (Maturity February 12, 2017)(9) | 1,728 | 1,714 | 1,723 |
| Physician Oncology Services, L.P.(11) | Provider of Radiation Therapy and Oncology Services | LIBOR Plus 6.25%, Current Coupon 7.75%, Secured Debt (Maturity January 31, 2017)(9) | 942 | 935 | 904 |
| PL Propylene LLC(11)(13) | Propylene Producer | LIBOR Plus 5.75%, Current Coupon 7.00%, Secured Debt (Maturity March 27, 2017)(9) | 3,970 | 3,901 | 4,035 |

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2012

(in thousands)
(Unaudited)

| Portfolio Company(1) | Business Description | Type of Investment(2)(3) | Principal(4) | Cost(4) | Fair Value |
|---|--|---|----------------|-----------------------|-----------------------|
| Non-Control/Non-Affiliate Investments(7) | | | | | |
| Preferred Proppants, LLC(11) | Producer of Sand Based Proppants | LIBOR Plus 6.00%, Current Coupon 7.50%, Secured Debt (Maturity December 15, 2016)(9) | 5,942 | 5,823 | 5,526 |
| ProQuest LLC(11) | Academic Research Portal | LIBOR Plus 4.75%, Current Coupon 6.00%, Secured Debt (Maturity April 13, 2018)(9) | 4,963 | 4,918 | 4,997 |
| PRV Aerospace, LLC(11) | Aircraft Equipment Manufacturer | LIBOR Plus 5.25%, Current Coupon 6.50%, Secured Debt (Maturity May 9, 2018)(9) | 5,972 | 5,917 | 5,987 |
| Radio One, Inc.(11) | Radio Broadcasting | LIBOR Plus 6.00%, Current Coupon 7.50%, Secured Debt (Maturity March 31, 2016)(9) | 2,932 | 2,891 | 2,983 |
| Relativity Media, LLC(10) | Full-scale Film and Television Production and Distribution | 10.00% Secured Debt (Maturity May 24, 2015) 15.00% PIK Secured Debt (Maturity May 24, 2015) Class A Units (Fully diluted 0.2%) | 4,904 5,477 | 4,825 5,214 292 | 5,087 5,294 292 |
| | | | | 10,331 | 10,673 |
| Sabre Industries, Inc.(11) | Manufacturer of Telecom Structures and Equipment | LIBOR Plus 5.75%, Current Coupon 7.00%, Secured Debt (Maturity August 24, 2018)(9) | 6,500 | 6,407 | 6,565 |
| Shale-Inland Holdings, LLC(11) | Distributor of Pipe, Valves, and Fittings | 8.75% Bond (Maturity November 15, 2019) | 3,000 | 3,000 | 3,143 |
| Sonneborn, LLC(11) | Specialty Chemicals Manufacturer | LIBOR Plus 5.00%, Current Coupon 6.50%, Secured Debt (Maturity March 30, 2018)(9) | 2,978 | 2,924 | 3,030 |
| Sourcehov LLC(11) | Business Process Services | LIBOR Plus 5.38%, Current Coupon 6.63%, Secured Debt (Maturity April 28, 2017)(9) LIBOR Plus 9.25%, Current Coupon 10.50%, Secured Debt (Maturity April 30, 2018)(9) | 2,955 5,000 | 2,874 4,537 | 2,921 4,581 |
| | | | | 7,411 | 7,502 |
| Surgery Center Holdings, Inc.(11) | Ambulatory Surgical Centers | | 4,881 | 4,863 | 4,857 |

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| | | | | | |
|---|---|--|--------|---------------|---------------|
| | | LIBOR Plus 5.00%, Current Coupon 6.50%, Secured Debt (Maturity February 6, 2017)(9) | | | |
| The Tennis Channel, Inc.(10) | Television-Based Sports Broadcasting | LIBOR Plus 6% / 4% PIK, Current Coupon with PIK 14%, Secured Debt (Maturity June 30, 2013)(9) Warrants (Fully diluted 0.1%) | 11,050 | 12,776 235 | 12,776 235 |
| | | | | 13,011 | 13,011 |
| Totes Isotoner Corporation(11) | Weather Accessory Retail | LIBOR Plus 5.75%, Current Coupon 7.25%, Secured Debt (Maturity July 7, 2017)(9) | 4,717 | 4,642 | 4,729 |
| TriNet HR Corporation(11)(13) | Outsourced Human Resources Solutions | LIBOR Plus 5.25%, Current Coupon 6.50%, Secured Debt (Maturity October 24, 2018)(9) | 3,000 | 3,000 | 3,011 |
| UniTek Global Services, Inc.(11) | Provider of Outsourced Infrastructure Services | LIBOR Plus 7.50%, Current Coupon 9.00%, Secured Debt (Maturity April 15, 2018)(9) | 4,379 | 4,268 | 4,308 |

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2012

(in thousands)
(Unaudited)

| Portfolio Company(1) | Business Description | Type of Investment(2)(3) | Principal(4) | Cost(4) | Fair Value |
|---|---|--|--------------|---------|------------|
| Non-Control/Non-Affiliate Investments(7) | | | | | |
| Universal Fiber Systems, LLC(10) | Manufacturer of Synthetic Fibers | LIBOR Plus 5.75%, Current Coupon 7.50%, Secured Debt (Maturity June 26, 2015)(9) | 5,274 | 5,182 | 5,195 |
| US Xpress Enterprises, Inc.(11) | Truckload Carrier | LIBOR Plus 7.50%, Current Coupon 9.00%, Secured Debt (Maturity November 13, 2016)(9) | 6,500 | 6,374 | 6,484 |
| Vantage Specialties, Inc.(11) | Manufacturer of Specialty Chemicals | LIBOR Plus 5.50%, Current Coupon 7.00%, Secured Debt (Maturity February 10, 2018)(9) | 3,970 | 3,900 | 4,000 |
| VFH Parent LLC(11) | Electronic Trading and Market Making | LIBOR Plus 6.00%, Current Coupon 7.50%, Secured Debt (Maturity July 8, 2016)(9) | 3,394 | 3,344 | 3,404 |
| Visant Corporation(11) | School Affinity Stores | LIBOR Plus 4.00%, Current Coupon 5.25%, Secured Debt (Maturity December 22, 2016)(9) | 3,923 | 3,923 | 3,575 |
| Vision Solutions, Inc.(11) | Provider of Information Availability Software | LIBOR Plus 4.50%, Current Coupon 6.00%, Secured Debt (Maturity July 23, 2016)(9) | 2,506 | 2,325 | 2,340 |
| | | LIBOR Plus 8.00%, Current Coupon 9.50%, Secured Debt (Maturity July 23, 2017)(9) | 5,000 | 4,962 | 4,875 |
| | | | | 7,287 | 7,215 |
| Walter Investment Management Corp.(11)(13) | Real Estate Services | LIBOR Plus 4.50%, Current Coupon 5.75%, Secured Debt (Maturity November 28, 2017)(9) | 2,469 | 2,444 | 2,484 |
| Western Dental Services, Inc.(11) | Dental Care Services | LIBOR Plus 7.00%, Current Coupon 8.25%, Secured Debt (Maturity November 1, 2018)(9) | 5,000 | 4,853 | 4,894 |
| Wilton Brands LLC(11) | Specialty Housewares Retailer | LIBOR Plus 6.25%, Current Coupon 7.50%, Secured Debt (Maturity August 30, 2018)(9) | 1,975 | 1,937 | 2,000 |
| Wireco Worldgroup Inc.(11) | Manufacturer of Synthetic Lifting Products | LIBOR Plus 4.75%, Current Coupon 6.00%, Secured Debt (Maturity February 15, 2017)(9) | 2,494 | 2,471 | 2,550 |
| WP CPP Holdings, LLC(11) | Manufacturer of Aerospace and | | | | |

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| | | | | | |
|--|--|--|-------|----------------|----------------|
| | Defense Components | LIBOR Plus 4.50%, Current Coupon 5.75%, Secured Debt (Maturity December 28, 2019)(9) | 4,000 | 3,960 | 4,020 |
| Zilliant Incorporated | Price Optimization and Margin Management Solutions | 12% Secured Debt (Maturity June 15, 2017) Warrants (Fully diluted 3.0%) | 8,000 | 6,866 1,071 | 6,866 1,071 |
| | | | | 7,937 | 7,937 |
| Subtotal Non-Control/Non-Affiliate Investments (49.1% of total investments at fair value) | | | | 456,975 | 467,543 |
| Main Street Capital Partners, LLC (Investment Manager) | Asset Management | 100% of Membership Interests | | 2,668 | |
| Total Portfolio Investments, December 31, 2012 | | | | 819,733 | 924,431 |

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MAIN STREET CAPITAL CORPORATION

CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2012

(in thousands)
(Unaudited)

| Portfolio Company(1) | Business Description | Type of Investment(2)(3) | Principal(4) | Cost(4) | Fair Value |
|--|---|--|--------------|------------|------------|
| Non-Control/Non-Affiliate Investments(7) | | | | | |
| <i>Marketable Securities and Idle Funds Investments</i> | | | | | |
| | Investments in Marketable Securities and Diversified, Registered Bond Funds | | | | |
| Ceridian Corporation(13) | | LIBOR Plus 5.75%, Current Coupon 5.96%, Secured Debt (Maturity May 9, 2017) | 10,000 | 10,025 | 10,013 |
| Compass Investors Inc.(13) | | LIBOR Plus 4.00%, Current Coupon 5.25%, Secured Debt (Maturity December 27, 2019)(9) | 7,000 | 7,005 | 6,994 |
| First Data Corporation(13) | | LIBOR Plus 4.00%, Current Coupon 4.21%, Secured Debt (Maturity March 23, 2018) | 5,000 | 4,763 | 4,767 |
| Toll Road Investors Partnership II, LP Bond(13) | | Zero Coupon Bond (Maturity February 15, 2033) | 7,500 | 1,742 | 1,834 |
| Univision Communications Inc.(13) | | LIBOR Plus 4.25%, Current Coupon 4.46%, Secured Debt (Maturity March 31, 2017) | 5,000 | 4,934 | 4,927 |
| Subtotal Marketable Securities and Idle Funds Investments (3.0% of total investments at fair value) | | | | 28,469 | 28,535 |
| Total Investments, December 31, 2012 | | | | \$ 848,202 | \$ 952,966 |

- (1) All investments are Lower Middle Market portfolio investments, unless otherwise noted.
- (2) Debt investments are generally income producing, unless otherwise noted. Equity and warrants are non-income producing, unless otherwise noted.
- (3) See Note C Fair Value Hierarchy for Investments and Debentures Portfolio Investment Composition for summary geographic location of portfolio companies.
- (4) Principal is net of prepayments. Cost is net of prepayments and accumulated unearned income.

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- (5) Control investments are defined by the Investment Company Act of 1940, as amended ("1940 Act") as investments in which more than 25% of the voting securities are owned or where the ability to nominate greater than 50% of the board representation is maintained.
- (6) Affiliate investments are defined by the 1940 Act as investments in which between 5% and 25% of the voting securities are owned and the investments are not classified as Control investments.
- (7) Non-Control/Non-Affiliate investments are defined by the 1940 Act as investments that are neither Control investments nor Affiliate investments.
- (8) Income producing through dividends or distributions.
- (9) Index based floating interest rate is subject to contractual minimum interest rate.
- (10) Private Loan portfolio investment. See Note C Fair Value Hierarchy for Investments and Debentures Portfolio Investment Composition for the definition of the term Private Loan.
- (11) Middle Market portfolio investment. See Note C Fair Value Hierarchy for Investments and Debentures Portfolio Investment Composition for the definition of the term Middle Market.
- (12) Other Portfolio investment. See Note C Fair Value Hierarchy for Investments and Debentures Portfolio Investment Composition for the definition of the term Other Portfolio.
- (13) Investment is not a qualifying asset as defined under Section 55(a) of the 1940 Act. Qualifying assets must represent at least 70% of total assets at the time of acquisition of any additional non-qualifying assets.
- (14) Fully impaired and non-income producing investment.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

NOTE A ORGANIZATION AND BASIS OF PRESENTATION

1. Organization

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

On January 7, 2010, MSCC consummated transactions (the "Exchange Offer") to exchange 1,239,695 shares of its common stock for approximately 88% of the total dollar value of the limited partner interests in Main Street Capital II, LP ("MSC II" and, together with MSMF, the "Funds"). Pursuant to the terms of the Exchange Offer, 100% of the membership interests in the general partner of MSC II, Main Street Capital II GP, LLC ("MSC II GP"), were also transferred to MSCC for no consideration. MSC II commenced operations in January 2006, is an investment fund that operates as an SBIC and is also managed by the Investment Manager. During the first quarter of 2012, MSCC exchanged 229,634 shares of its common stock to acquire all of the remaining minority ownership in the total dollar value of the MSC II limited partnership interests, including approximately 5% owned by affiliates of MSCC (the "Final MSC II Exchange"). After the completion of the Final MSC II Exchange, MSCC owns 100% of MSC II. The Exchange Offer and related transactions, including the transfer of the MSC II GP interests and the Final MSC II Exchange, are collectively termed the "Exchange Offer Transactions."

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

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

Unless otherwise noted or the context otherwise indicates, the terms "we," "us," "our" and "Main Street" refer to MSCC and its consolidated subsidiaries, which include the Funds, the Taxable Subsidiaries and, beginning April, 1 2013, the Investment Manager (see Note A.2. for further discussion).

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE A ORGANIZATION AND BASIS OF PRESENTATION (Continued)

2. Basis of Presentation

Main Street's financial statements are prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). For the three months ended March 31, 2013 and the three and six months ended June 30, 2012, Main Street's consolidated financial statements include the accounts of MSCC and its consolidated subsidiaries, which include the Funds and the Taxable Subsidiaries. Beginning April 1, 2013, and for all periods thereafter, Main Street's consolidated financial statements also include the balance sheet and income statement accounts and other information of the Investment Manager reflected as a consolidated subsidiary (see further discussion below). The Investment Portfolio, as used herein, refers to all of Main Street's LMM portfolio investments, Middle Market portfolio investments, Private Loan portfolio investments, Other Portfolio investments and, for all periods up to and including March 31, 2013, the investment in the Investment Manager, but excludes all "Marketable securities and idle funds investments", and for all periods after March 31, 2013, the Investment Portfolio also excludes the Investment Manager (see Note C Fair Value Hierarchy for Investments and Debentures Portfolio Investment Composition for additional discussion of Main Street's Investment Portfolio composition and definitions for the terms LMM, Middle Market, Private Loan and Other Portfolio). For all periods up to and including the period ending March 31, 2013, the Investment Manager was accounted for as a portfolio investment (see Note D) and was not consolidated with MSCC and its consolidated subsidiaries. For all periods after March 31, 2013, the Investment Manager is consolidated with MSCC and its other consolidated subsidiaries. "Marketable securities and idle funds investments" are classified as financial instruments and are reported separately on Main Street's Consolidated Balance Sheets and Consolidated Schedule of Investments due to the nature of such investments (see Note B.11.). Main Street's results of operations for the three and six months ended June 30, 2013 and 2012, cash flows for the six months ended June 30, 2013 and 2012, and financial position as of June 30, 2013 and December 31, 2012, 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 presentation, including certain investments previously included as part of the LMM portfolio or Middle Market portfolio that are now classified as part of the Private Loan portfolio and the reclassification of Investment Portfolio and Marketable securities and idle funds investment related activity from cash flows from investing activities to cash flows from operating activities.

The accompanying unaudited consolidated financial statements of Main Street are presented in conformity with U.S. GAAP for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Article 10 of Regulation S-X. Accordingly, certain disclosures accompanying annual financial statements prepared in accordance with U.S. GAAP are omitted. In the opinion of management, the unaudited consolidated financial results included herein contain all adjustments, consisting solely of normal recurring accruals, considered necessary for the fair presentation of financial statements for the interim periods included herein. The results of operations for the three and six months ended June 30, 2013 and June 30, 2012 are not necessarily indicative of the operating results to be expected for the full year. Also, the unaudited financial statements and notes should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2012. Financial statements prepared on a U.S. GAAP basis require management to make estimates and assumptions that affect the amounts and disclosures reported in

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE A ORGANIZATION AND BASIS OF PRESENTATION (Continued)

the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

Under the investment company rules and regulations pursuant to Article 6 of Regulation S-X and the Audit and Accounting Guide for Investment Companies issued by the American Institute of Certified Public Accountants (the "AICPA Guide"), Main Street is precluded from consolidating portfolio company investments, including those in which it has a controlling interest, unless the portfolio company is another investment company. An exception to this general principle in the AICPA Guide occurs if Main Street holds a controlling interest in an operating company that provides all or substantially all of its services directly to Main Street or to an investment company of Main Street. None of the portfolio investments made by Main Street qualify for this exception, except as discussed below with respect to the Investment Manager. Therefore, Main Street's Investment Portfolio is carried on the balance sheet at fair value, as discussed further in Note B, with any adjustments to fair value recognized as "Net Change in Unrealized Appreciation (Depreciation)" on the Statement of Operations until the investment is realized, usually upon exit, resulting in any gain or loss being recognized as a "Net Realized Gain (Loss) from Investments." For all periods prior to and including March 31, 2013, the Investment Manager was accounted for as a portfolio investment and included as part of the Investment Portfolio in the consolidated financial statements of Main Street (see Note D for further discussion of the Investment Manager). The Investment Manager was consolidated with MSCC and its other consolidated subsidiaries prospectively beginning April 1, 2013 as the controlled operating subsidiary was providing substantially all of its services directly or indirectly to Main Street or its portfolio companies.

Portfolio Investment Classification

Main Street classifies its Investment Portfolio in accordance with the requirements of the 1940 Act. Under the 1940 Act, (a) "Control Investments" are defined as investments in which Main Street owns more than 25% of the voting securities or has rights to maintain greater than 50% of the board representation, (b) "Affiliate Investments" are defined as investments in which Main Street owns between 5% and 25% of the voting securities and does not have rights to maintain greater than 50% of the board representation, and (c) "Non-Control/Non-Affiliate Investments" are defined as investments that are neither Control Investments nor Affiliate Investments. The line item on Main Street's Consolidated Balance Sheets entitled "Investment in affiliated Investment Manager" represents Main Street's investment in the Investment Manager that was accounted for as a part of the Investment Portfolio through the period ended March 31, 2013. As discussed further above, the Investment Manager was consolidated beginning April 1, 2013 and is no longer accounted for as a part of the Investment Portfolio.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Valuation of the Investment Portfolio

Main Street accounts for its Investment Portfolio at fair value. As a result, Main Street follows the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("Codification" or "ASC") 820, *Fair Value Measurements and Disclosures* ("ASC 820"). ASC 820 defines

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements. ASC 820 requires Main Street to assume that the portfolio investment is to be sold in the principal market to independent market participants, which may be a hypothetical market. Market participants are defined as buyers and sellers in the principal market that are independent, knowledgeable, and willing and able to transact.

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

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

For LMM portfolio investments, Main Street reviews external events, including private mergers, sales and acquisitions involving comparable companies, and includes these events in the valuation process. For Middle Market portfolio investments, Main Street primarily uses observable inputs such as quoted prices in the valuation process. For Middle Market portfolio investments for which sufficient observable inputs are not available to determine fair value, Main Street generally uses a combination of observable inputs through obtaining third party quotes or other independent pricing and an approach similar to the income approach using a yield-to-maturity model used to value its LMM portfolio debt investments.

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

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

income, revenues, or in limited cases, book value. There is no single methodology for estimating enterprise value. For any one portfolio company, enterprise value is generally described as a range of values from which a single estimate of enterprise value is derived. In estimating the enterprise value of a portfolio company, Main Street analyzes various factors including the portfolio company's historical and projected financial results. Main Street allocates the enterprise value to investments in order of the legal priority of the various components of the portfolio company's capital structure. Main Street will also use the income approach to determine the fair value of these securities, based on projections of the discounted future free cash flows that the portfolio company or the debt security will likely generate and which includes using a yield-to-maturity 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. The valuation approaches for Main Street's control LMM portfolio investments estimate the value of the investment if Main Street were to sell, or exit, the investment. In addition, these valuation approaches consider the value associated with Main Street's ability to control the capital structure of the portfolio company, as well as the timing of a potential exit.

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

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

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Main Street's investments in new LMM portfolio companies, at least once in the twelve-month period subsequent to the initial investment. In certain instances, Main Street may determine that it is not cost-effective, and as a result is not in its stockholders' best interest, to consult with the nationally recognized independent advisor on its investments in one or more LMM portfolio companies. Such instances include, but are not limited to, situations where the fair value of Main Street's investment in a LMM portfolio company is determined to be insignificant relative to the total Investment Portfolio. Main Street consulted with its independent advisor in arriving at Main Street's determination of fair value on its investments in a total of 26 LMM portfolio companies for the six months ended June 30, 2013, representing approximately 40.2% of the total LMM portfolio at fair value as of June 30, 2013 and on a total of 22 LMM portfolio companies for the six months ended June 30, 2012, representing approximately 39.7% of the total LMM portfolio and investment in the affiliated Investment Manager at fair value as of June 30, 2012.

For valuation purposes, all of Main Street's Middle Market portfolio investments are non-control investments for which Main Street does not have a controlling interest in the portfolio company or the ability to nominate a majority of the portfolio company's board of directors. Main Street primarily uses observable inputs to determine the fair value of these investments through obtaining third party quotes or other independent pricing, to the extent such sufficient observable inputs are available to determine fair value. For Middle Market portfolio investments for which sufficient observable inputs are not available to determine fair value, Main Street generally uses a combination of observable inputs through obtaining third party quotes or other independent pricing and an approach similar to the income approach using a yield-to-maturity model used to value its LMM portfolio debt investments.

For valuation purposes, all of Main Street's Private Loan portfolio investments are non-control investments for which Main Street does not have a controlling interest in the portfolio company or the ability to nominate a majority of the portfolio company's board of directors. As sufficient observable inputs to determine the fair value of these Private Loan portfolio investments through obtaining third party pricing or other independent pricing are not generally available, Main Street generally uses a combination of observable inputs through obtaining third party quotes or other independent pricing and an approach similar to the income approach using a yield-to-maturity model used to value its LMM portfolio debt investments.

For valuation purposes, all of Main Street's Other Portfolio investments are non-control investments for which Main Street generally does not have a controlling interest in the portfolio company or the ability to nominate a majority of the portfolio company's board of directors. Main Street's Other Portfolio investments comprised 3.1% and 2.6%, respectively, of Main Street's Investment Portfolio at fair value as of June 30, 2013 and December 31, 2012. Similar to the LMM investment portfolio, market quotations for Other Portfolio equity investments are generally not readily available. For its Other Portfolio equity investments, Main Street determines the fair value based on the fair value of the portfolio company as determined by independent third parties and based on Main Street's proportional ownership in the portfolio company, as well as the financial position and assessed risk of each of these portfolio investments. For Other Portfolio debt investments with observable inputs, Main Street determines the fair value of these investments through obtaining third party quotes or other independent pricing, to the extent sufficient observable inputs are available to determine fair value. To the extent such observable inputs are not available, Main Street values these Other Portfolio

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

debt investments through an approach similar to the income approach using a yield-to-maturity model used to value its LMM portfolio debt investments.

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

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

The Board of Directors of Main Street has the final responsibility for reviewing and approving, in good faith, Main Street's determination of the fair value for its Investment Portfolio consistent with the 1940 Act requirements. Main Street believes its Investment Portfolio as of June 30, 2013 and December 31, 2012 approximates fair value as of those dates based on the markets in which Main Street operates and other conditions in existence on those reporting dates.

2. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results may differ from these estimates under different conditions or assumptions. Additionally, as explained in Note B.1., the financial statements include investments in the Investment Portfolio whose values have been estimated by Main Street with the oversight, review and approval by Main Street's Board of Directors in the absence of readily ascertainable market values. Because of the inherent uncertainty of the portfolio investment valuations, those estimated values may differ significantly from the values that would have been used had a readily available market for the investments existed, and it is reasonably possible that the differences could be material.

3. Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with an original maturity of three months or less at the date of purchase. Cash and cash equivalents are carried at cost, which approximates fair value.

At June 30, 2013, cash balances totaling \$36.8 million exceeded FDIC insurance protection levels, subjecting the Company to risk related to the uninsured balance. All of the Company's cash deposits are held at large established high credit quality financial institutions and management believes that the risk of loss associated with any uninsured balances is remote.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Marketable Securities and Idle Funds Investments

Marketable securities and idle funds investments include investments in intermediate-term secured debt and independently rated debt investments. See the "Consolidated Schedule of Investments" for more information on Marketable securities and idle funds investments.

5. Interest, Dividend and Fee Income (Structuring and Advisory Services)

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

Main Street holds debt and preferred equity instruments in its Investment Portfolio that contain payment-in-kind ("PIK") interest and cumulative dividend provisions. The PIK interest, computed at the contractual rate specified in each debt agreement, is periodically added to the principal balance of the debt and is recorded as interest income. Thus, the actual collection of this interest may be deferred until the time of debt principal repayment. Cumulative dividends are recorded as dividend income, and any dividends in arrears are added to the balance of the preferred equity investment. The actual collection of these dividends in arrears may be deferred until such time as the preferred equity is redeemed. To maintain RIC tax treatment (as discussed in Note B.9. below), these non-cash sources of income may need to be paid out to stockholders in the form of distributions, even though Main Street may not have collected the PIK interest and cumulative dividends in cash. For the three months ended June 30, 2013 and 2012, (i) approximately 3.7%, and 3.9%, respectively, of Main Street's total investment income was attributable to PIK interest income not paid currently in cash and (ii) approximately 1.0%, and 0.3%, respectively, of Main Street's total investment income was attributable to cumulative dividend income not paid currently in cash. For the six months ended June 30, 2013 and 2012, (i) approximately 4.4%, and 3.7%, respectively, of Main Street's total investment income was attributable to PIK interest income not paid currently in cash and (ii) approximately 0.9%, and 0.3%, respectively, of Main Street's total investment income was attributable to cumulative dividend income not paid currently in cash.

As of June 30, 2013, Main Street had one investment with positive fair value on non-accrual status, which comprised approximately 0.2% of the total Investment Portfolio at fair value and, together with another fully impaired investment, comprised approximately 0.7% of the total Investment Portfolio at cost. As of December 31, 2012, Main Street had no investments with positive fair value on non-accrual status and one fully impaired investment which comprised approximately 0.2% of the total Investment Portfolio at cost, excluding the investment in the affiliated Investment Manager.

Table of Contents**MAIN STREET CAPITAL CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)****NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Main Street has received the following types of income from its Investment Portfolio:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|--------------------------------|-----------|------------------------------|-----------|
| | 2013 | 2012 | 2013 | 2012 |
| | (dollars in thousands) | | (dollars in thousands) | |
| Interest, fee and dividend income: | | | | |
| Interest income | \$ 22,858 | \$ 16,477 | \$ 44,343 | \$ 33,666 |
| Fee income | 1,379 | 1,680 | 2,805 | 2,757 |
| Dividend income | 3,193 | 2,168 | 5,615 | 3,489 |
| Total interest, fee and dividend income | \$ 27,430 | \$ 20,325 | \$ 52,763 | \$ 39,912 |

6. Deferred Financing Costs

Deferred financing costs include SBIC debenture commitment fees and SBIC debenture leverage fees on the SBIC debentures which are not accounted for under the fair value option under ASC 825 (as discussed further in Note B.11.). These fees range between 3.4% and 3.5% of the total commitment and draw amounts, as applicable. These deferred financing costs have been capitalized and are being amortized into interest expense over the term of the debenture agreement (ten years).

Deferred financing costs also include commitment fees and other costs related to our multi-year investment credit facility (the "Credit Facility", as discussed further in Note F). These costs have been capitalized and are amortized into interest expense over their respective terms.

7. Unearned Income Debt Origination Fees and Original Issue Discount and Discounts / Premiums to Par Value

Main Street capitalizes debt origination fees received in connection with financings and reflects such fees as unearned income netted against the applicable debt investments. The unearned income from the fees is accreted into interest income based on the effective interest method over the life of the financing.

In connection with its portfolio debt investments, Main Street sometimes receives nominal cost warrants ("nominal cost equity") that are valued as part of the negotiation process with the particular portfolio company. When Main Street receives nominal cost equity, Main Street allocates its cost basis in its investment between its debt security and its nominal cost equity at the time of origination based on amounts negotiated with the particular portfolio company. The allocated amounts are based upon the fair value of the nominal cost equity, which is then used to determine the allocation of cost to the debt security. Any discount recorded on a debt investment resulting from this allocation is reflected as

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

unearned income, which is netted against the applicable debt investment, and accreted into interest income based on the effective interest method over the life of the debt investment. The actual collection of this interest is deferred until the time of debt principal repayment.

Main Street may also purchase debt securities at a discount or at a premium to the par value of the debt security. In the case of a purchase at a discount, Main Street records the investment at the par value of the debt security net of the discount, and the discount is accreted into interest income based on the effective interest method over the life of the debt investment. In the case of a purchase at a premium, Main Street records the investment at the par value of the debt security plus the premium, and the premium is amortized as a reduction to interest income based on the effective interest method over the life of the debt investment.

To maintain RIC tax treatment (as discussed below in Note B.9.), these non-cash sources of income may need to be paid out to stockholders in the form of distributions, even though Main Street may not have collected the interest income. For the three months ended June 30, 2013 and 2012, approximately 3.3% and 3.8%, respectively, of Main Street's total investment income was attributable to interest income from the accretion of discounts, net of any premium reduction, associated with debt investments. For the six months ended June 30, 2013 and 2012, approximately 3.1% and 3.7%, respectively, of Main Street's total investment income was attributable to interest income for the accretion of discounts, net of any premium reduction, associated with debt investments.

8. Share-Based Compensation

Main Street accounts for its share-based compensation plans using the fair value method, as prescribed by ASC 718, *Compensation Stock Compensation*. Accordingly, for restricted stock awards, Main Street measures the grant date fair value based upon the market price of its common stock on the date of the grant and amortizes the fair value of the awards as share-based compensation expense over the requisite service period or vesting term.

9. Income Taxes

MSCC has elected and intends to continue to qualify for the tax treatment applicable to a RIC under the Code, and, among other things, intends to make the required distributions to its stockholders as specified therein. In order to qualify as a RIC, MSCC is required to timely distribute to its stockholders at least 90% of investment company taxable income, as defined by the Code, each year. Depending on the level of taxable income earned in a tax year, MSCC may choose to carry forward taxable income in excess of current year distributions into the next tax year and pay a 4% excise tax on such income. As part of maintaining RIC status, undistributed taxable income (subject to a 4% excise tax) pertaining to a given fiscal year may be distributed up to 12 months subsequent to the end of that fiscal year, provided such dividends are declared prior to the filing of the federal income tax return for the prior year.

The Taxable Subsidiaries hold certain portfolio investments of Main Street. The Taxable Subsidiaries are consolidated for U.S. GAAP reporting purposes, and the portfolio investments held by them are included in the consolidated financial statements. The Taxable Subsidiaries permit Main Street to hold equity investments in portfolio companies which are "pass through" entities for tax

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

purposes and continue 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, and the related tax assets and liabilities are reflected in Main Street's consolidated financial statements.

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

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

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

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

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

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Fair Value of Financial Instruments

Fair value estimates are made at discrete points in time based on relevant information. These estimates may be subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Main Street believes that the carrying amounts of its financial instruments, consisting of cash and cash equivalents, receivables, accounts payable and accrued liabilities approximate the fair values of such items due to the short term nature of these instruments. Marketable securities and idle funds investments may include investments in certificates of deposit, U.S. government agency securities, independently rated debt investments, diversified bond funds, and publicly traded debt and equity investments and the fair value determination for these investments under the provisions of ASC 820 generally consists of Level 1 and 2 observable inputs, similar in nature to those discussed further in Note C.

As part of the Exchange Offer, Main Street elected the fair value option under ASC 825, *Financial Instruments* ("ASC 825") relating to accounting for debt obligations at their fair value, for the MSC II SBIC debentures acquired (the "Acquired Debentures") as part of the acquisition accounting related to the Exchange Offer and valued those obligations as discussed further in Note C. In order to provide for a more consistent basis of presentation, Main Street has continued to elect the fair value option for SBIC debentures issued by MSC II subsequent to the Exchange Offer. When the fair value option is elected for a given SBIC debenture, the deferred loan costs associated with the debenture are fully expensed in the current period to "Net Change in Unrealized Appreciation (Depreciation) SBIC debentures" as part of the fair value adjustment. Interest incurred in connection with SBIC debentures which are valued at fair value is included in interest expense.

12. Earnings per Share

Basic and diluted per share calculations are computed utilizing the weighted average number of shares of common stock outstanding for the period. Main Street adopted the amended guidance in ASC 260, *Earnings Per Share*, and based on the guidance, the unvested shares of restricted stock are participating securities and are included in the basic earnings per share calculation. As a result, for all periods presented, there is no difference between diluted earnings per share and basic earnings per share amounts.

As a result of the Exchange Offer which left a minority portion of MSC II's equity interests owned by certain non-Main Street entities for the periods prior to March 31, 2012, the net earnings of MSC II attributable to the remaining noncontrolling interest in MSC II are excluded from all per share amounts presented, and the per share amounts only reflect the net earnings attributable to Main Street's ownership interest in MSC II for the periods prior to March 31, 2012. During the first quarter of 2012, MSCC completed the Final MSC II Exchange to acquire all of the minority portion of MSC II's equity interests not already owned by MSCC. The impact of the noncontrolling interests in MSC II for the three months ended March 31, 2012 is insignificant and has no impact on the reported per share results for the three months ended March 31, 2012 or any other period presented. As a result of the Final MSC II Exchange, subsequent to March 31, 2012, the non-controlling interest in MSC II no longer exists.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. Recently Issued Accounting Standards

From time to time, new accounting pronouncements are issued by the FASB or other standards setting bodies that are adopted by Main Street as of the specified effective date. Main Street believes that the impact of recently issued standards that are not yet effective will not have a material impact on its financial statements upon adoption.

NOTE C FAIR VALUE HIERARCHY FOR INVESTMENTS AND DEBENTURES PORTFOLIO COMPOSITION

ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and enhances disclosure requirements for fair value measurements. Main Street accounts for its investments at fair value.

Fair Value Hierarchy

In accordance with ASC 820, Main Street has categorized its investments based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical investments (Level 1) and the lowest priority to unobservable inputs (Level 3).

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

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

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

Quoted prices for similar assets in active markets (for example, investments in restricted stock);

Quoted prices for identical or similar assets in non-active markets (for example, investments in thinly traded public companies);

Pricing models whose inputs are observable for substantially the full term of the investment (for example, market interest rate indices); and

Pricing models whose inputs are derived principally from, or corroborated by, observable market data through correlation or other means for substantially the full term of the investment.

Level 3 Investments whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement (for example, investments in illiquid securities issued by private companies). These inputs reflect

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

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

management's own assumptions about the assumptions a market participant would use in pricing the investment.

As required by ASC 820, when the inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement in its entirety. For example, a Level 3 fair value measurement may include inputs that are observable (Levels 1 and 2) and unobservable (Level 3). Therefore, unrealized appreciation and depreciation related to such investments categorized within the Level 3 table below may include changes in fair value that are attributable to both observable inputs (Levels 1 and 2) and unobservable inputs (Level 3). Main Street conducts reviews of fair value hierarchy classifications on a quarterly basis. Changes in the observability of valuation inputs may result in a reclassification for certain investments.

As of June 30, 2013 and December 31, 2012, Main Street's LMM portfolio investments consisted of illiquid securities issued by private companies. The fair value determination for these investments primarily consisted of unobservable inputs. As a result, all of Main Street's LMM portfolio investments were categorized as Level 3 as of June 30, 2013 and December 31, 2012.

As of June 30, 2013 and December 31, 2012, Main Street's Middle Market portfolio investments consisted primarily of investments in secured and unsecured debt investments and independently rated debt investments. The fair value determination for these investments consisted of a combination of observable inputs in non-active markets for which sufficient observable inputs were available to determine the fair value of these investments, observable inputs in the non-active markets for which sufficient observable inputs were not available to determine the fair value of these investments and unobservable inputs. As a result, many of Main Street's Middle Market portfolio investments were categorized as Level 2 as of June 30, 2013 and December 31, 2012. For those Middle Market portfolio investments for which sufficient observable inputs were not available to determine fair value of the investments, Main Street categorized such investments as Level 3 as of June 30, 2013 and December 31, 2012.

As of June 30, 2013 and December 31, 2012, Main Street's Private Loan portfolio investments primarily consisted of investments in interest-bearing debt securities in companies that are consistent with the size of companies in our LMM portfolio or our Middle Market portfolio, but are investments which have been originated through strategic relationships with other investment funds on a collaborative basis. Our Private Loan portfolio debt investments are generally secured by either a first or second priority lien. The fair value determination for these investments consisted of a combination of observable inputs in non-active markets for which sufficient observable inputs were not available to determine the fair value of these investments and unobservable inputs. As a result, all of Main Street's Private Loan portfolio investments were categorized investments as Level 3 as of June 30, 2013 and December 31, 2012.

As of June 30, 2013 and December 31, 2012, Main Street's Other Portfolio debt investments consisted of investments in secured debt investments. The fair value determination for Other Portfolio debt investments consisted of observable inputs in non-active markets and, as such, were categorized as Level 2 as of June 30, 2013 and December 31, 2012.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

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

As of June 30, 2013 and December 31, 2012, Main Street's Other Portfolio equity investments consisted of illiquid securities issued by private companies. The fair value determination for these investments primarily consisted of unobservable inputs. As a result, all of Main Street's Other Portfolio equity investments were categorized as Level 3 as of June 30, 2013 and December 31, 2012.

As of June 30, 2013, Main Street's Marketable securities and idle funds investments consisted primarily of investments in publicly traded debt and equity investments. The fair value determination for these investments consisted of a combination of observable inputs in active markets for which sufficient observable inputs were available to determine the fair value of these investments. As a result, all of Main Street's Marketable securities and idle funds investments were categorized as Level 1 as of June 30, 2013. As of December 31, 2012, Main Street's Marketable securities and idle funds investments consisted primarily of investments in secured and unsecured debt investments. The fair value determination for these investments consisted of a combination of observable inputs in non-active markets for which sufficient observable inputs were available to determine the fair value of these investments. As a result, all of Main Street's Marketable securities and idle funds investments were categorized as Level 2 as of December 31, 2012.

The fair value determination of each portfolio investment categorized as Level 3 required one or more of the following unobservable inputs:

Financial information obtained from each portfolio company, including unaudited statements of operations and balance sheets for the most recent period available as compared to budgeted numbers;

Current and projected financial condition of the portfolio company;

Current and projected ability of the portfolio company to service its debt obligations;

Type and amount of collateral, if any, underlying the investment;

Current financial ratios (e.g., fixed charge coverage ratio, interest coverage ratio, and net debt/EBITDA ratio) applicable to the investment;

Current liquidity of the investment and related financial ratios (e.g., current ratio and quick ratio);

Pending debt or capital restructuring of the portfolio company;

Projected operating results of the portfolio company;

Current information regarding any offers to purchase the investment;

Current ability of the portfolio company to raise any additional financing as needed;

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Changes in the economic environment which may have a material impact on the operating results of the portfolio company;

Internal occurrences that may have an impact (both positive and negative) on the operating performance of the portfolio company;

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

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

Qualitative assessment of key management;

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

Other factors deemed relevant.

The significant unobservable inputs used in the fair value measurement of Main Street's LMM equity securities, which are generally valued through an average of the discounted cash flow technique and the market comparable/enterprise value technique (unless one of these approaches is not applicable), are (i) EBITDA multiples and (ii) the weighted average cost of capital ("WACC"). Significant increases (decreases) in EBITDA multiple inputs in isolation would result in a significantly higher (lower) fair value measurement. On the contrary, significant increases (decreases) in WACC inputs in isolation would result in a significantly lower (higher) fair value measurement. The significant unobservable inputs used in the fair value measurement of Main Street's LMM, Middle Market, Private Loan and Other Portfolio debt securities are (i) risk adjusted discount rates used in the yield-to-maturity valuation technique (described in Note B.1. Valuation of the Investment Portfolio) and (ii) the percentage of expected principal recovery. Significant increases (decreases) in any of these discount rates in isolation would result in a significantly lower (higher) fair value measurement. Significant increases (decreases) in any of these expected principal recovery percentages in isolation would result in a significantly higher (lower) fair value measurement. However, due to the nature of certain investments, fair value measurements may be based on other criteria, such as third-party appraisals of collateral and fair values as determined by independent third parties, which are not presented in the table below.

The following table provides a summary of the significant unobservable inputs used to fair value Main Street's Level 3 portfolio investments as of June 30, 2013:

| Type of Investment | Fair Value as of June 30, 2013 (in thousands) | Valuation Technique | Significant Unobservable Inputs(4) | Range(3) | Weighted Average(3) |
|----------------------------------|---|--------------------------------------|------------------------------------|-----------------|---------------------|
| Equity investments | \$ 262,134 | Discounted cash flow | Weighted average cost of capital | 10.4% - 18.6% | 14.6% |
| | | Market comparable / Enterprise Value | EBITDA multiple(1) | 4.0x - 7.0x(2) | 5.8x |
| Debt investments | \$ 690,312 | Discounted cash flow | Risk adjusted discount rate | 4.3% - 21.3%(2) | 12.8% |
| | | | Expected principal recovery | 0.0% - 100.0% | 99.3% |
| Total Level 3 investments | \$ 952,446 | | | | |

(1) EBITDA may include proforma adjustments and/or other addbacks based on specific circumstances applicable to each investment.

(2) Range excludes outliers that are greater than one standard deviation from the mean. Including these outliers, the range for EBITDA multiple is 4.0x - 13.5x and the range for risk adjusted discount factor is 4.3% - 70.0%.

(3)

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Does not include investments for which the valuation technique does not include the use of the applicable fair value input.

- (4) Other unobservable inputs, which are not significant, may also be used to fair value Main Street's Level 3 portfolio investments.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

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

The following table provides a summary of the significant unobservable inputs used to fair value Main Street's Level 3 portfolio investments as of December 31, 2012:

| Type of Investment | Fair Value as of December 31, 2012 (in thousands) | Valuation Technique | Significant Unobservable Inputs(4) | Range(3) | Weighted Average(3) |
|----------------------------------|--|--------------------------------------|------------------------------------|-----------------|---------------------|
| Equity investments | \$ 220,359 | Discounted cash flow | Weighted average cost of capital | 11.0% - 19.0% | 14.9% |
| | | Market comparable / Enterprise Value | EBITDA multiple(1) | 4.0x - 7.0x(2) | 5.7x |
| Debt investments | \$ 477,272 | Discounted cash flow | Risk adjusted discount rate | 9.2% - 16.0%(2) | 13.3% |
| | | | Expected principal recovery | 0.0% - 100.0% | 99.5% |
| Total Level 3 investments | \$ 697,631 | | | | |

- (1) EBITDA may include proforma adjustments and/or other addbacks based on specific circumstances applicable to each investment.
- (2) Range excludes outliers that are greater than one standard deviation from the mean. Including these outliers, the range for EBITDA multiple is 4.0x - 14.0x and the range for risk adjusted discount factor is 4.3% - 20.5%.
- (3) Does not include investments for which the valuation technique does not include the use of the applicable fair value input.
- (4) Other unobservable inputs, which are not significant, may also be used to fair value Main Street's Level 3 portfolio investments.

The following table provides a summary of changes in fair value of Main Street's Level 3 portfolio investments for the six months ended June 30, 2013 (amounts in thousands):

| Type of Investment | Fair Value as of December 31, 2012 | Transfers Into Level 3 Hierarchy | Redemptions/ Repayments/ Exits | New Investments | Net Changes from Unrealized to Realized | Net Unrealized Appreciation (Depreciation) | Other | Fair Value as of June 30, 2013 |
|--------------------|------------------------------------|----------------------------------|--------------------------------|-----------------|---|--|----------|--------------------------------|
| Debt | \$ 477,272 | 4,992 | \$ (84,294) | \$ 290,261 | \$ (1,375) | \$ 793 | \$ 2,663 | \$ 690,312 |
| Equity | 191,764 | | 154 | 15,436 | | 14,782 | 839 | 222,975 |
| Equity warrants | 28,595 | | (159) | 8,813 | | 2,743 | (833) | 39,159 |
| | \$ 697,631 | 4,992 | \$ (84,299) | \$ 314,510 | \$ (1,375) | \$ 18,318 | \$ 2,669 | \$ 952,446 |

As of June 30, 2013 and December 31, 2012, the fair value determination for the SBIC debentures recorded at fair value primarily consisted of unobservable inputs. As a result, the SBIC debentures which are recorded at fair value were categorized as Level 3. Main Street determines the fair value of these instruments primarily using a yield-to-maturity approach that analyzes the discounted cash flows of interest and principal for each SBIC debenture recorded at fair value based on estimated market interest rates for debt instruments of similar structure, terms, and

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maturity. Main Street's estimate of the expected repayment date of principal for each SBIC debenture recorded at fair value is the legal maturity date of the instrument, as Main Street generally does not intend to repay these SBIC debentures prior to maturity.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

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

The significant unobservable inputs used in the fair value measurement of Main Street's SBIC debentures recorded at fair value are the estimated market interest rates used to fair value each debenture using the yield valuation technique described above. Significant increases (decreases) in the yield-to-maturity valuation inputs in isolation would result in a significantly lower (higher) fair value measurement.

The following table provides a summary of the significant unobservable inputs used to fair value Main Street's Level 3 SBIC debentures as of June 30, 2013 (amounts in thousands):

| Type of Instrument | Fair Value as of June 30, 2013 (in thousands) | Valuation Technique | Significant Unobservable Inputs | Range | Weighted Average |
|--------------------|--|-------------------------|------------------------------------|----------------|---------------------|
| SBIC Debentures | \$ 87,123 | Discounted cash flow | Estimated market interest rates | 7.1% - 9.2% | 8.1% |

The following table provides a summary of the significant unobservable inputs used to fair value Main Street's Level 3 SBIC debentures as of December 31, 2012 (amounts in thousands):

| Type of Instrument | Fair Value as of December 31, 2012 (in thousands) | Valuation Technique | Significant Unobservable Inputs | Range | Weighted Average |
|--------------------|--|-------------------------|------------------------------------|----------------|---------------------|
| SBIC Debentures | \$ 86,467 | Discounted cash flow | Estimated market interest rates | 7.1% - 9.0% | 8.0% |

The following table provides a summary of changes for the Level 3 SBIC debentures recorded at fair value for the six months ended June 30, 2013 (amounts in thousands):

| Type of Instrument | Fair Value as of December 31, 2012 | Repayments | New SBIC Debentures | Net Unrealized (Appreciation) Depreciation | Fair Value as of June 30, 2013 |
|-------------------------------|--|------------|---------------------------|---|--------------------------------------|
| SBIC Debentures at fair value | \$ 86,467 | \$ | \$ | \$ 657 | \$ 87,123 |

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

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

At June 30, 2013 and December 31, 2012, Main Street's investments and SBIC debentures at fair value were categorized as follows in the fair value hierarchy for ASC 820 purposes:

| | Fair Value | Fair Value Measurements (in thousands) | | |
|--|---------------------|--|---|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| At June 30, 2013 | | | | |
| LMM portfolio investments | \$ 555,314 | \$ | \$ | \$ 555,314 |
| Middle Market portfolio investments | 445,244 | | \$ 159,649 | \$ 285,595 |
| Private Loan portfolio investments | 78,937 | | | \$ 78,937 |
| Other Portfolio investments | 34,600 | | \$ 2,000 | \$ 32,600 |
| Total portfolio investments | 1,114,095 | | 161,649 | 952,446 |
| Marketable securities and idle funds investments | 21,759 | \$ 21,759 | | |
| Total investments | \$ 1,135,854 | \$ 21,759 | \$ 161,649 | \$ 952,446 |
| SBIC Debentures at fair value | \$ 87,123 | \$ | \$ | \$ 87,123 |

| | Fair Value | Fair Value Measurements (in thousands) | | |
|--|-------------------|--|---|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| At December 31, 2012 | | | | |
| LMM portfolio investments | \$ 482,864 | \$ | \$ | \$ 482,864 |
| Middle Market portfolio investments | 351,972 | | 219,838 | 132,134 |
| Private Loan portfolio investments | 65,493 | | 4,992 | 60,501 |
| Other Portfolio investments | 24,102 | | 1,970 | 22,132 |
| Investment in affiliated Investment Manager | | | | |
| Total portfolio investments | 924,431 | | 226,800 | 697,631 |
| Marketable securities and idle funds investments | 28,535 | | 28,535 | |
| Total investments | \$ 952,966 | \$ | \$ 255,335 | \$ 697,631 |
| SBIC Debentures at fair value | \$ 86,467 | \$ | \$ | \$ 86,467 |

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

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

Portfolio Investment Composition

Main Street's lower middle market ("LMM") portfolio investments primarily consist of secured debt, equity warrants and direct equity investments in privately held, LMM companies based in the United States. Main Street's LMM portfolio companies generally have annual revenues between \$10 million and \$150 million, and its LMM investments generally range in size from \$5 million to \$25 million. The LMM debt investments are typically secured by either a first or second lien on the assets of the portfolio company, primarily bear interest at fixed rates, and generally have a term of between five and seven years from the original investment date. In most LMM portfolio companies, Main Street usually receives nominally priced equity warrants and/or makes direct equity investments in connection with a debt investment.

Main Street's middle market ("Middle Market") portfolio investments primarily consist of direct or secondary investments in interest-bearing debt securities in privately held companies based in the United States that are generally larger in size than the LMM companies included in Main Street's LMM portfolio. Main Street's Middle Market portfolio companies generally have annual revenues between \$150 million and \$1.5 billion and its Middle Market investments generally range in size from \$3 million to \$15 million. Main Street's Middle Market portfolio debt investments are generally secured by either a first or second priority lien on the assets of the company and typically have a term of between three and five years.

Main Street's Private Loan ("Private Loan") portfolio investments primarily consist of investments in interest-bearing debt securities in companies that are consistent with the size of companies in its LMM portfolio or its Middle Market portfolio, but are investments which have been originated through strategic relationships with other investment funds on a collaborative basis. Our Private Loan portfolio debt investments are generally secured by either a first or second priority lien and typically have a term of between three and seven years.

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

Investment income, consisting of interest, dividends and fees, can fluctuate dramatically due to various factors, including the level of new investment activity, repayments of debt investments or sales of equity interests. Investment income in any given year could be highly concentrated among several portfolio companies. For the three and six month periods ended June 30, 2013 and 2012, Main Street did not record investment income from any single portfolio company in excess of 10% of total investment income.

As of June 30, 2013, Main Street had debt and equity investments in 58 LMM portfolio companies with an aggregate fair value of approximately \$555.3 million, with a total cost basis of approximately \$438.7 million, and a weighted average annual effective yield on its LMM debt investments of approximately 15.1%. As of June 30, 2013, approximately 75% of Main Street's total LMM portfolio investments at cost were in the form of debt investments and approximately 94% of such debt

Table of Contents**MAIN STREET CAPITAL CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)****NOTE C FAIR VALUE HIERARCHY FOR INVESTMENTS AND DEBENTURES PORTFOLIO COMPOSITION (Continued)**

investments at cost were secured by first priority liens on the assets of Main Street's LMM portfolio companies. At June 30, 2013, Main Street had equity ownership in approximately 93% of its LMM portfolio companies and the average fully diluted equity ownership in those portfolio companies was approximately 33%. As of December 31, 2012, Main Street had debt and equity investments in 56 LMM portfolio companies with an aggregate fair value of approximately \$482.9 million, with a total cost basis of approximately \$380.5 million, and a weighted average annual effective yield on its LMM debt investments of approximately 14.3%. As of December 31, 2012, approximately 75% of Main Street's total LMM portfolio investments at cost were in the form of debt investments and approximately 93% of such debt investments at cost were secured by first priority liens on the assets of Main Street's LMM portfolio companies. At December 31, 2012, Main Street had equity ownership in approximately 93% of its LMM portfolio companies and the average fully diluted equity ownership in those portfolio companies was approximately 33%. The weighted average annual yields were computed using the effective interest rates for all debt investments at June 30, 2013 and December 31, 2012, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status.

As of June 30, 2013, Main Street had Middle Market portfolio investments in 95 companies, collectively totaling approximately \$445.2 million in fair value with a total cost basis of approximately \$440.4 million. The weighted average revenue for the 95 Middle Market portfolio company investments was approximately \$576.8 million as of June 30, 2013. As of June 30, 2013, substantially all of Main Street's Middle Market portfolio investments were in the form of debt investments and approximately 92% of such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on Main Street's Middle Market portfolio debt investments was approximately 7.9% as of June 30, 2013. As of December 31, 2012, Main Street had Middle Market portfolio investments in 79 companies, collectively totaling approximately \$352.0 million in fair value with a total cost basis of approximately \$348.1 million. The weighted average revenue for the 79 Middle Market portfolio company investments was approximately \$533.6 million as of December 31, 2012. As of December 31, 2012, substantially all of its Middle Market portfolio investments were in the form of debt investments and approximately 91% of such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on Main Street's Middle Market portfolio debt investments was approximately 8.0% as of December 31, 2012. The weighted average annual yields were computed using the effective interest rates for all debt investments at June 30, 2013 and December 31, 2012, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments.

As of June 30, 2013, Main Street had Private Loan portfolio investments in 11 companies, collectively totaling approximately \$78.9 million in fair value with a total cost basis of approximately \$79.3 million. The weighted average revenue for the 11 Private Loan portfolio company investments was approximately \$309.4 million as of June 30, 2013. As of June 30, 2013, 99% of Main Street's Private Loan portfolio investments were in the form of debt investments and all such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on Main Street's Private Loan portfolio debt investments was approximately 12.2% as of June 30, 2013. As of December 31, 2012, Main Street had Private Loan portfolio investments in

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Table of Contents**MAIN STREET CAPITAL CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)****NOTE C FAIR VALUE HIERARCHY FOR INVESTMENTS AND DEBENTURES PORTFOLIO COMPOSITION (Continued)**

9 companies, collectively totaling approximately \$65.5 million in fair value with a total cost basis of approximately \$64.9 million. The weighted average revenue for the 9 Private Loan portfolio company investments was approximately \$230.5 million as of December 31, 2012. As of December 31, 2012, 99% of its Private Loan portfolio investments were in the form of debt investments and all such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on Main Street's Private Loan portfolio debt investments was approximately 14.8% as of December 31, 2012. The weighted average annual yields were computed using the effective interest rates for all debt investments at June 30, 2013 and December 31, 2012, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments.

As of June 30, 2013, Main Street had Other Portfolio investments in 6 companies, collectively totaling approximately \$34.6 million in fair value and approximately \$32.3 million in cost basis and which comprised 3.1% of Main Street's Investment Portfolio at fair value as of June 30, 2013. As of December 31, 2012, Main Street had Other Portfolio investments in 3 companies, collectively totaling approximately \$24.1 million in fair value and approximately \$23.6 million in cost basis and which comprised 2.6% of Main Street's Investment Portfolio at fair value as of December 31, 2012.

During the six months ended June 30, 2013, there were ten portfolio company investment transfers from the LMM and Middle Market portfolio investment categories to the Private Loan portfolio investment category totaling \$69.6 million in fair value and \$69.0 million in cost as of the date of transfer.

The following tables summarize the composition of Main Street's total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments at cost and fair value by type of investment as a percentage of the total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments, as of June 30, 2013 and December 31, 2012 (this information excludes the Other Portfolio investments and the Investment Manager).

| Cost: | June 30, 2013 | December 31, 2012 |
|------------------|--------------------------|------------------------------|
| First lien debt | 82.3% | 81.1% |
| Equity | 9.4% | 10.4% |
| Second lien debt | 5.5% | 6.0% |
| Equity warrants | 2.4% | 1.9% |
| Other | 0.4% | 0.6% |
| | 100.0% | 100.0% |

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

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

| Fair Value: | June 30, 2013 | December 31, 2012 |
|------------------|------------------|----------------------|
| First lien debt | 73.4% | 72.1% |
| Equity | 17.7% | 18.7% |
| Second lien debt | 5.0% | 5.4% |
| Equity warrants | 3.6% | 3.3% |
| Other | 0.3% | 0.5% |
| | 100.0% | 100.0% |

The following tables summarize the composition of Main Street's total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments by geographic region of the United States and other countries at cost and fair value as a percentage of the total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments, as of June 30, 2013 and December 31, 2012 (this information excludes the Other Portfolio investments and the Investment Manager). The geographic composition is determined by the location of the corporate headquarters of the portfolio company.

| Cost: | June 30, 2013 | December 31, 2012 |
|-------------------|------------------|----------------------|
| West | 24.4% | 25.7% |
| Southwest | 22.5% | 27.7% |
| Northeast | 17.4% | 17.2% |
| Southeast | 15.9% | 10.1% |
| Midwest | 14.2% | 17.6% |
| Non-United States | 5.6% | 1.7% |
| | 100.0% | 100.0% |

| Fair Value: | June 30, 2013 | December 31, 2012 |
|-------------------|------------------|----------------------|
| Southwest | 26.0% | 31.3% |
| West | 24.3% | 25.3% |
| Northeast | 16.1% | 15.8% |
| Southeast | 14.4% | 9.1% |
| Midwest | 14.2% | 17.0% |
| Non-United States | 5.0% | 1.5% |
| | 100.0% | 100.0% |

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

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

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

as of June 30, 2013 and December 31, 2012 (this information excludes the Other Portfolio investments and the Investment Manager).

| Cost: | June 30, 2013 | December 31, 2012 |
|--|------------------|----------------------|
| Energy Equipment & Services | 12.2% | 8.4% |
| Media | 7.6% | 7.2% |
| Specialty Retail | 5.9% | 6.1% |
| Software | 5.3% | 8.3% |
| Commercial Services & Supplies | 5.3% | 6.4% |
| Health Care Providers & Services | 5.3% | 5.3% |
| Machinery | 5.2% | 6.7% |
| Construction & Engineering | 4.2% | 4.7% |
| Hotels, Restaurants & Leisure | 2.9% | 3.5% |
| Diversified Consumer Services | 2.9% | 3.2% |
| IT Services | 2.8% | 2.8% |
| Professional Services | 2.8% | 2.2% |
| Diversified Telecommunication Services | 2.6% | 0.0% |
| Electronic Equipment, Instruments & Components | 2.2% | 2.6% |
| Textiles, Apparel & Luxury Goods | 2.1% | 0.7% |
| Oil, Gas & Consumable Fuels | 2.0% | 1.6% |
| Insurance | 1.9% | 2.0% |
| Health Care Equipment & Supplies | 1.9% | 1.5% |
| Food Products | 1.6% | 2.0% |
| Electrical Equipment | 1.5% | 0.8% |
| Metals & Mining | 1.5% | 2.2% |
| Building Products | 1.4% | 2.0% |
| Aerospace & Defense | 1.4% | 1.9% |
| Communications Equipment | 1.4% | 1.2% |
| Consumer Finance | 1.3% | 1.2% |
| Chemicals | 1.2% | 2.0% |
| Containers & Packaging | 1.2% | 1.5% |
| Paper & Forest Products | 1.1% | 1.0% |
| Leisure Equipment & Products | 1.1% | 0.0% |
| Road & Rail | 1.0% | 1.0% |
| Trading Companies & Distributors | 0.8% | 1.0% |
| Construction Materials | 0.5% | 1.7% |
| Other(1) | 7.9% | 7.3% |
| | 100.0% | 100.0% |

(1)

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

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

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

| Fair Value: | June 30, 2013 | December 31, 2012 |
|--|------------------|----------------------|
| Energy Equipment & Services | 13.5% | 10.2% |
| Media | 7.2% | 6.7% |
| Machinery | 6.5% | 8.3% |
| Health Care Providers & Services | 5.3% | 5.3% |
| Software | 5.2% | 7.9% |
| Commercial Services & Supplies | 5.1% | 6.1% |
| Specialty Retail | 4.9% | 4.9% |
| Construction & Engineering | 4.5% | 5.1% |
| Diversified Consumer Services | 3.7% | 4.0% |
| Hotels, Restaurants & Leisure | 3.0% | 3.5% |
| IT Services | 2.5% | 2.5% |
| Professional Services | 2.4% | 2.0% |
| Diversified Telecommunication Services | 2.3% | 0.0% |
| Electronic Equipment, Instruments & Components | 2.1% | 2.4% |
| Textiles, Apparel & Luxury Goods | 1.9% | 0.6% |
| Oil, Gas & Consumable Fuels | 1.8% | 1.4% |
| Insurance | 1.7% | 1.8% |
| Health Care Equipment & Supplies | 1.7% | 1.3% |
| Food Products | 1.5% | 1.8% |
| Trading Companies & Distributors | 1.5% | 1.7% |
| Road & Rail | 1.5% | 1.5% |
| Electrical Equipment | 1.4% | 0.7% |
| Metals & Mining | 1.3% | 1.9% |
| Aerospace & Defense | 1.3% | 1.7% |
| Paper & Forest Products | 1.3% | 1.2% |
| Communications Equipment | 1.3% | 1.1% |
| Chemicals | 1.1% | 1.8% |
| Containers & Packaging | 1.1% | 1.3% |
| Consumer Finance | 1.1% | 1.1% |
| Building Products | 1.0% | 1.5% |
| Leisure Equipment & Products | 1.0% | 0.0% |
| Transportation Infrastructure | 0.8% | 1.0% |
| Construction Materials | 0.2% | 1.4% |
| Other(1) | 7.3% | 6.3% |
| | 100.0% | 100.0% |

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

At June 30, 2013 and December 31, 2012, Main Street had no portfolio investment that was greater than 10% of the Investment Portfolio at fair value.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE D WHOLLY OWNED INVESTMENT MANAGER

As part of the Formation Transactions, the Investment Manager became a wholly owned subsidiary of MSCC. However, through March 31, 2013, the Investment Manager was accounted for as a portfolio investment since the Investment Manager is not an investment company and since it had historically conducted a significant portion of its investment management activities for parties outside of MSCC and its consolidated subsidiaries. Effective April 1, 2013, the Investment Manager was consolidated prospectively as the controlled operating subsidiary was considered to be providing substantially all of its services directly or indirectly to Main Street or its portfolio companies.

The Investment Manager receives recurring investment management fees from MSC II pursuant to a separate investment advisory agreement. Under the investment advisory agreement, MSC II is obligated to pay a 2% annualized management fee based upon the MSC II assets under management. Subsequent to the Exchange Offer, the investment in the Investment Manager was reduced to reflect the remaining pro rata portion of the MSC II equity and the related portion of the MSC II management fees that were not acquired in the Exchange Offer. Upon completion of the Final MSC II Exchange in the first quarter of 2012, the investment in the Investment Manager was further reduced to reflect MSCC's ownership of all of the MSC II equity and the related MSC II management fees. The Investment Manager may also receive certain management, consulting and advisory fees for providing these services to third parties (the "External Services"). During May 2012, MSCC and the Investment Manager executed an investment sub-advisory agreement with HMS Adviser, LP ("HMS Adviser"), which is the investment advisor to HMS Income Fund, Inc. ("HMS Income"), a non publicly-traded BDC whose registration statement on Form N-2 was declared effective by the SEC in June 2012, to provide certain investment advisory services to HMS Adviser. MSCC is initially providing such investment advisory services to HMS Adviser, but it is ultimately intended that the Investment Manager provide such services because the fees MSCC receives from such arrangement could otherwise have negative consequences on its ability to meet the source-of-income requirement necessary for it to maintain its RIC tax treatment (MSCC or the Investment Adviser, whichever is providing such investment advisory services, the "Sub-Adviser"). Certain relief must be obtained from the SEC before the Investment Manager is permitted to provide these services to HMS Adviser, which relief is being sought, but there can be no assurance that it will be obtained. Under the investment sub-advisory agreement, the Sub-Adviser is entitled to 50% of the base management fee and the incentive fees earned by HMS Adviser under its advisory agreement with HMS Income. However, the Sub-Adviser has agreed to waive all such fees from the effective date of HMS Adviser's registration statement on Form N-2 through December 31, 2013. As a result, as of June 30, 2013, the Sub-Adviser has not received any base management fee or incentive fees under the investment sub-advisory agreement, and the Sub-Adviser is not due any unpaid compensation for any base management fee or incentive fees under the investment sub-advisory agreement.

Through March 31, 2013, the investment in the Investment Manager was accounted for using fair value accounting, with the fair value determined by Main Street and approved, in good faith, by Main Street's Board of Directors, based on the total estimated present value of the net cash flows received for the External Services, over the estimated dollar averaged life of the related investment management, advisory or consulting contract, and was also based on comparable public market transactions. The net cash flows utilized in the valuation of the Investment Manager excluded any revenues and expenses from MSCC and its subsidiaries, but included the revenues attributable to External Services, and were reduced by an estimated allocation of costs related to providing such

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE D WHOLLY OWNED INVESTMENT MANAGER (Continued)

External Services. Any change in fair value of the investment in the Investment Manager was recognized on Main Street's statement of operations as "Unrealized appreciation (depreciation) in Investment in affiliated Investment Manager," with a corresponding increase (in the case of appreciation) or decrease (in the case of depreciation) to "Investment in affiliated Investment Manager" on Main Street's balance sheet. As of March 31, 2013 (the last period the Investment Manager was considered to be a portfolio investment for accounting purposes) and December 31, 2012, the fair value of the investment in the Investment Manager was zero. Beginning April 1, 2013, the Investment Manager was fully consolidated with MSCC and its other consolidated subsidiaries in Main Street's consolidated financial statements and, as of April 1, 2013, all assets and liabilities were included in the consolidated balance sheet at fair value.

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

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

Pursuant to the support services agreement with MSCC, the Investment Manager is reimbursed each quarter by MSCC for its cash operating expenses, less fees that the Investment Manager receives from MSC II and third parties, associated with providing investment management and other services to MSCC, its subsidiaries and third parties. Through March 31, 2013, the management fees paid by MSC II to the Investment Manager were reflected as "Expenses reimbursed to affiliated Investment Manager" on the statements of operations along with any additional net costs reimbursed by MSCC to the Investment Manager pursuant to the support services agreement. Beginning April 1, 2013, these costs reimbursed by MSCC are included in Main Street's consolidated financial statements, after elimination of any intercompany activity, in the statement of operations as either compensation and related expenses or as a part of general and administrative expenses.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE D WHOLLY OWNED INVESTMENT MANAGER (Continued)

In the separate stand-alone financial statements of the Investment Manager as summarized below, as part of the Formation Transactions the Investment Manager recognized an \$18 million intangible asset related to the investment advisory agreement with MSC II consistent with Staff Accounting Bulletin No. 54, Application of "Pushdown" Basis of Accounting in Financial Statements of Subsidiaries Acquired by Purchase ("SAB 54"). Under SAB 54, push-down accounting is required in "purchase transactions that result in an entity becoming substantially wholly owned." In this case, MSCC acquired 100% of the equity interests in the Investment Manager in the Formation Transactions. Because the \$18 million value attributed to MSCC's investment in the Investment Manager was derived from the long-term, recurring management fees under the investment advisory agreement with MSC II, the same methodology used to determine the \$18 million valuation of the Investment Manager in connection with the Formation Transactions was utilized to establish the push-down accounting basis for the intangible asset. The intangible asset is being amortized over the estimated economic life of the investment advisory agreement with MSC II. Through March 31, 2013, amortization expense was recorded by the Investment Manager in its separate financial statements, but this amortization expense was not included in the expenses reimbursed by MSCC to the Investment Manager based upon the support services agreement since it is non-cash and non-operating in nature. Upon consolidation of the Investment Manager effective April 1, 2013, and for all periods thereafter, the effects of the intangible asset and related amortization expense have been fully eliminated in Main Street's consolidated financial statements.

Summarized financial information from the separate financial statements of the Investment Manager through March 31, 2013 is as follows:

| | As of March 31 2013 | As of December 31, 2012 |
|--|---------------------------|-------------------------------|
| | (in thousands) | |
| | (Unaudited) | |
| Cash | \$ 524 | \$ 741 |
| Accounts receivable | 79 | 69 |
| Accounts receivable MSCC | 106 | 4,066 |
| Intangible asset (net of accumulated amortization of \$6,021 and \$5,681 as of March 31, 2013 and December 31, 2012, respectively) | 11,979 | 12,319 |
| Deposits and other | 556 | 462 |
| Total assets | \$ 13,244 | \$ 17,657 |
| Accounts payable and accrued liabilities | \$ 1,410 | \$ 5,483 |
| Equity | 11,834 | 12,174 |
| Total liabilities and equity | \$ 13,244 | \$ 17,657 |

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE D WHOLLY OWNED INVESTMENT MANAGER (Continued)

| | Three Months Ended June 30, 2012 (in thousands) (Unaudited) | Three Months Ended March 31, 2013 (in thousands) (Unaudited) | Six Months Ended June 30, 2012 |
|---|--|---|---|
| Management fee income from Main Street Capital II | \$ 542 | \$ 776 | \$ 1,160 |
| Other management advisory fees | 47 | | 102 |
| Total income | 589 | 776 | 1,262 |
| Salaries, benefits and other personnel costs | (2,357) | (2,731) | (4,647) |
| Occupancy expense | (83) | (108) | (165) |
| Professional expenses | (22) | (77) | (32) |
| Amortization expense intangible asset | (319) | (340) | (631) |
| Other expenses | (288) | (273) | (617) |
| Expense reimbursement from MSCC | 2,161 | 2,413 | 4,199 |
| Total net expenses | (908) | (1,116) | (1,893) |
| Net Loss | \$ (319) | \$ (340) | \$ (631) |

As a result of the consolidation of the Investment Manager beginning in the second quarter of 2013, the balance sheet and income statement accounts of the Investment Manager are included in Main Street's consolidated financial statements and the "Investment in affiliated Investment Manager" and "Expenses reimbursed to affiliated Investment Manager" accounts included in Main Street's historical consolidated financial statements have zero balances. In addition, as a result of the consolidation of the accounts of the Investment Manager beginning with the second quarter of 2013, the expenses on Main Street's income statement that were included in "Expenses reimbursed to affiliated Investment Manager" in prior periods are now included in "Compensation and related" or "General and administrative" expenses. The consolidation of the Investment Manager has no net effect on net investment income or total expenses reported in any of the comparable periods presented.

The following unaudited supplemental pro forma information has been provided for illustrative purposes only to show the effects on the individual line items in Main Street's consolidated statements of operations affected for these periods prior to consolidation of the Investment Manager. Future results may vary significantly from the results reflected in the following pro forma financial information because of future events and transactions, as well as other factors. No per share amounts are shown as the consolidation of the Investment Manager would not have changed any per share results. The following pro forma information has been provided for the three and six months ended June 2013 and 2012 as though the Investment Manager had been consolidated as of the beginning of each period presented.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE D WHOLLY OWNED INVESTMENT MANAGER (Continued)

| | Three months ended June 30, | | Six months ended June 30, | |
|--|--------------------------------|---------------------|------------------------------|---------------------|
| | 2013 (Actual) | 2012 (Pro-forma) | 2013 (Pro-forma) | 2012 (Pro-forma) |
| | (in thousands) | | | |
| | (Unaudited) | | | |
| EXPENSES: | | | | |
| Compensation | (2,574) | (2,357) | (5,305) | (4,647) |
| General and administrative | (1,249) | (899) | (2,395) | (1,874) |
| Expenses reimbursed to affiliated Investment Manager | | | | |
| NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION): | | | | |
| Investment in affiliated Investment Manager | | | | |
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO COMMON STOCK | 24,004 | 24,153 | 47,633 | 48,043 |

NOTE E SBIC DEBENTURES

SBIC debentures payable at June 30, 2013 and December 31, 2012 were \$225 million at each date. SBIC debentures provide for interest to be paid semi-annually, with principal due at the applicable 10-year maturity date of each debenture. The weighted average annual interest rate on the SBIC debentures as of June 30, 2013 and December 31, 2012 was 4.8% and 4.7%, respectively. The first principal maturity due under the existing SBIC debentures is in 2014, and the remaining weighted average duration as of June 30, 2013 is approximately 5.9 years. For the three months ended June 30, 2013 and 2012, Main Street recognized interest expense attributable to the SBIC debentures of \$2.8 million and \$2.9 million, respectively. For the six months ended June 30, 2013 and 2012, Main Street recognized interest expense attributable to the SBIC debentures of \$5.5 million and \$5.7 million, respectively. Main Street has incurred leverage and other miscellaneous fees ranging from 3.4% to 3.5% of the debenture principal amount. In accordance with SBA regulations, the Funds are precluded from incurring additional non-SBIC debt without the prior approval of the SBA. The Funds are subject to annual compliance examinations by the SBA. There have been no historical findings resulting from these examinations.

As of June 30, 2013, the recorded value of the SBIC debentures was \$212.1 million which consisted of (i) \$87.1 million recorded at fair value, or \$12.9 million less than the \$100 million face value of the SBIC debentures held in MSC II, and (ii) \$125.0 million reported at face value and held in MSMF. As of June 30, 2013, if Main Street had adopted the fair value option under ASC 825 for all of its SBIC debentures, Main Street estimates the fair value of its SBIC debentures would be approximately \$207.7 million, or \$17.3 million less than the \$225 million face value of the SBIC debentures.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE F CREDIT FACILITY

Main Street maintains the Credit Facility to provide additional liquidity in support of future investment and operational activities. The Credit Facility, as amended, currently provides for \$372.5 million in total commitments from a diversified group of ten lenders. The Credit Facility contains an accordion feature which allows Main Street to increase the total commitments under the facility up to \$425 million from new or existing lenders on the same terms and conditions as the existing commitments.

Borrowings under the Credit Facility bear interest, subject to Main Street's election, on a per annum basis equal to (i) the applicable LIBOR rate (0.19%, as of June 30, 2013) plus 2.50% or (ii) the applicable base rate (Prime Rate, 3.25% as of June 30, 2013) plus 1.50%. Main Street pays unused commitment fees of 0.375% per annum on the unused lender commitments under the Credit Facility. The Credit Facility is secured by a first lien on the assets of MSCC and its subsidiaries, excluding the assets of the Funds. The Credit Facility contains certain affirmative and negative covenants, including but not limited to: (i) maintaining an interest coverage ratio of at least 2.0 to 1.0, (ii) maintaining an asset coverage ratio of at least 2.5 to 1.0, and (iii) maintaining a minimum tangible net worth. The Credit Facility includes an initial revolving period through September 2015 followed by a two-year term out period with a final maturity in September 2017, and contains two, one-year extension options which could extend both the revolving period and the final maturity by up to two years, subject to certain conditions including lender approval.

At June 30, 2013, Main Street had \$215.0 million in borrowings outstanding under the Credit Facility. Main Street recognized interest expense related to the Credit Facility, including unused commitment fees and amortization of deferred loan costs, of \$1.2 million and \$1.3 million, respectively, for the three months ended June 30, 2013 and 2012 and \$2.4 million and \$2.3 million, respectively, for the six months ended June 30, 2013 and 2012. As of June 30, 2013, the interest rate on the Credit Facility was 2.69%, and Main Street was in compliance with all financial covenants of the Credit Facility.

NOTE G NOTES

On April 2, 2013, Main Street issued \$80.0 million in aggregate principal amount of 6.125% Notes due 2023 (the "Notes"). On April 15, 2013, the underwriters fully exercised their option to purchase an additional \$12.0 million in aggregate principal amount of Notes to cover over-allotments, bringing the total size of the offering to \$92.0 million. The Notes are unsecured obligations and rank pari passu with our current and future senior unsecured indebtedness; senior to any of our future indebtedness that expressly provides it is subordinated to the Notes; effectively subordinated to all of our existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness, including borrowings under our Credit Facility; and structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries, including without limitation, the indebtedness of the Funds. The Notes mature on April 1, 2023, and may be redeemed in whole or in part at any time or from time to time at Main Street's option on or after April 1, 2018. The Notes bear interest at a rate of 6.125% per year payable quarterly on January 1, April 1, July 1 and October 1 of each year, beginning July 1, 2013. Main Street recognized interest expense related to the Notes, including amortization of deferred loan costs, of \$1.5 million for the three and six months ended June 30, 2013. The total net proceeds to Main Street from the Notes, after underwriting discounts and

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

estimated offering expenses payable by Main Street, were approximately \$89.0 million. Main Street has listed the Notes on the New York Stock Exchange under the trading symbol "MSCA". Main Street may from time to time repurchase Notes in accordance with the 1940 Act and the rules promulgated thereunder. As of June 30, 2013, the outstanding balance of the Notes was \$92.0 million.

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

NOTE H FINANCIAL HIGHLIGHTS

| | Six Months Ended June 30, | |
|---|--------------------------------------|-----------------|
| | 2013 | 2012 |
| Per Share Data: | | |
| Net asset value at the beginning of the period | \$ 18.59 | \$ 15.19 |
| Net investment income(1)(3) | 1.01 | 0.94 |
| Net realized gain (loss) from investments(1)(2)(3) | 0.01 | 0.18 |
| Net change in unrealized appreciation(1)(2)(3) | 0.43 | 0.75 |
| Income tax provision(1)(2)(3) | (0.08) | (0.10) |
| Net increase in net assets resulting from operations(1)(3) | 1.37 | 1.77 |
| Dividends paid to stockholders from net investment income | (1.27) | (0.82) |
| Dividends paid to stockholders from realized gains/losses | | |
| Total dividends paid | (1.27) | (0.82) |
| Impact of the net change in monthly dividends declared prior to the end of the period | (0.01) | (0.01) |
| Accretive effect of public stock offerings (issuing shares above NAV per share) | | 0.74 |
| Accretive effect of DRIP issuance (issuing shares above NAV per share) | 0.07 | 0.04 |
| Other(4) | (0.03) | (0.02) |
| Net asset value at the end of the period | \$ 18.72 | \$ 16.89 |

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

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

(3) Per share amounts are net of the amounts attributable to the noncontrolling equity interests in MSC II for the periods prior to the completion of the Final MSC II Exchange during the first quarter of 2012.

(4)

Includes the impact of the different share amounts as a result of calculating certain per share data based on the weighted average basic shares outstanding during the period and certain per share data based on the shares outstanding as of a period end or transaction date.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE H FINANCIAL HIGHLIGHTS (Continued)

| | Six Months Ended June 30, | |
|--|---------------------------------------|------------|
| | 2013 | 2012 |
| | (in thousands, except percentages) | |
| Net asset value at end of period | \$ 655,383 | \$ 533,404 |
| Average net asset value | \$ 647,856 | \$ 454,883 |
| Average outstanding debt | \$ 411,857 | \$ 342,714 |
| Ratio of total expenses, including income tax expense, to average net asset value(1)(2)(3) | 3.27% | 4.06% |
| Ratio of operating expenses to average net asset value(1)(3) | 2.83% | 3.44% |
| Ratio of operating expenses, excluding interest expense, to average net asset value(1)(3) | 1.37% | 1.68% |
| Ratio of net investment income to average net asset value(1)(3) | 5.42% | 5.63% |
| Portfolio turnover ratio(3) | 18.51% | 22.86% |
| Total investment return(3)(4) | -5.52% | 17.97% |
| Total return based on change in net asset value(3)(5) | 7.41% | 11.82% |

- (1) Ratios are net of the amounts attributable to the noncontrolling equity interests in MSC II for the periods prior to the completion of the Final MSC II Exchange during the first quarter of 2012.
- (2) Total expenses are the sum of operating expenses and income tax expense. Income tax expense includes the accrual of deferred taxes on the net unrealized appreciation from portfolio investments held in Taxable Subsidiaries, which is non-cash in nature and may vary significantly from period to period. Main Street is required to include deferred taxes in calculating its total expenses even though these deferred taxes are not currently payable.
- (3) Not annualized.
- (4) Total investment return based on purchase of stock at the current market price on the first day and a sale at the current market price on the last day of each period reported on the table and assumes reinvestment of dividends at prices obtained by Main Street's dividend reinvestment plan during the period. The return does not reflect sales load.
- (5) Total return based on change in net asset value was calculated using the sum of ending net asset value plus dividends to stockholders and other non-operating changes during the period, as divided by the beginning net asset value.

NOTE I DIVIDENDS, DISTRIBUTIONS AND TAXABLE INCOME

Main Street paid a supplemental dividend of \$0.35 per share in January 2013, regular monthly dividends of \$0.15 per share for each month of January, February and March 2013 and regular monthly dividends of \$0.155 per share for each month of April, May and June 2013, with such dividends totaling \$43.9 million, or \$1.265 per share. The regular monthly dividends equal a total of approximately \$16.2 million, or \$.465 per share, for the three months ended June 30, 2013, and \$31.8 million, or \$0.915 per share, for the six months ended June 30, 2013. The second quarter 2013 regular monthly dividends represent a 10.7% increase from the monthly dividends paid for the second quarter of 2012.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE I DIVIDENDS, DISTRIBUTIONS AND TAXABLE INCOME (Continued)

During May 2013, Main Street declared a \$0.20 per share supplemental semi-annual dividend that was paid in July 2013. For the three and six months ended June 30, 2012, Main Street paid total monthly dividends of approximately \$11.4 million, or \$0.420 per share, and \$22.2 million, or \$0.825 per share, respectively, for each period.

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

The determination of the tax attributes for Main Street's distributions is made annually, based upon its taxable income for the full year and distributions paid for the full year. Therefore, a determination made on an interim basis may not be representative of the actual tax attributes of distributions for a full year. Ordinary dividend distributions from a RIC do not qualify for the 20% maximum tax rate on dividend income from domestic corporations and qualified foreign corporations, except to the extent that the RIC received the income in the form of qualifying dividends from domestic corporations and qualified foreign corporations. The tax attributes for dividends will generally include both ordinary income and capital gains, but may also include qualified dividends or return of capital.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE I DIVIDENDS, DISTRIBUTIONS AND TAXABLE INCOME (Continued)

Listed below is a reconciliation of "Net increase in net assets resulting from operations" to taxable income and to total distributions declared to common stockholders for the six months ended June 30, 2013 and 2012.

| | Six Months Ended June 30, | |
|--|------------------------------|-----------|
| | 2013 | 2012 |
| | (amounts in thousands) | |
| | (estimated) | |
| Net increase in net assets resulting from operations | \$ 47,633 | \$ 23,839 |
| Share-based compensation expense | 1,205 | 581 |
| Net realized income allocated to noncontrolling interest | | (65) |
| Net change in unrealized appreciation on investments | (14,948) | (4,728) |
| Income tax provision | 2,833 | 1,876 |
| Pre-tax book (income) loss not consolidated for tax purposes | 4,959 | 4,035 |
| Book income and tax income differences, including debt origination, structuring fees, dividends, realized gains and changes in estimates | (1,017) | 1,351 |
| Estimated taxable income(1) | 40,665 | 26,889 |
| Taxable income earned in prior year and carried forward for distribution in current year | 44,415 | 7,934 |
| Taxable income prior to period end and carried forward for distribution | (46,402) | (27,571) |
| Dividend accrued as of period end and paid in the following period | 5,427 | 3,789 |
| Total distributions accrued or paid to common stockholders | \$ 44,105 | \$ 11,041 |

(1)

Main Street's taxable income for each period is an estimate and will not be finally determined until the company files its tax return for each year. Therefore, the final taxable income, and the taxable income earned in each period and carried forward for distribution in the following period, may be different than this estimate.

The Taxable Subsidiaries hold certain portfolio investments for Main Street. The Taxable Subsidiaries are consolidated with Main Street for financial reporting purposes, and the portfolio investments held by the Taxable Subsidiaries are included in Main Street's consolidated financial statements as investments and recorded at fair value. The principal purpose of the Taxable Subsidiaries is to permit Main Street to hold equity investments in portfolio companies which are "pass through" entities for tax purposes in order to continue to comply with the "source income" requirements contained in the RIC tax provisions of the Code. The Taxable Subsidiaries are not consolidated with Main Street for income tax purposes and may generate income tax expense, or benefit, and tax assets and liabilities as a result of their ownership of portfolio investments.

The Investment Manager provides investment management advisory services and other services and receives fee income for such services (see further discussion of the Investment Manager in Note D). Beginning April 1, 2013, the Investment Manager is included in Main Street's consolidated financial statements and reflected as a consolidated subsidiary, but the Investment Manager has elected, for tax purposes, to be treated as a taxable entity and is not consolidated with Main Street for income tax

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE I DIVIDENDS, DISTRIBUTIONS AND TAXABLE INCOME (Continued)

purposes and as a result may generate income tax expense, or benefit, and tax assets and liabilities as a result of its activities. The Investment Manager permits Main Street to receive third party fees and continue to comply with the "source income" requirements contained in the RIC tax provisions.

The income tax expense, or benefit, generated by the Taxable Subsidiaries and the Investment Manager, if any, is reflected in Main Street's Consolidated Statement of Operations. For the three months ended June 30, 2013 and 2012, we recognized a net income tax provision of \$0.8 million and \$1.0 million, respectively, related to deferred taxes of \$0.1 million and \$0.6 million, respectively, and other taxes of \$0.7 million and \$0.4 million, respectively. For the six months ended June 30, 2013 and 2012, we recognized a net income tax provision of \$2.8 million and \$2.9 million, respectively, related to deferred taxes of \$1.4 million and \$1.6 million, respectively, and other taxes of \$1.4 million and \$1.3 million, respectively. The deferred taxes related primarily to net unrealized appreciation on equity investments held in our Taxable Subsidiaries. For the three and six months ended June 30, 2013, the other taxes include \$0.5 million and \$0.9 million, respectively, related to an accrual for excise tax on our estimated spillover taxable income and \$0.2 million and \$0.5 million, respectively, related to accruals for state and other taxes. For the three and six months ended June 30, 2012, the other taxes include \$0.2 million and \$0.9 million, respectively, related to an accrual for excise tax on our estimated spillover taxable income and \$0.2 million and \$0.4 million, respectively, related to accruals for state and other taxes.

The net deferred tax liability at June 30, 2013 and December 31, 2012 was \$11.0 million and \$11.8 million, respectively, primarily related to timing differences from net unrealized appreciation of portfolio investments held by the Taxable Subsidiaries, partially offset by net loss carryforwards (primarily resulting from historical realized losses on portfolio investments held by the Taxable Subsidiaries and the operating activities of the Investment Manager), basis differences of portfolio investments held by the Taxable Subsidiaries which are "pass through" entities for tax purposes and excess deductions resulting from the restricted stock plans (see further discussion in Note L). Due to the consolidation of the Investment Manager (see further discussion in Note D) on April 1, 2013, the Company recorded a deferred tax asset of \$2.4 million through additional paid-in capital relating to the periods through March 31, 2013.

As a result of certain realization requirements of ASC 718, *Compensation Stock Compensation*, Main Street has not recorded any deferred tax assets for tax deductions related to equity compensation greater than equity compensation recognized for financial reporting. Equity will be increased by \$1.1 million if and when such deferred tax assets are ultimately realized by reducing taxes payable. Main Street uses tax law ordering when determining when excess tax benefits have been realized.

NOTE J COMMON STOCK

In December 2012, Main Street completed a follow-on public stock offering of 2,875,000 shares of common stock, including the underwriters' full exercise of the over-allotment option, at a price to the public of \$28.00 per share, resulting in total gross proceeds of approximately \$80.5 million, less (i) underwriters' commissions of approximately \$3.2 million and (ii) offering costs of approximately \$0.2 million.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE J COMMON STOCK (Continued)

In June 2012, Main Street completed a public stock offering of 4,312,500 shares of common stock, including the underwriters' full exercise of the over-allotment option, at a price to the public of \$22.50 per share, resulting in total gross proceeds of approximately \$97.0 million, less (i) underwriters' commissions of approximately \$3.9 million and (ii) offering costs of approximately \$0.2 million.

NOTE K DIVIDEND REINVESTMENT PLAN ("DRIP")

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

For the six months ended June 30, 2013, \$8.3 million of the total \$43.9 million in dividends paid to stockholders represented DRIP participation. During this period, Main Street satisfied the DRIP participation requirements with the issuance of 173,926 newly issued shares and with the purchase of 92,679 shares of common stock in the open market. For the six months ended June 30, 2012, \$5.2 million of the total \$22.2 million in dividends paid to stockholders represented DRIP participation. During this period, Main Street satisfied the DRIP participation requirements with the issuance of 200,961 newly issued shares and with the purchase of 22,650 shares of common stock in the open market. The shares disclosed above relate only to Main Street's DRIP and exclude any activity related to broker-managed dividend reinvestment plans.

NOTE L SHARE-BASED COMPENSATION

Main Street accounts for its share-based compensation plans using the fair value method, as prescribed by ASC 718, *Compensation Stock Compensation*. Accordingly, for restricted stock awards, Main Street measured the grant date fair value based upon the market price of its common stock on the date of the grant and amortizes the fair value of the awards as share-based compensation expense over the requisite service period or vesting term.

Main Street's Board of Directors approves the issuance of shares of restricted stock to Main Street employees pursuant to the Main Street Capital Corporation 2008 Equity Incentive Plan. These shares generally vest over a four-year period from the grant date. The fair value is expensed over the four-year service period starting on the grant date and the following table summarizes the restricted

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE L SHARE-BASED COMPENSATION (Continued)

stock issuances approved by Main Street's Board of Directors and the remaining shares of restricted stock available for issuance as of June 30, 2013.

| | |
|---|-----------|
| Restricted stock authorized under the plan | 2,000,000 |
| Less restricted stock granted on: | |
| July 1, 2008 | (245,645) |
| July 1, 2009 | (98,993) |
| July 1, 2010 | (149,357) |
| June 20, 2011 | (117,728) |
| June 20, 2012 | (133,973) |
| Quarter ended December 31, 2012 | (12,476) |
| Quarter ended March 31, 2013 | (1,100) |
| June 20, 2013 | (246,823) |
| Restricted stock available for issuance as of June 30, 2013 | 993,905 |

The following table summarizes the restricted stock issued to Main Street's independent directors pursuant to the Main Street Capital Corporation 2008 Non-Employee Director Restricted Stock Plan. These shares vest on the day immediately preceding the annual meeting of stockholders following the respective grant date and are expensed over a one-year service period starting on the grant date.

| | |
|---|----------|
| Restricted stock authorized under the plan | 200,000 |
| Less restricted stock granted on: | |
| July 1, 2008 | (20,000) |
| July 1, 2009 | (8,512) |
| July 1, 2010 | (7,920) |
| June 20, 2011 | (6,584) |
| August 3, 2011 | (1,658) |
| June 20, 2012 | (5,060) |
| June 13, 2013 | (4,304) |
| Restricted stock available for issuance as of June 30, 2013 | 145,962 |

For each of the three months ended June 30, 2013 and 2012, Main Street recognized total share-based compensation expense of \$0.6 million and \$0.6 million, respectively, and for each of the six months ended June 30, 2013 and 2012, Main Street recognized total share-based expense of \$1.2 million and \$1.2 million, respectively, related to the restricted stock issued to Main Street employees and independent directors.

As of June 30, 2013, there was \$10.9 million of total unrecognized compensation expense related to Main Street's non-vested restricted shares. This compensation expense is expected to be recognized over a remaining weighted-average period of approximately 3.4 years as of June 30, 2013.

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE M COMMITMENTS AND CONTINGENCIES

At June 30, 2013, Main Street had a total of \$101.3 million in outstanding commitments comprised of (i) eight commitments to fund revolving loans that had not been fully drawn and (ii) five capital commitments that had not been fully called.

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

NOTE N RELATED PARTY TRANSACTIONS

As discussed further in Note D, subsequent to the completion of the Formation Transactions, the Investment Manager was treated as a wholly owned portfolio company of MSCC and was included as part of our Investment Portfolio through March 31, 2013. At December 31, 2012, the Investment Manager had a receivable of \$4.1 million due from MSCC related to operating expenses incurred by the Investment Manager required to support Main Street's business. Beginning April 1, 2013, the accounts of the Investment Manager are included in Main Street's consolidated financial statements and reflected as a consolidated subsidiary and any balances between the Investment Manager and MSCC or any of its other consolidated subsidiaries have been eliminated in consolidation.

In June 2013, Main Street adopted a deferred compensation plan for the non-employee members of its board of directors, which allows the directors at their option to defer all or a portion of the fees paid for their services as directors and have such deferred fees paid in shares of Main Street common stock within 90 days after the participant's end of service as a director. As of June 30, 2013, \$225,000 of directors' fees had been deferred under this plan. These deferred fees represented 8,239 shares of Main Street common shares. These shares will not be issued or included as outstanding on the consolidated statement of changes in net assets until each applicable participant's end of service as a director, but will be included in operating expenses and weighted average shares outstanding on Main Street's consolidated statement of operations as earned.

NOTE O SUBSEQUENT EVENTS

In July 2013, Main Street closed a LMM portfolio investment in Garreco, LLC ("Garreco") to facilitate a recapitalization of the company. The investment consists of \$5.8 million in senior secured term debt and a \$1.2 million direct equity investment. Garreco is headquartered in Heber Springs, Arkansas, and is a manufacturer and supplier of consumable products used to create dentures, crowns, and bridges in dental laboratories and clinics.

In July 2013, Main Street completed a new portfolio investment totaling \$5.0 million of invested capital in ASC Interests, LLC ("ASC"). The investment in ASC consists of \$3.5 million in first lien, senior secured debt and a \$1.5 million direct equity investment, and the proceeds of Main Street's investment were used by ASC to complete a management-led buyout of ASC Owners Group, LLC, dba American Shooting Centers. ASC, operating under the name American Shooting Centers since 1989,

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MAIN STREET CAPITAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

NOTE O SUBSEQUENT EVENTS (Continued)

operates a 563 acre shooting complex located in George Bush Park, Harris County, Texas. ASC is among the premier outdoor shooting facilities in the United States. ASC's complex consists of rifle and pistol shooting lanes, a trap and skeet facility and sporting clays fields.

In August 2013, Main Street also completed a follow on investment totaling \$20.0 million in second lien senior subordinated secured debt in Daseke, Inc. ("Daseke"), to support Daseke's acquisition of Central Oregon Truck Company, Inc. ("COTC"). Founded in 1992 and based in Redmond, Oregon, COTC provides dedicated flatbed transportation and logistical services to the contiguous United States as well as parts of Canada.

In August 2013, Main Street closed a new portfolio investment totaling \$16.8 million of invested capital in Southern RV, LLC and Southern RV Real Estate, LLC (collectively, "Southern RV"). Main Street's investment in Southern RV consists of \$14.6 million in first lien, senior secured term debt, of which \$3.3 million is a first lien mortgage loan, and a \$2.2 million direct equity investment. Southern RV is one of the largest dealers of new and used recreational vehicles ("RV") and related services in the Gulf Coast region.

In August 2013, Main Street announced the appointment of John E. Jackson as a new independent member of its Board of Directors. Simultaneous with Mr. Jackson's appointment to the Board, Todd A. Reppert retired as Executive Vice Chairman of Main Street and from the Investment Committee and Credit Committee and from the Board of Directors of MSCC in conjunction with a new investment initiative led by him which will focus on making debt and equity investments in private U.S. companies that are generally smaller than those currently being pursued by Main Street for investment. Mr. Reppert will remain involved in managing Main Street's wholly owned SBIC funds while certain regulatory approvals are sought. As a part of his retirement, the Board accelerated the vesting of all of the unvested shares of restricted stock previously granted to him under the 2008 Equity Incentive Plan. The vesting of these 55,597 shares will result in share-based compensation expense of \$1.3 million during the three months ended September 30, 2013.

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PROSPECTUS

\$800,000,000

Main Street Capital Corporation

**Common Stock
Preferred Stock
Warrants
Subscription Rights
Debt Securities
Units**

We may offer, from time to time in one or more offerings, up to \$800,000,000 of our common stock, preferred stock, warrants representing rights to purchase shares of our common stock, preferred stock, or debt securities, subscription rights, debt securities or units, which we refer to, collectively, as the "securities." Our securities may be offered at prices and on terms to be disclosed in one or more supplements to this prospectus. The offering price per share of our common stock, less any underwriting commissions or discounts, will not be less than the net asset value per share of our common stock at the time of the offering, except (i) with the requisite approval of our common stockholders or (ii) under such other circumstances as the Securities and Exchange Commission may permit. In this regard, on June 14, 2012, our common stockholders voted to allow us to issue common stock at a price below net asset value per share for the period ending on June 13, 2013, the date of our 2013 Annual Meeting of Stockholders. Our stockholders did not specify a maximum discount below net asset value at which we are able to issue our common stock, although the number of shares sold in each offering may not exceed 25% of our outstanding common stock immediately prior to such sale. In addition, we cannot issue shares of our common stock below net asset value unless our Board of Directors determines that it would be in our and our stockholders' best interests to do so. We are not seeking an extension of the shareholder authorization to issue common stock at a price below net asset value per share at our 2013 Annual Meeting of Stockholders because our common stock price per share has been trading significantly above the current net asset value per share of our common stock, but we may seek such authorization at future Annual Meetings or Special Meetings of Stockholders. Sales of common stock at prices below net asset value per share dilute the interests of existing stockholders, have the effect of reducing our net asset value per share and may reduce our market price per share. In addition, continuous sales of common stock below net asset value may have a negative impact on total returns and could have a negative impact on the market price of our shares of common stock. See "Sales of Common Stock Below Net Asset Value."

Shares of closed-end investment companies such as us frequently trade at a discount to their net asset value. This risk is separate and distinct from the risk that our net asset value per share may decline. We cannot predict whether our common stock will trade above, at or below net asset value. You should read this prospectus and the applicable prospectus supplement carefully before you invest in our common stock.

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

We are a principal investment firm primarily focused on providing customized debt and equity financing to lower middle market ("LMM") companies and debt capital to middle market ("Middle Market") companies. Our LMM companies generally have annual revenues between \$10 million and \$150 million, and our LMM portfolio investments generally range in size from \$5 million to \$25 million. Our Middle Market investments are made in businesses that are generally larger in size than our LMM portfolio companies, with annual revenues typically between \$150 million and \$1.5 billion, and our Middle Market investments generally range in size from \$3 million to \$15 million.

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

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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.

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 July 30, 2013, the last reported sale price of our common stock on the New York Stock Exchange was \$30.80 per share, and the net asset value per share of our common stock on March 31, 2013 (the last date prior to the date of this prospectus on which we determined our net asset value per share) was \$18.55.

Investing in our securities involves a high degree of risk, and should be considered highly speculative. See "Risk Factors" beginning on page 15 to read about factors you should consider, including the risk of leverage and dilution, before investing in our securities.

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

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

The date of this prospectus is August 1, 2013

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This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission, or SEC, using the "shelf" registration process. Under the shelf registration process, we may offer, from time to time, up to \$800,000,000 of our securities on terms to be determined at the time of the offering. This prospectus provides you with a general description of the securities that we may offer. Each time we use this prospectus to offer securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. To the extent required by law, we will amend or supplement the information contained in this prospectus and any accompanying prospectus supplement to reflect any material changes to such information subsequent to the date of the prospectus and any accompanying prospectus supplement and prior to the completion of any offering pursuant to the prospectus and any accompanying prospectus supplement. Please carefully read this prospectus and any accompanying prospectus supplement together with the additional information described under "Available Information" and "Risk Factors" before you make an investment decision.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus or any accompanying supplement to this prospectus. You must not rely on any unauthorized information or representations not contained in this prospectus or

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any accompanying prospectus supplement as if we had authorized it. This prospectus and any accompanying prospectus supplement do not constitute an offer to sell or a solicitation of any offer to buy any security other than the registered securities to which they relate, nor do they constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The information contained in this prospectus and any accompanying prospectus supplement is accurate as of the dates on their covers.

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PROSPECTUS SUMMARY

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

Organization

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

On January 7, 2010, MSCC consummated transactions (the "Exchange Offer") to exchange 1,239,695 shares of its common stock for approximately 88% of the total dollar value of the limited partner interests in Main Street Capital II, LP ("MSC II" and, together with MSMF, the "Funds"). Pursuant to the terms of the Exchange Offer, 100% of the membership interests in the general partner of MSC II, Main Street Capital II GP, LLC ("MSC II GP"), were also transferred to MSCC for no consideration. MSC II commenced operations in January 2006, is an investment fund that operates as an SBIC and is also managed by the Investment Manager. During the first quarter of 2012, MSCC exchanged 229,634 shares of its common stock to acquire all of the remaining minority ownership in the total dollar value of the MSC II limited partnership interests, including approximately 5% owned by affiliates of MSCC (the "Final MSC II Exchange"). After the completion of the Final MSC II Exchange, MSCC owns 100% of MSC II. The Exchange Offer and related transactions, including the transfer of the MSC II GP interests and the Final MSC II Exchange, are collectively termed the "Exchange Offer Transactions."

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

MSCC has direct and indirect wholly owned subsidiaries that have elected to be taxable entities (the "Taxable Subsidiaries"). The primary purpose of these entities is to hold certain investments that generate "pass through" income for tax purposes. 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 consolidated subsidiaries, which include the Funds and the Taxable Subsidiaries.

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The following diagram depicts Main Street's organizational structure:

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

Overview

We are a principal investment firm primarily focused on providing customized debt and equity financing to lower middle market ("LMM") companies and debt capital to middle market ("Middle Market") companies. Our portfolio investments are typically made to support management buyouts, recapitalizations, growth financings, refinancings and acquisitions of companies that operate in diverse industry sectors. We seek to partner with entrepreneurs, business owners and management teams and generally provide "one stop" financing alternatives within our LMM portfolio. We invest primarily in secured debt investments, equity investments, warrants and other securities of LMM companies based in the United States and in secured debt investments of Middle Market companies generally headquartered in the United States. Our principal investment objective is to maximize our portfolio's total return by generating current income from our debt investments and capital appreciation from our equity and equity related investments, including warrants, convertible securities and other rights to acquire equity securities in a portfolio company. Our LMM companies generally have annual revenues between \$10 million and \$150 million, and our LMM portfolio investments generally range in size from \$5 million to \$25 million. Our Middle Market investments are made in businesses that are generally larger in size than our LMM portfolio companies, with annual revenues typically between \$150 million and \$1.5 billion, and our Middle Market investments generally range in size from \$3 million to \$15 million.

Our private loan ("Private Loan") investments are made in businesses that are consistent with the size of companies in our LMM portfolio or our Middle Market portfolio, but are investments which have been originated through strategic relationships with other investment funds on a collaborative basis. The structure, terms and conditions for these Private Loan investments are typically consistent with the structure, terms and conditions for the loans made in our LMM portfolio or Middle Market portfolio.

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

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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 LMM creates the opportunity for us to meet the financing needs of LMM companies while also negotiating favorable transaction terms and equity participations. Our ability to invest across a company's capital structure, from senior secured loans to equity securities, allows us to offer portfolio companies a comprehensive suite of financing options, or a "one stop" financing solution. Providing customized, "one stop" financing solutions 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. Our LMM portfolio debt investments are generally secured by a first lien on the assets of the portfolio company and typically have a term of between five and seven years. We believe that our LMM investment strategy has a lower correlation to the broader debt and equity markets.

As of March 31, 2013, we had debt and equity investments in 57 LMM portfolio companies with an aggregate fair value of approximately \$520.3 million, with a total cost basis of approximately \$412.2 million, and a weighted average annual effective yield on our LMM debt investments of approximately 14.2%. As of March 31, 2013 approximately 76% of our total LMM portfolio investments at cost were in the form of debt investments and approximately 93% of such debt investments at cost were secured by first priority liens on the assets of our LMM portfolio companies. At March 31, 2013, we had equity ownership in approximately 93% of our LMM portfolio companies and the average fully diluted equity ownership in those portfolio companies was approximately 33%. As of December 31, 2012, Main Street had debt and equity investments in 56 LMM portfolio companies with an aggregate fair value of approximately \$482.9 million, with a total cost basis of approximately \$380.5 million, and a weighted average annual effective yield on our LMM debt investments of approximately 14.3%. As of December 31, 2012, approximately 75% of our total LMM portfolio investments at cost were in the form of debt investments and approximately 93.0% of such debt investments at cost were secured by first priority liens on the assets of our LMM portfolio companies. At December 31, 2012, we had equity ownership in approximately 93% of our LMM portfolio companies and the average fully diluted equity ownership in those portfolio companies was approximately 33%. The weighted average annual yields were computed using the effective interest rates for all debt investments at March 31, 2013 and December 31, 2012, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status.

We also pursue investments in Middle Market companies. Our Middle Market portfolio investments primarily consist of direct or secondary purchases of interest-bearing debt securities in privately held companies that are generally larger in size than the LMM companies included in our LMM portfolio. Our Middle Market portfolio debt investments are generally secured by either a first or second priority lien on the assets of the company and have an expected duration of between three and five years.

As of March 31, 2013, we had Middle Market portfolio investments in 80 companies, collectively totaling approximately \$361.9 million in fair value with a total cost basis of approximately \$354.4 million. The weighted average revenue for the 80 Middle Market portfolio company investments was approximately \$557.0 million as of March 31, 2013. As of March 31, 2013, substantially all of our Middle Market portfolio investments were in the form of debt investments and approximately 91% of such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on our Middle Market portfolio debt investments was approximately 8.2% as of March 31, 2013. As of December 31, 2012, we had Middle Market portfolio investments in 79 companies, collectively totaling approximately \$352.0 million in fair value with a total cost basis of approximately \$348.1 million. The weighted average revenue for the 79 Middle Market portfolio company investments was approximately \$533.6 million as of December 31, 2012. As of

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December 31, 2012, substantially all of our Middle Market portfolio investments were in the form of debt investments and approximately 91% of such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on our Middle Market portfolio debt investments was approximately 8.0% as of December 31, 2012. The weighted average annual yields were computed using the effective interest rates for all debt investments at March 31, 2013 and December 31, 2012, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments.

Our Private Loan portfolio investments primarily consist of investments in interest-bearing debt securities in companies that are consistent with the size of the companies included in our LMM portfolio or our Middle Market portfolio. Our Private Loan portfolio debt investments are generally secured by either a first or second priority lien on the assets of the portfolio company and typically have a term of between three and seven years.

As of March 31, 2013, we had Private Loan portfolio investments in 10 companies, collectively totaling approximately \$74.5 million in fair value with a total cost basis of approximately \$73.8 million. The weighted average revenue for the 10 Private Loan portfolio company investments was approximately \$193.8 million as of March 31, 2013. As of March 31, 2013, 99% of our Private Loan portfolio investments were in the form of debt investments and all such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on our Private Loan portfolio debt investments was approximately 14.0% as of March 31, 2013. As of December 31, 2012, we had Private Loan portfolio investments in 9 companies, collectively totaling approximately \$65.5 million in fair value with a total cost basis of approximately \$64.9 million. The weighted average revenue for the 9 Private Loan portfolio company investments was approximately \$230.5 million as of March 31, 2013. As of December 31, 2012, 99% of our Private Loan portfolio investments were in the form of debt investments and all such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on our Private Loan portfolio debt investments was approximately 14.8% as of December 31, 2012. The weighted average annual yields were computed using the effective interest rates for all debt investments at March 31, 2013 and December 31, 2012, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments.

As of March 31, 2013, we had Other Portfolio investments in 4 companies, collectively totaling approximately \$28.7 million in fair value and approximately \$27.9 million in cost basis and which comprised 2.9% of our Investment Portfolio at fair value as of March 31, 2013. As of December 31, 2012, we had Other Portfolio investments in 3 companies, collectively totaling approximately \$24.1 million in both fair value and approximately \$23.6 million in cost basis and which comprised 2.6% of our Investment Portfolio at fair value as of December 31, 2012.

During the three months ended March 31, 2013, there were nine portfolio company investment transfers from the LMM and Middle Market portfolio investment categories to the Private Loan portfolio investment category totaling \$65.5 million at fair value and \$64.9 million at cost as of December 31, 2012.

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 and MSC II are both wholly owned subsidiaries of MSCC.

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

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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.

MSCC and its consolidated subsidiaries are internally managed by the Investment Manager, a wholly owned subsidiary of MSCC, which employs all of the executive officers and other employees of Main Street. Because the Investment Manager is wholly owned by MSCC, Main Street does not pay any external investment advisory fees, but instead incurs the operating costs associated with employing investment and portfolio management professionals through the Investment Manager. We believe that our internally managed structure provides us with a beneficial operating expense structure when compared to other publicly-traded and privately-held investment firms which are externally managed, and our internally managed structure allows us the opportunity to leverage our non-interest operating expenses as we grow our Investment Portfolio. For the three months ended March 31, 2013 and 2012, the ratio of our total operating expenses, excluding interest expense, as a percentage of our quarterly average total assets was 1.7% and 2.0%, respectively, on an annualized basis, and 1.8% for the year ended December 31, 2012.

During May 2012, MSCC and the Investment Manager executed an investment sub-advisory agreement with HMS Adviser, LP ("HMS Adviser"), which is the investment advisor to HMS Income Fund, Inc. ("HMS Income"), a non publicly-traded BDC whose registration statement on Form N-2 was declared effective by the SEC in June 2012, to provide certain investment advisory services to HMS Adviser. MSCC is initially providing such investment advisory services to HMS Adviser, but it is ultimately intended that the Investment Manager will provide such services because the fees MSCC receives from such arrangement could otherwise have negative consequences on its ability to meet the source-of-income requirement necessary for it to maintain its RIC tax treatment (MSCC or the Investment Adviser, whichever is providing such investment advisory services, the "Sub-Adviser"). Certain relief must be obtained from the SEC before the Investment Manager is permitted to provide these services to HMS Adviser, which relief is being sought, but there can be no assurance that it will be obtained. Under the investment sub-advisory agreement, the Sub-Adviser is entitled to 50% of the base management fee and the incentive fees earned by HMS Adviser under its advisory agreement with HMS Income. However, the Sub-Adviser has agreed to waive all such fees from the effective date of HMS Adviser's registration statement on Form N-2 through September 30, 2013 to the extent that such fees would cause a portion of any distributions declared and payable by HMS Income to represent a return of capital for purposes of U.S. federal income tax. As a result, as of March 31, 2013, the Sub-Adviser has not received any base management fee or incentive fees under the investment sub-advisory agreement and the Sub-Adviser is not due any unpaid compensation for any base management fee or incentive fees under the investment sub-advisory agreement.

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

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

Business Strategies

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

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

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

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

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

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

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

Risk Factors

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

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

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

Typically, there is not a public market for the securities of the privately held LMM companies in which we have invested and will generally continue to invest. As a result, we value these securities quarterly at fair value based on inputs from management, a nationally recognized independent advisor (on a rotational basis) and our audit committee with the oversight, review and approval of our Board of Directors.

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In addition, the market for investments in Middle Market companies is generally not a liquid market, and therefore, we primarily use observable inputs to determine the fair value of these investments quarterly through obtaining third party quotes and other independent

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pricing, which are reviewed by our audit committee with the oversight, review and approval of our Board of Directors.

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

We may face increasing competition for investment opportunities.

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

The Funds are licensed by the SBA, and therefore subject to SBA regulations.

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

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

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

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

We may have difficulty paying the distributions required to maintain RIC tax treatment under the Code if we recognize income before or without receiving cash representing such income, including from amortization of original issue discount, contractual payment-in-kind, or PIK, interest, contractual preferred dividends, or amortization of market discount. Investments structured with these features may represent a higher level of credit risk compared to investments generating income which must be paid in cash on a current basis.

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

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

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

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components of our investments;

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

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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.

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

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

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

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

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

Investment Criteria

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

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

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

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

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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.

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Recent Developments

On April 2, 2013, we issued \$80.0 million in aggregate principal amount of 6.125% notes due 2023 (the "Notes"). On April 15, 2013, the underwriters fully exercised their option to purchase an additional \$12.0 million in aggregate principal amount of Notes to cover over-allotments, bringing the total size of the offering to \$92.0 million. The Notes mature on April 1, 2023, and may be redeemed in whole or in part at any time or from time to time at our option on or after April 1, 2018. The Notes bear interest from April 2, 2013 at a rate of 6.125% per year payable quarterly on January 1, April 1, July 1 and October 1 of each year, beginning July 1, 2013. The total net proceeds to us from the Notes, after underwriting discounts and estimated offering expenses payable by us, were approximately \$89.0 million. We have listed the Notes on the New York Stock Exchange under the trading symbol "MSCA".

During May 2013, we declared regular monthly dividends of \$0.155 per share for each month of July, August and September of 2013. These regular monthly dividends equal a total of \$0.465 per share for the third quarter of 2013. The third quarter 2013 regular monthly dividends represent a 7% increase from the dividends declared for the third quarter of 2012.

During May 2013, we declared a supplemental semi-annual dividend of \$0.20 per share for July 2013. Including the supplemental semi-annual dividend and regular monthly dividends declared for the third quarter of 2013, we will have paid \$9.96 per share in cumulative dividends since our October 2007 initial public offering.

In May 2013, we increased the size of our Credit Facility from \$287.5 million to \$352.5 million to support our continued growth. The \$65.0 million increase in total commitments was the result of commitment increases by four lenders currently participating in the Credit Facility. The accordion feature of the Credit Facility was amended to allow us to increase the total commitments under the facility up to \$425 million from new or existing lenders on the same terms and conditions as the existing commitments.

In May 2013, we increased the size of our Credit Facility from \$352.5 million to \$372.5 million. The \$20.0 million increase in total commitments was the result of the addition of one new lender relationship, which further diversifies our lending group to a total of ten participants. The increase in total commitments was executed under the accordion feature of the Credit Facility.

Our 2013 Annual Meeting of Stockholders (the "Annual Meeting") was held on June 13, 2013. At the Annual Meeting, our stockholders (i) re-elected each of Michael Appling, Jr., Joseph E. Canon, Arthur L. French, J. Kevin Griffin, Vincent D. Foster and Todd A. Reppert to our Board of Directors for a one-year term, and (ii) ratified our appointment of Grant Thornton LLP as our independent registered public accounting firm for the year ending December 31, 2013.

In June 2013, we announced an LMM portfolio investment in Impact Telecom, Inc. ("Impact"). The investment consists of \$22.5 million in senior secured term debt with equity warrant participation and \$1.5 million funded on a \$7.0 million revolving credit facility. Founded in 2005, Impact is headquartered in Denver, Colorado and is a provider of commercial tele-communications services. The proceeds supported an acquisition by Impact and provided additional working capital to the combined companies.

In July 2013, we announced an LMM portfolio investment in Garreco, LLC ("Garreco") to facilitate a recapitalization. The investment consists of \$5.8 million in senior secured term debt and a \$1.2 million direct equity investment. Garreco is headquartered in Heber Springs, Arkansas, and is a manufacturer and supplier of consumable products used to create dentures, crowns, and bridges in dental laboratories and clinics.

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The Offering

We may offer, from time to time, up to \$800,000,000 of our securities, on terms to be determined at the time of the offering. Our securities may be offered at prices and on terms to be disclosed in one or more prospectus supplements.

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

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

| | |
|---------------------------------|---|
| Use of proceeds | We intend to use the net proceeds from any offering to make investments in accordance with our investment objective and strategies described in this prospectus or any prospectus supplement, to make investments in marketable securities and idle funds investments, which may include investments in secured intermediate term bank debt, rated debt securities and other income producing investments, to pay our operating expenses and other cash obligations, and for general corporate purposes. See "Use of Proceeds." |
| New York Stock Exchange symbols | "MAIN" (common stock); and "MSCA" (6.125% notes due 2023) |
| Dividends | <p>Our dividends and other distributions, if any, will be determined by our Board of Directors from time to time.</p> <p>Our ability to declare dividends depends on our earnings, our overall financial condition (including our liquidity position), maintenance of our 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.</p> <p>When we make monthly distributions, we will be required to determine the extent to which such distributions are paid out of current or accumulated earnings, recognized capital gains or capital. To the extent there is a return of capital, investors will be required to reduce their basis in our stock for federal tax purposes. In the future, our distributions may include a return of capital.</p> |

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| | |
|----------------------------|---|
| Taxation | <p>MSCC has elected to be treated for federal income tax purposes as a RIC under Subchapter M of the Code. Accordingly, we generally will not pay corporate-level federal income taxes on any net ordinary income or capital gains that we distribute to our stockholders as dividends. To maintain our RIC tax treatment, we must meet specified source-of-income and asset diversification requirements and distribute annually at least 90% of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any.</p> <p>Depending on the level of taxable income earned in a tax year, we may choose to carry forward taxable income in excess of current year distributions into the next tax year and pay a 4% excise tax on such income. Any such carryover taxable income must be distributed through a dividend declared prior to filing the final tax return related to the year which generated such taxable income. See "Material U.S. Federal Income Tax Considerations."</p> |
| Dividend reinvestment plan | <p>We have adopted a dividend reinvestment plan for our stockholders. The dividend reinvestment plan is an "opt out" reinvestment plan. As a result, if we declare dividends, then stockholders' cash dividends will be automatically reinvested in additional shares of our common stock, unless they specifically "opt out" of the dividend reinvestment plan so as to receive cash dividends. Stockholders who receive dividends in the form of stock will be subject to the same federal, state and local tax consequences as stockholders who elect to receive their dividends in cash. See "Dividend Reinvestment Plan."</p> |
| Trading at a discount | <p>Shares of closed-end investment companies frequently trade at a discount to their net asset value. This risk is separate and distinct from the risk that our net asset value per share may decline. We cannot predict whether our shares will trade above, at or below net asset value.</p> |

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Sales of common stock below net asset value

The offering price per share of our common stock, less any underwriting commissions or discounts, will not be less than the net asset value per share of our common stock at the time of the offering, except (i) with the requisite approval of our common stockholders or (ii) under such other circumstances as the Securities and Exchange Commission may permit. In this regard, on June 14, 2012, our common stockholders voted to allow us to issue common stock at a price below net asset value per share for the period ending on June 13 2013, the date of our 2013 Annual Meeting of Stockholders. Our stockholders did not specify a maximum discount below net asset value at which we are able to issue our common stock, although the number of shares sold in each offering may not exceed 25% of our outstanding common stock immediately prior to such sale. In addition, we cannot issue shares of our common stock below net asset value unless our Board of Directors determines that it would be in our and our stockholders' best interests to do so. We are not seeking an extension of the shareholder authorization to issue common stock at a price below net asset value per share at our 2013 Annual Meeting of Stockholders because our common stock price per share has been trading significantly above the current net asset value per share of our common stock, but we may seek such authorization at future Annual Meetings or Special Meetings of Stockholders. Sales by us of our common stock at a discount from our net asset value pose potential risks for our existing stockholders whether or not they participate in the offering, as well as for new investors who participate in the offering. See "Sales of Common Stock Below Net Asset Value."

Available Information

We file annual, quarterly and current reports, proxy statements and other information with the SEC under the Securities Exchange Act of 1934, or the "Exchange Act." You can inspect any materials we file with the SEC, without charge, at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. The information we file with the SEC is available free of charge by contacting us at 1300 Post Oak Boulevard, Suite 800, Houston, TX 77056, by telephone at (713) 350-6000 or on our website at <http://www.mainstcapital.com>. The SEC also maintains a website that contains reports, proxy statements and other information regarding registrants, including us, that file such information electronically with the SEC. The address of the SEC's website is <http://www.sec.gov>. Information contained on our website or on the SEC's website about us is not incorporated into this prospectus, and you should not consider information contained on our website or on the SEC's website to be part of this prospectus.

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The following table is intended to assist you in understanding the costs and expenses that an investor in this offering will bear directly or indirectly. We caution you that some of the percentages indicated in the table below are estimates and may vary. Except where the context suggests otherwise, whenever this prospectus 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.

| | |
|---|--------------|
| <i>Stockholder Transaction Expenses:</i> | |
| Sales load (as a percentage of offering price) | %(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) | %(4) |
| <i>Annual Expenses (as a percentage of net assets attributable to common stock):</i> | |
| Operating expenses | 2.55%(5) |
| Interest payments on borrowed funds | 3.46%(6) |
| Income tax expense | 1.68%(7) |
| Acquired fund fees and expenses | 0.32%(8) |
| Total annual expenses | 8.01% |

- (1) In the event that our securities are sold to or through underwriters, a corresponding prospectus supplement will disclose the applicable sales load.
- (2) In the event that we conduct an offering of our securities, a corresponding prospectus supplement will disclose the estimated offering expenses.
- (3) The expenses of administering our dividend reinvestment plan are included in operating expenses.
- (4) Total stockholder transaction expenses may include sales load and will be disclosed in a future prospectus supplement, if any.
- (5) Operating expenses in this table represent the estimated expenses of MSCC and its consolidated subsidiaries, plus the estimated expenses of the Investment Manager as if it were consolidated with MSCC for accounting purposes. The Investment Manager is accounted for as a portfolio investment and is not consolidated with MSCC and its consolidated subsidiaries. See Note D to our consolidated financial statements for a detailed discussion of the financial and other arrangements between MSCC and its consolidated subsidiaries and the Investment Manager.
- (6) Interest payments on borrowed funds represent our estimated annual interest payments on borrowed funds based on current debt levels as adjusted for projected increases (but not decreases) in debt levels over the next twelve months.
- (7) Income tax expense relates to the accrual of (a) deferred taxes on the net unrealized appreciation from portfolio investments held in Taxable Subsidiaries and (b) excise, state and other taxes. Deferred taxes are non-cash in nature and may vary significantly from period to period. We are required to include deferred taxes in calculating our annual expenses even though deferred taxes are not currently payable. Due to the variable nature of deferred tax expense, which is a large portion of the income tax expense, and the difficulty in providing an estimate for future periods, this income tax expense estimate is based upon the actual amount of income tax expense for the year ended December 31, 2012.
- (8)

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Acquired fund fees and expenses represent the estimated indirect expense incurred due to investments in other investment companies and private funds.

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The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock. In calculating the following expense amounts, we have assumed we would have no additional leverage and that our annual operating expenses would remain at the levels set forth in the table above. In the event that shares to which this prospectus relates are sold to or through underwriters, a corresponding prospectus supplement will restate this example to reflect the applicable sales load.

| | 1 Year | 3 Years | 5 Years | 10 Years |
|---|--------|---------|---------|----------|
| You would pay the following expenses on a \$1,000 investment, assuming a 5.0% annual return | \$ 79 | \$ 230 | \$ 371 | \$ 690 |

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

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RISK FACTORS

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

Risks Relating to Economic Conditions

Deterioration in the economy and financial markets increases the likelihood of adverse effects on our financial position and results of operations. Such 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.

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

Although we have been able to secure access to additional liquidity, including through the Credit Facility, periodic follow-on equity offerings, public debt issuances and the leverage available through the SBIC program, the potential for volatility in the debt and 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. Further, if the price of our common stock falls below our net asset value per share, we will be limited in our ability to sell new shares if we do not have shareholder authorization to sell shares at a price below net asset value per share. We have been authorized by our stockholders to sell shares of common stock at a price below our net asset value per share until June 13, 2013, the date of our 2013 Annual Meeting of Stockholders; however, we are not seeking the extension of such shareholder authorization at our 2013 Annual Meeting of Stockholders, but may seek such authorization at future Annual Meetings or Special Meetings of Stockholders.

Risks Relating to Our Business and Structure

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

Under the 1940 Act, we are required to carry our portfolio investments at market value or, if there is no readily available market value, at fair value as determined by us with our Board of Directors having final responsibility for overseeing, reviewing and approving, in good faith, our determination of fair value. Typically, there is not a public market for the securities of the privately held LMM companies in which we have invested and will generally continue to invest. As a result, we value these securities quarterly at fair value based on inputs from management, a nationally recognized independent advisor (on a rotational basis) and our audit committee with the oversight, review and approval of our Board of Directors. In addition, the market for investments in Middle Market companies is generally not a liquid market, and therefore, we primarily use observable inputs to

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determine the fair value of these investments quarterly through obtaining third party quotes and other independent pricing, which are reviewed by our audit committee with the oversight, review and approval of our Board of Directors. See "Business Determination of Net Asset Value and Portfolio Valuation Process" for a more detailed description of our valuation process.

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

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

Our ability to achieve our investment objective of maximizing our portfolio's total return by generating current income from our debt investments and capital appreciation from our equity and equity-related investments, including warrants, convertible securities and other rights to acquire equity securities in a portfolio company, depends on our ability to effectively manage and deploy capital, which depends, in turn, on our investment team's ability to identify, evaluate and monitor, and our ability to finance and invest in, companies that meet our investment criteria.

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

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

We may face increasing competition for investment opportunities.

We compete for investments with other investment funds (including private equity funds, mezzanine funds, BDCs, and SBICs), as well as traditional financial services companies such as commercial banks and other sources of funding. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, some competitors may have a lower cost of capital and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments than

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we have. These characteristics could allow our competitors to consider a wider variety of investments, establish more relationships and offer better pricing and more flexible structuring than we are able to do. We may lose investment opportunities if we do not match our competitors' pricing, terms and structure. If we are forced to match our competitors' pricing, terms and structure, we may not be able to achieve acceptable returns on our investments or may bear substantial risk of capital loss. A significant part of our competitive advantage stems from the fact that the market for investments in LMM companies is underserved by traditional commercial banks and other financing sources. A significant increase in the number and/or the size of our competitors in this target market could force us to accept less attractive investment terms. Furthermore, many of our competitors have greater experience operating under, or are not subject to, the regulatory restrictions that the 1940 Act imposes on us as a BDC.

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

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

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

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

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

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

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

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There are significant potential conflicts of interest which could impact our investment returns.

Our executive officers and employees, in their capacities as personnel of the Investment Manager, may manage other investment funds that operate in the same or a related line of business as we do. Accordingly, they may have obligations to such other entities, the fulfillment of which obligations may not be in the best interests of us or our stockholders. In May 2012, we and the Investment Manager executed an investment sub-advisory agreement with HMS Adviser, LP ("HMS Adviser"), which is the investment advisor to HMS Income Fund, Inc. ("HMS Income"), a non-publicly-traded BDC whose registration statement on Form N-2 was declared effective by the SEC in June 2012, to provide certain investment advisory services to HMS Adviser. Under the investment sub-advisory agreement, the Investment Manager is entitled to 50% of the base management fee and the incentive fees earned by HMS Adviser under its advisory agreement with HMS Income. However, the Investment Manager has agreed to waive all such fees through September 30, 2013 to the extent that such fees would cause a portion of any distributions declared and payable by HMS Income to represent a return of capital for purposes of U.S. federal income tax. As a result, as of March 31, 2013, the Investment Manager has not received any base management fee or incentive fees under the investment sub-advisory agreement and the Investment Manager is not due any unpaid compensation for any base management fee or incentive fees under the investment sub-advisory agreement. The sub-advisory relationship requires the Investment Manager to commit resources to achieving HMS Income's investment objective, while such resources were previously solely devoted to achieving our investment objective. Our investment objective and investment strategies are very similar to those of HMS Income and it is likely that an investment appropriate for us or HMS Income would be appropriate for the other entity. As a result, the Investment Manager may face conflicts in allocating investment opportunities between us and HMS Income. Although the Investment Manager will endeavor to allocate investment opportunities in a fair and equitable manner, it is possible that, in the future, we may not be given the opportunity to participate in investments made by other investment funds managed by our officers or employees, such as HMS Income. In any such case, when the Investment Manager identifies an investment, it will be forced to choose which investment fund should make the investment. We have implemented an allocation policy to ensure the equitable distribution of such investment opportunities. We have applied to the SEC for exemptive relief to co-invest with HMS Income, and if the relief is granted, we intend to make such co-investments in accordance with the allocation percentage approved by the independent members of each company's board of directors.

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

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

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

Under the provisions of the 1940 Act, we are permitted, as a BDC, to issue senior securities only in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 200% immediately after each issuance of senior securities. If the value of our assets declines, we may be unable to satisfy this test. If that happens, we will be prohibited from issuing debt securities or preferred stock and/or borrowing money from banks or other financial institutions and may not be permitted to declare a dividend or make any distribution to stockholders or repurchase shares until such time as we satisfy this test.

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

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

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

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

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

The Funds are licensed by the SBA, and therefore subject to SBA regulations.

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

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

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

Borrowings, also known as leverage, magnify the potential for loss on investments in our indebtedness and gain or loss on invested equity capital. As we use leverage to partially finance our investments, you will experience increased risks of investing in our securities. We, through the Funds, issue debt securities guaranteed by the SBA and sold in the capital markets. As a result of its guarantee of the debt securities, the SBA has fixed dollar claims on the assets of the Funds that are superior to the claims of our securities holders. We may also borrow from banks and other lenders, including under our Credit Facility, and may issue debt securities or enter into other types of borrowing arrangements in the future. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Capital Resources" for a discussion regarding our 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 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, scheduled debt payments or other payments related to our securities. Leverage is generally considered a speculative investment technique.

As of March 31, 2013, we, through the Funds, had \$225 million of outstanding indebtedness guaranteed by the SBA, which had a weighted average annualized interest cost of approximately 4.8% (exclusive of deferred financing costs). The debentures guaranteed by the SBA have a maturity of ten years, with a current weighted average remaining maturity of 6.1 years as of March 31, 2013, 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 the holders of our other indebtedness and 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 March 31, 2013, we had \$141 million outstanding under our Credit Facility. Borrowings under the Credit Facility bear interest, subject to our election, on a per annum basis equal to (i) the applicable LIBOR rate (0.20% as of March 31, 2013) plus 2.50% or (ii) the applicable base rate (Prime Rate, 3.25% as of March 31, 2013) 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 the holders of our other indebtedness and 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.

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

| | (10.0)% | (5.0)% | 0.0% | 5.0% | 10.0% |
|---|---------|---------|--------|------|-------|
| Corresponding net return to common stockholder(2) | (18.2)% | (10.2)% | (2.3)% | 5.7% | 13.7% |

(1) Assumes \$1.028 billion in total assets, \$366.0 million in debt outstanding, \$645.2 million in net assets, and an average cost of funds of 4.0%. Actual interest payments may be different.

(2) In order for us to cover our annual interest payments on indebtedness, we must achieve annual returns on our March 31, 2013 total assets of at least 1.4%. Assuming we had issued the \$92.0 million in aggregate principal amount of 6.125% notes due 2023 that were issued in April 2013 on or prior to March 31, 2013, our average cost of funds would have been 4.5% and we would have to achieve annual returns on our March 31, 2013 total assets of at least 2.0% in order for us to cover our annual interest payments on indebtedness.

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 or insurance companies, and there can be no assurance that such additional leverage can in fact be achieved.

Pending legislation may allow us to incur additional leverage.

As a BDC, under the 1940 Act we generally are not permitted to incur indebtedness unless immediately after such borrowing we have an asset coverage for total borrowings of at least 200% (i.e., the amount of debt may not exceed 50% of the value of our assets). Recent legislation introduced in the U.S. House of Representatives, if passed, would modify this section of the 1940 Act and increase the amount of debt that BDCs may incur by modifying the asset coverage percentage from 200% to 150%. In addition, recent legislation introduced in the U.S. Senate would modify SBA regulations in a manner that may permit us to incur additional SBA leverage. As a result, we may be able to incur additional indebtedness in the future and therefore your risk of an investment in our securities may increase.

We may experience fluctuations in our quarterly results.

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

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

Our Board of Directors has the authority to modify or waive our current operating policies, investment criteria and strategies without prior notice and without stockholder approval. We cannot predict the effect any changes to our current operating policies, investment criteria and strategies would have on our business, net asset value, operating results and value of our stock. However, the effects might be adverse, which could negatively impact our ability to pay you dividends and cause you to lose all or part of your investment.

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

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

The annual distribution requirement for a RIC will be satisfied if we distribute to our stockholders on an annual basis at least 90% of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. Depending on the level of taxable income earned in a tax year, we may choose to carry forward taxable income in excess of current year distributions into the next tax year and pay a 4% excise tax on such income. Any such carryover taxable income must be distributed through a dividend declared prior to filing the final tax return related to the year which generated such taxable income. For more information regarding tax treatment, see "Material U.S. Federal Income Tax Considerations Taxation as a Regulated Investment Company." Because we use debt financing, we are subject to certain asset coverage ratio requirements under the 1940 Act and are (and may in the future become) subject to certain financial covenants under loan and credit agreements that could, under certain circumstances, restrict us from making distributions necessary to satisfy the distribution requirement. If we are unable to obtain cash from other sources, we could fail to qualify for RIC tax treatment and thus become subject to corporate-level income tax.

The source income requirement will be satisfied if we obtain at least 90% of our income for each year from dividends, interest, payments with respect to certain securities, loans, gains from the sale of stock or other securities, net income from certain "qualified publicly traded partnerships," or other income derived with respect to our business of investing in such stock or securities.

The asset diversification requirement will be satisfied if we meet certain asset diversification requirements at the end of each quarter of our taxable year. To satisfy this requirement, at least 50% of the value of our assets must consist of cash, cash equivalents, U.S. Government securities, securities of other RICs, and other acceptable securities; and no more than 25% of the value of our assets can be invested in the securities, other than U.S. government securities or securities of other RICs, of one issuer, of two or more issuers that are controlled, as determined under applicable Code rules, by us and that are engaged in the same or similar or related trades or businesses or of certain "qualified publicly traded partnerships."

Failure to meet these requirements may result in our having to dispose of certain investments quickly in order to prevent the loss of RIC status. Because most of our investments will be in private companies, and therefore will be illiquid, any such dispositions could be made at disadvantageous prices and could result in substantial losses. Moreover, if we fail to maintain RIC tax treatment for any reason and are subject to corporate income tax, the resulting corporate taxes could substantially reduce our net assets, the amount of income available for distribution and the amount of our distributions.

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

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

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

When we make monthly distributions, we will be required to determine the extent to which such distributions are paid out of current or accumulated earnings, recognized capital gains or capital. To the extent there is a return of capital, investors will be required to reduce their basis in our stock for federal tax purposes, which will result in higher tax liability when the shares are sold, even if they have not increased in value or have lost value. In addition, any return of capital will be net of any sales load and offering expenses associated with sales of shares of our common stock. In the future, our distributions may include a return of capital.

We may have difficulty paying the distributions required to maintain RIC tax treatment under the Code if we recognize income before or without receiving cash representing such income.

We will include in income certain amounts that we have not yet received in cash, such as: (i) amortization of original issue discount, which may arise if we receive warrants in connection with the origination of a loan such that ascribing a value to the warrants creates original issue discount in the debt instrument or possibly in other circumstances; (ii) contractual payment-in-kind, or PIK, interest, which represents contractual interest added to the loan balance and due at the end of the loan term; (iii) contractual preferred dividends, which represents contractual dividends added to the preferred stock and due at the end of the preferred stock term; or (iv) amortization of market discount, which is associated with loans purchased in the secondary market at a discount to par value. Such amortization of original issue discounts, increases in loan balances as a result of contractual PIK arrangements, cumulative preferred dividends, or amortization of market discount will be included in income before we receive the corresponding cash payments. We also may be required to include in income certain other amounts before we receive such amounts in cash. Investments structured with these features may represent a higher level of credit risk compared to investments generating income which must be paid in cash on a current basis. For the three months ended March 31, 2013, (i) approximately 5.2% of our total investment income was attributable to PIK income not paid currently in cash, (ii) approximately 1.4% of our total investment income was attributable to amortization of original issue discount, (iii) approximately 0.7% of our total investment income was attributable to cumulative dividend income not paid currently in cash, and (iv) approximately 1.4% of our total investment income was attributable to amortization of market discount on loans purchased in the secondary market at a discount. For the year ended December 31, 2012, (i) approximately 4.3% of our total investment income was attributable to PIK income not paid currently in cash, (ii) approximately 2.3% of our total investment income was attributable to amortization of original issue discount, (iii) approximately 0.3% of our total investment income was attributable to cumulative dividend income not paid currently in cash, and (iv) approximately 1.4% of our total investment income was attributable to amortization of market discount on loans purchased in the secondary market at a discount.

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

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

We may distribute taxable dividends that are payable in part in our stock. Under certain applicable provisions of the Code and the Treasury regulations, distributions payable by us in cash or in shares of stock (at the stockholders election) would satisfy the Annual Distribution Requirement. The IRS has issued private letter rulings providing that a dividend payable in stock or in cash at the election of the stockholders will be treated as a taxable dividend eligible for the dividends paid deduction provided that at least 20% of the total dividend is payable in cash and certain other requirements are satisfied. Taxable stockholders receiving such dividends will be required to include the full amount of the dividend as ordinary income (or as long-term capital gain to the extent such dividend is properly reported as a capital gain dividend) to the extent of our current and accumulated earnings and profits for United States federal income tax purposes. As a result, a U.S. stockholder may be required to pay tax with respect to such dividends in excess of any cash received. If a U.S. stockholder sells the stock it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our stock at the time of the sale. Furthermore, with respect to non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in stock. In addition, if a significant number of our stockholders determine to sell shares of our stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our stock.

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

In order for us to continue to qualify for RIC tax treatment and to minimize corporate-level taxes, we will be required to distribute substantially all of our net ordinary income and net capital gain income, including income from certain of our subsidiaries, which includes the income from the Funds. We will be partially dependent on the Funds for cash distributions to enable us to meet the RIC distribution requirements. The Funds may be limited by the Small Business Investment Act of 1958, and SBIC regulations governing SBICs, from making certain distributions to us that may be necessary to enable us to maintain our status as a RIC. We may have to request a waiver of the SBA's restrictions for the Funds to make certain distributions to maintain our eligibility for RIC status. We cannot assure you that the SBA will grant such waiver and if the Funds are unable to obtain a waiver, compliance with the SBIC regulations may result in loss of RIC tax treatment and a consequent imposition of an entity-level tax on us.

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

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

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

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

The 1940 Act prohibits us from selling shares of our common stock at a price below the current net asset value per share of such stock, with certain exceptions. One such exception is prior stockholder approval of issuances below net asset value provided that our Board of Directors makes certain determinations. In this regard, on June 14, 2012, our common stockholders voted to allow us to issue common stock at a price below net asset value per share for the period ending on June 13, 2013, the date of our 2013 Annual Meeting of Stockholders. Continued access to this exception will require approval of similar proposals at future stockholder meetings. We are not seeking an extension of the shareholder authorization to issue common stock at a price below net asset value per share at our 2013 Annual Meeting of Stockholders because our common stock price per share has been trading significantly above the current net asset value per share of our common stock, but we may seek such authorization at future Annual Meetings or Special Meetings of Stockholders. At our 2008 Annual Meeting of Stockholders, our stockholders approved a proposal to authorize us to issue securities to subscribe to, convert to, or purchase shares of our common stock in one or more offerings. Any decision to sell shares of our common stock below the then current net asset value per share of our common stock or securities to subscribe to, convert to, or purchase shares of our common stock would be subject to the determination by our Board of Directors that such issuance is in our and our stockholders' best interests.

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

Because the number of shares of common stock that could be so issued and the timing of any issuance is not currently known, the actual dilutive effect cannot be predicted; however, the example below illustrates the effect of dilution to existing stockholders resulting from the sale of common stock at prices below the net asset value of such shares. Please see "Sales of Common Stock Below Net Asset Value" for a more complete discussion of the potentially dilutive impacts of an offering at a price less than net asset value, or NAV, per share.

Illustration: Example of Dilutive Effect of the Issuance of Shares Below Net Asset Value. Assume that Company XYZ has 1,000,000 total shares outstanding, \$15,000,000 in total assets and \$5,000,000 in total liabilities. The net asset value per share of the common stock of Company XYZ is \$10.00. The following table illustrates the reduction to net asset value, or NAV, and the dilution

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experienced by Stockholder A following the sale of 40,000 shares of the common stock of Company XYZ at \$9.50 per share, a price below its NAV per share.

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

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

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

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

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

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

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

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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;

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.

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

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

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illiquidity of most of our investments may make it difficult for us to dispose of them at a favorable price, and, as a result, we may suffer losses.

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

We may not have the funds or ability to make additional investments in our portfolio companies. After our initial investment in a portfolio company, we may be called upon from time to time to provide additional funds to such company or have the opportunity to increase our investment through the extension of additional loans, the exercise of a warrant to purchase equity securities, or the funding of additional equity investments. There is no assurance that we will make, or will have sufficient funds to make, follow-on investments. Any decisions not to make a follow-on investment or any inability on our part to make such an investment may have a negative impact on a portfolio company in need of such an investment, may result in a missed opportunity for us to increase our participation in a successful operation or may reduce the expected yield on the investment.

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

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

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

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

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

Certain loans that we make are secured by a second priority security interest in the same collateral pledged by a portfolio company to secure senior debt owed by the portfolio company to commercial

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

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

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

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

We generally will not control our portfolio companies.

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

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Defaults by our portfolio companies will harm our operating results.

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

Any unrealized depreciation we experience in our portfolio may be an indication of future realized losses, which could reduce our income and gains available for distribution.

As a BDC, we are required to carry our investments at market value or, if no market value is ascertainable, at the fair value as determined in good faith by our Board of Directors. Decreases in the market values or fair values of our investments will be recorded as unrealized depreciation. Any unrealized depreciation in our portfolio could be an indication of a portfolio company's inability to meet its repayment obligations to us with respect to affected loans or a potential impairment of the value of affected equity investments. This could result in realized losses in the future and ultimately in reductions of our income and gains available for distribution in future periods.

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

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

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

Some of our debt investments will bear interest at variable rates and the interest income from these investments could be negatively affected by decreases in market interest rates. In addition, an increase in interest rates would make it more expensive for us to use debt to finance our investments. As a result, a significant increase in market interest rates could increase our cost of capital, which would reduce our net investment income. Also, an increase in interest rates available to investors could make an investment in our securities less attractive than alternative investments, a situation which could reduce the value of our securities. Conversely, a decrease in interest rates may have an adverse impact on our returns by requiring us to seek lower yields on our debt investments and by increasing the risk that our portfolio companies will prepay our debt investments, resulting in the need to redeploy capital at potentially lower rates. A decrease in market interest rates may also adversely impact our returns on idle funds, which would reduce our net investment income.

We may not realize gains from our equity investments.

Certain investments that we have made in the past and may make in the future include warrants or other equity securities. Investments in equity securities involve a number of significant risks, including the risk of further dilution as a result of additional issuances, inability to access additional capital and

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

Our Marketable securities and idle funds investments are subject to risks similar to our portfolio company 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 our portfolio companies. See " Our investments in portfolio companies involve higher levels of risk, and we could lose all or part of our investment." 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 " The lack of liquidity in our investments may adversely affect our business" 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.

Our investments in foreign securities may involve significant risks in addition to the risks inherent in U.S. investments.

Our investments in foreign securities may involve significant risks in addition to the risks inherent in investments in U.S. securities. Our investment strategy contemplates potential investments in debt securities of foreign companies. Investing in foreign companies may expose us to additional risks not typically associated with investing in securities of U.S. companies. These risks include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Although most of our investments will be U.S. dollar denominated, any investments denominated in a foreign currency will be subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in

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different currencies, long-term opportunities for investment and capital appreciation, and political developments.

Risks Relating to Our Securities

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

Shares of closed-end investment companies, including BDCs, may trade at a discount to net asset value. This characteristic of closed-end investment companies and BDCs is separate and distinct from the risk that our net asset value per share may decline. We cannot predict whether our common stock will trade at, above or below net asset value. In addition, if our common stock trades below net asset value, we will generally not be able to issue additional common stock at the market price unless our stockholders approve such a sale and our Board of Directors makes certain determinations. See "Risks Relating to Our Business and Structure" Stockholders may incur dilution if we sell shares of our common stock in one or more offerings at prices below the then current net asset value per share of our common stock or issue securities to subscribe to, convert to or purchase shares of our common stock" for a discussion of a proposal approved by our stockholders that permits us to issue shares of our common stock below net asset value.

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

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

We anticipate that, depending on market conditions and the amount of the capital, it may take us a substantial period of time to invest substantially all the capital in securities meeting our investment objective. During this period, we will invest the capital primarily in Marketable securities and idle funds investments, which may produce returns that are significantly lower than the returns which we expect to achieve when our portfolio is fully invested in securities meeting our investment objective. As a result, any distributions that we pay during such period may be substantially lower than the distributions that we may be able to pay when our portfolio is fully invested in securities meeting our investment objective. In addition, until such time as the net proceeds of any offering or from exiting an investment or other capital are invested in new securities meeting our investment objective, the market price for our securities may decline. Thus, the initial return on your investment may be lower than when, if ever, our portfolio is fully invested in securities meeting our investment objective.

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

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

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

Fluctuations in the trading prices of our securities may adversely affect the liquidity of the trading market for our securities and, if we seek to raise capital through future securities offerings, our ability

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to raise such capital. The market price and liquidity of the market for our securities may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include:

significant volatility in the market price and trading volume of securities of BDCs or other companies in our sector, which are not necessarily related to the operating performance of these companies;

changes in regulatory policies, accounting pronouncements or tax guidelines, particularly with respect to RICs, BDCs or SBICs;

inability to obtain any exemptive relief that may be required by us in the future from the SEC;

loss of our BDC or RIC status or either of the Funds' status as an SBIC;

changes in our earnings or variations in our operating results;

changes in the value of our portfolio of investments;

any shortfall in our investment income or net investment income or any increase in losses from levels expected by investors or securities analysts;

loss of a major funding source;

fluctuations in interest rates;

the operating performance of companies comparable to us;

departure of our key personnel;

global or national credit market changes; and

general economic trends and other external factors.

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

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

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

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

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

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

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

We have based the forward-looking statements included in this prospectus and will base the forward-looking statements included in any accompanying prospectus supplement on information available to us on the date of this prospectus and any accompanying prospectus supplement, as appropriate, and we assume no obligation to update any such forward-looking statements, except as required by law. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you, including in the form of a prospectus supplement or post-effective amendment to the registration statement, or through reports that we in the future may file with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

USE OF PROCEEDS

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

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

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

The following table sets forth, for each fiscal quarter during 2013, 2012 and 2011, the range of high and low closing prices of our common stock as reported on the NYSE, and the sales price as a percentage of the net asset value per share of our common stock.

| | NAV(1) | Price Range | | Percentage of High Sales Price to NAV(2) | Percentage of Low Sales Price to NAV(2) |
|---------------------------------------|----------|-------------|----------|--|---|
| | | High | Low | | |
| Year ending December 31, 2013 | | | | | |
| Third Quarter (through July 30, 2013) | * | \$ 30.90 | \$ 27.41 | * | * |
| Second Quarter | * | \$ 32.13 | \$ 26.43 | * | * |
| First Quarter | \$ 18.55 | 34.38 | 30.44 | 185% | 164% |
| Year ending December 31, 2012 | | | | | |
| Fourth Quarter | \$ 18.59 | \$ 30.84 | \$ 27.50 | 166% | 148% |
| Third Quarter | 17.49 | 29.53 | 24.25 | 169% | 139% |
| Second Quarter | 16.89 | 26.68 | 22.04 | 158% | 130% |
| First Quarter | 15.72 | 25.61 | 21.18 | 163% | 135% |
| Year ended December 31, 2011 | | | | | |
| Fourth Quarter | \$ 15.19 | \$ 21.24 | \$ 17.03 | 140% | 112% |
| Third Quarter | 14.49 | 19.39 | 15.98 | 134% | 110% |
| Second Quarter | 14.24 | 19.03 | 17.99 | 134% | 126% |
| First Quarter | 13.90 | 19.71 | 17.86 | 142% | 128% |

- (1) Net asset value per share, or NAV, is determined as of the last day in the relevant quarter and therefore may not reflect the net asset value per share on the date of the high and low sales prices. The net asset values shown are based on outstanding shares at the end of each period. Net asset value has not yet been determined for the second or third quarters of 2013.
- (2) Calculated as the respective high or low share price divided by NAV for such quarter.

On July 30, 2013 the last sale price of our common stock on the NYSE was \$30.80 per share, and there were approximately 206 holders of record of the common stock which did not include shareholders for whom shares are held in "nominee" or "street name." The net asset value per share of our common stock on March 31, 2013 (the last date prior to the date of this prospectus on which we determined our net asset value per share) was \$18.55, and the July 30, 2013 closing price of our common stock was 166% of this net asset value per share.

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

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We currently pay monthly dividends to our stockholders. Our monthly dividends, if any, will be determined by our Board of Directors on a quarterly basis. In addition to our monthly dividends, in January 2013 we began paying periodic supplemental dividends out of our undistributed taxable income, or spillover income. Our future supplemental dividends, if any, will be determined by our Board of Directors on a periodic basis.

The following table summarizes our dividends declared to date:

| Date Declared | Record Date | Payment Date | Amount(1) |
|-------------------------|--------------------|---------------------|------------------|
| Fiscal year 2013 | | | |
| May 8, 2013 | August 21, 2013 | September 16, 2013 | \$ 0.155 |
| May 8, 2013 | August 2, 2013 | August 15, 2013 | \$ 0.155 |
| May 13, 2013 | July 22, 2013 | July 26, 2013 | \$ 0.200(2) |
| May 8, 2013 | June 20, 2013 | July 15, 2013 | \$ 0.155 |
| March 5, 2013 | May 21, 2013 | June 14, 2013 | \$ 0.155 |
| March 5, 2013 | April 19, 2013 | May 15, 2013 | \$ 0.155 |
| March 5, 2013 | March 21, 2013 | April 15, 2013 | \$ 0.155 |
| November 6, 2012 | February 21, 2013 | March 15, 2013 | \$ 0.150 |
| November 6, 2012 | January 18, 2013 | February 15, 2013 | \$ 0.150 |
| November 6, 2012 | January 4, 2013 | January 23, 2013 | \$ 0.350(2) |
| November 6, 2012 | December 20, 2012 | January 15, 2013 | \$ 0.150(3) |
| Total | | | \$ 1.930 |
| Fiscal year 2012 | | | |
| July 31, 2012 | November 21, 2012 | December 14, 2012 | \$ 0.150(3) |
| July 31, 2012 | October 19, 2012 | November 15, 2012 | \$ 0.150(3) |
| July 31, 2012 | September 20, 2012 | October 15, 2012 | \$ 0.150(3) |
| May 1, 2012 | August 21, 2012 | September 14, 2012 | \$ 0.145(3) |
| May 1, 2012 | July 20, 2012 | August 15, 2012 | \$ 0.145(3) |
| May 1, 2012 | June 21, 2012 | July 16, 2012 | \$ 0.145(3) |
| March 6, 2012 | May 21, 2012 | June 15, 2012 | \$ 0.140(3) |
| March 6, 2012 | April 20, 2012 | May 15, 2012 | \$ 0.140(3) |
| March 6, 2012 | March 21, 2012 | April 16, 2012 | \$ 0.140(3) |
| December 8, 2011 | February 22, 2012 | March 15, 2012 | \$ 0.135(3) |
| December 8, 2011 | January 18, 2012 | February 15, 2012 | \$ 0.135(3) |
| December 8, 2011 | December 21, 2011 | January 16, 2012 | \$ 0.135(4) |
| Total | | | \$ 1.710 |
| Fiscal year 2011 | | | |
| August 4, 2011 | November 21, 2011 | December 15, 2011 | \$ 0.135(4) |
| August 4, 2011 | October 20, 2011 | November 15, 2011 | \$ 0.135(4) |
| August 4, 2011 | September 21, 2011 | October 14, 2011 | \$ 0.135(4) |
| June 7, 2011 | June 22, 2011 | July 15, 2011 | \$ 0.130(4) |
| June 7, 2011 | July 21, 2011 | August 15, 2011 | \$ 0.130(4) |
| June 7, 2011 | August 19, 2011 | September 15, 2011 | \$ 0.130(4) |
| March 9, 2011 | March 24, 2011 | April 15, 2011 | \$ 0.130(4) |
| March 9, 2011 | April 21, 2011 | May 16, 2011 | \$ 0.130(4) |
| March 9, 2011 | May 20, 2011 | June 15, 2011 | \$ 0.130(4) |
| December 9, 2010 | February 22, 2011 | March 15, 2011 | \$ 0.125(4) |
| December 9, 2010 | January 20, 2011 | February 15, 2011 | \$ 0.125(4) |
| December 9, 2010 | January 6, 2011 | January 14, 2011 | \$ 0.125(4) |
| Total | | | \$ 1.560 |

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| Date Declared | Record Date | Payment Date | Amount(1) |
|---------------------------------------|--------------------|--------------------|-----------------|
| Fiscal year 2010 | | | |
| September 8, 2010 | November 19, 2010 | December 15, 2010 | \$ 0.125(5) |
| September 8, 2010 | October 21, 2010 | November 15, 2010 | \$ 0.125(5) |
| September 8, 2010 | September 23, 2010 | October 15, 2010 | \$ 0.125(5) |
| June 3, 2010 | August 20, 2010 | September 15, 2010 | \$ 0.125(5) |
| June 3, 2010 | July 21, 2010 | August 16, 2010 | \$ 0.125(5) |
| June 3, 2010 | June 21, 2010 | July 15, 2010 | \$ 0.125(5) |
| March 9, 2010 | May 20, 2010 | June 15, 2010 | \$ 0.125(5) |
| March 9, 2010 | April 21, 2010 | May 14, 2010 | \$ 0.125(5) |
| March 9, 2010 | March 25, 2010 | April 15, 2010 | \$ 0.125(5) |
| December 8, 2009 | February 22, 2010 | March 15, 2010 | \$ 0.125(5) |
| December 8, 2009 | January 21, 2010 | February 16, 2010 | \$ 0.125(5) |
| December 8, 2009 | January 6, 2010 | January 15, 2010 | \$ 0.125(5) |
| Total | | | \$ 1.500 |
| Fiscal year 2009 | | | |
| Total | | | \$ 1.500(6),(7) |
| Fiscal year 2008 | | | |
| Total | | | \$ 1.425(7) |
| Fiscal year 2007 | | | |
| Total | | | \$ 0.330(8) |
| Cumulative dividends declared or paid | | | \$ 9.955 |

-
- (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 20% maximum tax rate applicable to "qualified dividend income" from domestic corporations and qualified foreign corporations, except to the extent that the RIC received the income in the form of qualifying dividends from domestic corporations and qualified foreign corporations.
 - (2) Supplemental dividends paid out of our undistributed taxable income, or spillover income.
 - (3) These dividends attributable to fiscal year 2012 were comprised of ordinary income of \$0.923 per share, long term capital gain of \$0.748 per share, and qualified dividend income of \$0.054 per share, and included dividends with a record date during fiscal year 2012, including the dividend declared and accrued as of December 31, 2012 and paid on January 15, 2013, pursuant to the Code.
 - (4) These dividends attributable to fiscal year 2011 were comprised of ordinary income of \$1.253 per share, long term capital gain of \$0.373 per share, and qualified dividend income of \$0.069 per share, and included dividends with a record date during fiscal year 2011, including the dividend declared and accrued as of December 31, 2011 and paid on January 16, 2012, pursuant to the Code.
 - (5) These dividends attributable to fiscal year 2010 were comprised of ordinary income of \$1.220 per share, long term capital gain of \$0.268 per share, and qualified dividend income of \$0.012 per share.
 - (6) These dividends attributable to fiscal year 2009 were comprised of ordinary income of \$1.218 per share and long term capital gain of \$0.157 per share.

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- (7) These dividends attributable to fiscal year 2008 were comprised of ordinary income of \$0.953 per share and long term capital gain of \$0.597 per share, and included dividends with a record date during fiscal year 2008, including the \$0.125 per share dividend declared and accrued as of December 31, 2008 and paid on January 15, 2009, pursuant to the Code.
- (8) 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 a 4% excise tax for the excess over 98% of our annual taxable income in excess of distributions for the year. We may retain for investment some or all of our net capital gains (i.e., realized net long-term capital gains in excess of realized net short-term capital losses) and treat such amounts as deemed distributions to our stockholders. If we do this, our stockholders will be treated as if they had received actual distributions of the capital gains we retained and then reinvested the net after-tax proceeds in our common stock. In general, our stockholders also would be eligible to claim a tax credit (or, in certain circumstances, a tax refund) equal to their allocable shares of the tax we paid on the capital gains deemed distributed to them. We can offer no assurance that we will achieve results that will permit the payment of any cash distributions and, if we issue senior securities, we may be prohibited from making distributions if doing so causes us to fail to maintain the asset coverage ratios stipulated by the 1940 Act or if distributions are limited by the terms of any of our borrowings.

We may distribute taxable dividends that are payable in part in our stock. Under certain applicable provisions of the Code and the Treasury regulations, distributions payable by us in cash or in shares of stock (at the stockholders election) would satisfy the Annual Distribution Requirement. The IRS has issued private letter rulings providing that a dividend payable in stock or in cash at the election of the stockholders will be treated as a taxable dividend eligible for the dividends paid deduction provided that at least 20% of the total dividend is payable in cash and certain other requirements are satisfied. Taxable stockholders receiving such dividends will be required to include the full amount of the dividend as ordinary income (or as long-term capital gain to the extent such dividend is properly reported as a capital gain dividend), to the extent of our current and accumulated earnings and profits for United States federal income tax purposes. As a result, a U.S. stockholder may be required to pay tax with respect to such dividends in excess of any cash received. If a U.S. stockholder sells the stock it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our stock at the time of the sale. Furthermore, with respect to non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in stock. In addition, if a significant number of our stockholders determine to sell shares of our stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our stock.

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The following table contains our ratio of earnings to fixed charges for the periods indicated, computed as set forth below. You should read these ratios of earnings to fixed charges in connection with our consolidated financial statements, including the notes to those statements, included in this prospectus.

| | For the Three Months Ended March 31, 2013 | For the Year Ended December 31, 2012 | For the Year Ended December 31, 2011 | For the Year Ended December 31, 2010 | For the Year Ended December 31, 2009 | For the Year Ended December 31, 2008 |
|---------------------------------|--|---|---|---|---|---|
| Earnings to Fixed Charges(1) | 7.62 | 8.37 | 6.21 | 5.52 | 3.55 | 3.05 |

- (1) Earnings include net realized and unrealized gains or losses. Net realized and unrealized gains or losses can vary substantially from period to period.

For purposes of computing the ratios of earnings to fixed charges, earnings represent net increase in net assets resulting from operations plus (or minus) income tax expense (benefit) including excise tax expense plus fixed charges. Fixed charges include interest and credit facility fees expense and amortization of debt issuance costs.

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The selected financial and other data below reflects the consolidated financial condition and the consolidated statement of operations of Main Street and its subsidiaries as of and for the years ended December 31, 2012, 2011, 2010, 2009 and 2008, as of March 31, 2013 and for the three months ended March 31, 2013 and 2012. The selected financial data at December 31, 2012, 2011, 2010, 2009 and 2008 and for the years ended December 31, 2012, 2011, 2010, 2009 and 2008, have been derived from consolidated financial statements that have been audited by Grant Thornton LLP, an independent registered public accounting firm. The selected financial data at March 31, 2013, and for the three months ended March 31, 2013 and 2012, have been derived from unaudited financial data but, in the opinion of management, reflect all adjustments (consisting only of normal recurring adjustments) that are necessary to present fairly the financial condition and operating results for such interim periods. Interim results as of and for the three months ended March 31, 2013 are not necessarily indicative of the results that may be expected for the year ending December 31, 2013. You should read this selected financial data in conjunction with our "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Senior Securities" and the financial statements and related notes included in this prospectus.

| | Three Months Ended March 31, | | Years Ended December 31, | | | | |
|---|---------------------------------|----------------|--------------------------|-----------------|-----------------|----------------|----------------|
| | 2013 | 2012 | 2012 | 2011 | 2010 | 2009 | 2008 |
| | (dollars in thousands) | | | | | | |
| | (Unaudited) | | | | | | |
| Statement of operations data: | | | | | | | |
| Investment income: | | | | | | | |
| Total interest, fee and dividend income | \$ 25,333 | \$ 19,587 | \$ 88,858 | \$ 65,045 | \$ 35,645 | \$ 14,514 | \$ 16,123 |
| Interest from idle funds and other | 311 | 972 | 1,662 | 1,195 | 863 | 1,488 | 1,172 |
| Total investment income | 25,644 | 20,559 | 90,520 | 66,240 | 36,508 | 16,002 | 17,295 |
| Expenses: | | | | | | | |
| Interest | (3,882) | (3,864) | (15,631) | (13,518) | (9,058) | (3,791) | (3,778) |
| General and administrative | (687) | (608) | (2,330) | (2,483) | (1,437) | (1,351) | (1,684) |
| Expenses reimbursed to Investment Manager | (3,189) | (2,657) | (10,669) | (8,915) | (5,263) | (570) | (1,007) |
| Share-based compensation | (603) | (581) | (2,565) | (2,047) | (1,489) | (1,068) | (511) |
| Total expenses | (8,361) | (7,710) | (31,195) | (26,963) | (17,247) | (6,780) | (6,980) |
| Net investment income | 17,283 | 12,849 | 59,325 | 39,277 | 19,261 | 9,222 | 10,315 |
| Total net realized gain (loss) from investments | (402) | 8,138 | 16,479 | 2,639 | (2,880) | (7,798) | 1,398 |
| Net realized income | 16,881 | 20,987 | 75,804 | 41,916 | 16,381 | 1,424 | 11,713 |
| Total net change in unrealized appreciation (depreciation) | 8,799 | 4,728 | 39,460 | 28,478 | 19,639 | 8,242 | (3,961) |
| Income tax benefit (provision) | (2,051) | (1,876) | (10,820) | (6,288) | (941) | 2,290 | 3,182 |
| Bargain purchase gain | | | | | 4,891 | | |
| Net increase in net assets resulting from operations | 23,629 | 23,839 | 104,444 | 64,106 | 39,970 | 11,956 | 10,934 |
| Noncontrolling interest | | (54) | (54) | (1,139) | (1,226) | | |
| Net increase in net assets resulting from operations attributable to common stock | \$ 23,629 | \$ 23,785 | \$ 104,390 | \$ 62,967 | \$ 38,744 | \$ 11,956 | \$ 10,934 |
| Net investment income per share basic and diluted | \$ 0.50 | \$ 0.48 | \$ 2.01 | \$ 1.69 | \$ 1.16 | \$ 0.92 | \$ 1.13 |
| Net realized income per share basic and diluted | \$ 0.49 | \$ 0.78 | \$ 2.56 | \$ 1.80 | \$ 0.99 | \$ 0.14 | \$ 1.29 |
| Net increase in net assets resulting from operations attributable to common stock per share basic and diluted | \$ 0.68 | \$ 0.89 | \$ 3.53 | \$ 2.76 | \$ 2.38 | \$ 1.19 | \$ 1.20 |
| Weighted average shares outstanding basic and diluted | 34,699,505 | 26,871,084 | 29,540,114 | 22,850,299 | 16,292,846 | 10,042,639 | 9,095,904 |

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| | As of March 31, 2013 | 2012 | 2011 | As of December 31, 2010 2009 2008 | | |
|---|----------------------------|---------------------|-------------------|--|-------------------|-------------------|
| | (dollars in thousands) | | | | | |
| | (Unaudited) | | | | | |
| Balance sheet data: | | | | | | |
| Assets: | | | | | | |
| Total portfolio investments at fair value | \$ 985,491 | \$ 924,431 | \$ 658,093 | \$ 407,987 | \$ 159,154 | \$ 127,007 |
| Marketable securities and idle funds investments | | 28,535 | 26,242 | 9,577 | 839 | 4,390 |
| Cash and cash equivalents | 26,221 | 63,517 | 42,650 | 22,334 | 30,620 | 35,375 |
| Deferred tax asset, net | | | | 1,958 | 2,716 | 1,121 |
| Interest receivable and other assets | 11,409 | 14,580 | 6,539 | 4,524 | 1,510 | 1,101 |
| Deferred financing costs, net of accumulated amortization | 5,135 | 5,162 | 4,168 | 2,544 | 1,611 | 1,635 |
| Total assets | \$ 1,028,256 | \$ 1,036,225 | \$ 737,692 | \$ 448,924 | \$ 196,450 | \$ 170,629 |
| Liabilities and net assets: | | | | | | |
| SBIC debentures at fair value | \$ 212,679 | \$ 211,467 | \$ 201,887 | \$ 155,558 | \$ 65,000 | \$ 55,000 |
| Credit facility | 141,000 | 132,000 | 107,000 | 39,000 | | |
| Payable for securities purchased | 6,990 | 20,661 | | | | |
| Interest payable | 1,128 | 3,562 | 3,984 | 3,195 | 1,069 | 1,108 |
| Dividend payable | 5,390 | 5,188 | 2,856 | | | 726 |
| Deferred tax liability, net | 13,158 | 11,778 | 3,776 | | | |
| Accounts payable and other liabilities | 2,701 | 8,593 | 7,001 | 1,188 | 721 | 1,439 |
| Total liabilities | 383,046 | 393,249 | 326,504 | 198,941 | 66,790 | 58,273 |
| Total net asset value | 645,210 | 642,976 | 405,711 | 245,535 | 129,660 | 112,356 |
| Noncontrolling interest | | | 5,477 | 4,448 | | |
| Total liabilities and net assets | \$ 1,028,256 | \$ 1,036,225 | \$ 737,692 | \$ 448,924 | \$ 196,450 | \$ 170,629 |
| Other data: | | | | | | |
| Weighted average effective yield on LMM debt investments(1) | 14.2% | 14.3% | 14.7% | 14.4% | 14.3% | 14.0% |
| Number of LMM portfolio companies(2) | 57 | 56 | 53 | 43 | 35 | 31 |
| Weighted average effective yield on Middle Market debt investments(1) | 8.2% | 8.0% | 9.2% | 10.5% | 11.8% | N/A |
| Number of Middle Market portfolio companies | 80 | 79 | 56 | 32 | 6 | N/A |
| Weighted average effective yield on Private Loan debt investments(1) | 14.0% | 14.8% | 15.4% | 16.1% | N/A | N/A |
| Number of Private Loan portfolio companies | 10 | 9 | 2 | 1 | N/A | N/A |
| Expense ratios (as percentage of average net assets): | | | | | | |
| Total expenses, including income tax expense | 1.6%(3)(4) | 8.2%(3) | 9.8%(3) | 8.8%(3) | 5.6% | 6.1% |
| Operating expenses | 1.3%(3)(4) | 6.1%(3) | 8.0%(3) | 8.3%(3) | 5.6% | 6.1% |
| Operating expenses, excluding interest expense | 0.7%(3)(4) | 3.0%(3) | 4.0%(3) | 4.0%(3) | 2.5% | 2.8% |

- (1) Weighted-average effective yield is calculated based on our debt investments at the end of each period and includes amortization of deferred debt origination fees and accretion of original issue discount, but excludes liquidation fees payable upon repayment and any debt investments on non-accrual status.
- (2) Excludes the investment in affiliated Investment Manager, as discussed elsewhere in this prospectus.
- (3) Ratios are net of amounts attributable to MSC II non-controlling interest.
- (4) Not annualized.

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

The following discussion should be read in conjunction with our financial statements and the notes thereto included elsewhere in this prospectus.

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 this prospectus.

ORGANIZATION

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

On January 7, 2010, MSCC consummated transactions (the "Exchange Offer") to exchange 1,239,695 shares of its common stock for approximately 88% of the total dollar value of the limited partner interests in Main Street Capital II, LP ("MSC II" and, together with MSMF, the "Funds"). Pursuant to the terms of the Exchange Offer, 100% of the membership interests in the general partner of MSC II, Main Street Capital II GP, LLC ("MSC II GP"), were also transferred to MSCC for no consideration. MSC II commenced operations in January 2006, is an investment fund that operates as an SBIC and is also managed by the Investment Manager. During the first quarter of 2012, MSCC exchanged 229,634 shares of its common stock to acquire all of the remaining minority ownership in the total dollar value of the MSC II limited partnership interests, including approximately 5% owned by affiliates of MSCC (the "Final MSC II Exchange"). After the completion of the Final MSC II Exchange, MSCC owns 100% of MSC II. The Exchange Offer and related transactions, including the transfer of the MSC II GP interests and the Final MSC II Exchange, are collectively termed the "Exchange Offer Transactions."

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

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

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Unless otherwise noted or the context otherwise indicates, the terms "we," "us," "our" and "Main Street" refer to MSCC and its consolidated subsidiaries, which include 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 and debt capital to middle market ("Middle Market") companies. Our portfolio investments are typically made to support management buyouts, recapitalizations, growth financings, refinancings and acquisitions of companies that operate in diverse industry sectors. We seek to partner with entrepreneurs, business owners and management teams and generally provide "one stop" financing alternatives within our LMM portfolio. We invest primarily in secured debt investments, equity investments, warrants and other securities of LMM companies based in the United States and in secured debt investments of Middle Market companies generally headquartered in the United States. Our principal investment objective is to maximize our portfolio's total return by generating current income from our debt investments and capital appreciation from our equity and equity related investments, including warrants, convertible securities and other rights to acquire equity securities in a portfolio company. Our LMM companies generally have annual revenues between \$10 million and \$150 million, and our LMM portfolio investments generally range in size from \$5 million to \$25 million. Our Middle Market investments are made in businesses that are generally larger in size than our LMM portfolio companies, with annual revenues typically between \$150 million and \$1.5 billion, and our Middle Market investments generally range in size from \$3 million to \$15 million.

Our private loan ("Private Loan") investments are made in businesses that are consistent with the size of companies in our LMM portfolio or our Middle Market portfolio, but are investments which have been originated through strategic relationships with other investment funds on a collaborative basis. The structure, terms and conditions for these Private Loan investments are typically consistent with the structure, terms and conditions for the loans made in our LMM portfolio or Middle Market portfolio.

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

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 LMM creates the opportunity for us to meet the financing needs of LMM companies while also negotiating favorable transaction terms and equity participations. Our ability to invest across a company's capital structure, from senior secured loans to equity securities, allows us to offer portfolio companies a comprehensive suite of financing options, or a "one stop" financing solution. Providing customized, "one stop" financing solutions 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. Our LMM portfolio debt investments are generally secured by a first lien on the assets of the portfolio company and typically have a term of between five and seven years. We believe that our LMM investment strategy has a lower correlation to the broader debt and equity markets.

As of March 31, 2013, we had debt and equity investments in 57 LMM portfolio companies with an aggregate fair value of approximately \$520.3 million, with a total cost basis of approximately \$412.2 million, and a weighted average annual effective yield on our LMM debt investments of approximately

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14.2%. As of March 31, 2013 approximately 76% of our total LMM portfolio investments at cost were in the form of debt investments and approximately 93% of such debt investments at cost were secured by first priority liens on the assets of our LMM portfolio companies. At March 31, 2013, we had equity ownership in approximately 93% of our LMM portfolio companies and the average fully diluted equity ownership in those portfolio companies was approximately 33%. As of December 31, 2012, Main Street had debt and equity investments in 56 LMM portfolio companies with an aggregate fair value of approximately \$482.9 million, with a total cost basis of approximately \$380.5 million, and a weighted average annual effective yield on our LMM debt investments of approximately 14.3%. As of December 31, 2012, approximately 75% of our total LMM portfolio investments at cost were in the form of debt investments and approximately 93.0% of such debt investments at cost were secured by first priority liens on the assets of our LMM portfolio companies. At December 31, 2012, we had equity ownership in approximately 93% of our LMM portfolio companies and the average fully diluted equity ownership in those portfolio companies was approximately 33%. The weighted average annual yields were computed using the effective interest rates for all debt investments at March 31, 2013 and December 31, 2012, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status.

We also pursue investments in Middle Market companies. Our Middle Market portfolio investments primarily consist of direct or secondary purchases of interest-bearing debt securities in privately held companies that are generally larger in size than the LMM companies included in our LMM portfolio. Our Middle Market portfolio debt investments are generally secured by either a first or second priority lien on the assets of the company and have an expected duration of between three and five years.

As of March 31, 2013, we had Middle Market portfolio investments in 80 companies, collectively totaling approximately \$361.9 million in fair value with a total cost basis of approximately \$354.4 million. The weighted average revenue for the 80 Middle Market portfolio company investments was approximately \$557.0 million as of March 31, 2013. As of March 31, 2013, substantially all of our Middle Market portfolio investments were in the form of debt investments and approximately 91% of such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on our Middle Market portfolio debt investments was approximately 8.2% as of March 31, 2013. As of December 31, 2012, we had Middle Market portfolio investments in 79 companies, collectively totaling approximately \$352.0 million in fair value with a total cost basis of approximately \$348.1 million. The weighted average revenue for the 79 Middle Market portfolio company investments was approximately \$533.6 million as of December 31, 2012. As of December 31, 2012, substantially all of our Middle Market portfolio investments were in the form of debt investments and approximately 91% of such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on our Middle Market portfolio debt investments was approximately 8.0% as of December 31, 2012. The weighted average annual yields were computed using the effective interest rates for all debt investments at March 31, 2013 and December 31, 2012, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments.

Our Private Loan portfolio investments primarily consist of investments in interest-bearing debt securities in companies that are consistent with the size of the companies included in our LMM portfolio or our Middle Market portfolio. Our Private Loan portfolio debt investments are generally secured by either a first or second priority lien on the assets of the portfolio company and typically have a term of between three and seven years.

As of March 31, 2013, we had Private Loan portfolio investments in 10 companies, collectively totaling approximately \$74.5 million in fair value with a total cost basis of approximately \$73.8 million. The weighted average revenue for the 10 Private Loan portfolio company investments was

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approximately \$193.8 million as of March 31, 2013. As of March 31, 2013, 99% of our Private Loan portfolio investments were in the form of debt investments and all such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on our Private Loan portfolio debt investments was approximately 14.0% as of March 31, 2013. As of December 31, 2012, we had Private Loan portfolio investments in 9 companies, collectively totaling approximately \$65.5 million in fair value with a total cost basis of approximately \$64.9 million. The weighted average revenue for the 9 Private Loan portfolio company investments was approximately \$230.5 million as of March 31, 2013. As of December 31, 2012, 99% of our Private Loan portfolio investments were in the form of debt investments and all such debt investments at cost were secured by first priority liens on portfolio company assets. The weighted average annual effective yield on our Private Loan portfolio debt investments was approximately 14.8% as of December 31, 2012. The weighted average annual yields were computed using the effective interest rates for all debt investments at March 31, 2013 and December 31, 2012, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments.

As of March 31, 2013, we had Other Portfolio investments in 4 companies, collectively totaling approximately \$28.7 million in fair value and approximately \$27.9 million in cost basis and which comprised 2.9% of our Investment Portfolio at fair value as of March 31, 2013. As of December 31, 2012, we had Other Portfolio investments in 3 companies, collectively totaling approximately \$24.1 million in both fair value and approximately \$23.6 million in cost basis and which comprised 2.6% of our Investment Portfolio at fair value as of December 31, 2012.

During the three months ended March 31, 2013, there were nine portfolio company investment transfers from the LMM and Middle Market portfolio investment categories to the Private Loan portfolio investment category totaling \$65.5 million at fair value and \$64.9 million at cost as of December 31, 2012.

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 and MSC II are both wholly owned subsidiaries of MSCC.

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

MSCC and its consolidated subsidiaries are internally managed by the Investment Manager, a wholly owned subsidiary of MSCC, which employs all of the executive officers and other employees of Main Street. Because the Investment Manager is wholly owned by MSCC, Main Street does not pay any external investment advisory fees, but instead incurs the operating costs associated with employing investment and portfolio management professionals through the Investment Manager. We believe that our internally managed structure provides us with a beneficial operating expense structure when compared to other publicly-traded and privately-held investment firms which are externally managed.

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and our internally managed structure allows us the opportunity to leverage our non-interest operating expenses as we grow our Investment Portfolio. For the three months ended March 31, 2013 and 2012, the ratio of our total operating expenses, excluding interest expense, as a percentage of our quarterly average total assets was 1.7% and 2.0%, respectively, on an annualized basis, and 1.8% for the year ended December 31, 2012.

During May 2012, MSCC and the Investment Manager executed an investment sub-advisory agreement with HMS Adviser, LP ("HMS Adviser"), which is the investment advisor to HMS Income Fund, Inc. ("HMS Income"), a non publicly-traded BDC whose registration statement on Form N-2 was declared effective by the SEC in June 2012, to provide certain investment advisory services to HMS Adviser. MSCC is initially providing such investment advisory services to HMS Adviser, but it is ultimately intended that the Investment Manager will provide such services because the fees MSCC receives from such arrangement could otherwise have negative consequences on its ability to meet the source-of-income requirement necessary for it to maintain its RIC tax treatment (MSCC or the Investment Adviser, whichever is providing such investment advisory services, the "Sub-Adviser"). Certain relief must be obtained from the SEC before the Investment Manager is permitted to provide these services to HMS Adviser, which relief is being sought, but there can be no assurance that it will be obtained. Under the investment sub-advisory agreement, the Sub-Adviser is entitled to 50% of the base management fee and the incentive fees earned by HMS Adviser under its advisory agreement with HMS Income. However, the Sub-Adviser has agreed to waive all such fees from the effective date of HMS Adviser's registration statement on Form N-2 through September 30, 2013 to the extent that such fees would cause a portion of any distributions declared and payable by HMS Income to represent a return of capital for purposes of U.S. federal income tax. As a result, as of March 31, 2013, the Sub-Adviser has not received any base management fee or incentive fees under the investment sub-advisory agreement and the Sub-Adviser is not due any unpaid compensation for any base management fee or incentive fees under the investment sub-advisory agreement.

CRITICAL ACCOUNTING POLICIES

Basis of Presentation

Our financial statements are prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). For the three months ended March 31, 2013 and 2012, our consolidated financial statements include the accounts of MSCC and its consolidated subsidiaries, which include the Funds and the Taxable Subsidiaries. The Investment Portfolio, as used herein, refers to all of our LMM portfolio investments, Middle Market portfolio investments, Private Loan portfolio investments, Other Portfolio investments and the investment in the "Investment Manager." Marketable securities and idle funds investments are classified as financial instruments and are reported separately on our Consolidated Balance Sheets and Consolidated Schedule of Investments due to the nature of such investments. Our results of operations and cash flows for the three months ended March 31, 2013 and 2012 and financial position as of March 31, 2013 and December 31, 2012, 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 presentation, including certain investments previously included as part of the LMM portfolio or Middle Market portfolio that are now classified as part of the Private Loan portfolio and the reclassification of Investment Portfolio and Marketable securities and idle funds investment related activity from cash flows from investing activities to cash flows from operating activities.

The accompanying unaudited consolidated financial statements of Main Street are presented in conformity with U.S. GAAP for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Article 10 of Regulation S-X. Accordingly, certain disclosures accompanying annual financial statements prepared in accordance with U.S. GAAP are omitted. In the

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opinion of management, the unaudited consolidated financial results included herein contain all adjustments, consisting solely of normal recurring accruals, considered necessary for the fair presentation of financial statements for the interim periods included herein. The results of operations for the three months ended March 31, 2013 are not necessarily indicative of the operating results to be expected for the full year. Also, the unaudited financial statements and notes should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2012. Financial statements prepared on a U.S. GAAP basis require management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

Under the investment company rules and regulations pursuant to Article 6 of Regulation S-X and the Audit and Accounting Guide for Investment Companies issued by the American Institute of Certified Public Accountants (the "AICPA Guide"), we are precluded from consolidating portfolio company investments, including those in which we have a controlling interest, unless the portfolio company is another investment company. An exception to this general principle in the AICPA Guide occurs if we own a controlled operating company that provides all or substantially all of its services directly to us, or to an investment company of ours. None of the investments made by us qualify for this exception. Therefore, the Investment Portfolio is 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 realized, usually upon exit, resulting in any gain or loss being recognized as a "Net Realized Gain (Loss) from Investments."

Portfolio Investment Valuation

The most significant determination inherent in the preparation of our consolidated financial statements is the valuation of our Investment Portfolio and the related amounts of unrealized appreciation and depreciation. As of March 31, 2013 and December 31, 2012, approximately 96% and 89%, respectively, of our total assets at each date represented investments in portfolio companies valued at fair value (including our investment in the Investment Manager). We are required to report our investments at fair value. We follow the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("Codification" or "ASC") 820, *Fair Value Measurements and Disclosures* ("ASC 820"). ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and enhances disclosure requirements for fair value measurements.

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

LMM investments and Other Portfolio investments generally have no established trading market while Middle Market securities generally have established markets that are not active. Private Loan investments may include investments which have no established trading market or have established markets that are not active. We determine in good faith the fair value of our Investment Portfolio

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pursuant to a valuation policy in accordance with ASC 820 and a valuation process approved by our Board of Directors and in accordance with the 1940 Act. Our valuation policy and process is intended to provide a consistent basis for determining the fair value of our portfolio.

For LMM investments, we review external events, including private mergers, sales and acquisitions involving comparable companies, and include these events in the valuation process. For Middle Market portfolio investments, we primarily use observable inputs such as quoted prices in the valuation process. For Middle Market portfolio investments for which sufficient observable inputs are not available to determine fair value, we generally use a combination of observable inputs through obtaining third party quotes or other independent pricing and an approach similar to the income approach using a yield-to-maturity model used to value our LMM portfolio debt investments.

For valuation purposes, "control" LMM portfolio investments are composed of debt and equity securities in companies for which we 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 are generally not readily available for our control LMM portfolio investments. As a result, for control LMM portfolio investments, we determine the fair value 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 various components of the portfolio company's capital structure. 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, and which includes using a yield-to-maturity 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.. The valuation approaches for our control LMM portfolio investments estimate the value of the investment if we were to sell, or exit, the investment. In addition, these valuation approaches consider the value associated with our ability to control the capital structure of the portfolio company, as well as the timing of a potential exit.

For valuation purposes, "non-control" LMM portfolio investments are composed of debt and equity securities in companies 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 are generally not readily available for non-control LMM portfolio investments. For our non-control LMM investments, we use a combination of the market and income approaches to value our equity investments and the income approach to value our debt investments similar to the approaches used for our control LMM portfolio investments, and which includes using a yield-to-maturity 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 LMM loans and debt securities to maturity. The yield-to-maturity analysis considers changes in leverage levels, credit quality, portfolio company performance and other factors. We will use the value determined by the yield-to-maturity analysis as the fair value for that security; however, because of our general intent to hold our loans to maturity, the fair value will not exceed the face amount of the LMM debt security. A

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change in the assumptions that we use to estimate the fair value of our LMM debt securities using the yield-to-maturity analysis could have a material impact on the determination of fair value. If there is deterioration in credit quality or if a LMM debt security is in workout status, we may consider other factors in determining the fair value of the LMM debt security, including the value attributable to the debt security from the enterprise value of the portfolio company or the proceeds that would most likely be received in a liquidation analysis.

Our Middle Market portfolio investments primarily consist of direct or secondary investments in interest-bearing debt securities in companies that are generally larger in size than the LMM companies included in our Investment Portfolio. For valuation purposes, all of our Middle Market portfolio investments are non-control investments for which we do not have a contr