

Main Street Capital CORP
Form 497
March 21, 2011

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[TABLE OF CONTENTS](#)

[AUDITED FINANCIAL STATEMENTS](#)

[Table of Contents](#)

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

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

SUBJECT TO COMPLETION, DATED MARCH 21, 2011

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

Shares

Main Street Capital Corporation

Common Stock

We are offering for sale _____ shares of our common stock.

We are a principal investment firm primarily focused on providing customized debt and equity financing to lower middle market ("LMM") companies, which we generally define as companies with annual revenues between \$10 million and \$100 million that operate in diverse industries. We seek to fill the current financing gap for LMM businesses, which, historically, have had more limited access to financing from commercial banks and other traditional sources. Our principal investment objective is to maximize our portfolio's total return by generating current income from our debt investments and capital appreciation from our equity and equity related investments, including warrants, convertible securities and other rights to acquire equity securities in a portfolio company.

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

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

Our common stock is listed on the New York Stock Exchange under the symbol "MAIN." On March 18, 2011, the last reported sale price of our common stock on the New York Stock Exchange was \$19.19 per share.

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Investing in our common stock involves a high degree of risk, and should be considered highly speculative. See "Risk Factors" beginning on page 13 of the accompanying prospectus and "Supplemental Risk Factors" beginning on page S-10 of this prospectus supplement to read about factors you should consider, including the risk of leverage, before investing in our common stock.

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

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

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

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

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

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

Morgan Keegan

BB&T Capital Markets

A Division of Scott & Stringfellow, LLC

Baird

Janney Montgomery Scott

Sanders Morris Harris

The date of this prospectus supplement is March _____, 2011

Table of Contents

TABLE OF CONTENTS

	Page
PROSPECTUS SUPPLEMENT	
<u>Prospectus Summary</u>	S-1
<u>Fees and Expenses</u>	S-8
<u>Supplemental Risk Factors</u>	S-10
<u>Use of Proceeds</u>	S-13
<u>Capitalization</u>	S-14
<u>Price Range of Common Stock and Distributions</u>	S-15
<u>Selected Financial Data</u>	S-19
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	S-21
<u>Business</u>	S-41
<u>Management</u>	S-52
<u>Certain Relationships and Related Transactions</u>	S-73
<u>Control Persons and Principal Stockholders</u>	S-73
<u>Additional Material U.S. Federal Income Tax Considerations</u>	S-75
<u>Underwriting (Conflicts of Interest)</u>	S-77
<u>Legal Matters</u>	S-80
<u>Independent Registered Public Accounting Firm</u>	S-80
<u>Available Information</u>	S-80
<u>Audited Financial Statements</u>	S-81
PROSPECTUS	
<u>Prospectus Summary</u>	1
<u>Fees and Expenses</u>	11
<u>Risk Factors</u>	13
<u>Cautionary Statement Concerning Forward-Looking Statements</u>	30
<u>Use of Proceeds</u>	31
<u>Price Range of Common Stock and Distributions</u>	31
<u>Purchases of Equity Securities</u>	34
<u>Selected Financial Data</u>	35
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	37
<u>Senior Securities</u>	61
<u>Business</u>	62
<u>Portfolio Companies</u>	73
<u>Management</u>	79
<u>Certain Relationships and Related Transactions</u>	100
<u>Control Persons and Principal Stockholders</u>	100
<u>Sales of Common Stock Below Net Asset Value</u>	102
<u>Dividend Reinvestment Plan</u>	108
<u>Description of Capital Stock</u>	109
<u>Material U.S. Federal Income Tax Considerations</u>	116
<u>Regulation</u>	122
<u>Plan of Distribution</u>	127
<u>Custodian, Transfer and Distribution Paying Agent and Registrar</u>	129
<u>Brokerage Allocation and Other Practices</u>	129
<u>Legal Matters</u>	129
<u>Independent Registered Public Accounting Firm</u>	129
<u>Available Information</u>	129
<u>Privacy Notice</u>	130
<u>Index to Financial Statements</u>	F-1

Table of Contents

ABOUT THE PROSPECTUS

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

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

Forward-Looking Statements

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

Table of Contents

PROSPECTUS SUMMARY

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

Organization

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

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

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

Table of Contents

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

Overview

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

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

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

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

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

Table of Contents

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

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

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

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

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

Business Strategies

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

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

Table of Contents

allows us to offer our LMM portfolio companies a comprehensive suite of financing solutions, or "one-stop" financing.

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

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

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

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

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

Investment Criteria

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

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

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

Table of Contents

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

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

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

Recent Developments

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

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

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

Table of Contents

The Offering

Common stock offered by us	shares
Common stock outstanding prior to this offering	18,922,566 shares
Common stock to be outstanding after this offering	shares
Over-allotment option	shares
Use of proceeds	

The net proceeds from this offering (without exercise of the over-allotment option and before deducting estimated expenses payable by us of approximately \$200,000) will be \$. We intend to use the net proceeds from this offering to repay outstanding debt borrowed under our \$100 million credit facility. We intend to use any remaining net proceeds from this offering to make investments in accordance with our investment objective and strategies described in this prospectus supplement and the accompanying prospectus, pay our operating expenses and other cash obligations, and for general corporate purposes. Pending such uses, we currently intend to invest the net proceeds of this offering in marketable securities and idle funds investments, which may include investments in secured intermediate term bank debt, rated debt securities and other income producing investments, consistent with our BDC election and our election to be taxed as a regulated investment company ("RIC"). See "Regulation Regulation as a Business Development Company" in the accompanying prospectus.

Dividends and distributions

Our dividends and other distributions, if any, will be determined by our Board of Directors from time to time. Our ability to declare dividends depends on our earnings, our overall financial condition (including our liquidity position), maintenance of our RIC status and such other factors as our Board of Directors may deem relevant from time to time. From our IPO through the third quarter of 2008 we paid quarterly dividends, but in the fourth quarter of 2008 we began paying, and we intend to continue paying, monthly dividends to our stockholders. In March 2011, we declared monthly dividends of \$0.13 per share for each of April, May and June 2011. These monthly dividends equate to a total of \$0.39 per share for the second quarter of 2011. Because the record date for the April 2011 dividend payment is on or after the date of this offering, investors who purchase shares of our common stock in this offering will be entitled to receive such dividend as their initial monthly dividend.

Table of Contents

Taxation	<p>MSCC has elected to be treated for federal income tax purposes as a RIC under Subchapter M of the Internal Revenue Code (the "Code"). Accordingly, we generally will not pay corporate-level federal income taxes on any net ordinary income or capital gains that we distribute to our stockholders as dividends. To maintain our RIC tax treatment, we must meet specified source-of-income and asset diversification requirements and distribute annually at least 90% of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any.</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 undistributed taxable income must be distributed through a dividend declared prior to filing the final tax return related to the year which generated such taxable income. See "Material U.S. Federal Income Tax Considerations" in the accompanying prospectus and "Additional Material U.S. Federal Income Tax Considerations" in this prospectus supplement.</p>
Risk factors	<p>See "Supplemental Risk Factors" beginning on page S-10 of this prospectus supplement and "Risk Factors" beginning on page 13 of the accompanying prospectus for a discussion of risks you should carefully consider before deciding to invest in shares of our common stock.</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)	4.50%(1)
Offering expenses (as a percentage of offering price)	%(2)
Dividend reinvestment plan expenses	(3)
Total stockholder transaction expenses (as a percentage of offering price)	%
Annual Expenses (as a percentage of net assets attributable to common stock):	
Operating expenses	3.28%(4)
Interest payments on borrowed funds	3.90%(5)
Total annual expenses	7.18%(6)

- (1) Represents the underwriting discount with respect to the shares sold by us in this offering.
- (2) The offering expenses of this offering borne by us are estimated to be approximately \$200,000. If the underwriters exercise their over-allotment option in full, the offering expenses borne by us (as a percentage of the offering price) will be approximately %.
- (3) The expenses of administering our dividend reinvestment plan are included in operating expenses.
- (4) Operating expenses represent the estimated annual expenses of MSCC and its consolidated subsidiaries, including MSC II. There is a 12% minority ownership interest in MSC II not held by MSCC or its subsidiaries. The ratio of operating expenses to net assets, net of the expenses related to the minority interest in MSC II, would be 3.19%.
- (5) Interest payments on borrowed funds represent our estimated annual interest payments on borrowed funds.
- (6) The total annual expenses are the sum of operating expenses and interest payments on borrowed funds.

Example

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

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

Table of Contents

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

Table of Contents

SUPPLEMENTAL RISK FACTORS

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

Risks Relating to Economic Conditions

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

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

Although we have been able to secure access to additional liquidity, including our \$100 million credit facility, periodic follow on equity offerings, and the increase in available leverage through the SBIC program as part of the American Recovery and Reinvestment Act of 2009 enacted in February 2009 (the "Stimulus Bill"), the potential for volatility in the debt and in the equity capital markets provides no assurance that debt or equity capital will be available to us in the future on favorable terms, or at all.

Risks Relating to Our Business and Structure

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

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

Table of Contents

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

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

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

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

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

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

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

Risks Related to Our Investments

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

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

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

Table of Contents

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

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

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

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

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

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

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

Table of Contents

USE OF PROCEEDS

The net proceeds from the sale of the _____ shares of common stock in this offering are \$ _____, and \$ _____ if the underwriter's over-allotment option is exercised in full, after deducting the underwriting discount and estimated offering expenses of approximately \$200,000 payable by us.

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

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

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

Table of Contents

CAPITALIZATION

The following table sets forth our capitalization:

on an actual basis as of December 31, 2010; and

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

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

	As of December 31, 2010	
	Actual	As-adjusted for this Offering (Unaudited)
Cash and cash equivalents	\$ 22,334,340	\$ 22,334,340
Marketable securities and idle funds investments	68,752,858	(1)
Total cash and cash equivalents, marketable securities and idle funds investments	\$ 91,087,198	\$