



MVC Capital Announces Results for Its 2008 Fiscal Year

PURCHASE, N.Y., Dec 29, 2008 (BUSINESS WIRE) --

MVC Capital, Inc. (NYSE: MVC), a publicly traded business development company that makes private debt and equity investments, today announced financial results for its fiscal year ended October 31, 2008. The highlights of this performance include: an increase in the Fund's net assets resulting from operations similar to last year's levels despite the economic environment; prudent investment activity; the same level of regular distributions paid to shareholders; record total operating income; and the realization of capital gains due to the sales of Genevac U.S. Holdings, Inc. ("Genevac") and a portion of Phoenix Capital Corporation's ("Phoenix") common stock held by the Fund.

Net assets have grown each year under the Fund's current management team, and fiscal 2008 marked another solid year with a net increase in net assets resulting from operations of approximately \$64.0 million. This performance is largely consistent with 2007 levels despite the difficult economic and credit markets. Also during the year, the Fund earned approximately \$26.0 million in interest and dividend income and approximately \$4.0 million in fee and other income, representing an increase of approximately \$3.1 million or 11.4% in total income as compared to fiscal 2007. The Fund's fiscal 2008 net operating income was approximately \$3.1 million, which takes into account the accrual of approximately \$10.8 million for incentive compensation (which is only payable upon the occurrence of a realization event) and \$4.5 million in interest and other borrowing costs incurred under the Fund's credit facilities.

Fiscal year 2008 represented another positive investment year for the Fund where we continued to prudently deploy capital into new and existing opportunities. During fiscal 2008, the Fund made four new investments and 11 follow-on investments, committing a total of \$126.3 million of capital. The new investments made during fiscal 2008 included: SP Industries, Inc. ("SP"), SGDA Europe B.V. ("SGDA Europe"), TerraMark, L.P., and Security Holdings B.V. The follow-on investments made throughout fiscal 2008 included: MVC Partners LLC, Harmony Pharmacy & Health Center, Inc., Ohio Medical Corporation, Summit Research Labs, Inc., MVC Automotive Group B.V., SGDA Europe, SP, Timberland Machines and Irrigation, Inc., Turf Products, LLC and U.S. Gas & Electric, Inc.

The Fund's aggregate net realized and unrealized gains for the fiscal year ended October 31, 2008 were \$60.8 million, which is primarily comprised of the increases in the fair market values of many of the Fund's portfolio companies, as well as the realized gains on the sale of Genevac and a portion of the Fund's equity ownership in Phoenix. Also during the fiscal year, the Fund paid \$0.48 per share (or \$11.6 million) in distributions to shareholders.

The Fund was provided with a \$50 million two-year revolving credit facility from Branch Banking and Trust Company. This facility is in addition to the Fund's existing \$100 million credit facility with Guggenheim Corporate Funding, LLC. The additional \$50 million credit facility was placed in order to provide better overall financial flexibility in managing the Fund's investment portfolio.

"We are pleased with the results that we achieved during fiscal 2008, especially considering the challenging economic environment," said Michael Tokarz, Chairman and Portfolio Manager of MVC. "As we begin fiscal 2009, we are encouraged by the quality of our portfolio and are committed to maintaining our investment and operating disciplines."

About MVC Capital, Inc.

MVC Capital is a Business Development Company traded on the New York Stock Exchange that provides long-term debt and equity capital to fund growth, acquisitions and recapitalizations of companies in a variety of industries. For additional information about MVC Capital, please visit MVC's website at www.mvccapital.com. For MVC's investor relations, please call 914-510-9400. All media inquiries should be directed to Nathaniel Garnick at 212-687-8080.

Forward-Looking Statements

The information contained in this press release contains forward-looking statements. These forward-looking statements are subject to the inherent uncertainties in predicting future results and conditions. Furthermore, past performance is no guarantee of future results. Certain factors could cause actual results and conditions to differ materially from those projected in these forward-looking statements, and these factors are enumerated in the company's periodic filings with the Securities and Exchange Commission.

SOURCE: MVC Capital, Inc.

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