



MVC Capital Sponsors US Gas & Electric's Acquisition of Energy Services Providers, Inc.

Seller Provides Financing Based Upon Long-Term Business Outlook

PURCHASE, N.Y., Aug 03, 2009 (BUSINESS WIRE) -- MVC Capital, Inc. (NYSE: MVC) ("MVC"), a publicly traded business development company that makes private debt and equity investments, today announced that it has sponsored its portfolio company, US Gas & Electric Inc., ("USGE"), in its acquisition of Energy Service Providers, Inc. ("ESPI"). The transaction required no new investment capital from MVC.

As part of the transaction, MVC will provide a \$10.0 million limited guaranty and a short-term \$4 million letter of credit. For sponsoring and providing this credit support, MVC will earn one-time fee income of approximately \$2.2 million. In addition, MVC's management fee for the oversight of the combined company will increase annually from \$250,000 to \$650,000 annually. MVC continues to be a majority shareholder of USG&E after the transaction.

USG&E, based in North Miami Beach, FL, is an energy service company ("ESCO") that sells natural gas to small commercial and residential retail customers in Indiana, Michigan, New Jersey, New York and Ohio. ESPI, is a Pittsfield, MA based ESCO that sells electricity to small commercial and residential retail customers in the state of New York. USG&E expects that the combined company will benefit from greater market recognition and scale, in addition to significant cross-selling opportunities and reduced seasonality due to its complementary natural gas and electricity businesses. Both companies have recorded compounded annual sales growth of greater than 100% since 2003.

After USG&E's acquisition, ESPI will become a wholly-owned subsidiary of USG&E under the leadership of Douglas Marcille, President and Chief Executive Officer of USG&E, who will operate as President and Chief Executive Officer of the combined company.

"We are pleased to be able to create such considerable opportunity for shareholder value both from the anticipated growth of the combined entities as well as fee income," said Michael Tokarz, Chairman and Portfolio Manager of MVC. "We remain actively involved in managing our portfolio while continuing to seek strategic ways to take advantage of opportunities in this challenging market."

"With this add-on acquisition, USG&E will now have two dedicated growth engines focused on selling natural gas and electricity, looking to expand in new markets where customer receivables are purchased on a guaranteed non-recourse basis by the incumbent natural gas and/or electric utility," said Puneet Sanan, Chairman of USG&E and Managing Director of The Tokarz Group Advisers, LLC, investment adviser to MVC. "The combination of USG&E and ESPI will create a stronger organization with more financial flexibility and capacity that will be better positioned to serve customers in both natural gas and electricity deregulated markets throughout the country."

Doug Marcille, CEO of USG&E, said, "USG&E's acquisition of ESPI creates potential for market expansion and cross-selling synergies between natural gas and electricity customers. We appreciate MVC's continued financial and operational guidance as we continue to position our company to take advantage of new markets, a stronger balance sheet, and greater recognition in the market."

Dr. Franklin C. Lewis, majority owner and ex-CEO of ESPI, said, "I am delighted to see a company that I built over the last seven years join a very entrepreneurial and capable management team led by Doug Marcille. I will continue to have an ownership interest in USG&E as I plan to participate in the anticipated growth of USG&E and ESPI."

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About MVC Capital, Inc.

MVC is a business development company traded on the New York Stock Exchange that provides long-term debt and equity investment capital to fund growth, acquisitions and recapitalizations of companies in a variety of industries. For additional information about MVC, please visit the MVC's website at www.mvccapital.com. All media inquiries should be directed to Nathaniel Garnick at 212-687-8080.

About U.S. Gas & Electric, Inc.

U.S. Gas & Electric markets natural gas to commercial and residential users in deregulated natural gas markets. The Company

does so at competitive prices that is guaranteed to be less than at the customer's current local utility. The Company does this by having the utility continue to maintain the infrastructure of gas lines, deliver the gas, read the meters and respond to emergencies and the customer receives the same high-quality service, with the same reliability, but at a competitive price.

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. 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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