



## **MVC Capital Announces Results for Its 2009 Fiscal Year and Subsequent Event**

PURCHASE, N.Y., Dec 22, 2009 (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, 2009. Amidst a challenging economic environment, performance highlights for fiscal 2009 include: an increase in the Company's net assets resulting from operations; improved net operating income; and a continuation of our \$0.48 per share annual dividends paid quarterly.

Net assets have grown each year under the Company's current management team, and fiscal 2009 marked another year of growth with a net increase in net assets resulting from operations of approximately \$14.2 million. This increase in net assets is lower than in prior years, as 2009 marked a year of significant valuation declines across the private equity market as a whole. Despite the valuation declines experienced by most, the Company was able to navigate this recent credit downturn by relying upon its stringent investment criteria applied to investments made over the past six years.

During the year, the Company earned approximately \$21.8 million in interest and dividend income and approximately \$4.4 million in fee and other income, representing a combined decrease of approximately \$3.9 million or 13.0% in total income as compared to fiscal 2008. Although there was a reduction in total income as a result of repayments of certain yielding investments, declining LIBOR rates, which impact variable rate loans, and reserves against non-performing loans, the Company's net operating income for 2009 was \$4.5 million, exceeding the levels of each of the last three fiscal years. The Company's net operating income takes into account the accrual of approximately \$9.8 million in management fees, \$3.7 million in the provision for incentive compensation (which is only payable upon the occurrence of a realization event) and \$3.1 million in interest and other borrowing costs incurred under the Company's credit facilities.

A core focus for the Company during fiscal year 2009 was the prudent deployment of capital into existing opportunities. During fiscal 2009, the Company made six follow-on investments in four existing portfolio companies, committing a total of \$6.3 million of capital. The follow-on investments included: Amersham Corporation, Harmony Pharmacy & Health Center, Inc., MVC Partners LLC, and SGDA Europe B.V. Fiscal 2009 also marked a year of identifying potentially attractive opportunities for the Company's portfolio companies in order to benefit the Company's shareholders, such as sponsoring (without further investment capital), U.S. Gas & Electric's acquisition of Energy Service Providers, Inc. This transaction provides the Company with fee income of \$2.2 million that is being recognized over time, and an increased management fee of \$650,000 annually. As of October 31, 2009, the Company's preferred stock investments in U.S. Gas & Electric, Inc. were valued at approximately \$60.8 million combined, reflecting an unrealized gain on these investments of over \$60.3 million.

The Company's aggregate net realized and unrealized gains for the year ended October 31, 2009, were \$9.7 million, which is primarily related to the increased fair values of certain portfolio companies, including Dakota Growers Pasta Company, MVC Automotive Group B.V., Summit Research Labs, Inc., and U.S. Gas & Electric, Inc. whose increase in fair value was able to offset fair value declines of 14 portfolio companies. Also during the fiscal year, the Company paid \$0.48 per share (or \$11.6 million) in cash dividends to shareholders.

Subsequent to the end of fiscal 2009, the Company announced the sale of the North American operations of Vitality Foodservice, Inc. to Nestle Professional for a value in excess of the carrying value at the time that the offer was received. This sale provides the Company with increased liquidity and flexibility as the Company renegotiates its credit facilities.

"We remain optimistic about the future prospects of our portfolio and our ability to find creative ways to recognize meaningful value for our shareholders," said Michael Tokarz, Chairman and Portfolio Manager of MVC. "Our team and aggregate portfolio performed well throughout fiscal 2009 despite one of the most challenging economic years of the past three decades. Given the expected increased liquidity from the sale of Vitality Foodservice, Inc. and the number of potential opportunities on the horizon, fiscal 2010 is off to a great start."

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### **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](http://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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