



MVC Capital Announces the Closing of Vitality Foodservice Holding Corp. Sale to Nestlé Professional

PURCHASE, N.Y., Dec 29, 2009 (BUSINESS WIRE) -- MVC Capital, Inc. (NYSE: MVC) (the "Fund"), a publicly traded business development company that makes private debt and equity investments, today announced the closing of the sale of the North American division of Vitality Foodservice Holding Corp. ("Vitality"), an MVC portfolio company, to Nestlé Professional, ("Nestlé"). The Vitality sale price of \$208 million would provide the Fund an approximate 19.1% IRR or 2.3 times invested cash including dividends received from the preferred investment, and fees earned over the life of the investment, assuming the full value of the escrow and including the cost basis of the European operations retained by the Fund.

As a result of the closing, the Fund anticipates receiving gross proceeds of \$30.9 million of cash of which approximately \$2.9 million of these proceeds will be deposited in an escrow account subject to reduction over a three-year period in accordance with a specified schedule. The Fund's portion of Vitality's former European operations with a cost basis of \$225,000 will remain an investment scheduled on the Fund's books effective the first quarter of fiscal 2010. The cost basis of our investment in the European business not being sold as part of the Nestlé transaction is based upon the value of the distribution of the European assets determined by the Board of Directors of Vitality at the time of closing.

The Fund invested approximately \$15.5 million in Vitality through the life of the investment beginning in September 2004. As of the last quarterly Valuation Committee Meeting held in late October 2009, the Fund's Valuation Committee placed a total value of the Fund's portion of the Company at \$27.8 million, which is approximately \$3.1 million less than the gross proceeds to be received assuming the full payment of the escrow and cost of the European operations.

With the closing of the transaction, the Fund may explore several uses for the gross proceeds including reducing its outstanding debt, buying back shares of the Fund as well as redeployment of capital into investments.

"The exit value of \$30.9 million, taking into account the full value of the escrow and cost of the European operations, represents an increase of \$3.7 million over the value of the investment at the time the Fund received the offer from Nestlé," said Michael Tokarz, Chairman and Portfolio Manager of MVC. "This sale exemplifies the Fund's ongoing efforts to generate value for its shareholders, despite a generally challenging M&A market. We are constantly reviewing our portfolio to uncover ways to increase liquidity assuming the timing is appropriate, while also recognizing growth opportunities for our existing companies."

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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.

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. 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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