

October 19, 2017

MVC Capital Reaffirms its Commitment to Executing its Long-Term Investment Strategy and Enhancing Value for Shareholders

Leading Proxy Advisory Firms Glass Lewis and Egan-Jones Recommend MVC Capital Shareholders Vote "AGAINST" the Shareholder Proposal to Cease New Investments

PURCHASE, N.Y., Oct. 19, 2017 (GLOBE NEWSWIRE) -- MVC Capital, Inc. (NYSE:MVC) (the "Company" or "MVC"), a publicly traded business development company (BDC) that makes private debt and equity investments, today announced that leading independent proxy advisory firms Glass Lewis ("Glass Lewis") and Egan-Jones Rating Company ("Egan-Jones") have recommended that MVC shareholders vote "AGAINST" the shareholder proposal to cease new investments at the Company's upcoming 2017 Annual Meeting of Stockholders on October 31, 2017.

In making its recommendations, Glass Lewis noted*:

- | "We do not find a clear showing by the proponents that shareholders should, in this instance, supplant the judgment of the board and management team."
- | "We believe that management and the board typically have more and better information about the Company and its strategic investments and are, therefore, in the best position to determine what actions should be taken, absent any illegal or egregious behavior."
- | "...a well-functioning, informed board of directors should receive reasonable deference (though not complete deference) from shareholders on strategic matters such as types of share issuances or other capital issues."

In making its recommendation, Egan-Jones noted*:

- | "We believe that the proposal is not necessary and is not in the best long-term interest of the Company and its shareholders."

"We are pleased that both Glass Lewis and Egan Jones recognize the active steps the Company is taking to execute on our long-term investment strategy and increase shareholder distributions," said Michael Tokarz, Chairman and Portfolio Manager of MVC. "MVC has a strong and consistent track record of returning value to our shareholders, totaling \$221.4 million since 2003 including open market repurchases totaling \$22 million. As we continue to redeploy capital from equity to yield investments, through our recently announced unanimously approved Board plan, and increase our shareholder distributions, we are confident that we will be able to further reduce our discount to NAV, which has already been narrowed this past year to 22% from 30%. We firmly believe we are well positioned to build on the positive momentum we have created this year, and look forward to continuing to drive value for all of our shareholders."

MVC notes that it is working diligently to enhance shareholder value by:

- | **Redeploying capital to yield investments.** The Company is fully focused on monetizing its remaining equity investments following the sale of U.S. Gas & Electric, and has successfully transitioned its portfolio to approximately 60% yielding. As this percentage grows, the Company expects that it will increase its net operating income and shareholder distributions.
- | **Positioning the Company to execute on a pipeline of high yield opportunities.** With over \$100 million in cash, the Tokarz Group Advisers, LLC (TTGA) lending team is focused on the underserved middle market, where the Company believes limited competition and an abundance of opportunities will lead to better risk adjusted returns. Since the lending team joined TTGA, MVC has made 13 loans and has also successfully exited six of these investments, for an IRR of greater than 14% on each exited investment over the life of the investment.¹ These 13 loans represent all of the investments made under the lending team's tenure with MVC.
- | **Delivering significant returns to MVC shareholders.** In addition to the \$221.4 million the Company has returned to shareholders since 2003, the Board has recently unanimously approved an 11% increase in the quarterly dividend to \$0.15 per share.² The Company also recently completed a \$15 million modified Dutch Tender Offer, which was

accretive to NAV by \$0.20 per share for the benefit of the Company's long-term shareholders. The Company is actively pursuing opportunities to repurchase common shares through a variety of activities including open market purchases and additional tender offers.

- | **Leveraging MVC's balance sheet to increase return on equity and shareholder distributions.** With increased yield investments, the Company can access its favorable credit facility, adding reasonable leverage with relatively low-cost debt capital, which MVC believes will increase its return on equity and yield to shareholders.
- | **Implementing unique and innovative management fee and compensation structures to further align with the interests of shareholders.** Effective November 1, 2017 (the next fiscal quarter), and in place through October 31, 2019, TTGA has agreed to implement a management fee structure that ties fees to the NAV discount, conditioned upon the Company's ability to make new investments. Under the new fee structure, the management fee for the current quarter would be 1.25% based on current discount to NAV. Further, the Independent Directors have agreed to reduce their current compensation by 25%, until such time as the NAV discount falls to 10% or less.

The Company also responded to the report recently issued by proxy advisory firm Institutional Shareholder Services ("ISS"). The Company firmly believes that ISS reached the wrong conclusion in failing to recommend that shareholders vote "AGAINST" the shareholder proposal to cease new investments.

MVC does not dispute that steps must be taken to narrow its NAV discount, and the Company has taken action in the past and will continue to do so in the future, including through its recently announced Board plan. What MVC strongly disputes, and what ISS has failed to take into account in its report, is how the shareholder proposal to cease all new investments is the right course of action to address the discount. On the contrary, the proposal would handcuff MVC's ability to generate returns and income for shareholders, which is contrary to the Company's stated investment objective. In short, the Company does not believe that the discount can be improved by ceasing investment activity and reducing dividends and returns to shareholders. The Company firmly believes it must be given time to execute on its strategy, which it is confident will further narrow the discount to NAV and increase shareholder distributions.

ISS unfortunately does not seem to grasp the severity of the shareholder proposal, which orders MVC to cease making any and all new investments. Rather, ISS has interpreted the shareholder proposal as a harmless referendum regarding shareholder opinion on the discount to NAV. This could not be further from the truth. At a high level, the proposal would diminish the Company's total returns, and is in opposition to MVC's strategy to create long-term value for its shareholders.

This proposal would also:

- | **Stop the Company's transition to yield investing.** The proposal would stop the transition of the portfolio toward yield investments, thereby seriously reducing the Company's projected income. This would eliminate the potential for increased shareholder distributions and may even reduce existing shareholder distributions.
- | **Shrink the Company's operations to subscale levels.** If the Company ceases to make new investments, it would be forced into a no growth period where it would lose operational scale, which may cause income to decline and which may force the Company to terminate the dividend.
- | **Make buyers of the Company's remaining equity investments believe MVC is in "fire sale" mode.** This makes monetizing equity investments at their fair market values challenging.

MVC's Board of Directors unanimously recommends that shareholders vote "FOR" all of Management's proposals and "AGAINST" the shareholder proposal to cease new investments at the upcoming 2017 Annual Meeting of Stockholders.

**Permission to use quotations neither sought nor obtained*

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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 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.

Safe Harbor Statement and Other Disclosures

The information contained in this press release contains forward-looking statements, including with respect to the Company's transitioning to yielding investing, future deployment of capital, future leveraging of the Company's portfolio,

repurchase of the Company's common shares, and the expectation that these strategies should result in a narrowing or elimination of the discount of the Company's share price to NAV. These forward-looking statements are subject to the inherent uncertainties in predicting future events, activities, results and circumstances. Certain factors could cause actual events, activities, results and circumstances to differ materially from those contained in these forward-looking statements, including, among other things: the ability of the Company to identify suitable yielding investments, in the lower middle market or at all, and to make such investments on terms that the Company believes are reasonable and attractive; the ability of the Company to dispose of its remaining equity portfolio on suitable terms and the timing of any such dispositions; the availability to the Company of debt financing on suitable terms; the performance of the Company's investments; economic, business and market factors affecting the market price of the Company's shares, including factors that may be unrelated to the Company's performance; the extent of the Company's cash position from time to time and alternative opportunities for deployment of its cash that the Company may deem attractive and in the best interests of the Company and its shareholders; general economic, business and market factors; and other factors identified under "Risk Factors" in the Company's periodic reports that it files with the Securities and Exchange Commission.

There also can be no assurance that the Company will be able to sustain future dividends at the currently contemplated level, or that future dividends will be made at all. Also, the tax character of the fourth quarter dividend referred to herein has not yet been determined and, although it is currently not expected, any portion of such distribution may be characterized as a return of capital. There are a variety of factors that impact whether and to what extent the Company will repurchase shares, some of which are recited above, and there can be no assurance that the Company will repurchase shares in the future, or the amount and price of any such repurchases.

There can be no assurance that MVC will achieve its investment objectives. There is no assurance that the market price of MVC's shares, either absolutely or relative to net asset value, will increase as a result of any of the activities discussed in this release, or otherwise that the plan will enhance shareholder value over the long-term. The Company assumes no duty to update any of the disclosures contained in this press release.

Additional Information and Where to Find It

The Company has filed a definitive proxy statement on Schedule 14A with the SEC in connection with the solicitation of proxies for its 2017 Annual Meeting of Stockholders. The Company, its directors and certain of its executive officers will be participants in the solicitation of proxies from shareholders with respect to the Annual Meeting. Information regarding the names of the Company's directors and executive officers and their respective interests in the Company is set forth in the proxy statement. Before making any voting decision with respect to matters to be presented to the Annual Meeting, shareholders are urged to read all relevant documents filed with or furnished to the SEC, including among other things the Company's definitive proxy statement and any supplements thereto, which contain important information. Shareholders may obtain a free copy of the definitive proxy statement and other relevant documents that the Company files with or furnishes to the SEC from the SEC's website at www.sec.gov or the Company's website at www.mvccapital.com as soon as reasonably practicable after such materials are electronically filed with, or furnished to, the SEC.

Shareholders with questions about how to vote their shares, or in need of additional assistance, may contact the Company's proxy solicitors, Innisfree M&A Inc., at (888) 750-5834.

¹ Past performance is no guarantee of future results. Yields on individual loans vary based on a variety of circumstances and factors which are subject to change. All debt/loan investments are subject to risk of loss including complete loss of principal.

² Beginning in the fourth quarter of 2017

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