

MVC | CAPITAL

NYSE: MVC

MAXIM
GROUP

January 15, 2014

Safe Harbor Statement

This presentation contains “forward-looking statements.” These statements include the plans and objectives of management for future operations and financial objectives, loan portfolio growth, and availability of funds. Information in this presentation is not an update or reaffirmation of previously disclosed information. These forward-looking statements are subject to the inherent uncertainties in predicting future results and conditions. Certain factors that could cause actual results to differ materially are included in the “Risk Factors” section of the Company’s periodic filings with the SEC, and include uncertainties of economic, competitive and market conditions, and future business decisions, all of which are difficult or impossible to predict accurately, and many of which are beyond the control of the Company. Although the Company believes that the assumptions underlying the forward-looking statements included herein are reasonable, any of the assumptions could be inaccurate and therefore there can be no assurance that the forward-looking statements included herein will prove to be accurate. Therefore, the inclusion of such information should not be regarded as a representation by the Company for any other person that the objectives and plans of the Company will be achieved. This presentation should be read in conjunction with the Company’s recent SEC filings.

An abstract geometric design featuring a white background with several overlapping red shapes. A large white triangle is positioned in the upper left, with its hypotenuse sloping downwards from left to right. A dark red vertical bar is on the right side. A medium red triangle is in the upper right, and a dark red triangle is in the lower right. A dark red shape is in the lower left. The text 'Firm History' is located in the white triangle.

Firm History

Firm Founding

- Founded as meVC Draper Fisher Jurvetson Fund I, Inc. (“meVC”)
 - Affiliated with venture capital firm Draper Fischer Jurvestson
- Targeted venture capital investments in information technology companies, primarily in the Internet, e-commerce, telecommunications, networking, software and information services industries
- In March 2000, meVC raised approximately \$310 million via initial IPO, net of offering costs, but NAV per share and market price declined over the next 3 years

(\$ millions except NAV per share and market price)	March 31, 2000 (IPO)	October 31, 2003
Cash	\$310	\$113
Portfolio of Venture Investments	N/A	\$24
Net Assets	\$310	\$137
NAV per Share	\$18.89	\$8.48
Market Price	\$20.00	\$8.10

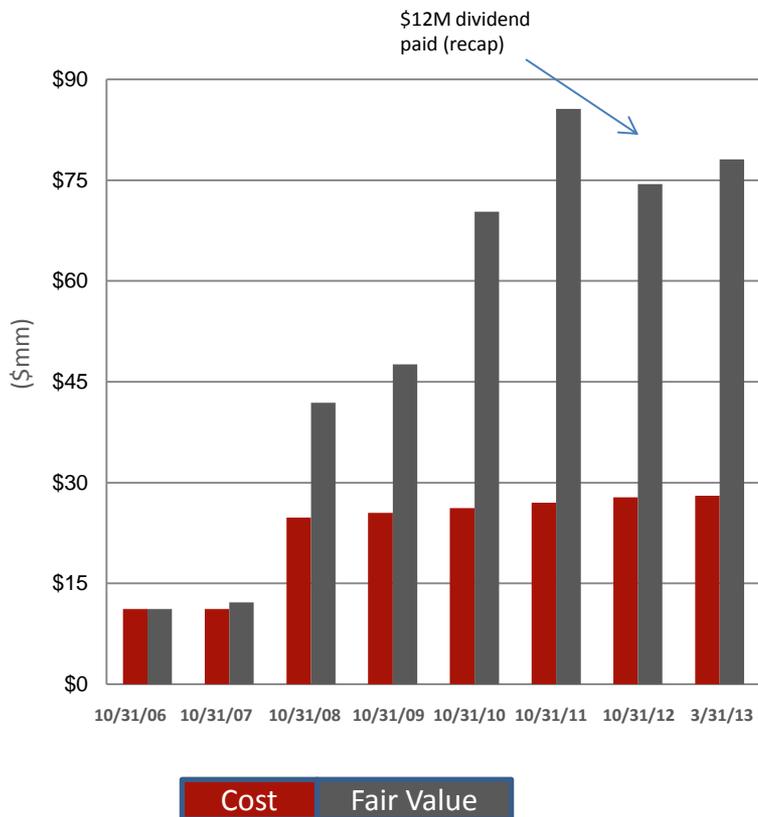
New Leadership

- Proxy battled ensued over performance and a new Board of Directors was elected in Feb. 2003
- In Nov. 2003, Michael Tokarz assumed position of Chairman and Portfolio Manager of the recently renamed MVC Capital, Inc. (“MVC”)
 - Buyout pioneer and former General Partner of KKR for 17 years; investment experience included: Safeway, Beatrice and Walter Industries
 - Over 12 years of lending experience at Continental Illinois
- As of October 31, 2003, meVC had capital loss carry forwards (“CLCF”) and unrealized losses totaling almost \$160 million
 - Despite most BDCs operating as debt vehicles, Mr. Tokarz saw a valuable off-balance sheet asset (i.e. sizeable CLCF)
- In order to offset losses and organically grow NAV, MVC changed its investment objective
 - Began providing equity and debt financing to private companies to maximize total return from capital appreciation and/or income

The background features a complex geometric design. It consists of several overlapping shapes in two shades of red: a bright red and a darker, maroon red. These shapes include triangles and rectangles that create a sense of depth and movement. A prominent white triangle is located in the upper left quadrant, partially overlapping the bright red shapes. The overall composition is modern and minimalist.

Case Studies¹

Summit Research Labs, Inc.



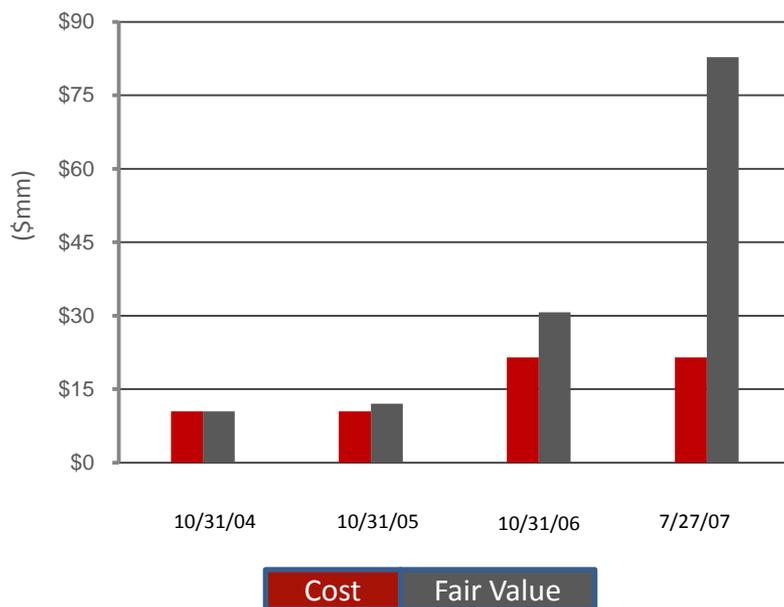
- New York based specialty chemical manufacturer of antiperspirant actives
- Solid customer base, a reputation for superior quality, and global distribution in more than 35 countries
 - 70%+ global market share of powder antiperspirant actives
- Opportunity to provide debt and equity funding in a leveraged buyout
- August 2006 – completed \$5.0mm debt financing and \$11.2mm of equity financing
- February 2008 – MVC sponsored Summit’s acquisition of Reheis – a producer of ingredients in antiperspirants
- March 2012 – distributed \$12.0mm or \$0.50 per share to MVC
- April 2013 – sold company for realized gain of \$49.5mm (IRR of 31%)²
 - Purchased Summit Custom Spray Drying division
 - Reinvested \$22mm second lien loan in Summit



Baltic Motors Ltd.

BM Auto, Ltd

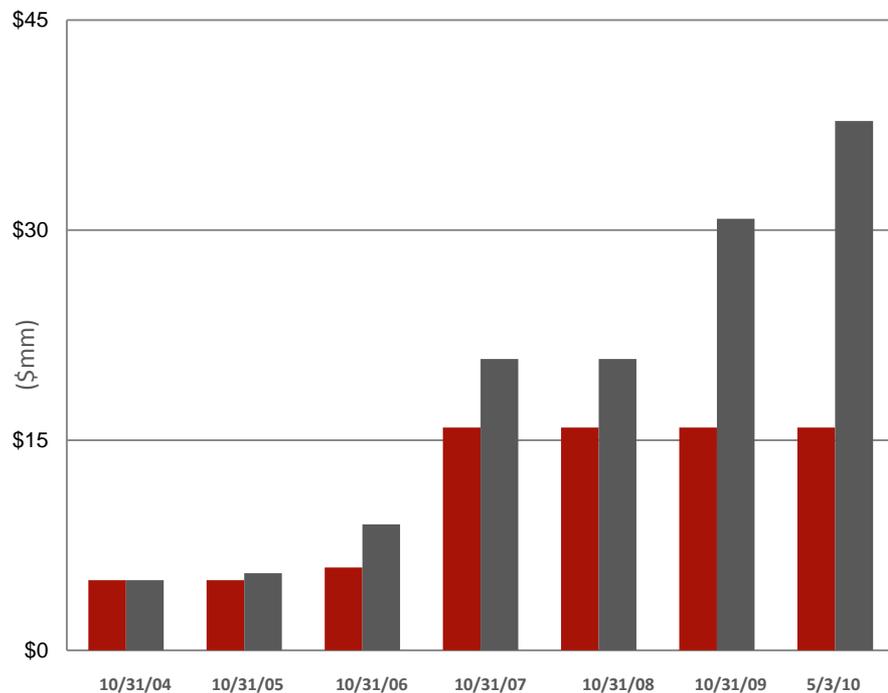
Baltic Motors / BM Auto



- Baltic Motors / BM Auto - Ford and Land Rover / BMW dealerships in Latvia, respectively
 - Latvia was new entrant to EU in 2004 with great growth potential
 - Both had excellent reputations, as top performing dealerships in Latvia
 - Baltic Motors – Sole importer of Ford in Latvia
- June 2004 – MVC made its first investment in **Baltic Motors**
- July 2007 – MVC made its first investment in **BM Auto**
- Total investments in Baltic Motors and BM Auto
 - \$16mm of common equity
 - \$4.5mm mezzanine loan
 - \$13.5mm in bridge loans
- July 2007 – MVC sold common equity in Baltic Motors and BM Auto for proceeds totaling \$82.8mm, realized a gain of ~ \$66.8mm and repaid all debt including accrued interest
 - Combined Equity IRR of 115%



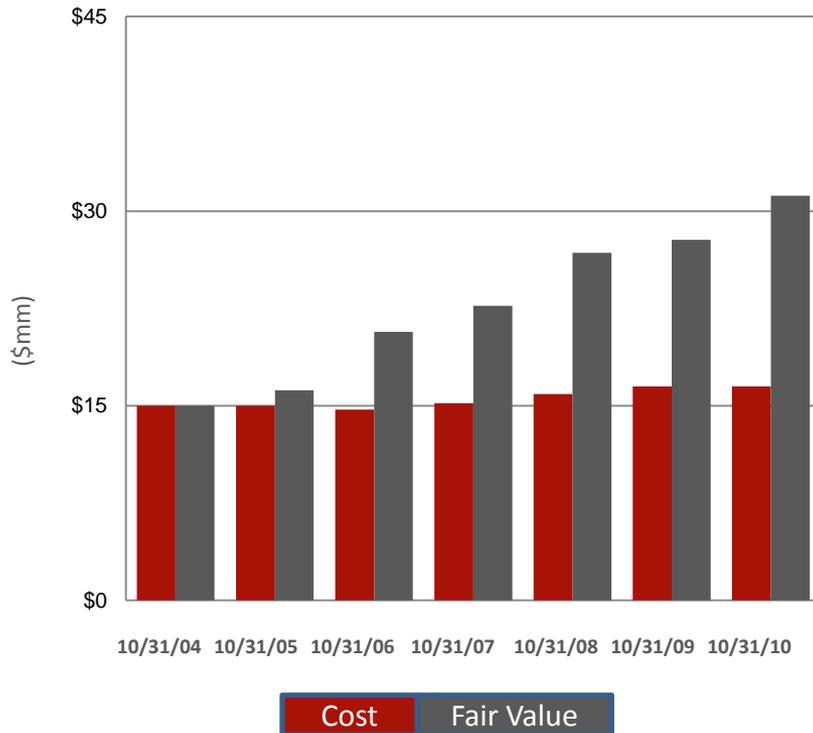
Dakota Growers



- Third largest manufacturer and marketer of dry pasta in North America
- Positioned to capitalize on further brand expansion and new product introductions
 - MVC lent its financial and business expertise to bolster position
- 2004 – Provided \$5mm of equity growth capital
- Operating efficiencies and market penetration result in doubling of sales / quadrupling profitability
- May 2010 – Sold for a realized gain of \$22mm (IRR of 28%)



Vitality Foodservice, Inc.



- Third largest manufacturer and distributor of juice and other beverage products to food service industry in North America
- Over \$200 million in revenue and \$25 million in EBITDA
- Opportunity to invest in R&D to land national accounts and create new proprietary product lines
- Total investment \$15.6mm
 - Sept 2004 - \$10mm in preferred stock and \$5mm in common stock
 - Sept 2007 - \$550,000 additional common stock
- Creatively structured: MVC received from the initial investment common equity, convertible preferred equity with a 13% annual coupon and warrants
- December 2009 – Sold Vitality for \$208mm to Nestlé Professional
 - Gross proceeds from MVC stake: \$31.7mm
 - Realized gain of \$15.2mm (IRR of 19%)

The background features a complex geometric design. It consists of several overlapping shapes in two shades of red: a bright, vibrant red and a darker, more muted red. These shapes include triangles and trapezoids that create a sense of depth and movement. A prominent white triangle is located in the upper left quadrant, pointing towards the center. Another white triangle is positioned in the lower right quadrant, pointing towards the center. The overall composition is balanced and modern.

Financial Results

Successful 10-Year Track Record

(\$ millions except NAV per share and market price)	October 31, 2003	October 31, 2013
Cash	\$113	\$74
Portfolio Investments	\$24	\$440
Net Assets	\$137	\$394
NAV Per Share	\$8.48	\$17.40
Market Price	\$8.10	\$13.83

- Organic growth in Net Assets, net of all fees and expenses, totaling over \$265mm
- Returned over \$150mm to shareholders³
 - ≈ \$50mm share repurchases / tenders
 - ≈ \$100mm dividends
- Increased NAV Per Share ≈ 105% from \$8.48 to \$17.40 per share
- Issued new equity totaling over \$140mm

Game Changer – Distribution to Shareholders

U.S. Gas & Electric, Inc.

Fair Market Value ⁴	\$102,786,405
<u>Investment Cost</u>	<u>\$10,618,798</u>
<i>Implied Gain</i>	<i>\$92,167,607</i>

Per Share Unrealized Gain ***\$4.08***

Summit Research Labs, Inc.

Gross Equity Proceeds ⁴	\$65,500,000
<u>Investment Cost</u>	<u>\$16,000,000</u>
<i>Implied Gain</i>	<i>\$49,500,000</i>

Per Share Gain ***\$2.19***

Implied Gains (combined)

Implied Gains	\$92,167,607
Sheltered Gains (CLCFs) ⁴	<i>(\$906,000)</i>
Unrealized Losses ⁴	<i>(\$8,750,003)</i>
<i>Potential Distributable Gains⁴</i>	<i>\$82,251,604</i>
<i>Potential Per Share Distributable Gains⁴</i>	<i>\$3.65</i>
<i>Net Asset Value Per Share (as of 10/31/13)</i>	<i>\$17.40</i>

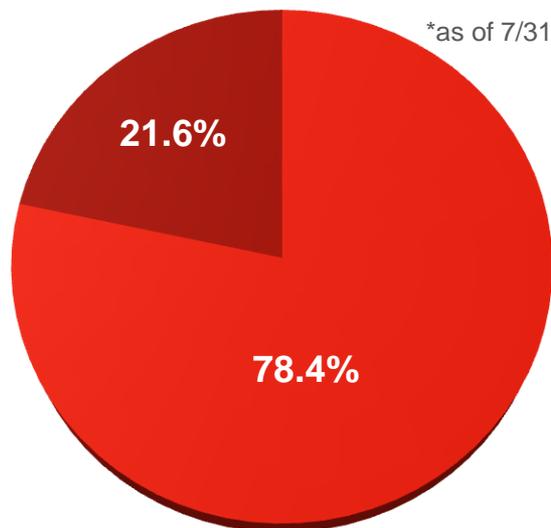
Implied 26.4% Yield on \$13.83 stock price as of 10/31/13

Approximately \$10 million of capital loss carry forwards “CLCFs” and unrealized losses as of October 31, 2013⁴

Game Changer – Capital Structure Shift

Pre-Summit Sale / Pre USG&E Dividend

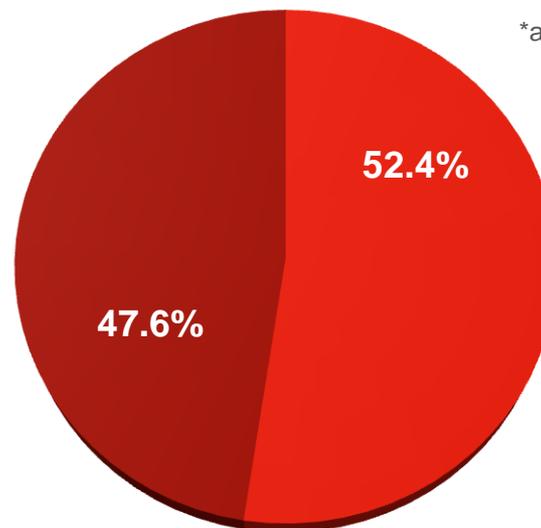
*as of 7/31/12



■ Equity ■ Yielding

Summit Sale / USG&E Yielding⁵

*as of 10/31/13



■ Equity ■ Yielding

- Sale of Summit shifted capital allocation to better align with investment strategy
- Increased available capital from \$114mm debt raise which can be used for new, yielding investments and for other purposes
- Unlimited share repurchase program implemented to increase value to shareholders³
- Potential to support growing dividend³

Investment Opportunity

Management Strength

- ✓ Experienced Investment Advisors
- ✓ Successful Track Record
- ✓ Strength in Equity and Debt Investing
- ✓ Significant Shareholder Alignment
(share buy back, expense cap, insider ownership, not paid on cash...)

Strategy

- ✓ Transformative Period/Significant Investment Capacity
- ✓ Consistent Dividend Strategy with Potential to Expand

Additional Upside

- ✓ Embedded Potential Gains to be Distributed Upon Realization¹
- ✓ Asset Management Opportunity

Market Dynamics

- ✓ Currently Trading at a Discount to NAV

Conclusion

MVC is an opportunistic BDC with an experienced management team that has steered the company through financial challenges to a strong position where we believe that it can return value to its shareholders in dividends and NAV growth through a variety of corporate actions.

- Recent asset sales and debt raise have shifted the capital structure considerably when compared to previous years.
- Disciplined but growing investment pace
 - Allocated over \$58.9mm of capital during FY 2013 to yielding investments
- Potential large future gains payable in special dividends now that “capital-loss carry forwards” have been largely exhausted
- Investment capacity of approximately \$74mm as of October 31, 2013

An abstract geometric composition featuring several overlapping shapes in two shades of red (a bright red and a darker, more saturated red) and white. The shapes include triangles and quadrilaterals that create a sense of depth and movement. A prominent white triangle is located in the upper left, pointing towards the center. Another white triangle is in the lower right, pointing towards the center. The overall effect is a dynamic, layered composition.

Appendix

Management and Investment Team⁶

Michael T. Tokarz (30+)

Chairman & Portfolio Manager of MVC & TTGA

- Former General Partner of KKR
- Ran East Coast operations of Continental Illinois

Warren E. Holtsberg (30+)

Co-Head Portfolio Manager of TTGA

- Former Corporate VP of Equity Investments at Motorola
- Founder & Head of Motorola Ventures
- Member of MVC Capital's Board of Directors

Bruce Shewmaker (35+)

Managing Director of MVC

- Founding Partner of Merrill Lynch Venture Capital
- Extensive knowledge of and experience with BDCs

Scott Schuenke (12)

Chief Financial Officer & Chief Compliance Officer

- Former compliance officer with US Bancorp Fund Services, LLC
- Audit and assurance services at PricewaterhouseCoopers

Jaclyn Shapiro-Rothchild (13)

VP & Corporate Secretary of MVC

- Former Associate and Business Manager of meVC Draper Fisher Jurvetson
- Former Research Analyst to Gruntal & Co.

Patrick Mullins(14)

Controller

- Former Account Manager at Designtex Group
- Conducted audits and reviews of small and mid- size companies while working at Huth Thompson LLP

TTGA Investment Team

Peter Seidenberg (19)

- Former Principal of Nebraska Heavy Industries
- Former Director of Finance and Business Development at Plumtree Software

John Kelly (7)

- Formerly of the General Industrials Group at Bear, Sterns & Co.
- Responsible for sourcing, executing and monitoring MVC Capital Investments

Shivani Khurana (14)

- Previously with Cadigan Investment Partners, Wachovia and Merrill Lynch
- Serves as a VP of MVC Financial Services, Inc.

James Lynch (16)

- Former Managing Director at FTI Consulting & Practice Leader at Deloitte & Touche
- Member of the Board of Advisors of DRI Capital and Illinois Business Consulting

James O'Connor (18)

- Former Managing Director and Co-Founder of Motorola Ventures
- Previously with A.T. Kearney & U.S. Treasury Department

Puneet Sanan (17)

- Previously with Cadigan Investment Partners, UBS and Legg Mason
- Experience in private equity, leveraged lending and operations

Kashyap Shah (7)

- Previously with Edelweiss Capital within Investment Banking Group
- Experience in operations, private equity, M&A, ECM and structured finance

Christopher Sullivan (14)

- Previously with Credit Suisse First Boston Equity Capital Markets
- Former Research Analyst at CIBC World Markets

Footnotes

1. Note: These monetization case studies are provided for illustration purposes only and represent the largest realizations in MVC history. See most recent public filings for MVC's full financial results. No assurance can be given that any investment opportunity in MVC portfolio companies will be profitable or that results similar to historical results will be achieved in the future. These returns represent historical results and historical results are not necessarily indicative of future results. See footnotes and important disclosures on pg. 2 and pg. 20. Source: 10-K and 10-Q filings. Financial data is unaudited.
2. The anticipated \$49.5 million gain and associated Gross IRR assumes the full receipt of all escrow proceeds scheduled for 18 months from the closing of the transaction.
3. There can be no assurance that future dividend payments or share repurchases will match or exceed historic ones, or that they will be made at all.
4. FMV as of October 31, 2013. Summit was sold on March 29, 2013, resulting in a realized gain of approximately \$49.5 million (assuming the full receipt of all escrow proceeds). Available capital loss carry forwards as of October 31, 2013. Includes only unrealized losses attributable to legacy investments that have been written to \$0. These unrealized losses would only be available to shelter gains from USG&E if the losses are realized prior to or in the same tax year the gains are realized and if no other gains are recognized to offset the unrealized losses. Potential gains if USG&E sold at current FMV. There can be no assurance that this investment will be sold in the near term and at prices that approximate current FMV. The Company, in its discretion, may determine to retain and not distribute all or a portion of such gains. Based upon closing stock price on October 31, 2013. Per share based on shares outstanding as of 10/31/13. See footnotes and important disclosures on pg. 2 and pg. 20.
5. There can be no assurance that future USG&E dividend payments to MVC will match or exceed historic ones, or that they will be made at all.
6. Note: Numbers in parentheses indicates years of investment and operating experience. MVC does not employ any individuals. MVC is externally managed by TTGA. All of the individuals identified are employed by TTGA and may devote their time and resources to areas of TTGA's business other than the management of MVC.

Gross IRR is calculated before giving effect to any taxes, management fees, incentive compensation, transaction expenses and other expenses, which may be substantial. Gross IRR includes any cash flows on realized investments and may include management fees, dividends and any other cash flows received with respect to a given investment, even if earned after the date of exit.

Important Disclosure

Past performance does not guarantee future results. Our share value may fluctuate. For more detailed information on risks and expenses relating to the Fund, see the latest form 10-K and subsequent quarterly reports filed on form 10-Q.

Our Company is subject to certain significant risks relating to our business and investment objective, including, for example, the potential volatility of our common stock price and the illiquidity of our investments in portfolio companies. For a detailed description of the risk factors impacting the Company, please read the “Risk Factors” section of our recent SEC filings. Past performance is no guarantee of future results. There can be no assurance that we will achieve our investment objective.

This document is provided for informational purposes only and constitutes neither an offer nor a solicitation to buy or sell securities in MVC Capital, Inc. (the “Fund”).

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