

May 30, 2017

U.S. Gas & Electric to be Acquired by Crius Energy Trust

Crius Acquisition Determined to be Superior to Equus Transaction

PURCHASE, N.Y., May 30, 2017 (GLOBE NEWSWIRE) -- MVC Capital, Inc. (NYSE:MVC) ("MVC" or the "Fund") announced today that its largest portfolio holding, U.S. Gas & Electric, Inc. ("USG&E"), a commercial and residential energy services company, has entered into a definitive agreement to be acquired by Crius Energy Trust (TSX:KWH.UN) ("Crius") for \$172.5 million in a combination of cash, second-lien notes and Crius trust units (the "Crius Transaction").

As a result of the Crius Transaction, the purchase agreement between Equus Total Return, Inc. (NYSE:EQS) ("Equus") and USG&E (the "Equus Transaction"), announced on April 24, 2017, has been terminated, and USG&E has paid a \$2.5 million termination fee to Equus.

Under the terms of the Crius Transaction, USG&E stockholders will receive aggregate consideration totaling \$172.5 million (including \$20.0 million for working capital), plus balance sheet cash at closing of approximately \$11.5 million, less the repayment of all indebtedness and transaction costs, and subject to a potential adjustment for working capital, if required. The aggregate of \$172.5 million consists of: (i) \$95.0 million in cash; (ii) \$47.5 million in 9.5% second-lien callable notes due in June 2025; and, (iii) Crius trust units valued at the time of this announcement at approximately \$30.0 million, based on a trailing 10-day volume-weighted average price ("VWAP"). The trust units, which currently yield approximately 7.5%, will be subject to a six-month lock-up provision. The closing is subject to certain conditions, including regulatory and USG&E stockholder approvals, but is not conditioned on financing. The transaction is expected to close on or about July 5, 2017.

Based on MVC's ownership stake in USG&E, the fair value of the consideration that it will receive in the Crius Transaction is approximately \$117.1 million (excluding any illiquidity discount that will be applied), as compared to the fair value of MVC's equity investment in USG&E of \$89.4 million, as of January 31, 2017. The \$117.1 million is comprised of: (i) estimated cash of approximately \$50.1 million; (ii) second-lien notes with an estimated fair value of \$41.4 million (taking into account certain potential indemnification adjustments); and, (iii) Crius trust units valued at the time of this announcement at approximately \$25.6 million, based on a trailing 10-day VWAP.

At the closing of the Crius Transaction, including the repayment of its two outstanding loans to USG&E, totaling \$10.9 million, and the payment of deferred consulting fees, MVC will receive consideration of approximately \$128.7 million, a 28.4% premium over the last publicly reported fair value of the Fund's investments in USG&E, as of January 31, 2017.

"We are pleased to be able to effectuate a superior transaction for our shareholders," said Michael Tokarz, Chairman and Portfolio Manager of MVC. "We look forward to Crius's continued growth and to participating in its upside, which we believe is materially enhanced by the USG&E acquisition."

"We appreciate the USG&E management team's exceptional efforts in creating value and generating strong free cash flow over the last 10 years, through a combination of organic customer growth, acquisitions, market and product expansion, improved customer retention and exceptional customer service," said Puneet Sanan, Chairman of USG&E and Managing Director of TTGA, the investment adviser to MVC. "We wish them and Crius continued success."

Additional Transaction Details

JMP Securities LLC served as financial advisor to USG&E. Davis Wright Tremaine LLP, Locke Lord LLP and Fasken Martineau DuMoulin LLP served as legal counsel to USG&E.

About MVC Capital, Inc.

MVC Capital, Inc. 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.

About U.S. Gas & Electric, Inc.

Founded in 2002, U.S. Gas & Electric, Inc. and its family of companies is a leading provider of energy supply to commercial and residential customers. As of January 31, 2017, USG&E served approximately 375,000 residential customer equivalents

in 62 utility markets, including the District of Columbia and the following 11 states: Connecticut, Illinois, Indiana, Kentucky, Maryland, Massachusetts, Michigan, New Jersey, New York, Ohio, and Pennsylvania.

Forward-Looking Statements

This press release contains certain statements about MVC, Crius and USG&E that are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These matters involve risks and uncertainties as discussed in MVC's periodic reports on Form 10-K and Form 10-Q and current reports on Form 8-K, filed from time to time with the SEC. The forward-looking statements contained in this press release may include or reflect the expected effects on, and benefits to, MVC, Crius and USG&E of the Crius Transaction, including; the anticipated timing of the Crius Transaction; the satisfaction of the conditions to, and the ability to consummate, the Crius Transaction; the extent of any cash distributions of realized gains from the Crius Transaction that may be made by MVC to its stockholders; the future performance of Crius and its impact on MVC's interest in Crius; the future ability of MVC and Crius to pay dividends or make cash distributions (including of capital gains), which is uncertain; the price or trading volume of Crius's trust units, which can fluctuate and is subject to volatility risk; and MVC's and Crius's financial results generally; and also include all other statements in this press release that are not historical facts. Without limitation, any statements preceded or followed by or that include the words "targets," "plans," "believes," "expects," "intends," "will," "likely," "may," "anticipates," "estimates," "projects," "should," "would," "could," "positioned," "strategy," "future," or words, phrases, or terms of similar substance or the negative thereof, are forward-looking statements. These statements are based on the current expectations of the management of MVC, Crius, and USG&E (as the case may be), and are subject to uncertainty and to changes in circumstances and involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied in such forward-looking statements. In addition, these statements are based on a number of assumptions that are subject to change. Such risks, uncertainties and assumptions include: the satisfaction of the conditions to the Crius Transaction and other risks related to the completion of the Crius Transaction and actions related thereto; MVC's, Crius's, and USG&E's ability to complete the Crius Transaction on the anticipated terms and schedule, including the ability to obtain regulatory, stock exchange or other approvals; risks relating to any unforeseen liabilities, future capital expenditures, revenues, expenses, earnings, synergies, economic performance, indebtedness, financial condition, losses, and future prospects; the risk that benefits from the Crius Transaction may not be fully realized or may take longer to realize than expected; business and management strategies and the expansion and growth of Crius's, and USG&E's operations; failure to pay dividends or other distributions to holders of MVC's or Crius's trust units; the failure to pay interest to the holders of the second-lien notes; impairment charges for goodwill; the performance of USG&E and MVC; and the risk that disruptions from the Crius Transaction will harm Crius's, or USG&E's businesses. However, it is not possible to predict or identify all such factors. Consequently, while the list of factors presented here is considered representative, no such list should be considered to be a complete statement of all potential risks and uncertainties. Unlisted factors may present significant additional obstacles to the realization of forward-looking statements. Forward-looking statements included herein are made as of the date hereof, and neither MVC, Crius, nor USG&E undertakes any obligation to update publicly such statements to reflect subsequent events or circumstances. Past performance of MVC, USG&E and Crius is not indicative of any future results or performance.

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