



MCG Capital Corporation

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PRESS RELEASE

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FOR IMMEDIATE RELEASE

MCG Capital Corporation Responds to Revised Unsolicited Proposal from HC2 Holdings and Reaffirms Recommendation in Favor of Merger with PennantPark Floating Rate Capital

ARLINGTON, VA – June 1, 2015 – MCG Capital Corporation (NASDAQ: MCGC) announced today that its Board of Directors, after thorough consideration and consultation with its legal and financial advisors, has determined that the proposal to acquire MCG made by HC2 Holdings, Inc. does not constitute, and is not reasonably likely to lead to, a superior proposal under MCG’s existing merger agreement with PennantPark Floating Rate Capital Ltd. (NASDAQ: PFLT). The Board has unanimously affirmed its commitment to the pending merger with PFLT, and its recommendation that MCG stockholders vote in favor of the PFLT transaction.

On April 28, 2015, MCGC executed a merger agreement with PennantPark Floating Rate Capital Ltd. (NASDAQ: PFLT) which provides for the acquisition of MCGC by PFLT in a stock and cash transaction currently valued at approximately \$175.0 million, or approximately \$4.75 per MCGC common share at closing, representing a 15.8% premium to MCGC’s closing stock price on April 28, 2015.

On June 1, 2015, MCGC filed with the SEC an investor presentation which discussed in detail the material factors considered by MCGC’s Board of Directors in determining that the HC2 proposal does not constitute, and is not reasonably likely to lead to, a superior proposal. Morgan Stanley & Co. LLC is serving as financial advisor to MCGC and Wachtell, Lipton, Rosen & Katz is serving as legal counsel to MCGC.

About MCG Capital Corporation

MCG Capital Corporation is a solutions-focused commercial finance company providing capital and advisory services to lower middle-market companies throughout the United States. Its investment objective is to achieve attractive returns by generating current income and capital gains on its investments. Its capital is generally used by its portfolio companies to finance acquisitions, recapitalizations, buyouts, organic growth, working capital and other general corporate purposes.

Forward-Looking Statements

This press release contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 that relate to future events, performance or financial condition of PFLT, MCGC and the combined company, management’s future expectations, beliefs, intentions, goals, strategies, plans or prospects. Statements other than statements of historical facts included in this press release may constitute forward-looking statements and are not guarantees of future performance or results and involve a number of known and unknown risks and uncertainties. Actual results may differ materially from those in the forward-looking statements as a result of a number of factors, including the ability of the parties to consummate the transaction described in this press release on the expected timeline (or at all), the failure of PFLT or MCGC stockholders to approve the proposed merger, the ability to realize the anticipated benefits of the transaction, the effects of disruption on the companies’ business from the proposed merger, the effect that the announcement or consummation of the merger may have on the trading price of the common stock of PFLT or MCGC, the combined company’s plans, expectations, objectives and intentions, the proposal made by HC2 Holdings, Inc. or any other alternative proposed transactions and any potential termination of the merger agreement, the actions of MCG stockholders with respect to any proposed transactions, and the other factors described from time to time in the companies’ filings with the Securities and Exchange Commission.

MCGC undertakes no duty to update any forward-looking statement made herein. All forward-looking statements speak only as of the date of this press release.

Important Additional Information and Where to Find It

This communication is being made in respect of the proposed business combination involving PFLT and MCGC. In connection with the proposed transaction, PFLT has filed with the SEC a Registration Statement on Form N-14 that includes a joint proxy statement of PFLT and MCGC and that also constitutes a prospectus of PFLT. The definitive Joint Proxy Statement/Prospectus will be mailed to stockholders of PFLT and MCGC. INVESTORS AND SECURITY HOLDERS OF PFLT AND MCGC ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION.

Investors and security holders will be able to obtain free copies of the Registration Statement and Joint Proxy Statement/Prospectus (when available) and other documents filed with the SEC by each of PFLT and MCGC through the web site maintained by the SEC at www.sec.gov. Free copies of the Registration Statement and Joint Proxy Statement/Prospectus (when available) and other documents filed with the SEC can also be obtained on PFLT's website at www.pennantpark.com or on MCGC's website at www.mcgcapi.com.

PFLT and MCGC and their respective directors, executive officers and certain other members of management and employees may be deemed to be participants in the solicitation of proxies from stockholders of PFLT and MCGC in respect of the proposed transaction. Information regarding the persons who may, under the rules of the SEC, be considered participants in the solicitation of the PFLT and MCGC stockholders in connection with the proposed acquisition, PFLT's executive officers and directors and MCGC's executive officers and directors is set forth in the Registration Statement on Form N-14, filed with the SEC on May 18, 2015. You can obtain free copies of these documents from PFLT and MCGC in the manner set forth above.

This press release does not constitute an offer to sell or the solicitation of an offer to buy nor will there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of such jurisdiction. A registration statement relating to these securities will be filed with the Securities and Exchange Commission, and the securities may not be sold until the registration statement becomes effective. Investors are advised to carefully consider the investment objectives, risks and charges and expenses of PFLT before investing in its securities.

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