



MCG Capital Corporation Declares First Dividend of \$0.25 Per Share for the 4th Quarter plus a one time Earnings and Profit Dividend of \$0.61 per share

ARLINGTON, VA - December 31, 2001 - MCG Capital Corporation (Nasdaq: MCGC), a solutions-focused financial services company that lends to and invests in small- and mid-sized U.S. companies within the communications, information services, media and technology industry sectors, today announced that it has declared a dividend of \$0.25 per share for the fourth quarter of 2001. In addition, MCG declared a one time Earnings and Profit dividend of \$0.61 per share bringing the total dividend declared to \$0.86 per share for the fourth quarter.

These dividends represent the first quarterly dividend to MCG Capital shareholders. The dividend is payable as follows:

Record date: January 22, 2002
Payable date: January 31, 2002

Copies of the final prospectus relating to the offering may be obtained by contacting Friedman, Billings, Ramsey & Co., Inc., Prospectus Department, 1001 Nineteenth Street North, Arlington, VA 22209 (phone: 703-312-9588) or on line at <http://investor.mcgcapital.com/investor.cfm>.

This press release contains forward-looking statements based on current expectations, forecasts and assumptions of the Company that involve risks and uncertainties. Forward-looking statements include statements regarding the Company's current expectations, beliefs, intentions or strategies regarding the future and can be identified by forward-looking words such as "anticipate", "believe", "could", "estimate", "intend", "may", "should", "will", "would", "projects", "expects", "plans", or other words indicating an event or results that could occur in the future. Forward-looking statements are statements about future expectations, and as a result involve risks and uncertainties associated with the Company's business that could cause actual results to vary materially from those stated or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to, economic factors affecting the Company's growth, operations, markets and services, our ability to originate new loans or customer relationships, our ability to achieve margins and levels of profitability, the availability of additional capital to us, the ability of our clients to repay our loans and the entry of new competitors in our field. The Company assumes no obligation to update the information included in this press release, whether as a result of new information, future events or otherwise.