



MVC Capital Announces Third Quarter 2004 Financial Results

Reports First Profitable Quarter Since 2001

PURCHASE, NY - SEPTEMBER 9, 2004 - MVC Capital today announced that the Fund has reported a profitable quarter for the period ended July 31, 2004. MVC Capital is a publicly traded business development company that makes private debt and equity investments.

As indicated in the Fund's Form 10-Q filed on September 9, 2004, net investment income for the three months ended July 31, 2004, was \$315,626, or \$.03 per share (based on 12,293,042 shares outstanding), as compared to a loss of \$(559,192), or \$(-.03) per share (based on 16,152,600 shares outstanding), for the three months ended July 31, 2003. Additionally, the Fund recorded \$4.41 million in net unrealized capital gains compared to \$(13.82) million in net unrealized capital losses for the same period last year.

During the quarter, the Fund committed a total of \$33.76 million to investments in four companies, including Octagon Credit Investors, LLC, Baltic Motors Corporation, Dakota Growers Pasta Company, Inc., and Impact Confections, Inc. As of July 31, 2004, the Fund's net assets were \$113.57 million, compared to \$108.85 million at the beginning of the quarter, resulting in an increase of approximately \$4.8 million or \$.38 per share.

"We are delighted to report that, after only three quarters under the new management team, we were able to post positive net operating income of \$315,626 for our third quarter operations. This reverses the trend of twelve consecutive quarters of operating losses totaling over \$12.8 million," said Michael Tokarz, Chairman and Portfolio Manager of MVC Capital. "These positive results reflect our commitment to achieving the Fund's new investment objective of maximizing total return from capital appreciation and/or income."

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 Capital, please contact Kim Levy or Keil Decker at 212-687-8080.

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The information contained in this press release contains forward-looking statements. These forward-looking statements are subject to the inherent uncertainties in predicting future results and conditions. Certain factors could cause actual results and conditions to differ materially from those projected in these forward-looking statements, and these factors are enumerated in the company's periodic filings with the Securities and Exchange Commission.