

MVC Capital Announces Investment in Impact Confections, Inc.

PURCHASE, NY - August 3, 2004 - MVC Capital (NYSE: MVC) today announced that the Fund has provided a \$5,000,000 mezzanine loan and \$2,700,000 in equity financing to Impact Confections, Inc. to support the Company's acquisition of Melster Candies, Inc., which closed on July 30, 2004.

Impact Confections, founded in 1981, is a high quality manufacturer and distributor of children's candies. Impact Confections is the largest producer of 3-D lollipops in the United States and has a diverse portfolio of leading candy brands, including MegaWarheads, Carousel Pop, Twist & Glow Pop, Lollipop Paint Shop, Bustin' Bits and more. Impact's products can be found at mass-merchants as well as grocery, drug, and convenience stores such as Wal-Mart, McLane, CVS Pharmacy, Walgreens, and others. The company's corporate headquarters are located in Colorado Springs, Colorado, and its manufacturing facility is located in Roswell, New Mexico.

Founded in 1919, Melster Candies is a manufacturer and distributor of seasonal novelty candies as well as more traditional candies. Some of Melster's products include salt water taffy, peanut butter kisses, coconut toasties, and the highly popular marshmallow circus peanuts. Melster's customers include Wal-Mart, McLane, CVS, Albertsons, Acme and others.

"We are excited about our investment in Impact Confections, a market leader and innovator in the multi-billion dollar confectionary market" said Michael Tokarz, Chairman and Portfolio Manager of MVC Capital. "We look forward to working with Impact's seasoned management team and helping them further grow their well established business."

Brad Baker, founder and CEO of Impact Confections, commented, "We feel very fortunate to be working with our new partner, MVC Capital. Their team brings a wealth of knowledge to assist us in both organic and inorganic growth. In addition, we are very excited about the acquisition of Melster Candies as it is a perfect fit for our long-term strategic goals."

MVC Capital is a Business Development Company traded on the New York Stock Exchange that seeks to provide 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, 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.