

## **MVC Capital to Receive Proceeds of \$4.1 Million upon Sale of BlueStar Solutions Investment**

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**PURCHASE, NY - August 26, 2004** - MVC Capital, a publicly traded business development company that makes private mezzanine debt and equity investments, is pleased to announce that it has sold its investment in BlueStar Solutions, Inc. for an upfront cash consideration of \$4,138,600 and additional contingent payments in late 2005 of up to \$459,000. Affiliated Computer Services, Inc. (NYSE: ACS), a premier provider of business process and information technology outsourcing solutions, disclosed today that it has acquired privately held BlueStar for approximately \$73 million.

As a result of the sale, the net assets of MVC Capital will increase by \$1,138,600 or \$0.09 per share. The Fund's carrying value of the BlueStar investment was \$3.0 million prior to the acquisition. Any deferred portion of the purchase price will be added to the Fund's NAV when more details become available as to the precise timing and amount of contingent payments.

MVC Capital has an investment objective of seeking to maximize total return from capital appreciation and/or income. The original BlueStar investment was one of the first transactions made by the Fund's prior management in mid-2000. A follow-on investment in BlueStar was made in February 2002. As was the case with BlueStar, the Fund will continue its goal of managing each investment in MVC's legacy portfolio of technology ventures to an orderly realization. MVC expects to re-deploy the net proceeds from the sale of the BlueStar Solutions investment pursuant to the Fund's new investment program.

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, 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.*