

MVC Capital Announces Investment in Vestal Manufacturing

NEW YORK, NY - May 12, 2004 - MVC Capital (NYSE: MVC) today announced that the Fund has agreed to provide \$1,000,000 in subordinated debt financing and \$450,000 of equity financing to Vestal Manufacturing Enterprises, Inc. as part of Vestal's management-led buyout from its former parent, Walter Industries, Inc. Following the closing of the acquisition, MVC will nominate Michael Tokarz and Bruce Shewmaker to the company's five-member Board of Directors. The investment is being made in conjunction with a similar investment from Nebraska Heavy Industries, LLC.

Founded in 1946, Vestal Manufacturing is a leader in the manufacturing and distribution of foundried iron and steel fabricated components to municipalities, original equipment manufacturers and the home, hearth and patio industries. Vestal is the market leader for steel fabricated products to the brick and masonry construction segments and services more than 2,000 customers nationwide. It is the only U.S. company manufacturing and selling both cast iron and fabricated steel specialty products used in the construction of single-family homes.

"We are very excited about our investment in Vestal, an industry leader with an excellent management team and strong market position," said Michael Tokarz, Chairman and Portfolio Manager of MVC Capital. "Vestal is an innovator recognized for its quality products and world class customer service in the growing foundried and fabricated products industry. With enhanced financial resources as an independent entity, we believe the Company can be well positioned for growth."

Vestal CEO Keith Shope, said, "We are thrilled to be working with the exceptionally knowledgeable and experienced team at MVC Capital. Their financial and strategic resources will be invaluable as we look to execute on our business plan, launching new products and further enhancing our service offerings."

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.