

# Medley Capital Corporation (NYSE: MCC)

---

*Investor Presentation*

*Quarter Ended December 31, 2016*

---

---

## Important Notice

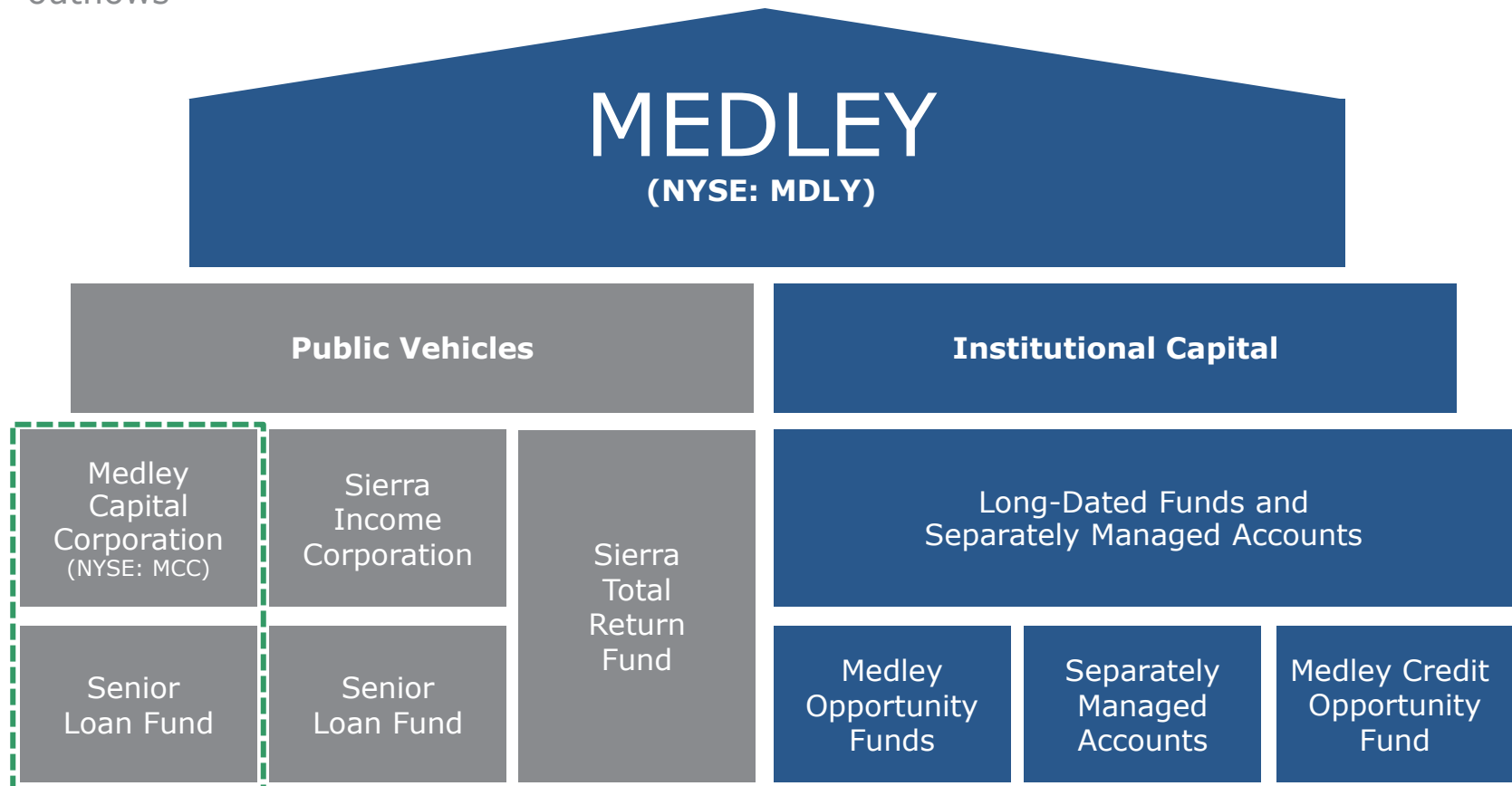
This presentation contains “forward looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, that are subject to risks and uncertainties. Actual outcomes and results could differ materially from those suggested by this presentation due to the impact of many factors beyond the control of Medley Capital Corporation, including those listed in the "Risk Factors" section of our filings with the Securities and Exchange Commission (“SEC”). Any statement other than a statement of historical fact may constitute a forward looking statement. Any such forward-looking statements are made pursuant to the safe harbor provisions available under applicable securities laws and Medley Capital Corporation assumes no obligation to update or revise any such forward-looking statements.

Certain information discussed in this presentation (including information relating to portfolio companies) was derived from third party sources and has not been independently verified and, accordingly, the Company makes no representation or warranty in respect of this information.

The following slides contain summaries of certain financial and statistical information about Medley Capital Corporation. The information contained in this presentation is summary information that is intended to be considered in the context of our SEC filings and other public announcements that we may make, by press release or otherwise, from time to time. We undertake no duty or obligation to publicly update or revise the information contained in this presentation. In addition, information related to past performance, while helpful as an evaluative tool, is not necessarily indicative of future results, the achievement of which cannot be assured. You should not view the past performance of Medley Capital Corporation, or information about the market, as indicative of Medley Capital Corporation’s future results. This presentation does not constitute an offer to sell or the solicitation of an offer to buy any securities of Medley Capital Corporation.

## Diversified AUM Across Multiple Funds

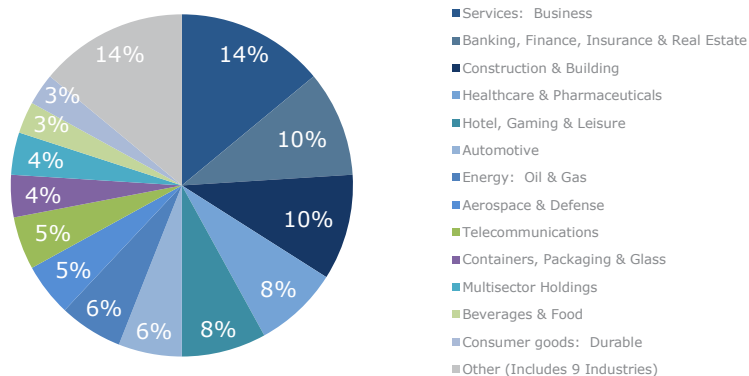
- Broad distribution through public and private vehicles
- Permanent capital, long-dated funds and managed accounts not subject to traditional outflows



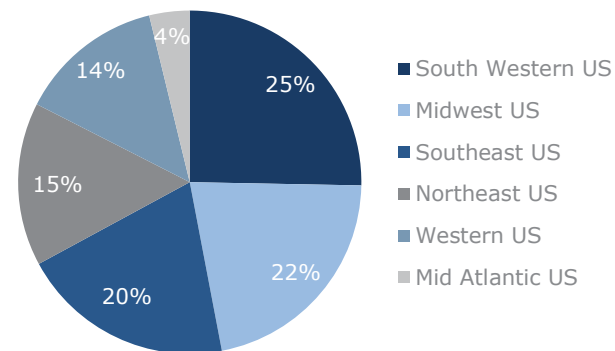
# Highly Diversified Senior Secured Floating Rate Portfolio

- MCC has a diversified portfolio of 60 companies with a 11.7% weighted average yield<sup>1</sup>

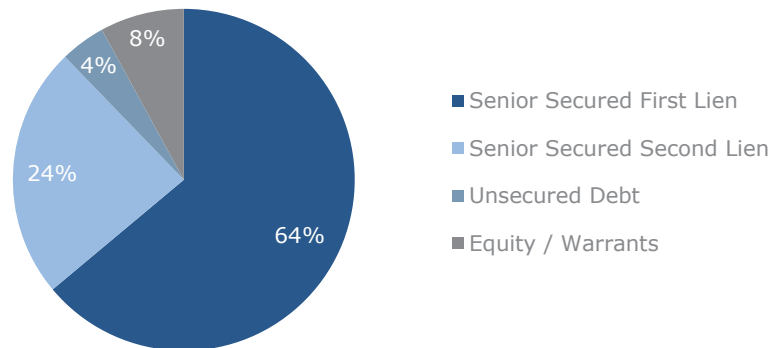
## Industry



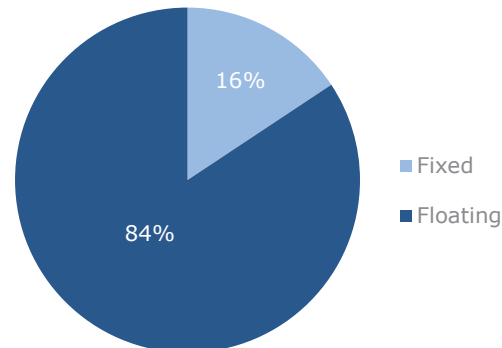
## Geography<sup>2</sup>



## Investment Type



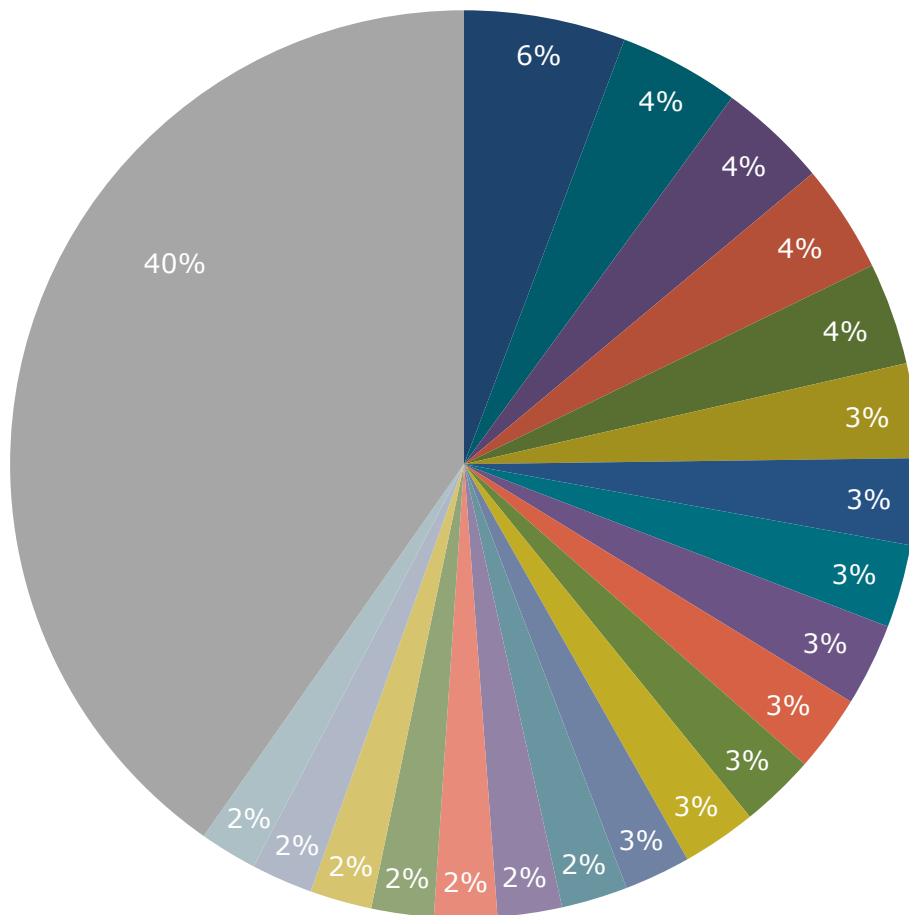
## Floating vs Fixed Rate



Note: Portfolio data as of 12/31/2016 based on fair market value. Numbers may not foot due to rounding.

- Represents annualized portfolio yield to maturity, excluding fees, while utilizing industry standard forward LIBOR curve assumptions.
- MCC does not have exposure to international investments.

# Portfolio by Issuer



## Top 20 Investments: 60%

- Harrison Gypsum LLC
- MCC Senior Loan Strategy JV I LLC
- Nation Safe Drivers Holdings, Inc.
- Omnivere LLC
- DHISCO Electronic Distribution, Inc.
- Merchant Cash and Capital LLC
- NVTN LLC
- NCM Group Holdings LLC
- Accupac, Inc.
- Nielsen & Bainbridge LLC
- Seotowncenter, Inc.
- AAR Intermediate Holdings LLC
- The Plastics Group Acquisition Corp
- Capstone Nutrition
- Northstar Aerospace, Inc.
- Oxford Mining Company LLC
- United Road Towing Inc
- Jordan Reses Supply Company LLC
- JD Norman Industries, Inc.
- Transtelco, Inc.
- Other

Note: Portfolio includes 60 total issuers; the 40% of Portfolio Issuer Concentration represents 40 MCC borrowers. Data as of 12/31/2016.

## Well Positioned for a Rising Rate Environment

- MCC is well positioned for a rising interest rate environment
- 84% of the portfolio is floating rate
- 63% of liabilities are fixed rate
- Favorable asset & liability mix
  - The weighted average maturity of assets is 3.0 years
  - The weighted average maturity of liabilities is 5.8 years<sup>1</sup>

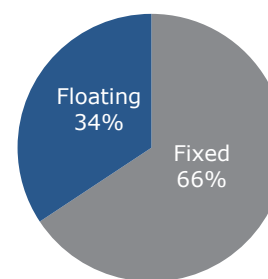
Basis Point Change	Interest Income Change	Interest Expense Change	NII Change	% NII Change
100	\$4,600	\$1,900	\$2,700	5.0%
200	10,600	3,800	6,800	12.5%
300	18,400	5,800	12,600	23.1%
400	26,100	7,700	18,400	33.8%
500	31,700	9,600	22,100	40.6%

Note: Metrics in thousands of USD. Data as of 12/31/2016.

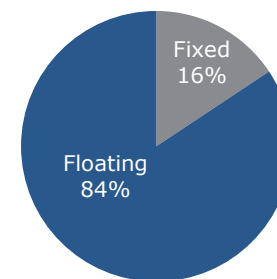
1. Pro Forma for issuance of \$39.0 million newly issued 2023 MCV Notes and redemption of the 2019 MCQ Notes.

### Assets

12/31/2011

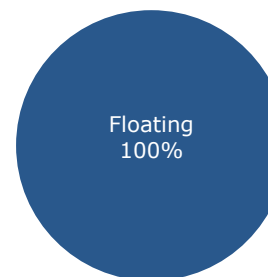


12/31/2016

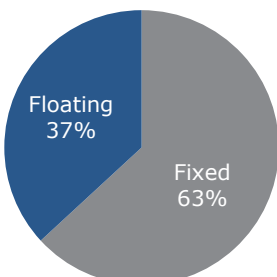


### Liabilities

12/31/2011

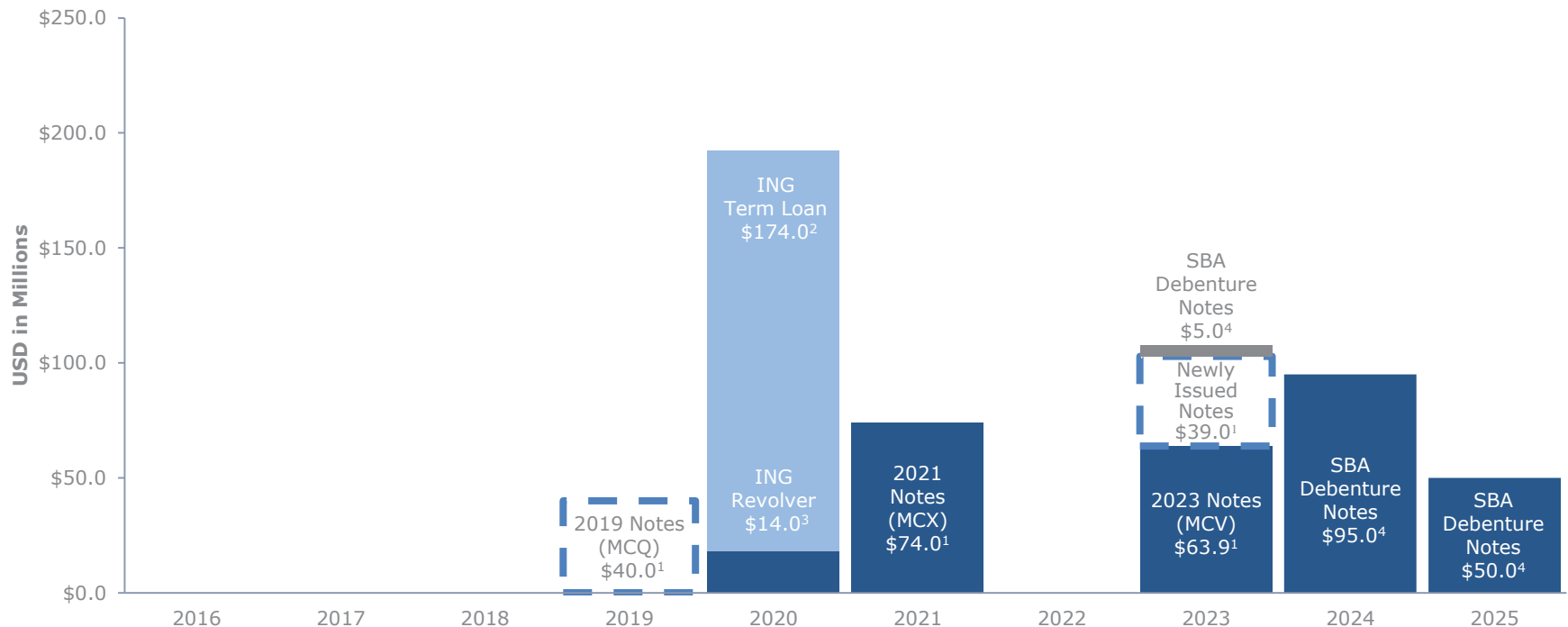


12/31/2016



# Pro Forma Debt Maturity Profile

- MCC’s liabilities are well diversified with a staggered debt maturity profile
- Subsequent to quarter end, MCC issued \$39.0M of newly issued 2023 Notes and redeemed the 2019 Notes



Note: As of 12/31/2016. Pro Forma for issuance of \$39.0 million newly issued 2023 MCV Notes and redemption of the 2019 MCQ Notes.

1. \$3.7 million aggregate difference in total Unsecured Notes from the balance sheet is a result of recently adopted debt issuance cost accounting standards and newly issued 2023 MCV note, and redemption of the 2019 MCQ notes
2. \$2.0 million aggregate difference in total ING Term Loan from the balance sheet is a result of recently adopted debt issuance cost accounting standards.
3. \$3.2 million aggregate difference in total Revolving Credit Facility from the balance sheet is a result of recently adopted debt issuance cost accounting standards.
4. \$3.4 million aggregate difference in total SBA Debenture Notes from the balance sheet is a result of recently adopted debt issuance cost accounting standards.

# Attractive Industry Dynamics

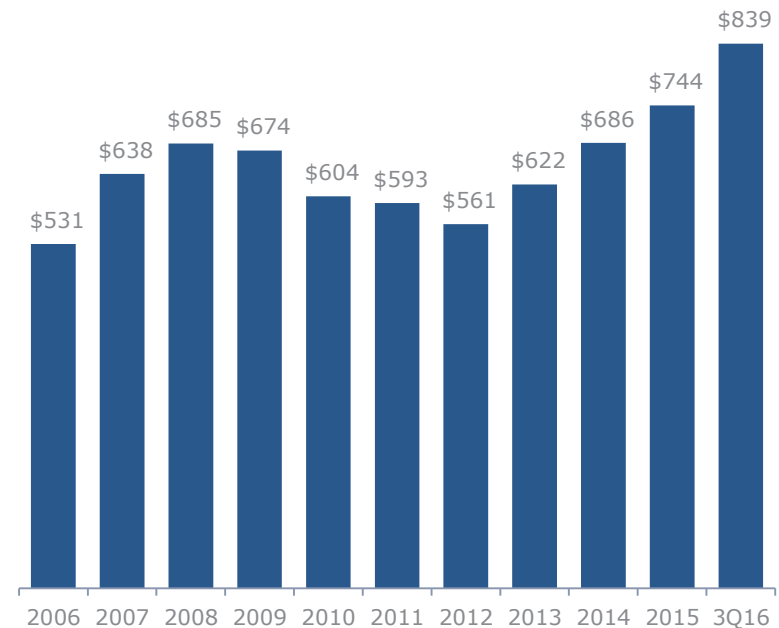
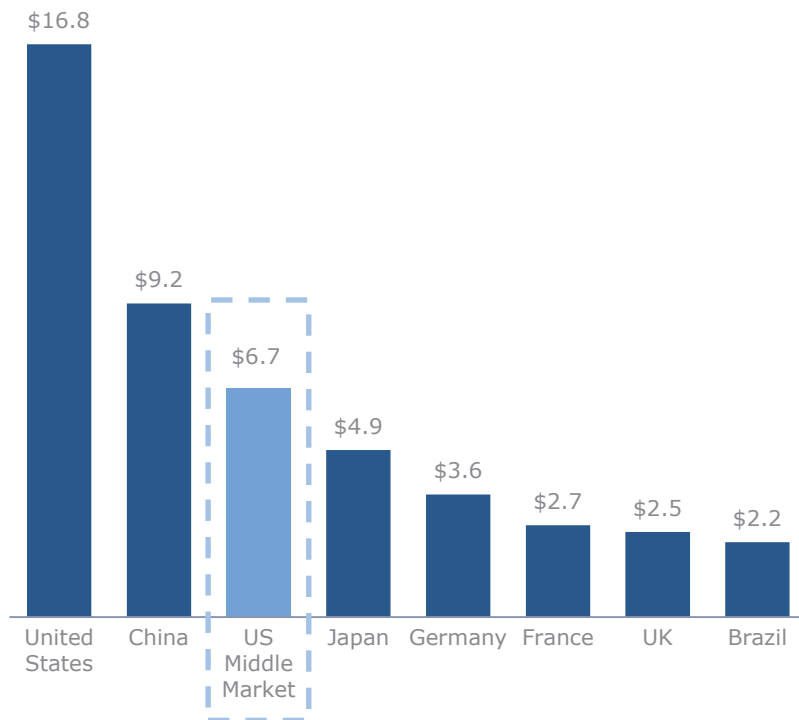


# Middle Market Opportunity – Large Target Market

- Standalone US middle market would rank as the 3rd largest global economy
- Private equity dry powder continues to be elevated at all-time highs

**Top GDPs<sup>1</sup>**

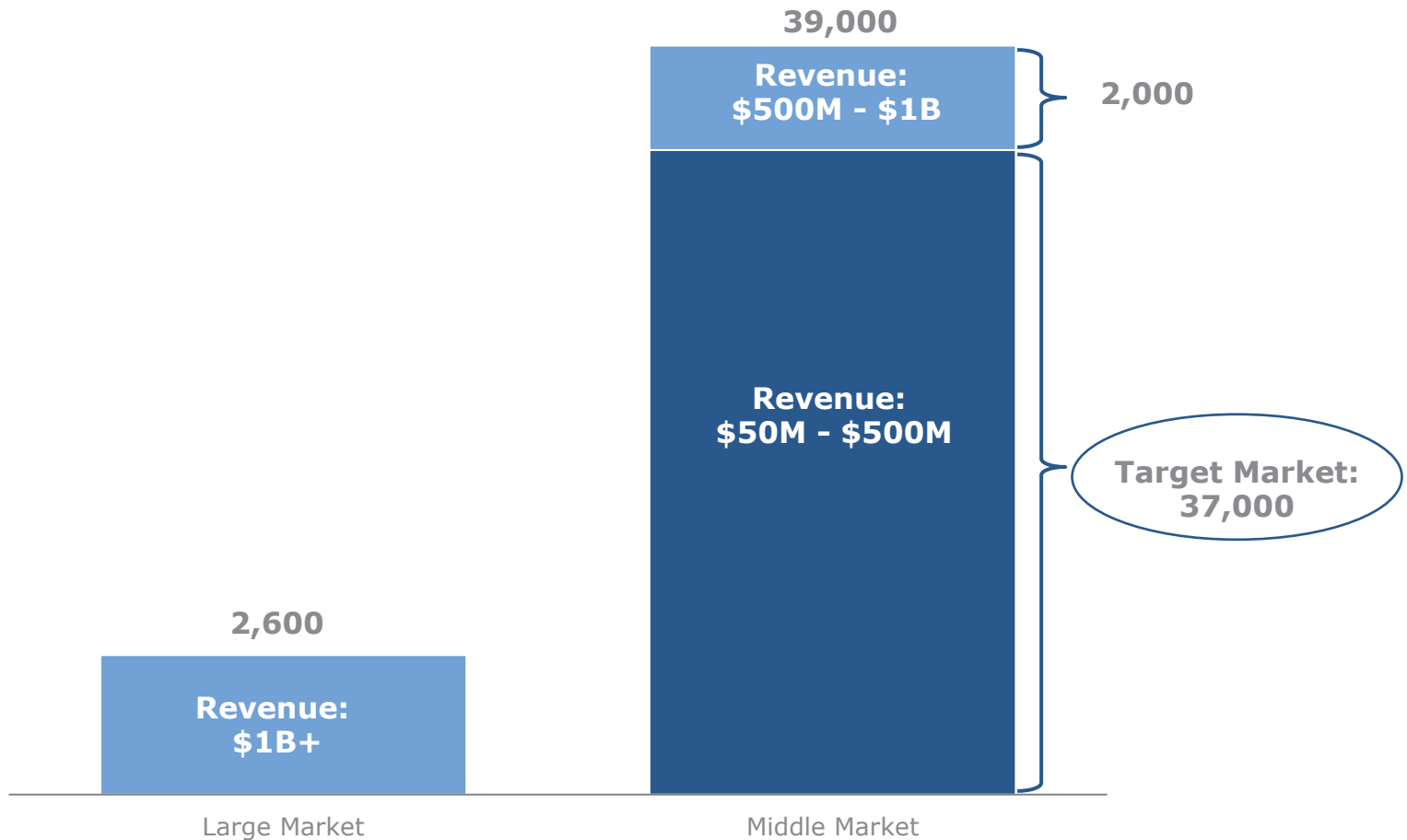
**Private Equity Dry Powder<sup>2</sup>**



1. International Monetary Fund, World Economic Outlook Database, June 2014. Metrics in trillions of USD.  
 2. Preqin Private Debt Q3 2016 Quarterly Update. Metrics in billions of USD.

# The Opportunity – Large Number of Borrowers

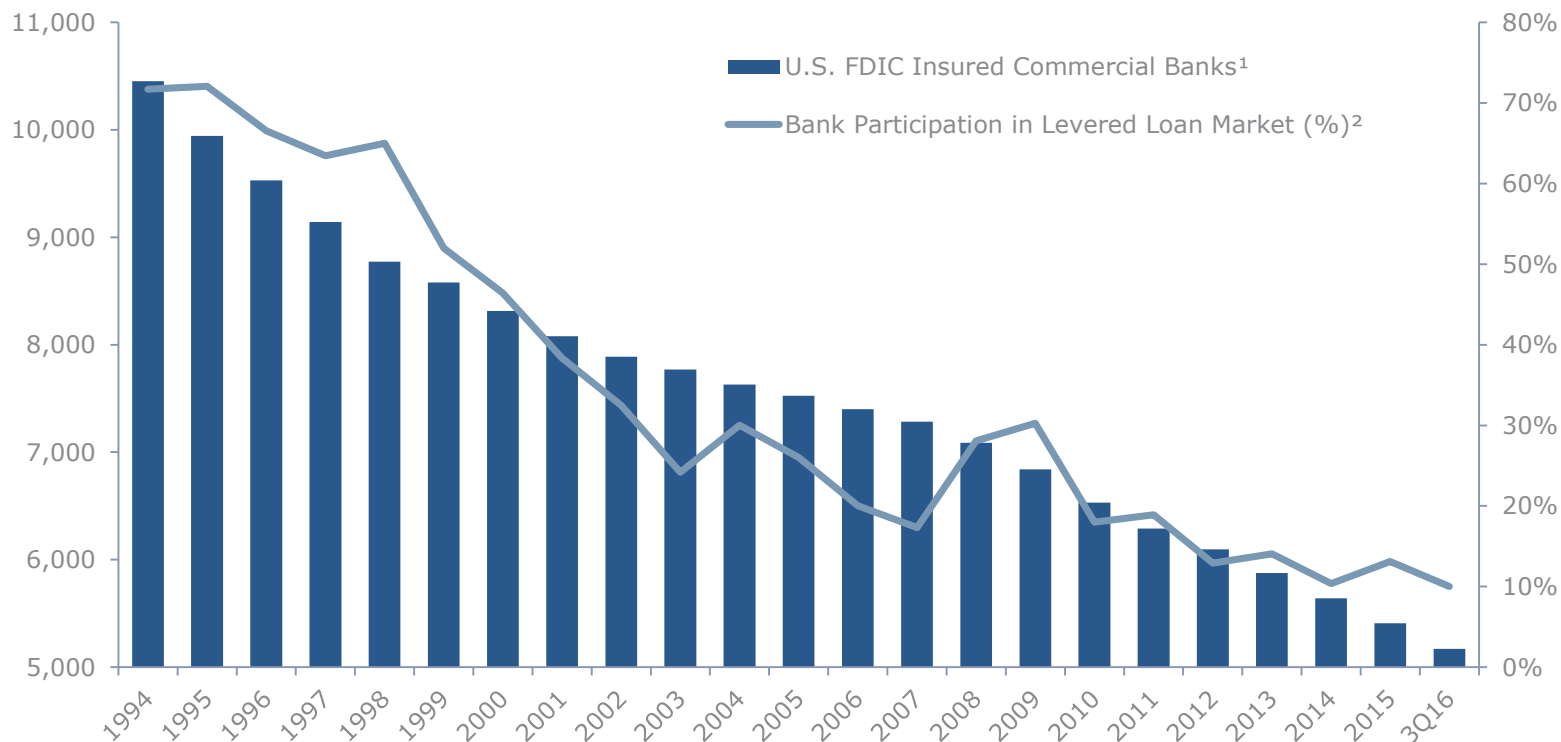
**Number of Businesses by Market<sup>1</sup>**



1. U.S. Census Bureau, 2007 Economic Census.

# Powerful Secular Trends in the Banking Landscape

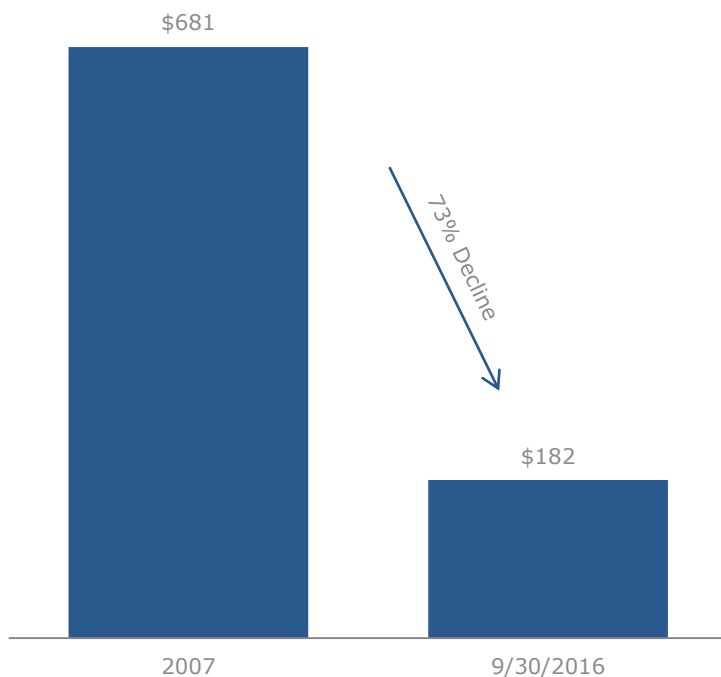
- Banks continue to shift toward large borrowers
- Regulatory environment is a headwind for banks in the middle-market



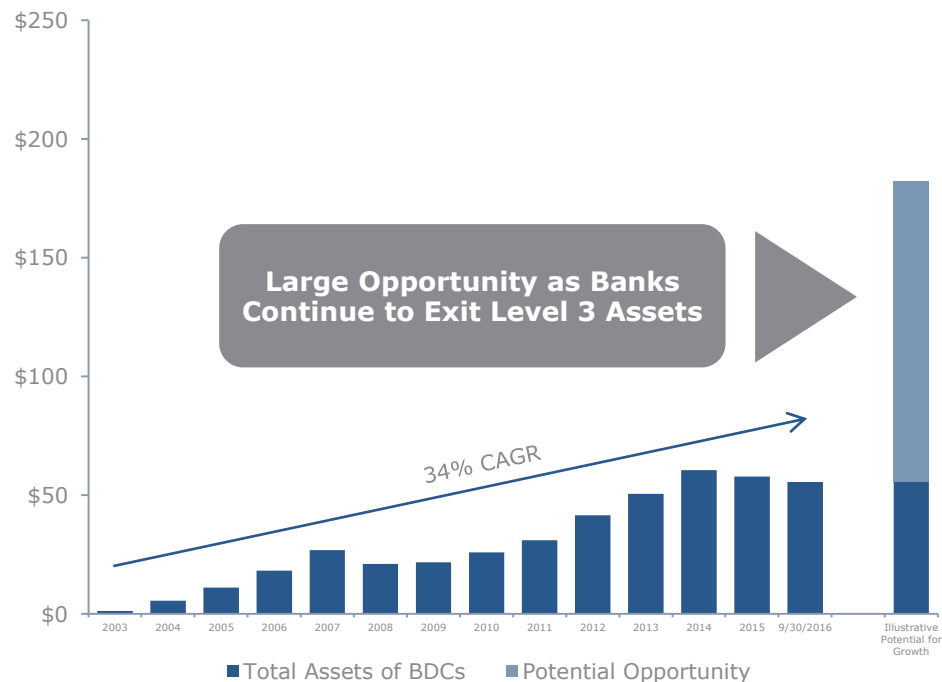
1. Federal Deposit Insurance Corporation, represents number of commercial banking institutions insured by the FDIC as of 9/30/2016.  
 2. S&P LCD's Leveraged Lending Review – 3Q16.

# Regulatory Pressure Continues for Banks

## Level 3 Assets for Financial Firms<sup>1</sup>



## Total Assets of Publicly Traded BDCs<sup>2</sup>



1. Financial firms include: BAC, C, CS, DB, GS, JPM, MS, WFC, Bear Stearns, Countrywide Financial, Merrill Lynch & Washington Mutual. Metrics in billions of USD. Financial information as of 9/30/2016.

2. BDCs include: ACAS, ACSF, AINV, ARCC, BKCC, CMFN, CPTA, FDUS, FSC, FSIC, FSFR, GAIN, GARS, GBDC, GLAD, GSVC, HCAP, HRZN, HTCG, KCAP, KIPO, MAIN, MCC, MCGC, MRCC, MVC, NGPC, NMFC, OFS, PFLT, PNNT, PSEC, SAR, SCM, SLRC, SUNS, TCAP, TCPC, TCRD, TICC, TINY, TPVG, TSLX and WHF. Metrics in billions of USD. Total assets as of 9/30/2016, with the exception of MCC, FSFR, GBDC, SAR, MCGC, and MVC which are as of 12/31/2016, 6/30/2016, 6/30/2016, 8/31/2016, 6/30/2015, and 7/31/2015, respectively.

# MCC Financial Results

---

## Performance Overview

- Net asset value of \$9.39 per share for the quarter ending 12/31/2016
- Net investment income of \$0.19 per share for the quarter ending 12/31/2016
- Quarterly dividend of \$0.22 per share for the quarter ending 12/31/2016
- 11.7% portfolio yield as of 12/31/2016<sup>1</sup>
- Funded \$39.4M in the MCC SLS JV since inception through the quarter ending 12/31/2016
- Extended maturity structure and reduced interest costs by calling 2019 Notes and issuing an additional \$39.0 million of 2023 Notes

---

1. Represents annualized portfolio yield to maturity, excluding fees, while utilizing industry standard forward LIBOR curve assumptions.

# Financial & Portfolio Highlights

## Financial Highlights

	12/31/16	9/30/16	6/30/16	3/31/16	12/31/15	9/30/15	6/30/15
Net investment income per share	\$ 0.19	\$ 0.23	\$ 0.20	\$ 0.26	\$ 0.28	\$ 0.31	\$ 0.30
Net realized gains (losses)	(0.12)	(0.29)	(0.53)	-	0.10	(0.74)	(0.16)
Net unrealized gains (losses)	0.05	(0.01)	0.59	(0.25)	(1.07)	0.13	0.01
Provision for taxes on unrealized per share	-	0.01	-	-	(0.01)	-	-
Net income per share <sup>1</sup>	0.12	(0.06)	0.26	0.01	(0.70)	(0.29)	0.14
Net asset value per share	9.39	9.49	9.76	9.80	10.01	11.00	11.53

## Portfolio Highlights

- \$917.6 million total fair value of investments as of December 31, 2016
- \$41.3 million gross originations during quarter ended December 31, 2016
- \$40.1 million repayments and exits during quarter ended December 31, 2016
- \$1.2 million net originations during quarter ended December 31, 2016

## Asset Mix by Investment Type

Asset Class	12/31/16	9/30/16	6/30/16	3/31/16	12/31/15	9/30/15
Senior Secured 1st Lien	64.3%	64.8%	60.7%	61.4%	59.7%	60.2%
Senior Secured 2nd Lien	23.4%	23.4%	28.4%	28.6%	30.9%	30.6%
Unsecured Debt	4.3%	5.8%	5.3%	5.1%	3.9%	3.7%
Equity/Warrants	8.0%	6.0%	5.6%	4.9%	5.5%	5.5%

## Asset Mix by Rating

Rating	12/31/16	9/30/16	6/30/16	3/31/16	12/31/15	9/30/15
1	12.3%	12.3%	14.4%	10.9%	8.6%	12.0%
2	60.3%	60.6%	63.8%	70.7%	80.7%	78.0%
3	19.1%	18.7%	17.2%	17.5%	9.8%	10.0%
4	6.9%	7.2%	3.7%	-	-	-
5	1.4%	1.2%	0.9%	0.9%	0.9%	-

1. May not foot due to rounding.

---

## Key Initiatives to Drive Shareholder Value at MCC

- 1 \$50M stock buyback program
- 2 Reduced fees and implemented netting with a three year look-back
- 3 Maintained investment grade ratings
- 4 Increased allocation to floating rate loans (currently 84%) as of 12/31/2016
- 5 Increased long-term fixed rate liabilities (currently 63%) as of 12/31/2016



## MCC Presents an Attractive Investment Opportunity

- Attractive dividend yield with lower leverage levels vs. other yield oriented asset classes

	<u>Price / NAV</u>	<u>Dividend Yield</u> <sup>1</sup>	<u>Leverage</u> <sup>2</sup>
MCC	0.83x	11.3%	0.70x
BDCs <sup>3</sup>	1.05x	9.7%	0.71x
REITs <sup>4</sup>	2.64x	3.2%	1.13x
MLPs <sup>5</sup>	2.92x	7.9%	1.61x
Banks <sup>6</sup>	1.67x	1.9%	7.43x

Note: Market data as of 2/9/2017.

1. Dividend yields based upon the most recently declared dividend, annualized to reflect the closing share price as of 2/9/2017. Annualized dividend per share does not include special dividends.
2. MCC and BDC leverage calculated as total debt less SBIC debt divided by total book value. Bank leverage includes deposits.
3. BDCs include: AINV, ARCC, FSC, FSIC, GBDC, NMFC, PSEC, PNNT, TCPC, TCRD and TSLX. AINV, FSC, GBDC, MCC, PNNT and PSEC as of 12/31/2016. All other BDC data as of 9/30/2016.
4. REITs include: SPG, PSA, HCP, VTR, EQR, BXP, PLD, VNO, AVB and HCN. AVB, BXP, EQR, PLD and SPG as of 12/31/2016. All other REITs as of 9/30/2016.
5. MLPs include: OKS, PAA, BPL, NMM and EEP. PAA as of 12/31/2016. All other MLPs as of 9/30/2016.
6. Banks include: BAC, C, WFC, JPM, USB, STI, MTB, COF, CMA, HBAN, PNC, ZION, KEY, RF and FITB. All Banks as of 12/31/2016.

# Select Financial & Portfolio Information

**As of and for the Three Months Ended**  
**(dollars in millions, except per share data)**

	12/31/16	9/30/16	6/30/16	3/31/16	12/31/15
Net investment income per share - basic & diluted	\$ 0.19	\$ 0.23	\$ 0.20	\$ 0.26	\$ 0.28
Net realized and unrealized gains per share - basic & diluted <sup>1</sup>	(0.07)	(0.29)	0.06	(0.25)	(0.98)
GAAP EPS - basic & diluted <sup>2</sup>	0.12	(0.06)	0.26	0.01	(0.70)
Dividend declared per share	0.22	0.22	0.22	0.30	0.30
Stockholders' equity	\$ 511.3	\$ 516.9	\$ 534.4	\$ 536.8	\$ 562.7
Net asset value per share	9.39	9.49	9.76	9.80	10.01
Market Capitalization <sup>3</sup>	\$ 409.1	\$ 415.6	\$ 366.9	\$ 361.4	\$ 422.6
Common stock data:					
High Price <sup>4</sup>	\$ 7.87	\$ 7.77	\$ 6.95	\$ 7.74	\$ 8.16
Low Price <sup>4</sup>	6.96	7.05	6.26	5.37	7.01
Closing Price	7.51	7.63	6.70	6.60	7.52
Investments at fair value	\$ 917.6	\$ 914.2	\$ 1,042.5	\$ 1,036.1	\$ 1,115.1
% Floating Rate <sup>5</sup>	84.3%	78.7%	78.2%	78.5%	79.3%
% Fixed Rate <sup>5</sup>	15.7%	21.3%	21.8%	21.5%	20.7%
Number of Portfolio Companies	60	58	63	65	68
Gross originations for the quarter	\$ 41.3	\$ 10.1	\$ 11.7	\$ 29.1	\$ 43.6
Realizations/amortizations for the quarter	40.1	126.1	12.1	97.9	94.6
Net originations/(realizations) for the quarter	1.2	(116.0)	(0.4)	(68.8)	(51.0)

Note: Basic and diluted per share data reflects weighted average common shares outstanding of 54,474,211 as of 12/31/16, 54,747,189 as of 9/30/16, 54,763,411 as of 6/30/16, 55,761,062 as of 3/31/16 and 56,300,067 as of 12/31/15.

- Inclusive of change in provision for taxes of \$0 for the quarter ended 12/31/16, (\$485,817) for the quarter ended 9/30/16, \$40,378 for the quarter ended 6/30/16, \$133,490 for the quarter ended 3/31/16 and \$224,616 for the quarter ended 12/31/15.
- May not foot due to rounding.
- Reflects common shares outstanding of 54,474,211 and a closing price of \$7.51 as of 12/31/16, 54,474,211 and a closing price of \$7.77 as of 9/30/2016, 54,763,411 and a closing price of \$6.70 as of 6/30/2016, 54,763,411 and a closing price of \$6.60 as of 3/31/2016 and 56,193,803 and a closing price of \$7.52 as of 12/31/15.
- Reflects the high and low closing share price during the periods ended 12/31/16, 9/30/16, 6/30/16, 3/31/16 and 12/31/15.
- Based on income bearing investments.

# Balance Sheet

As of  
(dollars in thousands, except per share data)

	12/31/16	9/30/16	6/30/16	3/31/16	12/31/15
	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>ASSETS</b>					
Investments at fair value					
Non-controlled/non-affiliated investments	\$ 730,316	\$ 767,302	\$ 920,130	\$ 932,054	\$ 1,012,559
Controlled investments	177,297	136,882	112,361	94,036	92,565
Affiliated investments	10,000	10,000	10,000	10,000	10,000
Total investments at fair value	\$ 917,613	\$ 914,184	\$ 1,042,491	\$ 1,036,090	\$ 1,115,124
Cash and cash equivalents	102,135	104,485	11,853	12,707	24,113
Interest receivable	11,007	8,982	8,287	9,966	8,719
Receivable for dispositions and investments sold	556	689	778	394	1,143
Other assets	1,632	2,540	3,640	2,879	2,740
<b>TOTAL ASSETS<sup>1</sup></b>	<b>\$ 1,032,943</b>	<b>\$ 1,030,880</b>	<b>\$ 1,067,049</b>	<b>\$ 1,062,036</b>	<b>\$ 1,151,839</b>
<b>LIABILITIES</b>					
Revolving credit facility payable <sup>1</sup>	\$ 14,789	\$ 10,410	\$ 24,608	\$ 21,782	\$ 85,348
Term loan payable <sup>1</sup>	171,983	171,803	172,017	171,864	171,707
Notes payable <sup>1</sup>	173,245	172,883	172,635	172,374	169,185
SBA debentures payable <sup>1</sup>	146,646	146,475	146,304	146,134	145,965
Management and incentive fees payable	5,347	4,559	7,591	5,902	9,263
Interest and fees payable	4,032	1,714	3,110	1,832	2,592
Accounts payable, accrued expenses and other liabilities	5,641	6,117	6,419	5,376	5,064
<b>TOTAL LIABILITIES<sup>1</sup></b>	<b>\$ 521,683</b>	<b>\$ 513,961</b>	<b>\$ 532,684</b>	<b>\$ 525,264</b>	<b>\$ 589,124</b>
<b>NET ASSETS</b>					
Common stock, par value \$.001 per share, 100,000,000 common shares authorized, 54,474,211 common shares issued and outstanding as of December 31, 2016	\$ 54	\$ 54	\$ 55	\$ 55	\$ 56
Capital in excess of par value	705,326	705,326	707,496	707,496	717,141
Accumulated undistributed net investment income	8,962	10,812	11,472	16,947	19,117
Accumulated undistributed net realized gain/(loss) from investments	(105,299)	(99,000)	(84,325)	(55,148)	(55,248)
Net unrealized appreciation/(depreciation) on investments, net of defer	(97,783)	(100,273)	(100,333)	(132,578)	(118,351)
Total net assets	511,260	516,919	534,365	536,772	562,715
<b>TOTAL LIABILITIES AND NET ASSETS<sup>1</sup></b>	<b>\$ 1,032,943</b>	<b>\$ 1,030,880</b>	<b>\$ 1,067,049</b>	<b>\$ 1,062,036</b>	<b>\$ 1,151,839</b>
<b>NET ASSET VALUE PER SHARE</b>	<b>\$ 9.39</b>	<b>\$ 9.49</b>	<b>\$ 9.76</b>	<b>\$ 9.80</b>	<b>\$ 10.01</b>

1. On January 1, 2016, we adopted Accounting Standards Update ("ASU") 2015-03 which requires that debt issuance costs related to a recognized debt liability to be presented on the balance sheet as a direct deduction from the carrying amount of the debt liability rather than as an asset. Adoption of ASU 2015-03 requires the changes to be applied retrospectively.

# Corporate Information

## Board of Directors

BROOK TAUBE  
Chairman & Chief Executive Officer

SETH TAUBE  
Director

JEFF TONKEL  
Director

ARTHUR AINSBERG  
Independent Director

JOHN E. MACK  
Independent Director

KARIN HIRTLER-GARVEY  
Independent Director

ROBERT LYONS  
Independent Director

## Corporate Officers

BROOK TAUBE  
Chairman & Chief Executive Officer

RICHARD T. ALLORTO, JR.  
Chief Financial Officer & Secretary

JOHN FREDERICKS  
Chief Compliance Officer

## Research Coverage

BARCLAYS  
Mark C. DeVries – (212)-526-9484

FBR & CO.  
Christopher Nolan – (646)-412-7690

JANNEY CAPITAL MARKETS  
Mitchel Penn, CFA – (410)-583-5976

JEFFERIES GROUP  
Kyle Joseph – (415)-229-1525

JMP SECURITIES  
Christopher York – (415)-835-8965

KEEFE, BRUYETTE & WOODS  
Ryan Lynch – (314)-342-2918

LADENBURG THALMANN & CO.  
Mickey Schleien – (305)-572-4131

NATIONAL SECURITIES  
Christopher R. Testa – (212)-417-7447

WELLS FARGO SECURITIES, LLC  
Jonathan Bock – (704)-410-1874

## Corporate Headquarters

280 Park Avenue, 6th Floor  
New York, NY 10017  
(212)-759-0777

## Investor Relations

SAM ANDERSON  
Head of Capital Markets & Risk  
Management  
(212)-759-0777

## Corporate Counsel

EVERSHEDS SUTHERLAND  
Washington, DC

## Independent Registered Public Accounting Firm

ERNST & YOUNG, LLP  
New York, NY

## Securities Listing

NYSE: MCC (Common Stock)  
MCQ (Senior Notes Due 2019)<sup>1</sup>  
MCX (Senior Notes Due 2021)  
MCV (Senior Notes Due 2023)

## Transfer Agent

AMERICAN STOCK TRANSFER & TRUST  
COMPANY, LLC  
(888)-777-0324

1. On 1/23/2017, MCC issued a redemption notice relating to the 2019 MCQ Notes. MCC will redeem all of the issued and outstanding 2019 Notes in full on 2/22/2017.