



Medley Capital Corporation (NYSE: MCC)

Investor Presentation

Quarter Ended December 31, 2017

Important Notice

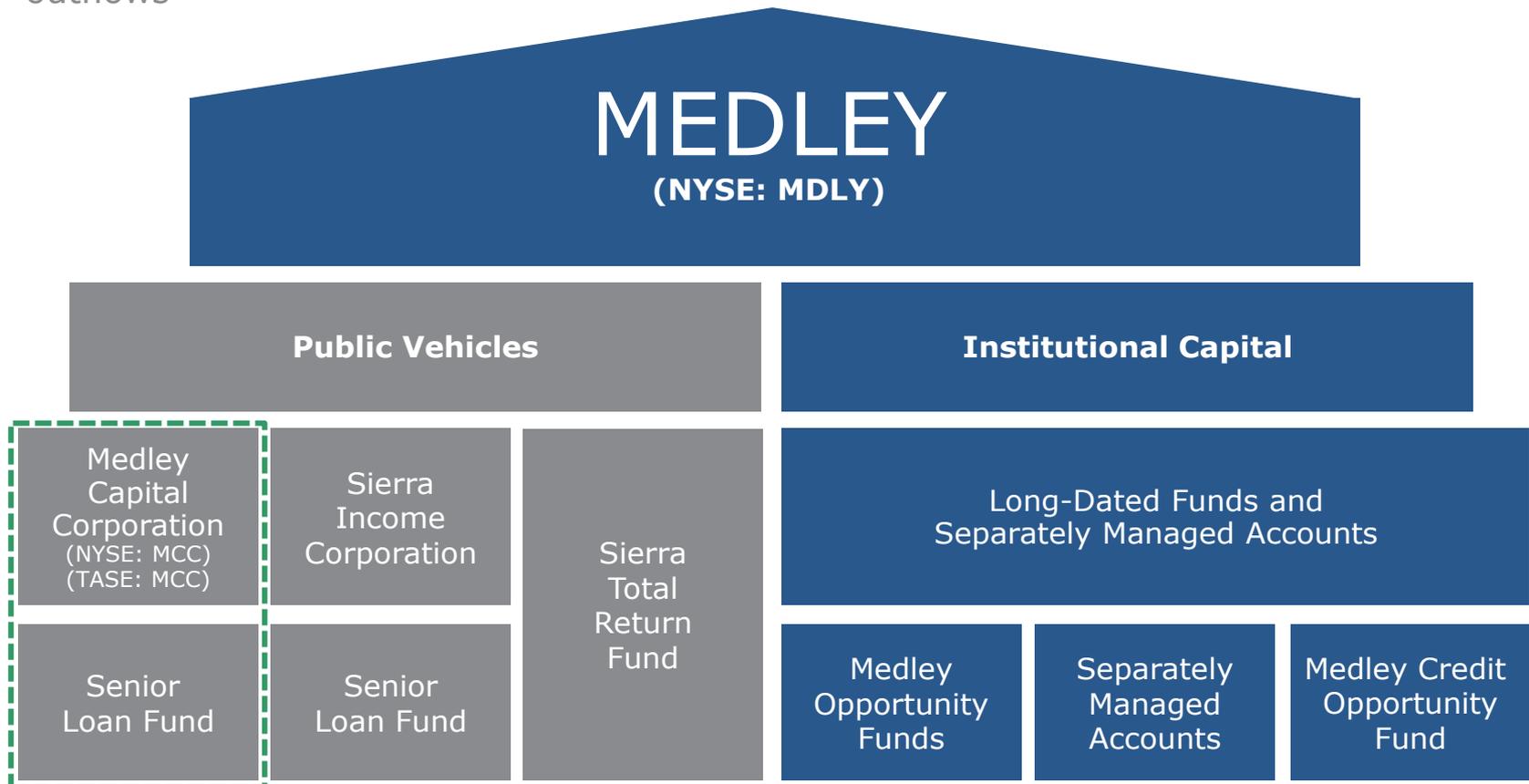
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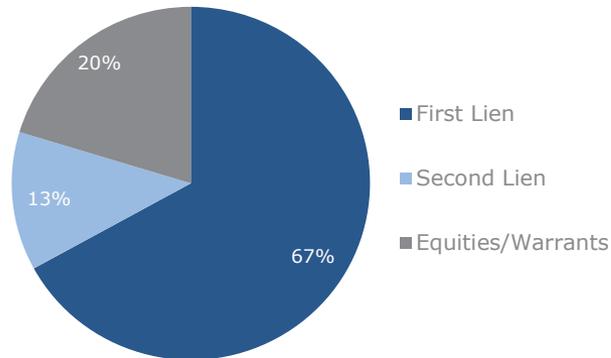
Diversified AUM Across Multiple Funds

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

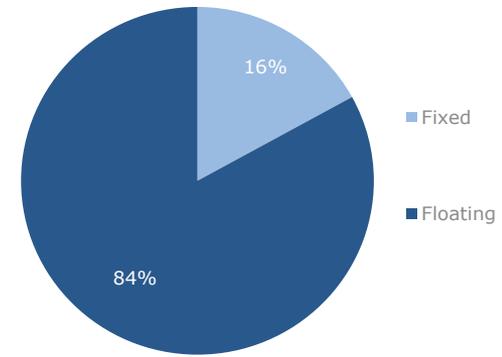


Diversified Senior Secured Floating Rate Portfolio

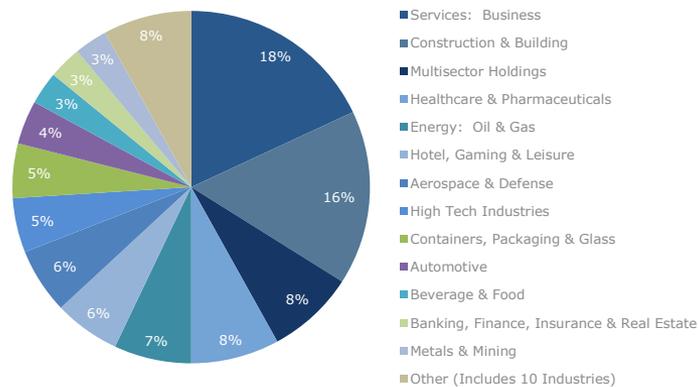
Investment Type



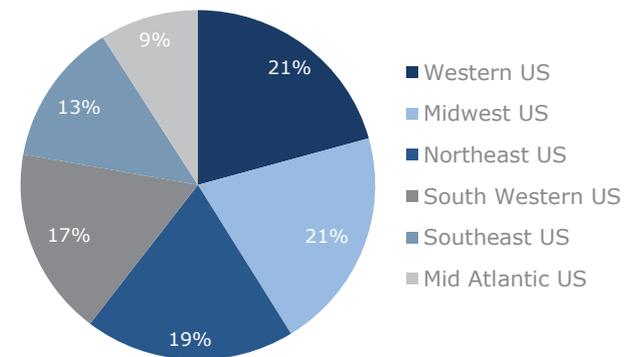
Floating vs Fixed Rate¹



Industry



Geography²



Note: Portfolio data as of 12/31/2017 based on fair market value. Numbers may not foot due to rounding. Past performance is not indicative of future results.

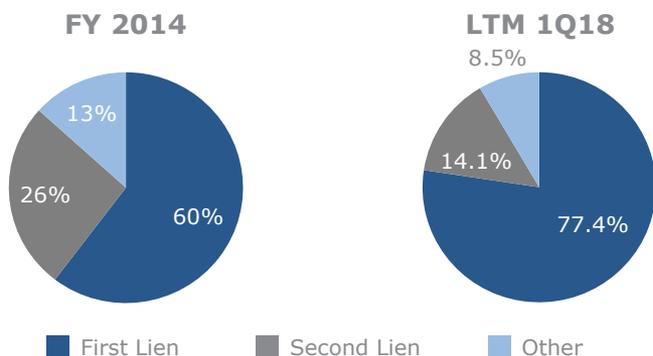
1. Based on income bearing investments.

2. MCC does not have exposure to international investments.

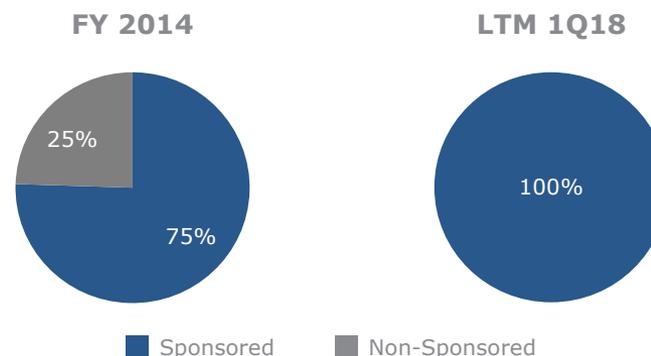
Investment Strategy Shift

- Following a key investment strategy shift in 2015, the Company has consistently migrated towards first lien credit to larger, sponsor-backed borrowers, resulting in a significant loss rate reduction

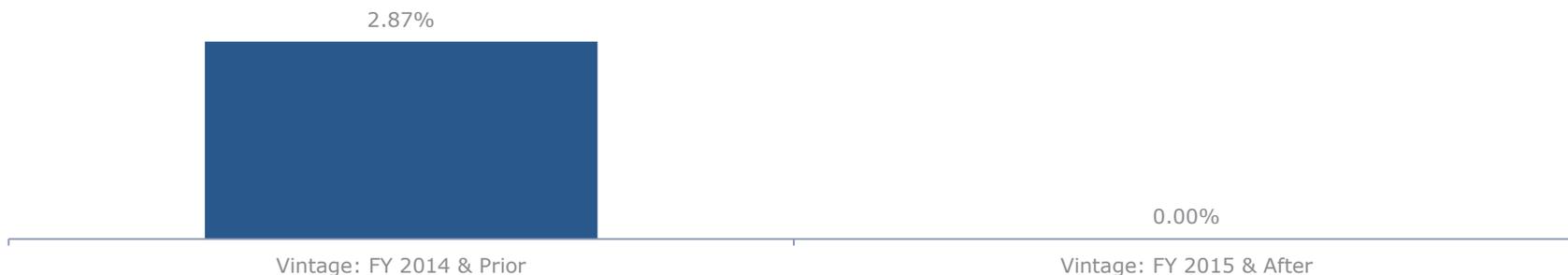
Investment Type¹



Sponsor¹



Annualized Loss Rate by Year of Origination²



Note: Past performance is not indicative of future results.

1. Percentages based on sum of original commitment amounts.

2. Based on (un)realized loss for each investment by vintage over the term of each investment, if realized, or assumed through maturity, if unrealized. | As Cumulative loss rate for FY 2015 through FY 2017 vintages is 10bps in total, the annualized calculation rounds to 0.00%

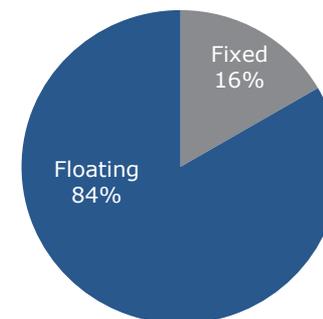
Well Positioned for a Rising Rate Environment

- MCC is well positioned for a rising interest rate environment
- 84% of the portfolio is floating rate
- 69% of liabilities are fixed rate
- Favorable asset & liability mix
 - The weighted average maturity of assets is 2.3 years
 - The weighted average maturity of liabilities is 4.9 years

Basis Point Change	Interest Income Change	Interest Expense Change	NII Change
100	\$5,200	\$1,500	\$3,700
200	10,500	3,000	7,500
300	15,900	4,500	11,400
400	21,300	6,000	15,300
500	26,700	7,500	19,200

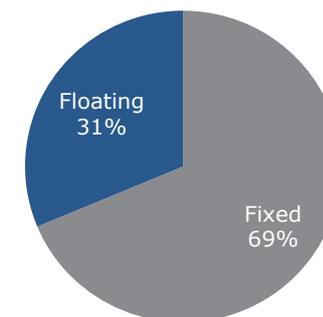
Assets

12/31/2017



Liabilities

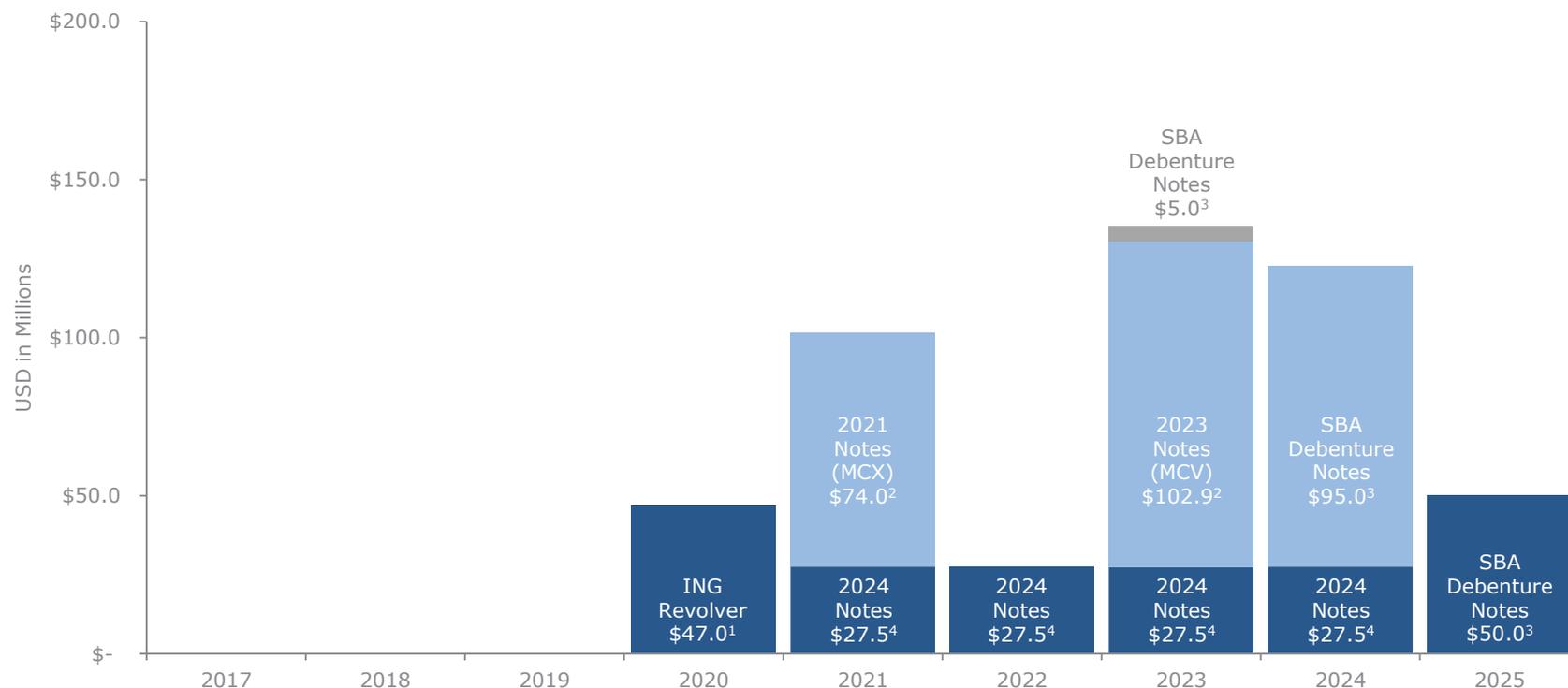
12/31/2017



Note: Past performance is not indicative of future results.

Debt Maturity Profile

- MCC’s liabilities are well diversified with a staggered debt maturity profile
- Pro-forma for post-quarter end debt issuance and term loan pay-down



Note: As of 12/31/2017. Pro forma for 1/29/2017.

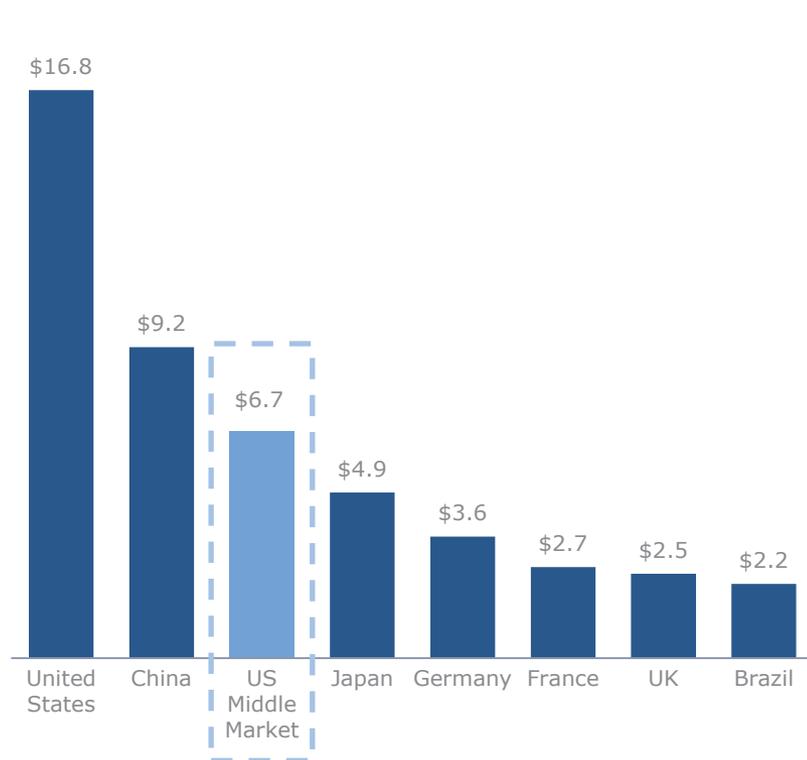
1. \$1.6 million aggregate difference in total Revolving Credit Facility from the balance sheet is a result of recently adopted debt issuance cost accounting standards.
2. \$3.9 million aggregate difference in total Unsecured Notes from the balance sheet is a result of recently adopted debt issuance cost accounting standards.
3. \$2.7 million aggregate difference in total SBA Debenture Notes from the balance sheet is a result of recently adopted debt issuance cost accounting standards.
4. 2024 Notes issued on TASE under the ticker MCC.B1 on 1/29/2018.

Attractive Industry Dynamics

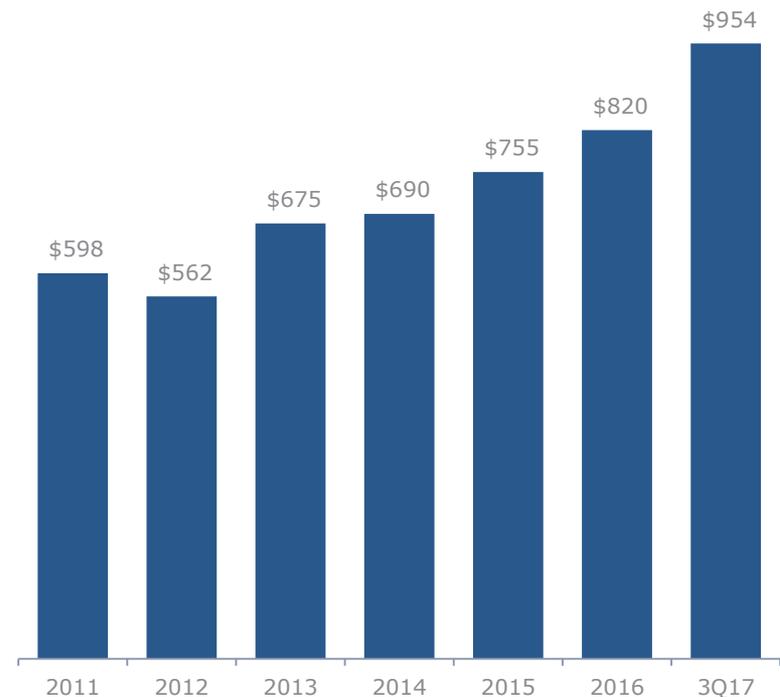
The Opportunity – Large Target Market

- 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 GDPs¹



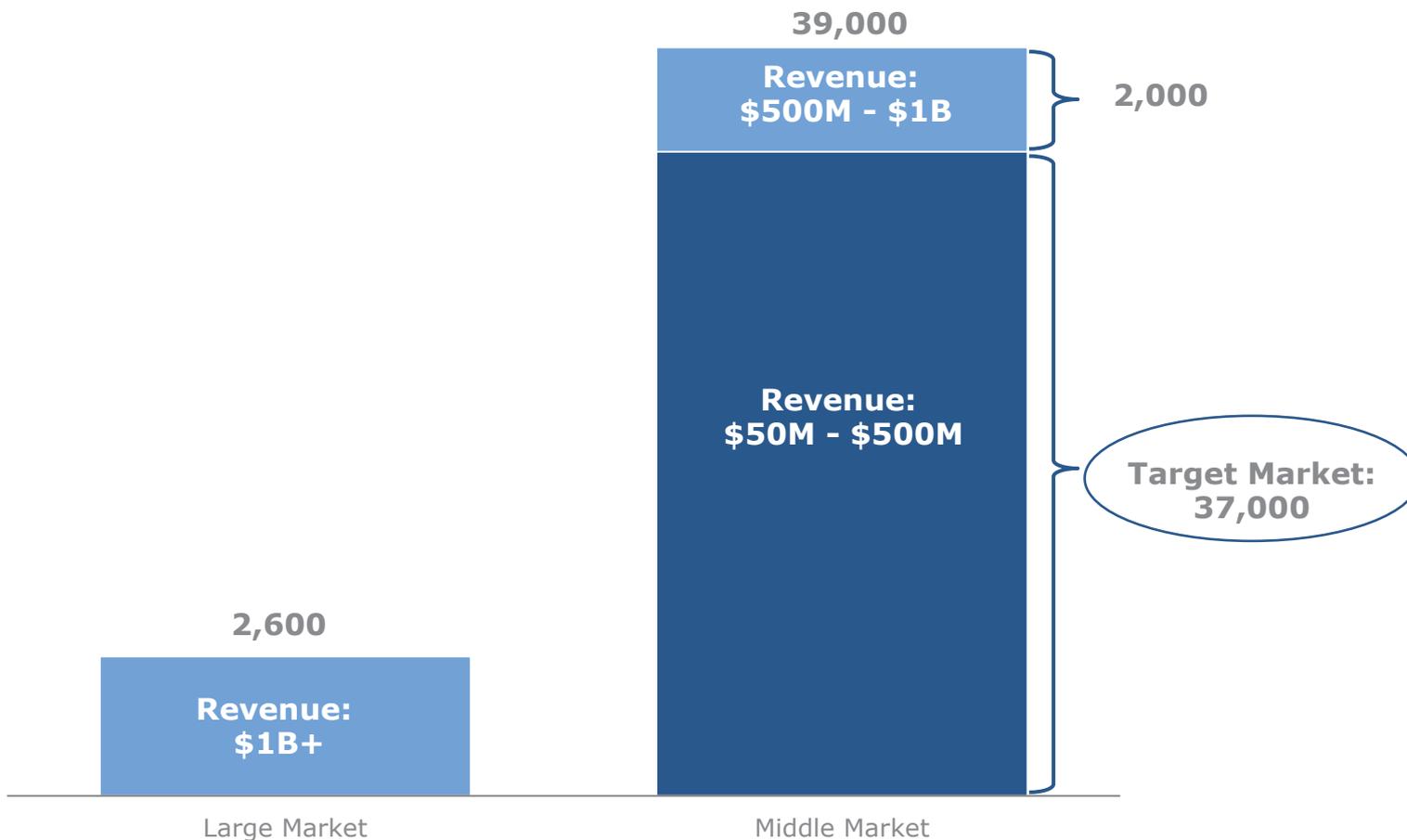
Private Equity Dry Powder²



1. International Monetary Fund, World Economic Outlook Database, June 2014. Metrics in trillions of USD.
 2. Preqin Private Equity Q3 2017 Quarterly Update. Metrics in billions of USD.

The Opportunity – Large Number of Borrowers

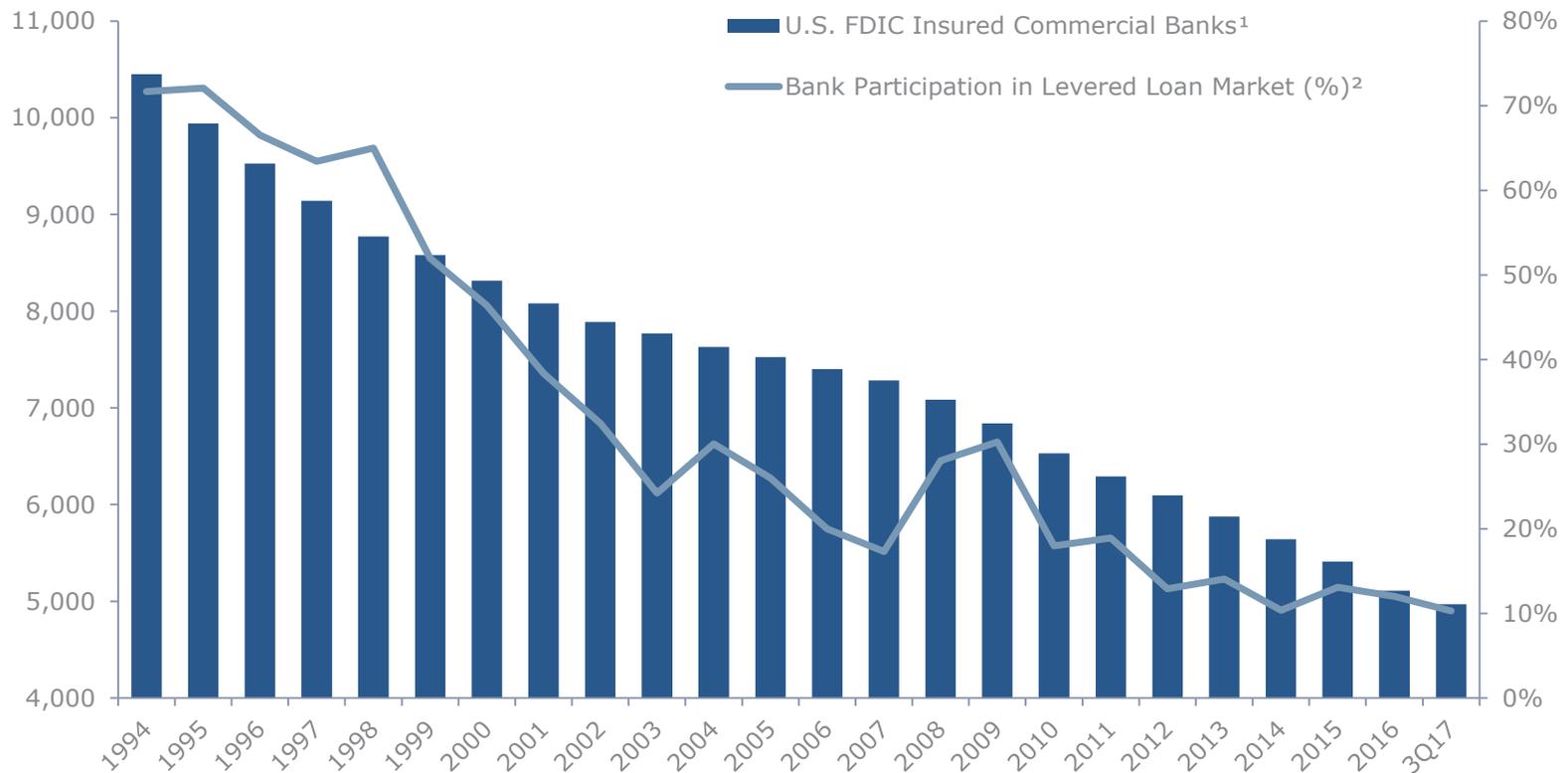
Number of Businesses by Market¹



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

The Opportunity – Bank Consolidation

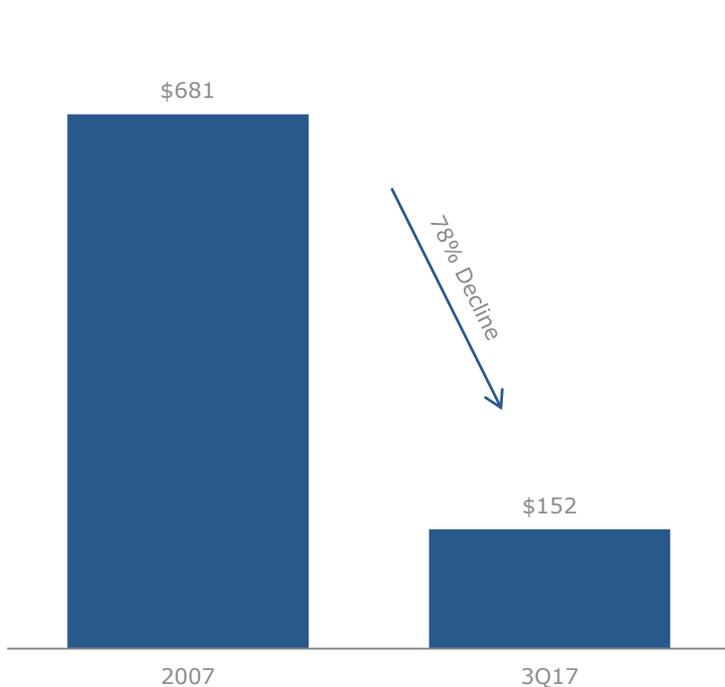
- Banks continue to shift toward large borrowers
- Regulatory environment is a headwind for banks in the middle-market



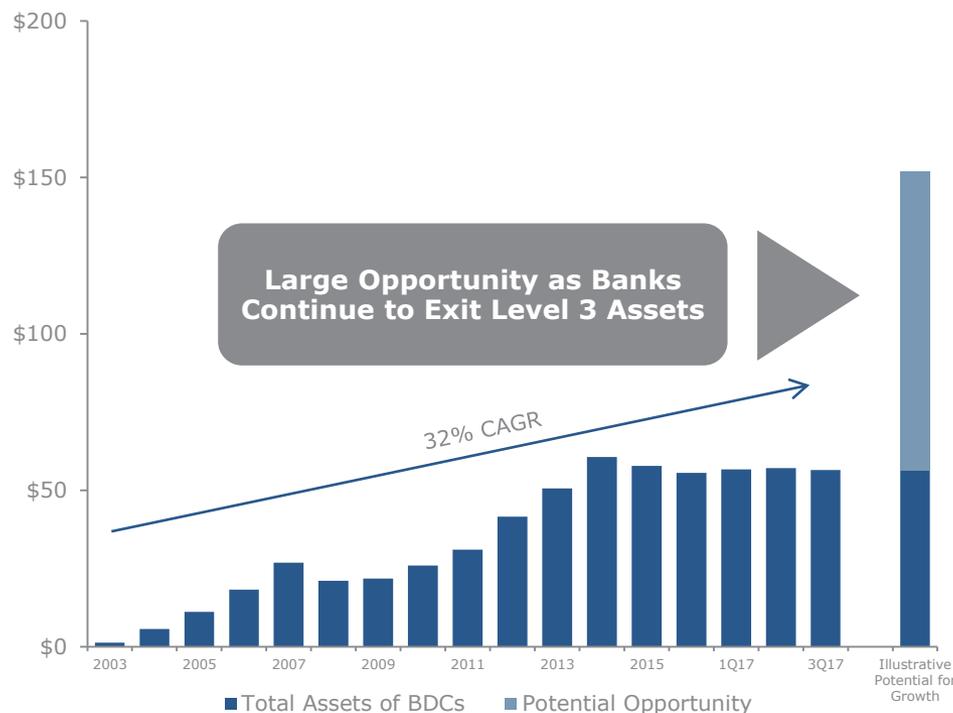
1. Federal Deposit Insurance Corporation, represents number of commercial banking institutions insured by the FDIC as of 9/30/2017.
 2. S&P LCD's Leveraged Lending Review – 3Q17.

Regulatory Pressure Continues for Banks

Level 3 Assets for Financial Firms¹



Total Assets of Publicly Traded BDCs²



1. Financial firms include: BAC, C, CS, DB, GS, JPM, MS and WFC. Metrics in billions of USD. Financial information as of 9/30/2017.

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 9/30/2017, with the exception of FSFR, GBDC, GLAD, PFLT, PNNT, ACAS, GSVC, KIPO, MCGC, NGPC, TINY, and MVC.

MCC Financial Results

Performance Overview

- Net investment income of \$0.13 per share for the quarter ending 12/31/2017
- Net asset value of \$7.71 per share for the quarter ending 12/31/2017
- Quarterly dividend of \$0.16 per share for the quarter ending 12/31/2017
- 10.6% portfolio yield as of 12/31/2017¹
- Funded \$66.8M in the MCC SLS JV since inception through the quarter ending 12/31/2017

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

Financial & Portfolio Highlights

Financial Highlights

	12/31/17	9/30/17	6/30/17	3/31/17	12/31/16	9/30/16
Net investment income per share	\$ 0.13	\$ 0.16	\$ 0.18	\$ 0.15	\$ 0.19	\$ 0.23
Net realized gains (losses) per share	-	(0.22)	(1.01)	-	(0.12)	(0.29)
Loss on extinguishment of Debt	-	(0.01)	-	(0.01)	-	-
Net unrealized gains (losses)	(0.72)	(0.16)	0.88	(0.36)	0.05	(0.01)
Provision for taxes on unrealized per share	-	0.01	0.01	-	-	0.01
Net income per share ¹	(0.59)	(0.22)	0.06	(0.22)	0.12	(0.06)
Net asset value per share	7.71	8.45	8.84	8.94	9.39	9.49

Portfolio Highlights

- \$835.9 million total fair value of investments as of December 31, 2017
- \$34.8 million net originations during quarter ended December 31, 2017

Asset Mix by Investment Type

Asset Class	12/31/17	9/30/17	6/30/17	3/31/17	12/31/16	9/30/16
Senior Secured 1st Lien	67.0%	67.5%	63.6%	64.4%	64.3%	64.8%
Senior Secured 2nd Lien	12.7%	16.2%	21.1%	24.1%	23.4%	23.4%
Unsecured Debt	-	-	-	3.1%	4.3%	5.8%
Equity/Warrants	20.3%	16.3%	15.3%	8.4%	8.0%	6.0%

Asset Mix by Rating

Rating	12/31/17	9/30/17	6/30/17	3/31/17	12/31/16	9/30/16
1	0.9%	5.1%	10.2%	12.0%	12.3%	12.3%
2	76.7%	63.0%	58.8%	58.4%	60.3%	60.6%
3	12.4%	16.7%	20.0%	15.8%	19.1%	18.7%
4	3.0%	8.3%	3.9%	6.4%	6.9%	7.2%
5	7.0%	6.9%	7.1%	7.4%	1.4%	1.2%

1. May not foot due to rounding.

Select Financial & Portfolio Information

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

	12/31/17	9/30/17	6/30/17	3/31/17	12/31/16
Net investment income per share - basic & diluted	0.13	0.16	0.18	0.15	\$ 0.19
Net realized and unrealized gains per share - basic & diluted ^{1 2}	(0.72)	(0.39)	(0.12)	(0.37)	(0.07)
GAAP EPS - basic & diluted ³	(0.59)	(0.22)	0.06	(0.22)	0.12
Dividend declared per share	0.16	0.16	0.16	0.16	0.22
Stockholders' equity	\$ 419.8	\$ 460.4	\$ 481.3	\$ 487.0	\$ 511.3
Net asset value per share	7.71	8.45	8.84	8.94	9.39
Market Capitalization ⁴	\$ 284.4	\$ 325.2	\$ 348.1	\$ 418.9	\$ 409.1
Common stock data:					
High Price ⁵	\$ 6.10	\$ 6.57	\$ 7.84	\$ 8.00	\$ 7.87
Low Price ⁵	5.09	5.79	5.96	7.40	6.96
Closing Price	5.22	5.97	6.39	7.69	7.51
Investments at fair value	\$ 835.9	\$ 837.0	\$ 880.6	\$ 926.1	\$ 917.6
% Floating Rate ⁶	83.7%	83.5%	83.4%	83.4%	84.3%
% Fixed Rate ⁶	16.3%	16.5%	16.6%	16.6%	15.7%
Number of Portfolio Companies	68	64	60	64	60
Gross originations for the quarter	\$ 82.7	\$ 58.0	\$ 75.4	\$ 58.0	\$ 41.3
Realizations/amortizations for the quarter	47.9	82.0	119.0	35.0	40.1
Net originations/(realizations) for the quarter	34.8	(24.0)	(43.6)	23.0	1.2

Note: Basic and diluted per share data reflects weighted average common shares outstanding of 54,474,211 as of 12/31/17, 54,474,211 as of 9/30/17, 54,474,211 as of 6/30/17, 54,474,211 as of 3/31/17, and 54,474,211 as of 12/31/16.

- Inclusive of change in provision for taxes of \$90,009 for the quarter ended 12/31/17, \$309,180 for the quarter ended 09/30/17, \$782,608 for the quarter ended 06/30/17, \$0 for the quarter ended 03/31/17 and \$0 for the quarter ended 12/31/16.
- Inclusive of loss on extinguishment of debt.
- May not foot due to rounding.
- Reflects common shares outstanding of 54,474,211 and a closing price of \$5.22 as of 12/31/17, 54,474,211 and a closing price of \$5.97 as of 9/30/17, 54,474,211 and a closing price of \$6.39 as of 6/30/17, 54,474,211 and a closing price of \$7.69 as of 03/31/17, 54,474,211 and a closing price of \$7.51 as of 12/31/16.
- Reflects the high and low closing share price during the periods ended 12/31/2017, 09/30/2017, 06/30/17, 03/31/17 and 12/31/16.
- Based on income bearing investments.

Balance Sheet

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

	12/31/17	9/30/17	6/30/17	3/31/17	12/31/16
	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)
ASSETS					
Investments at fair value					
Non-controlled/non-affiliated investments	\$ 565,542	\$ 575,496	\$ 608,166	\$ 717,295	\$ 730,316
Affiliated investments	95,792	90,071	33,317	32,824	10,000
Controlled investments	174,569	171,424	239,084	176,022	177,297
Total investments at fair value	\$ 835,903	\$ 836,991	\$ 880,567	\$ 926,141	\$ 917,613
Cash and cash equivalents	50,008	108,572	118,186	83,523	102,135
Interest receivable	9,475	9,371	6,629	10,050	11,007
Receivable for dispositions and investments sold	56	232	4,205	680	556
Other assets	4,582	4,394	2,054	2,107	1,632
TOTAL ASSETS	\$ 900,024	\$ 959,560	\$ 1,011,641	\$ 1,022,501	\$ 1,032,943
LIABILITIES					
Revolving credit facility payable	\$ 45,381	\$ 66,223	\$ 24,417	\$ 32,292	\$ 14,789
Term loan payable	101,047	100,954	172,333	172,158	171,983
Notes payable	173,002	172,752	172,508	172,163	173,245
SBA debentures payable	147,297	147,154	146,983	146,814	146,646
Management and incentive fees payable	4,068	4,312	4,439	4,479	5,347
Interest and fees payable	5,063	3,760	3,195	1,843	4,032
Accounts payable, accrued expenses and other liabilities	4,397	3,976	6,468	5,737	5,641
TOTAL LIABILITIES	\$ 480,255	\$ 499,131	\$ 530,343	\$ 535,486	\$ 521,683
NET ASSETS					
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, 2017	\$ 54	\$ 54	\$ 54	\$ 54	\$ 54
Capital in excess of par value	705,046	705,046	705,313	705,313	705,326
Accumulated undistributed net investment income	7,992	9,528	5,873	5,020	8,962
Accumulated undistributed net realized gain/(loss) from investments	(176,684)	(176,663)	(160,827)	(105,745)	(105,299)
Net unrealized appreciation/(depreciation) on investments, net of defer	(116,639)	(77,536)	(69,115)	(117,627)	(97,783)
Total net assets	419,769	460,429	481,298	487,015	511,260
TOTAL LIABILITIES AND NET ASSETS	\$ 900,024	\$ 959,560	\$ 1,011,641	\$ 1,022,501	\$ 1,032,943
NET ASSET VALUE PER SHARE	\$ 7.71	\$ 8.45	\$ 8.84	\$ 8.94	\$ 9.39

Corporate Information

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Chairman & Chief Executive Officer

SETH TAUBE
Director

JEFF TONKEL
Director

ARTHUR AINSBERG
Independent Director

JOHN E. MACK
Independent Director

KARIN HIRTLER-GARVEY
Independent Director

MARK LERDAL
Independent Director

Corporate Officers

BROOK TAUBE
Chairman & Chief Executive Officer

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

JOHN FREDERICKS
Chief Compliance Officer

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Washington, DC

Independent Registered Public Accounting Firm

ERNST & YOUNG, LLP
New York, NY

Securities Listing

NYSE: MCC (Common Stock)
MCX (Senior Notes Due 2021)
MCV (Senior Notes Due 2023)
TASE: MCC (Common Stock)
MCC.B1 (Senior Notes Due 2024)

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