

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

Current Report Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 9, 2016

**Medley Capital Corporation**

(Exact Name of Registrant as Specified in its Charter)

**Delaware**

(State or other jurisdiction of incorporation)

**1-35040**

(Commission File Number)

**27-4576073**

(I.R.S. Employer Identification No.)

**280 Park Avenue, 6<sup>th</sup> Floor East  
New York, NY 10017**

(Address of Principal Executive Offices and Zip Code)

Registrant's telephone number, including area code: **(212) 759-0777**

**Not Applicable**

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02 Results of Operations and Financial Condition.**

On August 9, 2016, Medley Capital Corporation issued a press release announcing its financial results for the fiscal quarter ended June 30, 2016. The press release is included as Exhibit 99.1 to this Form 8-K.

**Item 9.01. Financial Statements and Exhibits**

- (a) Not applicable.
- (b) Not applicable.
- (c) Exhibits

| <u>Exhibit No.</u> | <u>Description</u>                 |
|--------------------|------------------------------------|
| 99.1               | Press Release dated August 9, 2016 |

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 9, 2016

**MEDLEY CAPITAL CORPORATION**

By: /s/ Richard T. Allorto, Jr.

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Name: Richard T. Allorto, Jr.

Title: Chief Financial Officer

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**Medley Capital Corporation Announces June 30, 2016 Financial Results; Board Declares Dividend of \$0.22 Per Share for the Third Fiscal Quarter of 2016**

NEW YORK, NY (August 9, 2016) – Medley Capital Corporation (NYSE: MCC) (the “Company”) today announced that its Board of Directors declared a dividend for the quarter ended June 30, 2016 of \$0.22 per share, payable on September 23, 2016, to stockholders of record as of August 24, 2016. The dividend will be paid from earnings whose specific tax characteristics will be reported to stockholders on Form 1099 after the end of the calendar year.

**Financial Results for the Quarter Ended June 30, 2016****Third Quarter Highlights**

- Net asset value (NAV) of \$9.76 per share
- Net income of \$0.26 per share
- Declared a dividend of \$0.22 per share
- Net investment income of \$0.20 per share

**Portfolio Investments**

The total value of our investments was \$1,042.5 million at June 30, 2016. During the quarter ended June 30, 2016, the Company had net repayments of \$0.4 million. As of June 30, 2016, the Company had investments in securities of 63 portfolio companies with approximately 60.7% consisting of senior secured first lien investments, 28.4% consisting of senior secured second lien investments, 5.3% in unsecured debt and 5.6% in equities / warrants. As of June 30, 2016, the weighted average yield based upon the cost basis of our portfolio investments, excluding cash and cash equivalents, was 12.0%.

**Results of Operations**

For the three and nine months ended June 30, 2016, the Company reported net investment income of \$0.20 and \$0.74 per share, calculated based upon the weighted average shares outstanding. As of June 30, 2016, the Company’s NAV was \$9.76 per share.

*Investment Income*

For the three months ended June 30, 2016, gross investment income was \$28.4 million and consisted of \$27.4 million of portfolio interest income, \$0.4 million of dividend income, net of provisional taxes, and \$0.6 million of fee income.

For the nine months ended June 30, 2016, gross investment income was \$93.6 million and consisted of \$87.7 million of portfolio interest income, \$0.4 million of dividend income, net of provisional taxes, and \$5.5 million of fee income.

*Expenses*

For the three months ended June 30, 2016, total expenses net of management and incentive fee waiver were \$17.5 million and consisted of the following: base management fees net of fees waived under the Fee Waiver Agreement of \$4.6 million, incentive fees net of the reversal of a portion of fees previously waived under the Fee Waiver Agreement of \$3.0 million, interest and financing expenses of \$7.7 million, professional fees of \$0.6 million, administrator expenses of \$1.0 million, directors fees of \$0.1 million, and other general and administrative related expenses of \$0.5 million.

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For the nine months ended June 30, 2016, total expenses net of management and incentive fee waiver were \$52.4 million and consisted of the following: base management fees net of fees waived under the Fee Waiver Agreement of \$14.8 million, incentive fees net of fees waived under the Fee Waiver Agreement of \$8.0 million, interest and financing expenses of \$22.6 million, professional fees of \$1.8 million, administrator expenses of \$2.9 million, directors fees of \$0.4 million, and other general and administrative related expenses of \$1.9 million.

#### *Net Investment Income*

For the three months and nine months ended June 30, 2016, the Company reported net investment income of \$11.0 million and \$41.2 million, or \$0.20 and \$0.74 on a weighted average per share basis, respectively.

#### *Net Realized and Unrealized Gains/Losses*

For the three and nine months ended June 30, 2016, the Company reported net realized losses of \$29.2 million and \$23.7 million, respectively.

For the three months ended June 30, 2016, the Company reported net unrealized appreciation including the provision for income taxes on unrealized loss on investments of \$32.2 million.

For the nine months ended June 30, 2016, the Company reported net unrealized depreciation including the provision for income taxes on unrealized loss on investments of \$42.2 million.

#### **Liquidity and Capital Resources**

As of June 30, 2016, the Company had a cash balance of \$11.9 million and \$27.8 million of debt outstanding before netting out debt issuance costs under its \$343.5 million senior secured revolving credit facility.

As of June 30, 2016, before netting out debt issuance costs, the Company had \$174.0 million of debt outstanding under its senior secured term loan credit facility, \$150.0 million outstanding in SBA-guaranteed debentures, \$40.0 million outstanding in aggregate principal amount of 7.125% senior notes due 2019, \$74.0 million outstanding in aggregate principal amount of 6.5% senior notes due 2021 and \$63.5 million outstanding in aggregate principal amount of 6.125% senior notes due 2023.

#### **Dividend Declaration**

On August 7, 2016, the Company's Board of Directors declared a quarterly dividend of \$0.22 per share payable on September 23, 2016 to holders of record as of August 24, 2016.

#### **Webcast/Conference Call**

The Company will host an earnings conference call and audio webcast at 10:00 a.m. (Eastern Time) on Tuesday, August 9, 2016.

All interested parties may participate in the conference call by dialing (888) 637-5728 approximately 5-10 minutes prior to the call, international callers should dial (484) 747-6636. Participants should reference Medley Capital Corporation and the Conference ID: 47721397. Following the call you may access a replay of the event via audio webcast. This conference call will be broadcast live over the Internet and can be accessed by all interested parties through the Company's website, <http://www.medleycapitalcorp.com>. To listen to the live call, please go to the Company's website at least 15 minutes prior to the start of the call to register and download any necessary audio software. For those who are not able to listen to the live broadcast, a replay will be available shortly after the call on the Company's website.

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**Financial Statements**
**Medley Capital Corporation**
**Consolidated Statements of Assets and Liabilities**  
**(in thousands, except share and per share data)**

|  | As of                        |                     |
|--|------------------------------|---------------------|
|  | June 30, 2016<br>(unaudited) | September 30, 2015  |
| <b>ASSETS</b>  |                              |                     |
| Investments at fair value  |                              |                     |
| Non-controlled/non-affiliated investments (amortized cost of \$969,240 and \$1,175,785, respectively)  | \$ 920,130                   | \$ 1,131,894        |
| Controlled investments (amortized cost of \$161,532 and \$86,756, respectively)  | 112,361                      | 74,198              |
| Affiliated investments (amortized cost of \$10,000 and \$10,000, respectively)   | 10,000                       | 10,000              |
| Total investments at fair value  | 1,042,491                    | 1,216,092           |
| Cash and cash equivalents  | 11,853                       | 15,714              |
| Interest receivable  | 8,287                        | 9,543               |
| Fees receivable  | 2,315                        | 1,390               |
| Other assets   | 1,082                        | 556                 |
| Receivable for dispositions and investments sold   | 778                          | 579                 |
| Deferred offering costs  | 243                          | 208                 |
| Total assets <sup>1</sup>  | <u>\$ 1,067,049</u>          | <u>\$ 1,244,082</u> |
| <b>LIABILITIES</b>   |                              |                     |
| Revolving credit facility payable <sup>1</sup>   | \$ 24,608                    | \$ 188,540          |
| Term loan payable <sup>1</sup>   | 172,017                      | 171,563             |
| Notes payable <sup>1</sup>   | 172,635                      | 101,175             |
| SBA debentures payable <sup>1</sup>  | 146,304                      | 145,794             |
| Management and incentive fees payable  | 7,591                        | 9,963               |
| Interest and fees payable  | 3,110                        | 1,314               |
| Accounts payable and accrued expenses  | 2,654                        | 2,504               |
| Deferred tax liability   | 2,490                        | 1,797               |
| Administrator expenses payable   | 966                          | 1,001               |
| Deferred revenue   | 272                          | 402                 |
| Due to affiliate   | 37                           | 109                 |
| Total liabilities <sup>1</sup>   | <u>\$ 532,684</u>            | <u>\$ 624,162</u>   |
| <b>NET ASSETS</b>  |                              |                     |
| Common stock, par value \$0.001 per share, 100,000,000 common shares authorized,<br>54,763,411 and 56,337,152 common shares issued and outstanding, respectively | \$ 55                        | \$ 56               |
| Capital in excess of par value   | 707,496                      | 718,241             |
| Accumulated undistributed net investment income  | 11,472                       | 20,352              |
| Accumulated net realized gain/(loss) from investments  | (84,325)                     | (60,626)            |
| Net unrealized appreciation/(depreciation) on investments, net of deferred taxes   | (100,333)                    | (58,103)            |
| Total net assets   | <u>534,365</u>               | <u>619,920</u>      |
| Total liabilities and net assets <sup>1</sup>  | <u>\$ 1,067,049</u>          | <u>\$ 1,244,082</u> |
| <b>NET ASSET VALUE PER SHARE</b>   | <u>\$ 9.76</u>               | <u>\$ 11.00</u>     |

<sup>1</sup> 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 be applied retrospectively.

**Medley Capital Corporation**

**Consolidated Statements of Operations**  
(in thousands, except share and per share data)

|   | For the three months<br>ended June 30 |                     | For the nine months<br>ended June 30 |                     |
|---|---------------------------------------|---------------------|--------------------------------------|---------------------|
|   | 2016<br>(unaudited)                   | 2015<br>(unaudited) | 2016<br>(unaudited)                  | 2015<br>(unaudited) |
| <b>INVESTMENT INCOME:</b>   |                                       |                     |                                      |                     |
| Interest from investments   |                                       |                     |                                      |                     |
| Non-controlled/non-affiliated investments:                                |                                       |                     |                                      |                     |
| Cash  | \$ 22,708                             | \$ 30,443           | \$ 76,109                            | \$ 94,066           |
| Payment-in-kind   | 1,723                                 | 2,270               | 5,297                                | 5,905               |
| Affiliated investments:   |                                       |                     |                                      |                     |
| Cash  | 167                                   | 167                 | 500                                  | 972                 |
| Payment-in-kind   | -                                     | -                   | -                                    | 190                 |
| Controlled investments:   |                                       |                     |                                      |                     |
| Cash  | 822                                   | 399                 | 1,700                                | 1,193               |
| Payment-in-kind   | 2,020                                 | 491                 | 4,147                                | 1,443               |
| Total interest income   | <u>27,440</u>                         | <u>33,770</u>       | <u>87,753</u>                        | <u>103,769</u>      |
| Dividend income, net of provisional taxes (\$512 and \$144, respectively) | 333                                   | 107                 | 333                                  | 107                 |
| Interest from cash and cash equivalents                                   | 4                                     | 2                   | 16                                   | 4                   |
| Fee income  | 635                                   | 2,085               | 5,452                                | 8,708               |
| Total investment income   | <u>28,412</u>                         | <u>35,964</u>       | <u>93,554</u>                        | <u>112,588</u>      |
| <b>EXPENSES:</b>  |                                       |                     |                                      |                     |
| Base management fees  | 4,657                                 | 5,546               | 14,880                               | 16,876              |
| Incentive fees  | 2,794                                 | 4,310               | 9,859                                | 13,846              |
| Interest and financing expenses   | 7,680                                 | 6,160               | 22,571                               | 18,765              |
| Administrator expenses  | 966                                   | 1,066               | 2,925                                | 3,186               |
| Professional fees   | 638                                   | 905                 | 1,827                                | 2,277               |
| General and administrative  | 325                                   | 462                 | 1,488                                | 1,396               |
| Directors fees  | 133                                   | 135                 | 397                                  | 433                 |
| Insurance   | 124                                   | 140                 | 395                                  | 426                 |
| Expenses before management and incentive fee waivers                      | <u>17,317</u>                         | <u>18,724</u>       | <u>54,342</u>                        | <u>57,205</u>       |
| Management fee waiver   | (40)                                  | -                   | (112)                                | -                   |
| Incentive fee waiver  | 181                                   | -                   | (1,871)                              | -                   |
| Total expenses net of management and incentive fee waivers                | <u>17,458</u>                         | <u>18,724</u>       | <u>52,359</u>                        | <u>57,205</u>       |
| <b>NET INVESTMENT INCOME</b>  | <u>10,954</u>                         | <u>17,240</u>       | <u>41,195</u>                        | <u>55,383</u>       |
| <b>REALIZED AND UNREALIZED GAIN/(LOSS) ON INVESTMENTS:</b>                |                                       |                     |                                      |                     |
| Net realized gain/(loss) from investments                                 | (29,177)                              | (9,010)             | (23,699)                             | (18,628)            |
| Net unrealized appreciation/(depreciation) on investments                 | 32,285                                | 427                 | (41,831)                             | (34,137)            |
| Change in provision for deferred taxes on unrealized gain on investments  | (40)                                  | (284)               | (399)                                | (778)               |
| Net gain/(loss) on investments  | <u>3,068</u>                          | <u>(8,867)</u>      | <u>(65,929)</u>                      | <u>(53,543)</u>     |
| <b>NET INCREASE/(DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS</b>    | <u>\$ 14,022</u>                      | <u>\$ 8,373</u>     | <u>\$ (24,734)</u>                   | <u>\$ 1,840</u>     |
| <b>WEIGHTED AVERAGE - BASIC AND DILUTED EARNINGS</b>                      |                                       |                     |                                      |                     |
| PER COMMON SHARE  | \$ 0.26                               | \$ 0.14             | \$ (0.44)                            | \$ 0.03             |
| <b>WEIGHTED AVERAGE - BASIC AND DILUTED NET INVESTMENT INCOME</b>         |                                       |                     |                                      |                     |
| PER COMMON SHARE  | \$ 0.20                               | \$ 0.30             | \$ 0.74                              | \$ 0.95             |
| <b>WEIGHTED AVERAGE COMMON STOCK OUTSTANDING</b>                          |                                       |                     |                                      |                     |
| - BASIC AND DILUTED   | 54,763,411                            | 57,859,274          | 55,618,719                           | 58,363,128          |
| <b>DIVIDENDS DECLARED PER COMMON SHARE</b>                                | \$ 0.30                               | \$ 0.30             | \$ 0.90                              | \$ 0.97             |

## **ABOUT MEDLEY CAPITAL CORPORATION**

Medley Capital Corporation is a closed-end, externally managed business development company ("BDC") that trades on the New York Stock Exchange (NYSE: MCC). Medley Capital Corporation's investment objective is to generate current income and capital appreciation by lending to privately-held middle market companies, primarily through directly originated transactions, to help these companies expand their businesses, refinance and make acquisitions. Our portfolio generally consists of senior secured first lien loans and senior secured second lien loans. In many of our investments, we receive warrants or other equity participation features, which we believe will increase the total investment returns. Medley Capital Corporation is externally managed by MCC Advisors LLC, which is an investment adviser registered under the Investment Advisers Act of 1940, as amended. For additional information, please visit Medley Capital Corporation at [www.medleycapitalcorp.com](http://www.medleycapitalcorp.com).

## **ABOUT MCC ADVISORS LLC**

MCC Advisors LLC is a subsidiary of Medley Management Inc. (NYSE: MDLY). Medley is a credit-focused asset management firm offering yield solutions to retail and institutional investors. Medley's national direct origination franchise, with over 80 people, is a premier provider of capital to the middle market in the U.S. Medley has over \$5 billion of assets under management in two business development companies, Medley Capital Corporation (NYSE: MCC) and Sierra Income Corporation, as well as private investment vehicles. Over the past 14 years, we have provided in excess of \$6 billion capital to over 300 companies across 35 industries in North America. For additional information, please visit Medley Management Inc. at [www.mdly.com](http://www.mdly.com).

## **FORWARD-LOOKING STATEMENTS**

Statements included herein may contain "forward-looking statements". Statements other than statements of historical facts included in this press release may constitute forward-looking statements and are not guarantees of future performance or results and involve a number of assumptions, risks and uncertainties, which change over time. Actual results may differ materially from those anticipated in any forward-looking statements as a result of a number of factors, including those described from time to time in filings by the Company with the Securities and Exchange Commission. Except as required by law, the Company undertakes no duty to update any forward-looking statement made herein. All forward-looking statements speak only as of the date of this press release.

SOURCE: Medley Capital Corporation

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