



Medley Capital Corporation (NYSE: MCC)

Investor Presentation

Quarter Ended September 30, 2014

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.

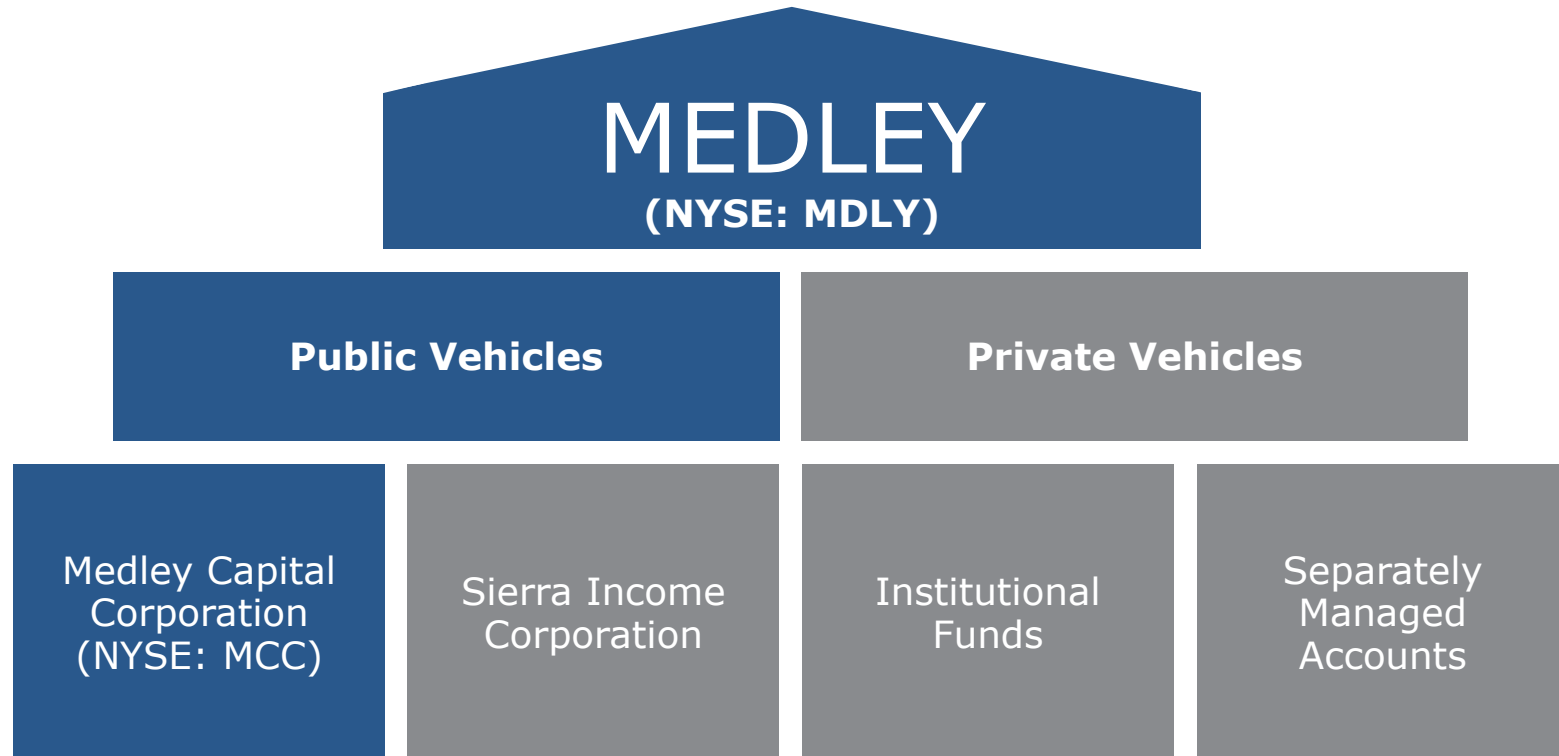
Key Investment Highlights

1. Attractive Market Dynamics
2. Seasoned Management Team
3. Direct Origination Model
4. Disciplined Investment Process
5. History of Covering Our Dividend with Net Investment Income
6. Majority Floating Rate Senior Secured Assets

COMPANY OVERVIEW

Medley's Platform

- Medley is a CREDIT-FOCUSED direct lender to the middle market



CLIENTS INCLUDE:

- › Pension Funds
- › Insurance Companies
- › Endowments
- › Foundations
- › Public Equity Funds
- › Private Wealth
- › Broker Dealers
- › RIAs

Investment Strategy – Overview

Focus

- 1. Direct Origination**
 - Middle-market borrowers
 - Lead / sole lender
- 2. Careful Underwriting and Structuring**
 - Senior
 - Secured
 - Floating rate
 - Diversified portfolio
- 3. Active Credit Management**
 - Frequent borrower contact
 - Careful financial monitoring



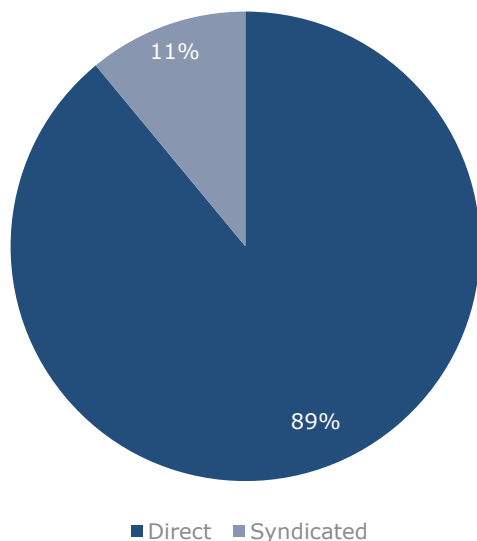
Results

- 1. Higher returns**
- 2. Lower risk**
- 3. Strong risk-adjusted returns**
- 4. MCC annualized total return of 10.1% since its IPO in 2011 vs. 8.3% for the industry**

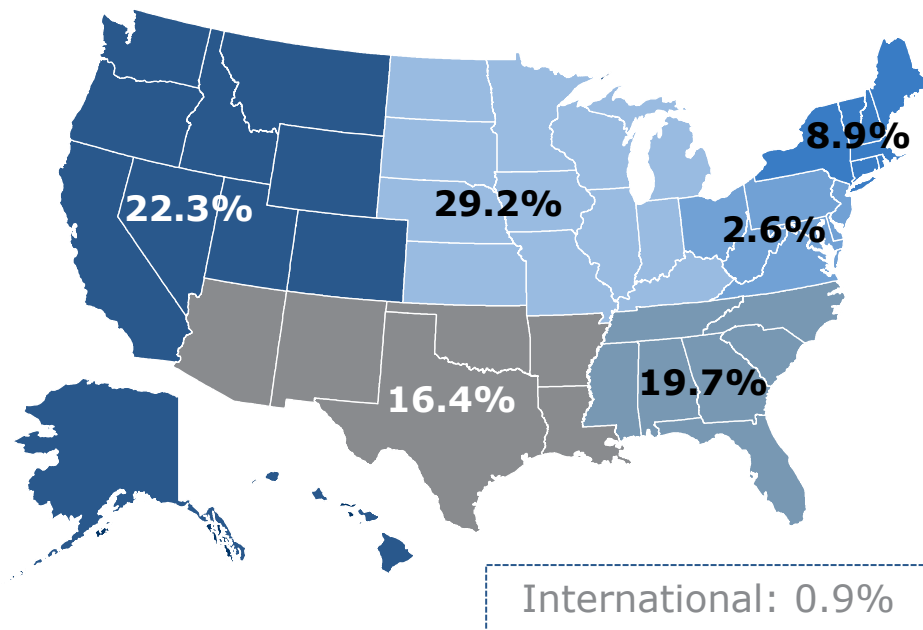
Investment Process – National Origination Platform

- Seasoned 80+ person team
- Institutionalized direct origination and underwriting process

MCC Deal Flow by Source ¹



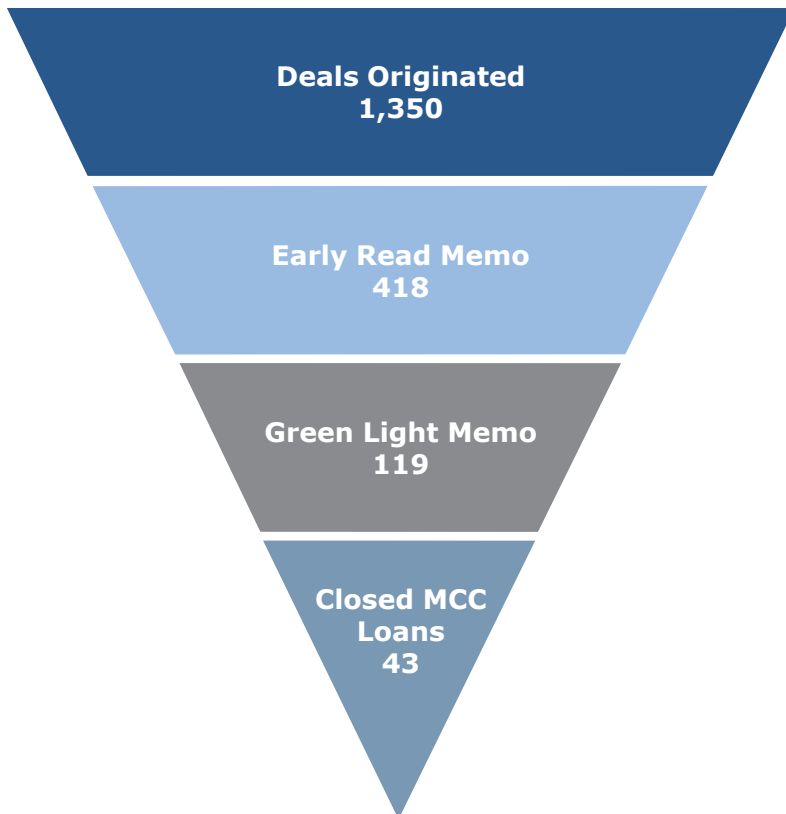
MCC Investments by Geography ²



1. Based on fair value of investment portfolio at 9/30/2014.
2. Based on location of borrower headquarters.

Investment Process – Disciplined

Selective Filter – LTM 9/30/2014



Portfolio Construction

Senior Secured

- UCC (lien) filings / Cash control / Covenants

Broadly diversified

- Sector / Collateral / Position size / Geography

Thorough diligence

- Deep underwriting by internal team
- Third-party financial review and independent appraisals

Active Credit Monitoring

Frequent Borrower Contact

- Monthly calls
- Quarterly onsite visits

Monthly Review

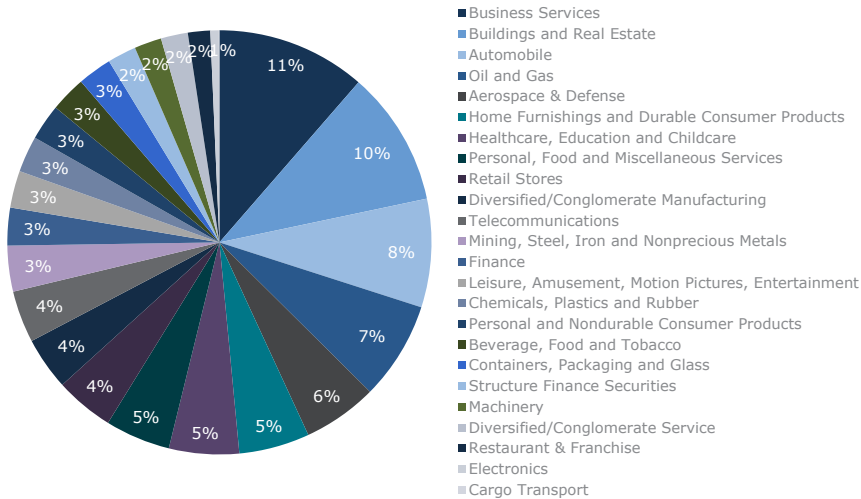
- Financial review
- Compliance certificates from borrowers

External checks and balances

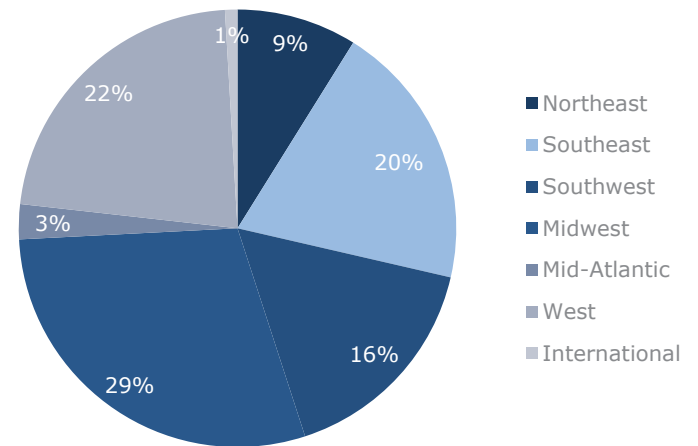
- Independent valuation and collateral analysis
- Third-party loan servicing
- Outside legal counsel

Highly Diversified Senior Secured Floating Rate Portfolio

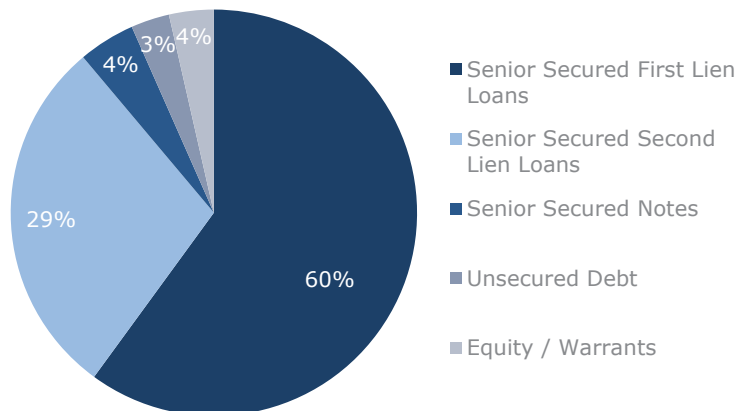
Industry



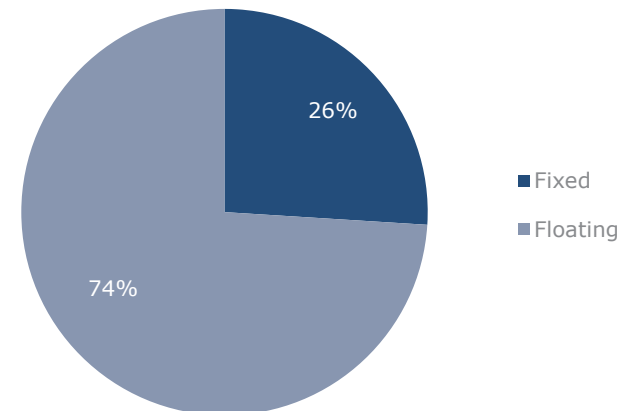
Geography



Investment Type

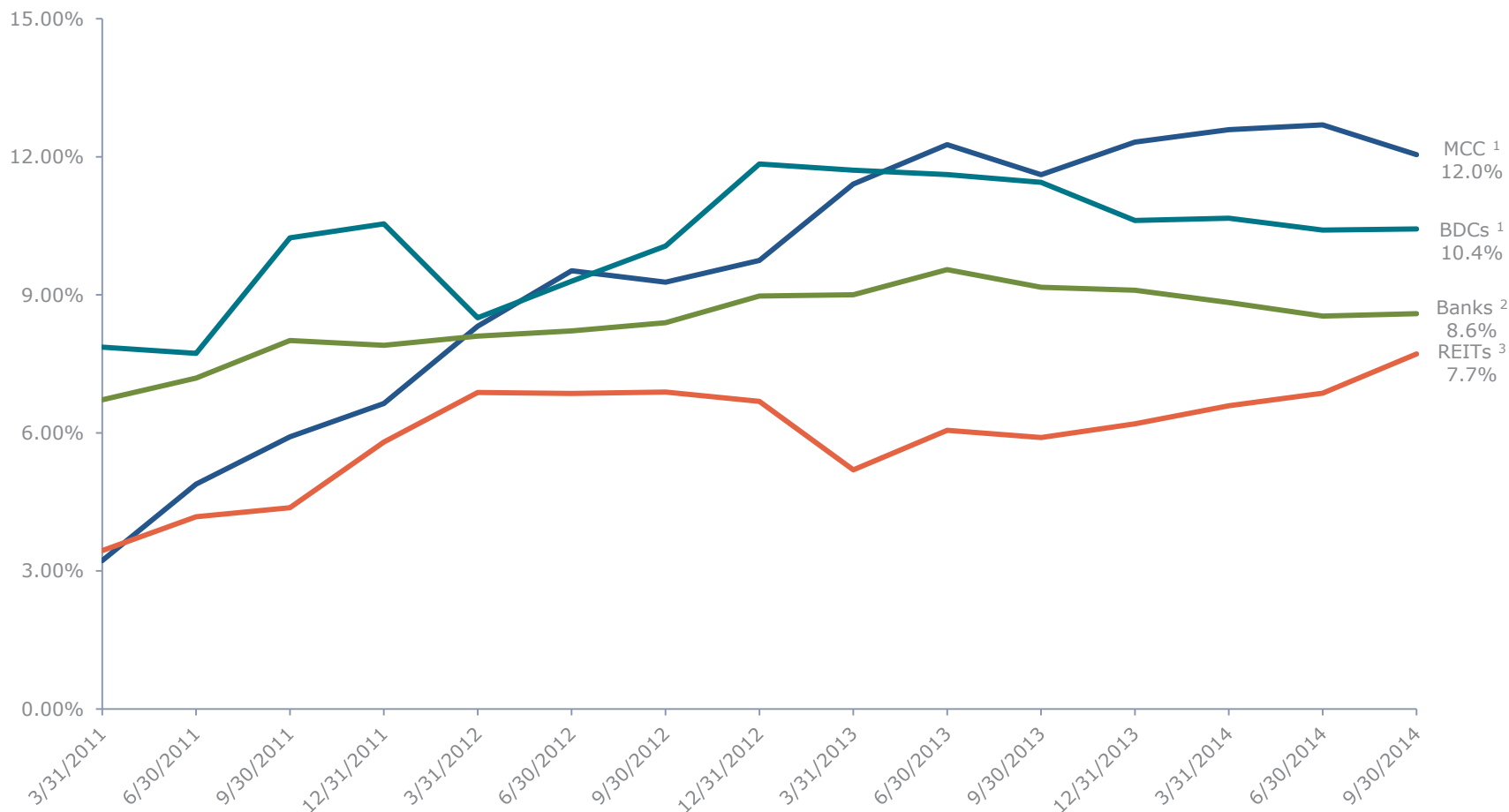


Floating vs Fixed Rate



Note: Portfolio data as of 9/30/2014.

Industry Leading Return on Equity



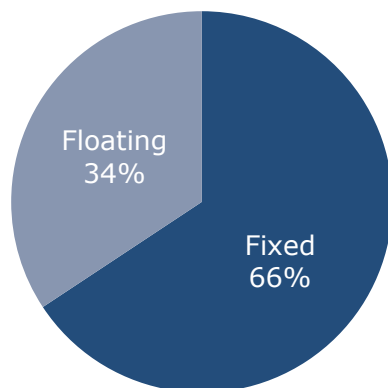
1. MCC and BDC ROE calculation based off of LTM NII/Average Shareholder Equity. BDCs include: AINV, ARCC, FSC, FSIC, GBDC, NMFC, PNNT, PSEC, TCPC, TCRD and TSLX.
2. Bank ROE calculation based off of LTM Net Income Less Preferred Dividends/Average Shareholder Equity. Banks include: BAC, C, WFC, JPM, USB, STI, MTB, COF, CMA, HBAN, PNC, ZION, KEY, RF and FITB.
3. REIT ROE calculation based off of LTM Earnings From Continuing Operations/Average Shareholder Equity. REITs include: SPG, PSA, HCP, VTR, EQR, BXP, PLD, VNO, AVB and HCN.

Well Positioned for a Rising Rate Environment

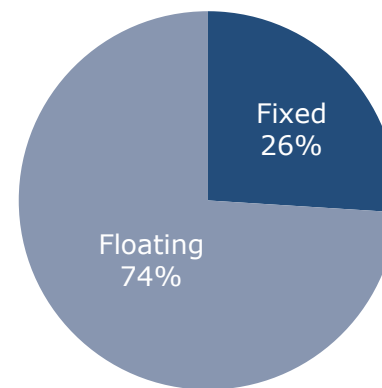
- Positioned for a rising interest rate environment
- 74% of the portfolio is floating rate
- 40% of interest bearing liabilities are fixed rate

Basis Point Change	Interest Income Change	Interest Expense Change	NII Change	% NII Change
100	\$2,300	\$4,200	\$(1,900)	-2.5%
200	10,000	8,400	1,600	2.1%
300	18,500	12,500	6,000	8.0%
400	26,900	16,700	10,200	13.7%
500	35,200	20,900	14,300	19.2%

Fixed vs. Floating – 12/31/2011



Fixed vs. Floating – 9/30/2014



Asset Growth, Net Investment Income (“NII”) and Dividends per Share

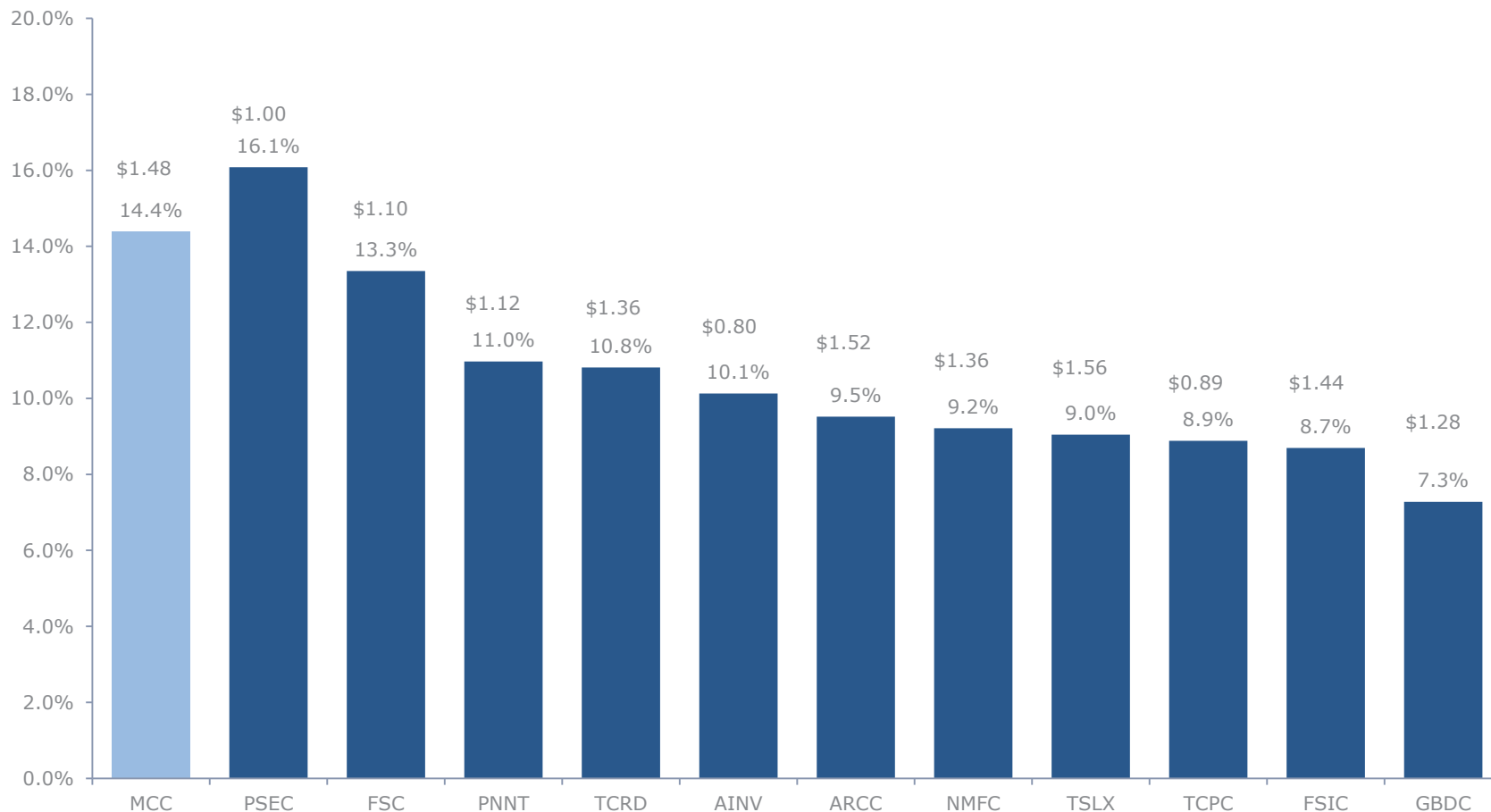
- While assets under management have grown since our inception, our focus remains on protecting our Net Asset Value (“NAV”) and covering the dividend with NII



Note: Metrics in millions USD, except per share data.

Strong Relative Dividend

Current Annualized Dividend Yield and Dividend Per Share ¹

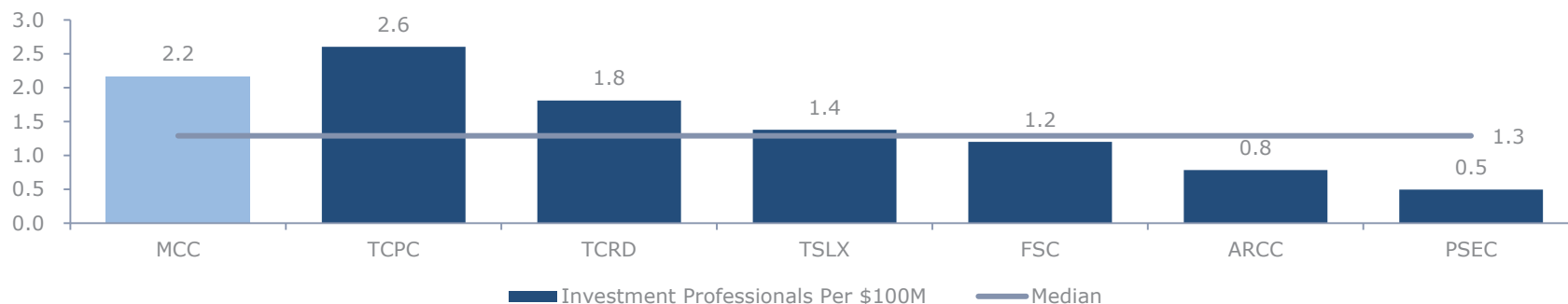


1. Dividend yields based upon the most recently declared dividend, annualized to reflect the closing share price as of 12/8/2014. Annualized dividend per share does not include special dividends.

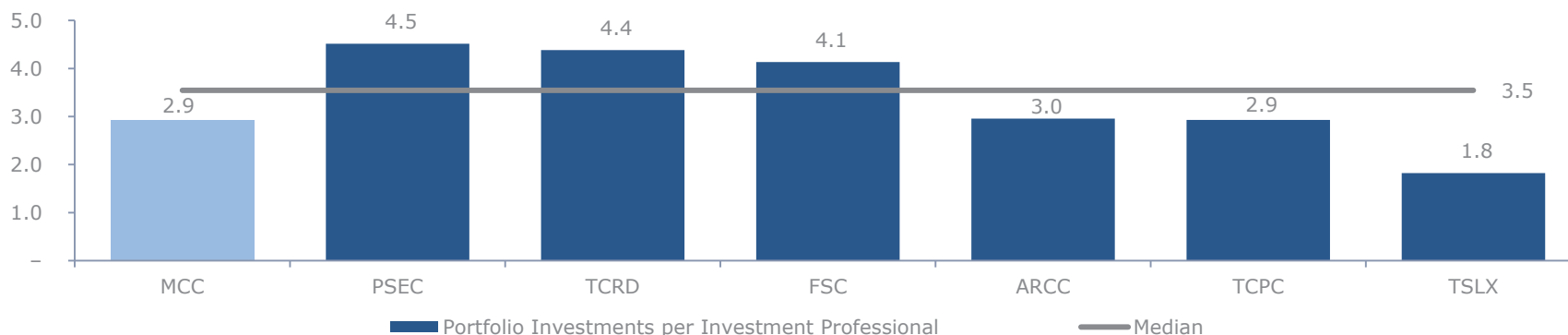
One of the Highest Number of Professionals to Asset Ratios in the Industry

- Medley has made a significant investment to build out the team ahead of portfolio growth

Number of Investment Professionals Per \$100M in AUM ¹



Number of Portfolio Companies Per Investment Professional ¹

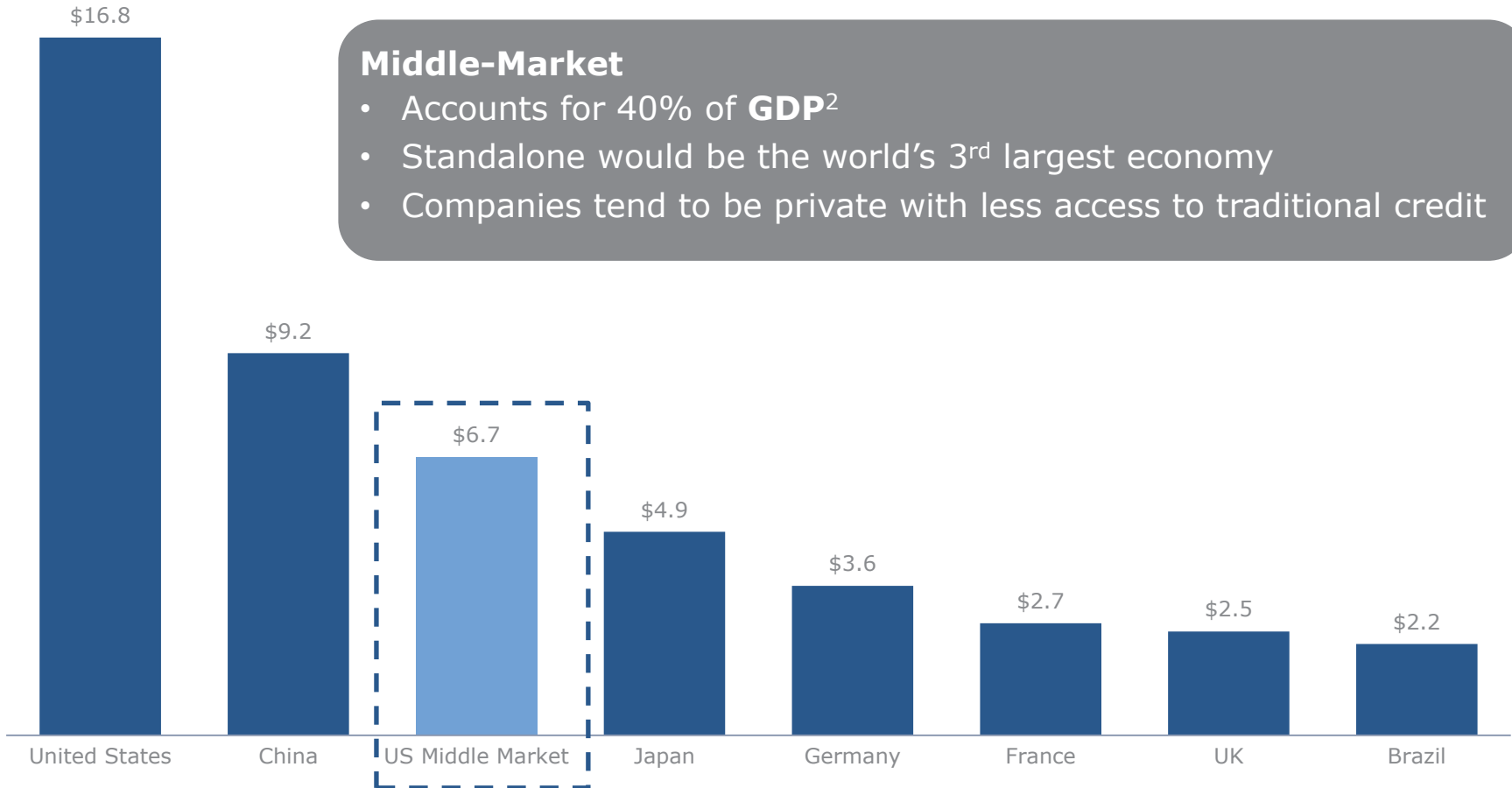


1. Based on professionals stated on each company's website. Does not include Associates and Analysts. Employee data as of 12/3/2014. Portfolio data as of 9/30/2014.

Attractive Industry Dynamics

The Opportunity – Middle-Market is Substantial

2013 Top GDPs¹

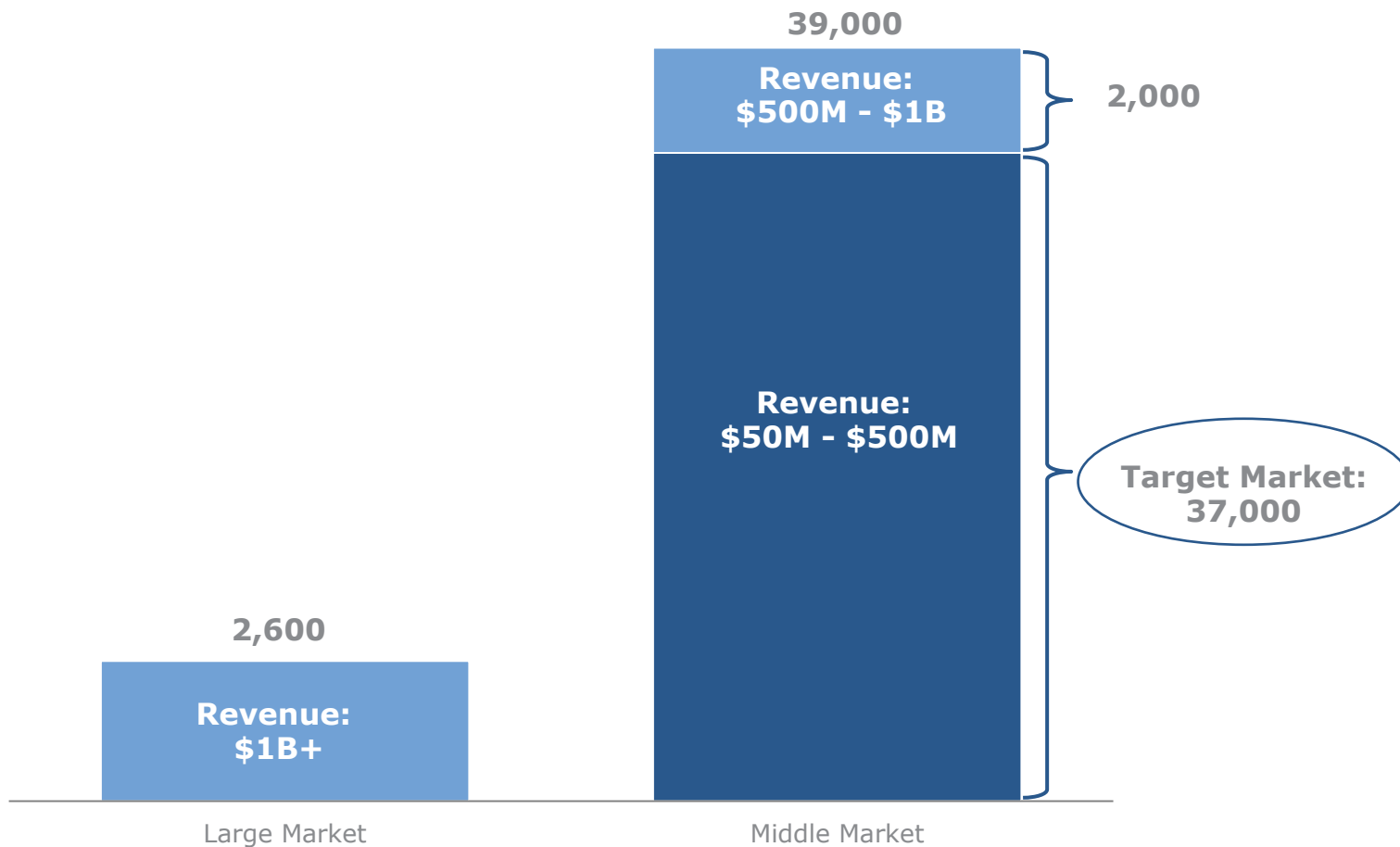


Note: Metrics in trillions of USD.

1. International Monetary Fund, World Economic Outlook Database, June 2014.
 2. Deloitte, Mid Market Perspectives – 2013 Report on America's Economic Engine.

The Opportunity – Large Number of Borrowers

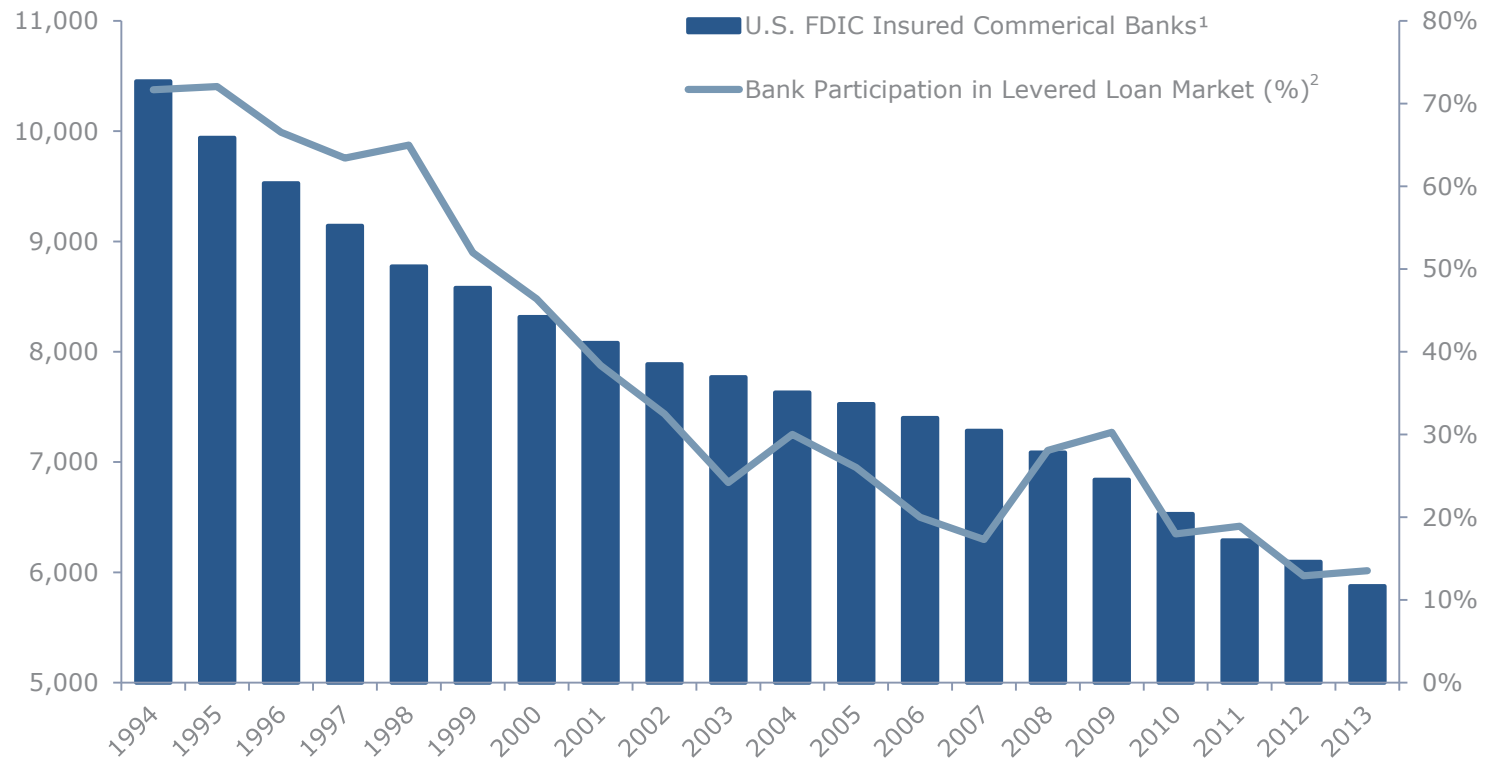
Number of Businesses by Market¹



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

Powerful Secular Trends

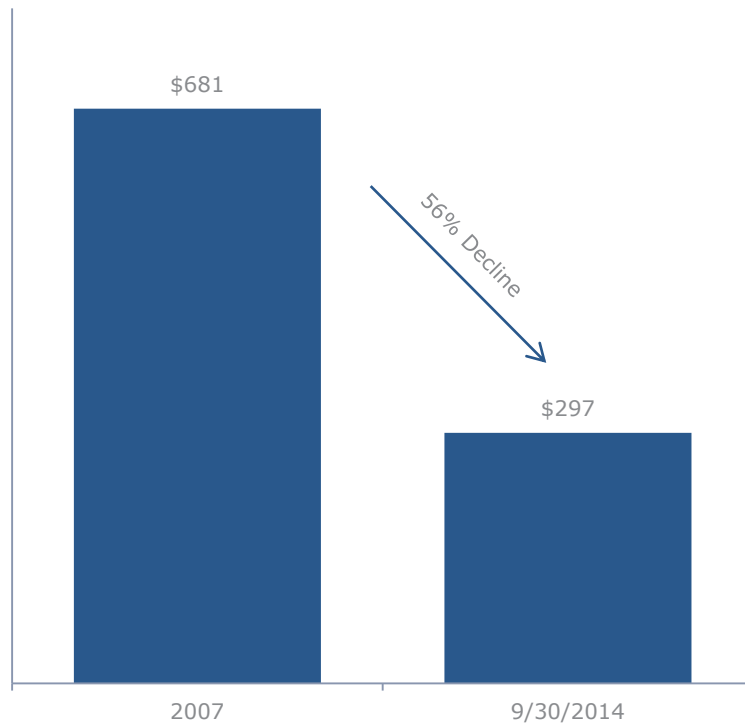
- Banks continue to shift toward large borrowers
- Regulatory environment is a headwind for banks in the middle-market



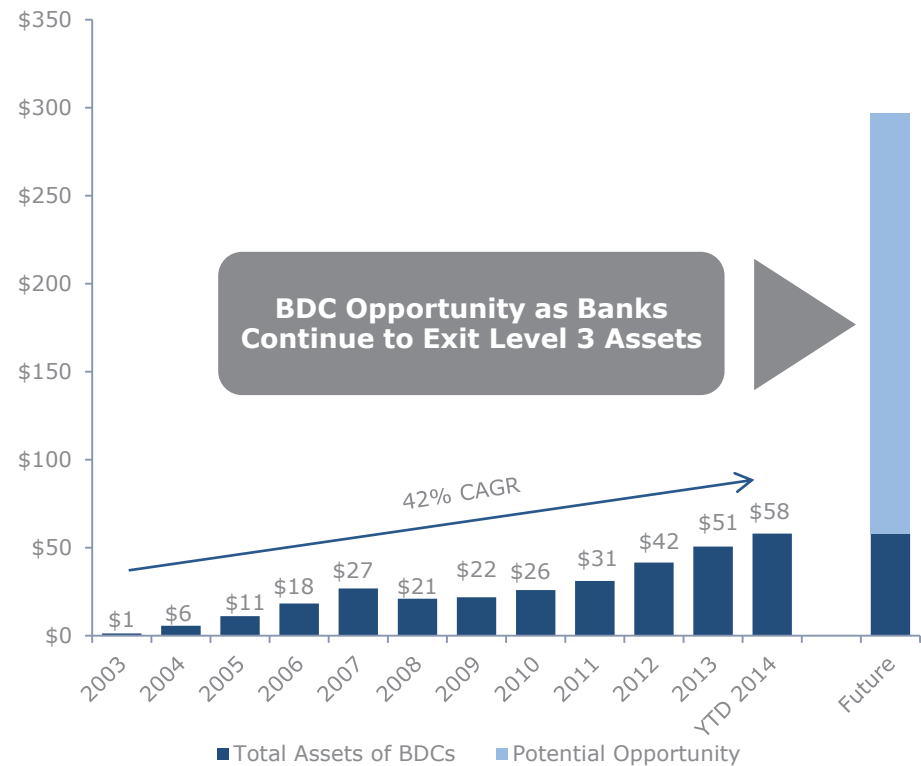
1. Federal Deposit Insurance Corporation, represents number of commercial banking institutions insured by the FDIC as of 12/31/2013.
 2. S&P LCD's Leveraged Lending Review - 2Q14.

Regulatory Pressure Continues for Banks

Level 3 Assets for Financial Firms ¹



Total Assets of Publicly Traded BDCs ²



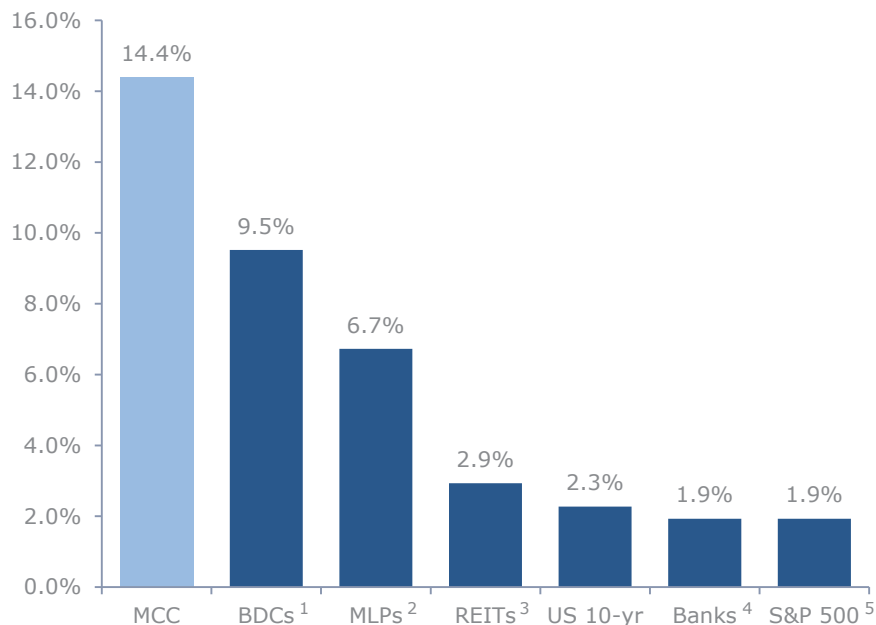
1. Financial firms include: BAC, C, CS, DB, GS, JPM, MS, WFC, Bear Stearns, Countrywide Financial, Merrill Lynch & Washington Mutual. Metrics in billions of USD.
 2. BDCs include: ACAS, ACSF, AINV, ARCC, BKCC, CMFN, CPTA, FDUS, FSC, FSIC, FSR, GAIN, GARS, GBDC, GLAD, GSVC, HCAP, HRZN, HTCG, KCAP, KIPO, 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 9/30/2014.

BDC INDUSTRY OVERVIEW

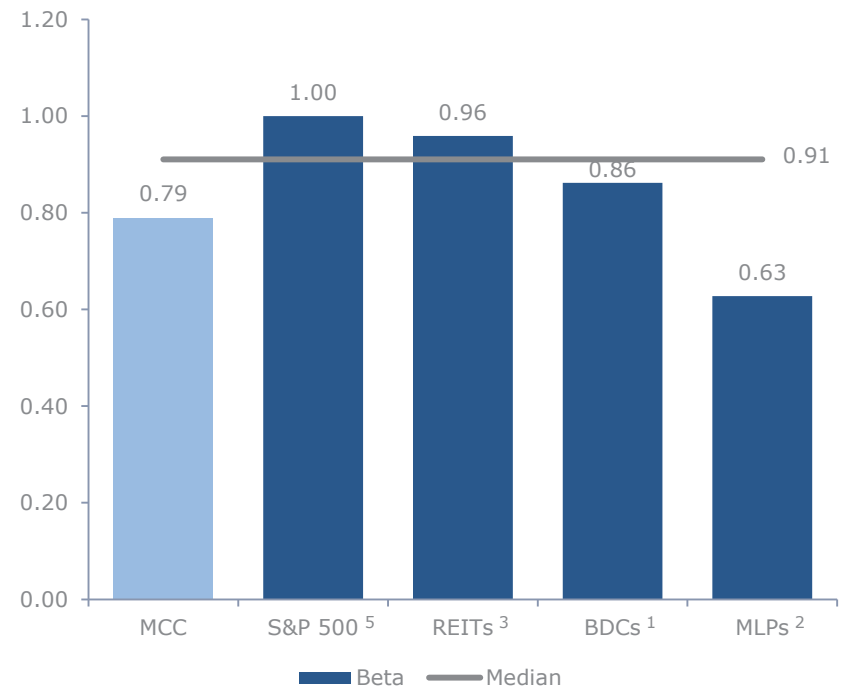
BDCs Have Delivered Above Average Yields

- BDCs provide investors with an attractive risk-adjusted current yield

Dividend Yield



Beta



Note: Bloomberg. Dividend yields based upon the most recently declared dividend, annualized to reflect the closing share price as of 12/8/2014. Beta as of 9/30/2014.

- BDCs include: AINV, ARCC, FSC, FSIC, GBDC, NMFC, PNNT, PSEC, TCPC, TCRD and TSLX. FSIC, NMFC, TCPC and TSLX were not public at time of MCC IPO and excluded from Beta calculation.
- MLPs include: ETP, EPD, TEP, ACMP, APL, DPM, NMM and SDLP.
- REITs include: SPG, PSA, HCP, VTR, EQR, BXP, PLD, VNO, AVB and HCN.
- Banks include: BAC, C, WFC, JPM, USB, STI, MTB, COF, CMA, HBAN, PNC, ZION, KEY, RF and FITB.
- S&P 500 Total Return Index.

MCC Presents an Attractive Investment Opportunity

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

	<u>Price / NAV</u>	<u>Dividend Yield</u> ¹	<u>Leverage</u> ²	<u>ROE</u> ³
MCC	0.8x	14.4%	0.6x	12.0%
BDCs ⁴	1.0x	9.5%	0.6x	10.4%
REITs ⁵	2.7x	2.9%	1.0x	7.7%
MLPs ⁶	3.1x	6.7%	1.3x	10.5%
Banks ⁷	1.4x	1.9%	7.5x	8.6%

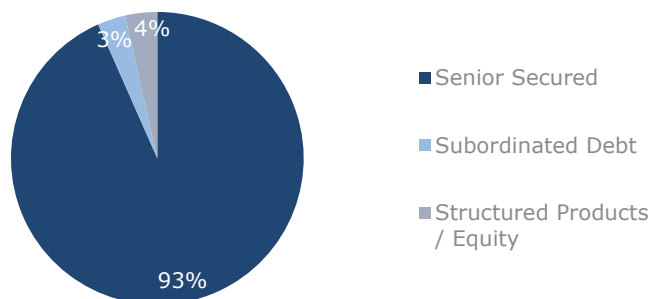
Note: Market data as of 12/8/2014. Financial data as of 9/30/2014.

1. Dividend yields based upon the most recently declared dividend, annualized to reflect the closing share price as of 12/8/2014. 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. MCC and BDC ROE calculation based off of LTM NII/Average Shareholder Equity.
4. BDCs include: AINV, ARCC, FSC, FSIC, GBDC, NMFC, PNNT, PSEC, TCPC, TCRD and TSLX.
5. REITs include: SPG, PSA, HCP, VTR, EQR, BXP, PLD, VNO, AVB and HCN.
6. MLPs include: ETP, EPD, TEP, ACMP, APL, DPM, NMM and SDLP.
7. Banks include: BAC, C, WFC, JPM, USB, STI, MTB, COF, CMA, HBAN, PNC, ZION, KEY, RF and FITB.

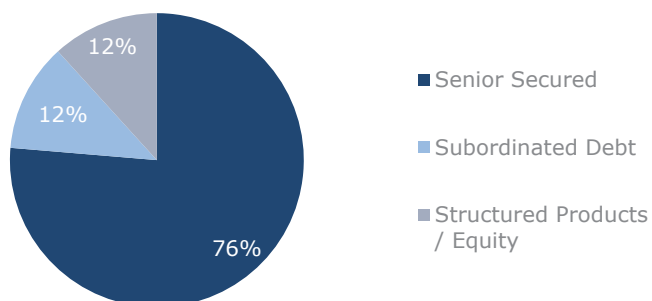
MCC Has Outperformed vs Industry

- Industry leading total return since IPO
- Higher percentage of senior secured loans vs. the industry

MCC Portfolio Mix at 9/30/2014



BDC Portfolio Mix at 9/30/2014 ¹



	% Of Cum. Net Realized Gain/Loss to Average Assets Since MCC IPO ¹	ROE ²	Annualized Total Return Since MCC IPO ^{1,3}
MCC	0.1%	12.0%	10.1%
Industry Mean	-1.9%	10.4%	8.3%
Industry Median	0.2%	10.0%	6.6%

Note: Financial data as of 9/30/2014 from public company SEC filings. MCC IPO date 1/20/2011.

1. BDC portfolio mix includes: AINV, ARCC, FSC, GBDC, PNNT, PSEC and TCRD.

2. ROE calculated as LTM NII /Average Shareholder Equity. BDCs include: AINV, ARCC, FSC, FSIC, GBDC, NMFC, PNNT, PSEC, TCPC, TCRD and TSLX.

3. Total return data as of 9/30/2014.

MCC Financial Results

Performance Overview

- Consistent quarterly dividend (\$0.37 per share for quarter ending 9/30/14)
- Diversified portfolio with weighted average loan-to-value of 57.4% through MCC's debt
- 12.6% portfolio yield as of 9/30/14¹
- FY Q4 2014 gross investment originations of \$299.4 million
- Completed 5.75 million share offering in August 2014 for net proceeds of \$72.8 million
- Entered into ATM program in August 2014 to sell shares of common stock having an aggregate offering price of up to \$100.0 million
 - As of 9/30/2014, 671,278 shares sold for net proceeds of \$8.7 million
 - We are not currently utilizing our ATM Program
- Total debt/credit facility commitments of \$771.0 million consisting of:
 - \$346.0 million revolving credit facility
 - \$171.5 million senior secured term loan
 - \$40.0 million of 7.125% senior notes due 2019
 - \$63.5 million of 6.125% senior notes due 2023
 - \$150.0 million of 10 year SBA debentures²

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

2. SBA regulations currently limit the amount that we may borrow to a maximum of \$150 million based upon at least \$75 million in regulatory capital. As of December 8, 2014, we have \$65.0 million in regulatory capital which allows us to borrow up to \$130 million from SBA.

Financial & Portfolio Highlights

Financial Highlights

	9/30/14	6/30/14	3/31/14	12/31/13	9/30/13
Net investment income per share	\$ 0.37	\$ 0.41	\$ 0.38	\$ 0.42	\$ 0.41
Net realized gains (losses)	\$ (0.01)	\$ 0.02	\$ -	\$ -	\$ -
Net unrealized gains (losses)	\$ (0.18)	\$ (0.10)	\$ (0.09)	\$ (0.07)	\$ 0.02
Provision for taxes on unrealized per share	\$ (0.02)	\$ -	\$ (0.01)	\$ -	\$ -
Net income per share ¹	\$ 0.16	\$ 0.33	\$ 0.28	\$ 0.36	\$ 0.43
Net asset value per share	\$ 12.43	\$ 12.65	\$ 12.69	\$ 12.68	\$ 12.70

Portfolio Highlights

- \$1,245.5 million total fair value of investments as of September 30, 2014
- \$299.4 million gross originations during quarter ended September 30, 2014
- \$236.3 million of backlog as of December 8, 2014²

Asset Mix by Investment Type

Asset Class	9/30/14	6/30/14	3/31/14	12/31/13	9/30/13
Senior Secured First Lien	64.5%	65.1%	69.0%	64.0%	65.9%
Senior Secured Second Lien	28.8%	31.1%	29.7%	35.4%	33.6%
Unsecured Debt	3.1%	2.2%	0.1%	0.1%	0.1%
Equity / Warrants	3.6%	1.6%	1.2%	0.5%	0.4%

Asset Mix by Rating

Rating	9/30/14	6/30/14	3/31/14	12/31/13	9/30/13
1	5.2%	4.0%	3.6%	4.3%	5.0%
2	90.1%	88.1%	88.7%	88.4%	86.8%
3	1.5%	6.3%	6.4%	5.9%	6.6%
4	-	1.2%	0.9%	0.9%	1.1%
5	3.2%	0.4%	0.4%	0.5%	0.5%

1. May not foot due to rounding.

2. Backlog represents transactions that Management reasonably expects to close in the coming ninety days.

Select Financial & Portfolio Information

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

	9/30/14	6/30/14	3/31/14	12/31/13	9/30/13
Net investment income per share - basic & diluted	\$ 0.37	\$ 0.41	\$ 0.38	\$ 0.42	\$ 0.41
Net realized and unrealized gains per share - basic & diluted ¹	(0.21)	(0.08)	(0.10)	(0.07)	0.02
GAAP EPS - basic & diluted ²	0.16	0.33	0.28	0.36	0.43
Dividend declared per share	0.37	0.37	0.37	0.37	0.37
Stockholders' equity	\$ 729.9	\$ 661.2	\$ 587.2	\$ 509.9	\$ 509.8
Net asset value per share	12.43	12.65	12.69	12.68	12.70
Market Capitalization ³	\$ 693.6	\$ 682.8	\$ 629.9	\$ 556.8	\$ 553.7
Common stock data:					
High Price ⁴	\$ 13.29	\$ 13.83	\$ 14.72	\$ 14.64	\$ 14.65
Low Price ⁴	11.78	12.30	13.41	13.38	13.04
Closing Price	11.81	13.06	13.61	13.85	13.79
Investments at fair value	\$ 1,245.5	\$ 1,043.0	\$ 959.0	\$ 818.5	\$ 749.2
% Floating Rate	70.5%	65.1%	62.9%	59.9%	52.8%
% Fixed Rate	24.7%	33.7%	36.3%	39.5%	46.7%
% Equity and other non-interest earning	4.8%	1.2%	0.8%	0.6%	0.5%
Number of Portfolio Companies	79	74	69	63	57
Gross originations for the quarter	\$ 299.4	\$ 203.4	\$ 170.7	\$ 160.6	\$ 106.0
Realizations/amortizations for the quarter	\$ 89.5	\$ 118.1	\$ 29.8	\$ 92.0	\$ 47.5
Net originations for the quarter	\$ 209.9	\$ 85.3	\$ 140.9	\$ 68.6	\$ 58.5
Backlog	\$ 236.3	\$ 220.0	\$ 205.2	\$ 245.4	\$ 133.7

Note: Basic and diluted per share data reflects weighted average common shares outstanding of 54,876,588 as of 9/30/14, 50,503,492 as of 6/30/14, 43,883,259 as of 3/31/14, 40,162,592 as of 12/31/13 and 34,881,365 as of 9/30/13.

- Inclusive of provision for taxes of \$1,205,600 for the quarter ended 9/30/14, \$69,687 for the quarter ended 6/30/14 and \$316,585 for the quarter ended 3/31/14.
- May not foot due to rounding.
- Reflects common shares outstanding of 58,733,284 and a closing share price of \$11.81 as of 9/30/14, 52,283,712 and a closing share price of \$13.06 as of 6/30/14, 46,283,712 and a closing share price of \$13.61 as of 03/31/14, 40,199,813 and a closing share price of \$13.85 as of 12/31/13 and 40,152,904 and a closing share price of \$13.79 as of 9/30/13.
- Reflects the high and low closing share price during the periods ended 9/30/2014, 6/30/2014, 3/31/14, 12/31/13 and 9/30/13, respectively.

Balance Sheet

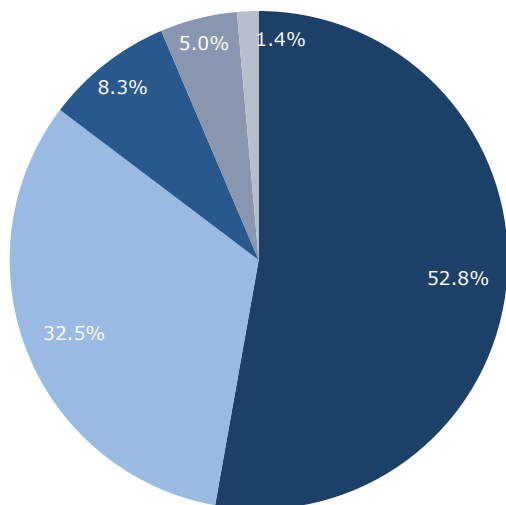
As of
(dollars in thousands, except per share data)

	9/30/14	6/30/14	3/31/14	12/31/13	9/30/13
	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
ASSETS					
Investments at fair value					
Non-control/non-affiliate investments	\$ 1,185,859	\$ 1,033,052	\$ 949,197	\$ 809,125	\$ 740,097
Control investments	38,244	-	-	-	-
Affiliate investments	21,435	9,998	9,805	9,333	9,140
Total investments at fair value	1,245,538	1,043,050	959,002	818,458	749,237
Cash	36,731	17,113	22,673	46,142	8,558
Interest receivable	13,096	13,523	12,377	9,052	9,608
Deferred financing costs, net	11,688	10,965	8,375	8,875	8,523
Receivable for paydown of investments	14,290	15,175	1,365	2,186	-
Other assets	2,803	774	1,070	648	467
TOTAL ASSETS	\$ 1,324,146	\$ 1,100,600	\$ 1,004,862	\$ 885,361	\$ 776,393
LIABILITIES					
Revolving credit facility payable	\$ 146,500	\$ 85,583	\$ 136,200	\$ 95,900	\$ 2,500
Term loan payable	171,500	171,500	120,000	120,000	120,000
Notes payable	103,500	103,500	103,500	103,500	103,500
SBA debentures payable	100,000	48,000	44,000	44,000	30,000
Payable for investments originated, purchased and participated	54,995	15,897	1,176	-	54
Management and incentive fees payable, net	10,445	9,767	8,217	7,923	6,900
Interest and fees payable	2,096	1,347	1,276	1,402	1,156
Accounts payable, accrued expenses and other liabilities	5,253	3,774	3,253	2,740	2,449
TOTAL LIABILITIES	\$ 594,289	\$ 439,368	\$ 417,622	\$ 375,465	\$ 266,559
NET ASSETS					
Common stock, par value \$.001 per share, 100,000,000 common shares authorized, 58,733,284 common shares issued and outstanding as of September 30, 2014	59	52	46	40	40
Capital in excess of par value	739,443	665,420	588,677	506,687	506,062
Accumulated undistributed net investment income	21,674	15,169	13,820	14,359	12,185
Accumulated undistributed net realized gain (loss) from investments	-	887	73	45	-
Net unrealized appreciation (depreciation) on investments	(31,319)	(20,296)	(15,376)	(11,235)	(8,453)
Total net assets	729,857	661,232	587,240	509,896	509,834
TOTAL LIABILITIES AND NET ASSETS	\$ 1,324,146	\$ 1,100,600	\$ 1,004,862	\$ 885,361	\$ 776,393
NET ASSET VALUE PER SHARE	\$ 12.43	\$ 12.65	\$ 12.69	\$ 12.68	\$ 12.70

Transaction & Backlog Summary

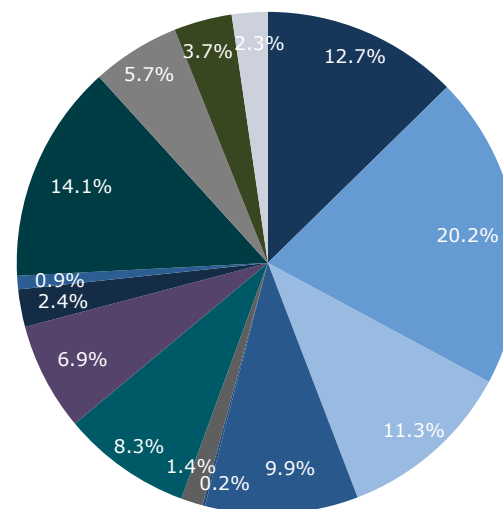
Closed Deals in Q4 FY2014¹ Totaling \$299M

By Investment Type



- Senior Secured First Lien Loans
- Senior Secured Second Lien Loans
- Senior Secured Notes
- Unsecured Debt
- Equity

By Industry



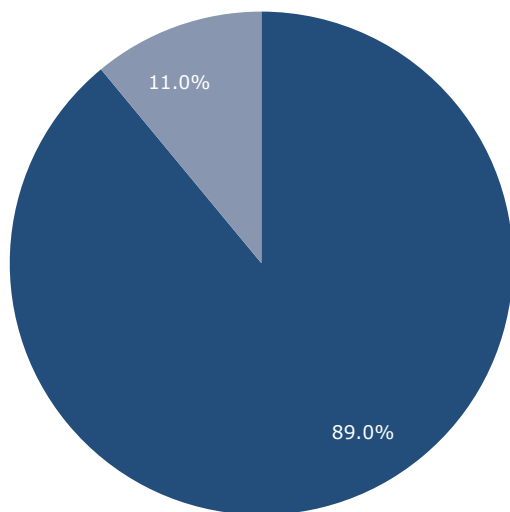
- Aerospace & Defense
- Automobile
- Buildings and Real Estate
- Business Services
- Containers, Packaging and Glass
- Healthcare, Education and Childcare
- Home and Office Furnishings, Housewares, and Durable Consumer Products
- Leisure, Amusement, Motion Pictures, Entertainment
- Machinery (Nonagriculture, Nonconstruction, Nonelectric)
- Mining, Steel, Iron and Nonprecious Metals
- Oil and Gas
- Personal, Food and Miscellaneous Services
- Retail Stores
- Structure Finance Securities

1. Reflects investments at original cost.

Transaction & Backlog Summary

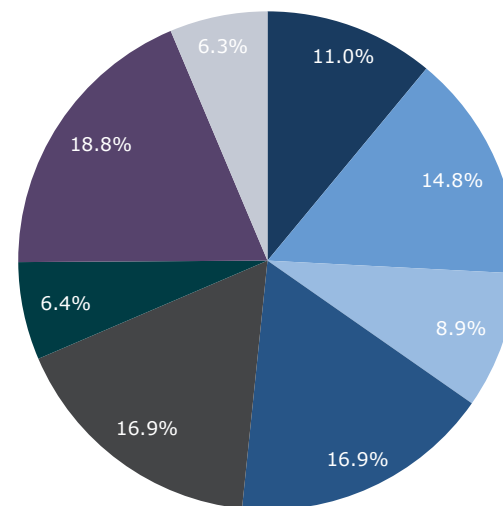
Backlog as of December 8, 2014 Totaling \$236M

By Asset Type



- Senior Secured First Lien Loans
- Senior Secured Second Lien Loans

By Industry



- Automobile
- Buildings and Real Estate
- Business Services
- Chemicals, Plastics & Rubber
- Diversified/Conglomerate Service
- Mining, Steel, Iron and Nonprecious Metals
- Personal and Nondurable Consumer Products
- Personal, Food & Miscellaneous Services

Corporate Information

Board of Directors

BROOK TAUBE
Chairman & Chief Executive Officer

SETH TAUBE
Director

JEFF TONKEL
Director

KARIN HIRTLE-GARVEY
Independent Director

JOHN E. MACK
Independent Director

ARTHUR AINSBERG
Independent Director

RICHARD A. DORFMAN
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 CAPITAL INC.
Mark C. DeVries – (212)-526-9484

BB&T CAPITAL MARKETS
Vernon Plack - (804)-780-3257

CREDIT SUISSE
Douglas Harter – (212)-538-5983

GILFORD SECURITIES
Casey Alexander - (212)-940-9276

JANNEY CAPITAL MARKETS
John Rogers - (202)-955-4316

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

KEEFE, BRUYETTE & WOODS
Greg Mason- (314)-342-2194

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

MAXIM GROUP
Michael Diana- (212)-895-3641

MLV & CO.
Christopher Nolan (646)-412-7690

NATIONAL SECURITIES
Andrew Kerai – (212)-417-3638

STEPHENS INC.
John Hecht – (415)-548-6901

UBS INVESTMENT RESEARCH
Matthew Howlett – (212)-713-2382

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

Corporate Counsel

SUTHERLAND ASBIL & BRENNAN LLP
Washington, DC

Independent Registered Public Accounting Firm

ERNST & YOUNG, LLP
New York, NY

Corporate Headquarters

375 Park Avenue, 33rd Floor
New York, NY 10152
(212)-759-0777

Securities Listing

NYSE: MCC (Common Stock)
MCQ (Senior Notes Due 2019)
MCV (Senior Notes Due 2023)

Transfer Agent

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

Investor Relations

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