Department of the Treasury

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

OMB No. 1545-0123

Internal Revenue Service Part I Reporting Issuer 2 Issuer's employer identification number (EIN) Issuer's name **Medley Capital Corporation** 27-4576073 3 Name of contact for additional information 4 Telephone No. of contact 5 Email address of contact 212.759.0777 sam.anderson@mdlv.com Sam Anderson 6 Number and street (or P.O. box if mail is not delivered to street address) of contact 7 City, town, or post office, state, and ZIP code of contact 280 Park Avenue, 6th Floor East New York, NY 10017 8 Date of action 9 Classification and description 12/31/18 Common Stock - Regulated Investment Company 10 CUSIP number 11 Serial number(s) 12 Ticker symbol 13 Account number(s) 58503F106 N/A MCC N/A Organizational Action Attach additional statements if needed. See back of form for additional questions. Part II Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action Dividend Record Date: June 6, 2018, Dividend Payment Date: June 21, 2018, Estimated non-taxable return of capital percent of the total amount of the dividend: 9.80% Dividend Record Date: September 5, 2018, Dividend Payment Date: September 20, 2018, Estimated non-taxable return of capital percent of the total amount of the dividend: 100% Dividend Record Date: December 5, 2018, Dividend Payment Date: December 20, 2018, Esimated non-taxable return of capital percent of the total amount of the dividend: 48.08% Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per 15 share or as a percentage of old basis ► The portion of the dividend that constitutes a non-taxable return of capital will decrease a U.S. taxpayer's basis in the shares of the issuer. See attached for breakdown of 2018 dividends. Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ► The issuer's current and accumulated earnings and profits were compared to dividends paid during the year ended December 31, 2018. The non-taxable return of capital represents the amount of dividends paid during the taxable year ended December 31, 2018 in excess of Issuer's current and accumulated earnings and profits under IRS Section 316.

Part		Organizational Action (continued	d)		, 3					
		applicable Internal Revenue Code sectio	n(s) and subsection(s) upon v	hich the tax treatment is	s based ►					
Interna	II Reve	enue Code Sections 301, 316, and 852								
18 C	an any	y resulting loss be recognized? ► No								
10 D	rovido	any other information necessary to imple	amont the adjustment, such a	s the reportable tay year	_					
		d for amounts and dates of dividends in								
		alendar year 2018.	puested by this organization	uo o. gu						
					tatements, and to the best of my knowledge an					
٥:	belle	belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.								
Sign Here		2 Cere			January 15, 2010					
Here	Signa	ature ▶		Date ► _	January 15, 2019					
	Drint	your name ► Richard T. Allorto, Jr.		Title N	Chief Financial Officer					
Do:-	1 mint	Print/Type preparer's name	Preparer's signature	Title ► C	PTIN					
Paid Prop	aror				Check if ' '''' self-employed					
Prepa Use (Firm's name ▶	·		Firm's EIN ▶					
	Jiny	Firm's address ▶			Phone no.					
Send Fo	orm 89	937 (including accompanying statements)	to: Department of the Treasu	ıry, Internal Revenue Ser	vice, Ogden, UT 84201-0054					



Tax Status of Dividends and Distributions for 2018

The tax character of dividends paid by Medley Capital Corporation (the "Company") for calendar year 2018 is set forth below. For tax purposes, the Company is a regulated investment company and is designating the tax character of dividends and distributions you receive as a stockholder for calendar year 2018 in accordance with Subchapter M of the Internal Revenue Code of 1986, as amended ("IRC").

The amounts shown in the table below represent the final accounting of the Company's 2018 distributions. This information supersedes any estimated information you may have received during the year. Calendar year 2018 dividends were classified as follows:

	Non-Qualified						
		Dividend	Ordinary	Return	Long Term		
Record	Payment	Per	Taxible	of	Capital		
Date	Date	Share	Income	Capital	Gain		
2/21/2018	3/23/2018	0.16	100.00%	0.00%	0.00%		
6/6/2018	6/21/2018	0.10	90.20%	9.80%	0.00%		
9/5/2018	9/20/2018	0.10	0.00%	100.00%	0.00%		
12/5/2018	12/20/2018	0.10	51.92%	48.08%	0.00%		

Dividends that were reinvested through the Company's Dividend Reinvestment Plan are treated, for tax purposes, as if they had been paid in cash. Therefore, stockholders who participate in the Dividend Reinvestment Plan should also refer to the above table.

This notice is not intended to constitute tax, legal, investment or other professional advice. Stockholders should be aware that tax treatment is subject to change by law in the future or retroactively. This is general information and should not be relied upon without consulting your tax advisor.

If you have any questions about the tax character of your dividends, please contact American Stock Transfer and Trust Company at 800-937-5449. You may also contact Medley Capital Corporation's Investor Relations Department directly at 212-759-0777.

Past performance is not indicative of future results. This is not an offer or a solicitation of an offer to buy any securities of Medley Capital Corporation. Such an offer can be made only by means of a prospectus. A copy of the prospectus can be obtained by visiting www.medleycapitalcorp.com.