

**CHARTER OF THE COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS OF
MVC CAPITAL, INC. (the "Fund")
As of January 26, 2010**

I. PURPOSE

The primary purpose of the Compensation Committee (the "Committee") is to ensure that the compensation strategies of the Fund support and enhance its strategic objectives. The responsibilities of the Committee may include determining CEO/Chairman compensation (provided the Fund is internally managed) and producing, if required, an annual report on executive compensation, which would be included in the Fund's proxy statement or Form 10-K. The Committee also may review, recommend and advise the Board of Directors of the Fund (the "Board") with respect to the Fund's non-CEO/Chairman compensation and any incentive – compensation plans and equity-based plans (provided the Fund is internally managed). The Committee shall be responsible for developing and recommending, for the Board's adoption, the compensation for members of the Board.

II. COMPOSITION AND MEETING REQUIREMENTS

The Committee shall consist of two or more independent directors of the Fund, who shall be appointed by the Board, with the Chairman of the Committee elected by the Board.

Vacancies on the Committee shall be filled by majority vote of the Board at the next meeting of the Board following the occurrence of the vacancy. No member of the Committee shall be removed except by majority vote of the Independent Directors then in office.

A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment where all persons participating in the meeting can hear each other shall constitute a quorum. The action of a majority of those present at a meeting, at which a quorum is present, shall be the act of the Committee.

The Committee shall meet at least once each year and at such other times as it deems necessary to fulfill its responsibilities.

The Committee may request that any directors or officers of the Fund, or other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests.

The Committee will report to the Board from time to time as to its activities and its recommendations. The Committee shall keep written minutes of its meetings, which minutes shall be maintained with the books and records of the Fund and available to the Board for its review.

III. DUTIES AND RESPONSIBILITIES

The Committee shall have the following responsibilities and duties:

1. **Review annually the overall compensation principles of the Fund governing the compensation and benefits of the directors and officers, including developing and recommending, for the Board's adoption, compensation for members of the Board.**
2. **Evaluate the CEO/Chairman and other Executive Officers' Performance.** To the extent not done by the full Board, evaluate the performance of the CEO/Chairman. The Committee also may review the performance of other executive officers and the results of the CEO's/Chairman's evaluation of such officers.
3. **If the Fund is internally managed, establish CEO/Chairman and Executive Officer Compensation.** To the extent not set previously by the Board in the form of a contractual arrangement, establish the annual salary, bonus, and other benefits of the CEO/Chairman based on factors deemed relevant, which may include, among others: the evaluation of the CEO/Chairman, the Fund's performance and relative shareholder return, the compensation of CEOs at peer group companies, past compensation and other relevant factors. The Committee may also make recommendations as to the compensation of other officers and incentive compensation and equity-based plans that are subject to Board approval. In the event any compensation is set by the Committee pursuant to this Item 3, the Committee shall evaluate whether the compensation policies and practices of the Fund create any risks that are reasonably likely to have a material adverse effect on the Fund.
4. **Stockholders Report.** To the extent required by law, publish an annual Compensation Committee Report to Stockholders on the Fund's executive compensation policies and programs and the relationship of corporate performance to executive compensation.
5. **Other Duties.** Perform any additional duties and responsibilities as the Board may from time to time determine.

The foregoing list of duties and responsibilities is not intended to be either complete or exclusive, and the Committee shall have, in addition, such other powers as may be necessary or appropriate for the performance of its duties hereunder. All interpretations and determinations of the Committee made in accordance with the authority granted to it herein shall be binding on all interested parties.

IV. EVALUATION OF THE COMMITTEE

The Committee shall, on an annual basis, evaluate its performance under this Charter. In conducting this review, the Committee shall evaluate whether this Charter appropriately addresses the matters that are or should be within its scope. The Committee shall address all matters that the Committee considers relevant to its performance.

The Committee shall deliver to the Board a report (oral or written) discussing the results of its evaluation, including any recommended amendments to this Charter and any recommended changes to the Fund's or the Board's policies or procedures.

V. INVESTIGATIONS AND STUDIES; OUTSIDE ADVISERS

The Committee is authorized to retain compensation consultants having special competence to assist the Committee in evaluating executive compensation. The Committee has sole authority to retain or terminate such consultants, including sole authority to approve the consulting firm's fees and other retention terms, such fees to be borne by the Fund. The Committee is also authorized to seek outside legal, accounting or other advice to the extent it deems necessary or appropriate.

VI. CHARTER AMENDMENTS

The Board shall have the authority to amend this Charter from time to time by a resolution approved by a majority of the Board members, provided that at all times the Charter shall satisfy the applicable requirements of law and the New York Stock Exchange.