

▼ TO VOTE BY MAIL PLEASE DETACH PROXY CARD HERE, AND SIGN, DATE AND RETURN IN THE POSTAGE-PAID ENVELOPE PROVIDED ▼

MCG CAPITAL CORPORATION

ANNUAL MEETING OF STOCKHOLDERS

THIS PROXY IS SOLICITED ON BEHALF OF WESTERN INVESTMENT LLC

THE BOARD OF DIRECTORS OF MCG CAPITAL CORPORATION IS NOT SOLICITING THIS PROXY

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Y**

The undersigned appoints Arthur D. Lipson as the undersigned's attorney and agent with full power of substitution to vote all shares of common stock of MCG Capital Corporation (the "Company") which the undersigned would be entitled to vote if personally present at the annual meeting of stockholders of the Company scheduled to be held on May 26, 2010 at The Hyatt Hotel, 1325 Wilson Boulevard, Arlington, Virginia 22209 at 9:00 a.m., local time, including any adjournments or postponements thereof and any meeting which may be called in lieu thereof (the "Annual Meeting").

The undersigned hereby revokes any other proxy or proxies heretofore given to vote or act with respect to the shares of common stock of the Company held by the undersigned, and hereby ratifies and confirms all actions the herein named attorneys and proxies, their substitutes, or any of them may lawfully take by virtue hereof. If properly executed, this Proxy will be voted as directed on the reverse and in the discretion of such attorneys and proxies and their substitutes with respect to any other matters as may properly come before the Annual Meeting. Mark each vote with an X in the box.

IF NO DIRECTION IS INDICATED WITH RESPECT TO THE PROPOSALS ON THE REVERSE, THIS PROXY WILL BE VOTED FOR WESTERN INVESTMENT LLC'S NOMINEES, FOR PROPOSAL NO. 2 AND AGAINST PROPOSAL NO. 3, NO. 4, NO. 5 AND NO. 6.

This Proxy will be valid until the sooner of one year from the date indicated on the reverse side and the completion of the Annual Meeting.

IMPORTANT: PLEASE SIGN, DATE AND MAIL THIS PROXY CARD PROMPTLY!

(CONTINUED AND TO BE SIGNED ON REVERSE SIDE)

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GOLD PROXY CARD

WESTERN INVESTMENT LLC (“WESTERN”) RECOMMENDS A VOTE FOR ITS NOMINEES, FOR PROPOSAL NO. 2 AND AGAINST PROPOSAL NO. 3, NO. 4, NO. 5 AND NO. 6.

1. Western’s proposal to elect two nominees to serve as Class III Directors of the Board of Directors of the Company (the “Board”) until the 2013 annual meeting of stockholders.

Class III

Arthur D. Lipson
Bruce W. Shewmaker

FOR ALL NOMINEES	WITHHOLD AUTHORITY TO VOTE FOR ALL NOMINEES	FOR ALL EXCEPT NOMINEE(S) WRITTEN BELOW
<input type="checkbox"/>	<input type="checkbox"/>	_____

2. The Company’s proposal to ratify the selection by the Audit Committee of the Board of Ernst & Young LLP as the Company’s independent registered public accounting firm for the year ending December 31, 2010.

FOR	AGAINST	ABSTAIN
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3. The Company’s proposal to authorize the Company, with approval of the Board, to sell up to 15% of the Company’s outstanding common stock, par value \$0.01 per share (the “Shares”) at a price below its then current net asset value per share.

FOR	AGAINST	ABSTAIN
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4. The Company’s proposal to authorize the Company to issue securities to subscribe to, convert to, or purchase Shares in one or more offerings up to an aggregate of 10,000,000 Shares.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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5. The Company’s proposal to amend the Company’s Second Amended and Restated 2006 Employee Restricted Stock Plan to increase the maximum aggregate number of Shares available for issuance thereunder from 3,500,000 to 6,050,000 Shares.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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6. The Company’s proposal to amend the Company’s Second Amended and Restated 2006 Non-Employee Director Restricted Stock Plan to increase the maximum aggregate number of Shares available for issuance thereunder from 100,000 to 150,000 Shares.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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To vote and otherwise represent the undersigned on any other matter that may properly come before the Annual Meeting or any postponements or adjournments thereof.

Date: _____, 2010

(Signature)

(Signature, if held jointly)

(Title)

WHEN SHARES ARE HELD JOINTLY, JOINT OWNERS SHOULD EACH SIGN. EXECUTORS, ADMINISTRATORS, TRUSTEES, ETC. SHOULD INDICATE THE CAPACITY IN WHICH SIGNING. PLEASE SIGN EXACTLY AS NAME APPEARS ON THIS PROXY.