

## Medley Capital Corporation, Sierra Income Corporation and Medley Management Inc. Announce Merger to Create 2<sup>nd</sup> Largest Internally Managed BDC

Sandler O'Neill served as financial advisor and provided a fairness opinion to the Special Committee of the Board of Directors of Medley Capital Corporation (NYSE: MCC) in this transaction. Overall, this represents Sandler O'Neill's 230<sup>th</sup> financial services transaction nationwide since January 1, 2015, more than any other investment bank during that time period.<sup>(1)</sup>

**NEW YORK, NY – August 9, 2018** – Sierra Income Corporation (“Sierra”), Medley Capital Corporation (NYSE: MCC, “MCC”) (TASE: MCC), and Medley Management Inc. (NYSE: MDLY, “MDLY”) joint announcement.

Sierra, MCC and MDLY have entered into definitive agreements for Sierra to acquire MCC and MDLY. MCC will merge with and into Sierra, with Sierra as the surviving company. Simultaneously, Sierra will acquire MDLY, and MDLY's existing asset management business will continue to operate as a wholly-owned subsidiary of Sierra. The Boards of Directors of Sierra, MCC and MDLY unanimously approved the transactions based on recommendations of independently advised special committees of independent directors at each company, respectively.

### Transaction Highlights:

- The combined company will have over \$5 billion of assets under management, including \$2 billion of internally managed assets<sup>(2)</sup>
- Sierra is expected to be the second largest internally managed Business Development Company (“BDC”) and the seventh largest publicly traded BDC
- Expected to be accretive to net investment income per share for both Sierra and MCC
- Expected to increase liquidity for shareholders of Sierra, MCC and MDLY

MCC shareholders will receive 0.8050 shares of Sierra for each MCC share.

MDLY Class A shareholders will receive 0.3836 shares of Sierra for each Medley Class A share, \$3.44 per share of cash consideration and \$0.65 per share of special cash dividends.

Medley LLC Unitholders have agreed to convert their units into Class A MDLY Common Stock, and will receive 0.3836 shares of Sierra for each MDLY Class A share, \$3.44 per share of cash consideration and a \$0.35 per share special cash dividend.

The mergers are cross conditioned upon each other and are subject to approval by Sierra, MCC and MDLY shareholders, regulatory review, other customary closing conditions and third party consents. The transaction is expected to close in the fourth quarter of 2018 or early in 2019.

(1) Source: S&P Global Market Intelligence; includes all geographies and minority transactions; excludes terminated transaction and/or self-advisory roles

(2) Estimates of Sierra's post-merger financial position are based on the publicly reported financial information of Sierra, MCC and MDLY as of June 30, 2018

### Sandler O'Neill Contacts:

1251 Avenue of the Americas, 6<sup>th</sup> Floor  
New York, NY 10020

Brian R. Sterling  
Principal, Co-Head of  
Investment Banking  
(212) 466-7770

David Sandler  
Principal  
(415) 978-5006

Chris Donohoe  
Managing Director  
(212) 466-7755

Meirav Azoulay  
Director  
(212) 466-7775

James Burkett  
Vice President  
(415) 978-5058

Syed Alam  
Analyst  
(212) 466-8043

Mohammad Huq  
Analyst  
(212) 466-7954