

GLADSTONE INVESTMENT CORPORATION
AMENDED AND RESTATED
CHARTER OF THE COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS

Adopted: January 9, 2007

Purpose:

The purpose of the Compensation Committee (the “*Committee*”) of the Board of Directors of Gladstone Investment Corporation, a Delaware corporation (the “*Company*”), shall be to (i) review, negotiate and approve the investment advisory and management agreement (the “*Advisory Agreement*”) with Gladstone Management Corporation (“*GMC*”) and the administration agreement (the “*Administration Agreement*”) with Gladstone Administration LLC (“*Gladstone Administration*”); (ii) review, negotiate and approve the trademark license agreement with GMC and (iii) to perform such other functions as may be deemed necessary or convenient in the efficient and lawful discharge of the foregoing.

Composition:

The Committee shall be comprised of a minimum of two (2) members of the Board of Directors, one of whom shall be designated as Chairman of the Committee. Each member of the Committee shall satisfy the independence requirements of the Nasdaq Global Select Market and each of the members of the Committee shall satisfy the “non-employee director” standard within the meaning of Section 16b-3 of the Securities Exchange Act of 1934, as amended. No member of the Committee shall be an “interested person” of the Company (as defined by Section 2(a)(19) of the Investment Company Act of 1940, as amended). The members of the Committee will serve at the discretion of the Board of Directors. Each such member shall hold office until his or her resignation or until otherwise determined by the Board.

Functions and Authority:

The operation of the Committee shall be subject to the Bylaws of the Company, as in effect from time to time, and Section 141 of the Delaware General Corporation Law. The Committee shall have the full power and authority of the Board of Directors to carry out the following responsibilities:

1. Recommend to the Board of Directors the type of compensation to be paid to the directors, and to any officers, employees and consultants who are compensated directly by the Company outside of the terms of the Advisory or Administration Agreements.
2. Negotiate the terms of the Company’s Advisory and Administration Agreements with GMC and Gladstone Administration, or any other external adviser or administrator.
3. Negotiate the terms of the Company’s trademark license agreement with GMC.

4. Perform such other functions and have such other powers as may be necessary or convenient in the efficient discharge of the foregoing.

5. To report to the Board of Directors from time to time, or whenever it shall be called upon to do so.

Meetings:

The Committee will hold at least one regular meeting per year and additional meetings as the Committee deems appropriate. The Chairman of the Board of Directors and the President of the Company may attend any meeting of the Committee, except for portions of the meetings where his, her or their presence would be inappropriate, as determined by the Committee.

Minutes and Reports:

Minutes of each meeting of the Committee shall be kept and distributed to each member of the Committee, members of the Board of Directors who are not members of the Committee and the Secretary of the Company. The Committee shall report to the Board of Directors from time to time, or whenever so requested by the Board of Directors.
