

**GLADSTONE INVESTMENT CORPORATION**  
**AMENDED AND RESTATED CHARTER OF THE ETHICS, NOMINATING, AND**  
**CORPORATE GOVERNANCE COMMITTEE**  
**OF THE BOARD OF DIRECTORS**

**Adopted: July 10, 2012**

**COMPOSITION**

The Ethics, Nominating, and Corporate Governance Committee (the “*Committee*”) of the Board of Directors of **GLADSTONE INVESTMENT CORPORATION**, a Delaware corporation (the “*Company*”), shall consist of at least two (2) independent members of the Board of Directors of the Company (the “*Board*”).

Each member shall be free from any relationship that would interfere with the exercise of his or her independent judgment, as determined by the Board and shall meet, as applicable, the standards for independence set forth in the rules and regulations of the Securities and Exchange Commission (the “*SEC*”) and The Nasdaq Stock Market (“*Nasdaq*”). Committee members shall also satisfy the independence requirements applicable to members of a Qualified Legal Compliance Committee.

The Board shall appoint the members of the Committee and the Committee chairperson. The Board may remove any Committee member at any time.

**PURPOSE**

The purpose of the Committee shall be to:

- Identify, review and evaluate candidates to serve as directors of the Company and recommend director candidates to the Board.
- Serve as a focal point for communication between candidates, non-committee directors and the Company’s management.
- Determine whether existing directors should be re-nominated.
- Make other recommendations to the Board regarding affairs relating to the directors of the Company.
- Develop and revise from time to time a plan of succession for key management, if deemed advisable.
- Administer and oversee all aspects of the Company’s corporate governance functions on behalf of the Board, including procedures for compliance with significant applicable legal, ethical and regulatory requirements that may affect corporate governance.

- Make recommendations to the Board regarding corporate governance issues.
- Establish a Code of Ethics and Conduct to be recommended to the Board of Directors.
- Establish a Charter for the Committee to be recommended to the Board of Directors.
- Establish procedures for Reporting and Investigating complaints and communicate those procedures to employees and others.
- Establish procedures for handling complaints related to ethics, corporate governance or other similar matters.
- Select service providers to help accomplish the duties of the Committee.
- Establish procedures for security holder communications with the Board of Directors.

## **OPERATING PRINCIPLES AND PROCESSES**

In fulfilling its functions and responsibilities, the Committee should give due consideration to the following operating principles and processes:

- *Communication* – Regular and meaningful contact with the Chairman of the Board, other committee chairpersons, members of senior management and independent professional advisors to the Board and its various committees, as applicable, is important for strengthening the Committee’s knowledge of relevant current and prospective corporate governance issues.
- *Committee Education/Orientation* – Developing with management and participating in a process for systematic review of important corporate governance issues and trends in corporate governance practices that could potentially impact the Company will enhance the effectiveness of the Committee.
- *Committee Expectations and Information Needs* – The Committee should communicate to the Chief Executive Officer or his or her designees the expectations of the Committee, and the nature, timing, and extent of any specific information or other supporting materials requested by the Committee, for its meetings and deliberations.
- *Resources* – The Committee shall be authorized to access such internal and, in consultation with senior management, external resources as the Committee deems necessary or

appropriate to fulfill its defined responsibilities, including engagement of independent legal counsel, consultants and other professional advisors, as well as executive search firms to help identify director candidates. The Committee shall have sole authority to approve fees, costs and other terms of engagement of such outside resources.

- *Meeting Agendas* – Committee meeting agendas shall be the responsibility of the Committee chairperson with input from the Committee members and other members of the Board as well as, to the extent deemed appropriate by the chairperson, from members of senior management and outside advisors.
- *Committee Meeting Attendees* – The Committee shall be authorized to require members of senior management and to request that outside counsel and other advisors attend Committee meetings.
- *Reporting to the Board of Directors* – The Committee, through the Committee chairperson, shall report all material activities of the Committee to the Board from time to time, or whenever so requested by the Board.
- *Other Functions* – The Committee shall have the authority to perform such other functions, and shall have such powers, as may be necessary or appropriate in the efficient and lawful discharge of its responsibilities hereunder.

## **FUNCTIONS AND AUTHORITY**

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

- *Criteria for Board Membership; Director Nominations* – The Committee, in consultation with the Chairman of the Board, has the primary responsibility for identifying, evaluating, reviewing and recommending qualified candidates to serve on the Board, including consideration of any potential conflicts of interest. The Committee shall also have the primary responsibility, following the Board assessment provided for below, for evaluating, reviewing and considering the recommendation for nomination of current Directors for reelection to the Board. The selection of nominees for Director to be presented to the stockholders for election or reelection, and the selection of new Directors to fill vacancies and newly created directorships on the Board, shall be made by the full Board based on the recommendations of the Committee.
- *Board Assessment* – The Committee shall periodically review, discuss and assess the performance of the Board, seeking input from senior management, the full Board and others.

The assessment shall include evaluation of the performance of the members of the Board of Directors, individually and collectively, the Board's contribution as a whole, specific areas in which the Board and/or management believe better contributions could be made, and overall Board composition and makeup, including whether it is desirable for each member of the Board to continue to serve on the Board based upon the designated functional needs of the Board. The factors to be considered shall include whether the Directors, both individually and collectively, can and do provide the skills and expertise appropriate for the Company. The Committee shall also consider and assess each Director's satisfaction of the criteria established for Board membership or membership on any committee of the Board, including the independence of Directors and whether a majority of the Board continue to be independent from management, in both fact and appearance as well as within the meaning prescribed by SEC or Nasdaq. The results of such assessments shall be provided to the Board for further discussion as appropriate.

- *Board Committees* – The Committee shall evaluate at least annually the performance, authority, operations, charter and composition of each standing Board committee and the performance of each committee member and recommend to the Board any changes considered appropriate in the authority, operations, charter, number, chairmanship or membership of each committee. The Committee also shall recommend to the Board the establishment of such special committees as may be desirable or necessary from time to time in order to address ethical, legal, business or other matters that may arise.
- *Director Change of Position* – The Committee shall review and make recommendations to the Board regarding the continued service of a Director in the event (i) an employee Director's employment with the Company is terminated for any reason or (ii) a non-employee Director changes his/her primary job responsibility or primary employer since the time such Director was most recently elected to the Board. In this regard, the Committee shall consider the establishment of procedures for retirement or resignation of Directors under such circumstances.
- *Continuing Director Education* – The Committee shall consider instituting a plan or program for the continuing education of directors.
- *Committee Self Assessment* – The Committee shall periodically review, discuss and assess its own performance as well as the Committee role and responsibilities, seeking input from senior management, the full Board and others. Changes in the role and/or responsibilities of the committee as outlined in this Charter, if any, shall be recommended to the full Board for approval.
- *Stockholder Communications, Proposals and Nominations* – The Committee shall, if deemed advisable, establish a process for reviewing and considering stockholder communications, and proposals submitted by stockholders that relate to corporate governance matters, including stockholder nominations for directors and/or stockholder suggestions for director nomination. The Committee shall review and make recommendations to the Board regarding any such proposal, nomination or suggestion for nomination. If the Committee establishes a process for reviewing and considering stockholder communications, such process shall be submitted for approval by a majority of directors who are not "interested persons" (as such

term is defined in the Investment Company Act of 1940) of the Company.

- *Management Succession* – The Committee shall consider, as appropriate, a management succession plan and related procedures and consider and recommend to the Board candidates for successor to the Chief Executive Officer of the Company and, with appropriate consideration of the Chief Executive Officer’s recommendations, candidates for successors to other executive offices, in each case when vacancies shall occur in those offices.
- *Code of Ethics* – The Committee shall review with management and the Board the adequacy of, and oversee compliance with, the Company’s Code of Ethics and Conduct (the “*Code of Ethics*”) and recommend to the Board whether any waiver of the Code of Ethics with respect to directors or executive officers should be approved.
- *Procedures for Handling Complaints* – The Committee shall oversee, and, if deemed advisable, develop procedures for handling the receipt, retention and treatment of complaints received by the Company (whether initiated by employees of the Company or outside third parties) with respect to legal and regulatory compliance matters.
- *Qualified Legal Compliance Committee* – The Committee shall act as the Company’s Qualified Legal Compliance Committee within the meaning of 17 CFR Part 205.2(k).

## **MEETINGS**

The Committee will hold at least one regular meeting per year and additional regular or special meetings as its members deem necessary or appropriate. Meetings may be called by the Chairman of the Committee or the Chairman of the Board.

## **MINUTES AND REPORTS**

Minutes of each meeting will be kept and distributed to each member of the Committee, members of the Board who are not members of the Committee and the Secretary of the Company. The Chairman of the Committee will report to the Board from time to time, or whenever so requested by the Board. In addition, the Chairman of the Committee or his or her delegate shall be available to answer any questions the other directors may have regarding the matters considered and actions taken by the Committee.