

February 4, 2009

 GLADSTONE INVESTMENT

Gladstone Investment Corporation Clarifies Reports Released by Reuters

Reuters said the Company "announced it may breach covenants under its credit facility" which was not said by the Company

MCLEAN, Va.--(BUSINESS WIRE)-- Gladstone Investment Corp. (NASDAQ: GAIN) (the "Company") today reported that certain statements in the Reuters report dated Feb 3, 2008 written by Reuters reporters Anurag Kotoky and Amiteshwar Sing in Bangalore India, were not correct.

The Company did not announce in its earnings press release or say in its quarterly conference call with shareholders that it may breach covenants under its credit facility. Further, the Company currently is in compliance with its debt covenants.

The Company has approximately \$11.7 million of non-performing assets on a cost basis which is less than 3.5% of its assets that are non-performing.

The Company urges investors who have not yet done so to listen to the replay of the Company's quarterly conference call, which was held on February 3, 2009. To hear the replay, please dial (877) 660-6853, access playback account 286 and use ID code 309386. The replay will be available through March 3, 2009.

The Company also encourages all potential investors to review the Company's Form 10-Q for the quarter ended December 31, 2008 for a more detailed discussion of the Company's financial condition. The Form 10-Q, which was filed with the SEC on February 2, 2009, can be retrieved from the SEC's website at www.sec.gov or from the Company's web site at www.Gladstoneinvestment.com. A paper copy can be obtained free of charge by writing to us at 1521 Westbranch Drive, Suite 200, McLean, VA 22102.

This press release may include statements that may constitute "forward-looking statements," including statements with regard to the future performance of the Company. Words such as "believes," "expects," "estimates," "projects," "seeks," and "future" or similar expressions are intended to identify forward-looking statements. These forward-looking statements inherently involve certain risks and uncertainties, although they are based on the Company's current plans that are believed to be reasonable as of the date of this press release. Factors that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements include, among others, those factors listed under the caption "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended March 31, 2008, as filed with the U.S. Securities and Exchange Commission (the "SEC") on May 21, 2008, the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008, as filed with the SEC on November 4, 2008, and the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2008, as filed with the SEC on February 2, 2009. The risk factors set forth in the Form

10-K and Form 10-Q under the caption "Risk Factors" are specifically incorporated by reference into this press release. The Company cautions readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Source: Gladstone Investment Corp.