

Gladstone Investment Corporation Invests \$19.6 Million in Channel Technologies

MCLEAN, Va., Jan. 3, 2012 /PRNewswire/ -- Gladstone Investment Corporation (NASDAQ: GAIN) (the "Company") announced today that on Thursday, December 29, 2011, it invested \$19.6 million in a holding company, to acquire Channel Technologies Group, LLC, and Electro-Optical Industries, LLC (collectively "Channel Technologies") from the current shareholder group. The investment is a combination of debt and equity in support of the acquisition of Channel Technologies by Blue Wolf Capital and the company's executive management team.

(Logo: <https://photos.prnewswire.com/prnh/20101005/GLADSTONEINVESTMENT>)

Channel Technologies designs and manufactures products used in military, commercial and medical applications. Channel Technologies is comprised of four divisions; 1) Channel Industries, which manufactures piezoelectric ceramics, 2) International Transducers which manufactures and repairs acoustic transducers, 3) Sonatech, which provides consulting and highly engineered acoustic solutions for military customers, and 4) Electro-Optical Industries, which manufactures advanced infrared and visible light spectrum test and calibration equipment. Channel Technologies is based in Santa Barbara, CA, and employs approximately 250 personnel.

"Gladstone Investment is thrilled to partner with Blue Wolf Capital, the lead equity sponsor, and Channel Technologies' management team in this investment. As an equity partner, we look forward to participating in Channel Technologies' continued growth by building on the success and momentum the management team has developed during the past few years," said Dave Dullum, President of Gladstone Investment.

[Gladstone Investment Corporation](#) is a publicly traded business development company that seeks to make debt and equity investments in small and mid-sized businesses in the United States in connection with acquisitions, changes in control and recapitalizations. The Company has paid 78 consecutive monthly cash distributions on its common stock. Information on the business activities of all the Gladstone funds can be found at www.gladstonecompanies.com.

For Investor Relations inquiries related to any of the monthly dividend paying Gladstone funds, please visit www.gladstone.com.

The statements in this press release regarding the equity return potential resulting from continued growth of Channel, by building on the success and momentum the management team has developed during the past couple years and other such statements are "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 to differ from these forward-looking statements include, among others, the duration and effects of current economic instability, the Company's ability to access debt and

equity capital and those factors listed under the caption "Risk Factors" of post-effective amendment no. 4 to the registration statement on Form N-2(file No. 333-160720), filed with the SEC on August 17, 2011 (the "Form N-2"), and the Company's Quarterly Report on Form10-Q for the quarter ended September 30, 2011, filed with the SEC onNovember 3, 2011 (the "Form 10-Q"). The risk factors set forth in the Form N-2 and Form 10-Q under the caption "Risk Factors" are specifically incorporated by reference into this press release. 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 Corporation