

May 24, 2010

 GLADSTONE INVESTMENT

# Gladstone Investment Corporation Reports Financial Results for the Quarter and Fiscal Year Ended March 31, 2010

MCLEAN, Va., May 24, 2010 (GLOBE NEWSWIRE) --

- Net Investment Income for the quarter and fiscal year ended March 31, 2010 was \$2.7 million, or \$0.12 per common share, and \$10.6 million, or \$0.48 per common share, respectively.
- Net Increase (Decrease) in Net Assets Resulting From Operations for the quarter and fiscal year ended March 31, 2010 was \$20.6 million, or \$0.93 per common share, and (\$11.1) million, or (\$0.50) per common share, respectively.

Gladstone Investment Corporation (Nasdaq:GAIN) (the "Company") today announced earnings for the fourth quarter and fiscal year ended March 31, 2010. All per share references are per basic and diluted weighted average common share outstanding, unless otherwise noted.

**Net Investment Income for Quarter:** Net Investment Income for the quarters ended March 31, 2010 and 2009 was \$2.7 million, or \$0.12 per common share, and \$3.0 million, or \$0.13 per common share, respectively, a decrease in Net Investment Income of 8.7%, or 7.7% per common share.

**Net Investment Income for Fiscal Year:** Net Investment Income for the fiscal years ended March 31, 2010 and 2009 was \$10.6 million, or \$0.48 per common share, and \$13.4 million, or \$0.62 per common share, respectively, a decrease in Net Investment Income of 20.8%, or 22.6% per common share. The decrease in Net Investment Income was primarily driven by a reduction of the Company's investment portfolio as a result of the sale of the majority of its senior syndicated loans (primarily to pay off its prior line of credit) during the fiscal year ended March 31, 2010, partially offset by decreased interest expense on lower outstanding borrowings when compared to the prior year periods.

**Net Increase (Decrease) in Net Assets Resulting from Operations for Quarter:** Net Increase (Decrease) in Net Assets Resulting from Operations for the quarters ended March 31, 2010 and 2009 was \$20.6 million, or \$0.93 per common share, and (\$4.0) million, or (\$0.18) per common share, respectively. The increase in the Net Increase in Net Assets Resulting from Operations between the quarter ended March 31, 2010 and the prior year's quarter was primarily due to the net gain on the Company's investment portfolio. The Company recorded a net gain on investments of \$17.8 million for the quarter ended March 31, 2010, compared to net loss of \$6.9 million for the prior year period.

**Net Decrease in Net Assets Resulting from Operations for Fiscal Year:** Net Decrease in Net Assets Resulting from Operations for the fiscal years ended March 31, 2010 and 2009 was \$11.1 million, or \$0.50 per common share, and \$11.4 million, or \$0.53 per common share,

respectively, a decrease in Net Decrease in Net Assets Resulting from Operations of 3.3%, or 5.7% per common share. Results of Operations for the fiscal years ended March 31, 2010 and 2009 were largely impacted by significant devaluations, primarily in the Company's equity holdings of its Control investments, and realized losses, primarily from the forced sale of the majority of its senior syndicated loans to pay off its prior line of credit in April 2009. The Company recorded net losses (both realized and unrealized) on investments of \$21.7 million and \$24.8 million for the fiscal years ended March 31, 2010 and 2009, respectively.

**Estimated Fair Value:** The aggregate investment portfolio appreciated during the fiscal year ended March 31, 2010, primarily due to the reversal of unrealized depreciation associated with the realized losses on the sale of the senior syndicated loans. As of March 31, 2010, the entire portfolio was fair valued at 91% of cost, up slightly from 90% as of March 31, 2009.

**Net Asset Value:** Net asset value was \$8.74 per actual common share outstanding at March 31, 2010, as compared to \$9.73 per actual common share outstanding at March 31, 2009.

**Asset Characteristics:** Total assets were \$297.2 million at March 31, 2010, as compared to \$326.8 million at March 31, 2009. At March 31, 2010, the Company had investments in 16 portfolio companies with an aggregate cost basis of \$227.6 million and an aggregate fair value of \$206.9 million. As of March 31, 2010, the Company's investment portfolio at fair value was comprised of 80.0% debt securities and 20.0% equity securities. For the Company's proprietary loans, the weighted average asset risk rating at March 31, 2010 improved to 5.5 on a ten point scale as compared to 5.1 at March 31, 2009.

**Investment Yield:** The annualized weighted average yield on the Company's portfolio, excluding cash and cash equivalents, was 11.1% and 11.0% for the quarter and fiscal year ended March 31, 2010, respectively, as compared to 7.9% and 8.2% for the quarter and fiscal year ended March 31, 2009, respectively. The weighted average yield varies from period to period based on the current stated interest rate on interest-bearing investments and the amounts of loans for which interest is not accruing. The increase in the weighted average yield for the year ended March 31, 2010 resulted primarily from the Company's sales of lower interest-bearing senior syndicated loans subsequent to March 31, 2009.

**Highlights for Quarter:** During the quarter ended March 31, 2010, the Company reported the following significant events:

- Funded approximately \$2.4 million of additional investments to existing portfolio companies;
- Received principal repayments of approximately \$0.7 million, which included \$0.2 million of unscheduled principal payments;
- Moved closer to exit one of the Company's large investments, although it is still too early to make any firm predictions about that outcome;
- Purchased \$85.0 million of short-term U.S. Treasury securities on March 30, 2010 which matured on April 1, 2010; and
- Paid monthly distributions of \$0.04 per share for each of January, February and March 2010.

**Comments from President Dave Dillum:** "We are encouraged by the increasing demand for mezzanine financing for buyouts in our markets and the outlook for our investment activity. We will continue to be rigorous in our investigation of business opportunities as we grow the portfolio and expand our capabilities to seek to increase distributions to stockholders."

**Subsequent to March 31, 2010: Subsequent to March 31, 2010, the Company:**

- Credit Facility 2-Year Renewal: Entered into a third amended and restated credit agreement (the "Facility") providing for a \$50.0 million revolving line of credit arranged by Branch Banking and Trust Company as administrative agent and Key Equipment Finance Inc. The Facility may be expanded up to \$125.0 million through the addition of other lenders. The Facility matures on April 13, 2012, and if it is not renewed or extended by that date, all principal and interest will be due and payable on or before April 13, 2013. Advances under the Credit Facility will generally bear interest at the 30 day LIBOR rate (subject to a minimum rate of 2.0%), plus 4.5% per annum.
- Investment Payoff: Received full repayment from its senior syndicated loan to Interstate FiberNet, Inc. of \$6.8 million.
- Dividends Declared: Declared monthly cash distributions of \$0.04 per common share for each of April, May and June 2010.

**Summary Information: The following chart is a summary of some of the information reported above (in thousands of dollars, except per share data and percents):**

|                           | March 31, 2010 | March 31, 2009 |
|---------------------------|----------------|----------------|
|                           | -----          | -----          |
| For year ended:           |                |                |
| Net Investment Income     | 10,598         | 13,388         |
| Results of Operation      | (11,071)       | (11,449)       |
| Average Yield on          |                |                |
| Portfolio                 | 11.02%         | 8.22%          |
| Total dollars invested    | 4,788          | 53,002         |
| Total dollars repaid      | 90,240         | 49,785         |
| For quarter ended:        |                |                |
| Net Investment Income     | 2,709          | 2,967          |
| Results of Operations     | 20,629         | (3,981)        |
| As of:                    |                |                |
| Fair Value as a Percent   |                |                |
| of Cost                   | 90.90%         | 89.97%         |
| Net Asset Value per share | 8.74           | 9.73           |
| Number of Investments     | 16             | 46             |
| Total Assets              | 297,161        | 326,843        |
| Weighted Average Risk     |                |                |
| Rating                    |                |                |
| (on a scale of ten)       | 5.5            | 5.1            |

**Conference Call for Stockholders:** The Company will hold a conference call Tuesday, May 25, 2010 at 8:30 am EDT. Please call (877) 407-8031 to enter the conference. An operator will monitor the call and set a queue for the questions. A replay of the conference call will be available through June 24, 2010. To hear the replay, please dial (877) 660-6853, access playback account 286 and use ID code 349214. The replay will be available approximately two hours after the call concludes.

The live audio broadcast of Gladstone Investment's quarterly conference call will be available online at [GladstoneInvestment.com](http://GladstoneInvestment.com) and [investorcalendar.com](http://investorcalendar.com). The event will be archived and available for replay on the Company's website through August 23, 2010.

Warning: The financial statements below are without footnotes, so readers should obtain and carefully review the Company's Annual Report on Form 10-K for the year ended March 31, 2010, including the footnotes to the financial statements contained therein. The Company has filed the Annual Report on Form 10-K today with the SEC, which can be retrieved from the SEC's website at [sec.gov](http://sec.gov) or from the Company's website at [GladstoneInvestment.com](http://GladstoneInvestment.com). A paper copy can be obtained free of charge by writing to the Company at 1521 Westbranch Drive, Suite 200, McLean, VA 22102.

The statements in this press release regarding the increasing demand for mezzanine financing, the Company's projected investment activities, the Company's ability to grow the portfolio 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 the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2010, as filed with the SEC on May 24, 2010. The risk factors set forth in the Annual Report on Form 10-K 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.

GLADSTONE INVESTMENT CORPORATION  
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES  
(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

|  | March 31, |         |
|--|-----------|---------|
|  | 2010      | 2009    |
| <b>ASSETS</b>  |           |         |
| Cash and cash equivalents  | \$87,717  | \$7,236 |
| Investments at fair value  |           |         |
| Non-Control/Non-Affiliate investments (Cost of \$22,674 and \$134,836, respectively) | 20,946    | 94,740  |
| Control investments (Cost of \$152,166 and \$150,081, respectively)                  | 148,248   | 166,163 |
| Affiliate investments (Cost of \$52,727 and \$64,028, respectively)                  | 37,664    | 53,027  |
| Total investments (Cost of \$227,567 and \$348,945, respectively)                    | 206,858   | 313,930 |
| Interest receivable  | 1,234     | 1,500   |
| Due from Custodian   | 935       | 2,706   |

|   |           |           |
|---|-----------|-----------|
| Deferred financing fees   | 83        | 1,167     |
| Prepaid assets  | 221       | 172       |
| Other assets  | 113       | 132       |
|   | -----     | -----     |
| TOTAL ASSETS  | \$297,161 | \$326,843 |
|   | =====     | =====     |
| LIABILITIES   |           |           |
| Borrowings at fair value(1)   |           |           |
| Short-term loan (Cost of \$75,000 and \$0, respectively)  | \$75,000  | \$ --     |
| Line of credit (Cost of \$27,800 and \$110,265, respectively)   | 27,812    | 110,265   |
|   | -----     | -----     |
| Total borrowings (Cost of \$102,800 and \$110,265, respectively)  | 102,812   | 110,265   |
| Accounts payable and accrued expenses   | 206       | 1,283     |
| Fee due to Administrator  | 149       | 179       |
| Fees due to Adviser   | 721       | 187       |
| Other liabilities   | 295       | 127       |
|   | -----     | -----     |
| TOTAL LIABILITIES   | 104,183   | 112,041   |
|   | -----     | -----     |
| NET ASSETS  | \$192,978 | \$214,802 |
|   | =====     | =====     |
| ANALYSIS OF NET ASSETS:   |           |           |
| Common stock, \$0.001 par value, 100,000,000 shares authorized, 22,080,133 shares issued and outstanding at March 31, 2010 and 2009 |           |           |
|   | \$22      | \$22      |
| Capital in excess of par value  | 257,206   | 257,361   |
| Net unrealized depreciation of investment portfolio   | (20,710)  | (35,015)  |
| Net unrealized depreciation of derivative   | (39)      | (53)      |
| Net unrealized appreciation of borrowings under line of credit  | (12)      | --        |
| Accumulated net realized investment loss  | (43,489)  | (7,513)   |
|   | -----     | -----     |
| TOTAL NET ASSETS  | \$192,978 | \$214,802 |
|   | =====     | =====     |
| NET ASSETS PER SHARE  | \$8.74    | \$9.73    |
|   | =====     | =====     |

(1) Beginning the quarter ended June 30, 2009, the Company elected to apply ASC 825, "Financial Investments", which allows for the Company to fair value its borrowings. The March 31, 2009 borrowing amounts are at cost.

GLADSTONE INVESTMENT CORPORATION  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)  
(UNAUDITED)

|  | Quarter Ended March<br>31, |              |
|--|----------------------------|--------------|
|  | 2010                       | 2009         |
| <b>INVESTMENT INCOME</b>                                   |                            |              |
| Interest income  |                            |              |
| Non-Control/Non-Affiliate investments                      | \$463                      | \$1,595      |
| Control investments  | 3,144                      | 2,926        |
| Affiliate investments                                      | 1,130                      | 1,435        |
| Cash and cash equivalents                                  | 1                          | --           |
| Total interest income                                      | 4,738                      | 5,956        |
| Other income   | 14                         | --           |
| Total investment income                                    | 4,752                      | 5,956        |
| <b>EXPENSES</b>  |                            |              |
| Loan servicing fee   | 855                        | 1,233        |
| Base management fee  | 149                        | 396          |
| Administration fee   | 149                        | 179          |
| Interest expense   | 348                        | 1,340        |
| Amortization of deferred financing fees                    | 431                        | --           |
| Professional fees  | 124                        | 148          |
| Stockholder related costs                                  | 19                         | 72           |
| Insurance expense  | 72                         | 57           |
| Directors fees   | 49                         | 49           |
| Other expenses   | 82                         | 25           |
| Expenses before credit from Adviser                        | 2,278                      | 3,499        |
| Credit to fees from Adviser                                | (235)                      | (510)        |
| Total expenses net of credits to fees                      | 2,043                      | 2,989        |
| <b>NET INVESTMENT INCOME</b>                               | <b>2,709</b>               | <b>2,967</b> |
| <b>REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:</b> |                            |              |
| Realized loss on sale of                                   |                            |              |

|   |            |            |
|---|------------|------------|
| Non-Control/Non-Affiliate investments   | --         | (807)      |
| Net unrealized appreciation (depreciation) of Non-Control/Non-Affiliate investments | 1,770      | (8,704)    |
| Net unrealized appreciation of Control investments                                  | 15,233     | 1,301      |
| Net unrealized appreciation of Affiliate investments                                | 801        | 1,262      |
| Net unrealized depreciation of derivative   | (5)        | --         |
| Net unrealized depreciation of credit facility                                      | 121        | --         |
|   | -----      | -----      |
| Net gain (loss) on investments and derivative                                       | 17,920     | (6,948)    |
|   | -----      | -----      |
| NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS                     | \$20,629   | \$(3,981)  |
|   | =====      | =====      |
| NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS PER COMMON SHARE:   |            |            |
| Basic and diluted   | \$0.93     | \$(0.18)   |
|   | -----      | -----      |
| WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING:                                |            |            |
| Basic and diluted weighted average shares   | 22,080,133 | 22,080,133 |

GLADSTONE INVESTMENT CORPORATION  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(DOLLAR AMOUNTS IN THOUSANDS EXCEPT PER SHARE DATA)

|                                       | Year Ended March 31, |         |
|---------------------------------------|----------------------|---------|
|                                       | 2010                 | 2009    |
|                                       | -----                | -----   |
| INVESTMENT INCOME                     |                      |         |
| Interest income                       |                      |         |
| Non-Control/Non-Affiliate investments | \$2,393              | \$8,494 |
| Control investments                   | 11,745               | 11,306  |
| Affiliate investments                 | 5,677                | 5,378   |
| Cash and cash equivalents             | 2                    | 67      |
|                                       | -----                | -----   |

|   |          |          |
|---|----------|----------|
| Total interest income   | 19,817   | 25,245   |
| Other income  | 968      | 567      |
|   | -----    | -----    |
| Total investment income   | 20,785   | 25,812   |
|   | -----    | -----    |
| EXPENSES  |          |          |
| Loan servicing fee  | 3,747    | 5,002    |
| Base management fee   | 737      | 1,699    |
| Incentive fee   | 588      | --       |
| Administration fee  | 676      | 821      |
| Interest expense  | 1,988    | 5,349    |
| Amortization of deferred financing fees   | 1,618    | 323      |
| Professional fees   | 626      | 532      |
| Stockholder related costs   | 295      | 485      |
| Insurance expense   | 262      | 222      |
| Directors fees  | 196      | 194      |
| Other expenses  | 280      | 271      |
|   | -----    | -----    |
| Expenses before credits from Adviser  | 11,013   | 14,898   |
| Credits to fees from Adviser  | (826)    | (2,474)  |
|   | -----    | -----    |
| Total expenses net of credits to fees   | 10,187   | 12,424   |
|   | -----    | -----    |
| NET INVESTMENT INCOME   | 10,598   | 13,388   |
|   | -----    | -----    |
| REALIZED AND UNREALIZED (LOSS) GAIN ON:   |          |          |
| Realized loss on sale of Non-Control/Non-Affiliate investments                      | (35,923) | (5,023)  |
| Realized loss on termination of derivative  | (53)     | --       |
| Net unrealized appreciation (depreciation) of Non-Control/Non-Affiliate investments | 38,367   | (16,418) |
| Net unrealized (depreciation) appreciation of Control investments                   | (20,001) | 9,029    |
| Net unrealized (depreciation) appreciation of Affiliate investments                 | (4,061)  | (12,425) |
| Net unrealized appreciation (depreciation) of derivative                            | 14       | --       |
| Net unrealized appreciation of borrowings   | (12)     | --       |
|   | -----    | -----    |
| Net loss on investments, derivative and borrowings                                  | (21,669) | (24,837) |
|   | -----    | -----    |



|   |             |             |
|---|-------------|-------------|
| NET DECREASE IN NET ASSETS<br>RESULTING FROM OPERATIONS | \$ (11,071) | \$ (11,449) |
|   | =====       | =====       |

NET DECREASE IN NET ASSETS  
RESULTING FROM OPERATIONS PER  
COMMON SHARE:

|                   |           |           |
|-------------------|-----------|-----------|
| Basic and diluted | \$ (0.50) | \$ (0.53) |
|                   | -----     | -----     |

WEIGHTED AVERAGE SHARES OF  
COMMON STOCK OUTSTANDING:

|  |            |            |
|--|------------|------------|
| Basic and diluted weighted<br>average shares | 22,080,133 | 21,545,936 |
|--|------------|------------|

GLADSTONE INVESTMENT CORPORATION  
CONSOLIDATED FINANCIAL HIGHLIGHTS  
(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT  
DATA)  
(UNAUDITED)

|   | Quarter Ended March<br>31, |         |
|---|----------------------------|---------|
|   | 2010                       | 2009    |
|   | -----                      | -----   |
| Per Share Data (1)  |                            |         |
| Net asset value at beginning of year                            | \$7.93                     | \$10.15 |
| Income from investment operations:                              |                            |         |
| Net investment income(2)  | 0.12                       | 0.13    |
| Realized loss on sale of<br>investments(2)                      | --                         | (0.03)  |
| Net unrealized appreciation<br>(depreciation) of investments(2) | 0.81                       | (0.28)  |
|   | -----                      | -----   |
| Total from investment operations                                | 0.93                       | (0.18)  |
|   | -----                      | -----   |
| Distributions from:   |                            |         |
| Net investment income   | (0.12)                     | (0.13)  |
| Tax return on capital   | --                         | (0.11)  |
|   | -----                      | -----   |
| Total distributions(3)  | (0.12)                     | (0.24)  |
| Net asset value at end of period                                | \$8.74                     | \$9.73  |
|   | =====                      | =====   |
| Per share market value at beginning<br>of period                | \$4.66                     | \$4.89  |

|   |            |            |
|---|------------|------------|
| Per share market value at end of period | 5.98       | 3.82       |
| Total return(4)                         | 31.24%     | (17.39)%   |
| Shares outstanding at end of period     | 22,080,133 | 22,080,133 |

Statement of Assets and Liabilities

|                             |           |           |
|-----------------------------|-----------|-----------|
| Data:                       |           |           |
| Net assets at end of period | \$192,978 | \$214,802 |
| Average net assets(5)       | 180,099   | 218,259   |

Senior Securities Data:

|                              |           |           |
|------------------------------|-----------|-----------|
| Total borrowings             | \$102,812 | \$110,265 |
| Asset coverage ratio(6)      | 281%      | 293%      |
| Average coverage per unit(7) | \$2,814   | \$2,930   |

Ratios/Supplemental Data:

|   |       |       |
|---|-------|-------|
| Ratio of expenses to average net assets(8) (9)          | 5.06% | 6.41% |
| Ratio of net expenses to average net assets(8) (10)     | 4.54% | 5.48% |
| Ratio of net investment income to average net assets(8) | 6.02% | 5.44% |

- (1) Based on actual shares outstanding at the end of the corresponding period.  
(2) Based on weighted average basic per share data.  
(3) Distributions are determined based on taxable income calculated in accordance with GAAP which may differ from amounts determined under accounting principles generally accepted.  
(4) Total return equals the change in the market value of the Company's common stock taking into account distributions reinvested in accordance with the terms of our dividend plan.  
(5) Calculated using the average of the ending monthly net assets for the respective periods.  
(6) As a business development company, the Company is generally required to maintain a certain level of net assets to total borrowings.  
(7) Asset coverage ratio is the ratio of the carrying value of the Company's total liabilities and indebtedness not represented by senior securities, to the aggregate carrying value of the senior securities representing indebtedness. Asset coverage per unit is expressed in terms of dollar value of net assets to total indebtedness.  
(8) Amounts are annualized.  
(9) Ratio of expenses to average net assets is computed using expenses before credit losses.  
(10) Ratio of net expenses to average net assets is computed using total expenses net of interest income and fee.

GLADSTONE INVESTMENT CORPORATION  
CONSOLIDATED FINANCIAL HIGHLIGHTS  
(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AND PER UNIT  
DATA)  
(UNAUDITED)

|                                      | Year Ended March 31, |         |
|--------------------------------------|----------------------|---------|
|                                      | -----                | -----   |
|                                      | 2010                 | 2009    |
|                                      | -----                | -----   |
| Per Share Data (1)                   |                      |         |
| Net asset value at beginning of year | \$9.73               | \$12.47 |
| Income from investment operations    |                      |         |
| Net investment income(2)             | 0.48                 | 0.62    |

|  |            |            |
|--|------------|------------|
| Realized loss on sale of investments(2)                        | (1.63)     | (0.23)     |
| Net unrealized depreciation of investments(2)                  | 0.65       | (0.92)     |
|  | -----      | -----      |
| Total from investment operations                               | (0.50)     | (0.53)     |
|  | -----      | -----      |
| Distributions from:  |            |            |
| Net investment income  | (0.48)     | (0.62)     |
| Tax return on capital  | --         | (0.34)     |
|  | -----      | -----      |
| Total distributions(3)   | (0.48)     | (0.96)     |
| Shelf registration offering costs                              | (0.01)     | (0.03)     |
| Effect on distribution of rights offering after record date(4) | --         | (1.22)     |
|  | -----      | -----      |
| Net asset value at end of year                                 | \$8.74     | \$9.73     |
|  | =====      | =====      |
| Per share market value at beginning of year                    | \$3.67     | \$9.32     |
| Per share market value at end of year                          | 5.98       | 3.82       |
| Total return(5)  | 79.80%     | (51.65)%   |
| Shares outstanding at end of year                              | 22,080,133 | 22,080,133 |
| Statement of Assets and Liabilities Data:                      |            |            |
| Net assets at end of year                                      | \$192,978  | \$214,802  |
| Average net assets(6)  | 191,112    | 230,738    |
| Senior Securities Data:  |            |            |
| Total borrowings   | \$102,812  | \$110,265  |
| Asset coverage ratio(7)  | 281%       | 293%       |
| Average coverage per unit(8)                                   | \$2,814    | \$2,930    |
| Ratios/Supplemental Data:                                      |            |            |
| Ratio of expenses to average net assets(9) (10)                | 5.76%      | 6.46%      |
| Ratio of net expenses to average net assets(9) (11)            | 5.33%      | 5.38%      |
| Ratio of net investment income to average net assets(9)        | 5.55%      | 5.80%      |

(1) Based on actual shares outstanding at the end of the corresponding period.

(2) Based on weighted average basic per share data.

(3) Distributions are determined based on taxable income calculated in accordance with GAAP which may differ from amounts determined under accounting principles generally accepted.

(4) The effect of distributions from the stock rights offering after the record date is the decrease in net asset value of issuing additional shares after the record date of a distribution.

(5) Total return equals the change in the market value of the Company's common stock over the period taking into account dividends reinvested in accordance with the terms of our dividend plan.

(6) Calculated using the average of the balance of net assets at the end of each month.

(7) As a business development company, the Company is generally required to maintain at least 200% of total consolidated assets, less all liabilities and indebtedness not to total borrowings and guaranty commitments.

(8) Asset coverage per unit is the asset coverage ratio expressed in terms of dollars per share.

indebtedness.

(9) Amounts are annualized.

(10) Ratio of expenses to average net assets is computed using expenses before cred

(11) Ratio of net expenses to average net assets is computed using total expenses n  
fee.

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