

July 15, 2008

 GLADSTONE INVESTMENT

Gladstone Investment Sends Letter to Shareholders Urging Them to Vote on Proxy Proposals for the 2008 Annual Shareholders Meeting

MCLEAN, Va.--(BUSINESS WIRE)--

Gladstone Investment Corp. (NASDAQ:GAIN) (the "Company") announced today that it has sent the following letter to its shareholders urging them to vote on proxy proposals to be considered at the upcoming Annual Shareholders Meeting on Thursday, August 7, 2008, 11:00am EDT, at the Hilton McLean Tyson's Corner in McLean, VA.

Dear Fellow Shareholder:

We are writing to remind you that the Annual Meeting of Shareholders of Gladstone Investment Corporation (the "Company") is scheduled for Thursday, August 7, 2008 at 11:00 a.m., local time, at the Hilton McLean Tyson's Corner at 7920 Jones Branch Drive, McLean, Virginia 22102.

Our records indicate that as of June 13, 2008 the ("Record Date" for the Meeting), you held shares of Gladstone Investment Corporation and, therefore, you are entitled to vote on the matters set forth on the proxy card. Our records indicate that we have not yet received your vote.

REMEMBER: Your vote is important, no matter how large or small your holdings may be. Please take a moment to vote your shares.

Voting promptly will help reduce solicitation costs and will eliminate your receiving follow-up phone calls or mailings. Your vote can be cast quickly and easily by signing, dating and mailing in the proxy card accompanying your Proxy Statement; voting on the internet at www.proxyvote.com using the proxy control number printed on your proxy card; or by calling the Company's proxy solicitor, Georgeson Inc., ("Georgeson") at (866) 391-7007 to vote by phone, or to receive instructions on voting by phone. Please note that voting by phone or internet may require that you have your proxy control number available. This number is printed on the proxy card accompanying the Proxy Statement. Stockholders with questions on how to vote are strongly encouraged to contact Georgeson at the number above, or the Company at 1-866-366-5745.

Stockholders also may vote by attending the Annual Meeting in person on August 7, 2008 at 11:00am at the Hilton McLean Tyson's Corner in McLean, VA. If you are unable to attend, please vote your shares of stock using one of the methods described above.

In particular, the Board of Directors encourages you to vote your shares in favor of all of the proposals described in the proxy statement and set forth on the proxy card. An informational

call was held on July 1, 2008 regarding these proposals. If you were unable to listen to the call, you can access the replay by calling (877) 660-6853 and using access code 286 and ID code 289000. The webcast replay of the conference call will be available online through Wednesday, October 1, 2008 at www.GladstoneInvestment.com and www.investorcalendar.com. The script for the call was also filed on July 1, 2008 with the U.S. Securities and Exchange Commission, and is available at the Company's website, www.GladstoneInvestment.com, or the SEC's website at www.sec.gov.

If we have not received your proxy as the date of the Annual Meeting approaches, you may receive a call asking you to exercise your right to vote. Georgeson Inc. has been retained by the Company to make follow-up phone calls to help secure the remaining votes needed for the Meeting.

Thank you in advance for your participation and your consideration in this extremely important matter.

Sincerely,

/s/ David Gladstone

Chairman and Chief Executive Officer

Gladstone Investment Corporation is an investment company that seeks to achieve returns of current income from senior, subordinated and mezzanine debt, and capital gains from preferred stock and warrants to purchase common stock in connection with buyouts and recapitalizations of small and mid-sized companies. For more information please visit our website at www.GladstoneInvestment.com.

For further information contact Investor Relations at 703-287-5835.

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," "estimated," "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 dated March 31, 2008, as filed with the Securities and Exchange Commission on May 21, 2008. We caution 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.