

March 13, 2012

 GLADSTONE INVESTMENT

Gladstone Investment Corporation Announces Exercise and Closing of a Portion of Over-Allotment Option on Term Preferred Stock

MCLEAN, Va., March 13, 2012 /PRNewswire/ -- Gladstone Investment Corporation (NASDAQ: GAIN) (the "Company") today announced that, in connection with its 7.125% Series A Cumulative Term Preferred Stock (the "Series A Term Preferred Stock") offering completed on March 6, 2012, the underwriters have purchased an additional 200,000 shares of Series A Term Preferred Stock through the exercise of a portion of their over-allotment option to purchase additional shares from the Company. The Company received approximately \$4.8 million in additional net proceeds from the sale of these shares, after deducting the underwriting discount. Jefferies & Company, Inc. served as the sole book-running manager for the offering. Janney Montgomery Scott LLC served as joint lead manager and J.J.B. Hilliard, W.L. Lyons, LLC and Wunderlich Securities, Inc. served as co-managers.

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

The Company intends to use the net proceeds from the sale of additional shares to make investments with any remaining proceeds to be used for general corporate purposes.

To obtain a copy of the prospectus and the final prospectus supplement for this offering, please contact: Jefferies & Company, Inc., 520 Madison Avenue, New York, NY 10022, Attention: Debt Capital Markets or (201) 761-7610.

This communication shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or other jurisdiction.

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. Including payments made through February 2012, the Company has paid 80 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.

SOURCE Gladstone Investment Corporation