

**GLADSTONE CAPITAL CORPORATION**  
**CHARTER OF THE COMPENSATION COMMITTEE**  
**OF THE BOARD OF DIRECTORS**

**Adopted: August 23, 2001**

**Purpose:**

The purpose of the Compensation Committee (the “*Committee*”) of the Board of Directors of Gladstone Capital Corporation, a Maryland corporation (the “*Company*”), shall be to (i) administer the Company’s Amended and Restated 2001 Equity Incentive Plan, as amended from time to time (the “*Plan*”) and any other benefit plan of the Company; (ii) establish and review the salary, bonuses, employee benefits and other employee compensation of any nature for management of the Company, and (iii) to perform such other functions as may be deemed necessary or convenient in the efficient and lawful discharge of the foregoing.

**Composition:**

The Committee shall be comprised of a minimum of two (2) members of the Board of Directors, one of whom shall be designated as Chairman of the Committee. No member of the Committee shall be an “interested person” of the Company (as defined by Section 2(a)(19) of the Investment Company Act of 1940, as amended). The members of the Committee will serve at the discretion of the Board of Directors. Each such member shall hold office until his or her resignation or until otherwise determined by the Board.

**Functions and Authority:**

The operation of the Committee shall be subject to the Bylaws of the Company, as in effect from time to time, and Section 2-411 of the Maryland General Corporation Law. The Committee shall have the full power and authority of the Board of Directors to carry out the following responsibilities:

- I.** Administer the Plan, as the same may be amended and in effect from time to time.
- II.** Grant options under the Plan, *provided, however*, that each grant shall satisfy all the applicable terms of the Plan as in effect at the time of grant.
- III.** Recommend to the Board of Directors the compensation levels for directors, officers, employees and consultants of the Company including, but not limited to annual salary, bonus, stock options, and other direct or indirect benefits.
- IV.** Recommend to the Board of Directors the type of compensation to be paid to the directors, officers, employees and consultants of the Company.

- V. Review on a periodic basis the operation of the Corporation's executive compensation programs to determine whether they are properly coordinated and to establish and periodically review policies for the administration of executive compensation programs.
- VI. Perform such other functions and have such other powers as may be necessary or convenient in the efficient discharge of the foregoing.
- VII. To report to the Board of Directors from time to time, or whenever it shall be called upon to do so.

**Meetings:**

The Committee will hold at least one regular meeting per year and additional meetings as the Committee deems appropriate. The Chairman of the Board of Directors and the President of the Company may attend any meeting of the Committee, except for portions of the meetings where his, her or their presence would be inappropriate, as determined by the Committee.

**Minutes and Reports:**

Minutes of each meeting of the Committee shall be kept and distributed to each member of the Committee, members of the Board of Directors who are not members of the Committee and the Secretary of the Company. The Committee shall report to the Board of Directors from time to time, or whenever so requested by the Board of Directors.

\*\*\*\*\*