

GLADSTONE CAPITAL CORP

Form DEF 14A

December 08, 2017

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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**GLADSTONE CAPITAL CORPORATION**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)**

Payment of Filing Fee (Check the appropriate box)

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1. Title of each class of securities to which transaction applies:

2. Aggregate number of securities to which transaction applies:

3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):
4. Proposed maximum aggregate value of transaction:
5. Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1. Amount Previously Paid:
2. Form, Schedule or Registration Statement No.:
3. Filing Party:
4. Date Filed:

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**GLADSTONE CAPITAL CORPORATION**

**1521 Westbranch Drive, Suite 100, McLean, Virginia 22102**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON FEBRUARY 8, 2018**

To the Stockholders of Gladstone Capital Corporation:

Notice Is Hereby Given that the 2018 Annual Meeting of Stockholders of Gladstone Capital Corporation, a Maryland corporation, will be held on Thursday, February 8, 2018, at 11:00 a.m. Eastern Standard Time ( Eastern Time ). The 2018 Annual Meeting of Stockholders will be a completely virtual meeting. You will be able to attend the meeting, as well as vote and submit your questions during the live webcast of the meeting, by visiting [www.virtualshareholdermeeting.com/GLAD2018](http://www.virtualshareholdermeeting.com/GLAD2018) and entering the company number and control number included on your proxy card or in the instructions that accompanies your proxy materials.

At the 2018 Annual Meeting of the Stockholders, you will be asked to consider and vote upon the following proposals:

(1) To elect three directors as outlined below:

(a) Mr. Terry Lee Brubaker, to be elected by the holders of common stock and preferred stock, voting together as a single class, to serve until the 2021 Annual Meeting of Stockholders and until his successor is elected and qualified; and

(b) Ms. Caren D. Merrick and Mr. Walter H. Wilkinson, Jr., to be elected solely by the holders of preferred stock, voting as a single class, with each such director to serve until the 2021 Annual Meeting of Stockholders and until his or her successor is elected and qualified;

(2) To ratify the selection by the Audit Committee of our Board of Directors of PricewaterhouseCoopers LLP as our independent registered public accounting firm for our fiscal year ending September 30, 2018; and

(3) To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice.

We intend to mail these materials on or about December 8, 2017 to all stockholders of record entitled to vote at the annual meeting. Our Board of Directors has fixed the close of business on Monday, December 4, 2017, as the record

date for the determination of stockholders entitled to notice of and to vote at this annual meeting and at any adjournment or postponement thereof.

**Important Notice Regarding the Availability of Proxy Materials for the Stockholders Meeting to be**

**held on Thursday, February 8, 2018 at 11:00 a.m. Eastern Time, virtually, in a live webcast at**  
**[www.virtualshareholdermeeting.com/GLAD2018](http://www.virtualshareholdermeeting.com/GLAD2018).**

The Proxy Statement and our Annual Report on Form 10-K for the fiscal year ended September 30, 2017 are also available at [www.proxyvote.com](http://www.proxyvote.com).

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By Order of the Board of Directors

Michael LiCalsi  
*General Counsel and Secretary*

McLean, Virginia

December 8, 2017

**ALL OF OUR STOCKHOLDERS ARE CORDIALLY INVITED TO ATTEND THE ANNUAL MEETING VIA WEBCAST. WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, YOU ARE URGED TO COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY CARD AS PROMPTLY AS POSSIBLE, SUBMIT YOUR PROXY ELECTRONICALLY VIA THE INTERNET, OR VOTE BY PROXY OVER THE TELEPHONE, AS INSTRUCTED IN THESE MATERIALS. SUBMITTING YOUR PROXY OR VOTING INSTRUCTIONS PROMPTLY WILL ASSIST US IN REDUCING THE EXPENSES OF ADDITIONAL PROXY SOLICITATION, BUT IT WILL NOT AFFECT YOUR RIGHT TO VOTE IF YOU ATTEND THE ANNUAL MEETING (AND, IF YOU ARE NOT A STOCKHOLDER OF RECORD, YOU HAVE OBTAINED A LEGAL PROXY FROM THE BANK, BROKER, TRUSTEE OR OTHER NOMINEE THAT HOLDS YOUR SHARES GIVING YOU THE RIGHT TO VOTE THE SHARES AT THE ANNUAL MEETING).**

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**GLADSTONE CAPITAL CORPORATION**

**1521 Westbranch Drive, Suite 100, McLean, Virginia 22102**

**PROXY STATEMENT**

**FOR THE 2018 ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held On February 8, 2018**

**QUESTIONS AND ANSWERS ABOUT THIS PROXY MATERIAL AND VOTING**

**Why am I receiving these materials?**

We have sent you this Proxy Statement and the enclosed proxy card because the board of directors (the **Board**) of Gladstone Capital Corporation (we, us, or the **Company**) is soliciting your proxy to vote at the 2018 Annual Meeting of Stockholders (the **meeting** or **annual meeting**), including adjournments or postponements thereof, if any. You are invited to attend the annual meeting to vote on the proposals described in this Proxy Statement, which meeting will take place through a live webcast by visiting [www.virtualshareholdermeeting.com/GLAD2018](http://www.virtualshareholdermeeting.com/GLAD2018). However, you do not need to attend the meeting through the webcast to vote your shares. Instead, you may simply complete, sign and return the enclosed proxy card, or follow the instructions below to vote by proxy over the telephone or through the Internet prior to the annual meeting.

We intend to mail these materials on or about December 8, 2017, to all stockholders of record entitled to vote at the annual meeting.

**YOUR VOTE IS IMPORTANT.**

**WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE PROMPTLY VOTE YOUR SHARES EITHER BY MAIL, BY TELEPHONE, OR THROUGH THE INTERNET.**

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING TO BE HELD ON FEBRUARY 8, 2018:**

**The Notice of Annual Meeting, this Proxy Statement and our Annual Report on Form 10-K for the fiscal year ended September 30, 2017 are available at the following Internet address: [www.proxyvote.com](http://www.proxyvote.com).**

**How can I attend the annual meeting?**

The meeting will be held on Thursday, February 8, 2018, at 11:00 a.m. Eastern Standard Time ( **Eastern Time** ), virtually, in a live webcast on the website [www.virtualshareholdermeeting.com/GLAD2018](http://www.virtualshareholdermeeting.com/GLAD2018) where you will be able to vote your shares during the meeting and submit any questions. You will need to enter the company number and the control number included on your proxy card or in the instructions that accompany your proxy materials to enter the meeting.

**Who can vote at the annual meeting?**

Only holders of record of our common stock and preferred stock at the close of business on December 4, 2017, will be entitled to vote at the annual meeting. On this record date, there



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were 26,632,182 shares of common stock outstanding and entitled to vote and 2,070,000 shares of preferred stock outstanding and entitled to vote.

### *Stockholder of Record: Shares Registered in Your Name*

If at the close of business on December 4, 2017, your shares were registered directly in your name with our transfer agent, Computershare, Inc. then you are a stockholder of record. As a stockholder of record, you may vote at the meeting or vote by proxy. Whether or not you plan to attend the meeting, we urge you to fill out and return the enclosed proxy card or vote by proxy over the telephone or through the Internet as instructed below to ensure your vote is counted.

### *Beneficial Owner: Shares Held in the Name of a Broker, Bank, Nominee, or other Similar Organization*

If at the close of business on December 4, 2017, your shares were held, not in your name, but in an account at a brokerage firm, bank, dealer, or other similar organization or nominee (collectively, a Brokerage Firm), then you are the beneficial owner of shares held in street name and these proxy materials are being forwarded to you by that Brokerage Firm because the Brokerage Firm holding your account or its nominee is considered to be the stockholder of record for purposes of voting at the annual meeting. As a beneficial owner, you have the right to direct your Brokerage Firm regarding how to vote the shares in your account. You are also invited to attend the annual meeting via live webcast on the website: [www.virtualshareholdermeeting.com/GLAD2018](http://www.virtualshareholdermeeting.com/GLAD2018). However, since you are not the stockholder of record, you may not vote your shares at the meeting unless you request and obtain a valid proxy from your Brokerage Firm.

## **What am I voting on?**

There are two matters scheduled for a vote:

1. Proposal 1, to elect three directors, as follows:
  - (a) Mr. Terry Lee Brubaker, to be elected by the holders of common stock and preferred stock, voting together as a single class, to serve until the 2021 Annual Meeting of Stockholders and until his successor is elected and qualified; and
  - (b) Ms. Caren D. Merrick and Mr. Walter H. Wilkinson, Jr., to be elected solely by the holders of preferred stock, voting as a single class, with each such director to serve until the 2021 Annual Meeting of Stockholders and until his or her successor is elected and qualified.
2. Proposal 2, to ratify the selection, by the Audit Committee of our Board (the Audit Committee), of PricewaterhouseCoopers LLP (PwC) as our independent registered public accounting firm for our fiscal year ending September 30, 2018.

## **How do I vote?**

For proposal 1, you may either vote **FOR ALL** nominees for directors of our Board, **WITHHOLD ALL**, meaning that you do not vote for any nominee for director, or you may vote **FOR**

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**ALL EXCEPT**, meaning that you vote for all nominees for director except any nominee you specify. For proposal 2, you may vote **FOR** or **AGAINST** or **ABSTAIN** from voting. The procedures for voting are as follows:

### *Stockholder of Record: Shares Registered in Your Name*

If you are a stockholder of record, you may vote at the annual meeting, vote by proxy using the enclosed proxy card and return envelope, or vote by proxy over the telephone or through the Internet. Whether or not you plan to attend the meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the meeting via webcast and vote in person, even if you have already voted by proxy.

To vote virtually during the live webcast of the annual meeting, please follow the instructions for attending and voting at the annual meeting posted at [www.virtualshareholdermeeting.com/GLAD2018](http://www.virtualshareholdermeeting.com/GLAD2018). You will need the company number and control number included on the enclosed proxy card. All votes must be received by the inspectors of election appointed for the meeting before the polls close at the annual meeting.

To vote using the enclosed proxy card, simply complete, sign, date, and return it promptly in the envelope provided. To be counted, we must receive your signed proxy card by 11:59 p.m. Eastern Time on February 7, 2018, the day prior to the annual meeting.

To vote by proxy over the telephone, dial toll-free, 1-800-690-6903, using a touch-tone phone and follow the recorded instructions. You will be asked to provide the company number and control number included on the enclosed proxy card. To be counted, we must receive your vote by 11:59 p.m. Eastern Time on February 7, 2018, the day prior to the annual meeting.

To vote by proxy through the Internet, go to [www.proxyvote.com](http://www.proxyvote.com) to complete an electronic proxy card. You will be asked to provide the company number and control number included on the enclosed proxy card. To be counted, we must receive your vote by 11:59 p.m. Eastern Time on February 7, 2018, the day prior to the annual meeting.

### *Beneficial Owner: Shares Held in the Name of Broker, Bank, Nominee, or other Similar Organization*

If you are a beneficial owner of shares registered in the name of your Brokerage Firm, you should have received a proxy card and voting instructions with these proxy materials from that organization, rather than from us. Simply complete and mail the proxy card to ensure that your vote is counted. Alternatively, you may vote by proxy over the telephone or through the Internet, as instructed by your Brokerage Firm. To vote virtually during the live webcast of the annual meeting, you must obtain a valid proxy from your Brokerage Firm. Follow the instructions from your Brokerage Firm, included with these proxy materials, or contact your Brokerage Firm to request a proxy form.

**We also provide Internet proxy voting to allow you to vote your shares online, with procedures designed to ensure the authenticity and correctness of your proxy vote instructions. However, please be aware that you must bear any costs associated with your Internet access, such as usage charges from Internet access providers**

**and telephone companies.**

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### **How many votes do I have?**

On all matters that properly come before the annual meeting for which the class of our stock that you own has the right to vote, you have one vote for each share of such class that you owned as of the close of business on December 4, 2017.

### **How are votes counted?**

Votes will be counted by the inspectors of election appointed for the annual meeting, who will separately count **FOR ALL**, **WITHHOLD ALL**, and **FOR ALL EXCEPT** for the election of directors and, with respect to proposals other than the election of directors, **FOR**, **AGAINST** and **ABSTAIN** votes. The effects of abstentions and broker non-votes on each proposal are described below under the question How many votes are needed to approve each proposal? We expect that our chief financial officer and treasurer, Nicole Schaltenbrand, and Michael LiCalsi, our general counsel and secretary, will be appointed as the inspectors of election.

### **How many votes are needed to approve each proposal?**

#### **Vote Required**

**Proposal 1 Election of Directors.** Terry Lee Brubaker must be elected by a plurality of votes cast at the annual meeting by holders of our outstanding common stock and preferred stock, voting together as a single class. Each of Caren D. Merrick and Walter H. Wilkinson, Jr. must be elected by a plurality of votes cast at the annual meeting solely by holders of our outstanding preferred stock, voting together as a single class. Only votes **FOR ALL** or **FOR ALL EXCEPT** will affect the outcome of this proposal. Under a plurality vote standard the nominees that receive the highest number of votes cast will be elected regardless of whether or not they receive a majority of votes cast. Broker non-votes and withheld votes will not be counted as votes cast with respect to the proposal and will have no effect on the outcome of such proposal; however, they will be counted towards the quorum requirement.

**Proposal 2 Ratification of our independent registered public accounting firm.** The affirmative vote of a majority of the votes cast by common stock and preferred stock, voting together as a single class, at the annual meeting is required to ratify the Audit Committee's selection of PwC as our independent registered public accounting firm for the fiscal year ending September 30, 2018. Abstentions will not be counted as votes cast for this proposal.

### **What are broker non-votes?**

Broker non-votes occur when a beneficial owner of shares held in street name does not give instructions to the broker or nominee holding the shares as to how to vote on matters deemed non-routine. Generally, if shares are held in street name, the beneficial owner of the shares is entitled to give voting instructions to the broker or nominee holding the shares. If the beneficial owner does not provide voting instructions, the broker or nominee can still vote the shares with respect to matters that are considered to be routine, but not with respect to non-routine matters. In the event that a broker, bank, or other agent indicates on a proxy that it does not have discretionary authority to vote certain shares on a non-routine proposal, then those shares will be treated as broker non-votes.

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**Current regulations restrict the ability of your bank or broker to vote your uninstructed shares in Proposal 1 (election of directors), which is a non-routine proposal. Your broker, bank or other agent is not entitled to vote your shares without your instructions for Proposal 1. However, Proposal 2 (ratification of the appointment of PwC) is a routine proposal and your broker, bank or other agent may vote your shares for Proposal 2 even if it does not receive instructions from you.**

### **What is the quorum requirement?**

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if a majority of all of our outstanding shares of common and preferred stock are represented by stockholders present at the meeting or by proxy. On the record date there were 26,632,182 shares of common stock and 2,070,000 shares of preferred stock outstanding and entitled to vote. Thus, 14,351,092 shares must be represented by stockholders present at the meeting or by proxy to have a quorum.

Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your Brokerage Firm or other nominee) or if you vote in person at the meeting. Abstentions will be counted towards the quorum requirement. If there is no quorum, the stockholders present and entitled to vote at the meeting may adjourn the meeting to another date.

### **What if I return a proxy card but do not make specific choices?**

If you return a signed and dated proxy card, or otherwise vote by proxy without making any voting selections, your shares will be voted **FOR ALL** nominees for director in Proposal 1 and **FOR** Proposal 2. If any other matter is properly presented at the meeting, your proxy holder (one of the individuals named on the enclosed proxy card) will vote your shares using his or her best judgment.

### **Can I change my vote after submitting my proxy?**

Yes. You can revoke your proxy at any time before the final vote at the meeting. If you wish to revoke your proxy after 11:59 p.m. Eastern Time on February 7, 2018, you may only do so at the annual meeting. If you are the record holder of your shares, you may revoke your proxy in any one of the following ways:

You may submit another properly completed proxy card with a later date specified thereon.

You may grant a subsequent proxy by telephone or through the Internet on a later date.

You may send a timely written notice that you are revoking your proxy to our secretary at 1521 Westbranch Drive, Suite 100, McLean, Virginia 22102.

You may attend the annual meeting and vote virtually during the live webcast. Simply attending the meeting will not, by itself, revoke your proxy.

If your shares are held by your Brokerage Firm, you should follow the instructions provided by your broker or bank.



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### **What does it mean if I receive more than one set of proxy materials?**

If you receive more than one set of proxy materials, your shares may be registered in more than one name or in different accounts at your Brokerage Firm. Please follow the voting instructions on the proxy cards in each set of the proxy materials to ensure that all of your shares are voted.

### **How can I find out the results of the voting at the annual meeting?**

Preliminary voting results will be announced at the annual meeting. Final voting results will be published in a current report on Form 8-K that we expect to file with the SEC within four business days after the annual meeting. If final voting results are not available to us in time to file a Form 8-K within four business days after the meeting, we intend to file a Form 8-K to publish preliminary results and, within four business days after the final results are known to us, file an additional Form 8-K to publish the final results.

### **When are stockholder proposals due for next year's annual meeting?**

We will consider for inclusion in our proxy materials for the 2019 annual meeting proposals that we receive not later than August 10, 2018 and that comply with all applicable requirements of Rule 14a-8 promulgated under the Securities Exchange Act of 1934, as amended (the "1934 Act"), and our bylaws, as amended ("Bylaws"). Stockholders must submit their proposals to our secretary at 1521 Westbranch Drive, Suite 100, McLean, Virginia 22102.

In addition, any stockholder who wishes to propose a nominee to our Board or propose any other business to be considered by the stockholders (other than a stockholder proposal to be included in our proxy materials pursuant to Rule 14a-8 of the 1934 Act) must comply with the advance notice provisions and other requirements of Article II, Section 4(b) of our Bylaws, a copy of which is on file with the U.S. Securities and Exchange Commission ("SEC") and may be obtained without charge from our secretary upon request.

These notice provisions require that nominations of persons for election to our Board and proposals of business to be considered by the stockholders for the 2019 annual meeting must be made in writing and submitted to our secretary at the address above no earlier than November 10, 2018 (90 days before the first anniversary of our 2018 annual meeting) and not later than December 10, 2018 (60 days before the first anniversary of the 2018 annual meeting). You are also advised to review our Bylaws, which contain additional requirements about advance notice of stockholder proposals and director nominations.

### **Who is paying for this proxy solicitation?**

Gladstone Capital Corporation will bear the cost of solicitation of proxies, including preparation, assembly, printing and mailing of this Proxy Statement, the proxy card and any additional information furnished to stockholders. Copies of solicitation materials will be furnished to banks, brokerage houses, fiduciaries and other custodians holding in their names shares of our common or preferred stock beneficially owned by others to forward to such beneficial owners. We may reimburse persons representing



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beneficial owners of our common or preferred stock for their costs of forwarding solicitation materials to such beneficial owners. Original solicitation of proxies by mail may be supplemented by telephone, electronic mail or personal solicitation by directors, officers or other regular employees of Gladstone Management Corporation, our investment adviser (the *Adviser*), or Gladstone Administration, LLC (the *Administrator*). No additional compensation will be paid to directors, officers or other regular employees for such services. In addition to these written proxy materials, our officers and directors may also solicit proxies in person, by telephone or by other means of communication; however, our officers and directors will not be paid any additional compensation for soliciting proxies. We may also reimburse Brokerage Firms and other agents for the cost of forwarding proxy materials to beneficial owners and obtaining your voting instructions.

**What proxy materials are available on the Internet?**

The Proxy Statement, Form 10-K and annual report to stockholders are also available at *www.proxyvote.com*.

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**PROPOSAL 1**

**ELECTION OF DIRECTORS**

Our Board is divided into three classes. Each class has a three-year term. Vacancies on our Board may be filled only by persons elected by a majority of the remaining directors. A director elected by our Board to fill a vacancy in a class, including any vacancies created by an increase in the number of directors, shall serve for the remainder of the full term of that class and until the director's successor is elected and qualified. Currently our Board is comprised of eight directors, six of whom are independent.

Holders of preferred stock are entitled, as a class, to the exclusion of the holders of all other classes of stock, to elect two directors (regardless of the total number of directors serving on our Board). Caren D. Merrick and Walter H. Wilkinson, Jr. were elected, solely by the preferred stockholders, at the Company's 2015 annual meeting of stockholders for a term expiring in 2018; thus both of the two preferred directorships are up for election at this year's annual meeting.

There are three directors in the class whose term expires in 2018 that have been nominated to stand for re-election: two are independent directors (Ms. Caren D. Merrick and Mr. Walter H. Wilkinson, Jr.) and one is an interested director (Mr. Terry Lee Brubaker). Proxies cannot be voted for a greater number of persons than the number of nominees named. If elected at the annual meeting, each nominee would serve until the 2021 annual meeting and until his or her successor is elected and qualified, or, if sooner, until his or her death, resignation or removal.

*Proposal 1*

The Company's Ethics, Nominating & Corporate Governance Committee (the "Ethics Committee") nominated three incumbent directors: Caren D. Merrick and Walter H. Wilkinson, Jr., for election solely by the preferred stockholders for terms expiring in 2021; and Terry Lee Brubaker for election by the common and preferred stockholders, voting together as a single class, for a term expiring in 2021.

Each director is elected by a plurality of the votes cast at the annual meeting. Shares represented by executed proxies will be voted, if the authority to do so is not withheld, for the election of the three nominees. In the event that any of the nominees should be unavailable for election as a result of an unexpected occurrence, such shares will be voted for the election of such substitute nominees as management may propose. Each person nominated for election has agreed to serve if elected, and management has no reason to believe that any nominee will be unable to serve.

We encourage directors and nominees for director to attend the annual meeting. One of our directors attended the 2017 Annual Meeting of Stockholders.

Set forth below is biographical information for each person nominated, each person whose term of office as a director will continue after the annual meeting, each executive officer and certain other officers who are not also directors.

**Table of Contents****Nominees for a Three-Year Term to Expire at the 2021 Annual Meeting of Stockholders**

Name, Address, and Age Disinterested Directors	Position(s)	Term of	Principal	Other
	Held With	Office and	Occupation(s)	Directorships
	Company	Length of Time Served	During the	Held by Director During the
			Past Five Years	Past Five Years
Walter H. Wilkinson, Jr. (71)	Director	Term expires at 2018 annual meeting. Director since October 2014.	Founder and General Partner of Kitty Hawk Capital, a venture capital firm, since 1980. Board member of RF Micro Devices from 1992, serving as its chairman from July 2008 until January 2015 when it merged to form QORVO, Inc. Board member of QORVO, Inc. since January 2015. Former board member of the N.C. State University Foundation from June 2007 until 2015. Former board member of the Carolinas Chapter of the National Association of Corporate Directors from July 2012 until December 2015 and Chairman of the Board of Directors from July 2012 until August 2014.	Gladstone  Commercial Corporation; Gladstone Land Corporation; Gladstone Investment Corporation; RF Micro Devices; QORVO, Inc.
Gladstone Capital Corporation				
1521 Westbranch Drive				
Suite 100				
McLean, Virginia 22102				
Caren D. Merrick (57)	Director	Term expires at 2018 annual meeting. Director since November 2014.	Founder and CEO of Caren Merrick & Co., an advisory firm on growth strategies, Former Founder and Chief Executive Officer of	Gladstone Commercial Corporation; Gladstone Land Corporation; Gladstone
Gladstone Capital Corporation				
1521 Westbranch Drive				

Suite 100

McLean, Virginia 22102

Pocket Mentor, a mobile application and digital publishing company focused on leadership development and career advancement, from 2014 until 2017.

Investment Corporation; Washington First Bankshares, Inc.

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	Position(s)	Term of	Principal	Other
				Directorships
Name, Address, and Age Interested Director	Held With	Office and	Occupation(s)	Held by
	Company	Length of Time Served	During the	Director During the
			Past Five Years	Past Five Years
Terry Lee Brubaker (74)*	Vice Chairman,	Term expires at	Partner with Bibury	Gladstone
Gladstone Capital	Chief Operating	2018 annual meeting.	Partners, an investment	Commercial
Corporation	Officer	Director since our	and advisory firm that	Corporation;
1521 Westbranch Drive	and Assistant	inception in 2001.	focuses on enterprise and	Gladstone Land
Suite 100	Secretary		consumer technology	Corporation;
McLean, Virginia 22102			sectors since 2004. Board	Gladstone
			member of the	
			Metropolitan Washington	Investment
			Airports Authority since	Corporation
			2012 and WashingtonFirst	
			Bankshares, Inc. since	
			May 2015, where she	
			chairs the Technology	
			Committee Vice Chairman	
			since 2004. Our Chief	
			Operating Officer since	
			our inception in 2001 until	
			2004 and of Gladstone	
			Investment Corporation	
			and Gladstone	
			Commercial Corporation	
			since 2005 and 2003,	
			respectively, and	
			Secretary of Gladstone	
			Investment Corporation	
			and Gladstone Capital	
			Corporation until October	
			2012. Vice Chairman of	
			Gladstone Investment	
			Corporation and	
			Gladstone Commercial	
			Corporation since 2005	
			and 2004, respectively.	
			Vice Chairman, and Chief	
			Operating Officer and a	
			director of our Adviser	
			since 2006 and Secretary	

of our Adviser from 2006  
until February 2011. Vice  
Chairman and Chief  
Operating Officer of  
Gladstone Land  
Corporation since April  
2007.

Name, Address, and Age	Position(s)	Term of	Principal	Other
	Held With	Office and	Occupation(s)	Directorships
			During the Past	Held by
	Company	Length of Time Served	Five Years	Director During the
Paul W. Adelgren (74) Gladstone Capital Corporation 1521 Westbranch Drive Suite 100 McLean, Virginia 22102	Director	Term expires at 2019 annual meeting. Director since January 2003.	Pastor of Missionary Alliance Church since 1997.	Gladstone Commercial Corporation; Gladstone Land Corporation; Gladstone Investment Corporation
John H. Outland (72) Gladstone Capital Corporation 1521 Westbranch Drive Suite 100 McLean, Virginia 22102	Director	Term expires at 2019 annual meeting. Director since December 2003.	Private investor since June 2006.	Gladstone Commercial Corporation; Gladstone Land Corporation; Gladstone Investment Corporation

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Name, Address, and Age Interested Director	Position(s)	Term of	Principal	Other
			Occupation(s)	Directorships
	Held With	Office and	During the Past	Held by
	Company	Length of Time Served	Five Years	Director During the Past Five Years
David Gladstone (75)*	Chairman of the Board,	Term expires at 2019 annual meeting.	Founder, Chief Executive Officer and Chairman of the Board since our inception in 2001.	Gladstone Commercial Corporation;
Gladstone Capital Corporation	Chief Executive Officer	Director since our inception in 2001.	President from February 2013 through December 2013. Founder, Chief Executive Officer and Chairman of Gladstone Investment Corporation since its inception in 2005, Gladstone Commercial Corporation since its inception in 2003, and Gladstone Land Corporation since its inception in 1997.	Gladstone Land Corporation;
1521 Westbranch Drive			Founder, Chief Executive Officer and Chairman of the board of directors of our Adviser. Since 2010, Mr. Gladstone has also served on the board of managers of Gladstone Securities, LLC, a broker dealer that is an affiliate of the Company.	Gladstone Investment Corporation
Suite 100				
McLean, Virginia 22102				



**Table of Contents****Directors Continuing in Office Until the 2020 Annual Meeting of Stockholders**

	Position(s)	Term of	Principal	Other
				Directorships
Name, Address, and Age	Held With	Office and	Occupation(s)	Held by
				Director During the
Disinterested Directors	Company	Length of Time Served	Past Five Years	Past Five Years
Michela English (67)	Director	Term expires at 2020 annual meeting. Director since June 2002.	Director of the Educational Testing Service (ETS), Director of the D.C Preparatory Academy, Director of the D.C. Public Education Fund, Trustee of the Corcoran Gallery of Art and College of Art and Design and Member of the Virginia Institute of Marine Science Foundation Board. Former President and Chief Executive Officer of Fight for Children, a non-profit charitable organization focused on providing high-quality education and health care services to underserved youth in Washington, D.C., from 2006 until 2016.	Gladstone
Gladstone Capital Corporation				Commercial Corporation; Gladstone Land Corporation; Gladstone Investment Corporation
1521 Westbranch Drive				
Suite 100				
McLean, Virginia 22102				
Anthony W. Parker (72)	Director	Term expires at 2020 annual meeting. Director since our inception in 2001.	Founder and Chairman of the Board of Parker Tide Corp., a government contracting company providing mission critical solutions to the Federal Government, since 1997.	Gladstone
Gladstone Capital Corporation				Commercial Corporation; Gladstone Land Corporation; Gladstone Investment Corporation
1521 Westbranch Drive				
Suite 100				

McLean, Virginia 22102

**Table of Contents****Executive Officers and Certain Other Officers Who Are Not Directors**

<b>Name, Address, and Age</b>	<b>Position(s) Held With Company</b>	<b>Term of Office and Length of Time Served</b>	<b>Principal Occupation(s)</b>
			<b>During the Past Five Years</b>
Michael LiCalsi (47) Gladstone Capital Corporation 1521 Westbranch Drive Suite 100 McLean, Virginia 22102	General Counsel and Secretary	General Counsel since October 2009; Secretary since October 2012.	General Counsel for all of the Gladstone affiliated companies since October 2009. Secretary of all of the Gladstone affiliated companies since October 2012. President of Gladstone Administration, LLC since July 2013. Managing Principal of Gladstone Securities, LLC and member of its board of managers since 2010.
Robert L. Marcotte (59) Gladstone Capital Corporation 1521 Westbranch Drive Suite 100 McLean, Virginia 22102	President	President since January 2014.	President since January 2014. Executive Vice President and Co-Head of Asset Management with MCG Capital Corp. from 2007 to December 2013.
Nicole Schaltenbrand (35) Gladstone Capital Corporation 1521 Westbranch Drive Suite 100 McLean, Virginia 22102	Chief Financial Officer; Treasurer	Chief Accounting Officer from November 2015 to March 2016; Chief Financial Officer and Treasurer since March 2016.	Chief Accounting Officer from November 2015 to March 2016; Chief Financial Officer and Treasurer since March 2016. Senior Manager of SEC reporting and accounting policy at National Rural Utilities Cooperative Finance Corporation from May 2012 to November 2015. Senior Audit Manager and other positions within the assurance practice at KPMG LLP from September 2004 through May 2012.

\*

Messrs. Gladstone and Brubaker are interested persons of Gladstone Capital Corporation, within the meaning of the 1940 Act, due to their positions as officers of the Company, and our Adviser and their employment by our Adviser.

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### **Qualifications of Director Nominees**

When considering whether our director nominees have the experience, qualifications, attributes and skills, taken as a whole, to enable our Board to satisfy its oversight responsibilities effectively in light of our operational and organizational structure, the Ethics Committee and our Board focused primarily on the information discussed in each of the individual backgrounds set forth above and on the following particular attributes:

*Mr. Brubaker* was selected to serve as a director on our Board due to his more than thirty years of experience in various mid-level and senior management positions at several corporations as well as his past service on our Board since our inception.

*Ms. Merrick* was selected to serve as an independent director on our Board due to her knowledge and experience in operating a business and her understanding of the small business area through experiences overseeing the successful growth of her own business and several large and small businesses, charities and non-profits.

*Mr. Wilkinson* was selected to serve as an independent director on our Board due to his vast experience in various areas of the investment industry as well as his experience in serving on boards of various organizations.

### **Qualifications of Incumbent Directors Serving Until the 2019 or 2020 Annual Meeting of Stockholders**

When considering whether our directors have the experience, qualifications, attributes and skills, taken as a whole, to enable our Board to satisfy its oversight responsibilities effectively in light of our operational and organizational structure, the Ethics Committee and our Board focused primarily on the information discussed in each of the individual backgrounds set forth above and on the following particular attributes:

*Mr. Adelgren* was selected to serve as an independent director on our Board due to his strength and experience in ethics as well as his past service on our Board since 2003. Mr. Adelgren's strength in ethics led to his appointment as the chairman of our Ethics Committee.

*Ms. English* was selected to serve as an independent director on our Board due to her greater than twenty years of senior management experience at various corporations and non-profit organizations as well as her past service on our Board since 2002.

*Mr. Gladstone* was selected to serve as a director on our Board due to the fact that he is our founder and has greater than thirty years of experience in the industry, including his service as our chairman and chief executive officer since our inception and as our president from February 2013 through December 2013.

*Mr. Outland* was selected to serve as an independent director on our Board due to his more than twenty years of experience in the real estate and mortgage industry.

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*Mr. Parker* was selected to serve as an independent director on our Board due to his expertise and experience in the field of corporate taxation as well as his past service on our Board since our inception in 2001. Mr. Parker's knowledge of corporate tax was instrumental in his appointment to the chairmanship of our Audit Committee.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR EACH NAMED NOMINEE FOR DIRECTOR IN PROPOSAL 1.**

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**INFORMATION REGARDING THE BOARD OF DIRECTORS AND CORPORATE  
GOVERNANCE**

**Director Independence**

As required under the NASDAQ Stock Market ( NASDAQ ) listing standards, our Board annually determines each director's independence. The NASDAQ listing standards provide that a director of a business development company is considered to be independent if he or she is not an interested person of ours, as defined in Section 2(a)(19) of the 1940 Act. Section 2(a)(19) of the 1940 Act defines an interested person to include, among other things, any person who has, or within the last two years had, a material business or professional relationship with us.

Consistent with these considerations, after review of all relevant transactions or relationships between each director, or any of his or her family members, and us, our senior management and our independent registered public accounting firm, our Board has affirmatively determined that the following six directors are independent directors within the meaning of the applicable NASDAQ listing standards: Messrs. Adelgren, Outland, Parker, and Wilkinson and Meses. English and Merrick. In making this determination, our Board found that none of these directors or nominees for director had a material or other disqualifying relationship with us. Mr. Gladstone, the chairman of our Board and our chief executive officer, and Mr. Brubaker, the vice chairman of our Board and our chief operating officer and assistant secretary, are not independent directors by virtue of their positions as officers of the Company and our Adviser and their employment by our Adviser.

**Meetings of the Board of Directors**

Our Board met six times during the last fiscal year. Each Board member attended 75% or more of the aggregate of the meetings of our Board and of the committees on which he or she served that were held during the period for which he or she was a director or committee member.

Our independent directors met four times during fiscal year 2017 in regularly scheduled executive sessions, at which only independent directors were present, satisfying applicable NASDAQ listing standards, which require regularly scheduled meetings of independent directors.

**Corporate Leadership Structure**

Since our inception, Mr. Gladstone has served as chairman of our Board and our chief executive officer. He also served as our president from February 2013 through December 2013. Our Board believes that our chief executive officer is best situated to serve as chairman because he is the director most familiar with our business and industry, and most capable of effectively identifying strategic priorities and leading the discussion and execution of strategy. In addition, Mr. Adelgren, one of our independent directors, serves as the Lead Independent Director for all meetings of our independent directors held in executive session. The Lead Independent Director has the responsibility of presiding at all executive sessions of our Board, consulting with the chairman and chief executive officer on Board and committee meeting agendas, acting as a liaison between management and the independent directors and facilitating teamwork and communication between the independent directors and management.



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Our Board believes the combined role of chairman, chief executive officer, together with an independent Lead Independent Director, is in the best interest of stockholders because it provides the appropriate balance between strategic development and independent oversight of risk management. In coming to this conclusion, our Board considered the importance of having an interested chairperson that is familiar with our day-to-day management activities, our portfolio companies and the operations of our Adviser. Our Board concluded that the combined role enhances, among other things, our Board's understanding of our investment portfolio, business, finances and risk management efforts. In addition, our Board believes that Mr. Gladstone's employment by the Adviser better allows for the efficient mobilization of the Adviser's resources at our Board's behest and on its behalf.

**Information Regarding Committees of the Board of Directors**