

PENNANTPARK INVESTMENT CORP
Form PRER14A
December 14, 2009

SCHEDULE 14A

(RULE 14a-101)

Information Required in Proxy Statement

Schedule 14A Information

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

Exchange Act of 1934

(Amendment No. 1)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- | | | | |
|-------------------------------------|---|--------------------------|---|
| <input checked="" type="checkbox"/> | Preliminary Proxy Statement | <input type="checkbox"/> | Confidential, for Use of the Commission Only |
| <input type="checkbox"/> | Definitive Proxy Statement | | |
| <input type="checkbox"/> | Definitive Additional Material | <input type="checkbox"/> | (as permitted by Rule 14a-6(e)(2)) |
| <input type="checkbox"/> | Soliciting Material Pursuant to Rule 14a-12 | | |

PennantPark Investment 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:

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- (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):

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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:

590 Madison Avenue, 15th Floor

New York, New York 10022

[December 21, 2009]

Dear Stockholder:

You are cordially invited to attend the 2010 Annual Meeting of Stockholders of PennantPark Investment Corporation (the Company) to be held on February 2, 2010 at 9:30 a.m., Eastern Time, at the offices of Dechert LLP, located at 1095 Avenue of the Americas, New York, New York.

The Notice of Annual Meeting of Stockholders and the proxy statement of the Board of Directors of the Company, which is accessible on the Internet or by request, provide an outline of the business to be conducted at our Annual Meeting of Stockholders. At the meeting, you will be asked to: (i) elect one director of the Company, (ii) ratify the selection of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending September 30, 2010 and (iii) approve a proposal to authorize flexibility for us, with approval of our Board of Directors, to sell shares of our Common Stock at a price below our then current net asset value per share in one or more offerings, subject to certain conditions as set forth in the proxy statement. I will also report on the progress of the Company during the past year and respond to stockholder's questions.

It is important that your shares be represented at the Annual Meeting. If you are unable to attend the meeting in person, I urge you to follow the instructions on the Notice of Internet Availability of Proxy Materials to vote your proxy on the Internet. We encourage you to vote via the Internet, as it saves us significant time and processing costs. However, on the Notice of Internet Availability of Proxy Materials you also will find instructions on how to request a hard copy of the proxy statement and proxy card free of charge, and you may vote your proxy by returning a proxy card to us after you request the hard copy materials. Your vote and participation in the governance of the Company is very important to us.

Sincerely yours,

Arthur H. Penn

Chief Executive Officer

PENNANTPARK INVESTMENT CORPORATION

590 Madison Avenue, 15th Floor

New York, New York 10022

(212) 905-1000

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON FEBRUARY 2, 2010

Notice is hereby given to the owners of shares of common stock (the **Stockholders**) of PennantPark Investment Corporation (the **Company**) that:

The 2010 Annual Meeting of Stockholders of the Company will be held at the offices of Dechert LLP, located at 1095 Avenue of the Americas, New York, New York, on February 2, 2010 at 9:30 a.m., Eastern Time, for the following purposes:

1. To elect one Class III director of the Company who will serve for a term of three years or until his successor is duly elected and qualified;
2. To ratify the selection of KPMG LLP to serve as the Company's independent registered public accounting firm for the fiscal year ending September 30, 2010;
3. To consider and vote upon a proposal to authorize flexibility for us, with the approval of our Board of Directors, to sell shares of our Common Stock (during the next 12 months) at a price below our then current net asset value per share, subject to certain limitations described in this proxy statement;
4. To transact such other business as may properly come before the Meeting or any adjournments or postponements thereof.

You have the right to receive notice of, and to vote at, the Annual Meeting if you were a stockholder of record at the close of business on December 15, 2009. Under rules adopted by the U.S. Securities and Exchange Commission, we are now furnishing proxy materials to our shareholders on the Internet, rather than mailing printed copies of those materials to each shareholder. If you received a Notice of Internet Availability of Proxy Materials by mail, you will not receive a printed copy of the proxy materials unless you request them. Instead, the Notice of Internet Availability of Proxy Materials will instruct you as to how you may access and review the proxy materials, and vote your proxy, on the Internet.

Your vote is extremely important to us. If you are unable to attend the Annual Meeting of Stockholders, we encourage you to vote your proxy on the Internet by following the instructions provided on the Notice of Internet Availability of Proxy Materials. You may also request from us free of charge hard copies of the proxy statement and a proxy card by following the instructions on the Notice of Availability of Proxy Materials. In the event there are not sufficient votes for a quorum or to approve the proposals at the time of the Annual Meeting, the Annual Meeting may be adjourned in order to permit further solicitation of proxies by the Company.

THE BOARD OF DIRECTORS, INCLUDING THE INDEPENDENT DIRECTORS, UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR EACH OF THE PROPOSALS.

By Order of the Board of Directors,

Thomas Friedmann
Secretary

New York, New York

[December 21, 2009]

PENNANTPARK INVESTMENT CORPORATION

590 Madison Avenue, 15th Floor

New York, New York 10022

(212) 905-1000

PROXY STATEMENT

For

2010 Annual Meeting of Stockholders

To Be Held on February 2, 2010

This document will give you the information you need to vote on the matters listed on the accompanying Notice of Annual Meeting of Stockholders (Notice of Annual Meeting). Much of the information in this Proxy Statement is required under rules of the Securities and Exchange Commission (SEC); some of it is technical in nature. If there is anything you do not understand, please contact us at 212-905-1000.

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors (the Board) of PennantPark Investment Corporation (the Company, we, us or our) for use at our 2010 Annual Meeting of Stockholders (the Meeting) to be held on Tuesday, February 2, 2010 at 9:30 a.m., Eastern Time, at the offices of Dechert LLP, located at 1095 Avenue of the Americas, New York, New York and at any postponements or adjournments thereof. This Proxy Statement and the Company's Annual Report for the fiscal year ended September 30, 2009, are being provided to stockholders of the Company (the Stockholders) via the Internet on or about December 21, 2009. In addition, a Notice of Annual Meeting and a Notice of Internet Availability of Proxy Materials are being sent to Stockholders of record as of December 15, 2009.

We encourage you to vote your shares, either by voting in person at the Meeting or by voting by proxy (i.e., authorizing someone to vote your shares). Shares represented by duly executed proxies will be voted in accordance with your instructions. If you execute a proxy without specifying your voting instructions, your shares will be voted in accordance with the Board's recommendation. If any other business is brought before the Meeting, your shares will be voted at the Board's discretion unless you specifically state otherwise on your proxy.

You may revoke a proxy at any time before it is exercised by notifying the Company's Secretary in writing, by submitting a properly executed, later-dated proxy, or by voting in person at the Meeting. Any Stockholder entitled to vote at the Meeting may attend the Meeting and vote in person whether or not he or she has previously voted his or her shares via proxy or wishes to change a previous vote.

You will be eligible to vote your shares electronically via the Internet, telephone or by mail.

Purpose of Meeting

At the Meeting, you will be asked to vote on the following proposals:

1. To elect one Class III director of the Company who will serve for a term of three years or until his successor is duly elected and qualified;
2. To ratify the selection of KPMG LLP to serve as the Company's independent registered public accounting firm for the fiscal year ending September 30, 2010; and
3. To consider and vote upon a proposal to authorize flexibility for us, with the approval of our Board of Directors, to sell shares of our Common Stock (during the next 12 months) at a price below our then current net asset value per share, subject to certain limitations described in this proxy statement;

4. To transact such other business as may properly come before the Meeting or any adjournments or postponements thereof.

Voting Securities

You may vote your shares at the Meeting only if you were a Stockholder of record at the close of business on December 15, 2009 (the Record Date). There were [25,808,772] shares of the Company's common stock (the Common Stock) outstanding on the Record Date. Each share of the Common Stock is entitled to one vote.

Quorum Required

A quorum must be present at the Meeting for any business to be conducted. The presence at the Meeting, in person or by proxy, of the holders of a majority of the shares of Common Stock outstanding on the Record Date will constitute a quorum. Shares held by a broker or other nominee for which the nominee has not received voting instructions from the record holder and does not have discretionary authority to vote the shares on non-routine proposals (which are considered broker non-votes with respect to such proposals), will be treated as shares present for quorum purposes. If there are not enough votes for a quorum, the chairman of the Meeting will adjourn the Meeting to permit the further solicitation of proxies.

Votes Required

Election of Director

The election of a director requires the vote of a majority of the shares of stock outstanding. Stockholders may not cumulate their votes. If you vote Withhold Authority with respect to a nominee, your shares will not be voted with respect to the person indicated. Because directors are elected by a majority of the votes of the outstanding Common Stock of the Company, votes to withhold authority, or no votes, will have the effect of a vote against the nominee.

Ratification of Independent Registered Public Accounting Firm

The affirmative vote of a majority of the votes cast at the Meeting in person or by proxy is required to ratify the appointment of KPMG LLP to serve as the Company's independent registered public accounting firm. Abstentions will not be included in determining the number of votes cast and, as a result, will have no effect on this proposal.

Authorization to offer and sell shares of Common Stock below Net Asset Value

Approval of Proposal 3 requires the affirmative vote of the Stockholders holding (1) a majority of the outstanding shares of our Common Stock entitled to vote at the Meeting and (2) a majority of the outstanding shares of our Common Stock entitled to vote at the meeting that are not held by affiliated persons of us. For purposes of this proposal, the Investment Company Act of 1940, as amended (the 1940 Act), defines a majority of outstanding voting securities of a company as: (1) 67% or more of the voting securities present at the applicable meeting if the holders of more than 50% of the outstanding voting securities of such company are present or represented by proxy; or (2) more than 50% of the outstanding voting securities of such company, whichever is less. Abstentions will have the effect of a vote against this proposal.

Broker Non-votes

Broker Non-votes are described a votes cast by a broker or other nominee on behalf of a beneficial holder who does not provide explicit voting instructions to such broker or nominee who does not attend the meeting. Proposals 1 and 3 are non-routine matters. As a result, if you hold shares in street name through a broker, bank or other nominee, your broker, bank or nominee will **not** be permitted to exercise voting discretion with respect to Proposals 1 and 3. Thus, if you do not give your broker or nominee specific instructions on how to vote for you or do not vote for yourself in accordance with the voting instructions in the Notice of Internet Availability of Proxy Materials or by requesting hard copy proxy materials from us and returning a proxy card or by other arrangement with your broker or nominee, your shares will have the effect of a vote against Proposals 1 and 3.

Proposal 2 is a routine matter. As a result, if you beneficially own your shares and you do not provide your broker or nominee with proxy instructions, either by voting in accordance with the instructions on the Notice of Internet Availability of Proxy Materials or by requesting hard copy proxy materials from us and returning a proxy card or by other arrangement with your broker or nominee, your broker or nominee will be able to vote your shares for you on this routine matter and any other routine matter that comes before the Meeting.

Adjournment and Additional Solicitation. If there appears not to be enough votes to approve the proposals at the Meeting, the Stockholders who are represented in person or by proxy may vote to adjourn the Meeting to permit the further solicitation of proxies. Mr. Marshall Brozost and Mr. Samuel L. Katz are the persons named as proxies and will vote proxies held by them for such adjournment, unless marked to be voted against any proposal for which an adjournment is sought, to permit the further solicitation of proxies.

A Stockholder vote may be taken on any of the proposals in this Proxy Statement prior to any such adjournment if there are sufficient votes for approval of such proposal.

Information Regarding This Solicitation

The Company will bear the expense of the solicitation of proxies for the Meeting, including the cost of preparing and posting this Proxy Statement and the Annual Report to the Internet and the cost of mailing the Notice of Annual Meeting of Stockholders, the Notice of Internet Availability of Proxy Materials and any requested proxy materials to Stockholders. The Company intends to use the services of Broadridge Financial Solutions, Inc., a leading provider of investor communications solutions, to aid in the distribution and collection of proxy votes. The Company expects to pay market rates for such services. If brokers, trustees, or fiduciaries and other institutions holding shares in their own names or in the names of their nominee, which shares are beneficially owned by others, forward the proxy materials to, and obtain proxies from, such beneficial owners, we will reimburse such persons for their reasonable expenses in so doing.

In addition to the solicitation of proxies by the use of the Internet, proxies may be solicited in person and/or by telephone, mail or facsimile transmission by directors or officers of the Company, officers or employees of PennantPark Investment Advisers, LLC, the Company's investment adviser and/or by a retained solicitor. No additional compensation will be paid to directors, officers or regular employees for such services. If the Company retains a solicitor, the Company has estimated that it will pay approximately \$15,000 for such services. If the Company engages a solicitor, you could be contacted by telephone on behalf of the Company and urged to vote. The solicitor will not attempt to influence how you vote your shares, but only ask that you take the time to cast a vote. You may also be asked if you would like to vote over the telephone and to have your vote transmitted to our proxy tabulation firm.

Stockholders may provide their voting instructions through the Internet, by telephone or by mail by following the instructions on the Notice of Availability of Proxy Materials. These options require Stockholders to input the Control Number, which is provided with the Notice of Availability of Proxy Materials. If you vote using the Internet, after visiting www.proxyvote.com and inputting your Control Number, you will be prompted to provide your voting instructions. Stockholders will have an opportunity to review their voting instructions and make any necessary changes before submitting their voting instructions and terminating their Internet link. Stockholders who vote via the Internet, in addition to confirming their voting instructions prior to submission, will also receive an e-mail confirming their instructions upon request.

If a Stockholder wishes to participate in the Meeting, but does not wish to give a proxy by Internet, the Stockholder may attend the Meeting in person or request and submit a proxy card by following the instructions on the Notice of Availability of Internet Proxy Materials.

Any proxy authorized pursuant to this solicitation may be revoked by notice from the person giving the proxy at any time before it is exercised. A revocation may be effected by resubmitting voting instructions via

the Internet voting site, by telephone, by obtaining and properly completing another proxy card that is dated later than the original proxy and returning it, by mail, in time to be received before the meeting, by attending the Meeting or by a notice, provided in writing and signed by the Stockholder, delivered to the Company's Secretary on any business day before the date of the Meeting.

Security Ownership of Certain Beneficial Owners and Management

As of the Record Date, to our knowledge, no person would be deemed to control us, as such term is defined in the 1940 Act.

Our directors consist of an interested director and independent directors. An interested director is an interested person of the Company, as defined in the 1940 Act, and independent directors are all other directors (the Independent Directors).

The following table sets forth, as of December 11, 2009, certain ownership information with respect to our Common Stock for those persons who directly or indirectly own, control or hold with the power to vote, 5 percent or more of our outstanding Common Stock and all officers and directors, as a group.

Name and address ⁽¹⁾	Type of ownership ⁽⁴⁾	Shares owned	Percentage of Common Stock Outstanding
Clough Capital Partners L.P. One Post Office Square, 40th Floor Boston, MA 02109	Beneficial	1,600,691	6.2%
Wellington Management Company LLP 75 State Street Boston, MA 02109	Beneficial	2,827,541	11.0%
Independent directors			
Adam K. Bernstein ⁽²⁾	Record/Beneficial	85,291	*
Marshall Brozost	Record/Beneficial	9,057	*
Jeffrey Flug	Record/Beneficial	90,561	*
Samuel L. Katz	Record/Beneficial	81,712	*
Interested director			
Arthur H. Penn ⁽³⁾	Record/Beneficial	436,625	1.7%
Executive officer			
Aviv Efrat	Record/Beneficial	30,907	*
All directors and executive officer as a group (6 persons)	Record/Beneficial	734,153	2.8%

(1) The address for each officer and director is c/o PennantPark Investment Corporation, 590 Madison Avenue, 15th Floor, New York, New York 10022

(2) Mr. Bernstein is the President of JAM Investments, LLC and may therefore be deemed to own beneficially the 68,236 shares held by JAM Investments, LLC

(3) Mr. Penn is the Managing Member of PennantPark Investment Advisers, LLC, and may therefore be deemed to own beneficially the 274,224 shares held by PennantPark Investment Advisers, LLC.

(4) Sole Voting Power.

* Less than 1 percent.

Section 16(a) Beneficial Ownership Reporting Compliance

Pursuant to Section 16(a) of the Exchange Act, the Company's directors and executive officer, and any persons holding more than 10% of its Common Stock, are required to report their beneficial ownership and any changes therein to the SEC and the Company. Specific due dates for those reports have been established, and the Company is required to report herein any failure to file such reports by those due dates. Based on the Company's review of Forms 3, 4 and 5 filed by such persons and information provided by the Company's directors and officers, the Company believes that during the fiscal year ended September 30, 2009, all Section 16(a) filing requirements applicable to such persons were met in a timely manner.

Dollar Range of Securities Beneficially Owned by Directors

The following table sets forth the dollar range of our equity securities beneficially owned by each of our directors as of December 11, 2009. Information as to the beneficial ownerships is based on information furnished to the Company by such persons. We are not part of a family of investment companies, as that term is defined in the 1940 Act.

Directors of the Company	Dollar Range of Equity Securities in the Company⁽¹⁾
Independent Directors	
Adam K. Bernstein	\$ 500,001 - \$ 1,000,000 ⁽²⁾
Marshall Brozost	\$ 50,001 - \$ 100,000
Jeffrey Flug	\$ 500,001 - \$ 1,000,000
Samuel L. Katz	\$ 500,001 - \$ 1,000,000
Interested Director	
Arthur H. Penn	Over \$1,000,000 ⁽³⁾

(1) Dollar ranges are as follows: None; \$1-\$10,000; \$10,001-\$50,000; \$50,001-\$100,000; \$100,001-\$500,000; \$500,001-\$1,000,000 or over \$1,000,000.

(2) Also reflects holdings of JAM Investments, LLC.

(3) Also reflects holdings of PennantPark Investments Advisers, LLC

PROPOSAL 1: ELECTION OF DIRECTOR

In accordance with its bylaws, the Company currently has five members of the Board of Directors. Directors are divided into three classes and are elected for staggered terms of three years each, with a term of office of one of the three classes of directors expiring each year. The terms of Class I, II and III will expire in 2011, 2012 and 2010, respectively. Each director will hold office for the term to which he or she is elected or until his or her successor is duly elected and qualifies.

A Stockholder can vote for, or withhold his or her vote from, any nominee. In the absence of instructions to the contrary, it is the intention of the persons named as proxies to vote such proxy FOR the election of the nominee named below. If a nominee should decline or be unable to serve as a director, it is intended that the proxy will be voted for the election of such person as is nominated by the Board as a replacement. The Board has no reason to believe that any of the persons named below will be unable or unwilling to serve.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF THE NOMINEE NAMED IN THIS PROXY STATEMENT.

Information about the Nominee and Directors

Certain information with respect to the Class III nominee for election at the Meeting, as well as each of the other directors, is set forth below, including their names, ages, a brief description of their recent business experience, including present occupations and employment, certain directorships that each person holds, and the year in which each person became a director of the Company. The nominee for Class III director currently serves as the Chairman of the Board and Chief Executive of the Company.

Mr. Arthur H. Penn has been nominated for election as the Class III director for a three year term expiring in 2013. Mr. Penn is not being proposed for election pursuant to any agreement or understanding between Mr. Penn and the Company.

Nominee for Class III Director

Name, Address and Age ⁽¹⁾ Interested Director	Position(s) held with Company	Term of Office and Length of Time Served	Principal Occupation(s) During the Past 5 Years	Other Directorships Held by Director or Nominee for Director ⁽²⁾
Arthur H. Penn (46) ⁽³⁾	Chief Executive Officer and Chairman of the Board of Directors	Class III Director since February 2007; Term Expires 2013	Chief Executive Officer of PennantPark Investment Corporation since inception in 2007. Mr. Penn also is the founder and Managing Member of PennantPark Investment Advisers, LLC. Before founding the Company, Mr. Penn was the co-founder of Apollo Investment Management, where he was a Managing Partner from 2004 to 2007. He also served as Chief Operating Officer of Apollo Investment Corporation from inception in 2004 to 2006 and served as President and Chief Operating Officer in 2006. He was formerly a Managing Partner of Apollo Value Fund L.P. (formerly Apollo Distressed Investment Fund, L.P.) from 2003 to 2006.	

Class I Directors (continuing directors not up for election at the Meeting)

Name, Address and Age ⁽¹⁾ Independent Directors	Position(s) held with Company	Term of Office	Principal Occupation(s) During the Past 5 Years	Other
		and Length of Time Served		Directorships Held by Director or Nominee for Director ⁽²⁾
Marshall Brozost (42)	Director	Class I Director since February 2007; Term Expires 2011	A Partner at the international law firm of Dewey & LeBoeuf LLP, since 2007, where he practices in the real estate and private equity groups. Prior to his tenure at Dewey & LeBoeuf LLP, which began in 2005, Mr. Brozost practiced law at O Melveny & Myers LLP and at Solomon & Weinberg LLP since 2001.	
Samuel L Katz (44)	Director	Class I Director since February 2007; Term Expires 2011	A Managing Partner since 2007 of TZP Group LLC, a private equity fund. Before joining TZP Group, Mr. Katz was Chief Executive Officer of MacAndrews & Forbes Acquisition Holdings, Inc. from 2006 to 2007. Prior to that position, Mr. Katz was Chairman and Chief Executive Officer of the Cendant Travel Distribution Services Division from 2001 to 2005.	

Class II Directors (continuing directors not up for re-election at the Meeting)

Name, Address and Age ⁽¹⁾ Independent Directors	Position(s) held with Company	Term of Office and Length of Time Served	Principal	Other
			Occupation(s) During the Past 5 Years	Directorships Held by Director or Nominee for Director ⁽²⁾
Adam K. Bernstein (46)	Director	Class II Director since February 2007; Term Expires 2012	President of The Bernstein Companies, a Washington, D.C.-based real estate firm that he joined in 1986. Mr. Bernstein also serves as the President and Chief Executive Officer of Consortium Atlantic Realty Trust, Inc., a private real estate investment trust operating in the mid-Atlantic region since its formation in 2000.	President of the Mid-Atlantic Regional Advisory Board of the University of Pennsylvania.
Jeffrey Flug (47)	Director	Class II Director since February 2007; Term Expires 2012	Chief Operating Officer and Financial Officer of Union Square Hospitality Group since 2009. Mr. Flug has also served as Chief Executive Officer and Executive Director from 2006 to 2008 of Millennium Promise Alliance, Inc., a non-profit organization whose mission is to eradicate extreme global poverty. From 2000 to 2006 Mr. Flug was a Managing Director and Head of North American Institutional Sales at JP Morgan's Investment Bank.	

- (1) The business address of the director nominee and other directors is c/o PennantPark Investment Corporation, 590 Madison Avenue, 15th Floor, New York, New York 10022.
- (2) No director otherwise serves as a director of an investment company subject to the 1940 Act.
- (3) Mr. Penn is an interested director due to his position as an officer of the Company and of PennantPark Investment Advisers, LLC.

Corporate Governance

We believe that maintaining the highest standards of corporate governance is a crucial part of our business, and the Company is committed to having in place the necessary controls and procedures designed to ensure compliance with applicable laws, rules and regulations, as well as our own ethical standards of conduct.

Director Independence

NASDAQ rules require listed companies to have a board of directors with at least a majority of independent directors. Under NASDAQ rules, in order for a director to be deemed independent, our Board must determine that the individual does not have a relationship that would interfere with the director's exercise of independent judgment in carrying out his or her responsibilities. Each member of our Board is required to complete an independence questionnaire when changes in circumstances occur but no less frequently than annually designed to provide information to assist the Board in determining whether the director is independent under NASDAQ rules, applicable law, and our corporate governance guidelines. Our Board has determined that each of our directors, other than Mr. Penn, is independent under the listing standards of the NASDAQ Global Select Market. The Board limits membership on the Audit Committee and the Nominating and Corporate Governance Committee to independent directors.

Committees of the Board of Directors

Our Board of Directors has established an Audit Committee and a Nominating and Corporate Governance Committee. For the fiscal year ended September 30, 2009, the Board of Directors of the Company held six board meetings, four Audit Committee meetings and two Nominating and Corporate Governance Committee meetings. All directors attended at least 75% of the aggregate number of meetings of the Board and of the respective Committees on which they served. The Company requires each director to make a diligent effort to attend all Board and Committee meetings, and encourages directors to attend the Annual Meeting of Stockholders. Last year three members of the Board of Directors attended the meeting.

Audit Committee

The members of the Audit Committee are Messrs. Bernstein, Brozost, Flug and Katz, each of whom is independent for purposes of the 1940 Act and The NASDAQ corporate governance rules. Mr. Flug serves as chairman of the Audit Committee. The Audit Committee operates pursuant to an Audit Committee Charter approved by the Board of Directors. The charter sets forth the responsibilities of the Audit Committee, which include selecting or retaining each year an independent registered public accounting firm (the "auditors") to audit the accounts and records of the Company; reviewing and discussing with management and the auditors the annual audited financial statements of the Company, including disclosures made in management's discussion and analysis, and recommending to the Board of Directors whether the audited financial statements should be included in the Company's annual report on Form 10-K; reviewing and discussing with management and the auditors the Company's quarterly financial statements prior to the filings of its quarterly reports on Form 10-Q; pre-approving the auditors' engagement to render audit and/or permissible non-audit services; and evaluating the qualifications, performance and independence of the auditors. The Audit Committee is also responsible for aiding our Board of Directors in fair value pricing of debt and equity securities that are not publicly traded or for which current market values are not readily available. The Board of Directors and Audit Committee use the services of nationally recognized independent valuation firms to help them determine the fair value of these securities. The Company's Board of Directors has determined that Mr. Flug is our Audit Committee financial expert as that term is defined under Item 407 of Regulation S-K under the Securities Exchange Act of 1934, as amended (the Exchange Act). The Audit Committee Charter is available on the Company's website (<http://www.pennantpark.com>).

Information about the Executive Officer Who is Not a Director

The following information, as of the Record Date, pertains to our executive officer who is not a director of the Company.

Name Address and Age ⁽¹⁾	Position(s) held with Company	Principal Occupation(s) During the Past 5 Years
Aviv Efrat (45)	Chief Financial Officer and Treasurer	Chief Financial Officer and Treasurer of PennantPark Investment Corporation since inception in 2007. Managing Director of PennantPark Investment Administration, LLC since inception in 2007. A Director at BlackRock, Inc. from 1997 to 2007 where he was responsible for a variety of administrative, operational, and financial aspects of closed-end and open-end registered investment companies.

(1) The business address of executive officer is c/o PennantPark Investment Corporation, 590 Madison Avenue, 15th Floor, New York, New York 10022.

Information about Chief Compliance Officer

The following information, as of the Record Date, pertains to our Chief Compliance Officer who is not a director of the Company.

Name Address and Age ⁽¹⁾	Position(s) held with Company	Principal Occupation(s) During the Past 5 Years
Guy F. Talarico (52)	Chief Compliance Officer	Chief Compliance Officer of PennantPark Investment Corporation since May 2008. Mr. Talarico has served as Chief Compliance Officer for investment advisers, private funds and investment companies since 2004. From 2001 to 2004 Mr. Talarico was senior director at Investors Bank & Trust Company where he was servicing investment advisers, mutual funds and institutions. From 1986 to 2001 Mr. Talarico was a division executive with JPMorgan Chase Bank, N.A.

(1) The business address of officer is c/o PennantPark Investment Corporation, 590 Madison Avenue, 15th Floor, New York, New York 10022.

Nominating and Corporate Governance Committee

The members of the Nominating and Corporate Governance Committee are Messrs. Bernstein, Brozost, Flug and Katz, each of whom is independent for purposes of the 1940 Act and the NASDAQ corporate governance rules. Messrs. Bernstein and Brozost serve as co-chairmen of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee is responsible for selecting, researching and nominating directors for election by our Stockholders, selecting nominee to fill vacancies on the Board or a committee of the Board, developing and recommending to the Board a set of corporate governance principles and overseeing the evaluation of the Board and our management. The Nominating and Corporate Governance Committee has adopted a written Nominating and Corporate Governance Committee Charter that is available on the Company's website (<http://www.pennantpark.com>).

The Nominating and Corporate Governance Committee will consider Stockholder recommendations for possible nominee for election as directors when such recommendations are submitted in accordance with the Company's bylaws, the Nominating and Corporate Governance Committee Charter and any applicable law, rule or regulation regarding director nominations. Nominations should be sent to Thomas Friedmann, Secretary, c/o

PennantPark Investment Corporation, 590 Madison Avenue, 15th Floor, New York, New York 10022. When submitting a nomination to the Company for consideration, a stockholder must provide all information that would be required under applicable SEC rules to be disclosed in connection with election of a director, including the following minimum information for each director nominee: full name, age and address; principal occupation during the past five years; current directorships on publicly held companies and investment companies; number of shares of our Common Stock owned, if any; and, a written consent of the individual to stand for election if nominated by the Board of Directors and to serve if elected by the Stockholders.

Criteria considered by the Nominating and Corporate Governance Committee in evaluating the qualifications of individuals for election as members of the Board of Directors include compliance with the independence and other applicable requirements of the NASDAQ corporate governance rules and the 1940 Act, and all other applicable laws, rules, regulations and listing standards, the criteria, policies and principles set forth in the Nominating and Corporate Governance Committee Charter, and the ability to contribute to the effective management of the Company, taking into account the needs of the Company and such factors as the individual's experience, perspective, skills and knowledge of the industry in which the Company operates. The Nominating and Corporate Governance Committee also may consider such other factors as it may deem are in the best interests of the Company and its Stockholders. The Board of Directors also believes it is appropriate for a key member of the Company's management to participate as a member of the Board of Directors.

Compensation Committee

We do not have a compensation committee because our executive officer does not receive compensation from us.

Communication with the Board of Directors

Stockholders with questions about the Company are encouraged to contact PennantPark Investment Corporation's Investor Relations Department. However, if Stockholders believe that their questions have not been addressed, they may communicate with the Company's Board of Directors by sending their communications to Thomas Friedmann, Secretary, c/o PennantPark Investment Corporation, 590 Madison Avenue, 15th Floor, New York, New York 10022. All stockholder communications received in this manner will be delivered to one or more members of the Board of Directors.

Code of Conduct and Code of Ethics

We expect each of our officers and directors, as well as any person affiliated with our operations, to act in accordance with the highest standards of personal and professional integrity at all times, and to comply with the Company's policies and procedures and all laws, rules and regulations of any applicable international, federal, provincial, sta