

**PENNANTPARK INVESTMENT CORPORATION
(THE “CORPORATION”)**

**INTERNAL REPORTING AND WHISTLEBLOWER PROTECTION POLICY
(“PROTECTION POLICY”)**

This Protection Policy has been adopted by the Corporation to establish procedures for the confidential, anonymous submission of concerns relating to questionable accounting or auditing matters by officers or employees of the Corporation, its adviser, administrator, principal underwriter, or any other provider of accounting related services (each, an “Interested Party” and collectively, the “Interested Parties”). The Corporation strives to create an environment in which officers and employees of the Corporation, its agents, subagents and other contractors openly communicate with management of the Corporation regarding (1) potential violations of this Protection Policy and (2) complaints relating to accounting procedures, internal accounting controls or other auditing matters by officers or employees of an Interested Party, the wrongful activities alluded to in clause (1) and clause (2) above being “Improper Activities.”

This policy applies to all officers and regular full-time, part-time and temporary employees of the Corporation, PennantPark Investment Advisers, LLC,¹ PennantPark Investment Administration, LLC and any other agent, contractor or subcontractor of the Corporation (each a “Covered Party”). Suspected Improper Activities of any Covered Party, or any of their respective officers or employees, must be reported immediately in accordance with this Protection Policy.

Each Covered Party and its respective officers and employees may not discharge, demote, suspend, harass, intimidate, or in any other manner retaliate or discriminate against an officer or employee because the officer or employee (1) has provided information, caused information to be provided, or otherwise assisted in an investigation regarding any conduct which the officer or employee reasonably believes constitutes an Improper Activity or (2) has filed, cause to be filed, testified, participated in or otherwise assisted in a proceeding filed or about to be filed relating to an alleged Improper Activity.

Officers and employees subject to this Protection Policy are expected and encouraged to report incidents of alleged improper discharge, intimidation or discrimination as soon as possible in the manner described in this Protection Policy.

Protection Policy Exceptions

Exceptions to this Protection Policy must be approved by the Audit Committee of the Board of Directors of the Corporation (the “Audit Committee”).

Matters Covered by this Protection Policy

Improper Activities covered by this Protection Policy include, but are not limited to, the following:

- Fraud or deliberate error in the preparation, evaluation, review or audit of any financial

¹ PennantPark Investment Advisers, LLC is the Corporation’s investment adviser.

statement of the Corporation;

- Fraud or deliberate error in the recording and maintaining of financial records of the Corporation;
- Deficiencies in or non-compliance with the Corporation's internal accounting controls;
- Misrepresentation or false statement to or by a senior officer or accountant regarding a matter contained in the financial records, financial reports or audit reports of the Corporation;
- Deviation from full and fair reporting of the Corporation's financial situation; and
- The retaliation, directly or indirectly, or encouragement of others to do so, against anyone who reports a violation of this Protection Policy.

Treatment and Handling of Improper Activities

Any person to whom a suspected Improper Activity is reported in accordance with this Protection Policy (a "Designee") shall maintain a log of such suspected Improper Activity and shall investigate such suspected Improper Activity in a timely manner. All reports and investigations shall be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation. The Designee shall retain records relating to each suspected Improper Activity reported, the actions taken to investigate, and any response to such suspected Improper Activity in accordance with the Corporation's document retention policy.

The Designee shall provide to the Audit Committee a summary of the reports of suspected Improper Activities received by him or her during the prior quarter and the results of any investigations. If a material Improper Activity has occurred that requires immediate attention, the Audit Committee shall be informed promptly of this conclusion and the remedial measures being adopted.

The Audit Committee shall review and take any action it deems appropriate in its judgment with respect to any suspected Improper Activity it is made aware of, including retention of any independent or expert advisors or meeting with officers of the Corporation or employees of the Corporation. Any review and evaluation of such report shall include consideration of whether the matter(s) described in the report pertain to an Improper Activity, the merits of the report, and whether further review and/or investigation is warranted. Any decision by the Audit Committee to review or investigate any matter brought to its attention as a result of this Protection Policy shall not in any way be, or be deemed to be, a determination by the Audit Committee or the Corporation that any actions or inactions that are the subject of the report have, in fact, occurred or constitute an Improper Activity.

Reporting Allegations of Suspected Improper Activities

Reporting Management

Officers and employees subject to this Protection Policy are expected and encouraged to report suspected Improper Activities either in person or via written correspondence to their direct

supervisor. In the event that reports are not taken seriously or if the officer or employee does not feel comfortable reporting the suspected incident to their supervisor, the officer or employee must escalate the matter to senior management of the Corporation – the Chief Executive Officer or Chief Financial Officer.

Reporting to the Corporation's Chief Compliance Officer

In addition to reporting in person or by written correspondence to senior management, an officer or employee may report suspected Improper Activities to the Corporation's Chief Compliance Officer. Reporting may be made in an anonymous manner. Correspondence may be sent to:

Alaric Compliance Securities, LLC
Attn: Guy F. Talarico
150 Broadway
New York, New York 10038

or

gtalaricho@alariccompliance.com

Reporting to the Audit Committee

In addition to reporting to the Corporation's senior management and Chief Compliance Officer, an officer or employee may report suspected Improper Activities to the Chairman of the Audit Committee. Reporting may be made in an anonymous manner. Correspondence may be sent to:

PennantPark Investment Corporation
Attn: Chairman of the Audit Committee
590 Madison Avenue, 15th Floor
New York, New York 10022

Roles, Rights and Responsibilities of Whistleblowers

A person or entity making a protected communication or disclosure is commonly referred to as a whistleblower. The whistleblower's role is as a reporting party. They are not investigators or finders of fact and only participate in investigations when requested. In addition, whistleblowers do not determine the appropriate corrective or remedial action that may be warranted.

Whistleblowers have the role of providing initial information related to a reasonable belief that an Improper Activity has occurred. The motivation of a whistleblower is irrelevant to the consideration of the validity of the allegations. However, the intentional filing of a false report, whether orally or in writing, is itself an Improper Activity that the Corporation has the right to act upon.

Whistleblowers should gather evidence for which they have a right of access. Improper access may itself be an Improper Activity.

The Corporation expects whistleblowers to be candid and set forth all known information

regarding reported allegations to investigators. Persons making a report of alleged Improper Activities may be asked to be interviewed by Corporation investigators.

Anonymous whistleblowers are expected to provide sufficient corroborating evidence to justify the commencement of an investigation. Unspecified wrongdoing or broad allegations without verifiable evidentiary support will not cause an investigation to be undertaken. Because of the inability of investigators to interview anonymous whistleblowers, it may be more difficult to evaluate the credibility of the allegations and therefore, less likely to cause an investigation to be initiated.

Confidentiality of the identity of whistleblowers shall be maintained to the extent possible within the legitimate needs of law and the investigation. If the whistleblower discloses his/her identity beyond the person to whom the suspected Improper Activity is reported, the Corporation shall no longer be obligated to maintain such confidence.

A whistleblower's right to protection from retaliation does not extend immunity for any complicity in the matters that are the subject of the allegations or an ensuing investigation.

Whistleblowers have a right to be informed of the outcome of their having made a protected disclosure unless there exist overriding legal or public interest reasons not to do so.

Compliance and Disciplinary Action

The Corporation may take disciplinary action against any officer or employee who wilfully violates or circumvents this Protection Policy, or in other appropriate circumstances.

Description of Disciplinary Action

Disciplinary Action may be taken:

- Against any officer or employee who directs, authorizes or participates (directly or indirectly) in conduct that violates this Protection Policy;
- Against any officer or employee who knowingly fails to report suspected Improper Activities as described in this Protection Policy;
- Against any officer or employee who knowingly fails to report a violation or knowingly withholds relevant and material information concerning a violation of this Protection Policy;
- Against the violator's supervisor(s), to the extent that the circumstances of the violation reflect inadequate supervision or a lack of diligence; or
- Against any officer or employee who attempts to retaliate, directly or indirectly, or encourages others to do so, against anyone who reports a violation of this Protection Policy or a suspected Improper Activity.

Disciplinary action may include reprimand, demotion, suspension, termination, referral for

criminal prosecution, and reimbursement to the Corporation or the government for any losses or damages.

This Document Not a Contract

This Protection Policy does not constitute a contract of any kind, nor does it limit the Corporation's right to take disciplinary action in other circumstances. Employment at the Corporation is "at will" and may be terminated at any time by the Corporation or the employee, with or without any previous notice, unless a formal written agreement between the Corporation and the employee provides otherwise.

Available Assistance

It is essential that all officers and employees subject to this Protection Policy understand this Protection Policy and prevent conduct that could bring the Corporation's integrity into question. Since many of the issues that arise under this Protection Policy may involve interpretive questions, the Chief Compliance Officer has been entrusted with providing guidance and answering day-to-day questions on this Protection Policy.

Approved: August 1, 2007