



Governance and Compensation Committee Charter

I. PURPOSE OF THE GOVERNANCE AND COMPENSATION COMMITTEE

The purposes of the Governance and Compensation Committee (the "Committee") of the Board of Directors (the "Board") of THL Credit, Inc., a Delaware (the "Corporation") are to:

- (1) identify individuals qualified to serve on the Board as directors that are both "independent" as defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended (the "1940 Act") and Rule 5606(a)(2) of the Nasdaq Stock Market ("Nasdaq") listing requirements (the "Independent Directors"), and on committees of the Board, and to select, or to recommend that the Board select, the Board nominees for the next annual meeting of shareholders;
- (2) advise the Board with respect to Board composition, procedures and committees;
- (3) oversee periodic evaluations of the Board and any committees of the Board;
- (4) monitor corporate governance matters and make recommendations to the Board;
- (5) act as the administrative committee with respect to Board policies and procedures, committee policies and procedures and codes of ethics;
- (6) oversee the Company's compensation policies generally and make recommendations to the Board with respect to any incentive compensation and equity-based plans of the Company that are subject to Board approval;
- (7) evaluate executive officer performance;
- (8) review and approve the compensation, if any, by the Company for each of the Company's executive officers, including reimbursement by the Company of the compensation of the Chief Financial Officer, Chief Compliance Officer and General Counsel; and
- (9) prepare a report on executive officer compensation if the Securities and Exchange Commission rules require such a report to be included in the Company's annual proxy statement.

II. COMPOSITION OF THE COMMITTEE

The Committee shall consist of at least two members, comprised of certain of the Independent Directors of the Corporation appointed by the Board who are not "close family members" of an officer, director or employee of the Corporation or the investment advisor of the Corporation. For this purpose, a "close family member" shall be a spouse, a parent, a child, a sibling, an aunt, an uncle or a first cousin, whether by blood, marriage or adoption of such director, or anyone residing in such person's home. The Committee shall recommend nominees for appointment to the Committee annually and as vacancies or newly-created positions occur. Committee members shall be appointed by the Board and may be removed by the Board at any time. The Committee shall recommend to the Board, and the Board shall designate, the chairperson of the Committee. Solely to the extent the chairperson of the Board is not an independent Director, the chairperson of the Committee may serve as the lead director of the Independent Directors if the Board has not appointed another Independent Director in such a role.

The chairperson of the Committee shall have the following responsibilities:

- (1) preside over Board meetings in the absence of the chairperson of the Board and the lead director of the Independent Directors;
- (2) preside over Committee meetings and participate in executive sessions of the Independent Directors;
- (3) serve as a liaison to the Independent Directors;
- (4) participate in the preparation of the Board meeting agenda and the agenda for the Committee meetings; and
- (5) set meeting schedules to assure that directors have sufficient time for discussion of all agenda items.

The lead director of the Independent Directors shall have the following responsibilities:

- (1) preside over Board meetings in the absence of the chairperson of the Board;
- (2) preside over executive sessions of the Independent Directors in the absence of the Chairperson (if the Chairperson is an Independent Director);
- (3) serve as the principal liaison to the Independent Directors;
- (4) participate in the preparation of the Board meeting agenda; and
- (5) set meeting schedules to assure that directors have sufficient time for discussion of all agenda items.

III. MEETINGS AND PROCEDURES OF THE COMMITTEE

The Committee shall fix its own rules of procedure, which shall be consistent with the Certificate of Incorporation of the Corporation (or other charter document of the Corporation), the Bylaws of the Corporation and this Committee Charter. The Committee shall meet as provided by its rules, which shall be at least two times annually or more frequently as circumstances require. The chairperson of the Committee or a majority of the members of the Committee may also call a special meeting of the Committee.

A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can communicate with each other shall constitute a quorum. The Committee may also take action by the written consent, if the number of members of the Committee required for approval of such action at a meeting of the Committee consent to the action in writing and the written consents are filed with the records of meetings of the Governance Committee, unless otherwise required by applicable law.

The Committee may form subcommittees for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate; provided, however, that no subcommittee shall consist of fewer than two members; and provided further that the Committee shall not delegate to a subcommittee any power or authority not provided to the Committee or required by any law, regulation or listing standard to be exercised by the Committee or the Independent Directors as a whole.

The Committee may request that any directors, officers or employees of the Corporation, or other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests.

The Committee shall keep written minutes of its meetings, which minutes shall be maintained with the books and records of the Corporation and delivered to the Board, including a description of all actions taken by the Committee at the meeting.

IV. AUTHORITY

The Committee shall have the authority to carry out its duties and responsibilities as set forth in this Committee Charter. The Committee shall have sole authority to retain and terminate any search firm to be used to identify Independent Director candidates, including sole authority to approve the search firm's fees and other retention terms.

The Committee shall have the right to use reasonable amounts of time of the Company's independent accountants, outside lawyers and other internal staff and may, in its sole discretion, hire experts, lawyers, compensation consultants and other advisors (each, a "Consultant") to assist and advise the Committee in connection with its responsibilities. The Committee shall be directly responsible for the appointment, compensation (at the Company's expense) and oversight of any work of such Consultants and shall keep the Company's Chief Executive Officer, President, Chief Financial Officer and Board of Directors advised as to the general range of anticipated expenses in connection therewith. When selecting a Consultant, the Committee should first consider factors relevant to that person's independence from the Company, such as:

- (1) the provision of other services to the Company by the Consultant or person that employs the Consultant;
- (2) the amount of fees received from the Company by the Consultant or person that employs the Consultant, as a percentage of the total revenue of the Consultant or person that employs the Consultant;
- (3) the policies and procedures of the Consultant or person that employs the Consultant that are designed to prevent conflicts of interest;
- (4) any business or personal relationship of the Consultant with a member of the Committee;
- (5) any stock of the Company owned by the Consultant; and
- (6) any business or personal relationship of the Consultant or person that employs the Consultant with an executive officer of the Company.

V. DUTIES OF THE COMMITTEE

A. Board Candidates and Nominees

The Committee shall have the following goals and responsibilities with respect to Board candidates and nominees:

- (1) establish policies and procedures for evaluating the suitability of potential director nominees;
- (2) select the Independent Director nominees to be considered for election by the shareholders or appointment by the Board, as the case may be, pursuant to the Bylaws of the Corporation. Persons selected by the Committee shall possess such knowledge, experience, skills, expertise and diversity so as to enhance the Board's ability to manage and direct the affairs and business of the Corporation, including, when applicable, to enhance the ability of committees of the Board to fulfill their duties and/or to satisfy any independence requirements imposed by law, regulation or Nasdaq listing requirements; and

- (3) review the suitability for continued service as a director of each Independent Director when his or her term expires and at such other times as the Committee deems necessary or appropriate, and to recommend whether or not the Independent Director should be re-nominated.

B. Board Composition and Procedures

The Committee shall have the following goals and responsibilities with respect to the composition and procedures of the Board as a whole:

- (1) review periodically with the Board the size and composition of the Board as a whole and recommend, if necessary, measures to be taken so that the Board reflects an appropriate balance of knowledge, experience, skills, expertise and diversity required for the Board as a whole and contains at least the minimum number of Independent Directors required by the 1940 Act and Nasdaq, if applicable;
- (2) make recommendations on the frequency and structure of Board meetings;
- (3) make recommendations concerning any other aspect of the procedures of the Board that the Committee considers warranted, including but not limited to procedures with respect to the waiver by the Board of any Corporation rule, guideline, procedure, code of ethics or corporate governance principle; and
- (4) make recommendations on the requirements for, and means of, Board orientation and training.

C. Corporate Governance

The following shall be the goals and responsibilities of the Committee with respect to corporate governance:

- (1) consider any corporate governance issues that arise from time to time, and to develop appropriate recommendations for the Board;
- (2) monitor compliance with, and act as the administrative committee with respect to, the provisions of (i) the Code of Ethics pursuant to Rule 17j-1(c) under the 1940 Act and (ii) the Code of Ethics and Business Conduct pursuant to the rules and regulations promulgated under the Sarbanes-Oxley Act of 2002 and the listing standards of Nasdaq Marketplace Rule 4350(n), including the granting of any waivers thereunder, as appropriate; and
- (3) supervise counsel for the Independent Directors.

D. Board Committees

The following shall be the goals and responsibilities of the Committee with respect to the committee structure of the Board:

- (1) make recommendations to the Board regarding the size and composition of any the committees of the Board, including the identification of individuals qualified to serve as members of a committee, and recommend individual directors to fill any vacancy that might occur on a committee;
- (2) monitor the functioning of the committees of the Board and make recommendations for any changes, including the creation or elimination of committees, the orientation of committee members, the annual review performed, if any, by each committee and the independence and qualifications of the members of the audit committee; and

- (3) recommend that the Board establish such special committees as may be desirable or necessary from time to time in order to address ethical, legal or other matters that may arise. The Committee's power to make such a recommendation under this Committee Charter shall be without prejudice to the right of any other committee of the Board, or any individual director, to make such a recommendation at any time.

E. Evaluation of the Board

The Committee shall be responsible for overseeing the evaluation of the Board as a whole. The Committee shall establish procedures to allow it to exercise this oversight function.

In conducting this review, the Committee shall evaluate whether the Board appropriately addresses the matters that are or should be within its scope pursuant to the set of corporate governance principles adopted by the Committee. The Committee shall address all matters that the Committee considers relevant to the Board's performance, including at least the following: the adequacy, appropriateness and quality of the information and recommendations presented by the investment advisor of the Corporation and management of the Corporation to the Board, the manner in which they were discussed or debated and whether the number and length of meetings of the Board were adequate for the Board to complete its work in a thorough and thoughtful manner.

The Committee shall report to the Board on the results of its evaluation, including any recommended amendments to the principles of corporate governance, and any recommended changes to the Corporation's or the Board's policies or procedures. This report may be written or oral.

F. Compensation Policies

The Committee shall review and make recommendations to the Board in respect of any incentive compensation and equity-based plans of the Company that are subject to Board approval.

G. Executive Compensation

The Committee shall review and approve the compensation, if any, by the Company for each of the Company's executive officers.

Notwithstanding the foregoing, currently none of the Company's executive officers are directly compensated by the Company. However, the Company reimburses its administrator for the allocable portion of overhead and other expenses incurred by the administrator in performing its obligations under an administration agreement, including an allocable share of the compensation of the Company's Chief Financial Officer, Chief Compliance Officer and General Counsel. In light of the foregoing, the Committee shall be responsible for reviewing and approving the reimbursement by the Company of the compensation of the Company's Chief Financial Officer, Chief Compliance Officer and General Counsel.

H. Disclosure

If applicable, the Committee shall prepare the report on executive officer compensation that the Securities and Exchange Commission rules require to be included in the Company's annual proxy statement.

I. Reporting to the Board.

The Committee shall report to the Board periodically. This report shall include a review of any recommendations or issues that arise with respect to Company compensation and benefits policies, executive officer compensation and any other matters that the Committee deems appropriate or is requested to be included by the Board.

VI. EVALUATION OF THE COMMITTEE

The Committee shall, on an annual basis, evaluate its performance under this Committee Charter. In conducting this review, the Committee shall evaluate whether this Committee Charter appropriately addresses the matters that are or should be within its scope. The Committee shall address all matters that the Committee considers relevant to its performance, including at least the following: the adequacy, appropriateness and quality of the information and recommendations presented by the Committee to the Board, the manner in which they were discussed or debated, and whether the number and length of meetings of the Committee were adequate for the Committee to complete its work in a thorough and thoughtful manner and the effectiveness of the committee structure and the number of boards in which each director serves.

The Committee shall report to the Board on the results of its evaluation, including any recommended amendments to this Committee Charter, and any recommended changes to the Corporation's or the Board's policies or procedures. This report may be written or oral.

VII. INVESTIGATIONS AND STUDIES; OUTSIDE ADVISERS

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities, and may retain, at the Corporation's expense, such independent counsel or other advisers as it deems necessary.