



## **Gladstone Capital announced its monthly cash dividends for July, August and September of 2005 of \$0.135 per common share**

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McLean, VA, July 7, 2005: Gladstone Capital Corp. (NASDAQ: GLAD) (the "Company") announced today that the Board of Directors declared cash dividends of \$0.135 per common share for each of the months of July, August and September of 2005. Monthly dividends will be payable on July 29, 2005, August 31, 2005, and September 30, 2005, to shareholders of record for those dates on July 21, 2005, August 23, 2005 and September 22, 2005, respectively. This is a 12.5% increase in the monthly dividend of \$0.12 per common share paid last year for the September, 2004 quarter.

Gladstone Capital offers a Dividend Reinvestment Plan (DRIP). For more information regarding the DRIP, please visit our website at [www.GladstoneCapital.com](http://www.GladstoneCapital.com).

The Company provides the estimated tax characteristics of its dividend on a quarterly basis and those estimates are subject to recharacterization. The current dividend is estimated to be a distribution of ordinary income. The actual tax characteristics will be reported to each shareholder on a Form 1099 for the year ending December 2005.

### **Summary Table for the fourth quarter of 2005:**

| <b>Declared</b>   | <b>X-Dividend</b>   | <b>Record Date</b>  | <b>Payment Date</b> | <b>Amount</b>  |
|---|---------------------|---------------------|---------------------|----------------|
| <b>July 7</b>   | <b>July 19</b>      | <b>July 21</b>      | <b>July 29</b>      | <b>\$0.135</b> |
| <b>July 7</b>   | <b>August 19</b>    | <b>August 23</b>    | <b>August 31</b>    | <b>\$0.135</b> |
| <b>July 7</b>   | <b>September 20</b> | <b>September 22</b> | <b>September 30</b> | <b>\$0.135</b> |
| <b>Total for the Quarter Ending September 30, 2005: \$0.405</b> |                     |                     |                     |                |

Gladstone Capital is a specialty finance company that invests in debt securities consisting primarily of senior term loans, second lien loans, and senior subordinate loans in small and medium sized businesses. For more information please visit our website at [www.GladstoneCapital.com](http://www.GladstoneCapital.com).

For further information contact our Investor Relations Manager, Kelly Sargent at 703.287.8535.

*This press release may include statements that may constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements with regard to the future performance of the Company. Words such as "believes," "expects," "estimated," "projects" and "future" or similar expressions are intended to identify forward-looking statements. These forward-looking statements inherently involve certain risks and uncertainties, although they are based on the Company's current plans that are believed to be reasonable as of the date of this press release. Factors that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements include, among others, those factors listed under the caption "Risk Factors" in the Company's Form 10-K dated September 30, 2004, as filed with the Securities and Exchange Commission on December 14, 2004. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise*