



Gladstone Capital announced its monthly cash dividends for October, November and December of 2005 of \$0.135 per common share

McLean, VA, October 11, 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 October, November and December of 2005. Monthly dividends will be payable on October 31, 2005, November 30, 2005 and December 30, 2005, to shareholders of record for those dates on October 21, 2005, November 21, 2005 and December 21, 2005, respectively. This represents a 12.5% increase in the monthly dividend of \$0.12 per month for the same period one year ago.

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

The Company estimates the 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 first quarter of 2005:

Declared	X-Dividend	Record Date	Payment Date	Amount
October 11	October 19	October 21	October 31	\$0.135
October 11	November 17	November 21	November 30	\$0.135
October 11	December 19	December 21	December 30	\$0.135
Total for the Quarter Ending December 31, 2005: \$0.405				

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.

For further information contact our Investor Relations Manager, Kelly Sargent at 703.287.5835.

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," "estimates," "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