

OMB APPROVAL
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 13G/A

Under the Securities Exchange Act of 1934  
(Amendment No. 1)\*

Gladstone Capital Corp.

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(Name of Issuer)

Common Stock

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(Title of Class of Securities)

376535100

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(CUSIP Number)

December 31, 2004

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(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1 (b)  
 Rule 13d-1 (c)  
 Rule 13d-1 (d)

\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the notes).

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CUSIP No. 376535100

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1. Name of Reporting Person: Fairholme Capital Management, L.L.C. I.R.S. Identification Nos. of above persons (entities only):

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2. Check the Appropriate Box if a Member of a Group:

(a)

(b)

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3. SEC Use Only:

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4. Citizenship or Place of Organization:  
Delaware

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5. Sole Voting Power:  
152,575

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Number of  
Shares  
Beneficially  
Owned by  
Each Reporting  
Person With

6. Shared Voting Power:  
0

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7. Sole Dispositive Power:  
272,475

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8. Shared Dispositive Power:  
0

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9. Aggregate Amount Beneficially Owned by Each Reporting Person:  
272,475

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10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares:

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11. Percent of Class Represented by Amount in Row (9):  
2.4%

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12. Type of Reporting Person:  
IA

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CUSIP No. 376535100

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1. Name of Reporting Person: Bruce R. Berkowitz  
I.R.S. Identification Nos. of above persons (entities only):

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2. Check the Appropriate Box if a Member of a Group:

(a)

(b)

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3. SEC Use Only:

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4. Citizenship or Place of Organization:  
New Jersey

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5. Sole Voting Power:  
152,575

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Number of  
Shares  
Beneficially  
Owned by  
Each Reporting  
Person With

6. Shared Voting Power:  
0

---

7. Sole Dispositive Power:  
272,475

---

8. Shared Dispositive Power:  
0

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9. Aggregate Amount Beneficially Owned by Each Reporting Person:  
272,475

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10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares:

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11. Percent of Class Represented by Amount in Row (9):  
2.4%

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12. Type of Reporting Person:  
IN

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CUSIP Number: 376535100

- Item 1 (a) Name of Issuer: Gladstone Capital Corp.
- (b) Address of Issuer's Principal Executive Offices:  
1616 Anderson Road, Suite 208  
McLean, VA 22102
- Item 2 (a) – (b). Name and Principal Business Address of Persons Filing:  
Fairholme Capital Management, L.L.C. ("FCM")  
51 JFK Parkway  
Short Hills, New Jersey 07078  
  
Bruce R. Berkowitz  
Fairholme Capital Management, L.L.C.  
51 JFK Parkway  
Short Hills, New Jersey 07078
- Item 2 (c). Citizenship:  
FCM is a limited liability company organized under the laws of Delaware and Mr. Berkowitz is a resident of New Jersey
- (d) Title of Class of Securities: Common Stock
- (e) CUSIP Number: 376535100
- Item 3. If this statement is filed pursuant to Rule 13d-1(b)(1) or 13d-2(b) or (c) check whether the person filing is:
- (a)  Broker or dealer registered under Section 15 of the Act,
- (b)  Bank as defined in Section 3(a)(6) of the Act,
- (c)  Insurance Company as defined in Section 3(a)(19) of the Act,
- (d)  Investment Company registered under Section 8 of the Investment Company Act,
- (e)  Investment Adviser in accordance with Rule 13d-1(b)(1)(ii)(E),
- (f)  An employee benefit plan or endowment fund in accordance with §240.13d-1(b)(1)(ii)(F);
- (g)  A parent holding company or control person in accordance with §240.13d-1(b)(1)(ii)(G);
- (h)  A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);
- (i)  A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);
- (j)  Group, in accordance with § 240.13d-1(b)(1)(ii)(J).
- Item 4. Ownership.
- (a) Amount Beneficially Owned: 272,475 shares of common stock are owned, in the aggregate, by various investment vehicles and individual accounts, of which 119,900 are owned by investment
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advisory clients of FCM. While the advisory relationship causes attribution to FCM of certain indicia of beneficial ownership for the limited purpose of this Form 13G, FCM hereby disclaims such beneficial ownership of 119,900 of these shares for purposes of interpretations under the Internal Revenue Code of 1986, as amended, or for any other purpose.

Because Mr. Berkowitz has voting or dispositive power over all shares beneficially owned by FCM, he is deemed to have beneficial ownership of all such shares so reported herein.

- (b) Percent of Class: 2.4%
- (c) Number of shares as to which each of the reporting persons has:
  - (i) Sole power to vote or to direct the vote: 152,575
  - (ii) Shared power to vote or to direct the vote: 0.
  - (iii) Sole power to dispose or to direct the disposition of: 272,475.
  - (iv) Shared power to dispose or to direct the disposition of: 0.

Instruction. For computations regarding securities which represent a right to acquire an underlying security see § 240.13d-3(d)(1).

Item 5. Ownership of Five Percent or Less of a Class.

This statement is being filed to report the fact that as of the date hereof, the reporting person has ceased to be a beneficial owner of more than five percent of the class of the securities.

Item 6. Ownership of More than Five Percent on Behalf of Another Person.

N/A

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported by the Parent Holding Company.

N/A

Item 8. Identification and Classification of Members of the Group.

N/A

Item 9. Notice of Dissolution of the Group.

N/A

Item 10.

Certification for Rule 13d-1(b): By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

February 11, 2005

Date

FAIRHOLME CAPITAL MANAGEMENT, L.L.C.

/s/Bruce R. Berkowitz

Bruce R. Berkowitz, Managing Member  
Name/Title

February 11, 2005

Date

/s/Bruce R. Berkowitz

Bruce R. Berkowitz