

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) September 20, 2006

Gladstone Capital Corporation
(Exact name of registrant as specified in its chapter)

Maryland (State or other jurisdiction of incorporation)	814-00237 (Commission File Number)	54-2040781 (IRS Employer Identification No.)
1521 Westbranch Drive, Suite 200 McLean, Virginia (Address of principal executive offices)		22102 (Zip Code)

Registrant's telephone number, including area code: (703) 287-5800

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01. Other Events.

On September 20, 2006, Gladstone Capital Corporation announced that it has received total proceeds of approximately \$7 million from the exit of Gammill, Inc., a portfolio company, including exit and prepayment fees of \$787,000. The prepayment and exit fees will be reported in this quarter as ordinary income for financial reporting purposes according to Accounting Principles Generally Accepted in the United States, and are anticipated to be treated as a capital gain for tax purposes.

Item 9.01 Financial Statements and Exhibits

- (a) Not applicable.
- (b) Not applicable.
- (c) Not applicable.
- (d) Exhibits.

Exhibit No. -----	Description -----
99.1	Gladstone Capital Corporation Press Release Dated as of September 20, 2006

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Gladstone Capital Corporation
(Registrant)

September 20, 2006

By: /s/ Harry Brill

(Harry Brill, Chief Financial Officer)

EXHIBIT INDEX

Exhibit No. -----	Description -----
99.1	Gladstone Capital Corporation Press Release, dated as of September 20, 2006

Gladstone Capital Corporation Announces Exit of Portfolio Investment

MCLEAN, Va.--(BUSINESS WIRE)--Sept. 20, 2006--Gladstone Capital Corporation (Nasdaq:GLAD) (the "Company") announced today that it has received total proceeds of approximately \$7 million from the exit of Gammill, Inc., a portfolio company, including exit and prepayment fees of \$787,000. The prepayment and exit fees will be reported in this quarter as ordinary income for financial reporting purposes according to Accounting Principles Generally Accepted in the United States, and are anticipated to be treated as a capital gain for tax purposes.

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 please contact Investor Relations 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 and Exchange Act of 1934, as amended, including statements with regard to the future performance of the Company and the closing of any transaction. Words such as "may," "will," "believes," "anticipates," "intends," "expects," "projects," "estimates" 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, 2005, as filed with the Securities and Exchange Commission on December 13, 2005, and those factors listed under the caption "Risk Factors" in the Company's Form 10-Q dated June 30, 2006, as filed with the Securities and Exchange Commission on August 1, 2006. 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.

CONTACT: Gladstone Capital Corporation
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