FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
Estimated average burden
hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

(Print or Type Responses)

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

Name and Address of Reporting Person STELLJES GEORGE III				2. Issuer Name and Ticker or Trading Symbol GLADSTONE CAPITAL CORP [GLAD]							S. Relationship of Reporting Person(s) to Issuer (Check all applicable) _X_ Director 10% Owner					
1521 WESTBRANCH DRIVE, SUITE 200				3. Date of Earliest Transaction (Month/Day/Year) 09/26/2006							X_Officer (give title below) Other (specify below) CIO					
(Street)				4. If Amendment, Date Original Filed(Month/Day/Year)							6. Individual or Joint/Group Filing(Check Applicable Line) _X_ Form filed by One Reporting Person _Form filed by More than One Reporting Person					
MCLEAN, VA 22102 (City) (State) (Zip)				Toble I. Non-Dontontine Committee						ies Acquir	irad Disposed of ar Ranaficially Owned					
1.Title of So (Instr. 3)	Title of Security 2. Transaction (nstr. 3) Date			2A. Deemed Execution Date, if) any (Month/Day/Year)		3. Transa Code	action	4. Securities Acquired (A) or Disposed of (D)			Owned Following Reported			6. Ownership		
	(Month/Day/Year)		(Instr. 8) Code V			(Instr. 3, 4 and 5) (A) or Amount (D)		Price	or Ind. (I)		Direct (D) r Indirect	Beneficial Ownership (Instr. 4)				
Common	Stock		09/26/2006				M		6,000	A	\$ 17.11	10,973		I)	
Common	Stock		09/26/2006				S		6,000		\$ 22.1834	4,973		I)	
Common	Stock		09/27/2006				M		15,10	0 A	\$ 17.11	20,073		Ι)	
Common Stock 09/27/2000		09/27/2006				S		15,10	0 D	\$ 22.033	4,973		I)		
Common	Stock		09/28/2006			M		78,90	0 A	\$ 17.11	83,873		Ι)		
Common Stock 09/28/2006			09/28/2006				S		78,90	0 D	\$ 21.9	4,973		I)	
Common	Common Stock 09/28/2006					M		50,00	0 A	\$ 19.56	54,973		I)		
	Stock		Common Stock 09/28/2006					S 50,000 D \$ 21.9 4,973								
Common	Stock	eparate line for eac	09/28/2006 h class of securities l	peneficial	ly ow	ned		r indired		0 D	\$ 21.9	4,973		I)	
Common Common Reminder: I	Stock Report on a se		h class of securities h	· Derivati	ive Se	ecuri	directly of	Persin the disp	etly. sons w nis forn plays a pisposed s, conve	ho responder are not currently of, or Bertible second	nd to the required valid OM neficially (collection of to respond //B control n	unless the umber.	ion containe form	ed SEC	1474 (9-02)
Common	Stock Report on a second of the second of t	3. Transaction	Table II - 3A. Deemed Execution Date, if	Derivati (e.g., put 4. Transac Code	tive Sets, cal	5. N of D Secu Acq or D	directly of direct	Persin the disputation of the di	ctly. sons whis form plays a disposed s, conver	ho responder are not currently of, or Bertible sections able and	nd to the required valid OM neficially (collection of to respond MB control in Owned and Amount erlying es	unless the umber.	9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s	10. Owners Form of Derivati Security Direct (or Indire	11. Natur of Indire Beneficia Ownersh (Instr. 4)
Common Common Reminder: I	2. Conversion or Exercise Price of Derivative	3. Transaction	Table II - 3A. Deemed Execution Date, if	Derivati (e.g., put 4. Transac Code	ive Sets, cal	5. N of D Secu Acq or D of (I	directly of directly of directly of directly of directly of directly direct	Persin the displant of the dis	ctly. sons whis form blays a bisposed s, conver Exercision Date //Day/Yo	ho respon are not currently of, or Bertible sects table and e ear)	required valid OM neficially (orities) 7. Title of Under Securities	collection of to respond MB control in Owned and Amount erlying es	8. Price of Derivative Security	9. Number of Derivative Securities Beneficially Owned Following Reported	10. Owners Form of Derivati Security Direct (or Indire	11. Natur of Indire Beneficia Ownersh (Instr. 4)
Common Common Reminder: I 1. Title of Derivative Security	2. Conversion or Exercise Price of Derivative Security	3. Transaction	Table II - 3A. Deemed Execution Date, if	Derivati (e.g., put 4. Transac Code (Instr. 8	ive Sets, cal	ecurills, v 5. N of D Sect Acq or D of (I (Inst	directly of directly of directly of directly of directly of directly direct	Persin the displant of the dis	sons whis form blays a bisposed s, conversion Data to Day/Yo	ho respon are not currently of, or Bertible sects table and e ear)	nd to the required y valid ON 7. Title of Unds Securiti (Instr. 3	collection of to respond MB control in Dwned and Amount erlying es and 4) Amount or Number of Shares	8. Price of Derivative Security	9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s	10. Owners Form of Derivati Security Direct (or Indire	11. Natur of Indire Beneficia Ownersh (Instr. 4)
Common Common Reminder: I 1. Title of Derivative Security (Instr. 3) Common	2. Conversion or Exercise Price of Derivative Security \$ 17.11	3. Transaction Date (Month/Day/Year	Table II - 3A. Deemed Execution Date, if	Derivati (e.g., put 4. Transac Code (Instr. 8	ive Sets, cal	ecurills, v 5. N of D Sect Acq or D of (I (Inst	directly of direct	Persin the disp	ctly. sons whis form blays a bisposed s, conver Exercise tion Date h/Day/Y sable D	ho respon are not currently of, or Be retible secusable and e ear)	required valid ON reficially (rities) 7. Title of Under (Instr. 3) Title Communication Stock Communication Communication Stock Communication Communicat	collection of to respond AB control in Dwned and Amount earlying les a and 4) Amount or Number of Shares and 6,000 15,100	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s (Instr. 4)	10. Owners Form of Derivati Security Direct (or Indirect) (Instr. 4	11. Natur of Indire Beneficia Ownersh (Instr. 4)
Common Common Common Reminder: I 1. Title of Derivative Security (Instr. 3) Common Stock Common	2. Conversion or Exercise Price of Derivative Security \$ 17.11	3. Transaction Date (Month/Day/Year) 09/26/2006	Table II - 3A. Deemed Execution Date, if	Derivati (e.g., put 4. Transac Code (Instr. 8) Code	ive Sets, cal	ecurills, v 5. N of D Sect Acq or D of (I (Inst	directly of direct	Persin the disputation of the persistence of the persin the disputation of the persistence of	ettly. sons we his form blays a bisposed s, converting the exercise tion Data h/Day/You be sable D. 09	ho response are not currently of, or Be retible secusable and e ear)	ritle Title Comm Stoc Comm Comm Comm Comm Comm Comm Comm C	Collection of to respond MB control in Dwned and Amount erlying less a and 4) Amount or Number of Shares and 6,000 and 15,100 and 78,900	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s (Instr. 4)	10. Ownerss Form of Derivati Security Direct (or Indire) (I) (I) (Instr. 4	11. Natur of Indire Beneficia Ownersh (Instr. 4)

Reporting Owners

	Relationships					
Reporting Owner Name / Address	Director	10% Owner	Officer	Other		

STELLJES GEORGE III 1521 WESTBRANCH DRIVE SUITE 200 MCLEAN, VA 22102	X		CIO		
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Signatures

Paula Novara, attorney-in-fact	09/28/2006
Signature of Reporting Person	Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) The options vested in two installments, one of 60,000 shares on 9/12/02 and one of 40,000 on 9/12/03.
- (2) The options vested in two equal installments of 25,000 shares on 8/20/03 and 8/20/04

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.