
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 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):

October 11, 2012

Gladstone Capital Corporation

(Exact name of registrant as specified in its charter)

Maryland

814-00237

54-2040781

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

1521 Westbrach Drive, Suite 200, McLean, Virginia

22102

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

(703) 287-5800

Not Applicable

Former name or former address, if changed since last report

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))
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Item 1.02 Termination of a Material Definitive Agreement.

On October 11, 2012, Gladstone Capital Corporation (the "Company") terminated the Equity Distribution Agreement (the "Agreement") by and between the Company, Gladstone Management Corporation, and BB&T Capital Markets, a division of Scott & Stringfellow, LLC (the "Agent"), dated May 17, 2010. Gladstone Management Corporation is the external manager and an affiliate of the Company. By its terms, the Agreement was terminable by the Company at its sole discretion.

The Agreement had allowed the Company, from time to time, to issue and sell through the Agent, as sales agent, up to 2,000,000 shares (the "Shares") of the Company's common stock, par value \$0.001 per share, based upon instructions from the Company. The Company never sold any Shares through the Agent pursuant to the Agreement and therefore decided to terminate the Agreement.

Item 8.01 Other Events.

On October 11, 2012, the Company issued a press release announcing revisions to the Company's investment objectives and strategies, effective on or about January 1, 2013. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated by reference herein.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

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.

October 11, 2012

Gladstone Capital Corporation

By: /s/ David Watson

Name: David Watson

Title: Chief Financial Officer and Treasurer

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release of Gladstone Capital Corporation, dated October 11, 2012.

Gladstone Capital Corporation Announces Revisions to Investment Objectives and Strategies

McLean, VA, October 11, 2012: Gladstone Capital Corporation (NASDAQ: GLAD) (the “Company”) today announced revisions to its investment objectives and strategies, that will go into effect on or about January 1, 2013. All of the Company’s current portfolio investments fit within the scope of the revised objectives and strategies of the Company and no changes will need to be made to the current portfolio as a result of the revision.

The revised investment objectives and strategies that were approved by the board of directors of the Company at a regularly scheduled meeting of the board of directors held on October 10, 2012 are as follows:

Investment Objectives:

To achieve and grow current income by investing in debt securities of established businesses that we believe will provide stable earnings and cash flow to pay expenses, make principal and interest payments on our outstanding indebtedness and make distributions to stockholders that grow over time.

To provide our stockholders with long-term capital appreciation in the value of our assets by investing in equity securities of established businesses that we believe can grow over time to permit us to sell our equity investments for capital gains.

Investment Strategy:

Overview

To achieve our objectives, we seek to invest in several categories of debt and equity securities, with each investment generally ranging from \$5 million to \$30 million, although investment size may vary, depending upon our total assets or available capital at the time of investment.

In general, our investments in debt securities have a term of no more than seven years, accrue interest at variable rates (based on the London Interbank Offered Rate, LIBOR) and, to a lesser extent, at fixed rates. We seek debt instruments that pay interest monthly or, at a minimum, quarterly, have a success fee or deferred interest provision and are primarily interest only with all principal and any accrued but unpaid interest due at maturity. Generally, success fees accrue at a set rate and are contractually due upon a change of control in the business. Some debt securities have deferred interest whereby some portion of the interest payment is added to the principal balance so that the interest is paid, together with the principal, at maturity. This form of deferred interest is often called “paid in kind” (“PIK”).

Typically, our equity investments consist of common stock, preferred stock, limited liability company interests, or warrants to purchase the foregoing. Often, these equity investments occur in connection with our original investment, recapitalizing a business, or refinancing existing debt. Although at times we will enter into co-investment transactions with our sister funds, including Gladstone Investment Corporation, in relation to one another, we generally invest a greater portion of our assets in debt securities while Gladstone Investment generally invests a greater portion of its assets in equity securities.

Target Portfolio

Our investments typically take the following forms:

Senior Debt Securities: We seek to invest a portion of our assets in senior debt securities also known as senior loans, senior term loans, lines of credit and senior notes. Using its assets as collateral, the borrower typically uses senior debt to cover a substantial portion of the funding needs of the business. The senior debt security usually takes the form of first priority liens on the assets of the business. Senior debt securities may include our participation and investment in the syndicated loan market.

Senior Subordinated Debt Securities: We seek to invest a portion of our assets in senior subordinated debt securities, also known as senior subordinated loans and senior subordinated notes. These senior subordinated debts also include second lien notes and may include participation and investment in syndicated second lien loans. Additionally, we may receive other yield enhancements in connection with these senior subordinated debt securities.

Junior Subordinated Debt Securities: We seek to invest a portion of our assets in junior subordinated debt securities, also known as subordinated loans, subordinated notes and mezzanine loans. These junior subordinated debts include second lien notes and unsecured loans. Additionally, we may receive other yield enhancements and warrants to buy common and preferred stock or limited liability interests in connection with these junior subordinated debt securities.

Preferred and Common Equity: In some cases we will purchase equity securities which consist of preferred and common equity or limited liability company interests, or warrants or options to acquire such securities, and are in combination with our debt investment in a business. Additionally, we may receive equity investments derived from restructurings on some of our existing debt investments. In some cases, we will own a significant portion of the equity and in other cases we may have voting control of the businesses in which we invest.

Cash and Cash Equivalents: At times, we may hold cash or cash equivalents.

Other Investments: Pursuant to the Investment Company Act of 1940 (the “1940 Act”), we must maintain at least 70% of assets in qualifying assets, which generally include each of the asset types listed above. Therefore, the 1940 Act permits us to invest up to 30% of our assets on other assets.

Portfolio Company Characteristics

We seek to invest in businesses with all or some of the following characteristics:

Value-and-Income Orientation and Positive Cash Flow. Our investment philosophy places a premium on fundamental analysis from an investor's perspective and has a distinct value-and-income orientation. In seeking value, we focus on companies in which we can invest at relatively low multiples of earnings before interest, taxes, depreciation and amortization ("EBITDA"), and that have positive operating cash flow at the time of investment. In seeking income, we typically invest in companies that generate relatively stable to growing sales and cash flow to provide some assurance that they will be able to service their debt and pay any required distributions on preferred stock. Typically, we do not expect to invest in start-up companies or companies with what we believe to be speculative business plans.

Experienced Management. We generally require that the businesses in which we invest have an experienced management team. We also require the businesses to have in place proper incentives to induce management to succeed and act in concert with our interests as investors, including having significant equity or other interests in the financial performance of their companies.

Strong Competitive Position in an Industry. We seek to invest in businesses that have developed strong market positions within their respective markets and that we believe are well-positioned to capitalize on growth opportunities. We seek businesses that demonstrate significant competitive advantages versus their competitors, which we believe will help to protect their market positions and profitability.

Liquidation Value of Assets. The projected liquidation value of the assets, if any, is an important factor in our investment analysis in collateralizing our debt securities.

"We believe that the revisions to the investment objectives and strategies of the Company will allow us greater flexibility in growing our portfolio and maintaining our commitment of value to our shareholders," said David Gladstone, the Company's Chief Executive Officer.

Gladstone Capital Corporation is a publicly traded business development company that invests in debt securities consisting primarily of senior term loans, second term lien loans and senior subordinate term loans in small and medium sized U.S. businesses. The Company has paid 108 consecutive monthly cash distributions on its common stock. Before the Company started paying monthly distributions it paid eight consecutive quarterly cash distributions. Information on the business activities of all the Gladstone funds can be found at www.gladstonecompanies.com.

For Investor Relations inquiries related to any of the monthly dividend paying Gladstone funds, please visit www.gladstone.com.

SOURCE: Gladstone Capital Corporation, +1-703-287-5893

The statements in this press release regarding the flexibility of and growth of the Company's portfolio that are not historical facts are "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 to differ from these forward-looking statements include, among others, the duration and effects of the current economic instability, the Company's ability to access debt and equity capital, the Company's ability to identify and make investments that are consistent with the Company's investment objectives and those other factors listed under the caption "Risk Factors" in the Company's registration statement on Form N-2 (File No. 333-162592), as amended. The risk factors set forth in the Form N-2 under the caption "Risk Factors" are specifically incorporated by reference into this press release. 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.