

GLADSTONE CAPITAL CORP
 Form 4
 September 21, 2006

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

OMB APPROVAL

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 ENGLISH MICHELA A

2. Issuer Name and Ticker or Trading Symbol
 GLADSTONE CAPITAL CORP
 [GLAD]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)
 09/19/2006

Director 10% Owner
 Officer (give title below) Other (specify below)

1521 WESTBRANCH DRIVE, SUITE 200

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)

Form filed by One Reporting Person
 Form filed by More than One Reporting Person

MCLEAN, VA 22102

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) | | | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) | | |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--------|---|--|---|------------|-------|
| | | | | Code | V | Amount | | | | (A) or (D) | Price |
| Common Stock | 09/19/2006 | | M | | | 3,500 | A | \$ 16.4 | 4,500 | D | |
| Common Stock | 09/19/2006 | | S | | | 3,500 | D | \$ 22.41 | 1,000 | D | |
| Common Stock | 09/20/2006 | | M | | | 6,500 | A | \$ 16.4 | 7,500 | D | |
| Common Stock | 09/20/2006 | | S | | | 5,000 | D | \$ 22.4 | 2,500 | D | |
| Common Stock | 09/20/2006 | | M | | | 10,000 | A | \$ 15.75 | 12,500 | D | |

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Common Stock 09/20/2006 S 10,000 D \$ 22.4 2,500 D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | 8. Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|
| Stock Option | \$ 16.4 | 09/19/2006 | | M | 3,500 | <u>(1)</u> 09/30/2006 | Common Stock | 3,500 |
| Stock Option | \$ 16.4 | 09/20/2006 | | M | 6,500 | <u>(1)</u> 09/30/2006 | Common Stock | 6,500 |
| Stock Option | \$ 15.75 | 09/20/2006 | | M | 10,000 | <u>(2)</u> 09/30/2006 | Common Stock | 10,000 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| ENGLISH MICHELA A 1521 WESTBRANCH DRIVE SUITE 200 MCLEAN, VA 22102 | X | | | |

Signatures

Paula Novara,
Attorney-in-fact 09/21/2006

**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 option vested in two equal installments of 5,000 shares each on 6/5/2003 and 6/5/2004.

(2) The option vested in two equal installments of 5,000 shares each on 2/24/2004 and 2/24/2005.

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

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