GLADSTONE CAPITAL CORP
Form 4
September 18, 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 *
BRILL HARRY

(Last) (First) (Middle)

1521 WESTBRANCH DRIVE, SUITE 200

(Street)

MCLEAN, VA 22102

(City) (State) (Zip)

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

3. Date of Earliest Transaction (Month/Day/Year)
09/14/2006

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

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) (Instr. 3, 4 and 5)			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	09/14/2006		M		4,700	A	$ 15	15,200	D	
Common Stock	09/14/2006		S		4,700	D	$ 22.7	10,500	D	
Common Stock	09/14/2006		M		3,300	A	$ 15	13,800	D	
Common Stock	09/14/2006		S		3,300	D	$ 22.7	10,500	D	
Common Stock	09/15/2006		M		3,634	A	$ 15	14,134	D	

Common Stock	09/15/2006		S	3,634	D	$ 22.7	10,500	D
Common Stock	09/15/2006		M	6,666	A	$ 15	17,166	D
Common Stock	09/15/2006		S	6,666	D	$ 22.7	10,500	D
Common Stock	09/15/2006		M	10,000	A	$ 22.55	20,500	D
Common Stock	09/15/2006		S	10,000	D	$ 22.7	10,500	D

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

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SEC 1474 (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 D S (I
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Stock Option	$ 15	09/14/2006		M			8,000	(2)	09/30/2006	Common Stock	8,000	
Stock Options	$ 15	09/15/2006		M			10,300	(2)	09/30/2006	Common Stock	10,300	
Stock Options	$ 22.55	09/15/2006		M			10,000	(1)	09/30/2006	Common Stock	10,000	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BRILL HARRY 1521 WESTBRANCH DRIVE SUITE 200			CFO	

MCLEAN, VA 22102

Signatures

Paula Novara, Attorney-in-fact	09/18/2006
**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 10,000 shares each on 4/06/2005 and 4/06/2006.

(2) The option vested in two equal installments of 25,000 shares each on 08/23/2001 and 08/23/2002.

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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