

Golub Capital BDC, Inc.  
Form 10-Q  
May 11, 2015

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-Q**

**□ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended March 31, 2015

**OR**

**○ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 814-00794

**Golub Capital BDC, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

**27-2326940**

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

**150 South Wacker Drive, Suite 800**

**Chicago, IL 60606**

(Address of principal executive offices)

**(312) 205-5050**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 11, 2015, the Registrant had 51,227,504 shares of common stock, \$0.001 par value, outstanding.

## Part I. Financial Information

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**Golub Capital BDC, Inc. and Subsidiaries****Consolidated Statements of Financial Condition***(In thousands, except share and per share data)*

|   | March 31, 2015<br>(unaudited) | September 30,<br>2014 |
|---|-------------------------------|-----------------------|
| <b>Assets</b>   |                               |                       |
| Investments, at fair value  |                               |                       |
| Non-controlled/non-affiliate company investments  | \$ 1,362,297                  | \$ 1,309,701          |
| Non-controlled affiliate company investments  | 3,751                         | 3,080                 |
| Controlled affiliate company investments  | 57,015                        | 34,831                |
| Total investments, at fair value (cost of \$1,414,559 and \$1,337,580, respectively)  | 1,423,063                     | 1,347,612             |
| Cash and cash equivalents   | 3,068                         | 5,135                 |
| Restricted cash and cash equivalents  | 54,470                        | 74,808                |
| Interest receivable   | 5,947                         | 5,791                 |
| Deferred financing costs  | 8,348                         | 9,515                 |
| Receivable from investments sold  | 8,232                         | -                     |
| Other assets  | 475                           | 527                   |
| <b>Total Assets</b>   | <b>\$ 1,503,603</b>           | <b>\$ 1,443,388</b>   |
| <b>Liabilities</b>  |                               |                       |
| Debt  | \$ 754,450                    | \$ 697,150            |
| Secured borrowings, at fair value (proceeds of \$368 and \$384, respectively)   | 372                           | 389                   |
| Interest payable  | 2,611                         | 3,196                 |
| Management and incentive fees payable   | 7,158                         | 8,451                 |
| Accounts payable and accrued expenses   | 1,552                         | 1,397                 |
| Accrued trustee fees  | 68                            | 66                    |
| <b>Total Liabilities</b>  | <b>766,211</b>                | <b>710,649</b>        |
| Commitments and contingencies (Note 8)  |                               |                       |
| <b>Net Assets</b>   |                               |                       |
| Preferred stock, par value \$0.001 per share, 1,000,000 shares authorized, zero shares issued and outstanding as of March 31, 2015 and September 30, 2014                                   | -                             | -                     |
| Common stock, par value \$0.001 per share, 100,000,000 shares authorized, 47,225,212 and 47,119,498 shares issued and outstanding as of March 31, 2015 and September 30, 2014, respectively | 47                            | 47                    |
| Paid in capital in excess of par  | 722,272                       | 720,479               |
| Undistributed net investment income   | 1,765                         | 3,627                 |
| Net unrealized appreciation (depreciation) on investments and secured borrowings  | 11,167                        | 12,694                |
| Net realized gain (loss) on investments   | 2,141                         | (4,108 )              |

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|  |              |              |
|--|--------------|--------------|
| Total Net Assets                       | 737,392      | 732,739      |
| Total Liabilities and Total Net Assets | \$ 1,503,603 | \$ 1,443,388 |
| Number of common shares outstanding    | 47,225,212   | 47,119,498   |
| Net asset value per common share       | \$ 15.61     | \$ 15.55     |

See Notes to Consolidated Financial Statements.

**Golub Capital BDC, Inc. and Subsidiaries****Consolidated Statements of Operations (unaudited)***(In thousands, except share and per share data)*

|   | Three months ended March 31, |           | Six months ended March 31, |           |
|---|------------------------------|-----------|----------------------------|-----------|
|   | 2015                         | 2014      | 2015                       | 2014      |
| Investment income   |                              |           |                            |           |
| From non-controlled/non-affiliate company investments:                        |                              |           |                            |           |
| Interest income   | \$ 26,837                    | \$ 24,421 | \$ 53,606                  | \$ 48,494 |
| Dividend income   | 63                           | 262       | 81                         | 278       |
| Fee income  | 595                          | 21        | 803                        | 934       |
| Total investment income from non-controlled/non-affiliate company investments | 27,495                       | 24,704    | 54,490                     | 49,706    |
| From non-controlled affiliate company investments:                            |                              |           |                            |           |
| Interest income   | -                            | -         | -                          | 225       |
| Fee income  | -                            | -         | -                          | 171       |
| Total investment income from non-controlled affiliate company investments     | -                            | -         | -                          | 396       |
| From controlled affiliate company investments:                                |                              |           |                            |           |
| Interest income   | 652                          | 556       | 1,202                      | 737       |
| Dividend income   | 314                          | -         | 314                        | -         |
| Total investment income from controlled affiliate company investments         | 966                          | 556       | 1,516                      | 737       |
| Total investment income   | 28,461                       | 25,260    | 56,006                     | 50,839    |
| Expenses  |                              |           |                            |           |
| Interest and other debt financing expenses                                    | 6,017                        | 4,540     | 11,711                     | 8,632     |
| Base management fee   | 4,855                        | 4,185     | 9,676                      | 8,009     |
| Incentive fee   | 2,258                        | 1,656     | 3,329                      | 4,688     |
| Professional fees   | 840                          | 640       | 1,469                      | 1,298     |
| Administrative service fee  | 584                          | 742       | 1,191                      | 1,324     |
| General and administrative expenses   | 153                          | 145       | 319                        | 276       |
| Total expenses  | 14,707                       | 11,908    | 27,695                     | 24,227    |
| Net investment income   | 13,754                       | 13,352    | 28,311                     | 26,612    |
| Net gain (loss) on investments and secured borrowings                         |                              |           |                            |           |
| Net realized gains (losses):  |                              |           |                            |           |

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|  |            |            |            |            |   |
|--|------------|------------|------------|------------|---|
| Non-controlled/non-affiliate company investments                           | 4,523      | 87         | 6,249      | (4,907)    | ) |
| Net realized gains (losses)  | 4,523      | 87         | 6,249      | (4,907)    | ) |
| Net unrealized appreciation (depreciation):                                |            |            |            |            |   |
| Non-controlled/non-affiliate company investments                           | (1,009)    | ) 653      | (2,421)    | ) 6,786    |   |
| Non-controlled affiliate company investments                               | 344        | -          | 671        | 274        |   |
| Controlled affiliate company investments                                   | 248        | 9          | 222        | 249        |   |
| Net unrealized appreciation (depreciation)                                 | (417)      | ) 662      | (1,528)    | ) 7,309    |   |
| Net change in unrealized depreciation (appreciation) on secured borrowings | 1          | (12)       | ) 1        | (88)       | ) |
| Net gain on investments and secured borrowings                             | 4,107      | 737        | 4,722      | 2,314      |   |
| Net increase in net assets resulting from operations                       | \$ 17,861  | \$ 14,089  | \$ 33,033  | \$ 28,926  |   |
| Per Common Share Data  |            |            |            |            |   |
| Basic and diluted earnings per common share                                | \$ 0.38    | \$ 0.32    | \$ 0.70    | \$ 0.66    |   |
| Dividends and distributions declared per common share                      | \$ 0.32    | \$ 0.32    | \$ 0.64    | \$ 0.64    |   |
| Basic and diluted weighted average common shares outstanding               | 47,174,501 | 43,754,776 | 47,147,555 | 43,517,433 |   |

See Notes to Consolidated Financial Statements.



**Golub Capital BDC, Inc. and Subsidiaries****Consolidated Statements of Changes in Net Assets (unaudited)***(In thousands, except share data)*

|  | Common Stock | Par    | Paid in<br>Capital<br>in Excess | Undistributed<br>Net<br>Investment<br>Income | Net<br>Unrealized<br>Appreciation<br>(Depreciation)<br>on<br>Investments<br>and<br>Secured<br>Borrowings | Net Realized<br>Gain<br>(Loss) on<br>Investments | Total<br>Net<br>Assets |
|--|--------------|--------|---------------------------------|--|--|--|------------------------|
|  | Shares       | Amount | of Par                          |  |  |  |                        |
| Balance at September 30, 2013                                    | 43,282,932   | \$ 43  | \$ 652,669                      | \$ 2,725                                     | \$ 9,225   | \$ (6,426  | ) \$ 658,236           |
| Issuance of common stock, net of offering and underwriting costs | 3,500,000    | 4      | 61,182                          | -  | -  | -  | 61,186                 |
| Net increase in net assets resulting from operations             | -            | -      | -                               | 26,612                                       | 7,221  | (4,907   | ) 28,926               |
| Distributions to stockholders:                                   |              |        |                                 |  |  |  |                        |
| Stock issued in connection with dividend reinvestment plan       | 74,676       | -      | 1,297                           | -  | -  | -  | 1,297                  |
| Dividends and distributions                                      | -            | -      | -                               | (27,715                                      | ) -  | -  | (27,715 )              |
| Balance at March 31, 2014  | 46,857,608   | \$ 47  | \$ 715,148                      | \$ 1,622                                     | \$ 16,446  | \$ (11,333                                       | ) \$ 721,930           |
| Balance at September 30, 2014                                    | 47,119,498   | \$ 47  | \$ 720,479                      | \$ 3,627                                     | \$ 12,694  | \$ (4,108  | ) \$ 732,739           |
| Issuance of common stock, net of offering and underwriting costs | -            | -      | -                               | -  | -  | -  | -                      |
| Net increase in net assets resulting from operations             | -            | -      | -                               | 28,311                                       | (1,527   | ) 6,249  | 33,033                 |
| Distributions to stockholders:                                   |              |        |                                 |  |  |  |                        |
| Stock issued in connection with dividend reinvestment            | 105,714      | -      | 1,793                           | -  | -  | -  | 1,793                  |

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|                             |            |       |            |           |           |          |           |
|-----------------------------|------------|-------|------------|-----------|-----------|----------|-----------|
| plan                        |            |       |            |           |           |          |           |
| Dividends and distributions | -          | -     | -          | (30,173 ) | -         | -        | (30,173 ) |
| Balance at March 31, 2015   | 47,225,212 | \$ 47 | \$ 722,272 | \$ 1,765  | \$ 11,167 | \$ 2,141 | \$737,392 |

See Notes to Consolidated Financial Statements.

**Golub Capital BDC, Inc. and Subsidiaries****Consolidated Statements of Cash Flows (unaudited)***(In thousands)*

|  | Six months ended March 31, |           |
|--|----------------------------|-----------|
|  | 2015                       | 2014      |
| Cash flows from operating activities   |                            |           |
| Net increase in net assets resulting from operations   | \$ 33,033                  | \$ 28,926 |
| Adjustments to reconcile net increase in net assets resulting from operations to net cash (used in) provided by operating activities |                            |           |
| Amortization of deferred financing costs   | 2,135                      | 899       |
| Accretion of discounts and amortization of premiums  | (3,489)                    | (3,592)   |
| Net realized (gain) loss on investments  | (6,249)                    | 4,907     |
| Net change in unrealized (appreciation) depreciation on investments  | 1,528                      | (7,309)   |
| Net change in unrealized appreciation (depreciation) on secured borrowings   | (1)                        | 88        |
| Proceeds from (fundings of) revolving loans, net   | (4,261)                    | 2,295     |
| Fundings of investments  | (290,334)                  | (433,116) |
| Proceeds from principal payments and sales of portfolio investments  | 227,939                    | 207,336   |
| PIK interest   | (584)                      | 582       |
| Changes in operating assets and liabilities:   |                            |           |
| Interest receivable  | (156)                      | (642)     |
| Receivable for investments sold  | (8,232)                    | -         |
| Other assets   | 52                         | (70)      |
| Interest payable   | (585)                      | 414       |
| Management and incentive fees payable  | (1,293)                    | 157       |
| Payable for investments purchased  | -                          | (3,677)   |
| Accounts payable and accrued expenses  | 155                        | (136)     |
| Accrued trustee fees   | 2                          | 73        |
| Net cash (used in) provided by operating activities  | (50,340)                   | (202,865) |
| Cash flows from investing activities   |                            |           |
| Net change in restricted cash and cash equivalents   | 20,338                     | (2,853)   |
| Net cash (used in) provided by investing activities  | 20,338                     | (2,853)   |
| Cash flows from financing activities   |                            |           |
| Borrowings on debt   | 110,100                    | 361,600   |
| Repayments of debt   | (52,800)                   | (201,550) |
| Capitalized debt financing costs   | (968)                      | (1,869)   |
| Proceeds from secured borrowings   | -                          | 23,365    |
| Repayments on secured borrowings   | (17)                       | (14,095)  |
| Proceeds from shares sold, net of underwriting costs   | -                          | 61,250    |
| Offering costs paid  | -                          | (64)      |
| Dividends and distributions paid   | (28,380)                   | (26,418)  |
| Net cash (used in) provided by financing activities  | 27,935                     | 202,219   |

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|  |           |           |
|--|-----------|-----------|
| Net change in cash and cash equivalents                | (2,067 )  | (3,499 )  |
| Cash and cash equivalents, beginning of period         | 5,135     | 16,309    |
| Cash and cash equivalents, end of period               | \$ 3,068  | \$ 12,810 |
| Supplemental information:                              |           |           |
| Cash paid during the period for interest               | \$ 10,152 | \$ 6,881  |
| Dividends and distributions declared during the period | 30,173    | 27,715    |

See Notes to Consolidated Financial Statements.

**Golub Capital BDC, Inc. and Subsidiaries****Consolidated Schedule of Investments (unaudited)****March 31, 2015***(In thousands)*

| Investment<br>Type  | Spread<br>Above<br>Index <sup>(1)</sup> | Interest<br>Rate <sup>(2)</sup> | Maturity<br>Date | Principal<br>/ Par |        | Percentage<br>of<br>Net<br>Assets |       | Fair<br>Value |
|---|---|---------------------------------|------------------|--------------------|--------|-----------------------------------|-------|---------------|
|   |   |                                 |                  | Amount             | Cost   |                                   |       |               |
| Investments<br>United States<br>Debt<br>investments<br>Aerospace<br>and Defense<br>ILC Dover,<br>LP | One stop                                | P + 6.00%                       | 9.25             | % 03/2019          | \$720  | \$708                             | 0.1 % | \$685         |
| ILC Dover,<br>LP*^  | One stop                                | L + 7.00%                       | 8.00             | % 03/2020          | 18,359 | 18,155                            | 2.4   | 17,809        |
| ILC<br>Industries,<br>Inc. <sup>(3)</sup>   | One stop                                | L + 4.75%                       | N/A              | (4) 07/2020        | -      | (29 )                             | -     | -             |
| ILC<br>Industries,<br>Inc.*^  | One stop                                | L + 4.75%                       | 5.75             | % 07/2020          | 28,153 | 27,902                            | 3.8   | 28,153        |
| NTS<br>Technical<br>Systems <sup>(3)</sup>  | One stop                                | L + 5.50%                       | N/A              | (4) 11/2018        | -      | (32 )                             | -     | -             |
| NTS<br>Technical<br>Systems*^   | One stop                                | L + 5.50%                       | 6.75             | % 11/2018          | 18,776 | 18,483                            | 2.5   | 18,776        |
| NTS<br>Technical<br>Systems   | One stop                                | L + 5.50%                       | 6.75             | % 11/2018          | 2,790  | 2,724                             | 0.4   | 2,790         |
| Tresys<br>Technology<br>Holdings, Inc.  | One stop                                | L + 6.75%                       | 8.00             | % 12/2017          | 349    | 344                               | -     | 349           |
| Tresys<br>Technology<br>Holdings,   | One stop                                | L + 6.75%                       | 8.00             | % 12/2017          | 3,899  | 3,845                             | 0.1   | 975           |

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|  |                   |           |                      |             |        |        |     |        |
|--|-------------------|-----------|----------------------|-------------|--------|--------|-----|--------|
| Inc. <sup>(6)</sup><br>Whitcraft<br>LLC                                | Subordinated debt | N/A       | 12.00                | % 12/2018   | 1,877  | 1,860  | 0.3 | 1,877  |
|  |                   |           |                      |             | 74,923 | 73,960 | 9.6 | 71,414 |
| Automobile<br>American<br>Driveline<br>Systems,<br>Inc. <sup>(3)</sup> | Senior loan       | L + 5.50% | N/A                  | (4) 03/2020 | -      | (9 )   | -   | (3 )   |
| American<br>Driveline<br>Systems,<br>Inc.*                             | Senior loan       | L + 5.50% | 6.50                 | % 03/2020   | 1,826  | 1,764  | 0.2 | 1,807  |
| CH Hold<br>Corp.<br>(Caliber<br>Collision) <sup>(3)</sup>              | Senior loan       | L + 4.75% | N/A                  | (4) 11/2019 | -      | (3 )   | -   | (3 )   |
| CH Hold<br>Corp.<br>(Caliber<br>Collision)                             | Senior loan       | L + 4.75% | 5.75                 | % 11/2019   | 1,872  | 1,854  | 0.3 | 1,853  |
| Integrated<br>Supply<br>Network,<br>LLC <sup>(3)</sup>                 | Senior loan       | L + 4.75% | N/A                  | (4) 02/2020 | -      | (25 )  | -   | (21 )  |
| Integrated<br>Supply<br>Network,<br>LLC*^                              | Senior loan       | L + 4.75% | 5.75                 | % 02/2020   | 9,928  | 9,807  | 1.3 | 9,829  |
| K&N<br>Engineering,<br>Inc. <sup>(3)</sup>                             | Senior loan       | L + 4.25% | N/A                  | (4) 07/2019 | -      | (4 )   | -   | -      |
| K&N<br>Engineering,<br>Inc.^   | Senior loan       | L + 4.25% | 5.25                 | % 07/2019   | 2,898  | 2,851  | 0.4 | 2,898  |
| K&N<br>Engineering,<br>Inc. <sup>(3)</sup>                             | Senior loan       | L + 4.25% | N/A                  | (4) 07/2019 | -      | (16 )  | -   | -      |
| Take 5 Oil<br>Change,<br>L.L.C.  | Senior loan       | L + 4.75% | 5.75                 | % 07/2018   | 96     | 90     | -   | 96     |
| Take 5 Oil<br>Change,<br>L.L.C.^                                       | Senior loan       | L + 4.75% | 5.75                 | % 07/2018   | 4,849  | 4,821  | 0.7 | 4,849  |
|  |                   |           |                      |             | 21,469 | 21,130 | 2.9 | 21,305 |
| Banking<br>HedgeServ<br>Holding L.P.^                                  | One stop          | L + 8.00% | 7.00% cash/2.00% PIK | 02/2019     | 17,416 | 17,285 | 2.4 | 17,416 |
| HedgeServ<br>Holding   | One stop          | L + 6.00% | N/A                  | (4) 02/2019 | -      | (7 )   | -   | -      |

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|  |             |            |                       |             |        |        |     |        |  |
|--|-------------|------------|-----------------------|-------------|--------|--------|-----|--------|--|
| L.P. <sup>(3)</sup>                                |             |            |                       |             |        |        |     |        |  |
| Prommis Fin Co. <sup>(6)</sup>                     | Senior loan | P + 10.00% | 13.25                 | % 06/2015   | 82     | 81     | -   | 2      |  |
| Prommis Fin Co.* <sup>(6)</sup>                    | Senior loan | P + 13.75% | 4.44% cash/11.50% PIK | 06/2015     | 119    | 119    | -   | 3      |  |
|  |             |            |                       |             | 17,617 | 17,478 | 2.4 | 17,421 |  |
| Beverage, Food and Tobacco                         |             |            |                       |             |        |        |     |        |  |
| ABP Corporation                                    | Senior loan | P + 3.50%  | 7.25                  | % 09/2018   | 167    | 161    | -   | 167    |  |
| ABP Corporation*                                   | Senior loan | L + 4.75%  | 6.00                  | % 09/2018   | 4,771  | 4,712  | 0.6 | 4,771  |  |
| ARG IH Corporation (Arby's)^                       | Senior loan | L + 3.75%  | 4.75                  | % 11/2020   | 2,326  | 2,302  | 0.3 | 2,338  |  |
| Atkins Nutritionals, Inc.*^                        | One stop    | L + 5.00%  | 6.25                  | % 01/2019   | 17,873 | 17,668 | 2.4 | 17,828 |  |
| Atkins Nutritionals, Inc.*^                        | One stop    | L + 8.50%  | 9.75                  | % 04/2019   | 21,636 | 21,361 | 2.9 | 21,690 |  |
| C. J. Foods, Inc. <sup>(3)</sup>                   | One stop    | L + 5.50%  | N/A                   | (4) 05/2019 | -      | (8 )   | -   | -      |  |
| C. J. Foods, Inc. <sup>(3)</sup>                   | One stop    | L + 5.50%  | N/A                   | (4) 05/2019 | -      | (11 )  | -   | -      |  |
| C. J. Foods, Inc.                                  | One stop    | L + 5.50%  | 6.50                  | % 05/2019   | 3,208  | 3,168  | 0.4 | 3,208  |  |
| Candy Intermediate Holdings, Inc. (Ferrara Candy)^ | Senior loan | L + 6.25%  | 7.50                  | % 06/2018   | 4,862  | 4,771  | 0.7 | 4,838  |  |
| Firebirds International, LLC <sup>(3)</sup>        | One stop    | L + 6.25%  | N/A                   | (4) 05/2018 | -      | (2 )   | -   | -      |  |
| Firebirds International, LLC*                      | One stop    | L + 6.25%  | 7.50                  | % 05/2018   | 1,090  | 1,078  | 0.1 | 1,090  |  |
| Firebirds International, LLC                       | One stop    | L + 6.25%  | 7.50                  | % 05/2018   | 304    | 300    | -   | 304    |  |
| Firebirds International, LLC <sup>(3)</sup>        | One stop    | L + 6.25%  | N/A                   | (4) 05/2018 | -      | (4 )   | -   | -      |  |
| First Watch Restaurants, Inc. <sup>(3)</sup>       | One stop    | L + 7.50%  | N/A                   | (4) 12/2018 | -      | (21 )  | -   | -      |  |
| First Watch Restaurants, Inc.*^                    | One stop    | L + 7.50%  | 8.75                  | % 12/2018   | 14,290 | 14,147 | 1.9 | 14,290 |  |

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|                                       |                   |           |                      |             |       |       |     |       |
|---------------------------------------|-------------------|-----------|----------------------|-------------|-------|-------|-----|-------|
| First Watch Restaurants, Inc.^        | One stop          | L + 7.50% | 8.75                 | % 12/2018   | 1,747 | 1,742 | 0.2 | 1,747 |
| IT'SUGAR LLC                          | Senior loan       | L + 7.50% | 9.00                 | % 04/2018   | 7,527 | 7,433 | 1.0 | 7,527 |
| IT'SUGAR LLC                          | Subordinated debt | N/A       | 5.00                 | % 10/2017   | 1,707 | 1,707 | 0.2 | 1,646 |
| Julio & Sons Company                  | One stop          | L + 5.50% | 6.50                 | % 09/2017   | 628   | 620   | 0.1 | 628   |
| Julio & Sons Company*                 | One stop          | L + 5.50% | 6.50                 | % 09/2017   | 6,942 | 6,891 | 0.9 | 6,942 |
| Julio & Sons Company <sup>(3)</sup>   | One stop          | L + 5.50% | N/A                  | (4) 09/2017 | -     | (27 ) | -   | -     |
| Northern Brewer, LLC                  | One stop          | P + 7.25% | 8.50% cash/2.00% PIK | 02/2018     | 690   | 680   | 0.1 | 513   |
| Northern Brewer, LLC                  | One stop          | P + 7.25% | 8.50% cash/2.00% PIK | 02/2018     | 6,410 | 6,306 | 0.7 | 4,808 |
| Tate's Bake Shop, Inc. <sup>(3)</sup> | Senior loan       | L + 4.75% | N/A                  | (4) 08/2019 | -     | (4 )  | -   | -     |
| Tate's Bake Shop, Inc.^               | Senior loan       | L + 4.75% | 5.75                 | % 08/2019   | 2,993 | 2,966 | 0.4 | 2,993 |
| Tate's Bake Shop, Inc. <sup>(3)</sup> | Senior loan       | L + 4.75% | N/A                  | (4) 08/2019 | -     | (5 )  | -   | -     |
| Uinta Brewing Company                 | One stop          | P + 4.75% | 8.00                 | % 08/2019   | 123   | 116   | -   | 123   |
| Uinta Brewing Company^                | One stop          | L + 6.00% | 7.00                 | % 08/2019   | 3,220 | 3,191 | 0.4 | 3,220 |

See Notes to Consolidated Financial Statements



**Golub Capital BDC, Inc. and Subsidiaries****Consolidated Schedule of Investments (unaudited) - (continued)****March 31, 2015***(In thousands)*

|  | Investment  | Spread<br>Above      | Interest            | Maturity | Principal /<br>Par |                   | Percentage          |                   |
|--|-------------|----------------------|---------------------|----------|--------------------|-------------------|---------------------|-------------------|
|  | Type        | Index <sup>(1)</sup> | Rate <sup>(2)</sup> | Date     | Amount             | Cost              | of<br>Net<br>Assets | Fair<br>Value     |
| United Craft Brews LLC                                   | One stop    | L + 6.25%            | 7.25 %              | 03/2020  | 677                | 661               | 0.1                 | 664               |
| United Craft Brews<br>LLC <sup>(3)</sup>                 | One stop    | L + 6.25%            | N/A <sup>(4)</sup>  | 03/2020  | -                  | (16 )             | -                   | (14 )             |
| United Craft Brews LLC                                   | One stop    | L + 6.25%            | 7.25 %              | 03/2020  | 12,219<br>115,410  | 11,949<br>113,832 | 1.6<br>15.0         | 12,097<br>113,418 |
| Building and Real Estate<br>Accruent, LLC*               | One stop    | L + 6.25%            | 7.28 %              | 11/2019  | 4,745              | 4,701             | 0.6                 | 4,697             |
| Brooks Equipment<br>Company, LLC <sup>(3)</sup>          | One stop    | L + 5.75%            | N/A <sup>(4)</sup>  | 08/2020  | -                  | (18 )             | -                   | -                 |
| Brooks Equipment<br>Company, LLC*^                       | One stop    | L + 5.75%            | 6.75 %              | 08/2020  | 26,464             | 26,109            | 3.6                 | 26,464            |
| ITEL Laboratories, Inc. <sup>(3)</sup>                   | Senior loan | L + 4.75%            | N/A <sup>(4)</sup>  | 06/2018  | -                  | (1 )              | -                   | -                 |
| ITEL Laboratories, Inc.*                                 | Senior loan | L + 4.75%            | 6.00 %              | 06/2018  | 752<br>31,961      | 746<br>31,537     | 0.1<br>4.3          | 752<br>31,913     |
| Cargo Transport<br>RP Crown Parent<br>(RedPrairie Corp)* | Senior loan | L + 5.00%            | 6.00 %              | 12/2018  | 1,960              | 1,935             | 0.3                 | 1,934             |
| Chemicals, Plastics and<br>Rubber                        |             |                      |                     |          |                    |                   |                     |                   |
| Flexan, LLC <sup>(3)</sup>                               | One stop    | L + 5.75%            | N/A <sup>(4)</sup>  | 02/2020  | -                  | (7 )              | -                   | (7 )              |
| Flexan, LLC  | One stop    | L + 5.75%            | 6.75 %              | 02/2020  | 6,183              | 6,123             | 0.8                 | 6,121             |
| Flexan, LLC <sup>(3)</sup>                               | One stop    | L + 5.75%            | N/A <sup>(4)</sup>  | 02/2020  | -<br>6,183         | -<br>6,116        | -<br>0.8            | (17 )<br>6,097    |
| Containers, Packaging<br>and Glass                       |             |                      |                     |          |                    |                   |                     |                   |
| Fort Dearborn<br>Company* <sup>(8)</sup>                 | Senior loan | P + 3.25%            | 6.13 %              | 10/2017  | 7                  | 6                 | -                   | 7                 |
| Fort Dearborn<br>Company*^                               | Senior loan | L + 4.25%            | 5.25 %              | 10/2017  | 486                | 484               | 0.1                 | 486               |
|  | Senior loan | P + 3.75%            | 6.60 %              | 10/2018  | 24                 | 24                | -                   | 24                |

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|  |             |           |      |     |         |        |        |      |        |
|--|-------------|-----------|------|-----|---------|--------|--------|------|--------|
| Fort Dearborn Company <sup>(8)</sup>         |             |           |      |     |         |        |        |      |        |
| Fort Dearborn Company <sup>*^</sup>          | Senior loan | L + 4.75% | 5.75 | %   | 10/2018 | 2,169  | 2,158  | 0.3  | 2,169  |
| Packaging Coordinators, Inc. <sup>*^</sup>   | Senior loan | L + 4.25% | 5.25 | %   | 08/2021 | 14,925 | 14,788 | 2.0  | 14,822 |
| Packaging Coordinators, Inc.                 | Second lien | L + 8.00% | 9.00 | %   | 08/2022 | 10,000 | 9,907  | 1.3  | 9,750  |
|  |             |           |      |     |         | 27,611 | 27,367 | 3.7  | 27,258 |
| Diversified Conglomerate Manufacturing       |             |           |      |     |         |        |        |      |        |
| Chase Industries, Inc. <sup>*^</sup>         | One stop    | L + 5.75% | 6.75 | %   | 09/2020 | 20,984 | 20,794 | 2.8  | 20,984 |
| Chase Industries, Inc. <sup>(3)</sup>        | One stop    | L + 5.75% | N/A  | (4) | 09/2020 | -      | (20 )  | -    | -      |
| Chase Industries, Inc.                       | One stop    | L + 5.75% | 6.75 | %   | 09/2020 | 2,055  | 2,011  | 0.3  | 2,055  |
| ICCN Acquisition Corp. <sup>(3)</sup>        | One stop    | L + 5.25% | N/A  | (4) | 03/2019 | -      | (4 )   | -    | -      |
| ICCN Acquisition Corp. <sup>^</sup>          | One stop    | L + 5.25% | 6.25 | %   | 03/2019 | 3,978  | 3,923  | 0.5  | 3,978  |
| ICCN Acquisition Corp. <sup>(3)</sup>        | One stop    | L + 5.25% | N/A  | (4) | 03/2019 | -      | (12 )  | -    | -      |
| Onicon Incorporated <sup>(3)</sup>           | One stop    | L + 4.50% | N/A  | (4) | 12/2017 | -      | (9 )   | -    | -      |
| Onicon Incorporated <sup>*</sup>             | One stop    | L + 4.50% | 5.55 | %   | 12/2017 | 5,574  | 5,505  | 0.8  | 5,574  |
| Plex Systems, Inc. <sup>(3)</sup>            | One stop    | L + 7.50% | N/A  | (4) | 06/2018 | -      | (26 )  | -    | -      |
| Plex Systems, Inc. <sup>*^</sup>             | One stop    | L + 7.50% | 8.75 | %   | 06/2018 | 18,797 | 18,420 | 2.5  | 18,797 |
| Sunless Merger Sub, Inc.                     | Senior loan | P + 4.00% | 7.25 | %   | 07/2016 | 106    | 105    | -    | 88     |
| Sunless Merger Sub, Inc. <sup>*</sup>        | Senior loan | L + 5.25% | 6.50 | %   | 07/2016 | 1,756  | 1,750  | 0.2  | 1,405  |
| TIDI Products, LLC <sup>(3)</sup>            | One stop    | L + 6.50% | N/A  | (4) | 07/2017 | -      | (9 )   | -    | -      |
| TIDI Products, LLC <sup>*^</sup>             | One stop    | L + 6.50% | 7.75 | %   | 07/2018 | 16,636 | 16,437 | 2.3  | 16,636 |
| Vintage Parts, Inc. <sup>*</sup>             | One stop    | L + 4.50% | 5.75 | %   | 12/2015 | 3,913  | 3,897  | 0.5  | 3,913  |
| Vintage Parts, Inc. <sup>*</sup>             | One stop    | L + 4.50% | 5.75 | %   | 12/2015 | 54     | 54     | -    | 54     |
| Vintage Parts, Inc. <sup>*</sup>             | One stop    | L + 4.50% | 5.75 | %   | 12/2015 | 818    | 820    | 0.1  | 818    |
|  |             |           |      |     |         | 74,671 | 73,636 | 10.0 | 74,302 |
| Diversified Conglomerate Service             |             |           |      |     |         |        |        |      |        |
| Accellos, Inc. <sup>(3)</sup>                | One stop    | L + 5.75% | N/A  | (4) | 07/2020 | -      | (18 )  | -    | -      |
| Accellos, Inc. <sup>*^</sup>                 | One stop    | L + 5.75% | 6.76 | %   | 07/2020 | 30,957 | 30,617 | 4.2  | 30,957 |
| Aderant North America, Inc. <sup>^</sup>     | Senior loan | L + 4.25% | 5.25 | %   | 12/2018 | 449    | 445    | 0.1  | 449    |
| Agility Recovery Solutions Inc.              | One stop    | L + 6.50% | 7.90 | %   | 03/2020 | 173    | 167    | -    | 166    |
| Agility Recovery Solutions Inc. <sup>^</sup> | One stop    | L + 6.50% | 7.50 | %   | 03/2020 | 10,404 | 10,301 | 1.4  | 10,300 |
| Bomgar Corporation <sup>(3)</sup>            | One stop    | L + 6.00% | N/A  | (4) | 05/2019 | -      | (16 )  | -    | -      |
| Bomgar Corporation <sup>*</sup>              | One stop    | L + 6.00% | 7.00 | %   | 05/2020 | 29,276 | 28,835 | 4.0  | 29,276 |
| Daxko, LLC <sup>(3)</sup>                    | One stop    | L + 7.25% | N/A  | (4) | 03/2019 | -      | (21 )  | -    | -      |
| Daxko, LLC <sup>*</sup>                      | One stop    | L + 7.25% | 8.25 | %   | 03/2019 | 16,840 | 16,595 | 2.3  | 16,840 |
| DISA Holdings Acquisition Subsidiary Corp.   | Senior loan | L + 4.50% | 5.50 | %   | 12/2020 | 80     | 70     | -    | 80     |
| DISA Holdings Acquisition Subsidiary         | Senior loan | L + 4.50% | 5.50 | %   | 12/2020 | 4,637  | 4,593  | 0.6  | 4,637  |

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Corp.^

|                                     |          |           |       |     |         |       |       |   |     |       |   |
|-------------------------------------|----------|-----------|-------|-----|---------|-------|-------|---|-----|-------|---|
| Host Analytics, Inc. <sup>(3)</sup> | One stop | L + 0.00% | N/A   | (4) | 02/2020 | -     | (6    | ) | -   | (6    | ) |
| Host Analytics, Inc.                | One stop | N/A       | 10.75 | %   | 02/2020 | 2,937 | 2,887 |   | 0.4 | 2,915 |   |
| Integration Appliance, Inc.         | One stop | L + 8.25% | 9.50  | %   | 09/2018 | 719   | 712   |   | 0.1 | 719   |   |
| Integration Appliance, Inc.         | One stop | L + 8.25% | 9.50  | %   | 09/2018 | 5,396 | 5,301 |   | 0.7 | 5,396 |   |
| Integration Appliance, Inc.         | One stop | L + 8.25% | 9.50  | %   | 06/2019 | 7,914 | 7,747 |   | 1.1 | 7,914 |   |

See Notes to Consolidated Financial Statements

**Golub Capital BDC, Inc. and Subsidiaries****Consolidated Schedule of Investments (unaudited) - (continued)****March 31, 2015***(In thousands)*

|   | Investment<br>Type | Spread<br>Above<br>Index <sup>(1)</sup> | Interest<br>Rate <sup>(2)</sup> | Maturity<br>Date | Principal<br>/ Par<br>Amount | Cost    | Percentage<br>of Fair<br>Net Assets Value |         |
|---|--------------------|---|---------------------------------|------------------|------------------------------|---------|---|---------|
|   |                    |   |                                 |                  |                              |         |   |         |
| Marathon Data<br>Operating Co.,<br>LLC <sup>(3)</sup> | One stop           | L + 6.25%                               | N/A                             | (4) 08/2017      | -                            | (5 )    | -   | -       |
| Marathon Data<br>Operating Co.,<br>LLC                | One stop           | L + 6.25%                               | 7.50                            | % 08/2017        | 4,573                        | 4,517   | 0.6                                       | 4,573   |
| NetSmart<br>Technologies,<br>Inc. <sup>(3)</sup>      | One stop           | L + 5.25%                               | N/A                             | (4) 02/2019      | -                            | (34 )   | -   | (34 )   |
| NetSmart<br>Technologies,<br>Inc.* <sup>^</sup>       | One stop           | L + 5.25%                               | 6.25                            | % 02/2019        | 25,390                       | 25,142  | 3.4                                       | 25,136  |
| PC Helps<br>Support, LLC <sup>(3)</sup>               | Senior loan        | L + 5.00%                               | N/A                             | (4) 09/2017      | -                            | (1 )    | -   | -       |
| PC Helps<br>Support, LLC                              | Senior loan        | L + 5.25%                               | 6.50                            | % 09/2017        | 1,543                        | 1,532   | 0.2                                       | 1,543   |
| Secure-24,<br>LLC <sup>(3)</sup>                      | One stop           | L + 6.00%                               | N/A                             | (4) 08/2017      | -                            | (4 )    | -   | -       |
| Secure-24, LLC*                                       | One stop           | L + 6.00%                               | 7.25                            | % 08/2017        | 10,380                       | 10,229  | 1.4                                       | 10,380  |
| Secure-24, LLC <sup>^</sup>                           | One stop           | L + 6.00%                               | 7.25                            | % 08/2017        | 1,518                        | 1,502   | 0.2                                       | 1,518   |
| Source Medical<br>Solutions, Inc.                     | Second lien        | L + 8.00%                               | 9.00                            | % 03/2018        | 9,294                        | 9,168   | 1.3                                       | 9,294   |
| Vendavo, Inc. <sup>(3)</sup>                          | One stop           | L + 8.50%                               | N/A                             | (4) 10/2019      | -                            | (14 )   | -   | -       |
| Vendavo, Inc.   | One stop           | L + 8.50%                               | 9.50                            | % 10/2019        | 15,501                       | 15,184  | 2.1                                       | 15,501  |
|   |                    |   |                                 |                  | 177,981                      | 175,425 | 24.1                                      | 177,554 |
| Electronics<br>Appriss<br>Holdings, Inc.              | Senior loan        | L + 4.75%                               | 5.75                            | % 11/2020        | 36                           | (5 )    | -   | 36      |
| Appriss<br>Holdings, Inc.*                            | Senior loan        | L + 4.75%                               | 5.75                            | % 11/2020        | 18,144                       | 17,888  | 2.5                                       | 18,144  |
|   | One stop           | L + 6.25%                               | N/A                             | (4) 03/2019      | -                            | (15 )   | -   | -       |

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|   |             |           |       |             |         |         |      |         |  |
|---|-------------|-----------|-------|-------------|---------|---------|------|---------|--|
| ECI Acquisition Holdings, Inc. <sup>(3)</sup>           |             |           |       |             |         |         |      |         |  |
| ECI Acquisition Holdings, Inc. <sup>^</sup>             | One stop    | L + 6.25% | 7.25  | % 03/2019   | 22,103  | 21,775  | 3.0  | 22,103  |  |
| ECI Acquisition Holdings, Inc.                          | One stop    | L + 6.25% | 7.25  | % 03/2019   | 1,431   | 1,360   | 0.2  | 1,431   |  |
| Rogue Wave Holdings, Inc.* <sup>^</sup>                 | One stop    | L + 9.01% | 10.01 | % 12/2018   | 10,348  | 10,249  | 1.4  | 10,348  |  |
| Sloan Company, Inc., The <sup>(3)</sup>                 | One stop    | L + 7.50% | N/A   | (4) 10/2018 | -       | (12 )   | -    | -       |  |
| Sloan Company, Inc., The* <sup>^</sup>                  | One stop    | L + 7.50% | 8.75  | % 10/2018   | 12,860  | 12,744  | 1.7  | 12,860  |  |
| Sparta Holding Corporation <sup>(3)</sup>               | One stop    | L + 6.50% | N/A   | (4) 07/2020 | -       | (34 )   | -    | -       |  |
| Sparta Holding Corporation* <sup>^</sup>                | One stop    | L + 6.50% | 7.50  | % 07/2020   | 23,241  | 22,985  | 3.2  | 23,241  |  |
| Syncsort Incorporated <sup>(3)</sup>                    | Senior loan | L + 4.75% | N/A   | (4) 03/2019 | -       | (1 )    | -    | -       |  |
| Syncsort Incorporated <sup>(3)</sup>                    | Senior loan | L + 4.75% | N/A   | (4) 03/2019 | -       | (4 )    | -    | -       |  |
| Syncsort Incorporated*                                  | Senior loan | L + 4.75% | 5.75  | % 03/2019   | 2,022   | 2,006   | 0.3  | 2,022   |  |
| Systems Maintenance Services Holding, Inc. <sup>^</sup> | Senior loan | L + 4.25% | 5.25  | % 10/2019   | 2,637   | 2,627   | 0.4  | 2,637   |  |
| Taxware, LLC* <sup>^</sup>                              | Second lien | L + 8.38% | 9.38  | % 10/2019   | 19,979  | 19,709  | 2.7  | 19,979  |  |
| Watchfire Enterprises, Inc.                             | Second lien | L + 8.00% | 9.00  | % 10/2021   | 9,435   | 9,226   | 1.3  | 9,435   |  |
|   |             |           |       |             | 122,236 | 120,498 | 16.7 | 122,236 |  |
| Finance   |             |           |       |             |         |         |      |         |  |
| Ascensus, Inc. <sup>(3)</sup>                           | One stop    | L + 4.00% | N/A   | (4) 11/2018 | -       | (14 )   | -    | -       |  |
| Ascensus, Inc. <sup>^</sup>                             | One stop    | L + 4.00% | 5.00  | % 12/2019   | 4,172   | 4,106   | 0.6  | 4,172   |  |
| Ascensus, Inc.* <sup>^</sup>                            | One stop    | L + 8.00% | 9.00  | % 12/2020   | 6,337   | 6,158   | 0.9  | 6,337   |  |
| Pillar Processing LLC* <sup>(6)</sup>                   | Senior loan | L + 5.50% | 5.75  | % 11/2018   | 447     | 445     | -    | -       |  |
| Pillar Processing LLC* <sup>(6)</sup>                   | Senior loan | N/A       | 14.50 | % 05/2019   | 2,377   | 2,369   | -    | -       |  |
|   |             |           |       |             | 13,333  | 13,064  | 1.5  | 10,509  |  |
| Grocery   |             |           |       |             |         |         |      |         |  |
| MyWebGrocer, Inc. <sup>(3)</sup>                        | One stop    | L + 8.75% | N/A   | (4) 05/2018 | -       | (14 )   | -    | -       |  |
| MyWebGrocer, Inc. <sup>^</sup>                          | One stop    | L + 8.75% | 10.00 | % 05/2018   | 14,271  | 14,086  | 1.9  | 14,271  |  |
| Teasdale Quality Foods, Inc.*                           | Senior loan | L + 4.25% | 5.25  | % 10/2020   | 4,675   | 4,588   | 0.6  | 4,675   |  |
|   |             |           |       |             | 18,946  | 18,660  | 2.5  | 18,946  |  |
| Healthcare, Education and Childcare                     |             |           |       |             |         |         |      |         |  |
|   | Senior loan | L + 4.00% | 5.00  | % 10/2020   | 2,458   | 2,436   | 0.3  | 2,458   |  |

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|  |             |           |                      |             |        |        |     |        |  |
|--|-------------|-----------|----------------------|-------------|--------|--------|-----|--------|--|
| Agilitas USA, Inc.^                        |             |           |                      |             |        |        |     |        |  |
| Avatar International, LLC                  | One stop    | L + 7.89% | 6.19% cash/2.95% PIK | 09/2016     | 538    | 535    | 0.1 | 538    |  |
| Avatar International, LLC*                 | One stop    | L + 7.89% | 6.19% cash/2.95% PIK | 09/2016     | 7,653  | 7,617  | 0.5 | 3,827  |  |
| Avatar International, LLC                  | One stop    | L + 7.89% | 6.19% cash/2.95% PIK | 09/2016     | 1,651  | 1,645  | 0.1 | 826    |  |
| California Cryobank, LLC                   | One stop    | P + 4.25% | 7.50                 | % 08/2019   | 86     | 84     | -   | 86     |  |
| California Cryobank, LLC^                  | One stop    | L + 5.50% | 6.50                 | % 08/2019   | 1,550  | 1,537  | 0.2 | 1,550  |  |
| California Cryobank, LLC                   | One stop    | L + 5.50% | 6.50                 | % 08/2019   | 43     | 41     | -   | 43     |  |
| Certara L.P.                               | One stop    | P + 5.00% | 8.25                 | % 12/2018   | 770    | 754    | 0.1 | 770    |  |
| Certara L.P.*^                             | One stop    | L + 6.25% | 7.25                 | % 12/2018   | 26,692 | 26,400 | 3.6 | 26,692 |  |
| CPI Buyer, LLC (Cole-Parmer)*^             | Senior loan | L + 4.50% | 5.50                 | % 08/2021   | 7,980  | 7,692  | 1.1 | 7,990  |  |
| Curo Health Services LLC                   | Senior loan | L + 5.50% | 6.50                 | % 02/2022   | 2,000  | 1,980  | 0.3 | 2,011  |  |
| Delta Educational Systems*                 | Senior loan | P + 4.75% | 8.00                 | % 12/2016   | 1,631  | 1,616  | 0.2 | 1,501  |  |
| Delta Educational Systems <sup>(3)</sup>   | Senior loan | L + 6.00% | N/A                  | (4) 12/2016 | -      | -      | -   | (7 )   |  |
| Dental Holdings Corporation <sup>(3)</sup> | One stop    | L + 5.50% | N/A                  | (4) 02/2020 | -      | (13 )  | -   | (11 )  |  |
| Dental Holdings Corporation                | One stop    | L + 5.50% | 6.50                 | % 02/2020   | 6,608  | 6,462  | 0.9 | 6,542  |  |
| Dental Holdings Corporation <sup>(3)</sup> | One stop    | L + 5.50% | N/A                  | (4) 02/2020 | -      | (18 )  | -   | (15 )  |  |
| Encore GC Acquisition, LLC <sup>(3)</sup>  | Senior loan | L + 4.50% | N/A                  | (4) 01/2020 | -      | (10 )  | -   | (10 )  |  |
| Encore GC Acquisition, LLC*                | Senior loan | L + 4.50% | 5.50                 | % 01/2020   | 3,502  | 3,451  | 0.5 | 3,449  |  |
| G & H Wire Company, Inc. <sup>(3)</sup>    | Senior loan | L + 5.75% | N/A                  | (4) 12/2017 | -      | (5 )   | -   | -      |  |

See Notes to Consolidated Financial Statements

**Golub Capital BDC, Inc. and Subsidiaries****Consolidated Schedule of Investments (unaudited) - (continued)****March 31, 2015***(In thousands)*

|  | Investment<br>Type | Spread<br>Above<br>Index <sup>(1)</sup> | Interest<br>Rate <sup>(2)</sup> | Maturity<br>Date | Principal<br>/ Par<br>Amount | Cost   | Percentage<br>of Fair<br>Net Assets Value |        |
|--|--------------------|---|---------------------------------|------------------|------------------------------|--------|---|--------|
|  |                    |   |                                 |                  |                              |        |   |        |
| G & H Wire Company, Inc.*^                     | Senior loan        | L + 5.75%                               | 6.75                            | % 12/2017        | 12,837                       | 12,727 | 1.7                                       | 12,837 |
| Global Healthcare Exchange, LLC <sup>(3)</sup> | One stop           | L + 7.50%                               | N/A                             | (4) 03/2020      | -                            | (21 )  | -   | -      |
| Global Healthcare Exchange, LLC*^              | One stop           | L + 7.50%                               | 8.50                            | % 03/2020        | 37,069                       | 36,262 | 5.0                                       | 37,069 |
| GSDM Holdings Corp.                            | Senior loan        | L + 4.25%                               | 5.25                            | % 06/2019        | 765                          | 762    | 0.1                                       | 765    |
| IntegraMed America, Inc.                       | One stop           | L + 7.25%                               | 8.50                            | % 09/2017        | 811                          | 802    | 0.1                                       | 811    |
| IntegraMed America, Inc.*^                     | One stop           | L + 7.25%                               | 8.50                            | % 09/2017        | 15,054                       | 14,883 | 2.0                                       | 15,054 |
| Joerns Healthcare, LLC                         | One stop           | L + 5.00%                               | 6.00                            | % 05/2020        | 9,745                        | 9,662  | 1.3                                       | 9,668  |
| Maverick Healthcare Group, LLC*                | Senior loan        | L + 5.50%                               | 7.25                            | % 12/2016        | 1,963                        | 1,935  | 0.3                                       | 1,963  |
| Paradigm Management Services, LLC^             | Senior loan        | L + 4.50%                               | 5.51                            | % 01/2019        | 2,726                        | 2,708  | 0.4                                       | 2,726  |
| Pentec Acquisition Sub, Inc. <sup>(3)</sup>    | Senior loan        | L + 5.00%                               | N/A                             | (4) 05/2017      | -                            | (2 )   | -   | -      |
| Pentec Acquisition                             | Senior loan        | L + 5.00%                               | 6.25                            | % 05/2018        | 1,666                        | 1,648  | 0.2                                       | 1,666  |

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|   |             |           |      |             |        |        |     |        |   |
|---|-------------|-----------|------|-------------|--------|--------|-----|--------|---|
| Sub, Inc.*                                      |             |           |      |             |        |        |     |        |   |
| Premise Health Holding Corp. <sup>(3)</sup>     | One stop    | L + 5.00% | N/A  | (4) 06/2020 | -      | (39)   | )   | -      | - |
| Premise Health Holding Corp.*^                  | One stop    | L + 5.00% | 6.00 | % 06/2020   | 26,921 | 26,716 | 3.7 | 26,921 |   |
| Pyramid Healthcare, Inc.                        | One stop    | P + 4.50% | 7.75 | % 08/2019   | 127    | 122    | -   | 127    |   |
| Pyramid Healthcare, Inc.^                       | One stop    | L + 5.75% | 6.75 | % 08/2019   | 7,569  | 7,511  | 1.0 | 7,569  |   |
| Radiology Partners, Inc. <sup>(3)</sup>         | One stop    | L + 5.00% | N/A  | (4) 09/2020 | -      | (7)    | )   | -      | - |
| Radiology Partners, Inc.*^                      | One stop    | L + 5.00% | 6.00 | % 09/2020   | 17,123 | 16,875 | 2.3 | 17,123 |   |
| Radiology Partners, Inc. <sup>(3)</sup>         | One stop    | L + 5.00% | N/A  | (4) 09/2020 | -      | (42)   | )   | -      | - |
| Reliant Pro ReHab, LLC                          | Senior loan | P + 4.00% | 7.25 | % 06/2017   | 383    | 376    | 0.1 | 383    |   |
| Reliant Pro ReHab, LLC*                         | Senior loan | L + 5.00% | 6.00 | % 06/2017   | 3,263  | 3,237  | 0.4 | 3,263  |   |
| Southern Anesthesia and Surgical <sup>(3)</sup> | One stop    | L + 5.50% | N/A  | (4) 11/2017 | -      | (8)    | )   | -      | - |
| Southern Anesthesia and Surgical                | One stop    | L + 5.50% | 6.50 | % 11/2017   | 5,667  | 5,582  | 0.8 | 5,667  |   |
| Southern Anesthesia and Surgical <sup>(3)</sup> | One stop    | L + 5.50% | N/A  | (4) 11/2017 | -      | (33)   | )   | -      | - |
| Spear Education, LLC <sup>(3)</sup>             | One stop    | L + 5.50% | N/A  | (4) 08/2019 | -      | (5)    | )   | -      | - |
| Spear Education, LLC*^                          | One stop    | L + 5.50% | 6.50 | % 08/2019   | 5,990  | 5,950  | 0.8 | 5,990  |   |
| Spear Education, LLC <sup>(3)</sup>             | One stop    | L + 5.50% | N/A  | (4) 08/2019 | -      | -      | -   | -      | - |
| Surgical Information Systems, LLC^              | Senior loan | L + 3.50% | 4.51 | % 09/2018   | 1,983  | 1,979  | 0.3 | 1,983  |   |
| U.S. Anesthesia Partners, Inc.                  | One stop    | L + 5.00% | 6.00 | % 12/2019   | 5,970  | 5,943  | 0.8 | 5,970  |   |
| WIL Research Company, Inc.*                     | Senior loan | L + 4.50% | 5.75 | % 02/2018   | 772    | 767    | 0.1 | 749    |   |
| Young Innovations, Inc.                         | Senior loan | P + 3.25% | 6.50 | % 01/2018   | 46     | 46     | -   | 46     |   |
|   | Senior loan | L + 4.25% | 5.25 | % 01/2019   | 1,153  | 1,146  | 0.2 | 1,153  |   |



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|   |                   |           |                      |  |             |         |         |      |         |
|---|-------------------|-----------|----------------------|--|-------------|---------|---------|------|---------|
| Young<br>Innovations,<br>Inc.*  |                   |           |                      |  |             | 222,765 | 219,686 | 29.5 | 217,743 |
| Home and<br>Office<br>Furnishings,<br>Housewares,<br>and Durable<br>Consumer<br>Plano Molding<br>Company,<br>LLC^ | Senior loan       | L + 4.25% | 5.25                 |  | % 10/2018   | 1,946   | 1,935   | 0.3  | 1,946   |
| WII<br>Components,<br>Inc.  | Senior loan       | P + 3.50% | 6.75                 |  | % 07/2018   | 6       | 5       | -    | 6       |
| WII<br>Components,<br>Inc.*   | Senior loan       | L + 4.50% | 5.50                 |  | % 07/2018   | 1,108   | 1,103   | 0.2  | 1,108   |
| Zenith Products<br>Corporation <sup>(6)</sup>   | One stop          | P + 3.75% | 7.00                 |  | % 09/2013   | 81      | 48      | -    | 41      |
| Zenith Products<br>Corporation* <sup>(6)</sup>  | One stop          | P + 5.50% | 8.75                 |  | % 09/2013   | 4,376   | 3,927   | 0.3  | 2,188   |
|   |                   |           |                      |  |             | 7,517   | 7,018   | 0.8  | 5,289   |
| Insurance<br>Captive<br>Resources<br>Midco, LLC <sup>(3)</sup>  | One stop          | L + 5.00% | N/A                  |  | (4) 01/2019 | -       | (14 )   | -    | -       |
| Captive<br>Resources<br>Midco, LLC*^  | One stop          | L + 5.00% | 6.50                 |  | % 01/2019   | 19,603  | 19,448  | 2.7  | 19,603  |
|   |                   |           |                      |  |             | 19,603  | 19,434  | 2.7  | 19,603  |
| Investment<br>Funds and<br>Vehicles<br>Senior Loan<br>Fund LLC <sup>(7)(8)</sup>                                  | Subordinated debt | L + 8.00% | 8.17                 |  | % 05/2020   | 41,557  | 41,557  | 5.6  | 41,557  |
| Leisure,<br>Amusement,<br>Motion Pictures<br>and<br>Entertainment<br>Competitor<br>Group, Inc.                    | One stop          | L + 7.75% | 9.00                 |  | % 11/2018   | 884     | 875     | 0.1  | 769     |
| Competitor<br>Group, Inc.*  | One stop          | L + 9.25% | 9.00% cash/1.50% PIK |  | 11/2018     | 12,856  | 12,721  | 1.6  | 11,570  |
| Octane Fitness,<br>LLC <sup>(3)</sup>   | One stop          | L + 5.25% | N/A                  |  | (4) 10/2018 | -       | (3 )    | -    | -       |
| Octane Fitness,<br>LLC*   | One stop          | L + 5.25% | 6.50                 |  | % 10/2018   | 7,910   | 7,881   | 1.1  | 7,910   |

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|   |             |           |       |             |        |        |     |        |
|---|-------------|-----------|-------|-------------|--------|--------|-----|--------|
| Self Esteem Brands, LLC <sup>(3)</sup>      | Senior loan | L + 4.00% | N/A   | (4) 02/2020 | -      | (4 )   | -   | -      |
| Self Esteem Brands, LLC <sup>^</sup>        | Senior loan | L + 4.00% | 5.00  | % 02/2020   | 3,931  | 3,912  | 0.5 | 3,931  |
| Starplex Operating, L.L.C. <sup>(3)</sup>   | One stop    | L + 7.00% | N/A   | (4) 12/2017 | -      | (11 )  | -   | -      |
| Starplex Operating, L.L.C. <sup>*^</sup>    | One stop    | L + 7.00% | 8.00  | % 12/2017   | 10,029 | 9,887  | 1.4 | 10,029 |
| Titan Fitness, LLC <sup>(3)</sup>           | One stop    | L + 6.50% | N/A   | (4) 09/2019 | -      | (20 )  | -   | -      |
| Titan Fitness, LLC <sup>*</sup>             | One stop    | L + 6.50% | 7.75  | % 09/2019   | 13,533 | 13,299 | 1.8 | 13,533 |
| Titan Fitness, LLC <sup>(3)</sup>           | One stop    | L + 6.50% | N/A   | (4) 09/2019 | -      | (20 )  | -   | -      |
|   |             |           |       |             | 49,143 | 48,517 | 6.5 | 47,742 |
| Mining, Steel, Iron and Non-Precious Metals |             |           |       |             |        |        |     |        |
| Benetech, Inc.                              | One stop    | P + 7.75% | 11.00 | % 10/2017   | 373    | 366    | 0.1 | 373    |

See Notes to Consolidated Financial Statements

**Golub Capital BDC, Inc. and Subsidiaries****Consolidated Schedule of Investments (unaudited) - (continued)****March 31, 2015***(In thousands)*

|   | Investment<br>Type | Spread<br>Above      | Interest<br>Rate <sup>(2)</sup> | Maturity<br>Date | Principal /<br>Par<br>Amount | Cost           | Percentage          |                |
|---|--------------------|----------------------|---------------------------------|------------------|------------------------------|----------------|---------------------|----------------|
|   |                    | Index <sup>(1)</sup> |                                 |                  |                              |                | of<br>Net<br>Assets | Fair<br>Value  |
| Benetech, Inc.*                                     | One stop           | L + 9.00%            | 10.25 %                         | 10/2017          | 4,882<br>5,255               | 4,850<br>5,216 | 0.7<br>0.8          | 4,882<br>5,255 |
| Oil and Gas   |                    |                      |                                 |                  |                              |                |                     |                |
| Drilling Info, Inc. <sup>(3)(5)</sup>               | One stop           | L + 5.00%            | N/A <sup>(4)</sup>              | 06/2018          | -                            | (1 )           | -                   | -              |
| Drilling Info, Inc. <sup>(5)</sup>                  | One stop           | L + 5.00%            | 6.00 %                          | 06/2018          | 1,291                        | 1,282          | 0.2                 | 1,291          |
| Drilling Info, Inc. <sup>(3)(5)</sup>               | One stop           | L + 5.00%            | N/A <sup>(4)</sup>              | 06/2018          | -<br>1,291                   | (6 )<br>1,275  | -<br>0.2            | -<br>1,291     |
| Personal and Non-Durable<br>Consumer Products       |                    |                      |                                 |                  |                              |                |                     |                |
| The Hygenic Corporation <sup>(3)</sup>              | Senior loan        | L + 5.00%            | N/A <sup>(4)</sup>              | 10/2019          | -                            | (5 )           | -                   | (5 )           |
| The Hygenic Corporation*                            | Senior loan        | L + 5.00%            | 6.00 %                          | 10/2020          | 3,284                        | 3,235          | 0.4                 | 3,234          |
| Massage Envy, LLC <sup>(3)</sup>                    | One stop           | L + 7.25%            | N/A <sup>(4)</sup>              | 09/2018          | -                            | (11 )          | -                   | -              |
| Massage Envy, LLC*                                  | One stop           | L + 7.25%            | 8.50 %                          | 09/2018          | 15,995                       | 15,763         | 2.2                 | 15,995         |
| Orthotics Holdings, Inc. <sup>(3)</sup>             | One stop           | L + 5.00%            | N/A <sup>(4)</sup>              | 02/2020          | -                            | (15 )          | -                   | (13 )          |
| Orthotics Holdings, Inc. <sup>(3)(8)</sup>          | One stop           | L + 5.00%            | N/A <sup>(4)</sup>              | 02/2020          | -                            | (2 )           | -                   | (1 )           |
| Orthotics Holdings, Inc.*                           | One stop           | L + 5.00%            | 6.00 %                          | 02/2020          | 8,503                        | 8,398          | 1.1                 | 8,418          |
| Orthotics Holdings, Inc.* <sup>(8)</sup>            | One stop           | L + 5.00%            | 6.00 %                          | 02/2020          | 1,394                        | 1,377          | 0.2                 | 1,380          |
| Orthotics Holdings, Inc. <sup>(3)</sup>             | One stop           | L + 5.00%            | N/A <sup>(4)</sup>              | 02/2020          | -                            | (17 )          | -                   | (14 )          |
| Rug Doctor LLC <sup>(3)</sup>                       | Senior loan        | L + 5.25%            | N/A <sup>(4)</sup>              | 12/2016          | -                            | (7 )           | -                   | -              |
| Rug Doctor LLC*                                     | Senior loan        | L + 5.25%            | 6.25 %                          | 12/2016          | 5,226                        | 5,196          | 0.7                 | 5,226          |
| Team Technologies<br>Acquisition Company^           | Senior loan        | L + 4.75%            | 6.00 %                          | 12/2017          | 4,807                        | 4,772          | 0.7                 | 4,807          |
| Team Technologies<br>Acquisition Company            | Senior loan        | P + 3.50%            | 6.75 %                          | 12/2017          | 101<br>39,310                | 99<br>38,783   | -<br>5.3            | 101<br>39,128  |
| Personal, Food and<br>Miscellaneous Services        |                    |                      |                                 |                  |                              |                |                     |                |
| Focus Brands Inc.^                                  | Second lien        | L + 9.00%            | 10.25 %                         | 08/2018          | 11,194                       | 11,105         | 1.5                 | 11,250         |
| Ignite Restaurant Group, Inc<br>(Joe's Crab Shack)^ | One stop           | L + 7.00%            | 8.00 %                          | 02/2019          | 6,139                        | 6,060          | 0.8                 | 6,139          |
| PetVet Care Centers LLC <sup>(3)</sup>              | Senior loan        | L + 4.50%            | N/A <sup>(4)</sup>              | 12/2019          | -                            | (24 )          | -                   | (14 )          |

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|   |             |           |       |     |         |        |        |     |        |
|---|-------------|-----------|-------|-----|---------|--------|--------|-----|--------|
| PetVet Care Centers LLC <sup>(3)</sup>      | Senior loan | L + 4.50% | N/A   | (4) | 12/2020 | -      | (44 )  | -   | (25 )  |
| PetVet Care Centers LLC*^                   | Senior loan | L + 4.50% | 5.50  | %   | 12/2020 | 11,911 | 11,698 | 1.6 | 11,791 |
| Vetcor Merger Sub LLC <sup>(3)</sup>        | One stop    | L + 6.00% | N/A   | (4) | 12/2017 | -      | (5 )   | -   | -      |
| Vetcor Merger Sub LLC*^                     | One stop    | L + 6.00% | 6.75  | %   | 12/2017 | 5,803  | 5,734  | 0.8 | 5,803  |
| Vetcor Merger Sub LLC <sup>(3)</sup>        | One stop    | L + 6.00% | N/A   | (4) | 12/2017 | -      | (15 )  | -   | -      |
| Vetcor Merger Sub LLC^                      | One stop    | L + 6.00% | 6.75  | %   | 12/2017 | 368    | 368    | -   | 368    |
| Vetcor Merger Sub LLC^                      | One stop    | L + 6.00% | 6.75  | %   | 12/2017 | 569    | 569    | 0.1 | 569    |
| Vetcor Merger Sub LLC^                      | One stop    | L + 6.00% | 6.75  | %   | 12/2017 | 381    | 381    | 0.1 | 381    |
| Vetcor Merger Sub LLC^                      | One stop    | L + 6.00% | 6.75  | %   | 12/2017 | 644    | 644    | 0.1 | 644    |
| Vetcor Merger Sub LLC^                      | One stop    | L + 6.00% | 6.75  | %   | 12/2017 | 62     | 62     | -   | 62     |
| Vetcor Merger Sub LLC                       | One stop    | L + 6.00% | 6.75  | %   | 12/2017 | 841    | 841    | 0.1 | 841    |
|   |             |           |       |     |         | 37,912 | 37,374 | 5.1 | 37,809 |
| Printing and Publishing                     |             |           |       |     |         |        |        |     |        |
| Market Track, LLC                           | One stop    | P + 5.00% | 8.25  | %   | 10/2019 | 554    | 532    | 0.1 | 554    |
| Market Track, LLC*^                         | One stop    | L + 6.00% | 7.25  | %   | 10/2019 | 29,124 | 28,828 | 3.9 | 29,124 |
| Market Track, LLC                           | One stop    | L + 6.00% | 7.25  | %   | 10/2019 | 2,208  | 2,187  | 0.3 | 2,208  |
| Market Track, LLC                           | One stop    | L + 6.00% | 7.25  | %   | 10/2019 | 415    | 381    | 0.1 | 415    |
|   |             |           |       |     |         | 32,301 | 31,928 | 4.4 | 32,301 |
| Retail Stores                               |             |           |       |     |         |        |        |     |        |
| Benihana, Inc.                              | One stop    | P + 4.25% | 7.50  | %   | 07/2018 | 434    | 381    | 0.1 | 434    |
| Benihana, Inc.*^                            | One stop    | L + 5.50% | 6.75  | %   | 01/2019 | 15,475 | 15,114 | 2.1 | 15,475 |
| Capital Vision Services, LLC <sup>(3)</sup> | One stop    | L + 6.00% | N/A   | (4) | 12/2019 | -      | (20 )  | -   | -      |
| Capital Vision Services, LLC*^              | One stop    | L + 6.00% | 7.00  | %   | 12/2019 | 26,718 | 26,487 | 3.6 | 26,718 |
| Capital Vision Services, LLC^               | One stop    | L + 6.00% | 7.00  | %   | 12/2019 | 1,506  | 1,494  | 0.2 | 1,506  |
| Capital Vision Services, LLC                | One stop    | L + 6.00% | 7.00  | %   | 12/2019 | 1,518  | 1,511  | 0.2 | 1,518  |
| Capital Vision Services, LLC                | One stop    | L + 6.00% | 7.00  | %   | 12/2019 | 771    | 762    | 0.1 | 771    |
| Cycle Gear, Inc.                            | One stop    | L + 6.00% | 7.00  | %   | 01/2020 | 290    | 272    | -   | 275    |
| Cycle Gear, Inc.                            | One stop    | L + 6.00% | 7.00  | %   | 01/2020 | 6,519  | 6,379  | 0.9 | 6,454  |
| DentMall MSO, LLC                           | One stop    | L + 5.00% | 6.00  | %   | 07/2019 | 1,232  | 1,209  | 0.2 | 1,232  |
| DentMall MSO, LLC                           | One stop    | L + 5.00% | 6.00  | %   | 07/2019 | 10,303 | 10,214 | 1.4 | 10,303 |
| DTLR, Inc.*^                                | One stop    | L + 8.00% | 11.00 | %   | 12/2015 | 15,459 | 15,420 | 2.1 | 15,459 |
| Elite Sportswear, L.P. <sup>(3)</sup>       | Senior loan | L + 5.00% | N/A   | (4) | 03/2020 | -      | (7 )   | -   | (7 )   |
| Elite Sportswear, L.P.                      | Senior loan | L + 5.00% | 6.00  | %   | 03/2020 | 2,863  | 2,807  | 0.4 | 2,835  |
| Express Oil Change, LLC                     | Senior loan | L + 5.00% | 6.00  | %   | 12/2017 | 152    | 148    | -   | 152    |
| Express Oil Change, LLC*                    | Senior loan | L + 5.00% | 6.00  | %   | 12/2017 | 3,772  | 3,741  | 0.5 | 3,772  |
| Express Oil Change, LLC                     | Senior loan | L + 5.00% | 6.00  | %   | 12/2017 | 107    | 106    | -   | 107    |
| Express Oil Change, LLC                     | Senior loan | L + 5.00% | 6.00  | %   | 12/2017 | 1,406  | 1,400  | 0.2 | 1,406  |

See Notes to Consolidated Financial Statements

**Golub Capital BDC, Inc. and Subsidiaries****Consolidated Schedule of Investments (unaudited) - (continued)****March 31, 2015***(In thousands)*

|   | Investment  | Spread<br>Above      | Interest            | Maturity | Principal /<br>Par |         | Percentage          |               |
|---|-------------|----------------------|---------------------|----------|--------------------|---------|---------------------|---------------|
|   | Type        | Index <sup>(1)</sup> | Rate <sup>(2)</sup> | Date     | Amount             | Cost    | of<br>Net<br>Assets | Fair<br>Value |
| Floor & Decor<br>Outlets of America,<br>Inc.*^    | One stop    | L + 6.50%            | 7.75 %              | 05/2019  | 11,186             | 11,091  | 1.5                 | 11,186        |
| Marshall Retail<br>Group, LLC, The                | One stop    | L + 6.00%            | 7.00 %              | 08/2019  | 585                | 560     | 0.1                 | 585           |
| Marshall Retail<br>Group, LLC, The <sup>(3)</sup> | One stop    | L + 6.00%            | N/A <sup>(4)</sup>  | 08/2020  | -                  | (10 )   | -                   | -             |
| Marshall Retail<br>Group, LLC, The^               | One stop    | L + 6.00%            | 7.00 %              | 08/2020  | 12,392             | 12,253  | 1.7                 | 12,392        |
| Paper Source, Inc. <sup>(3)</sup>                 | One stop    | L + 6.25%            | N/A <sup>(4)</sup>  | 09/2018  | -                  | (9 )    | -                   | -             |
| Paper Source, Inc.*^                              | One stop    | L + 6.25%            | 7.25 %              | 09/2018  | 12,514             | 12,426  | 1.7                 | 12,514        |
| Restaurant Holding<br>Company, LLC                | Senior loan | L + 7.75%            | 8.75 %              | 02/2019  | 4,952              | 4,913   | 0.6                 | 4,357         |
| Rubio's Restaurants,<br>Inc                       | Senior loan | L + 4.75%            | 6.00 %              | 11/2018  | 4,094              | 4,094   | 0.6                 | 4,094         |
| Sneaker Villa, Inc.                               | One stop    | P + 7.00%            | 11.50 %             | 12/2017  | 1,253              | 1,238   | 0.2                 | 1,253         |
| Sneaker Villa, Inc.                               | One stop    | L + 8.50%            | 10.00 %             | 12/2017  | 4,375              | 4,297   | 0.6                 | 4,375         |
| Sneaker Villa, Inc.^                              | One stop    | L + 8.50%            | 10.00 %             | 12/2017  | 627                | 619     | 0.1                 | 627           |
| Sneaker Villa, Inc.^                              | One stop    | L + 8.50%            | 10.00 %             | 12/2017  | 1,222              | 1,208   | 0.2                 | 1,222         |
| Sneaker Villa, Inc. <sup>(3)</sup>                | One stop    | L + 8.50%            | N/A <sup>(4)</sup>  | 12/2017  | -                  | (14 )   | -                   | -             |
| Sneaker Villa, Inc.^                              | One stop    | L + 8.50%            | 10.00 %             | 12/2017  | 4,207              | 4,172   | 0.6                 | 4,207         |
| Sneaker Villa, Inc.                               | One stop    | L + 8.50%            | 10.00 %             | 12/2017  | 2,255              | 2,235   | 0.3                 | 2,255         |
| Specialty Catalog<br>Corp. <sup>(3)</sup>         | One stop    | L + 6.00%            | N/A <sup>(4)</sup>  | 07/2017  | -                  | (4 )    | -                   | -             |
| Specialty Catalog<br>Corp.                        | One stop    | L + 6.00%            | 7.50 %              | 07/2017  | 4,449              | 4,422   | 0.6                 | 4,449         |
| Vision Source L.P.                                | One stop    | L + 6.00%            | 7.00 %              | 08/2019  | 205                | 202     | -                   | 205           |
| Vision Source<br>L.P.*^                           | One stop    | L + 6.00%            | 7.00 %              | 08/2019  | 17,671             | 17,568  | 2.4                 | 17,671        |
|   |             |                      |                     |          | 170,512            | 168,679 | 23.2                | 169,802       |
| Telecommunications                                |             |                      |                     |          |                    |         |                     |               |

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|  |             |           |      |     |         |             |             |       |   |             |
|--|-------------|-----------|------|-----|---------|-------------|-------------|-------|---|-------------|
| Arise Virtual Solutions, Inc. <sup>(3)</sup>   | One stop    | L + 5.50% | N/A  | (4) | 12/2018 | -           | (10)        | )     | - | -           |
| Arise Virtual Solutions, Inc.*^                | One stop    | L + 5.50% | 6.75 | %   | 12/2018 | 13,692      | 13,591      | 1.9   |   | 13,692      |
| Hosting.com Inc.                               | Senior loan | P + 3.25% | 6.50 | %   | 12/2017 | 27          | 26          | -     |   | 27          |
| Hosting.com Inc.*                              | Senior loan | L + 4.50% | 5.75 | %   | 12/2017 | 826         | 817         | 0.1   |   | 826         |
| ITC Global, Inc.                               | One stop    | L + 6.75% | 8.15 | %   | 07/2018 | 1,445       | 1,434       | 0.2   |   | 1,445       |
| ITC Global, Inc.*                              | One stop    | L + 6.75% | 7.75 | %   | 07/2018 | 8,215       | 8,153       | 1.1   |   | 8,215       |
| ITC Global, Inc.^                              | One stop    | L + 6.75% | 7.75 | %   | 07/2018 | 1,402       | 1,391       | 0.2   |   | 1,402       |
|  |             |           |      |     |         | 25,607      | 25,402      | 3.5   |   | 25,607      |
| Textile and Leather 5.11, Inc.*^               | Senior loan | L + 5.00% | 6.00 | %   | 02/2020 | 1,025       | 1,021       | 0.1   |   | 1,028       |
| Southern Tide, LLC                             | One stop    | L + 6.75% | 7.75 | %   | 06/2019 | 268         | 260         | -     |   | 268         |
| Southern Tide, LLC^                            | One stop    | L + 6.75% | 7.75 | %   | 06/2019 | 4,075       | 4,041       | 0.6   |   | 4,075       |
|  |             |           |      |     |         | 5,368       | 5,322       | 0.7   |   | 5,371       |
| Utilities                                      |             |           |      |     |         |             |             |       |   |             |
| PowerPlan Consultants, Inc. <sup>(3)</sup>     | Senior loan | L + 5.25% | N/A  | (4) | 02/2021 | -           | (26)        | )     | - | (27)        |
| PowerPlan Consultants, Inc.^                   | Senior loan | L + 5.25% | 6.25 | %   | 02/2022 | 17,171      | 16,918      | 2.3   |   | 16,914      |
|  |             |           |      |     |         | 17,171      | 16,892      | 2.3   |   | 16,887      |
| Total debt investments United States           |             |           |      |     |         | \$1,379,613 | \$1,361,721 | 184.4 | % | \$1,359,692 |
| Fair Value as a percentage of Principal Amount |             |           |      |     |         |             |             |       |   | 98.6 %      |

See Notes to Consolidated Financial Statements

**Golub Capital BDC, Inc. and Subsidiaries****Consolidated Schedule of Investments (unaudited) - (continued)****March 31, 2015***(In thousands)*

|  | Investment<br>Type | Spread<br>Above<br>Index<br>(1) | Interest<br>Rate(2) | Maturity<br>Date | Shares /<br>Contracts | Cost    | Percentage<br>of<br>Net<br>Assets | Fair<br>Value |
|--|--------------------|---------------------------------|---------------------|------------------|-----------------------|---------|-----------------------------------|---------------|
| <b>Equity Investments <sup>(9)</sup></b>       |                    |                                 |                     |                  |                       |         |                                   |               |
| Aerospace and Defense<br>NTS Technical Systems | Common stock       | N/A                             | N/A                 | N/A              | 2                     | \$1,506 | 0.3                               | % \$1,995     |
| Tresys Technology Holdings,<br>Inc.            | Common stock       | N/A                             | N/A                 | N/A              | 295                   | 295     | -                                 | -             |
| Whitcraft LLC                                  | Preferred stock B  | N/A                             | N/A                 | N/A              | 1                     | 670     | 0.1                               | 499           |
| Whitcraft LLC                                  | Warrant            | N/A                             | N/A                 | N/A              | -                     | -       | -                                 | 97            |
|  |                    |                                 |                     |                  |                       | 2,471   | 0.4                               | 2,591         |
| <b>Automobile</b>                              |                    |                                 |                     |                  |                       |         |                                   |               |
| K&N Engineering, Inc.                          | Preferred stock A  | N/A                             | N/A                 | N/A              | -                     | -       | -                                 | 9             |
| K&N Engineering, Inc.                          | Preferred stock B  | N/A                             | N/A                 | N/A              | -                     | -       | -                                 | 9             |
| K&N Engineering, Inc.                          | Common stock       | N/A                             | N/A                 | N/A              | -                     | -       | -                                 | 74            |
|  |                    |                                 |                     |                  |                       | -       | -                                 | 92            |
| <b>Beverage, Food and Tobacco</b>              |                    |                                 |                     |                  |                       |         |                                   |               |
| Atkins Nutritionals, Inc.                      | LLC interest       | N/A                             | N/A                 | N/A              | 57                    | 746     | 0.2                               | 1,420         |
| C. J. Foods, Inc.                              | Preferred stock    | N/A                             | N/A                 | N/A              | 0                     | 157     | -                                 | 162           |
| First Watch Restaurants, Inc.                  | Common stock       | N/A                             | N/A                 | N/A              | 8                     | 816     | 0.1                               | 951           |
| Goode Seed Co-Invest, LLC                      | LLC units          | N/A                             | N/A                 | N/A              | 356                   | 356     | 0.1                               | 437           |
| Julio & Sons Company                           | LLC interest       | N/A                             | N/A                 | N/A              | 521                   | 521     | 0.1                               | 499           |
| Northern Brewer, LLC                           | LLC interest       | N/A                             | N/A                 | N/A              | 438                   | 362     | -                                 | 25            |
| Richelieu Foods, Inc.                          | LP interest        | N/A                             | N/A                 | N/A              | 220                   | 220     | -                                 | 116           |
| Tate's Bake Shop, Inc.                         | LP interest        | N/A                             | N/A                 | N/A              | -                     | 462     | -                                 | 474           |
| Uinta Brewing Company                          | LP interest        | N/A                             | N/A                 | N/A              | -                     | 462     | 0.1                               | 486           |
| United Craft Brews LLC                         | LP interest        | N/A                             | N/A                 | N/A              | -                     | 657     | 0.1                               | 657           |
|  |                    |                                 |                     |                  |                       | 4,759   | 0.7                               | 5,227         |
| <b>Buildings and Real Estate</b>               |                    |                                 |                     |                  |                       |         |                                   |               |
| Brooks Equipment Company,<br>LLC               | Common stock       | N/A                             | N/A                 | N/A              | 10                    | 1,021   | 0.1                               | 1,045         |
| <b>Chemicals, Plastics and Rubber</b>          |                    |                                 |                     |                  |                       |         |                                   |               |
| Flexan, LLC                                    | Preferred stock    | N/A                             | N/A                 | N/A              | -                     | 73      | -                                 | 73            |
| Flexan, LLC                                    | Common stock       | N/A                             | N/A                 | N/A              | 1                     | -       | -                                 | -             |
|  |                    |                                 |                     |                  |                       | 73      | -                                 | 73            |

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Containers, Packaging and  
Glass

|   |              |     |     |     |    |       |     |       |
|---|--------------|-----|-----|-----|----|-------|-----|-------|
| Packaging Coordinators, Inc. <sup>(8)</sup> | Common stock | N/A | N/A | N/A | 25 | 2,065 | 0.4 | 2,517 |
| Packaging Coordinators, Inc.                | Common stock | N/A | N/A | N/A | 48 | 1,563 | 0.3 | 2,175 |
|   |              |     |     |     |    | 3,628 | 0.7 | 4,692 |

Diversified Conglomerate  
Manufacturing

|                          |                 |     |     |     |     |       |     |       |
|--------------------------|-----------------|-----|-----|-----|-----|-------|-----|-------|
| Chase Industries, Inc.   | LLC units       | N/A | N/A | N/A | 1   | 1,186 | 0.2 | 1,227 |
| ICCN Acquisition Corp.   | Preferred stock | N/A | N/A | N/A | -   | 162   | -   | 159   |
| ICCN Acquisition Corp.   | Common stock    | N/A | N/A | N/A | -   | -     | -   | -     |
| Sunless Merger Sub, Inc. | LP interest     | N/A | N/A | N/A | -   | 160   | -   | -     |
| TIDI Products, LLC       | LLC units       | N/A | N/A | N/A | 353 | 207   | 0.1 | 561   |
|                          |                 |     |     |     |     | 1,715 | 0.3 | 1,947 |

Diversified Conglomerate  
Service

|   |                   |     |     |     |     |       |     |       |
|---|-------------------|-----|-----|-----|-----|-------|-----|-------|
| Agility Recovery Solutions Inc.               | Preferred stock   | N/A | N/A | N/A | 67  | 430   | 0.1 | 430   |
| Daxko, LLC                                    | LLC units         | N/A | N/A | N/A | 219 | 219   | -   | 238   |
| DISA Holdings Acquisition<br>Subsidiary Corp. | Common stock      | N/A | N/A | N/A | -   | 154   | -   | 154   |
| Host Analytics, Inc.                          | Warrant           | N/A | N/A | N/A | 180 | -     | -   | -     |
| Marathon Data Operating Co.,<br>LLC           | LLC units         | N/A | N/A | N/A | 1   | 264   | 0.1 | 628   |
| Marathon Data Operating Co.,<br>LLC           | LLC units         | N/A | N/A | N/A | 1   | 264   | -   | 17    |
| PC Helps Support, LLC                         | Common stock      | N/A | N/A | N/A | 1   | 7     | -   | 4     |
| PC Helps Support, LLC                         | Preferred stock A | N/A | N/A | N/A | -   | 61    | -   | 76    |
| Secure-24, LLC                                | LLC units         | N/A | N/A | N/A | 263 | 263   | 0.1 | 380   |
| Vendavo, Inc.                                 | Preferred stock A | N/A | N/A | N/A | 827 | 827   | 0.1 | 827   |
|   |                   |     |     |     |     | 2,489 | 0.4 | 2,754 |

Electronics

|                                |              |     |     |     |     |       |     |       |
|--------------------------------|--------------|-----|-----|-----|-----|-------|-----|-------|
| ECI Acquisition Holdings, Inc. | Common stock | N/A | N/A | N/A | 9   | 873   | 0.1 | 1,044 |
| Sparta Holding Corporation     | Common stock | N/A | N/A | N/A | 1   | 567   | 0.1 | 587   |
| Sparta Holding Corporation     | Common stock | N/A | N/A | N/A | 235 | 6     | -   | -     |
|                                |              |     |     |     |     | 1,446 | 0.2 | 1,631 |

Grocery

|                   |           |     |     |     |       |       |     |       |
|-------------------|-----------|-----|-----|-----|-------|-------|-----|-------|
| MyWebGrocer, Inc. | LLC units | N/A | N/A | N/A | 1,418 | 1,446 | 0.2 | 1,414 |
|-------------------|-----------|-----|-----|-----|-------|-------|-----|-------|

Healthcare, Education and  
Childcare

|  |                 |     |     |     |    |     |     |     |
|--|-----------------|-----|-----|-----|----|-----|-----|-----|
| Advanced Pain Management<br>Holdings, Inc. | Common stock    | N/A | N/A | N/A | 67 | 67  | 0.1 | 362 |
| Advanced Pain Management<br>Holdings, Inc. | Preferred stock | N/A | N/A | N/A | 8  | 829 | 0.1 | 975 |

See Notes to Consolidated Financial Statements



**Golub Capital BDC, Inc. and Subsidiaries****Consolidated Schedule of Investments (unaudited) - (continued)****March 31, 2015***(In thousands)*

|                                       | Investment<br>Type | Spread<br>Above<br>Index<br>(1) | Interest<br>Rate <sup>(2)</sup> | Maturity<br>Date | Shares /<br>Contracts | Cost  | Percentage<br>of<br>Net<br>Assets | Fair<br>Value |
|---------------------------------------|--------------------|---------------------------------|---------------------------------|------------------|-----------------------|-------|-----------------------------------|---------------|
| Avatar International, LLC             | LP interest        | N/A                             | N/A                             | N/A              | 1                     | 741   | -                                 | -             |
| California Cryobank, LLC              | LLC units          | N/A                             | N/A                             | N/A              | -                     | 28    | -                                 | 31            |
| California Cryobank, LLC              | LLC units          | N/A                             | N/A                             | N/A              | -                     | -     | -                                 | -             |
| Certara L.P.                          | LP interest        | N/A                             | N/A                             | N/A              | -                     | 635   | 0.1                               | 683           |
| Dental Holdings Corporation           | LLC units          | N/A                             | N/A                             | N/A              | 734                   | 734   | 0.1                               | 734           |
| Dialysis Newco, Inc.                  | LLC units          | N/A                             | N/A                             | N/A              | 871                   | -     | 0.4                               | 2,640         |
| Encore Rehabilitation Services, LLC   | LLC units          | N/A                             | N/A                             | N/A              | 14                    | 141   | -                                 | 141           |
| Encore Rehabilitation Services, LLC   | LLC units          | N/A                             | N/A                             | N/A              | 14                    | -     | -                                 | -             |
| G & H Wire Company, Inc.              | LP interest        | N/A                             | N/A                             | N/A              | -                     | 102   | -                                 | 131           |
| Global Healthcare Exchange, LLC       | Common stock       | N/A                             | N/A                             | N/A              | -                     | 5     | -                                 | 26            |
| Global Healthcare Exchange, LLC       | Preferred stock    | N/A                             | N/A                             | N/A              | -                     | 481   | 0.1                               | 522           |
| IntegraMed America, Inc.              | Common stock       | N/A                             | N/A                             | N/A              | 1                     | 875   | 0.1                               | 542           |
| Northwestern Management Services, LLC | LLC units          | N/A                             | N/A                             | N/A              | 3                     | 3     | -                                 | 66            |
| Northwestern Management Services, LLC | LLC units          | N/A                             | N/A                             | N/A              | -                     | 249   | -                                 | 297           |
| Pentec Acquisition Sub, Inc.          | Preferred stock    | N/A                             | N/A                             | N/A              | 1                     | 116   | -                                 | 195           |
| Radiology Partners, Inc.              | LLC units          | N/A                             | N/A                             | N/A              | 43                    | 85    | -                                 | 80            |
| Reliant Pro ReHab, LLC                | Preferred stock A  | N/A                             | N/A                             | N/A              | 2                     | 183   | 0.2                               | 958           |
| Southern Anesthesia and Surgical      | LLC units          | N/A                             | N/A                             | N/A              | 487                   | 487   | 0.1                               | 660           |
| Spear Education, LLC                  | LLC units          | N/A                             | N/A                             | N/A              | -                     | 86    | -                                 | 90            |
| Spear Education, LLC                  | LLC units          | N/A                             | N/A                             | N/A              | 1                     | 1     | -                                 | 12            |
| Surgical Information Systems, LLC     | Common stock       | N/A                             | N/A                             | N/A              | 4                     | 414   | 0.1                               | 492           |
| Young Innovations, Inc.               | LLC units          | N/A                             | N/A                             | N/A              | -                     | 236   | -                                 | 356           |
|                                       |                    |                                 |                                 |                  |                       | 6,498 | 1.4                               | 9,993         |

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Home and Office Furnishings,  
Housewares, and Durable  
Consumer

|                             |              |     |     |     |   |    |   |     |
|-----------------------------|--------------|-----|-----|-----|---|----|---|-----|
| Top Knobs USA, Inc.         | Common stock | N/A | N/A | N/A | 3 | 27 | - | 195 |
| Zenith Products Corporation | Common stock | N/A | N/A | N/A | 1 | -  | - | -   |
|                             |              |     |     |     |   | 27 | - | 195 |

Insurance

|                              |           |     |     |     |   |    |   |     |
|------------------------------|-----------|-----|-----|-----|---|----|---|-----|
| Captive Resources Midco, LLC | LLC units | N/A | N/A | N/A | 1 | 86 | - | 228 |
|------------------------------|-----------|-----|-----|-----|---|----|---|-----|

Investment Funds and Vehicles

|  |              |     |     |     |        |        |     |        |
|--|--------------|-----|-----|-----|--------|--------|-----|--------|
| Senior Loan Fund LLC <sup>(7)(8)</sup> | LLC interest | N/A | N/A | N/A | 15,312 | 15,312 | 2.1 | 15,458 |
|--|--------------|-----|-----|-----|--------|--------|-----|--------|

Leisure, Amusement, Motion  
Pictures and Entertainment

|                            |              |     |     |     |     |       |     |       |
|----------------------------|--------------|-----|-----|-----|-----|-------|-----|-------|
| Competitor Group, Inc.     | LLC interest | N/A | N/A | N/A | 708 | 713   | -   | 40    |
| LMP TR Holdings, LLC       | LLC units    | N/A | N/A | N/A | 712 | 712   | -   | 78    |
| Starplex Operating, L.L.C. | Common stock | N/A | N/A | N/A | 1   | 183   | 0.1 | 427   |
| Titan Fitness, LLC         | LLC units    | N/A | N/A | N/A | 6   | 583   | 0.1 | 858   |
|                            |              |     |     |     |     | 2,191 | 0.2 | 1,403 |

Personal and Non-Durable  
Consumer Products

|  |              |     |     |     |     |       |     |       |
|--|--------------|-----|-----|-----|-----|-------|-----|-------|
| C.B. Fleet Company,<br>Incorporated      | LLC units    | N/A | N/A | N/A | 2   | 174   | -   | 193   |
| Hygenic Corporation, The                 | LP interest  | N/A | N/A | N/A | 1   | 61    | -   | 96    |
| Massage Envy, LLC                        | LLC interest | N/A | N/A | N/A | 749 | 749   | 0.1 | 984   |
| Team Technologies Acquisition<br>Company | Common stock | N/A | N/A | N/A | -   | 148   | 0.1 | 382   |
|  |              |     |     |     |     | 1,132 | 0.2 | 1,655 |

Personal, Food and  
Miscellaneous Services

|                        |                 |     |     |     |   |     |   |     |
|------------------------|-----------------|-----|-----|-----|---|-----|---|-----|
| R.G. Barry Corporation | Preferred stock | N/A | N/A | N/A | - | 161 | - | 146 |
|------------------------|-----------------|-----|-----|-----|---|-----|---|-----|

Printing and Publishing

|                   |                 |     |     |     |   |     |   |     |
|-------------------|-----------------|-----|-----|-----|---|-----|---|-----|
| Market Track, LLC | Preferred stock | N/A | N/A | N/A | - | 145 | - | 187 |
| Market Track, LLC | Common stock    | N/A | N/A | N/A | 1 | 145 | - | 277 |
|                   |                 |     |     |     |   | 290 | - | 464 |

Retail Stores

|  |              |     |     |     |       |       |     |       |
|--|--------------|-----|-----|-----|-------|-------|-----|-------|
| Barcelona Restaurants,<br>LLC <sup>(8)(10)</sup> | LP interest  | N/A | N/A | N/A | 1,996 | 1,996 | 0.5 | 3,751 |
| Benihana, Inc.                                   | LLC units    | N/A | N/A | N/A | 43    | 699   | 0.1 | 760   |
| Capital Vision Services, LLC                     | LLC interest | N/A | N/A | N/A | 402   | 17    | 0.1 | 698   |
| Cycle Gear, Inc.                                 | LLC units    | N/A | N/A | N/A | 15    | 150   | -   | 150   |
| DentMall MSO, LLC                                | LLC units    | N/A | N/A | N/A | 2     | -     | -   | 27    |
| DentMall MSO, LLC                                | LLC units    | N/A | N/A | N/A | 2     | 97    | -   | 103   |
| Elite Sportswear, L.P.                           | LLC interest | N/A | N/A | N/A | -     | 73    | -   | 73    |
| Express Oil Change, LLC                          | LLC interest | N/A | N/A | N/A | 81    | 81    | -   | 104   |
| Marshall Retail Group LLC,<br>The                | LLC units    | N/A | N/A | N/A | 15    | 154   | -   | 115   |

See Notes to Consolidated Financial Statements



**Golub Capital BDC, Inc. and Subsidiaries****Consolidated Schedule of Investments (unaudited) - (continued)****March 31, 2015***(In thousands)*

|  | Investment<br>Type | Spread<br>Above<br>Index<br>(1) | Interest<br>Rate <sup>(2)</sup> | Maturity<br>Date | Shares<br>/<br>Contract | Cost        | Percentage<br>of<br>Net<br>Assets | Fair<br>Value |
|--|--------------------|---------------------------------|---------------------------------|------------------|-------------------------|-------------|-----------------------------------|---------------|
|  |                    |                                 |                                 |                  |                         |             |                                   |               |
| Paper Source, Inc.   | Common stock       | N/A                             | N/A                             | N/A              | 8                       | 1,387       | 0.2                               | 1,442         |
| PetPeople Enterprise, LLC  | LP interest        | N/A                             | N/A                             | N/A              | 889                     | 889         | 0.2                               | 1,124         |
| Rubio's Restaurants, Inc.  | Preferred stock A  | N/A                             | N/A                             | N/A              | 199                     | 945         | 0.3                               | 1,764         |
| Sneaker Villa, Inc.  | LLC interest       | N/A                             | N/A                             | N/A              | 4                       | 411         | 0.1                               | 551           |
| Vision Source L.P.   | Common stock       | N/A                             | N/A                             | N/A              | 9                       | 386         | 0.1                               | 775           |
|  |                    |                                 |                                 |                  |                         | 7,285       | 1.6                               | 11,437        |
| Telecommunications<br>ITC Global, Inc.   | LLC units          | N/A                             | N/A                             | N/A              | 17                      | 311         | 0.1                               | 428           |
| Textiles and Leather<br>Southern Tide, LLC   | LLC interest       | N/A                             | N/A                             | N/A              | 2                       | 191         | -                                 | 192           |
| Utilities<br>PowerPlan Holdings, Inc.  | Common stock       | N/A                             | N/A                             | N/A              | -                       | 303         | -                                 | 303           |
| PowerPlan Holdings, Inc.   | Common stock       | N/A                             | N/A                             | N/A              | 151                     | 3           | -                                 | 3             |
|  |                    |                                 |                                 |                  |                         | 306         | -                                 | 306           |
| Total equity investments<br>United States  |                    |                                 |                                 |                  |                         | \$52,838    | 8.6 %                             | \$63,371      |
| Total United States  |                    |                                 |                                 |                  |                         | \$1,414,559 | 193.0 %                           | \$1,423,063   |
| Total Investments  |                    |                                 |                                 |                  |                         | \$1,414,559 | 193.0 %                           | \$1,423,063   |
| Cash, Restricted Cash and<br>Cash Equivalents  |                    |                                 |                                 |                  |                         |             |                                   |               |
| Cash and Restricted Cash<br>BlackRock Liquidity<br>Funds T-Fund Institutional<br>Shares (CUSIP<br>09248U718) |                    |                                 |                                 |                  |                         | \$12,377    | 1.7 %                             | \$12,377      |
|  |                    |                                 |                                 |                  |                         | 8,579       | 1.1                               | 8,579         |

|  |             |       |               |
|--|-------------|-------|---------------|
| JPM Offshore Money<br>Market Account (ISIN<br>LU0103813712)            | 16,179      | 2.2   | 16,179        |
| US Bank Money Market<br>Account (CUSIP<br>9AMMF05B2)                   | 20,403      | 2.8   | 20,403        |
| Total Cash, Restricted<br>Cash and Cash<br>Equivalents                 | \$57,538    | 7.8   | % \$57,538    |
| Total Investments and<br>Cash, Restricted Cash and<br>Cash Equivalents | \$1,472,097 | 200.8 | % \$1,480,601 |

\* Denotes that all or a portion of the loan secures the notes offered in the 2010 Debt Securitization (as defined in Note 7).

^ Denotes that all or a portion of the loan secures the notes offered in the 2014 Debt Securitization (as defined in Note 7).

The majority of the investments bear interest at a rate that may be determined by reference to London Interbank Offered Rate ("LIBOR" or "L") or Prime ("P") and which reset daily, quarterly or semiannually. For each, the

(1) Company has provided the spread over LIBOR or Prime and the weighted average current interest rate in effect at March 31, 2015. Certain investments are subject to a LIBOR or Prime interest rate floor. For fixed rate loans, a spread above a reference rate is not applicable.

(2) For portfolio companies with multiple interest rate contracts, the interest rate shown is a weighted average current interest rate in effect at March 31, 2015.

(3) The negative fair value is the result of the capitalized discount on the loan or the unfunded commitment being valued below par. The negative cost is the result of the capitalized discount being greater than the principal amount outstanding on the loan.

(4) The entire commitment was unfunded at March 31, 2015. As such, no interest is being earned on this investment. The sale of a portion of this loan does not qualify for sale accounting under ASC Topic 860 - Transfers and

(5) Servicing, and therefore, the entire one stop loan asset remains in the Consolidated Schedule of Investments. (See Note 7 in the accompanying notes to the consolidated financial statements.)

(6) Loan was on non-accrual status as of March 31, 2015, meaning that the Company has ceased recognizing interest income on the loan.

As defined in the Investment Company Act of 1940, as amended (the "1940 Act"), the Company is deemed to be both an "Affiliated Person" of and "Control" this portfolio company as the Company owns more than 25% of the portfolio company's outstanding voting securities or has the power to exercise control over management or

(7) policies of such portfolio company (including through a management agreement). See Note 5 in the accompanying notes to the consolidated financial statements for transactions during the six months ended March 31, 2015 in which the issuer was both an Affiliated Person and a portfolio company that the Company is deemed to Control.

The investment is treated as a non-qualifying asset under Section 55(a) of the 1940 Act. Under the 1940 Act, the

(8) Company may not acquire any non-qualifying asset unless, at the time the acquisition is made, qualifying assets represent at least 70% of the Company's total assets.

(9) Non-income producing securities.

(10) As defined in the 1940 Act, the Company is deemed to be an "Affiliated Person" of the portfolio company as the Company along with affiliated entities owns five percent or more of the portfolio company's voting

securities. See Note 5 in the accompanying notes to the financial statements for transactions during the six months ended March 31, 2015 in which the issuer was an Affiliated Person (but not a portfolio company that the Company is deemed to control).

See Notes to Consolidated Financial Statements

**Golub Capital BDC, Inc. and Subsidiaries****Consolidated Schedule of Investments****September 30, 2014***(In thousands)*

| Investment<br>Type  | Spread<br>Above<br>Index <sup>(1)</sup> | Interest<br>Rate <sup>(2)</sup> | Maturity<br>Date | Principal<br>/ Par |        | Percentage<br>of<br>Net<br>Assets | Fair<br>Value |
|---|---|---------------------------------|------------------|--------------------|--------|-----------------------------------|---------------|
|   |   |                                 |                  | Amount             | Cost   |                                   |               |
| Investments<br>United States<br>Debt<br>investments<br>Aerospace<br>and Defense<br>ILC Dover,<br>LP | One stop                                | P + 4.50%                       | 7.75             | % 03/2019          | \$360  | \$352                             | 0.1 % \$360   |
| ILC Dover,<br>LP^   | One stop                                | L + 5.50%                       | 6.50             | % 03/2020          | 18,594 | 18,467                            | 2.5 18,594    |
| ILC<br>Industries,<br>Inc. <sup>(3)</sup>   | One stop                                | L + 4.75%                       | N/A              | (4) 07/2020        | -      | (32 )                             | - (25 )       |
| ILC<br>Industries,<br>Inc.*^  | One stop                                | L + 4.75%                       | 5.75             | % 07/2020          | 28,510 | 28,234                            | 3.9 28,296    |
| Novetta<br>Solutions<br>LLC   | Senior loan                             | P + 3.00%                       | 6.25             | % 03/2017          | 184    | 178                               | - 184         |
| Novetta<br>Solutions<br>LLC*  | Senior loan                             | L + 5.00%                       | 6.25             | % 03/2017          | 1,697  | 1,673                             | 0.2 1,697     |
| NTS<br>Technical<br>Systems <sup>(3)</sup>  | One stop                                | L + 6.00%                       | N/A              | (4) 11/2018        | -      | (30 )                             | - -           |
| NTS<br>Technical<br>Systems*^   | One stop                                | L + 6.00%                       | 7.25             | % 11/2018          | 18,871 | 18,572                            | 2.6 18,871    |
| NTS<br>Technical<br>Systems <sup>(3)</sup>  | One stop                                | L + 6.00%                       | N/A              | (4) 11/2018        | -      | (63 )                             | - -           |
|   | One stop                                | L + 6.75%                       | 8.00             | % 12/2017          | 188    | 181                               | - 188         |

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|   |                   |            |                      |             |        |        |     |        |  |
|---|-------------------|------------|----------------------|-------------|--------|--------|-----|--------|--|
| Tresys Technology Holdings, Inc.            |                   |            |                      |             |        |        |     |        |  |
| Tresys Technology Holdings, Inc.            | One stop          | L + 6.75%  | 8.00                 | % 12/2017   | 3,899  | 3,836  | 0.3 | 2,339  |  |
| Whitcraft LLC                               | Subordinated debt | N/A        | 12.00                | % 12/2018   | 1,877  | 1,857  | 0.3 | 1,877  |  |
|   |                   |            |                      |             | 74,180 | 73,225 | 9.9 | 72,381 |  |
| Automobile American Driveline Systems, Inc. | Senior loan       | L + 5.50%  | 7.22                 | % 01/2016   | 331    | 328    | -   | 292    |  |
| American Driveline Systems, Inc.*           | Senior loan       | L + 5.50%  | 7.00                 | % 01/2016   | 2,797  | 2,774  | 0.3 | 2,517  |  |
| K&N Engineering, Inc. <sup>(3)</sup>        | Senior loan       | L + 4.25%  | N/A                  | (4) 07/2019 | -      | (7 )   | -   | (2 )   |  |
| K&N Engineering, Inc.*^                     | Senior loan       | L + 4.25%  | 5.25                 | % 07/2019   | 6,816  | 6,721  | 0.9 | 6,782  |  |
| K&N Engineering, Inc. <sup>(3)</sup>        | Senior loan       | L + 4.25%  | N/A                  | (4) 07/2019 | -      | (19 )  | -   | (2 )   |  |
| Take 5 Oil Change, L.L.C. <sup>(3)</sup>    | Senior loan       | L + 5.25%  | N/A                  | (4) 07/2018 | -      | (7 )   | -   | -      |  |
| Take 5 Oil Change, L.L.C.^                  | Senior loan       | L + 5.25%  | 6.25                 | % 07/2018   | 4,872  | 4,840  | 0.7 | 4,872  |  |
|   |                   |            |                      |             | 14,816 | 14,630 | 1.9 | 14,459 |  |
| Banking HedgeServ Holding L.P.^             | One stop          | L + 8.25%  | 5.25% cash/4.00% PIK | 02/2019     | 17,240 | 17,092 | 2.4 | 17,240 |  |
| HedgeServ Holding L.P. <sup>(3)</sup>       | One stop          | L + 4.25%  | N/A                  | (4) 02/2019 | -      | (8 )   | -   | -      |  |
| Prommis Fin Co. <sup>(6)</sup>              | Senior loan       | P + 10.00% | 13.25                | % 06/2015   | 85     | 84     | -   | 2      |  |
| Prommis Fin Co.* <sup>(6)</sup>             | Senior loan       | N/A        | 2.25% cash/11.5% PIK | 06/2015     | 124    | 124    | -   | 3      |  |
|   |                   |            |                      |             | 17,449 | 17,292 | 2.4 | 17,245 |  |
| Beverage, Food and Tobacco ABP Corporation  | Senior loan       | P + 3.50%  | 7.25                 | % 09/2018   | 84     | 77     | -   | 84     |  |
| ABP Corporation*                            | Senior loan       | L + 4.75%  | 6.00                 | % 09/2018   | 4,796  | 4,727  | 0.7 | 4,796  |  |



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|   |             |           |                      |             |        |        |     |        |
|---|-------------|-----------|----------------------|-------------|--------|--------|-----|--------|
| Ameriqua Group, LLC*                                | Senior loan | L + 6.00% | 6.50% cash/1.00% PIK | 03/2016     | 1,693  | 1,676  | 0.2 | 1,625  |
| Ameriqua Group, LLC*                                | Senior loan | L + 9.00% | 9.00% cash/1.50% PIK | 03/2016     | 831    | 826    | 0.1 | 686    |
| ARG IH Corporation (Arby's)^                        | Senior loan | L + 3.75% | 4.75                 | % 11/2020   | 2,337  | 2,311  | 0.3 | 2,339  |
| Atkins Nutritionals, Inc.*^                         | One stop    | L + 5.00% | 6.25                 | % 01/2019   | 23,873 | 23,683 | 3.2 | 23,754 |
| Atkins Nutritionals, Inc.*                          | One stop    | L + 8.50% | 9.75                 | % 04/2019   | 21,636 | 21,326 | 3.0 | 21,744 |
| C. J. Foods, Inc.                                   | One stop    | L + 5.50% | 6.50                 | % 05/2019   | 86     | 77     | -   | 86     |
| C. J. Foods, Inc. <sup>(3)</sup>                    | One stop    | L + 5.50% | N/A                  | (4) 05/2019 | -      | (12 )  | -   | -      |
| C. J. Foods, Inc.                                   | One stop    | L + 5.50% | 6.50                 | % 05/2019   | 3,224  | 3,179  | 0.4 | 3,224  |
| Candy Intermediate Holdings, Inc. (Ferrara Candy)^  | Senior loan | L + 6.25% | 7.50                 | % 06/2018   | 4,887  | 4,780  | 0.6 | 4,747  |
| Diversified Foodservice Supply, Inc. <sup>(3)</sup> | Senior loan | L + 4.50% | N/A                  | (4) 12/2018 | -      | (3 )   | -   | -      |
| Diversified Foodservice Supply, Inc.*               | Senior loan | L + 4.50% | 5.75                 | % 12/2018   | 4,556  | 4,518  | 0.6 | 4,556  |
| Firebirds International, LLC <sup>(3)</sup>         | One stop    | L + 6.25% | N/A                  | (4) 05/2018 | -      | (2 )   | -   | -      |
| Firebirds International, LLC*                       | One stop    | L + 6.25% | 7.50                 | % 05/2018   | 1,096  | 1,081  | 0.1 | 1,096  |
| Firebirds International, LLC                        | One stop    | L + 6.25% | 7.50                 | % 05/2018   | 304    | 299    | 0.1 | 304    |
| Firebirds International, LLC <sup>(3)</sup>         | One stop    | L + 6.25% | N/A                  | (4) 05/2018 | -      | (5 )   | -   | -      |
| First Watch Restaurants, Inc. <sup>(3)</sup>        | One stop    | L + 7.50% | N/A                  | (4) 12/2018 | -      | (24 )  | -   | -      |
| First Watch Restaurants, Inc.*^                     | One stop    | L + 7.50% | 8.75                 | % 12/2018   | 11,293 | 11,165 | 1.5 | 11,293 |
| First Watch Restaurants,                            | One stop    | P + 6.50% | 9.75                 | % 12/2018   | 3,070  | 3,035  | 0.4 | 3,070  |

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|                                       |                   |           |                      |             |       |       |     |       |  |
|---------------------------------------|-------------------|-----------|----------------------|-------------|-------|-------|-----|-------|--|
| Inc.*^                                |                   |           |                      |             |       |       |     |       |  |
| First Watch Restaurants, Inc.         | One stop          | L + 7.50% | 8.75                 | % 12/2018   | 1,749 | 1,744 | 0.2 | 1,749 |  |
| IT'SUGAR LLC                          | Senior loan       | L + 7.50% | 9.00                 | % 04/2018   | 7,566 | 7,456 | 1.0 | 7,566 |  |
| IT'SUGAR LLC                          | Subordinated debt | N/A       | 5.00                 | % 10/2017   | 1,707 | 1,707 | 0.3 | 1,833 |  |
| Julio & Sons Company                  | One stop          | L + 5.50% | 6.50                 | % 09/2016   | 277   | 271   | -   | 277   |  |
| Julio & Sons Company*                 | One stop          | L + 5.50% | 6.50                 | % 09/2016   | 6,978 | 6,935 | 1.0 | 6,978 |  |
| Julio & Sons Company <sup>(3)</sup>   | One stop          | L + 5.50% | N/A                  | (4) 09/2016 | -     | (26 ) | -   | -     |  |
| Northern Brewer, LLC                  | One stop          | P + 9.25% | 8.50% cash/4.00% PIK | 02/2018     | 676   | 665   | 0.1 | 541   |  |
| Northern Brewer, LLC                  | One stop          | P + 9.25% | 8.50% cash/4.00% PIK | 02/2018     | 6,363 | 6,244 | 0.7 | 5,090 |  |
| Richelieu Foods, Inc.                 | Senior loan       | P + 4.00% | 7.25                 | % 11/2015   | 101   | 96    | -   | 101   |  |
| Richelieu Foods, Inc.*                | Senior loan       | L + 5.00% | 6.75                 | % 11/2015   | 1,854 | 1,839 | 0.3 | 1,854 |  |
| Tate's Bake Shop, Inc. <sup>(3)</sup> | Senior loan       | L + 4.75% | N/A                  | (4) 08/2019 | -     | (4 )  | -   | (4 )  |  |
| Tate's Bake Shop, Inc.^               | Senior loan       | L + 4.75% | 5.75                 | % 08/2019   | 3,008 | 2,978 | 0.4 | 2,978 |  |
| Tate's Bake Shop, Inc. <sup>(3)</sup> | Senior loan       | L + 4.75% | N/A                  | (4) 08/2019 | -     | (5 )  | -   | (6 )  |  |

See Notes to Consolidated Financial Statements

**Golub Capital BDC, Inc. and Subsidiaries****Consolidated Schedule of Investments (continued)****September 30, 2014***(In thousands)*

|  | Investment  | Spread<br>Above<br>Index <sup>(1)</sup> | Interest<br>Rate <sup>(2)</sup> | Maturity<br>Date | Principal /<br>Par<br>Amount | Cost             | Percentage<br>of<br>Net<br>Assets | Fair<br>Value    |
|--|-------------|---|---------------------------------|------------------|------------------------------|------------------|-----------------------------------|------------------|
|  | Type        |   |                                 |                  |                              |                  |                                   |                  |
| Uinta Brewing Company <sup>(3)</sup>           | One stop    | L + 6.00%                               | N/A <sup>(4)</sup>              | 08/2019          | -                            | (8 )             | -                                 | (8 )             |
| Uinta Brewing Company <sup>^</sup>             | One stop    | L + 6.00%                               | 7.00 %                          | 08/2019          | 3,236<br>117,281             | 3,204<br>115,810 | 0.4<br>15.6                       | 3,203<br>115,556 |
| Building and Real Estate                       |             |   |                                 |                  |                              |                  |                                   |                  |
| Brooks Equipment Company, LLC <sup>(3)</sup>   | One stop    | L + 5.75%                               | N/A <sup>(4)</sup>              | 08/2020          | -                            | (20 )            | -                                 | (20 )            |
| Brooks Equipment Company, LLC <sup>*^</sup>    | One stop    | L + 5.75%                               | 6.75 %                          | 08/2020          | 27,150                       | 26,753           | 3.7                               | 26,946           |
| ITEL Laboratories, Inc. <sup>(3)</sup>         | Senior loan | L + 4.75%                               | N/A <sup>(4)</sup>              | 06/2018          | -                            | (1 )             | -                                 | -                |
| ITEL Laboratories, Inc. <sup>*</sup>           | Senior loan | L + 4.75%                               | 6.00 %                          | 06/2018          | 756<br>27,906                | 749<br>27,481    | 0.1<br>3.8                        | 756<br>27,682    |
| Cargo Transport                                |             |   |                                 |                  |                              |                  |                                   |                  |
| RP Crown Parent (RedPrairie Corp) <sup>*</sup> | Senior loan | L + 5.00%                               | 6.00 %                          | 12/2018          | 1,970                        | 1,942            | 0.3                               | 1,923            |
| Containers, Packaging and Glass                |             |   |                                 |                  |                              |                  |                                   |                  |
| Fort Dearborn Company <sup>*</sup>             | Senior loan | L + 4.25%                               | 5.25 %                          | 10/2017          | 16                           | 16               | -                                 | 16               |
| Fort Dearborn Company <sup>*^</sup>            | Senior loan | L + 4.25%                               | 5.25 %                          | 10/2017          | 511                          | 508              | 0.1                               | 511              |
| Fort Dearborn Company <sup>*</sup>             | Senior loan | L + 4.75%                               | 5.75 %                          | 10/2018          | 63                           | 63               | -                                 | 63               |
| Fort Dearborn Company <sup>*^</sup>            | Senior loan | L + 4.75%                               | 5.75 %                          | 10/2018          | 2,180                        | 2,168            | 0.3                               | 2,180            |
| Packaging Coordinators, Inc. <sup>*^</sup>     | Senior loan | L + 4.25%                               | 5.25 %                          | 08/2021          | 15,000                       | 14,852           | 2.1                               | 15,032           |
| Packaging Coordinators, Inc.                   | Second lien | L + 8.00%                               | 9.00 %                          | 08/2022          | 10,000<br>27,770             | 9,901<br>27,508  | 1.4<br>3.9                        | 9,950<br>27,752  |
| Diversified Conglomerate Manufacturing         |             |   |                                 |                  |                              |                  |                                   |                  |

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|   |             |           |         |         |        |        |     |        |
|---|-------------|-----------|---------|---------|--------|--------|-----|--------|
| Chase Industries, Inc.*^                        | One stop    | P + 4.50% | 7.75 %  | 09/2020 | 21,037 | 20,828 | 2.8 | 20,827 |
| Chase Industries, Inc.                          | One stop    | P + 4.50% | 7.75 %  | 09/2020 | 277    | 255    | -   | 255    |
| Chase Industries, Inc. <sup>(3)</sup>           | One stop    | L + 5.75% | N/A (4) | 09/2020 | -      | (48 )  | -   | (49 )  |
| ICCN Acquisition Corp. <sup>(3)</sup>           | One stop    | L + 5.25% | N/A (4) | 03/2019 | -      | (4 )   | -   | -      |
| ICCN Acquisition Corp.^                         | One stop    | L + 5.25% | 6.25 %  | 03/2019 | 3,998  | 3,936  | 0.5 | 3,998  |
| ICCN Acquisition Corp. <sup>(3)</sup>           | One stop    | L + 5.25% | N/A (4) | 03/2019 | -      | (14 )  | -   | -      |
| Metal Spinners, Inc.*                           | Senior loan | L + 7.50% | 9.00 %  | 04/2015 | 1,294  | 1,288  | 0.2 | 1,294  |
| Metal Spinners, Inc.*                           | Senior loan | L + 7.50% | 9.00 %  | 04/2015 | 2,536  | 2,524  | 0.3 | 2,536  |
| Onicon Incorporated <sup>(3)</sup>              | One stop    | L + 4.50% | N/A (4) | 12/2017 | -      | (10 )  | -   | -      |
| Onicon Incorporated                             | One stop    | L + 4.50% | 5.50 %  | 12/2017 | 3,141  | 3,100  | 0.4 | 3,141  |
| Pasternack Enterprises, Inc.*                   | Senior loan | L + 5.00% | 6.25 %  | 12/2017 | 1,126  | 1,119  | 0.2 | 1,126  |
| Plex Systems, Inc. <sup>(3)</sup>               | Senior loan | L + 7.50% | N/A (4) | 06/2018 | -      | (26 )  | -   | -      |
| Plex Systems, Inc.*^                            | Senior loan | L + 7.50% | 8.75 %  | 06/2018 | 18,797 | 18,409 | 2.6 | 18,797 |
| Sunless Merger Sub, Inc. <sup>(3)</sup>         | Senior loan | L + 5.25% | N/A (4) | 07/2016 | -      | -      | -   | (26 )  |
| Sunless Merger Sub, Inc.*                       | Senior loan | L + 5.25% | 6.50 %  | 07/2016 | 1,816  | 1,813  | 0.2 | 1,271  |
| TIDI Products, LLC <sup>(3)</sup>               | One stop    | L + 6.50% | N/A (4) | 07/2017 | -      | (11 )  | -   | -      |
| TIDI Products, LLC*                             | One stop    | L + 6.50% | 7.75 %  | 07/2018 | 12,631 | 12,441 | 1.7 | 12,631 |
| Vintage Parts, Inc.*                            | One stop    | L + 4.50% | 5.75 %  | 12/2015 | 4,049  | 4,022  | 0.6 | 4,049  |
| Vintage Parts, Inc.*                            | One stop    | L + 4.50% | 5.75 %  | 12/2015 | 56     | 56     | -   | 56     |
| Vintage Parts, Inc.*                            | One stop    | L + 4.50% | 5.75 %  | 12/2015 | 846    | 850    | 0.1 | 846    |
|   |             |           |         |         | 71,604 | 70,528 | 9.6 | 70,752 |
| Diversified Conglomerate Service                |             |           |         |         |        |        |     |        |
| Accellos, Inc. <sup>(3)</sup>                   | One stop    | L + 5.75% | N/A (4) | 07/2020 | -      | (20 )  | -   | -      |
| Accellos, Inc.^                                 | One stop    | L + 5.75% | 6.75 %  | 07/2020 | 31,113 | 30,740 | 4.2 | 31,113 |
| Aderant North America, Inc.*                    | Senior loan | L + 4.25% | 5.25 %  | 12/2018 | 4,220  | 4,190  | 0.6 | 4,220  |
| Agility Recovery Solutions Inc. <sup>(3)</sup>  | One stop    | L + 6.75% | N/A (4) | 09/2018 | -      | (6 )   | -   | -      |
| Agility Recovery Solutions Inc.*                | One stop    | L + 6.75% | 8.00 %  | 09/2018 | 8,128  | 7,995  | 1.1 | 8,128  |
| Bomgar Corporation <sup>(3)</sup>               | One stop    | L + 6.00% | N/A (4) | 05/2019 | -      | (18 )  | -   | (20 )  |
| Bomgar Corporation*                             | One stop    | L + 6.00% | 7.00 %  | 05/2020 | 29,423 | 28,935 | 4.0 | 29,129 |
| Daxko, LLC <sup>(3)</sup>                       | One stop    | L + 7.75% | N/A (4) | 03/2019 | -      | (24 )  | -   | -      |
| Daxko, LLC                                      | One stop    | L + 7.75% | 8.75 %  | 03/2019 | 16,840 | 16,564 | 2.3 | 16,840 |
| EAG, INC. (Evans Analytical Group)*             | Senior loan | L + 4.00% | 5.00 %  | 07/2017 | 2,401  | 2,377  | 0.3 | 2,401  |
| Integration Appliance, Inc.                     | Senior loan | L + 8.25% | 9.50 %  | 09/2018 | 719    | 711    | 0.1 | 719    |
| Integration Appliance, Inc.                     | Senior loan | L + 8.25% | 9.50 %  | 09/2018 | 5,396  | 5,288  | 0.7 | 5,396  |
| Integration Appliance, Inc.                     | Senior loan | L + 8.25% | 9.50 %  | 06/2019 | 7,914  | 7,727  | 1.1 | 7,914  |
| Marathon Data Operating Co., LLC <sup>(3)</sup> | One stop    | L + 6.25% | N/A (4) | 08/2017 | -      | (6 )   | -   | -      |
| Marathon Data Operating Co., LLC                | One stop    | L + 6.25% | 7.50 %  | 08/2017 | 4,595  | 4,528  | 0.6 | 4,595  |
| Navex Global, Inc. <sup>(3)</sup>               | One stop    | L + 5.50% | N/A (4) | 12/2016 | -      | (19 )  | -   | -      |
| Navex Global, Inc.*                             | One stop    | L + 5.50% | 6.50 %  | 12/2016 | 19,045 | 18,718 | 2.6 | 19,045 |

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|                                      |             |           |      |     |         |        |        |     |        |
|--------------------------------------|-------------|-----------|------|-----|---------|--------|--------|-----|--------|
| NetSmart Technologies, Inc.*         | One stop    | L + 7.53% | 8.78 | %   | 12/2017 | 8,068  | 8,012  | 1.1 | 8,068  |
| NetSmart Technologies, Inc.          | One stop    | L + 7.52% | 8.77 | %   | 12/2017 | 637    | 629    | 0.1 | 637    |
| PC Helps Support, LLC <sup>(3)</sup> | Senior loan | L + 5.25% | N/A  | (4) | 09/2017 | -      | (2 )   | -   | -      |
| PC Helps Support, LLC                | Senior loan | L + 5.25% | 6.51 | %   | 09/2017 | 1,707  | 1,692  | 0.2 | 1,707  |
| Secure-24, LLC <sup>(3)</sup>        | One stop    | L + 6.25% | N/A  | (4) | 08/2017 | -      | (5 )   | -   | -      |
| Secure-24, LLC*                      | One stop    | L + 6.25% | 7.50 | %   | 08/2017 | 10,433 | 10,249 | 1.4 | 10,433 |

See Notes to Consolidated Financial Statements

**Golub Capital BDC, Inc. and Subsidiaries****Consolidated Schedule of Investments (continued)****September 30, 2014***(In thousands)*

|   | Investment<br>Type | Spread<br>Above<br>Index <sup>(1)</sup> | Interest<br>Rate <sup>(2)</sup> | Maturity<br>Date | Principal<br>/ Par<br>Amount | Cost    | Percentage<br>of Fair<br>Net Assets Value |         |
|---|--------------------|---|---------------------------------|------------------|------------------------------|---------|---|---------|
|   |                    |   |                                 |                  |                              |         |   |         |
| Secure-24,<br>LLC <sup>^</sup>  | One stop           | L + 6.25%                               | 7.50                            | % 08/2017        | 1,526                        | 1,507   | 0.2                                       | 1,526   |
| SoftWriters,<br>Inc. <sup>(3)</sup>                                   | One stop           | L + 5.00%                               | N/A                             | (4) 05/2019      | -                            | (2 )    | -   | -       |
| SoftWriters,<br>Inc. <sup>(3)</sup>                                   | One stop           | L + 5.00%                               | N/A                             | (4) 05/2019      | -                            | (3 )    | -   | -       |
| SoftWriters,<br>Inc.  | One stop           | L + 5.00%                               | 6.00                            | % 05/2019        | 6,411                        | 6,387   | 0.9                                       | 6,411   |
| Source Medical<br>Solutions, Inc.                                     | Second lien        | L + 8.00%                               | 9.00                            | % 03/2018        | 9,294                        | 9,146   | 1.3                                       | 9,294   |
|   |                    |   |                                 |                  | 167,870                      | 165,290 | 22.8                                      | 167,556 |
| Electronics<br>ECI<br>Acquisition<br>Holdings,<br>Inc. <sup>(3)</sup> | One stop           | L + 6.25%                               | N/A                             | (4) 03/2019      | -                            | (17 )   | -   | -       |
| ECI<br>Acquisition<br>Holdings, Inc. <sup>^</sup>                     | One stop           | L + 6.25%                               | 7.25                            | % 03/2019        | 22,215                       | 21,844  | 3.0                                       | 22,215  |
| ECI<br>Acquisition<br>Holdings,<br>Inc. <sup>(3)</sup>                | One stop           | L + 6.25%                               | N/A                             | (4) 03/2019      | -                            | (79 )   | -   | -       |
| Rogue Wave<br>Holdings,<br>Inc. <sup>*^</sup>                         | One stop           | L + 8.08%                               | 9.10                            | % 12/2018        | 10,613                       | 10,500  | 1.4                                       | 10,613  |
| Sloan<br>Company, Inc.,<br>The <sup>(3)</sup>                         | One stop           | L + 7.50%                               | N/A                             | (4) 10/2018      | -                            | (13 )   | -   | -       |
| Sloan<br>Company, Inc.,   | One stop           | L + 7.50%                               | 8.75                            | % 10/2018        | 13,027                       | 12,895  | 1.8                                       | 13,027  |

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|  |             |           |                      |     |         |         |         |      |         |
|--|-------------|-----------|----------------------|-----|---------|---------|---------|------|---------|
| The^   |             |           |                      |     |         |         |         |      |         |
| Sparta Holding Corporation <sup>(3)</sup>              | One stop    | L + 5.25% | N/A                  | (4) | 07/2020 | -       | (37 )   | -    | (30 )   |
| Sparta Holding Corporation*^                           | One stop    | L + 6.75% | 6.25% cash/1.50% PIK |     | 07/2020 | 23,358  | 23,075  | 3.2  | 23,124  |
| Syncsort Incorporated <sup>(3)</sup>                   | Senior loan | L + 4.75% | N/A                  | (4) | 03/2019 | -       | (3 )    | -    | -       |
| Syncsort Incorporated <sup>(3)</sup>                   | Senior loan | L + 4.75% | N/A                  | (4) | 03/2019 | -       | (13 )   | -    | -       |
| Syncsort Incorporated*                                 | Senior loan | L + 4.75% | 5.75                 | %   | 03/2019 | 6,143   | 6,089   | 0.8  | 6,143   |
| Systems Maintenance Services Holding, Inc.^            | Senior loan | L + 4.00% | 5.00                 | %   | 10/2019 | 2,650   | 2,639   | 0.4  | 2,650   |
| Taxware, LLC*^   | Second lien | L + 8.38% | 9.38                 | %   | 10/2019 | 19,979  | 19,678  | 2.7  | 19,979  |
| Watchfire Enterprises, Inc.                            | Second lien | L + 8.00% | 9.00                 | %   | 10/2021 | 9,435   | 9,270   | 1.3  | 9,435   |
|  |             |           |                      |     |         | 107,420 | 105,828 | 14.6 | 107,156 |
| Finance  |             |           |                      |     |         |         |         |      |         |
| Ascensus, Inc. <sup>(3)</sup>                          | One stop    | L + 4.00% | N/A                  | (4) | 11/2018 | -       | (16 )   | -    | -       |
| Ascensus, Inc.^  | One stop    | L + 4.00% | 5.00                 | %   | 12/2019 | 4,193   | 4,120   | 0.6  | 4,193   |
| Ascensus, Inc.^  | One stop    | L + 8.00% | 9.00                 | %   | 12/2020 | 6,337   | 6,142   | 0.9  | 6,337   |
| Pillar Processing LLC* <sup>(6)</sup>                  | Senior loan | L + 5.50% | 5.72                 | %   | 11/2018 | 447     | 445     | -    | -       |
| Pillar Processing LLC* <sup>(6)</sup>                  | Senior loan | N/A       | 14.50                | %   | 05/2019 | 2,377   | 2,368   | -    | -       |
|  |             |           |                      |     |         | 13,354  | 13,059  | 1.5  | 10,530  |
| Grocery  |             |           |                      |     |         |         |         |      |         |
| MyWebGrocer, Inc. <sup>(3)</sup>                       | Senior loan | L + 4.75% | N/A                  | (4) | 05/2018 | -       | (12 )   | -    | -       |
| MyWebGrocer, Inc.^                                     | Senior loan | L + 8.75% | 6.00% cash/4.00% PIK |     | 05/2018 | 14,271  | 14,093  | 1.9  | 14,271  |
| Teasdale Quality Foods, Inc.*                          | Senior loan | L + 4.50% | 5.75                 | %   | 05/2018 | 2,674   | 2,653   | 0.4  | 2,674   |
|  |             |           |                      |     |         | 16,945  | 16,734  | 2.3  | 16,945  |
| Healthcare, Education and Childcare                    |             |           |                      |     |         |         |         |      |         |
| Advanced Pain Management Holdings, Inc. <sup>(3)</sup> | Senior loan | L + 5.00% | N/A                  | (4) | 02/2018 | -       | (8 )    | -    | -       |
| Advanced Pain Management                               | Senior loan | L + 5.00% | 6.25                 | %   | 02/2018 | 7,102   | 7,054   | 1.0  | 7,102   |

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|  |             |           |                      |             |        |        |     |        |
|--|-------------|-----------|----------------------|-------------|--------|--------|-----|--------|
| Holdings, Inc.*<br>Advanced Pain<br>Management<br>Holdings, Inc.<br>Avatar<br>International,<br>LLC <sup>(3)</sup> | Senior loan | L + 5.00% | 6.25                 | % 02/2018   | 486    | 481    | 0.1 | 486    |
| Avatar<br>International,<br>LLC*   | One stop    | L + 4.94% | N/A                  | (4) 09/2016 | -      | (4 )   | -   | -      |
| Avatar<br>International,<br>LLC  | One stop    | L + 7.89% | 6.19% cash/2.95% PIK | 09/2016     | 7,611  | 7,560  | 0.7 | 4,947  |
| Avatar<br>International,<br>LLC  | One stop    | L + 7.89% | 6.19% cash/2.95% PIK | 09/2016     | 1,642  | 1,634  | 0.1 | 1,067  |
| California<br>Cryobank, LLC  | One stop    | P + 4.25% | 7.50                 | % 08/2019   | 86     | 84     | -   | 84     |
| California<br>Cryobank,<br>LLC^  | One stop    | L + 5.50% | 6.50                 | % 08/2019   | 1,550  | 1,535  | 0.2 | 1,535  |
| California<br>Cryobank,<br>LLC <sup>(3)</sup>  | One stop    | L + 5.50% | N/A                  | (4) 08/2019 | -      | (2 )   | -   | (2 )   |
| Certara L.P. <sup>(3)</sup>  | One stop    | L + 6.25% | N/A                  | (4) 12/2018 | -      | (18 )  | -   | -      |
| Certara L.P.*^   | One stop    | L + 6.25% | 7.25                 | % 12/2018   | 22,948 | 22,722 | 3.1 | 22,948 |
| Data<br>Innovations<br>LLC   | One stop    | L + 7.69% | 8.69                 | % 05/2019   | 8,800  | 8,619  | 1.2 | 8,800  |
| Delta<br>Educational<br>Systems*   | Senior loan | P + 4.75% | 8.00                 | % 12/2016   | 1,646  | 1,627  | 0.2 | 1,646  |
| Delta<br>Educational<br>Systems  | Senior loan | L + 6.00% | N/A                  | (4) 12/2016 | -      | -      | -   | -      |
| Encore<br>Rehabilitation<br>Services,<br>LLC <sup>(3)</sup>  | One stop    | L + 6.00% | N/A                  | (4) 06/2017 | -      | (9 )   | -   | -      |
| Encore<br>Rehabilitation<br>Services, LLC  | One stop    | L + 6.00% | 7.25                 | % 06/2017   | 4,969  | 4,895  | 0.7 | 4,969  |
| G & H Wire<br>Company,<br>Inc. <sup>(3)</sup>  | Senior loan | L + 5.75% | N/A                  | (4) 12/2017 | -      | (6 )   | -   | -      |
| G & H Wire<br>Company,<br>Inc.*^   | Senior loan | L + 5.75% | 6.75                 | % 12/2017   | 12,902 | 12,766 | 1.8 | 12,902 |
| Global<br>Healthcare<br>Exchange,<br>LLC <sup>(3)</sup>  | One stop    | L + 9.00% | N/A                  | (4) 03/2020 | -      | (23 )  | -   | -      |
| Global<br>Healthcare   | One stop    | L + 9.00% | 10.00                | % 03/2020   | 20,087 | 19,723 | 2.7 | 20,087 |



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|  |             |           |      |   |         |        |        |     |        |
|--|-------------|-----------|------|---|---------|--------|--------|-----|--------|
| Exchange, LLC<br>GSDM<br>Holdings Corp.      | Senior loan | L + 4.25% | 5.25 | % | 06/2019 | 627    | 624    | 0.1 | 627    |
| Hospitalists<br>Management<br>Group, LLC     | Senior loan | L + 5.00% | 6.77 | % | 05/2018 | 910    | 896    | 0.1 | 864    |
| Hospitalists<br>Management<br>Group, LLC     | Senior loan | L + 5.00% | 6.51 | % | 05/2017 | 3,672  | 3,608  | 0.5 | 3,489  |
| Hospitalists<br>Management<br>Group, LLC     | Senior loan | L + 5.00% | 6.50 | % | 05/2017 | 427    | 421    | 0.1 | 406    |
| IntegraMed<br>America, Inc. <sup>(3)</sup>   | One stop    | L + 7.25% | 8.50 | % | 09/2017 | 811    | 800    | 0.1 | 811    |
| IntegraMed<br>America, Inc.*^                | One stop    | L + 7.25% | 8.50 | % | 09/2017 | 15,587 | 15,376 | 2.1 | 15,587 |
| Joerns<br>Healthcare,<br>LLC                 | One stop    | L + 5.00% | 6.00 | % | 05/2020 | 9,794  | 9,702  | 1.3 | 9,782  |
| Maverick<br>Healthcare<br>Group, LLC*        | Senior loan | L + 5.50% | 7.25 | % | 12/2016 | 1,989  | 1,964  | 0.3 | 1,949  |
| Northwestern<br>Management<br>Services, LLC  | Senior loan | P + 4.00% | 7.25 | % | 10/2017 | 114    | 104    | -   | 114    |
| Northwestern<br>Management<br>Services, LLC* | Senior loan | L + 5.25% | 6.50 | % | 10/2017 | 3,964  | 3,913  | 0.5 | 3,964  |

See Notes to Consolidated Financial Statements

**Golub Capital BDC, Inc. and Subsidiaries****Consolidated Schedule of Investments (continued)****September 30, 2014***(In thousands)*

|   | Investment<br>Type | Spread                        |                                 | Maturity<br>Date | Principal<br>/ Par |        | Percentage<br>of Fair<br>Net Assets Value |        |
|---|--------------------|-------------------------------|---------------------------------|------------------|--------------------|--------|---|--------|
|   |                    | Above<br>Index <sup>(1)</sup> | Interest<br>Rate <sup>(2)</sup> |                  | Amount             | Cost   |   |        |
| Northwestern<br>Management<br>Services, LLC       | Senior loan        | L + 5.25%                     | 6.50                            | % 10/2017        | 47                 | 44     | -   | 47     |
| Onsite Holding<br>Corp. <sup>(3)</sup>            | One stop           | L + 5.25%                     | N/A                             | (4) 06/2020      | -                  | (42 )  | -   | -      |
| Onsite Holding<br>Corp.*^                         | One stop           | L + 5.25%                     | 6.25                            | % 06/2020        | 26,921             | 26,696 | 3.7                                       | 26,921 |
| Paradigm<br>Management<br>Services, LLC^          | Senior loan        | L + 4.50%                     | 5.50                            | % 01/2019        | 2,740              | 2,719  | 0.4                                       | 2,740  |
| Pentec<br>Acquisition<br>Sub, Inc. <sup>(3)</sup> | Senior loan        | L + 5.25%                     | N/A                             | (4) 05/2017      | -                  | (2 )   | -   | -      |
| Pentec<br>Acquisition<br>Sub, Inc.*               | Senior loan        | L + 5.25%                     | 6.50                            | % 05/2018        | 1,776              | 1,754  | 0.2                                       | 1,776  |
| Pyramid<br>Healthcare,<br>Inc. <sup>(3)</sup>     | One stop           | L + 5.75%                     | N/A                             | (4) 08/2019      | -                  | (5 )   | -   | (4 )   |
| Pyramid<br>Healthcare,<br>Inc.^                   | One stop           | L + 5.75%                     | 6.75                            | % 08/2019        | 7,607              | 7,542  | 1.0                                       | 7,550  |
| Radiology<br>Partners, Inc. <sup>(3)</sup>        | One stop           | L + 5.00%                     | N/A                             | (4) 09/2020      | -                  | (8 )   | -   | (8 )   |
| Radiology<br>Partners, Inc.*^                     | One stop           | L + 5.00%                     | 6.00                            | % 09/2020        | 17,209             | 16,937 | 2.3                                       | 17,037 |
| Radiology<br>Partners, Inc. <sup>(3)</sup>        | One stop           | L + 5.00%                     | N/A                             | (4) 09/2020      | -                  | (46 )  | -   | (46 )  |
| Reliant Pro<br>ReHab, LLC                         | Senior loan        | P + 4.00%                     | 7.25                            | % 06/2017        | 10                 | 3      | -   | 10     |
|   | Senior loan        | L + 5.00%                     | 6.00                            | % 06/2017        | 7,615              | 7,547  | 1.0                                       | 7,615  |

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|   |             |           |      |             |         |         |      |         |  |
|---|-------------|-----------|------|-------------|---------|---------|------|---------|--|
| Reliant Pro<br>ReHab, LLC*^   |             |           |      |             |         |         |      |         |  |
| Renaissance<br>Pharma (U.S.)<br>Holdings Inc.   | Senior loan | P + 3.00% | 6.25 | % 05/2018   | 63      | 59      | -    | 63      |  |
| Renaissance<br>Pharma (U.S.)<br>Holdings<br>Inc.*^  | Senior loan | L + 4.00% | 5.00 | % 05/2018   | 4,090   | 4,039   | 0.6  | 4,090   |  |
| Southern<br>Anesthesia and<br>Surgical <sup>(3)</sup>   | One stop    | L + 5.50% | N/A  | (4) 11/2017 | -       | (10 )   | -    | -       |  |
| Southern<br>Anesthesia and<br>Surgical  | One stop    | L + 5.50% | 6.50 | % 11/2017   | 6,012   | 5,905   | 0.8  | 6,012   |  |
| Southern<br>Anesthesia and<br>Surgical <sup>(3)</sup>   | One stop    | L + 5.50% | N/A  | (4) 11/2017 | -       | (40 )   | -    | -       |  |
| Spear<br>Education, LLC <sup>(3)</sup>  | One stop    | L + 5.50% | N/A  | (4) 08/2019 | -       | (6 )    | -    | (6 )    |  |
| Spear<br>Education, LLC*^   | One stop    | L + 5.50% | 6.50 | % 08/2019   | 6,005   | 5,961   | 0.8  | 5,960   |  |
| Spear<br>Education, LLC   | One stop    | L + 5.50% | N/A  | (4) 08/2019 | -       | -       | -    | -       |  |
| Surgical<br>Information<br>Systems, LLC^  | Senior loan | L + 3.50% | 4.51 | % 09/2018   | 2,060   | 2,055   | 0.3  | 2,060   |  |
| U.S.<br>Anesthesia<br>Partners, Inc.  | One stop    | L + 5.00% | 6.00 | % 12/2019   | 6,000   | 5,970   | 0.8  | 5,970   |  |
| WIL Research<br>Company, Inc.*  | Senior loan | L + 4.50% | 5.75 | % 02/2018   | 776     | 769     | 0.1  | 753     |  |
| Young<br>Innovations, Inc. <sup>(3)</sup>   | Senior loan | L + 4.25% | N/A  | (4) 01/2018 | -       | (3 )    | -    | -       |  |
| Young<br>Innovations, Inc.*^  | Senior loan | L + 4.25% | 5.25 | % 01/2019   | 5,443   | 5,412   | 0.7  | 5,443   |  |
|   |             |           |      |             | 222,098 | 219,288 | 29.6 | 218,147 |  |
| Home and<br>Office<br>Furnishings,<br>Housewares,<br>and Durable<br>Consumer<br>Plano Molding<br>Company, | Senior loan | L + 4.25% | 5.25 | % 10/2018   | 1,984   | 1,972   | 0.3  | 1,984   |  |

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|                        |                   |           |                      |             |        |        |     |        |  |
|------------------------|-------------------|-----------|----------------------|-------------|--------|--------|-----|--------|--|
| LLC^                   |                   |           |                      |             |        |        |     |        |  |
| WII                    |                   |           |                      |             |        |        |     |        |  |
| Components, Inc.       | Senior loan       | L + 4.50% | N/A                  | (4) 07/2018 | -      | -      | -   | -      |  |
| WII                    |                   |           |                      |             |        |        |     |        |  |
| Components, Inc.*      | Senior loan       | L + 4.50% | 5.50                 | % 07/2018   | 1,183  | 1,177  | 0.2 | 1,177  |  |
| Zenith                 |                   |           |                      |             |        |        |     |        |  |
| Products Corporation   | One stop          | P + 1.75% | 5.00                 | % 09/2013   | 29     | 29     | -   | 25     |  |
| Zenith                 |                   |           |                      |             |        |        |     |        |  |
| Products Corporation*  | One stop          | P + 3.50% | 6.75                 | % 09/2013   | 3,684  | 3,684  | 0.3 | 1,842  |  |
|                        |                   |           |                      |             | 6,880  | 6,862  | 0.8 | 5,028  |  |
| Insurance              |                   |           |                      |             |        |        |     |        |  |
| Captive                |                   |           |                      |             |        |        |     |        |  |
| Resources              | One stop          | L + 5.00% | N/A                  | (4) 01/2019 | -      | (16 )  | -   | -      |  |
| Midco, LLC (3)         |                   |           |                      |             |        |        |     |        |  |
| Captive                |                   |           |                      |             |        |        |     |        |  |
| Resources              | One stop          | L + 5.00% | 6.50                 | % 01/2019   | 19,653 | 19,477 | 2.7 | 19,653 |  |
| Midco, LLC*^           |                   |           |                      |             | 19,653 | 19,461 | 2.7 | 19,653 |  |
| Investment             |                   |           |                      |             |        |        |     |        |  |
| Funds and              |                   |           |                      |             |        |        |     |        |  |
| Vehicles               |                   |           |                      |             |        |        |     |        |  |
| Senior Loan            |                   |           |                      |             |        |        |     |        |  |
| Fund LLC (7)(8)        | Subordinated debt | L + 8.00% | 8.16                 | % 05/2020   | 25,589 | 25,589 | 3.5 | 25,589 |  |
| Leisure,               |                   |           |                      |             |        |        |     |        |  |
| Amusement,             |                   |           |                      |             |        |        |     |        |  |
| Motion                 |                   |           |                      |             |        |        |     |        |  |
| Pictures and           |                   |           |                      |             |        |        |     |        |  |
| Entertainment          |                   |           |                      |             |        |        |     |        |  |
| Competitor             |                   |           |                      |             |        |        |     |        |  |
| Group, Inc.            | One stop          | P + 6.75% | 9.76                 | % 11/2018   | 884    | 873    | 0.1 | 769    |  |
| Competitor             |                   |           |                      |             |        |        |     |        |  |
| Group, Inc.*           | One stop          | L + 8.75% | 9.00% cash/1.00% PIK | 11/2018     | 12,807 | 12,654 | 1.6 | 11,526 |  |
| Octane Fitness, LLC(3) | One stop          | L + 5.25% | N/A                  | (4) 10/2018 | -      | (3 )   | -   | -      |  |
| Octane Fitness, LLC*   | One stop          | L + 5.25% | 6.50                 | % 10/2018   | 8,034  | 8,001  | 1.1 | 8,034  |  |
| Pride                  |                   |           |                      |             |        |        |     |        |  |
| Manufacturing          |                   |           |                      |             |        |        |     |        |  |
| Company, LLC*          | Senior loan       | L + 6.00% | 7.75                 | % 11/2015   | 493    | 490    | 0.1 | 493    |  |
| Self Esteem            |                   |           |                      |             |        |        |     |        |  |
| Brands, LLC(3)         | Senior loan       | L + 4.00% | N/A                  | (4) 02/2020 | -      | (5 )   | -   | -      |  |
| Self Esteem            |                   |           |                      |             |        |        |     |        |  |
| Brands, LLC^           | Senior loan       | L + 4.00% | 5.00                 | % 02/2020   | 7,462  | 7,420  | 1.0 | 7,462  |  |
| Starplex               |                   |           |                      |             |        |        |     |        |  |
| Operating,             | One stop          | P + 6.25% | 9.50                 | % 12/2017   | 311    | 298    | -   | 311    |  |

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|  |          |           |       |             |        |        |     |        |
|--|----------|-----------|-------|-------------|--------|--------|-----|--------|
| L.L.C.<br>Starplex<br>Operating,<br>L.L.C.*^             | One stop | L + 7.50% | 9.00  | % 12/2017   | 10,079 | 9,912  | 1.4 | 10,079 |
| Titan Fitness,<br>LLC <sup>(3)</sup>                     | One stop | L + 6.50% | N/A   | (4) 09/2019 | -      | (22 )  | -   | -      |
| Titan Fitness,<br>LLC*                                   | One stop | L + 6.50% | 7.75  | % 09/2019   | 13,603 | 13,340 | 1.9 | 13,603 |
| Titan Fitness,<br>LLC <sup>(3)</sup>                     | One stop | L + 6.50% | N/A   | (4) 09/2019 | -      | (22 )  | -   | -      |
|  |          |           |       |             | 53,673 | 52,936 | 7.2 | 52,277 |
| Mining, Steel,<br>Iron and<br>Non-Precious<br>Metals     |          |           |       |             |        |        |     |        |
| Benetech, Inc.   | One stop | P + 7.75% | 11.00 | % 10/2017   | 162    | 154    | -   | 162    |
| Benetech, Inc.*  | One stop | L + 9.00% | 10.25 | % 10/2017   | 5,020  | 4,982  | 0.7 | 5,020  |
|  |          |           |       |             | 5,182  | 5,136  | 0.7 | 5,182  |
| Oil and Gas<br>Drilling Info,<br>Inc. <sup>(3) (5)</sup> | One stop | L + 5.00% | N/A   | (4) 06/2018 | -      | (1 )   | -   | -      |
| Drilling Info,<br>Inc. <sup>(5)^</sup>                   | One stop | L + 5.00% | 6.00  | % 06/2018   | 1,325  | 1,315  | 0.2 | 1,325  |
| Drilling Info,<br>Inc. <sup>(3)(5)</sup>                 | One stop | L + 5.00% | N/A   | (4) 06/2018 | -      | (4 )   | -   | -      |
|  |          |           |       |             | 1,325  | 1,310  | 0.2 | 1,325  |

See Notes to Consolidated Financial Statements

**Golub Capital BDC, Inc. and Subsidiaries****Consolidated Schedule of Investments (continued)****September 30, 2014***(In thousands)*

|  |             | Spread               |                     |          |             |        |     | Percentage |        |
|--|-------------|----------------------|---------------------|----------|-------------|--------|-----|------------|--------|
|  | Investment  | Above                | Interest            | Maturity | Principal / |        |     | of         | Fair   |
|  | Type        | Index <sup>(1)</sup> | Rate <sup>(2)</sup> | Date     | Amount      | Cost   | Net | Assets     | Value  |
| <b>Personal and Non-Durable</b>                  |             |                      |                     |          |             |        |     |            |        |
| <b>Consumer Products</b>                         |             |                      |                     |          |             |        |     |            |        |
| Hygenic Corporation, The                         | Senior loan | P + 3.75%            | 6.79 %              | 10/2017  | 142         | 140    | -   |            | 142    |
| Hygenic Corporation, The*^                       | Senior loan | L + 4.75%            | 6.00 %              | 10/2018  | 4,538       | 4,494  | 0.6 |            | 4,538  |
| Massage Envy, LLC <sup>(3)</sup>                 | One stop    | L + 7.25%            | N/A <sup>(4)</sup>  | 09/2018  | -           | (12 )  | -   |            | -      |
| Massage Envy, LLC*                               | One stop    | L + 7.25%            | 8.50 %              | 09/2018  | 15,999      | 15,735 | 2.2 |            | 15,999 |
| Rug Doctor LLC                                   | Senior loan | L + 5.25%            | 6.25 %              | 12/2016  | 465         | 455    | 0.1 |            | 465    |
| Rug Doctor LLC*                                  | Senior loan | L + 5.25%            | 6.25 %              | 12/2016  | 5,365       | 5,326  | 0.7 |            | 5,365  |
| Team Technologies Acquisition Company^           | Senior loan | L + 5.00%            | 6.25 %              | 12/2017  | 4,831       | 4,790  | 0.7 |            | 4,831  |
| Team Technologies Acquisition Company            | Senior loan | P + 3.75%            | 7.00 %              | 12/2017  | 182         | 179    | -   |            | 182    |
|  |             |                      |                     |          | 31,522      | 31,107 | 4.3 |            | 31,522 |
| <b>Personal, Food and</b>                        |             |                      |                     |          |             |        |     |            |        |
| <b>Miscellaneous Services</b>                    |             |                      |                     |          |             |        |     |            |        |
| Affordable Care Inc. <sup>(3)</sup>              | Senior loan | L + 4.75%            | N/A <sup>(4)</sup>  | 12/2017  | -           | (2 )   | -   |            | -      |
| Affordable Care Inc.^                            | Senior loan | L + 4.75%            | 6.00 %              | 12/2018  | 3,347       | 3,324  | 0.5 |            | 3,347  |
| El Pollo Loco Inc.^                              | Senior loan | L + 4.25%            | 5.25 %              | 10/2018  | 5,149       | 5,100  | 0.7 |            | 5,168  |
| Focus Brands Inc.^                               | Second lien | L + 9.00%            | 10.25 %             | 08/2018  | 11,194      | 11,091 | 1.5 |            | 11,306 |
| Ignite Restaurant Group, Inc (Joe's Crab Shack)^ | One stop    | L + 7.00%            | 8.00 %              | 02/2019  | 6,170       | 6,080  | 0.8 |            | 6,077  |
| R.G. Barry Corporation*                          | Senior loan | L + 5.00%            | 6.00 %              | 09/2019  | 6,830       | 6,741  | 0.9 |            | 6,761  |
| Vetcor Merger Sub LLC                            | One stop    | L + 6.50%            | 7.75 %              | 12/2017  | 199         | 194    | -   |            | 199    |
| Vetcor Merger Sub LLC*^                          | One stop    | L + 6.50%            | 7.75 %              | 12/2017  | 5,847       | 5,805  | 0.8 |            | 5,847  |
| Vetcor Merger Sub LLC <sup>(3)</sup>             | One stop    | L + 6.50%            | N/A <sup>(4)</sup>  | 12/2017  | -           | (7 )   | -   |            | -      |
| Vetcor Merger Sub LLC^                           | One stop    | L + 6.50%            | 7.75 %              | 12/2017  | 371         | 371    | 0.1 |            | 371    |
| Vetcor Merger Sub LLC^                           | One stop    | L + 6.50%            | 7.75 %              | 12/2017  | 573         | 573    | 0.1 |            | 573    |
| Vetcor Merger Sub LLC^                           | One stop    | L + 6.50%            | 7.75 %              | 12/2017  | 384         | 384    | 0.1 |            | 384    |
|  |             |                      |                     |          | 40,064      | 39,654 | 5.5 |            | 40,033 |
| <b>Printing and Publishing</b>                   |             |                      |                     |          |             |        |     |            |        |

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|  |             |           |       |     |         |         |         |      |         |
|--|-------------|-----------|-------|-----|---------|---------|---------|------|---------|
| Market Track, LLC <sup>(3)</sup>               | One stop    | L + 6.00% | N/A   | (4) | 10/2019 | -       | (18 )   | -    | -       |
| Market Track, LLC*^                            | One stop    | L + 6.00% | 7.25  | %   | 10/2019 | 29,270  | 29,024  | 4.0  | 29,270  |
| Market Track, LLC                              | One stop    | L + 6.00% | 7.25  | %   | 10/2019 | 1,217   | 1,199   | 0.2  | 1,217   |
|  |             |           |       |     |         | 30,487  | 30,205  | 4.2  | 30,487  |
| Retail Stores                                  |             |           |       |     |         |         |         |      |         |
| Benihana, Inc. <sup>(3)</sup>                  | One stop    | L + 5.50% | N/A   | (4) | 07/2018 | -       | (61 )   | -    | -       |
| Benihana, Inc.*^                               | One stop    | P + 4.25% | 7.50  | %   | 01/2019 | 15,554  | 15,145  | 2.1  | 15,554  |
| Boot Barn, Inc.*^                              | One stop    | L + 5.75% | 7.00  | %   | 05/2019 | 24,430  | 24,143  | 3.3  | 24,430  |
| Boot Barn, Inc.*                               | One stop    | L + 5.75% | 7.00  | %   | 05/2019 | 7,726   | 7,657   | 1.1  | 7,726   |
| Capital Vision Services, LLC                   | One stop    | P + 6.25% | 9.50  | %   | 12/2017 | 475     | 466     | 0.1  | 475     |
| Capital Vision Services, LLC*^                 | One stop    | L + 7.25% | 8.50  | %   | 12/2017 | 15,354  | 15,219  | 2.1  | 15,354  |
| Capital Vision Services, LLC^                  | One stop    | L + 7.25% | 8.50  | %   | 12/2017 | 1,231   | 1,219   | 0.2  | 1,231   |
| Capital Vision Services, LLC                   | One stop    | L + 7.25% | 8.50  | %   | 12/2017 | 1,459   | 1,453   | 0.2  | 1,459   |
| DentMall MSO, LLC                              | One stop    | L + 5.00% | 6.00  | %   | 07/2019 | 179     | 153     | -    | 179     |
| DentMall MSO, LLC                              | One stop    | L + 5.00% | 6.00  | %   | 07/2019 | 10,354  | 10,257  | 1.4  | 10,354  |
| DTLR, Inc.*^                                   | One stop    | L + 8.00% | 11.00 | %   | 12/2015 | 15,892  | 15,824  | 2.2  | 15,892  |
| Express Oil Change, LLC                        | Senior loan | L + 4.75% | 6.33  | %   | 12/2017 | 221     | 219     | -    | 221     |
| Express Oil Change, LLC*                       | Senior loan | P + 3.50% | 6.75  | %   | 12/2017 | 1,945   | 1,932   | 0.3  | 1,945   |
| Express Oil Change, LLC                        | Senior loan | P + 3.50% | 6.75  | %   | 12/2017 | 110     | 109     | -    | 110     |
| Floor & Decor Outlets of America, Inc.*^       | One stop    | L + 6.50% | 7.75  | %   | 05/2019 | 11,244  | 11,137  | 1.5  | 11,244  |
| Marshall Retail Group, LLC, The <sup>(3)</sup> | One stop    | L + 6.00% | N/A   | (4) | 08/2019 | -       | (27 )   | -    | (22 )   |
| Marshall Retail Group, LLC, The <sup>(3)</sup> | One stop    | L + 6.00% | N/A   | (4) | 08/2020 | -       | (11 )   | -    | (9 )    |
| Marshall Retail Group, LLC, The^               | One stop    | L + 6.00% | 7.00  | %   | 08/2020 | 12,424  | 12,271  | 1.7  | 12,299  |
| Paper Source, Inc.                             | One stop    | P + 5.00% | 7.92  | %   | 09/2018 | 508     | 498     | 0.1  | 508     |
| Paper Source, Inc.*^                           | One stop    | L + 6.25% | 7.25  | %   | 09/2018 | 12,576  | 12,476  | 1.7  | 12,576  |
| Restaurant Holding Company, LLC                | Senior loan | L + 7.75% | 8.75  | %   | 02/2019 | 4,976   | 4,932   | 0.6  | 4,429   |
| Rubio's Restaurants, Inc.*^                    | Senior loan | L + 4.75% | 6.00  | %   | 11/2018 | 9,376   | 9,369   | 1.3  | 9,376   |
| Sneaker Villa, Inc.                            | One stop    | P + 7.00% | 11.50 | %   | 12/2017 | 1,002   | 984     | 0.1  | 1,002   |
| Sneaker Villa, Inc.                            | One stop    | L + 8.50% | 10.00 | %   | 12/2017 | 4,433   | 4,340   | 0.6  | 4,433   |
| Sneaker Villa, Inc.^                           | One stop    | L + 8.50% | 10.00 | %   | 12/2017 | 627     | 617     | 0.1  | 627     |
| Sneaker Villa, Inc.^                           | One stop    | L + 8.50% | 10.00 | %   | 12/2017 | 1,237   | 1,221   | 0.2  | 1,237   |
| Sneaker Villa, Inc. <sup>(3)</sup>             | One stop    | L + 8.50% | N/A   | (4) | 12/2017 | -       | (16 )   | -    | -       |
| Sneaker Villa, Inc.^                           | One stop    | L + 8.50% | 10.00 | %   | 12/2017 | 4,260   | 4,219   | 0.6  | 4,217   |
| Sneaker Villa, Inc.                            | One stop    | L + 8.50% | 10.00 | %   | 12/2017 | 752     | 727     | 0.1  | 727     |
| Specialty Catalog Corp. <sup>(3)</sup>         | One stop    | L + 6.00% | N/A   | (4) | 07/2017 | -       | (5 )    | -    | -       |
| Specialty Catalog Corp.                        | One stop    | L + 6.00% | 7.50  | %   | 07/2017 | 4,658   | 4,623   | 0.6  | 4,658   |
| Vision Source L.P.                             | One stop    | L + 6.00% | 7.25  | %   | 08/2019 | 273     | 270     | -    | 270     |
| Vision Source L.P.*^                           | One stop    | L + 6.00% | 7.00  | %   | 08/2019 | 17,759  | 17,645  | 2.4  | 17,671  |
|  |             |           |       |     |         | 181,035 | 179,005 | 24.6 | 180,173 |
| Telecommunications                             |             |           |       |     |         |         |         |      |         |
| Arise Virtual Solutions, Inc. <sup>(3)</sup>   | One stop    | L + 6.00% | N/A   | (4) | 12/2018 | -       | (11 )   | -    | -       |

See Notes to Consolidated Financial Statements



**Golub Capital BDC, Inc. and Subsidiaries****Consolidated Schedule of Investments (continued)****September 30, 2014***(In thousands)*

|   | Investment  | Spread<br>Above      | Interest            | Maturity | Principal /<br>Par |              | Percentage          |               |
|---|-------------|----------------------|---------------------|----------|--------------------|--------------|---------------------|---------------|
|   | Type        | Index <sup>(1)</sup> | Rate <sup>(2)</sup> | Date     | Amount             | Cost         | of<br>Net<br>Assets | Fair<br>Value |
| Arise Virtual<br>Solutions, Inc.*^                            | One stop    | L + 6.00%            | 7.25 %              | 12/2018  | 13,869             | 13,753       | 1.9                 | 13,869        |
| Hosting.com<br>Inc. <sup>(3)</sup>                            | Senior loan | L + 4.50%            | N/A <sup>(4)</sup>  | 12/2017  | -                  | (1 )         | -                   | -             |
| Hosting.com Inc.*   | Senior loan | L + 4.50%            | 5.75 %              | 12/2017  | 861                | 851          | 0.1                 | 861           |
| ITC Global, Inc.<br><sup>(3)</sup>                            | One stop    | L + 6.75%            | 7.75 %              | 07/2018  | 289                | 277          | -                   | 289           |
| ITC Global, Inc.*   | One stop    | L + 6.75%            | 7.75 %              | 07/2018  | 8,345              | 8,274        | 1.1                 | 8,345         |
| ITC Global, Inc.^   | One stop    | L + 6.75%            | 7.75 %              | 07/2018  | 1,423              | 1,411        | 0.2                 | 1,423         |
|   |             |                      |                     |          | 24,787             | 24,554       | 3.3                 | 24,787        |
| Textile and<br>Leather<br>5.11, Inc.*^                        | Senior loan | L + 5.00%            | 6.00 %              | 02/2020  | 1,031              | 1,026        | 0.1                 | 1,032         |
| Southern Tide,<br>LLC <sup>(3)</sup>                          | One stop    | L + 6.75%            | N/A <sup>(4)</sup>  | 06/2019  | -                  | (8 )         | -                   | -             |
| Southern Tide,<br>LLC^  | One stop    | L + 6.75%            | 7.75 %              | 06/2019  | 4,096              | 4,057        | 0.6                 | 4,096         |
|   |             |                      |                     |          | 5,127              | 5,075        | 0.7                 | 5,128         |
| Utilities<br>PowerPlan<br>Consultants,<br>Inc. <sup>(3)</sup> | Senior loan | L + 4.25%            | N/A <sup>(4)</sup>  | 10/2018  | -                  | (1 )         | -                   | -             |
| PowerPlan<br>Consultants,<br>Inc.*^                           | Senior loan | L + 4.25%            | 5.26 %              | 10/2019  | 3,583              | 3,538        | 0.5                 | 3,583         |
|   |             |                      |                     |          | 3,583              | 3,537        | 0.5                 | 3,583         |
| Total debt<br>investments<br>United States                    |             |                      |                     |          | \$ 1,309,570       | \$ 1,293,046 | 176.4 %             | \$ 1,292,851  |

Fair Value as a  
percentage of  
Principal Amount

98.7 %

See Notes to Consolidated Financial Statements

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**Golub Capital BDC, Inc. and Subsidiaries****Consolidated Schedule of Investments (continued)****September 30, 2014***(In thousands)*

|  | Investment<br>Type | Spread<br>Above<br>Index<br>(1) | Interest<br>Rate <sup>(2)</sup> | Maturity<br>Date | Shares /<br>Contracts | Cost    | Percentage<br>of<br>Net<br>Assets | Fair<br>Value |
|--|--------------------|---------------------------------|---------------------------------|------------------|-----------------------|---------|-----------------------------------|---------------|
| <b>Equity Investments <sup>(9)</sup></b> |                    |                                 |                                 |                  |                       |         |                                   |               |
| Aerospace and Defense                    |                    |                                 |                                 |                  |                       |         |                                   |               |
| NTS Technical Systems                    | Common stock       | N/A                             | N/A                             | N/A              | 2                     | \$1,506 | 0.2                               | % \$1,597     |
| Tresys Technology Holdings, Inc.         | Common stock       | N/A                             | N/A                             | N/A              | 295                   | 295     | -                                 | 3             |
| Whitcraft LLC                            | Common stock       | N/A                             | N/A                             | N/A              | 1                     | 670     | 0.1                               | 409           |
| Whitcraft LLC                            | Warrant            | N/A                             | N/A                             | N/A              | -                     | -       | -                                 | 80            |
|  |                    |                                 |                                 |                  |                       | 2,471   | 0.3                               | 2,089         |
| Automobile                               |                    |                                 |                                 |                  |                       |         |                                   |               |
| K&N Engineering, Inc.                    | Preferred stock A  | N/A                             | N/A                             | N/A              | -                     | -       | -                                 | 9             |
| K&N Engineering, Inc.                    | Preferred stock B  | N/A                             | N/A                             | N/A              | -                     | -       | -                                 | 9             |
| K&N Engineering, Inc.                    | Common stock       | N/A                             | N/A                             | N/A              | -                     | -       | -                                 | 69            |
|  |                    |                                 |                                 |                  |                       | -       | -                                 | 87            |
| Beverage, Food and Tobacco               |                    |                                 |                                 |                  |                       |         |                                   |               |
| Atkins Nutritionals, Inc.                | LLC interest       | N/A                             | N/A                             | N/A              | 57                    | 746     | 0.2                               | 1,038         |
| C. J. Foods, Inc.                        | Common stock       | N/A                             | N/A                             | N/A              | 157                   | 157     | -                                 | 157           |
| First Watch Restaurants, Inc.            | Common stock       | N/A                             | N/A                             | N/A              | 8                     | 816     | 0.1                               | 908           |
| Goode Seed Co-Invest, LLC                | LLC units          | N/A                             | N/A                             | N/A              | 356                   | 356     | 0.1                               | 408           |
| Julio & Sons Company                     | LLC interest       | N/A                             | N/A                             | N/A              | 521                   | 521     | 0.1                               | 445           |
| Northern Brewer, LLC                     | LLC interest       | N/A                             | N/A                             | N/A              | 438                   | 362     | -                                 | 8             |
| Richelieu Foods, Inc.                    | LP interest        | N/A                             | N/A                             | N/A              | 220                   | 220     | -                                 | 166           |
| Tate's Bake Shop, Inc.                   | LP interest        | N/A                             | N/A                             | N/A              | -                     | 462     | 0.1                               | 462           |
| Uinta Brewing Company                    | LP interest        | N/A                             | N/A                             | N/A              | -                     | 462     | 0.1                               | 462           |
|  |                    |                                 |                                 |                  |                       | 4,102   | 0.7                               | 4,054         |
| Buildings and Real Estate                |                    |                                 |                                 |                  |                       |         |                                   |               |
| Brooks Equipment Company, LLC            | Common stock       | N/A                             | N/A                             | N/A              | 102                   | 1,021   | 0.1                               | 1,021         |
| Containers, Packaging and Glass          |                    |                                 |                                 |                  |                       |         |                                   |               |
| Packaging Coordinators, Inc.             | Common stock       | N/A                             | N/A                             | N/A              | 25                    | 2,065   | 0.3                               | 2,536         |
| Packaging Coordinators, Inc.             | Common stock       | N/A                             | N/A                             | N/A              | 48                    | 1,563   | 0.3                               | 2,212         |

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|   |                 |     |     |     |       |       |     |       |
|---|-----------------|-----|-----|-----|-------|-------|-----|-------|
|   |                 |     |     |     |       | 3,628 | 0.6 | 4,748 |
| Diversified Conglomerate                |                 |     |     |     |       |       |     |       |
| Manufacturing                           |                 |     |     |     |       |       |     |       |
| Chase Industries, Inc.                  | Common stock    | N/A | N/A | N/A | 1     | 1,186 | 0.2 | 1,186 |
| ICCN Acquisition Corp.                  | Preferred stock | N/A | N/A | N/A | -     | 162   | -   | 172   |
| ICCN Acquisition Corp.                  | Common stock    | N/A | N/A | N/A | -     | -     | -   | 2     |
| Oasis Outsourcing Holdings, Inc.        | LLC interest    | N/A | N/A | N/A | 1,088 | 860   | 0.2 | 1,679 |
| Sunless Merger Sub, Inc.                | LP interest     | N/A | N/A | N/A | -     | 160   | -   | 4     |
| TIDI Products, LLC                      | LLC units       | N/A | N/A | N/A | 315   | 157   | 0.1 | 263   |
|   |                 |     |     |     |       | 2,525 | 0.5 | 3,306 |
| Diversified Conglomerate                |                 |     |     |     |       |       |     |       |
| Service                                 |                 |     |     |     |       |       |     |       |
| Daxko, LLC                              | LLC units       | N/A | N/A | N/A | 219   | 219   | -   | 230   |
| Marathon Data Operating Co., LLC        | Preferred stock | N/A | N/A | N/A | 1     | 264   | 0.1 | 604   |
| Marathon Data Operating Co., LLC        | Common stock    | N/A | N/A | N/A | 1     | 264   | -   | 57    |
| Navex Global, Inc.                      | LP interest     | N/A | N/A | N/A | -     | 666   | 0.2 | 1,604 |
| PC Helps Support, LLC                   | Common stock    | N/A | N/A | N/A | 1     | 7     | -   | -     |
| PC Helps Support, LLC                   | Preferred stock | N/A | N/A | N/A | -     | 61    | -   | 70    |
| Secure-24, LLC                          | LLC units       | N/A | N/A | N/A | 263   | 263   | 0.1 | 275   |
|   |                 |     |     |     |       | 1,744 | 0.4 | 2,840 |
| Electronics                             |                 |     |     |     |       |       |     |       |
| ECI Acquisition Holdings, Inc.          | Common stock    | N/A | N/A | N/A | 9     | 873   | 0.1 | 966   |
| Sparta Holding Corporation              | Common stock    | N/A | N/A | N/A | 1     | 567   | 0.1 | 567   |
| Sparta Holding Corporation              | Common stock    | N/A | N/A | N/A | 235   | 6     | -   | 6     |
|   |                 |     |     |     |       | 1,446 | 0.2 | 1,539 |
| Grocery                                 |                 |     |     |     |       |       |     |       |
| MyWebGrocer, Inc.                       | LLC units       | N/A | N/A | N/A | 1,315 | 1,322 | 0.2 | 1,322 |
| Healthcare, Education and               |                 |     |     |     |       |       |     |       |
| Childcare                               |                 |     |     |     |       |       |     |       |
| Advanced Pain Management Holdings, Inc. | Common stock    | N/A | N/A | N/A | 67    | 67    | 0.1 | 768   |
| Advanced Pain Management Holdings, Inc. | Preferred stock | N/A | N/A | N/A | 8     | 829   | 0.1 | 901   |
| Avatar International, LLC               | LP interest     | N/A | N/A | N/A | 1     | 741   | -   | 3     |
| California Cryobank, LLC                | Common stock    | N/A | N/A | N/A | -     | 28    | -   | 28    |
| California Cryobank, LLC                | Common stock    | N/A | N/A | N/A | -     | -     | -   | -     |
| Certara L.P.                            | LP interest     | N/A | N/A | N/A | -     | 635   | 0.1 | 679   |

See Notes to Consolidated Financial Statements

**Golub Capital BDC, Inc. and Subsidiaries****Consolidated Schedule of Investments (continued)****September 30, 2014***(In thousands)*

|   | Investment<br>Type | Spread<br>Above<br>Index<br>(1) | Interest<br>Rate <sup>(2)</sup> | Maturity<br>Date | Shares /<br>Contracts | Cost  | Percentage<br>of<br>Net<br>Assets | Fair<br>Value |
|---|--------------------|---------------------------------|---------------------------------|------------------|-----------------------|-------|-----------------------------------|---------------|
| Dialysis Newco, Inc.  | LLC units          | N/A                             | N/A                             | N/A              | 871                   | -     | 0.2                               | 1,557         |
| Encore Rehabilitation Services, LLC   | LLC interest       | N/A                             | N/A                             | N/A              | 270                   | 270   | 0.1                               | 783           |
| G & H Wire Company, Inc.  | LP interest        | N/A                             | N/A                             | N/A              | -                     | 102   | -                                 | 124           |
| Global Healthcare Exchange, LLC   | Common stock       | N/A                             | N/A                             | N/A              | -                     | 4     | -                                 | 31            |
| Global Healthcare Exchange, LLC   | Preferred stock    | N/A                             | N/A                             | N/A              | -                     | 398   | 0.1                               | 418           |
| Hospitalists Management Group, LLC  | Common stock       | N/A                             | N/A                             | N/A              | -                     | 38    | -                                 | 4             |
| IntegraMed America, Inc.  | Common stock       | N/A                             | N/A                             | N/A              | 1                     | 701   | 0.1                               | 701           |
| Northwestern Management Services, LLC   | Common stock       | N/A                             | N/A                             | N/A              | 3                     | 3     | -                                 | 49            |
| Northwestern Management Services, LLC   | LLC units          | N/A                             | N/A                             | N/A              | 0                     | 249   | 0.1                               | 285           |
| Pentec Acquisition Sub, Inc.  | Preferred stock    | N/A                             | N/A                             | N/A              | 1                     | 116   | -                                 | 83            |
| Radiology Partners, Inc.  | LLC units          | N/A                             | N/A                             | N/A              | 43                    | 85    | -                                 | 85            |
| Reliant Pro ReHab, LLC  | Preferred stock    | N/A                             | N/A                             | N/A              | 2                     | 183   | 0.1                               | 883           |
| Southern Anesthesia and Surgical  | Common stock       | N/A                             | N/A                             | N/A              | 487                   | 487   | 0.1                               | 697           |
| Spear Education, LLC  | Preferred stock    | N/A                             | N/A                             | N/A              | -                     | 86    | -                                 | 86            |
| Spear Education, LLC  | Common stock       | N/A                             | N/A                             | N/A              | 1                     | 1     | -                                 | 1             |
| Surgical Information Systems, LLC   | Common stock       | N/A                             | N/A                             | N/A              | 4                     | 414   | 0.1                               | 554           |
| Young Innovations, Inc.   | Preferred stock    | N/A                             | N/A                             | N/A              | -                     | 236   | -                                 | 277           |
|   |                    |                                 |                                 |                  |                       | 5,673 | 1.2                               | 8,997         |
| Home and Office Furnishings,<br>Housewares, and Durable Consumer<br>Top Knobs USA, Inc. | Common stock       | N/A                             | N/A                             | N/A              | 3                     | 35    | -                                 | 213           |
| Insurance   |                    |                                 |                                 |                  |                       |       |                                   |               |
| Captive Resources Midco, LLC  | LLC units          | N/A                             | N/A                             | N/A              | 1                     | 86    | -                                 | 191           |
| Investment Funds and Vehicles   |                    |                                 |                                 |                  |                       |       |                                   |               |
| Senior Loan Fund LLC <sup>(7)(8)</sup>  | LLC interest       | N/A                             | N/A                             | N/A              | 9,318                 | 9,318 | 1.3                               | 9,242         |

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Leisure, Amusement, Motion  
Pictures and Entertainment

|                            |              |     |     |     |     |       |     |       |
|----------------------------|--------------|-----|-----|-----|-----|-------|-----|-------|
| Competitor Group, Inc.     | LLC interest | N/A | N/A | N/A | 708 | 713   | -   | 43    |
| LMP TR Holdings, LLC       | LLC units    | N/A | N/A | N/A | 712 | 712   | 0.1 | 712   |
| Starplex Operating, L.L.C. | Common stock | N/A | N/A | N/A | 1   | 183   | -   | 241   |
| Titan Fitness, LLC         | Common stock | N/A | N/A | N/A | 6   | 582   | 0.1 | 649   |
|                            |              |     |     |     |     | 2,190 | 0.2 | 1,645 |

Personal and Non-Durable

Consumer Products

|                                       |              |     |     |     |     |     |     |       |
|---------------------------------------|--------------|-----|-----|-----|-----|-----|-----|-------|
| Hygenic Corporation, The              | LP interest  | N/A | N/A | N/A | 1   | 61  | -   | 116   |
| Massage Envy, LLC                     | LLC interest | N/A | N/A | N/A | 749 | 749 | 0.1 | 757   |
| Team Technologies Acquisition Company | Common stock | N/A | N/A | N/A | -   | 148 | -   | 225   |
|                                       |              |     |     |     |     | 958 | 0.1 | 1,098 |

Personal Transportation

|                       |         |     |     |     |     |   |     |       |
|-----------------------|---------|-----|-----|-----|-----|---|-----|-------|
| PODS Funding Corp. II | Warrant | N/A | N/A | N/A | 271 | - | 0.2 | 1,599 |
|-----------------------|---------|-----|-----|-----|-----|---|-----|-------|

Personal, Food and Miscellaneous  
Services

|                        |                 |     |     |     |   |     |   |     |
|------------------------|-----------------|-----|-----|-----|---|-----|---|-----|
| R.G. Barry Corporation | Preferred stock | N/A | N/A | N/A | - | 161 | - | 161 |
|------------------------|-----------------|-----|-----|-----|---|-----|---|-----|

Printing and Publishing

|                   |                 |     |     |     |   |     |     |     |
|-------------------|-----------------|-----|-----|-----|---|-----|-----|-----|
| Market Track, LLC | Preferred stock | N/A | N/A | N/A | - | 145 | -   | 178 |
| Market Track, LLC | Common stock    | N/A | N/A | N/A | 1 | 145 | 0.1 | 245 |
|                   |                 |     |     |     |   | 290 | 0.1 | 423 |

Retail Stores

|   |                 |     |     |     |       |       |     |       |
|---|-----------------|-----|-----|-----|-------|-------|-----|-------|
| Barcelona Restaurants, LLC <sup>(8)(10)</sup> | LP interest     | N/A | N/A | N/A | 1,996 | 1,996 | 0.4 | 3,080 |
| Benihana, Inc.                                | LLC units       | N/A | N/A | N/A | 43    | 699   | 0.1 | 747   |
| Capital Vision Services, LLC                  | LLC interest    | N/A | N/A | N/A | 402   | 17    | 0.1 | 520   |
| DentMall MSO, LLC                             | Common stock    | N/A | N/A | N/A | 2     | -     | -   | -     |
| DentMall MSO, LLC                             | Preferred stock | N/A | N/A | N/A | 2     | 97    | -   | 97    |
| Express Oil Change, LLC                       | LLC interest    | N/A | N/A | N/A | 81    | 81    | -   | 79    |
| Marshall Retail Group LLC, The                | Common stock    | N/A | N/A | N/A | 15    | 154   | -   | 154   |
| Paper Source, Inc.                            | LLC interest    | N/A | N/A | N/A | 8     | 1,387 | 0.2 | 1,417 |
| PetPeople Enterprise, LLC                     | LP interest     | N/A | N/A | N/A | 889   | 889   | 0.1 | 889   |
| Rubio's Restaurants, Inc.                     | Preferred stock | N/A | N/A | N/A | 199   | 945   | 0.2 | 1,430 |

See Notes to Consolidated Financial Statements

**Golub Capital BDC, Inc. and Subsidiaries****Consolidated Schedule of Investments (continued)****September 30, 2014***(In thousands)*

| Investment   | Spread          |                     | Maturity | Shares |      | Cost        |
|--|-----------------|---------------------|----------|--------|------|-------------|
|  | Above           | Interest            |          | Cont'd | Cost |             |
| Type   | Index<br>(1)    | Rate <sup>(2)</sup> | Date     |        |      |             |
| Sneaker Villa, Inc.  | LLC interest    | N/A                 | N/A      | N/A    | 4    | 411         |
| Vision Source L.P.   | Common stock    | N/A                 | N/A      | N/A    | 9    | 386         |
| Vision Source L.P.   | Common stock    | N/A                 | N/A      | N/A    | -    | -           |
|  |                 |                     |          |        |      | 7,062       |
| Telecommunications   |                 |                     |          |        |      |             |
| ITC Global, Inc.   | Preferred stock | N/A                 | N/A      | N/A    | 17   | 311         |
| Textiles and Leather   |                 |                     |          |        |      |             |
| Southern Tide, LLC   | LLC interest    | N/A                 | N/A      | N/A    | 2    | 191         |
| Total equity investments United States                           |                 |                     |          |        |      | \$44,534    |
| Total United States  |                 |                     |          |        |      | \$1,337,580 |
| Total Investments  |                 |                     |          |        |      | \$1,337,580 |
| Cash, Restricted Cash and Cash Equivalents                       |                 |                     |          |        |      |             |
| Cash and Restricted Cash   |                 |                     |          |        |      | \$42,744    |
| US Bank Money Market Account (cusip 9AMMF05B2)                   |                 |                     |          |        |      | 37,199      |
| Total Cash, Restricted Cash and Cash Equivalents                 |                 |                     |          |        |      | \$79,943    |
| Total Investments and Cash, Restricted Cash and Cash Equivalents |                 |                     |          |        |      | \$1,417,523 |

\* Denotes that all or a portion of the loan secures the notes offered in the 2010 Debt Securitization (as defined in Note 7).

^ Denotes that all or a portion of the loan secures the notes offered in the 2014 Debt Securitization (as defined in Note 7).

(1) The majority of the investments bear interest at a rate that may be determined by reference to London Interbank Offered Rate ("LIBOR" or "L") or Prime ("P") and which reset daily, quarterly or semiannually. For each, the

Company has provided the spread over LIBOR or Prime and the weighted average current interest rate in effect as of September 30, 2014.

Certain investments are subject to a LIBOR or Prime interest rate floor. For fixed rate loans, a spread above a reference rate is not applicable.

- (2) For portfolio companies with multiple interest rate contracts, the interest rate shown is a weighted average current interest rate in effect as of September 30, 2014.

The negative fair value is the result of the capitalized discount on the loan or the unfunded commitment being valued below par. The negative cost is the result of the capitalized discount being greater than the principal amount outstanding on the loan.

- (3) The entire commitment was unfunded as of September 30, 2014. As such, no interest is being earned on this investment.

The sale of a portion of this loan does not qualify for sale accounting under ASC Topic 860 - *Transfers and Servicing*, and therefore, the entire one stop loan asset remains in the Consolidated Schedule of Investments. (See Note 7 in the accompanying notes to the consolidated financial statements.)

- (4) Loan was on non-accrual status as of September 30, 2014, meaning that the Company has ceased recognizing interest income on the loan.

As defined in the 1940 Act, the Company is deemed to be both an "Affiliated Person" of and "Control" this portfolio company as the Company owns more than 25% of the portfolio company's outstanding voting securities or has the power to exercise control over management or policies of such portfolio company (including through a management agreement).

- (5) See Note 5 in the accompanying notes to the consolidated financial statements for transactions during the year ended September 30, 2014 in which the issuer was both an Affiliated Person and a portfolio company that the Company is deemed to Control.

The investment is treated as a non-qualifying asset under Section 55(a) of the 1940 Act. Under the 1940 Act, the

- (6) Company may not acquire any non-qualifying asset unless, at the time the acquisition is made, qualifying assets represent at least 70% of the Company's total assets.

- (7) Non-income producing securities.

As defined in the 1940 Act, the Company is deemed to be an "Affiliated Person" of the portfolio company as the Company along with affiliated entities owns five percent or more of the portfolio company's voting

- (8) securities. See Note 5 in the accompanying notes to the financial statements for transactions during the year ended September 30, 2014 in which the issuer was an Affiliated Person (but not a portfolio company that the Company is deemed to control).

See Notes to Consolidated Financial Statements



**Golub Capital BDC, Inc. and Subsidiaries**  
**Notes to Unaudited Consolidated Financial Statements**  
(In thousands, except shares and per share data)

**Note 1.**

**Organization**

Golub Capital BDC, Inc. (“GBDC” and, collectively with its subsidiaries, the “Company”) is an externally managed, closed-end, non-diversified management investment company. GBDC has elected to be regulated as a business development company (“BDC”) under the Investment Company Act of 1940, as amended (the “1940 Act”). In addition, for U.S. federal income tax purposes, GBDC has elected to be treated as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”).

The Company’s investment strategy is to invest primarily in senior secured, one stop (a loan that combines characteristics of traditional first lien senior secured loans and second lien or subordinated loans), second lien and subordinated (a loan that ranks senior only to a borrower’s equity securities and ranks junior to all of such borrower’s other indebtedness in priority of payment) loans of, and warrants and minority equity securities in, U.S. middle market companies that are, in most cases, sponsored by private equity firms. The Company has entered into an investment advisory agreement (the “Investment Advisory Agreement”) with GC Advisors LLC (the “Investment Adviser”), under which the Investment Adviser manages the day-to-day operations of, and provides investment advisory services to, the Company. Under an administration agreement (the “Administration Agreement”) the Company is provided with certain services by an administrator (the “Administrator”), which is currently Golub Capital LLC.

**Note 2.**

**Significant Accounting Policies and Recent Accounting Updates**

**Basis of presentation:** The Company is an investment company as defined in the accounting and reporting guidance under Accounting Standards Codification (“ASC”) Topic 946 – *Financial Services – Investment Companies* (“ASC Topic 946”).

The accompanying interim consolidated financial statements of the Company and related financial information have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Articles 6 or 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by GAAP for annual financial statements. In the opinion of management, the consolidated financial statements reflect all adjustments and reclassifications consisting solely of normal accruals that are necessary for the fair presentation of financial results as of and for the periods presented. All intercompany balances and transactions have been eliminated. Certain prior period amounts have been reclassified to conform to the current period presentation.

**Fair value of financial instruments:** The Company applies fair value to all of its financial instruments in accordance with ASC Topic 820 — *Fair Value Measurements and Disclosures* (“ASC Topic 820”). ASC Topic 820 defines fair value, establishes a framework used to measure fair value and requires disclosures for fair value measurements. In accordance with ASC Topic 820, the Company has categorized its financial instruments carried at fair value, based on the priority of the valuation technique, into a three-level fair value hierarchy. Fair value is a market-based measure considered from the perspective of the market participant who holds the financial instrument rather than an entity-specific measure. Therefore, when market assumptions are not readily available, the Company’s own assumptions are set to reflect those that management believes market participants would use in pricing the financial instrument at the measurement date.

The availability of observable inputs can vary depending on the financial instrument and is affected by a wide variety of factors, including, for example, the type of product, whether the product is new, whether the product is traded on an active exchange or in the secondary market and the current market conditions. To the extent that the valuation is based on models or inputs that are less observable or unobservable in the market the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for financial instruments classified as Level 3.

**Golub Capital BDC, Inc. and Subsidiaries**  
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Any changes to the valuation methodology are reviewed by management and the Company's board of directors (the "Board") to confirm that the changes are appropriate. As markets change, new products develop and the pricing for products becomes more or less transparent, the Company will continue to refine its valuation methodologies. See further description of fair value methodology in Note 6.

**Use of estimates:** The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Consolidation:** As provided under Regulation S-X and ASC Topic 946, the Company will generally not consolidate its investment in a company other than an investment company subsidiary or a controlled operating company whose business consists of providing services to the Company. Accordingly, the Company consolidated the results of the Company's wholly-owned subsidiaries in its consolidated financial statements. The Company does not consolidate its noncontrolling interest in Senior Loan Fund LLC ("SLF"). See further description of the Company's investment in SLF in Note 4.

Assets related to transactions that do not meet ASC Topic 860 — *Transfers and Servicing* ("ASC Topic 860") requirements for accounting sale treatment are reflected in the Company's consolidated statements of financial condition as investments. Those assets are owned by special purpose entities, including Golub Capital BDC 2010-1 LLC ("2010 Issuer"), Golub Capital BDC CLO 2014 LLC ("2014 Issuer"), Golub Capital BDC Funding LLC ("Funding") and Golub Capital BDC Revolver Funding, LLC ("Revolver Funding"), that are consolidated in the Company's consolidated financial statements. The creditors of the special purpose entities have received security interests in such assets and such assets are not intended to be available to the creditors of GBDC (or any affiliate of GBDC).

**Cash and cash equivalents:** Cash and cash equivalents are highly liquid investments with an original maturity of three months or less at the date of acquisition. The Company deposits its cash in financial institutions and, at times, such balances may be in excess of the Federal Deposit Insurance Corporation insurance limits.

**Restricted cash and cash equivalents:** Restricted cash and cash equivalents include amounts that are collected and are held by trustees who have been appointed as custodians of the assets securing certain of the Company's financing

transactions. Restricted cash is held by the trustees for payment of interest expense and principal on the outstanding borrowings or reinvestment into new assets. In addition, restricted cash and cash equivalents include amounts held within the Company's small business investment companies ("SBICs"). The amounts held within the SBICs are generally restricted to the originations of new loans from the SBICs and the payment of U.S. Small Business Administration ("SBA") debentures and related interest expense.

**Revenue recognition:**

*Investments and related investment income:* Interest income is accrued based upon the outstanding principal amount and contractual interest terms of debt investments. For the three and six months ended March 31, 2015, the Company earned interest of \$27,489 and \$54,808, respectively. For the three and six months ended March 31, 2014, the Company earned interest of \$24,977 and \$49,456, respectively. As of March 31, 2015 and September 30, 2014, the Company had interest receivable of \$5,947 and \$5,791, respectively.

**Golub Capital BDC, Inc. and Subsidiaries**  
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Loan origination fees, original issue discount and market discount or premium are capitalized, and the Company accretes or amortizes such amounts over the life of the loan as interest income. For the three and six months ended March 31, 2015, interest income included \$1,820 and \$3,490, respectively, of accretion of discounts. For the three and six months ended March 31, 2014, interest income included \$1,740 and \$3,647, respectively, of accretion of discounts. For the three and six months ended March 31, 2015, the Company received loan origination fees of \$2,145 and \$5,207, respectively. For the three and six months ended March 31, 2014, the Company received loan origination fees of \$2,508 and \$5,490, respectively. These loan origination fees are capitalized and amortized over the life of the loan as interest income.

For investments with contractual payment-in-kind (“PIK”) interest, which represents contractual interest accrued and added to the principal balance that generally becomes due at maturity, the Company will not accrue PIK interest if the portfolio company valuation indicates that the PIK interest is not collectible. For the three and six months ended March 31, 2015, the Company recorded PIK income of \$313 and \$815, respectively, and received PIK payments in cash of \$178 and \$379. For the three and six months ended March 31, 2014, the Company recorded PIK income of \$336 and \$749, respectively, and received PIK payments in cash of \$157 and \$1,906, respectively.

In addition, the Company may generate revenue in the form of amendment, structuring or due diligence fees, fees for providing managerial assistance, consulting fees and prepayment premiums on loans. The Company records these fees as fee income when received. All other income is recorded into income when earned. For the three and six months ended March 31, 2015, fee income included \$554 and \$701 of prepayment premiums, respectively. For the three and six months ended March 31, 2014, fee income included \$0 and \$1,000 of prepayment premiums, respectively.

For the three and six months ended March 31, 2015, the Company received interest and fees in cash, which excludes capitalized loan origination fees, in the amounts of \$26,361 and \$51,516, respectively. For the three and six months ended March 31, 2014, the Company received interest and fees in cash, which excludes capitalized loan origination fees, in the amounts of \$22,019 and \$46,969, respectively.

Dividend income on preferred equity securities is recorded as dividend income on an accrual basis to the extent that such amounts are payable by the portfolio company and are expected to be collected. Dividend income on common equity securities is recorded on the record date for private portfolio companies or on the ex-dividend date for publicly traded portfolio companies. Each distribution received from limited liability company (“LLC”) and limited partnership (“LP”) investments is evaluated to determine if the distribution should be recorded as dividend income or a return of capital. Generally, the Company will not record distributions from equity investments in LLCs and LPs as dividend income unless there are sufficient accumulated tax-basis earnings and profits in the LLC or LP prior to the

distribution. Distributions that are classified as a return of capital are recorded as a reduction in the cost basis of the investment. For the three and six months ended March 31, 2015, the Company recorded dividend income of \$377 and \$395, respectively, and return of capital distributions of \$0 and \$8, respectively. For the three and six months ended March 31, 2014, the Company recorded dividend income of \$262 and \$278, respectively, and return of capital distributions of \$948 and \$2,298, respectively.

Investment transactions are accounted for on a trade-date basis. Realized gains or losses on investments are measured by the difference between the net proceeds from the disposition and the cost basis of investment, without regard to unrealized gains or losses previously recognized. The Company reports current period changes in fair value of investments that are measured at fair value as a component of the net change in unrealized appreciation (depreciation) on investments in the consolidated statements of operations.

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*Non-accrual loans:* A loan may be left on accrual status during the period the Company is pursuing repayment of the loan. Management reviews all loans that become 90 days or more past due on principal and interest, or when there is reasonable doubt that principal or interest will be collected, for possible placement on non-accrual status. When a loan is placed on non-accrual status, unpaid interest credited to income is reversed. Additionally, any original issue discount and market discount are no longer accreted to interest income as of the date the loan is placed on non-accrual status. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management's judgment. Non-accrual loans are restored to accrual status when past due principal and interest is paid and, in management's judgment, payments are likely to remain current. The total fair value of non-accrual loans was \$3,209 and \$5 as of March 31, 2015 and September 30, 2014, respectively.

*Partial loan sales:* The Company follows the guidance in ASC Topic 860 when accounting for loan participations and other partial loan sales. Such guidance requires a participation or other partial loan sale to meet the definition of a "participating interest", as defined in the guidance, in order for sale treatment to be allowed. Participations or other partial loan sales which do not meet the definition of a participating interest remain on the Company's consolidated statements of financial condition and the proceeds are recorded as a secured borrowing until the definition is met. Secured borrowings are carried at fair value to correspond with the related investments, which are carried at fair value. See Note 7 for additional information.

**Income taxes:** The Company has elected to be treated as a RIC under Subchapter M of the Code and operates in a manner so as to qualify for the tax treatment applicable to RICs. In order to qualify as a RIC, among other things, the Company is required to meet certain source of income and asset diversification requirements and timely distribute to its stockholders at least 90% of investment company taxable income, as defined by the Code, for each tax year. The Company has made, and intends to continue to make, the requisite distributions to its stockholders, which will generally relieve the Company from U.S. federal income taxes with respect to all income distributed to its stockholders.

Depending on the level of taxable income earned in a tax year, the Company may choose to retain taxable income in excess of current year dividend distributions, and would distribute such taxable income in the next tax year. The Company would then pay a 4% excise tax on such income, as required. To the extent that the Company determines that its estimated current year annual taxable income, determined on a calendar year basis, could exceed estimated current calendar year dividend distributions, the Company accrues excise tax, if any, on estimated excess taxable income as taxable income is earned. For the three and six months ended March 31, 2015 and 2014, no amount was recorded for U.S. federal excise tax.

The Company accounts for income taxes in conformity with ASC Topic 740 — *Income Taxes* (“ASC Topic 740”). ASC Topic 740 provides guidelines for how uncertain tax positions should be recognized, measured, presented and disclosed in financial statements. ASC Topic 740 requires the evaluation of tax positions taken in the course of preparing the Company’s tax returns to determine whether the tax positions are “more-likely-than-not” to be sustained by the applicable tax authority. Tax benefits of positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense in the current year. It is the Company’s policy to recognize accrued interest and penalties related to uncertain tax benefits in income tax expense. There were no material uncertain income tax positions through March 31, 2015. The 2011 through 2014 tax years remain subject to examination by U.S. federal and most state tax authorities.

**Dividends and distributions:** Dividends and distributions to common stockholders are recorded on the record date. The amount to be paid out as a dividend or distribution is determined by the Board each quarter and is generally based upon the earnings estimated by management. Net realized capital gains, if any, are distributed at least annually, although the Company may decide to retain such capital gains for investment.



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The Company has adopted a dividend reinvestment plan (“DRIP”) that provides for reinvestment of any distributions the Company declares in cash on behalf of its stockholders, unless a stockholder elects to receive cash. As a result, if the Board authorizes and the Company declares a cash distribution, then stockholders who have not “opted out” of the DRIP will have their cash distribution automatically reinvested in additional shares of the Company’s common stock, rather than receiving the cash dividend. The Company may use newly issued shares under the guidelines of the DRIP (if the Company’s shares are trading at a premium to net asset value), or the Company may purchase shares in the open market in connection with the obligations under the plan. In particular, if the Company’s shares are trading at a significant discount to net asset value and the Company is otherwise permitted under applicable law to purchase such shares, the Company intends to purchase shares in the open market in connection with any obligations under the DRIP.

In the event the market price per share of the Company’s common stock on the date of a distribution exceeds the most recently computed net asset value per share of the common stock, the Company will issue shares of common stock to participants in the DRIP at the greater of the most recently computed net asset value per share of common stock or 95% of the current market price per share of common stock (or such lesser discount to the current market price per share that still exceeds the most recently computed net asset value per share of common stock).

**Share repurchase plan:** On August 5, 2014, the Board approved a share repurchase program (the “Program”) which allows the Company to repurchase up to \$50,000 of the Company’s outstanding common stock on the open market at prices below the Company’s NAV as reported in its then most recently published consolidated financial statements. The Program may be implemented at the discretion of management. The shares may be purchased from time to time at prevailing market prices, through open market transactions, including block transactions. The Company did not make any repurchases of its common stock during the three and six months ended March 31, 2015.

**Deferred financing costs:** Deferred financing costs represent fees and other direct incremental costs incurred in connection with the Company’s borrowings. As of March 31, 2015 and September 30, 2014, the Company had deferred financing costs of \$8,348 and \$9,515, respectively. These amounts are amortized and included in interest expense in the consolidated statements of operations over the estimated average life of the borrowings. Amortization expense for the three and six months ended March 31, 2015 was \$1,088 and \$2,135, respectively. Amortization expense for the three and six months ended March 31, 2014 was \$460 and \$899, respectively.

**Deferred offering costs:** Deferred offering costs consist of fees paid in relation to legal, accounting, regulatory and printing work completed in preparation of equity offerings. Deferred offering costs are charged against the proceeds

from equity offerings when received. As of March 31, 2015 and September 30, 2014, deferred offering costs, which are included in other assets on the consolidated statements of financial condition, were \$247 and \$247, respectively.

**Golub Capital BDC, Inc. and Subsidiaries**  
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**Recent accounting pronouncements:** In August 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-13, *Consolidation (Topic 810): Measuring the Financial Assets and Financial Liabilities of a Consolidated Collateralized Financing Entity*, containing new guidance for fair valuing the financial assets and financial liabilities of a consolidate collateralized financing entity. This guidance is effective for annual and interim periods beginning after December 15, 2015. The Company is currently evaluating the impact this ASU will have on its consolidated financial statements.

In February 2015, FASB issued ASU 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis*. Under this revised standard, greater emphasis is placed on risk of loss when determining a controlling financial interest. This standard also amends how variable interests held by a reporting entity’s related parties affect the reporting entity’s consolidation conclusion. This guidance is effective for annual reporting periods, and the interim periods within those periods, beginning after December 15, 2015. The Company is currently evaluating the impact this ASU will have on its consolidated financial statements.

In April 2015, FASB issued ASU 2015-03, *Interest – Imputation of interest (Subtopic 835-30) Simplifying the Presentation of Debt Issuance Costs*, which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. This guidance is effective for annual and interim periods beginning after December 15, 2015. The Company is currently evaluating the impact this ASU will have on its consolidated financial statements.

**Note 3.**

**Related Party Transactions**

**Investment Advisory Agreement:** Under the Investment Advisory Agreement, the Investment Adviser manages the day-to-day operations of, and provides investment advisory services to, GBDC. The Board most recently reapproved the Investment Advisory Agreement in May 2015. The Investment Adviser is a registered investment adviser with the Securities and Exchange Commission (the “SEC”). The Investment Adviser receives fees for providing services, consisting of two components, a base management fee and an Incentive Fee (as defined below).

The base management fee is calculated at an annual rate equal to 1.375% of average adjusted gross assets at the end of the two most recently completed calendar quarters (including assets purchased with borrowed funds and securitization-related assets, leverage, unrealized depreciation or appreciation on derivative instruments and cash collateral on deposit with custodian but adjusted to exclude cash and cash equivalents so that investors do not pay the

base management fee on such assets) and is payable quarterly in arrears. Additionally, the Investment Adviser is voluntarily excluding assets funded with secured borrowing proceeds from the base management fee. The base management fee is adjusted, based on the actual number of days elapsed relative to the total number of days in such calendar quarter, for any share issuances or repurchases during such calendar quarter. For purposes of the Investment Advisory Agreement, cash equivalents means U.S. government securities and commercial paper instruments maturing within 270 days of purchase (which is different than the GAAP definition, which defines cash equivalents as U.S. government securities and commercial paper instruments maturing within 90 days of purchase). To the extent that the Investment Adviser or any of its affiliates provides investment advisory, collateral management or other similar services to a subsidiary of the Company, the base management fee will be reduced by an amount equal to the product of (1) the total fees paid to the Investment Adviser by such subsidiary for such services and (2) the percentage of such subsidiary's total equity, including membership interests and any class of notes not exclusively held by one or more third parties, that is owned, directly or indirectly, by the Company.

The Company has structured the calculation of the Incentive Fee to include a fee limitation such that an Incentive Fee for any quarter can only be paid to the Investment Adviser if, after such payment, the cumulative Incentive Fees paid to the Investment Adviser since April 13, 2010, the effective date of the Company's election to become a BDC, would be less than or equal to 20.0% of the Company's Cumulative Pre-Incentive Fee Net Income (as defined below).

The Company accomplishes this limitation by subjecting each quarterly Incentive Fee payable under the Income and Capital Gain Incentive Fee Calculation (as defined below) to a cap (the "Incentive Fee Cap"). The Incentive Fee Cap in any quarter is equal to the difference between (a) 20.0% of Cumulative Pre-Incentive Fee Net Income and (b) cumulative Incentive Fees of any kind paid to the Investment Adviser by GBDC since April 13, 2010. To the extent the Incentive Fee Cap is zero or a negative value in any quarter, no Incentive Fee would be payable in that quarter. If, for any relevant period, the Incentive Fee Cap calculation results in the Company paying less than the amount of

**Golub Capital BDC, Inc. and Subsidiaries**  
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the Incentive Fee calculated above, then the difference between the Incentive Fee and the Incentive Fee Cap will not be paid by GBDC and will not be received by the Investment Adviser as an Incentive Fee either at the end of such relevant period or at the end of any future period. “Cumulative Pre-Incentive Fee Net Income” is equal to the sum of (a) Pre-Incentive Fee Net Investment Income (as defined below) for each period since April 13, 2010 and (b) cumulative aggregate realized capital gains, cumulative aggregate realized capital losses, cumulative aggregate unrealized capital depreciation and cumulative aggregate unrealized capital appreciation since April 13, 2010.

“Pre-Incentive Fee Net Investment Income” means interest income, dividend income and any other income (including any other fees such as commitment, origination, structuring, diligence and consulting fees or other fees that the Company receives from portfolio companies but excluding fees for providing managerial assistance) accrued during the calendar quarter, minus operating expenses for the calendar quarter (including the base management fee, taxes, any expenses payable under the Investment Advisory Agreement and the Administration Agreement, any expenses of securitizations and any interest expense and dividends paid on any outstanding preferred stock, but excluding the Incentive Fee). Pre-Incentive Fee Net Investment Income includes, in the case of investments with a deferred interest feature such as market discount, debt instruments with PIK interest, preferred stock with PIK dividends and zero coupon securities, accrued income that the Company has not yet received in cash.

Incentive Fees are calculated and payable quarterly in arrears (or, upon termination of the Investment Advisory Agreement, as of the termination date).

The income and capital gains incentive fee calculation (the “Income and Capital Gain Incentive Fee Calculation”) has two parts, the income component (the “Income Incentive Fee”) and the capital gains component (the “Capital Gain Incentive Fee” and, together with the Income Incentive Fee, the “Incentive Fee”). The Income Incentive Fee is calculated quarterly in arrears based on the Company’s Pre-Incentive Fee Net Investment Income for the immediately preceding calendar quarter.

For the three and six months ended March 31, 2015, the Income Incentive Fee incurred was \$1,220 and \$2,152, respectively. For the three and six months ended March 31, 2014, the Income Incentive Fee incurred was \$1,656 and \$4,688, respectively.

Pre-Incentive Fee Net Investment Income does not include any realized capital gains, realized capital losses or unrealized capital appreciation or depreciation. Because of the structure of the Income Incentive Fee, it is possible that

an Incentive Fee may be calculated under this formula with respect to a period in which the Company has incurred a loss. For example, if the Company receives Pre-Incentive Fee Net Investment Income in excess of the hurdle rate (as defined below) for a calendar quarter, the Income Incentive Fee will result in a positive value and an Incentive Fee will be paid unless the payment of such Incentive Fee would cause the Company to pay Incentive Fees on a cumulative basis that exceed the Incentive Fee Cap. Pre-Incentive Fee Net Investment Income, expressed as a rate of return on the value of the Company's net assets (defined as total assets less indebtedness and before taking into account any Incentive Fees payable during the period) at the end of the immediately preceding calendar quarter, is compared to a fixed "hurdle rate" of 2.0% quarterly. If market interest rates rise, the Company may be able to invest funds in debt instruments that provide for a higher return, which would increase Pre-Incentive Fee Net Investment Income and make it easier for the Investment Adviser to surpass the fixed hurdle rate and receive an Incentive Fee based on such net investment income.

The Company's Pre-Incentive Fee Net Investment Income used to calculate this part of the Incentive Fee is also included in the amount of its total assets (excluding cash and cash equivalents but including assets purchased with borrowed funds and securitization-related assets, unrealized depreciation or appreciation on derivative instruments and cash collateral on deposit with custodian) used to calculate the 1.375% base management fee annual rate.

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The Company calculates the Income Incentive Fee with respect to its Pre-Incentive Fee Net Investment Income quarterly, in arrears, as follows:

·Zero in any calendar quarter in which the Pre-Incentive Fee Net Investment Income does not exceed the hurdle rate; 100% of the Company's Pre-Incentive Fee Net Investment Income with respect to that portion of such Pre-Incentive Fee Net Investment Income, if any, that exceeds the hurdle rate but is less than 2.5% in any calendar quarter. This portion of the Company's Pre-Incentive Fee Net Investment Income (which exceeds the hurdle rate but is less than 2.5%) is referred to as the "catch-up" provision. The catch-up is meant to provide the Investment Adviser with 20.0% of the Pre-Incentive Fee Net Investment Income as if a hurdle rate did not apply if the Company's Pre-Incentive Fee Net Investment Income exceeds 2.5% in any calendar quarter; and 20.0% of the amount of the Company's Pre-Incentive Fee Net Investment Income, if any, that exceeds 2.5% in any calendar quarter.

The sum of these calculations yields the "Income Incentive Fee". This amount is appropriately adjusted for any share issuances or repurchases during the quarter.

The Capital Gain Incentive Fee equals (a) 20.0% of the Company's Capital Gain Incentive Fee Base (as defined below), if any, calculated in arrears as of the end of each calendar year (or upon termination of the Investment Advisory Agreement, as of the termination date), which commenced with the calendar year ending December 31, 2010, less (b) the aggregate amount of any previously paid Capital Gain Incentive Fees. On August 5, 2014, the Company amended the Investment Advisory Agreement, effective as of June 30, 2014, to provide that the Capital Gain Incentive Fee Base is reduced by the amount of any unamortized deferred financing costs, if and to the degree that such costs exceed unrealized capital appreciation. The Company's "Capital Gain Incentive Fee Base" equals (1) the sum of (i) realized capital gains, if any, on a cumulative positive basis from the date the Company elected to become a BDC through the end of each calendar year, (ii) all realized capital losses on a cumulative basis and (iii) all unrealized capital depreciation on a cumulative basis less (2) all unamortized deferred financing costs, if and to the extent such costs exceed all unrealized capital appreciation on a cumulative basis.

The cumulative aggregate realized capital losses are calculated as the sum of the amounts by which (a) the net sales price of each investment in the Company's portfolio when sold is less than (b) the accreted or amortized cost basis of such investment.

The cumulative aggregate realized capital gains are calculated as the sum of the differences, if positive, between (a) the net sales price of each investment in the Company's portfolio when sold and (b) the accreted or amortized cost basis of such investment.

The aggregate unrealized capital depreciation is calculated as the sum of the differences, if negative, between (a) the valuation of each investment in the Company's portfolio as of the applicable Capital Gain Incentive Fee calculation date and (b) the accreted or amortized cost basis of such investment.

The sum of the Income Incentive Fee and Capital Gain Incentive Fee is the "Incentive Fee."

The Capital Gain Incentive Fee payable as calculated under the Investment Advisory Agreement (as described above) for the three and six months ended March 31, 2015 and 2014 was \$0 and \$0, respectively. However, in accordance with GAAP, we are required to include the aggregate unrealized capital appreciation on investments in the calculation and accrue a capital gain incentive fee on a quarterly basis, as if such unrealized capital appreciation were realized, even though such unrealized capital appreciation is not permitted to be considered in calculating the fee actually payable under the Investment Advisory Agreement. If the Capital Gain Incentive Fee Base, adjusted as required by GAAP to include unrealized appreciation, is positive at the end of a period, then GAAP requires the Company to accrue a capital gain incentive fee equal to 20% of such amount, less the aggregate amount of the actual Capital Gain Incentive Fees paid and capital gain incentive fees accrued under GAAP in all prior periods.



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If such amount is negative, then there is no accrual for such period. The resulting accrual under GAAP in a given period may result in additional expense if such cumulative amount is greater than in the prior period or a reversal of previously recorded expense if such cumulative amount is less than in the prior period. There can be no assurance that such unrealized capital appreciation will be realized in the future. From inception through March 31, 2015, the Company has not made any Capital Gain Incentive Fee payments. For the three and six months ended March 31, 2015, the Company accrued a capital gain incentive fee under GAAP of \$1,038 and \$1,177, respectively. For the three and six months ended March 31, 2014, the Company did not accrue a capital gain incentive fee under GAAP.

As described above, the Incentive Fee will not be paid at any time if, after such payment, the cumulative Incentive Fees paid to date would be greater than the Incentive Fee Cap.

**Administration Agreement:** Under the Administration Agreement, the Administrator furnishes the Company with office facilities and equipment, provides the Company with clerical, bookkeeping and record keeping services at such facilities and provides the Company with other administrative services as the Administrator, subject to review by the Board, determines necessary to conduct the Company's day-to-day operations. GBDC reimburses the Administrator the allocable portion (subject to the review and approval of the Board) of overhead and other expenses incurred by it in performing its obligations under the Administration Agreement, including rent, fees and expenses associated with performing compliance functions and GBDC's allocable portion of the cost of its chief financial officer and chief compliance officer and their respective staffs. The Board reviews such expenses to determine that these expenses are reasonable and comparable to administrative services charged by unaffiliated third party asset managers. Under the Administration Agreement, the Administrator also provides, on the Company's behalf, significant managerial assistance to those portfolio companies to which the Company is required to provide such assistance and will be paid an additional amount based on the cost of the services provided, which amount shall not exceed the amount the Company receives from such portfolio companies.

Included in accounts payable and accrued expenses is \$585 and \$548 as of March 31, 2015 and September 30, 2014, respectively, for accrued allocated shared services under the Administration Agreement. The administrative service fee expense under the Administration Agreement for the three and six months ended March 31, 2014 was \$584 and \$1,191, respectively. The administrative service fee expense under the Administration Agreement for the three and six months ended March 31, 2014 was \$742 and \$1,324, respectively.

**Other related party transactions:** The Administrator pays for certain unaffiliated third-party expenses incurred by the Company. Such expenses include postage, printing, office supplies and rating agency fees. These expenses are not

marked-up and represent the same amount the Company would have paid had the Company paid the expenses directly. These expenses are subsequently reimbursed in cash.

Total expenses reimbursed to the Administrator during the three and six months ended March 31, 2015 were \$301 and \$457, respectively. Total expenses reimbursed to the Administrator during the three and six months ended March 31, 2014 were \$478 and \$801, respectively.

As of March 31, 2015 and September 30, 2014, included in accounts payable and accrued expenses were \$224 and \$156, respectively, for accrued expenses paid on behalf of the Company by the Administrator.

During the three and six months ended March 31, 2015, the Company sold \$83,376 and \$99,201, respectively, of investment commitments to SLF at fair value. During the three and six months ended March 31, 2015, the Company sold \$0 of investment commitments to SLF at fair value.

**Golub Capital BDC, Inc. and Subsidiaries****Notes to Unaudited Consolidated Financial Statements**

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**Note 4.****Investments**

Investments as of March 31, 2015 and September 30, 2014 consisted of the following:

|  | As of March 31, 2015 |             |             | As of September 30, 2014 |             |             |
|--|----------------------|-------------|-------------|--------------------------|-------------|-------------|
|  | Par                  | Cost        | Fair Value  | Par                      | Cost        | Fair Value  |
| Senior secured                             | \$217,391            | \$214,531   | \$212,370   | \$268,136                | \$265,042   | \$262,859   |
| One stop                                   | 1,057,179            | 1,042,951   | 1,042,534   | 952,359                  | 939,765     | 940,729     |
| Second lien                                | 59,902               | 59,115      | 59,708      | 59,902                   | 59,086      | 59,964      |
| Subordinated debt                          | 3,584                | 3,567       | 3,523       | 3,584                    | 3,564       | 3,710       |
| Subordinated notes in SLF <sup>(1)</sup>   | 41,557               | 41,557      | 41,557      | 25,589                   | 25,589      | 25,589      |
| LLC equity interests in SLF <sup>(1)</sup> | N/A                  | 15,312      | 15,458      | N/A                      | 9,318       | 9,242       |
| Equity                                     | N/A                  | 37,526      | 47,913      | N/A                      | 35,216      | 45,519      |
| Total                                      | \$1,379,613          | \$1,414,559 | \$1,423,063 | \$1,309,570              | \$1,337,580 | \$1,347,612 |

<sup>(1)</sup> SLF's proceeds from the subordinated notes and LLC equity interests invested in SLF were utilized by SLF to invest in senior secured loans.

The following tables show the portfolio composition by geographic region at cost and fair value as a percentage of total investments in portfolio companies. The geographic composition is determined by the location of the corporate headquarters of the portfolio company, which may not be indicative of the primary source of the portfolio company's business.

|               | As of March 31, 2015 |      |   | As of September 30, 2014 |      |   |
|---------------|----------------------|------|---|--------------------------|------|---|
| Cost:         |                      |      |   |                          |      |   |
| United States |                      |      |   |                          |      |   |
| Mid-Atlantic  | \$ 349,722           | 24.7 | % | \$ 306,582               | 22.9 | % |

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|           |              |         |              |         |
|-----------|--------------|---------|--------------|---------|
| Midwest   | 256,452      | 18.1    | 274,923      | 20.6    |
| West      | 274,490      | 19.4    | 288,915      | 21.6    |
| Southeast | 345,206      | 24.4    | 283,935      | 21.2    |
| Southwest | 119,216      | 8.5     | 116,105      | 8.7     |
| Northeast | 69,473       | 4.9     | 67,120       | 5.0     |
| Total     | \$ 1,414,559 | 100.0 % | \$ 1,337,580 | 100.0 % |

Fair Value:

United States

|              |              |         |              |         |
|--------------|--------------|---------|--------------|---------|
| Mid-Atlantic | \$ 344,491   | 24.2 %  | \$ 302,159   | 22.4 %  |
| Midwest      | 259,738      | 18.3    | 278,527      | 20.7    |
| West         | 278,103      | 19.5    | 291,587      | 21.6    |
| Southeast    | 346,575      | 24.4    | 288,565      | 21.4    |
| Southwest    | 122,345      | 8.6     | 117,923      | 8.8     |
| Northeast    | 71,811       | 5.0     | 68,851       | 5.1     |
| Total        | \$ 1,423,063 | 100.0 % | \$ 1,347,612 | 100.0 % |

**Golub Capital BDC, Inc. and Subsidiaries****Notes to Unaudited Consolidated Financial Statements**

(In thousands, except shares and per share data)

The industry compositions of the portfolio at cost and fair value were as follows:

|  | As of March 31, 2015 |       |   | As of September 30, 2014 |       |   |
|--|----------------------|-------|---|--------------------------|-------|---|
| Cost:  |                      |       |   |                          |       |   |
| Aerospace and Defense  | \$ 76,431            | 5.4   | % | \$ 75,696                | 5.6   | % |
| Automobile   | 21,130               | 1.5   |   | 14,630                   | 1.1   |   |
| Banking  | 17,478               | 1.2   |   | 17,292                   | 1.3   |   |
| Beverage, Food and Tobacco                                   | 118,591              | 8.4   |   | 119,912                  | 9.0   |   |
| Buildings and Real Estate                                    | 32,558               | 2.3   |   | 28,502                   | 2.1   |   |
| Cargo Transport  | 1,935                | 0.2   |   | 1,942                    | 0.1   |   |
| Chemicals, Plastics and Rubber                               | 6,189                | 0.4   |   | -                        | -     |   |
| Containers, Packaging and Glass                              | 30,995               | 2.2   |   | 31,136                   | 2.3   |   |
| Diversified Conglomerate Manufacturing                       | 75,351               | 5.3   |   | 73,053                   | 5.5   |   |
| Diversified Conglomerate Service                             | 177,914              | 12.6  |   | 167,034                  | 12.5  |   |
| Electronics  | 121,944              | 8.6   |   | 107,274                  | 8.0   |   |
| Finance  | 13,064               | 0.9   |   | 13,059                   | 1.0   |   |
| Grocery  | 20,106               | 1.4   |   | 18,056                   | 1.3   |   |
| Healthcare, Education and Childcare                          | 226,184              | 16.0  |   | 224,961                  | 16.8  |   |
| Home and Office Furnishings, Housewares and Durable Consumer | 7,045                | 0.5   |   | 6,897                    | 0.5   |   |
| Insurance  | 19,520               | 1.4   |   | 19,547                   | 1.5   |   |
| Investment Funds and Vehicles                                | 56,869               | 4.0   |   | 34,907                   | 2.6   |   |
| Leisure, Amusement, Motion Pictures and Entertainment        | 50,708               | 3.6   |   | 55,126                   | 4.1   |   |
| Mining, Steel, Iron and Non-Precious Metals                  | 5,216                | 0.4   |   | 5,136                    | 0.4   |   |
| Oil and Gas  | 1,275                | 0.1   |   | 1,310                    | 0.1   |   |
| Personal and Non-Durable Consumer Products                   | 39,915               | 2.8   |   | 32,065                   | 2.4   |   |
| Personal, Food and Miscellaneous Services                    | 37,535               | 2.7   |   | 39,815                   | 3.0   |   |
| Personal Transportation                                      | -                    | -     |   | -                        | -     |   |
| Printing and Publishing                                      | 32,218               | 2.3   |   | 30,495                   | 2.3   |   |
| Retail Stores  | 175,964              | 12.4  |   | 186,067                  | 13.9  |   |
| Telecommunications   | 25,713               | 1.8   |   | 24,865                   | 1.9   |   |
| Textiles and Leather   | 5,513                | 0.4   |   | 5,266                    | 0.4   |   |
| Utilities  | 17,198               | 1.2   |   | 3,537                    | 0.3   |   |
| Total  | \$ 1,414,559         | 100.0 | % | \$ 1,337,580             | 100.0 | % |

Fair Value:

As of March 31, 2015      As of September 30, 2014

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|  |              |       |                |       |   |
|--|--------------|-------|----------------|-------|---|
| Aerospace and Defense  | \$ 74,005    | 5.2   | % \$ 74,470    | 5.5   | % |
| Automobile   | 21,397       | 1.5   | 14,546         | 1.1   |   |
| Banking  | 17,421       | 1.2   | 17,245         | 1.3   |   |
| Beverage, Food and Tobacco                                   | 118,645      | 8.3   | 119,610        | 8.9   |   |
| Buildings and Real Estate                                    | 32,958       | 2.3   | 28,703         | 2.1   |   |
| Cargo Transport  | 1,934        | 0.1   | 1,923          | 0.1   |   |
| Chemicals, Plastics and Rubber                               | 6,170        | 0.4   | -              | -     |   |
| Containers, Packaging and Glass                              | 31,950       | 2.2   | 32,500         | 2.4   |   |
| Diversified Conglomerate Manufacturing                       | 76,249       | 5.4   | 74,058         | 5.5   |   |
| Diversified Conglomerate Service                             | 180,308      | 12.7  | 170,397        | 12.6  |   |
| Electronics  | 123,867      | 8.7   | 108,695        | 8.1   |   |
| Finance  | 10,509       | 0.7   | 10,530         | 0.8   |   |
| Grocery  | 20,360       | 1.4   | 18,267         | 1.3   |   |
| Healthcare, Education and Childcare                          | 227,736      | 16.0  | 227,144        | 16.8  |   |
| Home and Office Furnishings, Housewares and Durable Consumer | 5,484        | 0.4   | 5,241          | 0.4   |   |
| Insurance  | 19,831       | 1.4   | 19,844         | 1.5   |   |
| Investment Funds and Vehicles                                | 57,015       | 4.0   | 34,830         | 2.6   |   |
| Leisure, Amusement, Motion Pictures and Entertainment        | 49,145       | 3.5   | 53,922         | 4.0   |   |
| Mining, Steel, Iron and Non-Precious Metals                  | 5,255        | 0.4   | 5,182          | 0.4   |   |
| Oil and Gas  | 1,291        | 0.1   | 1,325          | 0.1   |   |
| Personal and Non-Durable Consumer Products                   | 40,783       | 2.9   | 32,620         | 2.4   |   |
| Personal, Food and Miscellaneous Services                    | 37,955       | 2.7   | 40,194         | 3.0   |   |
| Personal Transportation                                      | -            | -     | 1,599          | 0.1   |   |
| Printing and Publishing                                      | 32,765       | 2.3   | 30,910         | 2.3   |   |
| Retail Stores  | 181,239      | 12.8  | 189,857        | 14.1  |   |
| Telecommunications   | 26,035       | 1.8   | 25,098         | 1.9   |   |
| Textiles and Leather   | 5,563        | 0.4   | 5,319          | 0.4   |   |
| Utilities  | 17,193       | 1.2   | 3,583          | 0.3   |   |
| Total  | \$ 1,423,063 | 100.0 | % \$ 1,347,612 | 100.0 | % |

## **Golub Capital BDC, Inc. and Subsidiaries**

### **Notes to Unaudited Consolidated Financial Statements**

(In thousands, except shares and per share data)

#### **Senior Loan Fund LLC:**

The Company co-invests with RGA Reinsurance Company (“RGA”) in senior secured loans through SLF, an unconsolidated Delaware LLC. SLF is capitalized as transactions are completed and all portfolio and investment decisions in respect to SLF must be approved by the SLF investment committee consisting of two representatives of each of the Company and RGA (with unanimous approval required from (i) one representative of each of the Company and RGA or (ii) both representatives of each of the Company and RGA).

SLF is capitalized with subordinated notes and LLC equity interest subscriptions from its members. As of March 31, 2015, the Company and RGA owned 87.5% and 12.5%, respectively, of both the outstanding subordinated notes and LLC equity interests. Additionally, SLF has entered into a senior secured revolving credit facility (as amended, the “SLF Credit Facility”) with Wells Fargo Bank, N.A., through its wholly-owned subsidiary Senior Loan Fund II LLC (“SLF II”) which as of March 31, 2015 allowed SLF II to borrow up to \$150,000 at any one time outstanding, subject to leverage and borrowing base restrictions. As of March 31, 2015, SLF had subordinated note commitments from the Company and RGA totaling \$100,000, of which approximately \$47,494 and \$29,245 in aggregate principal amount was funded at March 31, 2015 and September 30, 2014, respectively. As of March 31, 2015, SLF had LLC equity interest subscriptions from the Company and RGA totaling \$25,000, of which approximately \$17,500 and \$10,649 in aggregate was called and contributed as of March 31, 2015 and September 30, 2014, respectively.

As of March 31, 2015 and September 30, 2014, SLF had total assets at fair value of \$193,997 and \$107,228, respectively. As of March 31, 2015 and September 30, 2014, none of these loans were on non-accrual status. The portfolio companies in SLF are in industries similar to those in which the Company may invest directly. Additionally, as of March 31, 2015 and September 30, 2014, SLF had commitments to fund various undrawn revolvers and delayed draw investments to its portfolio companies totaling \$12,471 and \$10,136, respectively.

Below is a summary of SLF’s portfolio, followed by a listing of the individual loans in SLF’s portfolio as of March 31, 2015 and September 30, 2014:

|           |               |
|-----------|---------------|
| As of     | As of         |
| March 31, | September 30, |

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|   | 2015       |   | 2014       |   |
|---|------------|---|------------|---|
| Senior secured loans <sup>(1)</sup>   | \$ 189,973 |   | \$ 103,695 |   |
| Weighted average current interest rate on senior secured loans <sup>(2)</sup> | 5.5        | % | 5.2        | % |
| Number of borrowers in SLF  | 50         |   | 31         |   |
| Largest loan to a single borrower <sup>(1)</sup>                              | \$ 9,031   |   | \$ 8,229   |   |
| Total of five largest loans to borrowers <sup>(1)</sup>                       | \$ 40,008  |   | \$ 31,132  |   |

(1) At principal/par amount.

(2) Computed as the (a) annual stated interest rate on accruing senior secured loans, divided by (b) total senior secured loans at principal/par amount.



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(In thousands, except shares and per share data)

## SLF Loan Portfolio as of March 31, 2015

| Portfolio Company   | Business Description                                     | Security Type | Maturity Date | Current Interest Rate <sup>(1)</sup> | Principal/Par Amount | Fair Value <sup>(2)</sup> |
|---|--|---------------|---------------|--------------------------------------|----------------------|---------------------------|
| 1011778 B.C. ULC<br>(Burger King Worldwide, Inc. )<br>5.11, Inc. <sup>(3)</sup> | Beverage, Food and Tobacco                               | Senior loan   | 10/2021       | 4.5 %                                | \$ 2,973             | \$3,006                   |
| Acosta, Inc.  | Textiles and Leather<br>Diversified Conglomerate Service | Senior loan   | 02/2020       | 6.0                                  | 3,273                | 3,281                     |
| ACTIVE Network, Inc.  | Electronics  | Senior loan   | 09/2021       | 5.0                                  | 2,993                | 3,027                     |
| Aderant North America, Inc.   | Diversified Conglomerate Service                         | Senior loan   | 11/2020       | 5.5                                  | 1,975                | 1,973                     |
| Advanced Pain Management Holdings, Inc.,  | Diversified Conglomerate Service                         | Senior loan   | 12/2018       | 5.3                                  | 4,220                | 4,220                     |
| Advanced Pain Management Holdings, Inc.,  | Healthcare, Education and Childcare                      | Senior loan   | 02/2018       | 6.3                                  | 7,065                | 7,065                     |
| Advanced Pain Management Holdings, Inc.,  | Healthcare, Education and Childcare                      | Senior loan   | 02/2018       | 6.3                                  | 483                  | 483                       |
| Affordable Care Inc.  | Personal, Food and Miscellaneous Services                | Senior loan   | 12/2018       | 5.5                                  | 3,996                | 3,996                     |
| ARG IH Corporation <sup>(3)</sup>   | Beverage, Food and Tobacco                               | Senior loan   | 11/2020       | 4.8                                  | 2,140                | 2,152                     |
| Atkins Nutritionals, Inc <sup>(3)</sup>   | Beverage, Food and Tobacco                               | Senior loan   | 01/2019       | 6.3                                  | 6,000                | 5,985                     |
| Atrium Innovations  | Personal and Non Durable Consumer Products               | Senior loan   | 02/2021       | 4.3                                  | 3,538                | 3,476                     |
| BJ's Wholesale Club, Inc.   | Retail Stores  | Senior loan   | 09/2019       | 4.5                                  | 2,970                | 2,976                     |
| Blue Coat Systems, Inc.   | Electronics  | Senior loan   | 05/2019       | 4.0                                  | 1,980                | 1,982                     |
| BMC Software, Inc.  | Electronics  | Senior loan   | 09/2020       | 5.0                                  | 1,905                | 1,868                     |
| Brasa (Holdings) Inc.   | Personal, Food and Miscellaneous Services                | Senior loan   | 07/2019       | 5.0                                  | 8,187                | 8,197                     |
| Brickman Group Ltd. LLC   | Farming and Agriculture                                  | Senior loan   | 12/2020       | 4.0                                  | 1,990                | 1,985                     |
| C.B. Fleet Company, Incorporated  | Personal and Non Durable Consumer Products               | Senior loan   | 10/2020       | 5.5                                  | 5,659                | 5,659                     |
| C.B. Fleet Company, Incorporated  | Personal and Non Durable Consumer Products               | Senior loan   | 10/2020       | 5.5                                  | 412                  | 412                       |
|   |  | Senior loan   | 12/2020       | 5.8                                  | 4,440                | 4,417                     |

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|  |   |             |         |                    |       |       |   |
|--|---|-------------|---------|--------------------|-------|-------|---|
| CLP Healthcare Services, Inc.                                    | Healthcare, Education and Childcare                           |             |         |                    |       |       |   |
| Connect Merger Sub, Inc.   | Telecommunications  | Senior loan | 04/2020 | 4.8                | 3,955 | 3,909 |   |
| CPI Buyer, LLC (Cole-Parmer) <sup>(3)</sup>                      | Healthcare, Education and Childcare                           | Senior loan | 08/2021 | 5.5                | 5,985 | 5,992 |   |
| Curo Health Services LLC <sup>(3)</sup>                          | Healthcare, Education and Childcare                           | Senior loan | 02/2022 | 6.5                | 6,000 | 6,032 |   |
| Dell, Inc.   | Electronics   | Senior loan | 04/2020 | 4.5                | 1,975 | 1,991 |   |
| Dialysis Newco, Inc.   | Healthcare, Education and Childcare                           | Senior loan | 04/2021 | 4.5                | 2,481 | 2,488 |   |
| EAG, INC. (Evans Analytical Group)                               | Diversified/Conglomerate Service                              | Senior loan | 07/2017 | 5.0                | 2,332 | 2,332 |   |
| Federal-Mogul Corporation  | Automobile  | Senior loan | 04/2021 | 4.8                | 3,980 | 3,976 |   |
| GSDM Holdings Corp. <sup>(3)</sup>                               | Healthcare, Education and Childcare                           | Senior loan | 06/2019 | 5.3                | 1,791 | 1,791 |   |
| Hygenic Corporation, The (Performance Health) <sup>(3)</sup>     | Personal and Non Durable Consumer Products                    | Senior loan | 10/2020 | 6.0                | 4,527 | 4,459 |   |
| Hygenic Corporation, The (Performance Health) <sup>(3) (4)</sup> | Personal and Non Durable Consumer Products                    | Senior loan | 10/2019 | N/A <sup>(5)</sup> | -     | (4)   | ) |
| K&N Engineering, Inc. <sup>(3)</sup>                             | Automobile  | Senior loan | 07/2019 | 5.3                | 3,884 | 3,884 |   |
| Mister Car Wash Holdings, Inc.                                   | Automobile  | Senior loan | 08/2021 | 5.0                | 2,985 | 3,004 |   |
| National Veterinary Associates, Inc.                             | Personal, Food and Miscellaneous Services                     | Senior loan | 08/2021 | 5.0                | 995   | 998   |   |
| Northwestern Management Services, LLC (Gentle Dental)            | Healthcare, Education and Childcare                           | Senior loan | 10/2017 | 6.5                | 3,941 | 3,941 |   |
| Northwestern Management Services, LLC (Gentle Dental)            | Healthcare, Education and Childcare                           | Senior loan | 10/2017 | 7.3                | 67    | 67    |   |
| Northwestern Management Services, LLC (Gentle Dental)            | Healthcare, Education and Childcare                           | Senior loan | 10/2017 | 6.5                | 47    | 47    |   |
| Paradigm DKD Group, LLC  | Buildings and Real Estate                                     | Senior loan | 11/2018 | 6.0                | 2,047 | 1,884 |   |
| Paradigm DKD Group, LLC  | Buildings and Real Estate                                     | Senior loan | 11/2018 | 6.0                | 360   | 302   |   |
| Paradigm Management Services, LLC <sup>(3)</sup>                 | Healthcare, Education and Childcare                           | Senior loan | 01/2019 | 5.5                | 6,216 | 6,216 |   |
| Pasternack Enterprises, Inc.                                     | Diversified Conglomerate Manufacturing                        | Senior loan | 12/2017 | 6.3                | 1,067 | 1,067 |   |
| Payless ShoeSource, Inc.   | Retail Stores   | Senior loan | 03/2021 | 5.0                | 1,985 | 1,899 |   |
| Plano Molding Company, LLC <sup>(3)</sup>                        | Home and Office Furnishings, Housewares, and Durable Consumer | Senior loan | 10/2018 | 5.3                | 1,792 | 1,792 |   |

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|   |   |             |         |     |            |            |
|---|---|-------------|---------|-----|------------|------------|
| Print Payroll Services, LLC                               | Diversified Conglomerate Service                              | Senior loan | 06/2019 | 6.0 | 3,140      | 3,055      |
| Print Payroll Services, LLC                               | Diversified Conglomerate Service                              | Senior loan | 06/2019 | 6.0 | 362        | 362        |
| R.G. Barry Corporation                                    | Personal, Food and Miscellaneous Services                     | Senior loan | 09/2019 | 6.0 | 6,744      | 6,744      |
| Reliant Pro ReHab, LLC <sup>(3)</sup>                     | Healthcare, Education and Childcare                           | Senior loan | 06/2017 | 6.0 | 4,274      | 4,274      |
| Renaissance Pharma (U.S.) Holdings Inc.                   | Healthcare, Education and Childcare                           | Senior loan | 05/2018 | 5.0 | 3,926      | 3,926      |
| Renaissance Pharma (U.S.) Holdings Inc.                   | Healthcare, Education and Childcare                           | Senior loan | 05/2018 | 6.3 | 128        | 128        |
| Rubio's Restaurants, Inc (MRCC) <sup>(3)</sup>            | Retail Stores   | Senior loan | 11/2018 | 6.0 | 5,235      | 5,235      |
| Rug Doctor LLC <sup>(3)</sup>                             | Personal and Non Durable Consumer Products                    | Senior loan | 12/2016 | 6.3 | 4,810      | 4,810      |
| Scientific Games International, Inc.                      | Hotels, Motels, Inns, and Gaming                              | Senior loan | 10/2020 | 6.0 | 3,955      | 3,973      |
| Self Esteem Brands, LLC <sup>(3)</sup>                    | Leisure, Amusement, Motion Pictures, Entertainment            | Senior loan | 02/2020 | 5.0 | 8,497      | 8,497      |
| Smashburger Finance LLC                                   | Beverage, Food and Tobacco                                    | Senior loan | 05/2018 | 5.5 | 965        | 965        |
| Syncsort Incorporated <sup>(3)</sup>                      | Electronics   | Senior loan | 03/2019 | 5.8 | 9,031      | 9,031      |
| Systems Maintenance Services Holding, Inc. <sup>(3)</sup> | Electronics   | Senior loan | 10/2019 | 5.3 | 2,427      | 2,427      |
| Take 5 Oil Change, L.L.C. <sup>(3)</sup>                  | Automobile  | Senior loan | 07/2018 | 5.8 | 1,422      | 1,422      |
| Take 5 Oil Change, L.L.C. <sup>(3)</sup>                  | Automobile  | Senior loan | 07/2018 | 5.8 | 21         | 21         |
| W3 Co.  | Oil and Gas   | Senior loan | 03/2020 | 5.8 | 2,970      | 2,599      |
| WII Components, Inc. <sup>(3)</sup>                       | Home and Office Furnishings, Housewares, and Durable Consumer | Senior loan | 07/2018 | 5.5 | 3,180      | 3,180      |
| WII Components, Inc. <sup>(3)</sup>                       | Home and Office Furnishings, Housewares, and Durable Consumer | Senior loan | 07/2018 | 6.8 | 16         | 16         |
| Young Innovations, Inc. <sup>(3)</sup>                    | Healthcare, Education and Childcare                           | Senior loan | 01/2019 | 5.3 | 4,095      | 4,095      |
| Young Innovations, Inc. <sup>(3)</sup>                    | Healthcare, Education and Childcare                           | Senior loan | 01/2018 | 6.5 | 164        | 164        |
|   |   |             |         |     | \$ 189,973 | \$ 189,151 |

(1) Represents the weighted average annual current interest rate as of March 31, 2015. All interest rates are payable in cash.

(2)

Represents the fair value in accordance with ASC Topic 820. The determination of such fair value is not included in the Board's valuation process described elsewhere herein.

(3) The Company also holds a portion of the first lien senior secured loan in this portfolio company.

(4) The negative fair value is the result of the unfunded commitment being valued below par.

(5) The entire commitment was unfunded at March 31, 2015. As such, no interest is being earned on this investment.

**Golub Capital BDC, Inc. and Subsidiaries****Notes to Unaudited Consolidated Financial Statements**

(In thousands, except shares and per share data)

## SLF Loan Portfolio as of September 30, 2014

| Portfolio Company                                   | Business Description                                 | Security Type | Maturity Date | Current Interest Rate <sup>(1)</sup> | Principal/Par Amount | Fair Value <sup>(2)</sup> |
|---|--|---------------|---------------|--------------------------------------|----------------------|---------------------------|
| 5.11, Inc. <sup>(3)</sup>                           | Textiles and Leather                                 | Senior loan   | 02/2020       | 6.0 %                                | \$ 3,290             | \$3,294                   |
| ACTIVE Network, Inc.                                | Electronics  | Senior loan   | 11/2020       | 5.5                                  | 1,985                | 1,975                     |
| ARG IH Corporation <sup>(3)</sup>                   | Beverage, Food and Tobacco                           | Senior loan   | 11/2020       | 4.8                                  | 2,151                | 2,152                     |
| Atrium Innovations                                  | Personal and Non Durable Consumer Products           | Senior loan   | 02/2021       | 4.3                                  | 3,556                | 3,498                     |
| BJ's Wholesale Club, Inc.                           | Retail Stores  | Senior loan   | 09/2019       | 4.5                                  | 2,985                | 2,944                     |
| Blue Coat Systems, Inc.                             | Electronics  | Senior loan   | 05/2019       | 4.0                                  | 1,990                | 1,958                     |
| BMC Software, Inc.                                  | Electronics  | Senior loan   | 09/2020       | 5.0                                  | 1,915                | 1,886                     |
| Brasa (Holdings) Inc.                               | Personal, Food and Miscellaneous Services            | Senior loan   | 07/2019       | 5.0                                  | 8,229                | 8,215                     |
| Connect Merger Sub, Inc.                            | Telecommunications                                   | Senior loan   | 04/2020       | 4.8                                  | 3,975                | 3,943                     |
| Dell, Inc.  | Electronics  | Senior loan   | 04/2020       | 4.5                                  | 1,985                | 1,974                     |
| Dialysis Newco, Inc.                                | Healthcare, Education and Childcare                  | Senior loan   | 04/2021       | 4.5                                  | 2,494                | 2,491                     |
| Diversified Foodservice Supply, Inc. <sup>(3)</sup> | Beverage, Food and Tobacco                           | Senior loan   | 12/2018       | 5.8                                  | 4,194                | 4,194                     |
| El Pollo Loco Inc. <sup>(3)</sup>                   | Personal, Food and Miscellaneous Services            | Senior loan   | 10/2018       | 5.3                                  | 4,740                | 4,758                     |
| Federal-Mogul Corporation                           | Automobile   | Senior loan   | 04/2021       | 4.8                                  | 4,000                | 3,972                     |
| GSDM Holdings Corp. <sup>(3)</sup>                  | Healthcare, Education and Childcare                  | Senior loan   | 06/2019       | 5.3                                  | 1,800                | 1,800                     |
| Nuveen Investments, Inc.                            | Finance  | Senior loan   | 05/2017       | 4.2                                  | 3,000                | 2,997                     |
| Paradigm DKD Group, LLC                             | Buildings and Real Estate                            | Senior loan   | 11/2018       | 5.8                                  | 2,058                | 2,058                     |
| Paradigm DKD Group, LLC                             | Buildings and Real Estate                            | Senior loan   | 11/2018       | 5.8                                  | 468                  | 468                       |
| Paradigm Management Services, LLC <sup>(3)</sup>    | Healthcare, Education and Childcare                  | Senior loan   | 01/2019       | 5.5                                  | 6,247                | 6,247                     |
| Payless ShoeSource, Inc.                            | Retail Stores  | Senior loan   | 03/2021       | 5.0                                  | 1,995                | 1,925                     |
| Plano Molding Company, LLC <sup>(3)</sup>           | Home and Office Furnishings, Housewares, and Durable | Senior loan   | 10/2018       | 5.3                                  | 1,827                | 1,827                     |

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|   |   |             |         |                    |            |            |
|---|---|-------------|---------|--------------------|------------|------------|
| Print Payroll Services, LLC                               | Consumer Diversified Conglomerate Service                     | Senior loan | 06/2019 | 5.6                | 2,950      | 2,950      |
| Rug Doctor LLC <sup>(3)</sup>                             | Personal and Non Durable Consumer Products                    | Senior loan | 12/2016 | 6.3                | 4,939      | 4,939      |
| Rug Doctor LLC <sup>(3)</sup>                             | Personal and Non Durable Consumer Products                    | Senior loan | 12/2016 | 6.3                | 428        | 428        |
| Scientific Games International, Inc.                      | Hotels, Motels, Inns, and Gaming                              | Senior loan | 10/2020 | 4.3                | 3,975      | 3,905      |
| Self Esteem Brands, LLC <sup>(3)</sup>                    | Leisure, Amusement, Motion Pictures, Entertainment            | Senior loan | 02/2020 | 5.0                | 6,324      | 6,324      |
| Smashburger Finance LLC                                   | Beverage, Food and Tobacco                                    | Senior loan | 05/2018 | 5.5                | 970        | 970        |
| Syncsort Incorporated <sup>(3)</sup>                      | Electronics   | Senior loan | 03/2019 | 5.8                | 4,966      | 4,966      |
| Systems Maintenance Services Holding, Inc. <sup>(3)</sup> | Electronics   | Senior loan | 10/2019 | 5.0                | 2,439      | 2,439      |
| Take 5 Oil Change, L.L.C. <sup>(3)</sup>                  | Automobile  | Senior loan | 07/2018 | 6.3                | 1,429      | 1,429      |
| U.S. Water Services, Inc.                                 | Utilities   | Senior loan | 08/2018 | 5.8                | 3,461      | 3,461      |
| U.S. Water Services, Inc.                                 | Utilities   | Senior loan | 08/2018 | 6.8                | 386        | 386        |
| U.S. Water Services, Inc.                                 | Utilities   | Senior loan | 08/2018 | 5.8                | 165        | 165        |
| W3 Co.  | Oil and Gas   | Senior loan | 03/2020 | 5.8                | 2,985      | 2,981      |
| WII Components, Inc. <sup>(3)</sup>                       | Home and Office Furnishings, Housewares, and Durable Consumer | Senior loan | 07/2018 | 5.5                | 3,394      | 3,378      |
| WII Components, Inc. <sup>(3)</sup><br><sup>(4)</sup>     | Home and Office Furnishings, Housewares, and Durable Consumer | Senior loan | 07/2018 | N/A <sup>(5)</sup> | -          | (1 )       |
|   |   |             |         |                    | \$ 103,695 | \$ 103,296 |

(1) Represents the weighted average annual current interest rate as of September 30, 2014. All interest rates are payable in cash.

(2) Represents the fair value in accordance with ASC Topic 820. The determination of such fair value is not included in the Board's valuation process described elsewhere herein.

(3) The Company also holds a portion of the first lien senior secured loan in this portfolio company.

(4) The negative fair value is the result of the unfunded commitment being valued below par.

(5) The entire commitment was unfunded at September 30, 2014. As such, no interest is being earned on this investment.

The Company has committed to fund \$87,500 of subordinated notes and \$21,875 of LLC equity interest subscriptions to SLF. The amortized cost and fair value of the subordinated notes held by the Company was \$41,557 and \$41,557, respectively, as of March 31, 2015, and \$25,589 and \$25,589, respectively, as of September 30, 2014. As of March 31, 2015, the subordinated notes pay a weighted average interest rate of three-month London Interbank Offered Rate

("LIBOR") plus 8.0%. For the three and six months ended March 31, 2015, the Company earned interest income on the subordinated notes of \$652 and \$1,202, respectively. For the three and six months ended March 31, 2014, the Company earned interest income on the subordinated notes of \$556 and \$737, respectively. As of March 31, 2015 and September 30, 2014, \$15,312 and \$9,318 of the Company's LLC equity interest subscriptions to SLF had been called and contributed. For the three and six months ended March 31, 2015, the Company received \$314 and \$314 in dividend income from the SLF LLC equity interests, respectively. For the three and six months ended March 31, 2014, the Company received \$0 and \$0 in dividend income from the SLF LLC equity interests, respectively.

**Golub Capital BDC, Inc. and Subsidiaries****Notes to Unaudited Consolidated Financial Statements**

(In thousands, except shares and per share data)

Below is certain summarized financial information for SLF as of March 31, 2015 and September 30, 2014 and for the three and six months ended March 31, 2015 and 2014:

|  | As of March 31,<br>2015 | As of September<br>30, 2014 |
|--|-------------------------|-----------------------------|
| Selected Balance Sheet Information:            |                         |                             |
| Investments in loans receivable, at fair value | \$ 189,151              | \$ 103,296                  |
| Cash and other assets                          | 4,846                   | 3,932                       |
| Total assets                                   | \$ 193,997              | \$ 107,228                  |
| Senior credit facility                         | \$ 121,300              | \$ 66,600                   |
| Payable for open trades                        | 6,000                   | -                           |
| Other liabilities                              | 1,537                   | 822                         |
| Total liabilities                              | 128,837                 | 67,422                      |
| Subordinated notes and members' equity         | 65,160                  | 39,806                      |
| Total liabilities and net assets               | \$ 193,997              | \$ 107,228                  |

|  | Three months ended<br>March 31, |           | Six months ended March<br>31, |          |
|--|---------------------------------|-----------|-------------------------------|----------|
|  | 2015                            | 2014      | 2015                          | 2014     |
| Selected Statement of Operations Information:  |                                 |           |                               |          |
| Interest income  | \$ 2,041                        | \$ 778    | \$ 3,641                      | \$ 1,111 |
| Fee income   | 2                               | 2         | 4                             | 2        |
| Total investment income  | 2,043                           | 780       | 3,645                         | 1,113    |
| Interest expense   | 1,408                           | 749       | 2,516                         | 955      |
| Administrative service fee   | 49                              | 36        | 96                            | 52       |
| Management and incentive fees  | -                               | -         | -                             | -        |
| Other expenses   | 23                              | 25        | 48                            | 34       |
| Total expenses   | 1,480                           | 810       | 2,660                         | 1,041    |
| Net investment income  | 563                             | (30 )     | 985                           | 72       |
| Net change in unrealized appreciation (depreciation) on investments and subordinated notes | 80                              | (515 )    | (372 )                        | 127      |
| Net increase (decrease) in net assets  | \$ 643                          | \$ (545 ) | \$ 613                        | \$ 199   |





**Golub Capital BDC, Inc. and Subsidiaries****Notes to Unaudited Consolidated Financial Statements**

(In thousands, except shares and per share data)

## Note 5.

## Transactions with Affiliated Companies

An affiliated company is a company in which the Company has an ownership of 5% or more of its voting securities. A controlled affiliate is a company in which the Company owns more than 25% of its voting securities. Transactions related to our investments with both controlled and non-controlled affiliates for the six months ended March 31, 2015 were as follows:

| Portfolio   | Fair value at      | Purchases        | Redemptions | Sales       | Discount    | Net realized gains | Net unrealized gains / (losses) | Fair value at    | Interest and    | Dividend      |
|---|--------------------|------------------|-------------|-------------|-------------|--------------------|---------------------------------|------------------|-----------------|---------------|
| Company   | September 30, 2014 | (cost)           | (cost)      | (cost)      | accretion   | on (losses)        |                                 | March 31, 2015   | fee income      | income        |
| <b>Controlled Affiliates</b>                          |                    |                  |             |             |             |                    |                                 |                  |                 |               |
| Senior Loan Fund LLC *                                | \$ 34,831          | \$ 21,962        | \$ -        | \$ -        | \$ -        | \$ -               | \$ 222                          | \$ 57,015        | \$ 1,202        | \$ 314        |
| <b>Non-Controlled Affiliates</b>                      |                    |                  |             |             |             |                    |                                 |                  |                 |               |
| Barcelona Restaurants, LLC                            | 3,080              | -                | -           | -           | -           | -                  | 671                             | 3,751            | -               | -             |
| <b>Total Controlled and Non-Controlled Affiliates</b> | <b>\$ 37,911</b>   | <b>\$ 21,962</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b>        | <b>\$ 893</b>                   | <b>\$ 60,766</b> | <b>\$ 1,202</b> | <b>\$ 314</b> |

Together with RGA, the Company co-invests through SLF. SLF is capitalized as transactions are completed and all portfolio and investment decisions in respect to SLF must be approved by the SLF investment committee consisting of two representatives of the Company and RGA (with unanimous approval required from (i) one representative of each of the Company and RGA or (ii) both representatives of each of the Company and RGA). Therefore, although the Company owns more than 25% of the voting securities of SLF (even though these "voting securities" do not afford the Company the right to elect directors of SLF or any other special rights), the Company does not believe that it has control over SLF for purposes of the 1940 Act or otherwise.

## Note 6.

## Fair Value Measurements

The Company follows ASC Topic 820 for measuring fair value. Fair value is the price that would be received in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, fair value is based on observable market prices or parameters, or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models are applied. These valuation models involve some level of management estimation and judgment, the degree of which is dependent on the price transparency for the assets or liabilities or market and the assets' or liabilities' complexity. The Company's fair value analysis includes an analysis of the value of any unfunded loan commitments. Assets and liabilities are categorized for disclosure purposes based upon the level of judgment associated with the inputs used to measure their value. The valuation hierarchical levels are based upon the transparency of the inputs to the valuation of the asset or liability as of the measurement date. The three levels are defined as follows:

*Level 1:* Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

*Level 2:* Inputs include quoted prices for similar assets or liabilities in active markets and inputs that are observable for the assets or liabilities, either directly or indirectly, for substantially the full term of the assets or liabilities.

*Level 3:* Inputs include significant unobservable inputs for the assets or liabilities and include situations where there is little, if any, market activity for the assets or liabilities. The inputs into the determination of fair value are based upon the best information available and may require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an asset's or a liability's categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability. The Company assesses the levels of assets and liabilities at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfers. There were no transfers among Level 1, 2 and 3 of the fair value hierarchy for assets and liabilities during the three and six months ended March 31, 2015 and 2014. The following section describes the valuation techniques used by the Company to measure different assets and liabilities at fair value and includes the level within the fair value hierarchy in which the assets and liabilities are categorized.

## **Golub Capital BDC, Inc. and Subsidiaries**

### **Notes to Unaudited Consolidated Financial Statements**

(In thousands, except shares and per share data)

#### **Investments**

Level 1 investments are valued using quoted market prices. Level 2 investments are valued using market consensus prices that are corroborated by observable market data and quoted market prices for similar assets and liabilities. Level 3 investments are valued at fair value as determined in good faith by the Board, based on input of management, the audit committee and independent valuation firms that have been engaged at the direction of the Board to assist in the valuation of each portfolio investment without a readily available market quotation at least once during a trailing twelve-month period under a valuation policy and a consistently applied valuation process. This valuation process is conducted at the end of each fiscal quarter, with approximately 25% (based on fair value) of the Company's valuations of debt and equity investments without readily available market quotations subject to review by an independent valuation firm. All investments as of March 31, 2015 and September 30, 2014, with the exception of money market funds included in cash and cash equivalents (Level 1 investments), were valued using Level 3 inputs of the fair value hierarchy.

When determining fair value of Level 3 debt and equity investments, the Company may take into account the following factors, where relevant: the enterprise value of a portfolio company, the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons to publicly traded securities, and changes in the interest rate environment and the credit markets generally that may affect the price at which similar investments may be made and other relevant factors. The primary method for determining enterprise value uses a multiple analysis whereby appropriate multiples are applied to the portfolio company's net income before net interest expense, income tax expense, depreciation and amortization ("EBITDA"). The enterprise value analysis is performed to determine the value of equity investments and to determine if debt investments are credit impaired. If debt investments are credit impaired, the Company will use the enterprise value analysis or a liquidation basis analysis to determine fair value. For debt investments that are not determined to be credit impaired, the Company uses a market interest rate yield analysis to determine fair value.

In addition, for certain debt investments, the Company may base its valuation on indicative bid and ask prices provided by an independent third party pricing service. Bid prices reflect the highest price that the Company and others may be willing to pay. Ask prices represent the lowest price that the Company and others may be willing to accept. The Company generally uses the midpoint of the bid/ask range as its best estimate of fair value of such investment.

Due to the inherent uncertainty of determining the fair value of Level 3 investments that do not have a readily available market value, the fair value of the investments may differ significantly from the values that would have been used had a ready market existed for such investments and may differ materially from the values that may ultimately be received or settled. Further, such investments are generally subject to legal and other restrictions or otherwise are less liquid than publicly traded instruments. If the Company were required to liquidate a portfolio investment in a forced or liquidation sale, the Company may realize significantly less than the value at which such investment had previously been recorded.

The Company's investments are subject to market risk. Market risk is the potential for changes in the value due to market changes. Market risk is directly impacted by the volatility and liquidity in the markets in which the investments are traded.

**Golub Capital BDC, Inc. and Subsidiaries****Notes to Unaudited Consolidated Financial Statements**

(In thousands, except shares and per share data)

**Secured Borrowings**

The Company has elected the fair value option under ASC Topic 825 — *Financial Instruments* relating to accounting for debt obligations at their fair value for its secured borrowings which arose due to partial loan sales which did not meet the criteria for sale treatment under ASC Topic 860. The Company reports changes in the fair value of its secured borrowings as a component of the net change in unrealized (appreciation) depreciation on secured borrowings in the consolidated statements of operations. The net gain or loss reflects the difference between the fair value and the principal amount due on maturity.

All secured borrowings as of March 31, 2015 and September 30, 2014 were valued using Level 3 inputs under the fair value hierarchy, and the Company's approach to determining fair value of Level 3 secured borrowings is consistent with its approach to determining fair value of the Level 3 investments that are associated with these secured borrowings as previously described.

The following tables present fair value measurements of the Company's investments and secured borrowings and indicates the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair value as of March 31, 2015 and September 30, 2014:

| As of March 31, 2015:                | Fair Value Measurements Using |         |             |             |
|--------------------------------------|-------------------------------|---------|-------------|-------------|
| Description                          | Level 1                       | Level 2 | Level 3     | Total       |
| Assets:                              |                               |         |             |             |
| Debt investments <sup>(1)</sup>      | \$-                           | \$ -    | \$1,359,692 | \$1,359,692 |
| Equity investments <sup>(1)</sup>    | -                             | -       | 63,371      | 63,371      |
| Money market funds <sup>(1)(2)</sup> | 45,161                        | -       | -           | 45,161      |
| Total assets:                        | \$45,161                      | \$ -    | \$1,423,063 | \$1,468,224 |
| Secured borrowings:                  | \$-                           | \$ -    | \$372       | \$372       |

| As of September 30, 2014:       | Fair Value Measurements Using |         |             |             |
|---------------------------------|-------------------------------|---------|-------------|-------------|
| Description                     | Level 1                       | Level 2 | Level 3     | Total       |
| Assets:                         |                               |         |             |             |
| Debt investments <sup>(1)</sup> | \$-                           | \$ -    | \$1,292,851 | \$1,292,851 |

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|                                      |          |      |             |             |
|--------------------------------------|----------|------|-------------|-------------|
| Equity investments <sup>(1)</sup>    | -        | -    | 54,761      | 54,761      |
| Money market funds <sup>(1)(2)</sup> | 37,199   | -    | -           | 37,199      |
| Total assets:                        | \$37,199 | \$ - | \$1,347,612 | \$1,384,811 |
| Secured borrowings:                  | \$-      | \$ - | \$389       | \$389       |

(1) Refer to the consolidated schedules of investments for further details.

<sup>(2)</sup> Included in cash and cash equivalents and restricted cash and cash equivalents on the consolidated statements of financial condition.

**Golub Capital BDC, Inc. and Subsidiaries****Notes to Unaudited Consolidated Financial Statements**

(In thousands, except shares and per share data)

The net change in unrealized appreciation (depreciation) for the three and six months ended March 31, 2015 reported within the net change in unrealized appreciation (depreciation) on investments in the Company's consolidated statements of operation attributable to the Company's Level 3 assets held as of March 31, 2015 was \$1,122 and \$4,075, respectively. The net change in unrealized appreciation (depreciation) for the three and six months ended March 31, 2014 reported within the net change in unrealized appreciation (depreciation) on investments in the Company's consolidated statements of operation attributable to the Company's Level 3 assets held as of March 31, 2014 was \$1,183 and \$4,801, respectively.

The following table presents the changes in investments and secured borrowings measured at fair value using Level 3 inputs for the six months ended March 31, 2015 and 2014:

|  | For the six months ended March 31, 2015 |                       |                      |                       |
|--|---|-----------------------|----------------------|-----------------------|
|  | Debt<br>Investments                     | Equity<br>Investments | Total<br>Investments | Secured<br>borrowings |
| Fair value, beginning of period  | \$ 1,292,851                            | \$ 54,761             | \$ 1,347,612         | \$ 389                |
| Net change in unrealized appreciation (depreciation) on investments        | (1,834 )                                | 306                   | (1,528 )             | -                     |
| Net change in unrealized appreciation (depreciation) on secured borrowings | -                                       | -                     | -                    | (1 )                  |
| Realized gain (loss) on investments  | 611                                     | 5,638                 | 6,249                | -                     |
| Fundings of revolving loans, net   | 4,261                                   | -                     | 4,261                | -                     |
| Fundings of investments  | 280,189                                 | 10,145                | 290,334              | -                     |
| PIK interest   | 584                                     | -                     | 584                  | -                     |
| Proceeds from principal payments and sales of portfolio investments        | (220,460 )                              | (7,479 )              | (227,939 )           | -                     |
| Proceeds from secured borrowings   | -                                       | -                     | -                    | -                     |
| Repayments on secured borrowings   | -                                       | -                     | -                    | (17 )                 |
| Accretion of discounts and amortization of premiums                        | 3,490                                   | -                     | 3,490                | 1                     |
| Fair value, end of period  | \$ 1,359,692                            | \$ 63,371             | \$ 1,423,063         | \$ 372                |

For the six months ended March 31, 2014



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|   | Debt<br>Investments | Equity<br>Investments | Total<br>Investments | Secured<br>borrowings |
|---|---------------------|-----------------------|----------------------|-----------------------|
| Fair value, beginning of period                                     | \$ 990,172          | \$ 34,473             | \$ 1,024,645         | \$ 8,809              |
| Net change in unrealized appreciation on investments                | 2,168               | 5,141                 | 7,309                | -                     |
| Net change in unrealized appreciation on secured borrowings         | -                   | -                     | -                    | 88                    |
| Realized gain / (loss) gain on investments                          | (4,435 )            | (472 )                | (4,907 )             | -                     |
| Fundings of revolving loans, net                                    | (2,295 )            | -                     | (2,295 )             | -                     |
| Fundings of investments   | 424,369             | 8,747                 | 433,116              | -                     |
| PIK interest  | (582 )              | -                     | (582 )               | -                     |
| Proceeds from principal payments and sales of portfolio investments | (205,039 )          | (2,297 )              | (207,336 )           | -                     |
| Proceeds from secured borrowings                                    | -                   | -                     | -                    | 23,365                |
| Repayments on secured borrowings                                    | -                   | -                     | -                    | (14,095 )             |
| Amortization of discount and premium                                | 3,647               | -                     | 3,647                | 55                    |
| Fair value, end of period   | \$ 1,208,005        | \$ 45,592             | \$ 1,253,597         | \$ 18,222             |

**Golub Capital BDC, Inc. and Subsidiaries****Notes to Unaudited Consolidated Financial Statements**

(In thousands, except shares and per share data)

The following tables present quantitative information about the significant unobservable inputs of the Company's Level 3 investments and secured borrowings as of March 31, 2015 and September 30, 2014.

**Quantitative information about Level 3 Fair Value Measurements**

|  | Fair<br>value as<br>of<br>March<br>31, 2015 | Valuation Techniques                                   | Unobservable Input  | Range (Weighted   |
|--|---|--|---|---|
| <b>Assets:</b>                                       |   |  |   |   |
| Senior secured loans <sup>(1)(2)(3)</sup>            | \$172,298                                   | Market rate approach<br>Market comparable companies    | Market interest rate<br>EBITDA multiples  | 4.5% - 27.8% (6.0%)<br>4.5x - 17.5x (10.0x)                         |
| Subordinated Notes of SLF                            | \$41,557                                    | Discounted cash flow analysis                          | Discount rate   | 8.2%  |
| One stop loans <sup>(1)(4)(5)</sup>                  | \$990,144                                   | Market rate approach<br>Market comparable<br>companies | Market interest rate<br>EBITDA multiples <sup>(6)</sup><br>Revenue multiples <sup>(6)</sup> | 7.0% - 11.0% (10.0%)<br>4.5x - 30.0x (10.0x)<br>1.5x - 11.0x (4.7x) |
| Subordinated and second lien loans <sup>(1)(7)</sup> | \$42,231                                    | Market rate approach<br>Market comparable companies    | Market interest rate<br>EBITDA multiples  | 9.0% - 13.5% (9.0%)<br>7.5x - 16.3x (12.3x)                         |
| Equity securities <sup>(8)</sup>                     | \$47,913                                    | Market comparable companies                            | EBITDA multiples <sup>(9)</sup><br>Revenue multiples <sup>(9)</sup>                         | 4.5x - 17.3x (10.2x)<br>2.0x - 7.0x (3.2x)                          |
| <b>Liabilities:</b>                                  |   |  |   |   |
| Secured borrowings <sup>(10)</sup>                   | \$372                                       | Market rate approach<br>Market comparable companies    | Market interest rate<br>EBITDA multiples  | 6.0%<br>30.0x   |

The fair value of this asset class was determined using the market rate approach as the investments in this asset class were determined not to be credit impaired using the market comparable companies approach. The unobservable <sup>(1)</sup> inputs for both valuation techniques have been presented, but the fair value as of March 31, 2015 was determined using the market rate approach.

<sup>(2)</sup> Excludes \$40,067 of loans at fair value, which the Company valued using indicative bid and ask prices provided by an independent third party pricing service.

- (3) Excludes \$5 of non-accrual loans at fair value, which the Company valued on a liquidation basis.
- (4) Excludes \$49,186 of loans at fair value, which the Company valued using indicative bid and ask prices provided by an independent third party pricing service.
- (5) Excludes \$3,204 of non-accrual loans at fair value, which the Company valued on a liquidation basis.
- (6) The Company valued \$824,036 and \$166,108 of one stop loans using EBITDA and revenue multiples, respectively. All one stop loans were also valued using the market rate approach.
- (7) Excludes \$21,000 of loans at fair value, which the Company valued using indicative bid and ask prices provided by an independent third party pricing service.
- (8) Excludes \$15,458 of LLC equity interests in SLF at fair value, which the Company valued using the net asset value.
- (9) The Company valued \$44,886 and \$3,027 of equity investments using EBITDA and revenue multiples, respectively.
- (10) The fair value of the secured borrowings was determined using the market rate approach as the corresponding investments were determined not to be credit impaired using the market comparable companies approach. The unobservable inputs for both valuation techniques have been presented, but the fair value as of March 31, 2015 was determined using the market rate approach.

**Golub Capital BDC, Inc. and Subsidiaries****Notes to Unaudited Consolidated Financial Statements**

(In thousands, except shares and per share data)

**Quantitative information about Level 3 Fair Value Measurements**

|  | Fair value as<br>of<br>September 30,<br>2014 | Valuation Techniques             | Unobservable Input  | Range (Weighted Average)                   |
|--|--|----------------------------------|---|--|
| <b>Assets:</b>                                       |  |                                  |   |  |
| Senior secured loans<br>(1)(2)(3)                    | \$ 227,431                                   | Market rate approach             | Market interest rate  | 4.5% - 33.8% (7.3%)                        |
|  |  | Market comparable companies      | EBITDA multiples <sup>(4)</sup><br>Revenue multiples <sup>(4)</sup>   | 5.0x - 14.8x (9.1x)<br>0.8x - 4.3x (3.1x)  |
| Subordinated Notes of<br>SLF                         | \$ 25,589                                    | Discounted cash flow<br>analysis | Discount rate   | 8.0%                                       |
| One stop loans <sup>(1)(5)(6)</sup>                  | \$ 883,582                                   | Market rate approach             | Market interest rate  | 5.0% - 43.3% (8.2%)                        |
|  |  | Market comparable companies      | EBITDA multiples <sup>(7)</sup><br>Revenue multiples <sup>(7)</sup>   | 5.5x - 30.0x (9.8x)<br>2.8x - 11.0x (6.1x) |
| Subordinated and<br>second lien loans <sup>(8)</sup> | \$ 42,418                                    | Market rate approach             | Market interest rate  | 9.0% - 12.0% (8.9%)                        |
|  |  | Market comparable companies      | EBITDA multiples  | 9.0x - 16.3x (12.4x)                       |
| Equity securities <sup>(9)</sup>                     | \$ 45,519                                    | Market comparable companies      | EBITDA multiples <sup>(10)</sup><br>Revenue multiples <sup>(10)</sup> | 4.5x - 18.0x (10.0x)<br>2.8x - 3.8x (3.5x) |
| <b>Liabilities:</b>                                  |  |                                  |   |  |
| Secured borrowings<br>(11)                           | \$ 389                                       | Market rate approach             | Market interest rate  | 6.0%                                       |
|  |  | Market comparable companies      | EBITDA multiples  | 30.0x                                      |

The fair value of this asset class was determined using the market rate approach as the investments in this asset class were determined not to be credit impaired using the market comparable companies approach. The unobservable inputs for both valuation techniques have been presented, but the fair value as of September 30, 2014 was determined using the market rate approach.

(2)

Excludes \$35,423 of loans at fair value, which the Company valued using indicative bid and ask prices provided by an independent third party pricing service.

- (3) Excludes \$5 of non-accrual loans at fair value, which the Company valued on a liquidation basis.
- (4) The Company valued \$180,334 and \$47,097 of senior secured loans using EBITDA and revenue multiples, respectively. All senior secured loans were also valued using the market rate approach.
- (5) Excludes \$55,280 of loans at fair value, which the Company valued using indicative bid and ask prices provided by an independent third party pricing service.
- (6) Excludes \$1,867 of loans at fair value, which the Company valued on a liquidation basis.
- (7) The Company valued \$800,306 and \$83,276 of one stop loans using EBITDA and revenue multiples, respectively. All one stop loans were also valued using the market rate approach.
- (8) Excludes \$21,256 of loans at fair value, which the Company valued using indicative bid and ask prices provided by an independent third party pricing service.
- (9) Excludes \$9,242 of LLC equity interests in SLF at fair value, which the Company valued using the net asset value.
- (10) The Company valued \$43,518 and \$2,001 of equity securities using EBITDA and revenue multiples, respectively. The fair value of the secured borrowings was determined using the market rate approach as the corresponding investments were determined not to be credit impaired using the market comparable companies approach. The unobservable inputs for both valuation techniques have been presented, but the fair value as of September 30, 2014 was determined using the market rate approach.
- (11)

The above tables are not intended to be all-inclusive but rather to provide information on significant unobservable inputs and valuation techniques used by the Company.

The significant unobservable inputs used in the fair value measurement of the Company's debt and equity investments and secured borrowings are EBITDA multiples, revenue multiples and market interest rates. The Company uses EBITDA multiples and, to a lesser extent revenue multiples, on its debt and equity investments and secured borrowings to determine any credit gains or losses. Significant increases or decreases in either of these inputs in isolation would result in a significantly lower or higher fair value measurement. The Company uses market interest rates for loans to determine if the effective yield on a loan is commensurate with the market yields for that type of loan. If a loan's effective yield is significantly less than the market yield for a similar loan with a similar credit profile, then the resulting fair value of the loan may be lower.

## Other Financial Assets and Liabilities

ASC Topic 820 requires disclosure of the fair value of financial instruments for which it is practical to estimate such value. As a result, with the exception of the line item titled "debt" which is reported at cost, all assets and liabilities approximate fair value on the consolidated statements of financial condition due to their short maturity. Fair value of the Company's debt is estimated using Level 3 inputs by discounting remaining payments using comparable market rates or market quotes for similar instruments at the measurement date, if available.

**Golub Capital BDC, Inc. and Subsidiaries****Notes to Unaudited Consolidated Financial Statements**

(In thousands, except shares and per share data)

The following are the carrying values and fair values of the Company's debt as of March 31, 2015 and September 30, 2014. Fair value is estimated using Level 3 inputs by discounting remaining payments using applicable market rates or market quotes for similar instruments at the measurement date, if available.

| As of March 31, 2015 |            | As of September 30, 2014 |            |
|----------------------|------------|--------------------------|------------|
| Carrying Value       | Fair Value | Carrying Value           | Fair Value |
| Debt \$754,450       | \$751,514  | \$697,150                | \$693,869  |

**Note 7.****Borrowings**

In accordance with the 1940 Act, with certain limited exceptions, the Company is only allowed to borrow amounts such that its asset coverage, as defined in the 1940 Act, is at least 200% after such borrowing. On September 13, 2011, the Company received exemptive relief from the SEC allowing it to modify the asset coverage requirement to exclude the SBA debentures from this calculation. As such, the Company's ratio of total consolidated assets to outstanding indebtedness may be less than 200%. This provides the Company with increased investment flexibility but also increases its risks related to leverage. As of March 31, 2015, the Company's asset coverage for borrowed amounts was 234.6%.

**Debt Securitizations:** On July 16, 2010, the Company completed a \$300,000 term debt securitization ("as amended, 2010 Debt Securitization"). The notes ("2010 Notes") offered in the 2010 Debt Securitization were issued by the 2010 Issuer, a subsidiary of Golub Capital BDC 2010-1 Holdings LLC ("Holdings"), a direct subsidiary of the Company, and the Class A 2010 Notes and Class B 2010 Notes are secured by the assets held by the 2010 Issuer. The 2010 Debt Securitization consists of \$203,000 of Aaa/AAA Class A 2010 Notes of the 2010 Issuer which, as amended, bear interest at three-month LIBOR plus 1.74%. The \$12,000 face amount of Class B 2010 Notes bears interest at a rate of three-month LIBOR plus 2.40%. In partial consideration for the loans transferred to the 2010 Issuer as part of the 2010 Debt Securitization, Holdings currently retains all of the Subordinated 2010 Notes and all of the membership interests in the 2010 Issuer, which Holdings initially purchased for two hundred and fifty dollars. The Class A 2010 Notes and Class B 2010 Notes are included in the March 31, 2015 and September 30, 2014 consolidated statements of financial condition as debt of the Company. As of March 31, 2015 and September 30, 2014, the Subordinated 2010 Notes were eliminated in consolidation.

Through July 20, 2015, all principal collections received on the underlying collateral may be used by the 2010 Issuer to purchase new collateral under the direction of the Investment Adviser in its capacity as collateral manager of the 2010 Issuer and in accordance with the Company's investment strategy, allowing the Company to maintain the leverage in the 2010 Debt Securitization. The 2010 Notes are scheduled to mature on July 20, 2023.

As of March 31, 2015 and September 30, 2014, there were 79 and 85 portfolio companies with a total fair value of \$334,186 and \$337,763, respectively, securing the 2010 Notes.

The interest charged under the 2010 Debt Securitization is based on three-month LIBOR, which as of March 31, 2015 was 0.3%. For the three and six months ended March 31, 2015 and 2014, the components of interest expense, cash paid for interest, average interest rates and average outstanding balances for the 2010 Debt Securitization were as follows:

**Golub Capital BDC, Inc. and Subsidiaries****Notes to Unaudited Consolidated Financial Statements**

(In thousands, except shares and per share data)

As of March 31, 2015 and September 30, 2014, there were 79 and 85 portfolio companies with a total fair value of \$334,186 and \$337,763, respectively, securing the 2010 Notes. The pool of loans in the 2010 Debt Securitization must meet certain requirements, including asset mix and concentration, collateral coverage, term, agency rating, minimum coupon, minimum spread and sector diversity requirements.

The interest charged under the 2010 Debt Securitization is based on three-month LIBOR, which as of March 31, 2015 was 0.3%. For the three and six months ended March 31, 2015 and 2014, the components of interest expense, cash paid for interest, average interest rates and average outstanding balances for the 2010 Debt Securitization were as follows:

|  | For the three months ended March 31, |            | For the six months ended March 31, |            |
|--|--------------------------------------|------------|------------------------------------|------------|
|  | 2015                                 | 2014       | 2015                               | 2014       |
| Stated interest expense                          | \$ 1,090                             | \$ 1,083   | \$ 2,193                           | \$ 2,152   |
| Amortization of debt issuance costs              | 223                                  | 141        | 451                                | 283        |
| Total interest and other debt financing expenses | \$ 1,313                             | \$ 1,224   | \$ 2,644                           | \$ 2,435   |
| Cash paid for interest expense                   | \$ 1,103                             | \$ 1,109   | \$ 2,196                           | \$ 2,113   |
| Annualized average stated interest rate          | 2.1 %                                | 2.0 %      | 2.0 %                              | 2.0 %      |
| Average outstanding balance                      | \$ 215,000                           | \$ 215,000 | \$ 215,000                         | \$ 211,703 |

The classes, amounts, ratings and interest rates (expressed as a spread to three-month LIBOR) of the Class A and B 2010 Notes are as follows:

| Description        | Class A 2010 Notes           | Class B 2010 Notes           |
|--------------------|------------------------------|------------------------------|
| Type               | Senior Secured Floating Rate | Senior Secured Floating Rate |
| Amount Outstanding | \$203,000                    | \$12,000                     |
| Moody's Rating     | "Aaa"                        | "Aa"                         |
| S&P Rating         | "AAA"                        | "AA"                         |
| Interest Rate      | LIBOR + 1.74%                | LIBOR + 2.40%                |
| Stated Maturity    | July 20, 2023                | July 20, 2023                |



On June 5, 2014, the Company completed a \$402,569 term debt securitization (“2014 Debt Securitization”). The notes (“2014 Notes”) offered in the 2014 Debt Securitization were issued by the 2014 Issuer, a wholly-owned subsidiary of the Company, and are secured by a diversified portfolio of senior secured and second lien loans held by the 2014 Issuer. The 2014 Debt Securitization consists of \$191,000 of Aaa/AAA Class A-1 2014 Notes which bear interest at three-month LIBOR plus 1.75%, \$20,000 of Aaa/AAA Class A-2 2014 Notes which bear interest at a rate of three-month LIBOR plus 1.45% through December 4, 2015 and three-month LIBOR plus 1.95% thereafter and \$35,000 of Aa2/AA Class B 2014 Notes which bear interest at a rate of three-month LIBOR plus 2.50%. In partial consideration for the loans transferred to the 2014 Issuer as part of the 2014 Debt Securitization, the Company received \$119,069 of LLC equity interests in the 2014 Issuer. The Company retained all of the Class C 2014 Notes and LLC equity interests totaling \$37,500 and \$119,069, respectively. The Class A-1, Class A-2 and Class B 2014 Notes are included in the March 31, 2015 consolidated statements of financial condition as debt of the Company. As of March 31, 2015, the Class C 2014 Notes and LLC equity interests were eliminated in consolidation.

Through April 28, 2018, all principal collections received on the underlying collateral may be used by the 2014 Issuer to purchase new collateral under the direction of the Investment Adviser in its capacity as collateral manager of the 2014 Issuer and in accordance with the Company’s investment strategy, allowing the Company to maintain the initial leverage in the 2014 Debt Securitization. The 2014 Notes are scheduled to mature on April 25, 2026.

**Golub Capital BDC, Inc. and Subsidiaries****Notes to Unaudited Consolidated Financial Statements**

(In thousands, except shares and per share data)

As of March 31, 2015 and September 30, 2014, there were 71 and 69 portfolio companies with a total fair value of \$389,609 and \$371,764, respectively, securing the 2014 Notes.

The interest charged under the 2014 Debt Securitization is based on three-month LIBOR, which as of March 31, 2015 was 0.3%. For the three and six months ended March 31, 2015 and 2014, the components of interest expense, cash paid for interest, annualized average interest rates and average outstanding balances for the 2014 Debt Securitization were as follows:

|  | For the three months ended March 31, |       | For the six months ended March 31, |       |
|--|--------------------------------------|-------|------------------------------------|-------|
|  | 2015                                 | 2014  | 2015                               | 2014  |
| Stated interest expense                          | \$ 1,281                             | N/A   | \$ 2,571                           | N/A   |
| Amortization of debt issuance costs              | 158                                  | N/A   | 318                                | N/A   |
| Total interest and other debt financing expenses | \$ 1,439                             | N/A   | \$ 2,889                           | N/A   |
| Cash paid for interest expense                   | \$ 1,285                             | N/A   | \$ 3,296                           | N/A   |
| Annualized average stated interest rate          | 2.1                                  | % N/A | 2.1                                | % N/A |
| Average outstanding balance                      | \$ 246,000                           | N/A   | \$ 246,000                         | N/A   |

The classes, amounts, ratings and interest rates (expressed as a spread to three-month LIBOR) of the Class A-1, A-2 and B 2014 Notes are as follows:

| Description        | Class A-1 2014 Notes         | Class A-2 2014 Notes         | Class B 2014 Notes           |
|--------------------|------------------------------|------------------------------|------------------------------|
| Type               | Senior Secured Floating Rate | Senior Secured Floating Rate | Senior Secured Floating Rate |
| Amount Outstanding | \$191,000                    | \$20,000                     | \$35,000                     |
| Moody's Rating     | "Aaa"                        | "Aaa"                        | "Aa2"                        |
| S&P Rating         | "AAA"                        | "AAA"                        | "AA"                         |
| Interest Rate      | LIBOR + 1.75%                | LIBOR + 1.45% <sup>(1)</sup> | LIBOR + 2.50%                |
| Stated Maturity    | April 25, 2026               | April 25, 2026               | April 25, 2026               |

(1) The Class A-2 Notes bear interest at three-month LIBOR plus 1.45% through December 4, 2015 and three-month LIBOR plus 1.95% thereafter.

The Investment Adviser serves as collateral manager to the 2010 Issuer and the 2014 Issuer under separate collateral management agreements and receives a fee for providing these services. The total fees payable by the Company under its Investment Advisory Agreement are reduced by an amount equal to the total aggregate fees that are paid to the Investment Adviser by the 2010 Issuer and the 2014 Issuer for rendering such collateral management services.

As part of each of the 2010 Debt Securitization and the 2014 Debt Securitization, the Company entered into master loan sale agreements under which the Company agreed to directly or indirectly sell or contribute certain senior secured and second lien loans (or participation interests therein) to the 2010 Issuer and the 2014 Issuer, as applicable, and to purchase or otherwise acquire the Subordinated 2010 Notes and the LLC equity interests in the 2014 Issuer, as applicable. The 2010 Notes (other than the 2010 Subordinated Notes) and the 2014 Notes are the secured obligations of the 2010 Issuer and 2014 Issuer, respectively, and indentures governing each of the 2010 Notes and the 2014 Notes include customary covenants and events of default. The pool of loans in the 2010 Debt Securitization and the 2014 Debt Securitization must meet certain requirements, including asset mix and concentration, collateral coverage, term, agency rating, minimum coupon, minimum spread and sector diversity requirements.

**SBA Debentures:** On August 24, 2010, GC SBIC IV, L.P. ("SBIC IV"), a wholly-owned subsidiary of the Company, received approval for a license from the SBA to operate as an SBIC. On December 5, 2012, GC SBIC V, L.P. ("SBIC V"), a wholly owned subsidiary of the Company, received a license from the SBA to operate as an SBIC. SBICs are subject to a variety of regulations and oversight by the SBA concerning the size and nature of the companies in which they may invest as well as the structures of those investments.

**Golub Capital BDC, Inc. and Subsidiaries****Notes to Unaudited Consolidated Financial Statements**

(In thousands, except shares and per share data)

The licenses allow GBDC's SBICs to obtain leverage by issuing SBA-guaranteed debentures, subject to issuance of a capital commitment by the SBA and customary procedures. These debentures are non-recourse to GBDC, have interest payable semiannually and a ten-year maturity. The interest rate is fixed at the time of issuance at a market-driven spread over U.S. Treasury Notes with ten-year maturities.

Under present SBIC regulations, the maximum amount of SBA-guaranteed debentures that may be issued by multiple licensees under common management is \$225,000 and the maximum amount that may be issued by a single SBIC licensee is \$150,000. As of March 31, 2015, SBIC IV and SBIC V had \$150,000 and \$58,750 of outstanding SBA-guaranteed debentures, respectively, leaving incremental borrowing capacity of \$16,250 for SBIC V under present SBIC regulations. As of September 30, 2014, SBIC IV and SBIC V had \$150,000 and \$58,750, respectively, of outstanding SBA-guaranteed debentures.

SBIC IV and SBIC V may each borrow up to two times the amount of its regulatory capital, subject to customary regulatory requirements. As of March 31, 2015, GBDC had committed and funded \$75,000 to SBIC IV and SBIC IV had SBA-guaranteed debentures of \$150,000 outstanding that mature between March 2021 and September 2024. As of March 31, 2015, the Company had committed and funded \$37,500 to SBIC V, and SBIC V had SBA-guaranteed debentures of \$58,750 outstanding that mature between September 2023 and September 2024.

The interest rate on \$208,750 of outstanding debentures is fixed at an average annualized interest rate of 3.7%. For the three and six months ended March 31, 2015 and 2014, the components of interest expense, cash paid for interest, average interest rates and average outstanding balances for the SBA debentures were as follows:

|  | For the three months ended March 31, |            | For the six months ended March 31, |            |  |  |   |
|--|--------------------------------------|------------|------------------------------------|------------|--|--|---|
|  | 2015                                 | 2014       | 2015                               | 2014       |  |  |   |
| Stated interest expense                          | \$ 1,892                             | \$ 1,623   | \$ 3,827                           | \$ 3,216   |  |  |   |
| Amortization of debt issuance costs              | 476                                  | 230        | 964                                | 456        |  |  |   |
| Total interest and other debt financing expenses | \$ 2,368                             | \$ 1,853   | \$ 4,791                           | \$ 3,672   |  |  |   |
| Cash paid for interest expense                   | \$ 3,791                             | \$ 3,079   | \$ 3,791                           | \$ 3,079   |  |  |   |
| Annualized average stated interest rate          | 3.7                                  | % 3.3      | % 3.7                              | % 3.4      |  |  | % |
| Average outstanding balance                      | \$ 208,750                           | \$ 197,741 | \$ 208,750                         | \$ 190,060 |  |  |   |

**Revolving Credit Facility:** On July 21, 2011, Funding, a wholly-owned subsidiary of the Company, entered into a senior secured revolving credit facility (as amended, the “Credit Facility”) with Wells Fargo Securities, LLC, as administrative agent, and Wells Fargo Bank, N.A., as lender, which as of March 31, 2015 allowed Funding to borrow up to \$150,000 at any one time outstanding, subject to leverage and borrowing base restrictions.

On October 17, 2014, the Company and Funding amended the Credit Facility to, among other things, extend the reinvestment period during which Funding can draw under the Credit Facility from October 21, 2014 to November 22, 2015, and extended the stated maturity date from October 22, 2018 to October 17, 2019.

On December 18, 2014, the Company and Funding amended the Credit Facility to, among other things, allow for the addition of a second lender under the facility.

Through the reinvestment period, the Credit Facility bears interest at one-month LIBOR plus 2.25% per annum. After the reinvestment period, the rate will reset to one-month LIBOR plus 2.75% per annum for the remaining term of the Credit Facility. In addition to the stated interest expense on the Credit Facility, the Company is required to pay a non-usage fee rate between 0.50% and 2.00% per annum depending on the size of the unused portion of the Credit Facility.

**Golub Capital BDC, Inc. and Subsidiaries****Notes to Unaudited Consolidated Financial Statements**

(In thousands, except shares and per share data)

The Credit Facility is collateralized by all of the assets held by Funding, and GBDC has pledged its interests in Funding as collateral to Wells Fargo Bank, N.A., as the collateral agent, under an ancillary agreement to secure the obligations of GBDC as the transferor and servicer under the Credit Facility. Both GBDC and Funding have made customary representations and warranties and are required to comply with various covenants, reporting requirements and other customary requirements for similar credit facilities. Borrowing under the Credit Facility is subject to the leverage restrictions contained in the 1940 Act.

The Company plans to transfer certain loans and debt securities it has originated or acquired from time to time to Funding through a purchase and sale agreement and may cause Funding to originate or acquire loans in the future, consistent with the Company's investment objectives.

As of March 31, 2015 and September 30, 2014, the Company had outstanding debt under the Credit Facility of \$84,700 and \$27,400, respectively. For the three and six months ended March 31, 2015, the Company had borrowings on the Credit Facility of \$76,550 and \$110,100 and repayments on the Credit Facility of \$36,750 and \$52,800, respectively. For the three and six months ended March 31, 2014, the Company had borrowings on the Credit Facility of \$138,850 and \$325,450 and repayments on the Credit Facility of \$150,800 and \$201,050, respectively. For the three and six months ended March 31, 2015 and 2014, the components of interest expense, cash paid for interest, annualized average interest rates and average outstanding balances for the Credit Facility were as follows:

|  | For the three months ended March 31, |            | For the six months ended March 31, |            |
|--|--------------------------------------|------------|------------------------------------|------------|
|  | 2015                                 | 2014       | 2015                               | 2014       |
| Stated interest expense                          | \$ 366                               | \$ 993     | \$ 508                             | \$ 1,633   |
| Facility fees                                    | 287                                  | 108        | 449                                | 276        |
| Amortization of debt issuance costs              | 183                                  | 84         | 332                                | 155        |
| Total interest and other debt financing expenses | \$ 836                               | \$ 1,185   | \$ 1,289                           | \$ 2,064   |
| Cash paid for interest expense                   | \$ 580                               | \$ 1,088   | \$ 850                             | \$ 1,672   |
| Annualized average stated interest rate          | 2.5 %                                | 2.4 %      | 2.5 %                              | 2.4 %      |
| Average outstanding balance                      | \$ 60,461                            | \$ 165,011 | \$ 41,554                          | \$ 133,950 |

**Revolver:** On November 22, 2013, Revolver Funding, a wholly-owned subsidiary of GBDC, entered into a \$15,000 revolving line of credit ("Revolver"), which may be increased up to \$30,000, with The PrivateBank and Trust Company

(“PrivateBank”).

Effective November 24, 2014, GBDC and Revolver Funding amended the Revolver to, among other things, (a) extend the stated maturity date from November 22, 2019 to November 22, 2020 and (b) extend the term under which borrowings under the Revolver bear an interest rate of either one-month, two-month or three-month LIBOR plus 3.50% per annum or PrivateBank’s prime rate plus 1.50% per annum through November 22, 2015 from November 22, 2014 and one-month, two-month or three-month LIBOR plus 2.50% per annum or PrivateBank’s prime rate plus 0.50% per annum for the period subsequent to November 22, 2015.

The Revolver is collateralized by all of the assets held by Revolver Funding. Both GBDC and Revolver Funding have made customary representations and warranties and are required to comply with various covenants, reporting requirements and other customary requirements for similar credit facilities. Borrowing under the Revolver is subject to the leverage restrictions contained in the 1940 Act. In addition, the Company pays a fee of 0.25% per annum on any unused portion of the Revolver.

**Golub Capital BDC, Inc. and Subsidiaries****Notes to Unaudited Consolidated Financial Statements**

(In thousands, except shares and per share data)

As of March 31, 2015 and September 30, 2014, the Company had no outstanding debt under the Revolver. For the three and six months ended March 31, 2015, the Company had no borrowings and repayments on the Revolver. For the three and six months ended March 31, 2014, the Company had borrowings of \$1,300 and repayments of \$500 on the Revolver. For the three and six months ended March 31, 2015 and 2014, the components of interest expense, cash paid for interest, annualized average interest rates and average outstanding balances for the Revolver were as follows:

|  | For the three months ended March 31, |        | For the six months ended March 31, |        |   |
|--|--------------------------------------|--------|------------------------------------|--------|---|
|  | 2015                                 | 2014   | 2015                               | 2014   |   |
| Stated interest expense                          | \$ -                                 | \$ 5   | \$ -                               | \$ 5   |   |
| Facility fees                                    | 9                                    | 9      | 19                                 | 13     |   |
| Amortization of debt issuance costs              | 48                                   | 5      | 70                                 | 6      |   |
| Total interest and other debt financing expenses | \$ 57                                | \$ 19  | \$ 89                              | \$ 24  |   |
| Cash paid for interest expense                   | \$ 9                                 | \$ 13  | \$ 19                              | \$ 17  |   |
| Annualized average stated interest rate          | N/A                                  | 3.7    | % N/A                              | 3.7    | % |
| Average outstanding balance                      | \$ -                                 | \$ 599 | \$ -                               | \$ 296 |   |

The average total debt outstanding (including the debt under the 2010 Debt Securitization, the 2014 Debt Securitization, SBA debentures, Credit Facility and Revolver) for the three and six months ended March 31, 2015 was \$730,211 and \$711,304, respectively. The average total debt outstanding (including the debt under the Debt Securitization, SBA debentures, Credit Facility and Revolver) for the three and six months ended March 31, 2014 was \$578,351 and \$536,009, respectively.

For the three and six months ended March 31, 2015, the effective annualized average interest rate, which includes amortization of debt financing costs and non-usage facility fees, on the Company's total debt outstanding (excluding secured borrowings) was 3.3% and 3.3%, respectively. For the three and six months ended March 31, 2014, the effective annualized average interest rate, which includes amortization of debt financing costs and non-usage facility fees, on the Company's total debt outstanding (excluding secured borrowings) was 3.0% and 3.1%, respectively.

A summary of the Company's maturity requirements for borrowings as of March 31, 2015 is as follows:



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|                          | Payments Due by Period |                     |           |           |                      |
|--------------------------|------------------------|---------------------|-----------|-----------|----------------------|
|                          | Total                  | Less Than<br>1 Year | 1-3 Years | 3-5 Years | More Than<br>5 Years |
| 2010 Debt Securitization | \$215,000              | \$ -                | \$ -      | \$ -      | \$ 215,000           |
| 2014 Debt Securitization | 246,000                | -                   | -         | -         | 246,000              |
| SBA debentures           | 208,750                | -                   | -         | -         | 208,750              |
| Credit Facility          | 84,700                 | -                   | -         | 84,700    | -                    |
| Revolver                 | -                      | -                   | -         | -         | -                    |
| Total borrowings         | \$754,450              | \$ -                | \$ -      | \$ 84,700 | \$ 669,750           |

**Golub Capital BDC, Inc. and Subsidiaries**

**Notes to Unaudited Consolidated Financial Statements**

(In thousands, except shares and per share data)

**Secured Borrowings:** Certain partial loan sales do not qualify for sale accounting under ASC Topic 860 because these sales do not meet the definition of a “participating interest”, as defined in the guidance, in order for sale treatment to be allowed. Participations or other partial loan sales which do not meet the definition of a participating interest remain as an investment on the consolidated statement of financial condition and the portion sold is recorded as a secured borrowing in the liabilities section of the consolidated statement of financial condition. For these partial loan sales, the interest earned on the entire loan balance is recorded within “interest income” and the interest earned by the buyer in the partial loan sale is recorded within “interest and other debt financing expenses” in the consolidated statement of operations.

As of March 31, 2015 and September 30, 2014, the Company recognized secured borrowings at fair value of \$372 and \$389, respectively, and the fair values of the loans that are associated with these secured borrowings was \$1,291 and \$1,325, respectively. These secured borrowings were the result of the Company’s completion of partial sales of one stop loans associated with two portfolio companies that did not meet the definition of a “participating interest”. As a result, sale treatment was not allowed and these partial loan sales were treated as secured borrowings.

During the three and six months ended March 31, 2015, there were no partial loan sales, no fundings on revolving and delayed draw secured borrowings and repayments on secured borrowings totaled \$9 and \$17, respectively. During the three and six months ended March 31, 2014, there were partial loan sales totaling \$2,068 and \$10,295, respectively, net fundings of revolving and delayed draw secured borrowings totaling \$1,860 and \$1,953, respectively, and repayments on secured borrowings totaled \$96 and \$2,978, respectively.

For the three and six months ended March 31, 2015, the effective annualized average interest rate on secured borrowings, which includes amortization of original issuance costs, was 4.5% and 4.5%, interest expense was \$4 and \$8 and amortization of original issue discount was \$1 and an amount less than \$1, respectively. For the three and six months ended March 31, 2014, the effective annualized average interest rate on secured borrowings, which includes amortization of original issuance costs, was 6.7% and 6.3%, interest expense was \$246 and \$382 and amortization of original issue discount was \$13 and \$55, respectively.

**Note 8.**

**Commitments and Contingencies**

**Commitments:** The Company had outstanding commitments to fund investments totaling \$135,203 and \$124,548 under various undrawn revolvers and other credit facilities as of March 31, 2015 and September 30, 2014, respectively.

**Indemnifications:** In the normal course of business, the Company enters into contracts and agreements that contain a variety of representations and warranties that provide general indemnifications. The Company's maximum exposure under these arrangements is unknown, as these involve future claims that may be made against the Company but that have not occurred. The Company expects the risk of any future obligations under these indemnifications to be remote.

**Off-balance sheet risk:** Off-balance sheet risk refers to an unrecorded potential liability that may result in a future obligation or loss, even though it does not appear on the consolidated statements of financial condition. The Company has entered and, in the future, may again enter into derivative instruments that contain elements of off-balance sheet market and credit risk. Derivative instruments can be affected by market conditions, such as interest rate volatility, which could impact the fair value of the derivative instruments. If market conditions move against the Company, it may not achieve the anticipated benefits of the derivative instruments and may realize a loss. The Company minimizes market risk through monitoring its investments and borrowings.

**Golub Capital BDC, Inc. and Subsidiaries**

**Notes to Unaudited Consolidated Financial Statements**

(In thousands, except shares and per share data)

**Concentration of credit and counterparty risk:** Credit risk arises primarily from the potential inability of counterparties to perform in accordance with the terms of the contract. The Company has engaged and, in the future, may engage again in derivative transactions with counterparties. In the event that the counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparties or issuers of the instruments. The Company's maximum loss that it could incur related to counterparty risk on derivative instruments is the value of the collateral for that respective derivative instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

**Legal proceedings:** In the normal course of business, the Company may be subject to legal and regulatory proceedings that are generally incidental to its ongoing operations. While there can be no assurance of the ultimate disposition of any such proceedings, the Company does not believe any disposition will have a material adverse effect on the Company's consolidated financial statements.

**Golub Capital BDC, Inc. and Subsidiaries****Notes to Unaudited Consolidated Financial Statements**

(In thousands, except shares and per share data)

**Note 9. Financial Highlights**

The financial highlights for the Company are as follows:

|  | Six months ended March 31, |   |            |   |
|--|----------------------------|---|------------|---|
|  | 2015                       |   | 2014       |   |
| Per share data <sup>(1)</sup> :  |                            |   |            |   |
| Net asset value at beginning of period   | \$ 15.55                   |   | \$ 15.21   |   |
| Net increase in net assets as a result of public offering                          | -                          |   | 0.18       |   |
| Dividends and distributions declared   | (0.64                      | ) | (0.64      | ) |
| Net investment income  | 0.60                       |   | 0.62       |   |
| Net realized gain (loss) on investments  | 0.13                       |   | (0.12      | ) |
| Net change in unrealized appreciation (depreciation) on investments                | (0.03                      | ) | 0.16       |   |
| Net asset value at end of period   | \$ 15.61                   |   | \$ 15.41   |   |
| Per share market value at end of period  | \$ 17.55                   |   | \$ 17.84   |   |
| Total return based on market value <sup>(2)</sup>                                  | 14.04                      | % | 6.70       | % |
| Total return based on average net asset value/members' equity *                    | 8.99                       | % | 8.73       | % |
| Shares outstanding at end of period  | 47,225,212                 |   | 46,857,608 |   |
| Ratios/Supplemental Data:  |                            |   |            |   |
| Ratio of expenses (without incentive fees) to average net assets/members' equity * | 6.63                       | % | 5.90       | % |
| Ratio of incentive fees to average net assets/members' equity *                    | 0.91                       | % | 1.41       | % |
| Ratio of total expenses to average net assets/members' equity *                    | 7.54                       | % | 7.31       | % |
| Ratio of net investment income to average net assets/members' equity               | 7.71                       | % | 8.03       | % |
| Net assets at end of period  | \$ 737,392                 |   | \$ 721,930 |   |
| Average debt outstanding   | \$ 711,304                 |   | \$ 536,009 |   |
| Average debt outstanding per share   | \$ 15.06                   |   | \$ 11.44   |   |
| Asset coverage ratio <sup>(3)</sup>  | 234.55                     | % | 285.50     | % |
| Portfolio turnover *   | 32.83                      | % | 35.63      | % |

\*

Annualized for a period less than one year.

(1)

Based on actual number of shares outstanding at the end of the corresponding period or the weighted average shares outstanding for the period, unless otherwise noted, as appropriate.

(2) Total return based on market value assumes dividends are reinvested.

In accordance with the 1940 Act, with certain limited exceptions (including the Company's exemptive relief related to SBA debentures), the Company is only allowed to borrow amounts such that its asset coverage, as defined in the 1940 Act, is at least 200% after such borrowing.

**Golub Capital BDC, Inc. and Subsidiaries****Notes to Unaudited Consolidated Financial Statements**

(In thousands, except shares and per share data)

**Note 10.****Earnings Per Share**

The following information sets forth the computation of the net increase in net assets per share resulting from operations for the three months and six ended March 31, 2015 and 2014:

|   | Three months ended March 31, |            | Six months ended March 31, |            |
|---|------------------------------|------------|----------------------------|------------|
|   | 2015                         | 2014       | 2015                       | 2014       |
| Earnings available to stockholders                    | \$ 17,861                    | \$ 14,089  | \$ 33,033                  | \$ 28,926  |
| Basic and diluted weighted average shares outstanding | 47,174,501                   | 43,754,776 | 47,147,555                 | 43,517,433 |
| Basic and diluted earnings per common share           | \$ 0.38                      | \$ 0.32    | \$ 0.70                    | \$ 0.66    |

**Note 11.****Dividends and Distributions**

The Company's dividends and distributions are recorded on the record date. The following table summarizes the Company's dividend declarations and distributions during six months ended March 31, 2015 and 2014:

| Date Declared                          | Record Date | Payment Date | Amount<br>Per Share | Cash<br>Distribution | DRIP Shares<br>Issued | DRIP Shares<br>Value |
|--|-------------|--------------|---------------------|----------------------|-----------------------|----------------------|
| <b>Six months ended March 31, 2015</b> |             |              |                     |                      |                       |                      |
| 02/3/2015                              | 03/20/2015  | 03/27/2015   | \$ 0.32             | \$ 14,187            | 53,694                | \$ 908               |
| 11/17/2014                             | 12/18/2014  | 12/29/2014   | \$ 0.32             | \$ 14,193            | 52,020                | \$ 885               |
| <b>Six months ended March 31, 2014</b> |             |              |                     |                      |                       |                      |
| 02/04/2014                             | 03/17/2014  | 03/28/2014   | \$ 0.32             | \$ 13,326            | 32,033                | \$ 539               |
| 11/26/2013                             | 12/17/2013  | 12/27/2013   | \$ 0.32             | \$ 13,092            | 42,643                | \$ 758               |

**Note 12.****Subsequent Events**

On April 10, 2015, the Company priced a public offering of 3,500,000 shares of its common stock at a public offering price of \$17.42 per share, raising \$60,970 in gross proceeds. On April 15, 2015, the transaction closed, the shares were issued, and proceeds, net of underwriting discounts and commissions but before expenses, of \$59,115 were received. The Company also granted the underwriters an option to purchase up to an additional 525,000 shares of common stock. Mr. William M. Webster IV, one of the Company's directors, purchased 5,000 shares in this offering at the public offering price per share.

On May 7, 2015, the Company sold an additional 502,292 shares of its common stock at a public offering price of \$17.42 per share pursuant to the underwriters' partial exercise of the option granted in connection with the public offering in April 2015.

On May 11, 2015, the Company's Board declared a quarterly distribution of \$0.32 per share payable on June 29, 2015 to holders of record as of June 18, 2015.



## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information contained in this section should be read in conjunction with our interim and unaudited consolidated financial statements and related notes thereto appearing elsewhere in this quarterly report on Form 10-Q. In this report, "we," "us," "our" and "Golub Capital BDC" refer to Golub Capital BDC, Inc. and its consolidated subsidiaries.

### Forward-Looking Statements

Some of the statements in this quarterly report on Form 10-Q constitute forward-looking statements, which relate to future events or our future performance or financial condition. The forward-looking statements contained in this quarterly report on Form 10-Q involve risks and uncertainties, including statements as to:

- our future operating results;
- our business prospects and the prospects of our portfolio companies;
- the effect of investments that we expect to make and the competition for those investments;
- our contractual arrangements and relationships with third parties;
- actual and potential conflicts of interest with, GC Advisors LLC, or GC Advisors, and other affiliates of Golub Capital Incorporated and Golub Capital LLC, collectively, Golub Capital;
- the dependence of our future success on the general economy and its effect on the industries in which we invest;
- the ability of our portfolio companies to achieve their objectives;
- the use of borrowed money to finance a portion of our investments;
- the adequacy of our financing sources and working capital;
- the timing of cash flows, if any, from the operations of our portfolio companies;
- general economic trends and other external factors;
- the ability of GC Advisors to locate suitable investments for us and to monitor and administer our investments;
- the ability of GC Advisors or its affiliates to attract and retain highly talented professionals;
- our ability to qualify and maintain our qualification as a regulated investment company, or RIC, and as a business development company;
- general price and volume fluctuations in the stock markets;
- the impact on our business of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules and regulations issued thereunder; and
- the effect of changes to tax legislation and our tax position.

Such forward-looking statements may include statements preceded by, followed by or that otherwise include the words "may," "might," "will," "intend," "should," "could," "can," "would," "expect," "believe," "estimate," "anticipate," "pre" or similar words. The forward looking statements contained in this quarterly report on Form 10-Q involve risks and uncertainties. Our actual results could differ materially from those implied or expressed in the forward-looking statements for any reason, including the factors set forth elsewhere in this quarterly report on Form 10-Q and as "Risk Factors" in our annual report on Form 10-K for the year ended September 30, 2014.



We have based the forward-looking statements included in this report on information available to us on the date of this report, and we assume no obligation to update any such forward-looking statements. Actual results could differ materially from those anticipated in our forward-looking statements and future results could differ materially from historical performance. Although we undertake no obligation to revise or update any forward-looking statements except as required by law, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we have filed or in the future may file with the Securities and Exchange Commission, or the SEC, including annual reports on Form 10-K, registration statements on Form N-2, quarterly reports on Form 10-Q and current reports on Form 8-K. This quarterly report on Form 10-Q contains statistics and other data that have been obtained from or compiled from information made available by third-party service providers. We have not independently verified such statistics or data.

## Overview

We are an externally managed, closed-end, non-diversified management investment company that has elected to be regulated as a business development company under the Investment Company Act of 1940, as amended, or the 1940 Act. In addition, for U.S. federal income tax purposes, we have elected to be treated as a RIC under Subchapter M of the Internal Revenue Code of 1986 as amended, or the Code. As a business development company and a RIC, we are also subject to certain constraints, including limitations imposed by the 1940 Act and the Code. We were formed in November 2009 to continue and expand the business of our predecessor, Golub Capital Master Funding LLC, which commenced operations in July 2007, in making investments in senior secured, one stop (a loan that combines characteristics of traditional first lien senior secured loans and second lien or subordinated loans), second lien and subordinated (a loan that ranks senior only to a borrower's equity securities and ranks junior to all of such borrower's other indebtedness in priority of payment) loans and warrants and minority equity securities of middle market companies that are, in most cases, sponsored by private equity firms.

Our shares are currently listed on The NASDAQ Global Select Market under the symbol "GBDC".

Our investment objective is to generate current income and capital appreciation by investing primarily in senior secured, one stop, second lien and subordinated loans of, and warrants and minority equity securities in, U.S. middle-market companies. We intend to achieve our investment objective by (1) accessing the established loan origination channels developed by Golub Capital, a leading lender to middle market companies with over \$10.0 billion in capital under management as of March 31, 2015, (2) selecting investments within our core middle market company focus, (3) partnering with experienced private equity firms, or sponsors, in many cases with whom we have invested alongside in the past, (4) implementing the disciplined underwriting standards of Golub Capital and (5) drawing upon the aggregate experience and resources of Golub Capital.

Our investment activities are managed by GC Advisors and supervised by our board of directors of which a majority of the members are independent.

Under an investment advisory agreement, or the Investment Advisory Agreement, which was most recently reapproved by our board of directors in May 2015, we have agreed to pay GC Advisors an annual base management fee based on our average adjusted gross assets as well as an incentive fee based on our investment performance. Under an administration agreement, or the Administration Agreement, we are provided with certain administrative services by an administrator, or the Administrator, which is currently Golub Capital LLC. Under the Administration Agreement, we have agreed to reimburse the Administrator for our allocable portion (subject to the review and approval of our independent directors) of overhead and other expenses incurred by the Administrator in performing its obligations under the Administration Agreement.

We seek to create a diverse portfolio that includes primarily senior secured, one stop, second lien and subordinated loans and warrants and minority equity securities by primarily investing approximately \$5.0 million to \$30.0 million of capital, on average, in the securities of U.S. middle market companies. We may also selectively invest more than \$30.0 million in some of our portfolio companies and generally expect that the size of our individual investments will vary proportionately with the size of our capital base.

We generally invest in securities that have been rated below investment grade by independent rating agencies or that would be rated below investment grade if they were rated. These securities, which may be referred to as “junk,” have predominantly speculative characteristics with respect to the issuer’s capacity to pay interest and repay principal. In addition, many of our debt investments have floating interest rates that reset on a periodic basis and typically do not fully pay down principal prior to maturity, which may increase our risk of losing part or all of our investment.

As of March 31, 2015 and September 30, 2014, our portfolio at fair value was comprised of the following:

| Investment<br>Type                         | As of March 31, 2015                              |                                       | As of September 30, 2014                       |                                       |   |
|--|---|---------------------------------------|--|---------------------------------------|---|
|  | Investments<br>at Fair Value<br>(In<br>thousands) | Percentage of<br>Total<br>Investments | Investments<br>at Fair Value<br>(In thousands) | Percentage of<br>Total<br>Investments |   |
| Senior secured                             | \$ 212,370  | 14.9                                  | % \$ 262,859                                   | 19.5                                  | % |
| One stop                                   | 1,042,534   | 73.3                                  | 940,729  | 69.8                                  |   |
| Second lien                                | 59,708  | 4.2                                   | 59,964   | 4.4                                   |   |
| Subordinated debt                          | 3,523   | 0.2                                   | 3,710  | 0.3                                   |   |
| Subordinated notes in SLF <sup>(1)</sup>   | 41,557  | 2.9                                   | 25,589   | 1.9                                   |   |
| LLC equity interests in SLF <sup>(1)</sup> | 15,458  | 1.1                                   | 9,242  | 0.7                                   |   |
| Equity                                     | 47,913  | 3.4                                   | 45,519   | 3.4                                   |   |
| Total                                      | \$ 1,423,063                                      | 100.0                                 | % \$ 1,347,612                                 | 100.0                                 | % |

<sup>(1)</sup> SLF's proceeds from the subordinated notes and LLC equity interests invested in SLF were utilized by SLF to invest in senior secured loans.

One stop loans include loans to technology companies undergoing strong growth due to new services, increased adoption and/or entry into new markets. We refer to loans to these companies as late stage lending loans. Other targeted characteristics of late stage lending businesses include strong customer revenue retention rates, a diversified customer base and backing from growth equity or venture capital firms. In some cases, the borrower’s high revenue growth is supported by a high level of discretionary spending. As part of the underwriting of such loans and consistent with industry practice, we may adjust our characterization of the earnings of such borrowers for a reduction or elimination of such discretionary expenses, if appropriate. As of March 31, 2015, one stop loans included \$166.1 million of late stage lending loans at fair value. During the three months ended December 31, 2014, we

recharacterized \$47.1 million of late stage lending loans at fair value from senior secured loans to one stop loans.

As of March 31, 2015 and September 30, 2014, we had debt and equity investments in 146 and 145 portfolio companies, respectively, and investments in subordinated notes and limited liability company, or LLC, equity interests in SLF.

The weighted average annualized income yield and weighted average annualized investment income yield of our income producing debt investments, which represented nearly 100% of our debt investments, for the three and six months ended March 31, 2015 and 2014 was as follows:

|   | For the three months ended<br>March 31, |   |      | For the six months ended<br>March 31, |     |      |     |   |
|---|---|---|------|---------------------------------------|-----|------|-----|---|
|   | 2015                                    |   | 2014 | 2015                                  |     | 2014 |     |   |
| Weighted average annualized income yield <sup>(1)</sup>               | 7.9                                     | % | 8.0  | %                                     | 7.8 | %    | 8.1 | % |
| Weighted average annualized investment<br>income yield <sup>(2)</sup> | 8.4                                     | % | 8.6  | %                                     | 8.3 | %    | 8.7 | % |

<sup>(1)</sup> Represents income from interest and fees excluding amortization of capitalized fees and discounts divided by the average fair value of earning debt investments.

<sup>(2)</sup> Represents income from interest, fees and amortization of capitalized fees and discounts divided by the average fair value of earning debt investments.

**Revenues:** We generate revenue in the form of interest and fee income on debt investments and capital gains and distributions, if any, on portfolio company investments that we originate or acquire. Our debt investments typically have a term of three to seven years and bear interest at a fixed or floating rate. In some instances, we receive payments on our debt investments based on scheduled amortization of the outstanding balances. In addition, we receive repayments of some of our debt investments prior to their scheduled maturity date. The frequency or volume of these repayments fluctuates significantly from period to period. Our portfolio activity also reflects the proceeds of sales of securities. In some cases, our investments provide for deferred interest payments or payment-in-kind, or PIK, interest. The principal amount of loans and any accrued but unpaid interest generally become due at the maturity date. In addition, we may generate revenue in the form of commitment, origination, amendment, structuring or due diligence fees, fees for providing managerial assistance and consulting fees. Loan origination fees, original issue discount and market discount or premium are capitalized, and we accrete or amortize such amounts as interest income. We record prepayment premiums on loans as fee income. For additional details on revenues, see “Critical Accounting Policies—Revenue Recognition”.

We recognize realized gains or losses on investments based on the difference between the net proceeds from the disposition and the cost basis of the investment or derivative instrument, without regard to unrealized gains or losses previously recognized. We record current period changes in fair value of investments and derivative instruments that are measured at fair value as a component of the net change in unrealized appreciation (depreciation) on investments in the consolidated statements of operations.





*Expenses:* Our primary operating expenses include the payment of fees to GC Advisors under the Investment Advisory Agreement, our allocable portion of overhead expenses under the Administration Agreement and other operating costs described below. We bear all out-of-pocket costs and expenses of our operations and transactions, including:

- organizational expenses;
- calculating our net asset value (including the cost and expenses of any independent valuation firm);
- fees and expenses incurred by GC Advisors payable to third parties, including agents, consultants or other advisors, in monitoring financial and legal affairs for us and in monitoring our investments and performing due diligence on our prospective portfolio companies or otherwise relating to, or associated with, evaluating and making investments, which fees and expenses may include, among other items, due diligence reports, appraisal reports, any studies that may be commissioned by GC Advisors and travel and lodging expenses;
- interest payable on debt, if any, incurred to finance our investments and expenses related to unsuccessful portfolio acquisition efforts;
- offerings of our common stock and other securities;
- investment advisory and management fees, including any incentive fees;
- administration fees and expenses, if any, payable under the Administration Agreement (including payments based upon our allocable portion of the Administrator's overhead in performing its obligations under the Administration Agreement, including rent and the allocable portion of the cost of our chief compliance officer, chief financial officer and their respective staffs);
- fees payable to third parties, including agents, consultants or other advisors, relating to, or associated with, evaluating and making investments in portfolio companies, including costs associated with meeting financial sponsors;
- transfer agent, dividend agent and custodial fees and expenses;
- U.S. federal and state registration and franchise fees;
- all costs of registration and listing our shares on any securities exchange;
- U.S. federal, state and local taxes;
- independent directors' fees and expenses;
- costs of preparing and filing reports or other documents required by the SEC or other regulators;
- costs of any reports, proxy statements or other notices to stockholders, including printing costs;
- costs associated with individual or group stockholders;
- costs associated with compliance under the Sarbanes-Oxley Act of 2002, as amended;
- our allocable portion of any fidelity bond, directors and officers/errors and omissions liability insurance, and any other insurance premiums;
- direct costs and expenses of administration, including printing, mailing, long distance telephone, copying, secretarial and other staff, independent auditors and outside legal costs;
- proxy voting expenses; and
- all other expenses incurred by us or the Administrator in connection with administering our business.

We expect our general and administrative expenses to be relatively stable or decline as a percentage of total assets during periods of asset growth and to increase during periods of asset declines.

GC Advisors, as collateral manager for Golub Capital BDC 2010-1 LLC, or the 2010 Issuer, under a collateral management agreement, or the 2010 Collateral Management Agreement, is entitled to receive an annual fee in an

amount equal to 0.35% of the principal balance of the portfolio loans held by the 2010 Issuer at the beginning of the collection period relating to each payment date, which is payable in arrears on each payment date. This fee, which is less than the management fee payable under the Investment Advisory Agreement, is paid directly by the 2010 Issuer to GC Advisors and offset against such management fee.

Under the 2010 Collateral Management Agreement, the term “collection period” refers to a quarterly period running from the day after the end of the prior collection period to the fifth business day of the calendar month in which a payment date occurs. The 2010 Collateral Management Agreement does not include any incentive fee payable to GC Advisors. In addition, the 2010 Issuer paid Wells Fargo Securities, LLC a structuring and placement fee for its services in connection with the initial structuring and subsequent amendment of a \$350.0 million term debt securitization, or the 2010 Debt Securitization. The 2010 Issuer also agreed to pay ongoing administrative expenses to the trustee, collateral manager, independent accountants, legal counsel, rating agencies and independent managers in connection with developing and maintaining reports, and providing required services in connection with the administration of the 2010 Debt Securitization.

GC Advisors, as collateral manager for Golub Capital BDC CLO 2014 LLC, or the 2014 Issuer, under a collateral management agreement, or the 2014 Collateral Management Agreement, is entitled to receive an annual fee in an amount equal to 0.25% of the principal balance of the portfolio loans held by the 2014 Issuer at the beginning of the collection period relating to each payment date, which is payable in arrears on each payment date. This fee, which is less than the management fee payable under the Investment Advisory Agreement, is paid directly by the 2014 Issuer to GC Advisors and offset against such management fee. Under the 2014 Collateral Management Agreement, the term “collection period” refers to a quarterly period running from the day after the end of the prior collection period to the tenth business day prior to the payment date. In addition, the 2014 Issuer paid Wells Fargo Securities, LLC a structuring and placement fee for its services in connection with the initial structuring of a \$402.6 million term debt securitization, or the 2014 Debt Securitization. The 2014 Issuer also agreed to pay ongoing administrative expenses to the trustee, collateral manager, independent accountants, legal counsel, rating agencies and independent managers in connection with developing and maintaining reports, and providing required services in connection with the administration of the 2014 Debt Securitization.

The administrative expenses of each of the 2010 Issuer and the 2014 Issuer are paid on each payment date in two parts: (1) a component that is paid in a priority to other amounts distributed by the 2010 Issuer or the 2014 Issuer, as applicable, subject to a cap equal to the sum of 0.04% per annum of the adjusted principal balance of the portfolio loans and other assets held by the 2010 Issuer or the 2014 Issuer, as applicable, on the last day of the collection period relating to such payment date, plus \$150,000 per annum, and (2) a component that is paid in a subordinated position relative to other amounts distributed by the 2010 Issuer or the 2014 Issuer, as applicable, equal to any amounts that exceed the aforementioned administrative expense cap. We believe that these administrative expenses approximate the amount of ongoing fees and expenses that we would be required to pay in connection with a traditional secured credit facility. Our common stockholders indirectly bear all of these expenses.

## Recent Developments

On April 10, 2015, we priced a public offering of 3,500,000 shares of our common stock at a public offering price of \$17.42 per share, raising approximately \$60.1 million in gross proceeds. On April 15, 2015, the transaction closed, the shares were issued, and proceeds, net of underwriting discounts and commissions but before expenses, of \$59.1 million were received. We have also granted the underwriters an option to purchase up to an additional 525,000 shares

of common stock. Mr. William M. Webster IV, one of our directors, purchased 5,000 shares in this offering at the public offering price per share.

On May 7, 2015, we sold an additional 502,292 shares of our common stock at a public offering price of \$17.42 per share pursuant to the underwriters' partial exercise of the option granted in connection with the public offering in April 2015.

On May 11, 2015, our board of directors declared a quarterly distribution of \$0.32 per share of our common stock payable on June 29, 2015 to holders of record as of June 18, 2015.

## Consolidated Results of Operations

Consolidated operating results for the three and six months ended March 31, 2015 and 2014 are as follows:

|   | For the three months<br>ended March 31, |              | Variances<br>2015 vs.<br>2014 | For the six months ended<br>March 31, |              | Variances<br>2015 vs.<br>2014 |
|---|---|--------------|-------------------------------|---------------------------------------|--------------|-------------------------------|
|   | 2015                                    | 2014         |                               | 2015                                  | 2014         |                               |
|   | (In thousands)                          |              |                               | (In thousands)                        |              |                               |
| Interest income   | \$ 25,017                               | \$ 22,681    | \$ 2,336                      | \$ 50,116                             | \$ 45,072    | \$ 5,044                      |
| Income from accretion of<br>discounts and origination fees  | 1,820                                   | 1,740        | 80                            | 3,490                                 | 3,647        | (157 )                        |
| Interest income from<br>subordinated notes in SLF   | 652                                     | 556          | 96                            | 1,202                                 | 737          | 465                           |
| Dividend income   | 377                                     | 262          | 115                           | 395                                   | 278          | 117                           |
| Fee income  | 595                                     | 21           | 574                           | 803                                   | 1,105        | (302 )                        |
| Total investment income   | 28,461                                  | 25,260       | 3,201                         | 56,006                                | 50,839       | 5,167                         |
| Total expenses  | 14,707                                  | 11,908       | 2,799                         | 27,695                                | 24,227       | 3,468                         |
| Net investment income   | 13,754                                  | 13,352       | 402                           | 28,311                                | 26,612       | 1,699                         |
| Net realized (losses) gains on<br>investments   | 4,523                                   | 87           | 4,436                         | 6,249                                 | (4,907 )     | 11,156                        |
| Net change in unrealized<br>appreciation (depreciation) on<br>investments and secured<br>borrowings | (416 )                                  | 650          | (1,066 )                      | (1,527 )                              | 7,221        | (8,748 )                      |
| Net income  | \$ 17,861                               | \$ 14,089    | \$ 3,772                      | \$ 33,033                             | \$ 28,926    | \$ 4,107                      |
| Average earning portfolio<br>company investments, at fair<br>value                                  | \$ 1,354,214                            | \$ 1,176,553 | \$ 177,661                    | \$ 1,337,503                          | \$ 1,133,808 | \$ 203,695                    |
| Average debt outstanding <sup>(1)</sup>   | \$ 730,211                              | \$ 578,351   | \$ 151,860                    | \$ 711,304                            | \$ 536,009   | \$ 175,295                    |

For the three and six months ending March 31, 2015, we have excluded \$0.4 million of secured borrowings, at fair (1) value, which were the result of participations and partial loan sales that did not meet the definition of a "participating interest", as defined in the guidance to ASC Topic 860.

Net income can vary substantially from period to period for various reasons, including the recognition of realized gains and losses and unrealized appreciation and depreciation. As a result, quarterly comparisons of net income may not be meaningful.

### ***Investment Income***

Investment income increased from the three months ended March 31, 2014 to the three months ended March 31, 2015 by \$3.2 million primarily as a result of an increase in the average earning investment balance, which is the annual average balance of accruing loans in our investment portfolio, of \$177.7 million and an increase in fee income of \$0.6 million. These increases were partially offset by market yield compression on new investments as highlighted in the table below.

Investment income increased from the six months ended March 31, 2014 to the six months ended March 31, 2015 by \$5.2 million primarily as a result of an increase in the average earning investment balance, which is the annual average balance of accruing loans in our investment portfolio, of \$203.7 million and an increase in interest income earned on the subordinated notes in SLF of \$0.5 million. These increases were partially offset by market yield compression on new investments as highlighted in the table below.

The annualized income yield by security type for the three and six months ended March 31, 2015 and 2014 was as follows:

|  | For the three months ended March 31, |   |      |   | For the six months ended March 31, |   |      |   |
|--|--------------------------------------|---|------|---|------------------------------------|---|------|---|
|  | 2015                                 |   | 2014 |   | 2015                               |   | 2014 |   |
| Senior secured                           | 6.3                                  | % | 7.0  | % | 6.3                                | % | 7.1  | % |
| One stop                                 | 8.1                                  | % | 8.2  | % | 8.1                                | % | 8.4  | % |
| Second lien                              | 9.6                                  | % | 9.8  | % | 9.5                                | % | 10.8 | % |
| Subordinated debt                        | 8.5                                  | % | 8.8  | % | 8.4                                | % | 12.0 | % |
| Subordinated notes in SLF <sup>(1)</sup> | 8.3                                  | % | 7.2  | % | 8.3                                | % | 6.1  | % |

<sup>(1)</sup> SLF's proceeds from the subordinated notes were utilized by SLF to fund senior secured loans.

Annualized income yields on senior secured and one stop loans have declined for the three and six months ended March 31, 2015 compared to the three and six months ended March 31, 2014 primarily due to a general trend of interest rate compression on new investments. The decrease in yield on second lien debt is primarily attributable to repayments of high yielding second lien investments since March 31, 2014 and the inclusion of \$0.4 million of prepayment fees during the six months ended March 31, 2014. The decrease in yield on subordinated debt is primarily due to repayments in subordinated debt investments and the lower current yield on the two remaining subordinated debt investments as of March 31, 2015 as shown in the Consolidated Schedule of Investments. The income yield on subordinated notes of SLF increased for the three and six months ended March 31, 2015 compared to the three and six months ended March 31, 2014 as the spread on the subordinated notes was increased to the London Interbank Offered Rate, or LIBOR, plus 8.0% from LIBOR plus 4.0% subsequent to the closing of SLF's senior secured revolving credit facility, or, as amended, the SLF Credit Facility, with Wells Fargo Bank, N.A., in January 2014.

For additional details on investment yields and asset mix, refer to the "*Liquidity and Capital Resources - Portfolio Composition, Investment Activity and Yield*" section below.

**Expenses**

The following table summarizes our expenses:

|   | For the three months<br>ended March 31, |           | Variances<br>2015 vs.<br>2014 | For the six months<br>ended March 31, |           | Variances<br>2015 vs.<br>2014 |
|---|---|-----------|-------------------------------|---------------------------------------|-----------|-------------------------------|
|   | 2015                                    | 2014      |                               | 2015                                  | 2014      |                               |
|   | (In thousands)                          |           |                               | (In thousands)                        |           |                               |
| Interest and other debt financing expenses    | \$ 6,017                                | \$ 4,540  | \$ 1,477                      | \$ 11,711                             | \$ 8,632  | \$ 3,079                      |
| Base management fee                           | 4,855                                   | 4,185     | 670                           | 9,677                                 | 8,009     | 1,668                         |
| Income Incentive Fee                          | 1,220                                   | 1,656     | (436 )                        | 2,152                                 | 4,688     | (2,536 )                      |
| Capital gain incentive fee accrued under GAAP | 1,038                                   | -         | 1,038                         | 1,177                                 | -         | 1,177                         |
| Professional fees                             | 840                                     | 640       | 200                           | 1,469                                 | 1,298     | 171                           |
| Administrative service fee                    | 584                                     | 742       | (158 )                        | 1,191                                 | 1,324     | (133 )                        |
| General and administrative expenses           | 153                                     | 145       | 8                             | 318                                   | 276       | 42                            |
| Total expenses                                | \$ 14,707                               | \$ 11,908 | \$ 2,799                      | \$ 27,695                             | \$ 24,227 | \$ 3,468                      |

Interest expense and debt facility fees increased by \$1.5 million from the three months ended March 31, 2014 to the three months ended March 31, 2015 primarily due to an increase in weighted average of outstanding borrowings from \$578.4 million for the three months ended March 31, 2014 to \$730.2 million for the three months ended March 31, 2015. The increase in our debt was primarily driven by the issuance of \$246.0 million of notes pursuant to the 2014 Debt Securitization. These increases were partially offset by a decrease in our use of debt under the senior secured revolving credit facility, or the Credit Facility, entered into by Golub Capital BDC Funding LLC, or Funding, a wholly-owned subsidiary of ours, with Wells Fargo Securities, LLC, as administrative agent, and Wells Fargo Bank, N.A., as lender, to \$84.7 million as of March 31, 2015 from an outstanding balance of \$154.0 million as of March 31, 2014.

Amortization of debt issuance costs increased by \$0.6 million from the three months ended March 31, 2014 to the three months ended March 31, 2015 primarily due to additional capitalized debt issuance costs associated with the 2014 Debt Securitization. The increase in our effective annualized average interest rate on our outstanding debt from 3.0% for the three months ended March 31, 2014 to 3.3% for the three months ended March 31, 2015 was primarily the result of the increase in amortization of debt issuance costs and the issuance of new Small Business Administration, or SBA, debentures at higher interest rates. The interest rates on the SBA debentures are fixed at the time of issuance at a market driven spread over U.S. Treasury Notes with ten-year maturities.



Interest and other debt financing expenses increased from the six months ended March 31, 2014 to the six months ended March 31, 2015 primarily due to an increase in the weighted average of outstanding borrowings from \$536.0 million for the six months ended March 31, 2014 to \$711.3 million for the six months ended March 31, 2015.

Amortization of debt issuance costs increased by \$1.2 million from the six months ended March 31, 2014 to the six months ended March 31, 2015 primarily due to additional capitalized debt issuance costs associated with the 2014 Debt Securitization. The increase in amortization of debt issuance costs resulted in an increase in our effective annualized average interest rate on our outstanding debt from 3.1% for the six months ended March 31, 2014 to 3.3% for the six months ended March 31, 2015.

The base management fee increased as a result of a sequential increase in average assets from September 30, 2013 to March 31, 2015. The administrative service fee declined from the three and six months ended March 31, 2014 to the three and six months ended March 31, 2015, respectively, due to efficiencies gained by the Administrator in servicing a growing portfolio.

The incentive fee payable under the Investment Advisory Agreement consists of two parts: (1) the income component, or the Income Incentive Fee, and (2) the capital gains component, or the Capital Gain Incentive Fee. The Income Incentive Fee decreased by \$0.4 million and \$2.5 million from the three and six months ended March 31, 2014, respectively, to the three and six months ended March 31, 2015, respectively, as the interest rate compression on new investments and the change in asset mix of our portfolio caused a decline in our pre-incentive fee net investment income, expressed as a rate of return on the value of our net assets.

Due to this decline, we were not fully through the catch-up provision of the incentive fee calculation. For the three months ended March 31, 2015, the Income Incentive Fee expense as a percentage of Pre-Incentive Fee Net Investment Income (as defined below) was 7.6% compared to 10.5% for the three months ended March 31, 2014. For the six months ended March 31, 2015, the Income Incentive Fee expense as a percentage of Pre-Incentive Fee Net Investment Income was 6.8% compared to 13.9% for the six months ended March 31, 2014. “Pre-Incentive Fee Net Investment Income” means interest income, dividend income and any other income (including any other fees such as commitment, origination, structuring, diligence and consulting fees or other fees that we receive from portfolio companies but excluding fees for providing managerial assistance) accrued during the calendar quarter, minus operating expenses for the calendar quarter (including the base management fee, taxes, any expenses payable under the Investment Advisory Agreement and the Administration Agreement, any expenses of securitizations and any interest expense and dividends paid on any outstanding preferred stock, but excluding the Incentive Fee). Pre-Incentive Fee Net Investment Income includes, in the case of investments with a deferred interest feature such as market discount, debt instruments with PIK interest, preferred stock with PIK dividends and zero coupon securities, accrued income that we have not yet received in cash.

The Capital Gain Incentive Fee payable as calculated under the Investment Advisory Agreement for the three and six months ended March 31, 2015 and 2014 was \$0. However, in accordance with generally accepted accounting principles in the United States of America, or GAAP, we are required to include the aggregate unrealized capital appreciation on investments in the calculation and accrue a capital gain incentive fee on a quarterly basis, as if such unrealized capital appreciation were realized, even though such unrealized capital appreciation is not permitted to be considered in calculating the fee actually payable under the Investment Advisory Agreement. The accrual for capital gain incentive fee under GAAP was \$1.0 million, or \$0.02 per share, for the three months ended March 31, 2015 and \$1.2 million for the six months ended March 31, 2015. We did not accrue a capital gain incentive fee under GAAP for the three and six months ended March 31, 2014. The increase in accruals for a capital gain incentive fee under GAAP for the three and six months ended March 31, 2015 from the three and six months ended March 31, 2014 was primarily the result of realized gains on the sale of equity investments and appreciation of debt and equity investments.

For additional details on the sale of equity investments, refer to the “*Net Realized and Unrealized Gains and Losses*” section below.

The Administrator pays for certain expenses incurred by us. These expenses are subsequently reimbursed in cash. Total expenses reimbursed by us to the Administrator for the three and six months ended March 31, 2015 were \$0.3 million and \$0.5 million, respectively. Total expenses reimbursed by us to the Administrator for the three and six months ended March 31, 2014 were \$0.5 million and \$0.8 million, respectively.

As of March 31, 2015 and September 30, 2014, included in accounts payable and accrued expenses were \$0.2 million and \$0.2 million, respectively, for accrued expenses paid on behalf of us by the Administrator.

**Net Realized and Unrealized Gains and Losses**

The following table summarizes our net realized and unrealized gains (losses) for the periods presented:

|  | For the three months ended<br>March 31, |          | Variances        | For the six months ended<br>March 31, |             | Variances        |
|--|---|----------|------------------|---------------------------------------|-------------|------------------|
|  | 2015                                    | 2014     | 2015 vs.<br>2014 | 2015                                  | 2014        | 2015 vs.<br>2014 |
|  | (In thousands)                          |          |                  | (In thousands)                        |             |                  |
| Net realized gain (loss) on investments  | \$ 4,523                                | \$ 87    | \$ 4,436         | \$ 6,249                              | \$ (4,907 ) | \$ 11,156        |
| Net realized gain (loss)   | 4,523                                   | 87       | 4,436            | 6,249                                 | (4,907 )    | 11,156           |
| Unrealized appreciation on investments   | 9,103                                   | 6,930    | 2,173            | 11,822                                | 18,366      | (6,544 )         |
| Unrealized (depreciation) on investments   | (9,768 )                                | (6,277 ) | (3,491 )         | (13,572 )                             | (11,306 )   | (2,266 )         |
| Unrealized appreciation on investments in SLF <sup>(1)</sup>   | 248                                     | 485      | (237 )           | 222                                   | 249         | (27 )            |
| Unrealized (depreciation) on investments in SLF <sup>(1)</sup>   | -                                       | (476 )   | 476              | -                                     | -           | -                |
| Unrealized (appreciation) on secured borrowings  | -                                       | (22 )    | 22               | -                                     | (99 )       | 99               |
| Unrealized depreciation on secured borrowings  | 1                                       | 10       | (9 )             | 1                                     | 11          | (10 )            |
| Net change in unrealized appreciation (depreciation) on investments, investments in SLF and secured borrowings | \$ (416 )                               | \$ 650   | \$ (1,066 )      | \$ (1,527 )                           | \$ 7,221    | \$ (8,748 )      |

<sup>(1)</sup> Unrealized appreciation and (depreciation) on investments in SLF include our investments in the subordinated notes and LLC equity interests in SLF.

For the three months ended March 31, 2015, we had a net realized gain of \$4.5 million primarily due to the sale of two equity investments. For the six months ended March 31, 2015, we had net realized gains on investments totaling \$6.2 million primarily due to the sale of four equity investments.



During the three months ended March 31, 2015, we had \$9.1 million in unrealized appreciation on 83 portfolio company investments, which was offset by \$9.8 million in unrealized depreciation on 125 portfolio company investments. For the six months ended March 31, 2015, we had \$11.8 million in unrealized appreciation on 94 portfolio company investments, which was offset by \$13.6 million in unrealized depreciation on 120 portfolio company investments. Unrealized appreciation during the three and six months ended March 31, 2015 resulted from an increase in fair value primarily due to the rise in market prices of portfolio company investments. Unrealized depreciation primarily resulted from the amortization of discounts, negative credit related adjustments that caused a reduction in fair value and the reversal of the net unrealized appreciation on the equity investments sold during the three and six months ended March 31, 2015.

For the three and six months ended March 31, 2015, we had \$0.2 million in unrealized appreciation on our investment in SLF LLC equity interests. The unrealized appreciation on the SLF LLC equity interests was primarily driven by no negative mark-to-market losses in the aggregate associated with SLF's investment portfolio. For the three and six months ended March 31, 2015, we had no unrealized appreciation or depreciation on our investment in SLF subordinated notes.

For the three months ended March 31, 2014, we had a net realized gain of less than \$0.1 million primarily due to a small cash collection on a previously written-off investment. For the six months ended March 31, 2014, we had net realized losses on investments totaling \$5.0 million primarily due to the sale of our investment in one underperforming portfolio company and the write off of two non-accrual portfolio companies.

During the three months ended March 31, 2014, we had \$6.9 million in unrealized appreciation on 69 portfolio company investments, which was partially offset by \$6.3 million in unrealized depreciation on 115 portfolio company investments. For the six months ended March 31, 2014, we had \$18.4 million in unrealized appreciation on 90 portfolio company investments, which was partially offset by \$11.3 million in unrealized depreciation on 124 portfolio company investments. Unrealized appreciation during the three and six months ended March 31, 2014 resulted from an increase in fair value primarily due to the rise in market prices and a reversal of prior period unrealized depreciation associated with portfolio company investment sales and write-offs. Unrealized depreciation primarily resulted from the amortization of discounts and negative credit related adjustments that caused a reduction in fair value.

For the three months ended March 31, 2014, we had \$0.5 million in unrealized appreciation on our investment in SLF subordinated notes, which was partially offset by \$0.5 million in unrealized depreciation on our investment in SLF LLC equity interests. The unrealized appreciation was the result of an increase of the contractual coupon rate of the subordinated notes. Unrealized depreciation on the SLF LLC equity interests was driven by the offsetting impact of the increase in pricing on the subordinated notes.

## **Liquidity and Capital Resources**

For the six months ended March 31, 2015, we experienced a net decrease in cash and cash equivalents of \$2.1 million. During the period, we used \$50.3 million in operating activities primarily as a result of fundings of portfolio investments of \$290.3 million. This was partially offset by proceeds from principal payments and sales of portfolio investments of \$227.9 million and net investment income of \$28.3 million. During the same period, cash provided by investment activities of \$20.3 million was driven by the decrease in restricted cash and cash equivalents. Lastly, cash provided by financing activities was \$27.9 million, primarily driven by borrowings on debt of \$110.1 million that were partially offset by repayments of debt of \$52.8 million and distributions paid of \$28.4 million.

For the six months ended March 31, 2014, we experienced a net decrease in cash and cash equivalents of \$3.5 million. During the period we used \$202.9 million in operating activities, primarily as a result of funding portfolio

investments of \$433.1 million. This was partially offset by proceeds from principal payments and sales of portfolio investments of \$207.3 million and net investment income of \$26.6 million. During the same period, cash used in investment activities of \$2.9 million was driven by the increase in restricted cash and cash equivalents. Lastly, cash provided by financing activities was \$202.2 million, primarily driven by borrowings on debt of \$361.6 million and proceeds from shares sold of \$61.3 million that were partially offset by repayments of debt of \$201.6 million and distributions paid of \$26.4 million.

As of March 31, 2015 and September 30, 2014, we had cash and cash equivalents of \$3.1 million and \$5.1 million, respectively. In addition, we had restricted cash and cash equivalents of \$54.5 million and \$74.8 million as of March 31, 2015 and September 30, 2014, respectively. Cash and cash equivalents are available to fund new investments, pay operating expenses and pay distributions. As of March 31, 2015, \$42.3 million of our restricted cash and cash equivalents could be used to fund new investments that meet the investment guidelines established in the 2010 Debt Securitization and the 2014 Debt Securitization, or collectively, the Debt Securitizations, which are described in further detail in Note 7 to our consolidated financial statements, and for the payment of interest expense on the notes issued in the Debt Securitizations. \$8.1 million of restricted cash and cash equivalents can be used to fund new investments that meet the regulatory and investment guidelines established by the SBA for our SBICs, which are described in further detail in Note 7 to our consolidated financial statements, and for interest expense and fees on our outstanding SBA debentures.

As of March 31, 2015 and September 30, 2014, we had outstanding commitments to fund investments totaling \$135.2 million and \$124.5 million, respectively. These amounts may or may not be funded to the borrowing party now or in the future. The unfunded commitments relate to loans with various maturity dates, but the entire amount was eligible for funding to the borrowers as of March 31, 2015 and September 30, 2014, respectively, subject to the terms of each loan's respective credit agreement.

As of March 31, 2015, the Credit Facility, as amended, allows Funding to borrow up to \$150.0 million at any one time outstanding, subject to leverage and borrowing base restrictions. As of March 31, 2015 and September 30, 2014, subject to leverage and borrowing base restrictions, we had approximately \$65.3 million and \$122.6 million, respectively, of remaining commitments and \$36.1 million and \$70.0 million, respectively, of availability on the Credit Facility. As of March 31, 2015 and September 30, 2014, we had \$84.7 million and \$27.4 million outstanding under the Credit Facility, respectively. As of March 31, 2015 and September 30, 2014, the Revolver allows Revolver Funding to borrow up to \$15.0 million at any one time outstanding, subject to leverage and borrowing base restrictions. As of March 31, 2015 and September 30, 2014, subject to leverage and borrowing base restrictions, we had \$15.0 million and \$15.0 million, respectively, of remaining commitments and \$2.3 million and \$1.2 million, respectively, of availability on the Revolver. As of both March 31, 2015 and September 30, 2014, we had no borrowings outstanding under the Revolver.

On July 16, 2010, we completed the 2010 Debt Securitization, as amended on February 15, 2013, in which the 2010 Issuer issued an aggregate of \$350.0 million of notes, the 2010 Notes, including \$203.0 million of Class A 2010 Notes, which bear interest at a rate of three-month LIBOR plus 1.74%, \$12.0 million of Class B 2010 Notes, which

bear interest at a rate of three-month LIBOR plus 2.40%, and \$135.0 million face amount of Subordinated 2010 Notes that do not bear interest. The Class A 2010 Notes and Class B 2010 Notes of the 2010 Debt Securitization are included in the March 31, 2015 and September 30, 2014 consolidated statements of financial condition as our debt.



On June 5, 2014, we completed the 2014 Debt Securitization in the which the 2014 Issuer issued an aggregate of \$402.6 million of securities including \$191.0 million of Class A-1 2014 Notes, which bear interest at a rate of three-month LIBOR plus 1.75%, \$20.0 million of Class A-2 2014 Notes, which bear interest at a rate of three-month LIBOR plus 1.45% through December 4, 2015 and three-month LIBOR plus 1.95% thereafter, \$35.0 million of Class B 2014 Notes, which bear interest at a rate of three-month LIBOR plus 2.50%, \$37.5 million of Class C 2014 Notes, which bear interest at a rate of three-month LIBOR plus 3.50%, and \$119.1 million of LLC equity interests in the 2014 Issuer that do not bear interest. We retained all of the Class C 2014 Notes and LLC equity interests in the 2014 Issuer totaling \$37.5 million and \$119.1 million, respectively. The Class A-1, Class A-2 and Class B 2014 Notes are included in the March 31, 2015 and September 30, 2014 consolidated statements of financial condition as our debt and the Class C 2014 Notes and LLC equity interests in the 2014 Issuer were eliminated in consolidation. As of March 31, 2015 and September 30, 2014, we had outstanding debt under the 2014 Debt Securitization of \$246.0 million.

Under present SBIC regulations, the maximum amount of SBA-guaranteed debentures that may be issued by multiple licensees under common management is \$225.0 million and the maximum amount that a single SBIC licensee may issue is \$150.0 million. As of March 31, 2015, GC SBIC IV, L.P., or SBIC IV, and GC SBIC V, L.P., or SBIC V, each a wholly-owned subsidiary of us, had \$150.0 million and \$58.8 million, respectively, of outstanding SBA-guaranteed debentures leaving incremental borrowing capacity of \$16.2 million for SBIC V under present SBIC regulations. As of September 30, 2014, SBIC IV and SBIC V had \$150.0 million and \$58.8 million, respectively, of outstanding SBA-guaranteed debentures.

SBIC IV and SBIC V may each borrow up to two times the amount of its regulatory capital, subject to customary regulatory requirements. As of March 31, 2015, we had committed and funded \$75.0 million to SBIC IV, and had SBA-guaranteed debentures of \$150.0 million outstanding that mature between March 2021 and September 2024. As of March 31, 2015, we had committed and funded \$37.5 million to SBIC V and had SBA-guaranteed debentures of \$58.8 million outstanding that mature between September 2023 and September 2024.

In accordance with the 1940 Act, with certain limited exceptions, we are only allowed to borrow amounts such that our asset coverage, as defined in the 1940 Act, is at least 200% after such borrowing. On September 13, 2011, we received exemptive relief from the SEC allowing us to modify the asset coverage requirement to exclude the SBA debentures from this calculation. As such, our ratio of total consolidated assets to outstanding indebtedness may be less than 200%. This provides us with increased investment flexibility but also increases our risks related to leverage. As of March 31, 2015, our asset coverage for borrowed amounts was 234.6% (excluding the SBA debentures).

Although we expect to fund the growth of our investment portfolio through the net proceeds from future securities offerings and through our dividend reinvestment plan as well as future borrowings, to the extent permitted by the 1940 Act, we cannot assure you that our efforts to raise capital will be successful. In addition to capital not being available, it also may not be available on favorable terms.

On April 10, 2015, we priced a public offering of 3,500,000 shares of our common stock at a public offering price of \$17.42 per share, raising \$60.1 million in gross proceeds. On April 15, 2015, the transaction closed, the shares were issued, and proceeds, net of underwriting discounts and commissions but before expenses, of \$59.1 million were received. We have also granted the underwriters an option to purchase up to an additional 525,000 shares of common stock to cover the option granted in connection with public offering in April 2015.

On May 7, 2015, we sold an additional 502,292 shares of our common stock at a public offering price of \$17.42 per share pursuant to the underwriters' partial exercise of the option granted in connection with the public offering in April 2015.

We believe that our existing cash and cash equivalents and available borrowings as of March 31, 2015 will be sufficient to fund our anticipated requirements through at least March 31, 2016.

*Portfolio Composition, Investment Activity and Yield*

As of March 31, 2015 and September 30, 2014, we had investments in 146 and 145 portfolio companies, respectively, with a total fair value of \$1,366.0 million and \$1,312.8 million, respectively, and had investments in subordinated notes and LLC equity interests in SLF with a total fair value of \$57.0 million and \$34.8 million, respectively.

The following table shows the asset mix of our new investment commitments for the three and six months ended March 31, 2015 and 2014:

|  | For the three months ended March 31, |                           |                |                           | For the six months ended March 31, |                           |                |                           |
|--|--------------------------------------|---------------------------|----------------|---------------------------|------------------------------------|---------------------------|----------------|---------------------------|
|  | 2015                                 |                           | 2014           |                           | 2015                               |                           | 2014           |                           |
|  | (In thousands)                       | Percentage of Commitments | (In thousands) | Percentage of Commitments | (In thousands)                     | Percentage of Commitments | (In thousands) | Percentage of Commitments |
| Senior secured                             | \$56,314                             | 31.5 %                    | \$24,660       | 13.5 %                    | \$133,611                          | 41.1 %                    | \$60,064       | 12.8 %                    |
| One stop                                   | 102,971                              | 57.5                      | 146,608        | 80.4                      | 165,718                            | 50.9                      | 349,853        | 74.6                      |
| Second lien                                | -                                    | -                         | -              | -                         | -                                  | -                         | 20,534         | 4.4                       |
| Subordinated notes in SLF <sup>(1)</sup>   | 12,687                               | 7.1                       | 7,832          | 4.3                       | 15,968                             | 4.9                       | 32,048         | 6.8                       |
| LLC equity interests in SLF <sup>(1)</sup> | 4,376                                | 2.4                       | 1,119          | 0.6                       | 5,994                              | 1.8                       | 2,551          | 0.5                       |
| Equity securities                          | 2,634                                | 1.5                       | 2,263          | 1.2                       | 4,151                              | 1.3                       | 4,168          | 0.9                       |
| Total new investment commitments           | \$178,982                            | 100.0 %                   | \$182,482      | 100.0 %                   | \$325,442                          | 100.0 %                   | \$469,218      | 100.0 %                   |

<sup>(1)</sup> SLF's proceeds from the subordinated notes and LLC interests were utilized by SLF to fund senior secured loans. As of March 31, 2015 SLF funded senior secured loans to 50 different borrowers.

For the three and six months ended March 31, 2015, we had approximately \$66.2 million and \$126.4 million, respectively, in proceeds from principal payments and return of capital distributions of portfolio companies. For the three and six months ended March 31, 2015, we had sales of securities in seven and 18 portfolio companies, respectively, aggregating approximately \$80.8 million and \$101.5 million, respectively, in net proceeds.

For the three and six months ended March 31, 2014, we had approximately \$100.2 million and \$199.3 million, respectively, in proceeds from principal payments and return of capital distributions of portfolio companies. For the three and six months ended March 31, 2014, we had sales of securities in three and six portfolio companies, respectively, aggregating approximately \$3.5 million and \$8.0 million, respectively, in net proceeds.

The following table shows the par, amortized cost and fair value of our portfolio of investments by asset class:

|   | As of March 31, 2015 <sup>(1)</sup> |                |             | As of September 30, 2014 <sup>(1)</sup> |                |             |
|---|-------------------------------------|----------------|-------------|---|----------------|-------------|
|   | Par                                 | Amortized Cost | Fair Value  | Par                                     | Amortized Cost | Fair Value  |
|   | (In thousands)                      |                |             |   |                |             |
| Senior secured:                             |                                     |                |             |   |                |             |
| Performing                                  | \$214,366                           | \$211,517      | \$212,365   | \$265,103                               | \$262,021      | \$262,854   |
| Non-accrual <sup>(2)</sup>                  | 3,025                               | 3,014          | 5           | 3,033                                   | 3,021          | 5           |
| One stop:                                   |                                     |                |             |   |                |             |
| Performing                                  | 1,048,823                           | 1,035,131      | 1,039,330   | 952,359                                 | 939,765        | 940,729     |
| Non-accrual <sup>(2)</sup>                  | 8,356                               | 7,820          | 3,204       | -                                       | -              | -           |
| Second lien:                                |                                     |                |             |   |                |             |
| Performing                                  | 59,902                              | 59,115         | 59,708      | 59,902                                  | 59,086         | 59,964      |
| Non-accrual <sup>(2)</sup>                  | -                                   | -              | -           | -                                       | -              | -           |
| Subordinated debt:                          |                                     |                |             |   |                |             |
| Performing                                  | 3,584                               | 3,567          | 3,523       | 3,584                                   | 3,564          | 3,710       |
| Non-accrual <sup>(2)</sup>                  | -                                   | -              | -           | -                                       | -              | -           |
| Subordinated notes in SLF: <sup>(3)</sup>   |                                     |                |             |   |                |             |
| Performing                                  | 41,557                              | 41,557         | 41,557      | 25,589                                  | 25,589         | 25,589      |
| Non-accrual <sup>(2)</sup>                  | -                                   | -              | -           | -                                       | -              | -           |
| LLC equity interests in SLF: <sup>(3)</sup> | N/A                                 | 15,312         | 15,458      | N/A                                     | 9,318          | 9,242       |
| Equity:                                     | N/A                                 | 37,526         | 47,913      | N/A                                     | 35,216         | 45,519      |
| Total                                       | \$1,379,613                         | \$1,414,559    | \$1,423,063 | \$1,309,570                             | \$1,337,580    | \$1,347,612 |

(1) Eight and eleven of our loans included a feature permitting a portion of the interest due on such loan to be PIK interest as of March 31, 2015 and September 30, 2014, respectively.

We refer to a loan as non-accrual when we cease recognizing interest income on the loan because we have stopped pursuing repayment of the loan or, in certain circumstances, it is past due 90 days or more on principal and interest or our management has reasonable doubt that principal or interest will not be collected. See "--Critical Accounting Policies--Revenue Recognition."

(3) SLF's proceeds from the subordinated notes and LLC equity interests in SLF were utilized by SLF to fund senior secured loans.

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The following table shows the weighted average rate, spread over LIBOR of floating rate, fixed rate and fees of investments originated and the weighted average rate of sales and payoffs of portfolio companies during the three and six months ended March 31, 2015 and 2014:

|   | For the three months ended<br>March 31, |   |      |   | For the six months ended<br>March 31, |   |      |   |
|---|---|---|------|---|---------------------------------------|---|------|---|
|   | 2015                                    |   | 2014 |   | 2015                                  |   | 2014 |   |
| Weighted average rate of new investment fundings                            | 6.5                                     | % | 7.5  | % | 6.6                                   | % | 7.3  | % |
| Weighted average spread over LIBOR of new floating rate investment fundings | 5.4                                     | % | 6.4  | % | 5.6                                   | % | 6.2  | % |
| Weighted average rate of new fixed rate investment fundings                 | 10.8                                    | % | N/A  |   | 10.8                                  | % | N/A  |   |
| Weighted average fees of new investment fundings                            | 1.3                                     | % | 1.3  | % | 1.6                                   | % | 1.2  | % |
| Weighted average rate of sales and payoffs of portfolio companies           | 6.5                                     | % | 8.8  | % | 6.5                                   | % | 9.2  | % |
| Weighted average annualized yield <sup>(1)</sup>                            | 7.9                                     | % | 7.8  | % | 8.4                                   | % | 8.3  | % |

(1) Represents income from interest and fees excluding amortization of capitalized fees and discounts divided by the average fair value of earning debt investments.

As of March 31, 2015, 96.3% and 96.0% of our debt portfolio at fair value and at cost, respectively, had interest rate floors that limit the minimum applicable interest rates on such loans. As of September 30, 2014, 97.6% and 97.2% of our debt portfolio at fair value and at cost, respectively, had interest rate floors that limit the minimum applicable interest rates on such loans.

As of March 31, 2015, the portfolio median earnings before interest, taxes, depreciation and amortization, or EBITDA, for our portfolio companies was \$21.1 million. The portfolio median EBITDA is based on the most recently reported trailing twelve-month EBITDA received from the portfolio company. The portfolio median EBITDA excludes underlying borrowers in SLF.

As part of the monitoring process, GC Advisors regularly assesses the risk profile of each of our investments and rates each of them based on an internal system developed by Golub Capital and its affiliates. This system is not generally accepted in our industry or used by our competitors. It is based on the following categories, which we refer to as GC Advisors' internal performance rating:

### **Internal Performance Ratings**

#### **Rating Definition**

- |          |   |
|----------|---|
| <b>5</b> | Involves the least amount of risk in our portfolio. The borrower is performing above expectations, and the trends and risk factors are generally favorable.   |
| <b>4</b> | Involves an acceptable level of risk that is similar to the risk at the time of origination. The borrower is generally performing as expected, and the risk factors are neutral to favorable.   |
| <b>3</b> | Involves a borrower performing below expectations and indicates that the loan's risk has increased somewhat since origination. The borrower may be out of compliance with debt covenants; however, loan payments are generally not past due.  |
| <b>2</b> | Involves a borrower performing materially below expectations and indicates that the loan's risk has increased materially since origination. In addition to the borrower being generally out of compliance with debt covenants, loan payments may be past due (but generally not more than 180 days past due).   |
| <b>1</b> | Involves a borrower performing substantially below expectations and indicates that the loan's risk has substantially increased since origination. Most or all of the debt covenants are out of compliance and payments are substantially delinquent. Loans rated 1 are not anticipated to be repaid in full and we will reduce the fair market value of the loan to the amount we anticipate will be recovered. |

Our internal performance ratings do not constitute any rating of investments by a nationally recognized statistical rating organization or represent or reflect any third-party assessment of any of our investments.

For any investment rated 1, 2 or 3, GC Advisors will increase its monitoring intensity and prepare regular updates for the investment committee, summarizing current operating results and material impending events and suggesting recommended actions.

GC Advisors monitors and, when appropriate, changes the internal performance ratings assigned to each investment in our portfolio. In connection with our valuation process, GC Advisors and our board of directors review these internal performance ratings on a quarterly basis.



The following table shows the distribution of our investments on the 1 to 5 internal performance rating scale at fair value as of March 31, 2015 and September 30, 2014:

| Internal<br>Performance<br>Rating | As of March 31, 2015                              |                                       | As of September 30, 2014                       |                                       |   |
|-----------------------------------|---|---------------------------------------|--|---------------------------------------|---|
|                                   | Investments<br>at Fair Value<br>(In<br>thousands) | Percentage of<br>Total<br>Investments | Investments<br>at Fair Value<br>(In thousands) | Percentage of<br>Total<br>Investments |   |
|                                   |   |                                       |  |                                       |   |
| 5                                 | \$ 152,434  | 10.7                                  | % \$ 129,806                                   | 9.7                                   | % |
| 4                                 | 1,167,998   | 82.1                                  | 1,144,232                                      | 84.9                                  |   |
| 3                                 | 91,513  | 6.4                                   | 68,944   | 5.1                                   |   |
| 2                                 | 11,113  | 0.8                                   | 4,625  | 0.3                                   |   |
| 1                                 | 5   | 0.0                                   | * 5  | 0.0                                   | * |
| Total                             | \$ 1,423,063                                      | 100.0                                 | % \$ 1,347,612                                 | 100.0                                 | % |

\* Represents an amount less than 0.1%.

### Senior Loan Fund LLC

We co-invest with RGA Reinsurance Company, or RGA, in senior secured loans through SLF, an unconsolidated Delaware LLC. SLF is capitalized as transactions are completed and all portfolio and investment decisions in respect to SLF must be approved by the SLF investment committee consisting of two representatives of each of us and RGA (with unanimous approval required from (i) one representative of each of us and RGA or (ii) both representatives of each of us and RGA).

SLF is capitalized with subordinated notes and LLC equity interest subscriptions from its members. As of March 31, 2015, we and RGA owned 87.5% and 12.5%, respectively, of both the outstanding subordinated notes and LLC equity interests. As of March 31, 2015, SLF had subordinated note commitments from us and RGA totaling \$100.0 million, of which approximately \$47.5 million and \$29.2 million in aggregate principal amount was funded as of March 31, 2015 and September 30, 2014, respectively. As of March 31, 2015, SLF had LLC equity interest subscriptions from us and RGA totaling \$25.0 million, of which approximately \$17.5 million and \$10.6 million in aggregate was called and contributed as of March 31, 2015 and September 30, 2014, respectively.

As of March 31, 2015, the SLF Credit Facility, as amended, which SLF entered into through its wholly-owned subsidiary, Senior Loan Fund II, or SLF II, allows SLF II to borrow up to \$150.0 million subject to leverage and

borrowing base restrictions. The reinvestment period of the SLF Credit Facility ends June 10, 2015, and the stated maturity date is April 11, 2019. As of March 31, 2015 and September 30, 2014, SLF II had outstanding debt under the SLF Credit Facility of \$121.3 million and \$66.6 million, respectively.

Through the reinvestment period, the SLF Credit Facility bears interest at one-month LIBOR plus a rate between 1.75% and 2.25%, depending on the composition of the collateral asset portfolio, per annum. After the reinvestment period, the rate will reset to one-month LIBOR plus 2.75% per annum for the remaining term of the SLF Credit Facility.

As of March 31, 2015 and September 30, 2014, SLF had total assets at fair value of \$194.0 million and \$107.2 million, respectively. As of both March 31, 2015 and September 30, 2014, none of these loans was on non-accrual status. The portfolio companies in SLF are in industries similar to those in which we may invest directly. Additionally, as of March 31, 2015 and September 30, 2014, SLF had commitments to fund various undrawn revolving credit and delayed draw loans to its portfolio companies totaling \$12.5 million and \$10.1 million, respectively.

Below is a summary of SLF's portfolio, followed by a listing of the individual loans in SLF's portfolio as of March 31, 2015 and September 30, 2014:

|   | As of<br>March<br>31, 2015 | As of September 30, 2014 |   |
|---|----------------------------|--------------------------|---|
|   | (Dollars in thousands)     |                          |   |
| Senior secured loans <sup>(1)</sup>   | \$ 189,973                 | \$ 103,695               |   |
| Weighted average current interest rate on senior secured loans <sup>(2)</sup> | 5.5                        | % 5.2                    | % |
| Number of borrowers in SLF  | 50                         | 31                       |   |
| Largest loan to a single borrower <sup>(1)</sup>                              | \$9,031                    | \$ 8,229                 |   |
| Total of five largest loans to borrowers <sup>(1)</sup>                       | \$40,008                   | \$ 31,132                |   |

(1) At principal amount.

(2) Computed as the (a) annual stated interest rate on accruing senior secured loans divided by (b) total senior secured loans at principal amount.

**SLF Loan Portfolio as of March 31, 2015**

| Portfolio Company                                  | Business Description                       | Security Type | Maturity Date | Current Interest Rate <sup>(1)</sup> | Principal/Paid Amount | Fair Value <sup>(2)</sup> |
|--|--|---------------|---------------|--------------------------------------|-----------------------|---------------------------|
| (In thousands)                                     |  |               |               |                                      |                       |                           |
| 1011778 B.C. ULC<br>(Burger King Worldwide, Inc. ) | Beverage, Food and Tobacco                 | Senior loan   | 10/2021       | 4.5 %                                | \$2,973               | \$3,006                   |
| 5.11, Inc. <sup>(3)</sup>                          | Textiles and Leather                       | Senior loan   | 02/2020       | 6.0                                  | 3,273                 | 3,281                     |
| Acosta, Inc.                                       | Diversified Conglomerate Service           | Senior loan   | 09/2021       | 5.0                                  | 2,993                 | 3,027                     |
| ACTIVE Network, Inc.                               | Electronics                                | Senior loan   | 11/2020       | 5.5                                  | 1,975                 | 1,973                     |
| Aderant North America, Inc.                        | Diversified Conglomerate Service           | Senior loan   | 12/2018       | 5.3                                  | 4,220                 | 4,220                     |
| Advanced Pain Management Holdings, Inc.,           | Healthcare, Education and Childcare        | Senior loan   | 02/2018       | 6.3                                  | 7,065                 | 7,065                     |
| Advanced Pain Management Holdings, Inc.,           | Healthcare, Education and Childcare        | Senior loan   | 02/2018       | 6.3                                  | 483                   | 483                       |
| Affordable Care Inc.                               | Personal, Food and Miscellaneous Services  | Senior loan   | 12/2018       | 5.5                                  | 3,996                 | 3,996                     |
| ARG IH Corporation <sup>(3)</sup>                  | Beverage, Food and Tobacco                 | Senior loan   | 11/2020       | 4.8                                  | 2,140                 | 2,152                     |
| Atkins Nutritionals, Inc <sup>(3)</sup>            | Beverage, Food and Tobacco                 | Senior loan   | 01/2019       | 6.3                                  | 6,000                 | 5,985                     |
| Atrium Innovations                                 | Personal and Non Durable Consumer Products | Senior loan   | 02/2021       | 4.3                                  | 3,538                 | 3,476                     |
| BJ's Wholesale Club, Inc.                          | Retail Stores                              | Senior loan   | 09/2019       | 4.5                                  | 2,970                 | 2,976                     |
| Blue Coat Systems, Inc.                            | Electronics                                | Senior loan   | 05/2019       | 4.0                                  | 1,980                 | 1,982                     |
| BMC Software, Inc.                                 | Electronics                                | Senior loan   | 09/2020       | 5.0                                  | 1,905                 | 1,868                     |
| Brasa (Holdings) Inc.                              | Personal, Food and Miscellaneous Services  | Senior loan   | 07/2019       | 5.0                                  | 8,187                 | 8,197                     |
| Brickman Group Ltd. LLC                            | Farming and Agriculture                    | Senior loan   | 12/2020       | 4.0                                  | 1,990                 | 1,985                     |
| C.B. Fleet Company, Incorporated                   | Personal and Non Durable Consumer Products | Senior loan   | 10/2020       | 5.5                                  | 5,659                 | 5,659                     |
| C.B. Fleet Company, Incorporated                   | Personal and Non Durable Consumer Products | Senior loan   | 10/2020       | 5.5                                  | 412                   | 412                       |
| CLP Healthcare Services, Inc.                      | Healthcare, Education and Childcare        | Senior loan   | 12/2020       | 5.8                                  | 4,440                 | 4,417                     |
| Connect Merger Sub, Inc.                           | Telecommunications                         | Senior loan   | 04/2020       | 4.8                                  | 3,955                 | 3,909                     |

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|   |   |             |         |                    |       |       |
|---|---|-------------|---------|--------------------|-------|-------|
| CPI Buyer, LLC<br>(Cole-Parmer) <sup>(3)</sup>                                    | Healthcare, Education and<br>Childcare                              | Senior loan | 08/2021 | 5.5                | 5,985 | 5,992 |
| Curo Health Services<br>LLC <sup>(3)</sup>  | Healthcare, Education and<br>Childcare                              | Senior loan | 02/2022 | 6.5                | 6,000 | 6,032 |
| Dell, Inc.  | Electronics   | Senior loan | 04/2020 | 4.5                | 1,975 | 1,991 |
| Dialysis Newco, Inc.  | Healthcare, Education and<br>Childcare                              | Senior loan | 04/2021 | 4.5                | 2,481 | 2,488 |
| EAG, INC. (Evans<br>Analytical Group)   | Diversified/Conglomerate<br>Service                                 | Senior loan | 07/2017 | 5.0                | 2,332 | 2,332 |
| Federal-Mogul<br>Corporation  | Automobile  | Senior loan | 04/2021 | 4.8                | 3,980 | 3,976 |
| GSDM Holdings Corp.<br><sup>(3)</sup>   | Healthcare, Education and<br>Childcare                              | Senior loan | 06/2019 | 5.3                | 1,791 | 1,791 |
| Hygenic Corporation,<br>The (Performance<br>Health) <sup>(3)</sup>                | Personal and Non Durable<br>Consumer Products                       | Senior loan | 10/2020 | 6.0                | 4,527 | 4,459 |
| Hygenic Corporation,<br>The (Performance<br>Health) <sup>(3)</sup> <sup>(4)</sup> | Personal and Non Durable<br>Consumer Products                       | Senior loan | 10/2019 | N/A <sup>(5)</sup> | -     | (4 )  |
| K&N Engineering, Inc.<br><sup>(3)</sup>   | Automobile  | Senior loan | 07/2019 | 5.3                | 3,884 | 3,884 |
| Mister Car Wash<br>Holdings, Inc.   | Automobile  | Senior loan | 08/2021 | 5.0                | 2,985 | 3,004 |
| National Veterinary<br>Associates, Inc.   | Personal, Food and<br>Miscellaneous Services                        | Senior loan | 08/2021 | 5.0                | 995   | 998   |
| Northwestern<br>Management Services,<br>LLC (Gentle Dental)                       | Healthcare, Education and<br>Childcare                              | Senior loan | 10/2017 | 6.5                | 3,941 | 3,941 |
| Northwestern<br>Management Services,<br>LLC (Gentle Dental)                       | Healthcare, Education and<br>Childcare                              | Senior loan | 10/2017 | 7.3                | 67    | 67    |
| Northwestern<br>Management Services,<br>LLC (Gentle Dental)                       | Healthcare, Education and<br>Childcare                              | Senior loan | 10/2017 | 6.5                | 47    | 47    |
| Paradigm DKD Group,<br>LLC  | Buildings and Real Estate   | Senior loan | 11/2018 | 6.0                | 2,047 | 1,884 |
| Paradigm DKD Group,<br>LLC  | Buildings and Real Estate   | Senior loan | 11/2018 | 6.0                | 360   | 302   |
| Paradigm Management<br>Services, LLC <sup>(3)</sup>                               | Healthcare, Education and<br>Childcare                              | Senior loan | 01/2019 | 5.5                | 6,216 | 6,216 |
| Pasternack Enterprises,<br>Inc.   | Diversified Conglomerate<br>Manufacturing                           | Senior loan | 12/2017 | 6.3                | 1,067 | 1,067 |
| Payless ShoeSource, Inc.  | Retail Stores   | Senior loan | 03/2021 | 5.0                | 1,985 | 1,899 |
| Plano Molding<br>Company, LLC <sup>(3)</sup>                                      | Home and Office Furnishings,<br>Housewares, and Durable<br>Consumer | Senior loan | 10/2018 | 5.3                | 1,792 | 1,792 |
| Print Payroll Services,<br>LLC  | Diversified Conglomerate<br>Service                                 | Senior loan | 06/2019 | 6.0                | 3,140 | 3,055 |
| Print Payroll Services,<br>LLC  | Diversified Conglomerate<br>Service                                 | Senior loan | 06/2019 | 6.0                | 362   | 362   |
| R.G. Barry Corporation  |   | Senior loan | 09/2019 | 6.0                | 6,744 | 6,744 |

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|   |   |             |         |     |           |           |  |
|---|---|-------------|---------|-----|-----------|-----------|--|
|   | Personal, Food and<br>Miscellaneous Services                        |             |         |     |           |           |  |
| Reliant Pro ReHab, LLC<br>(3)                     | Healthcare, Education and<br>Childcare                              | Senior loan | 06/2017 | 6.0 | 4,274     | 4,274     |  |
| Renaissance Pharma<br>(U.S.) Holdings Inc.        | Healthcare, Education and<br>Childcare                              | Senior loan | 05/2018 | 5.0 | 3,926     | 3,926     |  |
| Renaissance Pharma<br>(U.S.) Holdings Inc.        | Healthcare, Education and<br>Childcare                              | Senior loan | 05/2018 | 6.3 | 128       | 128       |  |
| Rubio's Restaurants, Inc<br>(MRCC) (3)            | Retail Stores   | Senior loan | 11/2018 | 6.0 | 5,235     | 5,235     |  |
| Rug Doctor LLC (3)                                | Personal and Non Durable<br>Consumer Products                       | Senior loan | 12/2016 | 6.3 | 4,810     | 4,810     |  |
| Scientific Games<br>International, Inc.           | Hotels, Motels, Inns, and<br>Gaming                                 | Senior loan | 10/2020 | 6.0 | 3,955     | 3,973     |  |
| Self Esteem Brands, LLC<br>(3)                    | Leisure, Amusement, Motion<br>Pictures, Entertainment               | Senior loan | 02/2020 | 5.0 | 8,497     | 8,497     |  |
| Smashburger Finance<br>LLC                        | Beverage, Food and Tobacco  | Senior loan | 05/2018 | 5.5 | 965       | 965       |  |
| Syncsort Incorporated (3)                         | Electronics   | Senior loan | 03/2019 | 5.8 | 9,031     | 9,031     |  |
| Systems Maintenance<br>Services Holding, Inc. (3) | Electronics   | Senior loan | 10/2019 | 5.3 | 2,427     | 2,427     |  |
| Take 5 Oil Change,<br>L.L.C. (3)                  | Automobile  | Senior loan | 07/2018 | 5.8 | 1,422     | 1,422     |  |
| Take 5 Oil Change,<br>L.L.C. (3)                  | Automobile  | Senior loan | 07/2018 | 5.8 | 21        | 21        |  |
| W3 Co.  | Oil and Gas   | Senior loan | 03/2020 | 5.8 | 2,970     | 2,599     |  |
| WII Components, Inc. (3)                          | Home and Office Furnishings,<br>Housewares, and Durable<br>Consumer | Senior loan | 07/2018 | 5.5 | 3,180     | 3,180     |  |
| WII Components, Inc. (3)                          | Home and Office Furnishings,<br>Housewares, and Durable<br>Consumer | Senior loan | 07/2018 | 6.8 | 16        | 16        |  |
| Young Innovations, Inc.<br>(3)                    | Healthcare, Education and<br>Childcare                              | Senior loan | 01/2019 | 5.3 | 4,095     | 4,095     |  |
| Young Innovations, Inc.<br>(3)                    | Healthcare, Education and<br>Childcare                              | Senior loan | 01/2018 | 6.5 | 164       | 164       |  |
|   |   |             |         |     | \$189,973 | \$189,151 |  |

(1) Represents the weighted average annual current interest rate as of March 31, 2015. All interest rates are payable in cash.

(2) Represents the fair value in accordance with ASC Topic 820. The determination of such fair value is not included in the Board's valuation process described elsewhere herein.

(3) We also hold a portion of the first lien senior secured loan in this portfolio company.

- (4) The negative fair value is the result of the unfunded commitment being valued below par.

(5) The entire commitment was unfunded at March 31, 2015. As such, no interest is being earned on this investment.

**SLF Loan Portfolio as of September 30, 2014**

| Portfolio Company                                   | Business Description  | Security Type | Maturity Date | Current Interest Rate <sup>(1)</sup> | Principal/Par Amount | Fair Value <sup>(2)</sup> |
|---|---|---------------|---------------|--------------------------------------|----------------------|---------------------------|
| (In thousands)                                      |   |               |               |                                      |                      |                           |
| 5.11, Inc. <sup>(3)</sup>                           | Textiles and Leather  | Senior loan   | 02/2020       | 6.0 %                                | \$3,290              | \$3,294                   |
| ACTIVE Network, Inc.                                | Electronics   | Senior loan   | 11/2020       | 5.5                                  | 1,985                | 1,975                     |
| ARG IH Corporation <sup>(3)</sup>                   | Beverage, Food and Tobacco                                    | Senior loan   | 11/2020       | 4.8                                  | 2,151                | 2,152                     |
| Atrium Innovations                                  | Personal and Non Durable Consumer Products                    | Senior loan   | 02/2021       | 4.3                                  | 3,556                | 3,498                     |
| BJ's Wholesale Club, Inc.                           | Retail Stores   | Senior loan   | 09/2019       | 4.5                                  | 2,985                | 2,944                     |
| Blue Coat Systems, Inc.                             | Electronics   | Senior loan   | 05/2019       | 4.0                                  | 1,990                | 1,958                     |
| BMC Software, Inc.                                  | Electronics   | Senior loan   | 09/2020       | 5.0                                  | 1,915                | 1,886                     |
| Brasa (Holdings) Inc.                               | Personal, Food and Miscellaneous Services                     | Senior loan   | 07/2019       | 5.0                                  | 8,229                | 8,215                     |
| Connect Merger Sub, Inc.                            | Telecommunications  | Senior loan   | 04/2020       | 4.8                                  | 3,975                | 3,943                     |
| Dell, Inc.  | Electronics   | Senior loan   | 04/2020       | 4.5                                  | 1,985                | 1,974                     |
| Dialysis Newco, Inc.                                | Healthcare, Education and Childcare                           | Senior loan   | 04/2021       | 4.5                                  | 2,494                | 2,491                     |
| Diversified Foodservice Supply, Inc. <sup>(3)</sup> | Beverage, Food and Tobacco                                    | Senior loan   | 12/2018       | 5.8                                  | 4,194                | 4,194                     |
| El Pollo Loco Inc. <sup>(3)</sup>                   | Personal, Food and Miscellaneous Services                     | Senior loan   | 10/2018       | 5.3                                  | 4,740                | 4,758                     |
| Federal-Mogul Corporation                           | Automobile  | Senior loan   | 04/2021       | 4.8                                  | 4,000                | 3,972                     |
| GSDM Holdings Corp. <sup>(3)</sup>                  | Healthcare, Education and Childcare                           | Senior loan   | 06/2019       | 5.3                                  | 1,800                | 1,800                     |
| Nuveen Investments, Inc.                            | Finance   | Senior loan   | 05/2017       | 4.2                                  | 3,000                | 2,997                     |
| Paradigm DKD Group, LLC                             | Buildings and Real Estate                                     | Senior loan   | 11/2018       | 5.8                                  | 2,058                | 2,058                     |
| Paradigm DKD Group, LLC                             | Buildings and Real Estate                                     | Senior loan   | 11/2018       | 5.8                                  | 468                  | 468                       |
| Paradigm Management Services, LLC <sup>(3)</sup>    | Healthcare, Education and Childcare                           | Senior loan   | 01/2019       | 5.5                                  | 6,247                | 6,247                     |
| Payless ShoeSource, Inc.                            | Retail Stores   | Senior loan   | 03/2021       | 5.0                                  | 1,995                | 1,925                     |
| Plano Molding Company, LLC <sup>(3)</sup>           | Home and Office Furnishings, Housewares, and Durable Consumer | Senior loan   | 10/2018       | 5.3                                  | 1,827                | 1,827                     |
| Print Payroll Services, LLC                         | Diversified Conglomerate Service                              | Senior loan   | 06/2019       | 5.6                                  | 2,950                | 2,950                     |
| Rug Doctor LLC <sup>(3)</sup>                       | Personal and Non Durable Consumer Products                    | Senior loan   | 12/2016       | 6.3                                  | 4,939                | 4,939                     |
| Rug Doctor LLC <sup>(3)</sup>                       | Personal and Non Durable Consumer Products                    | Senior loan   | 12/2016       | 6.3                                  | 428                  | 428                       |
|   |   | Senior loan   | 10/2020       | 4.3                                  | 3,975                | 3,905                     |



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|  |   |             |         |         |           |           |  |
|--|---|-------------|---------|---------|-----------|-----------|--|
| Scientific Games International, Inc.           | Hotels, Motels, Inns, and Gaming                              |             |         |         |           |           |  |
| Self Esteem Brands, LLC (3)                    | Leisure, Amusement, Motion Pictures, Entertainment            | Senior loan | 02/2020 | 5.0     | 6,324     | 6,324     |  |
| Smashburger Finance LLC                        | Beverage, Food and Tobacco                                    | Senior loan | 05/2018 | 5.5     | 970       | 970       |  |
| Syncsort Incorporated (3)                      | Electronics   | Senior loan | 03/2019 | 5.8     | 4,966     | 4,966     |  |
| Systems Maintenance Services Holding, Inc. (3) | Electronics   | Senior loan | 10/2019 | 5.0     | 2,439     | 2,439     |  |
| Take 5 Oil Change, L.L.C. (3)                  | Automobile  | Senior loan | 07/2018 | 6.3     | 1,429     | 1,429     |  |
| U.S. Water Services, Inc.                      | Utilities   | Senior loan | 08/2018 | 5.8     | 3,461     | 3,461     |  |
| U.S. Water Services, Inc.                      | Utilities   | Senior loan | 08/2018 | 6.8     | 386       | 386       |  |
| U.S. Water Services, Inc.                      | Utilities   | Senior loan | 08/2018 | 5.8     | 165       | 165       |  |
| W3 Co.   | Oil and Gas   | Senior loan | 03/2020 | 5.8     | 2,985     | 2,981     |  |
| WII Components, Inc. (3)                       | Home and Office Furnishings, Housewares, and Durable Consumer | Senior loan | 07/2018 | 5.5     | 3,394     | 3,378     |  |
| WII Components, Inc. (3) (4)                   | Home and Office Furnishings, Housewares, and Durable Consumer | Senior loan | 07/2018 | N/A (5) | -         | (1 )      |  |
|  |   |             |         |         | \$103,695 | \$103,296 |  |

(1) Represents the weighted average annual current interest rate as of September 30, 2014. All interest rates are payable in cash.

(2) Represents the fair value in accordance with ASC Topic 820. The determination of such fair value is not included in our board of directors' valuation process described elsewhere herein.

(3) We also hold a portion of the senior loan in this portfolio company.

(4) The negative fair value is the result of the unfunded commitment being valued below par.

(5) The entire commitment was unfunded at September 30, 2014. As such, no interest is being earned on this investment.

We have committed to fund \$87.5 million of subordinated notes and \$21.9 million of LLC equity interest subscriptions to SLF. The amortized cost and fair value of the subordinated notes in SLF held by us were \$41.6 million and \$41.6 million, respectively, as of March 31, 2015, and \$25.6 million and \$25.6 million, respectively, as of September 30, 2014. The subordinated notes pay a weighted average interest rate of three-month LIBOR plus 8.0%. For the three and six months ended March 31, 2015, we earned interest income of \$0.6 million and \$1.2 million, respectively, on the subordinated notes. For the three and six months ended March 31, 2014, we earned interest income of \$0.5 million and \$0.7 million, respectively, on the subordinated notes. As of March 31, 2015 and September 30, 2014, \$15.3 million and \$9.3 million of our LLC equity interest subscriptions to SLF had been called and contributed. For the three and six months ended March 31, 2015, we received \$0.3 million and \$0.3 million, respectively, in dividend income from the SLF LLC equity interests. For the three and six months ended March 31,

2014, we did not earn dividend income from the SLF LLC equity interests.

For the three and six months ended March 31, 2015, we earned an annualized total return on our weighted average capital invested in SLF of 11.0% and 8.6%, respectively. For the three and six months ended March 31, 2014, we

earned an annualized total return on our weighted average capital invested in SLF of 6.2% and 7.0%, respectively. The annualized total return on weighted average capital invested is calculated by dividing total income earned on our investments in SLF subordinated notes and LLC equity interests by the combined daily average of our investments in (1) the principal of the SLF subordinated notes and (2) the net asset value of the SLF LLC equity interests.

Below is certain summarized financial information for SLF as of March 31, 2015 and September 30, 2014 and for the three and six months ended March 31, 2015 and 2014:

|  | As of<br>March 31,<br>2015<br>(In thousands) | As of September 30, 2014 |
|--|--|--------------------------|
| Selected Balance Sheet Information, at fair value                          |  |                          |
| Investments in loans receivable, net of discount for loan origination fees | \$ 189,151                                   | \$ 103,296               |
| Cash and other assets  | 4,846  | 3,932                    |
| Total assets   | \$ 193,997                                   | \$ 107,228               |
| Senior credit facility   | \$ 121,300                                   | \$ 66,600                |
| Payable for open trades  | 6,000  | -                        |
| Other liabilities  | 1,537  | 822                      |
| Total liabilities  | 128,837                                      | 67,422                   |
| Subordinated notes and members' equity                                     | 65,160                                       | 39,806                   |
| Total liabilities and net assets   | \$ 193,997                                   | \$ 107,228               |

|  | Three months ended<br>March 31,<br>2015 |           | Six months ended March<br>31,<br>2015 |          |
|--|---|-----------|---------------------------------------|----------|
|  | 2014                                    |           | 2014                                  |          |
| (In thousands)   |   |           |                                       |          |
| Selected Statement of Operations Information:  |   |           |                                       |          |
| Interest income  | \$ 2,041                                | \$ 778    | \$ 3,641                              | \$ 1,111 |
| Fee income   | 2                                       | 2         | 4                                     | 2        |
| Total investment income  | 2,043                                   | 780       | 3,645                                 | 1,113    |
| Interest expense   | 1,408                                   | 749       | 2,516                                 | 955      |
| Administrative service fee   | 49                                      | 36        | 96                                    | 52       |
| Management and incentive fees  | -                                       | -         | -                                     | -        |
| Other expenses   | 23                                      | 25        | 48                                    | 34       |
| Total expenses   | 1,480                                   | 810       | 2,660                                 | 1,041    |
| Net investment income  | 563                                     | (30 )     | 985                                   | 72       |
| Net change in unrealized appreciation (depreciation) on investments and subordinated notes | 80                                      | (515 )    | (372 )                                | 127      |
| Net increase (decrease) in net assets  | \$ 643                                  | \$ (545 ) | \$ 613                                | \$ 199   |

SLF has elected to fair value the subordinated notes issued to us and RGA under Accounting Standards Codification, or ASC, Topic 825 – *Financial Instruments*, or ASC Topic 825. The subordinated notes are valued by calculating the net present value of the future expected cash flow streams using an appropriate risk-adjusted discount rate model. For the three and six months ended March 31, 2015, SLF recognized \$0.0 million and \$0.0 million in unrealized depreciation, respectively, on the subordinated notes. For the three and six months ended March 31, 2014, SLF recognized \$0.6 million in unrealized appreciation and \$0.5 million in unrealized depreciation, respectively, on the subordinated notes.

The following table presents the difference between fair value and the aggregate contractual principal amounts of subordinated notes for which the fair value option has been elected as of March 31, 2015 and September 30, 2014:

| As of March 31, 2015<br>(In thousands) |           |                |            |  |
|--|-----------|----------------|------------|--|
|  | Par Value | Carrying Value | Fair Value | Unrealized Appreciation / (Depreciation) |
| Subordinated notes                     | \$47,494  | \$ 47,494      | \$ 47,494  | \$ -                                     |

| As of September 30, 2014<br>(In thousands) |           |                |            |  |
|--|-----------|----------------|------------|--|
|  | Par Value | Carrying Value | Fair Value | Unrealized Appreciation / (Depreciation) |
| Subordinated notes                         | \$29,245  | \$ 29,245      | \$ 29,245  | \$ -                                     |

### Contractual Obligations and Off-Balance Sheet Arrangements

A summary of our significant contractual payment obligations as of March 31, 2015 is as follows:

|  | Payments Due by Period (In millions) |                     |           |           |                      |
|--|--------------------------------------|---------------------|-----------|-----------|----------------------|
|  | Total                                | Less Than<br>1 Year | 1-3 Years | 3-5 Years | More Than<br>5 Years |
| 2010 Debt Securitization                     | \$215.0                              | \$ -                | \$ -      | \$ -      | \$ 215.0             |
| 2014 Debt Securitization                     | 246.0                                | -                   | -         | -         | 246.0                |
| SBA debentures                               | 208.8                                | -                   | -         | -         | 208.8                |
| Credit Facility                              | 84.7                                 | -                   | -         | 84.7      | -                    |
| Revolver                                     | -                                    | -                   | -         | -         | -                    |
| Unfunded commitments <sup>(1)</sup>          | 135.2                                | 135.2               | -         | -         | -                    |
| Total contractual obligations <sup>(2)</sup> | \$889.7                              | \$ 135.2            | \$ -      | \$ 84.7   | \$ 669.8             |

(1) Unfunded commitments represent all amounts unfunded as of March 31, 2015. These amounts may or may not be funded to the borrowing party now or in the future. The unfunded commitments relate to loans with various maturity dates, but we are showing this amount in the less than one year category as this entire amount was eligible for funding to the borrowers as of March 31, 2015.

(2) Total contractual obligations exclude \$0.4 million of secured borrowings.

We may become a party to financial instruments with off-balance sheet risk in the normal course of our business to meet the financial needs of our portfolio companies. These instruments may include commitments to extend credit and involve, to varying degrees, elements of liquidity and credit risk in excess of the amount recognized in the balance sheet. As of March 31, 2015 and September 30, 2014, we had outstanding commitments to fund investments totaling \$135.2 million and \$124.5 million, respectively.

We have certain contracts under which we have material future commitments. We have entered into the Investment Advisory Agreement with GC Advisors in accordance with the 1940 Act. Under the Investment Advisory Agreement, GC Advisors provides us with investment advisory and management services.

Under the Administration Agreement, the Administrator furnishes us with office facilities and equipment, provides us with clerical, bookkeeping and record keeping services at such facilities and provides us with other administrative services necessary to conduct our day-to-day operations. The Administrator also provides on our behalf significant managerial assistance to those portfolio companies to which we are required to offer to provide such assistance.

If any of the contractual obligations discussed above is terminated, our costs under any new agreements that we enter into may increase. In addition, we would likely incur significant time and expense in locating alternative parties to provide the services we receive under our Investment Advisory Agreement and our Administration Agreement. Any new investment advisory agreement would also be subject to approval by our stockholders.

## **Distributions**

We intend to make quarterly distributions to our stockholders as determined by our board of directors. For additional details on distributions, see “Critical Accounting Policies—Income Taxes”.

We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of our distributions from time to time. In addition, we may be limited in our ability to make distributions due to the asset coverage requirements applicable to us as a business development company under the 1940 Act. If we do not distribute a certain percentage of our income annually, we will suffer adverse U.S. federal income tax consequences, including the possible loss of our qualification as a RIC. We cannot assure stockholders that they will receive any distributions.

To the extent our taxable earnings fall below the total amount of our distributions for that fiscal year, a portion of those distributions may be deemed a return of capital to our stockholders for U.S. federal income tax purposes. Thus, the source of a distribution to our stockholders may be the original capital invested by the stockholder rather than our income or gains. Stockholders should read any written disclosure accompanying a dividend payment carefully and should not assume that the source of any distribution is our ordinary income or gains.

We have adopted an “opt out” dividend reinvestment plan for our common stockholders. As a result, if we declare a distribution, our stockholders’ cash distributions will be automatically reinvested in additional shares of our common stock unless a stockholder specifically “opts out” of our dividend reinvestment plan. If a stockholder opts out, that stockholder will receive cash distributions. Although distributions paid in the form of additional shares of our common stock will generally be subject to U.S. federal, state and local taxes in the same manner as cash distributions, stockholders participating in our dividend reinvestment plan will not receive any corresponding cash distributions with which to pay any such applicable taxes.





## Related Party Transactions

We have entered into a number of business relationships with affiliated or related parties, including the following:

We entered into an Investment Advisory Agreement with GC Advisors. Mr. Lawrence Golub, our chairman, is a manager of GC Advisors, and Mr. David Golub, our chief executive officer, is a manager of GC Advisors, and each of Messrs. Lawrence Golub and David Golub owns an indirect pecuniary interest in GC Advisors.

Golub Capital LLC provides, and other affiliates of Golub Capital have historically provided, us with the office facilities and administrative services necessary to conduct day-to-day operations pursuant to our Administration Agreement.

We have entered into a license agreement with Golub Capital LLC, pursuant to which Golub Capital LLC has granted us a non-exclusive, royalty-free license to use the name “Golub Capital.”

Under a staffing agreement, or the Staffing Agreement, Golub Capital LLC has agreed to provide GC Advisors with the resources necessary to fulfill its obligations under the Investment Advisory Agreement. The Staffing Agreement provides that Golub Capital LLC will make available to GC Advisors experienced investment professionals and access to the senior investment personnel of Golub Capital LLC for purposes of evaluating, negotiating, structuring, closing and monitoring our investments. The Staffing Agreement also includes a commitment that the members of GC Advisors’ investment committee will serve in such capacity. Services under the Staffing Agreement are provided on a direct cost reimbursement basis.

GC Advisors serves as collateral manager to the 2010 Issuer and the 2014 Issuer under collateral management agreements and receives a fee for providing these services that is offset against the base management fee payable by us under the Investment Advisory Agreement.

GC Advisors also sponsors or manages, and may in the future sponsor or manage, other investment funds, accounts or investment vehicles (together referred to as “accounts”) that have investment mandates that are similar, in whole and in part, with ours. For example, GC Advisors presently serves as the investment adviser to Golub Capital Investment Corporation, a private business development company that commenced operations on December 31, 2014, which primarily focuses on investing in senior secured and one stop loans. In addition, our officers and directors serve in similar capacities for Golub Capital Investment Corporation. GC Advisors and its affiliates may determine that an investment is appropriate for us and for one or more of those other accounts. In such event, depending on the availability of such investment and other appropriate factors, and pursuant to GC Advisors’ allocation policy, GC Advisors or its affiliates may determine that we should invest side-by-side with one or more other accounts. We do not intend to make any investments if they are not permitted by applicable law and interpretive positions of the SEC

and its staff, or if they are inconsistent with GC Advisors' allocation procedures.

In addition, we have adopted a formal code of ethics that governs the conduct of our and GC Advisors' officers, directors and employees. Our officers and directors also remain subject to the duties imposed by both the 1940 Act and the General Corporation Law of the State of Delaware.

### **Critical Accounting Policies**

The preparation of financial statements and related disclosures in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the periods reported. Actual results could materially differ from those estimates. We have identified the following items as critical accounting policies.

### ***Fair Value Measurements***

We value investments for which market quotations are readily available at their market quotations. However, a readily available market value is not expected to exist for many of the investments in our portfolio, and we value these portfolio investments at fair value as determined in good faith by our board of directors under our valuation policy and process. We may seek pricing information with respect to certain of our investments from pricing services or brokers or dealers in order to value such investments. We also employ independent third party valuation firms for all of our investments for which there is not a readily available market value.

Valuation methods may include comparisons of the portfolio companies to peer companies that are public, the enterprise value of a portfolio company, the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings, discounted cash flow, the markets in which the portfolio company does business and other relevant factors. When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, we will consider the pricing indicated by the external event to corroborate the private equity valuation. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the investments may differ significantly from the values that would have been used had a readily available market value existed for such investments and may differ materially from values that may ultimately be received or settled.

Our board of directors is ultimately and solely responsible for determining, in good faith, the fair value of investments that are not publicly traded, whose market prices are not readily available on a quarterly basis or any other situation where portfolio investments require a fair value determination.

With respect to investments for which market quotations are not readily available, our board of directors undertakes a multi-step valuation process each quarter, as described below:

- Our quarterly valuation process begins with each portfolio company investment being initially valued by the investment professionals of GC Advisors responsible for credit monitoring.
- Preliminary valuation conclusions are then documented and discussed with our senior management and GC Advisors.
- The audit committee of our board of directors reviews these preliminary valuations.
- At least once annually, the valuation for each portfolio investment is reviewed by an independent valuation firm.
- The board of directors discusses valuations and determines the fair value of each investment in our portfolio in good faith.

The factors that are taken into account in fair value pricing investments include: available current market data, including relevant and applicable market trading and transaction comparables; applicable market yields and multiples; security covenants; call protection provisions; information rights; the nature and realizable value of any collateral; the

portfolio company's ability to make payments, its earnings and discounted cash flows and the markets in which it does business; comparisons of financial ratios of peer companies that are public; comparable merger and acquisition transactions; and the principal market and enterprise values.

Determination of fair values involves subjective judgments and estimates. Under current auditing standards, the notes to our consolidated financial statements refer to the uncertainty with respect to the possible effect of such valuations, and any change in such valuations, on our consolidated financial statements.

We follow ASC Topic 820 *Fair Value Measurements and Disclosures* for measuring fair value. Fair value is the price that would be received in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, fair value is based on observable market prices or parameters, or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models are applied. These valuation models involve some level of management estimation and judgment, the degree of which is dependent on the price transparency for the assets or liabilities or market and the assets' or liabilities' complexity. Our fair value analysis includes an analysis of the value of any unfunded loan commitments. Assets and liabilities are categorized for disclosure purposes based upon the level of judgment associated with the inputs used to measure their value. The valuation hierarchical levels are based upon the transparency of the inputs to the valuation of the asset or liability as of the measurement date. The three levels are defined as follows:

Level 1: Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2: Inputs include quoted prices for similar assets or liabilities in active markets and inputs that are observable for the assets or liabilities, either directly or indirectly, for substantially the full term of the assets or liabilities.

Level 3: Inputs include significant unobservable inputs for the assets or liabilities and include situations where there is little, if any, market activity for the assets or liabilities. The inputs into the determination of fair value are based upon the best information available and may require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an asset's or a liability's categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and we consider factors specific to the asset or liability. We assess the levels of assets and liabilities at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfers. There were no transfers among Level 1, 2 and 3 of the fair value hierarchy for assets and liabilities during the three and six months ended March 31, 2015 and 2014. The following section describes the valuation techniques used by us to measure different assets and liabilities at fair value and includes the level within the fair value hierarchy in which the assets and liabilities are categorized.

## **Valuation of Investments**

Level 1 investments are valued using quoted market prices. Level 2 investments are valued using market consensus prices that are corroborated by observable market data and quoted market prices for similar assets and liabilities. Level 3 investments are valued at fair value as determined in good faith by our board of directors, based on input of management, the audit committee and independent valuation firms that have been engaged at the direction of our board of directors to assist in the valuation of each portfolio investment without a readily available market quotation at least once during a trailing twelve-month period under a valuation policy and a consistently applied valuation process. This valuation process is conducted at the end of each fiscal quarter, with approximately 25% (based on fair value) of

our valuations of debt and equity investments without readily available market quotations subject to review by an independent valuation firm. All investments as of March 31, 2015 and September 30, 2014, with the exception of money market funds included in cash and cash equivalents (Level 1 investments), were valued using Level 3 inputs of the fair value hierarchy.

When determining fair value of Level 3 debt and equity investments, we may take into account the following factors, where relevant: the enterprise value of a portfolio company, the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons to publicly traded securities, and changes in the interest rate environment and the credit markets generally that may affect the price at which similar investments may be made and other relevant factors. The primary method for determining enterprise value uses a multiple analysis whereby

appropriate multiples are applied to the portfolio company's EBITDA. The enterprise value analysis is performed to determine the value of equity investments and to determine if debt investments are credit impaired. If debt investments are credit impaired, we will use the enterprise value analysis or a liquidation basis analysis to determine fair value. For debt investments that are not determined to be credit impaired, we use a market interest rate yield analysis to determine fair value.

In addition, for certain debt investments, we may base our valuation on indicative bid and ask prices provided by an independent third party pricing service. Bid prices reflect the highest price that we and others may be willing to pay. Ask prices represent the lowest price that we and others may be willing to accept. We generally uses the midpoint of the bid/ask range as our best estimate of fair value of such investment.

Due to the inherent uncertainty of determining the fair value of Level 3 investments that do not have a readily available market value, the fair value of the investments may differ significantly from the values that would have been used had a market existed for such investments and may differ materially from the values that may ultimately be received or settled. Further, such investments are generally subject to legal and other restrictions or otherwise are less liquid than publicly traded instruments. If we were required to liquidate a portfolio investment in a forced or liquidation sale, we may realize significantly less than the value at which such investment had previously been recorded.

Our investments are subject to market risk. Market risk is the potential for changes in the value due to market changes. Market risk is directly impacted by the volatility and liquidity in the markets in which the investments are traded.

### **Valuation of Secured Borrowings**

We have elected the fair value option under ASC Topic 825 relating to accounting for debt obligations at their fair value for our secured borrowings which arose due to partial loan sales which did not meet the criteria for sale treatment under ASC Topic 860. All secured borrowings as of March 31, 2015 and September 30, 2014 were valued using Level 3 inputs under the fair value hierarchy, and our approach to determining fair value of Level 3 secured borrowings is consistent with our approach to determining fair value of the Level 3 investments that are associated with these secured borrowings as previously described.

### **Valuation of Other Financial Assets and Liabilities**

Fair value of our debt is estimated using Level 3 inputs by discounting remaining payments using comparable market rates or market quotes for similar instruments at the measurement date, if available.

***Revenue Recognition:***

Our revenue recognition policies are as follows:

*Investments and Related Investment Income:* Interest income is accrued based upon the outstanding principal amount and contractual interest terms of debt investments. Premiums, discounts, and origination fees are amortized or accreted into interest income over the life of the respective debt investment. For investments with contractual PIK interest, which represents contractual interest accrued and added to the principal balance that generally becomes due at maturity, we do not accrue PIK interest if the portfolio company valuation indicates that the PIK interest is not likely to be collectible. In addition, we may generate revenue in the form of amendment, structuring or due diligence fees, fees for providing managerial assistance, consulting fees and prepayment premiums on loans and record these fees as fee income when received. Dividend income on preferred equity securities is recorded as dividend income on an accrual basis to the extent that such amounts are payable by the portfolio company and are expected to be



collected. Dividend income on common equity securities is recorded on the record date for private portfolio companies or on the ex-dividend date for publicly traded portfolio companies. Distributions received from LLC and LP investments are evaluated to determine if the distribution should be recorded as dividend income or a return of capital. Generally, we will not record distributions from equity investments in LLCs and LPs as dividend income unless there are sufficient accumulated tax-basis earnings and profits in the LLC or LP prior to the distribution. Distributions that are classified as a return of capital are recorded as a reduction in the cost basis of the investment.

We account for investment transactions on a trade-date basis. Realized gains or losses on investments are measured by the difference between the net proceeds from the disposition and the cost basis of investment, without regard to unrealized gains or losses previously recognized. We report changes in fair value of investments from the prior period that are measured at fair value as a component of the net change in unrealized appreciation (depreciation) on investments in our consolidated statement of operations.

*Non-accrual:* Loans may be left on accrual status during the period we are pursuing repayment of the loan. Management reviews all loans that become past due 90 days or more on principal and interest or when there is reasonable doubt that principal or interest will not be collected for possible placement on non-accrual status. We generally reverse accrued interest when a loan is placed on non-accrual. Additionally, any original issue discount and market discount are no longer accreted to interest income as of the date the loan is placed on non-accrual status. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management's judgment. We restore non-accrual loans to accrual status when past due principal and interest is paid and, in our management's judgment, are likely to remain current. The total fair value of our non-accrual loans was \$3.2 million as of March 31, 2015 and \$5,000 as of September 30, 2014.

*Partial loan sales:* We follow the guidance in ASC Topic 860, when accounting for loan participations and other partial loan sales. Such guidance requires a participation or other partial loan sale to meet the definition of a "participating interest", as defined in the guidance, in order for sale treatment to be allowed. Participations or other partial loan sales that do not meet the definition of a participating interest remain on our statements of assets and liabilities and the proceeds are recorded as a secured borrowing until the definition is met. Secured borrowings are carried at fair value to correspond with the related investments, which are carried at fair value.

***Income taxes:***

We have elected to be treated as a RIC under Subchapter M of the Code and operate in a manner so as to qualify for the tax treatment applicable to RICs.

Depending on the level of taxable income earned in a tax year, we may choose to retain taxable income in excess of current year distributions into the next tax year in an amount less than what would trigger payments of federal income tax under Subchapter M of the Code. We would then pay a 4% excise tax on such income, as required. To the extent that we determine that our estimated current year annual taxable income may exceed estimated current year distributions, we accrue excise tax, if any, on estimated excess taxable income as taxable income is earned.

Because federal income tax regulations differ from GAAP, distributions in accordance with tax regulations may differ from net investment income and realized gains recognized for financial reporting purposes. Differences may be permanent or temporary. Permanent differences are reclassified within capital accounts in the financial statements to reflect their tax character. Temporary differences arise when certain items of income, expense, gain or loss are recognized at some time in the future. Differences in classification may also result from the treatment of short-term gains as ordinary income for tax purposes.

### Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are subject to financial market risks, most significantly changes in interest rates. Many of the loans in our portfolio have floating interest rates, and we expect that our loans in the future may also have floating interest rates. These loans are usually based on a floating LIBOR and typically have interest rate reset provisions that adjust applicable interest rates under such loans to current market rates on a quarterly basis. The loans that are subject to the floating LIBOR rates are also subject to a minimum base rate, or floor, that we charge on our loans if the current market rates are below the respective floors. As of March 31, 2015 and September 30, 2014, the weighted average LIBOR floor on the loans subject to floating interest rates was 1.11% and 1.15%, respectively. In addition, the Class A and B 2010 Notes issued as a part of the 2010 Debt Securitization and the Class A-1, A-2 and B 2014 Notes issued as part of the 2014 Debt Securitization have floating interest rate provisions based on three-month LIBOR that resets quarterly, the Credit Facility has a floating interest rate provision based on one-month LIBOR that resets daily and the Revolver has a floating interest rate provision based on, at the election of Revolver Funding, either one-month, two-month or three-month LIBOR or PrivateBank's prime rate that resets at contract maturity. As of March 31, 2015 and September 30, 2014, the weighted average LIBOR floor on the secured borrowings, which reset quarterly, was 1.00% and 1.00%, respectively. We expect that other credit facilities into which we enter in the future may have floating interest rate provisions.

Assuming that the interim and unaudited consolidated statement of financial condition as of March 31, 2015 were to remain constant and that we took no actions to alter our existing interest rate sensitivity, the following table shows the annualized impact of hypothetical base rate changes in interest rates.

| Change in interest rates | Increase (decrease) in interest income | Increase (decrease) in interest expense | Net increase (decrease) in investment income |
|--------------------------|--|---|--|
|                          | (in thousands)                         |   |  |
| Down 25 basis points     | \$(105)                                | \$(1,371)                               | \$ 1,266                                     |
| Up 50 basis points       | 212                                    | 2,742                                   | (2,530)                                      |
| Up 100 basis points      | 2,888                                  | 5,485                                   | (2,597)                                      |
| Up 200 basis points      | 16,138                                 | 10,973                                  | 5,165  |
| Up 300 basis points      | 29,546                                 | 16,460                                  | 13,086                                       |

Although we believe that this analysis is indicative of our existing sensitivity to interest rate changes, it does not adjust for changes in the credit market, credit quality, the size and composition of the assets in our portfolio and other business developments, including borrowing under the Debt Securitizations, the Credit Facility, the Revolver or other borrowings, that could affect net increase in net assets resulting from operations, or net income. Accordingly, we can offer no assurances that actual results would not differ materially from the analysis above.

We may in the future hedge against interest rate fluctuations by using standard hedging instruments such as interest rate swaps, futures, options and forward contracts to the limited extent permitted under the 1940 Act and applicable commodities laws. While hedging activities may insulate us against adverse changes in interest rates, they may also limit our ability to participate in the benefits of lower interest rates with respect to the investments in our portfolio with fixed interest rates.

**Item 4: Controls and Procedures.**

As of the period covered by this report, we, including our chief executive officer and chief financial officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act). Based on our evaluation, our management, including the chief executive officer and chief financial officer, concluded that our disclosure controls and procedures were effective in timely alerting management, including the chief executive officer and chief financial officer, of material information about us required to be included in our periodic SEC filings. However, in evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, are based upon certain assumptions about the likelihood of future events and can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. There has not been any change in our internal controls over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

## **Part II – Other Information**

### **Item 1: Legal Proceedings.**

Although we may, from time to time, be involved in litigation arising out of our operations in the normal course of business or otherwise, we are currently not a party to any pending material legal proceedings.

### **Item 1A: Risk Factors.**

None.

### **Item 2: Unregistered Sales of Equity Securities and Use of Proceeds.**

None.

### **Item 3: Defaults Upon Senior Securities.**

None.

### **Item 4: Mine Safety Disclosures.**

None.

### **Item 5: Other Information.**

None.

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**Item 6: Exhibits.**

**EXHIBIT INDEX**

**Number Description**

- |      |   |
|------|---|
| 31.1 | Certifications by Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.* |
| 31.2 | Certifications by Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.* |
| 32.1 | Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*                                  |

\* Filed herewith



## 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 thereunto duly authorized.

Golub Capital BDC, Inc.

Dated: May 11, 2015 By/s/ David B. Golub  
David B. Golub  
Chief Executive Officer  
(Principal Executive Officer)

Dated: May 11, 2015 By/s/ Ross A. Teune  
Ross A. Teune  
Chief Financial Officer  
(Principal Accounting and Financial Officer)