

Golub Capital BDC, Inc.
Form 10-Q
May 03, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended March 31, 2013

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.

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(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

27-2326940

(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 3, 2013, the Registrant had 33,754,512 shares of common stock, \$0.001 par value, outstanding.

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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, 2013	September 30, 2012
Assets	(unaudited)	
Investments, at fair value (cost of \$783,868 and \$669,841, respectively)	\$ 788,442	\$ 672,910
Cash and cash equivalents	8,950	13,891
Restricted cash and cash equivalents	84,214	37,036
Interest receivable	4,278	3,906
Deferred financing costs	7,029	5,898
Other assets	265	455
Total Assets	\$ 893,178	\$ 734,096
Liabilities		
Debt	\$ 385,700	\$ 352,300
Interest payable	1,304	1,391
Management and incentive fees payable	5,069	4,203
Accounts payable and accrued expenses	1,452	1,073
Total Liabilities	393,525	358,967
Net Assets		
Preferred stock, par value \$0.001 per share, 1,000,000 shares authorized, zero shares issued and outstanding as of March 31, 2013 and September 30, 2012	-	-
Common stock, par value \$0.001 per share, 100,000,000 shares authorized, 33,754,512 and 25,688,101 shares issued and outstanding as of March 31, 2013 and September 30, 2012, respectively	34	26
Paid in capital in excess of par	498,448	375,563
Capital distributions in excess of net investment income	379	347
Net unrealized appreciation on investments and derivative instruments	7,242	5,737
Net realized loss on investments and derivative instruments	(6,450) (6,544
Total Net Assets	499,653	375,129
Total Liabilities and Total Net Assets	\$ 893,178	\$ 734,096
Number of common shares outstanding	33,754,512	25,688,101
Net asset value per common share	\$ 14.80	\$ 14.60

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,	
	2013	2012	2013	2012
Investment income				
Interest income	\$ 19,617	\$ 14,352	\$ 37,944	\$ 26,452
Dividend income	479	-	746	377
Total investment income	20,096	14,352	38,690	26,829
Expenses				
Interest and other debt financing expenses	3,292	2,580	6,287	4,946
Base management fee	2,686	2,093	5,154	3,967
Incentive fee	2,468	1,434	4,862	2,344
Professional fees	512	559	1,006	1,147
Administrative service fee	610	455	1,158	718
General and administrative expenses	134	166	252	301
Total expenses	9,702	7,287	18,719	13,423
Net investment income	10,394	7,065	19,971	13,406
Net gain on investments				
Net realized (loss) gain on investments	-	(2,817)	94	(4,932)
Net realized gain on derivative instruments	-	724	-	988
Net change in unrealized appreciation on investments	1,857	4,032	1,505	4,375
Net change in unrealized appreciation on derivative instruments	-	2,427	-	3,784
Net gain on investments	1,857	4,366	1,599	4,215
Net increase in net assets resulting from operations	\$ 12,251	\$ 11,431	\$ 21,570	\$ 17,621
Per Common Share Data				
Basic and diluted earnings per common share	\$ 0.38	\$ 0.48	\$ 0.71	\$ 0.77
Dividends and distributions declared per common share	\$ 0.32	\$ 0.32	\$ 0.64	\$ 0.64
Basic and diluted weighted average common shares outstanding	32,532,794	24,059,623	30,207,933	22,890,820

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	Paid in Capital	Capital	Net Unrealized Appreciation	Net Realized Gain	Total	
	Par	in Excess of Par	Distributions in Excess of Net Investment Income	(Depreciation) on Investments and Derivative Instruments	(Loss) on Investments and Derivative Instruments	Net Assets	
	Shares	Amount					
Balance at September 30, 2011	21,733,903	\$ 22	\$ 318,302	\$ (398)	\$ (1,519)	\$ 142	\$ 316,549
Issuance of common stock, net of offering and underwriting costs ⁽¹⁾	3,825,000	4	56,512	-	-	-	56,516
Net increase (decrease) in net assets resulting from operations	-	-	-	13,406	8,159	(3,944)	17,621
Distributions to stockholders:							
Stock issued in connection with dividend reinvestment plan	80,468	-	1,180	-	-	-	1,180
Dividends and distributions	-	-	-	(15,141)	-	-	(15,141)
Balance at March 31, 2012	25,639,371	\$ 26	\$ 375,994	\$ (2,133)	\$ 6,640	\$ (3,802)	\$ 376,725
Balance at September 30, 2012	25,688,101	\$ 26	\$ 375,563	\$ 347	\$ 5,737	\$ (6,544)	\$ 375,129
Issuance of common stock, net of offering and underwriting costs ⁽²⁾	8,016,382	8	122,120	-	-	-	122,128
Net increase in net assets resulting from operations	-	-	-	19,971	1,505	94	21,570

Distributions to stockholders:							
Stock issued in connection with dividend reinvestment plan	50,029	-	765	-	-	-	765
Dividends and distributions	-	-	-	(19,939)	-	(19,939)
Balance at March 31, 2013	33,754,512	\$ 34	\$ 498,448	\$ 379	\$ 7,242	\$ (6,450) \$499,653

(1) On January 31, 2012, Golub Capital BDC, Inc. priced a public offering of 3,500,000 shares of its common stock at a public offering price of \$15.35 per share. On March 1, 2012, Golub Capital BDC, Inc. sold an additional 325,000 shares of its common stock at a public offering price of \$15.35 per share pursuant to the underwriters' partial exercise of the over-allotment option.

(2) On October 16, 2012, Golub Capital BDC, Inc. priced a public offering of 2,600,000 shares of its common stock at a public offering price of \$15.58 per share. On November 14, 2012, Golub Capital BDC, Inc. sold an additional 294,120 shares of its common stock at a public offering price of \$15.58 per share pursuant to the underwriters' partial exercise of the over-allotment option. On January 15, 2013, Golub Capital BDC, Inc. priced a public offering of 4,500,000 shares of its common stock at a public offering price of \$15.87 per share. On February 20, 2013, Golub Capital BDC, Inc. sold an additional 622,262 shares of its common stock at a public offering price of \$15.87 per share pursuant to the underwriters' partial exercise of the over-allotment option.

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,	
	2013	2012
Cash flows from operating activities		
Net increase in net assets resulting from operations	\$ 21,570	\$ 17,621
Adjustments to reconcile net increase in net assets resulting from operations to net cash used in operating activities		
Amortization of deferred financing costs	1,084	697
Accretion of discounts and amortization of premiums	(4,465)	(2,380)
Net realized (gain) loss on investments	(94)	4,932
Net realized gain on derivative instruments	-	(988)
Net change in unrealized appreciation on investments	(1,505)	(4,375)
Net change in unrealized appreciation on derivative instruments	-	(3,784)
Fundings of revolving loans, net	(4,242)	(616)
Fundings of investments	(288,565)	(237,606)
Proceeds from principal payments and sales of portfolio investments	183,906	86,474
Proceeds from derivative instruments	-	988
Payment-in-kind ("PIK") interest	(567)	(398)
Changes in operating assets and liabilities:		
Interest receivable	(372)	(653)
Cash collateral on deposit with custodian	-	353
Other assets	190	425
Interest payable	(87)	244
Management and incentive fees payable	866	1,856
Accounts payable and accrued expenses	379	318
Payable for investments purchased	-	5,010
Net cash used in operating activities	(91,902)	(131,882)
Cash flows from investing activities		
Net change in restricted cash and cash equivalents	(47,178)	(19,109)
Net cash used in investing activities	(47,178)	(19,109)
Cash flows from financing activities		
Borrowings on debt	172,950	131,917
Repayments of debt	(139,550)	(37,900)
Capitalized debt financing costs	(2,215)	(1,810)
Proceeds from shares sold, net of underwriting costs	122,485	57,164
Offering costs paid	(357)	(648)
Dividends and distributions paid	(19,174)	(13,961)
Net cash provided by financing activities	134,139	134,762
Net change in cash and cash equivalents	(4,941)	(16,229)
Cash and cash equivalents, beginning of period	13,891	46,350
Cash and cash equivalents, end of period	\$ 8,950	\$ 30,121

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Supplemental information:

Cash paid during the period for interest	\$ 5,290	\$ 4,006
Dividends and distributions declared during the period	\$ 19,939	\$ 15,141

See Notes to Consolidated Financial Statements.

Golub Capital BDC, Inc. and Subsidiaries
Consolidated Schedule of Investments (unaudited)

March 31, 2013

(In thousands)

	Investment	Spread	Interest	Maturity	Principal		Percentage		
	Type	Above	Rate ⁽²⁾	Date	Amount	Cost	of	Fair	
		Index ⁽¹⁾					Net	Value	
							Assets		
Investments									
Canada									
Debt									
investments									
Leisure,									
Amusement,									
Motion									
Pictures,									
Entertainment									
Extreme Fitness, Inc.	Senior loan	N/A	10.00	% 03/2013	\$220	\$220	-	%	\$220
Extreme Fitness, Inc.	Senior loan	N/A	8.00	% 02/2013	76	76	-		76
Extreme Fitness, Inc.	Senior loan	N/A	8.00	% 02/2013	626	626	0.1		626
Extreme Fitness, Inc. ⁽³⁾	Subordinated debt	N/A	12.00% cash/2.50% PIK	11/2015	2,908	2,810	-		-
Total Canada					\$3,830	\$3,732	0.1	%	\$922
Fair Value as percentage of Principal Amount									
									24.1
United States									
Debt									
investments									
Aerospace and Defense									
Aderant North America, Inc.*	Senior loan	L + 5.00%	6.25	% 12/2018	\$4,529	\$4,486	0.9	%	\$4,529
ILC Dover, LP	Senior loan		7.00	% 07/2017	610	605	0.1		610

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		L + 5.75%							
ILC Dover, LP	Senior loan	P + 4.75%	8.00	%	07/2017	211	204	-	211
ILC Dover, LP	Senior loan	L + 5.75%	7.00	%	07/2017	4,379	4,305	0.9	4,379
Tresys Technology Holdings, Inc. ⁽⁴⁾	One stop	L+ 6.75%	NA	(5)	12/2017	-	(10)	-	-
Tresys Technology Holdings, Inc.	One stop	L + 6.75%	8.00	%	12/2017	4,025	3,930	0.8	4,025
TurboCombustor Technology Inc.*	Senior loan	L + 4.75%	5.75	%	12/2017	386	384	0.1	384
TurboCombustor Technology Inc.*	Senior loan	L + 5.00%	6.00	%	12/2017	900	896	0.2	896
Whitcraft LLC	Subordinated debt	N/A	12.00	%	12/2018	1,877	1,850	0.4	1,877
White Oak Technologies, Inc. ⁽⁴⁾	Senior loan	L+ 5.00%	NA	(5)	03/2017	-	(8)	-	-
White Oak Technologies, Inc.*	Senior loan	L + 5.00%	6.25	%	03/2017	1,905	1,871	0.4	1,905
						18,822	18,513	3.8	18,816
Automobile									
ABRA, Inc.	Subordinated debt	N/A	12.00% cash/1.50% PIK		04/2017	966	947	0.2	966
ABRA, Inc.	Subordinated debt	N/A	12.00% cash/1.50% PIK		04/2017	9,623	9,466	1.9	9,623
American Driveline Systems, Inc.	Senior loan	P + 6.50%	9.75	%	01/2016	391	384	0.1	361
American Driveline Systems, Inc.*	Senior loan	L + 7.50%	9.00	%	01/2016	2,840	2,800	0.5	2,614
CLP Auto Interior Corporation*	Senior loan	L + 4.75%	4.95	%	06/2013	3,019	3,019	0.6	3,019
Express Oil Change, LLC	Senior loan	P + 3.50%	6.75	%	12/2017	119	114	-	119
Express Oil Change, LLC	Senior loan	P + 3.50%	6.75	%	12/2017	218	214	-	218
Express Oil Change, LLC*	Senior loan	P + 3.50%	6.75	%	12/2017	1,889	1,870	0.4	1,889
Federal-Mogul Corporation	Senior loan	L + 1.94%	2.14	%	12/2014	1,966	1,932	0.4	1,845
Federal-Mogul Corporation	Senior loan	L + 1.94%	2.14	%	12/2015	1,003	983	0.2	941
K&N Engineering, Inc. ⁽⁴⁾	Senior loan	P + 4.25%	NA	(5)	12/2016	-	(7)	-	-

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K&N Engineering, Inc.	Senior loan	P + 4.25%	7.50	%	12/2016	3,158	3,111	0.6	3,158
						25,192	24,833	4.9	24,753
Banking									
Prommis Fin Co.* ⁽³⁾	Senior loan	P + 10.50%	2.25% cash/11.50% PIK		06/2015	206	191	-	52
Prommis Fin Co.	Senior loan	P + 10.00%	13.25	%	06/2015	126	125	-	126
Prommis Fin Co.* ⁽³⁾	Second lien	P + 10.50%	2.25% cash/11.50% PIK		06/2015	413	382	-	-
Prommis Fin Co.* ⁽³⁾	Subordinated debt	P + 10.50%	2.25% cash/11.50% PIK		06/2015	207	191	-	-
						952	889	-	178
Beverage, Food and Tobacco									
ABP Corporation ⁽⁴⁾	Senior loan	L + 5.25%	NA	(5)	06/2016	-	(5)	-	-
ABP Corporation*	Senior loan	L + 5.25%	6.75	%	06/2016	4,513	4,456	0.9	4,513
Ameriquel Group, LLC*	Senior loan	L + 5.00%	6.50	%	03/2016	1,727	1,706	0.3	1,675
Ameriquel Group, LLC*	Senior loan	L + 7.50%	9.00	%	03/2016	835	826	0.2	768
Atkins Nutritionals, Inc.*	One stop	P + 8.65%	11.16	%	12/2015	6,121	6,011	1.2	6,121
Candy Intermediate Holdings, Inc.	Senior loan	L + 6.25%	7.50	%	06/2018	4,962	4,811	1.0	5,056
First Watch Restaurants, Inc.	One stop	L + 7.50%	8.75	%	12/2016	420	394	0.1	420
First Watch Restaurants, Inc.	One stop	P + 6.50%	9.75	%	12/2016	140	114	-	140
First Watch Restaurants, Inc.*	One stop	P + 6.50%	9.75	%	12/2016	11,472	11,301	2.3	11,472
IL Fornaio (America) Corporation*	Senior loan	P + 4.25%	7.50	%	06/2017	4,423	4,407	0.9	4,423
IT'SUGAR LLC	Subordinated debt	N/A	8.00	%	10/2017	1,707	1,707	0.5	2,697
IT'SUGAR LLC	Senior loan	L + 8.50%	10.00	%	04/2017	4,234	4,165	0.8	4,234
Julio & Sons Company ⁽⁴⁾	One stop	L + 5.50%	NA	(5)	09/2014	-	(11)	-	-
Julio & Sons Company*	One stop	L + 5.50%	7.00	%	09/2016	7,086	7,036	1.4	7,086
Julio & Sons Company ⁽⁴⁾	One stop	L + 5.50%	NA	(5)	09/2016	-	(10)	-	-
Northern Brewer, LLC	One stop	P + 5.25%	8.50	%	02/2018	211	198	-	198

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Northern Brewer, LLC	One stop	P + 5.25%	8.50	%	02/2018	6,494	6,334	1.3	6,397
Richelieu Foods, Inc.	Senior loan	L + 5.00%	6.75	%	11/2015	46	37	-	46
Richelieu Foods, Inc.*	Senior loan	L + 5.00%	6.75	%	11/2015	2,054	2,024	0.4	2,054
						56,445	55,501	11.3	57,300
Building and Real Estate									
ASP PDM Acquisition Co. LLC*(3)	Senior loan	P + 7.25%	10.50	%	12/2013	451	443	-	180
Global Claims Services, Inc.(4)	Senior loan	L + 5.00%	NA	(5)	06/2018	-	(1)	-	-
Global Claims Services, Inc.*	Senior loan	L + 5.00%	6.25	%	06/2018	827	816	0.2	827
KHKI Acquisition, Inc.	Senior loan	P + 5.00%	8.50	%	03/2017	2,600	2,600	0.3	1,430
Tecta America Corp.	Senior loan	P + 5.75%	9.00	%	03/2014	3,779	3,779	0.4	1,859
						7,657	7,637	0.9	4,296
Cargo Transport									
RP Crown Parent*	Senior loan	L + 5.50%	6.75	%	12/2019	1,995	1,956	0.4	2,038
RP Crown Parent	Second lien	L + 10.00%	11.25	%	12/2019	7,500	7,354	1.6	7,867
						9,495	9,310	2.0	9,905
Chemicals, Plastics and Rubber									
Integrated DNA Technologies, Inc.	Subordinated debt	N/A	12.00% cash/2.00% PIK		04/2015	2,167	2,127	0.4	2,167
Road Infrastructure Investment, LLC(4)	Senior loan	L + 5.00%	NA	(5)	03/2017	-	(37)	-	(1
Road Infrastructure Investment, LLC*	Senior loan	L + 5.00%	6.25	%	03/2018	4,116	4,065	0.8	4,147
						6,283	6,155	1.2	6,313

See Notes to Consolidated Financial Statements.

Golub Capital BDC, Inc. and Subsidiaries
Consolidated Schedule of Investments (unaudited) - (Continued)

March 31, 2013

(In thousands)

	Investment Type	Spread Above Index ⁽¹⁾	Interest Rate ⁽²⁾	Maturity Date	Principal Amount	Cost	Percentage of Total Net Assets	Fair Value
Containers, Packaging and Glass								
Fort Dearborn Company*	Senior loan	L + 4.75%	6.00	% 10/2017	49	49	-	49
Fort Dearborn Company*	Senior loan	L + 5.25%	6.50	% 10/2018	191	190	-	191
Fort Dearborn Company*	Senior loan	L + 4.75%	6.00	% 10/2017	471	467	0.1	471
Fort Dearborn Company*	Senior loan	L + 5.25%	6.50	% 10/2018	1,839	1,821	0.4	1,839
John Henry Holdings Inc.	Second lien	L + 9.00%	10.25	% 05/2019	1,175	1,147	0.2	1,190
					3,725	3,674	0.7	3,740
Diversified Conglomerate Manufacturing								
Chase Industries, Inc.*	One stop	L + 6.07%	7.32	% 11/2017	11,785	11,586	2.4	11,785
Metal Spinners, Inc.*	Senior loan	L + 6.50%	8.00	% 12/2014	1,381	1,354	0.3	1,381
Metal Spinners, Inc.*	Senior loan	L + 6.50%	8.00	% 12/2014	2,758	2,707	0.6	2,758
Onicon Incorporated ⁽⁴⁾	One stop	L + 6.75%	NA	(5) 12/2017	-	(15)	-	(16)
Onicon Incorporated	One stop	L + 6.75%	8.25	% 12/2017	3,675	3,604	0.7	3,601
Pasternack Enterprises, Inc.*	Senior loan	L + 5.00%	6.25	% 12/2017	1,272	1,260	0.3	1,272
Sunless Merger Sub, Inc.	Senior loan	P + 4.00%	7.25	% 07/2016	127	126	-	100
	Senior loan		6.50	% 07/2016	2,261	2,254	0.4	2,035

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Sunless Merger Sub, Inc.*		L + 5.25%							
Tecomet Inc. ⁽⁴⁾	Senior loan	L + 4.50%	NA	(5)	12/2016	-	(6)	-	-
Tecomet Inc.*	Senior loan	L + 4.50%	5.75	%	12/2016	6,006	5,927	1.2	6,006
TIDI Products, LLC ⁽⁴⁾	One stop	L + 7.00%	NA	(5)	07/2017	-	(12)	-	-
TIDI Products, LLC*	One stop	L + 7.00%	8.25	%	07/2018	8,747	8,579	1.8	8,747
Vintage Parts, Inc.*	One stop	L + 5.50%	5.78	%	12/2013	5,372	5,362	1.1	5,291
Vintage Parts, Inc.*	One stop	L + 6.00%	8.50	%	12/2013	75	75	-	75
Vintage Parts, Inc.*	One stop	L + 8.00%	9.75	%	12/2013	1,122	1,114	0.2	1,139
						44,581	43,915	9.0	44,174
Diversified Conglomerate Service Agility Recovery Solutions Inc. ⁽⁴⁾	One stop	L + 6.75%	NA	(5)	12/2017	-	(6)	-	-
Agility Recovery Solutions Inc.	One stop	L + 6.75%	8.00	%	12/2017	5,464	5,335	1.1	5,464
Ahern Rentals, Inc.	Second lien	N/A	16.00	%	12/2012	6,000	6,000	1.2	6,000
API Healthcare Corporation*	One stop	L + 8.92%	10.42	%	02/2017	9,341	9,201	1.9	9,341
Consona Holdings, Inc. ⁽⁴⁾	Senior loan	L + 5.50%	NA	(5)	08/2017	-	(3)	-	-
Consona Holdings, Inc.*	Senior loan	L + 5.50%	6.75	%	08/2018	1065	1032	0.2	1065
Consona Holdings, Inc.*	Senior loan	L + 6.00%	7.25	%	08/2018	1,559	1,545	0.3	1,559
Document Technologies, LLC ⁽⁴⁾	Senior loan	L + 4.25%	NA	(5)	12/2018	-	(14)	-	-
Document Technologies, LLC *	Senior loan	L + 4.25%	5.50	%	12/2018	6,862	6,788	1.4	6,862
EAG, Inc.*	Senior loan	P + 3.50%	6.75	%	07/2017	2,560	2,529	0.5	2,560
HighJump Acquisition LLC	One stop	L + 8.50%	9.75	%	07/2016	5,414	5,359	1.1	5,414
Marathon Data Operating Co.,	One stop	L + 6.25%	NA	(5)	08/2017	-	(9)	-	-

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LLC ⁽⁴⁾									
Marathon Data Operating Co., LLC	One stop	L + 6.25%	7.50	%	08/2017	4,795	4,689	1.0	4,795
MSC Software Corporation*	One stop	L + 7.96%	9.21	%	11/2017	10,288	10,105	2.0	10,134
Navex Global, Inc.	One stop	L + 7.50%	9.00	%	12/2016	420	401	0.1	420
Navex Global, Inc.*	One stop	L + 7.50%	9.00	%	12/2016	17,989	17,642	3.6	17,989
NetSmart Technologies, Inc.	One stop	L + 7.49%	8.74	%	12/2017	667	653	0.1	667
NetSmart Technologies, Inc.*	One stop	L + 7.50%	8.75	%	12/2017	8,537	8,451	1.7	8,537
PC Helps Support, LLC ⁽⁴⁾	Senior loan	L + 5.25%	NA	(5)	09/2017	-	(2)	-	-
PC Helps Support, LLC	Senior loan	L + 5.25%	6.50	%	09/2017	2,112	2,084	0.4	2,112
Secure-24, LLC	One stop	L + 6.25%	7.50	%	08/2017	332	324	0.1	332
Secure-24, LLC*	One stop	L + 7.00%	8.25	%	08/2017	10,592	10,310	2.1	10,592
Secure-24, LLC	One stop	L + 7.00%	8.25	%	08/2017	553	524	0.1	553
Source Medical Solutions, Inc.	Second lien	L + 9.50%	10.75	%	03/2018	9,294	9,082	1.8	9,201
						103,844	102,020	20.7	103,597
Electronics Cape Electrical Supply LLC*	Senior loan	L + 5.50%	6.50% cash/0.50% PIK		06/2013	1,168	1,162	0.2	1,168
Ecommerce Industries, Inc. ⁽⁴⁾	One stop	L + 6.75%	NA	(5)	10/2016	-	(24)	-	-
Ecommerce Industries, Inc.*	One stop	L + 8.27%	9.52	%	10/2016	13,174	13,002	2.6	13,174
Entrust, Inc./Entrust Limited*	Second lien	L + 9.50%	10.75	%	04/2019	5,204	5,155	1.0	5,204
Entrust, Inc./Entrust Limited*	Second lien	L + 9.50%	10.75	%	04/2019	11,523	11,415	2.3	11,523
Rogue Wave Holdings, Inc.*	One stop	L + 9.61%	10.86	%	11/2017	6,307	6,233	1.3	6,307
Sparta Systems, Inc. ⁽⁴⁾	Senior loan	L + 5.25%	NA	(5)	12/2017	-	(8)	-	-
Sparta Systems, Inc.	Senior loan	L + 5.25%	6.50	%	12/2017	6,838	6,757	1.4	6,838

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Syncsort Incorporated ⁽⁴⁾	Senior loan	L + 5.50%	NA	(5)	03/2015	-	(3)	-	-
Syncsort Incorporated*	Senior loan	P + 4.25%	7.50	%	03/2015	7,138	7,047	1.4	7,138	
Time-O-Matic, Inc.	Subordinated debt	N/A	12.00% cash/1.25% PIK		12/2016	11,634	11,480	2.3	11,634	
						62,986	62,216	12.5	62,986	
Farming and Agriculture										
AGData, L.P.	One stop	L + 6.25%	7.75	%	08/2016	2,734	2,708	0.5	2,734	
Finance										
Ascensus, Inc.*	One stop	L + 6.75%	8.00	%	12/2018	18,048	17,701	3.6	18,048	
Bonddesk Group LLC*	Senior loan	L + 5.00%	6.50	%	09/2016	995	988	0.2	995	
Compass Group Diversified Holdings, LLC*	Senior loan	P + 4.00%	7.25	%	10/2017	8,344	8,020	1.7	8,397	
Pillar Processing LLC ⁽³⁾	Senior loan	L + 5.50%	5.81	%	11/2018	1,706	1,697	0.3	1,535	
Pillar Processing LLC ⁽³⁾	Senior loan	N/A	14.50	%	05/2019	3,125	2,714	0.1	625	
						32,218	31,120	5.9	29,600	

See Notes to Consolidated Financial Statements.

Golub Capital BDC, Inc. and Subsidiaries
Consolidated Schedule of Investments (unaudited) - (Continued)

March 31, 2013

(In thousands)

	Investment	Spread Above	Interest	Maturity	Principal		Percentage		
	Type	Index ⁽¹⁾	Rate ⁽²⁾	Date	Amount	Cost	of Total Net Assets	Fair Value	
Healthcare, Education and Childcare									
Advanced Pain Management Holdings, Inc. ⁽⁴⁾	Senior loan	L + 5.00%	NA	⁽⁵⁾ 02/2018	-	(8)	-	(8)	
Advanced Pain Management Holdings, Inc. ⁽⁴⁾	Senior loan	L + 5.00%	NA	⁽⁵⁾ 02/2018	-	(11)	-	(12)	
Advanced Pain Management Holdings, Inc.*	Senior loan	L + 5.00%	6.25	% 02/2018	7,401	7,328	1.5	7,327	
Alegeus Technologies, LLC*	Senior loan	L + 5.00%	6.50	% 08/2018	869	857	0.2	869	
Avatar International, LLC	One stop	L + 8.00%	9.25	% 09/2016	1,673	1,658	0.3	1,673	
Avatar International, LLC ⁽⁴⁾	One stop	L + 7.50%	NA	⁽⁵⁾ 09/2016	-	(7)	-	-	
Avatar International, LLC*	One stop	L + 7.50%	8.75	% 09/2016	7,754	7,661	1.6	7,754	
Campus Management Acquisition Corp.	Second lien	L + 9.14%	10.89	% 09/2015	5,020	4,970	0.9	4,518	
DDC Center Inc.	One stop	P + 5.25%	10.75	% 10/2013	91	91	-	91	
DDC Center Inc.*	One stop	L + 6.50%	9.50	% 10/2014	8,063	8,072	1.6	8,063	
Delta Educational	Senior loan	P + 4.75%	8.00	% 12/2016	2,116	2,083	0.4	2,010	

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Systems*									
Dialysis Newco, Inc.	Subordinated debt	N/A	11.00% cash/2.00% PIK	09/2018	8,883	8,777	1.8	8,883	
Encore Rehabilitation Services, LLC ⁽⁴⁾	One stop	L + 6.25%	NA	⁽⁵⁾ 06/2017	-	(14)	-	-	
Encore Rehabilitation Services, LLC	One stop	L + 6.25%	7.50	% 06/2017	5,164	5,044	1.0	5,164	
G & H Wire Company, Inc. ⁽⁴⁾	Senior loan	L + 5.50%	NA	⁽⁵⁾ 11/2016	-	(11)	-	-	
G & H Wire Company, Inc.*	Senior loan	L + 5.50%	7.00	% 11/2016	8,915	8,789	1.8	8,915	
Healogics, Inc.	Second lien	L + 8.00%	9.25	% 02/2020	16,454	16,293	3.4	16,989	
Hospitalists Management Group, LLC	Senior loan	L + 4.50%	6.00	% 05/2017	455	446	0.1	410	
Hospitalists Management Group, LLC	Senior loan	L + 4.50%	6.00	% 05/2017	269	260	-	224	
Hospitalists Management Group, LLC	Senior loan	L + 4.50%	6.00	% 05/2017	3,814	3,749	0.7	3,624	
IntegraMed America, Inc. ⁽⁴⁾	One stop	L + 7.25%	NA	⁽⁵⁾ 09/2017	-	(16)	-	-	
IntegraMed America, Inc.*	One stop	L + 7.25%	8.50	% 09/2017	14,530	14,235	2.9	14,530	
Maverick Healthcare Group, LLC*	Senior loan	L + 5.50%	7.25	% 12/2016	2,080	2,058	0.4	2,080	
NeuroTherm, Inc.	Senior loan	P + 4.00%	7.25	% 02/2016	76	72	-	76	
NeuroTherm, Inc.*	Senior loan	L + 5.00%	6.50	% 02/2016	1,522	1,503	0.3	1,522	
Northwestern Management Services, LLC ⁽⁴⁾	Senior loan	L + 5.50%	NA	⁽⁵⁾ 10/2017	-	(5)	-	-	
Northwestern Management Services, LLC ⁽⁴⁾	Senior loan	L + 5.50%	NA	⁽⁵⁾ 10/2017	-	(5)	-	-	
Northwestern Management Services, LLC*	Senior loan	L + 5.50%	6.75	% 10/2017	3,065	3,031	0.6	3,065	
Pentec Acquisition Sub, Inc. ⁽⁴⁾	Senior loan	L + 5.25%	NA	⁽⁵⁾ 05/2017	-	(3)	-	(24)	

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Pentec Acquisition Sub, Inc.*	Senior loan	L + 5.25%	6.50	%	05/2018	2,186	2,148	0.4	1,924
PhysioTherapy Associates Holdings, Inc.*	Senior loan	L + 4.75%	6.00	%	04/2018	575	565	0.1	578
Reliant Pro ReHab, LLC	Senior loan	L + 4.75%	6.00	%	06/2016	966	954	0.2	966
Reliant Pro ReHab, LLC	Senior loan	P + 3.75%	7.00	%	06/2016	621	614	0.1	621
Reliant Pro ReHab, LLC*	Senior loan	L + 4.75%	6.00	%	06/2016	3,505	3,465	0.7	3,505
Renaissance Pharma (U.S.) Holdings Inc. ⁽⁴⁾	Senior loan	L + 5.25%	NA	(5)	06/2017	-	(5)	-	-
Renaissance Pharma (U.S.) Holdings Inc.	Senior loan	L + 5.25%	6.75	%	06/2017	2,388	2,347	0.5	2,388
Southern Anesthesia and Surgical ⁽⁴⁾	One stop	L + 7.00%	NA	(5)	11/2017	-	(15)	-	-
Southern Anesthesia and Surgical	One stop	L + 7.00%	8.25	%	11/2017	6,312	6,167	1.3	6,312
Surgical Information Systems, LLC	Senior loan	L + 8.12%	9.62	%	12/2015	3,730	3,689	0.7	3,730
WIL Research Company, Inc.*	Senior loan	L + 5.25%	6.75	%	04/2018	788	778	0.2	788
Young Innovations, Inc. ⁽⁴⁾	Senior loan	L + 5.00%	NA	(5)	01/2018	-	(3)	-	(3)
Young Innovations, Inc.	Senior loan	L + 5.00%	6.25	%	01/2019	4,937	4,901	1.0	4,900
						124,222	122,502	24.7	123,452
Home and Office Furnishings, Housewares, and Durable Consumer Goods									
Top Knobs USA, Inc.*	Senior loan	L + 5.75%	7.00	%	11/2017	2,124	2,099	0.4	2,124
WII Components, Inc.	Senior loan	P + 3.75%	7.00	%	07/2016	9	8	-	9
WII Components, Inc.*	Senior loan	L + 4.75%	6.25	%	07/2016	1,685	1,669	0.3	1,685
	One stop		5.95	%	09/2013	3,329	3,308	0.7	3,329

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Zenith Products Corporation*		L + 5.75%				7,147	7,084	1.4	7,147
Insurance AssuredPartners Capital, Inc. ⁽⁴⁾	Senior loan	L + 5.25%	NA	(5)	11/2018	-	(18)	-	-
AssuredPartners Capital, Inc.*	Senior loan	L + 5.25%	6.50	%	05/2018	1,522	1,508	0.3	1,522
Captive Resources Midco, LLC ⁽⁴⁾	Senior loan	L + 5.50%	NA	(5)	10/2017	-	(4)	-	-
Captive Resources Midco, LLC*	Senior loan	L + 5.50%	6.75	%	10/2018	3,579	3,546	0.7	3,579
Evolution1, Inc. ⁽⁴⁾	Senior loan	L + 4.75%	NA	(5)	06/2016	-	(16)	-	-
Evolution1, Inc. ⁽⁴⁾	Senior loan	L + 4.75%	NA	(5)	06/2016	-	(3)	-	-
Evolution1, Inc.*	Senior loan	L + 4.75%	6.25	%	06/2016	4,596	4,551	0.9	4,596
						9,697	9,564	1.9	9,697
Leisure, Amusement, Motion Pictures and Entertainment Competitor Group, Inc. ⁽⁴⁾	One stop	L + 7.75%	NA	(5)	11/2018	-	(49)	-	-
Competitor Group, Inc.	One stop	L + 7.75%	9.00	%	11/2018	766	752	0.2	766
Competitor Group, Inc.*	One stop	L + 7.75%	9.00	%	11/2018	12,838	12,626	2.6	12,838
Octane Fitness, LLC*	One stop	L + 5.50%	7.00	%	12/2015	4675	4571	0.9	4675
Pride Manufacturing Company, LLC*	Senior loan	L + 6.00%	7.75	%	11/2015	673	666	0.1	673
Service Companies, The*	Senior loan	L + 6.50%	9.00	%	03/2014	6,484	6,447	1.3	6,484
Starplex Operating, L.L.C.	One stop	L + 7.50%	9.00	%	12/2017	1,077	1,050	0.2	1,077
Starplex Operating, L.L.C.*	One stop	L + 7.50%	9.00	%	12/2017	14,343	14,106	2.9	14,343
						40,856	40,169	8.2	40,856
Mining, Steel, Iron and Non-Precious									

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Metals										
Benetech, Inc. ⁽⁴⁾	One stop	L + 6.00%	NA	(5)	10/2017	-	(5)	-	-
Benetech, Inc.*	One stop	L + 6.00%	7.25	%	10/2017	5,651	5,625	1.1	5,651	
						5,651	5,620	1.1	5,651	

See Notes to Consolidated Financial Statements.

Golub Capital BDC, Inc. and Subsidiaries
Consolidated Schedule of Investments (unaudited) - (Continued)

March 31, 2013

(In thousands)

	Investment	Spread Above	Interest	Maturity	Principal		Percentage
	Type	Index ⁽¹⁾	Rate ⁽²⁾	Date	Amount	Cost	of Total Net Assets
Personal and Non-Durable Consumer Products							
Dr. Miracles, Inc.*	One stop	L + 7.50%	8.00% cash/2.00% PIK	06/2013	2,517	2,514	0.5
Hygenic Corporation, The ⁽⁴⁾	Senior loan	L + 4.50%	NA	⁽⁵⁾ 10/2017	-	(4)	-
Hygenic Corporation, The*	Senior Loan	L + 4.50%	5.75	% 10/2018	3,380	3,333	0.7
Massage Envy, LLC ⁽⁴⁾	One stop	L + 7.25%	NA	⁽⁵⁾ 09/2018	-	(17)	-
Massage Envy, LLC	One stop	L + 7.25%	8.50	% 09/2018	16,848	16,465	3.4
Team Technologies Acquisition Company ⁽⁴⁾							
Team Technologies Acquisition Company	Senior loan	L + 4.75%	NA	⁽⁵⁾ 12/2017	-	(4)	-
Team Technologies Acquisition Company	Senior loan	L + 4.75%	6.00	% 12/2017	3,537	3,504	0.7
					26,282	25,791	5.3
Personal, Food and Miscellaneous Services							
Affordable Care Inc. ⁽⁴⁾	Senior loan	L + 4.75%	NA	⁽⁵⁾ 12/2017	-	(2)	-
Affordable Care Inc.	Senior loan	L + 4.75%	6.00	% 12/2018	3,559	3,525	0.7
Automatic Bar Controls, Inc.	Senior loan	P + 4.50%	7.75	% 03/2016	20	19	-
Automatic Bar Controls, Inc.*	Senior loan	L + 5.75%	7.25	% 03/2016	943	934	0.2
Brasa (Holdings) Inc.*	Senior loan	L + 6.25%	7.50	% 07/2019	5,100	4,962	1.0

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Focus Brands Inc.	Senior loan	L + 5.00%	6.25	%	02/2018	5,661	5,615	1.1
Focus Brands Inc.	Second lien	L + 9.00%	10.25	%	08/2018	11,195	11,064	2.3
National Veterinary Associates, Inc.	Senior loan	L + 5.00%	6.25	%	12/2017	621	607	0.1
National Veterinary Associates, Inc. ⁽⁴⁾	Senior loan	L + 5.00%	NA	(5)	12/2017	-	(1)	-
National Veterinary Associates, Inc.	Senior loan	L + 5.00%	6.25	%	12/2017	6,052	6,002	1.2
PMI Holdings, Inc.	Senior loan	L + 4.75%	5.75	%	06/2017	93	91	-
PMI Holdings, Inc.	Senior loan	L + 4.75%	5.75	%	06/2017	2,649	2,627	0.5
Restaurant Technologies, Inc.	Senior loan	L + 4.75%	6.00	%	05/2017	117	116	-
Restaurant Technologies, Inc.*	Senior loan	L + 4.75%	6.00	%	05/2017	1,072	1,064	0.2
Trusthouse Service Group, Inc.	Senior loan	L + 5.25%	6.75	%	06/2018	99	95	-
Trusthouse Service Group, Inc. ⁽⁴⁾	Senior loan	L + 5.25%	NA	(5)	06/2017	-	(4)	-
Trusthouse Service Group, Inc.	Senior loan	L + 5.25%	6.75	%	06/2018	2,961	2,916	0.6
Vetcor Merger Sub LLC ⁽⁴⁾	One stop	L + 6.50%	NA	(5)	12/2017	-	(24)	-
Vetcor Merger Sub LLC	One stop	L + 6.50%	7.75	%	12/2017	241	234	-
Vetcor Merger Sub LLC*	One stop	L + 6.50%	7.75	%	12/2017	5,983	5,919	1.2
						46,366	45,759	9.1
Personal Transportation PODS Funding Corp. II	Subordinated debt	N/A	21.00% PIK		11/2017	579	579	0.1
PODS Funding Corp. II	Subordinated debt	N/A	21.00% PIK		11/2017	3,400	3,400	0.7
PODS Funding Corp. II	Second lien	N/A	10.50% cash/5.00% PIK		05/2017	453	448	0.1
PODS Funding Corp. II	Second lien	N/A	10.50% cash/5.00% PIK		05/2017	2,125	2,080	0.4
PODS Funding Corp. II	Senior loan	L + 6.00%	7.25	%	11/2016	761	744	0.2
PODS Funding Corp. II*	Senior loan	L + 6.00%	7.25	%	11/2016	6,711	6,567	1.3
						14,029	13,818	2.8
Printing and Publishing Digital Technology International, LLC.	One stop	P + 6.00%	9.25	%	09/2016	928	922	0.2
	One stop		8.75	%	09/2016	6,235	6,146	1.2

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Digital Technology International, LLC.		L + 7.25%						
Market Track, LLC ⁽⁴⁾	Senior loan	L + 6.11%	NA	(5)	08/2018	-	(5)	-
Market Track, LLC*	Senior loan	L + 6.11%	7.36	%	08/2018	3,130	3,088	0.6
Market Track, LLC ⁽⁴⁾	Senior loan	L + 7.65%	NA	(5)	08/2018	-	(4)	-
Trade Service Company, LLC ⁽⁴⁾	One stop	L + 5.75%	NA	(5)	10/2016	-	(1)	-
Trade Service Company, LLC*	One stop	L + 5.75%	7.00	%	10/2016	1,614	1,597	0.3
						11,907	11,743	2.3
Retail Stores								
Barcelona Restaurants, LLC ⁽⁴⁾⁽⁶⁾	One stop	L + 10.00%	NA	(5)	03/2017	-	(5)	-
Barcelona Restaurants, LLC ^{(6)*}	One stop	L + 10.00%	11.50	%	03/2017	5,735	5,640	1.1
Benihana, Inc. ⁽⁴⁾	One stop	L + 8.00%	NA	(5)	08/2017	-	(32)	-
Benihana, Inc.*	One stop	L + 8.00%	9.25	%	02/2018	13,422	13,107	2.7
Capital Vision Services, LLC ⁽⁴⁾	One stop	L + 7.25%	NA	(5)	12/2017	-	(17)	-
Capital Vision Services, LLC	One stop	L + 7.25%	8.50	%	12/2017	475	462	0.1
Capital Vision Services, LLC*	One stop	L + 7.25%	8.50	%	12/2017	13,425	13,237	2.7
DTLR, Inc.*	One stop	L + 8.00%	11.00	%	12/2015	17,190	17,023	3.4
Marshall Retail Group, LLC, The ⁽⁴⁾	Senior loan	L + 6.50%	NA	(5)	10/2016	-	(13)	-
Marshall Retail Group, LLC, The*	Senior loan	L + 6.50%	8.00	%	10/2016	10,279	10,126	2.1
Restaurant Holding Company, LLC	Senior loan	L + 7.50%	9.00	%	02/2017	9,313	9,168	1.9
Rubio's Restaurants, Inc.*	One stop	L + 7.75%	8.75% cash/0.75% PIK		06/2015	8,001	7,924	1.6
Sneaker Villa, Inc. ⁽⁴⁾	One stop	L + 8.50%	NA	(5)	12/2017	-	(9)	-
Sneaker Villa, Inc. ⁽⁴⁾	One stop	L + 8.50%	NA	(5)	12/2017	-	(18)	-
Sneaker Villa, Inc.	One stop	L + 8.50%	10.00	%	12/2017	4,607	4,498	0.9
Specialty Catalog Corp. ⁽⁴⁾	One stop	L + 6.00%	NA	(5)	07/2017	-	(7)	-
Specialty Catalog Corp.	One stop	L + 6.00%	7.50	%	07/2017	5,291	5,230	1.1
Vision Source L.P. ⁽⁴⁾	One stop	L + 6.75%	NA	(5)	04/2016	-	(7)	-

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Vision Source L.P.*	One stop	L + 6.75%	8.00	%	04/2016	13,031	12,867	2.6
						100,769	99,174	20.2
Telecommunications								
Hosting.com Inc.	Senior loan	P + 3.25%	6.50	%	10/2016	27	26	-
Hosting.com Inc.*	Senior loan	L + 4.50%	5.75	%	10/2016	822	813	0.2
NameMedia, Inc.	Senior loan	L + 6.00%	NA	(5)	11/2014	-	-	-
NameMedia, Inc.	Senior loan	L + 6.00%	7.50	%	11/2014	1,331	1,318	0.3
						2,180	2,157	0.5
Utilities								
PowerPlan Consultants, Inc. ⁽⁴⁾	Senior loan	L + 5.25%	NA	(5)	03/2017	-	(1)	-
PowerPlan Consultants, Inc.*	Senior loan	L + 5.25%	6.75	%	03/2018	4,783	4,725	1.0
						4,783	4,724	-
Total debt investments United States						\$768,823	\$756,596	152.4% \$
Fair Value as a percentage of Principal Amount								

See Notes to Consolidated Financial Statements.

Golub Capital BDC, Inc. and Subsidiaries
Consolidated Schedule of Investments (unaudited) - (Continued)

March 31, 2013

(In thousands)

	Investment	Spread Above	Interest Rate	Maturity Date	Principal Amount/Shares/Contracts	Cost	Percentage of Total Net Assets	Fair Value
	Type	Index ⁽¹⁾	Rate ⁽²⁾	Date			%	
Equity investments								
Aerospace and Defense								
Tresys Technology Holdings, Inc.	Common stock	N/A	N/A	N/A	295	\$295	0.1 %	\$295
Whitcraft LLC	Common stock	N/A	N/A	N/A	1	670	0.1	676
Whitcraft LLC	Warrant	N/A	N/A	N/A	-	-	-	132
						965	0.2	1,103
Automobile								
ABRA, Inc	LLC interest	N/A	N/A	N/A	208	1,471	0.4	2,155
Express Oil Change, LLC	LLC Interest	N/A	N/A	N/A	77	81	-	81
K&N Engineering, Inc.	Common stock	N/A	N/A	N/A	-	4	-	22
K&N Engineering, Inc.	Preferred stock A	N/A	N/A	N/A	-	62	-	73
K&N Engineering, Inc.	Preferred stock B	N/A	N/A	N/A	-	18	-	23
						1,636	0.4	2,354
Banking								
Prommis Solutions Inc.*	Preferred LLC interest	N/A	N/A	N/A	1	472	-	-
Prommis Solutions Inc.*	A-1 LLC interest	N/A	N/A	N/A	-	-	-	-
Prommis Solutions Inc.*	A-2 LLC interest	N/A	N/A	N/A	-	-	-	-
						472	-	-
Beverage, Food and Tobacco								
Atkins Nutritionals, Inc.	LLC interest	N/A	N/A	N/A	51	746	0.2	1,147
First Watch Restaurants, Inc.	Common stock	N/A	N/A	N/A	7	691	0.1	746
Goode Seed Co-Invest, LLC	LLC units	N/A	N/A	N/A	356	356	0.1	356
Julio & Sons Company	LLC interest	N/A	N/A	N/A	521	521	0.1	619
Northern Brewer, LLC	LLC interest	N/A	N/A	N/A	142	315	0.1	315
Richelieu Foods, Inc.	LP interest	N/A	N/A	N/A	220	220	-	193
						2,849	0.6	3,376
Diversified Conglomerate Manufacturing								

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Oasis Outsourcing Holdings, Inc.	LLC interest	N/A	N/A	N/A	1,088	1,088	0.4	1,750
Sunless Merger Sub, Inc	Preferred stock	N/A	N/A	N/A	-	148	-	46
TIDI Products, LLC	LLC interest	N/A	N/A	N/A	315	315	0.1	368
						1,551	0.5	2,164
Diversified								
Conglomerate Service								
Document Technologies, LLC	LLC interest	N/A	N/A	N/A	24	490	0.1	536
Marathon Data Operating Co., LLC	Common stock	N/A	N/A	N/A	1	666	0.2	757
Marathon Data Operating Co., LLC	Preferred stock	N/A	N/A	N/A	1	264	0.1	264
Navex Global, Inc.	LP interest	N/A	N/A	N/A	-	264	0.1	264
PC Helps Support, LLC	Common stock	N/A	N/A	N/A	1	7	-	7
PC Helps Support, LLC	Preferred stock	N/A	N/A	N/A	-	61	-	61
Secure-24, LLC	LLC units	N/A	N/A	N/A	253	253	0.1	253
						2,005	0.6	2,142
Finance								
Pillar Processing LLC*	Common stock	N/A	N/A	N/A		-	-	-
Healthcare, Education and Childcare								
Advanced Pain								
Management Holdings, Inc.	Common stock	N/A	N/A	N/A	67	67	0.1	392
Advanced Pain Management Holdings, Inc.	Preferred stock	N/A	N/A	N/A	13	829	0.2	838
Avatar International, LLC	LP interest	N/A	N/A	N/A	1	695	0.1	695
Dialysis Newco, Inc.	LLC interest	N/A	N/A	N/A	871	871	0.2	932
Encore Rehabilitation Services, LLC	LLC interest	N/A	N/A	N/A	270	270	0.1	270
G & H Wire Company, Inc.	LP interest	N/A	N/A	N/A	-	102	-	102
Hospitalists Management Group, LLC	Common stock	N/A	N/A	N/A	-	38	-	22
IntegraMed America, Inc.	Common stock	N/A	N/A	N/A	1	514	0.1	607
National Healing Corporation	Preferred stock	N/A	N/A	N/A	695	799	0.2	882
NeuroTherm, Inc.	Common stock	N/A	N/A	N/A	1	569	0.1	569
Northwestern Management Services, LLC	LLC units	N/A	N/A	N/A	3	3	-	8
Northwestern Management Services, LLC	LLC units	N/A	N/A	N/A	-	249	0.1	259
Pentec Acquisition Sub, Inc.	Preferred stock	N/A	N/A	N/A	1	116	-	23

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Reliant Pro ReHab, LLC	Preferred stock	N/A	N/A	N/A	2	264	0.1	273
Southern Anesthesia and Surgical	LLC units	N/A	N/A	N/A	487	487	0.1	487
Surgical Information Systems, LLC	Common stock	N/A	N/A	N/A	4	414	0.1	346
Young Innovations, Inc.	Preferred stock	N/A	N/A	N/A	-	236	-	236
						6,523	1.5	6,941
Home and Office Furnishings, Housewares, and Durable Consumer								
Top Knobs USA, Inc.	Common stock	N/A	N/A	N/A	3	73	-	89
Insurance								
Captive Resources Midco, LLC	LLC units	N/A	N/A	N/A	1	121	-	121
Leisure, Amusement, Motion Pictures and Entertainment								
Competitor Group Holdings, Inc.	LLC interest	N/A	N/A	N/A	708	708	0.1	708
Personal and Non-Durable Consumer Products								
Hygenic Corporation, The	LP interest	N/A	N/A	N/A	1	61	-	61
Massage Envy, LLC	LLC interest	N/A	N/A	N/A	749	749	0.1	749
Team Technologies Acquisition Company	Common stock	N/A	N/A	N/A	-	148	-	148
						958	0.1	958
Personal Transportation								
PODS Funding Corp. II	Warrant	N/A	N/A	N/A	271	-	-	85
Printing and Publishing								
Market Track, LLC	Preferred stock	N/A	N/A	N/A	-	145	-	160
Market Track, LLC	Common stock	N/A	N/A	N/A	1	145	-	155
						290	-	315

See Notes to Consolidated Financial Statements.

Golub Capital BDC, Inc. and Subsidiaries
Consolidated Schedule of Investments (unaudited) - (Continued)

March 31, 2013

(In thousands)

Investment Type	Spread Above Index ⁽¹⁾	Interest Rate ⁽²⁾	Maturity Date	Principal		Percentage of Total Net Assets	Fair Value	
				Amount/Shares/ Contracts	Cost			
Retail Stores								
Barcelona Restaurants, LLC ⁽⁶⁾	LP interest	N/A	N/A	N/A	1,996	1,996	0.5	2,538
Benihana, Inc.	LLC interest	N/A	N/A	N/A	43	699	0.2	778
Capital Vision Services, LLC	LLC interest	N/A	N/A	N/A	402	402	0.1	402
Rubio's Restaurants, Inc.	Preferred stock	N/A	N/A	N/A	199	945	0.1	682
Sneaker Villa, Inc.	LLC interest	N/A	N/A	N/A	4	411	0.1	411
Vision Source L.P.	Common stock	N/A	N/A	N/A	-	936	0.2	856
Vision Source L.P.	Common stock	N/A	N/A	N/A	9	-	-	-
						5,389	1.2	5,667
Total equity investments United States						\$23,540	5.2	% \$26,023
Total United States						\$780,136	157.6	% \$787,520
Total investments						\$783,868	157.8	% \$788,442

*Denotes that all or a portion of the loan secures the notes offered in the Debt Securitization (as defined in Note 6).

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, we have (1) provided the spread over LIBOR or Prime and the weighted average current interest rate in effect at March 31, 2013. 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, 2013.

(3) Loan was on non-accrual status as of March 31, 2013, meaning that the Company has ceased recognizing interest income on the loan.

(4)

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.

(5) The entire commitment was unfunded at March 31, 2013. As such, no interest is being earned on this investment.

(6) The Company is an "affiliated person," as that term is defined in the 1940 Act, of the portfolio company as it owns five percent or more of the portfolio company's voting securities.

See Notes to Consolidated Financial Statements.

Golub Capital BDC, Inc. and Subsidiaries
Consolidated Schedule of Investments

September 30, 2012

(In thousands)

Investment Type	Spread Above Index ⁽¹⁾	Interest Rate ⁽²⁾	Maturity Date	Principal		Percentage of Net Assets	Fair Value
				Amount	Cost		
Investments							
Canada							
Debt investments							
Leisure, Amusement, Motion Pictures, Entertainment							
Extreme Fitness, Inc. ⁽³⁾	Subordinated debt	N/A	12.00% cash/2.50% PIK	11/2015	\$2,870	\$2,810	0.4 % \$1,435
Extreme Fitness, Inc.	Senior loan	N/A	8.00 %	10/2012	508	508	0.1 % 508
Total Canada					\$3,378	\$3,318	0.5 % \$1,943
Fair Value as percentage of Principal Amount							57.5
United States							
Debt investments							
Aerospace and Defense							
ILC Dover, LP ⁽⁴⁾	Senior loan	L + 6.00%	N/A	⁽⁵⁾ 07/2017	\$-	\$(8)	- % \$(8
ILC Dover, LP	Senior loan	L + 6.00%	7.25	% 07/2017	4,407	4,323	1.2 % 4,319
Whitcraft LLC	Subordinated debt	N/A	12.00	% 12/2018	1,877	1,848	0.5 % 1,877
White Oak Technologies, Inc. *	Senior loan	L + 5.00%	6.25	% 03/2017	1,929	1,891	0.5 % 1,890
White Oak Technologies, Inc. ⁽⁴⁾	Senior loan	L + 5.00%	N/A	⁽⁵⁾ 03/2017	-	(9)	- % (9

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						8,213	8,045	2.2	8,069
Automobile ABRA, Inc. ⁽⁴⁾	Subordinated debt	N/A	N/A	⁽⁵⁾ 04/2017	-	(22)	-	-
ABRA, Inc.	Subordinated debt	N/A	12.00% cash/1.50% PIK	04/2017	9,623	9,445	2.6	9,623	
American Driveline Systems, Inc.*	Senior loan	L + 5.50%	7.00	% 01/2016	2,862	2,814	0.7	2,776	
American Driveline Systems, Inc.	Senior loan	P + 4.50%	7.75	% 01/2016	293	287	0.1	282	
CLP Auto Interior Corporation*	Senior loan	L + 4.75%	4.97	% 06/2013	3,053	3,053	0.8	2,992	
Federal-Mogul Corporation	Senior loan	L + 1.94%	2.17	% 12/2014	1,976	1,934	0.5	1,930	
Federal-Mogul Corporation	Senior loan	L + 1.94%	2.16	% 12/2015	1,008	986	0.3	985	
K&N Engineering, Inc. ⁽⁴⁾	Senior loan	P + 4.25%	N/A	⁽⁵⁾ 12/2016	-	(6)	-	-
K&N Engineering, Inc.	Senior loan	P + 4.25%	7.50	% 12/2016	3,207	3,153	0.9	3,207	
					22,022	21,644	5.9	21,79	
Banking Prommis Fin Co.* ⁽³⁾	Senior loan	L + 10.50%	0.25% cash/10.25% PIK	06/2015	196	191	-	167	
Prommis Fin Co.* ⁽³⁾	Second lien	L + 10.50%	0.25% cash/10.25% PIK	06/2015	393	382	0.1	259	
Prommis Fin Co.* ⁽³⁾	Second lien	L + 10.50%	0.25% cash/10.25% PIK	06/2015	196	191	-	-	
Prommis Fin Co.	Senior loan	L + 9.00%	10.00	% 06/2015	95	93	-	95	
					880	857	0.1	521	
Beverage, Food and Tobacco ABP Corporation ⁽⁴⁾	Senior loan	L + 5.25%	N/A	⁽⁵⁾ 06/2016	-	(6)	-	-
ABP Corporation*	Senior loan	L + 5.25%	6.75	% 06/2016	4,536	4,470	1.2	4,536	
Ameriqua Group, LLC*	Senior loan	L + 5.00%	6.50	% 03/2016	1,774	1,749	0.4	1,685	
Ameriqua Group, LLC*	Senior loan	L + 7.50%	9.00	% 03/2016	839	828	0.2	755	
Atkins Nutritionals, Inc.	Senior loan	L + 8.88%	10.38	% 12/2015	5,028	4,926	1.3	5,028	
Candy Intermediate Holdings, Inc.	Senior loan	L + 6.25%	7.51	% 06/2018	4,987	4,822	1.3	5,050	
First Watch Restaurants, Inc. ⁽⁴⁾	One stop	P + 6.50%	N/A	⁽⁵⁾ 12/2016	-	(30)	-	-

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First Watch Restaurants, Inc. ⁽⁴⁾	One stop	P + 6.50%	N/A	(5)	12/2016	-	(30)	-	-
First Watch Restaurants, Inc.*	One stop	P + 6.50%	9.75	%	12/2016	11,530	11,335	3.1	11,530
IL Fornaio (America) Corporation*	Senior loan	L + 5.25%	6.50	%	06/2017	4,423	4,405	1.2	4,423
It'Sugar LLC	Senior loan	L + 8.50%	10.00	%	04/2017	4,255	4,178	1.1	4,255
It'Sugar LLC	Subordinated debt	N/A	8.00	%	10/2017	1,707	1,707	0.5	1,707
Julio & Sons Company ⁽⁴⁾	One stop	L + 5.50%	N/A	(5)	09/2014	-	(15)	-	-
Julio & Sons Company*	One stop	L + 5.50%	7.00	%	09/2016	7,121	7,065	1.9	7,121
Julio & Sons Company ⁽⁴⁾	One stop	L + 5.50%	N/A	(5)	09/2016	-	(12)	-	-
Richelieu Foods, Inc.*	Senior loan	L + 5.00%	6.76	%	11/2015	2,111	2,075	0.5	2,048
Richelieu Foods, Inc. ⁽⁴⁾	Senior loan	L + 5.00%	N/A	(5)	11/2015	-	(10)	-	(18
						48,311	47,457	12.7	48,120
Broadcasting and Entertainment Univision Communications Inc.	Senior loan	L + 2.00%	2.22	%	09/2014	3,997	3,969	1.1	3,992
Building and Real Estate ASP PDM Acquisition Co. LLC*	Senior loan	L + 6.25%	7.75	%	12/2013	453	442	0.1	340
Global Claims Services, Inc.*	Senior loan	L + 5.00%	6.25	%	06/2018	831	819	0.2	831
Global Claims Services, Inc. ⁽⁴⁾	Senior loan	L + 5.00%	N/A	(5)	06/2018	-	(1)	-	-
KHKI Acquisition, Inc.	Senior loan	P + 5.00%	8.50	%	03/2013	2,626	2,625	0.6	2,101
Tecta America Corp.	Senior loan	P + 5.75%	9.00	%	03/2014	3,506	3,506	0.8	2,994
						7,416	7,391	1.7	6,266
Cargo Transport TMW Systems, Inc.*	Senior loan	P + 3.00%	6.25	%	05/2016	1,686	1,667	0.4	1,686
Chemicals, Plastics and Rubber	Subordinated debt	N/A	12.00% cash/2.00% PIK		04/2015	4,700	4,650	1.3	4,700

Integrated DNA
Technologies,
Inc.

Road

Infrastructure
Investment,
LLC*

Senior loan

L +
5.00%

6.25

% 03/2018

4,137

4,080

1.1

4,142

Road

Infrastructure
Investment, LLC

Senior loan

L +
5.00%

5.46

% 03/2017

231

190

0.1

228

9,068

8,920

2.5

9,070

See Notes to Consolidated Financial Statements.

Golub Capital BDC, Inc. and Subsidiaries

Consolidated Schedule of Investments - (Continued)

September 30, 2012

(In thousands)

	Investment	Spread	Interest	Maturity	Principal		Percentage	Fair
	Type	Above	Rate ⁽²⁾	Date	Amount	Cost	of Total	Value
		Index ⁽¹⁾					Net	
							Assets	
Containers, Packaging and Glass								
Fort Dearborn Company*	Senior loan	L + 4.75%	6.50	% 08/2015	\$1,349	\$1,333	0.4 %	\$1,349
Fort Dearborn Company*	Senior loan	L + 5.25%	7.00	% 08/2016	3,159	3,118	0.8	3,159
					4,508	4,451	1.2	4,508
Diversified Conglomerate Manufacturing Oasis								
Outsourcing Holdings, Inc.	Subordinated debt	N/A	11.50% cash/1.50% PIK	04/2017	11,970	11,775	3.2	11,970
Pasternack Enterprises, Inc.*	Senior loan	L + 4.50%	6.00	% 02/2014	3,492	3,453	0.9	3,492
Sunless Merger Sub, Inc.*	Senior loan	L + 5.00%	6.26	% 07/2016	2,322	2,313	0.6	2,322
Sunless Merger Sub, Inc.*	Senior loan	P + 3.75%	7.00	% 07/2016	29	28	-	29
Tecomet Inc.*	Senior loan	L + 5.25%	7.00	% 12/2016	6,082	5,992	1.6	5,991
Tecomet Inc. ⁽⁴⁾	Senior loan	L + 5.25%	N/A	⁽⁵⁾ 12/2016	-	(6)	-	-
TIDI Products, LLC*	Senior loan	L + 7.00%	8.25	% 07/2018	8,791	8,606	2.3	8,703
TIDI Products, LLC ⁽⁴⁾	Senior loan	L + 7.00%	N/A	⁽⁵⁾ 07/2017	-	(13)	-	(8)
Vintage Parts, Inc.*	One stop	L + 6.00%	8.50	% 12/2013	82	82	-	82
Vintage Parts, Inc.*	One stop	L + 8.00%	9.75	% 12/2013	1,239	1,228	0.3	1,239

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Vintage Parts, Inc.*	One stop	L + 5.50%	5.86	%	12/2013	5,934	5,914	1.6	5,934
						39,941	39,372	10.5	39,754
Diversified Conglomerate Service									
API Healthcare Corporation*	One stop	L + 9.03%	10.53	%	02/2017	9,587	9,424	2.6	9,587
Consona Holdings, Inc.*	Senior loan	L + 5.50%	6.75	%	08/2018	1,092	1,056	0.3	1,081
Consona Holdings, Inc.*	Senior loan	L + 6.00%	7.25	%	08/2018	1,567	1,551	0.4	1,551
Consona Holdings, Inc. ⁽⁴⁾	Senior loan	L + 5.50%	N/A	(5)	08/2017	-	(3)	-	(2)
Document Technologies, LLC ⁽⁴⁾	Senior loan	L + 5.00%	N/A	(5)	12/2016	-	(15)	-	-
Document Technologies, LLC	Senior loan	L + 5.00%	6.50	%	12/2016	4,717	4,646	1.3	4,694
EAG, Inc.*	Senior loan	P + 3.50%	6.75	%	07/2017	2,629	2,593	0.7	2,629
Employment Law Training, Inc. ⁽⁴⁾	One stop	L + 7.50%	N/A	(5)	12/2016	-	(22)	-	-
Employment Law Training, Inc.*	One stop	L + 7.50%	9.00	%	12/2016	18,219	17,822	4.9	18,219
Evolution1, Inc.*	Senior loan	L + 4.75%	6.25	%	06/2016	4,619	4,567	1.2	4,619
Evolution1, Inc. ⁽⁴⁾	Senior loan	L + 4.75%	N/A	(5)	06/2016	-	(19)	-	-
Evolution1, Inc. ⁽⁴⁾	Senior loan	L + 4.75%	N/A	(5)	06/2016	-	(4)	-	-
HighJump Acquisition LLC ⁽⁴⁾	One stop	L + 8.75%	N/A	(5)	07/2016	-	(12)	-	-
HighJump Acquisition LLC	One stop	L + 8.75%	10.00	%	07/2016	5,441	5,379	1.5	5,441
Marathon Data Operating Co., LLC	One stop	L + 6.25%	7.50	%	08/2017	4,818	4,700	1.3	4,746
Marathon Data Operating Co., LLC ⁽⁴⁾	One stop	L + 6.25%	N/A	(5)	08/2017	-	(10)	-	(10)
MSC.Software Corporation*	One stop	L + 7.74%	9.24	%	12/2016	6,238	6,133	1.7	6,238
NS Holdings, Inc.*	Senior loan	L + 4.63%	6.00	%	06/2015	260	257	0.1	260

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NS Holdings, Inc.*	Senior loan	L + 6.27%	7.68	%	06/2015	1,963	1,941	0.5	1,963
PC Helps Support, LLC	Senior loan	P + 4.25%	7.50	%	09/2017	2,390	2,355	0.6	2,354
PC Helps Support, LLC ⁽⁴⁾	Senior loan	P + 4.25%	N/A	(5)	09/2017	-	(3)	-	(3)
Secure-24, LLC	One stop	L + 6.25%	7.50	%	08/2017	9,288	9,061	2.4	9,149
Secure-24, LLC ⁽⁴⁾	One stop	L + 6.25%	N/A	(5)	08/2017	-	(8)	-	(8)
Secure-24, LLC ⁽⁴⁾	One stop	L + 6.25%	N/A	(5)	08/2017	-	(16)	-	(17)
Sumtotal Systems, Inc.*	Senior loan	L + 4.00%	5.25	%	12/2015	1,415	1,403	0.4	1,415
						74,243	72,776	19.9	73,906
Diversified Natural Resources, Precious Metals, and Minerals									
Metal Spinners, Inc.*	Senior loan	L + 6.50%	8.00	%	12/2014	1,619	1,578	0.4	1,619
Metal Spinners, Inc.*	Senior loan	L + 6.50%	8.00	%	12/2014	2,974	2,904	0.8	2,974
						4,593	4,482	1.2	4,593
Electronics									
Blue Coat Systems, Inc.*	Second lien	L + 10.00%	11.50	%	08/2018	5,424	5,277	1.5	5,573
Blue Coat Systems, Inc.	Senior loan	L + 6.00%	7.50	%	02/2018	8,085	7,940	2.2	8,156
Cape Electrical Supply LLC*	Senior loan	L + 5.25%	6.75% cash/0.50% PIK		11/2013	1,465	1,437	0.4	1,465
Ecommerce Industries, Inc. ⁽⁴⁾	One stop	L + 6.75%	N/A	(5)	10/2016	-	(27)	-	-
Ecommerce Industries, Inc.*	One stop	L + 8.34%	9.59	%	10/2016	13,530	13,329	3.6	13,530
Entrust, Inc.*	One stop	L + 7.47%	8.97	%	03/2017	4,053	4,006	1.1	4,053
Entrust, Inc.*	One stop	L + 7.45%	8.95	%	03/2017	8,046	7,935	2.1	8,046
Rogue Wave Holdings, Inc.*	Senior loan	L + 10.00%	11.25	%	08/2016	3,982	3,945	1.1	3,982
Syncsort Incorporated ⁽⁴⁾	Senior loan	L + 5.50%	N/A	(5)	03/2015	-	(4)	-	-
Syncsort Incorporated*	Senior loan	L + 5.50%	7.50	%	03/2015	8,032	7,918	2.1	8,032
	Subordinated debt	N/A	12.00% cash/1.25% PIK		12/2016	11,561	11,386	3.1	11,561

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Time-O-Matic, Inc.						64,178	63,142	17.2	64,398
Farming and Agriculture									
AGData, L.P.	One stop	L + 6.25%	7.75	%	08/2016	2,814	2,782	0.8	2,814
Finance									
Bonddesk Group LLC*	Senior loan	L + 5.00%	6.50	%	09/2016	1,010	1,002	0.3	1,010
Compass Group									
Diversified Holdings, LLC*	Senior loan	L + 5.00%	6.25	%	10/2017	8,387	8,025	2.2	8,408
Pillar Processing LLC*(3)	Senior loan	L + 5.50%	5.95	%	11/2013	2,412	2,389	0.4	1,361
Pillar Processing LLC*(3)	Senior loan	N/A	14.50	%	05/2014	3,125	2,947	-	-
						14,934	14,363	2.9	10,779

See Notes to Consolidated Financial Statements.

Golub Capital BDC, Inc. and Subsidiaries**Consolidated Schedule of Investments - (Continued)****September 30, 2012***(In thousands)*

	Investment	Spread	Interest	Maturity	Principal		Percentage		
	Type	Above	Rate ⁽²⁾	Date	Amount	Cost	of	Fair	
		Index ⁽¹⁾					Total	Value	
							Net		
							Assets		
Healthcare, Education and Childcare									
Advanced Pain Management Holdings, Inc.	Subordinated debt	N/A	12.00% cash/2.00% PIK	06/2016	\$7,958	\$7,828	2.1	%	\$7,95
Alegeus Technologies, LLC*	Senior loan	L + 5.00%	6.50	% 08/2018	873	860	0.2		860
Avatar International, LLC ⁽⁴⁾	One stop	L + 7.50%	N/A	⁽⁵⁾ 09/2016	-	(8)	-		-
Avatar International, LLC*	One stop	L + 7.50%	8.75	% 09/2016	7,855	7,747	2.1		7,85
Avatar International, LLC	One stop	L + 8.00%	9.25	% 09/2016	1,695	1,677	0.5		1,69
Campus Management Acquisition Corp.	Second lien	L + 10.35%	12.10	% 09/2015	5,067	5,007	1.2		4,66
CHS/Community Health Systems, Inc.	Senior loan	L + 3.50%	3.92	% 01/2017	406	406	0.1		409
Community Hospices of America, Inc.*	Senior loan	L + 5.50%	7.25	% 12/2015	4,955	4,891	1.3		4,95
Community Hospices of America, Inc. ⁽⁴⁾	Senior loan	L + 5.50%	N/A	⁽⁵⁾ 12/2015	-	(5)	-		-
Community Hospices of	Subordinated debt	L + 11.75%	11.00% cash/2.75% PIK	06/2016	1,874	1,844	0.5		1,87

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America, Inc. DDC Center Inc.*	One stop	L + 6.50%	9.50	%	10/2014	8,205	8,211	2.2	8,205
DDC Center Inc.*	One stop	L + 6.50%	9.50	%	12/2012	227	227	0.1	227
DDC Center Inc.	One stop	P + 5.25%	10.75	%	10/2013	182	182	-	182
Delta Educational Systems, Inc.*	Senior loan	L + 5.00%	7.00	%	11/2012	2,740	2,735	0.7	2,688
Dialysis Newco, Inc.	Subordinated debt	N/A	11.00% cash/2.00% PIK		09/2018	8,795	8,677	2.3	8,795
G & H Wire Company, Inc. ⁽⁴⁾	Senior loan	L + 5.50%	N/A	(5)	11/2016	-	(13)	-	-
G & H Wire Company, Inc.*	Senior loan	L + 5.50%	7.00	%	11/2016	8,974	8,829	2.4	8,833
Hospitalists Management Group, LLC	Senior loan	L + 4.50%	6.00	%	05/2017	455	445	0.1	419
Hospitalists Management Group, LLC	Senior loan	L + 4.50%	6.00	%	05/2017	3,986	3,909	1.0	3,828
Hospitalists Management Group, LLC ⁽⁴⁾	Senior loan	L + 4.50%	N/A	(5)	05/2017	-	(10)	-	(36)
The Hygenic Corporation*	Senior loan	L + 2.50%	2.73	%	04/2013	1,961	1,951	0.5	1,961
IntegraMed America, Inc. ⁽⁴⁾	One stop	L + 7.25%	N/A	(5)	09/2017	-	(18)	-	(16)
IntegraMed America, Inc.	One stop	L + 7.25%	8.50	%	09/2017	14,603	14,275	3.8	14,333
Maverick Healthcare Group, LLC	Senior loan	L + 5.50%	7.25	%	12/2016	2,148	2,123	0.6	2,148
National Healing Corporation	Senior loan	L + 6.75%	8.25	%	11/2017	3,569	3,415	1.0	3,569
National Healing Corporation*	Second lien	L + 10.00%	11.50	%	11/2018	17,976	16,967	4.8	17,976
NeuroTherm, Inc.*	Senior loan	L + 5.00%	6.50	%	02/2016	1,591	1,567	0.4	1,591
NeuroTherm, Inc.	Senior loan	P + 4.00%	7.25	%	02/2016	124	118	-	124
Pentec Acquisition Sub, Inc.*	Senior loan	L + 5.25%	6.50	%	05/2018	2,243	2,200	0.6	2,199
Pentec Acquisition Sub, Inc. ⁽⁴⁾	Senior loan	L + 5.25%	N/A	(5)	05/2017	-	(4)	-	(4)
PhysioTherapy Associates Holdings, Inc.*	Senior loan	L + 4.75%	6.01	%	04/2018	577	566	0.2	578

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Reliant Pro ReHab, LLC*	Senior loan	L + 4.75%	6.00	%	06/2016	3,601	3,554	1.0	3,601
Reliant Pro ReHab, LLC	Senior loan	L + 4.75%	6.00	%	06/2016	872	858	0.2	872
Reliant Pro ReHab, LLC	Senior loan	P + 3.75%	7.00	%	06/2016	550	542	0.1	550
Renaissance Pharma (U.S.) Holdings Inc.	Senior loan	P + 4.25%	7.50	%	06/2017	71	65	-	68
Renaissance Pharma (U.S.) Holdings Inc.	Senior loan	L + 5.25%	6.76	%	06/2017	2,449	2,402	0.6	2,421
Surgical Information Systems, LLC	Second lien	L + 7.40%	8.91	%	12/2015	4,291	4,235	1.1	4,291
WIL Research Company, Inc.*	Senior loan	L + 5.25%	6.75	%	04/2018	792	781	0.2	788
						121,665	119,036	31.9	120,000
Home and Office Furnishings, Housewares, and Durable Consumer									
Top Knobs USA, Inc.*	Senior loan	L + 5.75%	7.76	%	11/2016	1,094	1,079	0.3	1,094
WII Components, Inc.*	Senior loan	L + 4.75%	6.25	%	07/2016	1,732	1,712	0.5	1,732
WII Components, Inc. ⁽⁴⁾	Senior loan	L + 4.75%	N/A	(5)	07/2016	-	(1)	-	-
Zenith Products Corporation*	One stop	L + 5.50%	5.93	%	09/2013	3,409	3,367	0.9	3,235
						6,235	6,157	1.7	6,065
Leisure, Amusement, Motion Pictures and Entertainment									
Competitor Group, Inc.*	One stop	L + 8.00%	9.50	%	01/2017	16,807	16,525	4.5	16,807
Competitor Group, Inc. ⁽⁴⁾	One stop	L + 8.00%	N/A	(5)	01/2017	-	(8)	-	-
Competitor Group, Inc.	One stop	L + 8.00%	9.50	%	01/2017	1,257	1,230	0.3	1,257
Cortz, Inc.*	Senior loan	L + 5.50%	7.00	%	03/2014	6,609	6,582	1.8	6,609
Octane Fitness, LLC*	One stop	L + 5.50%	7.00	%	12/2015	4,675	4,552	1.2	4,675
	Senior loan		7.25	%	11/2015	737	728	0.2	722

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Pride Manufacturing Company, LLC*		L + 5.50%								
The Service Companies*	Senior loan	L + 6.50%	9.00	%	03/2014	6,612	6,557	1.8	6,612	
						36,697	36,166	9.8	36,697	
Mining, Steel, Iron and Non-Precious Metals										
Benetech, Inc.*	One stop	L + 5.00%	5.22	%	12/2013	8,845	8,737	2.4	8,845	

See Notes to Consolidated Financial Statements.

Golub Capital BDC, Inc. and Subsidiaries**Consolidated Schedule of Investments - (Continued)****September 30, 2012***(In thousands)*

	Investment Type	Spread Above Index ⁽¹⁾	Interest Rate ⁽²⁾	Maturity Date	Principal Amount	Cost	Percentag of Total Net Assets
Personal and Non-Durable Consumer Products							
Dr. Miracles, Inc.*	One stop	L + 7.50%	8.00% cash/2.00% PIK	03/2014	\$3,092	\$3,077	0.7 %
Massage Envy, LLC	One stop	L + 7.25%	8.50	% 09/2018	63	45	-
Massage Envy, LLC	One stop	L + 7.25%	8.50	% 09/2018	17,061	16,638	4.5
					20,216	19,760	5.2
Personal, Food and Miscellaneous Services							
Affordable Care Inc.*	Senior loan	L + 4.75%	6.25	% 12/2015	3,525	3,490	0.9
Affordable Care Inc. ⁽⁴⁾	Senior loan	L + 4.75%	N/A	(5) 12/2015	-	(6)	-
Automatic Bar Controls, Inc.*	Senior loan	L + 5.75%	7.25	% 03/2016	972	962	0.2
Automatic Bar Controls, Inc. ⁽⁴⁾	Senior loan	L + 5.75%	N/A	(5) 03/2016	-	(2)	-
Brasa (Holdings) Inc.*	Senior loan	L + 6.25%	7.50	% 07/2019	5,126	4,976	1.3
Focus Brands Inc.	Second lien	L + 9.00%	10.25	% 08/2018	6,481	6,363	1.8
Focus Brands Inc.	Senior loan	L + 5.00%	6.26	% 02/2018	5,951	5,898	1.6
Ignite Restaurant Group, Inc.*	Senior loan	L + 4.75%	6.25	% 03/2016	4,170	4,101	1.1
NVA Acquisition Company	Senior loan	L + 4.25%	5.50	% 06/2016	1,881	1,867	0.5
	Senior loan		N/A	(5) 06/2017	-	(3)	-

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PMI Holdings, Inc. (Papa Murphys) ⁽⁴⁾		L + 5.25%						
PMI Holdings, Inc. (Papa Murphys)	Senior loan	L + 5.25%	6.51	%	06/2017	2,709	2,683	0.7
Restaurant Technologies, Inc.*	Senior loan	L + 4.75%	6.00	%	05/2017	1,077	1,069	0.3
Restaurant Technologies, Inc.	Senior loan	L + 4.75%	6.00	%	05/2017	117	116	-
Trusthouse Service Group, Inc. ⁽⁴⁾	Senior loan	L + 5.25%	N/A	(5)	06/2018	-	(4)	-
Trusthouse Service Group, Inc.	Senior loan	P + 4.25%	7.50	%	06/2017	82	77	-
Trusthouse Service Group, Inc.	Senior loan	L + 5.25%	6.75	%	06/2018	2,976	2,926	0.8
Vetcor Merger Sub LLC*	One stop	L + 6.00%	7.50	%	02/2015	9,646	9,646	2.6
						44,713	44,159	11.8
Personal								
Transportation								
PODS Funding Corp. II	Subordinated debt	N/A	21.00% PIK		11/2017	2,802	2,802	0.7
PODS Funding Corp. II	Subordinated debt	N/A	21.00% PIK		11/2017	579	579	0.2
PODS Funding Corp. II	Second lien	N/A	10.50% cash/5.00% PIK		05/2017	447	441	0.1
PODS Funding Corp. II	Second lien	N/A	10.50% cash/5.00% PIK		05/2017	2,096	2,045	0.6
PODS Funding Corp. II	Senior loan	L + 7.00%	8.50	%	11/2016	773	753	0.2
PODS Funding Corp. II*	Senior loan	L + 7.00%	8.50	%	11/2016	5,955	5,807	1.6
						12,652	12,427	3.4
Printing and								
Publishing								
Digital Technology International, LLC.	One stop	P + 6.00%	9.25	%	09/2016	928	921	0.2
Digital Technology International, LLC.	One stop	L + 7.25%	8.75	%	09/2016	6,333	6,230	1.7
Market Track, LLC*	Senior loan	L + 6.11%	7.36	%	08/2018	3,150	3,104	0.8
Market Track, LLC ⁽⁴⁾	Senior loan	L + 6.11%	N/A	(5)	08/2018	-	(6)	-
Market Track, LLC ⁽⁴⁾	Senior loan	L + 7.65%	N/A	(5)	08/2018	-	(4)	-
Trade Service Company, LLC*	One stop	L + 5.25%	6.75	%	06/2013	1,026	1,024	0.3
Trade Service Company, LLC*	One stop	N/A	10.00% cash/4.00% PIK		06/2013	765	764	0.2
Trade Service Company, LLC	One stop	L + 5.25%	N/A	(5)	06/2013	-	-	-
						12,202	12,033	3.2

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Retail Stores

Barcelona Restaurants, LLC*	One stop	L + 10.00%	11.50	%	03/2017	4,964	4,878	1.3
Barcelona Restaurants, LLC ⁽⁴⁾	One stop	L + 10.00%	N/A	(5)	03/2017	-	(5)	-
Benihana, Inc.	One stop	L + 8.00%	9.25	%	08/2017	365	329	0.1
Benihana, Inc.*	One stop	L + 8.00%	9.25	%	02/2018	13,456	13,108	3.5
Bojangles' Restaurants, Inc.*	Senior loan	P + 5.50%	8.75	%	08/2017	2,761	2,597	0.7
Chuy's OPCO, Inc. ⁽⁴⁾	One stop	L + 7.00%	N/A	(5)	05/2016	-	(2)	-
Chuy's OPCO, Inc. ⁽⁴⁾	One stop	L + 7.00%	N/A	(5)	05/2016	-	(9)	-
Chuy's OPCO, Inc.	One stop	L + 7.00%	8.50	%	05/2016	942	929	0.3
DTLR, Inc. (fka Levtran)*	One stop	L + 8.00%	11.00	%	12/2015	7,904	7,806	2.1
The Marshall Retail Group, LLC ⁽⁴⁾	Senior loan	L + 6.50%	N/A	(5)	10/2016	-	(15)	-
The Marshall Retail Group, LLC*	Senior loan	L + 6.50%	8.00	%	10/2016	10,414	10,238	2.8
Michaels Stores, Inc.	Senior loan	L + 2.25%	2.69	%	10/2013	2,917	2,920	0.8
Restaurant Holding Company, LLC	Senior loan	L + 7.50%	9.00	%	02/2017	9,517	9,350	2.6
Rubio's Restaurants, Inc.*	One stop	L + 7.75%	8.75% cash/0.75% PIK		06/2015	8,246	8,149	2.2
Specialty Catalog Corp.	One stop	L + 6.00%	7.50	%	07/2017	5,396	5,326	1.4
Specialty Catalog Corp. ⁽⁴⁾	One stop	L + 6.00%	N/A	(5)	07/2017	-	(8)	-
Vision Source L.P. ⁽⁴⁾	One stop	L + 6.75%	N/A	(5)	04/2016	-	(9)	-
Vision Source L.P.*	One stop	L + 6.75%	8.00	%	04/2016	13,201	13,007	3.5
						80,083	78,589	21.3

Telecommunications

Hosting.com, Inc.*	Senior loan	L + 4.50%	5.76	%	10/2016	846	836	0.2
Hosting.com, Inc. ⁽⁴⁾	Senior loan	L + 4.50%	N/A	(5)	10/2016	-	(2)	-
NameMedia, Inc.	Senior loan	L + 6.00%	7.50	%	11/2014	28	27	-
NameMedia, Inc.	Senior loan	L + 6.00%	7.50	%	11/2014	2,159	2,131	0.6
West Corporation ⁽⁴⁾	Senior loan	L + 1.75%	N/A	(5)	10/2012	-	(8)	-
						3,033	2,984	0.8

Utilities

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PowerPlan Consultants, Inc. ⁽⁴⁾	Senior loan	L + 5.25%	N/A	(5) 03/2017	-	(2)	-
PowerPlan Consultants, Inc.*	Senior loan	L + 5.25%	6.76	% 03/2018	5,164	5,093	1.4
					5,164	5,091	1.4
Total debt investments United States					\$658,309	\$646,457	173.2%
 Fair Value as a percentage of Principal Amount							

See Notes to Consolidated Financial Statements.

Golub Capital BDC, Inc. and Subsidiaries**Consolidated Schedule of Investments - (Continued)****September 30, 2012***(In thousands)*

	Investment	Spread Above	Interest	Maturity	Principal		Percentage		
	Type	Index ⁽¹⁾	Rate ⁽²⁾	Date	Amount/Shares/ Contracts	Cost	of Total Net Assets	Fair Value	
Equity investments									
Aerospace and Defense									
Whitcraft LLC	Common stock	N/A	N/A	N/A	1	\$670	0.2	%	\$753
Whitcraft LLC	Warrant	N/A	N/A	N/A	-	-	-		147
						670	0.2		900
Automobile									
ABRA, Inc.	LLC interest	N/A	N/A	N/A	208	1,471	0.4		1,688
K&N Engineering, Inc.	Common stock	N/A	N/A	N/A	-	4	-		4
K&N Engineering, Inc.	Preferred stock A	N/A	N/A	N/A	-	62	-		62
K&N Engineering, Inc.	Preferred stock B	N/A	N/A	N/A	-	18	-		18
						1,555	0.4		1,772
Banking									
Prommis Solutions Inc.*	Preferred LLC interest	N/A	N/A	N/A	1	472	-		-
Prommis Solutions Inc.*	A-1 LLC interest	N/A	N/A	N/A	-	-	-		-
Prommis Solutions Inc.*	A-2 LLC interest	N/A	N/A	N/A	-	-	-		-
						472	-		-
Beverage, Food and Tobacco									
Atkins Nutritionals, Inc.	LLC interest	N/A	N/A	N/A	57	796	0.3		1,063
First Watch Restaurants, Inc.	Common stock	N/A	N/A	N/A	7	691	0.2		691
Julio & Sons Company	LLC interest	N/A	N/A	N/A	521	521	0.2		619
Richelieu Foods, Inc.	LP interest	N/A	N/A	N/A	220	220	0.1		193
						2,228	0.8		2,566
Diversified Conglomerate Manufacturing									
Oasis Outsourcing Holdings, Inc.	LLC interest	N/A	N/A	N/A	1,088	1,088	0.4		1,385
Sunless Merger Sub, Inc.	Preferred stock	N/A	N/A	N/A	-	148	-		129
TIDI Products, LLC	LLC interest	N/A	N/A	N/A	315	315	0.1		315
						1,551	0.5		1,829

Diversified**Conglomerate Service**

Document Technologies, LLC	LLC interest	N/A	N/A	N/A	24	490	0.1	490
Employment Law Training, Inc.	LP interest	N/A	N/A	N/A	-	666	0.2	757
Marathon Data Operating Co., LLC	Common stock	N/A	N/A	N/A	1	264	0.1	264
Marathon Data Operating Co., LLC	Preferred stock	N/A	N/A	N/A	1	264	0.1	264
PC Helps Support, LLC	Common stock	N/A	N/A	N/A	1	7	-	7
PC Helps Support, LLC	Preferred stock	N/A	N/A	N/A	-	61	-	61
Secure-24, LLC	LLC Units	N/A	N/A	N/A	253	253	0.1	253
						2,005	0.6	2,096

Finance

Pillar Processing LLC*		N/A	N/A	N/A	-	-	-	-
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Healthcare, Education and Childcare

Advanced Pain Management Holdings, Inc.	Common stock	N/A	N/A	N/A	67	67	-	-
Advanced Pain Management Holdings, Inc.	Preferred stock	N/A	N/A	N/A	13	1,273	0.4	1,369
Avatar International, LLC	LP interest	N/A	N/A	N/A	1	695	0.2	695
Dialysis Newco, Inc.	LLC interest	N/A	N/A	N/A	871	871	0.2	871
G & H Wire Company, Inc.	LP interest	N/A	N/A	N/A	-	102	-	102
Hospitalists Management Group, LLC	Common stock	N/A	N/A	N/A	-	38	-	38
IntegraMed America, Inc.	Common stock	N/A	N/A	N/A	1	514	0.1	514
National Healing Corporation	Preferred stock	N/A	N/A	N/A	695	799	0.3	1,127
NeuroTherm, Inc.	Common stock	N/A	N/A	N/A	1	569	0.2	569
Pentec Holdings, Inc.	Preferred stock	N/A	N/A	N/A	1	116	-	116
Reliant Pro ReHab, LLC	Preferred stock	N/A	N/A	N/A	2	264	0.1	263
Surgical Information Systems, LLC	Common stock	N/A	N/A	N/A	4	414	0.1	414
						5,722	1.6	6,078

Home and Office Furnishings, Housewares, and Durable Consumer

Top Knobs USA, Inc.	Common stock	N/A	N/A	N/A	3	73	-	73
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Leisure, Amusement, Motion Pictures and Entertainment

Competitor Group, Inc.	Preferred stock	N/A	N/A	N/A	12	88	0.1	193
Competitor Group, Inc.	Common stock	N/A	N/A	N/A	-	87	-	107

							175	0.1	300
Personal and Non-Durable Consumer Products									
Massage Envy, LLC	LLC interest	N/A	N/A	N/A	749	749	0.2	749	
Personal Transportation									
PODS Funding Corp. II	Warrant	N/A	N/A	N/A	271	-	-	-	
Printing and Publishing									
Market Track, LLC	Preferred stock	N/A	N/A	N/A	-	145	-	145	
Market Track, LLC	Common stock	N/A	N/A	N/A	1	145	-	145	
						290	-	290	
See Notes to Consolidated Financial Statements.									

Golub Capital BDC, Inc. and Subsidiaries**Consolidated Schedule of Investments - (Continued)****September 30, 2012**

Investment Type	Spread Above Index ⁽¹⁾	Interest Rate ⁽²⁾	Maturity Date	Principal		Percentage		Fair Value
				Amount/Shares/ Contracts	Cost	of Total Net Assets		
Retail Stores								
Barcelona Restaurants, LLC	LP interest	N/A	N/A	N/A	1,996	\$ 1,996	0.7	% \$2,538
Benihana, Inc.	LLC interest	N/A	N/A	N/A	43	699	0.2	699
Rubio's Restaurants, Inc.	Preferred stock	N/A	N/A	N/A	199	945	0.2	599
Vision Source L.P.	Common stock	N/A	N/A	N/A	9	936	0.2	936
						4,576	1.3	4,772
Total equity investments United States						\$20,066	5.7	% \$21,425
Total United States						\$666,523	178.9	% \$670,967
Total investments						\$669,841	179.4	% \$672,910

* Denotes that all or a portion of the loan secures the notes offered in the Debt Securitization (as defined in Note 6).

(1) The majority of the investments bear interest at a rate that may be determined by reference to LIBOR or Prime and which reset daily, quarterly or semiannually. For each we have provided the spread over LIBOR or Prime and the weighted average current interest rate in effect at September 30, 2012. 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 September 30, 2012.

(3) Loan was on non-accrual status as of September 30, 2012, meaning that the Company has ceased recognizing interest income on the loan.

(4) 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.

(5)

The entire commitment was unfunded at September 30, 2012. As such, no interest is being earned on this investment.

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”).

On April 13, 2010, Golub Capital BDC LLC (“GBDC LLC”) converted from a Delaware limited liability company to a Delaware corporation, leaving GBDC as the surviving entity (the “Conversion”). At the time of the Conversion, all limited liability company interests were exchanged for 8,984,863 shares of common stock in GBDC. GBDC had no assets or operations prior to the Conversion and, as a result, the books and records of GBDC LLC have become the books and records of the surviving entity. On April 14, 2010, GBDC completed its initial public offering (the “Offering”).

GBDC LLC was formed in the State of Delaware on November 9, 2009 to continue and expand the business of Golub Capital Master Funding LLC (“GCMF”) which commenced operations on July 7, 2007. All of the outstanding limited liability company interests in GCMF were initially held by three Delaware limited liability companies, Golub Capital Company IV, LLC, Golub Capital Company V LLC and Golub Capital Company VI LLC (collectively, the “Capital Companies”). In November 2009, the Capital Companies formed GBDC LLC, into which they contributed 100% of the limited liability company interests of GCMF and from which they received a proportionate number of limited liability company interests in GBDC LLC. In February 2010, GEMS Fund L.P. (“GEMS”), a limited partnership affiliated through common management with the Capital Companies, purchased an interest in GBDC LLC. As a result of the Conversion, the Capital Companies and GEMS received shares of common stock in GBDC.

Subsequent to the Conversion, GCMF became a wholly owned subsidiary of GBDC. GCMF’s financial results are consolidated with GBDC, and the portfolio investments held by GCMF are included in the Company’s consolidated financial statements. All intercompany balances and transactions have been eliminated.

The Company's investment strategy is to invest 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 equity securities to middle market companies that are, in most cases, sponsored by private equity investors. 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. Prior to April 14, 2010, Golub Capital Incorporated (the "Investment Manager") served as the investment adviser for the Company.

Note 2. Accounting Policies and Recent Accounting Updates

Basis of presentation: 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 Accounting Standards Codification ("ASC") Topic 820 — *Fair Value Measurements and Disclosures*. 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

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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 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.

Any changes to the valuation methodology are reviewed by the Company's board of directors (the "Board") to confirm that the changes are justified. As markets change, new investment products develop and the pricing for investment products becomes more or less transparent, the Company will continue to refine its valuation methodologies.

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 permitted under Regulation S-X and ASC Topic 946 — *Financial Services — Investment Companies*, 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 subsidiaries in its consolidated financial statements.

Assets related to transactions that do not meet ASC Topic 860 — *Transfers and Servicing* 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 that are consolidated in the Company's 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 the Company (or any affiliate of the Company).

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"). This amount is generally restricted to the origination 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. In addition, the Company may generate revenue in the form of commitment, origination, amendment, structuring fees, fees for providing managerial assistance and consulting fees. 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. All other income is recorded into income when earned. The Company records prepayment premiums on loans as interest income. For the three and six months ended March 31, 2013, interest income included \$780 and \$1,513 of prepayment fees, respectively. For the three and six months ended March 31, 2012, interest income included \$186 and \$358 of prepayment fees, respectively. When the Company receives principal payments

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on a loan in an amount that exceeds the loan's accreted or amortized cost, it records the excess principal payment as interest income. For the three and six months ended March 31, 2013, interest income included \$2,025 and \$4,465, respectively, of accretion of discounts. For the three and six months ended March 31, 2012, interest income included \$1,290 and \$2,380, respectively, of accretion of discounts.

As of March 31, 2013 and September 30, 2012, the Company had interest receivable of \$4,278 and \$3,906, respectively. For the three and six months ended March 31, 2013, the Company earned interest of \$19,617 and \$37,944, respectively. For the three and six months ended March 31, 2012, the Company earned interest of \$14,352 and \$26,452, respectively. For the three and six months ended March 31, 2013, the Company received interest in cash, which excludes income from amortization of loan origination fees, original issue discount and market discount or premium, in the amounts of \$16,559 and \$32,864, respectively. For the three and six months ended March 31, 2012, the Company received interest in cash, which excludes income from amortization of loan origination fees, original issue discount and market discount or premium, in the amounts of \$12,394 and \$23,041, respectively. For the three and six months ended March 31, 2013, the Company received loan origination fees of \$734 and \$4,468, respectively. For the three and six months ended March 31, 2012, the Company received loan origination fees of \$1,607 and \$5,511, respectively. These loan origination fees are capitalized and amortized or accreted over the life of the loan as interest income.

For investments with contractual 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, 2013, the Company capitalized \$377 and \$1,414, respectively, of PIK interest into the principal balance. For the three and six months ended March 31, 2012, the Company capitalized \$478 and \$765, respectively, of PIK interest into the principal balance. For the three and six months ended March 31, 2013, the Company received PIK payments in cash of \$516 and \$847, respectively. For the three and six months ended March 31, 2012, the Company received PIK payments in cash of \$264 and \$367, 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. For the three and six months ended March 31, 2013, the Company recorded dividend income of \$479 and \$746, respectively. For the three and six months ended March 31, 2012, the Company recorded

dividend income of zero and \$377, 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.

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. 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, are likely to remain current. The total fair value of non-accrual loans was \$2,392 and \$3,222 as of March 31, 2013 and September 30, 2012, respectively.

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 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.

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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 into the next tax year in an amount less than what would trigger payments of federal income tax under subchapter M of the Code. 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 may exceed estimated current 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, 2013 and 2012, 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 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 December 31, 2012. The 2009 through 2012 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 declaration 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.

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).

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, 2013 and September 30, 2012, the Company had deferred financing costs of \$7,029 and \$5,898, 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, 2013 was \$717 and \$1,084, respectively. Amortization expense for the three and six months ended March 31, 2012 was \$357 and \$697, 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, 2013 and September 30, 2012, deferred offering costs, which are included in other assets on the consolidated statements of financial condition, were \$188 and \$130, respectively.

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Note 3. Related Party Transactions

Investment Advisory Agreement: On April 14, 2010, GBDC entered into the Investment Advisory Agreement with the Investment Adviser, under which the Investment Adviser manages the day-to-day operations of, and provides investment advisory services to, GBDC. The Investment Advisory Agreement was subsequently amended on July 16, 2010. The Board most recently reapproved the Investment Advisory Agreement on February 5, 2013. The Investment Adviser is a registered investment adviser with the Securities and Exchange Commission (the "SEC").

The Investment Adviser 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 the Company. The Investment Adviser and its affiliates may determine that an investment is appropriate for the Company 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 the Investment Adviser's allocation policy, the Investment Adviser or its affiliates may determine that the Company should invest side-by-side with one or more other accounts. The Company does 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 the Investment Adviser's allocation procedures.

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. Such amount 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 is 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. "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

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quarter, minus operating expenses for the calendar quarter (including the base management fee, taxes, any expenses payable under the Investment Advisory Agreement and an administration agreement (the “Administration Agreement”) with GC Service Company, LLC (including, as the context may require, Golub Capital LLC, after the assignment of the Administration Agreement to Golub Capital LLC on February 5, 2013, the “Administrator”), 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. As described in Note 7 — Derivative Instruments, in June 2011, the Company entered into a total return swap (the “TRS”) with Citibank, N.A. (“Citibank”) for the purpose of gaining economic exposure to a portfolio of broadly syndicated loans. The TRS was subsequently terminated on April 11, 2012. For purposes of the computation of the Incentive Fee, the Company:

- treated the interest spread, which represents the difference between the interest and fees received on the reference assets underlying the TRS and the interest paid to Citibank on the settled notional value of the TRS, as part of the Income Incentive Fee; and
- treated the realized gains and losses on the sale or maturity of reference assets underlying the TRS and futures contracts as part of the Capital Gain Incentive Fee.

For the periods ending on or prior to September 30, 2011, the Company had included interest spread payments from the TRS in the Capital Gain Incentive Fee as this is consistent with GAAP, which records such payments in net realized gains/(losses) on derivative instruments in the consolidated statement of operations. However, the Company changed its methodology in the first quarter of fiscal year 2012 pursuant to discussions with the staff of the SEC,

resulting in the TRS interest spread payments being included in the Income Incentive Fee.

For the three and six months ended March 31, 2012, the Company received interest spread payments of \$923 and \$1,570, respectively. For the three months ended December 31, 2011, including the interest spread payments from the TRS in the income component of the incentive fee calculation caused an increase in the incentive fee by \$647 as the Company was in the “catch-up” provision as described below. Upon reviewing the incentive fee calculation and the treatment of the interest spread payments from the TRS, the Investment Adviser irrevocably waived the incremental portion of the incentive fee attributable from the TRS interest spread payments for the three months ended December 31, 2011. For the three months ended March 31, 2012, the Income Incentive Fee (as described below) was \$1,434. For the six months ended March 31, 2012, after taking into account the waiver by the Investment Adviser, the Income Incentive Fee was \$2,344, rather than \$2,991.

For the three and six months ended March 31, 2013, the Income Incentive Fee was \$2,468 and \$4,862, 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 20.0% of Cumulative Pre-Incentive Fee Net Investment Income. 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

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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.

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 this 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. The Company's "Capital Gain Incentive Fee Base" equals the sum of (1) 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, (2) all realized capital losses on a cumulative basis and (3) all unrealized capital depreciation 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 base 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 Company accrues the Capital Gain Incentive Fee if, on a cumulative basis, the sum of net realized gains and (losses) plus net unrealized appreciation and (depreciation) is positive. The Capital Gain Incentive Fee is calculated on a cumulative basis from April 13, 2012 through the end of each calendar year. For the three and six months ended March 31, 2013 and 2012, the Capital Gain Incentive Fee was zero.

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

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 20.0% of the Company's Cumulative Pre-Incentive Fee Net Investment Income since the effective date of the Company's election to be treated as a BDC. Such amount, less any Incentive Fees previously paid, is

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referred to as the “Incentive Fee Cap.” If, for any relevant period, the Incentive Fee Cap calculation results in the Company paying less than the amount of 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.

Administration Agreement: GBDC has also entered into the Administration Agreement. Under the Administration Agreement, the Administrator furnishes GBDC with office facilities and equipment, provides GBDC with clerical, bookkeeping and record keeping services at such facilities and provides GBDC with other administrative services as the Administrator, subject to review by the Board, determines necessary to conduct GBDC’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. As permitted by the Administration Agreement, beginning January 1, 2012, the Administrator began charging the allocable portion of the cost of the Company’s chief compliance officer and chief financial officer and their respective staffs to the Company. 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 GBDC is required to provide such assistance and will be paid an additional amount based on the cost of the services provided, not to exceed the amount GBDC receives from such portfolio companies.

Included in accounts payable and accrued expenses is \$610 and \$507 as of March 31, 2013 and September 30, 2012, 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, 2013 was \$610 and \$1,158, respectively. The administrative service fee expense under the Administration Agreement for the three and six months ended March 31, 2012 was \$455 and \$718, respectively.

Other related party transactions: The Investment Manager and the Administrator pay 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 Investment Manager and the Administrator during the three and six months ended March 31, 2013 were \$279 and \$279, respectively. Total expenses reimbursed to the Investment Manager and the Administrator during the three and six months ended March 31, 2012 were \$92 and \$199, respectively.

As of March 31, 2013 and September 30, 2012, included in accounts payable and accrued expenses were \$272 and \$40, respectively, for accrued expenses paid on behalf of the Company by the Investment Manager and the Administrator.

Note 4. Investments

Investments consisted of the following:

	March 31, 2013			September 30, 2012		
	Par	Cost	Fair Value	Par	Cost	Fair Value
Senior secured	\$269,137	\$264,917	\$261,768	\$280,579	\$275,736	\$273,989
One stop	383,209	376,687	382,253	267,393	262,876	265,705
Second lien ⁽¹⁾	76,356	75,390	76,572	44,856	43,348	44,367
Subordinated debt	43,951	43,334	41,826	68,859	67,815	67,424
Equity	N/A	23,540	26,023	N/A	20,066	21,425
Total	\$772,653	\$783,868	\$788,442	\$661,687	\$669,841	\$672,910

⁽¹⁾ Second lien loans include loans structured as first lien last out term loans as they have similar risk characteristics.

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

(In thousands, except shares and per share data)

The Company has invested in portfolio companies located in the United States and in Canada. 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.

	March 31, 2013		September 30, 2012	
Cost:				
United States				
Mid-Atlantic	\$120,271	15.3 %	\$76,509	11.5 %
Midwest	177,197	22.6	152,119	22.7
West	118,880	15.2	120,228	17.9
Southeast	207,901	26.5	178,316	26.6
Southwest	104,860	13.4	84,424	12.6
Northeast	51,027	6.5	54,927	8.2
Canada	3,732	0.5	3,318	0.5
Total	\$783,868	100.0 %	\$669,841	100.0 %

Fair Value:				
United States				
Mid-Atlantic	\$119,305	15.1 %	\$72,671	10.8 %
Midwest	176,559	22.4	152,527	22.6
West	119,949	15.2	122,371	18.2
Southeast	212,102	26.9	181,398	27.0
Southwest	106,960	13.6	85,633	12.7
Northeast	52,645	6.7	56,367	8.4
Canada	922	0.1	1,943	0.3
Total	\$788,442	100.0 %	\$672,910	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 fair value were as follows:

	March 31, 2013		September 30, 2012	
Cost:				
Aerospace and Defense	\$ 19,478	2.5 %	\$ 8,715	1.3 %
Automobile	26,469	3.4	23,199	3.5
Banking	1,361	0.2	1,329	0.2
Beverage, Food and Tobacco	58,350	7.4	49,685	7.4
Broadcasting and Entertainment	-	-	3,969	0.6
Buildings and Real Estate	7,637	1.0	7,391	1.1
Cargo Transport	9,310	1.2	1,667	0.2
Chemicals, Plastics and Rubber	6,155	0.8	8,920	1.3
Containers, Packaging and Glass	3,674	0.5	4,451	0.7
Diversified Conglomerate Manufacturing	45,466	5.8	40,923	6.1
Diversified Conglomerate Service	104,025	13.3	74,781	11.2
Diversified Natural Resources, Precious Metals and Minerals	-	-	4,482	0.7
Electronics	62,216	7.9	63,142	9.4
Farming and Agriculture	2,708	0.3	2,782	0.4
Finance	31,120	4.0	14,363	2.2
Healthcare, Education and Childcare	129,025	16.5	124,758	18.6
Home and Office Furnishings, Housewares and Durable Consumer	7,157	0.9	6,230	0.9
Insurance	9,685	1.2	-	-
Leisure, Amusement, Motion Pictures and Entertainment	44,609	5.7	39,659	5.9
Mining, Steel, Iron and Non-Precious Metals	5,620	0.7	8,737	1.3
Personal and Non-Durable Consumer Products	26,749	3.4	20,509	3.1
Personal, Food and Miscellaneous Services	45,759	5.8	12,427	1.9
Personal Transportation	13,818	1.8	44,159	6.6
Printing and Publishing	12,033	1.5	12,323	1.8
Retail Stores	104,563	13.3	83,165	12.4
Telecommunications	2,157	0.3	2,984	0.4
Utilities	4,724	0.6	5,091	0.8
Total	\$ 783,868	100.0 %	\$ 669,841	100.0 %
Fair Value:				
Aerospace and Defense	\$ 19,919	2.6 %	\$ 8,969	1.3 %
Automobile	27,107	3.5	23,567	3.5

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Banking	178	-	521	0.1
Beverage, Food and Tobacco	60,676	7.7	50,686	7.5
Broadcasting and Entertainment	-	-	3,992	0.6
Buildings and Real Estate	4,296	0.5	6,266	0.9
Cargo Transport	9,905	1.3	1,686	0.3
Chemicals, Plastics and Rubber	6,313	0.8	9,070	1.3
Containers, Packaging and Glass	3,740	0.5	4,508	0.7
Diversified Conglomerate Manufacturing	46,338	5.9	41,583	6.2
Diversified Conglomerate Service	105,739	13.4	76,002	11.3
Diversified Natural Resources, Precious Metals and Minerals	-	-	4,593	0.7
Electronics	62,986	8.0	64,398	9.6
Farming and Agriculture	2,734	0.3	2,814	0.4
Finance	29,600	3.8	10,779	1.6
Healthcare, Education and Childcare	130,393	16.5	126,518	18.8
Home and Office Furnishings, Housewares and Durable Consumer	7,236	0.9	6,138	0.9
Insurance	9,818	1.2	-	-
Leisure, Amusement, Motion Pictures and Entertainment	42,486	5.4	38,925	5.8
Mining, Steel, Iron and Non-Precious Metals	5,651	0.7	8,845	1.3
Personal and Non-Durable Consumer Products	26,988	3.4	20,383	3.0
Personal, Food and Miscellaneous Services	46,751	5.9	44,746	6.6
Personal Transportation	14,114	1.8	12,652	1.9
Printing and Publishing	11,936	1.5	12,435	1.8
Retail Stores	106,575	13.5	84,637	12.6
Telecommunications	2,180	0.3	3,033	0.5
Utilities	4,783	0.6	5,164	0.8
Total	\$788,442	100.0%	\$ 672,910	100.0 %

Golub Capital BDC, Inc. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

(In thousands, except shares and per share data)

Note 5. 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, the categorization of an asset or a liability 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 investments 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 investments during the six months ended March 31, 2013 and 2012. 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.

Level 1 assets and liabilities are valued using quoted market prices. Level 2 assets and liabilities are valued using market consensus prices that are corroborated by observable market data and quoted market prices for similar assets and liabilities. Level 3 assets and liabilities 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 valuation of debt and equity securities without readily available market quotations subject to review by an independent valuation firm. All assets (other than cash and cash equivalents) and liabilities as of March 31, 2013 and September 30, 2012 were valued using Level 3 inputs of the fair value hierarchy.

When valuing Level 3 debt and equity investments, the Company may take into account the following factors, where relevant, in determining the fair value of the investments: 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, 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. In addition, for certain debt and equity 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

Golub Capital BDC, Inc. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

(In thousands, except shares and per share data)

willing to accept for an investment. The Company generally uses the midpoint of the bid/ask range as its best estimate of fair value of such investment.

Fair value of the Company's debt is estimated by discounting remaining payments using applicable market rates or market quotes for similar instruments at the measurement date, if available.

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.

Due to the inherent uncertainty of determining the fair value of Level 3 assets and liabilities that do not have a readily available market value, the fair value of the assets and liabilities may differ significantly from the values that would have been used had a ready market existed for such assets and liabilities and may differ materially from the values that may ultimately be received or settled. Further, such assets and liabilities 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 and borrowings 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 and borrowings are traded.

The following table presents fair value measurements of the Company's investments and indicates the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair value:

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As of March 31, 2013: Fair Value Measurements Using

Description	Level 1	Level 2	Level 3	Total
Assets:				
Debt investments ⁽¹⁾	\$-	\$ -	\$ 762,419	\$ 762,419
Equity investments ⁽¹⁾	-	-	26,023	26,023
	\$-	\$ -	\$ 788,442	\$ 788,442

As of September 30, 2012: Fair Value Measurements Using

Description	Level 1	Level 2	Level 3	Total
Assets:				
Debt investments ⁽¹⁾	\$-	\$ -	\$ 651,485	\$ 651,485
Equity investments ⁽¹⁾	-	-	21,425	21,425
	\$-	\$ -	\$ 672,910	\$ 672,910

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

The net change in unrealized appreciation for the three and six months ended March 31, 2013 reported within the net change in unrealized appreciation on investments in the Company's consolidated statements of operation attributable to the Company's Level 3 assets held as of March 31, 2013 was \$3,346 and \$4,882, respectively. The net change in unrealized appreciation for the three and six months ended March 31, 2012 reported within the net change in unrealized appreciation on investments and the net change in unrealized appreciation on derivative instruments in the Company's consolidated

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

(In thousands, except shares and per share data)

statements of operation attributable to the Company's Level 3 assets held as of March 31, 2012 was \$3,623 and \$2,425, respectively.

The following table presents the changes in investments measured at fair value using Level 3 inputs for the six months ended March 31, 2013:

	Six months ended March 31, 2013		
	Debt Investments	Equity Investments	Total
Fair value, beginning of period	\$651,485	\$ 21,425	\$672,910
Net change in unrealized appreciation on investments	384	1,121	1,505
Realized gain on investments	55	39	94
Fundings of revolving loans, net	4,242	-	4,242
Fundings of investments	284,421	4,144	288,565
PIK interest	567	-	567
Proceeds from principal payments and sales of portfolio investments	(183,200)	(706)	(183,906)
Amortization of discount and premium	4,465	-	4,465
Fair value, end of period	\$762,419	\$ 26,023	\$788,442

The following table presents the changes in investments measured at fair value using Level 3 inputs for the six months ended March 31, 2012:

	Six months ended March 31, 2012			
	Debt Investments	Equity Investments	Derivative instruments	Total
Fair value, beginning of period	\$450,437	\$ 9,390	\$ (1,845)) \$457,982
	4,271	104	3,325	7,700

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Net change in unrealized appreciation (depreciation) on investments and derivative instruments				
Realized (loss) gain on investments and derivative instruments	(4,933)	1	1,591	(3,341)
Fundings of revolving loans, net	616	-	-	616
Fundings of investments	229,209	8,398	-	237,607
PIK Interest	398	-	-	398
Proceeds from principal payments and sales of portfolio investments	(86,408)	(66)	-	(86,474)
Proceeds from derivative instruments ⁽¹⁾	-	-	(1,591)	(1,591)
Amortization of discount and premium	2,380	-	-	2,380
Fair value, end of period	\$595,970	\$ 17,827	\$ 1,480	\$615,277

⁽¹⁾ Refer to Note 7 for additional disclosures.

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

(In thousands, except shares and per share data)

The following table presents quantitative information about the significant unobservable inputs of the Company's level 3 investments as of March 31, 2013:

Quantitative information about Level 3 Fair Value Measurements

	Fair value at March 31, 2013	Valuation Techniques	Unobservable Input	Range (Weighted Average)
Senior secured loans ⁽¹⁾⁽²⁾	\$218,966	Market comparable companies	EBITDA multiples	5.0x - 14.7x (8.8x)
		Market rate approach	Market interest rate	4.9% - 15.5% (7.3%)
One stop loans ⁽³⁾	\$379,988	Market comparable companies	EBITDA multiples	5.7x - 14.7x (9.4x)
		Market rate approach	Market interest rate	5.9% - 11.5% (8.9%)
Subordinated and second lien loans ⁽⁴⁾	\$80,850	Market comparable companies	EBITDA multiples	7.0x - 16.5x (9.3x)
		Market rate approach	Market interest rate	8.0% - 21.0% (13.4%)
Equity securities	\$26,023	Market comparable companies	EBITDA multiples	5.5x - 14.7x (9.2x)

⁽¹⁾ Excludes \$38,980 of loans at fair value, which the Company valued using indicative bid and ask prices provided by an independent third party pricing service.

⁽²⁾ Excludes \$3,822 of loans at fair value. These loans were valued using only EBITDA multiples or on a liquidation basis.

⁽³⁾ Excludes \$2,265 of loans at fair value. These loans were valued using only EBITDA multiples or on a liquidation basis.

⁽⁴⁾ Excludes \$37,548 of loans at fair value, which the Company valued using indicative bid and ask prices provided by an independent third party pricing service.

The following table presents quantitative information about the significant unobservable inputs of the Company's level 3 investments as of September 30, 2012:

Quantitative information about Level 3 Fair Value Measurements

	Fair value at September 30, 2012	Valuation Techniques	Unobservable Input	Range (Weighted Average)
Senior secured loans ⁽¹⁾⁽²⁾	\$216,063	Market comparable companies Market rate approach	EBITDA multiples Market interest rate	4.5x - 14.5x (8.5x) 2.7% - 28.0% (7.9%)
One stop loans	\$265,705	Market comparable companies Market rate approach	EBITDA multiples Market interest rate	4.7x - 14.5x (8.9x) 5.2% - 23.0% (8.9%)
Subordinated and second lien loans ⁽³⁾⁽⁴⁾	\$97,946	Market comparable companies Market rate approach	EBITDA multiples Market interest rate	6.5x - 11.0x (8.4x) 8.0% - 21.0% (12.8%)
Equity securities	\$21,425	Market comparable companies	EBITDA multiples	4.5x - 14.5x (9.0x)

⁽¹⁾ Excludes \$56,058 of loans at fair value, which the Company valued using indicative bid and ask prices provided by an independent third party pricing service.

⁽²⁾ Excludes \$1,868 of loans at fair value. These loans were valued on a liquidation basis.

⁽³⁾ Excludes \$12,151 of loans at fair value, which the Company valued using indicative bid and ask prices provided by an independent third party pricing service.

⁽⁴⁾ Excludes \$1,694 of non-accrual loans at fair value. These loans were valued on a liquidation basis.

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 securities are earnings before interest, taxes, depreciation and amortization ("EBITDA") multiples and market interest rates. The Company uses EBITDA multiples on its loans and equity securities 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.

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(In thousands, except shares and per share data)

The following are the carrying values and fair values of the Company's debt liabilities as of March 31, 2013 and September 30, 2012. Fair value is estimated by discounting remaining payments using applicable market rates or market quotes for similar instruments at the measurement date, if available.

	As of March 31, 2013		As of September 30, 2012	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Debt	\$ 385,700	\$ 388,425	\$ 352,300	\$ 358,046

Note 6. 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, 2013, the Company's asset coverage for borrowed amounts was 298.6%.

Debt Securitization: On July 16, 2010, the Company completed a \$300,000 term debt securitization ("Debt Securitization"). The notes ("Notes") offered in the Debt Securitization were issued by Golub Capital BDC 2010-1 LLC (the "Issuer"), a subsidiary of Golub Capital BDC 2010-1 Holdings LLC ("Holdings"), a direct subsidiary of the Company, and the Class A Notes and Class B Notes are secured by the assets held by the Issuer. The Debt Securitization was executed through a private placement of \$174,000 of Aaa/AAA Class A Notes of the Issuer which, as amended, bear interest at three-month LIBOR plus 1.74%. The \$10,000 face amount of Class B Notes bears interest at a rate of three-month LIBOR plus 2.40%, and the \$116,000 face amount of Subordinated Notes does not bear interest. In partial consideration for the loans transferred to the Issuer as part of the Debt Securitization, Holdings retained all of the Class B and Subordinated Notes totaling \$10,000 and \$116,000, respectively, and all of the membership interests in the Issuer, which Holdings initially purchased for two hundred and fifty dollars. On February

15, 2013, the Company amended the Debt Securitization to issue an additional \$29,000 in Class A Notes, \$2,000 in Class B Notes and \$19,000 in Subordinated Notes. The additional Class A Notes of the Issuer were sold through a private placement and the additional Class B Notes and additional Subordinated Notes were retained by Holdings. The Class A Notes are included in the March 31, 2013 and September 30, 2012 consolidated statements of financial condition. The Class B Notes and the Subordinated Notes are eliminated in consolidation.

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

The Notes are the secured obligations of the Issuer, and an indenture governing the Notes includes customary covenants and events of default.

The Investment Adviser serves as collateral manager to the Issuer under a collateral management agreement and receives a fee for providing these services. As a result, the Company has amended and restated its Investment Advisory Agreement to provide that the base management fee payable under such agreement is reduced by an amount equal to the total fees that are paid to the Investment Adviser by the Issuer for rendering such collateral management services.

As of March 31, 2013 and September 30, 2012, there were 87 and 81 portfolio companies with a total fair value of \$308,526 and \$290,097, respectively, securing the Notes. The pool of loans in the Debt Securitization must meet certain requirements, including asset mix and concentration, collateral coverage, term, agency rating, minimum coupon, minimum spread and sector diversity requirements.

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The interest charged under the Debt Securitization is based on three-month LIBOR, which as of March 31, 2013 was 0.3%. For the three and six months ended March 31, 2013, the effective annualized average interest rate, which includes amortization of debt issuance costs on the Debt Securitization, was 2.6% and 2.9%, respectively. For the three and six months ended March 31, 2013, interest expense was \$1,096 and \$2,319, respectively. Cash paid for interest during the three and six months ended March 31, 2013 was \$1,209 and \$2,507, respectively. For the three and six months ended March 31, 2012, the effective annualized average interest rate, which includes amortization of debt issuance costs on the Debt Securitization, was 3.3% and 3.3%, respectively. For the three and six months ended March 31, 2012, interest expense was \$1,288 and \$2,523, respectively. Cash paid for interest during the three and six months ended March 31, 2012 was \$1,249 and \$2,427, respectively.

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

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

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.

The licenses allow the Company'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 the

Company, 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, 2013, SBIC IV had \$135,000 of outstanding SBA-guaranteed debentures and SBIC V had no outstanding debentures, leaving incremental borrowing capacity of \$15,000 and \$75,000 for SBIC IV and SBIC V, respectively, under present SBIC regulations. As of September 30, 2012, SBIC IV had \$123,500 of outstanding SBA-guaranteed debentures.

SBIC IV may borrow up to two times the amount of its regulatory capital, subject to customary regulatory requirements. As of March 31, 2013, the Company had committed and funded \$75,000 to SBIC IV and had SBA-guaranteed debentures of \$135,000 outstanding which mature between March 2021 and March 2023. The interest rate on the \$135,000 of outstanding debentures was fixed at an average annualized interest rate of 3.4%. For the three and six months ended March 31, 2013, the effective annualized average interest rate, which includes amortization of fees paid on the debentures, was 3.7% and 3.8%, respectively. For the three and six months ended March 31, 2013, interest expense was \$1,093 and \$2,185, respectively. Cash paid for interest during the three and six months ended March 31, 2013 was \$2,133 and \$2,133, respectively. For the three and six months ended March 31, 2012, the effective annualized average interest rate, which includes amortization of fees paid on the debentures, was 3.2% and 3.3%, respectively. For the three and six months ended March 31, 2012, interest expense was \$702 and \$1,330, respectively. Cash paid for interest during the three and six months ended March 31, 2012 was \$1,210 and \$1,210, respectively.

Golub Capital BDC, Inc. and Subsidiaries
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(In thousands, except shares and per share data)

SBIC V may borrow up to two times the amount of its regulatory capital, subject to customary regulatory requirements including, but not limited to, an examination by the SBA. As of March 31, 2013, the Company had committed \$37,500 and funded \$10,000 to SBIC V.

Revolving Credit Facility: On July 21, 2011, Golub Capital BDC Funding LLC (“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. Effective March 8, 2013, Funding entered into an amendment to the documents governing Funding’s Credit Facility to, among other things, decrease the size of the Credit Facility from \$150,000 to \$100,000.

The period from the closing date until October 21, 2013 is referred to as the reinvestment period. All amounts outstanding under the Credit Facility are required to be repaid by October 20, 2017. 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 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 fee of 0.50% per annum on any unused portion of the Credit Facility up to \$30,000 and 2.00% on any unused portion in excess of \$30,000. On January 25, 2013, the Credit Facility was amended to, among other things, amend the fee on the unused portion of the Credit Facility to 0.50% for the period from December 13, 2012 through January 28, 2013. From January 28, 2013 through March 8, 2013, the Company paid a fee of 0.50% per annum on any unused portion of the Credit Facility up to \$60,000 and 2.00% on any unused portion in excess of \$60,000. From March 8, 2013 and thereafter, the Company will pay a fee of 0.50% per annum on any unused portion of the Credit Facility up to \$40,000 and 2.00% on any unused portion in excess of \$40,000. Additionally, the Company received a one-time interest expense credit of \$125 during the three months ended March 31, 2013.

The Credit Facility is secured by all of the assets held by Funding, and the Company 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 the Company as the transferor and servicer under the Credit Facility. Both the Company 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, 2013 and September 30, 2012, the Company had outstanding debt under the Credit Facility of \$47,700 and \$54,800, respectively. For the three and six months ended March 31, 2013, the Company had borrowings on the Credit Facility of \$65,300 and \$161,450 and repayments on the Credit Facility of \$80,050 and 139,550, respectively. For the three and six months ended March 31, 2012, the Company had borrowings on the Credit Facility of \$34,200 and \$69,717 and repayments on the Credit Facility of \$37,900 and 37,900, respectively. For the three and six months ended March 31, 2013, the effective annualized average interest rate on outstanding borrowings, which includes amortization of debt financing costs, was 3.5% and 2.7%, respectively. For the three and six months ended March 31, 2013, interest expense was \$386 and \$699, respectively. Cash paid for interest during the three and six months ended March 31, 2013 was \$402 and \$650, respectively. For the three and six months ended March 31, 2012, the effective annualized average interest rate on outstanding borrowings, which includes amortization of debt financing costs, was 3.0% and 3.0%, respectively. For the three and six months ended March 31, 2012, interest expense was \$233 and \$397, respectively. Cash paid for interest during the three and six months ended March 31, 2012 was \$244 and \$369, respectively.

The average total debt outstanding (including the debt under the Debt Securitization, SBA debentures and Credit Facility) for the three and six months ended March 31, 2013 was \$375,771 and \$357,066, respectively. The average total debt outstanding (including the debt under the Debt Securitization, SBA debentures and Credit Facility) for the three and six months ended March 31, 2012 was \$301,108 and \$287,205, respectively.

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For the three and six months ended March 31, 2013, the effective annualized average interest rate on the Company's total debt outstanding was 3.5% and 3.5%, respectively. For the three and six months ended March 31, 2012, the effective annualized average interest rate on the Company's total debt outstanding was 3.4% and 3.4%, respectively.

A summary of the Company's maturity requirements for borrowings as of March 31, 2013 is as follows:

	Payments Due by Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Debt Securitization	\$203,000	\$ -	\$ -	\$ -	\$ 203,000
SBA debentures	135,000	-	-	-	135,000
Credit Facility	47,700	-	-	47,700	-
Total borrowings	\$385,700	\$ -	\$ -	\$ 47,700	\$ 338,000

Note 7. Derivative Instruments

The Company had sold or terminated all of its derivative instruments prior to September 30, 2012. The following table summarizes realized and unrealized gains and losses on derivative instruments recorded by the Company for the three and six months ended March 31, 2012 and the location on the consolidated statements of operations:

	Location	Three months ended March 31, 2012		Location	Three months ended March 31, 2012	
		Realized Gain (Loss)	Unrealized Gain (Loss)		Realized Gain (Loss)	Unrealized Gain (Loss)
Futures Contracts	Net realized gain (loss) on derivative instruments	\$ (231)	\$ (603)	Net change in unrealized appreciation (depreciation) on derivative instruments	\$ 557	\$ 459
TRS	Net realized gain (loss) on derivative instruments	955	1,591	Net change in unrealized appreciation (depreciation) on derivative instruments	1,870	3,325
		\$ 724	\$ 988		\$ 2,427	\$ 3,784

Futures contracts: In September 2012, the Company sold its remaining ten-year U.S. Treasury futures contracts. The Company had entered into the futures contracts to mitigate its exposure to adverse fluctuation in interest rates related to the Company's SBA debentures. The cash collateral underlying the futures contracts was returned to the Company.

Based on the daily fluctuation of the fair value of the futures contracts, the Company recorded an unrealized gain or loss equal to the daily fluctuation in fair value. Upon maturity or settlement of the futures contracts, the Company realized a gain or loss based on the difference of the fair value of the futures contracts at inception and the fair value of the futures contracts at settlement or maturity. This gain or loss is included on the consolidated statements of operations as net realized gain (loss) on derivative instruments.

For the three and six months ended March 31, 2012, the realized loss on settlement of futures contracts was \$(231) and \$(603), respectively, and the change in unrealized appreciation related to the futures contracts was \$557 and \$459, respectively. The total volume of futures contracts that the Company entered into for the three and six months ended March 31, 2012 was two hundred and fifty and five hundred, respectively.

Total return swap termination: On April 11, 2012, GCMF terminated the TRS that it had entered into with Citibank. Upon termination, cash collateral of \$19,912 that had secured the obligations to Citibank under the TRS was returned to the Company and was used to fund new middle-market debt and equity investments.

GCMF entered into the TRS to gain economic exposure to a portfolio of broadly syndicated loans. Generally, under the terms of a total return swap, one party agrees to make periodic payments to another party based on the change in the market value of the assets referenced by the total return swap, which may include a specified security, basket of securities or securities indices during the specified period, in return for periodic payments based on a fixed or variable interest rate. A total return swap is typically used to obtain exposure to a security or market without owning or taking physical custody of such security or investing directly in such market.

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The Company received from Citibank all interest and fees payable in respect of the loans included in the portfolio. The Company paid to Citibank interest at a rate equal to three-month LIBOR plus 1.2% per annum based on the settled notional value of the TRS. Upon termination of the TRS, the Company received from Citibank the net appreciation in the value of the referenced loans. On a quarterly basis, net payment between the Company and Citibank for interest and realized appreciation and depreciation on the portfolio of loans occurs.

The Company acted as the manager of the rights and obligations of GCMF under the TRS.

For GAAP purposes, realized gains and losses on the TRS are composed of any gains or losses on the referenced portfolio of loans as well as the net interest received or owed at the time of the quarterly settlement. For GAAP purposes, unrealized gains and losses on the TRS are composed of the net interest income earned or interest expense owed during the period that was not previously settled as well as the change in fair value of the referenced portfolio of loans.

The change in the fair value of the TRS was \$1,870 and \$3,325 for the three and six months ended March 31, 2012, respectively. Realized gains on the TRS for the three months ended March 31, 2012 were \$955, which consisted of spread interest income of \$923 and a realized gain of \$32 on the referenced loans. Realized gains on the TRS for the six months ended March 31, 2012 were \$1,591, which consisted of spread interest income of \$1,570 and a realized gain of \$21 on the referenced loans.

Note 8. Commitments and Contingencies

Commitments: The Company had outstanding commitments to fund investments totaling \$59,846 and \$56,547 under various undrawn revolvers and other credit facilities as of March 31, 2013 and September 30, 2012, 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 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.

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 was 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 its 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.

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Note 9. Financial Highlights

The financial highlights for the Company are as follows:

	Six months ended March 31			
	2013		2012	
Per share data ⁽¹⁾ :				
Net asset value at beginning of period	\$ 14.60		\$ 14.56	
Net increase in net assets as a result of public offerings	0.13		-	
Dividends and distributions declared	(0.64)	(0.64)
Net investment income	0.66		0.59	
Net realized loss on investments	-		(0.22)
Net realized gain on derivative instruments	-		0.04	
Net change in unrealized appreciation on investments	0.05		0.19	
Net change in unrealized appreciation on derivative instruments	-		0.17	
Net asset value at ending of period	\$ 14.80		\$ 14.69	
Per share market value at end of period	\$ 16.51		\$ 15.27	
Total return based on market value ⁽²⁾	7.86	%	7.14	%
Total return based on average net asset value*	9.66	%	10.43	%
Shares outstanding at end of period	33,754,512		25,639,371	
Ratios/Supplemental Data:				
Ratio of expenses (without incentive fees) to average net assets*	6.21	%	6.56	%
Ratio of incentive fees to average net assets ⁽³⁾	2.18	%	1.39	%
Ratio of total expenses to average net assets ⁽³⁾	8.39	%	7.95	%
Ratio of net investment income to average net assets*	8.95	%	7.93	%
Net assets at end of period	\$ 499,653		\$ 376,725	
Average debt outstanding	\$ 357,066		\$ 287,205	
Average debt outstanding per share	\$ 10.58		\$ 11.20	
Portfolio turnover*	49.94	%	31.91	%

*

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.

(3) During the six months ended March 31, 2012, the Investment Adviser irrevocably waived \$647 of incentive fees attributable to the TRS. Had the Investment Adviser not waived these fees, the annualized ratio of incentive fees to average net assets and the annualized ratio of total expenses to average net assets would have been 1.77% and 8.32%, respectively, for the six months ended March 31, 2012.

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 and six months ended March 31, 2013 and 2012:

	Three months ended March 31,		Six months ended March 31,	
	2013	2012	2013	2012
Earnings available to stockholders	\$ 12,251	\$ 11,431	\$ 21,570	\$ 17,621
Basic and diluted weighted average shares outstanding	32,532,794	24,059,623	30,207,933	22,890,820
Basic and diluted earnings per share	\$ 0.38	\$ 0.48	\$ 0.71	\$ 0.77

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 the six months ended March 31, 2013 and 2012:

Date Declared	Record Date	Payment Date	Amount Per Share	Cash Distribution	DRIP Shares Issued	DRIP Shares Value
Six months ended March 31, 2013						
2/5/2013	3/14/2013	3/28/2013	\$ 0.32	\$ 10,370	26,914	\$ 423
11/27/2012	12/14/2012	12/28/2012	\$ 0.32	\$ 8,804	23,115	\$ 342
Six months ended March 31, 2012						
2/2/2012	3/16/2012	3/29/2012	\$ 0.32	\$ 7,381	55,416	\$ 805
12/7/2011	12/19/2011	12/29/2011	\$ 0.32	\$ 6,580	25,052	\$ 375

Note 12. Subsequent Events

On May 1, 2013, the Company's Board declared a quarterly distribution of \$0.32 per share payable on June 27, 2013 to holders of record as of June 13, 2013.

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 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;
- our contractual arrangements and relationships with third parties;
- actual and potential conflicts of interest with our investment adviser, GC Advisors LLC, or GC Advisors, and other affiliates of Golub Capital Incorporated and Golub Capital LLC (formerly Golub Capital Management 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;
- 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;
- 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," "predict" or similar words. The forward-looking statements contained in this quarterly report on Form 10-Q involve risks and uncertainties, many of which are beyond our control and difficult to predict. Our actual results could differ materially

from those implied or expressed in the forward-looking statements for any reason, including the factors set forth as “Risk Factors” and elsewhere in this quarterly report on Form 10-Q.

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, 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.

You should understand that, under Section 27A(b)(2)(B) of the Securities Act of 1933, as amended, and Section 21E(b)(2)(B) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995 do not apply to this quarterly report on Form 10-Q.

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, or GCMF, 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), 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), second lien loans and warrants and 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 maximize the total return to our stockholders in the form of current income and capital appreciation through debt and minority equity investments. 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 \$8.0 billion in capital under management, (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 of us.

Under an investment advisory agreement, or the Investment Advisory Agreement, entered into on April 14, 2010, and amended and restated on July 16, 2010, 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. Our board of directors most recently reapproved the Investment Advisory Agreement on February 5, 2013. We entered into an administration agreement, or the Administration Agreement, with GC Service Company, LLC, or including, as the context may require, Golub Capital LLC after the assignment of the Administration Agreement to Golub Capital LLC on February 5, 2013, the Administrator, under which 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 senior secured, one stop, subordinated and second lien loans and warrants and minority equity securities by investing approximately \$5 to \$25 million of capital, on average, in the securities of middle-market companies. We may also selectively invest more than \$25 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.

As of March 31, 2013, our portfolio at fair value was comprised of 33.2% senior secured loans, 48.5% one stop loans, 9.7% second lien loans, 5.3% subordinated loans and 3.3% equity securities. As of September 30, 2012, our portfolio at fair value was comprised of 40.7% senior secured loans, 39.5% one stop loans, 6.6% second lien loans, 10.0% subordinated loans and 3.2% equity.

As of March 31, 2013 and September 30, 2012, we had debt and equity investments in 135 and 121 portfolio companies, respectively. For the three and six months ended March 31, 2013, our income producing assets had a weighted average annualized interest income (which excludes income resulting from amortization of fees and discounts) yield of 9.5% and 9.6% and a weighted average annualized investment income (which includes interest income and amortization of fees and discounts) yield of 10.6% and 10.9%, respectively. For the three and six months ended March 31, 2012, our income producing assets had a weighted average annualized interest income (which excludes income resulting from amortization of fees and discounts) yield of 9.6% and 9.4% and a weighted average annualized investment income (which includes interest income and amortization of fees and discounts) yield of 10.5% and 10.4%, respectively.

Revenues: We generate revenue in the form of interest income on debt investments and capital gains and distributions, if any, on portfolio company investments that we originate or acquire. Our debt investments, whether in the form of senior secured, one stop, second lien or subordinated loans, 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 interest income. When we receive partial principal payments on a loan in an amount that exceeds its amortized or accreted cost, we record the excess principal payment as interest income. 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.

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. Additionally, we pay interest expense on our outstanding debt. We bear all other 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;
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;

administration fees and expenses, if any, payable under the Administration Agreement (including payments under the Administration Agreement 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 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;
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.

During periods of asset growth, we expect our general and administrative expenses to be relatively stable or decline as a percentage of total assets and increase during periods of asset declines. Incentive fees, interest expenses and costs relating to future offerings of securities would be additive to the expenses described above.

GC Advisors, as collateral manager for Golub Capital BDC 2010-1 LLC, or the Securitization Issuer, under the 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 Securitization 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 Securitization Issuer to GC Advisors and offset against such management fee. Accordingly, the 1.375% management fee paid by us to GC Advisors under the Investment Advisory Agreement on all of our assets, including those indirectly held through the Securitization Issuer, is reduced, on a dollar-for-dollar basis, by an amount equal to such 0.35% fee paid to GC Advisors by the Securitization Issuer. 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. This fee may be waived by the collateral manager. The collateral management agreement does not include any incentive fee payable to GC Advisors. In addition, the Securitization 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 million term debt securitization, or the Debt Securitization. The Securitization 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 Debt Securitization. The administrative expenses are paid by the Securitization Issuer on each payment date in two parts: (1) a component that is paid in a priority to other amounts distributed by the Securitization Issuer, subject to an administrative expense cap equal to the sum of 0.04% per annum on the adjusted principal balance of the portfolio loans and other assets held by the Securitization Issuer 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 Securitization Issuer, 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

Based on new investment commitments closed in April and our pipeline for the rest of the quarter, we believe new originations will be strong for the quarter ended June 30, 2013. The increase in new investment commitments is driven by opportunistic refinancings as well as a pick-up in M&A activity.

On May 1, 2013, our board of directors declared a quarterly distribution of \$0.32 per share payable on June 27, 2013 to holders of record as of June 13, 2013.

Consolidated Results of Operations

Consolidated operating results for the three and six months ended March 31, 2013 and 2012 are as follows:

	Three months ended March 31, 2013			Six months ended March 31, 2013		
	2013	2012	2013 vs. 2012	2013	2012	2013 vs. 2012
	(In thousands)					
Interest income	\$17,592	\$13,062	\$ 4,530	\$ 33,479	\$ 24,072	\$ 9,407
Income from amortization of discounts and origination fees	2,025	1,290	735	4,465	2,380	2,085
Dividend income	479	-	479	746	377	369
Total investment income	20,096	14,352	5,744	38,690	26,829	11,861
Total expenses	9,702	7,287	2,415	18,719	13,423	5,296
Net investment income	10,394	7,065	3,329	19,971	13,406	6,565
Net realized (losses) gains on investments and derivative instruments	-	(2,093)	2,093	94	(3,944)	4,038
Net change in unrealized appreciation (depreciation) on investments and derivative instruments	1,857	6,459	(4,602)	1,505	8,159	(6,654)
Net income	\$12,251	\$11,431	\$ 820	\$ 21,570	\$ 17,621	\$ 3,949
Average earning portfolio company investments, at fair value	\$747,683	\$553,494	\$ 194,189	\$ 705,707	\$ 517,562	\$ 188,145
Average debt outstanding	\$375,771	\$301,108	\$ 74,663	\$ 357,066	\$ 287,205	\$ 69,861

The results of operations for the three and six months ended March 31, 2013 and 2012 may not be indicative of the results we report in future periods. 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

Interest income increased by \$4.5 million from the three months ended March 31, 2012 to the three months ended March 31, 2013 and was primarily driven by an increase of \$194.2 million in the weighted average investment balance as the weighted average annualized interest income yield (which excludes income resulting from amortization of fees and discounts) remained relatively flat at 9.6% for the three months ended March 31, 2012 as compared to 9.5% for the three months ended March 31, 2013.

Interest income increased by \$9.4 million from the six months ended March 31, 2012 to the six months ended March 31, 2013 and was primarily driven by an increase of \$188.1 million in the weighted average investment balance. To a lesser extent, the increase in interest income was also caused by an increase in the weighted average annualized interest income yield (which excludes income resulting from amortization of fees and discounts) from 9.4% for the six months ended March 31, 2012 to 9.6% for the six months ended March 31, 2013.

Income from the accretion of discounts and amortization of premiums increased by \$0.7 million from the three months ended March 31, 2012 to the three months ended March 31, 2013. Income from the accretion of discounts and amortization of premiums increased by \$2.1 million from the six months ended March 31, 2012 to the six months ended March 31, 2013. Income from the accretion of discounts and the amortization of premiums may fluctuate from quarter-to-quarter depending on the average fair value of investments outstanding, the volume of payoffs and the discounts and premiums on the loans at the time of payoffs.

For the three and six months ended March 31, 2013, we recorded dividend income of \$479 and \$746, respectively. For the three and six months ended March 31, 2012, we recorded dividend income of zero and \$377, respectively.

Annualized interest income yield (which excludes income resulting from amortization of fees and discounts) by security type for the three and six months ended March 31, 2013 and 2012 was as follows:

	Three months ended March 31,			Six months ended March 31,				
	2013	2012		2013	2012			
Senior secured	7.3	%	7.4	%	7.3	%	7.4	%
One stop	8.9	%	8.9	%	8.9	%	8.8	%
Second lien ⁽¹⁾	11.8	%	11.8	%	11.5	%	11.3	%
Subordinated debt	13.6	%	14.1	%	13.9	%	14.0	%

⁽¹⁾ Second lien loans include loans structured as first lien last out term loans.

Interest rate yields remained relatively consistent as pricing on new originations remained relatively consistent during the past year. 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 and six months ended March 31, 2013 and 2012:

	Three months ended March 31,			Six months ended March 31, Variances		
	2013	2012	2013 vs. 2012	2013	2012	2013 vs. 2012
	(In thousands)					
Interest and other debt financing expenses	\$3,292	\$2,580	\$ 712	\$ 6,287	\$ 4,946	\$ 1,341
Base management fee	2,686	2,093	593	5,154	3,967	1,187
Incentive fee	2,468	1,434	1,034	4,862	2,344	2,518
Professional fees	512	559	(47)	1,006	1,147	(141)
Administrative service fee	610	455	155	1,158	718	440
General and administrative expenses	134	166	(32)	252	301	(49)
Total expenses	\$9,702	\$7,287	\$ 2,415	\$ 18,719	\$ 13,423	\$ 5,296

Interest and other debt financing expenses increased by \$0.7 million from the three months ended March 31, 2012 to the three months ended March 31, 2013 primarily due to an increase in the weighted average of outstanding borrowings from \$301.1 million for the three months ended March 31, 2012 to \$375.8 million for the three months ended March 31, 2013. The increase in debt was driven by an amendment to increase our Debt Securitization from \$174.0 million to \$203.0 million as well an increase in our use of debt through one of our small business investment company, or SBIC, subsidiaries and our revolving credit facility, or the Credit Facility, which had outstanding balances of \$135.0 million and \$47.7 million, respectively, as of March 31, 2013 and \$123.5 million and \$34.2 million, respectively, as of March 31, 2012. To a lesser extent, the increase in interest expense was also caused by an increase in the effective annualized average interest rate on our outstanding debt from 3.4% for the three months ended March 31, 2012 to 3.5% for the three months ended March 31, 2013.

Interest and other debt financing expenses increased by \$1.3 million from the six months ended March 31, 2012 to the six months ended March 31, 2013 primarily due to an increase in the weighted average of outstanding borrowings from \$287.2 million for the six months ended March 31, 2012 to \$357.1 million for the six months ended March 31, 2013. To a lesser extent, the increase in interest expense was also caused by an increase in the effective annualized average interest rate on our outstanding debt from 3.4% for the six months ended March 31, 2012 to 3.5% for the six months ended March 31, 2013.

The base management fee increased as a result of a sequential increase in average assets and average investments from March 31, 2012 to March 31, 2013. The administrative service fee expense increased during this same period due to an increase in costs associated with servicing a growing investment portfolio. In addition, as permitted under the Administration Agreement, beginning January 1, 2012, an allocable portion of the cost of our chief compliance officer and chief financial officer and their respective staffs were charged to us, which also partially related to the increase in the administrative service fee from the six months ended March 31, 2012 to the six months ended March 31, 2013. These costs are permitted to be charged under the terms of the Administration Agreement but were previously being waived by the Administrator.

The incentive fee increased by \$1.0 million and \$2.5 million from the three and six months ended March 31, 2012 to the three and six months ended March 31, 2013, respectively, as a result of the increase in pre-incentive fee net investment income. In addition, as further described below, the incentive fee for the six months ended March 31, 2012 was reduced by \$0.6 million as GC Advisors irrevocably waived the incremental portion of the incentive fee attributable from the total return swap, or TRS, interest spread payments.

As described in the “Net Realized and Unrealized Gains and Losses” section below, we entered into the TRS with Citibank, N.A., or Citibank, for the purpose of gaining economic exposure to a portfolio of broadly syndicated loans. We subsequently terminated the TRS on April 11, 2012. For the periods ending September 30, 2011 and prior, we had included interest spread payments, which represent the difference between the interest and fees received on the referenced assets underlying the TRS and the interest paid to Citibank on the settled notional value of the TRS, from the TRS in the capital gains component of the incentive fee calculation as this is consistent with generally accepted accounting principles in the United States of America, or GAAP, which records such payments in net realized gains/(losses) on derivative instruments in the consolidated statement of operations. However, we changed our methodology during the three months ended December 31, 2011 pursuant to discussions with the staff, or the Staff, of the SEC, resulting in the TRS inter