Golub Capital BDC, Inc.
Form 10-Q
August 05, 2015

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 June 30, 2015

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 814-00794

Golub Capital BDC, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**27-2326940**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

150 South Wacker Drive, Suite 800

Chicago, IL 60606

(Address of principal executive offices)

(312) 205-5050

(Registrant's telephone number, including area code)

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

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 o No   o

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 þ	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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

As of August 5, 2015, the Registrant had 51,259,434 shares of common stock, $0.001 par value, outstanding.

Part I. Financial Information

Part II. Other Information

Golub Capital BDC, Inc. and Subsidiaries

Consolidated Statements of Financial Condition

(In thousands, except share and per share data)

	June 30, 2015 (unaudited)	September 30, 2014
Assets		
Investments, at fair value		
Non-controlled/non-affiliate company investments	$ 1,479,015	$ 1,309,701
Non-controlled affiliate company investments	3,807	3,080
Controlled affiliate company investments	87,865	34,831
Total investments, at fair value (cost of $1,557,354 and $1,337,580, respectively)	1,570,687	1,347,612
Cash and cash equivalents	6,487	5,135
Restricted cash and cash equivalents	50,200	74,808
Interest receivable	5,468	5,791
Deferred financing costs	7,772	9,515
Receivable from investments sold	4,626	-
Other assets	566	527
Total Assets	$ 1,645,806	$ 1,443,388
Liabilities		
Debt	$ 823,100	$ 697,150
Secured borrowings, at fair value (proceeds of $359 and $384, respectively)	363	389
Interest payable	4,602	3,196
Management and incentive fees payable	8,682	8,451
Accounts payable and accrued expenses	1,942	1,397
Accrued trustee fees	73	66
Total Liabilities	838,762	710,649
Commitments and contingencies (Note 8)		
Net Assets		
Preferred stock, par value $0.001 per share, 1,000,000 shares authorized, zero shares issued and outstanding as of June 30, 2015 and September 30, 2014	-	-
Common stock, par value $0.001 per share, 100,000,000 shares authorized, 51,259,434 and 47,119,498 shares issued and outstanding as of June 30, 2015 and September 30, 2014, respectively	51	47
Paid in capital in excess of par	790,025	720,479
Undistributed net investment income	577	3,627
Net unrealized appreciation (depreciation) on investments and secured borrowings	15,996	12,694

Net realized gain (loss) on investments	395	(4,108)
Total Net Assets	807,044	732,739
Total Liabilities and Total Net Assets	$ 1,645,806	$ 1,443,388
Number of common shares outstanding	51,259,434	47,119,498
Net asset value per common share	$ 15.74	$ 15.55

See Notes to Consolidated Financial Statements.

Golub Capital BDC, Inc. and Subsidiaries

Consolidated Statements of Operations (unaudited)

(In thousands, except share and per share data)

	Three months ended June 30,		Nine months ended June 30,	
	2015	2014	2015	2014
Investment income				
From non-controlled/non-affiliate company investments:				
Interest income	$ 28,782	$ 25,441	$ 82,388	$ 73,935
Dividend income	74	952	155	1,230
Fee income	80	1,042	883	1,976
Total investment income from non-controlled/non-affiliate company investments	28,936	27,435	83,426	77,141
From non-controlled affiliate company investments:				
Interest income	-	-	-	225
Fee income	-	-	-	171
Total investment income from non-controlled affiliate company investments	-	-	-	396
From controlled affiliate company investments:				
Interest income	1,056	594	2,258	1,331
Dividend income	418	-	732	-
Total investment income from controlled affiliate company investments	1,474	594	2,990	1,331
Total investment income	30,410	28,029	86,416	78,868
Expenses				
Interest and other debt financing expenses	6,142	5,609	17,853	14,241
Base management fee	5,226	4,394	14,902	12,403
Incentive fee	2,383	1,607	5,712	6,295
Professional fees	741	578	2,210	1,876
Administrative service fee	575	655	1,766	1,979
General and administrative expenses	138	113	457	389
Total expenses	15,205	12,956	42,900	37,183
Net investment income	15,205	15,073	43,516	41,685
Net gain (loss) on investments and secured borrowings				
Net realized gains (losses):				
Non-controlled/non-affiliate company investments	(1,746)	1	4,503	(4,906)

Net realized gains (losses)	(1,746)	1	4,503	(4,906)
Net change in unrealized appreciation (depreciation) on investments:				
Non-controlled/non-affiliate company investments	4,792	989	2,371	7,775
Non-controlled affiliate company investments	56	(2)	727	272
Controlled affiliate company investments	(19)	205	203	454
Net change in unrealized appreciation (depreciation) on investments	4,829	1,192	3,301	8,501
Net change in unrealized depreciation (appreciation) on secured borrowings	-	14	1	(74)
Net gain on investments and secured borrowings	3,083	1,207	7,805	3,521
Net increase in net assets resulting from operations	$ 18,288	$ 16,280	$ 51,321	$ 45,206
Per Common Share Data				
Basic and diluted earnings per common share	$ 0.36	$ 0.35	$ 1.06	$ 1.01
Dividends and distributions declared per common share	$ 0.32	$ 0.32	$ 0.96	$ 0.96
Basic and diluted weighted average common shares outstanding	50,491,035	46,985,908	48,262,048	44,673,591

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 in Excess of Par	Undistributed Net Investment Income	Net Unrealized Appreciatio (Depreciati on Investments and Secured Borrowings	N R G (L on In
	Shares	Par Amount				
Balance at September 30, 2013	43,282,932	$43	$652,669	$2,725	$9,225	$(
Issuance of common stock, net of offering and underwriting costs (1)	3,666,855	4	64,102	-	-	-
Net increase in net assets resulting from operations	-	-	-	41,685	8,427	(
Distributions to stockholders:						
Stock issued in connection with dividend reinvestment plan	115,243	-	1,989	-	-	-
Dividends and distributions	-	-	-	(42,763)	-	-
Balance at June 30, 2014	47,065,030	$47	$718,760	$1,647	$17,652	$(
Balance at September 30, 2014	47,119,498	$47	$720,479	$3,627	$12,694	$(
Issuance of common stock, net of offering and underwriting costs (2)	4,002,292	4	67,248	-	-	-
Net increase in net assets resulting from operations	-	-	-	43,516	3,302	4
Distributions to stockholders:						
Stock issued in connection with dividend reinvestment plan	137,644	-	2,298	-	-	-
Dividends and distributions	-	-	-	(46,566)	-	-
Balance at June 30, 2015	51,259,434	$51	$790,025	$577	$15,996	$3

(1) On March 18, 2014, Golub Capital BDC, Inc. priced a public offering of 3,500,000 shares of its common stock at a public offering price of $18.05 per share. On April 23, 2014, Golub Capital BDC, Inc. sold an additional 166,855 shares of its common stock at a public offering price of $18.05 per share pursuant to the underwriters' partial exercise of the option granted in connection with the public offering in March 2014.

(2) On April 15, 2015, Golub Capital BDC, Inc. priced a public offering of 3,500,000 shares of its common stock at a public offering price of $17.42 per share. On May 7, 2015, Golub Capital BDC, Inc. sold an additional 502,292 shares of its common stock at a public offering price of $17.42 per share pursuant to the underwriters' partial exercise of the option granted in connection with the public offering in April 2015.

See Notes to Consolidated Financial Statements.

5

Golub Capital BDC, Inc. and Subsidiaries

Consolidated Statements of Cash Flows (unaudited)

(In thousands)

	Nine months ended June 30, 2015	2014
Cash flows from operating activities		
Net increase in net assets resulting from operations	$ 51,321	$ 45,206
Adjustments to reconcile net increase in net assets resulting from operations to net cash (used in) provided by operating activities		
Amortization of deferred financing costs	3,252	2,026
Accretion of discounts and amortization of premiums	(6,076)	(5,451)
Net realized (gain) loss on investments	(4,503)	4,906
Net change in unrealized (appreciation) depreciation on investments	(3,301)	(8,501)
Net change in unrealized appreciation (depreciation) on secured borrowings	(1)	74
Proceeds from (fundings of) revolving loans, net	(2,865)	2,363
Fundings of investments	(667,096)	(580,522)
Proceeds from principal payments and sales of portfolio investments	461,515	286,778
PIK interest	(748)	251
Changes in operating assets and liabilities:		
Interest receivable	323	(906)
Receivable for investments sold	(4,626)	-
Other assets	(39)	(41)
Interest payable	1,406	2,412
Management and incentive fees payable	231	318
Payable for investments purchased	-	(3,677)
Accounts payable and accrued expenses	545	162
Accrued trustee fees	7	49
Net cash (used in) provided by operating activities	(170,655)	(254,553)
Cash flows from investing activities		
Net change in restricted cash and cash equivalents	24,608	(71,410)
Net cash (used in) provided by investing activities	24,608	(71,410)
Cash flows from financing activities		
Borrowings on debt	347,350	759,850
Repayments of debt	(221,400)	(468,650)
Capitalized debt financing costs	(1,509)	(4,798)
Proceeds from secured borrowings	-	26,082
Repayments on secured borrowings	(26)	(14,770)
Proceeds from shares sold, net of underwriting costs	67,602	64,170
Offering costs paid	(350)	(64)
Dividends and distributions paid	(44,268)	(40,774)
Net cash (used in) provided by financing activities	147,399	321,046

Net change in cash and cash equivalents	1,352	(4,917)
Cash and cash equivalents, beginning of period	5,135	16,309
Cash and cash equivalents, end of period	$ 6,487	$ 11,392
Supplemental information:		
Cash paid during the period for interest	$ 13,184	$ 9,024
Dividends and distributions declared during the period	46,566	42,763

See Notes to Consolidated Financial Statements.

Golub Capital BDC, Inc. and Subsidiaries

Consolidated Schedule of Investments (unaudited)

June 30, 2015 807,044.0

(In thousands)

	Investment Type	Spread Above Index [(1)]	Interest Rate[(2)]		Maturity Date	Principal / Par Amount	Cost	Percentage of Net Assets	Fair Value
Investments United States Debt investments Aerospace and Defense									
ILC Dover, LP	One stop	P + 6.00%	9.25	%	03/2019	$721	$708	0.1%	$637
ILC Dover, LP*^	One stop	L + 7.00%	8.00	%	03/2020	18,241	18,047	2.1	16,964
ILC Industries, Inc.[(3)]	One stop	L + 4.75%	N/A	[(4)]	07/2020	-	(24)	-	-
ILC Industries, Inc.*^	One stop	L + 4.75%	5.75	%	07/2020	18,036	17,863	2.2	18,036
NTS Technical Systems[(3)]	One stop	L + 6.00%	N/A	[(4)]	06/2021	-	(49)	-	(50)
NTS Technical Systems[(3)]	One stop	L + 6.00%	N/A	[(4)]	06/2021	-	(105)	-	(106)
NTS Technical Systems*^	One stop	L + 6.00%	7.00	%	06/2021	26,441	25,983	3.2	25,978
Tresys Technology Holdings, Inc.	One stop	L + 6.75%	8.00	%	12/2017	349	344	-	349
Tresys Technology Holdings, Inc.[(6)]	One stop	L + 6.75%	8.00	%	12/2017	3,899	3,845	0.1	975

Whitcraft LLC	One stop	P + 4.75%	8.00	%	05/2020	22	21	-	21
Whitcraft LLC	One stop	L + 6.00%	7.00	%	05/2020	8,675	8,590	1.1	8,588
						76,384	75,223	8.8	71,392
Automobile									
American Driveline Systems, Inc.	Senior loan	P + 4.50%	7.75	%	03/2020	48	40	-	48
American Driveline Systems, Inc.*	Senior loan	L + 5.50%	6.50	%	03/2020	1,821	1,763	0.2	1,821
CH Hold Corp. (Caliber Collision)	Senior loan	L + 4.75%	5.75	%	11/2019	216	213	-	216
CH Hold Corp. (Caliber Collision)	Senior loan	L + 4.75%	5.75	%	11/2019	1,867	1,850	0.2	1,867
Dent Wizard International Corporation*	Senior loan	L + 4.75%	5.75	%	04/2020	2,208	2,197	0.3	2,196
Integrated Supply Network, LLC	Senior loan	P + 3.50%	6.75	%	02/2020	758	734	0.1	758
Integrated Supply Network, LLC*^	Senior loan	L + 4.75%	5.75	%	02/2020	14,754	14,580	1.8	14,754
K&N Engineering, Inc.	Senior loan	L + 4.25%	5.25	%	07/2019	136	121	-	134
K&N Engineering, Inc.	Senior loan	L + 4.25%	5.25	%	07/2019	35	31	-	32
K&N Engineering, Inc.^	Senior loan	L + 4.25%	5.25	%	07/2019	2,890	2,848	0.4	2,833
Take 5 Oil Change, L.L.C.	Senior loan	L + 4.75%	5.75	%	07/2018	297	292	-	297
Take 5 Oil Change, L.L.C.*^	Senior loan	L + 4.75%	5.75	%	07/2018	5,244	5,216	0.7	5,244
						30,274	29,885	3.7	30,200
Banking									
	One stop	L + 6.00%	N/A	(4)	07/2018	-	(7)	-	-

HedgeServ Holding L.P.[3]									
HedgeServ Holding L.P.^	One stop	L + 8.00%	7.00% cash/2.00% PIK		07/2018	17,090	16,969	2.1	17,090
Prommis Fin Co.*[6]	Senior loan	P + 13.75%	13.75	%	07/2018	119	119	-	-
Prommis Fin Co.[6]	Senior loan	P + 10.00%	4.44% cash/11.50% PIK		07/2018	82	81	-	-
						17,291	17,162	2.1	17,090
Beverage, Food and Tobacco									
Abita Brewing Co., L.L.C.[3]	One stop	L + 5.75%	N/A	[4]	07/2018	-	(1)	-	(2)
Abita Brewing Co., L.L.C.	One stop	L + 5.75%	6.75	%	07/2018	8,094	7,937	1.0	8,013
ABP Corporation	Senior loan	P + 3.50%	7.25	%	07/2018	167	162	-	167
ABP Corporation*	Senior loan	L + 4.75%	6.00	%	07/2018	4,758	4,704	0.6	4,758
Atkins Nutritionals, Inc*^	One stop	L + 5.00%	6.25	%	07/2018	17,490	17,300	2.2	17,534
Atkins Nutritionals, Inc*^	One stop	L + 8.50%	9.75	%	07/2018	21,636	21,378	2.7	21,744
C. J. Foods, Inc.[3]	One stop	L + 5.50%	N/A	[4]	07/2018	-	(10)	-	-
C. J. Foods, Inc.[3]	One stop	L + 5.50%	N/A	[4]	07/2018	-	(8)	-	-
C. J. Foods, Inc.	One stop	L + 5.50%	6.50	%	07/2018	3,200	3,162	0.4	3,200
Candy Intermediate Holdings, Inc. (Ferrara Candy)^	Senior loan	L + 6.25%	7.50	%	07/2018	4,850	4,766	0.6	4,838
Firebirds International, LLC	One stop	L + 6.25%	7.50	%	07/2018	304	300	-	304
Firebirds International, LLC[3]	One stop	L + 6.25%	N/A	[4]	07/2018	-	(4)	-	-
Firebirds International, LLC[3]	One stop	L + 6.25%	N/A	[4]	07/2018	-	(2)	-	-
Firebirds International,	One stop	L + 6.25%	7.50	%	07/2018	1,088	1,076	0.1	1,088

LLC*									
First Watch Restaurants, Inc.(3)	One stop	L + 6.00%	N/A	(4)	07/2018	-	(12)	-	(13)
First Watch Restaurants, Inc.(3)	One stop	L + 6.00%	N/A	(4)	07/2018	-	(12)	-	(13)
First Watch Restaurants, Inc.(3)	One stop	L + 6.00%	N/A	(4)	07/2018	-	(11)	-	(11)
First Watch Restaurants, Inc.(3)	One stop	L + 6.00%	N/A	(4)	07/2018	-	(10)	-	(30)
First Watch Restaurants, Inc.^	One stop	L + 6.00%	7.00	%	07/2018	25,926	25,650	3.2	25,668
IT'SUGAR LLC	Subordinated debt	N/A	5.00	%	07/2018	1,707	1,707	0.2	1,625
IT'SUGAR LLC	Senior loan	L + 7.50%	9.00	%	07/2018	7,508	7,422	0.9	7,508
Julio & Sons Company(3)	One stop	L + 5.50%	N/A	(4)	07/2018	-	(23)	-	-
Julio & Sons Company	One stop	L + 5.50%	6.50	%	07/2018	329	322	-	329
Julio & Sons Company*	One stop	L + 5.50%	6.50	%	07/2018	6,924	6,880	0.9	6,924
Northern Brewer, LLC	One stop	P + 7.25%	8.50% cash/2.00% PIK		07/2018	694	684	0.1	508
Northern Brewer, LLC	One stop	P + 7.25%	8.50% cash/2.00% PIK		07/2018	6,402	6,303	0.6	4,802
Surfside Coffee Company LLC(3)	One stop	L + 5.25%	N/A	(4)	07/2018	-	(10)	-	(10)
Surfside Coffee Company LLC	One stop	L + 5.25%	6.25	%	07/2018	3	3	-	3

See Notes to Consolidated Financial Statements

7

Golub Capital BDC, Inc. and Subsidiaries

Consolidated Schedule of Investments (unaudited) - (continued)

June 30, 2015 807,044.0

(In thousands)

	Investment Type	Spread Above Index (1)	Interest Rate(2)		Maturity Date	Principal / Par Amount	Cost		Percentage of Net Assets	Fair Value
Surfside Coffee Company LLC^	One stop	L + 5.25%	6.25	%	07/2018	4,526	4,481		0.6	4,481
Tate's Bake Shop, Inc.(3)	Senior loan	L + 4.75%	N/A	(4)	07/2018	-	(5	)	-	-
Tate's Bake Shop, Inc.(3)	Senior loan	L + 4.75%	N/A	(4)	07/2018	-	(4	)	-	-
Tate's Bake Shop, Inc.^	Senior loan	L + 4.75%	5.75	%	07/2018	2,985	2,960		0.4	2,985
Uinta Brewing Company	One stop	P + 4.75%	8.00	%	07/2018	277	271		-	277
Uinta Brewing Company^	One stop	L + 6.00%	7.00	%	07/2018	3,212	3,185		0.4	3,212
United Craft Brews LLC(3)	One stop	L + 6.25%	N/A	(4)	07/2018	-	(16	)	-	-
United Craft Brews LLC	One stop	L + 6.25%	7.25	%	07/2018	610	594		0.1	610
United Craft Brews LLC	One stop	L + 6.25%	7.25	%	07/2018	12,188	11,932		1.5	12,188
						134,878	133,051		16.5	132,687
Broadcasting and Entertainment										
Extreme Reach Inc.	Senior loan	L + 5.75%	6.75	%	07/2018	5,860	5,801		0.7	5,849
TouchTunes Interactive Networks, Inc.^	Senior loan	L + 4.75%	5.75	%	07/2018	1,496	1,488		0.2	1,499
						7,356	7,289		0.9	7,348
Building and Real Estate										
Accruent, LLC*	One stop	L + 6.25%	7.28	%	07/2018	4,733	4,691		0.6	4,733
Brooks Equipment Company, LLC (3)	One stop	L + 5.75%	N/A	(4)	07/2018	-	(17	)	-	-
Brooks Equipment Company, LLC*^	One stop	L + 5.75%	6.75	%	07/2018	25,776	25,449		3.2	25,776
ITEL Laboratories, Inc.(3)	Senior loan	L + 4.75%	N/A	(4)	07/2018	-	(1	)	-	-
ITEL Laboratories, Inc.*	Senior loan	L + 4.75%	6.00	%	07/2018	698	693		0.1	698
						31,207	30,815		3.9 -	31,207

Chemicals, Plastics and Rubber									
Flexan, LLC(3)	One stop	L + 5.75%	N/A	(4)	07/2018	-	(6)	-	-
Flexan, LLC	One stop	L + 5.75%	6.75	%	07/2018	6,168	6,111	0.8	6,168
Flexan, LLC	One stop	L + 5.75%	N/A	(4)	07/2018	-	-	-	-
						6,168	6,105	0.8	6,168
Containers, Packaging and Glass									
Fort Dearborn Company*(8)	Senior loan	P + 3.25%	6.50	%	07/2018	7	6	-	7
Fort Dearborn Company*^	Senior loan	L + 4.25%	5.25	%	07/2018	581	578	0.1	581
Fort Dearborn Company*(8)	Senior loan	P + 3.75%	7.00	%	07/2018	24	24	-	24
Fort Dearborn Company*^	Senior loan	L + 4.75%	5.75	%	07/2018	2,628	2,615	0.3	2,628
Packaging Coordinators, Inc.*^	Senior loan	L + 4.25%	5.25	%	07/2018	14,888	14,756	1.9	14,888
Packaging Coordinators, Inc.	Second lien	L + 8.00%	9.00	%	07/2018	10,000	9,910	1.2	9,900
						28,128	27,889	3.5	28,028
Diversified Conglomerate Manufacturing									
Chase Industries, Inc.	One stop	L + 5.75%	6.75	%	07/2018	3,123	3,081	0.4	3,123
Chase Industries, Inc.	One stop	P + 4.50%	7.75	%	07/2018	234	216	-	234
Chase Industries, Inc.*^	One stop	L + 5.75%	6.75	%	07/2018	20,932	20,751	2.6	20,932
ICC-Nexergy, Inc(3)	One stop	L + 5.50%	N/A	(4)	07/2018	-	(4)	-	(5)
ICC-Nexergy, Inc^	One stop	L + 5.50%	6.50	%	07/2018	8,612	8,552	1.1	8,526
Onicon Incorporated(3)	One stop	L + 6.00%	N/A	(4)	07/2018	-	(6)	-	(15)
Onicon Incorporated*	One stop	L + 6.00%	7.01	%	07/2018	9,345	9,266	1.1	9,204
Plex Systems, Inc.(3)	One stop	L + 7.50%	N/A	(4)	07/2018	-	(26)	-	-
Plex Systems, Inc.*^	One stop	L + 7.50%	8.75	%	07/2018	18,797	18,425	2.3	18,797
Sunless Merger Sub, Inc.	Senior loan	P + 4.00%	7.25	%	07/2018	130	129	-	103
Sunless Merger Sub, Inc.*	Senior loan	L + 5.25%	6.50	%	07/2018	1,680	1,675	0.1	1,176
TIDI Products, LLC(3)	One stop	L + 6.50%	N/A	(4)	07/2018	-	(8)	-	-
TIDI Products, LLC*^	One stop	L + 6.50%	7.75	%	07/2018	16,594	16,410	2.1	16,594
Vintage Parts, Inc.*	One stop	L + 4.50%	5.75	%	07/2018	3,750	3,740	0.5	3,750
Vintage Parts, Inc.*	One stop	L + 4.50%	5.75	%	07/2018	52	52	-	52
Vintage Parts, Inc.*	One stop	L + 4.50%	5.75	%	07/2018	784	785	0.1	784
						84,033	83,038	10.3	83,255
Diversified Conglomerate Service									
Accellos, Inc.(3)	One stop	L + 5.75%	N/A	(4)	07/2018	-	(18)	-	-
Accellos, Inc.*^	One stop	L + 5.75%	6.76	%	07/2018	32,203	31,868	4.0	32,203
Actiance, Inc.	One stop	L + 9.00%	N/A	(4)	07/2018	-	-	-	-
Actiance, Inc. *^	One stop	L + 9.00%	10.00	%	07/2018	2,502	2,401	0.3	2,395
Aderant North America, Inc.^	Senior loan	L + 4.25%	5.25	%	07/2018	447	443	0.1	447
	One stop	L + 6.50%	7.50	%	07/2018	104	97	-	104

Agility Recovery Solutions Inc.									
Agility Recovery Solutions Inc.^	One stop	L + 6.50%	7.50	%	07/2018	10,378	10,280	1.3	10,378
Bomgar Corporation(3)	One stop	L + 6.00%	N/A	(4)	07/2018	-	(15)	-	-
Bomgar Corporation*	One stop	L + 6.00%	7.00	%	07/2018	29,202	28,783	3.6	29,202
Daxko, LLC(3)	One stop	L + 7.25%	N/A	(4)	07/2018	-	(20)	-	-
Daxko, LLC*	One stop	L + 7.25%	8.25	%	07/2018	15,528	15,312	1.9	15,528
DTI Holdco, Inc.	Senior loan	L + 5.00%	6.00	%	07/2018	8,527	8,442	1.0	8,441

See Notes to Consolidated Financial Statements

8

Golub Capital BDC, Inc. and Subsidiaries

Consolidated Schedule of Investments (unaudited) - (continued)

June 30, 2015 807,044.0

(In thousands)

	Investment Type	Spread Above Index [1]	Interest Rate[2]		Maturity Date	Principal / Par Amount	Cost	Percentage of Net Assets	Fair Value
HealthcareSource HR, Inc.[3]	Senior loan	L + 6.75%	N/A	[4]	07/2018	-	(2)	-	(1)
HealthcareSource HR, Inc.	One stop	L + 6.75%	7.75	%	07/2018	17,948	17,530	2.2	17,769
Host Analytics, Inc.[3]	One stop	L + 0.00%	N/A	[4]	07/2018	-	(6)	-	-
Host Analytics, Inc.	One stop	N/A	10.75	%	07/2018	2,943	2,895	0.4	2,943
Integration Appliance, Inc.	One stop	L + 8.25%	9.50	%	07/2018	719	712	0.1	719
Integration Appliance, Inc.	One stop	L + 8.25%	9.50	%	07/2018	7,914	7,756	1.0	7,914
Integration Appliance, Inc.	One stop	L + 8.25%	9.50	%	07/2018	5,396	5,308	0.7	5,396
NetSmart Technologies, Inc.	One stop	P + 4.25%	7.50	%	07/2018	225	193	-	225
NetSmart Technologies, Inc.*^	One stop	L + 5.25%	6.25	%	07/2018	25,327	25,095	3.1	25,327
PC Helps Support, LLC	Senior loan	P + 4.25%	7.50	%	07/2018	66	65	-	66
PC Helps Support, LLC	Senior loan	L + 5.25%	6.51	%	07/2018	1,532	1,522	0.2	1,532
Secure-24, LLC[3]	One stop	L + 6.00%	N/A	[4]	07/2018	-	(4)	-	-
Secure-24, LLC*	One stop	L + 6.00%	7.25	%	07/2018	10,054	9,922	1.2	10,054
Secure-24, LLC^	One stop	L + 6.00%	7.25	%	07/2018	1,471	1,456	0.2	1,471
Source Medical Solutions, Inc.	Second lien	L + 8.00%	9.00	%	07/2018	9,294	9,179	1.2	9,294
Transaction Data Systems, Inc.	Senior loan	L + 4.50%	N/A	[4]	07/2018	-	-	-	-

Transaction Data Systems, Inc.	Senior loan	L + 4.50%	5.50	%	07/2018	4,545	4,500	0.6	4,499
Vendavo, Inc.(3)	One stop	L + 8.50%	N/A	(4)	07/2018	-	(13)	-	-
Vendavo, Inc.	One stop	L + 8.50%	9.50	%	07/2018	15,501	15,202	1.9	15,501
						201,826	198,883	25.0	201,407
Electronics									
Appriss Holdings, Inc.	Senior loan	L + 4.75%	5.75	%	11/2020	902	863	0.1	902
Appriss Holdings, Inc.*	Senior loan	L + 4.75%	5.75	%	11/2020	18,099	17,855	2.2	18,099
Compusearch Software Holdings, Inc.^	Senior loan	L + 4.50%	5.50	%	05/2021	1,325	1,321	0.2	1,321
ECI Acquisition Holdings, Inc.	One stop	L + 6.25%	7.25	%	03/2019	1,410	1,344	0.2	1,410
ECI Acquisition Holdings, Inc.(3)	One stop	L + 6.25%	N/A	(4)	03/2019	-	(14)	-	-
ECI Acquisition Holdings, Inc.*^	One stop	L + 6.25%	7.25	%	03/2019	21,779	21,475	2.7	21,779
Gamma Technologies, LLC(3)	One stop	L + 5.50%	N/A	(4)	06/2021	-	(1)	-	(1)
Gamma Technologies, LLC^	One stop	L + 5.50%	6.50	%	06/2021	18,229	18,047	2.2	18,047
Rogue Wave Holdings, Inc.*^	One stop	L + 9.01%	10.01	%	12/2018	10,007	9,917	1.2	10,007
Sloan Company, Inc., The	One stop	L + 6.25%	7.25	%	04/2020	8	7	-	8
Sloan Company, Inc., The	One stop	L + 6.25%	7.25	%	04/2020	7,609	7,517	0.9	7,532
Sparta Holding Corporation(3)	One stop	L + 5.50%	N/A	(4)	07/2020	-	(32)	-	-
Sparta Holding Corporation*^	One stop	L + 5.50%	6.50	%	07/2020	23,183	22,939	2.9	23,183
Syncsort Incorporated(3)	Senior loan	L + 4.75%	N/A	(4)	03/2019	-	(3)	-	-
Syncsort Incorporated(3)	Senior loan	L + 4.75%	N/A	(4)	03/2019	-	(1)	-	-
Syncsort Incorporated*	Senior loan	L + 4.75%	5.75	%	03/2019	1,989	1,974	0.2	1,989
Systems Maintenance Services Holding, Inc.^	Senior loan	L + 4.00%	5.25	%	10/2019	2,637	2,627	0.3	2,637
Taxware, LLC(3)	One stop	L + 6.50%	N/A	(4)	04/2022	-	(5)	-	(5)
Taxware, LLC*^	One stop	L + 6.50%	7.50	%	04/2022	19,949	19,648	2.5	19,750
Watchfire Enterprises, Inc.	Second lien	L + 8.00%	9.00	%	10/2021	9,434	9,234	1.2	9,434
						136,560	134,712	16.8	136,092

								-	
Finance									
Ascensus, Inc.(3)	One stop	L + 4.00%	N/A	(4)	11/2018	-	(13)	-	-
Ascensus, Inc.^	One stop	L + 4.00%	5.00	%	12/2019	3,964	3,902	0.5	3,964
Ascensus, Inc.*^	One stop	L + 8.00%	9.00	%	12/2020	6,337	6,165	0.8	6,337
						10,301	10,054	1.3	10,301
Grocery									
AG Kings Holdings Inc.(3)	One stop	L + 5.50%	N/A	(4)	04/2020	-	(8)	-	(8)
AG Kings Holdings Inc.	One stop	L + 5.50%	6.50	%	04/2020	6,191	6,132	0.8	6,129
MyWebGrocer, Inc.(3)	One stop	L + 8.75%	N/A	(4)	05/2018	-	(12)	-	-
MyWebGrocer, Inc.^	One stop	L + 8.75%	10.00	%	05/2018	14,271	14,101	1.8	14,271
						20,462	20,213	2.6	20,392
Healthcare, Education and Childcare									
Agilitas USA, Inc.^	Senior loan	L + 4.00%	5.00	%	10/2020	2,452	2,431	0.3	2,452
Avatar International, LLC	One stop	L + 7.89%	6.19% cash/2.95% PIK		09/2016	1,656	1,651	0.1	828
Avatar International, LLC	One stop	L + 7.89%	6.19% cash/2.95% PIK		09/2016	542	539	0.1	542
Avatar International, LLC*	One stop	L + 7.89%	6.19% cash/2.95% PIK		09/2016	7,675	7,645	0.5	3,838
California Cryobank, LLC^	One stop	L + 5.50%	6.50	%	08/2019	1,550	1,538	0.2	1,550
California Cryobank, LLC	One stop	L + 5.50%	6.50	%	08/2019	43	42	-	43
California Cryobank, LLC	One stop	P + 4.25%	7.50	%	08/2019	86	84	-	86
Certara L.P.(3)	One stop	L + 6.25%	N/A	(4)	12/2018	-	(15)	-	-
Certara L.P.*^	One stop	L + 6.25%	7.25	%	12/2018	30,925	30,610	3.8	30,925
CPI Buyer, LLC (Cole-Parmer)*^	Senior loan	L + 4.50%	5.50	%	08/2021	7,960	7,682	1.0	7,960

See Notes to Consolidated Financial Statements

9

Golub Capital BDC, Inc. and Subsidiaries

Consolidated Schedule of Investments (unaudited) - (continued)

June 30, 2015 807,044.0

(In thousands)

	Investment Type	Spread Above Index [(1)]	Interest Rate[(2)]	Maturity Date	Principal / Par Amount	Cost	Percentage of Net Assets	Fair Value
Curo Health Services LLC	Senior loan	L + 5.50%	6.50 %	02/2022	1,995	1,976	0.2	2,014
Delta Educational Systems*	Senior loan	P + 4.75%	8.00 %	12/2016	1,631	1,618	0.2	1,387
Delta Educational Systems[(3)]	Senior loan	L + 6.00%	N/A [(4)]	12/2016	-	-	-	(12)
Dental Holdings Corporation[(3)]	One stop	L + 5.50%	N/A [(4)]	02/2020	-	(17)	-	-
Dental Holdings Corporation[(3)]	One stop	L + 5.50%	N/A [(4)]	02/2020	-	(13)	-	-
Dental Holdings Corporation	One stop	L + 5.50%	6.50 %	02/2020	6,591	6,453	0.8	6,591
Encore GC Acquisition, LLC[(3)]	Senior loan	L + 4.50%	N/A [(4)]	01/2020	-	(9)	-	-
Encore GC Acquisition, LLC*	Senior loan	L + 4.50%	5.50 %	01/2020	3,493	3,445	0.4	3,493
G & H Wire Company, Inc.[(3)]	Senior loan	L + 5.75%	N/A [(4)]	12/2017	-	(5)	-	-
G & H Wire Company, Inc.*^	Senior loan	L + 5.75%	6.75 %	12/2017	12,577	12,481	1.6	12,577
Global Healthcare Exchange, LLC[(3)]	One stop	L + 7.50%	N/A [(4)]	03/2020	-	(20)	-	-
Global Healthcare Exchange, LLC*^	One stop	L + 7.50%	8.50 %	03/2020	36,976	36,212	4.6	36,976
GSDM Holdings Corp.	Senior loan	L + 4.25%	5.25 %	06/2019	875	871	0.1	875
IntegraMed America, Inc.	One stop	L + 7.25%	8.50 %	09/2017	811	803	0.1	795
IntegraMed America, Inc.*^	One stop	L + 7.25%	8.50 %	09/2017	15,015	14,862	1.8	14,715
Katena Holdings, Inc.[(3)]	One stop	L + 6.25%	N/A [(4)]	06/2021	-	(8)	-	(8)

Katena Holdings, Inc.(3)	One stop	L + 6.25%	N/A (4)	06/2021	-	(1)	-	(1)
Katena Holdings, Inc.^	One stop	L + 6.25%	7.25 %	06/2021	8,162	8,081	1.0	8,080
Maverick Healthcare Group, LLC*	Senior loan	L + 5.50%	7.25 %	12/2016	1,948	1,923	0.2	1,948
Pentec Acquisition Sub, Inc.(3)	Senior loan	L + 5.00%	N/A (4)	05/2017	-	(2)	-	-
Pentec Acquisition Sub, Inc.*	Senior loan	L + 5.00%	6.25 %	05/2018	1,627	1,611	0.2	1,627
PPT Management, LLC(3)	One stop	L + 5.00%	N/A (4)	04/2020	-	(1)	-	(1)
PPT Management, LLC*^	One stop	L + 5.00%	6.00 %	04/2020	11,819	11,706	1.5	11,701
Premise Health Holding Corp.(3)	One stop	L + 5.00%	N/A (4)	06/2020	-	(21)	-	-
Premise Health Holding Corp.	One stop	L + 5.00%	6.00 %	06/2020	15,000	14,891	1.9	15,000
Pyramid Healthcare, Inc.(3)	One stop	L + 5.75%	N/A (4)	08/2019	-	(4)	-	-
Pyramid Healthcare, Inc.^	One stop	L + 5.75%	6.75 %	08/2019	8,460	8,395	1.1	8,460
Radiology Partners, Inc.(3)	One stop	L + 5.00%	N/A (4)	09/2020	-	(40)	-	-
Radiology Partners, Inc.(3)	One stop	L + 5.00%	N/A (4)	09/2020	-	(7)	-	-
Radiology Partners, Inc.*^	One stop	L + 5.00%	6.00 %	09/2020	17,080	16,843	2.1	17,080
Reliant Pro ReHab, LLC	Senior loan	P + 4.00%	7.25 %	06/2017	253	248	-	253
Reliant Pro ReHab, LLC*	Senior loan	L + 5.00%	6.00 %	06/2017	3,247	3,223	0.4	3,247
Southern Anesthesia and Surgical(3)	One stop	L + 5.50%	N/A (4)	11/2017	-	(30)	-	-
Southern Anesthesia and Surgical(3)	One stop	L + 5.50%	N/A (4)	11/2017	-	(7)	-	-
Southern Anesthesia and Surgical	One stop	L + 5.50%	6.50 %	11/2017	5,653	5,576	0.7	5,653
Spear Education, LLC*^	One stop	L + 5.00%	6.00 %	08/2019	5,976	5,938	0.8	5,976
Spear Education, LLC	One stop	L + 5.00%	N/A (4)	08/2019	-	-	-	-
Spear Education, LLC(3)	One stop	L + 5.00%	N/A (4)	08/2019	-	(5)	-	-
Surgical Information Systems, LLC^	Senior loan	L + 3.50%	4.51 %	09/2018	1,962	1,959	0.2	1,962
U.S. Anesthesia Partners, Inc.	One stop	L + 5.00%	6.00 %	12/2019	5,957	5,932	0.7	5,957
WIL Research Company, Inc.*	Senior loan	L + 4.50%	5.75 %	02/2018	758	753	0.1	735
	Senior loan	P + 3.25%	6.50 %	01/2018	29	29	-	29

Young Innovations, Inc.								
Young Innovations, Inc.*	Senior loan	L + 4.25%	5.25 %	01/2019	1,150	1,144	0.1	1,150
					221,934	218,990	26.8	216,483
Home and Office Furnishings, Housewares, and Durable Consumer								
Plano Molding Company, LLC*	One stop	L + 6.00%	7.00 %	05/2021	18,161	17,983	2.2	17,979
WII Components, Inc.	Senior loan	L + 4.50%	N/A (4)	07/2018	-	-	-	-
WII Components, Inc.*	Senior loan	L + 4.25%	5.25 %	07/2018	1,063	1,058	0.1	1,063
Zenith Products Corporation(6)	One stop	P + 3.75%	7.00 %	09/2013	81	48	-	41
Zenith Products Corporation*(6)	One stop	P + 5.50%	8.75 %	09/2013	4,376	3,926	0.3	2,188
					23,681	23,015	2.6	21,271
Hotels, Motels, Inns, and Gaming								
Aimbridge Hospitality, LLC(3)	Senior loan	L + 4.50%	N/A (4)	10/2018	-	(12)	-	(12)
Aimbridge Hospitality, LLC	Senior loan	L + 4.50%	5.76 %	10/2018	5,251	5,201	0.6	5,198
					5,251	5,189	0.6	5,186
Insurance								
Captive Resources Midco, LLC (3)	One stop	L + 5.75%	N/A (4)	06/2020	-	(23)	-	(23)
Captive Resources Midco, LLC (3)	One stop	L + 5.75%	N/A (4)	06/2020	-	(21)	-	(21)
Captive Resources Midco, LLC*^	One stop	L + 5.75%	6.75 %	06/2020	26,911	26,575	3.3	26,575
					26,911	26,531	3.3	26,531
Investment Funds and Vehicles								
Senior Loan Fund LLC (7)(8)	Subordinated debt	L + 8.00%	8.18 %	05/2020	65,864	65,864	8.2	65,864
							-	

See Notes to Consolidated Financial Statements

10

Golub Capital BDC, Inc. and Subsidiaries

Consolidated Schedule of Investments (unaudited) - (continued)

June 30, 2015 807,044.0

(In thousands)

	Investment Type	Spread Above Index (1)	Interest Rate(2)		Maturity Date	Principal / Par Amount	Cost	Percentage of Net Assets	Fair Value
Leisure, Amusement, Motion Pictures and Entertainment									
Competitor Group, Inc.	One stop	L + 7.75%	9.00	%	11/2018	884	875	0.1	765
Competitor Group, Inc.*	One stop	L + 9.25%	9.00% cash/1.50% PIK		11/2018	12,873	12,748	1.4	11,586
Self Esteem Brands, LLC(3)	Senior loan	L + 4.00%	N/A	(4)	02/2020	-	(4)	-	-
Self Esteem Brands, LLC^	Senior loan	L + 4.00%	5.00	%	02/2020	3,669	3,652	0.5	3,669
Starplex Operating, L.L.C.(3)	One stop	L + 7.00%	N/A	(4)	12/2017	-	(10)	-	-
Starplex Operating, L.L.C.*^	One stop	L + 7.00%	8.00	%	12/2017	10,004	9,876	1.2	10,004
Titan Fitness, LLC	One stop	P + 5.25%	8.50	%	09/2019	140	121	-	140
Titan Fitness, LLC*	One stop	L + 6.50%	7.75	%	09/2019	13,360	13,140	1.7	13,360
Titan Fitness, LLC (3)	One stop	L + 6.50%	N/A	(4)	09/2019	-	(19)	-	-
						40,930	40,379	4.9	39,524
Mining, Steel, Iron and Non-Precious Metals									
Benetech, Inc.	One stop	P + 7.75%	11.00	%	10/2017	272	266	-	272
Benetech, Inc.*	One stop	L + 9.00%	10.25	%	10/2017	4,814	4,785	0.6	4,814

						5,086	5,051	0.6	5,086
Oil and Gas									
Drilling Info, Inc.(3)(5)	One Stop	L + 5.00%	N/A	(4)	06/2018	-	(1)	-	-
Drilling Info, Inc.^(5)	One Stop	L + 5.00%	6.00	%	06/2018	1,273	1,263	0.1	1,273
Drilling Info, Inc.(3)(5)	One Stop	L + 5.00%	N/A	(4)	06/2018	-	(5)	-	-
						1,273	1,257	0.1	1,273
Personal and Non-Durable Consumer Products									
The Hygenic Corporation(3)	Senior loan	L + 5.00%	N/A	(4)	10/2019	-	(5)	-	-
The Hygenic Corporation*	Senior loan	L + 5.00%	6.00	%	10/2020	3,284	3,237	0.4	3,284
Massage Envy, LLC(3)	One stop	L + 7.25%	N/A	(4)	09/2018	-	(10)	-	-
Massage Envy, LLC*	One stop	L + 7.25%	8.50	%	09/2018	15,570	15,359	1.9	15,570
Orthotics Holdings, Inc(3)(8)	One stop	L + 5.00%	N/A	(4)	02/2020	-	(2)	-	-
Orthotics Holdings, Inc*(8)	One stop	L + 5.00%	6.00	%	02/2020	1,390	1,374	0.2	1,390
Orthotics Holdings, Inc(3)	One stop	L + 5.00%	N/A	(4)	02/2020	-	(16)	-	-
Orthotics Holdings, Inc(3)	One stop	L + 5.00%	N/A	(4)	02/2020	-	(15)	-	-
Orthotics Holdings, Inc*	One stop	L + 5.00%	6.00	%	02/2020	8,481	8,382	1.1	8,481
Rug Doctor LLC(3)	Senior loan	L + 5.25%	N/A	(4)	12/2016	-	(6)	-	-
Rug Doctor LLC*	Senior loan	L + 5.25%	6.25	%	12/2016	5,156	5,131	0.6	5,156
Team Technologies Acquisition Company(3)	Senior loan	L + 4.75%	N/A	(4)	12/2017	-	(2)	-	(4)
Team Technologies Acquisition Company^	Senior loan	L + 4.75%	6.00	%	12/2017	4,794	4,763	0.6	4,734
Team Technologies Acquisition Company	Senior loan	L + 5.50%	6.75	%	12/2017	881	870	0.1	870
						39,556	39,060	4.9	39,481
Personal, Food and									

Miscellaneous Services									
Focus Brands Inc.*^	Second lien	L + 9.00%	10.25	%	08/2018	11,195	11,114	1.4	11,306
Ignite Restaurant Group, Inc (Joe's Crab Shack)^	One stop	L + 7.00%	8.00	%	02/2019	6,124	6,049	0.7	6,124
PetVet Care Centers LLC	Senior loan	L + 4.50%	5.50	%	12/2020	648	627	0.1	648
PetVet Care Centers LLC(3)	Senior loan	L + 4.50%	N/A	(4)	12/2019	-	(11)	-	-
PetVet Care Centers LLC^	Senior loan	L + 4.50%	5.50	%	12/2020	5,911	5,810	0.7	5,911
Vetcor Merger Sub LLC(3)	One stop	L + 6.00%	N/A	(4)	04/2021	-	(15)	-	(15)
Vetcor Merger Sub LLC	One stop	L + 6.00%	7.00	%	04/2021	46	41	-	44
Vetcor Merger Sub LLC*^	One stop	L + 6.00%	7.00	%	04/2021	25,245	24,756	3.1	24,993
Veterinary Specialists of North America, LLC	One stop	L + 5.00%	N/A	(4)	05/2020	-	-	-	-
Veterinary Specialists of North America, LLC*	One stop	L + 5.00%	6.00	%	05/2020	589	583	0.1	583
						49,758	48,954	6.1	49,594
Printing and Publishing									
Market Track, LLC	One stop	P + 5.00%	8.25	%	10/2019	554	534	0.1	554
Market Track, LLC*^	One stop	L + 6.00%	7.25	%	10/2019	29,049	28,772	3.6	29,049
Market Track, LLC*	One stop	L + 6.00%	7.25	%	10/2019	2,203	2,183	0.3	2,203
Market Track, LLC	One stop	L + 6.00%	7.25	%	10/2019	414	382	-	414
						32,220	31,871	4.0	32,220
Retail Stores									
Benihana, Inc.	One stop	P + 4.75%	8.00	%	07/2018	217	168	-	174
Benihana, Inc.*^	One stop	L + 6.00%	7.25	%	01/2019	15,475	15,138	1.9	15,166
Boot Barn, Inc.*^	Senior loan	L + 4.50%	5.50	%	06/2021	10,802	10,640	1.3	10,694
Capital Vision Services, LLC*	One stop	L + 6.00%	7.00	%	12/2019	1,514	1,508	0.2	1,514
Capital Vision Services, LLC^	One stop	L + 6.00%	7.00	%	12/2019	1,502	1,491	0.2	1,502
Capital Vision Services, LLC	One stop	L + 6.00%	7.00	%	12/2019	1,653	1,645	0.2	1,653

Capital Vision Services, LLC	One stop	P + 4.75%	8.00	%	12/2019	372	353	-	372
Capital Vision Services, LLC*^	One stop	L + 6.00%	7.00	%	12/2019	26,650	26,434	3.3	26,650
Cycle Gear, Inc.[(3)]	One stop	L + 6.00%	N/A	[(4)]	01/2020	-	(16)	-	-
Cycle Gear, Inc.	One stop	L + 6.00%	7.00	%	01/2020	6,502	6,370	0.8	6,502
DTLR, Inc.*^	One stop	L + 8.00%	11.00	%	12/2015	15,243	15,219	1.9	15,243

See Notes to Consolidated Financial Statements

11

Golub Capital BDC, Inc. and Subsidiaries

Consolidated Schedule of Investments (unaudited) - (continued)

June 30, 2015 807,044.0

(In thousands)

	Investment Type	Spread Above Index [(1)]	Interest Rate[(2)]	Maturity Date	Principal / Par Amount	Cost	Percentage of Net Assets	Fair Value
Elite Sportswear, L.P.	Senior loan	L + 5.00%	6.00 %	03/2020	147	140	-	147
Elite Sportswear, L.P.	Senior loan	L + 5.00%	6.00 %	03/2020	2,856	2,802	0.4	2,856
Express Oil Change, LLC*	Senior loan	L + 5.00%	6.00 %	12/2017	106	105	-	106
Express Oil Change, LLC*	Senior loan	L + 5.00%	6.00 %	12/2017	1,389	1,383	0.2	1,389
Express Oil Change, LLC	Senior loan	P + 4.00%	7.10 %	12/2017	64	61	-	64
Express Oil Change, LLC*	Senior loan	L + 5.00%	6.00 %	12/2017	3,722	3,694	0.4	3,722
Floor & Decor Outlets of America, Inc.*^	One stop	L + 6.50%	7.75 %	05/2019	11,158	11,069	1.4	11,158
Marshall Retail Group, LLC, The[(3)]	One stop	L + 6.00%	N/A [(4)]	08/2020	-	(10)	-	(27)
Marshall Retail Group, LLC, The	One stop	L + 6.00%	7.00 %	08/2019	585	562	0.1	519
Marshall Retail Group, LLC, The^	One stop	L + 6.00%	7.00 %	08/2020	12,362	12,229	1.5	11,991
Paper Source, Inc.[(3)]	One stop	L + 6.25%	N/A [(4)]	09/2018	-	(8)	-	-
Paper Source, Inc.*^	One stop	L + 6.25%	7.25 %	09/2018	12,480	12,400	1.5	12,480
RCPSI Corporation	One stop	L + 5.75%	6.75 %	04/2020	23	19	-	21
RCPSI Corporation*^	One stop	L + 5.75%	6.75 %	04/2021	22,456	22,022	2.8	22,231
Restaurant Holding Company, LLC	Senior loan	L + 7.75%	8.75 %	02/2019	4,939	4,903	0.5	4,346
Rubio's Restaurants, Inc	Senior loan	L + 4.75%	6.00 %	11/2018	3,994	3,994	0.5	3,994
Sneaker Villa, Inc.^	One stop	L + 8.50%	10.00 %	12/2017	627	619	0.1	627
Sneaker Villa, Inc.	One stop	L + 8.50%	10.00 %	12/2017	752	739	0.1	752
Sneaker Villa, Inc.^	One stop	L + 8.50%	10.00 %	12/2017	1,214	1,201	0.2	1,214
Sneaker Villa, Inc.	One stop	P + 7.00%	11.50 %	12/2017	1,253	1,239	0.2	1,253
Sneaker Villa, Inc.	One stop	L + 8.50%	10.00 %	12/2017	2,506	2,487	0.3	2,506

Sneaker Villa, Inc.^	One stop	L + 8.50%	10.00%	12/2017	4,180	4,149	0.5	4,180
Sneaker Villa, Inc.	One stop	L + 8.50%	10.00%	12/2017	4,346	4,275	0.5	4,346
Specialty Commerce Corp.(3)	One stop	L + 6.00%	N/A (4)	07/2017	-	(3)	-	-
Specialty Commerce Corp.	One stop	L + 6.00%	7.50 %	07/2017	4,177	4,154	0.5	4,177
Vision Source L.P.(3)	One stop	L + 6.00%	N/A (4)	08/2019	-	(3)	-	-
Vision Source L.P.*^	One stop	L + 6.00%	7.00 %	08/2019	17,626	17,530	2.2	17,626
					192,892	190,702	23.7	191,148
Telecommunications								
Arise Virtual Solutions, Inc.(3)	One stop	L + 5.50%	N/A (4)	12/2018	-	(1)	-	-
Arise Virtual Solutions, Inc.^	One stop	L + 5.50%	6.75 %	12/2018	1,510	1,504	0.2	1,510
Hosting.com Inc.	Senior loan	P + 3.25%	6.50 %	12/2017	48	47	-	48
Hosting.com Inc.*	Senior loan	L + 4.50%	5.75 %	12/2017	808	801	0.1	808
ITC Global, Inc.	One stop	L + 6.75%	7.75 %	07/2018	867	857	0.1	867
ITC Global, Inc.^	One stop	L + 6.75%	7.75 %	07/2018	1,391	1,381	0.2	1,391
ITC Global, Inc.*	One stop	L + 6.75%	7.75 %	07/2018	8,150	8,093	1.0	8,150
ITC Global, Inc.	One stop	L + 6.75%	7.75 %	07/2018	1,555	1,541	0.2	1,555
					14,329	14,223	1.8	14,329
Textile and Leather								
5.11, Inc.*^	Senior loan	L + 5.00%	6.00 %	02/2020	1,023	1,019	0.1	1,026
Southern Tide, LLC(3)	One stop	L + 6.75%	N/A (4)	06/2019	-	(7)	-	-
Southern Tide, LLC^	One stop	L + 6.75%	7.75 %	06/2019	4,065	4,033	0.5	4,065
					5,088	5,045	0.6	5,091
Utilities								
PowerPlan Holdings, Inc. (3)	Senior loan	L + 5.25%	N/A (4)	02/2021	-	(7)	-	-
PowerPlan Holdings, Inc.	Senior loan	L + 5.25%	6.25 %	02/2022	4,885	4,816	0.6	4,885
					4,885	4,809	0.6	4,885
Total debt investments United States					**$1,514,526**	**$1,495,259**	**185.0%**	**$1,493,533**
Fair Value as a percentage of Principal Amount								98.6 %

See Notes to Consolidated Financial Statements

12

Golub Capital BDC, Inc. and Subsidiaries

Consolidated Schedule of Investments (unaudited) - (continued)

June 30, 2015 807,044.0

(In thousands)

	Investment Type	Spread Above Index [1]	Interest Rate [2]	Maturity Date	Shares / Contracts	Cost	Percentage of Net Assets	Fair Value
Equity Investments [9]								
Aerospace and Defense								
NTS Technical Systems	Common stock	N/A	N/A	N/A	2	$ 1,506	0.3 %	$ 2,075
Tresys Technology Holdings, Inc.	Common stock	N/A	N/A	N/A	295	295	-	-
Whitcraft LLC	Preferred stock B	N/A	N/A	N/A	1	670	0.1	661
Whitcraft LLC	Warrant	N/A	N/A	N/A	-	-	-	129
						2,471	0.4	2,865
Automobile								
K&N Engineering, Inc.	Preferred stock A	N/A	N/A	N/A	-	-	-	5
K&N Engineering, Inc.	Preferred stock B	N/A	N/A	N/A	-	-	-	6
K&N Engineering, Inc.	Common stock	N/A	N/A	N/A	-	-	-	44
						-	-	55
Beverage, Food and Tobacco								
Atkins Nutritionals, Inc.	LLC interest	N/A	N/A	N/A	57	746	0.4	2,705
C. J. Foods, Inc.	Preferred stock	N/A	N/A	N/A	-	157	-	168
First Watch Restaurants, Inc.	Common stock	N/A	N/A	N/A	9	964	0.1	1,122
Goode Seed Co-Invest, LLC	LLC units	N/A	N/A	N/A	356	356	0.1	873
Julio & Sons Company	LLC interest	N/A	N/A	N/A	521	521	0.1	674
Northern Brewer, LLC	LLC interest	N/A	N/A	N/A	438	362	-	7
Richelieu Foods, Inc.	LP interest	N/A	N/A	N/A	220	220	-	107
Tate's Bake Shop, Inc.	LP interest	N/A	N/A	N/A	-	462	0.1	493
Uinta Brewing Company	LP interest	N/A	N/A	N/A	-	462	-	332
United Craft Brews LLC	LP interest	N/A	N/A	N/A	1	657	0.1	657
						4,907	0.9	7,138
Buildings and Real Estate								
Brooks Equipment Company, LLC	Common stock	N/A	N/A	N/A	10	1,021	0.1	1,037
							-	
Chemicals, Plastics and Rubber								
Flexan, LLC	Preferred stock	N/A	N/A	N/A	-	73	-	74
Flexan, LLC	Common stock	N/A	N/A	N/A	1	-	-	1

						73	-	75
Containers, Packaging and Glass								
Packaging Coordinators, Inc.[8]	Common stock	N/A	N/A	N/A	25	2,065	0.3	2,533
Packaging Coordinators, Inc.	Common stock	N/A	N/A	N/A	48	1,563	0.3	2,205
						3,628	0.6	4,738
							-	
Diversified Conglomerate Manufacturing								
Chase Industries, Inc.	LLC units	N/A	N/A	N/A	1	1,186	0.2	1,453
ICCN Acquisition Corp.	Preferred stock	N/A	N/A	N/A	-	370	-	387
ICCN Acquisition Corp.	Common stock	N/A	N/A	N/A	-	-	-	-
Sunless Merger Sub, Inc.	LP interest	N/A	N/A	N/A	-	160	-	-
TIDI Products, LLC	LLC units	N/A	N/A	N/A	353	207	0.1	529
						1,923	0.3	2,369
Diversified Conglomerate Service								
Actiance, Inc.	Warrant	N/A	N/A	N/A	344	82	-	82
Agility Recovery Solutions Inc.	Preferred stock	N/A	N/A	N/A	67	430	0.1	439
Daxko, LLC	LLC units	N/A	N/A	N/A	219	219	-	255
DISA Holdings Acquisition Subsidiary Corp.	Common stock	N/A	N/A	N/A	-	154	-	129
HealthcareSource HR, Inc.	LLC interest	N/A	N/A	N/A	-	348	-	348
Host Analytics, Inc.	Warrant	N/A	N/A	N/A	180	-	-	59
Marathon Data Operating Co., LLC	LLC units	N/A	N/A	N/A	1	264	-	6
Marathon Data Operating Co., LLC	LLC units	N/A	N/A	N/A	1	264	0.1	654
PC Helps Support, LLC	Common stock	N/A	N/A	N/A	1	7	-	3
PC Helps Support, LLC	Preferred stock A	N/A	N/A	N/A	-	61	-	71
Secure-24, LLC	LLC units	N/A	N/A	N/A	263	263	0.1	376
Vendavo, Inc.	Preferred stock A	N/A	N/A	N/A	827	827	0.1	1,010
						2,919	0.4	3,432
Electronics								
ECI Acquisition Holdings, Inc.	Common stock	N/A	N/A	N/A	9	873	0.2	1,016
Gamma Technologies, LLC	LLC units	N/A	N/A	N/A	1	134	-	134

See Notes to Consolidated Financial Statements

Golub Capital BDC, Inc. and Subsidiaries

Consolidated Schedule of Investments (unaudited) - (continued)

June 30, 2015 807,044.0

(In thousands)

	Investment Type	Spread Above Index (1)	Interest Rate(2)	Maturity Date	Shares / Contracts	Cost	Percentage of Net Assets	Fair Value
Sloan Company, Inc., The	LLC units	N/A	N/A	N/A	1	14	-	14
Sloan Company, Inc., The	LLC units	N/A	N/A	N/A	-	122	-	122
Sparta Holding Corporation	Common stock	N/A	N/A	N/A	1	567	0.1	615
Sparta Holding Corporation	Common stock	N/A	N/A	N/A	235	6	-	128
						1,716	0.3	2,029
							-	
Grocery								
MyWebGrocer, Inc.	LLC units	N/A	N/A	N/A	1,418	1,446	0.2	1,384
							-	
Healthcare, Education and Childcare								
Advanced Pain Management Holdings, Inc.,	Common stock	N/A	N/A	N/A	67	67	-	67
Advanced Pain Management Holdings, Inc.,	Preferred stock	N/A	N/A	N/A	8	829	0.1	994
Advanced Pain Management Holdings, Inc.,	Preferred stock	N/A	N/A	N/A	1	64	-	192
Avatar International, LLC	LP interest	N/A	N/A	N/A	1	741	-	-
California Cryobank, LLC	LLC units	N/A	N/A	N/A	-	28	-	32
California Cryobank, LLC	LLC units	N/A	N/A	N/A	-	-	-	-
Certara L.P.	LP interest	N/A	N/A	N/A	-	635	0.1	873
Dental Holdings Corporation	LLC units	N/A	N/A	N/A	734	734	0.1	734
Dialysis Newco, Inc. (DSI Renal)	LLC units	N/A	N/A	N/A	871	-	0.4	3,151
Encore GC Acquisition, LLC	LLC units	N/A	N/A	N/A	14	141	-	141
Encore GC Acquisition, LLC	LLC units	N/A	N/A	N/A	14	-	-	-
G & H Wire Company, Inc	LP interest	N/A	N/A	N/A	-	102	-	128
Global Healthcare Exchange, LLC	Common stock	N/A	N/A	N/A	-	5	-	51
Global Healthcare Exchange, LLC	Preferred stock	N/A	N/A	N/A	-	481	0.1	535
IntegraMed America, Inc.	Common stock	N/A	N/A	N/A	1	875	-	298
Katena Holdings, Inc.	LLC units	N/A	N/A	N/A	-	387	0.1	387

Northwestern Management Services, LLC	LLC units	N/A	N/A	N/A	3	3	-	122
Northwestern Management Services, LLC	LLC units	N/A	N/A	N/A	-	249	0.1	303
Pentec Acquisition Sub, Inc.	Preferred stock	N/A	N/A	N/A	1	116	-	228
Radiology Partners, Inc.	LLC units	N/A	N/A	N/A	43	85	-	79
Reliant Pro ReHab, LLC	Preferred stock A	N/A	N/A	N/A	2	183	0.1	968
Southern Anesthesia and Surgical	LLC units	N/A	N/A	N/A	487	487	0.1	673
Spear Education, LLC	LLC units	N/A	N/A	N/A	1	1	-	24
Spear Education, LLC	LLC units	N/A	N/A	N/A	-	86	-	92
Surgical Information Systems, LLC	Common stock	N/A	N/A	N/A	4	414	0.1	543
Young Innovations, Inc.	LLC units	N/A	N/A	N/A	-	236	0.1	367
						6,949	1.4	10,982
Home and Office Furnishings, Housewares, and Durable Consumer								
Top Knobs USA, Inc.	Common stock	N/A	N/A	N/A	3	27	-	221
Zenith Products Corporation	Common stock	N/A	N/A	N/A	1	-	-	-
						27	- -	221
Insurance								
Captive Resources Midco, LLC	LLC units	N/A	N/A	N/A	1	-	- -	142
Investment Funds and Vehicles								
Senior Loan Fund LLC [7][8]	LLC interest	N/A	N/A	N/A	21,875	21,875	2.7 -	22,001
Leisure, Amusement, Motion Pictures and Entertainment								
Competitor Group, Inc.	LLC interest	N/A	N/A	N/A	1	714	-	43
LMP TR Holdings, LLC	LLC units	N/A	N/A	N/A	712	712	-	27
Starplex Operating, L.L.C.	Common stock	N/A	N/A	N/A	1	183	0.1	400
Titan Fitness, LLC	LLC units	N/A	N/A	N/A	6	583	0.1	807
						2,192	0.2	1,277
Personal and Non-Durable Consumer Products								
C.B. Fleet Company, Incorporated	LLC units	N/A	N/A	N/A	2	174	-	248
Hygenic Corporation, The	LP interest	N/A	N/A	N/A	1	61	-	82
Massage Envy, LLC	LLC interest	N/A	N/A	N/A	749	749	0.1	991
Team Technologies Acquisition Company	Common stock	N/A	N/A	N/A	-	114	0.1	330
						1,098	0.2	1,651

See Notes to Consolidated Financial Statements

14

Golub Capital BDC, Inc. and Subsidiaries

Consolidated Schedule of Investments (unaudited) - (continued)

June 30, 2015 807,044.0

(In thousands)

	Investment Type	Spread Above Index (1)	Interest Rate(2)	Maturity Date	Shares / Contracts	Cost	Percentage of Net Assets	Fair Value
Personal, Food and Miscellaneous Services								
R.G. Barry Corporation	Preferred stock	N/A	N/A	N/A	-	161	-	141
Vetcor Professional Practices LLC	LLC units	N/A	N/A	N/A	85	85	-	85
Vetcor Professional Practices LLC	LLC units	N/A	N/A	N/A	766	766	0.1	766
						1,012	0.1	992
							-	
Printing and Publishing								
Market Track, LLC	Preferred stock	N/A	N/A	N/A	-	145	-	191
Market Track, LLC	Common stock	N/A	N/A	N/A	1	145	-	208
						290	-	399
Retail Stores								
Barcelona Restaurants, LLC(8)(10)	LP interest	N/A	N/A	N/A	1,996	1,996	0.5	3,807
Benihana, Inc.	LLC units	N/A	N/A	N/A	43	699	0.1	535
Capital Vision Services, LLC	LLC interest	N/A	N/A	N/A	402	17	0.2	1,537
Cycle Gear, Inc.	LLC units	N/A	N/A	N/A	15	150	-	150
DentMall MSO, LLC	LLC units	N/A	N/A	N/A	2	-	-	-
DentMall MSO, LLC	LLC units	N/A	N/A	N/A	2	97	-	105
Elite Sportswear, L.P.	LLC interest	N/A	N/A	N/A	-	73	-	73
Express Oil Change, LLC	LLC interest	N/A	N/A	N/A	81	81	-	135
Marshall Retail Group LLC, The	LLC units	N/A	N/A	N/A	15	154	-	83
Paper Source, Inc.	Common stock	N/A	N/A	N/A	8	1,387	0.2	1,418
PetPeople Enterprise, LLC	LP interest	N/A	N/A	N/A	889	889	0.1	1,259
RCPSI Corporation	LLC interest	N/A	N/A	N/A	455	455	0.1	455
Rubio's Restaurants, Inc.	Preferred stock A	N/A	N/A	N/A	2	945	0.3	2,361
Sneaker Villa, Inc.	LLC interest	N/A	N/A	N/A	4	411	0.1	613

Vision Source L.P.	Common stock	N/A	N/A	N/A	9	386	0.1		872
						7,740	1.7		13,403
Telecommunications									
ITC Global, Inc.	LLC units	N/A	N/A	N/A	17	311	0.1		445
Textiles and Leather									
Southern Tide, LLC	LLC interest	N/A	N/A	N/A	2	191	-		213
							-		
Utilities									
PowerPlan Holdings, Inc.	Common stock	N/A	N/A	N/A	-	303	-		303
PowerPlan Holdings, Inc.	Common stock	N/A	N/A	N/A	151	3	-		3
						306	-		306
Total equity investments United States						**$62,095**	**9.6**	**%**	**$77,154**
Total United States						**$1,557,354**	**194.6**	**%**	**$1,570,687**
Total Investments						**$1,557,354**	**194.6**	**%**	**$1,570,687**

See Notes to Consolidated Financial Statements

15

Golub Capital BDC, Inc. and Subsidiaries

Consolidated Schedule of Investments (unaudited) - (continued)

June 30, 2015 807,044.0

(In thousands)

	Investment Type	Spread Above Index (1)	Interest Rate(2)	Maturity Date	Shares / Contracts	Cost	Percentage of Net Assets		Fair Value
Cash, Restricted Cash and Cash Equivalents									
Cash and Restricted Cash						$30,106	1.4	%	$11,526
BlackRock Liquidity Funds T-Fund Institutional Shares (CUSIP 09248U718)						6,255	1.0		8,579
JPM Offshore Money Market Account (ISIN LU0103813712)						2,544	2.0		16,179
US Bank Money Market Account (CUSIP 9AMMF05B2)						17,782	2.6		20,403
Total Cash, Restricted Cash and Cash Equivalents						$56,687	7.0	%	$56,687
Total Investments and Cash, Restricted Cash and Cash Equivalents						$1,614,041	201.6	%	$1,627,374

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

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

(1) The majority of the investments bear interest at a rate that may be determined by reference to London Interbank Offered Rate ("LIBOR" or "L") or Prime ("P") and which reset daily, quarterly or semiannually. For each, the Company has provided the spread over LIBOR or Prime and the weighted average current interest rate in effect at June 30, 2015. Certain investments are subject to a LIBOR or Prime interest rate floor. For fixed rate loans, a spread above a reference rate is not applicable.

(2) For portfolio companies with multiple interest rate contracts, the interest rate shown is a weighted average current interest rate in effect at June 30, 2015.

(3)

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

(4) The entire commitment was unfunded at June 30, 2015. As such, no interest is being earned on this investment.

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

(6) Loan was on non-accrual status as of June 30, 2015, meaning that the Company has ceased recognizing interest income on the loan.

(7) As defined in the Investment Company Act of 1940, as amended (the "1940 Act"), the Company is deemed to be both an "Affiliated Person" of and "Control" this portfolio company as the Company owns more than 25% of the portfolio company's outstanding voting securities or has the power to exercise control over management or policies of such portfolio company (including through a management agreement). See Note 5 in the accompanying notes to the consolidated financial statements for transactions during the nine months ended June 30, 2015 in which the issuer was both an Affiliated Person and a portfolio company that the Company is deemed to Control.

(8) The investment is treated as a non-qualifying asset under Section 55(a) of the 1940 Act. Under the 1940 Act, the Company may not acquire any non-qualifying asset unless, at the time the acquisition is made, qualifying assets represent at least 70% of the Company's total assets.

(9) Non-income producing securities.

(10) As defined in the 1940 Act, the Company is deemed to be an "Affiliated Person" of the portfolio company as the Company along with affiliated entities owns five percent or more of the portfolio company's voting securities. See Note 5 in the accompanying notes to the financial statements for transactions during the nine months ended June 30, 2015 in which the issuer was an Affiliated Person (but not a portfolio company that the Company is deemed to "Control").

See Notes to Consolidated Financial Statements

16

Golub Capital BDC, Inc. and Subsidiaries

Consolidated Schedule of Investments

September 30, 2014

(In thousands)

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

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

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

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

See Notes to Consolidated Financial Statements

17

Golub Capital BDC, Inc. and Subsidiaries

Consolidated Schedule of Investments (continued)

September 30, 2014

(In thousands)

	Investment Type	Spread Above Index [1]	Interest Rate[2]	Maturity Date	Principal / Par Amount	Cost	Percentage of Net Assets	Fair Value
Uinta Brewing Company[3]	One stop	L + 6.00%	N/A [4]	08/2019	-	(8)	-	(8)
Uinta Brewing Company^	One stop	L + 6.00%	7.00 %	08/2019	3,236	3,204	0.4	3,203
					117,281	115,810	15.6	115,556
Building and Real Estate								
Brooks Equipment Company, LLC [3]	One stop	L + 5.75%	N/A [4]	08/2020	-	(20)	-	(20)
Brooks Equipment Company, LLC*^	One stop	L + 5.75%	6.75 %	08/2020	27,150	26,753	3.7	26,946
ITEL Laboratories, Inc.[3]	Senior loan	L + 4.75%	N/A [4]	06/2018	-	(1)	-	-
ITEL Laboratories, Inc.*	Senior loan	L + 4.75%	6.00 %	06/2018	756	749	0.1	756
					27,906	27,481	3.8	27,682
Cargo Transport								
RP Crown Parent (RedPrairie Corp)*	Senior loan	L + 5.00%	6.00 %	12/2018	1,970	1,942	0.3	1,923
Containers, Packaging and Glass								
Fort Dearborn Company*	Senior loan	L + 4.25%	5.25 %	10/2017	16	16	-	16
Fort Dearborn Company*^	Senior loan	L + 4.25%	5.25 %	10/2017	511	508	0.1	511
Fort Dearborn Company*	Senior loan	L + 4.75%	5.75 %	10/2018	63	63	-	63
Fort Dearborn Company*^	Senior loan	L + 4.75%	5.75 %	10/2018	2,180	2,168	0.3	2,180
Packaging Coordinators, Inc.*^	Senior loan	L + 4.25%	5.25 %	08/2021	15,000	14,852	2.1	15,032
Packaging Coordinators, Inc.	Second lien	L + 8.00%	9.00 %	08/2022	10,000	9,901	1.4	9,950
					27,770	27,508	3.9	27,752
Diversified Conglomerate Manufacturing								
Chase Industries, Inc.*^	One stop	P + 4.50%	7.75 %	09/2020	21,037	20,828	2.8	20,827
Chase Industries, Inc.	One stop	P + 4.50%	7.75 %	09/2020	277	255	-	255

Chase Industries, Inc.(3)	One stop	L + 5.75%	N/A (4)	09/2020	-	(48)	-	(49)
ICCN Acquisition Corp.(3)	One stop	L + 5.25%	N/A (4)	03/2019	-	(4)	-	-
ICCN Acquisition Corp.^	One stop	L + 5.25%	6.25 %	03/2019	3,998	3,936	0.5	3,998
ICCN Acquisition Corp.(3)	One stop	L + 5.25%	N/A (4)	03/2019	-	(14)	-	-
Metal Spinners, Inc.*	Senior loan	L + 7.50%	9.00 %	04/2015	1,294	1,288	0.2	1,294
Metal Spinners, Inc.*	Senior loan	L + 7.50%	9.00 %	04/2015	2,536	2,524	0.3	2,536
Onicon Incorporated(3)	One stop	L + 4.50%	N/A (4)	12/2017	-	(10)	-	-
Onicon Incorporated	One stop	L + 4.50%	5.50 %	12/2017	3,141	3,100	0.4	3,141
Pasternack Enterprises, Inc.*	Senior loan	L + 5.00%	6.25 %	12/2017	1,126	1,119	0.2	1,126
Plex Systems, Inc.(3)	Senior loan	L + 7.50%	N/A (4)	06/2018	-	(26)	-	-
Plex Systems, Inc.*^	Senior loan	L + 7.50%	8.75 %	06/2018	18,797	18,409	2.6	18,797
Sunless Merger Sub, Inc.(3)	Senior loan	L + 5.25%	N/A (4)	07/2016	-	-	-	(26)
Sunless Merger Sub, Inc.*	Senior loan	L + 5.25%	6.50 %	07/2016	1,816	1,813	0.2	1,271
TIDI Products, LLC(3)	One stop	L + 6.50%	N/A (4)	07/2017	-	(11)	-	-
TIDI Products, LLC*	One stop	L + 6.50%	7.75 %	07/2018	12,631	12,441	1.7	12,631
Vintage Parts, Inc.*	One stop	L + 4.50%	5.75 %	12/2015	4,049	4,022	0.6	4,049
Vintage Parts, Inc.*	One stop	L + 4.50%	5.75 %	12/2015	56	56	-	56
Vintage Parts, Inc.*	One stop	L + 4.50%	5.75 %	12/2015	846	850	0.1	846
					71,604	70,528	9.6	70,752
Diversified Conglomerate Service								
Accellos, Inc.(3)	One stop	L + 5.75%	N/A (4)	07/2020	-	(20)	-	-
Accellos, Inc.^	One stop	L + 5.75%	6.75 %	07/2020	31,113	30,740	4.2	31,113
Aderant North America, Inc.*	Senior loan	L + 4.25%	5.25 %	12/2018	4,220	4,190	0.6	4,220
Agility Recovery Solutions Inc.(3)	One stop	L + 6.75%	N/A (4)	09/2018	-	(6)	-	-
Agility Recovery Solutions Inc.*	One stop	L + 6.75%	8.00 %	09/2018	8,128	7,995	1.1	8,128
Bomgar Corporation(3)	One stop	L + 6.00%	N/A (4)	05/2019	-	(18)	-	(20)
Bomgar Corporation*	One stop	L + 6.00%	7.00 %	05/2020	29,423	28,935	4.0	29,129
Daxko, LLC(3)	One stop	L + 7.75%	N/A (4)	03/2019	-	(24)	-	-
Daxko, LLC	One stop	L + 7.75%	8.75 %	03/2019	16,840	16,564	2.3	16,840
EAG, INC. (Evans Analytical Group)*	Senior loan	L + 4.00%	5.00 %	07/2017	2,401	2,377	0.3	2,401
Integration Appliance, Inc.	Senior loan	L + 8.25%	9.50 %	09/2018	719	711	0.1	719
Integration Appliance, Inc.	Senior loan	L + 8.25%	9.50 %	09/2018	5,396	5,288	0.7	5,396
Integration Appliance, Inc.	Senior loan	L + 8.25%	9.50 %	06/2019	7,914	7,727	1.1	7,914
Marathon Data Operating Co., LLC (3)	One stop	L + 6.25%	N/A (4)	08/2017	-	(6)	-	-
Marathon Data Operating Co., LLC	One stop	L + 6.25%	7.50 %	08/2017	4,595	4,528	0.6	4,595
Navex Global, Inc.(3)	One stop	L + 5.50%	N/A (4)	12/2016	-	(19)	-	-
Navex Global, Inc.*	One stop	L + 5.50%	6.50 %	12/2016	19,045	18,718	2.6	19,045
NetSmart Technologies, Inc.*	One stop	L + 7.53%	8.78 %	12/2017	8,068	8,012	1.1	8,068
NetSmart Technologies, Inc.	One stop	L + 7.52%	8.77 %	12/2017	637	629	0.1	637
PC Helps Support, LLC(3)	Senior loan	L + 5.25%	N/A (4)	09/2017	-	(2)	-	-

PC Helps Support, LLC	Senior loan	L + 5.25%	6.51 %	09/2017	1,707	1,692	0.2	1,707
Secure-24, LLC(3)	One stop	L + 6.25%	N/A (4)	08/2017	-	(5)	-	-
Secure-24, LLC*	One stop	L + 6.25%	7.50 %	08/2017	10,433	10,249	1.4	10,433

See Notes to Consolidated Financial Statements

Golub Capital BDC, Inc. and Subsidiaries

Consolidated Schedule of Investments (continued)

September 30, 2014

(In thousands)

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

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

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

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

See Notes to Consolidated Financial Statements

19

Golub Capital BDC, Inc. and Subsidiaries

Consolidated Schedule of Investments (continued)

September 30, 2014

(In thousands)

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

Renaissance Pharma (U.S.) Holdings Inc.	Senior loan	P + 3.00%	6.25	%	05/2018	63	59	-	63
Renaissance Pharma (U.S.) Holdings Inc.*^	Senior loan	L + 4.00%	5.00	%	05/2018	4,090	4,039	0.6	4,090
Southern Anesthesia and Surgical(3)	One stop	L + 5.50%	N/A	(4)	11/2017	-	(10)	-	-
Southern Anesthesia and Surgical	One stop	L + 5.50%	6.50	%	11/2017	6,012	5,905	0.8	6,012
Southern Anesthesia and Surgical(3)	One stop	L + 5.50%	N/A	(4)	11/2017	-	(40)	-	-
Spear Education, LLC(3)	One stop	L + 5.50%	N/A	(4)	08/2019	-	(6)	-	(6)
Spear Education, LLC*^	One stop	L + 5.50%	6.50	%	08/2019	6,005	5,961	0.8	5,960
Spear Education, LLC	One stop	L + 5.50%	N/A	(4)	08/2019	-	-	-	-
Surgical Information Systems, LLC^	Senior loan	L + 3.50%	4.51	%	09/2018	2,060	2,055	0.3	2,060
U.S. Anesthesia Partners, Inc.	One stop	L + 5.00%	6.00	%	12/2019	6,000	5,970	0.8	5,970
WIL Research Company, Inc.*	Senior loan	L + 4.50%	5.75	%	02/2018	776	769	0.1	753
Young Innovations, Inc.(3)	Senior loan	L + 4.25%	N/A	(4)	01/2018	-	(3)	-	-
Young Innovations, Inc.*^	Senior loan	L + 4.25%	5.25	%	01/2019	5,443	5,412	0.7	5,443
						222,098	219,288	29.6	218,147
Home and Office Furnishings, Housewares, and Durable Consumer									
Plano Molding Company, LLC^	Senior loan	L + 4.25%	5.25	%	10/2018	1,984	1,972	0.3	1,984
WII Components, Inc.	Senior loan	L + 4.50%	N/A	(4)	07/2018	-	-	-	-
WII Components,	Senior loan	L + 4.50%	5.50	%	07/2018	1,183	1,177	0.2	1,177

Inc.*									
Zenith Products Corporation	One stop	P + 1.75%	5.00	%	09/2013	29	29	-	25
Zenith Products Corporation*	One stop	P + 3.50%	6.75	%	09/2013	3,684	3,684	0.3	1,842
						6,880	6,862	0.8	5,028
Insurance									
Captive Resources Midco, LLC (3)	One stop	L + 5.00%	N/A	(4)	01/2019	-	(16)	-	-
Captive Resources Midco, LLC*^	One stop	L + 5.00%	6.50	%	01/2019	19,653	19,477	2.7	19,653
						19,653	19,461	2.7	19,653
Investment Funds and Vehicles									
Senior Loan Fund LLC (7)(8)	Subordinated debt	L + 8.00%	8.16	%	05/2020	25,589	25,589	3.5	25,589
Leisure, Amusement, Motion Pictures and Entertainment									
Competitor Group, Inc.	One stop	P + 6.75%	9.76	%	11/2018	884	873	0.1	769
Competitor Group, Inc.*	One stop	L + 8.75%	9.00% cash/1.00% PIK		11/2018	12,807	12,654	1.6	11,526
Octane Fitness, LLC(3)	One stop	L + 5.25%	N/A	(4)	10/2018	-	(3)	-	-
Octane Fitness, LLC*	One stop	L + 5.25%	6.50	%	10/2018	8,034	8,001	1.1	8,034
Pride Manufacturing Company, LLC*	Senior loan	L + 6.00%	7.75	%	11/2015	493	490	0.1	493
Self Esteem Brands, LLC(3)	Senior loan	L + 4.00%	N/A	(4)	02/2020	-	(5)	-	-
Self Esteem Brands, LLC^	Senior loan	L + 4.00%	5.00	%	02/2020	7,462	7,420	1.0	7,462
Starplex Operating, L.L.C.	One stop	P + 6.25%	9.50	%	12/2017	311	298	-	311
Starplex Operating, L.L.C.*^	One stop	L + 7.50%	9.00	%	12/2017	10,079	9,912	1.4	10,079
Titan Fitness, LLC (3)	One stop	L + 6.50%	N/A	(4)	09/2019	-	(22)	-	-
Titan Fitness, LLC*	One stop	L + 6.50%	7.75	%	09/2019	13,603	13,340	1.9	13,603

Titan Fitness, LLC [3]	One stop	L + 6.50%	N/A	(4)	09/2019	-	(22)	-	-
						53,673	52,936	7.2	52,277
Mining, Steel, Iron and Non-Precious Metals									
Benetech, Inc.	One stop	P + 7.75%	11.00	%	10/2017	162	154	-	162
Benetech, Inc.*	One stop	L + 9.00%	10.25	%	10/2017	5,020	4,982	0.7	5,020
						5,182	5,136	0.7	5,182
Oil and Gas									
Drilling Info, Inc.[3] [5]	One stop	L + 5.00%	N/A	(4)	06/2018	-	(1)	-	-
Drilling Info, Inc.[5]^	One stop	L + 5.00%	6.00	%	06/2018	1,325	1,315	0.2	1,325
Drilling Info, Inc.[3][5]	One stop	L + 5.00%	N/A	(4)	06/2018	-	(4)	-	-
						1,325	1,310	0.2	1,325

See Notes to Consolidated Financial Statements

20

Golub Capital BDC, Inc. and Subsidiaries

Consolidated Schedule of Investments (continued)

September 30, 2014

(In thousands)

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

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

See Notes to Consolidated Financial Statements

Golub Capital BDC, Inc. and Subsidiaries

Consolidated Schedule of Investments (continued)

September 30, 2014

(In thousands)

	Investment Type	Spread Above Index (1)	Interest Rate(2)		Maturity Date	Principal / Par Amount	Cost		Percentage of Net Assets		Fair Value
Arise Virtual Solutions, Inc.*^	One stop	L + 6.00%	7.25	%	12/2018	13,869	13,753		1.9		13,869
Hosting.com Inc.(3)	Senior loan	L + 4.50%	N/A	(4)	12/2017	-	(1	)	-		-
Hosting.com Inc.*	Senior loan	L + 4.50%	5.75	%	12/2017	861	851		0.1		861
ITC Global, Inc. (3)	One stop	L + 6.75%	7.75	%	07/2018	289	277		-		289
ITC Global, Inc.*	One stop	L + 6.75%	7.75	%	07/2018	8,345	8,274		1.1		8,345
ITC Global, Inc.^	One stop	L + 6.75%	7.75	%	07/2018	1,423	1,411		0.2		1,423
						24,787	24,554		3.3		24,787
Textile and Leather											
5.11, Inc.*^	Senior loan	L + 5.00%	6.00	%	02/2020	1,031	1,026		0.1		1,032
Southern Tide, LLC (3)	One stop	L + 6.75%	N/A	(4)	06/2019	-	(8	)	-		-
Southern Tide, LLC^	One stop	L + 6.75%	7.75	%	06/2019	4,096	4,057		0.6		4,096
						5,127	5,075		0.7		5,128
Utilities											
PowerPlan Consultants, Inc.(3)	Senior loan	L + 4.25%	N/A	(4)	10/2018	-	(1	)	-		-
PowerPlan Consultants, Inc.*^	Senior loan	L + 4.25%	5.26	%	10/2019	3,583	3,538		0.5		3,583
						3,583	3,537		0.5		3,583
Total debt investments United States						$ 1,309,570	$ 1,293,046		176.4	%	$ 1,292,851
											98.7 %

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, 2014

(In thousands)

	Investment Type	Spread Above Index [1]	Interest Rate[2]	Maturity Date	Shares / Contracts	Cost	Percentage of Net Assets	Fair Value
Equity Investments [9]								
Aerospace and Defense								
NTS Technical Systems	Common stock	N/A	N/A	N/A	2	$1,506	0.2 %	$1,597
Tresys Technology Holdings, Inc.	Common stock	N/A	N/A	N/A	295	295	-	3
Whitcraft LLC	Common stock	N/A	N/A	N/A	1	670	0.1	409
Whitcraft LLC	Warrant	N/A	N/A	N/A	-	-	-	80
						2,471	0.3	2,089
Automobile								
K&N Engineering, Inc.	Preferred stock A	N/A	N/A	N/A	-	-	-	9
K&N Engineering, Inc.	Preferred stock B	N/A	N/A	N/A	-	-	-	9
K&N Engineering, Inc.	Common stock	N/A	N/A	N/A	-	-	-	69
						-	-	87
Beverage, Food and Tobacco								
Atkins Nutritionals, Inc.	LLC interest	N/A	N/A	N/A	57	746	0.2	1,038
C. J. Foods, Inc.	Common stock	N/A	N/A	N/A	157	157	-	157
First Watch Restaurants, Inc.	Common stock	N/A	N/A	N/A	8	816	0.1	908
Goode Seed Co-Invest, LLC	LLC units	N/A	N/A	N/A	356	356	0.1	408
Julio & Sons Company	LLC interest	N/A	N/A	N/A	521	521	0.1	445
Northern Brewer, LLC	LLC interest	N/A	N/A	N/A	438	362	-	8
Richelieu Foods, Inc.	LP interest	N/A	N/A	N/A	220	220	-	166
Tate's Bake Shop, Inc.	LP interest	N/A	N/A	N/A	-	462	0.1	462
Uinta Brewing Company	LP interest	N/A	N/A	N/A	-	462	0.1	462
						4,102	0.7	4,054
Buildings and Real Estate								
Brooks Equipment Company, LLC	Common stock	N/A	N/A	N/A	102	1,021	0.1	1,021
Containers, Packaging and Glass								
Packaging Coordinators, Inc.	Common stock	N/A	N/A	N/A	25	2,065	0.3	2,536
Packaging Coordinators, Inc.	Common stock	N/A	N/A	N/A	48	1,563	0.3	2,212
						3,628	0.6	4,748

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

See Notes to Consolidated Financial Statements

Golub Capital BDC, Inc. and Subsidiaries

Consolidated Schedule of Investments (continued)

September 30, 2014

(In thousands)

	Investment Type	Spread Above Index (1)	Interest Rate(2)	Maturity Date	Shares / Contracts	Cost	Percentage of Net Assets	Fair Value
Certara L.P.	LP interest	N/A	N/A	N/A	-	635	0.1	679
Dialysis Newco, Inc.	LLC units	N/A	N/A	N/A	871	-	0.2	1,557
Encore Rehabilitation Services, LLC	LLC interest	N/A	N/A	N/A	270	270	0.1	783
G & H Wire Company, Inc.	LP interest	N/A	N/A	N/A	-	102	-	124
Global Healthcare Exchange, LLC	Common stock	N/A	N/A	N/A	-	4	-	31
Global Healthcare Exchange, LLC	Preferred stock	N/A	N/A	N/A	-	398	0.1	418
Hospitalists Management Group, LLC	Common stock	N/A	N/A	N/A	-	38	-	4
IntegraMed America, Inc.	Common stock	N/A	N/A	N/A	1	701	0.1	701
Northwestern Management Services, LLC	Common stock	N/A	N/A	N/A	3	3	-	49
Northwestern Management Services, LLC	LLC units	N/A	N/A	N/A	0	249	0.1	285
Pentec Acquisition Sub, Inc.	Preferred stock	N/A	N/A	N/A	1	116	-	83
Radiology Partners, Inc.	LLC units	N/A	N/A	N/A	43	85	-	85
Reliant Pro ReHab, LLC	Preferred stock	N/A	N/A	N/A	2	183	0.1	883
Southern Anesthesia and Surgical	Common stock	N/A	N/A	N/A	487	487	0.1	697
Spear Education, LLC	Preferred stock	N/A	N/A	N/A	-	86	-	86
Spear Education, LLC	Common stock	N/A	N/A	N/A	1	1	-	1
Surgical Information Systems, LLC	Common stock	N/A	N/A	N/A	4	414	0.1	554
Young Innovations, Inc.	Preferred stock	N/A	N/A	N/A	-	236	-	277
						5,673	1.2	8,997
Home and Office Furnishings, Housewares, and Durable Consumer								
Top Knobs USA, Inc.	Common stock	N/A	N/A	N/A	3	35	-	213
Insurance								
Captive Resources Midco, LLC	LLC units	N/A	N/A	N/A	1	86	-	191
Investment Funds and Vehicles								

Senior Loan Fund LLC [7][8]	LLC interest	N/A	N/A	N/A	9,318	9,318	1.3	9,242
Leisure, Amusement, Motion Pictures and Entertainment								
Competitor Group, Inc.	LLC interest	N/A	N/A	N/A	708	713	-	43
LMP TR Holdings, LLC	LLC units	N/A	N/A	N/A	712	712	0.1	712
Starplex Operating, L.L.C.	Common stock	N/A	N/A	N/A	1	183	-	241
Titan Fitness, LLC	Common stock	N/A	N/A	N/A	6	582	0.1	649
						2,190	0.2	1,645
Personal and Non-Durable Consumer Products								
Hygenic Corporation, The	LP interest	N/A	N/A	N/A	1	61	-	116
Massage Envy, LLC	LLC interest	N/A	N/A	N/A	749	749	0.1	757
Team Technologies Acquisition Company	Common stock	N/A	N/A	N/A	-	148	-	225
						958	0.1	1,098
Personal Transportation								
PODS Funding Corp. II	Warrant	N/A	N/A	N/A	271	-	0.2	1,599
Personal, Food and Miscellaneous Services								
R.G. Barry Corporation	Preferred stock	N/A	N/A	N/A	-	161	-	161
Printing and Publishing								
Market Track, LLC	Preferred stock	N/A	N/A	N/A	-	145	-	178
Market Track, LLC	Common stock	N/A	N/A	N/A	1	145	0.1	245
						290	0.1	423
Retail Stores								
Barcelona Restaurants, LLC[8][10]	LP interest	N/A	N/A	N/A	1,996	1,996	0.4	3,080
Benihana, Inc.	LLC units	N/A	N/A	N/A	43	699	0.1	747
Capital Vision Services, LLC	LLC interest	N/A	N/A	N/A	402	17	0.1	520
DentMall MSO, LLC	Common stock	N/A	N/A	N/A	2	-	-	-
DentMall MSO, LLC	Preferred stock	N/A	N/A	N/A	2	97	-	97
Express Oil Change, LLC	LLC interest	N/A	N/A	N/A	81	81	-	79
Marshall Retail Group LLC, The	Common stock	N/A	N/A	N/A	15	154	-	154
Paper Source, Inc.	LLC interest	N/A	N/A	N/A	8	1,387	0.2	1,417

See Notes to Consolidated Financial Statements

Golub Capital BDC, Inc. and Subsidiaries

Consolidated Schedule of Investments (continued)

September 30, 2014

(In thousands)

	Investment Type	Spread Above Index (1)	Interest Rate(2)	Maturity Date	Shares / Contracts	Cost	Percentage of Net Assets		Fair Value
PetPeople Enterprise, LLC	LP interest	N/A	N/A	N/A	889	889	0.1		889
Rubio's Restaurants, Inc.	Preferred stock	N/A	N/A	N/A	199	945	0.2		1,430
Sneaker Villa, Inc.	LLC interest	N/A	N/A	N/A	4	411	0.1		511
Vision Source L.P.	Common stock	N/A	N/A	N/A	9	386	0.1		760
Vision Source L.P.	Common stock	N/A	N/A	N/A	-	-	-		-
						7,062	1.3		9,684
Telecommunications									
ITC Global, Inc.	Preferred stock	N/A	N/A	N/A	17	311	0.1		311
Textiles and Leather									
Southern Tide, LLC	LLC interest	N/A	N/A	N/A	2	191	-		191
Total equity investments United States						$44,534	7.5	%	$54,761
Total United States						$1,337,580	183.9	%	$1,347,612
Total Investments						$1,337,580	183.9	%	$1,347,612
Cash, Restricted Cash and Cash Equivalents									
Cash and Restricted Cash						$42,744	5.8	%	$42,744
US Bank Money Market Account (cusip 9AMMF05B2)						37,199	5.1		37,199
Total Cash, Restricted Cash and Cash Equivalents						$79,943	10.9	%	$79,943

Total Investments and Cash, Restricted Cash and Cash Equivalents	$1,417,523	194.80 %	$1,427,555

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

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

(1) The majority of the investments bear interest at a rate that may be determined by reference to London Interbank Offered Rate ("LIBOR" or "L") or Prime ("P") and which reset daily, quarterly or semiannually. For each, the Company has provided the spread over LIBOR or Prime and the weighted average current interest rate in effect as of September 30, 2014. Certain investments are subject to a LIBOR or Prime interest rate floor. For fixed rate loans, a spread above a reference rate is not applicable.

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

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

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

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

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

(7) As defined in the 1940 Act, the Company is deemed to be both an "Affiliated Person" of and "Control" this portfolio company as the Company owns more than 25% of the portfolio company's outstanding voting securities or has the power to exercise control over management or policies of such portfolio company (including through a management agreement). See Note 5 in the accompanying notes to the consolidated financial statements for transactions during the year ended September 30, 2014 in which the issuer was both an Affiliated Person and a portfolio company that the Company is deemed to Control.

(8) The investment is treated as a non-qualifying asset under Section 55(a) of the 1940 Act. Under the 1940 Act, the Company may not acquire any any non-qualifying asset unless, at the time the acquisition is made, qualifying assets represent at least 70% of the Company's total assets.

(9) Non-income producing securities.

(10) As defined in the 1940 Act, the Company is deemed to be an "Affiliated Person" of the portfolio company as the Company along with affiliated entities owns five percent or more of the portfolio company's voting securities. See Note 5 in the accompanying notes to the financial statements for transactions during the year ended September 30, 2014 in which the issuer was an Affiliated Person (but not a portfolio company that the Company is deemed to control).

See Notes to Consolidated Financial Statements

Golub Capital BDC, Inc. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

(In thousands, except shares and per share data)

Note 1. Organization

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

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

Note 2. Significant Accounting Policies and Recent Accounting Updates

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

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

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

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

Golub Capital BDC, Inc. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

(In thousands, except shares and per share data)

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

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

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

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

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

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

Revenue recognition:

Investments and related investment income: Interest income is accrued based upon the outstanding principal amount and contractual interest terms of debt investments. For the three and nine months ended June 30, 2015, the Company earned interest of $29,838 and $84,646, respectively. For the three and nine months ended June 30, 2014, the Company earned interest of $26,035 and $75,491, respectively. As of June 30, 2015 and September 30, 2014, the Company had interest receivable of $5,468 and $5,791, respectively.

Golub Capital BDC, Inc. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

(In thousands, except shares and per share data)

Loan origination fees, original issue discount and market discount or premium are capitalized, and the Company accretes or amortizes such amounts over the life of the loan as interest income. For the three and nine months ended June 30, 2015, interest income included $2,587 and $6,077, respectively, of accretion of discounts. For the three and nine months ended June 30, 2014, interest income included $1,873 and $5,520, respectively, of accretion of discounts. For the three and nine months ended June 30, 2015, the Company received loan origination fees of $4,990 and $10,197, respectively. For the three and nine months ended June 30, 2014, the Company received loan origination fees of $2,205 and $7,695, respectively.

For investments with contractual payment-in-kind ("PIK") interest, which represents contractual interest accrued and added to the principal balance that generally becomes due at maturity, the Company will not accrue PIK interest if the portfolio company valuation indicates that the PIK interest is not collectible. For the three and nine months ended June 30, 2015, the Company recorded PIK income of $252 and $1,067, respectively, and received PIK payments in cash of $86 and $465. For the three and nine months ended June 30, 2014, the Company recorded PIK income of $497 and $1,246, respectively, and received PIK payments in cash of $144 and $2,051, respectively.

In addition, the Company may generate revenue in the form of amendment, structuring or due diligence fees, fees for providing managerial assistance, consulting fees and prepayment premiums on loans. The Company records these fees as fee income when received. All other income is recorded into income when earned. For the three and nine months ended June 30, 2015, fee income included $14 and $714 of prepayment premiums, respectively. For the three and nine months ended June 30, 2014, fee income included $950 and $1,950 of prepayment premiums, respectively.

For the three and nine months ended June 30, 2015, the Company received interest and fees in cash, which excludes capitalized loan origination fees, in the amounts of $27,639 and $79,156, respectively. For the three and nine months ended June 30, 2014, the Company received interest and fees in cash, which excludes capitalized loan origination fees, in the amounts of $24,223 and $71,193, respectively.

Dividend income on preferred equity securities is recorded as dividend income on an accrual basis to the extent that such amounts are payable by the portfolio company and are expected to be collected. Dividend income on common equity securities is recorded on the record date for private portfolio companies or on the ex-dividend date for publicly traded portfolio companies. Each distribution received from limited liability company ("LLC") and limited partnership ("LP") investments is evaluated to determine if the distribution should be recorded as dividend income or a return of capital. Generally, the Company will not record distributions from equity investments in LLCs and LPs as dividend income unless there are sufficient accumulated tax-basis earnings and profits in the LLC or LP prior to the distribution. Distributions that are classified as a return of capital are recorded as a reduction in the cost basis of the investment. For the three and nine months ended June 30, 2015, the Company recorded dividend income of $492 and $887, respectively, and return of capital distributions of $34 and $42, respectively. For the three and nine months ended June 30, 2014, the Company recorded dividend income of $952 and $1,230, respectively, and return of capital distributions of $2,095 and $4,393, 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.

Golub Capital BDC, Inc. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

(In thousands, except shares and per share data)

Non-accrual loans: A loan may be left on accrual status during the period the Company is pursuing repayment of the loan. Management reviews all loans that become 90 days or more past due on principal and interest, or when there is reasonable doubt that principal or interest will be collected, for possible placement on non-accrual status. When a loan is placed on non-accrual status, unpaid interest credited to income is reversed. Additionally, any original issue discount and market discount are no longer accreted to interest income as of the date the loan is placed on non-accrual status. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management's judgment. Non-accrual loans are restored to accrual status when past due principal and interest is paid and, in management's judgment, payments are likely to remain current. The total fair value of non-accrual loans was $3,204 and $5 as of June 30, 2015 and September 30, 2014, respectively.

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

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

Depending on the level of taxable income earned in a tax year, the Company may choose to retain taxable income in excess of current year dividend distributions and would distribute such taxable income in the next tax year. The Company would then pay a 4% excise tax on such income, as required. To the extent that the Company determines that its estimated current year annual taxable income, determined on a calendar year basis, could exceed estimated current calendar year dividend distributions, the Company accrues excise tax, if any, on estimated excess taxable income as taxable income is earned. For the three and nine months ended June 30, 2015 and 2014, no amount was recorded for U.S. federal excise tax.

The Company accounts for income taxes in conformity with ASC Topic 740 — *Income Taxes* (“ASC Topic 740”). ASC Topic 740 provides guidelines for how uncertain tax positions should be recognized, measured, presented and disclosed in financial statements. ASC Topic 740 requires the evaluation of tax positions taken in the course of preparing the Company’s tax returns to determine whether the tax positions are “more-likely-than-not” to be sustained by the applicable tax authority. Tax benefits of positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense in the current year. It is the Company’s policy to recognize accrued interest and penalties related to uncertain tax benefits in income tax expense. There were no material uncertain income tax positions through June 30, 2015. The 2011 through 2014 tax years remain subject to examination by U.S. federal and most state tax authorities.

Dividends and distributions: Dividends and distributions to common stockholders are recorded on the ex-dividend 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.

Golub Capital BDC, Inc. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

(In thousands, except shares and per share data)

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 ("NAV") 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 NAV 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 NAV 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 NAV per share of common stock).

Share repurchase plan: The Company has a a share repurchase program (the "Program") which allows the Company to repurchase up to $50,000 of the Company's outstanding common stock on the open market at prices below the Company's NAV as reported in its most recently published consolidated financial statements. The Board most recently reapproved the Program in August 2015 and the Program may be implemented at the discretion of management. The shares may be purchased from time to time at prevailing market prices, through open market transactions, including block transactions. The Company did not make any repurchases of its common stock during the three and nine months ended June 30, 2015.

Deferred financing costs: Deferred financing costs represent fees and other direct incremental costs incurred in connection with the Company's borrowings. As of June 30, 2015 and September 30, 2014, the Company had deferred financing costs of $7,772 and $9,515, respectively. These amounts are amortized and included in interest expense in the consolidated statements of operations over the estimated average life of the borrowings. Amortization expense for the three and nine months ended June 30, 2015 was $1,117 and $3,252, respectively. Amortization expense for the three and nine months ended June 30, 2014 was $1,127 and $2,026 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 June 30, 2015 and September 30, 2014, deferred offering costs, which are included in other assets on the consolidated statements of financial condition, were $174 and $247, respectively.

Golub Capital BDC, Inc. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

(In thousands, except shares and per share data)

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

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

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

In May 2015, FASB issued ASU 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, which removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. This guidance is effective for annual reporting periods, and the interim periods within those periods, beginning after December 15, 2015. The Company is currently evaluating the impact this ASU will have on its consolidated financial statements.

Note 3. Related Party Transactions

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

The base management fee is calculated at an annual rate equal to 1.375% of average adjusted gross assets at the end of the two most recently completed calendar quarters (including assets purchased with borrowed funds and securitization-related assets, leverage, unrealized depreciation or appreciation on derivative instruments and cash collateral on deposit with custodian but adjusted to exclude cash and cash equivalents so that investors do not pay the base management fee on such assets) and is payable quarterly in arrears. Additionally, the Investment Adviser is voluntarily excluding assets funded with secured borrowing proceeds from the base management fee. The base management fee is adjusted, based on the actual number of days elapsed relative to the total number of days in such calendar quarter, for any share issuances or repurchases during such calendar quarter. For purposes of the Investment Advisory Agreement, cash equivalents means U.S. government securities and commercial paper instruments maturing within 270 days of purchase (which is different than the GAAP definition, which defines cash equivalents as U.S. government securities and commercial paper instruments maturing within 90 days of purchase). To the extent that the Investment Adviser or any of its affiliates provides investment advisory, collateral management or other similar services to a subsidiary of the Company, the base management fee will be reduced by an amount equal to the product of (1) the total fees paid to the Investment Adviser by such subsidiary for such services and (2) the percentage of such subsidiary's total equity, including membership interests and any class of notes not exclusively held by one or more third parties, that is owned, directly or indirectly, by the Company.

Golub Capital BDC, Inc. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

(In thousands, except shares and per share data)

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

The Company accomplishes this limitation by subjecting each quarterly Incentive Fee payable under the Income and Capital Gain Incentive Fee Calculation (as defined below) to a cap (the "Incentive Fee Cap"). The Incentive Fee Cap in any quarter is equal to the difference between (a) 20.0% of Cumulative Pre-Incentive Fee Net Income and (b) cumulative Incentive Fees of any kind paid to the Investment Adviser by GBDC since April 13, 2010. To the extent the Incentive Fee Cap is zero or a negative value in any quarter, no Incentive Fee would be payable in that quarter. If, for any relevant period, the Incentive Fee Cap calculation results in the Company paying less than the amount of the Incentive Fee calculated above, then the difference between the Incentive Fee and the Incentive Fee Cap will not be paid by GBDC and will not be received by the Investment Adviser as an Incentive Fee either at the end of such relevant period or at the end of any future period. "Cumulative Pre-Incentive Fee Net Income" is equal to the sum of (a) Pre-Incentive Fee Net Investment Income (as defined below) for each period since April 13, 2010 and (b) cumulative aggregate realized capital gains, cumulative aggregate realized capital losses, cumulative aggregate unrealized capital depreciation and cumulative aggregate unrealized capital appreciation since April 13, 2010.

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

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

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

For the three and nine months ended June 30, 2015, the Income Incentive Fee incurred was $1,651 and $3,803, respectively. For the three and nine months ended June 30, 2014, the Income Incentive Fee incurred was $1,607 and $6,295, respectively.

Pre-Incentive Fee Net Investment Income does not include any realized capital gains, realized capital losses or unrealized capital appreciation or depreciation. Because of the structure of the Income Incentive Fee, it is possible that an Incentive Fee may be calculated under this formula with respect to a period in which the Company has incurred a loss. For example, if the Company receives Pre-Incentive Fee Net Investment Income in excess of the hurdle rate (as defined below) for a calendar quarter, the Income Incentive Fee will result in a positive value and an Incentive Fee will be paid unless the payment of such Incentive Fee would cause the Company to pay Incentive Fees on a cumulative basis that exceed the Incentive Fee Cap. Pre-Incentive Fee Net Investment Income, expressed as a rate of return on the value of the Company’s net assets (defined as total assets less indebtedness and before taking into account any Incentive Fees payable during the period) at the end of the immediately preceding calendar quarter, is compared to a fixed “hurdle rate” of 2.0% quarterly. If market interest rates rise, the Company may be able to invest funds in debt instruments that provide for a higher return, which would increase Pre-Incentive Fee Net Investment Income and make it easier for the Investment Adviser to surpass the fixed hurdle rate and receive an Incentive Fee based on such net investment income.

Golub Capital BDC, Inc. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

(In thousands, except shares and per share data)

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 the Company's Pre-Incentive Fee Net Investment Income exceeds 2.5% in any calendar quarter; and
- 20.0% of the amount of the Company's Pre-Incentive Fee Net Investment Income, if any, that exceeds 2.5% in any calendar quarter.

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

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

.

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

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

Golub Capital BDC, Inc. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

(In thousands, except shares and per share data)

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

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

The Capital Gain Incentive Fee payable as calculated under the Investment Advisory Agreement (as described above) for the three and nine months ended June 30, 2015 and 2014 was $0 and $0, respectively. However, in accordance with GAAP, we are required to include the aggregate unrealized capital appreciation on investments in the calculation and accrue a capital gain incentive fee on a quarterly basis, as if such unrealized capital appreciation were realized, even though such unrealized capital appreciation is not permitted to be considered in calculating the fee actually payable under the Investment Advisory Agreement. If the Capital Gain Incentive Fee Base, adjusted as required by GAAP to include unrealized appreciation, is positive at the end of a period, then GAAP requires the Company to accrue a capital gain incentive fee equal to 20% of such amount, less the aggregate amount of the actual Capital Gain Incentive Fees paid and capital gain incentive fees accrued under GAAP in all prior periods. If such amount is negative, then there is no accrual for such period. The resulting accrual under GAAP in a given period may result in additional expense if such cumulative amount is greater than in the prior period or a reversal of previously recorded expense if such cumulative amount is less than in the prior period. There can be no assurance that such unrealized capital appreciation will be realized in the future. From inception through June 30, 2015, the Company has not made any Capital Gain Incentive Fee payments. For the three and nine months ended June 30, 2015, the Company accrued a capital gain incentive fee under GAAP of $732 and $1,909, respectively. For the three and nine months ended June 30, 2014, the Company did not accrue a capital gain incentive fee under GAAP.

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

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

Included in accounts payable and accrued expenses is $575 and $548 as of June 30, 2015 and September 30, 2014, respectively, for accrued allocated shared services under the Administration Agreement. The administrative service fee expense under the Administration Agreement for the three and nine months ended June 30, 2015 was $575 and $1,766, respectively. The administrative service fee expense under the Administration Agreement for the three and nine months ended June 30, 2014 was $655 and $1,979, respectively.

Other related party transactions: The Administrator pays for certain unaffiliated third-party expenses incurred by the Company. Such expenses include postage, printing, office supplies and rating agency fees. These expenses are not marked-up and represent the same amount the Company would have paid had the Company paid the expenses directly. These expenses are subsequently reimbursed in cash.

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

Total expenses reimbursed to the Administrator during the three and nine months ended June 30, 2015 were $224 and $681, respectively. Total expenses reimbursed to the Administrator during the three and nine months ended June 30, 2014 were $0 and $801, respectively.

As of June 30, 2015 and September 30, 2014, included in accounts payable and accrued expenses were $279 and $156, respectively, for accrued expenses paid on behalf of the Company by the Administrator.

During the three and nine months ended June 30, 2015, the Company sold $102,776 and $201,977, respectively, of investment commitments to SLF at fair value. During the three and nine months ended June 30, 2014, the Company sold $0 of investment commitments to SLF at fair value.

Note 4. Investments

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

	As of June 30, 2015			As of September 30, 2014		
	Par	Cost	Fair Value	Par	Cost	Fair Value
Senior secured	$226,201	$223,545	$224,140	$268,136	$265,042	$262,859
One stop	1,180,831	1,164,706	1,161,970	952,359	939,765	940,729
Second lien	39,923	39,437	39,934	59,902	59,086	59,964
Subordinated debt	1,707	1,707	1,625	3,584	3,564	3,710
Subordinated notes in SLF [(1)]	65,864	65,864	65,864	25,589	25,589	25,589
LLC equity interests in SLF [(1)]	N/A	21,875	22,001	N/A	9,318	9,242
Equity	N/A	40,220	55,153	N/A	35,216	45,519
Total	$1,514,526	$1,557,354	$1,570,687	$1,309,570	$1,337,580	$1,347,612

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

Golub Capital BDC, Inc. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

(In thousands, except shares and per share data)

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

	As of June 30, 2015		As of September 30, 2014	
Cost:				
United States				
Mid-Atlantic	$369,554	23.7 %	$306,582	22.9 %
Midwest	300,786	19.3	274,923	20.6
West	280,228	18.0	288,915	21.6
Southeast	370,351	23.8	283,935	21.2
Southwest	125,007	8.0	116,105	8.7
Northeast	111,428	7.2	67,120	5.0
Total	$1,557,354	100.0%	$1,337,580	100.0%
Fair Value:				
United States				
Mid-Atlantic	$365,929	23.3 %	$302,159	22.4 %
Midwest	304,584	19.4	278,527	20.7
West	285,242	18.1	291,587	21.6
Southeast	372,381	23.7	288,565	21.4
Southwest	128,339	8.2	117,923	8.8
Northeast	114,212	7.3	68,851	5.1
Total	$1,570,687	100.0%	$1,347,612	100.0%

Golub Capital BDC, Inc. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

(In thousands, except shares and per share data)

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

	As of June 30, 2015		As of September 30, 2014	
Cost:				
Aerospace and Defense	$77,694	5.0 %	$75,696	5.6 %
Automobile	29,885	1.9	14,630	1.1
Banking	17,162	1.1	17,292	1.3
Beverage, Food and Tobacco	137,958	8.9	119,912	9.0
Broadcasting and Entertainment	7,289	0.5	-	-
Buildings and Real Estate	31,836	2.0	28,502	2.1
Cargo Transport	-	-	1,942	0.1
Chemicals, Plastics and Rubber	6,178	0.4	-	-
Containers, Packaging and Glass	31,517	2.0	31,136	2.3
Diversified Conglomerate Manufacturing	84,961	5.5	73,053	5.5
Diversified Conglomerate Service	201,802	13.0	167,034	12.5
Electronics	136,428	8.8	107,274	8.0
Finance	10,054	0.7	13,059	1.0
Grocery	21,659	1.4	18,056	1.3
Healthcare, Education and Childcare	225,939	14.5	224,961	16.8
Home and Office Furnishings, Housewares and Durable Consumer	23,042	1.5	6,897	0.5
Hotels, Motels, Inns, and Gaming	5,189	0.3	-	-
Insurance	26,531	1.7	19,547	1.5
Investment Funds and Vehicles	87,739	5.6	34,907	2.6
Leisure, Amusement, Motion Pictures and Entertainment	42,571	2.7	55,126	4.1
Mining, Steel, Iron and Non-Precious Metals	5,051	0.3	5,136	0.4
Oil and Gas	1,257	0.1	1,310	0.1
Personal and Non-Durable Consumer Products	40,158	2.6	32,065	2.4
Personal, Food and Miscellaneous Services	49,966	3.2	39,815	3.0
Personal Transportation	-	-	-	-
Printing and Publishing	32,161	2.1	30,495	2.3
Retail Stores	198,442	12.7	186,067	13.9
Telecommunications	14,534	0.9	24,865	1.9
Textiles and Leather	5,236	0.3	5,266	0.4
Utilities	5,115	0.3	3,537	0.3
Total	$1,557,354	100.0%	$1,337,580	100.0%

As of June 30, 2015

			As of September 30, 2014	
Fair Value:				
Aerospace and Defense	$74,257	4.7 %	$74,470	5.5 %
Automobile	30,255	1.9	14,546	1.1
Banking	17,090	1.1	17,245	1.3
Beverage, Food and Tobacco	139,825	8.9	119,610	8.9
Broadcasting and Entertainment	7,348	0.5	-	-
Buildings and Real Estate	32,244	2.1	28,703	2.1
Cargo Transport	-	-	1,923	0.1
Chemicals, Plastics and Rubber	6,243	0.4	-	-
Containers, Packaging and Glass	32,766	2.1	32,500	2.4
Diversified Conglomerate Manufacturing	85,624	5.5	74,058	5.5
Diversified Conglomerate Service	204,839	13.0	170,397	12.6
Electronics	138,121	8.8	108,695	8.1
Finance	10,301	0.7	10,530	0.8
Grocery	21,776	1.4	18,267	1.3
Healthcare, Education and Childcare	227,465	14.5	227,144	16.8
Home and Office Furnishings, Housewares and Durable Consumer	21,492	1.4	5,241	0.4
Hotels, Motels, Inns, and Gaming	5,186	0.3	-	-
Insurance	26,673	1.7	19,844	1.5
Investment Funds and Vehicles	87,865	5.6	34,830	2.6
Leisure, Amusement, Motion Pictures and Entertainment	40,801	2.6	53,922	4.0
Mining, Steel, Iron and Non-Precious Metals	5,086	0.3	5,182	0.4
Oil and Gas	1,273	0.1	1,325	0.1
Personal and Non-Durable Consumer Products	41,132	2.6	32,620	2.4
Personal, Food and Miscellaneous Services	50,586	3.2	40,194	3.0
Personal Transportation	-	-	1,599	0.1
Printing and Publishing	32,619	2.1	30,910	2.3
Retail Stores	204,551	13.0	189,857	14.1
Telecommunications	14,774	0.9	25,098	1.9
Textiles and Leather	5,304	0.3	5,319	0.4
Utilities	5,191	0.3	3,583	0.3
Total	$1,570,687	100.0%	$1,347,612	100.0%

Golub Capital BDC, Inc. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

(In thousands, except shares and per share data)

Senior Loan Fund LLC:

The Company co-invests with RGA Reinsurance Company ("RGA") in senior secured loans through SLF, an unconsolidated Delaware LLC. SLF is capitalized as transactions are completed and all portfolio and investment decisions in respect to SLF must be approved by the SLF investment committee consisting of two representatives of each of the Company and RGA (with unanimous approval required from (i) one representative of each of the Company and RGA or (ii) both representatives of each of the Company and RGA). SLF may cease making new investments upon notification of either representative but operations will continue until all investments have been sold or paid-off in the normal course of business. Investments at SLF are measured at fair value using the same valuation methodologies as described in Note 6.

SLF is capitalized with subordinated notes and LLC equity interest subscriptions from its members. As of June 30, 2015, the Company and RGA owned 87.5% and 12.5%, respectively, of both the outstanding subordinated notes and LLC equity interests. Additionally, SLF has entered into a senior secured revolving credit facility (as amended, the "SLF Credit Facility") with Wells Fargo Bank, N.A., through its wholly-owned subsidiary Senior Loan Fund II LLC ("SLF II") which as of June 30, 2015 allowed SLF II to borrow up to $200,000 at any one time outstanding, subject to leverage and borrowing base restrictions. As of June 30, 2015, SLF had subordinated note commitments from the Company and RGA totaling $100,000, of which approximately $75,273 and $29,245 in aggregate principal amount was funded at June 30, 2015 and September 30, 2014, respectively. As of June 30, 2015, SLF had LLC equity interest subscriptions from the Company and RGA totaling $25,000, of which approximately $25,000 and $10,649 in aggregate was called and contributed as of June 30, 2015 and September 30, 2014, respectively.

As of June 30, 2015 and September 30, 2014, SLF had total assets at fair value of $264,902 and $107,228, respectively. As of June 30, 2015 and September 30, 2014, SLF did not have any investments on non-accrual status. The portfolio companies in SLF are in industries similar to those in which the Company may invest directly. Additionally, as of June 30, 2015 and September 30, 2014, SLF had commitments to fund various undrawn revolvers and delayed draw investments to its portfolio companies totaling $20,607 and $10,136, respectively.

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

	As of June 30, 2015	As of September 30, 2014
Senior secured loans [1]	$256,710	$ 103,695
Weighted average current interest rate on senior secured loans [2]	5.7 %	5.2 %
Number of borrowers in SLF	54	31
Largest loan to a single borrower [1]	$12,000	$ 8,229
Total of five largest loans to borrowers [1]	$56,957	$ 31,132

(1) At principal/par amount.

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

Golub Capital BDC, Inc. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

(In thousands, except shares and per share data)

SLF Loan Portfolio as of June 30, 2015

Portfolio Company	Business Description	S
1011778 B.C. ULC (New Red Finance/Burger King)	Beverage, Food and Tobacco	S
5.11, Inc. [3]	Textiles and Leather	S
Acosta, Inc.	Diversified/Conglomerate Service	S
ACTIVE Network, Inc.	Electronics	S
Aderant North America, Inc.	Diversified/Conglomerate Service	S
Advanced Pain Management Holdings, Inc.	Healthcare, Education and Childcare	S
Advanced Pain Management Holdings, Inc.	Healthcare, Education and Childcare	S
Advanced Pain Management Holdings, Inc. [4]	Healthcare, Education and Childcare	S
Affordable Care Inc.	Personal, Food and Miscellaneous Services	S
ARG IH Corporation	Beverage, Food and Tobacco	S
Arise Virtual Solutions, Inc. [3]	Telecommunications	S
Atkins Nutritionals, Inc [3]	Beverage, Food and Tobacco	S
Atrium Innovations	Personal and Non Durable Consumer Products	S
BJ's Wholesale Club, Inc.	Retail Stores	S
BMC Software, Inc.	Electronics	S
Brickman Group Ltd. LLC	Farming and Agriculture	S
C.B. Fleet Company, Incorporated	Personal and Non Durable Consumer Products	S
C.B. Fleet Company, Incorporated	Personal and Non Durable Consumer Products	S
CLP Healthcare Services, Inc.	Healthcare, Education and Childcare	S
Connect Merger Sub, Inc.	Telecommunications	S
CPI Buyer, LLC (Cole-Parmer) [3]	Healthcare, Education and Childcare	S
Curo Health Services LLC [3]	Healthcare, Education and Childcare	S
DentMall MSO, LLC	Retail Stores	S
DentMall MSO, LLC	Retail Stores	S
Dialysis Newco, Inc.	Healthcare, Education and Childcare	S
DISA Holdings Acquisition Subsidiary Corp.	Diversified/Conglomerate Service	S
DISA Holdings Acquisition Subsidiary Corp. [4]	Diversified/Conglomerate Service	S
EAG, INC. (Evans Analytical Group)	Diversified/Conglomerate Service	S
Federal-Mogul Corporation	Automobile	S
GSDM Holdings Corp. [3]	Healthcare, Education and Childcare	S
Hygenic Corporation, The [3]	Personal and Non Durable Consumer Products	S
ILC Industries, Inc. (Data Device) [3]	Aerospace and Defense	S
Joerns Healthcare, LLC	Healthcare, Education and Childcare	S
K&N Engineering, Inc. [3]	Automobile	S
K&N Engineering, Inc. [3]	Automobile	S

K&N Engineering, Inc. [3]	Automobile	S
Mister Car Wash Holdings, Inc.	Automobile	S
National Veterinary Associates, Inc.	Personal, Food and Miscellaneous Services	S
Northwestern Management Services, LLC	Healthcare, Education and Childcare	S
Northwestern Management Services, LLC	Healthcare, Education and Childcare	S
Northwestern Management Services, LLC	Healthcare, Education and Childcare	S
Octane Fitness, LLC	Leisure, Amusement, Motion Pictures, Entertainment	S
Paradigm DKD Group, LLC	Buildings and Real Estate	S
Paradigm DKD Group, LLC	Buildings and Real Estate	S
Pasternack Enterprises, Inc.	Diversified/Conglomerate Manufacturing	S
Payless ShoeSource, Inc.	Retail Stores	S
PetVet Care Centers LLC [3]	Personal, Food and Miscellaneous Services	S
PetVet Care Centers LLC [3]	Personal, Food and Miscellaneous Services	S
PowerPlan Holdings, Inc. [3]	Utilities	S
Premise Health Holding Corp. [3]	Healthcare, Education and Childcare	S
R.G. Barry Corporation	Personal, Food and Miscellaneous Services	S
Reliant Pro ReHab, LLC [3]	Healthcare, Education and Childcare	S
Renaissance Pharma (U.S.) Holdings Inc.	Healthcare, Education and Childcare	S
Renaissance Pharma (U.S.) Holdings Inc.	Healthcare, Education and Childcare	S
Rubio's Restaurants, Inc [3]	Retail Stores	S
Rug Doctor LLC [3]	Personal and Non Durable Consumer Products	S
Scientific Games International, Inc.	Hotels, Motels, Inns, and Gaming	S
Self Esteem Brands, LLC [3]	Leisure, Amusement, Motion Pictures, Entertainment	S
Smashburger Finance LLC	Beverage, Food and Tobacco	S
Smashburger Finance LLC	Beverage, Food and Tobacco	S
Syncsort Incorporated [3]	Electronics	S
Systems Maintenance Services Holding, Inc. [3]	Electronics	S
Take 5 Oil Change, L.L.C. [3]	Automobile	S
Take 5 Oil Change, L.L.C. [3]	Automobile	S
Teasdale Quality Foods, Inc.	Grocery	S
W3 Co.	Oil and Gas	S
WII Components, Inc. [3]	Home and Office Furnishings, Housewares, and Durable Consumer	S
Young Innovations, Inc. [3]	Healthcare, Education and Childcare	S
Young Innovations, Inc. [3]	Healthcare, Education and Childcare	S

(1) Represents the weighted average annual current interest rate as of June 30, 2015. All interest rates are payable in cash.

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

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

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

(5) The entire commitment was unfunded at June 30, 2015. As such, no interest is being earned on this investment.

Golub Capital BDC, Inc. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

(In thousands, except shares and per share data)

SLF Loan Portfolio as of September 30, 2014

Portfolio Company	Business Description	Securit
5.11, Inc. (3)	Textiles and Leather	Senior
ACTIVE Network, Inc.	Electronics	Senior
ARG IH Corporation (3)	Beverage, Food and Tobacco	Senior
Atrium Innovations	Personal and Non Durable Consumer Products	Senior
BJ's Wholesale Club, Inc.	Retail Stores	Senior
Blue Coat Systems, Inc.	Electronics	Senior
BMC Software, Inc.	Electronics	Senior
Brasa (Holdings) Inc.	Personal, Food and Miscellaneous Services	Senior
Connect Merger Sub, Inc.	Telecommunications	Senior
Dell, Inc.	Electronics	Senior
Dialysis Newco, Inc.	Healthcare, Education and Childcare	Senior
Diversified Foodservice Supply, Inc. (3)	Beverage, Food and Tobacco	Senior
El Pollo Loco Inc. (3)	Personal, Food and Miscellaneous Services	Senior
Federal-Mogul Corporation	Automobile	Senior
GSDM Holdings Corp. (3)	Healthcare, Education and Childcare	Senior
Nuveen Investments, Inc.	Finance	Senior
Paradigm DKD Group, LLC	Buildings and Real Estate	Senior
Paradigm DKD Group, LLC	Buildings and Real Estate	Senior
Paradigm Management Services, LLC (3)	Healthcare, Education and Childcare	Senior
Payless ShoeSource, Inc.	Retail Stores	Senior
Plano Molding Company, LLC (3)	Home and Office Furnishings, Housewares, and Durable Consumer	Senior
Print Payroll Services, LLC	Diversified Conglomerate Service	Senior
Rug Doctor LLC (3)	Personal and Non Durable Consumer Products	Senior
Rug Doctor LLC (3)	Personal and Non Durable Consumer Products	Senior
Scientific Games International, Inc.	Hotels, Motels, Inns, and Gaming	Senior
Self Esteem Brands, LLC (3)	Leisure, Amusement, Motion Pictures, Entertainment	Senior
Smashburger Finance LLC	Beverage, Food and Tobacco	Senior
Syncsort Incorporated (3)	Electronics	Senior
Systems Maintenance Services Holding, Inc. (3)	Electronics	Senior
Take 5 Oil Change, L.L.C. (3)	Automobile	Senior
U.S. Water Services, Inc.	Utilities	Senior
U.S. Water Services, Inc.	Utilities	Senior
U.S. Water Services, Inc.	Utilities	Senior
W3 Co.	Oil and Gas	Senior
WII Components, Inc. (3)	Home and Office Furnishings, Housewares, and Durable Consumer	Senior

WII Components, Inc. (3) (4)	Home and Office Furnishings, Housewares, and Durable Consumer	Senior

(1) Represents the weighted average annual current interest rate as of September 30, 2014. All interest rates are payable in cash.
(2) Represents the fair value in accordance with ASC Topic 820. The determination of such fair value is not included in the Board's valuation process described elsewhere herein.
(3) The Company also holds a portion of the first lien senior secured loan in this portfolio company.
(4) The negative fair value is the result of the unfunded commitment being valued below par.
(5) The entire commitment was unfunded at September 30, 2014. As such, no interest is being earned on this investment.

The Company has committed to fund $87,500 of subordinated notes and $21,875 of LLC equity interest subscriptions to SLF. The amortized cost and fair value of the subordinated notes held by the Company was $65,864 and $65,864, respectively, as of June 30, 2015, and $25,589 and $25,589, respectively, as of September 30, 2014. As of June 30, 2015, the subordinated notes pay a weighted average interest rate of three-month London Interbank Offered Rate (“LIBOR”) plus 8.0%. For the three and nine months ended June 30, 2015, the Company earned interest income on the subordinated notes of $1,056 and $2,258, respectively. For the three and nine months ended June 30, 2014, the Company earned interest income on the subordinated notes of $594 and $1,331, respectively. As of June 30, 2015 and September 30, 2014, $21,875 and $9,318 of the Company’s LLC equity interest subscriptions to SLF had been called and contributed. For the three and nine months ended June 30, 2015, the Company received $418 and $732 in dividend income from the SLF LLC equity interests, respectively. For the three and nine months ended June 30, 2014, the Company received $0 and $0 in dividend income from the SLF LLC equity interests, respectively.

Golub Capital BDC, Inc. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

(In thousands, except shares and per share data)

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

	As of June 30, 2015	As of September 30, 2014
Selected Balance Sheet Information:		
Investments in loans receivable, at fair value	$ 255,523	$ 103,296
Cash and other assets	7,399	3,932
Receivable from investments sold	1,980	-
Total assets	$ 264,902	$ 107,228
Senior credit facility	$ 159,455	$ 66,600
Payable for open trades	4,626	-
Other liabilities	404	822
Total liabilities	164,485	67,422
Subordinated notes and members' equity	100,417	39,806
Total liabilities and net assets	$ 264,902	$ 107,228

	Three months ended June 30,		**Nine months ended June 30,**	
	2015	2014	2015	2014
Selected Statement of Operations Information:				
Interest income	$ 3,091	$ 1,275	$ 6,732	$ 2,386
Fee income	-	2	4	4
Total investment income	3,091	1,277	6,736	2,390
Interest expense	2,162	1,064	4,678	2,019
Administrative service fee	70	60	166	112
Management and incentive fees	-	-	-	-
Other expenses	29	33	77	67
Total expenses	2,261	1,157	4,921	2,198
Net investment income	830	120	1,815	192
Net realized gains (losses) on investments and subordinated notes	9	-	9	-
Net change in unrealized appreciation (depreciation) on investments and subordinated notes	(383)	114	(755)	241
Net increase (decrease) in net assets	$ 456	$ 234	$ 1,069	$ 433

41

Golub Capital BDC, Inc. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

(In thousands, except shares and per share data)

Note 5. Transactions with Affiliated Companies

An affiliated company is a company in which the Company has an ownership of 5% or more of its voting securities. A controlled affiliate is a company in which the Company owns more than 25% of its voting securities. Transactions related to our investments with both controlled and non-controlled affiliates for the nine months ended June 30, 2015 were as follows:

Portfolio Company	Fair value at September 30, 2014	Purchases (cost)	Redemptions (cost)	Sales (cost)	Discount accretion	Net realized gains / (losses)	Net unrealized gains / (losses)	Fair value at June 30, 2015	Interest and fee income	Dividend income
Controlled Affiliates										
Senior Loan Fund LLC *	$ 34,831	$ 52,831	$ -	$ -	$ -	$ -	$ 203	$ 87,865	$ 2,258	$ 732
Non-Controlled Affiliates										
Barcelona Restaurants, LLC	3,080	-	-	-	-	-	727	3,807	-	-
Total Controlled and Non-Controlled Affiliates	$ 37,911	$ 52,831	$ -	$ -	$ -	$ -	$ 930	$ 91,672	$ 2,258	$ 732

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

Note 6. Fair Value Measurements

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

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

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

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

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an asset's or a liability's categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability. The Company assesses the levels of assets and liabilities at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfers. There were no transfers among Level 1, 2 and 3 of the fair value hierarchy for assets and liabilities during the three and nine months ended June 30, 2015 and 2014. The following section describes the valuation techniques used by the Company to measure different assets and liabilities at fair value and includes the level within the fair value hierarchy in which the assets and liabilities are categorized.

Golub Capital BDC, Inc. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

(In thousands, except shares and per share data)

Investments

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

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

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

For the Company's investment in SLF LLC equity interests, SLF follows the same valuation policies for investments in Level 3 investments as described above. SLF holds Level 3 debt investments. Additionally, SLF has elected to fair value Level 3 subordinated notes and secured borrowings. Fair value accounting standards permit an entity to choose to measure many financial instruments and certain other items at fair value, with unrealized gains and losses in earnings at each reporting period.

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

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

Golub Capital BDC, Inc. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

(In thousands, except shares and per share data)

Secured Borrowings

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

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

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

As of June 30, 2015:	Fair Value Measurements Using			
Description	Level 1	Level 2	Level 3	Total
Assets:				
Debt investments[1]	$-	$ -	$1,493,533	$1,493,533
Equity investments[1]	-	-	77,154	77,154
Money market funds [1][2]	26,581	-	-	26,581
Total assets:	$26,581	$ -	$1,570,687	$1,597,268
Secured borrowings:	$-	$ -	$363	$363

As of September 30, 2014:	Fair Value Measurements Using			
Description	Level 1	Level 2	Level 3	Total
Assets:				

Debt investments[1]	$-	$ -	$1,292,851	$1,292,851
Equity investments[1]	-	-	54,761	54,761
Money market funds [1][2]	37,199	-	-	37,199
Total assets:	$37,199	$ -	$1,347,612	$1,384,811
Secured borrowings:	$-	$ -	$389	$389

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

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

44

Golub Capital BDC, Inc. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

(In thousands, except shares and per share data)

The net change in unrealized appreciation (depreciation) for the three and nine months ended June 30, 2015 reported within the net change in unrealized appreciation (depreciation) on investments in the Company's consolidated statements of operation attributable to the Company's Level 3 assets held as of June 30, 2015 was $4,056 and $8,074, respectively. The net change in unrealized appreciation (depreciation) for the three and nine months ended June 30, 2014 reported within the net change in unrealized appreciation (depreciation) on investments in the Company's consolidated statements of operation attributable to the Company's Level 3 assets held as of June 30, 2014 was $4,434 and $7,554, respectively.

The following table presents the changes in investments and secured borrowings measured at fair value using Level 3 inputs for the nine months ended June 30, 2015 and 2014:

	For the nine months ended June 30, 2015			
	Debt Investments	Equity Investments	Total Investments	Secured borrowings
Fair value, beginning of period	$1,292,851	$ 54,761	$ 1,347,612	$ 389
Net change in unrealized appreciation (depreciation) on investments	(1,535)	4,836	3,301	-
Net change in unrealized appreciation (depreciation) on secured borrowings	-	-	-	(1)
Realized gain (loss) on investments	(1,229)	5,732	4,503	-
Fundings of revolving loans, net	2,865	-	2,865	-
Fundings of investments	647,577	19,519	667,096	-
PIK interest	748	-	748	-
Proceeds from principal payments and sales of portfolio investments	(453,821)	(7,694)	(461,515)	-
Repayments on secured borrowings	-	-	-	(26)
Accretion of discounts and amortization of premiums	6,077	-	6,077	1
Fair value, end of period	$1,493,533	$ 77,154	$ 1,570,687	$ 363

For the Nine months ended June 30, 2014

	Debt Investments	Equity Investments	Total Investments	Secured borrowings
Fair value, beginning of period	$990,172	$ 34,473	$ 1,024,645	$ 8,809
Net change in unrealized appreciation on investments	152	8,349	8,501	-
Net change in unrealized appreciation on secured borrowings	-	-	-	74
Realized gain / (loss) gain on investments	(4,434)	(472)	(4,906)	-
Fundings of revolving loans, net	(2,363)	-	(2,363)	-
Fundings of investments	569,950	10,572	580,522	-
PIK interest	(251)	-	(251)	-
Proceeds from principal payments and sales of portfolio investments	(282,385)	(4,393)	(286,778)	-
Proceeds from secured borrowings	-	-	-	26,082
Repayments on secured borrowings	-	-	-	(14,770)
Amortization of discount and premium	5,520	-	5,520	69
Fair value, end of period	$1,276,361	$ 48,529	$ 1,324,890	$ 20,264

45

Golub Capital BDC, Inc. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

(In thousands, except shares and per share data)

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

Quantitative information about Level 3 Fair Value Measurements

	Fair value as of June 30, 2015	Valuation Techniques	Unobservable Input	Range (Weighted Average)
Assets:				
Senior secured loans [1][2]	$180,985	Market rate approach	Market interest rate	4.5% - 48.5% (6.2%)
		Market comparable companies	EBITDA multiples	4.0x - 19.8x (10.9x)
Subordinated Notes of SLF	$65,864	Discounted cash flow analysis	Discount rate	8.2%
One stop loans [1][3][4]	$1,119,488	Market rate approach	Market interest rate	5.0% - 25.5% (7.6%)
		Market comparable companies	EBITDA multiples [5]	4.5x - 30.0x (10.6x)
			Revenue multiples [5]	1.5x - 11.0x (4.6x)
Subordinated and second lien loans [1][6]	$20,353	Market rate approach	Market interest rate	9.0% - 17.0% (9.6%)
		Market comparable companies	EBITDA multiples	7.5x - 16.3x (12.9x)
Equity securities [7]	$55,153	Market comparable companies	EBITDA multiples [8]	4.0x - 19.8x (10.7x)
			Revenue multiples [8]	2.0x - 5.0x (3.0x)
Liabilities:				
Secured borrowings [9]	$363	Market rate approach	Market interest rate	6.0%
		Market comparable companies	EBITDA multiples	30.0x

(1) The fair value of this asset class was determined using the market rate approach as the investments in this asset class were determined not to be credit impaired using the market comparable companies approach. The unobservable inputs for both valuation techniques have been presented, but the fair value as of June 30, 2015 was determined using the market rate approach.

(2) Excludes $43,155 of loans at fair value, which the Company valued using indicative bid and ask prices provided by an independent third party pricing service.

(3) Excludes $39,278 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 $3,204 of non-accrual loans at fair value, which the Company valued on a liquidation basis.

(5) The Company valued $952,756 and $166,732 of one stop loans using EBITDA and revenue multiples, respectively. All one stop loans were also valued using the market rate approach.

(6) Excludes $21,206 of loans at fair value, which the Company valued using indicative bid and ask prices provided by an independent third party pricing service.

(7) Excludes $22,001 of LLC equity interests in SLF at fair value, which the Company valued using the net asset value.

(8) The Company valued $51,777 and $3,376 of equity investments using EBITDA and revenue multiples, respectively.

(9) The fair value of the secured borrowings was determined using the market rate approach as the corresponding investments were determined not to be credit impaired using the market comparable companies approach. The unobservable inputs for both valuation techniques have been presented, but the fair value as of June 30, 2015 was determined using the market rate approach.

Golub Capital BDC, Inc. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

(In thousands, except shares and per share data)

Quantitative information about Level 3 Fair Value Measurements

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

			Revenue multiples (10)	2.8x - 3.8x (3.5x)
Liabilities:				
Secured borrowings (11)	$ 389	Market rate approach	Market interest rate	6.0%
		Market comparable companies	EBITDA multiples	30.0x

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

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

(3) Excludes $5 of non-accrual loans at fair value, which the Company valued on a liquidation basis.

(4) The Company valued $180,334 and $47,097 of senior secured loans using EBITDA and revenue multiples, respectively. All senior secured loans were also valued using the market rate approach.

(5) Excludes $55,280 of loans at fair value, which the Company valued using indicative bid and ask prices provided by an independent third party pricing service.

(6) Excludes $1,867 of loans at fair value, which the Company valued on a liquidation basis.

(7) The Company valued $800,306 and $83,276 of one stop loans using EBITDA and revenue multiples, respectively. All one stop loans were also valued using the market rate approach.

(8) Excludes $21,256 of loans at fair value, which the Company valued using indicative bid and ask prices provided by an independent third party pricing service.

(9) Excludes $9,242 of LLC equity interests in SLF at fair value, which the Company valued using the net asset value.

(10) The Company valued $43,518 and $2,001 of equity securities using EBITDA and revenue multiples, respectively.

(11) The fair value of the secured borrowings was determined using the market rate approach as the corresponding investments were determined not to be credit impaired using the market[9] comparable companies approach. The unobservable inputs for both valuation techniques have been presented, but the fair value as of September 30, 2014 was determined using the market rate approach.

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

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

Other Financial Assets and Liabilities

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

Golub Capital BDC, Inc. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

(In thousands, except shares and per share data)

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

	As of June 30, 2015		As of September 30, 2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Debt	$823,100	$822,183	$697,150	$693,869

Note 7. Borrowings

In accordance with the 1940 Act, with certain limited exceptions, the Company is only allowed to borrow amounts such that its asset coverage, as defined in the 1940 Act, is at least 200% after such borrowing. On September 13, 2011, the Company received exemptive relief from the SEC allowing it to modify the asset coverage requirement to exclude the SBA debentures from this calculation. As such, the Company's ratio of total consolidated assets to outstanding indebtedness may be less than 200%. This provides the Company with increased investment flexibility but also increases its risks related to leverage. As of June 30, 2015, the Company's asset coverage for borrowed amounts was 233.5%.

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

On June 25, 2015, the Company and the 2010 Issuer amended the 2010 Debt Securitization to, among other things, (a) extend the reinvestment period two years to July 20, 2017, (b) make certain modifications for purposes of compliance with the loan securitization exclusion of the Volcker Rule and (c) modify the computation of the weighted average life test which relates to the loans securing the 2010 Notes.

Through July 20, 2017, all principal collections received on the underlying collateral may be used by the 2010 Issuer to purchase new collateral under the direction of the Investment Adviser in its capacity as collateral manager of the 2010 Issuer and in accordance with the Company's investment strategy, allowing the Company to maintain the leverage in the 2010 Debt Securitization. The 2010 Notes are scheduled to mature on July 20, 2023.

As of June 30, 2015 and September 30, 2014, there were 80 and 85 portfolio companies with a total fair value of $336,733 and $337,763, respectively, securing the 2010 Notes.

The interest charged under the 2010 Debt Securitization is based on three-month LIBOR, which as of June 30, 2015 was 0.3%. For the three and nine months ended June 30, 2015 and 2014, the components of interest expense, cash paid for interest, average interest rates and average outstanding balances for the 2010 Debt Securitization were as follows:

Golub Capital BDC, Inc. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

(In thousands, except shares and per share data)

	For the three months ended June 30,		For the nine months ended June 30,	
	2015	2014	2015	2014
Stated interest expense	$1,113	$1,091	$3,306	$3,243
Amortization of debt issuance costs	227	195	678	478
Total interest and other debt financing expenses	$1,340	$1,286	$3,984	$3,721
Cash paid for interest expense	$1,093	$1,082	$3,289	$3,196
Annualized average stated interest rate	2.1 %	2.0 %	2.1 %	2.0 %
Average outstanding balance	$215,000	$215,000	$215,000	$212,803

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

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

On June 5, 2014, the Company completed a $402,569 term debt securitization (“2014 Debt Securitization”). The notes (“2014 Notes”) offered in the 2014 Debt Securitization were issued by the 2014 Issuer, a wholly-owned subsidiary of the Company, and are secured by a diversifed portfolio of senior secured and second lien loans held by the 2014 Issuer. The 2014 Debt Securitization consists of $191,000 of Aaa/AAA Class A-1 2014 Notes which bear interest at three-month LIBOR plus 1.75%, $20,000 of Aaa/AAA Class A-2 2014 Notes which bear interest at a rate of three-month LIBOR plus 1.45% through December 4, 2015 and three-month LIBOR plus 1.95% thereafter and $35,000 of Aa2/AA Class B 2014 Notes which bear interest at a rate of three-month LIBOR plus 2.50%. In partial consideration for the loans transferred to the 2014 Issuer as part of the 2014 Debt Securitization, the Company received $119,069 of LLC equity interests in the 2014 Issuer. The Company retained all of the Class C 2014 Notes and LLC equity interests totaling $37,500 and $119,069, respectively. The Class A-1, Class A-2 and Class B 2014 Notes are included in the June 30, 2015 consolidated statements of financial condition as debt of the Company. As of June 30, 2015, the Class C 2014 Notes and LLC equity interests were eliminated in consolidation.

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

As of June 30, 2015 and September 30, 2014, there were 73 and 69 portfolio companies with a total fair value of $396,227 and $371,764, respectively, securing the 2014 Notes.

The interest charged under the 2014 Debt Securitization is based on three-month LIBOR, which as of June 30, 2015 was 0.3%. For the three and nine months ended June 30, 2015 and 2014, the components of interest expense, cash paid for interest, annualized average interest rates and average outstanding balances for the 2014 Debt Securitization were as follows:

49

Golub Capital BDC, Inc. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

(In thousands, except shares and per share data)

	For the three months ended June 30,		For the nine months ended June 30,	
	2015	2014	2015	2014
Stated interest expense	$ 1,308	$ 366	$ 3,879	$ 366
Amortization of debt issuance costs	159	45	477	45
Total interest and other debt financing expenses	$ 1,467	$ 411	$ 4,356	$ 411
Cash paid for interest expense	$ 1,299	$ -	$ 4,595	$ -
Annualized average stated interest rate	2.1 %	2.1 %	2.1 %	2.1 %
Average outstanding balance	$ 246,000	$ 70,286	$ 246,000	$ 23,429

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

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

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

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

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

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

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

Capital BDC, Inc. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

(In thousands, except shares and per share data)

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 June 30, 2015, SBIC IV and SBIC V had $150,000 and $70,750 of outstanding SBA-guaranteed debentures, respectively, leaving incremental borrowing capacity of $4,250 for SBIC V under present SBIC regulations. As of September 30, 2014, SBIC IV and SBIC V had $150,000 and $58,750, respectively, of outstanding SBA-guaranteed debentures.

SBIC IV and SBIC V may each borrow up to two times the amount of its regulatory capital, subject to customary regulatory requirements. As of June 30, 2015, GBDC had committed and funded $75,000 to SBIC IV, and SBIC IV had SBA-guaranteed debentures of $150,000 outstanding that mature between March 2021 and September 2024. As of June 30, 2015, the Company had committed and funded $40,000 to SBIC V, and SBIC V had SBA-guaranteed debentures of $70,750 outstanding that mature between September 2023 and September 2025.

The interest rate on $208,750 of outstanding debentures as of June 30, 2015 is fixed at an average annualized interest rate of 3.7%. The annualized interim financing rate on the remaining $12,000 of outstanding debentures was 1.4% as of June 30, 2015. For the three and nine months ended June 30, 2015 and 2014, the components of interest expense, cash paid for interest, average interest rates and average outstanding balances for the SBA debentures were as follows:

	For the three months ended June 30,		For the nine months ended June 30,	
	2015	2014	2015	2014
Stated interest expense	$1,929	$1,870	$5,756	$5,086
Amortization of debt issuance costs	486	319	1,449	775
Total interest and other debt financing expenses	$2,415	$2,189	$7,205	$5,861
Cash paid for interest expense	$-	$-	$3,791	$3,079
Annualized average stated interest rate	3.6 %	3.6 %	3.7 %	3.5 %
Average outstanding balance	$212,838	$206,640	$210,113	$195,587

Revolving Credit Facility: On July 21, 2011, Funding, a wholly-owned subsidiary of the Company, entered into a senior secured revolving credit facility (as amended, the “Credit Facility”) with Wells Fargo Securities, LLC, as administrative agent, and Wells Fargo Bank, N.A., as lender, which as of June 30, 2015 allowed Funding to borrow up to $150,000 at any one time outstanding, subject to leverage and borrowing base restrictions.

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

On July 30, 2015, the Company and Funding amended the Credit Facility to, among other things, increase the size of the Credit Facility from $150,000 to $200,000, extend the expiration of the reinvestment period to July 29, 2017, during which period Funding, subject to certain conditions, may make borrowings under the facility, and extend the stated maturity date from October 17, 2019 to July 30, 2020. Refer to Note 12 for additional disclosures.

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

Golub Capital BDC, Inc. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

(In thousands, except shares and per share data)

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

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

As of June 30, 2015 and September 30, 2014, the Company had outstanding debt under the Credit Facility of $141,350 and $27,400, respectively. For the three and nine months ended June 30, 2015, the Company had borrowings on the Credit Facility of $225,250 and $335,350 and repayments on the Credit Facility of $168,600 and $221,400, respectively. For the three and nine months ended June 30, 2014, the Company had borrowings on the Credit Facility of $145,850 and $471,300 and repayments on the Credit Facility of $266,300 and $467,350, respectively. For the three and nine months ended June 30, 2015 and 2014, the components of interest expense, cash paid for interest, annualized average interest rates and average outstanding balances for the Credit Facility were as follows:

	For the three months ended June 30,		For the nine months ended June 30,	
	2015	2014	2015	2014
Stated interest expense	$ 556	$ 608	$ 1,064	$ 2,241
Facility fees	108	196	557	471
Amortization of debt issuance costs	185	551	516	706
Total interest and other debt financing expenses	$ 849	$ 1,355	$ 2,137	$ 3,418
Cash paid for interest expense	$ 631	$ 1,048	$ 1,481	$ 2,720
Annualized average stated interest rate	2.5 %	2.4 %	2.5 %	2.4 %
Average outstanding balance	$ 89,232	$ 100,232	$ 57,447	$ 122,710

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

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

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

Golub Capital BDC, Inc. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

(In thousands, except shares and per share data)

As of June 30, 2015 and September 30, 2014, the Company had no outstanding debt under the Revolver. For the three and nine months ended June 30, 2015, the Company had no borrowings and repayments on the Revolver. For the three and nine months ended June 30, 2014, the Company had borrowings of $0 and $1,300 and repayments of $800 and $1,300 on the Revolver. For the three and nine months ended June 30, 2015 and 2014, the components of interest expense, cash paid for interest, annualized average interest rates and average outstanding balances for the Revolver were as follows:

	For the three months ended June 30,		For the nine months ended June 30,	
	2015	2014	2015	2014
Stated interest expense	$ -	$ 2	$ -	$ 7
Facility fees	9	9	28	23
Amortization of debt issuance costs	61	16	132	22
Total interest and other debt financing expenses	$ 70	$ 27	$ 160	$ 52
Cash paid for interest expense	$ 9	$ 12	$ 28	$ 29
Annualized average stated interest rate	N/A	4.0 %	N/A	3.8 %
Average outstanding balance	$ -	$ 149	$ -	$ 247

The average total debt outstanding (including the debt under the 2010 Debt Securitization, the 2014 Debt Securitization, SBA debentures, Credit Facility and Revolver) for the three and nine months ended June 30, 2015 was $763,070 and $728,560, respectively. The average total debt outstanding (including the debt under the Debt Securitization, SBA debentures, Credit Facility and Revolver) for the three and nine months ended June 30, 2014 was $592,307 and $554,775, respectively.

For the three and nine months ended June 30, 2015, the effective annualized average interest rate, which includes amortization of debt financing costs and non-usage facility fees, on the Company's total debt outstanding (excluding secured borrowings) was 3.2% and 3.3%, respectively. For the three and nine months ended June 30, 2014, the effective annualized average interest rate, which includes amortization of debt financing costs and non-usage facility fees, on the Company's total debt outstanding (excluding secured borrowings) was 3.6% and 3.2%, respectively.

A summary of the Company's maturity requirements for borrowings as of June 30, 2015 is as follows:

	Payments Due by Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	**More Than 5 Years**
2010 Debt Securitization	$215,000	$ -	$ -	$-	$215,000
2014 Debt Securitization	246,000	-	-	-	246,000
SBA debentures	220,750	-	-	-	220,750
Credit Facility	141,350	-	-	141,350	-
Revolver	-	-	-	-	-
Total borrowings	$823,100	$ -	$ -	$141,350	$681,750

Golub Capital BDC, Inc. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

(In thousands, except shares and per share data)

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

As of June 30, 2015 and September 30, 2014, the Company recognized secured borrowings at fair value of $363 and $389, respectively, and the fair values of the loans that are associated with these secured borrowings was $1,273 and $1,325, respectively. These secured borrowings were the result of the Company's completion of partial sales of one stop loans associated with one portfolio company that did not meet the definition of a "participating interest". As a result, sale treatment was not allowed and these partial loan sales were treated as secured borrowings.

During the three and nine months ended June 30, 2015, there were no partial loan sales, no fundings on revolving and delayed draw secured borrowings and repayments on secured borrowings totaled $9 and $26, respectively. During the three and nine months ended June 30, 2014, there were partial loan sales totaling $0 and $10,295, respectively, net fundings of revolving and delayed draw secured borrowings totaling $2,139 and $4,092, respectively, and repayments on secured borrowings totaled $97 and $3,075, respectively.

For the three and nine months ended June 30, 2015, the effective annualized average interest rate on secured borrowings, which includes amortization of original issuance costs, was 4.5% and 4.5%, interest expense was $1 and $9 and amortization of original issue discount was an amount less than $1 and $1, respectively. For the three and nine months ended June 30, 2014, the effective annualized average interest rate on secured borrowings, which excludes amortization of original issuance costs, was 6.7% and 6.5%, respectively, interest expense was $327 and $709, respectively, and amortization of original issue discount was $14 and $69, respectively.

Note 8. Commitments and Contingencies

Commitments: The Company had outstanding commitments to fund investments totaling $134,846 and $124,548 under various undrawn revolvers and other credit facilities as of June 30, 2015 and September 30, 2014, respectively.

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

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

Golub Capital BDC, Inc. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

(In thousands, except shares and per share data)

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

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

Golub Capital BDC, Inc. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

(In thousands, except shares and per share data)

Note 9. Financial Highlights

The financial highlights for the Company are as follows:

	Nine months ended June 30,			
Per share data[1]:	2015		2014	
Net asset value at beginning of period	$15.55		$15.21	
Net increase in net assets as a result of public offering	0.09		0.18	
Dividends and distributions declared	(0.96	)	(0.96	)
Net investment income	0.90		0.94	
Net realized gain (loss) on investments	0.10		(0.11	)
Net change in unrealized appreciation (depreciation) on investments	0.06		0.18	
Net asset value at end of period	$15.74		$15.44	
Per share market value at end of period	$16.56		$17.70	
Total return based on market value[2]	9.84	%	7.74	%
Total return based on average net asset value/members' equity *	9.07	%	8.82	%
Shares outstanding at end of period	51,259,434		47,065,030	
Ratios/Supplemental Data:				
Ratio of expenses (without incentive fees) to average net assets/members' equity *	6.57	%	6.03	%
Ratio of incentive fees to average net assets/members' equity *	1.01	%	1.23	%
Ratio of total expenses to average net assets/members' equity *	7.58	%	7.26	%
Ratio of net investment income to average net assets/members' equity	7.69	%	8.14	%
Net assets at end of period	$807,044		$726,774	
Average debt outstanding	$728,560		$554,775	
Average debt outstanding per share	$14.21		$11.79	
Asset coverage ratio [3]	233.45	%	240.82	%
Portfolio turnover *	42.97	%	31.96	%

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

Note 10. Earnings Per Share

The following information sets forth the computation of the net increase in net assets per share resulting from operations for the three months and nine ended June 30, 2015 and 2014:

	Three months ended June 30,		Nine months ended June 30,	
	2015	2014	2015	2014
Earnings available to stockholders	$ 18,288	$ 16,280	$ 51,321	$ 45,206
Basic and diluted weighted average shares outstanding	50,491,035	46,985,908	48,262,048	44,673,591
Basic and diluted earnings per common share	$ 0.36	$ 0.35	$ 1.06	$ 1.01

Note 11. Dividends and Distributions

The Company's dividends and distributions are recorded on the ex-dividend date. The following table summarizes the Company's dividend declarations and distributions during nine months ended June 30, 2015 and 2014:

Date Declared	Record Date	Payment Date	Amount Per Share	Cash Distribution	DRIP Shares Issued	DRIP Shares Value
Nine months ended June 30, 2015						
5/11/2015	6/18/2015	6/29/2015	$ 0.32	$ 15,887	31,930	$ 505
2/3/2015	3/20/2015	3/27/2015	$ 0.32	$ 14,187	53,694	$ 908
11/17/2014	12/18/2014	12/29/2014	$ 0.32	$ 14,193	52,020	$ 885
Nine months ended June 30, 2014						
5/6/2014	6/16/2014	6/27/2014	$ 0.32	$ 14,356	40,567	$ 692
2/4/2014	3/17/2014	3/28/2014	$ 0.32	$ 13,326	32,033	$ 539
11/26/2013	12/17/2013	12/27/2013	$ 0.32	$ 13,092	42,643	$ 758

Note 12. Subsequent Events

On July 30, 2015, Funding entered into an amendment (the "Credit Facility Amendment") to the documents governing Funding's Credit Facility with Wells Fargo Securities, LLC, as administrative agent, and Wells Fargo Bank, N.A., as lender. The Credit Facility Amendment was effective as of July 30, 2015. The Credit Facility Amendment, among other things, (a) increased the size of the Credit Facility from $150 million to $200 million, (b) extended the expiration of the revolving period to July 29, 2017, during which period Funding, subject to certain conditions, may make borrowings under the facility and (c) extended the stated maturity date from October 17, 2019 to July 30, 2020.

On August 4, 2015, the Board declared a quarterly distribution of $0.32 per share payable on September 29, 2015 to holders of record as of September 7, 2015.

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

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

Forward-Looking Statements

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

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

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

58

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. You are advised to consult any additional disclosures that we may make directly to you or through reports that we have filed or in the future may file with the Securities and Exchange Commission, or the SEC, including annual reports on Form 10-K, registration statements on Form N-2, quarterly reports on Form 10-Q and current reports on Form 8-K. This quarterly report on Form 10-Q contains statistics and other data that have been obtained from or compiled from information made available by third-party service providers. We have not independently verified such statistics or data.

Overview

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

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

Our investment objective is to generate current income and capital appreciation by investing primarily in senior secured, one stop, second lien and subordinated loans of, and warrants and minority equity securities in, U.S. middle-market companies. We intend to achieve our investment objective by (1) accessing the established loan origination channels developed by Golub Capital, a leading lender to middle market companies with over $15.0 billion in capital under management as of June 30, 2015, (2) selecting investments within our core middle market company focus, (3) partnering with experienced private equity firms, or sponsors, in many cases with whom we have invested alongside in the past, (4) implementing the disciplined underwriting standards of Golub Capital and (5) drawing upon the aggregate experience and resources of Golub Capital.

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

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

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

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

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

	As of June 30, 2015		As of September 30, 2014	
Investment Type	Investments at Fair Value (In thousands)	Percentage of Total Investments	Investments at Fair Value (In thousands)	Percentage of Total Investments
Senior secured	$ 224,140	14.3 %	$ 262,859	19.5 %
One stop	1,161,970	74.0	940,729	69.8
Second lien	39,934	2.5	59,964	4.4
Subordinated debt	1,625	0.1	3,710	0.3
Subordinated notes in SLF [1]	65,864	4.2	25,589	1.9
LLC equity interests in SLF [1]	22,001	1.4	9,242	0.7
Equity	55,153	3.5	45,519	3.4
Total	$ 1,570,687	100.0 %	$ 1,347,612	100.0 %

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

One stop loans include loans to technology companies undergoing strong growth due to new services, increased adoption and/or entry into new markets. We refer to loans to these companies as late stage lending loans. Other targeted characteristics of late stage lending businesses include strong customer revenue retention rates, a diversified customer base and backing from growth equity or venture capital firms. In some cases, the borrower’s high revenue growth is supported by a high level of discretionary spending. As part of the underwriting of such loans and consistent with industry practice, we may adjust our characterization of the earnings of such borrowers for a reduction or elimination of such discretionary expenses, if appropriate. As of June 30, 2015, one stop loans included $166.7 million of late stage lending loans at fair value. During the three months ended December 31, 2014, we recharacterized $47.1 million of late stage lending loans at fair value from senior secured loans to one stop loans.

As of June 30, 2015 and September 30, 2014, we had debt and equity investments in 157 and 145 portfolio companies, respectively, and investments in subordinated notes and limited liability company, or LLC, equity interests in SLF.

The weighted average annualized income yield and weighted average annualized investment income yield of our income producing debt investments, which represented nearly 100% of our debt investments, for the three and nine months ended June 30, 2015 and 2014 was as follows:

	For the three months ended June 30,		For the nine months ended June 30,	
	2015	2014	2015	2014
Weighted average annualized income yield (1)	7.6 %	8.3 %	7.7 %	8.3 %
Weighted average annualized investment income yield (2)	8.4 %	8.9 %	8.3 %	8.9 %

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

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

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

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

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

- organizational expenses;
- calculating our net asset value (including the cost and expenses of any independent valuation firm);
- fees and expenses incurred by GC Advisors payable to third parties, including agents, consultants or other advisors, in monitoring financial and legal affairs for us and in monitoring our investments and performing due diligence on our prospective portfolio companies or otherwise relating to, or associated with, evaluating and making investments, which fees and expenses may include, among other items, due diligence reports, appraisal reports, any studies that may be commissioned by GC Advisors and travel and lodging expenses;
- interest payable on debt, if any, incurred to finance our investments and expenses related to unsuccessful portfolio acquisition efforts;
- offerings of our common stock and other securities;
- investment advisory and management fees, including any incentive fees;
- administration fees and expenses, if any, payable under the Administration Agreement (including payments based upon our allocable portion of the Administrator’s overhead in performing its obligations under the Administration Agreement, including rent and the allocable portion of the cost of our chief compliance officer, chief financial officer and their respective staffs);

- fees payable to third parties, including agents, consultants or other advisors, relating to, or associated with, evaluating and making investments in portfolio companies, including costs associated with meeting financial sponsors;
- transfer agent, dividend agent and custodial fees and expenses;
- U.S. federal and state registration and franchise fees;
- all costs of registration and listing our shares on any securities exchange;
- U.S. federal, state and local taxes;
- independent directors' fees and expenses;
- costs of preparing and filing reports or other documents required by the SEC or other regulators;
- costs of any reports, proxy statements or other notices to stockholders, including printing costs;
- costs associated with individual or group stockholders;
- costs associated with compliance under the Sarbanes-Oxley Act of 2002, as amended;
- our allocable portion of any fidelity bond, directors and officers/errors and omissions liability insurance, and any other insurance premiums;
- direct costs and expenses of administration, including printing, mailing, long distance telephone, copying, secretarial and other staff, independent auditors and outside legal costs;
- proxy voting expenses; and
- all other expenses incurred by us or the Administrator in connection with administering our business.

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

GC Advisors, as collateral manager for Golub Capital BDC 2010-1 LLC, or the 2010 Issuer, under a collateral management agreement, or the 2010 Collateral Management Agreement, is entitled to receive an annual fee in an amount equal to 0.35% of the principal balance of the portfolio loans held by the 2010 Issuer at the beginning of the collection period relating to each payment date, which is payable in arrears on each payment date. This fee, which is less than the management fee payable under the Investment Advisory Agreement, is paid directly by the 2010 Issuer to GC Advisors and offset against such management fee. Under the 2010 Collateral Management Agreement, the term ''collection period'' refers to a quarterly period running from the day after the end of the prior collection period to the fifth business day of the calendar month in which a payment date occurs. The 2010 Collateral Management Agreement does not include any incentive fee payable to GC Advisors. In addition, the 2010 Issuer paid Wells Fargo Securities, LLC a structuring and placement fee for its services in connection with the initial structuring and subsequent amendment of a $350.0 million term debt securitization, or the 2010 Debt Securitization. The 2010 Issuer also agreed to pay ongoing administrative expenses to the trustee, collateral manager, independent accountants, legal counsel, rating agencies and independent managers in connection with developing and maintaining reports, and providing required services in connection with the administration of the 2010 Debt Securitization.

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

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

Recent Developments

On August 4, 2015, our board of directors declared a quarterly distribution of $0.32 per share of our common stock payable on September 29, 2015 to holders of record as of September 7, 2015.

On July 30, 2015, Golub Capital BDC Funding LLC, or Funding, a wholly-owned subsidiary of ours, entered into an amendment, or the Credit Facility Amendment, to the documents governing Funding's senior secured revolving credit facility, or, as amended, the Credit Facility, with Wells Fargo Securities, LLC, as administrative agent, and Wells Fargo Bank, N.A., as lender. The Credit Facility Amendment was effective as of July 30, 2015. The Credit Facility Amendment, among other things, (a) increased the size of the Credit Facility from $150 million to $200 million, (b) extended the expiration of the revolving period to July 29, 2017, during which period Funding, subject to certain conditions, may make borrowings under the facility and (c) extended the stated maturity date from October 17, 2019 to July 30, 2020.

Consolidated Results of Operations

Consolidated operating results for the three and nine months ended June 30, 2015 and 2014 are as follows:

	For the three months ended June 30,		Variances	For the nine months ended June 30,		Variances
	2015	2014	2015 vs. 2014	2015	2014	2015 vs. 2014
	(In thousands)			(In thousands)		
Interest income	$26,195	$23,568	$ 2,627	$76,312	$68,640	$ 7,672
	2,587	1,873	714	6,076	5,520	556

Income from accretion of discounts and origination fees						
Interest income from subordinated notes in SLF	1,056	594	462	2,258	1,331	927
Dividend income	498	952	(454)	883	1,230	(347)
Fee income	74	1,042	(968)	887	2,147	(1,260)
Total investment income	30,410	28,029	2,381	86,416	78,868	7,548
Total expenses	15,205	12,956	2,249	42,900	37,183	5,717
Net investment income	15,205	15,073	132	43,516	41,685	1,831
Net realized (losses) gains on investments	(1,746)	1	(1,747)	4,503	(4,906)	9,409
Net change in unrealized appreciation (depreciation) on investments and secured borrowings	4,829	1,206	3,623	3,302	8,427	(5,125)
Net income	$ 18,288	$ 16,280	$ 2,008	$ 51,321	$ 45,206	$ 6,115
Average earning portfolio company investments, at fair value	$ 1,437,003	$ 1,223,685	$ 213,318	$ 1,372,658	$ 1,163,812	$ 208,846
Average debt outstanding [(1)]	$ 763,070	$ 592,307	$ 170,763	$ 728,560	$ 554,775	$ 173,785

(1) For the three and nine months ending June 30, 2015, we have excluded $0.4 million of secured borrowings, at fair value, which were the result of participations and partial loan sales that did not meet the definition of a "participating interest", as defined in the guidance to ASC Topic 860.

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

Investment Income

Investment income increased from the three months ended June 30, 2014 to the three months ended June 30, 2015 by $2.4 million primarily as a result of an increase in the average earning investment balance, which is the annual average balance of accruing loans in our investment portfolio, of $213.3 million. These increases were partially offset by market yield compression on new investments as highlighted in the table below. Fee income decreased from the three months ended June 30, 2014 to the three months ended June 30, 2015 by $1.0 million as a result of a decrease in prepayment fee income of $0.9 million.

Investment income increased from the nine months ended June 30, 2014 to the nine months ended June 30, 2015 by $7.5 million primarily as a result of an increase in the average earning investment balance of $208.8 million and an increase in interest income earned on the subordinated notes in SLF of $0.9 million. These increases were partially offset by a $1.2 million decline in fee income resulting from a decrease in prepayment fee income.

The annualized income yield by security type for the three and nine months ended June 30, 2015 and 2014 was as follows:

	For the three months ended June 30,		For the nine months ended June 30,	
	2015	2014	2015	2014
Senior secured	6.3%	6.9%	6.3%	7.1%
One stop	7.8%	8.2%	7.9%	8.3%
Second lien	9.6%	12.7%	9.5%	11.4%
Subordinated debt	8.2%	7.5%	8.2%	10.8%
Subordinated notes in SLF [1]	8.3%	8.3%	8.3%	6.9%

[1] SLF's proceeds from the subordinated notes were utilized by SLF to fund senior secured loans.

Annualized income yields on senior secured and one stop loans have declined for the three and nine months ended June 30, 2015 compared to the three and nine months ended June 30, 2014 primarily due to a general trend of interest rate compression on new investments. The decrease in yield on second lien debt is primarily attributable to repayments of high yielding second lien investments since June 30, 2014. Due to the limited number of subordinated debt investments, quarterly income yields on subordinated debt investments can be significantly impacted by the addition or subtraction of one investment. However, due to the general market trend of market compression on new investments, the income yields on subordinated debt have also generally declined. This decline is evident by the decrease from 10.8% for the nine months ended June 30, 2014 to 8.2% for the nine months ended June 30, 2015. As of June 30, 2015, we have one remaining subordinated debt investment as shown in the Consolidated Schedule of Investments. The income yield on subordinated notes of SLF increased for the nine months ended June 30, 2015 compared to the nine months ended June 30, 2014 as the spread on the subordinated notes was increased to the London Interbank Offered Rate, or LIBOR, plus 8.0% from LIBOR plus 4.0% subsequent to the closing of SLF's senior secured revolving credit facility, or, as amended, the SLF Credit Facility, with Wells Fargo Bank, N.A, in January 2014.

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

Expenses

The following table summarizes our expenses:

	For the three months ended June 30,		Variances	For the nine months ended June 30,		Variances
	2015	2014	2015 vs. 2014	2015	2014	2015 vs. 2014
	(In thousands)			(In thousands)		
Interest and other debt financing expenses	$ 5,025	$ 4,483	$ 542	$ 14,601	$ 12,215	$ 2,386
Amortization of debt issuance costs	1,117	1,127	(10)	3,252	2,026	1,226
Base management fee	5,226	4,394	832	14,902	12,403	2,499
Income Incentive Fee	1,651	1,607	44	3,803	6,295	(2,492)
Capital gain incentive fee accrued under GAAP	732	-	732	1,909	-	1,909
Professional fees	741	578	163	2,210	1,876	334
Administrative service fee	575	655	(80)	1,766	1,979	(213)
General and administrative expenses	138	113	25	457	389	68
Total expenses	$ 15,205	$ 12,956	$ 2,249	$ 42,900	$ 37,183	$ 5,717

Interest expense and debt facility fees increased by $0.5 million from the three months ended June 30, 2014 to the three months ended June 30, 2015 primarily due to an increase in weighted average of outstanding borrowings from $592.3 million for the three months ended June 30, 2014 to $763.1 million for the three months ended June 30, 2015.

The increase in our debt was primarily driven by an increase in our use of debt under the senior secured revolving credit facility, or the Credit Facility, entered into by Golub Capital BDC Funding LLC, or Funding, a wholly-owned subsidiary of ours, with Wells Fargo Securities, LLC, as administrative agent, and Wells Fargo Bank, N.A., as lender, to $141.3 million as of June 30, 2015 from an outstanding balance of $33.5 million as of June 30, 2014 as well as our June 2014 issuance of $246.0 million of notes pursuant to the 2014 Debt Securitization.

Amortization of debt issuance costs remained relatively stable at $1.1 million for the three months ended June 30, 2014 and the three months ended June 30, 2015, respectively. The decrease in our effective annualized average interest rate on our outstanding debt from 3.6% for the three months ended June 30, 2014 to 3.2% for the three months ended June 30, 2015 was primarily the result of the acceleration of $0.4 million of capitalized debt issuance costs resulting from the June 2014 amendment to our Credit Facility to, among other things, decrease the size of the Credit Facility from $250.0 million to $150.0 million.

Interest and other debt financing expenses increased from the nine months ended June 30, 2014 to the nine months ended June 30, 2015 primarily due to an increase in the weighted average of outstanding borrowings from $554.8 million for the nine months ended June 30, 2014 to $728.6 million for the nine months ended June 30, 2015. Amortization of debt issuance costs increased by $1.2 million from the nine months ended June 30, 2014 to the nine months ended June 30, 2015 primarily due to additional capitalized debt issuance costs associated with the 2014 Debt Securitization. The increase in amortization of debt issuance costs resulted in an increase in our effective annualized average interest rate on our outstanding debt from 3.2% for the nine months ended June 30, 2014 to 3.3% for the nine months ended June 30, 2015.

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

The incentive fee payable under the Investment Advisory Agreement consists of two parts: (1) the income component, or the Income Incentive Fee, and (2) the capital gains component, or the Capital Gain Incentive Fee. The Income Incentive Fee increased by less than $0.1 million and decreased by $2.5 million from the three and nine months ended June 30, 2014, respectively, to the three and nine months ended June 30, 2015, respectively, as the interest rate compression on new investments and the change in asset mix of our portfolio caused a decline in our pre-incentive fee net investment income, expressed as a rate of return on the value of our net assets. Due to this decline, we were not fully through the catch-up provision of the incentive fee calculation. For the three months ended June 30, 2015, the Income Incentive Fee expense as a percentage of Pre-Incentive Fee Net Investment Income (as defined below) was 9.4% compared to 9.6% for the three months ended June 30, 2014. For the nine months ended June 30, 2015, the Income Incentive Fee expense as a percentage of Pre-Incentive Fee Net Investment Income was 7.7% compared to 13.1% for the nine months ended June 30, 2014. “Pre-Incentive Fee Net Investment Income” means interest income, dividend income and any other income (including any other fees such as commitment, origination, structuring, diligence and consulting fees or other fees that we receive from portfolio companies but excluding fees for providing managerial assistance) accrued during the calendar quarter, minus operating expenses for the calendar quarter (including the base management fee, taxes, any expenses payable under the Investment Advisory Agreement and the Administration Agreement, any expenses of securitizations and any interest expense and dividends paid on any outstanding preferred stock, but excluding the Incentive Fee). Pre-Incentive Fee Net Investment Income includes, in the case of investments with a deferred interest feature such as market discount, debt instruments with PIK interest, preferred stock with PIK dividends and zero coupon securities, accrued income that we have not yet received in cash.

The Capital Gain Incentive Fee payable as calculated under the Investment Advisory Agreement for the three and nine months ended June 30, 2015 and 2014 was $0. However, in accordance with generally accepted accounting principles in the United States of America, or GAAP, we are required to include the aggregate unrealized capital appreciation on investments in the calculation and accrue a capital gain incentive fee on a quarterly basis, as if such unrealized capital appreciation were realized, even though such unrealized capital appreciation is not permitted to be considered in calculating the fee actually payable under the Investment Advisory Agreement. The accrual for capital gain incentive fee under GAAP was $0.7 million, or $0.02 per share, for the three months ended June 30, 2015 and $1.9 million, or $0.04 per share, for the nine months ended June 30, 2015. We did not accrue a capital gain incentive fee under GAAP for the three and nine months ended June 30, 2014. The increase in accruals for a capital gain incentive fee under GAAP for the three and nine months ended June 30, 2015 from the three and nine months ended June 30, 2014 was primarily the result of realized gains on the sale of equity investments and appreciation of debt and equity investments.

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

The Administrator pays for certain expenses incurred by us. These expenses are subsequently reimbursed in cash. Total expenses reimbursed by us to the Administrator for the three and nine months ended June 30, 2015 were $0.2 million and $0.7 million, respectively. Total expenses reimbursed by us to the Administrator for the three and nine months ended June 30, 2014 were $0.0 million and $0.8 million, respectively.

As of June 30, 2015 and September 30, 2014, included in accounts payable and accrued expenses were $0.3 million and $0.2 million, respectively, for accrued expenses paid on behalf of us by the Administrator.

66

Net Realized and Unrealized Gains and Losses

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

	For the three months ended June 30,		Variances	For the nine months ended June 30,		Variances
	2015	2014	2015 vs. 2014	2015	2014	2015 vs. 2014
	(In thousands)			(In thousands)		
Net realized gains (losses) on investments	$ (1,746)	$ 1	$ (1,747)	$ 4,503	$ (4,906)	$ 9,409
Net realized gains (losses)	(1,746)	1	(1,747)	4,503	(4,906)	9,409
Unrealized appreciation on investments	11,856	8,778	3,078	21,901	22,934	(1,033)
Unrealized (depreciation) on investments	(7,008)	(7,791)	783	(18,803)	(14,887)	(3,916)
Unrealized appreciation on investments in SLF [1]	-	205	(205)	203	454	(251)
Unrealized (depreciation) on investments in SLF [1]	(19)	-	(19)	-	-	-
Unrealized (appreciation) on secured borrowings	-	-	-	-	(91)	91
Unrealized depreciation on secured borrowings	-	14	(14)	1	17	(16)
Net change in unrealized appreciation (depreciation) on investments, investments in SLF and secured borrowings	$ 4,829	$ 1,206	$ 3,623	$ 3,302	$ 8,427	$ (5,125)

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

For the three months ended June 30, 2015, we had a net realized loss of $1.7 million primarily due to the write off of one non-accrual portfolio company investment. For the nine months ended June 30, 2015, we had net realized gains on investments totaling $4.5 million primarily due to the sale of four equity investments, which was partially offset by the write-off of one non-accrual portfolio company investment.

During the three months ended June 30, 2015, we had $11.9 million in unrealized appreciation on 83 portfolio company investments, which was offset by $7.0 million in unrealized depreciation on 128 portfolio company investments. For the nine months ended June 30, 2015, we had $21.9 million in unrealized appreciation on 108 portfolio company investments, which was offset by $18.8 million in unrealized depreciation on 132 portfolio company investments. Unrealized appreciation during the three and nine months ended June 30, 2015 resulted from an increase in fair value primarily due to the rise in market prices of portfolio company investments and the reversal of prior period unrealized depreciation associated with the portfolio company investment write-off. Unrealized depreciation primarily resulted from the amortization of discounts, negative credit related adjustments that caused a reduction in fair value and the reversal of the net unrealized appreciation associated with the sales of portfolio company investments during the three and nine months ended June 30, 2015.

For the three and nine months ended June 30, 2015, we had less than $0.1 million in unrealized depreciation and $0.2 million in unrealized appreciation on our investment in SLF LLC equity interests, respectively. The unrealized appreciation on the SLF LLC equity interests was primarily driven by no negative mark-to-market losses in the aggregate associated with SLF's investment portfolio. For the three and nine months ended June 30, 2015, we had no unrealized appreciation or depreciation on our investment in SLF subordinated notes.

For the three months ended June 30, 2014, we had a net realized gain of less than $0.1 million primarily due to a post-close syndication of an investment. For the nine months ended June 30, 2014, we had net realized losses on investments totaling $4.9 million primarily due to the sale of one underperforming portfolio company and the write off of two non-accrual portfolio companies.

During the three months ended June 30, 2014, we had $8.8 million in unrealized appreciation on 90 portfolio company investments, which was partially offset by $7.8 million in unrealized depreciation on 118 portfolio company investments. For the nine months ended June 30, 2014, we had $22.9 million in unrealized appreciation on 114 portfolio company investments, which was partially offset by $14.9 million in unrealized depreciation on 122 portfolio company investments. Unrealized appreciation during the three and nine months ended June 30, 2014 resulted from an increase in fair value primarily due to the rise in market prices and a reversal of prior period unrealized depreciation associated with the portfolio company investment sales and write-offs. Unrealized depreciation primarily resulted from the amortization of discounts and negative credit related adjustments that caused a reduction in fair value. Additionally, we had less than $0.1 million in net unrealized depreciation and less than $0.1 million of net unrealized appreciation on secured borrowing proceeds for the three and nine months ended June 30, 2014, respectively. The unrealized appreciation resulted from the amortization of discounts associated with the investments funded by the secured borrowing proceeds.

For the three months ended June 30, 2014, we had $0.2 million in unrealized appreciation on our investment in SLF LLC equity interests. Unrealized appreciation on the SLF LLC equity interests was driven by positive credit related adjustments associated with SLF's investment portfolio. For the three months ended June 30, 2014, we had no unrealized appreciation or depreciation on our investment in SLF subordinated notes. For the nine months ended June 30, 2014, we had $0.4 million and $0.1 million of unrealized appreciation on our investment in SLF LLC equity interests and subordinated notes, respectively. Unrealized appreciation on the SLF LLC equity interests was driven by positive credit related adjustments associated with SLF's investment portfolio, and unrealized appreciation of the SLF subordinated notes was the result of an increase of the contractual coupon rate of the subordinated notes.

Liquidity and Capital Resources

For the nine months ended June 30, 2015, we experienced a net increase in cash and cash equivalents of $1.4 million. During the period, we used $170.7 million in operating activities primarily as a result of fundings of portfolio investments of $667.1 million. This was partially offset by proceeds from principal payments and sales of portfolio investments of $461.5 million and net investment income of $43.5 million. During the same period, cash provided by investment activities of $24.6 million was driven by the decrease in restricted cash and cash equivalents. Lastly, cash provided by financing activities was $147.4 million, primarily driven by borrowings on debt of $347.4 million and proceeds from shares sold of $67.6 million that were partially offset by repayments of debt of $221.4 million and distributions paid of $44.3 million.

For the nine months ended June 30, 2014, we experienced a net decrease in cash and cash equivalents of $4.9 million. During the period, we used $254.6 million in operating activities primarily as a result of funding portfolio investments of $580.5 million. This was partially offset by proceeds from principal payments and sales of portfolio investments of $286.8 million and net investment income of $41.7 million. During the same period, cash used in investment activities of $71.4 million was driven by the increase in restricted cash and cash equivalents. Lastly, cash provided by financing activities was $321.0 million, primarily driven by borrowings on debt of $759.9 million and proceeds from shares sold of $64.2 million that were partially offset by repayments of debt of $468.7 million and distributions paid of $40.8 million.

As of June 30, 2015 and September 30, 2014, we had cash and cash equivalents of $6.5 million and $5.1 million, respectively. In addition, we had restricted cash and cash equivalents of $50.2 million and $74.8 million as of June 30, 2015 and September 30, 2014, respectively. Cash and cash equivalents are available to fund new investments, pay operating expenses and pay distributions. As of June 30, 2015, $27.6 million of our restricted cash and cash equivalents could be used to fund new investments that meet the investment guidelines established in the 2010 Debt Securitization and the 2014 Debt Securitization, or collectively, the Debt Securitizations, which are described in further detail in Note 7 to our consolidated financial statements, and for the payment of interest expense on the notes issued in the Debt Securitizations. As of June 30, 2015 $9.4 million of restricted cash and cash equivalents can be used to fund new investments that meet the regulatory and investment guidelines established by the SBA for our SBICs, which are described in further detail in Note 7 to our consolidated financial statements, and for interest expense and fees on our outstanding SBA debentures.

As of June 30, 2015 and September 30, 2014, we had outstanding commitments to fund investments totaling $134.8 million and $124.5 million, respectively. These amounts may or may not be funded to the borrowing party now or in the future. The unfunded commitments relate to loans with various maturity dates, but the entire amount was eligible for funding to the borrowers as of June 30, 2015 and September 30, 2014, respectively, subject to the terms of each loan's respective credit agreement.

As of June 30, 2015, the Credit Facility allowed Funding to borrow up to $150.0 million at any one time outstanding, subject to leverage and borrowing base restrictions. As of June 30, 2015 and September 30, 2014, subject to leverage and borrowing base restrictions, we had approximately $8.7 million and $122.6 million, respectively, of remaining commitments and $7.6 million and $70.0 million, respectively, of availability on the Credit Facility. As of June 30, 2015 and September 30, 2014, we had $141.3 million and $27.4 million outstanding under the Credit Facility, respectively. As of June 30, 2015 and September 30, 2014, the Revolver allowed Revolver Funding to borrow up to $15.0 million at any one time outstanding, subject to leverage and borrowing base restrictions. As of June 30, 2015 and September 30, 2014, subject to leverage and borrowing base restrictions, we had $15.0 million and $15.0 million, respectively, of remaining commitments and $2.5 million and $1.2 million, respectively, of availability on the Revolver. As of both June 30, 2015 and September 30, 2014, we had no borrowings outstanding under the Revolver.

On July 16, 2010, we completed the 2010 Debt Securitization, as amended on February 15, 2013, in which the 2010 Issuer issued an aggregate of $350.0 million of notes, or the 2010 Notes, including $203.0 million of Class A 2010 Notes, which bear interest at a rate of three-month LIBOR plus 1.74%, $12.0 million of Class B 2010 Notes, which bear interest at a rate of three-month LIBOR plus 2.40%, and $135.0 million face amount of Subordinated 2010 Notes that do not bear interest. The Class A 2010 Notes and Class B 2010 Notes of the 2010 Debt Securitization are included in the June 30, 2015 and September 30, 2014 consolidated statements of financial condition as our debt.

On June 25, 2015, the 2010 Issuer amended the 2010 Debt Securitization to, among other things, (a) extend the reinvestment period two years to July 20, 2017, (b) make certain modifications for purposes of compliance with the loan securitization exclusion of the Volcker Rule and (c) modify the computation of the weighted average life test which relates to the loans securing the 2010 Debt Securitization.

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

Under present SBIC regulations, the maximum amount of SBA-guaranteed debentures that may be issued by multiple licensees under common management is $225.0 million and the maximum amount that a single SBIC licensee may issue is $150.0 million. As of June 30, 2015, GC SBIC IV, L.P., or SBIC IV, and GC SBIC V, L.P., or SBIC V, each a wholly-owned subsidiary of us, had $150.0 million and $70.8 million, respectively, of outstanding SBA-guaranteed debentures leaving incremental borrowing capacity of $4.2 million for SBIC V under present SBIC regulations. As of

September 30, 2014, SBIC IV and SBIC V had $150.0 million and $58.8 million, respectively, of outstanding SBA-guaranteed debentures.

SBIC IV and SBIC V may each borrow up to two times the amount of its regulatory capital, subject to customary regulatory requirements. As of June 30, 2015, we had committed and funded $75.0 million to SBIC IV, and had SBA-guaranteed debentures of $150.0 million outstanding that mature between March 2021 and September 2024. As of June 30, 2015, we had committed and funded $37.5 million to SBIC V and had SBA-guaranteed debentures of $70.8 million outstanding that mature between September 2023 and September 2025.

In accordance with the 1940 Act, with certain limited exceptions, we are only allowed to borrow amounts such that our asset coverage, as defined in the 1940 Act, is at least 200% after such borrowing. On September 13, 2011, we received exemptive relief from the SEC allowing us to modify the asset coverage requirement to exclude the SBA debentures from this calculation. As such, our ratio of total consolidated assets to outstanding indebtedness may be less than 200%. This provides us with increased investment flexibility but also increases our risks related to leverage. As of June 30, 2015, our asset coverage for borrowed amounts was 233.5% (excluding the SBA debentures).

On April 10, 2015, we priced a public offering of 3,500,000 shares of our common stock at a public offering price of $17.42 per share, raising approximately $60.1 million in gross proceeds. On April 15, 2015, the transaction closed, the shares were issued, and proceeds, net of underwriting discounts and commissions but before expenses, of $59.1 million were received. On May 7, 2015, we sold an additional 502,292 shares of our common stock at a public offering price of $17.42 per share pursuant to the underwriters' partial exercise of the option granted in connection with the public offering in April 2015.

Although we expect to fund the growth of our investment portfolio through the net proceeds from future securities offerings and through our dividend reinvestment plan as well as future borrowings, to the extent permitted by the 1940 Act, we cannot assure you that our efforts to raise capital will be successful. In addition to capital not being available, it also may not be available on favorable terms. To the extent we are not able to raise capital on what we believe are favorable terms, we will focus on optimizing returns by investing capital generated from repayments into new investments we believe are attractive from a risk/reward perspective.

Portfolio Composition, Investment Activity and Yield

As of June 30, 2015 and September 30, 2014, we had investments in 157 and 145 portfolio companies, respectively, with a total fair value of $1,482.8 million and $1,312.8 million, respectively, and had investments in subordinated notes and LLC equity interests in SLF with a total fair value of $87.9 million and $34.8 million, respectively.

The following table shows the asset mix of our new investment commitments for the three and nine months ended June 30, 2015 and 2014:

	For the three months ended June 30,				For the nine months ended June 30,			
	2015		2014		2015		2014	
	(In thousands)	Percentage of Commitments	(In thousands)	Percentage of Commitments	(In thousands)	Percentage of Commitments	(In thousands)	Percentage of Commitments

Senior secured	$53,593	13.3	%	$29,220	18.5	%	$187,204	25.8	%	$89,285	14.2	%
One stop	314,127	78.3		125,034	78.8		479,844	66.0		474,887	75.6	
Second lien	-	-		-	-		-	-		20,534	3.3	
Subordinated notes in SLF [1]	24,307	6.1		2,610	1.6		40,275	5.5		34,658	5.5	
LLC equity interests in SLF [1]	6,562	1.6		373	0.2		12,557	1.7		2,923	0.5	
Equity securities	2,810	0.7		1,452	0.9		6,961	1.0		5,621	0.9	
Total new investment commitments	$401,399	100.0	%	$158,689	100.0	%	$726,841	100.0	%	$627,908	100.0	%

(1) Senior Loan Fund LLC, or SLF's, proceeds from the subordinated notes and LLC interests were utilized by SLF to fund senior secured loans. As of June 30, 2015 SLF funded senior secured loans to 50 different borrowers.

For the three and nine months ended June 30, 2015, we had approximately $130.0 million and $256.5 million, respectively, in proceeds from principal payments and return of capital distributions from portfolio companies. For the three and nine months ended June 30, 2015, we had sales of securities in 14 and 39 portfolio companies, respectively, aggregating approximately $103.5 million and $205.0 million, respectively, in net proceeds.

For the three and nine months ended June 30, 2014, we had approximately $77.5 million and $276.8 million, respectively, in proceeds from principal payments and return of capital distributions from portfolio companies. For the three and nine months ended June 30, 2014, we had sales of securities in two and eight portfolio companies aggregating approximately $1.8 million and $9.8 million, respectively, in net proceeds.

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

	As of June 30, 2015 [1]			**As of September 30, 2014** [1]		
	Par	Amortized Cost	Fair Value	Par	Amortized Cost	Fair Value
	(In thousands)					
Senior secured:						
Performing	$226,000	$223,345	$224,140	$265,103	$262,021	$262,854
Non-accrual [2]	201	200	-	3,033	3,021	5
One stop:						
Performing	1,172,475	1,156,887	1,158,766	952,359	939,765	940,729
Non-accrual [2]	8,356	7,819	3,204	-	-	-
Second lien:						
Performing	39,923	39,437	39,934	59,902	59,086	59,964
Non-accrual [2]	-	-	-	-	-	-
Subordinated debt:						
Performing	1,707	1,707	1,625	3,584	3,564	3,710
Non-accrual [2]	-	-	-	-	-	-
Subordinated notes in SLF: [3]						
Performing	65,864	65,864	65,864	25,589	25,589	25,589
Non-accrual [2]	-	-	-	-	-	-
LLC equity interests in SLF: [3]	N/A	21,875	22,001	N/A	9,318	9,242
Equity:	N/A	40,220	55,153	N/A	35,216	45,519
Total	$1,514,526	$1,557,354	$1,570,687	$1,309,570	$1,337,580	$1,347,612

(1) Eight and 11 of our loans included a feature permitting a portion of the interest due on such loan to be PIK interest as of June 30, 2015 and September 30, 2014, respectively.

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

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

The following table shows the weighted average rate, spread over LIBOR of floating rate, fixed rate and fees of investments originated and the weighted average rate of sales and payoffs of portfolio companies during the three and nine months ended June 30, 2015 and 2014:

	For the three months ended June 30,		For the nine months ended June 30,	
	2015	2014	2015	2014
Weighted average rate of new investment fundings	6.8 %	7.1 %	6.7 %	7.3 %
Weighted average spread over LIBOR of new floating rate investment fundings	5.8 %	6.0 %	5.7 %	6.2 %
Weighted average rate of new fixed rate investment fundings	N/A	N/A	10.8 %	N/A
Weighted average fees of new investment fundings	1.4 %	1.3 %	1.5 %	1.2 %
Weighted average rate of sales and payoffs of portfolio companies	6.8 %	7.8 %	6.7 %	8.8 %
Weighted average annualized income yield (1)	7.6 %	8.3 %	7.7 %	8.3 %

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

As of June 30, 2015, 95.1% and 95.0% of our debt portfolio at fair value and at cost, respectively, had interest rate floors that limit the minimum applicable interest rates on such loans. As of September 30, 2014, 97.6% and 97.2% of our debt portfolio at fair value and at cost, respectively, had interest rate floors that limit the minimum applicable interest rates on such loans.

As of June 30, 2015, the portfolio median earnings before interest, taxes, depreciation and amortization, or EBITDA, for our portfolio companies was $21.9 million. The portfolio median EBITDA is based on the most recently reported trailing twelve-month EBITDA received from the portfolio company. The portfolio median EBITDA excludes underlying borrowers in SLF.

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

Internal Performance Ratings

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

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

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

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

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

	As of June 30, 2015			As of September 30, 2014		
Internal Performance Rating	Investments at Fair Value (In thousands)	Percentage of Total Investments		Investments at Fair Value (In thousands)	Percentage of Total Investments	
5	$ 203,990	13.0	%	$ 129,806	9.7	%
4	1,274,300	81.1		1,144,232	84.9	
3	81,529	5.2		68,944	5.1	
2	10,868	0.7		4,625	0.3	
1	-	-		5	0.0	*
Total	$ 1,570,687	100.0	%	$ 1,347,612	100.0	%

* Represents an amount less than 0.1%.

Senior Loan Fund LLC

We co-invest with RGA Reinsurance Company, or RGA, in senior secured loans through SLF, an unconsolidated Delaware LLC. SLF is capitalized as transactions are completed and all portfolio and investment decisions in respect to SLF must be approved by the SLF investment committee consisting of two representatives of each of us and RGA (with unanimous approval required from (i) one representative of each of us and RGA or (ii) both representatives of each of us and RGA). SLF may cease making new investments upon notification of either representative but operations will continue until all investments have been sold or paid-off in the normal course of business.

SLF is capitalized with subordinated notes and LLC equity interest subscriptions from its members. As of June 30, 2015, we and RGA owned 87.5% and 12.5%, respectively, of both the outstanding subordinated notes and LLC equity interests. As of June 30, 2015, SLF had subordinated note commitments from us and RGA totaling $100.0 million, of which approximately $75.3 million and $29.2 million in aggregate principal amount was funded as of June 30, 2015 and September 30, 2014, respectively. As of June 30, 2015, SLF had LLC equity interest subscriptions from us and RGA totaling $25.0 million, of which approximately $25.0 million and $10.6 million in aggregate was called and contributed as of June 30, 2015 and September 30, 2014, respectively.

As of June 30, 2015, the senior secured revolving credit facility, or, as amended, the SLF Credit Facility, which SLF entered into through its wholly-owned subsidiary, Senior Loan Fund II, or SLF II, allows SLF II to borrow up to $200.0 million subject to leverage and borrowing base restrictions. The reinvestment period of the SLF Credit Facility ends May 13, 2017, and the stated maturity date is May 13, 2020. As of June 30, 2015 and September 30, 2014, SLF II had outstanding debt under the SLF Credit Facility of $159.5 million and $66.6 million, respectively.

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

As of June 30, 2015 and September 30, 2014, SLF had total assets at fair value of $264.9 million and $107.2 million, respectively. As of both June 30, 2015 and September 30, 2014, SLF did not have any investments on non-accrual status. The portfolio companies in SLF are in industries similar to those in which we may invest directly. Additionally, as of June 30, 2015 and September 30, 2014, SLF had commitments to fund various undrawn revolving credit and delayed draw loans to its portfolio companies totaling $20.6 million and $10.1 million, respectively.

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

	As of June 30, 2015	As of September 30, 2014
	(Dollars in thousands)	
Senior secured loans [1]	$256,710	$ 103,695
Weighted average current interest rate on senior secured loans [2]	5.7 %	5.2 %
Number of borrowers in SLF	54	31
Largest loan to a single borrower [1]	$12,000	$ 8,229
Total of five largest loans to borrowers [1]	$56,957	$ 31,132

(1) At principal amount.

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

74

SLF Loan Portfolio as of June 30, 2015

Portfolio Company	Business Description	S
1011778 B.C. ULC (New Red Finance/Burger King)	Beverage, Food and Tobacco	S
5.11, Inc. [3]	Textiles and Leather	S
Acosta, Inc.	Diversified/Conglomerate Service	S
ACTIVE Network, Inc.	Electronics	S
Aderant North America, Inc.	Diversified/Conglomerate Service	S
Advanced Pain Management Holdings, Inc.	Healthcare, Education and Childcare	S
Advanced Pain Management Holdings, Inc.	Healthcare, Education and Childcare	S
Advanced Pain Management Holdings, Inc. [4]	Healthcare, Education and Childcare	S
Affordable Care Inc.	Personal, Food and Miscellaneous Services	S
ARG IH Corporation	Beverage, Food and Tobacco	S
Arise Virtual Solutions, Inc. [3]	Telecommunications	S
Atkins Nutritionals, Inc [3]	Beverage, Food and Tobacco	S
Atrium Innovations	Personal and Non Durable Consumer Products	S
BJ's Wholesale Club, Inc.	Retail Stores	S
BMC Software, Inc.	Electronics	S
Brickman Group Ltd. LLC	Farming and Agriculture	S
C.B. Fleet Company, Incorporated	Personal and Non Durable Consumer Products	S
C.B. Fleet Company, Incorporated	Personal and Non Durable Consumer Products	S
CLP Healthcare Services, Inc.	Healthcare, Education and Childcare	S
Connect Merger Sub, Inc.	Telecommunications	S
CPI Buyer, LLC (Cole-Parmer) [3]	Healthcare, Education and Childcare	S
Curo Health Services LLC [3]	Healthcare, Education and Childcare	S
DentMall MSO, LLC	Retail Stores	S
DentMall MSO, LLC	Retail Stores	S
Dialysis Newco, Inc.	Healthcare, Education and Childcare	S
DISA Holdings Acquisition Subsidiary Corp.	Diversified/Conglomerate Service	S
DISA Holdings Acquisition Subsidiary Corp. [4]	Diversified/Conglomerate Service	S
EAG, INC. (Evans Analytical Group)	Diversified/Conglomerate Service	S
Federal-Mogul Corporation	Automobile	S
GSDM Holdings Corp. [3]	Healthcare, Education and Childcare	S
Hygenic Corporation, The [3]	Personal and Non Durable Consumer Products	S
ILC Industries, Inc. (Data Device) [3]	Aerospace and Defense	S
Joerns Healthcare, LLC	Healthcare, Education and Childcare	S
K&N Engineering, Inc. [3]	Automobile	S
K&N Engineering, Inc. [3]	Automobile	S
K&N Engineering, Inc. [3]	Automobile	S
Mister Car Wash Holdings, Inc.	Automobile	S

National Veterinary Associates, Inc.	Personal, Food and Miscellaneous Services	S
Northwestern Management Services, LLC	Healthcare, Education and Childcare	S
Northwestern Management Services, LLC	Healthcare, Education and Childcare	S
Northwestern Management Services, LLC	Healthcare, Education and Childcare	S
Octane Fitness, LLC	Leisure, Amusement, Motion Pictures, Entertainment	S
Paradigm DKD Group, LLC	Buildings and Real Estate	S
Paradigm DKD Group, LLC	Buildings and Real Estate	S
Pasternack Enterprises, Inc.	Diversified/Conglomerate Manufacturing	S
Payless ShoeSource, Inc.	Retail Stores	S
PetVet Care Centers LLC (3)	Personal, Food and Miscellaneous Services	S
PetVet Care Centers LLC (3)	Personal, Food and Miscellaneous Services	S
PowerPlan Holdings, Inc. (3)	Utilities	S
Premise Health Holding Corp. (3)	Healthcare, Education and Childcare	S
R.G. Barry Corporation	Personal, Food and Miscellaneous Services	S
Reliant Pro ReHab, LLC (3)	Healthcare, Education and Childcare	S
Renaissance Pharma (U.S.) Holdings Inc.	Healthcare, Education and Childcare	S
Renaissance Pharma (U.S.) Holdings Inc.	Healthcare, Education and Childcare	S
Rubio's Restaurants, Inc (3)	Retail Stores	S
Rug Doctor LLC (3)	Personal and Non Durable Consumer Products	S
Scientific Games International, Inc.	Hotels, Motels, Inns, and Gaming	S
Self Esteem Brands, LLC (3)	Leisure, Amusement, Motion Pictures, Entertainment	S
Smashburger Finance LLC	Beverage, Food and Tobacco	S
Smashburger Finance LLC	Beverage, Food and Tobacco	S
Syncsort Incorporated (3)	Electronics	S
Systems Maintenance Services Holding, Inc. (3)	Electronics	S
Take 5 Oil Change, L.L.C. (3)	Automobile	S
Take 5 Oil Change, L.L.C. (3)	Automobile	S
Teasdale Quality Foods, Inc.	Grocery	S
W3 Co.	Oil and Gas	S
WII Components, Inc. (3)	Home and Office Furnishings, Housewares, and Durable Consumer	S
Young Innovations, Inc. (3)	Healthcare, Education and Childcare	S
Young Innovations, Inc. (3)	Healthcare, Education and Childcare	S

(1) Represents the weighted average annual current interest rate as of June 30, 2015. All interest rates are payable in cash.

(2) Represents the fair value in accordance with Accounting Standards Codification, or ASC, Topic 820 – *Fair Value Measurements and Disclosures*, or ASC Topic 820. The determination of such fair value is not included in our board of directors' valuation process described elsewhere herein.

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

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

(5) The entire commitment was unfunded at June 30, 2015. As such, no interest is being earned on this investment.

75

SLF Loan Portfolio as of September 30, 2014

Portfolio Company	Business Description	Securit
5.11, Inc. (3)	Textiles and Leather	Senior
ACTIVE Network, Inc.	Electronics	Senior
ARG IH Corporation (3)	Beverage, Food and Tobacco	Senior
Atrium Innovations	Personal and Non Durable Consumer Products	Senior
BJ's Wholesale Club, Inc.	Retail Stores	Senior
Blue Coat Systems, Inc.	Electronics	Senior
BMC Software, Inc.	Electronics	Senior
Brasa (Holdings) Inc.	Personal, Food and Miscellaneous Services	Senior
Connect Merger Sub, Inc.	Telecommunications	Senior
Dell, Inc.	Electronics	Senior
Dialysis Newco, Inc.	Healthcare, Education and Childcare	Senior
Diversified Foodservice Supply, Inc. (3)	Beverage, Food and Tobacco	Senior
El Pollo Loco Inc. (3)	Personal, Food and Miscellaneous Services	Senior
Federal-Mogul Corporation	Automobile	Senior
GSDM Holdings Corp. (3)	Healthcare, Education and Childcare	Senior
Nuveen Investments, Inc.	Finance	Senior
Paradigm DKD Group, LLC	Buildings and Real Estate	Senior
Paradigm DKD Group, LLC	Buildings and Real Estate	Senior
Paradigm Management Services, LLC (3)	Healthcare, Education and Childcare	Senior
Payless ShoeSource, Inc.	Retail Stores	Senior
Plano Molding Company, LLC (3)	Home and Office Furnishings, Housewares, and Durable Consumer	Senior
Print Payroll Services, LLC	Diversified Conglomerate Service	Senior
Rug Doctor LLC (3)	Personal and Non Durable Consumer Products	Senior
Rug Doctor LLC (3)	Personal and Non Durable Consumer Products	Senior
Scientific Games International, Inc.	Hotels, Motels, Inns, and Gaming	Senior
Self Esteem Brands, LLC (3)	Leisure, Amusement, Motion Pictures, Entertainment	Senior
Smashburger Finance LLC	Beverage, Food and Tobacco	Senior
Syncsort Incorporated (3)	Electronics	Senior
Systems Maintenance Services Holding, Inc. (3)	Electronics	Senior
Take 5 Oil Change, L.L.C. (3)	Automobile	Senior
U.S. Water Services, Inc.	Utilities	Senior
U.S. Water Services, Inc.	Utilities	Senior
U.S. Water Services, Inc.	Utilities	Senior
W3 Co.	Oil and Gas	Senior
WII Components, Inc. (3)	Home and Office Furnishings, Housewares, and Durable Consumer	Senior
WII Components, Inc. (3) (4)	Home and Office Furnishings, Housewares, and Durable Consumer	Senior

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

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

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

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

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

We have committed to fund $87.5 million of subordinated notes and $21.9 million of LLC equity interest subscriptions to SLF. The amortized cost and fair value of the subordinated notes in SLF held by us were $65.9 million and $65.9 million, respectively, as of June 30, 2015, and $25.6 million and $25.6 million, respectively, as of September 30, 2014. The subordinated notes pay a weighted average interest rate of three-month LIBOR plus 8.0%. For the three and nine months ended June 30, 2015, we earned interest income of $1.1 million and $2.3 million, respectively, on the subordinated notes. For the three and nine months ended June 30, 2014, we earned interest income of $0.6 million and $1.3 million, respectively, on the subordinated notes. As of June 30, 2015 and September 30, 2014, $21.9 million and $9.3 million of our LLC equity interest subscriptions to SLF had been called and contributed. For the three and nine months ended June 30, 2015, we received $0.4 million and $0.7 million, respectively, in dividend income from the SLF LLC equity interests. For the three and nine months ended June 30, 2014, we did not earn dividend income from the SLF LLC equity interests.

For the three and nine months ended June 30, 2015, we earned an annualized total return on our weighted average capital invested in SLF of 8.5% and 8.6%, respectively. For the three and nine months ended June 30, 2014, we earned an annualized total return on our weighted average capital invested in SLF of 9.6% and 8.0%, respectively. The annualized total return on weighted average capital invested is calculated by dividing total income earned on our investments in SLF subordinated notes and LLC equity interests by the combined daily average of our investments in (1) the principal of the SLF subordinated notes and (2) the net asset value of the SLF LLC equity interests.

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

	As of June 30, 2015	As of September 30, 2014
	(In thousands)	
Selected Balance Sheet Information, at fair value		
Investments in loans receivable, net of discount for loan origination fees	$255,523	$ 103,296
Cash and other assets	7,399	3,932
Receivable from investments sold	1,980	-
Total assets	$264,902	$ 107,228
Senior credit facility	$159,455	$ 66,600
Payable for open trades	4,626	-
Other liabilities	404	822
Total liabilities	164,485	67,422
Subordinated notes and members' equity	100,417	39,806
Total liabilities and net assets	$264,902	$ 107,228

	Three months ended June 30,		**Nine months ended June 30,**	
	2015	**2014**	**2015**	**2014**
	(In thousands)		*(In thousands)*	
Selected Statement of Operations Information:				
Interest income	$ 3,091	$ 1,275	$ 6,732	$ 2,386
Fee income	-	2	4	4
Total investment income	3,091	1,277	6,736	2,390
Interest expense	2,162	1,064	4,678	2,019
Administrative service fee	70	60	166	112
Management and incentive fees	-	-	-	-
Other expenses	29	33	77	67
Total expenses	2,261	1,157	4,921	2,198
Net investment income	830	120	1,815	192
Net realized gains (losses) on investments and subordinated notes	9	-	9	-
Net change in unrealized appreciation (depreciation) on investments and subordinated notes	(383)	114	(755)	241
Net increase (decrease) in net assets	$ 456	$ 234	$ 1,069	$ 433

SLF has elected to fair value the subordinated notes issued to us and RGA under Accounting Standards Codification, or ASC, Topic 825 – *Financial Instruments,* or ASC Topic 825. The subordinated notes are valued by calculating the net present value of the future expected cash flow streams using an appropriate risk-adjusted discount rate model. For the three and nine months ended June 30, 2015, SLF recognized $0.0 million and $0.0 million in unrealized depreciation, respectively, on the subordinated notes.

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

	As of June 30, 2015 (In thousands)			
	Par Value	Carrying Value	Fair Value	Unrealized Appreciation / (Depreciation)
Subordinated notes	$75,273	$ 75,273	$ 75,273	$ -

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

Contractual Obligations and Off-Balance Sheet Arrangements

A summary of our significant contractual payment obligations as of June 30, 2015 is as follows:

	Payments Due by Period (In millions)				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
2010 Debt Securitization	$215.0	$ -	$ -	$ -	$ 215.0
2014 Debt Securitization	246.0	-	-	-	246.0
SBA debentures	220.8	-	-	-	220.8
Credit Facility	141.3	-	-	141.3	-
Revolver	-	-	-	-	-
Unfunded commitments (1)	134.8	134.8	-	-	-
Total contractual obligations (2)	$957.9	$ 134.8	$ -	$ 141.3	$ 681.8

(1) Unfunded commitments represent all amounts unfunded as of June 30, 2015. These amounts may or may not be funded to the borrowing party now or in the future. The unfunded commitments relate to loans with various maturity dates, but we are showing this amount in the less than one year category as this entire amount was eligible for funding to the borrowers as of June 30, 2015.

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

We may become a party to financial instruments with off-balance sheet risk in the normal course of our business to meet the financial needs of our portfolio companies. These instruments may include commitments to extend credit and involve, to varying degrees, elements of liquidity and credit risk in excess of the amount recognized in the balance sheet. As of June 30, 2015 and September 30, 2014, we had outstanding commitments to fund investments totaling $134.8 million and $124.5 million, respectively.

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

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

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

Distributions

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

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

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

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

Related Party Transactions

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

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

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

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

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

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

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

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

Critical Accounting Policies

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

Fair Value Measurements

We value investments for which market quotations are readily available at their market quotations. However, a readily available market value is not expected to exist for many of the investments in our portfolio, and we value these portfolio investments at fair value as determined in good faith by our board of directors under our valuation policy and process.

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

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

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

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

The factors that are taken into account in fair value pricing investments include: available current market data, including relevant and applicable market trading and transaction comparables; applicable market yields and multiples; security covenants; call protection provisions; information rights; the nature and realizable value of any collateral; the portfolio company's ability to make payments, its earnings and discounted cash flows and the markets in which it does business; comparisons of financial ratios of peer companies that are public; comparable merger and acquisition transactions; and the principal market and enterprise values.

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

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

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

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

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

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an asset's or a liability's categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and we consider factors specific to the asset or liability. We assess the levels of assets and liabilities at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfers. There were no transfers among Level 1, 2 and 3 of the fair value hierarchy for assets and liabilities during the three and nine months ended June 30, 2015 and 2014. The following section describes the valuation techniques used by us to measure different assets and liabilities at fair value and includes the level within the fair value hierarchy in which the assets and liabilities are categorized.

Valuation of Investments

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

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

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

For the Company’s investment in SLF LLC equity interests, SLF follows the same valuation policies for investments in Level 3 investments as described above. SLF holds Level 3 debt investments. Additionally, SLF has elected to fair value Level 3 subordinated notes and secured borrowings. Fair value accounting standards permit an entity to choose to measure many financial instruments and certain other items at fair value, with unrealized gains and losses in earnings at each reporting period.

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

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

Valuation of Secured Borrowings

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

Valuation of Other Financial Assets and Liabilities

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

Revenue Recognition:

Our revenue recognition policies are as follows:

Investments and Related Investment Income: Interest income is accrued based upon the outstanding principal amount and contractual interest terms of debt investments. Premiums, discounts, and origination fees are amortized or accreted into interest income over the life of the respective debt investment. For investments with contractual PIK interest, which represents contractual interest accrued and added to the principal balance that generally becomes due at maturity, we do not accrue PIK interest if the portfolio company valuation indicates that the PIK interest is not likely to be collectible. In addition, we may generate revenue in the form of amendment, structuring or due diligence fees, fees for providing managerial assistance, consulting fees and prepayment premiums on loans and record these fees as fee income when received. Dividend income on preferred equity securities is recorded as dividend income on an accrual basis to the extent that such amounts are payable by the portfolio company and are expected to be collected. Dividend income on common equity securities is recorded on the record date for private portfolio companies or on the ex-dividend date for publicly traded portfolio companies. Distributions received from LLC and limited partnership, or LP, investments are evaluated to determine if the distribution should be recorded as dividend income or a return of capital. Generally, we will not record distributions from equity investments in LLCs and LPs as dividend income unless there are sufficient accumulated tax-basis earnings and profits in the LLC or LP prior to the distribution. Distributions that are classified as a return of capital are recorded as a reduction in the cost basis of the investment.

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

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

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

Income taxes:

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

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

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

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are subject to financial market risks, most significantly changes in interest rates. Many of the loans in our portfolio have floating interest rates, and we expect that our loans in the future may also have floating interest rates. These loans are usually based on a floating LIBOR and typically have interest rate reset provisions that adjust applicable interest rates under such loans to current market rates on a quarterly basis. The loans that are subject to the floating LIBOR rates are also subject to a minimum base rate, or floor, that we charge on our loans if the current market rates are below the respective floors. As of June 30, 2015 and September 30, 2014, the weighted average LIBOR floor on the loans subject to floating interest rates was 1.09% and 1.15%, respectively. In addition, the Class A and B 2010 Notes issued as a part of the 2010 Debt Securitization and the Class A-1, A-2 and B 2014 Notes issued as part of the 2014 Debt Securitization have floating interest rate provisions based on three-month LIBOR that resets quarterly, the Credit Facility has a floating interest rate provision based on one-month LIBOR that resets daily and the Revolver has a floating interest rate provision based on, at the election of Revolver Funding, either one-month, two-month or three-month LIBOR or PrivateBank's prime rate that resets at contract maturity. As of June 30, 2015 and September 30, 2014, the weighted average LIBOR floor on the secured borrowings, which reset quarterly, was 1.00% and 1.00%, respectively. We expect that other credit facilities into which we enter in the future may have floating interest rate provisions.

Assuming that the interim and unaudited consolidated statement of financial condition as of June 30, 2015 were to remain constant and that we took no actions to alter our existing interest rate sensitivity, the following table shows the annualized impact of hypothetical base rate changes in interest rates.

Change in interest rates	Increase (decrease) in interest income	Increase (decrease) in interest expense	Net increase (decrease) in investment income
	(in thousands)		
Down 25 basis points	$(165)	$ (1,506)	$ 1,341
Up 50 basis points	329	3,012	(2,683)
Up 100 basis points	3,811	6,025	(2,214)
Up 200 basis points	18,495	12,052	6,443
Up 300 basis points	33,291	18,079	15,212

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

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

Item 4: Controls and Procedures.

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

Part II – Other Information

Item 1: Legal Proceedings.

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

Item 1A: Risk Factors.

None.

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

None.

Item 3: Defaults Upon Senior Securities.

None.

Item 4: Mine Safety Disclosures.

None.

Item 5: Other Information.

None.

Item 6: Exhibits.

EXHIBIT INDEX

Number	**Description**
10.1	Supplemental Indenture No. 2, dated as of June 25, 2015, by and between Golub Capital BDC 2010-1 LLC and U.S. Bank National Association, as trustee (Incorporated by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K (File No. 814-00794), filed on June 26, 2015).
31.1	Certifications by Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certifications by Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*

* Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

		Golub Capital BDC, Inc.
Dated:	August 5, 2015	By /s/ David B. Golub David B. Golub Chief Executive Officer (Principal Executive Officer)
Dated:	August 5, 2015	By /s/ Ross A. Teune Ross A. Teune Chief Financial Officer (Principal Accounting and Financial Officer)

89