Golub Capital BDC, Inc.
Form 497
May 06, 2013

This preliminary prospectus supplement relates to an effective registration statement under the Securities Act of 1933, as amended, but the information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed Pursuant to Rule 497
File No. 333-174756

Subject to Completion, dated May 6, 2013

PRELIMINARY PROSPECTUS SUPPLEMENT
(to Prospectus dated April 29, 2013)

5,500,000 Shares

GOLUB CAPITAL BDC, INC.

Common Stock
$ per share

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. Our investment objective is to provide our stockholders with current income and capital appreciation through debt and minority equity investments in middle-market companies.

GC Advisors LLC serves as our investment adviser. Golub Capital LLC serves as our administrator. GC Advisors LLC and Golub Capital LLC are affiliated with Golub Capital (as defined herein), a leading lender to middle-market companies that has $8.0 billion of capital under management.

All of the shares of common stock offered by this prospectus supplement are being sold by us. Our common stock is traded on The NASDAQ Global Select Market under the symbol GBDC . The last reported closing price for our common stock on May 3, 2013 was $17.65 per share. The net asset value of our common stock on March 31, 2013 (the last date prior to the date of this prospectus supplement on which we determined net asset value) was $14.80 per share. The offering price per share of our common stock less any underwriting commissions or discounts will not be less than the net asset value per share of our common stock at the time we make this offering.

Concurrently with the closing of this offering, Golub Capital Company IV, LLC will sell to certain entities advised or subadvised by affiliates of Golub Capital in a separate private placement 764,808 shares of our common stock at $ per share. A majority of the shares are being purchased by the affiliated entities for the purpose of awarding equity incentive compensation to employees of Golub Capital. No underwriting discounts or commissions will be paid in respect of these shares.

Shares of closed-end investment companies, including business development companies, frequently trade at a

discount to their net asset value. If our shares trade at a discount to our net asset value, it will likely increase the risk of loss for purchasers in this offering. Investing in our common stock involves a high degree of risk. Before buying any securities, you should read the discussion of the material risks of investing in our common stock, including the risk of leverage, in Risk Factors beginning on page 12 of the accompanying prospectus.

This prospectus supplement and the accompanying prospectus contain important information you should know before investing in our common stock. Please read it before you invest and keep it for future reference. We file annual, quarterly and current reports, proxy statements and other information about us with the Securities and Exchange Commission, or the SEC. We maintain a website at *http://www.golubcapitalbdc.com* and make all of our annual, quarterly and current reports, proxy statements and other publicly filed information available. This information is available free of charge, on or through our website. You may also obtain such information by contacting us at 150 South Wacker Drive, Suite 800, Chicago, Illinois 60606, Attention: Investor Relations, or by calling us collect at (312) 205-5050. The SEC also maintains a website at *http://www.sec.gov* that contains such information.

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.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$	$
Sales load (underwriting discounts and commissions)	$	$
Proceeds to us (before expenses)	$	$

In addition, the underwriters may purchase up to an additional 825,000 shares of common stock at the public offering price, less the sales load payable by us, to cover overallotments, if any, within 30 days from the date of this prospectus supplement. If the underwriters exercise this option in full, the total sales load paid by us will be $, and total proceeds to us, before expenses, will be $.

The underwriters are offering the common stock as set forth in Underwriting. Delivery of the common stock will be made on or about May , 2013.

Wells Fargo Securities **Morgan Stanley** **UBS Investment Bank**

RBC Capital Markets

The date of this prospectus supplement is May , 2013

TABLE OF CONTENTS

ABOUT THIS PROSPECTUS SUPPLEMENT

You should rely only on the information contained in this prospectus supplement and the accompanying prospectus. We have not and the underwriters have not, authorized any other person to provide you with different information. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement is accurate only as of the date on the front cover of this prospectus supplement and that the information appearing in the accompanying prospectus is accurate only as of the date on its front cover. Our business, financial condition, results of operations, cash flows and prospects may have changed since that date. We will update these documents to reflect material changes only as required by law. We are offering to sell and seeking offers to buy, securities only in jurisdictions where offers are permitted.

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering and also adds to and updates information contained in the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information and disclosure. To the extent the information contained in this prospectus supplement differs from the information contained in the accompanying prospectus, the information in this prospectus supplement will control. You should read this prospectus supplement and the accompanying prospectus together with the additional information described under the headings Risk Factors included in the accompanying prospectus and Available Information included in this prospectus supplement before investing in our common stock.

TABLE OF CONTENTS PROSPECTUS SUPPLEMENT

PROSPECTUS

i

TABLE OF CONTENTS

TABLE OF CONTENTS

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights some of the information in this prospectus supplement and the accompanying prospectus. It is not complete and may not contain all of the information that you may want to consider. You should read the more detailed information set forth under Risk Factors included in the accompanying prospectus and the other information included in this prospectus supplement and the accompanying prospectus carefully.

Except as otherwise indicated, the terms:

we, us, our and Golub Capital BDC refer to Golub Capital BDC, Inc., a Delaware corporation, and its consolidated subsidiaries, including the Securitization Issuer and Holdings, and, for the periods prior to consummation of the BDC Conversion (as defined below), Golub Capital BDC LLC, a Delaware limited liability company, and its consolidated subsidiaries;

Holdings refers to Golub Capital BDC 2010-1 Holdings LLC, our direct subsidiary, Securitization Issuer refers to Golub Capital BDC 2010-1 LLC, our indirect subsidiary, and Debt Securitization refers to the $350 million term debt securitization that we completed on July 16, 2010, as amended on February 15, 2013;

GC Advisors refers to GC Advisors LLC, our investment adviser;

Administrator refers to Golub Capital LLC, an affiliate of GC Advisors and our administrator and for periods prior to February 5, 2013, GC Service Company, LLC; and

Golub Capital refers, collectively, to the activities and operations of Golub Capital Incorporated and Golub Capital LLC (formerly Golub Capital Management LLC), which employs all of Golub Capital s investment professionals, as well as GC Advisors, associated investment funds and their respective affiliates.

On April 13, 2010, we converted from a limited liability company into a corporation. In this conversion, Golub Capital BDC, Inc. succeeded to the business of Golub Capital BDC LLC and its consolidated subsidiary, and the members of Golub Capital BDC LLC became stockholders of Golub Capital BDC, Inc. In this prospectus supplement, we refer to such transactions as the BDC Conversion. Prior to the BDC Conversion, Golub Capital BDC LLC held all of the outstanding limited liability company interests in our predecessor, Golub Capital Master Funding LLC, or GCMF.

Golub Capital BDC

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 regulated investment company, or RIC, under Subchapter M of the Internal Revenue Code of 1986, as amended, or the Code. We were formed in November 2009 to continue and expand the business of our predecessor, GCMF, which commenced operations in July 2007, to make investments in senior secured loans, one stop loans (a loan that combines characteristics of traditional first lien senior secured loans and second lien or subordinated loans), second lien loans and subordinated loans (a loan that ranks senior only to a borrower s equity securities and ranks junior to all of such borrower s other indebtedness to which lenders have agreed to be subordinated in priority of payment) and warrants and equity securities of middle-market companies that are, in most cases, sponsored by private equity firms. In this prospectus, the term middle-market generally refers to companies having earnings before interest, taxes, depreciation and amortization, or EBITDA, of between $5 million and $50 million annually.

Our investment objective is to maximize the total return to our stockholders in the form of current income and capital appreciation through debt and minority equity investments. We intend to achieve our investment objective by (1) accessing the established loan origination channels developed by Golub Capital, a leading lender to middle-market companies with $8.0 billion of capital under management, (2) selecting investments within our core middle-market company focus, (3) partnering with experienced private equity

S-1

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.

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

We seek to create a diverse portfolio that includes senior secured, one stop, second lien and subordinated loans and warrants and minority equity securities by primarily investing approximately $5 million to $25 million of capital, on average, in the securities of U.S. middle-market companies. We may also selectively invest more than $25 million in some of our portfolio companies and generally expect that the size of our individual investments will vary proportionately with the size of our capital base.

Our Adviser

Our investment activities are managed by our investment adviser, GC Advisors. GC Advisors is responsible for sourcing potential investments, conducting research and due diligence on prospective investments and equity sponsors, analyzing investment opportunities, structuring our investments and monitoring our investments and portfolio companies on an ongoing basis. GC Advisors was organized in September 2008 and is a registered investment adviser under the Investment Advisers Act of 1940, as amended, or the Advisers Act. Under our amended and restated investment advisory agreement, or the Investment Advisory Agreement, with GC Advisors, we pay GC Advisors a base management fee and an incentive fee for its services. See Management Agreements Management Fee in the accompanying prospectus for a discussion of the base management fee and incentive fee, including the cumulative income incentive fee and the income and capital gains incentive fee, payable by us to GC Advisors. Unlike most closed-end funds whose fees are based on assets net of leverage, our base management fee is based on our average-adjusted gross assets (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, therefore, GC Advisors benefits when we incur debt or use leverage. 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 definition under U.S. Generally Accepted Accounting Principles, or GAAP, which defines cash equivalents as U.S. government securities and commercial paper instruments maturing within 90 days of purchase). Additionally, under the incentive fee structure, GC Advisors benefits when capital gains are recognized and, because it determines when a holding is sold, GC Advisors controls the timing of the recognition of capital gains. Our board of directors is charged with protecting our interests by monitoring how GC Advisors addresses these and other conflicts of interest associated with its management services and compensation. While not expected to review or approve each borrowing, our independent directors periodically review GC Advisors services and fees as well as its portfolio management decisions and portfolio performance. In connection with these reviews, our independent directors consider whether our fees and expenses (including those related to leverage) remain appropriate. See Management Agreements Board Approval of the Investment Advisory Agreement in the accompanying prospectus.

GC Advisors is an affiliate of Golub Capital and has entered into a staffing agreement, or the Staffing Agreement, with Golub Capital Incorporated and Golub Capital LLC. Under the Staffing Agreement, these companies make experienced investment professionals available to GC Advisors and provide access to the senior investment personnel of Golub Capital and its affiliates. The Staffing Agreement provides GC Advisors with access to investment opportunities, which we refer to in the aggregate as deal flow, generated by Golub Capital and its affiliates in the ordinary course of their businesses and commits the members of GC Advisors investment committee to serve in that capacity. As our investment adviser, GC Advisors is obligated to allocate investment opportunities among us and its other clients fairly and equitably over time in accordance with its allocation policy. See Related Party Transactions and Certain Relationships in the accompanying prospectus. However, there can be no assurance that such opportunities will be allocated to us fairly or equitably in the short-term or over time. GC Advisors seeks to capitalize on the significant deal origination,

S-2

TABLE OF CONTENTS

credit underwriting, due diligence, investment structuring, execution, portfolio management and monitoring experience of Golub Capital s investment professionals.

Golub Capital LLC, the Administrator, provides the administrative services necessary for us to operate. See Management Agreements Administration Agreement in the accompanying prospectus for a discussion of the fees and expenses we are required to reimburse to the Administrator.

About Golub Capital

Golub Capital, founded in 1994, is a leading lender to middle-market companies with a long track record of investing in one stop and junior capital financings, which is our long-term investment focus. Golub Capital invested more than $4.5 billion in one stop and subordinated transactions across a variety of market environments and industries between 2001 and March 31, 2013.

Golub Capital s middle-market lending group is managed by a four-member senior management team consisting of Lawrence E. Golub, David B. Golub, Andrew H. Steuerman and Gregory W. Cashman. As of March 31, 2013, Golub Capital s 57 investment professionals had an average of over 12 years of investment experience and were supported by 98 administrative and back office personnel that focus on operations, finance, legal and compliance, accounting and reporting, marketing, information technology and office management.

Market Opportunity

We intend to pursue an investment strategy focused on investing in senior secured, one stop, second lien and subordinated loans of, and warrants and minority equity securities in, U.S. middle-market companies.

Target Market. We believe that small and middle-market companies in the United States with annual revenues between $10 million and $2.5 billion represent a significant growth segment of the U.S. economy and often require substantial capital investments to grow. Middle-market companies have generated a significant number of investment opportunities for investment funds managed or advised by Golub Capital, and we believe that this market segment will continue to produce significant investment opportunities for us.

Specialized Lending Requirements. We believe that several factors render many U.S. financial institutions ill-suited to lend to U.S. middle-market companies. For example, based on the experience of our management team, lending to U.S. middle-market companies (1) is generally more labor intensive than lending to larger companies due to the smaller size of each investment and the fragmented nature of information for such companies, (2) requires due diligence and underwriting practices consistent with the demands and economic limitations of the middle-market and (3) may also require more extensive ongoing monitoring by the lender.

Demand for Debt Capital. We believe there is a large pool of uninvested private equity capital for middle-market companies. We expect private equity firms will seek to leverage their investments by combining equity capital with senior secured loans and subordinated debt from other sources, such as us.

Competition from Bank Lenders. We believe that many traditional bank lenders, in recent years, de-emphasized their service and product offerings to middle market businesses in favor of lending to large corporate clients and managing capital market transactions. In addition, many commercial banks face significant balance sheet constraints as they seek to build capital and meet future regulatory capital requirements. These factors may result in opportunities for alternative funding sources to middle market companies and therefore drive increased new investment opportunities for us.

Pricing and Deal Structures. We believe that the volatility in global markets over the last several years and current macroeconomic issues such as a weakened U.S. economy has reduced access to, and availability of, debt capital to middle-market companies, causing a reduction in competition and generally more favorable capital structures and deal terms. We believe these market conditions may continue to create favorable opportunities to invest at attractive risk-adjusted returns.

TABLE OF CONTENTS

Competitive Strengths

Deep, Experienced Management Team. We are managed by GC Advisors, which, as of March 31, 2013, had access through the Staffing Agreement to the resources and expertise of Golub Capital s 155 employees, led by our chairman, Lawrence E. Golub, and our chief executive officer, David B. Golub. Concurrently with the closing of this offering, Golub Capital Company IV, LLC will sell to certain entities advised or subadvised by affiliates of Golub Capital in a separate private placement 764,808 shares of our common stock at $ per share. A majority of the shares are being purchased by the affiliated entities for the purpose of awarding equity incentive compensation to employees of Golub Capital. As of March 31, 2013, the 57 investment professionals of Golub Capital had an average of over 12 years of investment experience and were supported by 98 administrative and back office personnel that focus on operations, finance, legal and compliance, accounting and reporting, marketing, information technology and office management. Golub Capital seeks to hire and retain high-quality investment professionals and reward those personnel based on investor returns. In 2012, Golub Capital was awarded the Association for Corporate Growth (ACG) New York Champion s Award for Senior Lender Firm of the Year. This award does not constitute an endorsement by such organization of the securities being offered by this prospectus supplement.

Leading U.S. Debt Platform Provides Access to Proprietary Relationship-Based Deal Flow. GC Advisors gives us access to the deal flow of Golub Capital, one of the leading middle-market lenders in the United States. Golub Capital has been ranked a Top 3 Traditional Middle Market Bookrunner every year from 2008 through 2012 by Thomson Reuters LPC for senior secured loans of up to $100 million for leveraged buyouts (based on number of deals completed). Since its inception, Golub Capital has closed deals with over 150 middle-market sponsors and repeat transactions with over 90 sponsors. We believe that Golub Capital receives relationship-based early looks and last looks at many investment opportunities in the U.S. middle-market market, allowing it to be highly selective in the transactions it pursues.

Disciplined Investment and Underwriting Process. GC Advisors utilizes the established investment process of Golub Capital for reviewing lending opportunities, structuring transactions and monitoring investments. Using its disciplined approach to lending, GC Advisors seeks to minimize credit losses through effective underwriting, comprehensive due diligence investigations, structuring and the implementation of restrictive debt covenants.

Regimented Credit Monitoring. Following each investment, GC Advisors implements a regimented credit monitoring system. This careful approach, which involves ongoing review and analysis by teams of professionals, has enabled us to identify problems early and to assist borrowers before they face difficult liquidity constraints.

Concentrated Middle-Market Focus. Because of our focus on the middle-market, we understand the following general characteristics of middle-market lending:

- middle-market companies are generally less leveraged than large companies and, we believe, offer more attractive investment returns in the form of upfront fees, prepayment penalties and higher interest rates;
- middle-market issuers are more likely to have simple capital structures;
- carefully structured covenant packages enable middle-market lenders to take early action to remediate poor financial performance; and
- middle-market lenders can undertake thorough due diligence investigations prior to investment.

Recent Developments

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

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

Operating and Regulatory Structure

Our investment activities are managed by GC Advisors and supervised by our board of directors, a majority of whom are independent of us, GC Advisors and its affiliates.

As a business development company, we are required to comply with certain regulatory requirements. For example, while we are permitted to finance investments using leverage, which may include the issuance of shares of preferred stock, or notes and other borrowings, our ability to use leverage is limited in significant respects. See Regulation in the accompanying prospectus. Any decision on our part to use leverage will depend upon our assessment of the attractiveness of available investment opportunities in relation to the costs and perceived risks of such leverage. Our board of directors determines our leverage policy, including approving in advance the incurrence of material indebtedness and the execution of material contracts, and directs GC Advisors to implement such policies. GC Advisors makes recommendations to our board of directors with respect to such policies. The use of leverage to finance investments creates certain risks and potential conflicts of interest. See Risk Factors Risks Relating to our Business and Structure There are significant potential conflicts of interest that could affect our investment returns, Risk Factors Risks Relating to our Business and Structure Our management and incentive fee structure may create incentives for GC Advisors that are not fully aligned with the interests of our stockholders, Risk Factors Risks Relating to our Business and Structure Regulations governing our operation as a business development company affect our ability to, and the way in which we, raise additional capital. As a business development company, the necessity of raising additional capital exposes us to risks, including the typical risks associated with leverage and Risk Factors Risks Relating to our Business and Structure We intend to finance our investments with borrowed money, which will magnify the potential for gain or loss on amounts invested and may increase the risk of investing in us in the accompanying prospectus.

Also, as a business development company, we are generally prohibited from acquiring assets other than qualifying assets unless, after giving effect to any acquisition, at least 70% of our total assets are qualifying assets. Qualifying assets generally include securities of eligible portfolio companies, cash, cash equivalents, U.S. government securities and high-quality debt investments maturing in one year or less from the time of investment. Under the rules of the 1940 Act, eligible portfolio companies include (1) private domestic operating companies, (2) public domestic operating companies whose securities are not listed on a national securities exchange (*e.g.*, the New York Stock Exchange, NYSE Amex Equities and The NASDAQ Stock Market) or registered under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and (3) public domestic operating companies having a market capitalization of less than $250 million. Public domestic operating companies whose securities are quoted on the over-the-counter bulletin board and through Pink Sheets LLC are not listed on a national securities exchange and therefore are eligible portfolio companies. See Regulation in the accompanying prospectus.

Conflicts of Interest

Subject to certain 1940 Act restrictions on co-investments with affiliates, GC Advisors offers us the right to participate in all investment opportunities that it determines are appropriate for us in view of our investment objective, positions, policies, strategies and restrictions as well as regulatory requirements and other relevant factors. Such offers are subject to the exception that, in accordance with GC Advisors code of ethics and allocation policies, we might not participate in each individual opportunity but will, on an overall basis, be entitled to participate equitably with other entities sponsored or managed by GC Advisors and its affiliates.

To the extent that we compete with entities sponsored or managed by GC Advisors or its affiliates for a particular investment opportunity, GC Advisors will allocate investment opportunities across the entities for which such opportunities are appropriate, consistent with (1) its internal conflict of interest and allocation policies, (2) the requirements of the Advisers Act and (3) certain restrictions under the 1940 Act regarding co-investments with affiliates. GC Advisors allocation policies are intended to ensure that, over time, we may generally share equitably in investment opportunities with other investment funds, accounts or other investment vehicles, together referred to as accounts, sponsored or managed by GC Advisors or its affiliates, particularly those involving a security with limited supply or involving differing classes of securities of the same issuer which may be suitable for us and such other accounts.

S-5

TABLE OF CONTENTS

GC Advisors and its affiliates have other clients with similar or competing investment objectives, including several private funds that are pursuing an investment strategy similar to ours, some of which are continuing to seek new capital commitments. In serving these clients, GC Advisors may have obligations to other clients or investors in those entities. Our investment objective may overlap with such affiliated accounts. GC Advisors allocation procedures are designed to allocate investment opportunities among the accounts sponsored or managed by GC Advisors and its affiliates in a manner that is fair and equitable over time and consistent with its obligations under the Advisers Act and its allocation procedures. GC Advisors has put in place a conflict-resolution policy that addresses the co-investment restrictions set forth under the 1940 Act. See Risk Factors Risks Relating to our Business and Structure Conflicts related to obligations GC Advisors investment committee, GC Advisors or its affiliates have to other clients in the accompanying prospectus.

GC Advisors seeks to ensure the equitable allocation of investment opportunities when we are able to invest alongside other accounts sponsored or managed by GC Advisors and its affiliates. When we invest alongside such other accounts, such investments are made consistent with GC Advisors allocation policy. Under this allocation policy, GC Advisors will determine separately the amount of any proposed investment to be made by us and similar eligible accounts. We expect that these determinations will be made similarly for other accounts sponsored or managed by GC Advisors and its affiliates. If sufficient securities or loan amounts are available to satisfy our and each such account s proposed investment, the opportunity will be allocated in accordance with GC Advisor s pre-transaction determination. Where there is an insufficient amount of an investment opportunity to fully satisfy us and other accounts sponsored or managed by GC Advisors or its affiliates, the allocation policy further provides that allocations among us and such other accounts will generally be made pro rata based on the amount that each such party would have invested if sufficient securities or loan amounts were available. In situations in which co-investment with other entities sponsored or managed by GC Advisors or its affiliates is not permitted or appropriate, such as when, in the absence of exemptive relief described below, we and such other entities would be making different investments in the same issuer, GC Advisors will need to decide whether we or such other entity or entities will proceed with the investment. GC Advisors will make these determinations based on its policies and procedures, which generally require that such opportunities be offered to eligible accounts on a basis that will be fair and equitable over time, including, for example, through random or rotational methods. We and GC Advisors have submitted an exemptive application to the SEC to permit greater flexibility to negotiate the terms of co-investments if our board of directors determines that it would be advantageous for us to co-invest with other accounts sponsored or managed by GC Advisors or its affiliates in a manner consistent with our investment objectives, positions, policies, strategies and restrictions as well as regulatory requirements and other pertinent factors. See Related Party Transactions and Certain Relationships in the accompanying prospectus.

Additionally, under our incentive fee structure, GC Advisors benefits when we recognize capital gains and, because GC Advisors determines when a holding is sold, GC Advisors controls the timing of the recognition of such capital gains. See Risk Factors Risks Relating to our Business and Structure Our management and incentive fee structure may create incentives for GC Advisors that are not fully aligned with the interests of our stockholders in the accompanying prospectus. In addition, because the base management fee that we pay to GC Advisors is based on our average adjusted gross assets, including those assets acquired through the use of leverage, GC Advisors has a financial incentive to incur leverage.

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Our principal executive offices are located at 150 South Wacker Drive, Suite 800, Chicago, Illinois 60606, and our telephone number is (312) 205-5050. Our corporate website is located at *www.golubcapitalbdc.com*. Information on our website is not incorporated into or a part of this prospectus supplement.

S-6

TABLE OF CONTENTS

THE OFFERING

Common Stock Offered by Us

5,500,000, excluding 825,000 shares issuable pursuant to the overallotment option granted to the underwriters.

Common Stock to be Outstanding after this Offering

39,254,512, excluding shares issuable pursuant to the overallotment option granted to the underwriters.

Use of Proceeds

We intend to use all or substantially all of the net proceeds to us from the sale of our securities to invest in portfolio companies in accordance with our investment objective and strategies and for general corporate purposes. We expect that our new investments will consist primarily of senior secured, one stop, second lien and subordinated loans. We will also pay operating expenses, including management and administrative fees, and may pay other expenses, such as due diligence expenses related to potential new investments, from the net proceeds of this offering. A portion of the net proceeds from this offering is expected to be utilized to capitalize GC SBIC V, L.P., or SBIC V, our newest small business investment company, or SBIC, subsidiary, following which we expect SBIC V to issue SBA-guaranteed debentures and make investments in accordance with our investment strategy. We may also use a portion of the net proceeds from the sale of our common stock to repay amounts outstanding under our senior secured revolving credit facility, or the Credit Facility, which bore an annual interest rate of 2.45% (i.e., one-month London Interbank Offered Rate, or LIBOR, plus 2.25% per annum) on the outstanding balance of $47.7 million as of March 31, 2013 and matures on October 20, 2017. See Use of Proceeds in this prospectus supplement for more information.

NASDAQ Global Select Market Symbol

GBDC

Trading at a Discount

Shares of closed-end investment companies, including business development companies, frequently trade at a discount to their net asset value. We are not generally able to issue and sell our common stock at a price below our net asset value per share unless we have stockholder approval. The risk that our shares may trade at a discount to our net asset value is separate and distinct from the risk that our net asset value per share may decline. We cannot predict whether our shares will trade above, at or below net asset value. See Risk Factors beginning on page 12 of the accompanying prospectus.

Risk Factors

An investment in our common stock is subject to risks and involves a heightened risk of total loss of investment. In addition, the companies in which we invest are subject to special risks. See Risk Factors beginning on page 12 of the accompanying prospectus to read about factors you should consider, including the risk of leverage, before investing in our common stock.

TABLE OF CONTENTS

Dividend Reinvestment Plan

We have adopted a dividend reinvestment plan for our stockholders, which is an opt out dividend reinvestment plan. Under this plan, if we declare a distribution, cash distributions to our stockholders are 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 receives cash dividends or other distributions. Stockholders who receive distributions in the form of shares of common stock generally are subject to the same U.S. federal, state and local tax consequences as stockholders who elect to receive their distributions in cash but do not receive any corresponding cash distributions with which to pay any applicable taxes. See Dividend Reinvestment Plan in the accompanying prospectus.

Custodian and Transfer Agent

U.S. Bank National Association serves as our custodian, and American Stock Transfer & Trust Company, LLC serves as our transfer and dividend paying agent and registrar. See Custodian, Transfer and Dividend Paying Agent and Registrar in the accompanying prospectus.

Taxation

We have elected to be treated for U.S. federal income tax purposes as a RIC under Subchapter M of the Code. As a RIC, we generally do not have to pay corporate-level U.S. federal income taxes on any ordinary income or capital gains that we distribute to our stockholders as dividends. To maintain our RIC tax treatment, we must meet specified source-of-income and asset diversification requirements and distribute annually at least 90% of our net ordinary income and net short-term capital gains in excess of realized net long-term capital losses, if any. See Material U.S. Federal Income Tax Considerations in the accompanying prospectus.

TABLE OF CONTENTS

FEES AND EXPENSES

The following table is intended to assist you in understanding the costs and expenses that an investor in shares of our common stock will bear directly or indirectly. However, we caution you that some of the percentages indicated in the table below are estimates and may vary. Actual costs and expenses incurred by investors in shares of our common stock may be greater than the percentage estimates in the table below. The following table excludes one-time fees payable to third parties not affiliated with GC Advisors that were incurred in connection with the Debt Securitization but includes all of the applicable ongoing fees and expenses of the Debt Securitization. Whenever this prospectus supplement contains a reference to fees or expenses paid by us or Golub Capital BDC, or that we will pay fees or expenses, our common stockholders will indirectly bear such fees or expenses.

Stockholder transaction expenses:	
Sales load (as a percentage of offering price)	3.00 %[(1)]
Offering expenses (as a percentage of offering price)	0.31 %[(2)]
Dividend reinvestment plan expenses	0.00 %[(3)]
Total stockholder transaction expenses (as a percentage of offering price)	3.31 %
Annual expenses (as a percentage of net assets attributable to common stock):	
Management fees	1.81 %[(4)]
Incentive fees payable under the Investment Advisory Agreement (20%)	1.66 %[(5)]
Interest payments on borrowed funds	2.22 %[(6)]
Other expenses	0.85 %[(7)]
Total annual expenses	6.54 %[(8)]

(1) The underwriting discounts and commissions with respect to the shares sold in this offering, which is a one-time fee, is the only sales load paid in connection with this offering.

(2) Amount reflects estimated offering expenses of approximately $300,000 and is based on 5,500,000 shares offered in this offering at the last reported closing price of $17.65 per share of our common stock on May 3, 2013.

(3) The expenses associated with the dividend reinvestment plan are included in Other expenses. See Dividend Reinvestment Plan in the accompanying prospectus.

(4) Our management fee is calculated at an annual rate equal to 1.375% and is based on the average adjusted gross assets (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), at the end of the two most recently completed calendar quarters and is payable quarterly in arrears. See Management Agreements Management Fee in the accompanying prospectus. The management fee referenced in the table above is based on actual amounts incurred during the three months ended March 31, 2013 by GC Advisors in its capacity as investment adviser to us and collateral manager to the Securitization Issuer.

GC Advisors, as collateral manager for the Securitization Issuer under the collateral management agreement, is entitled to receive an annual fee in an amount equal to 0.35% of the adjusted principal balance of the portfolio loans held by the Securitization Issuer at the beginning of the collection period relating to each payment date, which is payable in arrears on each payment date. This fee, which is less than the management fee payable under the Investment Advisory Agreement, is paid directly by the Securitization Issuer to GC Advisors and offset against such management fee. Accordingly, the 1.375% management fee paid by us to GC Advisors under the Investment Advisory Agreement on all of our assets, including those indirectly held through the Securitization Issuer, is reduced, on a dollar-for-dollar basis, by an amount equal to such 0.35% fee paid to GC Advisors by the Securitization Issuer. This fee may be waived by the collateral manager. The collateral management agreement does not include any incentive fee payable to GC Advisors.

For purposes of this table, the SEC requires that the "Management fees" percentage be calculated as a percentage of net assets attributable to common stockholders, rather than total assets, including assets that have been funded with borrowed monies because common stockholders bear all of this cost. If the base management fee portion of the "Management fees" percentage were calculated instead as a percentage of

S-9

TABLE OF CONTENTS

our total assets, our base management fee portion of the Management fees percentage would be approximately 1.20% of total assets. The base management fee in the table above assumes net assets of $593.5 million and leverage of $385.7 million, which reflects our net assets and leverage pro forma as of March 31, 2013 after giving effect to this offering.

(5) The incentive fee referenced in the table above is based on actual amounts incurred during the three months ended March 31, 2013. We have structured the calculation of the incentive fee to include a fee limitation such that no incentive fee will be paid to GC Advisors for any quarter if, after such payment, the cumulative incentive fees paid to GC Advisors since the effective date of our election to become a business development company would be greater than 20.0% of our Cumulative Pre-Incentive Fee Net Income (as defined below).

We accomplish this limitation by subjecting each quarterly incentive fee payable under the Income and Capital Gain Incentive Fee Calculation (as defined below) to a cap, or 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 GC Advisors by Golub Capital BDC since April 13, 2010, the effective date of our election to become a business development company. To the extent the Incentive Fee Cap is zero or a negative value in any quarter, no incentive fee would be payable in that quarter. Cumulative Pre-Incentive Fee Net Income is equal to the sum of (a) Pre-Incentive Fee Net Investment Income (as defined below) for each period since April 13, 2010 and (b) cumulative aggregate realized capital gains, cumulative aggregate realized capital losses, cumulative aggregate unrealized capital depreciation and cumulative aggregate unrealized capital appreciation since April 13, 2010.

Pre-Incentive Fee Net Investment Income means interest income, dividend income and any other income (including any other fees such as commitment, origination, structuring, diligence and consulting fees or other fees that 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 an administration agreement, or the Administration Agreement, with the Administrator, any expenses of securitizations and any interest expense and dividends paid on any outstanding preferred stock, but excluding the incentive fee). Pre-Incentive Fee Net Investment Income includes, in the case of investments with a deferred interest feature such as market discount, debt instruments with payment-in-kind, or PIK, interest, preferred stock with PIK dividends and zero coupon securities, accrued income that we have not yet received in cash.

The income and capital gain incentive fee calculation, or the Income and Capital Gain Incentive Fee Calculation, has two parts. The income component is calculated quarterly in arrears based on our Pre-Incentive Fee Net Investment Income for the immediately preceding calendar quarter.

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 component, it is possible that an incentive fee may be calculated under this formula with respect to a period in which we have incurred a loss. For example, if we receive Pre-Incentive Fee Net Investment Income in excess of the hurdle rate (as defined below) for a calendar quarter, the income component will result in a positive value and an incentive fee will be paid unless the payment of such incentive fee would cause us to pay incentive fees on a cumulative basis that exceed 20.0% of our Cumulative Pre-Incentive Fee Net Income.

Pre-Incentive Fee Net Investment Income, expressed as a rate of return on the value of our 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, we may be able to invest our funds in debt instruments that provide for a higher return, which would increase our Pre-Incentive Fee Net Investment Income and make it easier for GC Advisors to surpass the fixed hurdle rate and receive an incentive fee based on such net investment income. Our Pre-Incentive Fee Net Investment Income used to calculate this part of the incentive fee is also included in the amount of our 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.

TABLE OF CONTENTS

We calculate the income component of the Income and Capital Gain Incentive Fee Calculation with respect to our 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;
100.0% of our 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. We refer to this portion of our Pre-Incentive Fee Net Investment Income (which exceeds the hurdle rate but is less than 2.5%) as the catch-up provision. The catch-up is meant to provide GC Advisors with 20.0% of the Pre-Incentive Fee Net Investment Income as if a hurdle rate did not apply if this net investment income exceeds 2.5% in any calendar quarter; and
20.0% of the amount of our 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 second part of the Income and Capital Gain Incentive Fee Calculation, or the Capital Gain Incentive Fee, equals (a) 20.0% of our 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), commencing with the calendar year ending December 31, 2010, less (b) the aggregate amount of any previously paid Capital Gain Incentive Fees. Our Capital Gain Incentive Fee Base equals the sum of (1) our realized capital gains, if any, on a cumulative positive basis from April 13, 2010 through the end of each calendar year, (2) all realized capital losses on a cumulative basis and (3) all unrealized capital depreciation on a cumulative basis.

The cumulative aggregate realized capital losses are calculated as the sum of the amounts by which (a) the net sales price of each investment in our portfolio when sold is less than (b) the accreted or amortized cost base of such investment.
The cumulative aggregate realized capital gains are calculated as the sum of the differences, if positive, between (a) the net sales price of each investment in our portfolio when sold and (b) the accreted or amortized cost basis of such investment.
The aggregate unrealized capital depreciation is calculated as the sum of the differences, if negative, between (a) the valuation of each investment in our portfolio as of the applicable Capital Gain Incentive Fee calculation date and (b) the accreted or amortized cost basis of such investment.

As described above, the incentive fee will not be paid at any time where after such payment the cumulative incentive fees paid to date would be greater than 20.0% of the Cumulative Pre-Incentive Net Income since April 13, 2010. We will accrue the Capital Gain Incentive Fee if, on a cumulative basis, the sum of net realized gains/(losses) plus net unrealized appreciation/(depreciation) is positive. The Capital Gain Incentive Fee is calculated on a cumulative basis from the date we elected to become a business development company through the end of each calendar year. For the year ended September 30, 2012, the Capital Gain Incentive Fee was zero. For a more detailed discussion of the calculation of the incentive fee, see Management Agreements Management Fee in the accompanying prospectus.

(6) Interest payments on borrowed funds represents our annualized interest expense as of March 31, 2013 and includes interest payable on the notes issued by the Securitization Issuer. For the three and six months ended March 31, 2013, the effective annualized average interest rate, which includes all interest and amortization of debt issuance costs on the Debt Securitization, was 2.6% and 2.9%, respectively. Debt issuance costs represent fees and other direct incremental costs incurred in connection with the Debt Securitization. These fees include a structuring and placement fee paid to Wells Fargo Securities, LLC for its services in connection with the initial structuring and subsequent amendment of the Debt Securitization of $1.74 million and $0.75 million, respectively, as well as legal fees, accounting fees, rating agency fees and all other costs associated with the Debt Securitization. We do not

currently anticipate issuing debt securities or preferred stock in the next 12 months.

TABLE OF CONTENTS

(7) Includes our overhead expenses, including payments under the Administration Agreement, based on our allocable portion of overhead and other expenses incurred by the Administrator and any acquired fund fees and expenses that are not required to be disclosed separately. See Management Agreements Administration Agreement in the accompanying prospectus. Other expenses are based on actual amounts incurred during the three months ended March 31, 2013, annualized for a full year. Other expenses also includes the ongoing administrative expenses to the trustee, collateral manager, independent accountants, legal counsel, rating agencies and independent managers in connection with developing and maintaining reports and providing required services in connection with the administration of the Debt Securitization. The administrative expenses are paid by the Securitization Issuer on each payment date in two parts: (1) a component that is paid in a priority to other amounts distributed by the Securitization Issuer, subject to a cap equal to the sum of 0.04% per annum on the adjusted principal balance of the portfolio loans and other assets held by the Securitization Issuer on the last day of the collection period relating to such payment date, plus $150,000 per annum, and (2) a component that is paid in a subordinated position relative to other amounts distributed by the Securitization Issuer, equal to any amounts that exceed the aforementioned administrative expense cap.

(8) All of our expenses, including all expenses of the Debt Securitization, are disclosed in the appropriate line items under Annual Expenses (as a percentage of net assets attributable to common stock). Total annual expenses as a percentage of consolidated net assets attributable to common stock are higher than the total annual expenses percentage would be for a company that is not leveraged. We borrow money to leverage our net assets and increase our total assets. The SEC requires that the Total annual expenses percentage be calculated as a percentage of net assets (defined as total assets less indebtedness and after taking into account any incentive fees payable during the period), rather than the total assets, including assets that have been funded with borrowed monies. The reason for presenting expenses as a percentage of net assets attributable to common stockholders is that our common stockholders bear all of our fees and expenses.

Example

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock. This example and the expenses in the table above should not be considered a representation of our future expenses, and actual expenses (including the cost of debt, if any, and other expenses) may be greater or less than those shown. These amounts assume (1) a 3.00% sales load (underwriting discounts and commissions), (2) offering expenses totaling 0.31% and (3) total net annual expenses of 4.88% of net assets attributable to common shares as set forth in the table above (other than performance-based incentive fees). For purposes of this table, we have assumed leverage of $385.7 million, which was our actual leverage as of March 31, 2013.

	1 year	3 years	5 years	10 years
You would pay the following expenses on a $1,000 investment, assuming a 5% annual return	$ 80	$ 175	$ 270	$ 507

While the example assumes, as required by the SEC, a 5% annual return, our performance will vary and may result in a return greater or less than 5%. The incentive fee under the Investment Advisory Agreement, which, assuming a 5% annual return, would either not be payable or have an immaterial impact on the expense amounts shown above, is not included in the example. Under our Investment Advisory Agreement, no incentive fee would be payable if we have a 5% annual return. If we achieve sufficient returns on our investments, including through the realization of capital gains, to trigger an incentive fee of a material amount, our expenses, and returns to our investors, would be higher.

The example assumes that all dividends and other distributions are reinvested at net asset value. Under certain circumstances, reinvestment of dividends and other distributions under our dividend reinvestment plan may occur at a price per share that differs from net asset value. See Dividend Reinvestment Plan in the accompanying prospectus for more information.

TABLE OF CONTENTS

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements in this prospectus supplement and the accompanying prospectus constitute forward-looking statements, which relate to future events or our future performance or financial condition. The forward-looking statements contained in this prospectus supplement and the accompanying prospectus involve risks and uncertainties, including statements as to:

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

Such forward-looking statements may include statements preceded by, followed by or that otherwise include the words may, might, will, intend, should, could, can, would, expect, believe, estimate, anticipa or similar words. The forward-looking statements contained in this prospectus supplement and the accompanying prospectus 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 as Risk Factors in the accompanying prospectus and elsewhere in this prospectus supplement and the accompanying prospectus.

We have based the forward-looking statements included in this prospectus supplement on information available to us on the date of this prospectus supplement, and we assume no obligation to update any such forward-looking statements. Actual results could differ materially from those anticipated in our forward-looking statements, and future results could differ materially from historical performance. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we have filed or in the future may file with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

You should understand that, under Section 27A(b)(2)(B) of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E(b)(2)(B) of the Exchange Act, the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 do not apply to forward-looking statements made in connection with any offering of securities pursuant to this prospectus supplement, the accompanying prospectus or in periodic reports we file under the Exchange Act.

TABLE OF CONTENTS

USE OF PROCEEDS

We estimate that net proceeds we will receive from the sale of 5,500,000 shares of our common stock in this offering will be approximately $93.9 million (or approximately $108.0 million if the underwriters fully exercise their overallotment option), in each case based on a public offering price of $17.65 per share, which was the last reported closing price of our common stock on May 3, 2013, after deducting the underwriting discounts and commissions payable by us and estimated offering expenses of approximately $300,000 payable by us.

We intend to use all or substantially all of the net proceeds from the sale of our common stock to invest in portfolio companies in accordance with our investment objective and strategies and for general corporate purposes. We expect that our new investments will consist primarily of senior secured, one stop, second lien and subordinated loans. We will also pay operating expenses, including management and administrative fees, and may pay other expenses, such as due diligence expenses relating to potential new investments, from the net proceeds of this offering. A portion of the net proceeds from this offering is expected to be utilized to capitalize SBIC V our newest SBIC subsidiary, following which we expect GC SBIC V, L.P. to issue SBA-guaranteed debentures and make investments in accordance with our investment strategy. We may also use a portion of the net proceeds from the sale of our common stock to repay amounts outstanding under our Credit Facility, which bore an annual interest rate of 2.45% (*i.e.*, one-month LIBOR plus 2.25% per annum) on the outstanding balance of $47.7 million as of March 31, 2013 and matures on October 20, 2017, and Wells Fargo Securities, LLC and its affiliates may receive a part of such proceeds by reason of repayment of certain amounts outstanding under the Credit Facility.

We anticipate that we will use substantially all of the net proceeds from this offering for the above purposes within approximately six months after the completion of the offering of our securities, depending on the availability of appropriate investment opportunities consistent with our investment objective and market conditions. We cannot assure you that we will achieve our targeted investment pace.

Until such appropriate investment opportunities can be found, we will invest the net proceeds of this offering primarily in cash, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less from the date of investment. These temporary investments may have lower yields than our other investments and, accordingly, may result in lower distributions, if any, during such period. Our ability to achieve our investment objective may be limited to the extent that the net proceeds from this offering, pending full investment, are held in lower yielding interest-bearing deposits or other short-term instruments. See Regulation Temporary Investments in the accompanying prospectus for additional information about temporary investments we may make while waiting to make longer-term investments in pursuit of our investment objective.

TABLE OF CONTENTS

CAPITALIZATION

The following table sets forth:

- our actual capitalization as of March 31, 2013; and;
- our pro forma capitalization adjusted to give effect to the sale of 5,500,000 shares of common stock in this offering based on the last reported closing price of $17.65 per share on May 3, 2013, after deducting the underwriting discounts and commissions and estimated offering expenses of approximately $300,000 payable by us.

	As of March 31, 2013	
	Actual	Pro Forma
	(In thousands, except share and per share data)	
Assets:		
Cash and cash equivalents	$93,164	$187,027
Investment at fair value	788,442	788,442
Other assets	11,572	11,572
Total assets	893,178	987,041
Liabilities:		
Debt	385,700	385,700
Other liabilities	7,825	7,825
Total liabilities	393,525	393,525
Net assets:		
Common stock, par value $0.001 per share; 100,000,000 shares authorized, 33,754,512 shares issued and outstanding; 39,254,512 shares issued and outstanding, pro forma	34	39
Paid in capital in excess of par	498,448	592,306
Capital distributions in excess of net investment income	379	379
Net unrealized appreciation on investments and derivative instruments	7,242	7,242
Net realized loss on investments and derivative instruments	(6,450)	(6,450)
Total net assets	499,653	593,516
Net asset value per common share	$14.80	$15.12

S-15

TABLE OF CONTENTS

SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial data of Golub Capital BDC as of and for the fiscal years ended September 30, 2012, 2011, 2010, 2009 and 2008 are derived from our consolidated financial statements that have been audited by McGladrey LLP, independent registered public accounting firm. Golub Capital BDC s consolidated financial statements for the six-month period ended March 31, 2013 and 2012 are unaudited. However, in the opinion of Golub Capital BDC, all adjustments consisting of normal recurring adjustments, necessary for a fair presentation have been made. Interim results are subject to significant seasonal variations and are not indicative of the results of operations to be expected for a full fiscal year. For periods prior to April 13, 2010, the consolidated financial statements reflect the performance of Golub Capital BDC LLC and its predecessor, GCMF. This financial data should be read in conjunction with our consolidated financial statements and the notes thereto and with Management s Discussion and Analysis of Financial Condition, Results of Operations and Cash Flows in this prospectus supplement and in the accompanying prospectus.

	Golub Capital BDC(1)					GCMF	
	Six Months Ended March 31, 2013 (unaudited)	Six Months Ended March 31, 2012 (unaudited)	Years ended September 30, 2012	September 30, 2011	September 30, 2010	September 30, 2009	September 30, 2008
	(In thousands, except per share data)						
Statement of Operations Data:							
Total investment income	$38,690	$26,829	$57,859	$39,150	$33,150	$33,338	$20,686
Base management fee	5,154	3,967	8,495	5,789	3,328	2,849	1,726
Incentive fee	4,862	2,344	6,228	348	55		
All other expenses	8,703	7,112	15,260	10,197	6,400	5,011	8,916
Net investment income	19,971	13,406	27,876	22,816	23,367	25,478	10,044
Net realized gain/(loss) on investments and derivative instruments	94	(3,944)	(3,372)	2,037	(40)	(3,972)	(4,503)
Net change in unrealized appreciation/(depreciation) on investments and derivative instruments	1,505	8,159	7,256	(3,514)	2,921	(1,489)	(8,957)
Net increase/(decrease) in net assets resulting from operations	21,570	17,621	31,760	21,339	26,248	20,017	(3,416)
Per share data:							
Net asset value	$14.8	$14.69	$14.6	$14.56	$14.71	N/A (2)	N/A (2)
Net investment income	0.66	0.59	1.15	1.16	N/A (2)	N/A (2)	N/A (2)
Net realized (loss)/gain on investments and derivative instruments		(0.18)	(0.14)	0.1	N/A (2)	N/A (2)	N/A (2)
	0.05	0.36	0.3	(0.18)	N/A (2)	N/A (2)	N/A (2)

Net change in unrealized appreciation/(depreciation) on investments and derivative instruments							
Net increase in net assets resulting from operations	0.71	0.77	1.31	1.09	N/A (2)	N/A (2)	N/A (2)
Per share distributions declared	0.64	0.64	1.28	1.27	0.55	N/A (2)	N/A (2)
Dollar amount of distributions declared	19,939	15,141	31,556	25,069	9,742	N/A (2)	N/A(2)

S-16

	Golub Capital BDC(1)					GCMF	
	Six Months Ended March 31, 2013 (unaudited)	Six Months Ended March 31, 2012 (unaudited)	Years ended September 30, 2012	September 30, 2011	September 30, 2010	September 30, 2009	September 30, 2008
	(In thousands, except per share data)						
Balance sheet data at period end:							
Investments, at fair value	$788,442	$613,797	$672,910	$459,827	$344,869	$376,294	$135,476
Cash and cash equivalents	93,164	72,646	50,927	69,766	92,990	30,614	4,252
Other assets	11,572	32,836	10,259	30,051	4,904	2,214	1,213
Total assets	893,178	719,279	734,096	559,644	442,763	409,122	140,941
Total debt	385,700	331,700	352,300	237,683	174,000	315,306	123,083
Total liabilities	393,525	342,554	358,967	243,095	182,222	316,370	124,088
Total net assets	499,653	376,725	375,129	316,549	260,541	92,752	16,853
Other data:							
Weighted average annualized yield on income producing assets at fair value(3)	9.62 %	9.43 %	9.28 %	8.64 %	8.4 %	8.05 %	9.33 %
Number of portfolio companies at period end	135	109	121	103	94	95	60

(1) Includes the financial information of GCMF for the period prior to the BDC Conversion on April 13, 2010.

(2) Per share data are not provided as we did not have shares of common stock outstanding or an equivalent prior to the initial public offering on April 14, 2010.

(3) Weighted average yield on income producing investments is computed by dividing (a) annualized interest income (other than interest income resulting from amortization of fees and discounts) on accruing loans and debt securities by (b) total income producing investments at fair value.

TABLE OF CONTENTS

INTERIM MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND CASH FLOWS

The following discussion and analysis of our financial condition, results of operations and cash flows should be read in conjunction with Selected Consolidated Financial Data and the financial statements and the related notes thereto of us and our predecessor, GCMF, appearing elsewhere in this prospectus supplement and the accompanying prospectus. On April 13, 2010, Golub Capital BDC LLC converted from a Delaware limited liability company into a Delaware corporation and elected to be regulated as a business development company under the 1940 Act. In this conversion, which we refer to as the BDC Conversion, Golub Capital BDC, Inc. assumed the business activities of Golub Capital BDC LLC and became the sole surviving entity. As a result of the conversion, GCMF became a wholly owned subsidiary of Golub Capital BDC, Inc. At the time of the BDC Conversion, all limited liability company interests were exchanged for 8,984,863 shares of common stock in Golub Capital BDC, Inc. Immediately prior to the BDC Conversion, the limited liability company interests were owned by investment vehicles managed by Golub Capital. For periods prior to April 13, 2010, the consolidated financial statements and related footnotes reflect the performance of Golub Capital BDC LLC and its predecessor, GCMF. The information in this section contains forward-looking statements that involve risks and uncertainties. Please see Risk Factors in the accompanying prospectus and Special Note Regarding Forward-Looking Statements in this prospectus supplement for a discussion of the uncertainties, risks and assumptions associated with these statements.

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 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 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, GCMF which commenced operations in July 2007, in making investments in senior secured, one stop (a loan that combines characteristics of traditional first lien senior secured loans and second lien or subordinated loans), 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 to which lenders have agreed to be subordinated in priority of payment), loans and warrants and equity securities of middle-market companies that are, in most cases, sponsored by private equity firms.

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

Our investment objective is to maximize the total return to our stockholders in the form of current income and capital appreciation through debt and minority equity investments. We intend to achieve our investment objective by (1) accessing the established loan origination channels developed by Golub Capital, a leading lender to middle-market companies with $8.0 billion in capital under management, (2) selecting investments within our core middle-market company focus, (3) partnering with experienced private equity firms, or sponsors, in many cases with whom we have invested alongside in the past, (4) implementing the disciplined underwriting standards of Golub Capital and (5) drawing upon the aggregate experience and resources of Golub Capital.

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

Under the Investment Advisory Agreement, entered into on April 14, 2010, and amended and restated on July 16, 2010, we have agreed to pay GC Advisors an annual base management fee based on our average adjusted gross assets as well as an incentive fee based on our investment performance. Our board of directors most recently reapproved the Investment Advisory Agreement in February 2013. We entered into the Administration Agreement, with GC Service Company, LLC as our administrator on April 14, 2010. Effective February 5, 2013, we consented to the assignment by GC Service Company, LLC of the Administration Agreement to Golub Capital LLC, following which Golub Capital LLC serves as our administrator. Under the Administration Agreement, we have agreed to reimburse the Administrator for our allocable portion (subject to

S-18

the review and approval of our independent directors) of overhead and other expenses incurred by the Administrator in performing its obligations under the Administration Agreement.

We seek to create a diverse portfolio that includes senior secured, one stop, subordinated and second lien loans and warrants and minority equity securities by investing approximately $5 to $25 million of capital, on average, in the securities of middle-market companies. We may also selectively invest more than $25 million in some of our portfolio companies and generally expect that the size of our individual investments will vary proportionately with the size of our capital base.

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

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

Revenues: We generate revenue in the form of interest income on debt investments and capital gains and distributions, if any, on portfolio company investments that we originate or acquire. Our debt investments, whether in the form of senior secured, one stop, second lien or subordinated loans, typically have a term of three to seven years and bear interest at a fixed or floating rate. In some instances, we receive payments on our debt investments based on scheduled amortization of the outstanding balances. In addition, we receive repayments of some of our debt investments prior to their scheduled maturity date. The frequency or volume of these repayments fluctuates significantly from period to period. Our portfolio activity also reflects the proceeds of sales of securities. In some cases, our investments provide for deferred interest payments or PIK interest. The principal amount of loans and any accrued but unpaid interest generally become due at the maturity date. In addition, we may generate revenue in the form of commitment, origination, amendment, structuring or due diligence fees, fees for providing managerial assistance and consulting fees. Loan origination fees, original issue discount and market discount or premium are capitalized, and we accrete or amortize such amounts as interest income. We record prepayment premiums on loans as interest income. When we receive partial principal payments on a loan in an amount that exceeds its amortized or accreted cost, we record the excess principal payment as interest income. Dividend income on preferred equity securities is recorded as dividend income on an accrual basis to the extent that such amounts are payable by the portfolio company and are expected to be collected. Dividend income on common equity securities is recorded on the record date for private portfolio companies or on the ex-dividend date for publicly traded portfolio companies.

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

S-19

TABLE OF CONTENTS

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

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

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

TABLE OF CONTENTS

GC Advisors, as collateral manager for the Securitization Issuer, under the collateral management agreement, is entitled to receive an annual fee in an amount equal to 0.35% of the principal balance of the portfolio loans held by the Securitization Issuer at the beginning of the collection period relating to each payment date, which is payable in arrears on each payment date. This fee, which is less than the management fee payable under the Investment Advisory Agreement, is paid directly by the Securitization Issuer to GC Advisors and offset against such management fee. Accordingly, the 1.375% management fee paid by us to GC Advisors under the Investment Advisory Agreement on all of our assets, including those indirectly held through the Securitization Issuer, is reduced, on a dollar-for-dollar basis, by an amount equal to such 0.35% fee paid to GC Advisors by the Securitization Issuer. The term collection period refers to a quarterly period running from the day after the end of the prior collection period to the fifth business day of the calendar month in which a payment date occurs. This fee may be waived by the collateral manager. The collateral management agreement does not include any incentive fee payable to GC Advisors. In addition, the Securitization Issuer paid Wells Fargo Securities, LLC a structuring and placement fee for its services in connection with the Debt Securitization. The Securitization Issuer also agreed to pay ongoing administrative expenses to the trustee, collateral manager, independent accountants, legal counsel, rating agencies and independent managers in connection with developing and maintaining reports and providing required services in connection with the administration of the Debt Securitization. The administrative expenses are paid by the Securitization Issuer on each payment date in two parts: (1) a component that is paid in a priority to other amounts distributed by the Securitization Issuer, subject to an administrative expense cap equal to the sum of 0.04% per annum on the adjusted principal balance of the portfolio loans and other assets held by the Securitization Issuer on the last day of the collection period relating to such payment date, plus $150,000 per annum, and (2) a component that is paid in a subordinated position relative to other amounts distributed by the Securitization Issuer, equal to any amounts that exceed the aforementioned administrative expense cap. We believe that these administrative expenses approximate the amount of ongoing fees and expenses that we would be required to pay in connection with a traditional secured credit facility. Our common stockholders indirectly bear all of these expenses.

Recent Developments

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

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

TABLE OF CONTENTS

Consolidated Results of Operations

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

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

The results of operations for the three and six months ended March 31, 2013 and 2012 may not be indicative of the results we report in future periods. Net income can vary substantially from period to period for various reasons, including the recognition of realized gains and losses and unrealized appreciation and depreciation. As a result, quarterly comparisons of net income may not be meaningful.

Investment Income

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

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

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

S-22

TABLE OF CONTENTS

For the three and six months ended March 31, 2013, we recorded dividend income of $479,000 and $746,000, respectively. For the three and six months ended March 31, 2012, we recorded dividend income of zero and $377,000, respectively.

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

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

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

Interest rate yields remained relatively consistent as pricing on new originations remained relatively consistent during the past year. For additional details on investment yields and asset mix, refer to the Liquidity and Capital Resources Portfolio Composition, Investment Activity and Yield section below.

Expenses

The following table summarizes our expenses for the three and six months ended March 31, 2013 and 2012:

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

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

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

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

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

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

For the three and six months ended March 31, 2012, we received interest spread payments of $0.9 million and $1.6 million, respectively. For the three months ended December 31, 2011, including the interest spread payments from the TRS in the income component of the incentive fee calculation caused an increase in the incentive fee by $0.6 million. Upon reviewing the incentive fee calculation and the treatment of the interest spread payments from the TRS, the Investment Adviser irrevocably waived the incremental portion of the incentive fee attributable from the TRS interest spread payments for the three months ended December 31, 2011. For the three months ended March 31, 2012, the incentive fee was $1.4 million. For the six months ended March 31, 2012, after taking into account the waiver by the Investment Adviser, the incentive fee was $2.3 million, rather than $2.9 million.

Golub Capital Incorporated and the Administrator pay for certain expenses incurred by us. These expenses are subsequently reimbursed in cash. Total expenses reimbursed by us to Golub Capital Incorporated and the Administrator for the three and six months ended March 31, 2013 were $0.3 million and $0.3 million, respectively. Total expenses reimbursed by us to Golub Capital Incorporated and the Administrator for the three and six months ended March 31, 2012 were $0.1 million and $0.2 million, respectively.

As of March 31, 2013 and September 30, 2012, included in accounts payable and accrued expenses were $0.3 million and $40,000, respectively, for accrued expenses paid on behalf of us by Golub Capital Incorporated and the Administrator.

TABLE OF CONTENTS

Net Realized and Unrealized Gains and Losses

The following table summarizes our net realized and unrealized gains (losses) for the three and six months ended March 31, 2013 and 2012:

	Three months ended March 31,		Variances	Six months ended March 31,		Variances
	2013	2012	2013 vs. 2012	2013	2012	2013 vs. 2012
	(In thousands)					
Net realized (loss) gain on investments	$	$(2,817)	$2,817	$94	$(4,932)	$5,026
Net realized gain on TRS		955	(955)		1,591	(1,591)
Net realized (loss) on financial futures contracts		(231)	231		(603)	603
Net realized (loss) gain		(2,093)	2,093	94	(3,944)	4,038
Unrealized depreciation on investments	(4,156)	(2,924)	(1,232)	(8,432)	(6,811)	(1,621)
Unrealized appeciation on investments	6,013	6,956	(943)	9,937	11,186	(1,249)
Unrealized appreciation on TRS		1,870	(1,870)		3,325	(3,325)
Unrealized appreciation on financial futures contracts		557	(557)		459	(459)
Net change in unrealized appreciation on investments and derivative instruments	$1,857	$6,459	$(4,602)	$1,505	$8,159	$(6,654)

During the three months ended March 31, 2013, we had $6.0 million in unrealized appreciation on 61 portfolio company investments, which was partially offset by $4.2 million in unrealized depreciation on 71 portfolio company investments. For the six months ended March 31, 2013, we had $9.9 million in unrealized appreciation on 71 portfolio company investments, which was partially offset by $8.4 million in unrealized depreciation on 75 portfolio company investments. Unrealized depreciation during the three and six months ended March 31, 2013 primarily resulted from the accretion of discounts and negative credit related adjustments that caused a reduction in fair value. Unrealized appreciation during the three and six months ended March 31, 2013 resulted from an increase in fair value primarily due to the rise in market prices and a reversal of prior period unrealized depreciation.

For the three and six months ended March 31, 2012, we had net realized losses on investments of $2.8 million and $4.9 million, respectively, primarily as a result of the sale of our investment in one non-accrual portfolio company in the three months ended March 31, 2012 and the sale of our investment in one non-accrual portfolio company in the three months ended December 31, 2011. During the three months ended March 31, 2012, we had $6.9 million in unrealized appreciation on 32 portfolio company investments, which was partially offset by $2.9 million in unrealized depreciation on 82 portfolio company investments. For the six months ended March 31, 2012, we had $11.2 million in unrealized appreciation on 46 portfolio company investments, which was partially offset by $6.8 million in unrealized depreciation on 76 portfolio company investments. Unrealized depreciation during the three and six months ended March 31, 2012 primarily resulted from the accretion of discounts and negative credit related adjustments that caused a reduction in fair value. Unrealized appreciation during the three and six months ended March 31, 2012 resulted from an increase in fair value primarily due to the rise in market prices and a reversal of prior period unrealized depreciation.

Termination of the Total Return Swap

On April 11, 2012, we terminated the TRS that we had entered into with Citibank. Cash collateral of $19.9 million that had secured the obligations to Citibank under the TRS was returned to us and was used to fund new middle-market debt and equity investments.

S-25

TABLE OF CONTENTS

The purpose of entering into the TRS was to gain economic exposure to a portfolio of broadly syndicated loans. Generally, under the terms of a total return swap, one party agrees to make periodic payments to another party based on the change in the market value of the assets referenced by the total return swap, which may include a specified security, basket of securities or securities indices during the specified period, in return for periodic payments based on a fixed or variable interest rate.

The change in the fair value of the TRS was $1.9 million and $3.3 million for the three and six months ended March 31, 2012, respectively. Realized gains on the TRS for the three months ended March 31, 2012 were $1.0 million, which consisted of spread interest income of $0.9 million and a realized gain of $0.1 million on the referenced loans. Realized gains on the TRS for the six months ended March 31, 2012 were $1.6 million, which consisted of spread interest income of $1.5 million and a realized gain of $0.1 million on the referenced loans.

Ten-Year U.S. Treasury Futures Contracts

In September of 2012, we sold our remaining ten-year U.S. Treasury futures contracts. We had entered into the futures contracts to mitigate our exposure to adverse fluctuation in interest rates related to our U.S. Small Business Administration, or SBA, debentures. The cash collateral underlying the futures contracts has been returned to us.

Based on the daily fluctuation of the fair value of the futures contracts, we recorded an unrealized gain or loss equal to the daily fluctuation in fair value. Upon maturity or settlement of the futures contracts, we realized a gain or loss based on the difference of the fair value of the futures contracts at inception and the fair value of the futures contracts at settlement or maturity.

For the three and six months ended March 31, 2012, the realized loss on settlement of futures contracts was $0.2 million and $0.6 million, respectively. For the three and six months ended March 31, 2012, the change in unrealized appreciation related to the futures contracts was $0.6 million and $0.5 million, respectively.

Liquidity and Capital Resources

As a business development company, we distribute substantially all of our net income to our stockholders and will have an ongoing need to raise additional capital for investment purposes. To fund growth, we have a number of alternatives available to increase capital, including raising equity, increasing debt, including through one or more additional securitization facilities or an amendment to the Debt Securitization, and funding from operational cash flow.

For the six months ended March 31, 2013, we experienced a net decrease in cash and cash equivalents of $4.9 million. During the same period, we used $91.9 million in operating activities, primarily as a result of fundings of portfolio investments of $288.6 million. This was partially offset by proceeds from principal payments and sales of portfolio investments of $183.9 million and net investment income of $20.0 million. During the same period, cash used in investment activities of $47.2 million was driven by the change in restricted cash and cash equivalents. Lastly, cash provided by financing activities was $134.1 million, primarily due to borrowings on debt of $173.0 million and proceeds from shares sold from our public offerings of $122.5 million (described below), partially offset by repayments of debt of $139.6 million and distributions paid of $19.2 million.

For the six months ended March 31, 2012, we experienced a net decrease in cash and cash equivalents of $16.2 million. During the period, we used $131.9 million in operating activities, primarily as a result of fundings of portfolio investments of $237.6 million. This was partially offset by proceeds from principal payments and sales of portfolio investments of $86.5 million and net investment income of $13.4 million. During the same period, cash used in investment activities of $19.1 million was driven by the change in restricted cash and cash equivalents. Lastly, cash provided by financing activities was $134.8 million, primarily due to borrowings on debt of $131.9 million and proceeds from shares sold from our public offering of $57.2 million (described below), partially offset by repayments of debt of $37.9 million and distributions paid of $14.0 million.

As of March 31, 2013 and September 30, 2012, we had cash and cash equivalents of $9.0 million and $13.9 million, respectively. In addition, we had restricted cash and cash equivalents of $84.2 million and

$37.0 million as of March 31, 2013 and September 30, 2012, respectively. Cash and cash equivalents are available to fund new investments, pay operating expenses and pay distributions. As of March 31, 2013, $49.3 million of our restricted cash and cash equivalents could be used to fund new investments that meet the investment guidelines established in the Debt Securitization, which are described in further detail in Note 6 to our consolidated financial statements, and for the payment of interest expense on the notes issued in the Debt Securitization. We use $4.0 million of such restricted cash and cash equivalents to fund investments that meet the guidelines under the Credit Facility as well as for the payment of interest expense and revolving debt of the Credit Facility. The remaining $30.9 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 6 to our consolidated financial statements, and for interest expense and fees on our outstanding SBA debentures.

As of March 31, 2013 and September 30, 2012, we had outstanding commitments to fund investments totaling $59.8 million and $56.5 million, respectively. These amounts may or may not be funded to the borrowing party now or in the future. The unfunded commitments relate to loans with various maturity dates, but the entire amount was eligible for funding to the borrowers as of March 31, 2013 and September 30, 2012, respectively, subject to the terms of each loan s respective credit agreement.

On January 25, 2013, the Credit Facility was amended to, among other things, amend the fee on the unused portion of the Credit Facility to 0.50% for the period from December 13, 2012 through January 28, 2013. From January 28, 2013 through March 8, 2013, we paid a fee of 0.50% per annum on any unused portion of the Credit Facility up to $60.0 million and 2.00% on any unused portion in excess of $60.0 million. From March 8, 2013 and thereafter, we will pay a fee of 0.50% per annum on any unused portion of the Credit Facility up to $40.0 million and 2.00% on any unused portion in excess of $40.0 million. Effective March 8, 2013, we entered into an amendment to the documents governing the Credit Facility to, among other things, decrease the size of the Credit Facility from $150.0 million to $100.0 million. Additionally, we received a one-time interest expense credit of $0.1 million during the three months ended March 31, 2013. As of March 31, 2013 and September 30, 2012, subject to leverage and borrowing base restrictions, we had approximately $52.3 million and $20.2 million, respectively, available for additional borrowings on the Credit Facility.

On February 15, 2013, we amended the Debt Securitization to issue an additional $29.0 million in Class A Notes, $2.0 million in Class B Notes and $19.0 million in Subordinated Notes. The Class A Notes are included in the March 31, 2013 and September 30, 2012 consolidated statements of financial condition. The Class B Notes and the Subordinated Notes are eliminated in consolidation. As of March 31, 2013 and September 30, 2012, we had outstanding debt under the Debt Securitization of $203.0 million and $174.0 million, respectively.

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 may be issued by a single SBIC licensee is $150.0 million. As of March 31, 2013, GC SBIC IV, L.P., or SBIC IV, had $135.0 million of outstanding SBA-guaranteed debentures and SBIC V had no outstanding debentures, leaving incremental borrowing capacity of $15.0 million and $75.0 million for SBIC IV and SBIC V, respectively, under present SBIC regulations. As of September 30, 2012, SBIC IV had $123.0 million of outstanding SBA-guaranteed debentures.

SBIC IV may borrow up to two times the amount of its regulatory capital, subject to customary regulatory requirements. As of March 31, 2013, we had committed and funded $75.0 million to SBIC IV and had SBA-guaranteed debentures of $135.0 million outstanding which mature between March 2021 and March 2023. SBIC V may borrow funds from the SBA against regulatory capital, subject to customary regulatory requirements including, but not limited to, an examination by the SBA. As of March 31, 2013, we had committed $37.5 million and funded $10.0 million to SBIC V, and SBIC V had no SBA-guaranteed debentures outstanding.

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

TABLE OF CONTENTS

requirement to exclude the SBA debentures from this calculation. As such, our ratio of total consolidated assets to outstanding indebtedness may be less than 200%. This provides us with increased investment flexibility but also increases our risks related to leverage. As of March 31, 2013, our asset coverage for borrowed amounts was 298.6% (excluding the SBA debentures).

On October 16, 2012, we priced a public offering of 2,600,000 shares of our common stock at a public offering price of $15.58 per share, raising approximately $40.5 million in gross proceeds. On October 19, 2012, the transaction closed, the shares were issued, and proceeds, net of offering costs but before expenses, of $39.4 million were received. On November 14, 2012, we sold an additional 294,120 shares of our common stock at a public offering price of $15.58 per share pursuant to the underwriters partial exercise of the over-allotment option.

On January 15, 2013, we priced a public offering of 4,500,000 shares of our common stock at a public offering price of $15.87 per share, raising approximately $71.4 million in gross proceeds. On January 18, 2013, the transaction closed, the shares were issued, and proceeds, net of offering costs but before expenses, of $69.1 million were received. On February 20, 2013, we sold an additional 622,262 shares of our common stock at a public offering price of $15.87 per share pursuant to the underwriters partial exercise of the over-allotment option.

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.

We believe that our existing cash and cash equivalents and available borrowings as of March 31, 2013 will be sufficient to fund our anticipated requirements through at least March 31, 2014.

Portfolio Composition, Investment Activity and Yield

As of March 31, 2013 and September 30, 2012, we had investments in 135 and 121 portfolio companies, respectively, with a total value of $788.4 million and $672.9 million, respectively. The following table shows the asset mix of our new originations for the three and six months ended March 31, 2013 and 2012:

	Three months ended March 31,				Six months ended March 31,			
	2013		2012		2013		2012	
	(In thousands)	Percentage of Commitments	(In thousands)	Percentage of Commitments	(In thousands)	Percentage of Commitments	(In thousands)	Percentage of Commitments
Senior secured	$20,668	35.6 %	$38,885	39.5 %	$78,919	24.6 %	$88,202	33.6 %
One stop	14,438	24.8	35,323	35.9	175,438	54.8	97,468	37.1
Second lien	22,454	38.6	11,905	12.1	61,864	19.3	32,636	12.4
Subordinated debt			8,708	8.9			35,783	13.7
Equity securities	555	1.0	3,533	3.6	4,144	1.3	8,399	3.2
Total new investment commitments	$58,115	100.0 %	$98,354	100.0 %	$320,365	100.0 %	$262,488	100.0 %

For the three and six months ended March 31, 2013, we had approximately $35.2 million and $167.5 million in proceeds from principal payments of portfolio companies, respectively. For the three and six months ended March 31, 2013, we had sales of securities in one and seven portfolio companies aggregating approximately $2.4 million and $16.4 million, respectively.

For the three and six months ended March 31, 2012, we had approximately $40.2 million and $80.3 million in proceeds from principal payments of portfolio companies, respectively. For the three and six months ended March 31, 2012, we had sales of securities in five and seven portfolio companies aggregating approximately $3.4 and $6.2 million, respectively.

TABLE OF CONTENTS

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

	As of March 31, 2013[1]			As of September 30, 2012[1]		
	Par	Amortized Cost	Fair Value	Par	Amortized Cost	Fair Value
	(In thousands)					
Senior secured:						
Performing	$ 263,649	$ 259,872	$ 259,376	$ 274,846	$ 270,209	$ 272,461
Non-accrual[2]	5,488	5,045	2,392	5,733	5,527	1,528
One stop:						
Performing	383,209	376,687	382,253	267,393	262,876	265,705
Non-accrual[2]						
Second lien[3]:						
Performing	75,943	75,008	76,572	44,267	42,775	44,108
Non-accrual[2]	413	382		589	573	259
Subordinated debt:						
Performing	40,836	40,333	41,826	65,989	65,005	65,989
Non-accrual[2]	3,115	3,001		2,870	2,810	1,435
Equity	N/A	23,540	26,023	N/A	20,066	21,425
Total	$ 772,653	$ 783,868	$ 788,442	$ 661,687	$ 669,841	$ 672,910

(1) 10 and 14 of our loans included a feature permitting a portion of the interest due on such loan to be PIK interest as of March 31, 2013 and September 30, 2012, 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 be collected. See Critical Accounting Policies Revenue Recognition.

(3) Second lien loans included $4.5 million and $14.0 million of loans structured as first lien last out term loans as of March 31, 2013 and September 30, 2012, respectively. First lien last out terms loans are included with second lien loans as they have similar risk characteristics

The following table shows the weighted average rate, spread over the LIBOR, of floating rate, fixed rate and fees of investments originated and the weighted average rate of sales and payoffs of portfolio companies during the three and six months ended March 31, 2013 and 2012:

	Three months ended March 31,		Six months ended March 31,	
	2013	2012	2013	2012
Weighted average rate of new investment fundings	8.8 %	8.9 %	8.4 %	9.4 %
Weighted average spread over LIBOR of new floating rate investment fundings	6.2 %	7.0 %	6.8 %	7.2 %
Weighted average rate of new fixed rate investment fundings	16.0%	13.0 %	16.0%	13.9 %
Weighted average fees of new investment fundings	1.1 %	1.7 %	1.6 %	2.0 %
Weighted average rate of sales and payoffs of portfolio companies	10.2%	7.4 %	8.7 %	7.5 %

For the three and six months ended March 31, 2013, the weighted average annualized interest income (which excludes income resulting from amortization of fees and discounts) yield on the fair value of income producing loans in our portfolio was 9.5% and 9.6%, respectively. For the three and six months ended March 31, 2012, the weighted average annualized interest income (which excludes income resulting from

TABLE OF CONTENTS

amortization of fees and discounts) yield on the fair value of income producing loans in our portfolio was 9.6% and 9.4%, respectively. As of March 31, 2013, 88.5% and 88.3% of our 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, 2012, 84.4% and 83.7% of our portfolio at fair value and at cost, respectively, had interest rate floors that limited minimum interest rates on such loans.

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 Rating	
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.

The following table shows the distribution of our investments on the 1 to 5 internal performance rating scale at fair value as of March 31, 2013 and September 30, 2012.

	March 31, 2013		September 30, 2012	
Internal Performance Rating	Investments at Fair Value (In thousands)	Percentage of Total Investments	Investments at Fair Value (In thousands)	Percentage of Total Investments
5	$ 136,918	17.4 %	$ 145,414	21.6 %
4	614,776	78.0	468,182	69.6
3	30,145	3.8	55,149	8.2
2	5,681	0.7	340	0.1
1	922	0.1	3,825	0.5
Total	$ 788,442	100.0 %	$ 672,910	100.0 %

S-30

TABLE OF CONTENTS

Contractual Obligations and Off-Balance Sheet Arrangements

A summary of our significant contractual payment obligations as of March 31, 2013 is as follows:

	Payments Due by Period (In millions)				
	Total	Less Than 1 Year	1 3 Years	3 5 Years(1)	More Than 5 Years(1)
Debt Securitization	$ 203.0	$	$	$	$ 203.0
SBA debentures	135.0				135.0
Credit Facility	47.7			47.7	
Unfunded commitments(2)	59.8	59.8			
Total contractual obligations	$ 445.5	$ 59.8	$	$ 47.7	$ 338.0

(1) The notes offered in the Debt Securitization are scheduled to mature on July 20, 2023. The SBA debentures are scheduled to mature between March 2021 and March 2023. The Credit Facility is scheduled to mature on October 20, 2017.

(2) Unfunded commitments represent all amounts unfunded as of March 31, 2013. These amounts may or may not be funded to the borrowing party now or in the future. The unfunded commitments relate to loans with various maturity dates, but we are showing this amount in the less than one year category as this entire amount was eligible for funding to the borrowers as of March 31, 2013.

We may become a party to financial instruments with off-balance sheet risk in the normal course of our business to meet the financial needs of our portfolio companies. These instruments may include commitments to extend credit and involve, to varying degrees, elements of liquidity and credit risk in excess of the amount recognized in the balance sheet. As of March 31, 2013 and September 30, 2012, we had outstanding commitments to fund investments totaling $59.8 million and $56.5 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. The Investment Advisory Agreement became effective upon the pricing of our initial public offering and was amended and restated on July 16, 2010 in order to offset fees payable in connection with the Debt Securitization against the base management fee. Under the Investment Advisory Agreement, GC Advisors provides us with investment advisory and management services. For these services, we pay (1) a management fee equal to a percentage of the average adjusted value of our gross assets and (2) an incentive fee based on our performance. To the extent that GC Advisors or any of its affiliates provides investment advisory, collateral management or other similar services to a subsidiary of ours, we intend to reduce the base management fee by an amount equal to the product of (1) the total fees paid to GC Advisors by such subsidiary for such services and (2) the percentage of such subsidiary s total equity that is owned, directly or indirectly, by us.

We also entered into the Administration Agreement with GC Service Company, LLC as our administrator on April 14, 2010. Effective February 5, 2013, we consented to the assignment by GC Service Company, LLC of the Administration Agreement to Golub Capital LLC, following which Golub Capital LLC serves as our administrator. Under the Administration Agreement, the Administrator furnishes us with office facilities and equipment, provides us clerical, bookkeeping and record keeping services at such facilities and provides us with other administrative services necessary to conduct our day-to-day operations. We reimburse the Administrator for the allocable portion (subject to the review and approval of our board of directors) of overhead and other expenses incurred by it in performing its obligations under the Administration Agreement, including rent, the fees and expenses associated with performing compliance functions and our allocable portion of the cost of our chief financial officer and chief compliance officer and their respective staffs. 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 are 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.

TABLE OF CONTENTS

Distributions

In order to qualify as a RIC and to avoid corporate-level U.S. federal income tax on the income we distribute to our stockholders, we are required under the Code to distribute at least 90% of our net ordinary income and net short-term capital gains in excess of net long-term capital losses, if any, to our net stockholders on an annual basis. Additionally, we must meet the annual distribution requirements of the U.S. federal excise tax rules. We intend to make quarterly distributions to our stockholders as determined by our board of directors.

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, then 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 have entered into the 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.

The Administrator provides 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 the Staffing Agreement between Golub Capital and GC Advisors, Golub Capital 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 will make available to GC Advisors experienced investment professionals and access to the senior investment personnel of Golub Capital 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.

In our common stock offerings that closed on February 3, 2012, October 19, 2012 and January 18, 2013, Golub Capital Employee Grant Program Rabbi Trust, a trust organized for the purpose of awarding equity incentive compensation to employees of Golub Capital, purchased an aggregate of

TABLE OF CONTENTS

$3.1 million of shares, $3.0 million of shares and $1.0 million of shares, respectively, at each respective public offering price per share. In addition, in the offering that closed on February 3, 2012, Mr. William M. Webster IV, one of our directors, purchased 15,000 shares at the public offering price per share, and Mr. John T. Baily, one of our directors, purchased $75,000 of shares at the public offering price per share. In our common stock offering that closed on October 19, 2012, Mr. William M. Webster IV purchased 10,000 shares at the public offering price per share.
GC Advisors irrevocably waived $0.6 million of the incentive fee payable by us to GC Advisors for the three months ended December 31, 2011, representing the difference between (1) the incentive fee attributable to the TRS if the spread between the interest received on the reference assets underlying the TRS and the interest paid to Citibank on the settled notional value of the TRS were to be treated as part of the income component of the incentive fee and (2) the incentive fee attributable to the TRS if such interest spread were to be treated as part of the capital gains component of such incentive fee.
GC Advisors also sponsors or manages, and may in the future sponsor or manage, other investment funds, accounts or investment vehicles, collectively referred to as accounts, that have investment mandates that are similar, in whole or in part, with ours. 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.

Valuation of Investments

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

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

TABLE OF CONTENTS

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 or 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.
Our 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 not verifiable by auditing procedures. 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 Accounting Standards Codification Topic 820, Fair Value Measurements and Disclosures, as amended, 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 labiality 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

S-34

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 investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfers. There were no transfers among Level 1, 2 and 3 investments during the six months ended March 31, 2013 and 2012.

Level 1 assets and liabilities are valued using quoted market prices. Level 2 assets and liabilities are valued using market consensus prices that are corroborated by observable market data and quoted market prices for similar assets and liabilities. Level 3 assets and liabilities are valued at fair value as determined in good faith by 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 valuation of debt and equity securities without readily available market quotations subject to review by an independent valuation firm.

When valuing Level 3 debt and equity investments, we may take into account the following factors, where relevant, in determining the fair value of the investments: the enterprise value of a portfolio company, the nature and realizable valuable 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. In addition, for certain debt and equity 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 for an investment. We generally uses the midpoint of the bid/ask range as our best estimate of fair value of such investment.

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

Due to the inherent uncertainty of determining the fair value of Level 3 assets and liabilities that do not have a readily available market value, the fair value of the assets and liabilities may differ significantly from the values that would have been used had a market existed for such assets and liabilities and may differ materially from the values that may ultimately be received or settled. Further, such assets and liabilities are generally subject to legal and other restrictions or otherwise are less liquid than publicly traded instruments. If 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 and borrowings are subject to market risk. Market risk is the potential for changes in the value due to market changes. Market risk is directly impacted by the volatility and liquidity in the markets in which the investments and borrowings are traded.

Revenue Recognition:

Our revenue recognition policies are as follows:

Investments and Related Investment Income: Our board of directors determines the fair value of our portfolio of investments. 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. 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.

TABLE OF CONTENTS

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 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.

We recorded the fair value of the futures contracts based on the unrealized gain or loss of the reference securities of the futures contracts. Upon maturity or settlement of the futures contracts, we realized a gain or loss based on the difference of the fair value of the futures contracts at inception and the fair value of the futures contracts at settlement or maturity. This gain or loss was included on the consolidated statements of operations as net realized gain (loss) on derivative instruments.

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

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 be collected for possible placement on non-accrual status. We generally reverse accrued interest when a loan is placed on non-accrual. 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 $2.4 million and $3.2 million as of March 31, 2013 and September 30, 2012, respectively.

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. In order to qualify as a RIC, we are required to meet certain source of income and asset diversification requirements and timely distribute to our stockholders at least 90% of investment company taxable income, as defined by the Code, for each year. We have made and intend to continue to make the requisite distributions to our stockholders, which will generally relieve us from U.S. federal income taxes.

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.

Quantitative and Qualitative Disclosures About Market Risk.

We are subject to financial market risks, including changes in interest rates. During the period covered by our financial statements, many of the loans in our portfolio had 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 re-set provisions that adjust applicable interest rates under such loans to current market rates on a quarterly basis. In addition, the Class A Notes issued as a part of the Debt Securitization have a floating interest rate provision based on 3-month LIBOR that resets quarterly and the

TABLE OF CONTENTS

Credit Facility has a floating interest rate provision based on 1-month LIBOR that resets daily, and we expect that other financing arrangements into which we enter in the future may have floating interest rate provisions.

Assuming that the consolidated statement of financial condition as of March 31, 2013 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	$ (35)	$ (627)	$ 592
Up 100 basis points			