

Golub Capital BDC, Inc.  
Form 10-Q  
February 10, 2011

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 10-Q

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

For the Quarterly Period Ended December 31, 2010

OR

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

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

Commission File Number 333-163279

Golub Capital BDC, Inc.  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation or organization)

27-2326940  
(I.R.S. Employer Identification No.)

150 South Wacker Drive, Suite 800  
Chicago, IL 60606  
(Address of principal executive offices)

(312) 205-5050  
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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

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

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

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company)

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

As of February 10, 2011, the Registrant had 17,738,197 shares of common stock, \$0.001 par value, outstanding.

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## Item 1: Financial Statements

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

	December 31, 2010	September 30, 2010
<b>Assets</b>		
Investments, at fair value (cost of \$383,507 and \$345,536 respectively)	\$ 382,414	\$ 344,869
Cash and cash equivalents	41,389	61,219
Restricted cash and cash equivalents	27,618	31,771
Interest receivable	2,194	1,956
Receivable for investments sold	2,895	-
Deferred financing costs	3,548	2,748
Other assets	256	200
<b>Total Assets</b>	<b>\$ 460,314</b>	<b>\$ 442,763</b>
<b>Liabilities</b>		
Debt	\$ 194,000	\$ 174,000
Payable for investments purchased	-	5,328
Interest payable	2,576	1,167
Management and incentive fees payable	1,693	1,008
Accounts payable and accrued expenses	570	719
<b>Total Liabilities</b>	<b>198,839</b>	<b>182,222</b>
<b>Net Assets</b>		
Preferred stock, par value \$0.001 per share, 1,000,000 shares authorized, zero shares issued and outstanding as of December 31, 2010 and September 30, 2010	\$ -	\$ -
Common stock, par value \$0.001 per share, 100,000,000 shares authorized, 17,738,197 and 17,712,444 shares issued and outstanding, respectively	18	18
Paid in capital in excess of par	260,152	259,690
Accumulated over distributed net investment income	(1,379)	(1,122)
Net unrealized appreciation on investments	1,848	1,995
Net realized gains (losses) on investments	836	(40)
<b>Total Net Assets</b>	<b>261,475</b>	<b>260,541</b>
<b>Total Liabilities and Total Net Assets</b>	<b>\$ 460,314</b>	<b>\$ 442,763</b>
<b>Number of common shares outstanding</b>	<b>17,738,197</b>	<b>17,712,444</b>
<b>Net asset value per common share</b>	<b>\$ 14.74</b>	<b>\$ 14.71</b>

See Notes to Consolidated Financial Statements.

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

	Three months ended December 31,	
	2010	2009
<b>Investment income</b>		
Interest	\$ 9,137	\$ 10,843
<b>Total investment income</b>	<b>9,137</b>	<b>10,843</b>
<b>Expenses</b>		
Interest and other debt financing expenses	1,577	690
Base management fee	1,284	729
Incentive fee	190	-
Professional fees	567	33
Administrative service fee	174	142
General and administrative expenses	112	67
<b>Total expenses</b>	<b>3,904</b>	<b>1,661</b>
<b>Net investment income</b>	<b>5,233</b>	<b>9,182</b>
<b>Net gain (loss) on investments</b>		
Net realized gains on investments	876	-
Net change in unrealized depreciation on investments	(147)	(840)
<b>Net gain (loss) on investments</b>	<b>729</b>	<b>(840)</b>
<b>Net increase in net assets resulting from operations</b>	<b>\$ 5,962</b>	<b>\$ 8,342</b>
<b>Per Common Share Data</b>		
Basic and diluted earnings per common share(1)	\$ 0.34	N/A
Dividends and distributions declared per common share(2)	\$ 0.31	N/A
Basic and diluted weighted average common shares outstanding(1)	17,712,724	N/A

See Notes to Consolidated Financial Statements.

(1) For the three months ended December 31, 2009, the Company did not have common shares outstanding or an equivalent and therefore earnings per share and weighted average shares outstanding information for this period are not provided.

(2) For the three months ended December 31, 2009, the Company did not pay dividends or distributions.

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

	Members'	Common Stock	Par	Paid in	Accumulated	Net	Net	Total
	Equity	Shares	Amount	Capital	(Over	Unrealized	Realized	Net
				in Excess	Distributed)	Appreciation	Gains	Assets
				of Par	Net	on	(losses)	
					Investment	Investments	on	
					Income	Investments	Investments	
Balance at September 30, 2009	\$ 92,752	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,752
Members' equity contributions	22,209	-	-	-	-	-	-	22,209
Members' equity distributions	(13,530)	-	-	-	-	-	-	(13,530)
Increase in net assets resulting from operations	8,342	-	-	-	-	-	-	8,342
Balance at December 31, 2009	\$ 109,773	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 109,773
Balance at September 30, 2010	\$ -	17,712,444	\$ 18	\$ 259,690	\$ (1,122)	\$ 1,995	\$ (40)	\$ 260,541
Net increase in net assets resulting from operations	-	-	-	-	5,233	(147)	876	5,962
Distributions to stockholders:								-
Stock issued in connection with dividend reinvestment plan	-	25,753	-	462	-	-	-	462
Dividends and distributions	-	-	-	-	(5,490)	-	-	(5,490)
Balance at December 31, 2010	\$ -	17,738,197	\$ 18	\$ 260,152	\$ (1,379)	\$ 1,848	\$ 836	\$ 261,475

See Notes to Consolidated Financial Statements.





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

	Three Months Ended December 31,	
	2010	2009
<b>Cash flows from operating activities</b>		
Net increase in net assets resulting from operations	\$ 5,962	\$ 8,342
Adjustments to reconcile net increase in net assets resulting from operations to net cash (used in) provided by operating activities		
Amortization of deferred financing costs	168	-
Amortization of discount and premium	(2,816)	(3,092)
Net realized (gain) on investments	(876)	-
Net change in unrealized depreciation on investments	147	840
(Fundings) proceeds on revolving loans, net	(569)	1,778
Fundings of portfolio investments	(97,578)	-
Proceeds from principal payments and sales of portfolio investments	64,147	50,542
Changes in operating assets and liabilities:		
Interest receivable	(238)	577
Receivable for investments sold	(2,895)	-
Other assets	(56)	13
Members' equity contributions receivable	-	(21,312)
Payable for investments purchased	(5,328)	-
Interest payable	1,409	(11)
Management and incentive fees payable	685	(10)
Accounts payable and accrued expenses	(149)	(703)
Net cash (used in) provided by operating activities	(37,987)	36,964
<b>Cash flows from investing activities</b>		
Net change in restricted cash and cash equivalents	4,153	(15,678)
Net cash provided by (used in) investing activities	4,153	(15,678)
<b>Cash flows from financing activities</b>		
Borrowings on debt	20,000	-
Repayments of debt	-	(29,965)
Capitalized debt financing costs	(968)	-
Proceeds from members' equity contributions	-	22,209
Payments of members' equity distributions	-	(13,530)
Dividends and distributions paid	(5,028)	-
Net cash provided by (used in) financing activities	14,004	(21,286)
Net change in cash and cash equivalents	(19,830)	-
Cash and cash equivalents, beginning of period	61,219	-
Cash and cash equivalents, end of period	\$ 41,389	\$ -
<b>Supplemental information:</b>		
Cash paid during the period for interest	\$ -	\$ 702
Obligations of Company paid by members of Golub Capital BDC LLC	\$ -	\$ 225

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Dividends and distributions declared during the period	\$	5,490	\$	-
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See Notes to Consolidated Financial Statements.

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Golub Capital BDC, Inc. and Subsidiaries  
Consolidated Schedule of Investments (unaudited)  
December 31, 2010  
(In thousands)

	Investment Type	Spread Above Interest Index(1)	Rate(2)	Maturity Date	Principal Amount	Cost	Percentage of Net Assets	Fair Value
Investments, at fair value								
Canada								
Debt investments								
Leisure, Amusement, Motion Pictures, Entertainment								
		L +						
Extreme Fitness, Inc.	Senior loan	7.50%	11.50%	03/2012	\$ 4,649	\$ 4,649	1.8%	\$ 4,649
Total Canada (cost \$4,649)					\$ 4,649	\$ 4,649	1.8%	\$ 4,649
Fair Value as percentage of Principal Amount								100.0%
United States								
Debt investments								
Aerospace and Defense								
Whitcraft LLC	Subordinated debt	N/A	12.00%	12/2018	\$ 1,877	\$ 1,840	0.7%	\$ 1,877
Automobile								
		L +						
CLP Auto Interior Corporation	Senior loan	4.75%	5.01%	06/2013	3,206	3,206	1.2	3,109
		L +						
Dealer Computer Services, Inc.	Senior loan	3.50%	5.25%	04/2017	2,328	2,316	0.9	2,347
		L +						
Driven Brands, Inc.	Senior loan	5.00%	6.53%	10/2014	5,907	5,907	2.3	5,907
					11,441	11,429	4.4	11,363
Banking								
		L +						
Bonddesk Group LLC	Senior loan	3.00%	3.26%	08/2012	1,764	1,717	0.7	1,764
		L +						
Prommis Solutions Inc.	Senior loan	2.75%	5.00%	02/2013	1,240	1,240	0.3	1,141
					3,004	2,957	1.0	2,905
Beverage, Food and Tobacco								
		L +						
ABP Corporation	Senior loan	4.50%	8.50%	02/2013	2,305	2,270	0.9	2,305
		L +						
Atkins Nutrionals, Inc.	Second lien	9.00%	11.00%	12/2015	5,028	4,929	1.9	5,028
		L +						
Bertucci's Corporation	Senior loan	9.00%	12.00%	07/2012	1,953	1,911	0.7	1,953
CTI Foods Holding Co., LLC	Senior loan		6.00%	06/2015	891	870	0.3	905

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		L +							
		4.00%							
		L +							
Lone Star Beef Processors, L.P.	Senior loan	4.00%	4.46%	05/2013	3,550	3,531	1.4	3,550	
		L +							
Richelieu Foods, Inc.	Senior loan	5.00%	6.75%	11/2015	2,282	2,221	0.9	2,236	
		L +							
Richelieu Foods, Inc.	Senior loan	5.00%	7.11%	11/2015	127	111	-	115	
					16,136	15,843	6.1	16,092	
Building and Real Estate									
		L +							
American Fire Protection Group, Inc.(5)	Senior loan	6.75%	9.00%	06/2011	4,422	4,373	1.0	2,653	
		L +							
Architectural Testing, Inc.	Senior loan	6.50%	9.50%	05/2013	6,358	6,358	2.4	6,358	
		L +							
ASP PDM Acquisition Co. LLC	Senior loan	2.75%	3.38%	12/2013	608	571	0.2	558	
		L +							
Infiltrator Systems, Inc.	Senior loan	5.50%	8.50%	09/2012	7,799	7,525	2.9	7,643	
		L +							
ITEL Laboratories, Inc.	Senior loan	6.75%	9.75%	03/2014	7,778	7,721	3.0	7,778	
		L +							
KHKI Acquisition, Inc.	Senior loan	6.00%	8.50%	03/2012	290	289	0.1	281	
		L +							
KHKI Acquisition, Inc.	Senior loan	6.00%	8.50%	03/2013	2,600	2,597	0.8	2,080	
		L +							
Tecta America Corp.	Senior loan	5.75%	8.00%	12/2011	2,864	2,864	0.7	1,904	
					32,719	32,298	11.1	29,255	
Cargo Transport									
		L +							
Peco Pallet, Inc.	Senior loan	3.75%	4.01%	06/2013	3,850	3,724	1.5	3,850	
Chemicals, Plastics and Rubber									
		L +							
Celanese Holdings LLC	Senior loan	3.00%	3.29%	10/2016	692	601	0.3	689	
		L +							
Styron S.A.R.L.	Senior loan	5.75%	7.50%	06/2016	1,463	1,483	0.6	1,487	
		L +							
Syrgis Holdings, Inc.	Senior loan	5.50%	7.75%	08/2012	291	280	0.1	291	
		L +							
Syrgis Holdings, Inc.	Senior loan	6.00%	8.25%	08/2013	864	825	0.3	864	
		L +							
Syrgis Holdings, Inc.	Senior loan	8.50%	10.75%	02/2014	474	451	0.2	474	
					3,784	3,640	1.5	3,805	

See Notes to Consolidated Financial Statements.

Golub Capital BDC, Inc. and  
Subsidiaries  
Consolidated Schedule of Investments (unaudited) - (Continued)  
December 31, 2010  
(In thousands)

	Investment Type	Spread Above Index(1)	Interest Rate(2)	Maturity Date	Principal Amount	Cost	Percentage of Total Net Assets	Fair Value
<b>Containers, Packaging and Glass</b>								
Fort Dearborn Company	Senior loan	L + 5.00%	6.86%	08/2015	\$ 101	\$ 99	-%	\$ 101
Fort Dearborn Company	Senior loan	L + 5.50%	7.37%	08/2016	226	222	0.1	226
Fort Dearborn Company	Senior loan	L + 5.00%	6.76%	08/2015	1,533	1,505	0.6	1,533
Fort Dearborn Company	Senior loan	L + 5.50%	7.26%	08/2016	3,283	3,221	1.3	3,283
Industrial Container Services, LLC	Senior loan	L + 4.00%	4.44%	09/2011	503	497	0.2	503
					5,646	5,544	2.2	5,646
<b>Diversified Conglomerate Manufacturing</b>								
Heat Transfer Parent, Inc.	Senior loan	L + 3.00%	3.26%	06/2013	1,811	1,752	0.6	1,576
Neptco Inc.	Senior loan	L + 5.25%	7.25%	03/2013	4,229	4,096	1.4	3,595
Pasternack Enterprises, Inc.	Senior loan	L + 4.50%	6.00%	02/2014	4,779	4,659	1.8	4,779
Tecomet Inc.(3)	Senior loan	L + 5.25%	N/A(4)	12/2015	-	(12)	-	-
Tecomet Inc.	Senior loan	L + 5.25%	7.00%	12/2015	6,000	5,881	2.3	6,000
Vintage Parts, Inc.	Senior loan	L + 5.50%	5.80%	12/2013	7,304	7,239	2.7	7,085
Vintage Parts, Inc.	Senior loan	L + 6.00%	8.50%	12/2013	101	101	-	101
Vintage Parts, Inc.	Senior loan	L + 8.00%	9.75%	12/2013	1,527	1,504	0.6	1,527
					25,751	25,220	9.4	24,663
<b>Diversified Conglomerate Service</b>								
Benetech, Inc.	Senior loan	L + 5.00%	5.26%	12/2013	8,845	8,584	3.4	8,845
Compass Group Diversified Holdings, LLC	Senior loan	L + 4.00%	4.29%	12/2013	4,536	4,536	1.7	4,536

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Cortz, Inc.	Senior loan	L + 5.50%	8.50%	03/2014	6,426	6,383	2.5	6,426
EAG, Inc.	Senior loan	L + 5.00%	7.25%	07/2015	1,321	1,302	0.5	1,301
NS Holdings, Inc.(3)	Senior loan	L + 6.25%	N/A(4)	06/2015	-	(8)	-	-
NS Holdings, Inc.	Senior loan	L + 4.63%	6.65%	06/2015	2,224	2,183	0.9	2,224
Protection One, Inc.	Senior loan	L + 4.25%	6.00%	06/2016	3,021	3,019	1.2	3,036
Royall & Company Savvis Communications Corporation	Senior loan	L + 5.00%	6.50%	11/2015	800	784	0.3	784
The Service Companies, Inc.	Senior loan	L + 6.50%	9.00%	03/2014	5,737	5,630	2.2	5,737
					34,905	34,387	13.5	34,918
Diversified Natural Resources, Precious Metals, and Minerals								
CIBT Holdings(3)	Senior loan	L + 5.00%	N/A(4)	12/2015	-	(4)	-	(4)
CIBT Holdings	Senior loan	L + 5.00%	7.25%	12/2015	1,096	1,074	0.4	1,074
Metal Spinners, Inc.	Senior loan	L + 7.00%	10.00%	12/2014	2,224	2,149	0.9	2,224
Metal Spinners, Inc.(6)	Senior loan	L + 11.00%	14.00%	12/2014	3,101	3,001	1.2	3,103
OnCore Manufacturing LLC	Second lien	L + 8.00%	12.00%	06/2016	3,633	3,561	1.4	3,560
					10,054	9,781	3.9	9,957
Electronics								
Cape Electrical Supply LLC	Senior loan	L + 5.75%	7.00%	11/2013	2,317	2,199	0.9	2,269
The Sloan Company, Inc.(6)	Second lien	L + 7.00%	7.27%	10/2012	2,451	2,441	0.9	2,452
Syncsort Incorporated(3)	Senior loan	L + 5.50%	N/A(4)	03/2015	-	(7)	-	-
Syncsort Incorporated	Senior loan	L + 5.50%	7.50%	03/2015	9,750	9,672	3.7	9,750
					14,518	14,305	5.5	14,471
Finance								
Nuveen Investments, Inc.	Senior loan	L + 5.50%	5.80%	05/2017	1,078	968	0.4	1,032
Nuveen Investments, Inc.	Senior loan	L + 3.00%	3.30%	11/2014	1,922	1,726	0.7	1,840
Pillar Processing LLC	Senior loan	L + 5.50%	5.80%	11/2013	6,129	6,111	2.2	5,823
Pillar Processing LLC	Senior loan	N/A	14.50%	05/2014	3,125	3,125	1.1	2,969
	Senior loan		7.00%	05/2013	1,577	1,573	0.6	1,577

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Wall Street Systems Holdings, Inc.		L +						
		5.00%						
Wall Street Systems Holdings, Inc.	Senior loan	L +						
		5.00%	7.00%	05/2013	3,726	3,674	1.4	3,726
Wall Street Systems Holdings, Inc.	Senior loan	L +						
		5.00%	8.00%	05/2013	7,875	7,875	3.0	7,875
					25,432	25,052	9.4	24,842
Grocery								
JRD Holdings, Inc.	Senior loan	L +						
		2.25%	2.52%	07/2014	1,241	1,107	0.5	1,233

See Notes to Consolidated Financial Statements.

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Golub Capital BDC, Inc. and  
Subsidiaries  
Consolidated Schedule of Investments (unaudited) - (Continued)  
December 31, 2010  
(In thousands)

	Investment Type	Spread Above Index(1)	Interest Rate(2)	Maturity Date	Principal Amount	Cost	Percentage of Total Net Assets	Fair Value
<b>Healthcare, Education and Childcare</b>								
ADG, LLC	Senior loan	L + 5.75%	8.75%	05/2013	\$ 369	\$ 360	0.1%	\$ 369
ADG, LLC	Senior loan	L + 5.75%	7.76%	05/2013	3,476	3,476	1.3	3,476
Advanced Pain Management Holdings, Inc.	Subordinated debt	N/A	14.00%	06/2016	7,710	7,518	2.9	7,710
Campus Management Acquisition Corp.	Senior loan	L + 5.65%	7.40%	09/2015	5,595	5,489	2.1	5,595
CHS/Community Health Systems	Senior loan	L + 3.50%	3.79%	01/2017	249	247	0.1	249
CHS/Community Health Systems	Senior loan	L + 2.25%	2.54%	07/2014	523	517	0.2	511
Community Hospices of America, Inc.(3)	Senior loan	L + 5.50%	N/A(4)	12/2015	-	(7)	-	(7)
Community Hospices of America, Inc.	Senior loan	L + 5.50%	7.25%	12/2015	5,569	5,459	2.1	5,458
Community Hospices of America, Inc.(6)	Subordinated debt	L + 11.75%	13.75%	06/2016	1,787	1,743	0.7	1,789
DaVita, Inc.	Senior loan	L + 3.00%	4.50%	10/2016	4,000	3,981	1.5	4,043
DDC Center Inc.	Senior loan	L + 6.50%	9.50%	10/2014	8,405	8,405	2.9	7,564
DDC Center Inc.	Senior loan	L + 6.50%	9.50%	10/2014	1,170	1,170	0.4	1,053
Delta Educational Systems, Inc.	Senior loan	L + 4.00%	6.00%	06/2012	3,718	3,608	1.4	3,718
Den-Mat Holdings, LLC(6)	Senior loan	L + 7.50%	8.50%	06/2014	3,322	3,237	0.6	1,661
Excelligence Learning Corporation	Second lien	L + 7.00%	7.26%	11/2013	1,600	1,544	0.6	1,584
G&H Wire Company, Inc.(3)	Senior loan	L + 5.50%	N/A(4)	12/2015	-	(13)	-	-
G&H Wire Company, Inc.	Senior loan	L + 5.50%	7.25%	12/2015	6,000	5,895	2.3	6,000
The Hygenic Corporation	Senior loan	L + 2.50%	2.81%	04/2013	2,477	2,424	0.9	2,403



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Integrated DNA Technologies, Inc.(6)	Subordinated debt	N/A	14.00%	04/2015	3,800	3,741	1.5	3,800
Integrated DNA Technologies, Inc.(3)	Subordinated debt	N/A	N/A(4)	04/2015	-	(14)	-	-
Sterilmed, Inc.	Senior loan	L + 6.25%	7.75%	07/2016	3,119	3,119	1.2	3,119
Sterilmed, Inc.(3)	Senior loan	L + 6.25%	N/A(4)	07/2015	-	(9)	-	-
Surgical Information Systems, LLC	Second lien	L + 5.75%	7.25%	12/2015	5,143	5,041	2.0	5,143
TIDI Products, LLC	Senior loan	L + 5.00%	6.50%	05/2015	2,575	2,575	1.0	2,575
TIDI Products, LLC(3)	Senior loan	L + 5.00%	N/A(4)	05/2015	-	(6)	-	-
United Surgical Partners International, Inc.	Senior loan	L + 2.00%	2.27%	04/2014	1,525	1,525	0.6	1,477
Universal Health Services, Inc.	Senior loan	L + 4.00%	5.50%	11/2016	1,664	1,639	0.6	1,690
Warner Chilcott Corporation	Senior loan	L + 4.25%	6.50%	02/2016	1,015	1,005	0.4	1,026
					74,811	73,669	27.4	72,006
Home and Office Furnishings, Housewares, and Durable Consumer								
Top Knobs USA, Inc.	Senior loan	L + 5.75%	8.00%	11/2016	1,241	1,217	0.5	1,241
Zenith Products Corporation	Senior loan	L + 5.00%	5.39%	09/2013	4,417	4,342	1.7	4,373
					5,658	5,559	2.2	5,614
Leisure, Amusement, Motion Pictures and Entertainment								
Competitor Group, Inc.(3)	Senior loan	L + 7.50%	N/A(4)	09/2015	-	(22)	-	-
Competitor Group, Inc.(3)	Senior loans	L + 7.50%	N/A(4)	03/2012	-	(93)	-	-
Competitor Group, Inc.	Senior loan	L + 7.50%	9.50%	09/2015	8,290	8,097	3.2	8,290
Melissa & Doug, LLC	Senior loan	L + 5.00%	6.75%	12/2016	1,303	1,289	0.5	1,289
Octane Fitness, LLC	Senior loan	L + 4.60%	4.83%	03/2013	4,675	4,555	1.7	4,442
Optronics Product Company, Inc.	Senior loan	L + 3.75%	5.75%	12/2012	97	94	-	97
Optronics Product Company, Inc.	Second lien	L + 7.25%	8.25%	12/2013	2,489	2,386	1.0	2,489
Premier Yachts, Inc.(3)	Senior loan	L + 5.50%	N/A(4)	12/2015	-	(3)	-	(3)
Premier Yachts, Inc.	Senior loan	L + 5.50%	7.00%	12/2015	864	846	0.3	846

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Pride Manufacturing Company, LLC	Senior loan	L + 5.50%	7.25%	11/2015	839	823	0.3	822
Regal Cinemas Corporation	Senior loan	L + 3.50%	3.80%	11/2016	1,489	1,294	0.6	1,498
					20,046	19,266	7.6	19,770
Oil and Gas								
Tri-County Petroleum, Inc.	Senior loan	L + 4.25%	4.55%	08/2013	3,647	3,565	1.4	3,647

See Notes to Consolidated Financial Statements.

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Golub Capital BDC, Inc. and Subsidiaries  
 Consolidated Schedule of Investments (unaudited) - (Continued)  
 December 31, 2010  
 (In thousands)

	Investment Type	Spread Above Index(1)	Interest Rate(2)	Maturity Date	Principal Amount	Cost	Percentage of Total Net Assets	Fair Value
<b>Personal and Non-Durable Consumer Products</b>								
		L +						
Dr. Miracles, Inc.	Senior loan	5.50%	8.00%	03/2014	\$ 3,660	\$ 3,621	1.4%	\$ 3,587
Strategic Partners, Inc.(6)	Subordinated debt	N/A	14.00%	02/2017	9,636	9,380	3.7	9,636
					13,296	13,001	5.1	13,223
<b>Personal, Food and Miscellaneous Services</b>								
		L +						
Focus Brands, Inc.	Senior loan	5.50%	7.25%	11/2016	4,591	4,479	1.8	4,591
Vetcor Merger Sub LLC(3)	Senior loan	L + 7.25%	N/A(4)	02/2015	-	(243)	-	-
Vetcor Merger Sub LLC	Senior loan	L + 7.25%	9.25%	02/2015	2,500	2,500	1.0	2,500
					7,091	6,736	2.8	7,091
<b>Printing and Publishing</b>								
		L +						
Market Track, LLC(3)	Senior loan	7.75%	N/A(4)	11/2015	-	(29)	-	-
		L +						
Market Track, LLC	Senior loan	7.75%	9.25%	11/2015	16,350	16,043	6.3	16,350
		L +						
Monotype Imaging, Inc.	Senior loan	3.75%	3.76%	07/2012	1,156	1,116	0.4	1,156
		L +						
Trade Service Company, LLC	Senior loan	N/A	14.00%	01/2013	2,085	2,032	0.8	2,085
					19,591	19,162	7.5	19,591
<b>Retail Stores</b>								
		L +						
Container Store, Inc.	Senior loan	3.00%	3.29%	08/2014	6,777	6,342	2.4	6,371
		L +						
DTLR, Inc.	Second Lien	8.00%	11.00%	12/2015	6,011	5,862	2.3	6,011
		L +						
Fasteners for Retail, Inc.	Senior loan	4.50%	4.78%	12/2012	1,964	1,858	0.7	1,896
		L +						
IL Fornai (America) Corporation	Senior loan	3.00%	3.29%	03/2013	4,754	4,504	1.7	4,516

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The Marshall Retail Group, LLC	Senior loan	L + 4.50%	7.25%	04/2013	3,022	2,921	1.2	3,022
The Marshall Retail Group, LLC	Senior loan	L + 6.50%	9.25%	04/2013	2,100	2,045	0.8	2,100
Rubio's Restuarants, Inc.	Senior loan	L + 7.00%	8.75%	06/2015	9,677	9,490	3.7	9,677
					34,305	33,022	12.8	33,593
Telecommunications								
MetroPCS Wireless, Inc.	Senior loan	L + 2.25%	2.56%	11/2013	246	214	0.1	247
MetroPCS Wireless, Inc.	Senior loan	L + 3.50%	3.81%	11/2016	2,685	2,299	1.0	2,702
Springboard Finance LLC	Senior loan	L + 5.00%	7.00%	02/2015	1,971	1,959	0.8	1,980
West Corporation(3)	Senior loan	L + 3.00%	N/A(4)	10/2012	-	(210)	(0.2)	(500)
					4,902	4,262	1.7	4,429
Textiles and Leather								
Gammill, Inc.	Senior loan	L + 7.50%	9.50%	09/2011	400	395	0.2	400
Gammill, Inc.	Senior loan	L + 8.00%	10.00%	09/2012	4,116	4,040	1.6	4,116
					4,516	4,435	1.8	4,516
Utilities								
Itron, Inc.	Senior loan	L + 3.50%	3.77%	04/2014	869	793	0.3	875
NRG Energy, Inc.	Senior loan	L + 1.75%	2.04%	02/2013	368	342	0.1	366
NRG Energy, Inc.	Senior loan	L + 3.25%	3.55%	08/2015	1,753	1,626	0.7	1,757
					2,990	2,761	1.1	2,998
Total debt investments United States (cost \$372,565)					\$ 381,211	\$ 372,565	142.1%	\$ 371,355
Fair Value as a percentage of Principal Amount								97.4%

See Notes to Consolidated Financial Statements.

Golub Capital BDC, Inc. and Subsidiaries  
Consolidated Schedule of Investments (unaudited) - (Continued)  
December 31, 2010  
(In thousands)

	Investment Type	Spread Above Index (1)	Interest Rate (2)	Maturity Date	Principal Amount / Shares	Cost	Percentage of Total Net Assets	Fair Value
<b>Equity investments</b>								
<b>Aerospace and Defense</b>								
	Common stock	N/A	N/A	N/A	\$ 670	\$ 670	0.3%	\$ 670
	Whitcraft LLC	N/A	N/A	N/A	-	-	-	117
	Whitcraft LLC				670	670	0.3	787
<b>Beverage, Food and Tobacco</b>								
	LLC interest	N/A	N/A	N/A	838	838	0.3	838
	Richelieu Foods, Inc.	N/A	N/A	N/A	220	220	0.1	220
					1,058	1,058	0.4	1,058
<b>Healthcare, Education and Childcare</b>								
	Common stock	N/A	N/A	N/A	67	67	-	67
	Advanced Pain Management Holdings, Inc.							
	Preferred stock	N/A	N/A	N/A	1,273	1,273	0.5	1,273
	Advanced Pain Management Holdings, Inc.							
	G & H Wire Company, Inc	N/A	N/A	N/A	102	102	-	102
	LP Interest							
	Surgical Information Systems, LLC	N/A	N/A	N/A	414	414	0.2	414
					1,856	1,856	0.70	1,856
<b>Home and Office Furnishings, Housewares, and Durable Consumer</b>								
	Common stock	N/A	N/A	N/A	73	73	-	73
	Top Knobs USA, Inc.							
<b>Personal and Non-Durable Consumer Products</b>								
	LLC interest	N/A	N/A	N/A	1,691	1,691	0.6	1,691
	Strategic Partners, Inc.							
<b>Retail Stores</b>								
	Preferred stock	N/A	N/A	N/A	945	945	0.4	945
	Rubio's Restuarants, Inc.							
Total equity investments United States (cost \$6,293)					\$ 6,293	\$ 6,293	2.4%	6,410
Total United States (cost \$378,858)					\$ 387,504	\$ 378,858	144.5%	\$ 377,765
Total investments (cost \$383,507)					\$ 392,153	\$ 383,507	146.3%	\$ 382,414

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- (1) The majority of the investments bear interest at a rate that may be determined by reference to LIBOR (L) or Prime (P) and which reset daily, quarterly or semi-annually. For each we have provided the spread over LIBOR or Prime and the weighted average current interest rate in effect at December 31, 2010. Certain investments are subject to a LIBOR or Prime interest rate floor. For fixed rate loans, a spread above a reference rate is not applicable.
  - (2) For portfolio companies with multiple interest rate contracts, the interest rate shown is a weighted average current interest rate in effect at December 31, 2010.
  - (3) A negative value is due to the capitalized discount on the loan or the unfunded commitment being valued below par.
  - (4) The entire commitment was unfunded at December 31, 2010. As such, no interest is being earned on this investment.
  - (5) Loan was on non-accrual status as of December 31, 2010.
  - (6) A portion of the interest may be deferred through a payment-in-kind interest (“PIK”) rate option.
- See Notes to Consolidated Financial Statements.

Golub Capital BDC, Inc. and Subsidiaries  
Consolidated Schedule of Investments  
September 30, 2010  
(In thousands)

	Investment Type	Spread Above Index(1)	Interest Rate(2)	Maturity Date	Principal Amount	Cost	Percentage of Net Assets	Fair Value
Investments, at fair value								
Canada								
Debt investments								
Diversified Conglomerate Service								
Open Text Corporation	Senior loan	L + 2.25%	2.51%	10/2013	\$ 1,310	\$ 1,146	0.5%	\$ 1,297
Leisure, Amusement, Motion Pictures, Entertainment								
Extreme Fitness, Inc.	Senior loan	L + 7.50%	11.50%	03/2012	4,649	4,649	1.8	4,649
Total Canada (cost \$5,795)					\$ 5,959	\$ 5,795	2.3%	\$ 5,946
Fair Value as percentage of Principal Amount								99.8%
United States								
Debt investments								
Aerospace and Defense								
Thermal Solutions LLC	Senior loan	L + 4.75%	6.00%	03/2011	\$ 38	\$ 38	-%	\$ 38
Thermal Solutions LLC	Senior loan	L + 5.25%	7.50%	03/2012	1,875	1,864	0.7	1,818
					1,913	1,902	0.7	1,856
Automobile								
CLP Auto Interior Corporation	Senior loan	L + 4.75%	5.01%	06/2013	3,223	3,223	1.2	3,126
Dealer Computer Services, Inc.	Senior loan	L + 3.50%	5.25%	04/2017	2,414	2,402	0.9	2,420
Driven Brands, Inc.	Senior loan	L + 5.00%	6.53%	10/2014	5,944	5,944	2.3	5,944
					11,581	11,569	4.4	11,490
Banking								
Bonddesk Group LLC	Senior loan	L + 3.00%	3.26%	08/2012	1,884	1,827	0.7	1,847
Prommis Solutions Inc.	Senior loan	L + 2.75%	3.05%	02/2013	1,519	1,519	0.5	1,474
					3,403	3,346	1.2	3,321
Beverage, Food and Tobacco								
Lone Star Beef Processors, L.P.			4.75%	05/2013	3,580	3,559	1.4	3,580

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	Senior loan	L + 4.00%							
ABP Corporation	Senior loan	L + 4.50%	8.50%	02/2013	2,322	2,282	0.9	2,322	
Bertucci's Corporation	Senior loan	L + 9.00%	12.00%	07/2012	1,964	1,915	0.8	1,964	
CTI Foods Holding Co., LLC	Senior loan	L + 4.00%	6.00%	06/2015	893	885	0.3	871	
					8,759	8,641	3.4	8,737	
Building and Real Estate									
American Fire Protection Group, Inc.(5)	Senior loan	L + 6.75%	9.00%	06/2011	4,422	4,346	1.2	3,095	
Architectural Testing, Inc.	Senior loan	L + 6.50%	9.50%	05/2013	6,497	6,497	2.5	6,497	
Infiltrator Systems, Inc.	Senior loan	L + 5.50%	8.50%	09/2012	7,819	7,505	2.9	7,507	
ITEL Laboratories, Inc.	Senior loan	L + 6.75%	9.75%	03/2014	7,826	7,764	3.0	7,826	
ASP PDM Acquisition Co. LLC	Senior loan	L + 2.75%	3.35%	12/2013	608	570	0.2	560	
Best Lighting Products, Inc.	Senior loan	L + 8.00%	10.00%	08/2012	2,432	2,370	0.9	2,432	
KHKI Acquisition, Inc.	Senior loan	L + 6.00%	8.50%	03/2012	343	342	0.1	332	
KHKI Acquisition, Inc.	Senior loan	L + 6.00%	8.50%	03/2013	2,600	2,596	0.8	2,080	
Tecta America Corp.	Senior loan	L + 5.75%	6.58%	12/2011	2,864	2,864	0.7	1,904	
					35,411	34,854	12.3	32,233	
Cargo Transport									
The Kenan Advantage Group, Inc.	Senior loan	L + 4.50%	3.59%	06/2016	244	233	0.1	248	
The Kenan Advantage Group, Inc.	Senior loan	L + 4.50%	6.25%	06/2016	3,327	3,262	1.3	3,351	
Peco Pallet, Inc.	Senior loan	L + 3.75%	4.01%	06/2013	3,978	3,835	1.5	3,939	
					7,549	7,330	2.9	7,538	
Chemicals, Plastics and Rubber									
Celanese Holdings LLC	Senior loan	L + 3.00%	3.53%	10/2016	693	598	0.3	682	
Styron S.A.R.L.	Senior loan	L + 5.75%	7.50%	06/2016	1,481	1,502	0.6	1,505	
Syrgis Holdings, Inc.	Senior loan	L + 5.50%	7.75%	08/2012	326	312	0.1	326	
Syrgis Holdings, Inc.	Senior loan	L + 6.00%	8.25%	08/2013	864	821	0.3	864	
Syrgis Holdings, Inc.	Senior loan	L + 8.50%	10.75%	02/2014	474	449	0.2	474	
					3,838	3,682	1.5	3,851	

See Notes to Consolidated Financial Statements.





Golub Capital BDC, Inc. and Subsidiaries  
Consolidated Schedule of Investments - (Continued)  
September 30, 2010  
(In thousands)

	Investment Type	Spread Above Index(1)	Interest Rate(2)	Maturity Date	Principal Amount	Cost	Percentage of Total Net Assets	Fair Value
<b>Containers, Packaging and Glass</b>								
Fort Dearborn Company	Senior loan	L + 5.00%	6.86%	08/2015	\$ 102	\$ 100	-%	\$ 10
Fort Dearborn Company	Senior loan	L + 5.50%	7.37%	08/2016	227	222	0.1	22
Fort Dearborn Company	Senior loan	L + 5.00%	6.75%	08/2015	1,553	1,523	0.6	1,55
Fort Dearborn Company	Senior loan	L + 5.50%	7.25%	08/2016	3,291	3,226	1.3	3,29
Pelican Products, Inc.	Senior loan	L + 5.00%	7.75%	01/2013	77	72	-	7
Pelican Products, Inc.	Senior loan	L + 5.00%	7.75%	01/2014	2,861	2,647	1.1	2,86
Industrial Container Services, LLC	Senior loan	L + 4.00%	4.53%	09/2011	754	743	0.3	75
					8,865	8,533	3.4	8,86
<b>Diversified Conglomerate Manufacturing</b>								
Neptco Inc.	Senior loan	L + 5.25%	7.25%	03/2013	4,317	4,166	1.4	3,66
Pasternack Enterprises, Inc.	Senior loan	L + 4.50%	6.00%	02/2014	4,779	4,646	1.8	4,77
Vintage Parts, Inc.	Senior loan	L + 5.50%	5.79%	12/2013	6,551	6,480	2.5	6,55
Heat Transfer Parent, Inc.	Senior loan	L + 3.00%	3.26%	06/2013	1,833	1,766	0.6	1,59
					17,480	17,058	6.3	16,59
<b>Diversified Conglomerate Service</b>								
Benetech, Inc.	Senior loan	L + 5.00%	5.26%	12/2013	8,845	8,562	3.3	8,66
Compass Group Diversified Holdings, LLC	Senior loan	L + 4.00%	4.50%	12/2013	4,566	4,566	1.8	4,56
Cortz, Inc.	Senior loan	L + 5.50%	8.50%	03/2014	6,540	6,493	2.5	6,54
NS Holdings, Inc.	Senior loan	L + 4.63%	6.64%	06/2015	2,238	2,194	0.9	2,23
NS Holdings, Inc.(3)	Senior loan	L + 6.25%	N/A(4)	06/2015	-	(8)	-	-
Protection One, Inc.	Senior loan	L + 4.25%	6.00%	06/2016	3,142	3,132	1.2	3,15

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Savvis Communications Corporation	Senior loan	L +	5.00%	6.75%	08/2016	2,000	1,978	0.8	2,010
The Service Companies, Inc.	Senior loan	L +	6.50%	8.50%	03/2014	5,792	5,676	2.2	5,792
						33,123	32,593	12.7	32,960
Diversified Natural Resources, Precious Metals, and Minerals									
Metal Spinners, Inc.	Senior loan	L +	7.00%	10.00%	12/2014	2,284	2,202	0.9	2,284
Metal Spinners, Inc.	Senior loan	L +	8.00%	11.00%	12/2014	3,085	2,979	1.1	2,900
Virginia Explosives & Drilling Company, Inc.	Senior loan	L +	7.00%	10.50%	05/2011	170	162	0.1	170
Virginia Explosives & Drilling Company, Inc.	Senior loan	L +	7.00%	10.50%	10/2011	2,852	2,739	1.0	2,700
						8,391	8,082	3.1	8,060
Electronics									
Cape Electrical Supply LLC	Senior loan	L +	5.75%	6.75%	11/2013	2,435	2,300	0.9	2,380
The Sloan Company, Inc.	Second lien loan	L +	5.50%	5.76%	10/2012	2,442	2,430	0.9	2,440
Syncsort Incorporated(3)	Senior loan	L +	5.50%	N/A(4)	03/2015	-	(8)	-	-
Syncsort Incorporated	Senior loan	L +	5.50%	7.50%	03/2015	9,875	9,658	3.8	9,875
						14,752	14,380	5.6	14,700
Finance									
Nuveen Investments, Inc.	Senior loan	L +	3.00%	3.29%	11/2014	3,000	2,685	1.0	2,700
eVestment Alliance Holdings, LLC	Senior loan	L +	6.50%	9.50%	05/2014	7,128	7,013	2.7	7,128
Pillar Processing LLC	Senior loan	L +	5.50%	5.79%	11/2013	6,216	6,196	2.4	6,216
Pillar Processing LLC	Senior loan	N/A	14.50%	05/2014	3,125	3,125	1.2	3,125	
Wall Street Systems Holdings, Inc.	Senior loan	L +	5.00%	8.00%	05/2013	7,875	7,875	3.0	7,875
						27,344	26,894	10.3	27,040
Grocery									
JRD Holdings, Inc.	Senior loan	L +	2.25%	2.51%	07/2014	1,241	1,097	0.5	1,190

See Notes to Consolidated Financial Statements.

Golub Capital BDC, Inc. and Subsidiaries  
Consolidated Schedule of Investments - (Continued)  
September 30, 2010  
(In thousands)

	Investment Type	Spread Above Index(1)	Interest Rate(2)	Maturity Date	Principal Amount	Cost	Percentage of Total Net Assets	Fair Value
Healthcare, Education and Childcare								
ADG, LLC	Senior loan	L + 5.75%	7.78%	05/2013	\$ 3,701	\$ 3,652	1.4%	\$ 3,701
ADG, LLC(3)	Senior loan	L + 5.75%	N/A(4)	05/2013	-	(10)	-	-
Campus Management Acquisition Corp.	Senior loan	L + 5.65%	7.40%	09/2015	5,595	5,483	2.1	5,595
CHS/Community Health Systems	Senior loan	L + 2.25%	2.55%	07/2014	773	763	0.3	734
Community Hospices of America, Inc.	Senior loan	L + 5.00%	8.00%	01/2011	990	985	0.4	990
Community Hospices of America, Inc.	Second lien loan	L + 9.50%	12.50%	04/2011	4,865	4,846	1.9	4,865
DaVita, Inc.	Senior loan	L + 1.50%	1.76%	10/2012	5,000	4,646	1.9	4,989
DDC Center Inc.	Senior loan	L + 6.50%	9.50%	10/2014	9,652	9,652	3.3	8,687
Delta Educational Systems, Inc.	Senior loan	L + 4.00%	6.00%	06/2012	4,140	3,997	1.6	4,140
Den-Mat Holdings, LLC	Senior loan	L + 3.25%	4.25%	06/2014	3,287	3,195	0.6	1,643
Excelligence Learning Corporation	Second lien loan	L + 7.00%	7.26%	11/2013	1,600	1,539	0.6	1,584
The Hygenic Corporation	Senior loan	L + 2.50%	2.80%	04/2013	2,483	2,425	0.9	2,384
Integrated DNA Technologies, Inc.	Subordinated debt	N/A	12.00%	04/2015	3,800	3,737	1.5	3,800
Integrated DNA Technologies, Inc.(3)	Subordinated debt	N/A	N/A(4)	04/2015	-	(14)	-	-
ReachOut Healthcare America Ltd	Senior loan	L + 5.00%	8.00%	08/2013	6,242	6,226	2.4	6,242
Renal Advantage Holdings, Inc.	Senior loan	L + 4.50%	6.00%	06/2016	1,000	1,005	0.4	1,006
Sterilmed, Inc.	Senior loan	L + 6.25%	7.75%	07/2016	3,139	3,077	1.2	3,139
Sterilmed, Inc.(3)	Senior loan	L + 6.25%	N/A(4)	07/2015	-	(9)	-	-
TIDI Products, LLC	Senior loan	L + 5.00%	6.50%	05/2015	2,608	2,560	1.0	2,608

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TIDI Products, LLC(3)	Senior loan	L + 5.00%	N/A(4)	05/2015	-	(6)	-	-
United Surgical Partners International, Inc.	Senior loan	L + 2.00%	2.26%	04/2014	1,529	1,529	0.6	1,450
Universal Health Services, Inc.	Senior loan	L + 4.00%	5.50%	11/2016	1,664	1,639	0.6	1,675
Warner Chilcott Corporation	Senior loan	L + 4.25%	6.50%	02/2016	1,510	1,495	0.6	1,519
Warner Chilcott Corporation	Senior loan	L + 4.25%	6.50%	02/2016	490	485	0.2	493
					64,068	62,897	23.5	61,244
Home and Office Furnishings, Housewares, and Durable Consumer								
Top Knobs USA, Inc.	Senior loan	L + 6.25%	8.25%	02/2014	2,751	2,669	1.0	2,724
Zenith Products Corporation	Senior loan	L + 5.00%	5.49%	09/2013	4,878	4,787	1.8	4,732
					7,629	7,456	2.8	7,456
Leisure, Amusement, Motion Pictures and Entertainment								
Competitor Group, Inc.	Senior loan	L + 7.50%	9.50%	09/2015	81	58	-	81
Competitor Group, Inc.(3)	Senior loans	L + 7.50%	N/A(4)	03/2012	-	(114)	-	-
Competitor Group, Inc.	Senior loan	L + 7.50%	9.50%	09/2015	8,395	8,189	3.2	8,395
Octane Fitness, LLC	Senior loan	L + 4.60%	5.11%	03/2013	4,675	4,541	1.7	4,442
Optronics Product Company, Inc.	Senior loan	L + 3.75%	5.75%	12/2012	176	168	0.1	176
Optronics Product Company, Inc.	Second lien loan	L + 7.25%	8.25%	12/2013	2,489	2,377	1.0	2,489
Premier Yachts, Inc.	Senior loan	L + 3.75%	4.01%	08/2012	1,037	994	0.4	1,026
Premier Yachts, Inc.	Senior loan	L + 7.00%	7.26%	08/2013	568	547	0.2	568
Regal Cinemas Corporation	Senior loan	L + 3.50%	3.79%	11/2016	1,493	1,289	0.6	1,487
					18,914	18,049	7.2	18,664
Oil and Gas								
Tri-County Petroleum, Inc.	Senior loan	L + 4.25%	4.52%	08/2013	3,666	3,576	1.4	3,629
Personal and Non-Durable Consumer Products								
Dr. Miracles, Inc.	Senior loan	L + 5.50%	8.00%	03/2014	3,766	3,723	1.4	3,766
Strategic Partners, Inc.	Subordinated debt	N/A	12.00%	02/2017	9,636	9,367	3.7	9,635
					13,402	13,090	5.1	13,401
Personal, Food and Miscellaneous								

Services								
		L +						
Aramark Corporation	Senior loan	0.00%	0.11%	01/2014	64	55	-	61
		L +						
Aramark Corporation	Senior loan	0.00%	0.11%	07/2016	115	98	-	113
		L +						
Aramark Corporation	Senior loan	3.25%	3.54%	07/2016	1,752	1,490	0.7	1,722
		L +						
Aramark Corporation	Senior loan	1.88%	2.16%	01/2014	794	682	0.3	758
		L +						
Focus Brands, Inc.	Senior loan	5.00%	5.29%	03/2011	4,952	4,905	1.9	4,951
					7,677	7,230	2.9	7,605

See Notes to Consolidated Financial Statements.

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Golub Capital BDC,  
Inc. and Subsidiaries  
Consolidated Schedule of Investments -  
(Continued)  
September 30, 2010  
(In thousands)

	Investment Type	Spread Above Index(1)	Interest Rate(2)	Maturity Date	Principal Amount / Shares	Cost	Percentage of Total Net Assets	Fair Value
<b>Printing and Publishing</b>								
Monotype Imaging, Inc.	Senior loan	L + 3.75%	4.01%	07/2012	\$ 1,378	\$ 1,323	0.5%	\$ 1,379
Trade Service Company, LLC	Senior loan	N/A	14.00%	01/2013	2,085	2,026	0.8	2,084
					3,463	3,349	1.3	3,463
<b>Retail Stores</b>								
Container Store, Inc.	Senior loan	L + 3.00%	3.32%	08/2014	6,794	6,329	2.4	6,251
Fasteners for Retail, Inc.	Senior loan	L + 3.50%	4.83%	12/2012	1,964	1,844	0.7	1,884
IL Fornai (America) Corporation	Senior loan	L + 3.00%	3.30%	03/2013	4,768	4,490	1.7	4,434
The Marshall Retail Group, LLC	Senior loan	L + 4.50%	7.25%	04/2013	3,103	2,988	1.2	3,103
The Marshall Retail Group, LLC	Senior loan	L + 6.50%	9.25%	04/2013	2,100	2,039	0.8	2,100
Rubio's Restuarants, Inc.	Senior loan	L + 7.00%	8.75%	06/2015	9,738	9,539	3.7	9,738
					28,467	27,229	10.5	27,510
<b>Telecommunications</b>								
MetroPCS Wireless, Inc.	Senior loan	L + 2.25%	2.56%	11/2013	247	211	0.1	243
MetroPCS Wireless, Inc.	Senior loan	L + 3.50%	3.81%	11/2016	2,692	2,288	1.0	2,672
Springboard Finance LLC	Senior loan	L + 5.00%	7.00%	02/2015	1,997	1,984	0.8	2,009
West Corporation(3)	Senior loan	L + 2.00%	N/A(4)	10/2012	-	(239)	(0.3)	(700)
					4,936	4,244	1.6	4,224
<b>Textiles and Leather</b>								
Gammill, Inc.	Senior loan	L + 7.50%	9.50%	09/2011	415	409	0.2	415
Gammill, Inc.	Senior loan	L + 8.00%	10.00%	09/2012	4,285	4,193	1.6	4,284
					4,700	4,602	1.8	4,699
<b>Utilities</b>								
	Senior loan		0.43%	02/2014	1,000	869	0.4	957

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Covanta Energy Corporation		L + 0.00%							
Covanta Energy Corporation	Senior loan	L + 1.50%	2.00%	02/2014	1,960	1,703	0.7	1,877	
Itron, Inc.	Senior loan	L + 3.50%	3.76%	04/2014	875	793	0.3	876	
NRG Energy, Inc.	Senior loan	L + 1.50%	1.98%	02/2013	2,223	2,057	0.9	2,221	
					6,058	5,422	2.3	5,931	
Total debt investments (cost \$337,105)					\$ 346,630	\$ 337,105	129.1%	\$ 336,287	
Fair Value as a percentage of Principal Amount								97.0%	
Equity investments									
Personal and Non-Durable Consumer Products									
Strategic Partners, Inc.	LLC interest		N/A	N/A	N/A	1,691	\$ 1,691	0.6% \$ 1,691	
Retail Stores									
Rubio's Restuarants, Inc.	Preferred stock		N/A	N/A	N/A	945	945	0.4	945
Total equity investments (cost \$2,636)					\$ 2,636	\$ 2,636	1.0%	\$ 2,636	
Total United States (cost \$339,741)					\$ 349,266	\$ 339,741	130.1%	\$ 338,923	
Total investments (cost \$345,536)					\$ 355,225	\$ 345,536	132.4%	\$ 344,869	

- (1) The majority of the investments bear interest at a rate that may be determined by reference to LIBOR (L) or Prime (P) and which reset daily, quarterly or semi-annually. For each we have provided the spread over LIBOR or Prime and the weighted average current interest rate in effect at September 30, 2010. Certain investments are subject to a LIBOR or Prime interest rate floor. For fixed rate loans, a spread above a reference rate is not applicable.
- (2) For portfolio companies with multiple interest rate contracts, the interest rate shown is a weighted average current interest rate in effect at September 30, 2010.
- (3) A negative value is due to the capitalized discount on the loan or the unfunded commitment being valued below par.
- (4) The entire commitment was unfunded at September 30, 2010. As such, no interest is being earned on this investment.
- (5) Loan was on non-accrual status as of September 30, 2010.

See Notes to Consolidated Financial Statements.





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

Note 1. Organization

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

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

On April 14, 2010, GBDC priced its initial public offering (the “Offering”), selling 7,100,000 shares of its common stock at a public offering price of \$14.50 per share. Concurrent with the Offering, an additional 1,322,581 shares were sold through a private placement, also at \$14.50 per share. On May 19, 2010, an additional 305,000 shares at \$14.50 were issued upon the exercise of the underwriters’ over-allotment option.

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

Subsequent to the Conversion, GCMF became a wholly owned subsidiary of GBDC. GCMF’s financial results are consolidated with GBDC, and the portfolio investments held by GCMF are included in the Company’s consolidated financial statements. All intercompany balances and transactions have been eliminated. For periods prior to November 19, 2009, the consolidated financial statements only reflect the financial results of GCMF.

On July 16, 2010, the Company completed a \$300,000 term Debt Securitization (defined in Note 6). The notes offered in the Debt Securitization were issued by Golub Capital BDC 2010-1 LLC, a newly formed, indirect subsidiary of the Company (the “Issuer”), and are secured by the assets held within the Issuer. The transaction was executed through a private placement of approximately \$174,000 of Aaa/AAA Class A Notes of the Issuer. Golub Capital BDC 2010-1 Holdings LLC, a direct subsidiary of the Company, retained all of the Class B and Subordinated Notes, which totaled approximately \$126,000 and retained all the membership interest in the Issuer. Assets related to transactions that do not meet Accounting Standards Codification (“ASC”) Topic 860—Transfers and Servicing requirements for accounting sale treatment are reflected in the consolidated statements of financial condition of the Company as investments. Those assets are owned by the Issuer, a special purpose entity that is consolidated in the Company’s financial statements, the creditors of the Issuer have received security interests in such assets and such assets are not intended to

be available to the creditors of the Company (or any affiliate of the Company). For further information on the Debt Securitization, see Note 6.

Golub Capital BDC, Inc. and Subsidiaries  
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On August 24, 2010, GC SBIC IV, L.P., a wholly owned subsidiary of the Company, received approval for a license from the United States Small Business Administration (“SBA”) to operate a Small Business Investment Company (“SBIC”). As an SBIC, GC SBIC IV L.P. is subject to oversight and regulation by the SBA concerning the size and nature of companies in which it may invest as well as the structures of those investments.

The license allows GC SBIC IV, L.P. to obtain leverage by issuing SBA-guaranteed debentures, subject to issuance of a capital commitment by SBA and customary procedures. Debentures are loans issued by an SBIC which have interest payable semi-annually and a ten year maturity. The interest rate is fixed at the time of issuance at a market-driven spread over U.S. Treasury Notes with ten year maturities.

The Company applied for exemptive relief from the U.S. Securities and Exchange Commission (“SEC”) on July 9, 2010 and filed an amended application on November 12, 2010 to permit it to exclude the debt of GC SBIC IV, L.P. that is guaranteed by the SBA from the Company’s 200% asset coverage test under the 1940 Act. If the Company receives an exemption for this SBA debt, the Company would have increased flexibility under the 200% asset coverage test.

The Company’s investment strategy is to invest in senior secured, unitranche, mezzanine and second lien loans to middle market companies that are, in most cases, sponsored by private equity investors. The Company has entered into an investment advisory agreement (the “Investment Advisory Agreement”) with GC Advisors LLC (the “Investment Adviser”), under which the Investment Adviser manages the day-to-day operations of, and provides investment advisory services to, the Company. Prior to April 14, 2010, Golub Capital Incorporated served as the investment adviser for the Company.

## Note 2. Accounting Policies and Recent Accounting Updates

**Basis of Presentation:** The accompanying consolidated financial statements of the Company and related financial information have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) and pursuant to the requirements for reporting on Form 10-Q and Articles 6 or 10 of Regulation S-X. In the opinion of management, the consolidated financial statements reflect all adjustments and reclassifications consisting solely of normal accruals that are necessary for the fair presentation of financial results as of and for the periods presented. All intercompany balances and transactions have been eliminated. Certain prior period amounts have been reclassified to conform to the current period presentation.

**Accounting Standards Codification:** In June 2009, the Financial Accounting Standards Board, “FASB” issued Accounting Standards Codification TM (the “Codification”) which is the single source of authoritative GAAP recognized by the FASB to be applied by nongovernmental entities. The Codification combines all authoritative standards into a comprehensive, topically organized online database. One level of authoritative GAAP exists, other than guidance issued by the Securities and Exchange Commission (“SEC”). All other accounting literature excluded from the Codification is considered non-authoritative.

**Fair value of financial instruments:** The Company applies fair value to substantially all of its financial instruments in accordance with ASC Topic 820— Fair Value Measurements and Disclosures. ASC Topic 820 defines fair value, establishes a framework used to measure fair value and requires disclosures for fair value measurements. In accordance with ASC Topic 820, the Company has categorized its financial instruments carried at fair value, based on the priority of the valuation technique, into a three-level fair value hierarchy. Fair value is a market-based measure

considered from the perspective of the market participant who holds the financial instrument rather than an entity specific measure. Therefore, when market assumptions are not readily available, the Company's own assumptions are set to reflect those that management believes market participants would use in pricing the financial instrument at the measurement date.

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

Any changes to the valuation methodology are reviewed by management to confirm that the changes are justified. As markets change, new products develop and the pricing for products becomes more or less transparent, the Company will continue to refine its valuation methodologies. See Note 5 for disclosures required by ASC Topic 820.

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

Consolidation: As permitted under Regulation S-X and the AICPA Audit and Accounting Guide for Investment Companies, the Company will generally not consolidate its investment in a company other than an investment company subsidiary or a controlled operating company whose business consists of providing services to us. Accordingly, the Company consolidated the results of the Company's subsidiaries in its consolidated financial statements.

Segments: In accordance with ASC Topic 280— Segment Reporting, the Company has determined that it has a single reporting segment and operating unit structure.

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

Restricted cash and cash equivalents: Restricted cash and cash equivalents represent amounts that are collected and are held by trustees who have been appointed as custodians of the assets securing certain of the Company's financing transactions. Restricted cash is held by the trustees for payment of interest expense and principal on the outstanding borrowings.

Revenue recognition: Investments and related investment income: The Company's board of directors (the "Board") determines the fair value of its portfolio investments. Interest income is accrued based upon the outstanding principal amount and contractual interest terms of debt investments. In addition, the Company may generate revenue in the form of commitment, origination, amendment, structuring 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 the Company accretes or amortizes such amounts over the life of the loan as interest income. The Company records prepayment premiums on loans as interest income. When the Company receives principal payments on a loan in an amount that exceeds its amortized cost, it records the excess principal payment as interest income. For the three months ended December 31, 2010 and 2009, interest income included \$1,953 and \$3,092 of such amounts, respectively.



Golub Capital BDC, Inc. and Subsidiaries  
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For investments with contractual payment-in-kind interest (“PIK”), which represents contractual interest accrued and added to the principal balance that generally becomes due at maturity, the Company will not accrue PIK interest if the portfolio company valuation indicates that the PIK interest is not collectible. For the three months ended December 31, 2010 and December 31, 2009, the Company recorded PIK income of \$139 and \$55, respectively.

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

Non-accrual loans: A loan may be left on accrual status during the period the Company is pursuing repayment of the loan. Management reviews all loans that become 90 days or more past due on principal and interest or when there is reasonable doubt that principal or interest will not be collected for possible placement on non-accrual status. Accrued interest is generally reversed 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. Non-accrual loans are restored to accrual status when past due principal and interest is paid and, in management’s judgment, are likely to remain current. The total fair value of non-accrual loans was \$2,653 and \$3,095 as of December 31, 2010 and September 30, 2010 respectively.

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

Depending on the level of taxable income earned in a tax year, the Company may choose to carry forward taxable income in excess of current year dividend distributions into the next tax year and pay a 4% excise tax on such income, as required. To the extent that the Company determines that its estimated current year annual taxable income will be in excess of estimated current year dividend distributions, the Company accrues excise tax, if any, on estimated excess taxable income as taxable income is earned. For the three-month periods ending December 31, 2010 and 2009, no amount was recorded for U.S. federal excise tax.

The Company accounts for income taxes in conformity with ASC Topic 740— Income Taxes. ASC Topic 740 provides guidelines for how uncertain tax positions should be recognized, measured, presented and disclosed in financial statements. ASC Topic 740 requires the evaluation of tax positions taken in the course of preparing the Company’s tax returns to determine whether the tax positions are “more-likely-than-not” to be sustained by the applicable tax authority. Tax benefits of positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense in the current year. It is the Company’s policy to recognize accrued interest and penalties related to uncertain tax benefits in income tax expense. There were no material uncertain income tax positions at December 31, 2010 and September 30, 2010. The 2007 through 2009 tax years remain subject to examination by U.S. federal and most state tax authorities.





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

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

**Deferred financing costs:** Deferred financing costs represent fees and other direct incremental costs incurred in connection with the Company’s borrowings. As of December 31, 2010 and September 30, 2010, the Company had deferred financing costs of \$3,548 and \$2,748, respectively. These amounts are amortized and included in interest expense in the consolidated statements of operations over the estimated average life of the borrowings. Amortization expense for the three months ended December 31, 2010 and 2009 was \$168 and zero, respectively.

**Deferred offering costs:** Deferred offering costs consist of fees paid in relation to legal, accounting, regulatory and printing work completed in preparation of the Offering. Deferred offering costs are charged against the proceeds from equity offerings when received. Deferred offering costs are included in Other assets on the consolidated statements of financial condition.

**Earnings and net asset value per share:** For historical periods prior to April 1, 2010, the Company did not have common shares outstanding or an equivalent and therefore earnings per share and weighted average shares outstanding information for historical periods prior to April 1, 2010 are not provided.

### Note 3. Related Party Transactions

#### Investment Advisory and Management Agreement

On April 14, 2010, GBDC entered into the Investment Advisory Agreement with the Investment Adviser, under which the Investment Adviser manages the day-to-day operations of, and provides investment advisory services to, GBDC. The Investment Advisory Agreement was subsequently amended on July 16, 2010. The Investment Adviser is a registered investment adviser with the SEC. The Investment Adviser receives fees for providing services, consisting of two components, a base management fee and an incentive fee.

The base management fee is calculated at an annual rate equal to 1.375% of average adjusted gross assets at the end of the two most recently completed calendar quarters (excluding cash and cash equivalents and including assets purchased with borrowed funds and securitization-related assets) and is payable quarterly in arrears. To the extent that

the Investment Adviser or any of its affiliates provides investment advisory, collateral management or other similar services to a subsidiary of the Company, the base management fee shall be reduced by an amount equal to the product of (1) the total fees paid to the Investment Adviser by such subsidiary for such services and (2) the percentage of such subsidiary's total equity, including membership interests and any class of notes not exclusively held by one or more third parties, that is owned, directly or indirectly, by the Company. Prior to the Offering, the base management fee was calculated at an annual rate of 0.75% of the value of the GCMF investments under the terms of GCMF's Sale and Servicing Agreement with Golub Capital Incorporated (the "Investment Manager").

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

The Company accomplishes this limitation by subjecting each quarterly incentive fee payable on the "Income and Capital Gains Incentive Fee Calculation" (as defined below) to a cap (the "Incentive Fee Cap"). The Incentive Fee Cap in any quarter is the difference between (a) 20.0% of Cumulative Pre-Incentive Fee Net Income and (b) cumulative incentive fees of any kind paid to the Investment Adviser by GBDC since the effective date of its election to become a BDC. 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 for each period since the effective date of the Company's election to become a BDC and (b) cumulative aggregate realized capital gains, cumulative aggregate realized capital losses, cumulative aggregate unrealized capital depreciation and cumulative aggregate unrealized capital appreciation since the effective date of the Company's election to become a BDC.

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

Incentive fees are calculated and payable quarterly in arrears (or, upon termination of the Investment Advisory Agreement, as of the termination date) (a "Performance Period"). The Investment Adviser is not under any obligation to reimburse the Company for any part of the incentive fee it received that was based on accrued income that is never actually received.

The income and capital gains incentive fee calculation (the "Income and Capital Gain Incentive Fee Calculation") has two parts, the income component and the capital gains component. The income component is calculated quarterly in arrears based on the Company's 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 the Company has incurred a loss. For example, if the Company receives Pre-Incentive Fee Net Investment Income in excess of the hurdle rate (as defined below) for a calendar quarter, the income component will result in a positive value and an incentive fee will be paid unless the payment of such incentive fee would cause the Company to pay incentive fees on a cumulative basis that exceed 20.0% of Cumulative Pre-Incentive Fee Net Investment Income. Pre-Incentive Fee Net Investment Income, expressed as a rate of return on the value of the Company's net assets (defined as total assets less indebtedness

and before taking into account any incentive fees payable during the period) at the end of the immediately preceding calendar quarter, is compared to a fixed “hurdle rate” of 2.0% quarterly. If market interest rates rise, GBDC may be able to invest funds in debt instruments that provide for a higher return, which would increase Pre-Incentive Fee Net Investment Income and make it easier for the Investment Adviser to surpass the fixed hurdle rate and receive an incentive fee based on such net investment income. 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 (other than cash and cash equivalents but including assets purchased with borrowed funds and securitization-related assets) used to calculate the 1.375% base management fee annual rate. The Company calculates 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:

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

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

The second part of the Incentive Fee Calculation (the "Capital Gain Incentive Fee") equals (a) 20.0% of the Company's "Capital Gain Incentive Fee Base," 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. The Company's Capital Gain Incentive Fee Base equals the sum of (1) realized capital gains, if any, on a cumulative positive basis from the date the Company elected to become a BDC through the end of each calendar year, (2) all realized capital losses on a cumulative basis and (3) all unrealized capital depreciation on a cumulative basis.

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

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- The sum of the Income Incentive Fee and the Capital Gain Incentive Fee will be the Incentive Fee.

The Incentive Fee will not be paid at any time if, after such payment, the cumulative Incentive Fees paid to date would be greater than 20.0% of the Company's cumulative Pre-Incentive Fee Net Income since the election to be treated as a BDC. Such amount, less any Incentive Fees previously paid, is referred to as the Incentive Fee Cap. If, for any relevant period, the Incentive Fee Cap calculation results in the Company paying less than the amount of the Incentive Fee calculated above, then the difference between the Incentive Fee and the Incentive Fee Cap will not be paid by GBDC, and will not be received by the Investment Adviser as an Incentive Fee either at the end of such relevant period or at the end of any future period.

#### Administration Agreement

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

Included in accounts payable and accrued expenses is \$174 and \$142 as of December 31, 2010 and September 30, 2010 for allocated shared services under the Administration Agreement.

#### Other Related Party Transactions

Prior to the Offering, the Investment Manager paid for certain unaffiliated third-party expenses on behalf of GCMF, all of which were subsequently reimbursed directly with cash or through a member's equity contribution. Subsequent to the Offering, the Investment Adviser, an affiliate of the Investment Manager, pays for certain unaffiliated third-party expenses incurred by the Company. Such expenses include, but are not limited to, postage, printing, and office supplies. These expenses are subsequently reimbursed in cash.

Total expenses reimbursed to the Investment Adviser and the Investment Manager, as applicable, for the three months ended December 31, 2010 and 2009 were \$131 and \$225, respectively. Of these amounts, for the three months ended December 31, 2010 and 2009, zero and \$225 were reimbursed via a members' equity contribution, respectively.

As of December 31, 2010 and September 30, 2010, included in accounts payable and accrued expenses is \$99 and \$116, respectively, for accrued expenses paid on behalf of the Company by the Investment Adviser.





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On December 23, 2009, GC LLC's wholly owned subsidiary and predecessor, GCMF, agreed to distribute six portfolio assets to GC LLC. GC LLC then distributed these portfolio assets to Golub Capital Company IV, LLC, Golub Capital Company V, LLC, and Golub Capital VI, LLC (the "Capital Companies") pro rata in accordance with the ownership interest in GC LLC held by each of the Capital Companies. The Capital Companies made an aggregate cash contribution of \$21,300 to GC LLC, which GC LLC subsequently contributed to GCMF. Under the terms of GC LLC's terminated credit facility, GC LLC was required to complete the distribution of these assets based on their par value, and the \$21,300 aggregate cash contribution by the Capital Companies represented the par value of the distributed assets. At the time of the transfer, the aggregate fair value of such distributed assets was \$13,500.

Note 4. Investments

Investments and cash and cash equivalents consisted of the following:

	December 31, 2010			September 30, 2010		
	Par	Cost	Fair Value	Par	Cost	Fair Value
Senior secured	\$ 235,050	\$ 229,496	\$ 226,809	\$ 235,826	\$ 228,308	\$ 227,048
Unitranche	99,645	97,746	98,116	91,931	90,309	90,369
Second lien(1)	26,355	25,764	26,267	11,396	11,192	11,380
Subordinated debt	24,810	24,208	24,812	13,436	13,091	13,436
Equity	N/A	6,293	6,410	N/A	2,636	2,636
Cash and cash equivalents	N/A	41,389	41,389	N/A	61,219	61,219
Restricted cash and cash equivalents	N/A	27,618	27,618	N/A	31,771	31,771
Total	\$ 385,860	\$ 452,514	\$ 451,421	\$ 352,589	\$ 438,526	\$ 437,859

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

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

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	December 31, 2010		September 30, 2010	
<b>Cost:</b>				
United States				
Mid-Atlantic	\$	94,905	24.7%	\$ 84,182 24.3%
Midwest		101,779	26.5	91,473 26.5
West		70,025	18.3	66,670 19.3
Southeast		60,539	15.8	63,180 18.3
Southwest		24,177	6.3	24,551 7.1
Northeast		27,433	7.2	9,685 2.8
Canada		4,649	1.2	5,795 1.7
Total	\$	383,507	100.0%	\$ 345,536 100.0%
<b>Fair Value:</b>				
United States				
Mid-Atlantic	\$	95,555	25.0%	\$ 85,412 24.7%
Midwest		100,193	26.2	89,516 26.0
West		69,829	18.3	66,870 19.4
Southeast		61,467	16.1	63,982 18.6
Southwest		23,126	6.0	23,810 6.9
Northeast		27,595	7.2	9,333 2.7
Canada		4,649	1.2	5,946 1.7
Total	\$	382,414	100.0%	\$ 344,869 100.0%

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

	December 31, 2010		September 30, 2010	
<b>Cost:</b>				
Aerospace and Defense	\$ 2,510	0.6%	\$ 1,902	0.6%
Automobile	11,429	3.0	11,569	3.3
Banking	2,957	0.8	3,346	1.0
Beverage, Food and Tobacco	16,901	4.4	8,641	2.5
Buildings and Real Estate	32,298	8.4	34,854	10.1
Cargo Transport	3,724	1.0	7,330	2.1
Chemicals, Plastics and Rubber	3,640	0.9	3,682	1.0
Containers, Packaging and Glass	5,544	1.4	8,533	2.5
Diversified Conglomerate Manufacturing	25,220	6.6	17,058	4.9
Diversified Conglomerate Service	34,387	9.0	33,739	9.8
Diversified Natural Resources, Precious Metals and Minerals	9,781	2.6	8,082	2.3
Electronics	14,305	3.7	14,380	4.2
Finance	25,052	6.5	26,894	7.8
Grocery	1,107	0.3	1,097	0.3
Healthcare, Education and Childcare	75,525	19.7	62,897	18.2
Home and Office Furnishings, Housewares, and Durable Consumer	5,632	1.5	7,456	2.2
Leisure, Amusement, Motion Pictures and Entertainment	23,915	6.2	22,698	6.6
Oil and Gas	3,565	0.9	3,576	1.0
Personal and Non-Durable Consumer Products	14,692	3.8	14,781	4.2
Personal Food and Miscellaneous Services	6,736	1.8	7,230	2.1
Printing and Publishing	19,162	5.0	3,349	1.0
Retail Stores	33,967	8.9	28,174	8.2
Telecommunications	4,262	1.1	4,244	1.2
Textiles and Leather	4,435	1.2	4,602	1.3
Utilities	2,761	0.7	5,422	1.6
<b>Total</b>	<b>\$ 383,507</b>	<b>100.0%</b>	<b>\$ 345,536</b>	<b>100.0%</b>
<b>Fair Value:</b>				
Aerospace and Defense	\$ 2,664	0.7%	\$ 1,856	0.5%
Automobile	11,363	3.0	11,490	3.3
Banking	2,905	0.7	3,321	1.0
Beverage, Food and Tobacco	17,150	4.5	8,737	2.5
Buildings and Real Estate	29,255	7.6	32,233	9.3
Cargo Transport	3,850	1.0	7,538	2.2
Chemicals, Plastics and Rubber	3,805	1.0	3,851	1.1
Containers, Packaging and Glass	5,646	1.5	8,865	2.6

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Diversified Conglomerate Manufacturing	24,663	6.4	16,594	4.8
Diversified Conglomerate Service	34,918	9.1	34,263	9.9
Diversified Natural Resources, Precious Metals and Minerals	9,957	2.6	8,063	2.3
Electronics	14,471	3.8	14,703	4.3
Finance	24,842	6.5	27,049	7.8
Grocery	1,233	0.3	1,195	0.3
Healthcare, Education and Childcare	73,862	19.3	61,244	17.8
Home and Office Furnishings, Housewares, and Durable Consumer	5,687	1.5	7,456	2.2
Leisure, Amusement, Motion Pictures and Entertainment	24,419	6.4	23,313	6.8
Oil and Gas	3,647	1.0	3,629	1.1
Personal and Non-Durable Consumer Products	14,914	3.9	15,092	4.4
Personal Food and Miscellaneous Services	7,091	1.9	7,605	2.2
Printing and Publishing	19,591	5.1	3,463	1.0
Retail Stores	34,538	9.0	28,455	8.3
Telecommunications	4,429	1.2	4,224	1.2
Textiles and Leather	4,516	1.2	4,699	1.4
Utilities	2,998	0.8	5,931	1.7
Total	\$ 382,414	100.0%	\$ 344,869	100.0%

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Note 5. Fair Value Measurements

The Company follows ASC Topic 820 for measuring the fair value of portfolio investments. 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 instruments or market and the instruments' complexity. The Company's fair value analysis includes an analysis of the value of any unfunded loan commitments. Financial investments recorded at fair value in the consolidated financial statements 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 investment as of the measurement date. The three levels are defined as follows:

Level 1: Inputs are unadjusted, quoted prices in active markets for identical financial instruments at the measurement date.

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

Level 3: Inputs include significant unobservable inputs for the financial instruments and include situations where there is little, if any, market activity for the investment. 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 investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the financial instrument. The following section describes the valuation techniques used by the Company to measure different financial instruments at fair value and includes the level within the fair value hierarchy in which the financial instrument is categorized.

With the exception of money market funds held at large financial institutions (Level 1 investment), all of the financial instruments that were recorded at fair value as of December 31, 2010 were valued using Level 3 inputs of the fair value hierarchy. As of September 30, 2010, the Company also invested in commercial paper, which is a Level 2 investment. Level 1 assets are valued using quoted market prices. Level 2 assets are valued using market consensus prices that are corroborated by observable market data and quoted market prices for similar instruments. Financial instruments that are recorded at Level 3 of the valuation hierarchy are the Company's debt and equity investments. Level 3 assets are valued at fair value as determined in good faith by the Board, based on input of management, the audit committee and independent valuation firms that have been engaged at the direction of the Board to assist in the valuation of each portfolio investment without a readily available market quotation at least once during a trailing twelve-month period under a valuation policy and a consistently applied valuation process. This valuation process is conducted at the end of each fiscal quarter, with approximately 25% (based on fair value) of the Company's valuation of portfolio companies without readily available market quotations subject to review by an independent valuation firm.



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When valuing Level 3 debt and equity investments, the Company may take into account the following factors, where relevant, in determining the fair value of the investments: the enterprise value of a portfolio company, the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons to publicly traded securities, changes in the interest rate environment and the credit markets generally that may affect the price at which similar investments may be made and other relevant factors. In addition, for certain debt and equity investments, the Company may base its valuation on indicative bid and ask prices provided by an independent third party pricing service. Bid prices reflect the highest price that the Company and others may be willing to pay. Ask prices represent the lowest price that the Company and others may be willing to accept for an investment. The Company generally uses the midpoint of the bid/ask range as the best estimate of fair value of such investment.

ASC Topic 820 requires disclosure of the fair value of financial instruments for which it is practical to estimate the value. As a result, with the exception of the line item titled "debt" which is reported at cost, all assets and liabilities approximate fair value on the balance sheet due to their short maturity.

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

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

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In accordance with ASC Topic 820, the following table presents information about the Company's investments measured at fair value on a recurring basis, and indicates the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair value:

As of December 31, 2010: Description	Fair Value Measurements Using			Total
	Level 1	Level 2	Level 3	
<b>Assets:</b>				
Debt investments	\$ -	\$ -	\$ 376,004	\$ 376,004
Equity investments	-	-	6,410	6,410
Money market account(1)	53,861	-	-	53,861
	\$ 53,861	\$ -	\$ 382,414	\$ 436,275

As of September 30, 2010: Description	Fair Value Measurements Using			Total
	Level 1	Level 2	Level 3	
<b>Assets:</b>				
Debt investments	\$ -	\$ -	\$ 342,233	\$ 342,233
Equity investments	-	-	2,636	2,636
Commercial paper debt securities(1)	-	86,235	-	86,235
Money market account(1)	512	-	-	512
	\$ 512	\$ 86,235	\$ 344,869	\$ 431,616

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

The net change in unrealized depreciation for the quarter reported within the net change in unrealized depreciation on investments in the Company's consolidated statements of operation attributable to the Company's Level 3 assets held as of December 31, 2010 was \$147.



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The following table presents the changes in investments measured at fair value using Level 3 inputs:

	Three months ended December 31, 2010		
	Debt Investments	Equity Investments	Total
Fair value, beginning of period	\$ 342,233	\$ 2,636	\$ 344,869
Net change in unrealized appreciation (depreciation) on investments	(264)	117	(147)
Realized gain on investments	876	-	876
Fundings of revolving loans, net	569	-	569
Fundings of portfolio investments	93,921	3,657	97,578
Proceeds from principal payments and sales of portfolio investments	(64,147)	-	(64,147)
Amortization of discount and premium	2,816	-	2,816
Fair value, end of period	\$ 376,004	\$ 6,410	\$ 382,414

The following are the carrying value and fair values of the Company's debt liabilities as of December 31, 2010 and September 30, 2010. Fair value is calculated using discounted cash flows based on the Company's incremental borrowing rates for the debt and market prices for similar instruments at the measurement date.

	As of December 31, 2010		As of September 30, 2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Debt	\$ 194,000	\$ 194,000	\$ 174,000	\$ 174,000

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Note 6. Borrowings

In accordance with the 1940 Act, with certain limited exceptions, the Company is only allowed to borrow amounts such that our asset coverage, as defined in the 1940 Act, is at least 200% after such borrowing. As of December 31, 2010 the Company's asset coverage for borrowed amounts was 233.0%.

Debt Securitization

On July 16, 2010, the Company completed a \$300,000 term debt securitization ("Debt Securitization"). The notes offered in the Debt Securitization (the "Notes") were issued by the Issuer, and are secured by the assets held by the Issuer. The Debt Securitization was executed through a private placement of approximately \$174,000 of Aaa/AAA Class A Notes which bear interest at three-month London Inter Bank Offered Rate ("LIBOR") plus 2.40%. The Class A Notes are included in the December 31, 2010 and September 30, 2010 consolidated balance sheet. Golub Capital BDC 2010-1 Holdings LLC ("Holdings") a direct consolidated subsidiary of the Company, retained all of the Class B totaling \$10,000 and Subordinated Notes totaling \$116,000, and all of the membership interests in the Issuer.

During the first three years from the closing date, all principal collections received on the underlying collateral may be used to purchase new collateral, allowing the Company to maintain the initial leverage in the securitization for such three-year period. The Notes are scheduled to mature on July 20, 2021.

The proceeds of the private placement of the Notes, net of expenses, were used to repay and terminate the Company's prior credit facility, which was a \$300,000 credit facility entered into on July 27, 2007. As part of the Debt Securitization, the Company entered into a master loan sale agreement with Holdings and the Issuer under which the Company agreed to sell or contribute certain senior secured and second lien loans (or participation interests therein) to Holdings, and Holdings agreed to sell or contribute such loans (or participation interests therein) to the Issuer and to purchase or otherwise acquire Subordinated Notes issued by the Issuer. The Notes are the secured obligations of the Issuer, and an indenture governing the Notes includes customary covenants and events of default.

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

As of December 31, 2010 and September 30, 2010, there were 80 and 77 portfolio companies with a total fair value of \$274,961 and \$272,836 securing the Notes, respectively. The pool of loans in the Debt Securitization must meet certain requirements, including, but not limited to, asset mix and concentration, collateral coverage, term, agency rating, minimum coupon, minimum spread and sector diversity requirements.

The interest charged under the Debt Securitization is based on three-month LIBOR, which as of December 31, 2010 was 0.3%. For the three months ended December 31, 2010, the effective annualized average interest rate (which includes amortization of debt issuance costs) was 3.5%, interest expense was \$1,394 and the cash paid for interest was zero. For the three months ended December 31, 2009, the effective annualized average interest rate on the Company's prior credit facility was 0.9%, interest expense was \$690, and the cash paid for interest was \$702.



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

Description	Class A Notes
Type	Senior Secured Floating Rate
Amount Outstanding	\$174,000
Moody's Rating	"Aaa"
S&P Rating	"AAA"
Interest Rate	LIBOR + 2.40%
Stated Maturity	July 20, 2021

#### SBA Debentures

As described in Note 1, on August 24, 2010, GC SBIC IV, L.P., a wholly owned subsidiary of the Company, received approval for a license from the SBA to operate an SBIC.

This license allows GC SBIC IV, L.P. to obtain leverage by issuing SBA-guaranteed debentures, subject to issuance of a capital commitment by SBA and customary procedures. These debentures are non-recourse to the Company, have interest payable semi-annually and a ten-year maturity. The interest rate is fixed at the time of issuance at a market-driven spread over U.S. Treasury Notes with ten-year maturities.

Under present SBIC regulations, the maximum amount of SBA-guaranteed debentures that may be issued by multiple licensees under common management is \$225,000. It is possible that GC SBIC IV, L.P. will be constrained in its ability to issue SBA-guaranteed debentures in the future if other Golub Capital SBICs have already issued such debentures. As of December 31, 2010, Golub Capital operated two SBIC licensees with an aggregate of \$154,660 of SBA-guaranteed debentures outstanding, leaving borrowing capacity of a maximum of \$70,340 of SBA-guaranteed debentures for GC SBIC IV, L.P. The borrowing capacity of GC SBIC IV, L.P. could be expanded if any other Golub Capital SBICs retire their SBA-guaranteed debentures.

GC SBIC IV, L.P. is able to borrow funds from the SBA against regulatory capital that is paid-in, subject to customary regulatory requirements including, but not limited, to an examination by the SBA. As of December 31, 2010, the Company had committed \$40,000 to GC SBIC IV, L.P., funded it with equity capital of \$25,100 and had SBA debentures of \$20,000 outstanding, which mature in March of 2021. This \$20,000 was interim financing, bearing a weighted average interest rate of 1.03% at December 31, 2010, exclusive of 3.43% in upfront fees, which will reset to a market-driven rate in March 2011.

As of December 31, 2010, the Company had available commitments of \$28,300 from the SBA, which expire on September 30, 2013. These unfunded commitments are subject to funding approval through the SBA's draw request process.

The Company applied for exemptive relief from the SEC on July 9, 2010 and filed an amended application on November 12, 2010 to permit it to exclude the debt of our SBIC subsidiary from the Company's 200% asset coverage test under the 1940 Act. If the Company receives an exemption for this SBA debt, the Company would have increased

flexibility under the 200% asset coverage test.

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The average debt outstanding (including both the debt under the Debt Securitization and the SBA debentures) for the three months ended December 31, 2010 was \$178,696, and the average debt outstanding under the Company's prior credit facility was \$300,598 for the three months ended December 31, 2009.

Note 7. Commitments and Contingencies

**Commitments:** The Company had outstanding commitments to fund investments totaling \$35,278 and \$26,622 under various undrawn revolvers and other credit facilities as of December 31, 2010 and September 30, 2010, respectively.

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

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

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

Note 8. Financial Highlights

The financial highlights for the Company are as follows:

Per share data(1):	Three months ended December 31,	
	2010	2009
Net asset value at beginning of period	\$ 14.71	N/A(3)
Dividends and distributions declared	(0.31)	N/A(3)
Net investment income	0.30	N/A(3)
Unrealized depreciation on investments	(0.01)	N/A(3)
Realized gain on investments	0.05	N/A(3)
Net asset value at ending of period	\$ 14.74	N/A(3)
Per share market value at end of period	\$ 17.12	N/A(3)
Total return based on market value	13.92%	N/A(3)
Total return based on average net asset value/member's equity(2)	2.26%	8.69%
Shares outstanding at end of period	17,738,197	N/A(3)
<b>Ratios/Supplemental Data:</b>		
Ratio of expenses (without incentive fees) to average net assets(4)	5.59%	6.86%
Ratio of incentive fees to average net assets(4)	0.29%	N/A
Ratio of total expenses to net assets(4)	5.88%	6.86%
Ratio of net investment income to average net assets(4)	7.87%	34.49%
Net assets at end of period	\$ 261,475	\$ 109,773
Average debt outstanding	\$ 178,696	\$ 300,598
Average debt per share	\$ 10.07	N/A(3)
Portfolio turnover(4)	14.24%	-%

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

(2) Total return based on average net asset value is not annualized.

(3) Per share data are not provided as the Company did not have shares of common stock outstanding or an equivalent prior to the Offering on April 14, 2010.

(4) Annualized.

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

Note 9. Earnings Per Share

The following information sets forth the computation of the net increase in net assets per share resulting from operations for the three-month period ended December 31, 2010:

	Three months ended December 31, 2010
Earnings available to stockholders	\$ 5,962
Weighted average shares outstanding	17,712,724
Earnings per share	\$ 0.34

For historical periods that include financial results prior to April 1, 2010, the Company did not have common shares outstanding or an equivalent and therefore earnings per share and weighted average shares outstanding information for the three months ended December 31, 2009 are not provided.

Note 10. Dividends and Distributions

The Company's dividends and distributions are recorded on the record date. The following table summarizes the Company's dividend and distribution declaration during the three-month period ending December 31, 2010.

Date Declared	Record Date	Payment Date	Amount Per Share	Cash Distribution	DRIP Shares Issued	DRIP Shares Value
December 8, 2010	December 20, 2010	December 30, 2010	\$ 0.31	\$ 5,028	25,753	\$ 462

Note 11. Subsequent Events

On February 8, 2011, the Company's Board declared a quarterly dividend and distribution of \$0.32 per share payable on March 30, 2011 to holders of record as of March 18, 2011.



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

The information contained in this section should be read in conjunction with our consolidated financial statements and related notes thereto appearing elsewhere in this quarterly report on Form 10-Q. 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 and wholly owned subsidiary, Golub Capital Master Funding LLC, or GCMF, which was formed on June 6, 2007.

Forward-Looking Statements

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

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

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

We have based the forward-looking statements included in this report on information available to us on the date of this report, and we assume no obligation to update any such forward-looking statements. Actual results could differ materially from those anticipated in our forward-looking statements and future results could differ materially from historical performance. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we have filed or in the future may file with the SEC, including annual reports on Form 10-K, registration statements on Form N-2, quarterly reports on Form 10-Q and current reports on Form 8-K.



You should understand that, under Sections 27A(b)(2)(B) of 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 this quarterly report on Form 10-Q.

## Overview

We are an externally managed, closed-end, non-diversified management investment company that has elected to be treated as a business development company under the Investment Company Act of 1940, as amended, or the 1940 Act. In addition, for tax purposes, we intend to elect 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, in making investments in senior secured, unitranche, mezzanine and second lien loans 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 over \$4 billion of capital under management as of December 31, 2010, (2) selecting investments within our core middle-market company focus, (3) partnering with experienced private equity firms, or sponsors, in many cases with whom we have invested alongside in the past, (4) implementing the disciplined underwriting standards of Golub Capital and (5) drawing upon the aggregate experience and resources of Golub Capital.

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

Under an investment advisory agreement, or the Investment Advisory Agreement, entered into on April 14, 2010, and amended and restated on July 16, 2010, we have agreed to pay GC Advisors an annual base management fee based on our average adjusted gross assets as well as an incentive fee based on our investment performance. We have also entered into an administration agreement with GC Service Company, LLC, or GC Service, under which we have agreed to reimburse GC Service for our allocable portion (subject to the review and approval of our independent directors) of overhead and other expenses incurred by GC Service in performing its obligations under the Administration Agreement.

As of December 31, 2010, our portfolio was comprised of 59.3% senior secured loans, 25.7% unitranche loans, 6.8% second lien loans, 6.5% mezzanine loans and 1.7% equity. As of September 30, 2010, our portfolio was comprised of 65.8% senior secured loans, 26.2% unitranche loans, 3.3% second lien loans, 3.9% mezzanine loans, and 0.8% equity. Over time we expect that senior secured loans will represent a smaller percentage of our investment portfolio as we grow our business, these investments are repaid and we invest in a different mix of assets.

We seek to create a diverse portfolio that includes senior secured, unitranche, mezzanine 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 December 31, 2010 and September 30, 2010, we had debt investments in 98 and 94 portfolio companies, respectively. For the three months ended December 31, 2010 and September 30, 2010, our income producing assets, which represented nearly 100% of our total portfolio, had a weighted average annualized interest income (which excludes income resulting from amortization of fees and discounts) yield of 8.1% and 8.1% and a weighted average annualized investment income (which includes interest income and amortization of fees and discounts) yield of 10.6%

and 9.8%, respectively.

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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, unitranche, mezzanine or second lien 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 may fluctuate significantly from period to period. Our portfolio activity also reflects the proceeds of sales of securities. In some cases, our investments provide for deferred interest payments or payment-in-kind, or PIK, interest. The principal amount of loans and any accrued but unpaid interest generally become due at the maturity date. In addition, we may generate revenue in the form of commitment, origination, amendment, structuring or due diligence fees, fees for providing managerial assistance and consulting fees. Loan origination fees, original issue discount and market discount or premium are capitalized, and we accrete or amortize such amounts as interest income. We record prepayment premiums on loans as interest income. When we receive partial principal payments on a loan in an amount that exceeds its amortized cost, we also record the excess principal payment as interest income. Dividend income, if any, is recognized on an accrual basis to the extent that we expect to collect such amounts.

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:

- 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 between us and GC Service based upon our allocable portion of GC Service'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;
- 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 GC Service in connection with administering our business.

On February 8, 2011, our board of directors, or Board, declared a quarterly dividend and distribution of \$0.32 per share payable on March 30, 2011 to holders of record as of March 18, 2011.

### Consolidated Results of Operations

The consolidated results of operations set forth below include historical financial information of our predecessor, GCMF, prior to our election, to become a business development company and our intended election to be treated as a RIC for U.S. federal income tax purposes. As a business development company and a RIC, we are also subject to certain constraints on our operations, including limitations imposed by the 1940 Act and the Code. Also, the management fee that we pay to GC Advisors under the Investment Advisory Agreement is determined by reference to a formula that differs materially from the management fee paid by GCMF in prior periods. In addition, our portfolio of investments consisted primarily of senior secured and unitranche loans as of December 31, 2010 and December 31, 2009, and over time we expect that senior secured loans will represent a smaller percentage of our investment portfolio as we grow our business, these investments are repaid and we invest in a different mix of assets. For these and other reasons, the results of operations for the three-month periods ended December 31, 2010 and 2009 described below may not be indicative of the results we report in future periods.

Consolidated operating results for the three months ended December 31, 2010 and 2009 are as follows:

	For the three months ended December 31,	
	2010	2009
	(In thousands)	
Total investment income	\$ 9,137	\$ 10,843
Total expenses	3,904	1,661
Net investment income	5,233	9,182
Net realized gains	876	-
Net unrealized losses	(147)	(840)
Net income	\$ 5,962	\$ 8,342
Average investments, at fair value	\$ 352,469	\$ 366,928
Average debt outstanding	\$ 178,696	\$ 300,598

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





## Investment Income

Investment income decreased by \$1.7 million, or 15.7%, for the three months ended December 31, 2010 as compared to the three months ended December 31, 2009. The decrease in investment income was primarily a result of a decrease in income from the amortization of discounts and origination fees during the three months ended December 31, 2010 as well as a decrease in average outstanding investments. The decrease in interest from the amortization of discounts and origination fees occurred as a result of decreased payoff activity. For the three months ended December 31, 2010, total investment income consisted of \$7.2 million in interest income from investments and \$1.9 million in income from the amortization of discounts and origination fees. For the three months ended December 31, 2009, total investment income consisted of \$7.7 million in interest income and \$3.1 million in income from the amortization of discounts and origination fees.

## Expenses

Total expenses increased by \$2.2 million, or 135.0%, to \$3.9 million for the three months ended December 31, 2010 as compared to the three months ended December 31, 2009. This increase was due to an increase in professional fees, management fees, incentive fees, administrative service fees, and interest expense.

Professional fees increased due to higher legal, audit, and valuation services which all increased as a result of us becoming a public entity. In addition, following the completion of our initial public offering, we accrued management and incentive fees under the Investment Advisory Agreement which provides a higher management fee percentage as compared to amounts previously paid by GCMF. In addition, this agreement provides for the calculation of an incentive fee, which was \$0.2 million for the three months ended December 31, 2010. Prior to completion of our initial public offering, we did not pay an incentive fee or an administrative servicing fee.

Interest and other credit facility expenses were higher in the three months ended December 31, 2010 than the three months ended December 31, 2009 primarily due to a higher interest rate on the debt outstanding at December 31, 2010.

Prior to completion of our initial public offering, Golub Capital Incorporated, or the Investment Manager, paid for certain expenses on behalf of GCMF, all of which were subsequently reimbursed directly with cash or through a member's equity contribution. Subsequent to the Offering, the Investment Adviser, an affiliate of the Investment Manager, pays for certain expenses incurred by us. These expenses are subsequently reimbursed in cash.

Total expenses reimbursed to the Investment Adviser and the Investment Manager, as applicable, for the three months ended December 31, 2010 and 2009 were \$0.1 million and \$0.2 million, respectively. Of these amounts, for the three months ended December 31, 2010 and 2009, zero and \$0.2 million was reimbursed as a members' equity contribution, respectively.

As of December 31, 2010 and September 30, 2010, included in accounts payable and accrued expenses were \$0.1 million and \$0.1 million, respectively, for accrued expenses paid on our behalf by the Investment Adviser, as applicable. Also included in accounts payable and accrued expenses is \$0.2 million and \$0.1 million as of December 31, 2010 and September 30, 2010, respectively, for allocated shared services under the Administration Agreement.

## Net Realized and Unrealized Gains and Losses

During the three months ended December 31, 2010, we had \$0.9 million in net realized gains and \$3.1 million in unrealized appreciation on 42 portfolio company investments. These amounts offset unrealized depreciation on 63 portfolio company investments totaling \$(3.2) million. Unrealized appreciation during the quarter ended December

31, 2010 resulted from an increase in fair value primarily due to a rise in market prices and a reversal of prior period unrealized depreciation. Unrealized depreciation primarily resulted from negative credit related adjustments which caused a reduction in fair value.

During the three months ended December 31, 2009, we had zero net realized gains and losses and \$(4.4) million in unrealized depreciation on 50 portfolio company investments. This was offset by unrealized appreciation on 28 portfolio company investments totaling \$3.6 million. Unrealized appreciation during the three months ended December 31, 2009, resulted from an increase in fair value primarily due to the rise in market prices and a reversal of prior period unrealized depreciation. Unrealized depreciation primarily resulted from negative credit related adjustments which caused a reduction in fair value.

#### 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, and funding from operational cash flow.

For the three months ended December 31, 2010, we experienced a net decrease in cash and cash equivalents of \$19.8 million. During the period we used \$38.0 million in operating activities, primarily as a result of fundings of portfolio investments of \$97.6 million, which was partially offset by proceeds from principal payments of \$51.4 million and sales of portfolio investments of \$12.7 million and net investment income of \$4.2 million. During the same period, cash and cash equivalents provided by financing activities was \$14.0 million, primarily due to borrowings on debt of \$20.0 million, partially offset by distributions paid of \$5.0 million. Lastly, net cash provided by investing activities was \$4.2 million as a result of an increase in restricted cash and cash equivalents.

For the three months ended December 31, 2009, there was no change in cash and cash equivalents. During the same period, net cash provided by operating activities was \$37.0 million, which was offset by net cash used in investing activities of \$15.7 million and net cash used in financing activities of \$21.3 million.

As of December 31, 2010 and September 30, 2010, we had cash and cash equivalents of \$41.4 million and \$61.2 million, respectively. In addition, we had restricted cash and cash equivalents of \$27.6 million and \$31.8 million as of December 31, 2010 and 2009, respectively. Cash and cash equivalents are available to fund new investments, pay operating expenses and pay distributions. Restricted cash and cash equivalents can 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.

At December 31, 2010 and September 30, 2010, our investment portfolio included \$34.9 million and \$48.2 million, respectively, in liquid, broadly syndicated loans that we anticipate selling in future periods as we find new opportunities to redeploy those assets into higher yielding investments. For the three months ended December 31, 2010 and September 30, 2010, we had sales of broadly syndicated loans in four and one portfolio companies aggregating approximately \$11.2 million and \$1.2 million, respectively.

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 as of December 31, 2010 will be sufficient to fund our anticipated requirements through at least December 31, 2011.



## Portfolio Composition, Investment Activity and Yield

As of December 31, 2010 and September 30, 2010, we had investments in 98 and 94 portfolio companies, respectively, with a total value of \$382.4 million and \$344.9 million, respectively. For the three months ended December 31, 2010 we originated 15 senior secured loans, three unitranche loans, four second lien loans, three subordinated loans, and seven equity securities with a fair value of \$42.8 million, \$20.4 million, \$19.6 million, \$11.1 million, and \$3.7 million, respectively. For the three months ended September 30, 2010, we originated 15 senior secured loans, two unitranche loans, one subordinated loan, and two equity securities with a fair value of \$47.5 million, \$17.7 million, \$9.4 million, and \$2.6 million, respectively. For the three months ended December 31, 2010 we had approximately \$51.4 million in debt repayments in existing portfolio companies, and sales of securities in five portfolio companies aggregating approximately \$12.7 million. For the three months ended September 30, 2010 we had approximately \$12.3 million in debt repayments in existing portfolio companies, and sales of securities in one portfolio company aggregating approximately \$1.2 million.

The following table shows the weighted average rate, spread over the London Interbank Offered Rate, or LIBOR, and fees on investments originated and the weighted average rate on full principal payments and sales of investments during the three months ended December 31, 2010 and September 30, 2010:

	For the three months ended	
	December 31, 2010	September 30, 2010
Weighted Avg. Rate of New Investment Fundings	8.8%	7.9%
Weighted Avg. Spread over LIBOR of New Investment Fundings	7.1%	6.4%
Weighted Avg. Fees of New Investment Fundings	2.0%	1.8%
Weighted Avg. Rate of Sales and Full Payoffs of Portfolio Companies	7.1%	5.3%

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

	As of December 31, 2010 (1)			As of September 30, 2010 (1)		
	Par	Amortized Cost	Fair Value	Par	Amortized Cost	Fair Value
(In thousands)						
<b>Senior Secured:</b>						
Performing	\$ 230,628	\$ 225,123	\$ 224,156	\$ 231,404	\$ 223,962	\$ 223,953
Non-accrual	4,422	4,373	2,653	4,422	4,346	3,095
<b>Unitranche:</b>						
Performing	99,645	97,746	98,116	91,931	90,309	90,369
Non-accrual	-	-	-	-	-	-
<b>Second Lien(2):</b>						
Performing	26,355	25,764	26,267	11,396	11,192	11,380
Non-accrual	-	-	-	-	-	-
<b>Subordinated Debt:</b>						
Performing	24,810	24,208	24,812	13,436	13,091	13,436
Non-accrual	-	-	-	-	-	-
Equity	N/A	6,293	6,410	N/A	2,636	2,636
<b>Total</b>	<b>\$ 385,860</b>	<b>\$ 383,507</b>	<b>\$ 382,414</b>	<b>\$ 352,589</b>	<b>\$ 345,536</b>	<b>\$ 344,869</b>

(1) Six of our loans include a feature permitting a portion of the interest due on such loan to be PIK interest as of December 31, 2010 and September 30, 2010.

(2) Second lien loans include \$5.1 million and zero of loans structured as first lien last out term loans as of December 31, 2010 and September 30, 2010.

For the three months ended December 31, 2010 and 2009, the weighted average annualized interest income (which excludes income resulting from amortization of fees and discounts) yield on the fair value of investments in our portfolio were 8.1% and 8.6%, respectively. As of December 31, 2010, 65.3% and 65.8% 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, 2010, 59.2% and 60.0% of our portfolio at fair value and at cost, respectively, had interest rate floors that limit 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 the following categories, which we refer to as GC Advisors' investment performance rating:

#### Risk Ratings Definition

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 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 Indicates that the borrower is performing substantially below expectations and the loan risk has substantially increased since origination. Most or all of the debt covenants are out of compliance and payments are substantially delinquent. Loans graded 1 are not anticipated to be repaid in full, and we reduce the fair market value of the loan to the amount we anticipate recovering.

The following table shows the distribution of our investments on the 1 to 5 investment performance rating scale at fair value as of December 31, 2010 and September 30, 2010.

Investment Performance Rating	December 31, 2010		September 30, 2010	
	Investments at Fair Value (In thousands)	Percentage of Total Investments	Investments at Fair Value (In thousands)	Percentage of Total Investments
5	\$ 75,836	19.9%	\$ 98,307	28.5%
4	277,356	72.5%	199,876	58.0%
3	24,908	6.5%	41,948	12.2%
2	4,314	1.1%	4,738	1.4%
1	-	0.0%	-	0.0%
Total	\$ 382,414	100.0%	\$ 344,869	100.0%

#### SBA Debentures

On August 24, 2010, GC SBIC IV, L.P., our wholly owned subsidiary, received approval for a license from the SBA to operate an SBIC.

This license allows GC SBIC IV, L.P. to obtain leverage by issuing SBA-guaranteed debentures, subject to issuance of a capital commitment by SBA and customary procedures. These debentures are non-recourse to us, have interest payable semi-annually and a ten-year maturity. The interest rate is fixed at the time of issuance at a market-driven spread over U.S. Treasury Notes with ten-year maturities.

Under present SBIC regulations, the maximum amount of SBA-guaranteed debentures that may be issued by multiple licensees under common management is \$225.0 million. It is possible that GC SBIC IV, L.P. will be constrained in its ability to issue SBA-guaranteed debentures in the future if other Golub Capital SBICs have already issued such debentures. As of December 31, 2010, Golub Capital operated two other SBIC licensees with an aggregate of \$154.7 million of SBA-guaranteed debentures outstanding, leaving borrowing capacity of a maximum of \$70.3 million of SBA-guaranteed debentures for GC SBIC IV, L.P. The borrowing capacity of GC SBIC IV, L.P. could be expanded if any other Golub Capital SBICs retire their SBA-guaranteed debentures.

GC SBIC IV, L.P. is able to borrow funds from the SBA against regulatory capital that is paid-in, subject to customary regulatory requirements including an examination by the SBA. As of December 31, 2010, we had committed \$40.0 million to GC SBIC IV, L.P., funded it with equity capital of \$25.1 million and had SBA debentures of \$20.0 million outstanding, which mature in March of 2021. This \$20.0 million was interim financing, bearing a weighted average interest rate of 1.03% at December 31, 2010, exclusive of 3.43% in upfront fees, which will reset to a market-driven rate in March 2011.



As of December 31, 2010, we have available commitments of \$28.3 million from the SBA, which expire on September 30, 2013. These unfunded commitments are subject to funding approval through the SBA's draw request process.

We applied for exemptive relief from the SEC on July 9, 2010 and filed an amended application on November 12, 2010 to permit us to exclude the debt of our SBIC subsidiary from our 200% asset coverage test under the 1940 Act. If we receive an exemption for this SBA debt, we would have increased flexibility under the 200% asset coverage test.

The total average debt outstanding (including both the debt under the Debt Securitization and the SBA debentures) for the three months ended December 31, 2010 was \$178.7 million, and the average debt outstanding under our prior credit facility was \$300.6 million for the three months ended December 31, 2009.

#### Contractual Obligations and Off-Balance Sheet Arrangements

A summary of our significant contractual payment obligations as of December 31, 2010 is as follows:

	Total	Payments Due by Period (In millions)			
		Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Debt Securitization	\$ 174.0	\$ -	\$ -	\$ -	\$ 174.0
SBA Debentures	20.0	-	-	-	20.0
Unfunded commitments(1)	35.3	35.3	-	-	-
Total contractual obligations	\$ 229.3	\$ 35.3	\$ -	\$ -	\$ 194.0

(1) Unfunded commitments represent all amounts unfunded as of December 31, 2010. 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 1 year category, as this entire amount is eligible for funding to the borrowers as of December 31, 2010.

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 December 31, 2010 and September 30, 2010, we had outstanding commitments to fund investments totaling \$35.3 million and \$26.6 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 the 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. We pay for these services (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. See "Business—Management Agreements—Management Fee."

We have also entered into the Administration Agreement with GC Service as our administrator on April 14, 2010. Under the Administration Agreement, GC Service 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 GC Service for the allocable portion (subject to the review and approval of our Board) 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. GC Service also provides on our behalf significant managerial assistance to those portfolio companies to which we are required 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.

#### Distributions

In order to qualify as a RIC and to avoid corporate level 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 annually during each calendar year distribute an amount at least equal to 98% of our ordinary income (determined on a calendar year basis) plus 98.2% of net capital gains in excess of capital losses (for our one year period ending October 31) and any net ordinary income and net capital gains for preceding years that were not distributed during such years and on which we previously paid no U.S. federal income tax to avoid a U.S. federal excise tax. We intend to distribute quarterly dividends to our stockholders as determined by our Board.

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 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 entered into an Investment Advisory Agreement with GC Advisors. Mr. Lawrence Golub, our chairman, is a manager of GC Advisors, and Mr. David Golub, our chief executive officer, is a manager of GC Advisors, and each of Messrs. Lawrence Golub and David Golub owns an indirect pecuniary interest in GC Advisors.
  - GC Service 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 Management LLC, pursuant to which Golub Capital Management LLC has granted us a non-exclusive, royalty-free license to use the name “Golub Capital.”
- Certain existing investors in entities advised by affiliates of Golub Capital and certain of our officers and directors, their immediate family members or entities owned by, or family trusts for the benefit of, such persons purchased in a separate private placement an aggregate of 1,322,581 shares of common stock at the initial public offering price per share of \$14.50. We received the full proceeds from the sale of these shares, and no underwriting discounts or commissions were paid in respect of these shares.
- Under a staffing agreement, or Staffing Agreement, between Golub Capital Incorporated and Golub Capital Management LLC 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.

GC Advisors also sponsors or manages, and may in the future sponsor or manage, other investment funds, accounts or investment vehicles, together referred to as accounts, that have investment mandates that are similar, in whole and in part, with ours. 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 generally accepted accounting principles in the United States, or 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 Portfolio 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.

Our Board is ultimately and solely responsible for determining, in good faith, the fair value of the portfolio 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.
- The board of directors discusses valuations and determines the fair value of each investment in our portfolio in good faith.

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

Determination of fair values involves subjective judgments and estimates not verifiable by auditing procedures. Under current auditing standards, the notes to our 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, or ASC Topic 820— Fair Value Measurements and Disclosures for measuring the fair value of portfolio investments. 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 instruments or market and the instruments' complexity. Our fair value analysis includes an analysis of the value of any unfunded loan commitments. Financial investments recorded at fair value in the consolidated financial statements 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 investment as of the measurement date. The three levels are defined as follows:



Level 1: Inputs are unadjusted, quoted prices in active markets for identical financial instruments at the measurement date.

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

Level 3: Inputs include significant unobservable inputs for the financial instruments and include situations where there is little, if any, market activity for the investment. 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 investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and we consider factors specific to the financial instrument. The following section describes the valuation techniques used by us to measure different financial instruments at fair value and includes the level within the fair value hierarchy in which the financial instrument is categorized.

With the exception of money market accounts held at large financial institutions (Level 1 investment), all of the financial instruments that were recorded at fair value as of December 31, 2010 were valued using Level 3 inputs of the fair value hierarchy. As of September 30, 2010, the Company also invested in commercial paper, which is a Level 2 investment. Level 1 assets are valued using quoted market prices. Level 2 assets are valued using market consensus prices that are corroborated by observable market data and quoted market prices for similar instruments. Financial instruments that are recorded at Level 3 of the valuation hierarchy are our debt and equity investments. Level 3 assets are valued at fair value as determined in good faith by the Board, based on input of management, the audit committee and independent valuation firms that have been engaged at the direction of the Board to assist in the valuation of each portfolio investment without a readily available market quotation at least once during a trailing twelve-month period under a valuation policy and a consistently applied valuation process. This valuation process is conducted at the end of each fiscal quarter, with approximately 25% (based on fair value) of our valuation of portfolio companies 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 value of any collateral, the portfolio company's ability to make payments and its earnings and discounted cash flows, the markets in which the portfolio company does business, comparison to publicly traded securities, changes in the interest rate environment and the credit markets generally that may affect the price at which similar investments may be made and other relevant factors. In addition, for certain debt and equity investments, we may base its valuation on indicative bid and ask prices provided by an independent third party pricing service. Bid prices reflect the highest price that 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 use the midpoint of the bid/ask range as the best estimate of fair value of such investment.



#### Revenue Recognition:

Our revenue recognition policies are as follows:

**Investments and Related Investment Income:** Our Board 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 is not likely to be collectible. 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.

**Non-accrual:** Loans may be left on accrual status during the period we are pursuing repayment of the loan. Management reviews all loans that become past due 90 days or more on principal and interest or when there is reasonable doubt that principal or interest will not be collected for possible placement on non-accrual status. We generally reverse accrued interest when a loan is placed on non-accrual. 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 were \$2.7 million and \$3.1 million as of December 31, 2010 and September 30, 2010, respectively.

#### Income taxes:

We intend to elect 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 carry forward taxable income in excess of current year distributions into the next tax year and pay a 4% excise tax on such income, as required. To the extent that we determine that our estimated current year annual taxable income will be in excess of 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 generally accepted accounting principles in the United States of America ("GAAP"), distributions in accordance with tax regulations may differ from net investment income and realized gains recognized for financial reporting purposes. Differences may be permanent or temporary. Permanent differences are reclassified within capital accounts in the financial statements to reflect their tax character. Temporary differences arise when certain items of income, expense, gain or loss are recognized at some time in the future. Differences in classification may also result from the treatment of short-term gains as ordinary income for tax purposes.

Item 3: Quantitative and Qualitative Disclosures About Market Risk.

We are subject to financial market risks, including changes in interest rates. Many of the loans in our portfolio have floating interest rates, and we expect that our loans in the future will also have floating interest rates. These loans are usually based on a floating London Interbank Offered Rate, or 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 Debt Securitization has a floating interest rate provision based on LIBOR, which resets quarterly, and we expect that any credit facilities into which we enter in the future may have floating interest rate provisions.

Assuming that the balance sheet as of the periods covered by this analysis were to remain constant and that Management took no actions to alter our existing interest rate sensitivity, a hypothetical immediate 1% change in interest rates may affect net income by more than 1% over a one-year horizon. Although our management believes that this analysis is indicative of our existing sensitivity to interest rate changes, it does not adjust for changes in the credit market, credit quality, the size and composition of the assets in our portfolio and other business developments, including borrowings that could affect net increase in net assets resulting from operations, or net income. Accordingly, we can offer no assurances that actual results would not differ materially from the statement above.

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

Item 4: Controls and Procedures.

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

Part II – Other Information

Item 1: Legal Proceedings.

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

Item 1A: Risk Factors.

In addition to other information set forth in this report, you should carefully consider the “Risk Factors” discussed in our Annual Report on Form 10-k for the fiscal year ended September 30, 2010, which could materially affect our

business, financial condition and/or operating results. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially affect our business, financial condition and/or operating results.

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

None.

Item 3: Defaults Upon Senior Securities.

None.

Item 4: Removed and Reserved.

Item 5: Other Information.

None.

Item 6: Exhibits.

EXHIBIT INDEX

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

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\* - Filed herewith

SIGNATURES

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

Golub Capital BDC, Inc.

Dated: February 10, 2011

By /s/ David B. Golub  
David B. Golub  
Chief Executive Officer  
(Principal Executive Officer)

Dated: February 10, 2011

By /s/ Ross A. Teune  
Ross A. Teune  
Chief Financial Officer  
(Principal Accounting and Financial  
Officer)