

Golub Capital BDC, Inc.
Form 10-Q
August 09, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended June 30, 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

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the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes
o No o

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

Large accelerated filer o

Accelerated filer o

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

Smaller reporting company o

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

As of August 9, 2010, the Registrant had 17,712,444 shares of common stock, \$0.001 par value, outstanding.

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Part I. Financial Information

Item 1: Financial Statements

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

| | June 30, 2010 (unaudited) | September 30, 2009 |
|---|------------------------------|-----------------------|
| Assets | | |
| Investments, at fair value (cost of \$280,214 and \$387,293 respectively) | \$ 277,610 | \$ 376,294 |
| Cash and cash equivalents | 71,380 | - |
| Restricted cash and cash equivalents | 32,728 | 30,614 |
| Interest receivable | 1,746 | 2,198 |
| Prepaid expenses and other assets | 296 | 16 |
| Total Assets | \$ 383,760 | \$ 409,122 |
| Liabilities | | |
| Credit facility advances | \$ 121,764 | \$ 315,306 |
| Payable for investments purchased | 885 | - |
| Accrued professional fees | 540 | 13 |
| Management and incentive fee payable | 593 | 249 |
| Interest payable | 86 | 130 |
| Other payables | 107 | 672 |
| Total Liabilities | 123,975 | 316,370 |
| Net Assets | | |
| Members' equity | - | 92,752 |
| Preferred stock, par value \$0.001 per share, 1,000,000 shares authorized, zero shares issued and outstanding as of June 30, 2010 | - | - |
| Common stock, par value \$0.001 per share, 100,000,000 shares authorized, 17,712,444 shares issued and outstanding as of June 30, 2010 | 18 | - |
| Paid in capital in excess of par | 259,690 | - |
| Undistributed net investment income | 19 | - |
| Net unrealized appreciation on investments | 58 | - |
| Total Net Assets | 259,785 | 92,752 |
| Total Liabilities and Total Net Assets | \$ 383,760 | \$ 409,122 |
| Number of shares outstanding (unaudited) | 17,712,444 | N/A |
| Net Asset Value Per Share (unaudited) | \$ 14.67 | N/A |

See Notes to Unaudited Consolidated Financial Statements.

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

| | Three months ended June 30, | | Nine months ended June 30, | |
|---|--------------------------------|-----------------|-------------------------------|------------------|
| | 2010 | 2009 | 2010 | 2009 |
| Investment income | | | | |
| Interest | \$ 7,230 | \$ 9,482 | \$ 25,718 | \$ 23,814 |
| Total investment income | 7,230 | 9,482 | 25,718 | 23,814 |
| Expenses | | | | |
| Interest and other credit facility expenses | 591 | 1,114 | 2,144 | 3,680 |
| Base management fee | 903 | 811 | 2,237 | 2,074 |
| Incentive fee | 55 | - | 55 | - |
| Professional fees relating to registration statement | 188 | - | 788 | - |
| Professional fees | 363 | 154 | 734 | 167 |
| Administrative service fee | 144 | - | 442 | - |
| General and administrative expenses | 171 | 66 | 303 | 203 |
| Total expenses | 2,415 | 2,145 | 6,703 | 6,124 |
| Net investment income | 4,815 | 7,337 | 19,015 | 17,690 |
| Net gain (loss) on investments | | | | |
| Net realized loss on investments | - | - | - | (795) |
| Net change in unrealized appreciation (depreciation) on investments | (100) | 2,016 | 985 | (4,459) |
| Net gain (loss) on investments | (100) | 2,016 | 985 | (5,254) |
| Net income | \$ 4,715 | \$ 9,353 | \$ 20,000 | \$ 12,436 |
| Basic and diluted earnings per share¹ | \$ 0.29 | N/A | N/A | N/A |
| Basic and diluted weighted average shares outstanding | 16,255,783 | N/A | N/A | N/A |

¹ The earnings per share and weighted average shares outstanding calculation for the three months ended June 30, 2010 is based on the assumption that the number of shares issued immediately prior to the conversion on April 14, 2010 (8,984,863 shares of common stock) had been issued on April 1, 2010, the beginning of the three month period.

See Notes to Unaudited Consolidated Financial Statements.

Golub Capital BDC, Inc. and Subsidiary
Consolidated Statements of Changes in Net Assets/Members' Equity
(In thousands, except share and per share data)

| | Members' Equity | Common Stock Shares | Par Amount | Paid in Capital in Excess of Par | Undistributed Net Investment Income | Net Unrealized Appreciation on Investments | Total Net Assets |
|--|--------------------|------------------------|---------------|---|--|--|---------------------|
| Balance at October 1, 2009 | \$ 92,752 | | \$ - | \$ - | \$ - | \$ - | \$ 92,752 |
| Proceeds from members' equity contributions | 47,209 | | | | - | - | 47,209 |
| Payments of members' equity distributions | (13,530) | | | | - | - | (13,530) |
| Net increase in net assets resulting from operations for period October 1, 2009 to April 13, 2010 | 15,672 | | | | - | - | 15,672 |
| Golub Capital BDC Conversion ¹ | (142,103) | 8,984,863 | 9 | 142,094 | - | - | - |
| Issuances of common stock, net of offering and underwriting costs ² | | 8,727,581 | 9 | 117,596 | - | - | 117,605 |
| Net increase in net assets resulting from operations for period April 14, 2010 to June 30, 2010 | - | - | - | - | 4,270 | 58 | 4,328 |
| Dividends | - | - | - | - | (4,251) | - | (4,251) |
| Balance at June 30, 2010 | \$ - | 17,712,444 | \$ 18 | \$ 259,690 | \$ 19 | \$ 58 | \$ 259,785 |

¹ Immediately prior to the initial public offering, Golub Capital BDC LLC converted from a limited liability company leaving Golub Capital BDC, Inc. as the surviving entity. Golub Capital BDC, Inc. issued 8,984,863 shares of common stock to existing Golub Capital BDC LLC owners in connection with the conversion.

² On April 14, 2010, Golub Capital BDC, Inc. priced its initial public offering, selling 7,100,000 shares of its common stock at a public offering price of \$14.50 per share. Concurrent with this 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 were issued at \$14.50 per share upon exercise of the underwriters' over-allotment option.

See Notes to Unaudited Consolidated Financial Statements.

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

| | Nine months ended June 30, | |
|--|-------------------------------|-----------|
| | 2010 | 2009 |
| Cash flows from operating activities | | |
| Net income | \$ 20,000 | \$ 12,436 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities | | |
| Amortization of deferred financing fees | - | 369 |
| Amortization of discount and premium | (6,580) | (3,581) |
| Net realized loss on investments | - | 795 |
| Net change in unrealized (appreciation) depreciation on investments | (985) | 4,459 |
| Fundings on revolving loans, net | 4,604 | 6,203 |
| Fundings of portfolio investments | (16,314) | (363,129) |
| Proceeds from principal payments and sales of portfolio investments | 117,959 | 91,248 |
| Changes in operating assets and liabilities: | | |
| Interest receivable | 452 | (1,427) |
| Prepaid expenses and other assets | (280) | (12) |
| Payable for investments purchased | 885 | - |
| Accrued professional fees | 527 | - |
| Management and incentive fee payable | 344 | 148 |
| Interest payable | (44) | (53) |
| Other payables | (565) | - |
| Net cash provided by (used in) operating activities | 120,003 | (252,544) |
| Cash flows from investing activities | | |
| Net change in restricted cash and cash equivalents | (2,114) | (20,489) |
| Net cash used in investing activities | (2,114) | (20,489) |
| Cash flows from financing activities | | |
| Borrowings on credit facility | - | 263,754 |
| Repayments on credit facility | (193,542) | (46,570) |
| Proceeds from capital contributions | 47,209 | 59,217 |
| Payments of capital distributions | (13,530) | (3,368) |
| Proceeds from shares sold, net of underwriting costs | 119,034 | - |
| Payment of offering costs | (1,429) | - |
| Dividend paid | (4,251) | - |
| Net cash provided by (used in) financing activities | (46,509) | 273,033 |
| Net change in cash and cash equivalents | 71,380 | - |
| Cash and cash equivalents, beginning of period | - | - |
| Cash and cash equivalents, end of period | \$ 71,380 | \$ - |

Supplemental disclosure of cash flow information

| | | | | |
|--|----|-------|----|-------|
| Cash paid during the period for interest | \$ | 2,188 | \$ | 3,363 |
|--|----|-------|----|-------|

Supplemental disclosure of noncash activity

| | | | | |
|---|----|-----|----|-----|
| Obligations of Company paid by members of Golub Capital BDC LLC | \$ | 896 | \$ | 317 |
|---|----|-----|----|-----|

See Notes to Unaudited Consolidated Financial Statements.

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Golub Capital BDC, Inc. and Subsidiary
 Consolidated Schedule of Investments (unaudited)
 June 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% | 2.60% | 10/2013 | \$ 1,314 | \$ 1,135 | 0.5% | \$ 1,293 |
| 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 \$5,784) | | | | | | | 2.3% | \$ 5,942 |
| United States | | | | | | | | |
| Debt investments | | | | | | | | |
| Aerospace and Defense | | | | | | | | |
| Thermal Solutions LLC | Senior loan | L + 4.75% | 6.00% | 03/2011 | \$ 95 | \$ 94 | -% | \$ 93 |
| Thermal Solutions LLC | Senior loan | L + 5.25% | 6.50% | 03/2012 | 1,880 | 1,868 | 0.7 | 1,786 |
| | | | | | | | 0.7 | 1,879 |
| Automobile | | | | | | | | |
| CLP Auto Interior Corporation | | | | | | | | |
| | Senior loan | L + 4.75% | 5.10% | 06/2013 | 3,240 | 3,240 | 1.2 | 3,143 |
| Driven Brands, Inc. | Senior loan | L + 5.00% | 7.00% | 10/2014 | 5,981 | 5,981 | 2.3 | 5,981 |
| | | | | | | | 3.5 | 9,124 |
| Banking | | | | | | | | |
| Bonddesk Group LLC | Senior loan | L + 3.00% | 3.36% | 08/2012 | 2,006 | 1,936 | 0.8 | 1,965 |
| Prommis Solutions | Senior loan | L + 2.75% | 3.20% | 02/2013 | 1,523 | 1,523 | 0.5 | 1,447 |
| | | | | | | | 1.3 | 3,412 |
| Beverage, Food and Tobacco | | | | | | | | |
| Lone Star Beef Processors, L.P. | | | | | | | | |
| | Senior loan | L + 4.00% | 4.75% | 05/2013 | 3,610 | 3,587 | 1.4 | 3,610 |
| ABP Corporation | Senior loan | L + 4.50% | 8.50% | 02/2013 | 2,328 | 2,284 | 0.9 | 2,328 |
| Bertucci's Corporation | Senior loan | L + 9.00% | 12.00% | 07/2012 | 1,969 | 1,913 | 0.8 | 1,969 |
| CTI Foods Holding Co., LLC | | | | | | | | |
| | Senior loan | L + 4.00% | 6.00% | 06/2015 | 894 | 886 | 0.3 | 862 |
| | | | | | | | 3.4 | 8,769 |

Building and Real
Estate

| | | | | | | | | |
|---------------------------|-------------|-----------|--------|---------|-------|-------|------|--------|
| American Fire | | | | | | | | |
| Protection Group, Inc. | Senior loan | L + 6.75% | 9.00% | 06/2011 | 4,548 | 4,443 | 1.4 | 3,638 |
| Architectural Testing, | | | | | | | | |
| Inc. | Senior loan | L + 6.50% | 9.50% | 05/2013 | 6,636 | 6,636 | 2.6 | 6,636 |
| Infiltrator Systems, Inc. | Senior loan | L + 5.50% | 8.50% | 09/2012 | 7,840 | 7,484 | 2.9 | 7,526 |
| ITEL Laboratories, Inc. | Senior loan | L + 6.75% | 9.75% | 03/2014 | 7,875 | 7,808 | 3.0 | 7,875 |
| ASP PDM Acquisition | | | | | | | | |
| Co. LLC | Senior loan | L + 2.75% | 3.06% | 12/2013 | 610 | 568 | 0.2 | 555 |
| Best Lighting Products, | | | | | | | | |
| Inc. | Senior loan | L + 8.00% | 10.00% | 08/2012 | 2,431 | 2,362 | 0.9 | 2,431 |
| KHKI Acquisition, Inc. | Senior loan | L + 6.00% | 8.50% | 03/2012 | 396 | 395 | 0.1 | 376 |
| KHKI Acquisition, Inc. | Senior loan | L + 6.00% | 8.50% | 03/2013 | 2,600 | 2,596 | 0.8 | 1,950 |
| Tecta America Corp. | Senior loan | L + 5.75% | 6.35% | 12/2011 | 2,668 | 2,668 | 0.7 | 1,708 |
| | | | | | | | 12.6 | 32,695 |

Cargo Transport

| | | | | | | | | |
|-------------------|-------------|-----------|-------|---------|-------|-------|-----|-------|
| Peco Pallet, Inc. | Senior loan | L + 3.75% | 4.10% | 06/2013 | 4,107 | 3,945 | 1.6 | 4,066 |
|-------------------|-------------|-----------|-------|---------|-------|-------|-----|-------|

Chemicals, Plastics and
Rubber

| | | | | | | | | |
|-----------------------|-------------|-----------|--------|---------|-----|-----|-----|-------|
| Celanese Holdings | | | | | | | | |
| LLC. | Senior loan | L + 1.75% | 2.04% | 04/2014 | 985 | 843 | 0.4 | 935 |
| Syrgis Holdings, Inc. | Senior loan | L + 5.50% | 7.75% | 08/2012 | 352 | 335 | 0.1 | 345 |
| Syrgis Holdings, Inc. | Senior loan | L + 6.00% | 8.25% | 08/2013 | 864 | 818 | 0.3 | 829 |
| Syrgis Holdings, Inc. | Senior loan | L + 8.50% | 10.75% | 02/2014 | 474 | 448 | 0.2 | 474 |
| | | | | | | | 1.0 | 2,583 |

Containers, Packaging
and Glass

| | | | | | | | | |
|------------------------|-------------|-----------|-------|---------|-------|-------|-----|-------|
| Pelican Products, Inc. | Senior loan | L + 5.00% | 7.75% | 01/2013 | 77 | 71 | - | 77 |
| Pelican Products, Inc. | Senior loan | L + 5.00% | 7.75% | 01/2014 | 2,861 | 2,631 | 1.1 | 2,861 |
| Industrial Container | | | | | | | | |
| Services, LLC | Senior loan | L + 4.00% | 4.50% | 09/2011 | 1,130 | 1,109 | 0.4 | 1,130 |
| | | | | | | | 1.5 | 4,068 |

Diversified
Conglomerate
Manufacturing

| | | | | | | | | |
|-------------------------|-------------|-----------|-------|---------|-------|-------|-----|--------|
| Neptco Inc. | Senior loan | L + 5.25% | 7.25% | 03/2013 | 4,404 | 4,235 | 1.4 | 3,743 |
| Pasternack Enterprises, | | | | | | | | |
| Inc. | Senior loan | L + 4.50% | 6.00% | 02/2014 | 4,995 | 4,845 | 1.9 | 4,995 |
| Vintage Parts, Inc. | Senior loan | L + 5.50% | 6.03% | 12/2013 | 7,224 | 7,140 | 2.8 | 7,152 |
| Heat Transfer Parent, | | | | | | | | |
| Inc. | Senior loan | L + 3.00% | 3.35% | 06/2013 | 1,833 | 1,761 | 0.6 | 1,595 |
| | | | | | | | 6.7 | 17,485 |

See Notes to Unaudited Consolidated Financial Statements.

Golub Capital BDC, Inc. and Subsidiary
Consolidated Schedule of Investments (unaudited)
June 30, 2010
(In thousands)

| | Investment Type | Spread Above Index ¹ | Interest Rate ² | Maturity Date | Principal Amount | Cost | Percentage of Net Assets | Fair Value |
|--|---------------------|---------------------------------------|-------------------------------|------------------|---------------------|----------|-----------------------------------|---------------|
| Diversified Conglomerate Service | | | | | | | | |
| | | L + | | | | | | |
| Benetech, Inc. | Senior loan | 5.00% | 5.35% | 12/2013 | \$ 8,845 | \$ 8,540 | 3.3% | \$ 8,668 |
| Compass Group Diversified Holdings, LLC | | | | | | | | |
| | | L + | | | | | | |
| | Senior loan | 4.00% | 4.32% | 12/2013 | 4,597 | 4,597 | 1.8 | 4,597 |
| Cortz, Inc. | | | | | | | | |
| | | L + | | | | | | |
| | Senior loan | 5.50% | 8.50% | 03/2014 | 6,655 | 6,603 | 2.6 | 6,655 |
| The Service Companies, Inc. | | | | | | | | |
| | | L + | | | | | | |
| | Senior loan | 6.50% | 8.99% | 03/2014 | 5,847 | 5,721 | 2.3 | 5,846 |
| | | | | | | | 10.0 | 25,766 |
| Diversified Natural Resources, Precious Metals and Minerals | | | | | | | | |
| | | L + | | | | | | |
| Metal Spinners, Inc. | Senior loan | 7.00% | 10.00% | 12/2014 | 2,344 | 2,255 | 0.9 | 2,344 |
| Metal Spinners, Inc. | | | | | | | | |
| | | L + | | | | | | |
| | Senior loan | 8.00% | 11.00% | 12/2014 | 3,074 | 2,960 | 1.1 | 2,889 |
| Virginia Explosives & Drilling Company, Inc. | | | | | | | | |
| | | L + | | | | | | |
| | Senior loan | 7.00% | 10.50% | 05/2011 | 408 | 396 | 0.2 | 408 |
| Virginia Explosives & Drilling Company, Inc. | | | | | | | | |
| | | L + | | | | | | |
| | Senior loan | 7.00% | 10.50% | 10/2011 | 2,800 | 2,696 | 0.9 | 2,380 |
| | | | | | | | 3.1 | 8,021 |
| Electronics | | | | | | | | |
| Cape Electrical Supply LLC | | | | | | | | |
| | | L + | | | | | | |
| | Senior loan | 5.75% | 6.75% | 11/2013 | 2,517 | 2,367 | 0.9 | 2,416 |
| The Sloan Company, Inc. | | | | | | | | |
| | | L + | | | | | | |
| | Second lien loan | 5.50% | 5.85% | 10/2012 | 2,433 | 2,419 | 0.9 | 2,433 |
| | | | | | | | 1.8 | 4,849 |
| Finance | | | | | | | | |
| Fidelity National Information (Metavante Corp) | | | | | | | | |
| | | L + | | | | | | |
| | Senior loan | 3.25% | 3.59% | 11/2014 | 395 | 336 | 0.2 | 392 |
| eVestment Alliance Holdings, LLC | | | | | | | | |
| | | L + | | | | | | |
| | Senior loan | 6.50% | 9.50% | 05/2014 | 7,602 | 7,471 | 2.9 | 7,602 |
| Pillar Processing LLC | | | | | | | | |
| | | L + | | | | | | |
| | Senior loan | 5.50% | 5.93% | 11/2013 | 6,302 | 6,280 | 2.4 | 6,302 |
| Pillar Processing LLC | | | | | | | | |
| | | ---- | | | | | | |
| | Senior loan | | 14.50% | 05/2014 | 3,125 | 3,125 | 1.2 | 3,125 |
| | Senior loan | | 8.00% | 05/2013 | 7,988 | 7,988 | 3.1 | 7,988 |

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| | | | | | | | | | | |
|---|--|-------------------|-------|-------|--------|---------|--------|--------|-----|--------|
| Wall Street Systems Holdings, Inc. | | L + | 5.00% | | | | | | | |
| | | | | | | | 9.8 | 25,409 | | |
| Grocery | | | | | | | | | | |
| JRD Holdings, Inc. (Jetro Holdings, Inc.) | | Senior loan | L + | 2.25% | 2.60% | 07/2014 | 1,241 | 1,088 | 0.5 | 1,194 |
| Healthcare, Education and Childcare | | | | | | | | | | |
| ADG, LLC | | Senior loan | L + | 5.75% | 7.75% | 05/2013 | 3,701 | 3,636 | 1.4 | 3,701 |
| CHS/Community Health Systems | | Senior loan | L + | 2.25% | 2.79% | 07/2014 | 773 | 763 | 0.3 | 722 |
| Community Hospices of America, Inc. | | Senior loan | L + | 5.00% | 8.00% | 01/2011 | 993 | 983 | 0.4 | 993 |
| Community Hospices of America, Inc. | | Second lien loan | L + | 9.50% | 12.50% | 04/2011 | 4,865 | 4,838 | 1.9 | 4,865 |
| DaVita, Inc. | | Senior loan | L + | 1.50% | 1.87% | 10/2012 | 5,000 | 4,602 | 1.9 | 4,881 |
| DDC Center Inc. | | Senior loan | L + | 9.00% | 12.00% | 10/2014 | 12,415 | 12,415 | 4.3 | 11,174 |
| Delta Educational Systems, Inc. | | Senior loan | L + | 4.00% | 6.00% | 06/2012 | 4,140 | 3,976 | 1.6 | 4,140 |
| Den-Mat Holdings, LLC | | Senior loan | L + | 3.25% | 4.25% | 06/2014 | 3,156 | 3,157 | 0.8 | 2,052 |
| Excellence Learning Corporation | | Second lien loan | L + | 7.00% | 7.35% | 11/2013 | 1,600 | 1,534 | 0.6 | 1,536 |
| The Hygenic Corporation | | Senior loan | L + | 2.50% | 2.85% | 04/2013 | 2,743 | 2,672 | 1.0 | 2,634 |
| Integrated DNA Technologies, Inc. | | Subordinated debt | --- | --- | 12.00% | 04/2015 | 3,800 | 3,718 | 1.5 | 3,800 |
| ReachOut Healthcare America Ltd | | Senior loan | L + | 5.00% | 8.03% | 08/2013 | 6,315 | 6,297 | 2.4 | 6,315 |
| TIDI Products, LLC | | Senior loan | L + | 5.00% | 6.50% | 05/2015 | 2,641 | 2,579 | 1.0 | 2,641 |
| United Surgical Partners International, Inc. | | Senior loan | L + | 2.00% | 2.25% | 04/2014 | 1,533 | 1,533 | 0.5 | 1,422 |
| | | | | | | | 19.6 | 50,876 | | |
| Home and Office Furnishings, Housewares, and Durable Consumer | | | | | | | | | | |
| Top Knobs USA, Inc. | | Senior loan | L + | 6.25% | 8.25% | 02/2014 | 2,833 | 2,742 | 1.1 | 2,805 |
| Zenith Products Corporation | | Senior loan | L + | 5.00% | 5.37% | 09/2013 | 5,167 | 5,062 | 1.9 | 4,908 |
| | | | | | | | 3.0 | 7,713 | | |
| Leisure, Amusement, Motion Pictures and Entertainment | | | | | | | | | | |
| Octane Fitness, LLC | | Senior loan | L + | 4.60% | 4.91% | 03/2013 | 4,675 | 4,527 | 1.7 | 4,442 |
| | | Senior loan | | | 5.57% | 12/2012 | 185 | 177 | 0.1 | 185 |

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| | | | | | | | | |
|--|------------------|--------------|-------|---------|-------|-------|-----|--------|
| Optronics Product Company, Inc. | | L + 3.75% | | | | | | |
| Optronics Product Company, Inc. | Second lien loan | L + 7.25% | 8.25% | 12/2013 | 2,489 | 2,369 | 1.0 | 2,489 |
| Premier Yachts, Inc. | Senior loan | L + 3.75% | 4.10% | 08/2012 | 1,113 | 1,062 | 0.4 | 1,091 |
| Premier Yachts, Inc. | Senior loan | L + 7.00% | 7.35% | 08/2013 | 568 | 545 | 0.2 | 562 |
| Regal Cinemas Corporation | Senior loan | L + 3.50% | 4.03% | 11/2016 | 1,497 | 1,284 | 0.6 | 1,463 |
| | | | | | | | 4.0 | 10,232 |
| Machinery (Non-Agriculture, Construction, or Electric) | | | | | | | | |
| Tritex Corporation | Senior loan | L + 4.75% | 7.00% | 05/2014 | 2,885 | 2,803 | 1.1 | 2,885 |
| Oil and Gas | | | | | | | | |
| Tri-County Petroleum, Inc. | Senior loan | L + 4.25% | 4.79% | 08/2013 | 3,666 | 3,568 | 1.4 | 3,519 |

See Notes to Unaudited Consolidated Financial Statements.

Golub Capital BDC, Inc. and Subsidiary
Consolidated Schedule of Investments (unaudited)
June 30, 2010
(In thousands)

| | Investment Type | Spread Above Index1 | Interest Rate2 | Maturity Date | Principal Amount | Cost | Percentage of Net Assets | Fair Value |
|--|--------------------|---------------------------|-------------------|--------------------|---------------------|----------------|-----------------------------------|-------------------------|
| Personal and Non-Durable Consumer Products | | | | | | | | |
| Dr. Miracles, Inc. | Senior loan | L + 5.50% | 8.00% | 03/2014 | \$ 3,872 | \$ 3,824 | 1.5% | \$ 3,872 |
| Personal, Food and Miscellaneous Services | | | | | | | | |
| Aramark Corporation | Senior loan | L + 0.00% | 0.19% | 01/2014 | 64 | 54 | - | 60 |
| Aramark Corporation | Senior loan | L + 0.00% | 0.20% | 07/2016 | 115 | 97 | - | 111 |
| Aramark Corporation | Senior loan | L + 3.25% | 3.78% | 07/2016 | 1,752 | 1,478 | 0.7 | 1,692 |
| Aramark Corporation | Senior loan | L + 1.88% | 2.41% | 01/2014 | 883 | 750 | 0.3 | 827 |
| Focus Brands, Inc. | Senior loan | L + 5.00% | 5.56% | 03/2011 | 5,243 | 5,169 | 2.0 3.0 | 5,190 7,880 |
| Printing and Publishing | | | | | | | | |
| Monotype Imaging Trade Service Company, LLC | Senior loan | L + 3.75% ---- | 4.10% 14.00% | 07/2012 01/2013 | 1,428 2,085 | 1,362 2,020 | 0.5 0.8 1.3 | 1,428 2,085 3,513 |
| Retail Stores | | | | | | | | |
| Container Store, Inc. | Senior loan | L + 3.00% | 3.51% | 08/2014 | 6,812 | 6,314 | 2.4 | 6,131 |
| Fasteners for Retail, Inc. IL Fornai (America) Corporation | Senior loan | L + 4.50% | 4.80% | 12/2012 | 2,182 | 2,034 | 0.8 | 2,127 |
| The Marshall Retail Group, LLC | Senior loan | L + 3.00% | 3.25% | 03/2013 | 4,782 | 4,475 | 1.7 | 4,399 |
| The Marshall Retail Group, LLC | Senior loan | L + 4.50% | 7.25% | 04/2013 | 3,185 | 3,055 | 1.2 | 3,185 |
| The Marshall Retail Group, LLC | Senior loan | L + 6.50% | 9.25% | 04/2013 | 2,100 | 2,032 | 0.8 6.9 | 2,100 17,942 |
| Telecommunications | | | | | | | | |
| Cellular South, Inc. | Senior loan | L + 1.50% | 1.82% | 05/2014 | 1,238 | 1,238 | 0.5 | 1,191 |

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| | | | | | | | | | |
|--------------------------------------|-------------|--------------|------------------|---------|-------|-------|--------|------------|-------|
| MetroPCS Wireless, Inc. | Senior loan | L + 2.25% | 2.63% | 11/2013 | 2,946 | 2,483 | 1.1 | 2,826 | |
| West Corporation ³ | Senior loan | L + 2.00% | N/A ⁴ | 10/2012 | - | (269) | (0.3) | (700) | |
| | | | | | | | | 1.3 | 3,317 |
| Textiles and Leather | | | | | | | | | |
| Gammill, Inc. | Senior loan | L + 7.50% | 9.50% | 09/2011 | 504 | 495 | 0.2 | 504 | |
| Gammill, Inc. | Senior loan | L + 8.00% | 10.00% | 09/2012 | 4,297 | 4,195 | 1.7 | 4,297 | |
| | | | | | | | | 1.9 | 4,801 |
| Utilities | | | | | | | | | |
| Covanta Energy Corporation | Senior loan | L + 0.00% | 0.43% | 02/2014 | 999 | 859 | 0.4 | 931 | |
| Covanta Energy Corporation | Senior loan | L + 1.50% | 1.87% | 02/2014 | 1,965 | 1,688 | 0.7 | 1,829 | |
| Itron, Inc. | Senior loan | L + 3.50% | 3.85% | 04/2014 | 1,001 | 899 | 0.4 | 996 | |
| NRG Energy, Inc. | Senior loan | L + 3.25% | 3.78% | 08/2015 | 2,223 | 2,042 | 0.8 | 2,042 | |
| | | | | | | | | 2.3 | 5,798 |
| Total United States (cost \$274,430) | | | | | | | 104.6% | \$ 271,668 | |
| Total investments (cost \$280,214) | | | | | | | 106.9% | \$ 277,610 | |

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 investment we have provided the spread over LIBOR or Prime and the weighted average current interest rate in effect at June 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 June 30, 2010.

³ A negative value is due to the unfunded commitment being valued below par.

⁴ The entire commitment was unfunded at June 30, 2010. As such, no interest is being earned on this investment.

See Notes to Unaudited Consolidated Financial Statements.

Golub Capital Master Funding LLC
Condensed Schedule of Investments
September 30, 2009
(In thousands)

| | Investment Type | Interest Rate ¹ | Maturity Date ² | Principal Amount | Cost | Percentage of Members' Equity | Fair Value |
|---|---------------------|-------------------------------|-------------------------------|---------------------|----------|--|---------------|
| Investments, at fair value ³ | | | | | | | |
| Canada | | | | | | | |
| Debt investments | | | | | | | |
| Diversified Conglomerate Service | | | | | | | |
| Open Text Corporation | Senior loan | 2.50% | 10/2013 | \$ 1,324 | \$ 1,102 | 1.4% | \$ 1,274 |
| Leisure, Amusement, Motion Pictures, Entertainment | | | | | | | |
| Extreme Fitness, Inc. | Senior loan | 11.50% | 03/2012 | 4,649 | 4,649 | 5.0 | 4,649 |
| Total Canada (cost \$5,751) | | | | | | 6.4% | \$ 5,923 |
| United States | | | | | | | |
| Debt investments | | | | | | | |
| Aerospace and Defense | | | | | | | |
| Thermal Solutions LLC | Senior loan | 4.47% | 03/2011 | \$ 2,142 | \$ 2,122 | 2.2% | \$ 2,038 |
| Automobile | | | | | | | |
| CLP Auto Interior Corporation | Senior loan | 5.04% | 06/2013 | 3,418 | 3,418 | 3.3 | 3,042 |
| Driven Brands, Inc. | Senior loan | 10.25% | 10/2014 | 6,648 | 6,648 | 7.2 | 6,648 |
| Qualitor Acquisition Corporation | Senior loan | 7.00% | 12/2011 | 1,691 | 1,666 | 1.4 | 1,344 |
| Qualitor Acquisition Corporation | Second lien loan | 9.00% | 06/2013 | 850 | 824 | 0.8 | 680 |
| | | | | | | 12.7 | 11,714 |
| Banking | | | | | | | |
| Bonddesk Group, LLC | Senior loan | 3.27% | 08/2012 | 2,609 | 2,486 | 2.7 | 2,478 |
| Prommis Solutions, Inc. | Senior loan | 3.43% | 02/2013 | 1,660 | 1,660 | 1.6 | 1,527 |
| | | | | | | 4.3 | 4,005 |
| Beverage, Food and Tobacco | | | | | | | |
| ABP Corporation | Senior loan | 8.50% | 02/2013 | 2,347 | 2,290 | 2.5 | 2,347 |
| Bertucci's Corporation | Senior loan | 12.00% | 07/2012 | 1,985 | 1,908 | 2.1 | 1,985 |
| LBAC, Inc. | Senior loan | 7.00% | 11/2012 | 6,405 | 6,002 | 6.6 | 6,149 |
| Lone Star Beef Processors, L.P. | Senior loan | 5.08% | 05/2013 | 3,700 | 3,670 | 3.9 | 3,626 |
| | | | | | | 15.1 | 14,107 |
| Building and Real Estate | | | | | | | |
| American Fire Protection Group, Inc. | Senior loan | 9.00% | 06/2011 | 4,800 | 4,604 | 5.0 | 4,656 |
| Architectural Testing, Inc. | Senior loan | 9.50% | 05/2013 | 6,961 | 6,961 | 7.5 | 6,961 |
| Best Lighting Products, Inc. | Senior loan | 10.00% | 08/2012 | 2,545 | 2,446 | 2.7 | 2,545 |

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| | | | | | | | |
|---------------------------------------|--------------|-------|---------|-------|-------|------|--------|
| Infiltrator Systems, Inc. | Senior loan | 8.50% | 09/2012 | 3,841 | 3,537 | 3.7 | 3,457 |
| ITEL Laboratories, Inc. | Senior loan | 9.75% | 03/2014 | 8,901 | 8,811 | 9.2 | 8,545 |
| KHKI Acquisition, Inc. | Senior loans | 8.50% | 03/2013 | 3,123 | 3,117 | 2.9 | 2,681 |
| Tecta America Corporation | Senior loan | 8.00% | 12/2011 | 2,055 | 2,055 | 2.1 | 1,991 |
| Other | | | | 734 | 672 | 0.7 | 605 |
| | | | | | | 33.8 | 31,441 |
| Cargo Transport | | | | | | | |
| Marquette Transportation Company, LLC | | | | | | | |
| | Senior loan | 3.75% | 03/2012 | 4,550 | 4,378 | 4.4 | 4,095 |
| Peco Pallet, Inc. | Senior loan | 4.00% | 06/2013 | 4,492 | 4,270 | 4.5 | 4,177 |
| RedPrairie Corporation | Senior loan | 3.45% | 07/2012 | 1,721 | 1,456 | 1.8 | 1,670 |
| Tangent Rail Services, Inc. | Senior loans | 7.41% | 09/2014 | 9,484 | 9,484 | 10.0 | 9,295 |
| | | | | | | 20.7 | 19,237 |
| Chemicals, Plastics and Rubber | | | | | | | |
| Celanese Holdings LLC | | | | | | | |
| | Senior loan | 2.35% | 04/2014 | 992 | 822 | 1.0 | 941 |
| Syrgis Holdings LLC | Senior loans | 8.80% | 02/2014 | 1,836 | 1,716 | 1.8 | 1,684 |
| TAC Materials, Inc. | Senior loan | 9.00% | 07/2013 | 2,771 | 2,771 | 1.2 | 1,124 |
| | | | | | | 4.0 | 3,749 |

See Notes to Unaudited Consolidated Financial Statements.

Golub Capital Master Funding LLC
Condensed Schedule of Investments
September 30, 2009 92,751,528
(In thousands)

| | Investment Type | Interest Rate ¹ | Maturity Date ² | Principal Amount | Cost | Percentage of Members' Equity | Fair Value |
|--|--------------------|-------------------------------|-------------------------------|---------------------|----------|--|---------------|
| Containers, Packaging and Glass | | | | | | | |
| Industrial Container Services, LLC | | | | | | | |
| | Senior loan | 4.28% | 09/2011 | \$ 1,707 | \$ 1,658 | 1.8 % | \$ 1,638 |
| Pelican Products, Inc. | | | | | | | |
| | Senior loans | 7.73% | 01/2014 | 4,843 | 4,378 | 4.9 | 4,586 |
| | | | | | | 6.7 | 6,224 |
| Diversified Conglomerate Manufacturing | | | | | | | |
| Heat Transfer Parent, Inc. | | | | | | | |
| | Senior loan | 3.25% | 06/2013 | 1,877 | 1,784 | 1.6 | 1,454 |
| Neptco Inc. | | | | | | | |
| | Senior loan | 7.25% | 03/2013 | 4,591 | 4,367 | 4.4 | 4,086 |
| Pasternack Enterprises, Inc. | | | | | | | |
| | Senior loan | 4.29% | 02/2014 | 3,687 | 3,531 | 3.6 | 3,318 |
| Vintage Parts, Inc. | | | | | | | |
| | Senior loan | 5.78% | 12/2013 | 8,214 | 8,098 | 8.4 | 7,804 |
| | | | | | | 18.0 | 16,662 |
| Diversified Conglomerate Service | | | | | | | |
| Benetech, Inc. | | | | | | | |
| | Senior loan | 5.25% | 12/2013 | 9,537 | 9,138 | 9.7 | 8,965 |
| Compass Group Diversified Holdings, LLC | | | | | | | |
| | Senior loan | 4.50% | 12/2013 | 4,689 | 4,689 | 5.1 | 4,689 |
| Cortz, Inc. | | | | | | | |
| | Senior loan | 8.51% | 03/2014 | 7,213 | 7,146 | 7.6 | 7,069 |
| The Service Companies, Inc. | | | | | | | |
| | Senior loan | 10.00% | 03/2014 | 6,005 | 5,850 | 6.3 | 5,885 |
| PSI Services LLC | | | | | | | |
| | Senior loan | 5.50% | 11/2012 | 6,333 | 5,929 | 3.4 | 3,166 |
| | | | | | | 32.1 | 29,774 |
| Diversified Natural Resources, Precious Metals and Minerals | | | | | | | |
| Metal Spinners, Inc. | | | | | | | |
| | Senior loans | 6.37% | 04/2014 | 6,685 | 6,385 | 6.3 | 5,816 |
| Virginia Explosives & Drilling Company, Inc. | | | | | | | |
| | Senior loans | 10.50% | 10/2011 | 3,900 | 3,678 | 4.1 | 3,794 |
| | | | | | | 10.4 | 9,610 |
| Electronics | | | | | | | |
| Cape Electrical Supply LLC | | | | | | | |
| | Senior loan | 4.00% | 11/2013 | 2,795 | 2,630 | 2.8 | 2,572 |
| GXS Worldwide, Inc. | | | | | | | |
| | Senior loan | 9.25% | 03/2013 | 2,997 | 2,592 | 3.2 | 2,971 |
| GXS Worldwide, Inc. | | | | | | | |
| | Second lien loan | 13.75% | 09/2013 | 1,200 | 1,040 | 1.2 | 1,148 |
| Inovis International, Inc. | | | | | | | |
| | Senior loan | 9.50% | 11/2009 | 2,134 | 2,127 | 2.3 | 2,134 |
| McBride Electric Inc. | | | | | | | |
| | Senior loan | 10.75% | 09/2010 | 1,558 | 1,558 | 1.3 | 1,168 |
| The Sloan Company, Inc | | | | | | | |
| | Senior loan | 7.25% | 10/2012 | 2,405 | 2,387 | 2.5 | 2,358 |
| | | | | | | 13.3 | 12,351 |
| Farming and Agriculture | | | | | | | |
| AGData, L.P. | | | | | | | |
| | Senior loans | 11.25% | 07/2012 | 16,010 | 16,013 | 17.3 | 16,010 |

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| Finance | | | | | | | |
|--|--------------|-------|---------|--------|--------|------|--------|
| Collect America, Ltd. | Senior loans | 8.07% | 03/2012 | 4,460 | 4,126 | 4.5 | 4,192 |
| eVestment Alliance | | | | | | | |
| Holdings, LLC | Senior loan | 9.50% | 05/2014 | 8,786 | 8,605 | 9.5 | 8,786 |
| Metavante Corporation | Senior loan | 2.23% | 11/2014 | 2,977 | 2,461 | 3.2 | 2,974 |
| Pillar Processing LLC | Senior loans | 8.52% | 05/2014 | 10,158 | 10,129 | 10.7 | 9,947 |
| Wall Street Systems | | | | | | | |
| Holdings, Inc. | Senior loan | 8.00% | 05/2013 | 8,327 | 8,327 | 9.0 | 8,327 |
| | | | | | | 36.9 | 34,226 |
| Grocery | | | | | | | |
| JRD Holdings, Inc. | Senior loan | 2.49% | 07/2014 | 1,291 | 1,102 | 1.3 | 1,248 |
| Healthcare, Education and Childcare | | | | | | | |
| ATI Holdings, Inc. | Senior loans | | | | | | |