

Golub Capital BDC, Inc.  
Form 497  
March 21, 2017

Filed Pursuant to Rule 497  
File No. 333-215285

**PROSPECTUS SUPPLEMENT**  
**(to Prospectus dated January 26, 2017)**

**1,750,000 Shares**

**GOLUB CAPITAL BDC, INC.**

**Common Stock**  
**\$19.03 per share**

We are an externally managed, closed-end, non-diversified management investment company that has elected to be regulated as a business development company under the Investment Company Act of 1940, as amended, or the 1940 Act. Our investment objective is to generate current income and capital appreciation by investing primarily in senior secured and one stop loans of U.S. middle-market companies. We may also selectively invest in second lien and subordinated loans of, and warrants and minority equity securities in, U.S. middle-market companies.

GC Advisors LLC serves as our investment adviser. Golub Capital LLC serves as our administrator. GC Advisors LLC and Golub Capital LLC are affiliated with Golub Capital (as defined herein), a leading lender to middle-market companies with over \$20.0 billion in capital under management as of December 31, 2016.

All of the 1,750,000 shares of common stock offered by this prospectus supplement are being sold by us. Our common stock is traded on the NASDAQ Global Select Market under the symbol GBDC. The last reported closing price for our common stock on March 20, 2017 was \$19.42 per share. The net asset value of our common stock as of December 31, 2016 (the last date prior to the date of this prospectus supplement on which we determined net asset value) was \$15.74 per share. The offering price per share of our common stock less any underwriting commissions or discounts will not be less than the net asset value per share of our common stock at the time we make this offering.

**Shares of closed-end investment companies, including business development companies, frequently trade at a discount to their net asset value. If our shares trade at a discount to our net asset value, it will likely increase the risk of loss for purchasers in this offering. Investing in our common stock involves a high degree of risk.**

**Before buying any common stock, you should read the discussion of the material risks of investing in our common stock, including the risk of leverage, in Risk Factors beginning on page 15 of the accompanying prospectus.**

This prospectus supplement and the accompanying prospectus contain important information you should know before investing in our common stock. Please read it before you invest and keep it for future reference. We file annual, quarterly and current reports, proxy statements and other information about us with the Securities and Exchange Commission, or the SEC. We maintain a website at <http://www.golubcapitalbdc.com> and make all of our annual,

quarterly and current reports, proxy statements and other publicly filed information available on or through our website. You may also obtain such information, free of charge, and make shareholder inquiries by contacting us at 666 Fifth Avenue, 18<sup>th</sup> Floor, New York, NY 10103, Attention: Investor Relations, or by calling us collect at (212) 750-6060. The SEC also maintains a website at <http://www.sec.gov> that contains such information.

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

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

	Per Share	Total
Public offering price	\$19.03	\$33,302,500
Sales load (underwriting discounts and commissions)	\$0.57	\$997,500
Proceeds to us (before expenses)	\$18.46	\$32,305,000

In addition, the underwriter may purchase up to an additional 262,500 shares of common stock at the public offering price, less the sales load payable by us, within 30 days from the date of this prospectus supplement. If the underwriter exercises this option in full, the total sales load paid by us will be \$1,147,125, and total proceeds to us, before expenses, will be \$37,150,750.

The underwriter is offering the common stock as set forth in "Underwriting." Delivery of the common stock will be made on or about March 24, 2017.

## Raymond James

The date of this prospectus supplement is March 21, 2017.

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TABLE OF CONTENTS

## **ABOUT THIS PROSPECTUS SUPPLEMENT**

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

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

TABLE OF CONTENTS

**TABLE OF CONTENTS**  
**PROSPECTUS SUPPLEMENT**

	Page
<u>PROSPECTUS SUPPLEMENT SUMMARY</u>	<u>S-1</u>
<u>THE OFFERING</u>	<u>S-10</u>
<u>FEES AND EXPENSES</u>	<u>S-12</u>
<u>SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	<u>S-17</u>
<u>USE OF PROCEEDS</u>	<u>S-19</u>
<u>CAPITALIZATION</u>	<u>S-20</u>
<u>SELECTED CONSOLIDATED FINANCIAL DATA</u>	<u>S-21</u>
<u>INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND CASH FLOWS</u>	<u>S-23</u>
<u>PRICE RANGE OF COMMON STOCK</u>	<u>S-56</u>
<u>UNDERWRITING</u>	<u>S-57</u>
<u>LEGAL MATTERS</u>	<u>S-61</u>
<u>INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	<u>S-61</u>
<u>AVAILABLE INFORMATION</u>	<u>S-61</u>
<u>INDEX TO CONSOLIDATED FINANCIAL STATEMENTS</u>	<u>SF-1</u>

**PROSPECTUS**

<u>PROSPECTUS SUMMARY</u>	<u>1</u>
<u>FEES AND EXPENSES</u>	<u>10</u>
<u>RISK FACTORS</u>	<u>15</u>
<u>SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	<u>47</u>
<u>USE OF PROCEEDS</u>	<u>48</u>
<u>DISTRIBUTIONS</u>	<u>49</u>
<u>SELECTED CONSOLIDATED FINANCIAL DATA</u>	<u>50</u>
<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND CASH FLOWS</u>	<u>52</u>
<u>PRICE RANGE OF COMMON STOCK</u>	<u>90</u>
<u>THE COMPANY</u>	<u>91</u>
<u>PORTFOLIO COMPANIES</u>	<u>102</u>
<u>MANAGEMENT</u>	<u>122</u>
<u>MANAGEMENT AGREEMENTS</u>	<u>132</u>
<u>RELATED PARTY TRANSACTIONS AND CERTAIN RELATIONSHIPS</u>	<u>141</u>
<u>CONTROL PERSONS AND PRINCIPAL STOCKHOLDERS</u>	<u>144</u>
<u>DETERMINATION OF NET ASSET VALUE</u>	<u>146</u>
<u>DIVIDEND REINVESTMENT PLAN</u>	<u>149</u>
<u>MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS</u>	<u>151</u>
<u>DESCRIPTION OF OUR CAPITAL STOCK</u>	<u>158</u>

DESCRIPTION OF OUR PREFERRED STOCK

163

ii

---

TABLE OF CONTENTS

<u>DESCRIPTION OF OUR SUBSCRIPTION RIGHTS</u>	<u>164</u>
<u>DESCRIPTION OF WARRANTS</u>	<u>166</u>
<u>DESCRIPTION OF OUR DEBT SECURITIES</u>	<u>168</u>
<u>REGULATION</u>	<u>179</u>
<u>CUSTODIAN, TRANSFER AND DIVIDEND PAYING AGENT AND REGISTRAR</u>	<u>185</u>
<u>BROKERAGE ALLOCATION AND OTHER PRACTICES</u>	<u>186</u>
<u>PLAN OF DISTRIBUTION</u>	<u>187</u>
<u>LEGAL MATTERS</u>	<u>189</u>
<u>INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	<u>189</u>
<u>AVAILABLE INFORMATION</u>	<u>189</u>
<u>INDEX TO CONSOLIDATED FINANCIAL STATEMENTS</u>	<u>F-1</u>

iii

---

TABLE OF CONTENTS

## PROSPECTUS SUPPLEMENT SUMMARY

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

*Except as otherwise indicated, the terms:*

*we, us, our and Golub Capital BDC refer to Golub Capital BDC, Inc., a Delaware corporation, and its consolidated subsidiaries;*

*Holdings refers to Golub Capital BDC 2010-1 Holdings LLC, a Delaware limited liability company, or LLC, our direct subsidiary;*

*2010 Issuer refers to Golub Capital BDC 2010-1 LLC, a Delaware LLC, our indirect subsidiary;*

*2014 Issuer refers to Golub Capital BDC CLO 2014 LLC, a Delaware LLC, our direct subsidiary;*

*Controlling Class refers to the most senior class of notes then outstanding of the 2010 Issuer or the 2014 Issuer, as applicable;*

*2010 Debt Securitization refers to the \$350.0 million term debt securitization that we completed on July 16, 2010 as most recently amended on October 20, 2016, in which the 2010 Issuer issued an aggregate of \$350.0 million of notes, or the 2010 Notes, including \$205.0 million of Class A-Refi 2010 Notes, which bear interest at a rate of three-month London Interbank Offered Rate, or LIBOR, plus 1.90%, \$10.0 million of Class B-Refi 2010 Notes, which bear interest at a rate of three-month LIBOR plus 2.40% and \$135.0 million face amount of Subordinated 2010 Notes that do not bear interest;*

*2014 Debt Securitization refers to the \$402.6 million term debt securitization that we completed on June 5, 2014, in which the 2014 Issuer issued an aggregate of \$402.6 million of notes, or the 2014 Notes, including \$191.0 million of Class A-1 2014 Notes, which bear interest at a rate of three-month LIBOR plus 1.75%, \$20.0 million of Class A-2 2014 Notes, which bore interest at a rate of three-month LIBOR plus 1.45% through December 4, 2015 and bear interest at three-month LIBOR plus 1.95% thereafter, \$35.0 million of Class B 2014 Notes, which bear interest at a rate of three-month LIBOR plus 2.50%, \$37.5 million of Class C 2014 Notes, which bear interest at a rate of three-month LIBOR plus 3.50%, and \$119.1 million of LLC equity interests that do not bear interest;*

*Funding refers to Golub Capital BDC Funding, LLC, a Delaware LLC, our direct subsidiary;*

*Credit Facility refers to the amended and restated senior secured revolving credit facility that Funding originally entered into on July 21, 2011, as most recently amended on March 1, 2016, with Wells Fargo Securities, LLC, as administrative agent, and Wells Fargo Bank, N.A., as lender and collateral agent, that currently allows for borrowing up to \$200 million and that bears interest at a rate of one-month LIBOR plus 2.25% per annum through the reinvestment period, which ends July 29, 2017, and bears interest at a rate of one-month LIBOR plus 2.75% for the period following the reinvestment period through the stated maturity date of July 30, 2020;*

*Adviser Revolver refers to the \$20.0 million line of credit with GC Advisors;*

*SBIC Funds refers collectively to our consolidated subsidiaries, GC SBIC IV, L.P. and GC SBIC V, L.P.;*

*SLF refers to Senior Loan Fund LLC, an unconsolidated Delaware LLC, in which we co-invest with RGA Reinsurance Company, or RGA, primarily in senior secured loans. SLF is capitalized as transactions are completed and all portfolio and investment decisions in respect of SLF must be approved by representatives of each of the members (with unanimous approval required from either*

S-1

TABLE OF CONTENTS

*(i) one representative of each of us and RGA or (ii) both representatives of each of us and RGA currently). As of December 31, 2016, we owned 87.5% of the LLC equity interests of SLF. As of December 31, 2016, SLF had LLC equity interest subscriptions from its members totaling \$200.0 million. We have committed to fund \$175.0 million of LLC equity interest subscriptions to SLF;*

*GC Advisors* refers to GC Advisors LLC, a Delaware LLC, our investment adviser;

*Administrator* refers to Golub Capital LLC, a Delaware LLC, an affiliate of GC Advisors and our administrator; and

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

## **Golub Capital BDC**

We are an externally managed, closed-end, non-diversified management investment company that has elected to be regulated as a business development company under the 1940 Act. In addition, for U.S. federal income tax purposes, we have elected to be treated as a regulated investment company, or RIC, under Subchapter M of the Internal Revenue Code of 1986, as amended, or the Code. We were formed in November 2009 to continue and expand the business of our predecessor, Golub Capital Master Funding LLC, which commenced operations in July 2007, to make investments primarily in senior secured, one stop (a loan that combines characteristics of traditional first lien senior secured loans and second lien or subordinated loans), second lien and subordinated (a loan that ranks senior only to a borrower's equity securities and ranks junior to all of such borrower's other indebtedness in priority of payment) loans of, and warrants and minority equity securities in, U.S. middle-market companies that are, in most cases, sponsored by private equity firms. We structure one stop loans as senior secured loans, and we obtain security interests in the assets of the portfolio company that serve as collateral in support of the repayment of these loans. This collateral may take the form of first-priority liens on the assets of the portfolio company. In many cases, we, together with our affiliates, are the sole lenders of one stop loans, which can afford us additional influence over the borrower in terms of monitoring and, if necessary, remediation in the event of underperformance.

In this prospectus supplement, the term *middle-market* generally refers to companies having earnings before interest, taxes, depreciation and amortization, or EBITDA, of between \$10.0 million and \$75.0 million annually.

Our investment objective is to generate current income and capital appreciation by investing primarily in senior secured and one stop loans of U.S. middle-market companies. We may also selectively invest in second lien and subordinated loans of, and warrants and minority equity securities in U.S. middle-market companies. We intend to achieve our investment objective by (1) accessing the established loan origination channels developed by Golub Capital, a leading lender to middle-market companies with over \$20.0 billion in capital under management as of December 31, 2016, (2) selecting investments within our core middle-market company focus, (3) partnering with experienced private equity firms, or sponsors, in many cases with whom Golub Capital has 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.

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

We generally invest in securities that have been rated below investment grade by independent rating agencies or that would be rated below investment grade if they were rated. These securities, which may be referred to as *junk*, have



predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. In addition, many of our debt investments have floating interest rates that reset on a periodic basis and typically do not fully pay down principal prior to maturity, which may increase our risk of losing part or all of our investment.

S-2

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TABLE OF CONTENTS

As of December 31, 2016 and September 30, 2016, our portfolio at fair value was comprised of the following:

Investment Type	As of December 31, 2016			As of September 30, 2016		
	Investments at Fair Value (In thousands)	Percentage of Total Investments		Investments at Fair Value (In thousands)	Percentage of Total Investments	
Senior secured	\$ 169,817	10.0	%	\$ 162,849	9.8	%
One stop	1,337,069	78.8		1,304,467	78.5	
Second lien	18,981	1.1		27,909	1.7	
Subordinated debt	1,411	0.1		1,427	0.1	
Subordinated notes in SLF <sup>(1)(2)</sup>				77,301	4.7	
LLC equity interests in SLF <sup>(2)</sup>	108,779	6.4		26,927	1.6	
Equity	60,245	3.6		59,732	3.6	
<b>Total</b>	<b>\$ 1,696,302</b>	<b>100.0</b>	<b>%</b>	<b>\$ 1,660,612</b>	<b>100.0</b>	<b>%</b>

On December 30, 2016 SLF issued a capital call in an aggregate amount of \$89.9 million the proceeds of which (1) were used to redeem in full the outstanding balance on the subordinated notes previously issued by SLF and terminate all remaining subordinated note commitments.

(2) Proceeds from the subordinated notes and LLC equity interests invested in SLF were utilized by SLF to invest in senior secured loans.

One stop loans include loans to technology companies undergoing strong growth due to new services, increased adoption and/or entry into new markets. We refer to loans to these companies as late stage lending loans. Other targeted characteristics of late stage lending businesses include strong customer revenue retention rates, a diversified customer base and backing from growth equity or venture capital firms. In some cases, the borrower's high revenue growth is supported by a high level of discretionary spending. As part of the underwriting of such loans and consistent with industry practice, we may adjust our characterization of the earnings of such borrowers for a reduction or elimination of such discretionary expenses, if appropriate. As of December 31, 2016 and September 30, 2016, one stop loans included \$129.9 million and \$128.4 million, respectively, of late stage lending loans at fair value.

As of December 31, 2016 and September 30, 2016, we had debt and equity investments in 182 and 183 portfolio companies, respectively, and an investment in SLF.

The weighted average annualized income yield and weighted average annualized investment income yield of our income producing debt investments, which represented nearly 100% of our debt investments, for the three months ended December 31, 2016 and 2015 was as follows:

	For the three months ended December 31,	
	2016	2015
Weighted average annualized income yield <sup>(1)</sup>	7.7 %	7.6 %
Weighted average annualized investment income yield <sup>(2)</sup>	8.1 %	8.2 %

(1) Represents income from interest, including subordinated notes in SLF, and fees excluding amortization of capitalized fees and discounts divided by the average fair value of earning debt investments, and does not represent

a return to any investor in us.

Represents income from interest, including subordinated notes in SLF, fees and amortization of capitalized fees (2) and discounts divided by the average fair value of earning debt investments, and does not represent a return to any investor in us.

The total return, based on the change in the quoted market price of our stock and assuming distributions were reinvested in accordance with the dividend reinvestment plan, for the three months ended December 31, 2016 and 2015, was 2.2% and 6.2%, respectively. The total return does not include sales load.

S-3

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## TABLE OF CONTENTS

As of December 31, 2016, SLF is capitalized from LLC equity interest subscriptions from its members. On December 14, 2016, the SLF investment committee approved the recapitalization of the commitments of SLF's members. On December 30, 2016, SLF's members entered into additional LLC equity interest subscriptions totaling \$160.0 million, SLF issued capital calls totaling \$89.9 million to us and RGA and the subordinated notes previously issued by SLF were redeemed and terminated. As of December 31, 2016 and September 30, 2016, we and RGA owned 87.5% and 12.5%, respectively, of the LLC equity interests. As of September 30, 2016, we and RGA owned 87.5% and 12.5%, respectively, of the outstanding subordinated notes issued by SLF. Additionally, on January 17, 2014, Senior Loan Fund II LLC, a wholly-owned subsidiary of SLF, or SLF II, entered into a senior secured revolving credit facility, or the SLF Credit Facility, with Wells Fargo Securities, LLC, as administrative agent, and Wells Fargo Bank, N.A., as lender, which, as amended, allows SLF II to borrow up to \$300.0 million, subject to leverage and borrowing base restrictions. The reinvestment period of the SLF Credit Facility ends May 12, 2017, and the stated maturity date is May 13, 2020. As of December 31, 2016 and September 30, 2016, SLF had LLC equity commitments from its members totaling \$200.0 million and \$40.0 million, respectively, of which approximately \$129.9 million and \$35.8 million was called and contributed as of December 31, 2016 and September 30, 2016, respectively. As of September 30, 2016, SLF had subordinated note commitments from its members totaling \$160.0 million, of which approximately \$88.3 million in aggregate principal amount was funded as of September 30, 2016. Under the 1940 Act, we may not acquire any non-qualifying asset unless, at the time the acquisition is made, qualifying assets represent at least 70% of our total assets.

## **Our Adviser**

Our investment activities are managed by our investment adviser, GC Advisors. GC Advisors is responsible for sourcing potential investments, conducting research and due diligence on prospective investments and equity sponsors, analyzing investment opportunities, structuring our investments and monitoring our investments and portfolio companies on an ongoing basis. GC Advisors was organized in September 2008 and is a registered investment adviser under the Investment Advisers Act of 1940, as amended, or the Advisers Act. Under our amended and restated investment advisory agreement, or the Investment Advisory Agreement, with GC Advisors, we pay GC Advisors a base management fee and an incentive fee for its services. See Management Agreements Investment Advisory Agreement Management Fee in the accompanying prospectus for a discussion of the base management fee and incentive fee, including the cumulative income incentive fee and the income and capital gains incentive fee, payable by us to GC Advisors. Unlike most closed-end funds whose fees are based on assets net of leverage, our base management fee is based on our average-adjusted gross assets (including leverage but adjusted to exclude cash and cash equivalents so that investors do not pay the base management fee on such assets) and, therefore, GC Advisors benefits when we incur debt or use leverage. For purposes of the Investment Advisory Agreement, cash equivalents means U.S. government securities and commercial paper instruments maturing within 270 days of purchase. Additionally, under the incentive fee structure, GC Advisors benefits when capital gains are recognized and, because it determines when a holding is sold, GC Advisors controls the timing of the recognition of capital gains. Our board of directors is charged with protecting our interests by monitoring how GC Advisors addresses these and other conflicts of interest associated with its management services and compensation. While not expected to review or approve each borrowing, our independent directors periodically review GC Advisors' services and fees as well as its portfolio management decisions and portfolio performance. In connection with these reviews, our independent directors consider whether our fees and expenses (including those related to leverage) remain appropriate. See Management Agreements Investment Advisory Agreement Board Approval of the Investment Advisory Agreement in the accompanying prospectus.

GC Advisors is an affiliate of Golub Capital and pursuant to a staffing agreement, or the Staffing Agreement, Golub Capital LLC makes experienced investment professionals available to GC Advisors and provides access to the senior

investment personnel of Golub Capital LLC and its affiliates. The Staffing Agreement provides GC Advisors with access to investment opportunities, which we refer to in the aggregate as deal flow, generated by Golub Capital LLC and its affiliates in the ordinary course of their businesses and commits the members of GC Advisors' investment committee to serve in that capacity. As our investment adviser, GC Advisors is obligated to allocate investment opportunities among us and its other clients fairly and equitably over time in accordance with its allocation policy. See Conflicts of Interest below and

S-4

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## TABLE OF CONTENTS

Related Party Transactions and Certain Relationships in the accompanying prospectus. However, there can be no assurance that such opportunities will be allocated to us fairly or equitably in the short-term or over time. GC Advisors seeks to capitalize on the significant deal origination, credit underwriting, due diligence, investment structuring, execution, portfolio management and monitoring experience of Golub Capital LLC's investment professionals.

An affiliate of GC Advisors, the Administrator, provides the administrative services necessary for us to operate. See Management Agreements Administration Agreement in the accompanying prospectus for a discussion of the fees and expenses (subject to the review and approval of our independent directors) we are required to reimburse to the Administrator.

## **About Golub Capital**

Golub Capital, founded in 1994, is a leading lender to middle-market companies, with a long track record of investing in senior secured, one stop, second lien and subordinated loans. As of December 31, 2016, Golub Capital managed over \$14.3 billion of invested or available capital for senior secured, one stop, second lien and subordinated loan investments in middle-market companies. Since its inception, Golub Capital has closed deals with over 220 middle-market sponsors and repeat transactions with over 140 sponsors.

Golub Capital's middle-market lending group is managed by a four-member senior management team consisting of Lawrence E. Golub, David B. Golub, Andrew H. Steurman and Gregory W. Cashman. As of December 31, 2016, Golub Capital's more than 100 investment professionals had an average of over 12 years of investment experience and were supported by more than 200 administrative and back office personnel that focus on operations, finance, legal and compliance, accounting and reporting, marketing, information technology and office management.

## **Market Trends**

We have identified the following trends that may affect our business:

*Target Market.* We believe that small and middle-market companies in the United States with annual revenues between \$10.0 million and \$2.5 billion represent a significant growth segment of the U.S. economy and often require substantial capital investments to grow. Middle-market companies have generated a significant number of investment opportunities for investment funds managed or advised by Golub Capital, and we believe that this market segment will continue to produce significant investment opportunities for us.

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

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

*Competition from Bank Lenders.* We believe that many commercial and investment banks have, in recent years, de-emphasized their service and product offerings to middle-market businesses in favor of lending to large corporate clients and managing capital markets transactions. In addition, these lenders may be constrained in their ability to underwrite and hold bank loans for middle-market issuers as they seek to meet existing and future regulatory capital requirements. We believe these factors may result in opportunities for alternative funding sources to middle-market companies and therefore more market opportunities for us.

*Market Environment.* We believe that as part of the path of economic recovery following the credit crisis, there has been increased competition for new middle-market investments due to some new non-bank finance companies that have entered the market and due to improving financial performance of middle-market companies. However, we believe that our scale and strong market position will continue to allow us to find investment opportunities with attractive risk-adjusted returns.

S-5

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TABLE OF CONTENTS

## **Competitive Strengths**

*Deep, Experienced Management Team.* We are managed by GC Advisors, which, as of December 31, 2016, had access through the Staffing Agreement to the resources and expertise of Golub Capital's more than 300 employees, led by our chairman, Lawrence E. Golub, and our chief executive officer, David B. Golub. As of December 31, 2016, the more than 100 investment professionals of Golub Capital had an average of over 12 years of investment experience and were supported by more than 200 administrative and back office personnel that focus on operations, finance, legal and compliance, accounting and reporting, marketing, information technology and office management. Golub Capital seeks to hire and retain high-quality investment professionals and reward those personnel based on investor returns.

*Leading U.S. Debt Platform Provides Access to Proprietary Relationship-Based Deal Flow.* GC Advisors gives us access to the deal flow of Golub Capital, one of the leading middle-market lenders in the United States. Golub Capital has been ranked a top 3 Traditional Middle Market Bookrunner each year from 2008 through 2016 by Thomson Reuters LPC for senior secured loans of up to \$500.0 million for leveraged buyouts (based on number of deals completed). Since its inception, Golub Capital has closed deals with over 220 middle-market sponsors and repeat transactions with over 140 sponsors. We believe that Golub Capital receives relationship-based early looks and last looks at many investment opportunities in the U.S. middle-market market, allowing it to be highly selective in the transactions it pursues.

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

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

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

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

## **Operating and Regulatory Structure**

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

As a business development company, we are required to comply with certain regulatory requirements. For example, while we are permitted to finance investments using leverage, which may include the issuance of shares of preferred stock, or notes and other borrowings, our ability to use leverage is limited in significant respects. See Regulation in the accompanying prospectus. Any decision on our part to use leverage will depend upon our assessment of the attractiveness of available investment opportunities in relation to the costs and perceived risks of such leverage. GC



Advisors makes recommendations to our board of directors with respect to leverage policies. Our board of directors determines our leverage policy, including approving in advance the incurrence of material indebtedness and the execution of material contracts, and directs GC Advisors to implement such policies. The use of leverage to finance investments creates certain risks and potential conflicts of interest. See Risk Factors Risks Relating to our Business and Structure There are

S-6

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## TABLE OF CONTENTS

significant potential conflicts of interest that could affect our investment returns. Our management and incentive fee structure may create incentives for GC Advisors that are not fully aligned with the interests of our stockholders and may induce GC Advisors to make certain investments, including speculative investments. Risks Relating to our Business and Structure. Regulations governing our operation as a business development company affect our ability to, and the way in which we, raise additional capital. As a business development company, the necessity of raising additional capital exposes us to risks, including the typical risks associated with leverage and Risks Relating to our Business and Structure. We intend to finance our investments with borrowed money, which will magnify the potential for gain or loss on amounts invested and may increase the risk of investing in us in the accompanying prospectus.

Also, as a business development company, we are generally prohibited from acquiring assets other than qualifying assets unless, after giving effect to any acquisition, at least 70% of our total assets are qualifying assets. Qualifying assets generally include securities of eligible portfolio companies, cash, cash equivalents, U.S. government securities and high-quality debt investments maturing in one year or less from the time of investment. Under the 1940 Act and the rules thereunder, eligible portfolio companies include (1) private domestic operating companies, (2) public domestic operating companies whose securities are not listed on a national securities exchange (*e.g.*, the New York Stock Exchange, NYSE MKT LLC and The NASDAQ Stock Market) or registered under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and (3) public domestic operating companies having a market capitalization of less than \$250.0 million. Public domestic operating companies whose securities are quoted on the over-the-counter bulletin board and through Pink Sheets LLC are not listed on a national securities exchange and therefore are eligible portfolio companies. See Regulation in the accompanying prospectus.

## **Conflicts of Interest**

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

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

GC Advisors and its affiliates have other clients with similar or competing investment objectives, including several private funds that are pursuing an investment strategy similar to ours, some of which are continuing to seek new capital commitments. In serving these clients, GC Advisors may have obligations to other clients or investors in those entities. Our investment objective may overlap with such affiliated accounts. GC Advisors' allocation procedures are designed to allocate investment opportunities among the accounts sponsored or managed by GC Advisors and its affiliates in a manner consistent with its obligations under the Advisers Act. If two or more accounts with similar investment strategies are actively investing, GC Advisors will seek to allocate investment opportunities among

eligible accounts in a manner that is fair and equitable over time and consistent with its allocation policy. GC Advisors has put in place a conflict-resolution policy that addresses the co-investment restrictions set forth under the 1940 Act. See Risk Factors Risks Relating to our Business and Structure There are significant potential conflicts of interest that could affect our investment returns Conflicts related to obligations GC Advisors investment committee, GC Advisors or its affiliates have to other clients in the accompanying prospectus.

S-7

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## TABLE OF CONTENTS

GC Advisors seeks to ensure the equitable allocation of investment opportunities when we are able to invest alongside other accounts sponsored or managed by GC Advisors and its affiliates. When we invest alongside such other accounts, such investments are made consistent with GC Advisors' allocation policy. Under this allocation policy, if an investment opportunity is appropriate for us and another similar eligible account, the opportunity will be allocated pro rata based on the relative capital available for investment of each of us and such other eligible accounts, subject to minimum and maximum investment size limits. In situations in which co-investment with other entities sponsored or managed by GC Advisors or its affiliates is not permitted or appropriate, such as when, in the absence of exemptive relief described below, we and such other entities would be making different investments in the same issuer, GC Advisors will need to decide whether we or such other entity or entities will proceed with the investment. GC Advisors will make these determinations based on its policies and procedures, which generally require that such opportunities be offered to eligible accounts on a basis that will be fair and equitable over time, including, for example, through random or rotational methods. On February 27, 2017, we, along with GC Advisors and certain other funds and accounts sponsored or managed by GC Advisors and its affiliates, received exemptive relief from the SEC to permit greater flexibility to negotiate the terms of co-investments if our board of directors determines that it would be advantageous for us to co-invest with other accounts sponsored or managed by GC Advisors or its affiliates in a manner consistent with our investment objectives, positions, policies, strategies and restrictions as well as regulatory requirements and other pertinent factors. We believe that co-investment by us and accounts sponsored or managed by the GC Advisors and its affiliates may afford us additional investment opportunities and the ability to achieve greater diversification. Under the terms of our exemptive relief, a required majority (as defined in Section 57(o) of the 1940 Act) of our independent directors is required to make certain conclusions in connection with a co-investment transaction, including that (1) the terms of the proposed transaction are reasonable and fair to us and our stockholders and do not involve overreaching of us or our stockholders on the part of any person concerned and (2) the transaction is consistent with the interests of our stockholders and is consistent with our investment strategies and policies. Our board of directors regularly reviews the allocation policy of Golub Capital and annually reviews the code of ethics of GC Advisors. See **Related Party Transactions and Certain Relationships** in the accompanying prospectus.

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

## **Recent Developments**

On January 12, 2017, GC SBIC VI, L.P., or SBIC VI, received approval for a license from the United States Small Business Administration, or SBA, to operate as a small business investment company, or SBIC. This is the third SBIC license granted to us through our SBIC subsidiaries and allows SBIC VI to obtain up to \$50.0 million of leverage by issuing SBA-guaranteed debentures, subject to the issuance of a capital commitment by the SBA and customary procedures.

On February 7, 2017, our board of directors declared a quarterly distribution of \$0.32 per share payable on March 30, 2017 to holders of record as of March 7, 2017. Shares purchased in this offering will not be entitled to this distribution.



TABLE OF CONTENTS

On February 27, 2017, we and GC Advisors and certain other funds and accounts sponsored or managed by GC Advisors and its affiliates received the exemptive relief from the SEC to permit greater flexibility to negotiate the terms of co-investments. described above.

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Our principal executive offices are located at 666 Fifth Avenue, 18<sup>th</sup> Floor, New York, NY 10103, and our telephone number is (212) 750-6060. Our corporate website is located at *www.golubcapitalbdc.com*. Information on our website is not incorporated into or a part of this prospectus supplement.

S-9

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TABLE OF CONTENTS

## THE OFFERING

### **Common Stock Offered by Us**

1,750,000 shares, excluding 262,500 shares issuable pursuant to the option granted to the underwriter. Shares purchased in this offering will not be entitled to the distribution to be paid on March 30, 2017.

### **Common Stock to be Outstanding After this Offering**

56,987,037 shares, excluding shares issuable pursuant to the option granted to the underwriter.

### **Use of Proceeds**

We intend to use the net proceeds from the sale of our common stock to invest in portfolio companies in accordance with our investment objective and strategies and for general corporate purposes. We expect that our new investments will consist primarily of senior secured and one stop loans. We will also pay operating expenses, including management and administrative fees, and may pay other expenses such as due diligence expenses relating to potential new investments, from the net proceeds of this offering. A portion of the net proceeds may be utilized to capitalize SLF. A portion of the net proceeds may also be used to capitalize SBIC VI, our SBIC subsidiary, following which we expect SBIC VI to issue debentures guaranteed by the SBA and make investments in accordance with our investment strategy. We may also use a portion of the net proceeds from this offering to repay amounts outstanding under our Credit Facility, which bore an annual interest rate of 3.02% (i.e., one-month LIBOR plus 2.25% per annum) on the outstanding balance of \$155.5 million as of December 31, 2016 and matures on July 30, 2020. See **Use of Proceeds** in this prospectus supplement for more information.

### **NASDAQ Global Select Market Symbol**

GBDC

### **Trading at a Discount**

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

### **Dividend Reinvestment Plan**

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

S-10

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TABLE OF CONTENTS

**Custodian and Transfer Agent**

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

**Risk Factors**

An investment in our common stock is subject to risks and involves a heightened risk of total loss of investment. In addition, the companies in which we invest are subject to special risks. See Risk Factors beginning on page 15 of the accompanying prospectus to read about factors you should consider, including the risks of leverage, before investing in our common stock.

S-11

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TABLE OF CONTENTS**FEES AND EXPENSES**

The following table is intended to assist you in understanding the costs and expenses that an investor in shares of our common stock will bear directly or indirectly. However, we caution you that some of the percentages indicated in the table below are estimates and may vary. Actual costs and expenses incurred by investors in shares of our common stock may be greater than the percentage estimates in the table below. The following table excludes one-time fees payable to third parties not affiliated with GC Advisors that were incurred in connection with each of the 2010 Debt Securitization and the 2014 Debt Securitization, or, collectively, the Debt Securitizations, but includes all of the applicable ongoing fees and expenses of the Debt Securitizations. Whenever this prospectus supplement contains a reference to fees or expenses paid by us or Golub Capital BDC, or that we will pay fees or expenses, our common stockholders will indirectly bear such fees or expenses.

**Stockholder transaction expenses:**

Sales load (as a percentage of offering price)	3.00	% <sup>(1)</sup>
Offering expenses (as a percentage of offering price)	0.68	% <sup>(2)</sup>
Dividend reinvestment plan expenses	None	<sup>(3)</sup>
Total stockholder transaction expenses (as a percentage of offering price)	3.68	%

**Annual expenses (as a percentage of net assets attributable to common stock):**

Management fees	2.59	% <sup>(4)</sup>
Incentive fees payable under the Investment Advisory Agreement (20%)	0.71	% <sup>(5)</sup>
Interest payments on borrowed funds	3.37	% <sup>(6)</sup>
Other expenses	0.60	% <sup>(7)</sup>
Acquired fund fees and expenses	0.83	% <sup>(8)</sup>
Total annual expenses	8.10	% <sup>(9)</sup>

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

(2) Amount reflects estimated offering expenses of approximately \$225,000 and is based on 1,750,000 shares offered in this offering at the public offering price of \$19.03 per share.

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

(4) Our management fee is calculated at an annual rate equal to 1.375% and is based on the average adjusted gross assets (including assets purchased with borrowed funds and securitization-related assets, leverage, unrealized depreciation or appreciation on derivative instruments and cash collateral on deposit with custodian but adjusted to exclude cash and cash equivalents so that investors do not pay the base management fee on such assets) at the end of the two most recently completed calendar quarters and is payable quarterly in arrears. See Management Agreements Investment Advisory Agreement Management Fee in the accompanying prospectus. The management fee referenced in the table above is based on actual amounts incurred during the three months ended December 31, 2016 by GC Advisors in its capacity as investment adviser to us and collateral manager to the 2010 Issuer and the 2014 Issuer, or, collectively, the Securitization Issuers, annualized for a full year.

GC Advisors, as collateral manager for the 2010 Issuer under a collateral management agreement, or the 2010 Collateral Management Agreement, is entitled to receive an annual fee in an amount equal to 0.35% of the principal balance of the portfolio loans held by the 2010 Issuer at the beginning of the collection period relating to each payment date, which is payable in arrears on each payment date. This fee, which is less than the management fee payable under the Investment Advisory Agreement, is paid directly by the 2010 Issuer to GC Advisors and offset against such management fee. Accordingly, the 1.375% management fee paid by us to GC Advisors under the

Investment Advisory Agreement on all of our assets, including those indirectly held through the 2010 Issuer, is reduced, on a dollar-for-dollar basis, by an amount equal to such 0.35% fee paid to GC Advisors by the 2010 Issuer. Under the 2010 Collateral Management Agreement, the term "collection period" refers to a quarterly period running from the day after the end of the prior collection period to the fifth business day of the calendar month in which a

S-12

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TABLE OF CONTENTS

payment date occurs. This fee may be waived by the collateral manager. The 2010 Collateral Management Agreement does not include any incentive fee payable to GC Advisors.

GC Advisors, as collateral manager for the 2014 Issuer, under a collateral management agreement, or the 2014 Collateral Management Agreement, is entitled to receive an annual fee in an amount equal to 0.25% of the principal balance of the portfolio loans held by the 2014 Issuer at the beginning of the collection period relating to each payment date, which is payable in arrears on each payment date. This fee, which is less than the management fee payable under the Investment Advisory Agreement, is paid directly by the 2014 Issuer to GC Advisors and offset against such management fee. Accordingly, the 1.375% management fee paid by us to GC Advisors under the Investment Advisory Agreement on all of our assets, including those indirectly held through the 2014 Issuer, is reduced, on a dollar-for-dollar basis, by an amount equal to such 0.25% fee paid to GC Advisors by the 2014 Issuer. Under the 2014 Collateral Management Agreement, the term *collection period* refers to a quarterly period running from the day after the end of the prior collection period to the tenth business day prior to the payment date. This fee may be waived by the collateral manager. The 2014 Collateral Management Agreement does not include any incentive fee payable to GC Advisors.

For purposes of this table, the SEC requires that the *Management fees* percentage be calculated as a percentage of net assets attributable to common stock, rather than total assets, including assets that have been funded with borrowed monies because common stockholders bear all of this cost. If the base management fee portion of the *Management fees* percentage were calculated instead as a percentage of our total assets, our base management fee portion of the *Management fees* percentage would be approximately 1.32% of total assets. The base management fee in the table above is based on net assets of \$901.7 million and leverage of \$890.0 million, which reflects our net assets and leverage pro forma as of December 31, 2016 after giving effect to this offering.

The incentive fee referenced in the table above is based on actual amounts of the income component of the incentive fee incurred during the three months ended December 31, 2016, annualized for a full year. We have structured the calculation of the incentive fee to include a fee limitation such that no incentive fee will be paid to (5) GC Advisors for any quarter if, after such payment, the cumulative incentive fees paid to GC Advisors since the effective date of our election to become a business development company would be greater than 20.0% of our Cumulative Pre-Incentive Fee Net Income (as defined below).

We accomplish this limitation by subjecting each quarterly incentive fee payable under the Income and Capital Gain Incentive Fee Calculation (as defined below) to a cap, or the Incentive Fee Cap. The Incentive Fee Cap in any quarter is equal to the difference between (a) 20.0% of Cumulative Pre-Incentive Fee Net Income and (b) cumulative incentive fees of any kind paid to GC Advisors by Golub Capital BDC since April 13, 2010, the effective date of our election to become a business development company. To the extent the Incentive Fee Cap is zero or a negative value in any quarter, no incentive fee would be payable in that quarter. *Cumulative Pre-Incentive Fee Net Income* is equal to the sum of (a) Pre-Incentive Fee Net Investment Income (as defined below) for each period since April 13, 2010 and (b) cumulative aggregate realized capital gains, cumulative aggregate realized capital losses, cumulative aggregate unrealized capital depreciation and cumulative aggregate unrealized capital appreciation since April 13, 2010.

*Pre-Incentive Fee Net Investment Income* means interest income, dividend income and any other income (including any other fees such as commitment, origination, structuring, diligence and consulting fees or other fees that we receive from portfolio companies, but excluding fees for providing managerial assistance) accrued during the calendar quarter, minus operating expenses for the calendar quarter (including the base management fee, taxes, any expenses payable under the Investment Advisory Agreement and an administration agreement, or the Administration Agreement, with the Administrator, any expenses of securitizations and any interest expense and dividends paid on any outstanding preferred stock, but excluding the incentive fee). Pre-Incentive Fee Net Investment Income includes, in the case of investments with a deferred interest feature such as market discount, debt instruments with payment-in-kind, or PIK,

interest, preferred stock with PIK dividends and zero coupon securities, accrued income that we have not yet received in cash.

S-13

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TABLE OF CONTENTS

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

Pre-Incentive Fee Net Investment Income does not include any realized capital gains, realized capital losses or unrealized capital appreciation or depreciation. Because of the structure of the income component, it is possible that an incentive fee may be calculated under this formula with respect to a period in which we have incurred a loss. For example, if we receive Pre-Incentive Fee Net Investment Income in excess of the hurdle rate (as defined below) for a calendar quarter, the income component will result in a positive value and an incentive fee will be paid unless the payment of such incentive fee would cause us to pay incentive fees on a cumulative basis that exceed 20.0% of our Cumulative Pre-Incentive Fee Net Income. Pre-Incentive Fee Net Investment Income, expressed as a rate of return on the value of our net assets (defined as total assets less indebtedness and before taking into account any incentive fees payable during the period) at the end of the immediately preceding calendar quarter, is compared to a fixed hurdle rate of 2.0% quarterly. If market interest rates rise, we may be able to invest our funds in debt instruments that provide for a higher return, which would increase our Pre-Incentive Fee Net Investment Income and make it easier for GC Advisors to surpass the fixed hurdle rate and receive an incentive fee based on such net investment income. Our Pre-Incentive Fee Net Investment Income used to calculate this part of the incentive fee is also included in the amount of our total assets (excluding cash and cash equivalents but including assets purchased with borrowed funds and securitization-related assets and cash collateral on deposit with custodian) used to calculate the 1.375% base management fee.

We calculate the income component of the Income and Capital Gain Incentive Fee Calculation with respect to our Pre-Incentive Fee Net Investment Income quarterly, in arrears, as follows:

zero in any calendar quarter in which the Pre-Incentive Fee Net Investment Income does not exceed the hurdle rate; 100.0% of our Pre-Incentive Fee Net Investment Income with respect to that portion of such Pre-Incentive Fee Net Investment Income, if any, that exceeds the hurdle rate but is less than 2.5% in any calendar quarter. We refer to this portion of our Pre-Incentive Fee Net Investment Income (which exceeds the hurdle rate but is less than 2.5%) as the catch-up provision. The catch-up is meant to provide GC Advisors with 20.0% of the Pre-Incentive Fee Net Investment Income as if a hurdle rate did not apply if this net investment income exceeds 2.5% in any calendar quarter; and 20.0% of the amount of our Pre-Incentive Fee Net Investment Income, if any, that exceeds 2.5% in any calendar quarter.

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

The second part of the Income and Capital Gain Incentive Fee Calculation, or the Capital Gain Incentive Fee, equals (a) 20.0% of our Capital Gain Incentive Fee Base (as defined below), if any, calculated in arrears as of the end of each calendar year (or upon termination of the Investment Advisory Agreement, as of the termination date), commencing with the calendar year ending December 31, 2010, less (b) the aggregate amount of any previously paid Capital Gain Incentive Fees. Our Capital Gain Incentive Fee Base equals (1) the sum of (i) our realized capital gains, if any, on a cumulative positive basis from April 13, 2010 through the end of each calendar year, (ii) all realized capital losses on a cumulative basis and (iii) all unrealized capital depreciation on a cumulative basis less (2) all unamortized deferred financing costs, if and to the extent such costs exceed all unrealized capital appreciation on a cumulative basis.

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



TABLE OF CONTENTS

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

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

As described above, the incentive fee will not be paid at any time where after such payment the cumulative incentive fees paid to date would be greater than 20.0% of the Cumulative Pre-Incentive Net Income since April 13, 2010. In accordance with U.S. generally accepted accounting principles, or GAAP, we will accrue a capital gain incentive fee on a quarterly basis as if aggregate unrealized capital appreciation on investments were realized, even though such unrealized capital appreciation is not permitted to be considered in calculating the fee actually payable under the Investment Advisory Agreement. We will accrue a capital gain incentive fee under GAAP if the Capital Gain Incentive Fee Base, adjusted as required by GAAP to include unrealized appreciation, is positive. The Capital Gain Incentive Fee is calculated on a cumulative basis from the date we elected to become a business development company through the end of each calendar year. Since inception through December 31, 2016, we have not made any Capital Gain Incentive Fee payments. For the three months ended December 31, 2016 and the year ended September 30, 2016, we accrued a capital gain incentive fee under GAAP of \$0.5 million and \$1.2 million, respectively. For a more detailed discussion of the calculation of the incentive fee, see Management Agreements Investment Advisory Agreement Management Fee in the accompanying prospectus.

Interest payments on borrowed funds represents our annualized interest expense as of December 31, 2016 and includes interest payable on the notes issued by each of the Securitization Issuers. For the three months ended December 31, 2016, the effective annualized average interest rate on our total debt outstanding, which includes all interest and amortization of debt issuance costs on the Debt Securitizations but excludes secured borrowings, was 3.4%. Debt issuance costs represent fees and other direct incremental costs incurred in connection with the Debt Securitizations. These fees include a structuring and placement fee paid to Wells Fargo Securities, LLC for its (6) services in connection with the initial structuring and the first amendment of the 2010 Debt Securitization and the initial structuring of the 2014 Debt Securitization of \$1.74 million, \$0.75 million and \$1.81 million, respectively, certain fees in an aggregate amount of \$0.10 million paid to J.P. Morgan Securities Inc. in connection with subsequent amendments and legal fees, accounting fees, rating agency fees and all other costs associated with each of the Debt Securitizations. We do not currently anticipate issuing debt securities or preferred stock in the next 12 months.

Includes our overhead expenses, including payments under the Administration Agreement based on our allocable portion of overhead and other expenses incurred by the Administrator, and any acquired fund fees and expenses that are not required to be disclosed separately. See Management Agreements Administration Agreement in the accompanying prospectus. Other expenses also includes the ongoing administrative expenses to the trustee, collateral manager, independent accountants, legal counsel, rating agencies and independent managers in connection with developing and maintaining reports and providing required services in connection with the administration of each of the Debt Securitizations. Other expenses are based on actual amounts incurred during the (7) three months ended December 31, 2016, annualized for a full year. The administrative expenses of each of the Securitization Issuers are paid on each payment date in two parts: (1) a component that is paid in a priority to other amounts distributed by the 2010 Issuer or the 2014 Issuer, as applicable, subject to a cap equal to the sum of 0.04% per annum of the adjusted principal balance of the portfolio loans and other assets held by the 2010 Issuer or the 2014 Issuer, as applicable, on the last day of the collection period relating to such payment date, plus \$150,000 per annum, and (2) a component that is paid in a subordinated position relative to other amounts distributed by the 2010 Issuer or the 2014 Issuer, as applicable, equal to any amounts that exceed the aforementioned administrative expense cap.

S-15





TABLE OF CONTENTS

Our stockholders indirectly bear the expenses of our investment in SLF, including the interest expense paid by SLF on the SLF Credit Facility. No management fee is charged by the Administrator in connection with the (8) administrative services it provides to SLF. However, SLF does reimburse the Administrator for its costs related to providing accounting, bookkeeping, treasury, loan operations, reporting and administrative services for SLF. Future expenses for SLF may be substantially higher or lower because certain expenses may fluctuate over time. All of our expenses, including all expenses of each of the Debt Securitizations, are disclosed in the appropriate line items under Annual Expenses (as a percentage of net assets attributable to common stock). Total annual expenses as a percentage of consolidated net assets attributable to common stock are higher than the total annual expenses percentage would be for a company that is not leveraged. We borrow money to leverage our net assets and increase (9) our total assets. The SEC requires that the Total annual expenses percentage be calculated as a percentage of net assets (defined as total assets less indebtedness and after taking into account any incentive fees payable during the period), rather than the total assets, including assets that have been funded with borrowed monies. The reason for presenting expenses as a percentage of net assets attributable to common stockholders is that our common stockholders bear all of our fees and expenses.

**Example**

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock. **This example and the expenses in the table above should not be considered a representation of our future expenses, and actual expenses (including the cost of debt, if any, and other expenses) may be greater or less than those shown.** These amounts assume (1) a 3.00% sales load (underwriting discounts and commissions), (2) offering expenses totaling 0.68% and (3) total net annual expenses of 7.39% of net assets attributable to common shares as set forth in the table above (other than performance-based incentive fees). Transaction expenses are not included in the following example. For purposes of this table, we have assumed leverage of \$890.0 million, which was our actual leverage as of December 31, 2016.

You would pay the following expenses on a \$1,000 investment	1 year	3 years	5 years	10 years
Assuming a 5% annual return (assumes no return from net realized capital gains or net unrealized capital appreciation)	\$ 108	\$ 245	\$ 376	\$ 677
Assuming a 5% annual return (assumes return entirely from net realized capital gains and thus subject to the capital gain incentive fee)	\$ 118	\$ 271	\$ 414	\$ 732

The foregoing table is to assist you in understanding the various costs and expenses that an investor in our common stock will bear directly or indirectly. While the example assumes, as required by the SEC, a 5% annual return, our performance will vary and may result in a return greater or less than 5%. The incentive fee under the Investment Advisory Agreement, which, assuming a 5% annual return, would either not be payable or have an immaterial impact on the expense amounts shown above, is not included in the example. Under our Investment Advisory Agreement, no incentive fee would be payable if we have a 5% annual return. If we achieve sufficient returns on our investments, including through the realization of capital gains, to trigger an incentive fee of a material amount, our expenses, and returns to our investors, would be higher. The example assumes that all dividends and other distributions are reinvested at net asset value. Under certain circumstances, reinvestment of dividends and other distributions under our dividend reinvestment plan may occur at a price per share that differs from net asset value. See Dividend Reinvestment Plan in the accompanying prospectus for more information.

TABLE OF CONTENTS

## **SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

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

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

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

We have based the forward-looking statements included in this prospectus supplement on information available to us on the date of this prospectus supplement. Actual results could differ materially from those anticipated in our forward-looking statements and future results could differ materially from historical performance. You are advised to consult any additional disclosures that we may make directly to you or through reports that we have filed or in the future may file with the SEC, including annual reports on Form 10-K, registration statements on Form N-2, quarterly reports on Form 10-Q and current reports on Form 8-K. This prospectus supplement and the accompanying prospectus contain statistics and other data that have been obtained from or compiled from information made available by third-party service providers. We have not independently verified such statistics or data.

TABLE OF CONTENTS

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

S-18

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TABLE OF CONTENTS

## **USE OF PROCEEDS**

We estimate that net proceeds we will receive from the sale of 1,750,000 shares of our common stock in this offering will be approximately \$32.1 million (or approximately \$36.9 million if the underwriter fully exercises its option), in each case based on a public offering price of \$19.03 per share, after deducting the underwriting discounts and commissions payable by us and estimated offering expenses of approximately \$225,000 payable by us.

We intend to use the net proceeds from the sale of our common stock to invest in portfolio companies in accordance with our investment objective and strategies and for general corporate purposes. We expect that our new investments will consist primarily of senior secured and one stop loans. We will also pay operating expenses, including management and administrative fees, and may pay other expenses such as due diligence expenses relating to potential new investments, from the net proceeds of this offering. A portion of the net proceeds may be utilized to capitalize SLF. A portion of the net proceeds may also be used to capitalize SBIC VI, our SBIC subsidiary, following which we expect SBIC VI to issue debentures guaranteed by the SBA and make investments in accordance with our investment strategy. We may also use a portion of the net proceeds from this offering to repay amounts outstanding under our Credit Facility, which bore an annual interest rate of 3.02% (i.e., one-month LIBOR plus 2.25% per annum) on the outstanding balance of \$155.5 million as of December 31, 2016 and matures on July 30, 2020.

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

S-19

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TABLE OF CONTENTS**CAPITALIZATION**

The following table sets forth:

our actual capitalization as of December 31, 2016; and  
our pro forma capitalization to give effect to the sale of 1,750,000 shares of common stock in this offering based on the public offering price of \$19.03 per share, after deducting the underwriting discounts and commissions and estimated offering expenses of approximately \$225,000 payable by us.

	As of December 31, 2016	
	Actual	Pro Forma
	(dollars in thousands)	
<b>Assets:</b>		
Cash, restricted cash and cash equivalents	\$71,725	\$103,805
Investments, at fair value	1,696,302	1,696,302
Other assets	6,059	6,059
Total assets	1,774,086	1,806,166
<b>Liabilities:</b>		
Debt	889,500	889,500
Less unamortized debt issuance costs	5,257	5,257
Debt less unamortized debt issuance cost	884,243	884,243
Secured borrowings	462	462
Other liabilities	19,811	19,811
Total liabilities	904,516	904,516
<b>Net assets:</b>		
Common stock, par value \$0.001 per share; 100,000,000 shares authorized, 55,237,037 shares issued and outstanding; 56,987,037 shares issued and outstanding, pro forma	55	57
Paid in capital in excess of par	859,143	891,221
Undistributed net investment income	5,520	5,520
Net unrealized appreciation (depreciation) on investments and secured borrowings	14,228	14,228
Net realized gain (loss) on investments	(9,376 )	(9,376 )
Total net assets	869,570	901,650
Net asset value per common share	\$15.74	\$15.82

S-20

TABLE OF CONTENTS**SELECTED CONSOLIDATED FINANCIAL DATA**

The following selected consolidated financial data of Golub Capital BDC as of and for the year ended September 30, 2016 are derived from the consolidated financial statements that have been audited by Ernst & Young LLP, an independent registered public accounting firm. The following selected consolidated financial data of Golub Capital BDC as of and for the years ended September 30, 2015, 2014, 2013 and 2012 are derived from the consolidated financial statements that have been audited by RSM US LLP, an independent registered public accounting firm. The consolidated financial statements for the three-month periods ended December 31, 2016 and 2015 are unaudited. However, in our opinion, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation have been made. Interim results may be subject to significant quarterly variations and may not be indicative of the results of operations to be expected for a full fiscal year. The financial data should be read in conjunction with our consolidated financial statements and related notes thereto and with Interim Management's Discussion and Analysis of Financial Condition, Results of Operations and Cash Flows included elsewhere in this prospectus supplement and Management's Discussion and Analysis of Financial Condition, Results of Operations and Cash Flows included in the accompanying prospectus.

	As of and for the three months ended		As of and for the years ended				
	December 31, 2016	December 31, 2015	September 30, 2016	September 30, 2015	September 30, 2014	September 30, 2013	September 30, 2012
	<i>(In thousands, except per share data)</i>						
<b>Statement of Operations Data:</b>							
Total investment income	\$33,849	\$30,500	\$127,871	\$119,968	\$109,526	\$83,774	\$57,859
Base management fee	5,837	5,314	22,020	20,330	17,053	11,749	8,495
Incentive fee	2,091	1,771	7,266	10,226	10,128	9,844	6,228
Interest and other debt financing expenses	7,606	6,731	27,724	24,510	20,227	12,427	10,781
All other expenses	1,352	1,383	5,881	5,905	5,583	5,359	4,479
Net investment income	16,953 <sup>(1)</sup>	14,999 <sup>(1)</sup>	64,980 <sup>(1)</sup>	58,997	56,535	44,395	27,876
Net realized gain (loss) on investments and derivative instruments	907	4,978	6,254	9,354	5,384	(1,363)	(3,372)
Net change in unrealized appreciation (depreciation) on investments, derivative instruments and secured borrowings	1,124	662	(2,030)	2,440	3,469	3,488	7,256
Net increase/(decrease) in net assets resulting from operations	18,984	20,639	69,204	70,791	65,388	46,520	31,760
<b>Per share data:</b>							
Net asset value	\$15.74	\$15.89	\$15.96	\$15.80	\$15.55	\$15.21	\$14.60
Net investment income	0.31 <sup>(1)</sup>	0.29 <sup>(1)</sup>	1.25 <sup>(1)</sup>	1.20	1.26	1.29	1.15
Net realized gain (loss) on investments and derivative	0.01	0.10	0.12	0.19	0.11	(0.04)	(0.14)

instruments							
Net change in unrealized appreciation (depreciation) on investments, derivative instruments and secured borrowings	0.02	0.01	(0.04 )	0.05	0.07	0.10	0.30
Net increase/(decrease) in net assets resulting from operations	0.34	0.40	1.33	1.44	1.44	1.35	1.31
Per share distributions declared	0.57	0.32	1.28	1.28	1.28	1.28	1.28
From net investment income	0.55	0.08	1.04	1.18	1.28	1.15	1.24
From capital gains	0.02	0.24	0.24	0.10			
From return of capital						0.13	0.04
Dollar amount of distributions declared	31,384	16,416	66,879	62,969	57,823	45,394	31,556
From net investment income	30,265	3,998	54,461	58,152	57,823	40,605	30,484
From capital gains	1,119	12,418	12,418	4,817			
From return of capital						4,789	1,072

S-21

TABLE OF CONTENTS

	As of and for the three months ended		As of and for the years ended											
	December 31, 2016	December 31, 2015	September 30, 2016	September 30, 2015	September 30, 2014	September 30, 2013	September 30, 2012							
<i>(In thousands, except per share data)</i>														
<b>Balance Sheet data at period end:</b>														
Investments, at fair value	\$1,696,302	\$1,528,462	\$1,660,612	\$1,529,784	\$1,347,612	\$1,024,645	\$672,910							
Cash, restricted cash and cash equivalents	71,725	101,070	89,540	97,484	79,943	54,717	50,927							
Other assets	6,059	11,315	6,357	6,158 <sup>(2)</sup>	6,318 <sup>(2)</sup>	4,552 <sup>(2)</sup>	4,361 <sup>(2)</sup>							
Total assets	1,774,086	1,640,847	1,756,509	1,633,426 <sup>(2)</sup>	1,433,873 <sup>(2)</sup>	1,083,914 <sup>(2)</sup>	728,198 <sup>(2)</sup>							
Total debt	889,962	809,396	865,175	813,605	697,539	420,909	352,300							
Total liabilities	904,516	824,487	877,684	822,556 <sup>(2)</sup>	701,134 <sup>(2)</sup>	425,678 <sup>(2)</sup>	353,069 <sup>(2)</sup>							
Total net assets	869,570	816,360	878,825	810,870	732,739	658,236	375,129							
<b>Other data:</b>														
Weighted average yield on income producing investments at fair value <sup>(3)</sup>	7.7	%	7.6	%	7.6	%	7.8	%	8.3	%	9.1	%	9.3	%
Number of portfolio companies at period end	182		169		183		164		145		135		121	

(1) Net investment income for the three months ended December 31, 2016 and 2015 and the year ended September 30, 2016 is shown after net expenses of and \$10,000, \$302,000 and \$333,000, respectively, for U.S. federal excise tax. On October 1, 2015, we adopted Accounting Standards Update 2015-03 *Interest Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, or ASU 2015-03, which requires that debt issuance (2) costs related to a recognized debt liability be presented on the balance sheet as a direct deduction from the carrying amount of the debt liability rather than as an asset. Adoption of ASU 2015-03 requires the changes to be applied retrospectively.

Weighted average yield on income producing investments is computed by dividing (a) income from interest, including subordinated notes in SLF, and fees excluding amortization of capitalized fees and discounts on accruing (3) loans and debt securities by (b) total income producing investments at fair value. The weighted average yield on income producing investments is annualized for periods less than one year.

S-22



TABLE OF CONTENTS

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

*The following discussion and analysis of our financial condition, results of operations and cash flows should be read in conjunction with Selected Consolidated Financial Data and the financial statements and the related notes thereto appearing elsewhere in this prospectus supplement and the accompanying prospectus. The information in this section contains forward-looking statements that involve risks and uncertainties. Please see Risk Factors in the accompanying prospectus and Special Note Regarding Forward-Looking Statements in this prospectus supplement for a discussion of the uncertainties, risks and assumptions associated with these statements.*

## Overview

We are an externally managed, closed-end, non-diversified management investment company that has elected to be regulated as a business development company under the 1940 Act. In addition, for U.S. federal income tax purposes, we have elected to be treated as a RIC under Subchapter M of the Code. As a business development company and a RIC, we are also subject to certain constraints, including limitations imposed by the 1940 Act and the Code.

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

Our investment objective is to generate current income and capital appreciation by investing primarily in senior secured and one stop loans of U.S. middle-market companies. We may also selectively invest in second lien and subordinated loans of, and warrants and minority equity securities in U.S. middle-market companies. We intend to achieve our investment objective by (1) accessing the established loan origination channels developed by Golub Capital, a leading lender to U.S. middle-market companies with over \$20.0 billion in capital under management as of December 31, 2016, (2) selecting investments within our core middle-market company focus, (3) partnering with experienced private equity firms, or sponsors, in many cases with whom Golub Capital has 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, GC Advisors and its affiliates.

Under the Investment Advisory Agreement, which was most recently reapproved by our board of directors in May 2016, we have agreed to pay GC Advisors an annual base management fee based on our average adjusted gross assets as well as an incentive fee based on our investment performance. Under the Administration Agreement, we are provided with certain administrative services by the Administrator, which is currently Golub Capital LLC.

Under the Administration Agreement, we have agreed to reimburse the Administrator for our allocable portion (subject to the review and approval of our independent directors) of overhead and other expenses incurred by the Administrator in performing its obligations under the Administration Agreement.

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

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

S-23

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TABLE OF CONTENTS

As of December 31, 2016 and September 30, 2016, our portfolio at fair value was comprised of the following:

Investment Type	As of December 31, 2016			As of September 30, 2016		
	Investments at Fair Value (In thousands)	Percentage of Total Investments	%	Investments at Fair Value (In thousands)	Percentage of Total Investments	%
Senior secured	\$ 169,817	10.0	%	\$ 162,849	9.8	%
One stop	1,337,069	78.8		1,304,467	78.5	
Second lien	18,981	1.1		27,909	1.7	
Subordinated debt	1,411	0.1		1,427	0.1	
Subordinated notes in SLF <sup>(1)(2)</sup>				77,301	4.7	
LLC equity interests in SLF <sup>(2)</sup>	108,779	6.4		26,927	1.6	
Equity	60,245	3.6		59,732	3.6	
<b>Total</b>	<b>\$ 1,696,302</b>	<b>100.0</b>	<b>%</b>	<b>\$ 1,660,612</b>	<b>100.0</b>	<b>%</b>

On December 30, 2016, SLF issued a capital call in an aggregate amount of \$89.9 million the proceeds of which (1) were used to redeem in full the outstanding balance on the subordinated notes previously issued by SLF and terminate all remaining subordinated note commitments.

(2) Proceeds from the subordinated notes and LLC equity interests invested in SLF were utilized by SLF to invest in senior secured loans.

One stop loans include loans to technology companies undergoing strong growth due to new services, increased adoption and/or entry into new markets. We refer to loans to these companies as late stage lending loans. Other targeted characteristics of late stage lending businesses include strong customer revenue retention rates, a diversified customer base and backing from growth equity or venture capital firms. In some cases, the borrower's high revenue growth is supported by a high level of discretionary spending. As part of the underwriting of such loans and consistent with industry practice, we may adjust our characterization of the earnings of such borrowers for a reduction or elimination of such discretionary expenses, if appropriate. As of December 31, 2016 and September 30, 2016, one stop loans included \$129.9 million and \$128.4 million, respectively, of late stage lending loans at fair value.

As of December 31, 2016 and September 30, 2016, we had debt and equity investments in 182 and 183 portfolio companies, respectively, and an investment in SLF.

The weighted average annualized income yield and weighted average annualized investment income yield of our income producing debt investments, which represented nearly 100% of our debt investments, for the three months ended December 31, 2016 and 2015 was as follows:

	For the three months ended December 31,	
	2016	2015
Weighted average annualized income yield <sup>(1)</sup>	7.7 %	7.6 %
Weighted average annualized investment income yield <sup>(2)</sup>	8.1 %	8.2 %

(1) Represents income from interest, including subordinated notes in SLF, and fees excluding amortization of capitalized fees and discounts divided by the average fair value of earning debt investments, and does not represent

a return to any investor in us.

Represents income from interest, including subordinated notes in SLF, fees and amortization of capitalized fees (2) and discounts divided by the average fair value of earning debt investments, and does not represent a return to any investor in us.

The total return, based on the change in the quoted market price of our stock and assuming distributions were reinvested in accordance with the dividend reinvestment plan for the three months ended December 31, 2016 and 2015, was 2.2% and 6.2%, respectively. The total return does not include sales load.

S-24

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TABLE OF CONTENTS

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

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

*Expenses:* Our primary operating expenses include the payment of fees to GC Advisors under the Investment Advisory Agreement and 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, or NAV (including the cost and expenses of any independent valuation firm);
- fees and expenses incurred by GC Advisors payable to third parties, including agents, consultants or other advisors, in monitoring financial and legal affairs for us and in monitoring our investments and performing due diligence on our prospective portfolio companies or otherwise relating to, or associated with, evaluating and making investments, which fees and expenses may include, among other items, due diligence reports, appraisal reports, any studies that may be commissioned by GC Advisors and travel and lodging expenses;

- expenses related to unsuccessful portfolio acquisition efforts;
  - offerings of our common stock and other securities;

- administration fees and expenses, if any, payable under the Administration Agreement (including payments based upon our allocable portion of the Administrator's overhead in performing its obligations under the Administration Agreement, including rent and the allocable portion of the cost of our chief compliance officer, chief financial officer and their respective staffs);

- fees payable to third parties, including agents, consultants or other advisors, relating to, or associated with, evaluating and making investments in portfolio companies, including costs associated with meeting financial sponsors;

- transfer agent, dividend agent and custodial fees and expenses;

- U.S. federal and state registration and franchise fees;

- all costs of registration and listing our shares on any securities exchange;

- U.S. federal, state and local taxes;

- independent directors' fees and expenses;

- costs of preparing and filing reports or other documents required by the SEC or other regulators;

- costs of any reports, proxy statements or other notices to stockholders, including printing costs;

## TABLE OF CONTENTS

costs associated with individual or group stockholders;  
costs associated with compliance under the Sarbanes-Oxley Act;  
our allocable portion of any fidelity bond, directors and officers/errors and omissions liability insurance, and any other insurance premiums;  
direct costs and expenses of administration, including printing, mailing, long distance telephone, copying, secretarial and other staff, independent auditors and outside legal costs;  
proxy voting expenses; and  
all other expenses incurred by us or the Administrator in connection with administering our business.  
We expect our general and administrative expenses to be relatively stable or decline as a percentage of total assets during periods of asset growth and to increase during periods of asset declines.

GC Advisors, as collateral manager for the 2010 Issuer under the 2010 Collateral Management Agreement, is entitled to receive an annual fee in an amount equal to 0.35% of the principal balance of the portfolio loans held by the 2010 Issuer at the beginning of the collection period relating to each payment date, which is payable in arrears on each payment date. Under the 2010 Collateral Management Agreement, the term collection period refers to a quarterly period running from the day after the end of the prior collection period to the fifth business day of the calendar month in which a payment date occurs.

GC Advisors, as collateral manager for the 2014 Issuer under the 2014 Collateral Management Agreement, is entitled to receive an annual fee in an amount equal to 0.25% of the principal balance of the portfolio loans held by the 2014 Issuer at the beginning of the collection period relating to each payment date, which is payable in arrears on each payment date. Under the 2014 Collateral Management Agreement, the term collection period refers to a quarterly period running from the day after the end of the prior collection period to the tenth business day prior to the payment date.

Collateral management fees are paid directly by the Securitization Issuers to GC Advisors and offset against the management fees payable under the Investment Advisory Agreement. In addition, the Securitization Issuers paid Wells Fargo Securities, LLC structuring and placement fees for its services in connection with the initial structuring and subsequent amendments of the 2010 Debt Securitization and the initial structuring of the 2014 Debt Securitization. The Securitization Issuers also agreed to pay ongoing administrative expenses to the trustee, collateral manager, independent accountants, legal counsel, rating agencies and independent managers in connection with developing and maintaining reports, and providing required services in connection with the administration of the Debt Securitizations, as applicable.

We believe that these administrative expenses approximate the amount of ongoing fees and expenses that we would be required to pay in connection with a traditional secured credit facility. Our common stockholders indirectly bear all of these expenses.

## **Recent Developments**

On January 12, 2017, SBIC VI received approval for a license from the SBA to operate as a SBIC. This is the third SBIC license granted to us through our SBIC subsidiaries and allows SBIC VI to obtain up to \$50.0 million of leverage by issuing SBA-guaranteed debentures, subject to the issuance of a capital commitment by the SBA and customary procedures.

On February 7, 2017, our board of directors declared a quarterly distribution of \$0.32 per share payable on March 30, 2017 to holders of record as of March 7, 2017. Shares purchased in this offering will not be entitled to this

distribution.

On February 27, 2017, we and GC Advisors and certain other funds and accounts sponsored or managed by GC Advisors and its affiliates received exemptive relief from the SEC to permit greater flexibility to negotiate the terms of co-investments. See Prospectus Supplement Summary Conflicts of Interest.

S-26

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TABLE OF CONTENTS**Consolidated Results of Operations**

Consolidated operating results for the three months ended December 31, 2016 and 2015 are as follows:

	For the three months ended December 31,		Variances
	2016	2015	2016 vs. 2015
	(In thousands)		
Interest income	\$29,251	\$25,676	\$3,575
Income from accretion of discounts and origination fees	1,807	1,891	(84 )
Interest income from subordinated notes of SLF	1,639	1,626	13
Dividend income	898	1,007	(109 )
Fee income	254	300	(46 )
<b>Total investment income</b>	33,849	30,500	3,349
<b>Total expenses</b>	16,886	15,199	1,687
<b>Net investment income before excise tax</b>	16,963	15,301	1,662
Excise tax	10	302	(292 )
<b>Net investment income after excise tax</b>	16,953	14,999	1,954
Net realized gain (loss) on investments	907	4,978	(4,071 )
Net change in unrealized appreciation (depreciation) on investments, and secured borrowings	1,124	662	462
<b>Net increase in net assets resulting from operations</b>	\$18,984	\$20,639	\$(1,655 )
Average earning portfolio company investments, at fair value	\$1,606,695	\$1,438,097	\$168,598
Average debt outstanding <sup>(1)</sup>	\$881,880	\$805,789	\$76,091

(1) For the three months ended December 31, 2016 and 2015, we have excluded \$0.5 million and \$0.4 million, respectively, of secured borrowings, at fair value, which were the result of participations and partial loan sales that did not meet the definition of a participating interest, as defined in the guidance to Accounting Standards Codification, or ASC, Topic 860 *Transfers and Servicing*, or ASC Topic 860.

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

**Investment Income**

Investment income increased from the three months ended December 31, 2015 to the three months ended December 31, 2016 by \$3.3 million primarily as a result of an increase in average earning investment balance, which is the annual average balance of accruing loans in our investment portfolio, of \$168.6 million.

The annualized income yield by security type for the three months ended December 31, 2016 and 2015 was as follows:



	For the three months ended December 31,	
	2016	2015
Senior secured	6.3 %	6.2 %
One stop	7.8 %	7.7 %
Second lien	10.7 %	9.6 %
Subordinated debt	6.7 %	5.1 %
Subordinated notes in SLF <sup>(1)</sup>	8.5 %	8.2 %

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

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TABLE OF CONTENTS

Annualized income yields on one stop and senior secured loans remained relatively stable for the three months ended December 31, 2016 compared to the three months ended December 31, 2015. Due to the limited number of second lien and subordinated debt investments, quarterly income yields on second lien and subordinated debt investments can be significantly impacted by the addition, subtraction or refinancing of one investment. The increase in the annualized income yield on second lien investments was driven by a contractual rate change on one investment representing 50% of the \$19.0 million, at fair value, of second lien investments held at December 31, 2016. As of December 31, 2016, we have two second lien investments and two subordinated debt investments as shown in our consolidated financial statements beginning on page SF-2 of this prospectus supplement.

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

**Expenses**

The following table summarizes our expenses:

	For the three months ended December 31,		Variations
	2016	2015	2016 vs. 2015
	(In thousands)		
Interest and other debt financing expenses	\$ 6,757	\$ 5,482	\$ 1,275
Amortization of debt issuance costs	849	1,249	(400 )
Base management fee	5,837	5,314	523
Income Incentive Fee	1,611	407	1,204
Capital gain incentive fee accrued under GAAP	480	1,364	(884 )
Professional fees	580	731	(151 )
Administrative service fee	601	503	98
General and administrative expenses	171	149	22
<b>Total expenses</b>	<b>\$ 16,886</b>	<b>\$ 15,199</b>	<b>\$ 1,687</b>

Interest and other debt financing expenses increased by \$1.3 million from the three months ended December 31, 2015 to the three months ended December 31, 2016 primarily due to an increase in the weighted average of outstanding borrowings from \$805.8 million for the three months ended December 31, 2015 to \$881.9 million for the three months ended December 31, 2016 and an increase in the average LIBOR, which is the index that determines the interest rate on our floating rate liabilities. The increase in our debt was primarily driven by an increase in our use of debt under our SBA debentures through our SBICs, which had outstanding balances of \$283.0 million as of December 31, 2016 and \$225.0 million as of December 31, 2015, as well as under the Credit Facility, which increased to an outstanding balance of \$155.5 million as of December 31, 2016 from an outstanding balance of \$123.1 million as of December 31, 2015. The effective annualized average interest rate on our outstanding debt increased slightly to 3.4% for the three months ended December 31, 2016 from 3.3% for the three months ended December 31, 2015 primarily due to the increase in LIBOR.

The base management fee increased as a result of a sequential increase in average assets from December 31, 2015 to December 31, 2016. The administrative service fee increased from the three months ended December 31, 2015 to the three months ended December 31, 2016 due to an increase in costs associated with servicing a growing investment portfolio.

The incentive fee payable under the Investment Advisory Agreement consists of two parts: (1) the Income Incentive Fee and (2) the Capital Gain Incentive Fee. The Income Incentive Fee increased by \$1.2 million from the three months ended December 31, 2015 to the three months ended December 31, 2016 primarily as a result of the \$168.6 million increase in our average earning investment balance that resulted in an increase in our Pre-Incentive Fee Net Investment Income. For the three months ended December 31, 2016, while still not fully through the catch-up provision of the Income Incentive Fee calculation, the Income Incentive Fee as a percentage of Pre-Incentive Fee Net Investment Income increased to 8.5% compared to 2.4% for the three months ended December 31, 2015.

S-28

---

TABLE OF CONTENTS

The Capital Gain Incentive Fee payable as calculated under the Investment Advisory Agreement for each of the three months ended December 31, 2016 and 2015 was \$0. However, in accordance with GAAP, we are required to include the aggregate unrealized capital appreciation on investments in the calculation and accrue a capital gain incentive fee as if such unrealized capital appreciation were realized, even though such unrealized capital appreciation is not permitted to be considered in calculating the fee actually payable under the Investment Advisory Agreement.

The accrual for capital gain incentive fee under GAAP was \$0.5 million, or \$0.01 per share, and \$1.4 million, or \$0.03 per share, for the three months ended December 31, 2016 and 2015, respectively. The decrease in the accrual for capital gain incentive fee under GAAP for the three months ended December 31, 2016 from the three months ended December 31, 2015 was primarily the result of reduced net realized gains and unrealized appreciation of debt and equity investments that totaled \$5.6 million for the three months ended December 31, 2015 compared to \$2.0 million for the three months ended December 31, 2016.

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

The Administrator pays for certain expenses incurred by us. These expenses are subsequently reimbursed in cash. Total expenses reimbursed by us to the Administrator for the three months ended December 31, 2016 and 2015 were \$0.6 million and \$0.6 million, respectively.

As of December 31, 2016 and September 30, 2016, included in accounts payable and accrued expenses were \$0.7 million and \$0.6 million, respectively, for accrued expenses paid on behalf of us by the Administrator.

**Excise Tax Expense**

We have elected to be treated as a RIC under Subchapter M of the Code and operate in a manner so as to qualify for the tax treatment applicable to RICs. In order to be subject to tax as a RIC, we are required to meet certain source of income and asset diversification requirements, as well as timely distribute to our stockholders at least 90% of investment company taxable income, as defined by the Code, and determined without regard to any deduction for dividends paid for each tax year. We have made and intend to continue to make the requisite distributions to our stockholders that will generally relieve us from U.S. federal income taxes.

Depending on the level of taxable income earned in a tax year, we may choose to retain taxable income in excess of current year distributions into the next tax year in an amount less than what would trigger payments of federal income tax under Subchapter M of the Code. We may then be required to pay a 4% excise tax on such income. To the extent that we determine that our estimated current year annual taxable income may exceed estimated current year distributions, we accrue excise tax, if any, on estimated excess taxable income as taxable income is earned. For the three months ended December 31, 2016 and 2015, we recorded a net expense of \$10,000 and \$302,000, respectively, for U.S. federal excise tax.

S-29

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TABLE OF CONTENTS**Net Realized and Unrealized Gains and Losses**

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

	For the three months ended December 31,		Variiances
	2016	2015	2016 vs. 2015
	(In thousands)		
Net realized gain (loss) on investments	\$907	\$4,978	\$ (4,071 )
Net realized gain (loss)	907	4,978	(4,071 )
Unrealized appreciation on investments	9,236	16,839	(7,603 )
Unrealized (depreciation) on investments	(7,614)	(13,665)	6,051
Unrealized (depreciation) on investments in SLF <sup>(1)</sup>	(498 )	(2,512 )	2,014
Net change in unrealized appreciation (depreciation) on investments, investments in SLF, and secured borrowings	\$1,124	\$662	\$ 462

(1) Unrealized (depreciation) on investments in SLF includes our investment in LLC equity interests in SLF. For the three months ended December 31, 2016, we had a net realized gain of \$0.9 million primarily due to the net realized gains on the sale of portfolio company investments to SLF and the sale of two equity investments.

For the three months ended December 31, 2016, we had \$9.2 million in unrealized appreciation on 110 portfolio company investments, which was partially offset by \$7.6 million in unrealized depreciation on 144 portfolio company investments. Unrealized appreciation during the three months ended December 31, 2016 resulted from an increase in fair value primarily due to the rise in market prices of portfolio company investments. Unrealized depreciation primarily resulted from the amortization of discounts, negative credit related adjustments that caused a reduction in fair value and the reversal of the net unrealized appreciation associated with the sales of portfolio company investments during the three months ended December 31, 2016.

For the three months ended December 31, 2016, we had \$0.5 million in unrealized depreciation on our investment in SLF LLC equity interests, which was primarily driven by SLF's one non-accrual portfolio company investment.

For the three months ended December 31, 2015, we had a net realized gain of \$5.0 million primarily due to the sale of, or capital gain distributions received from, three equity investments that were partially offset by the realized loss on the write off of one non-accrual portfolio company investment.

For the three months ended December 31, 2015, we had \$16.8 million in unrealized appreciation on 102 portfolio company investments, which was offset by \$13.7 million in unrealized depreciation on 131 portfolio company investments. Unrealized appreciation during the three months ended December 31, 2015 resulted from an increase in fair value primarily due to the rise in market prices of portfolio company investments and a reversal of prior period unrealized depreciation associated with the portfolio company investment write-off. Unrealized depreciation primarily resulted from the amortization of discounts, negative credit related adjustments that caused a reduction in fair value and the reversal of the net unrealized appreciation associated with the sales of portfolio company investments during the three months ended December 31, 2015.

For the three months ended December 31, 2015, we had \$2.5 million in unrealized depreciation on our investment in

SLF LLC equity interests. The unrealized depreciation on the SLF LLC equity interests was driven by negative credit-related adjustments associated with SLF's investment portfolio. For the three months ended December 31, 2015, we had no unrealized appreciation or depreciation on our investment in SLF subordinated notes.

S-30

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TABLE OF CONTENTS

## **Liquidity and Capital Resources**

For the three months ended December 31, 2016, we experienced a net decrease in cash and cash equivalents of \$5.2 million. During the period, cash used in operating activities was \$13.9 million, primarily as a result of fundings of portfolio investments of \$122.7 million, partially offset by the proceeds from principal payments and sales of portfolio investments of \$93.9 million. During the same period, cash provided by investment activities of \$12.6 million was primarily driven by the decrease in restricted cash and cash equivalents. Lastly, cash used in financing activities was \$3.9 million, primarily driven by repayments of debt of \$111.5 million and distributions paid of \$28.2 million that were partially offset by borrowings on debt of \$136.3 million.

For the three months ended December 31, 2015, we experienced a net increase in cash and cash equivalents of \$1.4 million. During the period, cash provided by operating activities was \$23.0 million, primarily as a result of proceeds from principal payments and sales of portfolio investments of \$171.4 million, partially offset by the funding of investments of \$162.8 million and net investment income of \$15.0 million. During the same period, cash used in investment activities of \$2.2 million was driven by the increase in restricted cash and cash equivalents. Lastly, cash used in financing activities was \$19.4 million, primarily driven by repayments of debt of \$60.8 million and distributions paid of \$15.1 million that were partially offset by borrowings on debt of \$56.6 million.

As of December 31, 2016 and September 30, 2016, we had cash and cash equivalents of \$5.7 million and \$10.9 million, respectively. In addition, we had restricted cash and cash equivalents of \$66.0 million and \$78.6 million as of December 31, 2016 and September 30, 2016, respectively. Cash and cash equivalents are available to fund new investments, pay operating expenses and pay distributions. As of December 31, 2016, \$51.9 million of our restricted cash and cash equivalents could be used to fund new investments that meet the investment guidelines established in the Debt Securitizations, which are described in further detail in Note 7 to our consolidated financial statements, and for the payment of interest expense on the notes issued in the Debt Securitizations. \$5.3 million of such restricted cash and cash equivalents could be used to fund investments that meet the guidelines under the Credit Facility as well as for the payment of interest expense and revolving debt of the Credit Facility. As of December 31, 2016, \$8.8 million of restricted cash and cash equivalents could be used to fund new investments that meet the regulatory and investment guidelines established by the SBA for our SBICs, which are described in further detail in Note 7 to our consolidated financial statements, and for interest expense and fees on our outstanding SBA debentures.

As of December 31, 2016, the Credit Facility allowed Funding to borrow up to \$200.0 million at any one time outstanding, subject to leverage and borrowing base restrictions. As of December 31, 2016 and September 30, 2016, we had \$155.5 million and \$126.7 million outstanding under the Credit Facility, respectively. As of December 31, 2016 and September 30, 2016, subject to leverage and borrowing base restrictions, we had approximately \$44.5 million and \$73.3 million, respectively, of remaining commitments and \$10.5 million and \$30.8 million, respectively, of availability on the Credit Facility.

On June 22, 2016, we entered into the Adviser Revolver with GC Advisors, which permitted us to borrow up to \$20.0 million at any one time outstanding. We entered into the Adviser Revolver in order to have the ability to borrow funds on a short-term basis and have in the past, and generally intend in the future, that borrowings under the Adviser Revolver will be repaid within the same quarter in which they are drawn. As of December 31, 2016 and September 30, 2016, we had no amounts outstanding on the Adviser Revolver.

On October 21, 2015, we terminated the \$15.0 million revolving line of credit, or the Revolver, entered into by Golub Capital BDC Revolver Funding LLC, or Revolver Funding, our wholly-owned subsidiary, with PrivateBank and Trust Company. There were no borrowings outstanding on the Revolver at the time of termination and Revolver Funding

was released of all obligations under the Revolver and all liens on the assets held by Revolver Funding collateralizing the Revolver were released.

On July 16, 2010, we completed the 2010 Debt Securitization, which was subsequently increased to \$350.0 million.

On October 20, 2016, we further amended the 2010 Debt Securitization to, among other things, (a) refinance the issued Class A 2010 Notes by redeeming in full the \$203.0 million Class A 2010 Notes and issuing new Class A-Refi 2010 Notes in an aggregate principal amount of \$205.0 million that bear interest at a rate of three-month LIBOR plus 1.90%, (b) refinance the Class B Notes by redeeming in full the

S-31

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TABLE OF CONTENTS

\$12.0 million Class B 2010 Notes and issuing new Class B-Refi 2010 Notes in an aggregate principal amount of \$10.0 million that bear interest at a rate of three-month LIBOR plus 2.40%, and (c) extend the reinvestment period applicable to the 2010 Issuer to July 20, 2018. Following the refinancing, Golub Capital BDC 2010-1 Holdings LLC, or Holdings, retained the Class B-Refi 2010 Notes.

As of December 31, 2016, the 2010 Notes consisted of \$205.0 million of Class A-Refi 2010 Notes, which bear interest at a rate of three-month LIBOR plus 1.90%, \$10.0 million of Class B-Refi 2010 Notes, which bear interest at a rate of three-month LIBOR plus 2.40%, and \$135.0 million face amount of Subordinated 2010 Notes that do not bear interest. The Class A-Refi 2010 Notes are included in the December 31, 2016 consolidated statement of financial condition as debt of the Company and the Class B-Refi 2010 Notes and Subordinated 2010 Notes were eliminated in consolidation. As of September 30, 2016, the 2010 Notes consisted of \$203.0 million of Class A 2010 Notes, which bore interest at a rate of three-month LIBOR plus 1.74%, \$12.0 million of Class B 2010 Notes, which bore interest at a rate of three-month LIBOR plus 2.40%, and \$135.0 million face amount of Subordinated 2010 Notes that do not bear interest. The Class A and Class B 2010 Notes are included in the September 30, 2016 consolidated statement of financial condition as debt of the Company and the Subordinated 2010 Notes were eliminated in consolidation. As of December 31, 2016 and September 30, 2016, we had outstanding debt under the 2010 Debt Securitization of \$205.0 million and \$215.0 million, respectively.

On June 5, 2014, we completed the 2014 Debt Securitization in which the 2014 Issuer issued an aggregate of \$402.6 million of 2014 Notes, including \$191.0 million of Class A-1 2014 Notes, which bear interest at a rate of three-month LIBOR plus 1.75%, \$20.0 million of Class A-2 2014 Notes, which bear interest at a rate of three-month LIBOR plus 1.95%, \$35.0 million of Class B 2014 Notes, which bear interest at a rate of three-month LIBOR plus 2.50%, \$37.5 million of Class C 2014 Notes, which bear interest at a rate of three-month LIBOR plus 3.50%, and \$119.1 million of LLC equity interests in the 2014 Issuer that do not bear interest. We retained all of the Class C 2014 Notes and LLC equity interests in the 2014 Issuer totaling \$37.5 million and \$119.1 million, respectively. The Class A-1, Class A-2 and Class B 2014 Notes are included in the December 31, 2016 and September 30, 2016 consolidated statements of financial condition as our debt and the Class C 2014 Notes and LLC equity interests in the 2014 Issuer were eliminated in consolidation. As of December 31, 2016 and September 30, 2016, we had outstanding debt under the 2014 Debt Securitization of \$246.0 million.

Under present SBIC regulations, the maximum amount of SBA-guaranteed debentures that may be issued by multiple licensees under common management is \$350.0 million. The maximum amount that a single SBIC licensee may issue is \$150.0 million. As of December 31, 2016, SBIC IV and SBIC V had \$150.0 million and \$133.0 million of outstanding SBA-guaranteed debentures, respectively, that mature between March 2021 and September 2026, leaving incremental borrowing capacity of \$17.0 million for SBIC V under present SBIC regulations. As of September 30, 2016, SBIC IV and SBIC V had \$150.0 million and \$127.0 million of outstanding SBA-guaranteed debentures, respectively, that mature between March 2021 and September 2026.

In accordance with the 1940 Act, with certain limited exceptions, we are only allowed to borrow amounts such that our asset coverage, as defined in the 1940 Act, is at least 200% after such borrowing. On September 13, 2011, we received exemptive relief from the SEC allowing us to modify the asset coverage requirement to exclude the SBA debentures from this calculation. As such, our ratio of total consolidated assets to outstanding indebtedness may be less than 200%. This provides us with increased investment flexibility but also increases our risks related to leverage. As of December 31, 2016, our asset coverage for borrowed amounts was 242.6% (excluding the SBA debentures).

As of December 31, 2016 and September 30, 2016, we had outstanding commitments to fund investments, excluding our investments in SLF, totaling \$73.3 million and \$81.4 million, respectively. These amounts may or may not be funded to the borrowing party now or in the future. The unfunded commitments relate to loans with various maturity

dates, but the entire amount was eligible for funding to the borrowers, subject to the terms of each loan's respective credit agreement. As of December 31, 2016, we believe that we had sufficient assets and liquidity to adequately cover future obligations under our unfunded commitments based on historical rates of drawings upon unfunded commitments, cash and restricted cash balances that we maintain, availability under our Credit Facility and Adviser Revolver and ongoing principal repayments on

S-32

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TABLE OF CONTENTS

debt investments. In addition, we generally hold some syndicated loans in larger portfolio companies that are salable over a relatively short period to generate cash.

Although we expect to fund the growth of our investment portfolio through the net proceeds from future securities offerings and through our dividend reinvestment plan as well as future borrowings, to the extent permitted by the 1940 Act, we cannot assure you that our efforts to raise capital will be successful. In addition to capital not being available, it also may not be available on favorable terms. To the extent we are not able to raise capital on what we believe are favorable terms, we will focus on optimizing returns by investing capital generated from repayments into new investments we believe are attractive from a risk/reward perspective. Furthermore, to the extent we are not able to raise capital and are at or near our targeted leverage ratios, we may receive smaller allocations, if any, on new investment opportunities under GC Advisors' allocation policy and have, in the past, received such smaller allocations under similar circumstances.

**Portfolio Composition, Investment Activity and Yield**

As of December 31, 2016 and September 30, 2016, we had investments in 182 and 183 portfolio companies, respectively, with a total fair value of \$1,587.5 million and \$1,556.4 million, respectively, and had investments in SLF with a total fair value of \$108.8 million and \$104.2 million, respectively.

The following table shows the asset mix of our new investment commitments for the three months ended December 31, 2016 and 2015:

	For the three months ended December 31,					
	2016			2015		
	(In thousands)	Percentage of Commitments		(In thousands)	Percentage of Commitments	
Senior secured	\$ 27,486	22.4 %		\$ 35,136	21.2 %	
One stop	85,668	69.8		113,464	68.6	
Subordinated debt	12	0.0	*			
Subordinated notes of SLF <sup>(1)</sup>	5,457	4.4		6,168	3.7	
LLC equity interests of SLF <sup>(1)</sup>	3,661	3.0		9,337	5.7	
Equity securities	437	0.4		1,340	0.8	
Total new investment commitments	\$ 122,721	100.0 %		\$ 165,445	100.0 %	

\* Represents an amount less than 0.1%.

(1) SLF's proceeds from the subordinated notes and LLC equity interests were utilized by SLF to invest in senior secured loans. As of December 31, 2016, SLF had investments in senior secured loans to 61 different borrowers.

For the three months ended December 31, 2016 and 2015, we had approximately \$56.8 million and \$90.8 million, respectively, in proceeds from principal payments and return of capital distributions of portfolio companies, excluding \$78.7 million of proceeds from the repayment in full and termination of our investment in subordinated notes of SLF. For the three months ended December 31, 2016 and 2015, we had sales of securities in 11 and 12 portfolio companies, respectively, aggregating approximately \$37.1 million and \$80.4 million, respectively, in net proceeds.

TABLE OF CONTENTS

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

	As of December 31, 2016 <sup>(1)</sup>			As of September 30, 2016 <sup>(1)</sup>		
	Par	Amortized Cost	Fair Value	Par	Amortized Cost	Fair Value
(In thousands)						
Senior secured:						
Performing	\$170,901	\$168,872	\$169,886	\$163,380	\$161,536	\$162,693
Non-accrual <sup>(2)</sup>	1,438	1,433	(69) <sup>(3)</sup>	1,438	1,433	156
One stop:						
Performing	1,349,117	1,330,533	1,335,899	1,317,595	1,299,211	1,303,297
Non-accrual <sup>(2)</sup>	3,899	3,845	1,170	3,899	3,845	1,170
Second lien:						
Performing	18,981	18,719	18,981	27,909	27,579	27,909
Non-accrual <sup>(2)</sup>						
Subordinated debt:						
Performing	1,763	1,763	1,411	1,750	1,750	1,427
Non-accrual <sup>(2)</sup>						
Subordinated notes of SLF <sup>(4)(5)</sup>						
Performing				77,301	77,301	77,301
Non-accrual <sup>(2)</sup>						
LLC equity interests of SLF <sup>(4)(5)</sup>	N/A	113,689	108,779	N/A	31,339	26,927
Equity	N/A	45,885	60,245	N/A	46,179	59,732
<b>Total</b>	<b>\$1,546,099</b>	<b>\$1,684,739</b>	<b>\$1,696,302</b>	<b>\$1,593,272</b>	<b>\$1,650,173</b>	<b>\$1,660,612</b>

(1) 16 and 14 of our loans included a feature permitting a portion of the interest due on such loan to be PIK interest as of December 31, 2016 and September 30, 2016, respectively.

(2) We refer to a loan as non-accrual when we cease recognizing interest income on the loan because we have stopped pursuing repayment of the loan or, in certain circumstances, it is past due 90 days or more on principal and interest or our management has reasonable doubt that principal or interest will be collected. See Critical Accounting Policies Revenue Recognition.

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

(4) On December 30, 2016, SLF issued a capital call in an aggregate amount of \$89.9 million the proceeds of which were used to redeem in full the outstanding balance on the subordinated notes previously issued by SLF and terminate all remaining subordinated note commitments.

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

As of December 31, 2016 and September 30, 2016, the fair value of our debt investments as a percentage of the outstanding par value was 98.8% and 98.8%, respectively.

TABLE OF CONTENTS

The following table shows the weighted average rate, spread over LIBOR of floating rate and fees of investments originated and the weighted average rate of sales and payoffs of portfolio companies during the three months ended December 31, 2016 and 2015:

	For the three months ended	
	December 31,	
	2016	2015
Weighted average rate of new investment fundings <sup>(1)</sup>	6.9%	6.7 %
Weighted average spread over LIBOR of new floating rate investment fundings <sup>(1)</sup>	5.9%	5.7 %
Weighted average fees of new investment fundings	1.6%	1.5 %
Weighted average rate of sales and payoffs of portfolio investments <sup>(1)(2)</sup>	6.9%	7.3 %
Weighted average annualized income yield <sup>(4)</sup>	7.7%	7.6 %

(1) Excludes subordinated note investments in SLF.

(2) Excludes exits on investments on non-accrual status.

(3) Represents income from interest, including subordinated note investment in SLF, and fees excluding amortization of capitalized fees and discounts divided by the average fair value of earning debt investments.

As of December 31, 2016, 99.5% and 99.5% of our debt portfolio at fair value and at amortized cost, respectively, had interest rate floors that limit the minimum applicable interest rates on such loans. As of September 30, 2016, 93.3% and 93.6% of our debt portfolio, including our investment in SLF subordinated notes which were not subject to an interest rate floor, at fair value and at amortized cost, respectively, had interest rate floors that limit the minimum applicable interest rates on such loans.

As of December 31, 2016, the portfolio median EBITDA for our portfolio companies (excluding SLF) was \$26.1 million. The portfolio median EBITDA is based on the most recently reported trailing twelve-month EBITDA received from the portfolio company.

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

Internal Performance Ratings

Rating	Definition
5	Involves the least amount of risk in our portfolio. The borrower is performing above expectations, and the trends and risk factors are generally favorable.
4	Involves an acceptable level of risk that is similar to the risk at the time of origination. The borrower is generally performing as expected, and the risk factors are neutral to favorable.
3	Involves a borrower performing below expectations and indicates that the loan's risk has increased somewhat since origination. The borrower may be out of compliance with debt covenants; however, loan payments are generally not past due.
2	Involves a borrower performing materially below expectations and indicates that the loan's risk has increased materially since origination. In addition to the borrower being

- generally out of compliance with debt covenants, loan payments may be past due (but generally not more than 180 days past due).  
Involves a borrower performing substantially below expectations and indicates that the loan's risk has substantially increased since origination. Most or all of the debt covenants are out of compliance and payments are substantially delinquent. Loans rated 1 are not anticipated to be repaid in full and we will reduce the fair market value of the loan to the amount we anticipate will be recovered.
- 1**

S-35

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TABLE OF CONTENTS

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

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

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

The following table shows the distribution of our investments on the 1 to 5 internal performance rating scale at fair value as of December 31, 2016 and September 30, 2016:

Internal Performance Rating	December 31, 2016		September 30, 2016	
	Investments at Fair Value (In thousands)	Percentage of Total Investments	Investments at Fair Value (In thousands)	Percentage of Total Investments
5	\$ 75,633	4.5 %	\$ 93,768	5.7 %
4	1,406,965	82.9	1,380,274	83.1
3	196,001	11.6	176,464	10.6
2	17,772	1.0	9,950	0.6
1	(69 ) <sup>(1)</sup>	0.0 *	156	0.0 *
Total	\$ 1,696,302	100.0 %	\$ 1,660,612	100.0 %

\*

Represents an amount less than 0.1%.

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

## Senior Loan Fund LLC

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

As of December 31, 2016, SLF is capitalized from LLC equity interest subscriptions from its members. On December 14, 2016, the SLF investment committee approved the recapitalization of the commitments of SLF's members. On December 30, 2016, SLF's members entered into additional LLC equity interest subscriptions totaling \$160.0 million, SLF issued capital calls totaling \$89.9 million to us and RGA and the subordinated notes previously issued by SLF were redeemed and terminated. As of December 31, 2016 and September 30, 2016, we and RGA owned 87.5% and 12.5%, respectively, of the LLC equity interests. SLF's profits and losses are allocated to us and RGA in accordance with our respective ownership interests. As of September 30, 2016, we and RGA owned 87.5% and 12.5%, respectively, of the outstanding subordinated notes issued by SLF.

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As of December 31, 2016 and September 30, 2016, SLF had the following commitments from its members:

	As of December 31, 2016		As of September 30, 2016	
	Committed	Funded <sup>(1)(2)</sup>	Committed	Funded <sup>(1)(2)</sup>
	<i>(Dollars in thousands)</i>			
Subordinated note commitments <sup>(3)</sup>	\$	\$	\$ 160,000	\$ 88,344
LLC equity commitments <sup>(3)</sup>	200,000	129,930	40,000	35,816
<b>Total</b>	<b>\$ 200,000</b>	<b>\$ 129,930</b>	<b>\$ 200,000</b>	<b>\$ 124,160</b>

(1) Funded subordinated note commitments as of September 30, 2016 are presented net of repayments subject to recall. The subordinated note commitments were terminated as of December 30, 2016.

(2) Funded LLC equity commitments are presented net of return of capital distributions subject to recall.

(3) Commitments presented are combined for us and RGA.

S-36

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TABLE OF CONTENTS

As of December 31, 2016, the SLF Credit Facility, which SLF entered into through its wholly-owned subsidiary, SLF II, allows SLF II to borrow up to \$300.0 million subject to leverage and borrowing base restrictions. The reinvestment period of the SLF Credit Facility ends May 12, 2017, and the stated maturity date is May 13, 2020. As of December 31, 2016 and September 30, 2016, SLF II had outstanding debt under the SLF Credit Facility of \$220.6 million and \$214.1 million, respectively.

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

As of December 31, 2016 and September 30, 2016, SLF had total assets at fair value of \$345.0 million and \$332.8 million, respectively. As of both December 31, 2016 and September 30, 2016, SLF had one portfolio company investment on non-accrual status and the total fair value of non-accrual loans was \$5.7 million and \$6.7 million, respectively. The portfolio companies in SLF are in industries and geographies similar to those in which we may invest directly. Additionally, as of December 31, 2016 and September 30, 2016, SLF had commitments to fund various undrawn revolving credit and delayed draw loans to its portfolio companies totaling \$23.5 million and \$24.1 million, respectively.

Below is a summary of SLF's portfolio, followed by a listing of the individual loans in SLF's portfolio as of December 31, 2016 and September 30, 2016:

	As of December 31, 2016	As of September 30, 2016
	<i>(Dollars in thousands)</i>	
Senior secured loans <sup>(1)</sup>	\$ 342,140	\$ 331,473
Weighted average current interest rate on senior secured loans <sup>(2)</sup>	6.1 %	6.0 %
Number of borrowers in SLF	61	62
Largest portfolio company investment <sup>(1)</sup>	\$ 13,925	\$ 13,050
Total of five largest portfolio company investments <sup>(1)</sup>	\$ 62,008	\$ 61,118

(1) At principal/par amount.

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

S-37

TABLE OF CONTENTS

**SLF Loan Portfolio as of December 31, 2016**