

Golub Capital BDC LLC  
Form N-2/A  
April 14, 2010

As filed with the Securities and Exchange Commission on April 14, 2010

**Securities Act File No. 333-163279**

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

**FORM N-2**

☒ **REGISTRATION STATEMENT UNDER THE SECURITIES  
ACT OF 1933**

☒ **Pre-effective Amendment No. 6**  
☐ **Post-effective Amendment No.**

**GOLUB CAPITAL BDC, INC.**

(Exact Name of Registrant as Specified in Charter)

**150 South Wacker Drive, Suite 800  
Chicago, Illinois 60606**

(Address of Principal Executive Offices)

**(312) 205-5050**

(Registrant's Telephone Number, Including Area Code)

**David B. Golub  
Golub Capital BDC LLC  
150 South Wacker Drive, Suite 800  
Chicago, Illinois 60606**

(Name and Address of Agent for Service)

*Copies to:*

Thomas J. Friedmann  
David J. Harris  
Dechert LLP  
1775 I Street, N.W.  
Washington, D.C. 20006  
(202) 261-3300

**Jay L. Bernstein  
Andrew S. Epstein  
Clifford Chance US LLP  
31 West 52<sup>nd</sup> Street  
New York, NY 10019  
(212) 878-8000**

**Approximate date of proposed public offering:** As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this form are offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box. ☐

It is proposed that this filing will become effective (check appropriate box):

☐ when declared effective pursuant to section 8(c).

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**



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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS

SUBJECT TO COMPLETION APRIL 14, 2010

**8,100,000 Shares**

**GOLUB CAPITAL BDC, INC.**

**Common Stock**

We are an externally managed, closed-end, non-diversified management investment company that has filed an election to be treated as a business development company under the Investment Company Act of 1940. We were formed to continue and expand the business of Golub Capital Master Funding LLC, which commenced operations in July 2007 and is our direct, wholly owned subsidiary. Our investment objective is to provide our stockholders with current income and capital appreciation through debt and minority equity investments in middle-market companies.

GC Advisors LLC will serve as our investment adviser. GC Service Company, LLC will serve as our administrator. GC Advisors LLC and GC Service Company, LLC are affiliated with Golub Capital, a leading lender to middle-market companies that had over \$4 billion of capital as of December 31, 2009.

This is an initial public offering of our shares of common stock. All of the 8,100,000 shares of common stock offered by this prospectus are being sold by us. After giving pro forma effect to our conversion to a Delaware corporation, the net asset value of our common stock on December 31, 2009 (the last date prior to the date of this prospectus on which we determined net asset value) was \$15.00 per share.

**Our shares of common stock have no history of public trading.** We currently expect that the initial public offering price per share of our common stock will be between \$15.00 per share and \$16.00 per share after giving effect to the BDC Conversion described in this prospectus. Our common stock has been approved for quotation on The Nasdaq Global Select Market under the symbol GBDC subject to official notice of issuance. Assuming an initial public offering price of \$15.50 per share (the midpoint of the estimated initial public offering price range), purchasers in this offering will experience immediate dilution of approximately \$0.83 per share. See Dilution for more information. **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.**

Concurrently with the closing of this offering, we will sell to certain existing investors in entities advised by affiliates of Golub Capital and to certain of our officers and directors, their immediate family members or entities owned by, or family trusts for the benefit of, such persons in a separate private placement 1,322,581 shares of our common stock at the initial public offering price per share. No underwriting discounts or commissions will be paid in respect of these shares.

**Investing in our common stock involves a high degree of risk. Before buying any shares, 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 20 of this prospectus.**

This prospectus contains important information you should know before investing in our common stock. Please read it before you invest and keep it for future reference. Upon completion of this offering, we will file annual, quarterly and current reports, proxy statements and other information about us with the Securities and Exchange Commission, or the SEC. This information will be available free of charge by contacting us at 150 South Wacker Drive, Suite 800, Chicago, Illinois 60606, Attention: Investor Relations, or by calling us collect at (312) 205-5050. The SEC also maintains a website at <http://www.sec.gov> that contains such information.

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

	Per Share	Total
Public offering price	\$	\$
Sales load (underwriting discounts and commissions)	\$	\$
Proceeds to us, before expenses <sup>(1)</sup>	\$	\$

We estimate that we will incur offering expenses of approximately \$2,000,000, or approximately \$0.25 per share, in connection with this offering. All of these offering expenses will be borne indirectly by investors in this offering and will immediately reduce the net asset value of each investor's shares. We estimate that the net proceeds to us after expenses will be \$ , or \$ per share.

In addition, the underwriters may purchase up to an additional 1,215,000 shares of our common stock at the public offering price, less the sales load payable by us, to cover over-allotments, if any, within 30 days from the date of this prospectus. If the underwriters exercise this option in full, the total sales load will be \$ , and total proceeds, before expenses, will be \$ .

The underwriters are offering the common stock as set forth in Underwriting. Delivery of the shares will be made on or about , 2010.

Wells Fargo Securities

UBS Investment Bank

Stifel Nicolaus

**BMO Capital Markets**

**RBC Capital Markets**

**Janney Montgomery Scott**

The date of this prospectus is , 2010

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You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. 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.

Through and including \_\_\_\_\_, 2010 (25 days after the date of the prospectus), U.S. federal securities laws may require all dealers that effect transactions in our common stock, whether or not participating in this offering, to deliver a prospectus. This is in addition to the dealers' obligations to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

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## PROSPECTUS SUMMARY

*This summary highlights some of the information in this 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 and the other information included in this prospectus carefully.*

*Except as otherwise indicated, the terms:*

*we, us, our and Golub Capital BDC refer to Golub Capital BDC LLC, a Delaware limited liability company, and its consolidated subsidiaries for the periods prior to consummation of the BDC Conversion, and refer to Golub Capital BDC, Inc., a Delaware corporation, and its consolidated subsidiaries for the periods after the consummation of the BDC Conversion;*

*GCMF refers to Golub Capital Master Funding LLC, a Delaware limited liability company and our wholly owned subsidiary and predecessor;*

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

*GC Service refers to GC Service Company, LLC, an affiliate of GC Advisors and our administrator;*

*Golub Capital refers, collectively, to the activities and operations of Golub Capital Incorporated and Golub Capital Management LLC, which entities employ all of Golub Capital's investment professionals, as well as GC Advisors, GC Service, associated investment funds and their respective affiliates;*

*management refers, collectively, to our directors and officers and to the officers of GC Advisors and GC Service; and Capital Companies means Golub Capital Company IV, LLC, Golub Capital Company V LLC and Golub Capital Company VI LLC, each of which is an affiliate of GC Advisors.*

*On April 13, 2010, we converted from a limited liability company into a corporation. In this conversion, Golub Capital BDC, Inc. succeeded to the business of Golub Capital BDC LLC and its consolidated subsidiaries, and the members of Golub Capital BDC LLC became stockholders of Golub Capital BDC, Inc. In this prospectus, we refer to such transactions as the BDC Conversion. Unless otherwise indicated, the disclosure in this prospectus gives effect to the BDC Conversion.*

## Golub Capital BDC

We are an externally managed, closed-end, non-diversified management investment company that filed an election to be regulated as a business development company under the Investment Company Act of 1940, as amended, or the 1940 Act. We were recently formed to continue and expand the business of our predecessor, GCMF, which commenced operations in July 2007, in making investments in senior secured, unitranche, mezzanine and second lien loans of middle-market companies that are, in most cases, sponsored by private equity investors. We have no experience operating as a business development company. In this prospectus, the term middle-market generally refers to companies having earnings before interest, taxes, depreciation and amortization, or EBITDA, of between \$5 million and \$40 million annually; mezzanine loan refers to 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; and unitranche refers to a loan that combines characteristics of traditional first-lien senior secured loans and second-lien or subordinated loans.

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



Capital and (5) drawing upon the aggregate experience and resources of Golub Capital, a leading lender to middle-market companies with over \$4 billion of capital as of December 31, 2009.

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As of December 31, 2009, our portfolio primarily consisted of investments in senior secured loans (\$219.4 million) and, to a lesser extent, unitranche loans (\$93.7 million) and second-lien loans (\$13.2 million), to middle-market companies organized and located primarily in the United States. While on the date of this prospectus our portfolio comprised primarily senior secured loans, going forward we intend to pursue a strategy focused on investing in unitranche, mezzanine and second lien loans and warrants and minority equity securities in U.S. middle-market companies. Accordingly, over time we expect that senior secured loans will represent a smaller percentage of our investment portfolio as these investments are repaid and we shift to a different mix of assets. We expect that our investments in loans will initially range between \$10 million and \$25 million each. In many cases, we anticipate that we will have opportunities to make equity co-investments or receive warrants to purchase equity securities of portfolio companies. We may also selectively invest more than \$25 million in the securities of some portfolio companies, and we expect that the size of our individual investments will vary proportionally with the size of our capital base.

As discussed in the **Market Opportunity** section below, we believe unitranche, mezzanine and second lien loans represent particularly attractive investments when compared to similar loans originated in the 2006-2008 period due to what we expect to be more attractive pricing and more conservative borrowing terms and deal structures.

## **Our Adviser**

Our investment activities are managed by our investment adviser, GC Advisors. GC Advisors is responsible for sourcing potential investments, conducting research and 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. GC Advisors has no experience advising or administering a business development company. Under our investment advisory agreement with GC Advisors, or the Investment Advisory Agreement, we will pay GC Advisors a base management fee and an incentive fee for its services. See **The Offering Investment Advisory Agreement** for a discussion of the base management fee and incentive fee payable by us to GC Advisors. Unlike most closed-end funds whose fees are based on net assets, our base management fee is based on our gross assets and, therefore, GC Advisors will benefit when we incur debt or use leverage. Additionally, under the incentive fee structure, GC Advisors may benefit 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 or incurrence of leverage, our independent directors will 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 will consider whether our fees and expenses (including those related to leverage) remain appropriate. See **Management Agreements Board Approval of the Investment Advisory Agreement**.

GC Advisors is an affiliate of Golub Capital and has entered into a staffing agreement, or the Staffing Agreement, with two Golub Capital affiliates, Golub Capital Incorporated and Golub Capital Management LLC. Under the Staffing Agreement, these companies will make experienced investment professionals available to GC Advisors and provide access to the senior investment personnel of Golub Capital and its affiliates. The Staffing Agreement provides GC Advisors with access to investment opportunities, which we refer to in the aggregate as deal flow, generated by Golub Capital and its affiliates in the ordinary course of their businesses and commits the members of GC Advisors investment committee to serve in that capacity. As our investment adviser, GC Advisors is obligated to allocate investment opportunities among us and its other clients fairly and equitably over time in accordance with its allocation policy; 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 intends to capitalize on the significant deal origination, credit underwriting, due

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

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An affiliate of GC Advisors, GC Service, will provide the administrative services necessary for us to operate. See The Offering Administration Agreement for a discussion of the fees and expenses we are required to reimburse to GC Service.

## About Golub Capital

Golub Capital, founded in 1994, is a leading lender to middle-market companies, with a long track record of investing in unitranche and junior capital financings, which is our long-term investment focus. Golub Capital invested more than \$1.8 billion in unitranche and mezzanine transactions across a variety of market environments and industries between 2001 and 2009. From 2004 through 2009, Golub Capital invested in more than 240 middle-market companies and, as of December 31, 2009, it held debt investments in more than 170 middle-market companies.

Golub Capital's middle-market lending group is managed by a four member senior management team consisting of Lawrence E. Golub, David B. Golub, Gregory W. Cashman and Andrew H. Steuerman. As of December 31, 2009, Golub Capital's 47 investment professionals had an average of over 12 years of investment experience and were supported by 49 administrative and back office personnel that focus on operations, finance, legal and compliance, accounting and reporting, marketing, information technology and office management.

## Market Opportunity

We intend to pursue a strategy focused on investing in unitranche, mezzanine and second lien loans and warrants and minority equity securities in U.S. middle-market companies.

*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 middle-market companies in the United States (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.

*Robust Demand for Debt Capital.* Private equity firms raised record amounts of equity commitments in 2006-2008, far in excess of the amount of equity they subsequently invested from this capital raised. As of December 31, 2009, there was approximately \$740 billion of private equity capital available and uninvested in the United States. We expect the large amount of unfunded buyout commitments will drive demand for leveraged buyouts over the next several years, which should, in turn, create leveraged lending opportunities for us.

*Significant Refinancing Requirements.* The debt associated with a large number of middle-market leveraged mergers and acquisitions completed from 2005 to 2008 should start to come due in the 2010-2013 time period. In many cases, this debt will need to be refinanced as the existing debt facilities mature. When combined with the decreased availability of debt financing for middle-market companies generally, these factors should increase lending opportunities for us.

*Attractive Pricing.* Reduced access to, and availability of, debt capital typically increases the interest rates, or pricing, of loans for middle-market lenders. A recent survey of middle-market lenders conducted by Reuters Loan Pricing Corporation indicated interest rates charged on mezzanine credit facilities were at or above 15% per annum in many instances in 2009, versus typical rates of 11% to 13% in 2007. Recent mezzanine deals typically have included meaningful upfront fees, prepayment protections and, in some cases, warrants to purchase common stock, all of which

should enhance the profitability to lenders of making new loans.

*Conservative Deal Structures.* As a result of the credit crisis, many lenders are requiring less senior and total leverage, more equity and more comprehensive loan covenants than was customary in the years leading up to the credit crisis. Lower debt multiples on purchase prices suggest that the cash flow of borrowing companies should enable them to service their debt more easily, creating a greater buffer against a downturn. According to industry sources, average total debt multiples of middle-market leveraged buy-out loans are at their lowest levels in the 13 years such data have been tracked.

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*Increased Equity Cushions.* As senior and total leverage has decreased, equity contributions to buyouts of middle-market companies have increased. Based on our review of a number of middle-market debt transactions completed in 2009, the equity component of the purchase price of buyouts of middle-market companies increased substantially in 2009. Lower senior and total leverage should reduce risk to providers of debt financing.

## **Competitive Strengths**

*Deep, Experienced Management Team.* We are managed by GC Advisors, which will have access through a staffing agreement with Golub Capital to the resources and expertise of Golub Capital's 96 employees, led by our chairman, Lawrence E. Golub, and our chief executive officer, David B. Golub. Concurrently with the closing of this offering, certain existing investors in entities advised by affiliates of Golub Capital and certain of our officers and directors, their immediate family members or entities owned by, or family trusts for the benefit of, such persons will purchase in a separate private placement an aggregate of 1,322,581 shares of common stock at the initial public offering price per share. We refer to this private placement as the Concurrent Private Placement. As of December 31, 2009, the 47 investment professionals of Golub Capital had an average of over 12 years of investment experience and were supported by 49 administrative and back office personnel that focus on operations, finance, legal and compliance, accounting and reporting, marketing, information technology and office management. Golub Capital seeks to hire and retain high-quality investment professionals and reward those personnel based on investor returns. In 2008, Golub Capital's expertise and leading position in the market was evidenced by its receipt of three major middle-market lender awards from leading industry publications and organizations, including: *M&A Advisor's* Financing Firm of the Year and *ACG Mergers & Acquisitions* M&A Lender of the Year. In addition, *Buyouts Magazine* again named Golub Capital Middle-Market Lender of the Year and *M&A Advisor* named Golub Capital the Mezzanine Financing Agent of the Year in 2009. These awards do not constitute an endorsement by any such publication or organization of the securities being offered by this prospectus.

*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. Reuters Loan Pricing Corporation ranked Golub Capital as the leading senior lender for middle-market leveraged buyouts (total debt financing of under \$100 million) for 2009, based both on deal volume and number of deals. Since its inception, Golub Capital has completed at least one debt financing with over 110 sponsors and multiple debt financings with over 40 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 intends to utilize the established investment process of Golub Capital for reviewing lending opportunities, structuring transactions and monitoring investments. Using its disciplined approach to lending, GC Advisors will seek 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, should enable us to identify problems early and to assist borrowers before they face difficult liquidity constraints.

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

Middle-market companies are generally less leveraged than large companies and, we believe, offer more attractive investment returns in the form of upfront fees, prepayment penalties and higher interest rates;

Middle-market issuers are more likely to have simple capital structures;  
Carefully structured covenant packages enable middle-market lenders to take early action to remediate poor financial performance; and

Middle-market lenders can undertake thorough due diligence investigations prior to investment.

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## **Recent Developments**

*Our Formation.* Golub Capital BDC LLC was formed in November 2009 to continue and expand the business of our predecessor, GCMF, which commenced operations in July 2007 following a cash contribution by its initial owners.

All of the outstanding limited liability company interests in GCMF, which directly owns all of our existing loan portfolio, were held initially by the Capital Companies. In November 2009, the Capital Companies formed Golub Capital BDC LLC, into which they contributed 100% of the limited liability company interests of GCMF and from which they received a proportionate number of the 805 limited liability company interests in Golub Capital BDC LLC based on the fair value of the interests contributed by them into Golub Capital BDC LLC. As a result of this transaction, GCMF became our wholly owned subsidiary. The loans in our current portfolio were either originated or purchased in the secondary market by Golub Capital and its affiliates using the same underwriting standards described in this prospectus. See Portfolio Companies.

On February 5, 2010, GEMS Fund, L.P., or GEMS, a limited partnership affiliated with GC Advisors, entered into an agreement to purchase 195 limited liability company interests in Golub Capital BDC LLC for cash, resulting in aggregate net cash proceeds to us of \$25 million. We refer to this investment as the GC Private Placement in this prospectus. The cash settlement of the GC Private Placement occurred immediately after the execution of an amendment to a variable funding note indenture dated as of July 27, 2007, between GCMF, as issuer, and U.S. Bank National Association, as indenture trustee, permitting such investment by GEMS on March 15, 2010. In this prospectus, we refer to this variable funding note indenture, which matures on December 29, 2010 as the Existing Credit Facility. There were no placement fees or sales loads paid by the GEMS as part of the GC Private Placement, and no expenses related to the GC Private Placement were reimbursed to our affiliates or to the underwriters of this offering. Investors in GEMS, a privately held entity exempt from registration as an investment company under the 1940 Act, include some employees and management of Golub Capital and its affiliates as well as a limited number of long-time investors in funds sponsored by Golub Capital. The limited liability company interests in Golub Capital BDC LLC and, after giving effect to the BDC Conversion, the shares of common stock in Golub Capital BDC, Inc., to be indirectly issued to GEMS have not been registered under the Securities Act of 1933, as amended, or the Securities Act, and are, accordingly, subject to restrictions on transfer. In addition, such shares of common stock will be subject to a 180-day lock-up agreement with the underwriters of this offering. See Capitalization, Management's Discussion and Analysis of Financial Conditions, Results of Operations and Cash Flows Recent Developments and Estimates, Related Party Transactions and Certain Relationships and Underwriting.



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The following chart illustrates our ownership and the level at which this offering is expected to occur as of the date of this prospectus (and after giving effect to this offering):

*BDC Conversion.* On April 13, 2010, Golub Capital BDC LLC converted into a Delaware corporation, Golub Capital BDC, Inc., and all of the outstanding limited liability company interests in Golub Capital BDC LLC were converted into 8,984,863 shares of common stock in Golub Capital BDC, Inc. In this prospectus, we refer to this conversion as the BDC Conversion. See The BDC Conversion. Following the BDC Conversion, GCMF remains a wholly owned subsidiary of Golub Capital BDC, Inc. As part of the BDC Conversion, the Capital Companies received an aggregate of 7,232,815 shares of our common stock in exchange for the 805 limited liability company interests they owned in Golub Capital BDC LLC, representing an estimated equivalent price of \$15.18 per share based on the fair value of the assets contributed by the Capital Companies at the time of our formation in November 2009 as determined by GCMF's investment adviser. In addition, as part of the BDC Conversion, GEMS received an aggregate of 1,752,048 shares of our common stock in exchange for the 195 limited liability company interests it owns in Golub Capital BDC LLC, representing an estimated equivalent price of \$14.27 per share based on the \$25 million cash investment made by it in the GC Private Placement in February 2010. Upon completion of this offering and the Concurrent Private Placement, the Capital Companies will own, collectively, an interest of approximately 39.3% in us, and GEMS will own an interest of approximately 9.5% in us, in each case assuming no exercise of the underwriters' over-allotment option.

*SBIC License.* Golub Capital has managed Small Business Investment Companies, or SBICs, licensed by the U.S. Small Business Administration, or SBA, for more than 14 years and currently operates two SBIC licensees. Both of these licenses are exempt from registration as investment companies under Section 3(c)(1) or Section 3(c)(7) of the 1940 Act. After receiving a letter of invitation from the Investment Division of the SBA, Golub Capital has applied for a license to form a third SBIC. Shortly after the closing of the offering, Golub Capital intends to amend its pending application, or to submit a new application, so that one of our subsidiaries will be the applicant for the new SBIC license. If this application is approved, our SBIC subsidiary would be a wholly owned subsidiary and able to rely on an exclusion from the definition of investment company under the 1940 Act. As such, this subsidiary will not elect to be treated as a business development company under the 1940 Act. If this application is approved, our SBIC subsidiary will have an investment objective substantially similar to ours and will make similar types of investments in accordance with SBIC regulations.

To the extent that we receive an SBIC license, our SBIC subsidiary will be allowed to issue SBA-guaranteed debentures, subject to the required capitalization of the SBIC subsidiary. SBA guaranteed

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debentures carry long-term fixed rates that are generally lower than rates on comparable bank and other debt. Under the regulations applicable to SBICs, an SBIC may have outstanding debentures guaranteed by the SBA generally in an amount of up to twice its regulatory capital, which generally equates to the amount of its equity capital. The SBIC regulations currently limit the amount that an SBIC subsidiary may borrow to a maximum of \$150 million, assuming that it has at least \$75 million of equity capital. In addition, if we are able to obtain financing under the SBIC program, our SBIC subsidiary will be subject to regulation and oversight by the SBA, including requirements with respect to maintaining certain minimum financial ratios and other covenants.

Although Golub Capital is an experienced SBIC operator in the SBA program and has received an invitation from the SBA to complete an application, we cannot be certain of the timing of approval for an SBIC license or if Golub Capital or our subsidiary will be able to obtain such approval.

Under present SBIC regulations, the maximum amount of SBA-guaranteed debentures that may be issued by multiple licensees under common management is \$250 million. If we are approved for an SBIC license, it is possible that our SBIC subsidiary would be constrained in its ability to issue SBA-guaranteed debentures in the future if other Golub Capital SBICs have already issued such debentures. As of December 31, 2009, Golub Capital operated two SBIC licensees with an aggregate of \$146.6 million of SBA-guaranteed debentures outstanding, leaving borrowing capacity of a maximum of \$103.4 million of SBA-guaranteed debentures for any of our future SBIC subsidiaries. The borrowing capacity of any such future subsidiary could be expanded if any other Golub Capital SBICs retire their SBA-guaranteed debentures.

The U.S. House of Representatives recently passed a bill that, if it becomes law, would increase the amount of SBA-guaranteed debentures that may be issued by a single licensee to \$225 million and the total amount of such debentures that may be issued by multiple licensees under common management to \$350 million. If our subsidiary is approved for an SBIC license, any available issue amounts of SBA-guaranteed debentures would be allocated among our SBIC subsidiary and Golub Capital's existing SBIC subsidiaries in accordance with the allocation policies and procedures of GC Advisors. There is, however, no minimum amount of SBA-guaranteed debentures that must be allocated to us. See Related Party Transactions and Certain Relationships.

## **Operating and Regulatory Structure**

Our investment activities will be managed by GC Advisors under the direction of our board of directors, a majority of whom are independent of Golub Capital BDC, GC Advisors and their respective affiliates.

As a business development company, we will be 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. 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. 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 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, we will need to raise additional capital. As a business development company, the necessity of raising additional capital may expose us to risks, including the typical risks associated with leverage. and Risk Factors Risks Relating to our Business and Structure We intend to finance our investments with borrowed money, which will magnify the potential for gain or loss on amounts invested and may increase the risk of investing in us.

We have no prior history of operating as a business development company, and GC Advisors LLC has no prior experience managing or administering a business development company.

Also, as a business development company, we will be 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 instruments maturing in one year or less from the time of investment. Under the rules of the 1940 Act, eligible portfolio companies include (1) private

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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, American Stock Exchange and The Nasdaq Global Market) or registered under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and (3) public domestic operating companies having a market capitalization of less than \$250 million. Public domestic operating companies whose securities are quoted on the over-the-counter bulletin board and through Pink Sheets LLC are not listed on a national securities exchange and therefore are eligible portfolio companies. See Regulation.

We intend to elect to be treated for U.S. federal income tax purposes as a regulated investment company, or RIC, under the Internal Revenue Code of 1986, or the Code. In order to be treated as a RIC, we must satisfy certain source of income, asset diversification and distribution requirements. See Material U.S. Federal Income Tax Considerations.

## **Conflicts of Interests**

Subject to certain 1940 Act restrictions on co-investments with affiliates, GC Advisors will offer us the right to participate in all investment opportunities that it determines are appropriate for us in view of our investment objective, policies and strategies and other relevant factors. Such offers will be 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 managed by GC Advisors and its affiliates.

To the extent that we compete with entities managed by GC Advisors or any of 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 we may generally share equitably with other investment funds managed by GC Advisors or its affiliates in investment opportunities, 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 investment funds.

GC Advisors has historically managed, and currently manages, investment vehicles with similar or overlapping investment strategies and has put in place a conflict-resolution policy that addresses the co-investment restrictions set forth under the 1940 Act. GC Advisors seeks to ensure the equitable allocation of investment opportunities when we are able to invest alongside other accounts managed by our adviser and its affiliates. When we invest alongside such other accounts as permitted, such investments are made consistent with GC Advisors' allocation policy. Under this allocation policy, a fixed percentage of each opportunity, which may vary based on asset class and from time to time, will be offered to us and similar eligible accounts, as periodically determined by GC Advisors and approved by our board of directors, including all of our independent directors. The allocation policy further provides that allocations among us and other accounts will generally be made pro rata based on each account's capital available for investment, as determined, in our case, by our board of directors, including our independent directors. It is our policy to base our determinations as to the amount of capital available for investment on such factors as: the amount of cash on-hand, existing commitments and reserves, if any, the targeted leverage level, the targeted asset mix and diversification requirements and other investment policies and restrictions set by our board of directors or imposed by applicable laws, rules, regulations or interpretations. We expect that these determinations will be made similarly for other accounts. In situations where co-investment with other entities managed by GC Advisors or its affiliates is not permitted or appropriate, such as when there is an opportunity to invest in different securities of the same issuer, GC Advisors will need to decide whether we or such other entity or entities will proceed with the investment. GC Advisors will make these determinations based on its policies and procedures, which generally require that such opportunities be offered to eligible accounts on a basis that will be fair and equitable over time, including, for

example, through random or rotational methods. We and GC Advisors have submitted an exemptive application to the SEC to permit greater flexibility to negotiate the terms of co-investments if our board of directors determines that it would be advantageous for us to co-invest with other funds managed by GC Advisors or its affiliates in a manner consistent with our investment objectives, positions, policies, strategies and restrictions as well as regulatory requirements and other pertinent factors. See Related Party Transactions and Certain Relationships.

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GC Advisors and its affiliates have other clients with similar or competing investment objectives, including one private fund that is continuing to seek capital commitments and will pursue an investment strategy similar to our strategy. 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 investment funds, accounts or other investment vehicles. GC Advisors' allocation procedures are designed to allocate investment opportunities among the investment vehicles managed by GC Advisors and its affiliates in a manner consistent with its obligations under the Advisers Act. If two or more investment vehicles 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. See Risk Factors Risks Relating to our Business and Structure Conflicts related to obligations GC Advisors' investment committee, GC Advisors or its affiliates have to other clients. Additionally, under our incentive fee structure, GC Advisors may benefit when we recognize capital gains and, because GC Advisors determines when a holding is sold, GC Advisors controls the timing of the recognition of capital gains. See Risk Factors Risks Relating to our Business and Structure Our incentive fee structure may create incentives for GC Advisors that are not fully aligned with the interests of our stockholders. In addition, because the base management fee that we will pay to GC Advisors is based on our average adjusted gross assets, GC Advisors may benefit when we incur indebtedness.

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

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## THE OFFERING

### Common Stock Offered by Us

8,100,000 shares, excluding 1,215,000 shares of common stock issuable pursuant to the over-allotment option granted to the underwriters.

### Concurrent Private Placement

Concurrently with the closing of this offering, we will sell 1,322,581 shares of our common stock to certain existing investors in entities advised by affiliates of Golub Capital and to certain of our officers and directors, their immediate family members or entities owned by, or family trusts for the benefit of, such persons in a separate private placement at the initial public offering price per share. We will receive the full proceeds of \$20.5 million from the sale of these shares (assuming an initial public offering price of \$15.50 per share, the midpoint of the estimated initial public offering price range set forth on the cover page of this prospectus), and no underwriting discounts or commissions will be paid in respect of these shares.

### Common Stock to be Outstanding after this Offering

18,407,444 shares (including 1,752,048 shares initially acquired by GEMS as limited liability company interests in Golub Capital BDC LLC in the GC Private Placement and converted into shares in the BDC Conversion and 1,322,581 shares purchased in the Concurrent Private Placement), excluding 1,215,000 shares of common stock issuable pursuant to the over-allotment option granted to the underwriters.

### Risk Factors

An investment in our common stock is subject to risks. See **Risk Factors** beginning on page 20 of this prospectus to read about factors you should consider before deciding to invest in shares of our common stock.

### Use of Proceeds

Our net proceeds from this offering and the Concurrent Private Placement will be approximately \$135.3 million, or approximately \$152.8 million if the underwriters exercise their over-allotment option in full, in each case assuming an initial public offering price of \$15.50 per share (the midpoint of the estimated initial public offering price range set forth on the cover page of this prospectus).

We intend to use \$135.3 million of the net proceeds of this offering (after expenses of the offering of approximately \$2.0 million) and the Concurrent Private Placement, together with all of the proceeds from the \$25.0 million GC Private Placement not yet invested on the date of this prospectus, to (1) repay at least \$50.0 million of the outstanding principal of, and accrued and unpaid interest on, the Existing Credit Facility and (2) invest the balance of the net proceeds in portfolio companies in accordance with our investment objective and the strategies described in this prospectus and for general corporate purposes. We expect that our new

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investments will consist primarily of unitranche, mezzanine and second lien loans. Pending such investments, we intend to 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. See Use of Proceeds.

### Investment Advisory Agreement

We pay GC Advisors a fee for its service under the Investment Advisory Agreement. This fee consists of two components – a base management fee and an incentive fee. The base management fee is calculated at an annual rate of 1.375% of our average adjusted gross assets (excluding cash and cash equivalents and including assets purchased with borrowed funds). The base management fee will be payable quarterly in arrears. For purposes of the Investment Advisory Agreement, cash equivalents means U.S. government securities and commercial paper maturing within 270 days of purchase.

Incentive fees are calculated as below and payable quarterly in arrears. We have structured the calculation of the incentive fee to include a fee limitation such that no incentive fee will be paid to GC Advisors for any quarter if, after such payment, the cumulative incentive fees paid to GC Advisors since our election to be treated as 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 on the Income and Capital Gain Incentive Fee Calculation to a cap (the Incentive Fee Cap). The Incentive Fee Cap in any quarter is equal to the difference between (a) 20.0% of Cumulative Pre-Incentive Fee Net Income and (b) cumulative incentive fees of any kind paid to GC Advisors by Golub Capital BDC since the date of our election to be treated as a business development company. To the extent the Incentive Fee Cap is zero or a negative value in any quarter, no incentive fee is payable in that quarter.

Cumulative Pre-Incentive Fee Net Income is equal to the sum of (a) Pre-Incentive Fee Net Investment Income for each period since the date of our election to be treated as a business development company and (b) cumulative aggregate realized capital gains, cumulative aggregate realized capital losses, cumulative aggregate unrealized capital depreciation and cumulative aggregate unrealized capital appreciation since the date of our election to be treated as a business development company.



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

The Income and Capital Gain Incentive Fee Calculation consists of two parts. The income component, or Income Incentive Fee, is calculated quarterly in arrears and equals 20.0% of our Pre-Incentive Fee Net Investment Income (as defined above) for the immediately preceding quarter, subject to a preferred return, or hurdle, and a catch up feature.

The second part of the Incentive Fee Calculation (the Capital Gain Incentive Fee) equals (a) 20.0% of our Capital Gain Incentive Fee Base, if any, calculated in arrears as of the date of each calendar year (or upon termination of the Investment Advisory Agreement, as of the termination date), commencing with the year ending December 31, 2010, less (b) the aggregate amount of any previously paid Capital Gain Incentive Fees. Our Capital Gain Incentive Fee Base equals the sum of (1) our realized capital gains, if any, on a cumulative positive basis from the date of our election to be treated as a business development company through the end of each calendar year, (2) all realized capital losses on a cumulative basis and (3) all unrealized capital depreciation on a cumulative basis.

As described above, the Incentive Fee will not be paid at any time where, after such payment, the cumulative Incentives Fees paid to date would be greater than 20% of the Cumulative Pre-Incentive Net Income since our election to be treated as a business development company. See Management Agreements Management Fee.

Proposed Symbol on

The Nasdaq Global Select Market

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

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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.

### Distributions

We intend to make quarterly distributions to our stockholders out of assets legally available for distribution. Our quarterly distributions, if any, will be determined by our board of directors.

### Taxation

We intend to elect to be treated for U.S. federal income tax purposes as a RIC. As a RIC, we generally will not have to pay corporate-level U.S. federal income taxes on any net ordinary income or capital gains that we distribute to our stockholders as distributions. To maintain RIC status and the associated tax benefits, we must meet specified source-of-income and asset diversification requirements and distribute annually at least 90% of our net ordinary income and net short-term capital gains, if any, in excess of our net long-term capital losses. See Distributions.

### Leverage

As a business development company, we are permitted under the 1940 Act to borrow funds to finance a portion of our investments. As of December 31, 2009, we had \$285.3 million of indebtedness outstanding under the Existing Credit Facility. By the terms of the Existing Credit Facility, we have not been able to incur additional borrowings under the Existing Credit Facility since December 29, 2008. As part of the amendments to the Existing Credit Facility executed on March 15, 2010, we are required to repay at least \$50.0 million of outstanding borrowings under the Existing Credit Facility upon the closing of this offering.

We executed a commitment letter with Wells Fargo Bank, N.A. on March 15, 2010 for a new credit facility providing for borrowings of up to \$175.0 million, or the New Credit Facility. Upon closing the New Credit Facility, which is conditioned on the closing of this offering, we would expect to borrow funds to repay the remaining outstanding principal amount of, and any accrued and unpaid interest on, the Existing Credit Facility and to finance additional investments. We cannot assure you that we will be able to enter into the New Credit Facility on the terms contemplated by the commitment letter, or at all. See Risk Factors Risks Relating to Our Business and Structure We may default under the Existing Credit Facility or be unable to amend, repay or refinance the Existing Credit Facility or enter into the New Credit Facility on commercially reasonable terms, or at all, which would have a material adverse effect on our business, financial condition, results

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of operations and cash flows. Our common stockholders will bear the costs associated with any borrowings under the Existing Credit Facility, the New Credit Facility or otherwise, or to finance new investments, including increased investment advisory fees payable to GC Advisors as a result of such borrowings. See Management's Discussion and Analysis of Financial Condition, Results of Operations and Cash Flows for details on our debt facilities.

### Dividend Reinvestment Plan

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

### Administration Agreement

We will reimburse GC Service under the Administration Agreement for our allocable portion (subject to the review and approval of our board of directors) of overhead and other expenses, including furnishing us with office facilities and equipment and providing clerical, bookkeeping, record keeping and other administrative services at such facilities. To the extent that GC Service outsources any of its functions, we will pay the fees associated with such functions on a direct basis without incremental profit to GC Service. See Management Agreements Administration Agreement.

### License Arrangements

We have entered into a license agreement with Golub Capital Management LLC, under which Golub Capital Management LLC has agreed to grant us a non-exclusive, royalty-free license to use the name Golub Capital. For a description of the license agreement, see Management Agreements License Agreement.

### Custodian and Transfer Agent

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

### Anti-Takeover Provisions

Our board of directors is divided into three classes of directors serving staggered three-year terms. This structure is intended to provide us with a greater likelihood of continuity of management, which may be necessary for us to realize the full value of our

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investments. A staggered board of directors also may serve to deter hostile takeovers or proxy contests, as may certain other measures that we may adopt. Such measures may delay, defer or prevent a transaction or a change in control that might otherwise be in the best interests of our stockholders. See Description of Our Capital Stock.

Available Information

We have filed with the SEC a registration statement on Form N-2, of which this prospectus is a part, under the Securities Act. This registration statement contains additional information about us and the shares of our common stock being offered by this prospectus. After the completion of this offering, we will be required to file periodic reports, proxy statements and other information with the SEC. This information will be available at the SEC's public reference room at 100 F. Street, N.E., Washington, D.C. 20549 and on the SEC's website at <http://www.sec.gov>. Information on the operation of the SEC's public reference room may be obtained by calling the SEC at 1-800-SEC-0330.

We maintain a website at [www.golubcapitalbdc.com](http://www.golubcapitalbdc.com) and intend to make all of our annual, quarterly and current reports, proxy statements and other information available, free of charge, on or through our website. Information on our website is not incorporated into or part of this prospectus. You may also obtain such information free of charge by contacting us in writing at 150 South Wacker Drive, Suite 800, Chicago, Illinois 60606, Attention: Investor Relations.

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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. Except where the context suggests otherwise, whenever this prospectus contains a reference to fees or expenses paid by you, us or Golub Capital BDC, or that we will pay fees or expenses, common stockholders will indirectly bear such fees or expenses as investors in Golub Capital BDC.

Stockholder transaction expenses:	
Sales load (as a percentage of offering price)	7.00 % <sup>(1)</sup>
Offering expenses (as a percentage of offering price)	1.59 % <sup>(2)</sup>
Dividend reinvestment plan expenses	<sup>(3)</sup>
Total stockholder transaction expenses (as a percentage of offering price)	8.59 %
Estimated annual expenses (as percentage of net assets attributable to common stock):	
Management fees	1.78 % <sup>(4)</sup>
Incentive fees payable under the Investment Advisory Agreement (20%)	0.00 % <sup>(5)</sup>
Interest payments on borrowed funds	3.19 % <sup>(6)</sup>
Other expenses	1.09 % <sup>(7)</sup>
Total annual expenses (estimated)	6.06 % <sup>(8)</sup>

We caution you that some of the percentages indicated in the table above are estimates and may vary.

- (1) The underwriting discount and commission with respect to shares of our common stock sold in this offering, which is a one-time fee paid to the underwriters, is the only sales load paid in connection with this offering.
- (2) Amount reflects estimated offering expenses of approximately \$2.0 million.
- (3) The expenses of the dividend reinvestment plan are included in Other expenses. See Dividend Reinvestment Plan. Our management fee is calculated at an annual rate of 1.375% and is based on the average value of our total assets, as defined under the 1940 Act (excluding cash and cash equivalents and including assets purchased with borrowed funds), at the end of the four most recently completed calendar quarters and is payable quarterly in arrears. See
- (4) Management Agreements Management Fee. The management fee referenced in the table above is based on \$235.3 million of expected outstanding indebtedness immediately upon the closing of this offering and the Concurrent Private Placement.
- The SEC requires that the Management fees percentage be calculated as a percentage of net assets attributable to common stockholders, rather than total assets, including assets that have been funded with borrowed monies because common stockholders bear all of this cost. If the base management fee portion of the Management fees percentage were calculated instead as a percentage of our total assets, our base management fee portion of the Management fees percentage would be approximately 1.0% of total assets. The estimate of our base management fees assumes net assets of \$270.0 million and leverage of \$235.3 million, which reflects our net assets and leverage pro forma as of December 31, 2009 after giving effect to this offering, the Concurrent Private Placement and the GC Private Placement, the required repayment of \$50.0 million of borrowings under the Existing Credit Facility upon completion of this offering and the BDC Conversion.

- (5) We may have capital gains and interest income that could result in the payment of an incentive fee to our investment adviser in the first year after completion of this offering. However, the incentive fee payable to our investment adviser is based on our performance and will not be paid unless we achieve certain goals. As we cannot predict whether we will meet the necessary performance targets, we have assumed an incentive fee of 0% in this chart. We have structured the calculation of the incentive fee to include a fee limitation such that no incentive fee

will be paid to GC Advisors for any quarter if, after such payment, the cumulative incentive fees paid to GC Advisors since our election to be treated as a business development company would be greater than 20.0% of our Cumulative Pre-Incentive Fee Net Income.

We accomplish this limitation by subjecting each quarterly incentive fee payable on the Income and Capital Gain Incentive Fee Calculation to a cap (the Incentive Fee Cap ). The Incentive Fee Cap in any quarter is equal to the difference between (a) 20.0% of Cumulative Pre-Incentive Fee Net Income and (b) cumulative incentive fees of any kind paid to GC Advisors by Golub Capital BDC since the date

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of our election to be treated as 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 for each period since the date of our election to be treated as a business development company and (b) cumulative aggregate realized capital gains, cumulative aggregate realized capital losses, cumulative aggregate unrealized capital depreciation and cumulative aggregate unrealized capital appreciation since the date of our election to be treated as a business development company.

The income and capital gain incentive fee calculation (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 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 (other than cash and cash equivalents but including assets purchased with borrowed funds) 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 our external manager 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 yield the Income Incentive Fee. This amount is appropriately adjusted for any share issuances or repurchases during the quarter.

The second part of the Incentive Fee Calculation (the Capital Gain Incentive Fee ) equals (a) 20.0% of our Capital Gain Incentive Fee Base, if any, calculated in arrears as of the end of each calendar year (or upon termination of the Investment Advisory Agreement, as of the termination date), commencing with the year ending December 31, 2010, less (b) the aggregate amount of any previously paid Capital Gain Incentive Fees. Our Capital Gain Incentive Fee

Base equals the sum of (1) our realized capital gains on a cumulative positive basis from the date of our election to be treated as a business development company through the end of each calendar year, (2) all realized capital losses on a cumulative basis, and (3) all unrealized capital depreciation on a cumulative basis.

The cumulative aggregate realized capital 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.

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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.

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 incentives fees paid to date would be greater than 20.0% of the Cumulative Pre-Incentive Net Income since our election to be treated as a business development company. For a more detailed discussion of the calculation of the incentive fee, see Management Agreements Management Fee.

Interest payments on borrowed funds represents our estimated annual interest expense under the New Credit Facility of 3.29%, annual amortization expense on the New Credit Facility structuring fee, which is approximately \$880,000 per year, and pro forma expected outstanding borrowings of \$235.3 million as of December 31, 2009 (6)after giving effect to this offering, the Concurrent Private Placement and the GC Private Placement, the required repayment of \$50.0 million of borrowings under the Existing Credit Facility upon completion of this offering and the BDC Conversion. The aggregate structuring fee of approximately \$2.6 million is payable to Wells Fargo Bank, N.A. upon execution of the New Credit Facility as are all of the lender's reasonable out-of-pocket expenses. We executed a commitment letter with Wells Fargo Bank, N.A. on March 15, 2010 for the New Credit Facility which, as currently contemplated, would provide for borrowings of up to \$175.0 million. If we are successful in securing the New Credit Facility we intend to use borrowings under the New Credit Facility to retire all debt outstanding under and terminate the Existing Credit Facility, to make additional investments and for other general corporate purposes.

Includes our overhead expenses, including payments under the Administration Agreement based on our allocable (7)portion of overhead and other expenses incurred by GC Service. See Management Agreements Administration Agreement. Other expenses are based on estimated amounts for the current fiscal year.

Total annual expenses as a percentage of consolidated net assets attributable to common stock are higher than the total annual expenses percentage would be for a company that is not leveraged. We borrow money to leverage our net assets and increase our total assets. The SEC requires that the Total annual expenses percentage be calculated (8)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 are based upon payment by an investor of a 7.0% sales load (the underwriting discount paid by us with respect to our common stock sold in this offering), organizational and offering expenses of approximately \$2.0 million and assume that our payment of annual operating expenses would remain at the levels set forth in the table above. For purposes of this table, we have assumed leverage of \$235.3 million.

1 year 3 years 5 years 10  
years

You would pay the following expenses on a \$1,000 investment,  
assuming a 5% annual return

\$ 147   \$ 255   \$ 362   \$ 619

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. This illustration assumes that we will not realize any capital gains computed net of all realized capital losses and unrealized capital depreciation in any

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of the indicated time periods. 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. In addition, while the example assumes reinvestment of all dividends and distributions at net asset value, participants in our dividend reinvestment plan will receive a number of shares of our common stock, determined by dividing the total dollar amount of the dividend payable to a participant by the market price per share of our common stock at the close of trading on The Nasdaq Global Select Market on the date of distribution.

The amounts included in the table above for Other expenses represent our estimates for the fiscal year ending September 30, 2010 and total stockholder transaction expenses for this offering.

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## RISK FACTORS

*Investing in our common stock involves a number of significant risks. Before you invest in our common stock, you should be aware of various risks, including those described below. You should carefully consider these risk factors, together with all of the other information included in this prospectus, before you decide whether to make an investment in our common stock. The risks set out below are not the only risks we face. Additional risks and uncertainties not presently known to us or not presently deemed material by us may also impair our operations and performance. If any of the following events occur, our business, financial condition, results of operations and cash flows could be materially and adversely affected. In such case, our net asset value and the trading price of our common stock could decline, and you may lose all or part of your investment.*

### **Risks Relating to Our Business and Structure**

**Neither we nor GC Advisors has ever operated as a business development company or a RIC, and we may not be able to operate our business successfully or generate sufficient revenue to make or sustain distributions to our stockholders.**

We were formed in June 2007 and commenced operations in July 2007. During this period, we have not operated as a business development company or a RIC. As a result of our limited operating history, we are subject to the business risks and uncertainties associated with recently formed businesses, including the risk that we will not achieve our investment objective and that the value of your investment could decline substantially.

The 1940 Act and the Code impose numerous constraints on the operations of business development companies and RICs that do not apply to other investment vehicles managed by GC Advisors and its affiliates. Business development companies are required, for example, to invest at least 70% of their total assets primarily in securities of U.S. private or thinly traded public companies, cash, cash equivalents, U.S. government securities and other high-quality debt instruments that mature in one year or less from the date of investment. Moreover, qualification for taxation as a RIC requires satisfaction of source-of-income, asset diversification and distribution requirements. Neither we nor GC Advisors has any experience operating under these constraints, which may hinder our ability to take advantage of attractive investment opportunities and to achieve our investment objective.

In connection with our formation transactions, the Capital Companies contributed their interests in GCMF to us in consideration for the issuance of a proportional number of limited liability company interests in us. We can offer no assurance that the Capital Companies will not, at a later date, assert claims against us, and indirectly our stockholders, in connection with actual or alleged harm that they may experience in connection with the formation transactions. In addition, we cannot assure you that the beneficial holders of interests in the Capital Companies will not assert derivative claims against us and, indirectly our stockholders, on behalf of the Capital Companies as a result of the GCMF Asset Transactions.

**We are dependent upon key personnel of GC Advisors for our future success and upon their access to the investment professionals and partners of Golub Capital and its affiliates.**

We do not have any internal management capacity or employees. We will depend on the diligence, skill and network of business contacts of the senior professionals of GC Advisors to achieve our investment objective. We expect that GC Advisors will evaluate, negotiate, structure, close and monitor our investments in accordance with the terms of the Investment Advisory Agreement. We can offer no assurance, however, that senior professionals of GC Advisors will continue to provide investment advice to us. If these individuals do not maintain their existing relationships with Golub Capital and its affiliates and do not develop new relationships with other sources of investment opportunities, we may not be able to grow our investment portfolio. In addition, individuals with whom the senior professionals of GC Advisors have relationships are not obligated to provide us with investment opportunities. Therefore, we can offer no assurance that such relationships will generate investment opportunities for us.

GC Advisors is an affiliate of Golub Capital and will depend upon access to the investment professionals and other resources of Golub Capital and its affiliates to fulfill its obligations to us under the Investment

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Advisory Agreement. GC Advisors will also depend upon Golub Capital to obtain access to deal flow generated by the professionals of Golub Capital and its affiliates. Under a Staffing Agreement between Golub Capital and GC Advisors, Golub Capital has agreed to provide GC Advisors with the resources necessary to fulfill these obligations.

The Staffing Agreement provides that Golub Capital will make available to GC Advisors experienced investment professionals and access to the senior investment personnel of Golub Capital for purposes of evaluating, negotiating, structuring, closing and monitoring our investments. We are not a party to this Staffing Agreement and cannot assure you that Golub Capital will fulfill its obligations under the agreement. If Golub Capital fails to perform, we cannot assure you that GC Advisors will enforce the Staffing Agreement, that such agreement will not be terminated by either party or that we will continue to have access to the investment professionals of Golub Capital and its affiliates or their information and deal flow.

GC Advisors' investment committee, which provides oversight over our investment activities, is provided by GC Advisors under the Investment Advisory Agreement. GC Advisors' investment committee consists of two members of our board of directors and two employees of Golub Capital. The loss of any member of GC Advisors' investment committee or of other senior professionals of GC Advisors and its affiliates would limit our ability to achieve our investment objective and operate as we anticipate. This could have a material adverse effect on our financial condition, results of operation and cash flows.

**Our business model depends to a significant extent upon strong referral relationships with sponsors. Any inability of GC Advisors to maintain or develop these relationships, or the failure of these relationships to generate investment opportunities, could adversely affect our business.**

We depend upon GC Advisors to maintain Golub Capital's relationships with sponsors, and we intend to rely to a significant extent upon these relationships to provide us with potential investment opportunities. If GC Advisors fails to maintain such relationships, or to develop new relationships with other sponsors or sources of investment opportunities, we will not be able to grow our investment portfolio. In addition, individuals with whom the principals of GC Advisors have relationships are not obligated to provide us with investment opportunities, and, therefore, we can offer no assurance that these relationships will generate investment opportunities for us in the future.

**We may not replicate the historical results achieved by our predecessor, GCMF, or other entities managed or sponsored by members of GC Advisors' investment committee, or by GC Advisors or its affiliates.**

Our primary focus in making investments may differ from those of our predecessor, GCMF, and existing investment funds, accounts or other investment vehicles that are or have been managed by members of GC Advisors' investment committee or sponsored by affiliates of GC Advisors. For example, while GCMF's portfolio consisted primarily of senior secured loans as of December 31, 2009, we intend to pursue an investment strategy that is focused on a more diverse range of assets, including unitranche, mezzanine and second lien loans and minority equity investments. In addition, other than an indirect interest in GCMF, investors in our common stock are not acquiring an interest in any such investment funds, accounts or other investment vehicles that are or have been managed by members of GC Advisors' investment committee or sponsored by affiliates of GC Advisors. We may consider co-investing in portfolio investments with other investment funds, accounts or investment vehicles managed by members of the investment committee or sponsored by GC Advisors or its affiliates. Any such investments will be subject to regulatory limitations and approvals by directors who are not interested persons, as defined in the 1940 Act. We can offer no assurance, however, that we will obtain such approvals or develop opportunities that comply with such limitations.

Our business model depends to a significant extent upon strong referral relationships with sponsors. Any inability of

We also cannot assure you that we will replicate the historical results achieved by members of the investment committee, and we caution you that our investment returns could be substantially lower than the returns achieved by them in prior periods. Additionally, all or a portion of the prior results may have been achieved in particular market conditions which may never be repeated. Moreover, current or future market volatility and regulatory uncertainty may have an adverse impact on our future performance.

**Our financial condition, results of operation and cash flows will depend on our ability to manage our business effectively.**

Our ability to achieve our investment objective will depend on our ability to manage our business and to grow. This will depend, in turn, on GC Advisors' ability to identify, invest in and monitor companies that meet our investment criteria. The achievement of our investment objectives on a cost-effective basis will

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depend upon GC Advisors' execution of our investment process, its ability to provide competent, attentive and efficient services to us and, to a lesser extent, our access to financing on acceptable terms. GC Advisors will have substantial responsibilities under the Investment Advisory Agreement, as well as responsibilities in connection with the management of other investment funds, accounts and vehicles managed by members of GC Advisors or sponsored by Golub Capital and its affiliates. The personnel of GC Advisors and its affiliates, including GC Service, may be called upon to provide managerial assistance to our