Golub Capital BDC, Inc.
Form N-2
October 28, 2010

**As filed with the Securities and Exchange Commission on October 28, 2010**

## Securities Act File No. 333-

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

# FORM N-2

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

o **Pre-effective Amendment No.**

o **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, Inc.**
**150 South Wacker Drive, Suite 800**
**Chicago, Illinois 60606**

(Name and Address of Agent for Service)

*Copies to:*

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**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. o

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

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

# CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

| Title of Securities Being Registered | Proposed Maximum Aggregate | Amount of Registration Fee(2)(3) |
|---|---|---|

| | Offering Price(1) | |
|---|---|---|
| Common Stock, par value $0.001 per share | $ 75,000,000 | $ 5,347.50 |

(1) Includes the underwriters over-allotment option.

(2) Estimated pursuant to Rule 457(o) solely for purpose of determining the registration fee.

(3) The Registrant previously paid a registration fee of $9,625.50 in connection with the initial filing of its Registration Statement on Form N-2 (File No. 333-163279) on November 23, 2009 to register shares at a proposed maximum aggregate offering price of $172,500,000. The Registrant subsequently sold 7,405,000 shares at $14.50 per share under such Registration Statement. As a result, the Registrant had a registration fee balance of $3,634.11. Pursuant to Rule 457(p) of the Securities Act, the Registrant is applying this registration fee balance of $3,634.11 against the registration fee of $5,347.50 due in connection with the filing of this Registration Statement on Form N-2, resulting in a total payment of $1,713.39 in connection with the filing of this Registration Statement on Form N-2.

**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 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 prospectus is not an offer to sell these securities and 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 ,**

# Shares

# GOLUB CAPITAL BDC, INC.

# Common Stock

We are an externally managed, closed-end, non-diversified management investment company that has elected to be treated as a business development company under the Investment Company Act of 1940. Our investment objective is to provide our stockholders with current income and capital appreciation through debt and minority equity investments in middle-market companies.

GC Advisors LLC serves as our investment adviser. GC Service Company, LLC serves 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 under management as of June 30, 2010.

All of the shares of common stock offered by this prospectus are being sold by us. The net asset value of our common stock on June 30, 2010 (the last date prior to the date of this prospectus on which we determined net asset value) was $14.67 per share. 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 , was $ 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 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 16 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. We file annual, quarterly and current reports, proxy statements and other information about us with the Securities and Exchange Commission, or the SEC. This information is 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 [(1)] | $ | $ |

(1) We estimate that we will incur offering expenses of approximately $ , or approximately $ per share, in connection with this offering. All of these offering expenses will be borne indirectly by our investors 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 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 , .

Wells Fargo Securities **UBS Investment Bank**

**The date of this prospectus is ,**

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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.

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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, Inc., a Delaware corporation, and its consolidated subsidiaries and, for the periods prior to consummation of the BDC Conversion (as defined below), Golub Capital BDC LLC, a Delaware limited liability company, and its consolidated subsidiaries;*

*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; and*

*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.*

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

## Golub Capital BDC

We are an externally managed, closed-end, non-diversified management investment company that has elected to be treated as a business development company under the Investment Company Act of 1940, as amended, or the 1940 Act. In addition, for tax purposes, we intend to elect to be treated as a regulated investment company, or RIC, under Subchapter M of the Internal Revenue Code of 1986, as amended, or the Code. We were formed in November 2009 to continue and expand the business of our predecessor, GCMF, which commenced operations in July 2007, in making investments in senior secured, unitranche, mezzanine and second lien loans of middle-market companies that are, in most cases, sponsored by private equity firms. 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, a leading lender to middle-market companies with over $4 billion of capital under management as of June 30, 2010, (2) selecting investments within our core middle-market company focus, (3) partnering with experienced private equity firms, or sponsors, in many cases with whom we have invested alongside in the past, (4) implementing the disciplined underwriting standards of Golub Capital and (5) drawing upon the aggregate experience and resources of Golub Capital.

As of June 30, 2010, our portfolio was comprised primarily of senior secured loans; however, we intend to pursue an investment strategy focused on investing in unitranche, mezzanine and second lien loans of, and warrants and minority equity securities in, middle-market companies. Accordingly, over time we expect that senior secured loans will represent a smaller percentage of our investment portfolio as we grow our business,

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these investments are repaid and we invest in a different mix of assets. In the short term, however, we expect to invest in a mix of mezzanine and senior secured loans to maximize our current income and to preserve capital.

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

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. Under our investment advisory agreement with GC Advisors, or the Investment Advisory Agreement, we pay GC Advisors a base management fee and an incentive fee for its services. See Management Agreements Management Fee 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) and, therefore, GC Advisors benefits when we incur debt or use leverage. Additionally, under the incentive fee structure, GC Advisors benefits when capital gains are recognized and, because it determines when a holding is sold, GC Advisors controls the timing of the recognition of capital gains. Our board of directors is charged with protecting our interests by monitoring how GC Advisors addresses these and other conflicts of interest associated with its management services and compensation. While not expected to review or approve each borrowing, our independent directors periodically review GC Advisors services and fees as well as its portfolio management decisions and portfolio performance. In connection with these reviews, our independent directors consider whether our fees and expenses (including those related to leverage) remain appropriate. See Management Agreements Board Approval of the Investment Advisory Agreement.

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 make experienced investment professionals available to GC Advisors and provide access to the senior investment personnel of Golub Capital and its affiliates. The Staffing Agreement provides GC Advisors with access to investment opportunities, which we refer to in the aggregate as deal flow, generated by Golub Capital and its affiliates in the ordinary course of their businesses and commits the members of GC Advisors investment committee to serve in that capacity. As our investment adviser, GC Advisors is obligated to allocate investment opportunities among us and its other clients fairly and equitably over time in accordance with its allocation policy. See Related Party Transactions and Certain Relationships. 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 s investment professionals.

An affiliate of GC Advisors, GC Service, provides 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.

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## 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 210 middle-market companies and, as of June 30, 2010, it held debt investments in more than 160 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 June 30, 2010, Golub Capital s 47 investment professionals had an average of over 12 years of investment experience and were supported by 60 administrative and back office personnel that focus on operations, finance, legal and compliance, accounting and reporting, marketing, information technology and office management.

## Market Opportunity

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

*Large Target Market.* We believe that small and middle-market companies in the United States with annual revenues between $10 million and $2.5 billion represent a significant growth segment of the U.S. economy and often require substantial capital investments to grow. Middle-market companies have generated a significant number of investment opportunities for investment funds managed or advised by Golub Capital, including approximately 1,000 lending opportunities in 2009, 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.

*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, we expect that 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 survey of middle-market lenders conducted by Reuters Loan Pricing

Corporation in 2009 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.

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*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, in 2009, average total debt multiples of middle-market leveraged buy-out loans were at their lowest levels in the 13 years since such data have been tracked.

*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 has access through the Staffing Agreement to the resources and expertise of Golub Capital s 107 employees, led by our chairman, Lawrence E. Golub, and our chief executive officer, David B. Golub. As of June 30, 2010, the 47 investment professionals of Golub Capital had an average of over 12 years of investment experience and were supported by 60 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 closed 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 utilizes the established investment process of Golub Capital for reviewing lending opportunities, structuring transactions and monitoring investments. Using its disciplined approach to lending, GC Advisors seeks to minimize credit losses through effective underwriting, comprehensive due diligence investigations, structuring and the implementation of restrictive debt covenants.

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

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

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

middle-market issuers are more likely to have simple capital structures;

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carefully structured covenant packages enable middle-market lenders to take early action to remediate poor financial performance; and

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

# Recent Developments

*SBIC License*. Our wholly owned subsidiary, GC SBIC IV, L.P., recently received approval for a license from the U.S. Small Business Administration, or SBA, to operate as a Small Business Investment Company, or SBIC. As a wholly owned subsidiary, GC SBIC IV, L.P. will be 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. GC SBIC IV, L.P. will have an investment objective substantially similar to ours and will make similar types of investments in accordance with SBIC regulations.

Prior to GC SBIC IV, L.P. obtaining approval from the SBA, Golub Capital managed two SBICs licensed by the SBA for more than 14 years. The SBIC license allows GC SBIC IV, L.P. to incur leverage by issuing SBA-guaranteed debentures, subject to the issuance of a capital commitment and certain approvals by the SBA and customary procedures. SBA-guaranteed 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. 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, GC SBIC IV, L.P. will be subject to regulation and oversight by the SBA, including requirements with respect to maintaining certain minimum financial ratios and other covenants.

Under present SBIC regulations, the maximum amount of SBA-guaranteed debentures that may be issued by multiple licensees under common management is $225 million. It is possible that GC SBIC IV, L.P. will be constrained in its ability to issue SBA-guaranteed debentures in the future if other Golub Capital SBICs have already issued such debentures. As of June 30, 2010, Golub Capital operated two SBIC licensees with an aggregate of $142 million of SBA-guaranteed debentures outstanding, leaving borrowing capacity of a maximum of $83 million of SBA-guaranteed debentures for GC SBIC IV, L.P. The borrowing capacity of GC SBIC IV, L.P. could be expanded if any other Golub Capital SBICs retire their SBA-guaranteed debentures.

In October 2009, the U.S. House of Representatives passed a bill that, it if 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. Any available issue amounts of SBA-guaranteed debentures will be allocated among GC SBIC IV, L.P. and Golub Capital s two 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.

*Debt Securitization*. On July 16, 2010, we completed a $300 million term debt securitization, which we refer to as the Debt Securitization. The notes offered in this collateralized loan obligation transaction were issued by Golub Capital BDC 2010-1 LLC, our indirect subsidiary, or the CLO Issuer, and are backed by a diversified portfolio of senior secured and second lien loans (or participation interests therein). The transaction was executed through a private placement of approximately $174 million of Aaa/AAA Class A Notes which bear interest at the three-month London Interbank Offered Rate, or LIBOR, plus 2.40%. Golub Capital BDC 2010-1 Holdings LLC, our direct subsidiary, or Holdings, retained all the Class B and Subordinated Notes issued by the CLO Issuer, which together totaled approximately $126 million, and it retained all of the membership interests in the CLO Issuer. The Class B Notes bear interest at a rate of three-month LIBOR plus 2.40%, and the Subordinated Notes do not bear interest. All of the notes are scheduled to mature on July 20, 2021.

As part of the Debt Securitization, we entered into a master loan sale agreement under which we agreed to sell or contribute certain first and second lien loans (or participation interests therein) to Holdings, and Holdings agreed to sell or contribute such loans (or participation interests therein) to the CLO Issuer and to

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purchase or otherwise acquire all of the Subordinated Notes issued by the CLO Issuer. See Risk Factors Risks Relating to Our Business and Structure We are subject to risks associated with the Debt Securitization for a description of risks associated with the Debt Securitization.

GC Advisors serves as collateral manager to the CLO Issuer under a collateral management agreement and receives a fee for providing these services that is offset against the base management fee payable by us under the Investment Advisory Agreement.

In connection with the closing of the Debt Securitization, we repaid all outstanding obligations under and terminated (i) the variable funding note indenture dated as of July 27, 2007, between GCMF, as issuer, and U.S. Bank National Association, as indenture trustee, and (ii) the sale and servicing agreement dated as of July 27, 2007, by and among GCMF, as issuer, Golub Capital Incorporated, as originator and servicer, and U.S. Bank National Association, as indenture trustee and collateral administrator, which we collectively refer to as our Retired Credit Facility.

## 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. 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, the necessity of raising additional capital exposes us to risks, including the typical risks associated with leverage and Risk Factors Risks Relating to our Business and Structure We intend to finance our investments with borrowed money, which will magnify the potential for gain or loss on amounts invested and may increase the risk of investing in us.

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 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 domestic operating companies, (2) public domestic operating companies whose securities are not listed on a national securities exchange (*e.g.*, the New York Stock Exchange, NYSE Amex Equities and The Nasdaq 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.

## Conflicts of Interests

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

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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 with other investment funds, accounts or other investment vehicles, together referred to as accounts, sponsored or 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 accounts.

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

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. 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 benefits when we recognize capital gains and, because GC Advisors determines when a holding is sold, GC Advisors controls the timing of the recognition of such capital gains. See Risk Factors Risks Relating to our Business and Structure Our 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 pay to GC Advisors is based on our average adjusted gross assets, including thoses assets acquired through the use of leverage, GC Advisors has a financial incentive to incur leverage.

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

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# THE OFFERING

Common Stock Offered by Us

shares, excluding shares of common stock issuable pursuant to the over-allotment option granted to the underwriters.

Common Stock to be Outstanding after this Offering

shares, excluding 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 16 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 will be approximately $ million, or approximately $ million if the underwriters exercise their over-allotment option in full, in each case based on a public offering price of $ per share, which was the last reported closing price of our common stock on , .

We intend to use $ million of the net proceeds of this offering (after expenses of the offering of approximately $ million) to invest 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 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 equal to 1.375% of our average adjusted gross assets (excluding cash and cash equivalents and including assets purchased with borrowed funds). The base management fee is payable quarterly in arrears.

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 April 13, 2010 would be greater than 20.0% of our Cumulative Pre-Incentive Fee Net Income, as defined below.

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We accomplish this limitation by subjecting each quarterly incentive fee payable under 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 April 13, 2010. 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 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 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, zero coupon securities and 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

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realized capital gains, if any, on a cumulative positive basis from April 13, 2010 through the end of each calendar year, (2) all realized capital losses on a cumulative basis and (3) all unrealized capital depreciation on a cumulative basis.

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% of the Cumulative Pre-Incentive Fee Net Income since April 13, 2010. See Management Agreements Management Fee.

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 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 to our stockholders. 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 June 30, 2010, we had $121.8 million of indebtedness outstanding under the Retired Credit Facility. These amounts were repaid on July 16, 2010 upon the completion of the Debt Securitization. See Management s Discussion and Analysis of Financial Conditions, Results of Operations and Cash Flows Liquidity and Capital Resources Credit Facility.

Dividend Reinvestment Plan

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

Administration Agreement

We reimburse GC Service under the Administration Agreement for our allocable portion (subject to the review and approval of our board of directors) of GC Service s overhead in performing its obligations under the Administration Agreement, including rent, the fees and expenses associated with performing compliance functions and our allocable portion of the cost of our chief financial officer and chief compliance officer and their respective staffs. To the extent that GC Service outsources any of its functions, we pay the fees associated with such functions on a direct basis without 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 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.

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 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 Delaware Anti-Takeover Law.

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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. We also file periodic reports, proxy statements and other information with the SEC. This information is 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 (202) 551-8090.

We maintain a website at *www.golubcapitalbdc.com* and 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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# 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. Whenever this prospectus 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) | %(1) |
| Offering expenses (as a percentage of offering price) | %(2) |
| Dividend reinvestment plan expenses | %(3) |
| Total stockholder transaction expenses (as a percentage of offering price) | % |
| **Estimated annual expenses (as percentage of net assets attributable to common stock):** | |
| Management fees | %(4) |
| Incentive fees payable under the Investment Advisory Agreement (20%) | %(5) |
| Interest payments on borrowed funds | %(6) |
| Other expenses | %(7) |
| Total annual expenses (estimated) | %(8) |

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 $ million.

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

(4) Our management fee is calculated at an annual rate equal to 1.375% and is based on the average value of our gross assets (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 Management Agreements Management Fee. The management fee referenced in the table above is calculated on a pro forma basis as of June 30, 2010, after giving effect to this offering, the repayment of the Retired Credit Facility and the completion of the Debt Securitization.

For purposes of this table, the SEC requires that the Management fees percentage be calculated as a percentage of net assets attributable to common stockholders, rather than total assets, including assets that have been funded with borrowed monies because common stockholders bear all of this cost. If the base management fee portion of the Management fees percentage were calculated instead as a percentage of our total assets, our base management fee portion of the Management fees percentage would be approximately % of total assets. The estimate of our base management fee assumes net assets of $ million and leverage of $ million, which reflects our net assets and leverage pro forma as of June 30, 2010 after giving effect to this offering, the repayment of the Retired Credit Facility and the completion of the Debt Securitization.

(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 April 13, 2010 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 under 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 April 13, 2010. 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

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sum of (a) Pre-Incentive Fee Net Investment Income 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.

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 investment adviser with 20.0% of the Pre-Incentive Fee Net Investment Income as if a hurdle rate did not apply if this net investment income exceeds 2.5% in any calendar quarter; and
20.0% of the amount of 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 April 13, 2010 through the end of each calendar year, (2) all realized capital losses on a cumulative basis and (3) all unrealized capital depreciation on a cumulative basis.

The cumulative aggregate realized capital 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 April 13, 2010. For a more detailed discussion of the calculation of the incentive fee, see Management Agreements Management Fee.

(6) Interest payments on borrowed funds represents our estimated annual interest expense as of June 30, 2010 on a pro forma basis after giving effect to the repayment of the Retired Credit Facility and the completion of the Debt Securitization.

(7) Includes our overhead expenses, including payments under the Administration Agreement based on our allocable portion of overhead and other expenses incurred by GC Service. See Management Agreements Administration Agreement. Other expenses are based on actual amounts for the nine months ended June 30, 2010.

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

# Example

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock. This example and the expenses in the table above should not be considered a representation of our future expenses, and actual expenses (including the cost of debt, if any, and other expenses) may be greater or less than those shown. These amounts are based upon payment by an investor of a % sales load (the underwriting discount and commission paid by us with respect to our common stock sold in this offering), offering expenses of approximately $ 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 $ 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 | $ | $ | $ | $ |

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 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.

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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

### We have a limited operating history as a business development company and have not yet elected to be treated as a RIC.

Our predecessor, GCMF, was formed in June 2007 and commenced operations in July 2007. Prior to the completion of our initial public offering in April 2010, we did not operate as a business development company. 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. In addition, we intend to elect to be treated as a RIC.

The 1940 Act and the Code impose numerous constraints on the operations of business development companies and RICs that do not apply to other accounts sponsored or managed by GC Advisors and its affiliates. Business development companies are required, for example, to invest at least 70% of their total assets in qualifying assets. Moreover, qualification for taxation as a RIC requires satisfaction of source-of-income, asset diversification and distribution requirements. Neither we nor GC Advisors has significant experience operating under these constraints, which may hinder our ability to take advantage of attractive investment opportunities and to achieve our investment objective.

### 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 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 the Staffing Agreement, Golub Capital provides 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 provide 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.

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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 investments may differ from those of our predecessor, GCMF, and existing accounts that are or have been sponsored or managed by members of GC Advisors investment committee, GC Advisors or affiliates of GC Advisors. Investors in our common stock are not acquiring an interest in any accounts that are or have been sponsored or managed by members of GC Advisors investment committee, GC Advisors or affiliates of GC Advisors. We may consider co-investing in portfolio investments with other accounts sponsored or managed by members of GC Advisors investment committee, 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. 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 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 accounts sponsored or managed by GC Advisors, members of GC Advisors investment committee or 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 portfolio companies. These activities may distract them or slow our rate of investment. Any failure to manage our business and our future growth effectively could have a material adverse effect on our business, financial condition, results of operations and cash flows.

## There are significant potential conflicts of interest that could affect our investment returns.

As a result of our arrangements with GC Advisors and its affiliates and GC Advisors investment committee, there may be times when GC Advisors or such persons have interests that differ from those of our stockholders, giving rise to a conflict of interest.

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## Conflicts related to obligations GC Advisors investment committee, GC Advisors or its affiliates have to other clients.

The members of GC Advisors investment committee serve or may serve as officers, directors or principals of entities that operate in the same or a related line of business as we do, or of accounts sponsored or managed by GC Advisors or its affiliates. Similarly, GC Advisors or its affiliates currently manage and may have other clients with similar or competing investment objectives. In serving in these multiple capacities, they may have obligations to other clients or investors in those entities, the fulfillment of which may not be in the best interests of us or our stockholders. For example, Lawrence E. Golub and David B. Golub have management responsibilities for other accounts managed or sponsored by GC Advisors or its affiliates. Our investment objective may overlap with the investment objectives of such affiliated accounts. For example, GC Advisors currently manages several private funds that are pursuing an investment strategy similar to ours, some of which are continuing to seek new capital commitments, and we may compete with these and other accounts sponsored or managed by GC Advisors and its affiliates for capital and investment opportunities. As a result, those individuals may face conflicts in the allocation of investment opportunities among us and other accounts advised by or affiliated with GC Advisors. 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. However, we can offer no assurance that such opportunities will be allocated to us fairly or equitably in the short-term or over time. If sufficient securities or loan amounts are available to satisfy our and each such account s proposed investment, the opportunity will be allocated in accordance with GC Advisor s pre-transaction determination. Where there is an insufficient amount of an investment opportunity to fully satisfy us and other accounts sponsored or managed by GC Advisors or its affiliates, the allocation policy further provides that allocations among us and other accounts will generally be made pro rata based on the amount that each such party would have invested if sufficient securities or loan amounts were available. However, there can be no assurance that we will be able to participate in all investment opportunities that are suitable to us.

## GC Advisors investment committee, GC Advisors or its affiliates may, from time to time, possess material non-public information, limiting our investment discretion.

Principals of GC Advisors and its affiliates and members of GC Advisors investment committee may serve as directors of, or in a similar capacity with, companies in which we invest, the securities of which are purchased or sold on our behalf. In the event that material nonpublic information is obtained with respect to such companies, or we become subject to trading restrictions under the internal trading policies of those companies or as a result of applicable law or regulations, we could be prohibited for a period of time from purchasing or selling the securities of such companies, and this prohibition may have an adverse effect on us.

## Our incentive fee structure may create incentives for GC Advisors that are not fully aligned with the interests of our stockholders.

In the course of our investing activities, we pay management and incentive fees to GC Advisors. These fees are based on our average adjusted gross assets, which include leverage. As a result, investors in our common stock will invest on a gross basis and receive distributions on a net basis after expenses, resulting in a lower rate of return than one might achieve through direct investments. Because these fees are based on our average adjusted gross assets, GC Advisors benefits when we incur debt or use leverage. Additionally, under the 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. Our board of directors is charged with protecting our interests by monitoring how GC Advisors addresses these and other conflicts of interests associated with its management services and compensation. While it is 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. As a result of this arrangement, GC Advisors or its affiliates may from time to time have interests that differ from those of our stockholders, giving rise to a conflict.

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The part of the incentive fee payable to GC Advisors that relates to our net investment income is computed and paid on income that may include interest income that has been accrued but not yet received in cash. This fee structure may be considered to involve a conflict of interest for GC Advisors to the extent that it may encourage GC Advisors to favor debt financings that provide for deferred interest, rather than current cash payments of interest. GC Advisors may have an incentive to invest in deferred interest securities in circumstances where it would not have done so but for the opportunity to continue to earn the incentive fee even when the issuers of the deferred interest securities would not be able to make actual cash payments to us on such securities. This risk could be increased because GC Advisors is not obligated to reimburse us for any incentive fees received even if we subsequently incur losses or never receive in cash the deferred income that was previously accrued.

## The valuation process for certain of our portfolio holdings creates a conflict of interest.

Many of our portfolio investments are expected to be made in the form of securities that are not publicly traded. As a result, our board of directors will determine the fair value of these securities in good faith as described below in Risk Factors Many of our portfolio investments will be recorded at fair value as determined in good faith by our board of directors and, as a result, there may be uncertainty as to the value of our portfolio investments. In connection with that determination, investment professionals from GC Advisors may provide our board of directors with portfolio company valuations based upon the most recent portfolio company financial statements available and projected financial results of each portfolio company. In addition, Lawrence E. Golub and David B. Golub have an indirect pecuniary interest in GC Advisors. The participation of GC Advisors investment professionals in our valuation process, and the indirect pecuniary interest in GC Advisors by Lawrence E. Golub and David B. Golub, could result in a conflict of interest as GC Advisors management fee is based, in part, on our average adjusted gross assets (including leverage but excluding cash) and our incentive fees will be based, in part, on unrealized gains and losses.

## Conflicts related to other arrangements with GC Advisors or its affiliates.

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 . See Management Agreements License Agreement. In addition, we rent office space from GC Service, an affiliate of GC Advisors, and pay to GC Service our allocable portion of overhead and other expenses incurred by GC Service in performing its obligations under the Administration Agreement, such as rent and our allocable portion of the cost of our chief financial officer and chief compliance officer and their respective staffs. This will create conflicts of interest that our board of directors must monitor.

## The Investment Advisory Agreement with GC Advisors and the Administration Agreement with GC Service were not negotiated on an arm s length basis and may not be as favorable to us as if they had been negotiated with an unaffiliated third party.

The Investment Advisory Agreement and the Administration Agreement were negotiated between related parties. Consequently, their terms, including fees payable to GC Advisors, may not be as favorable to us as if they had been negotiated with an unaffiliated third party. In addition, we may choose not to enforce, or to enforce less vigorously, our rights and remedies under these agreements because of our desire to maintain our ongoing relationship with GC Advisors, GC Service and their respective affiliates. Any such decision, however, would breach our fiduciary obligations to our stockholders.

## Our ability to enter into transactions with our affiliates will be restricted, which may limit the scope of investments available to us.

We are prohibited under the 1940 Act from participating in certain transactions with our affiliates without the prior approval of our independent directors and, in some cases, of the SEC. Any person that owns, directly or indirectly, five percent or more of our outstanding voting securities will be our affiliate for purposes of the 1940 Act, and we are generally prohibited from buying or selling any security from or to such affiliate, absent the prior approval of our independent directors. We consider GC Advisors and its affiliates to be our affiliates for such purposes. The 1940 Act also prohibits certain joint transactions with certain of our affiliates, which could include investments in the same portfolio company, without prior approval of our independent directors

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and, in some cases, of the SEC. We are prohibited from buying or selling any security from or to any person who owns more than 25% of our voting securities or certain of that person s affiliates, or entering into prohibited joint transactions with such persons, absent the prior approval of the SEC.

We may, however, invest alongside GC Advisors and its affiliates other clients in certain circumstances where doing so is consistent with applicable law and SEC staff interpretations. For example, we may invest alongside such accounts consistent with guidance promulgated by the SEC staff permitting us and such other accounts to purchase interests in a single class of privately placed securities so long as certain conditions are met, including that GC Advisors, acting on our behalf and on behalf of other clients, negotiates no term other than price. We may also invest alongside GC Advisors other clients as otherwise permissible under regulatory guidance, applicable regulations and GC Advisors allocation policy. Under this allocation policy, GC Advisors will determine separately the amount of any proposed investment to be made by us and similar eligible accounts. We expect that these determinations will be made similarly for other accounts sponsored or managed by GC Advisors and its affiliates. If sufficient securities or loan amounts are available to satisfy our and each such account s proposed investment, the opportunity will be allocated in accordance with GC Advisor s pre-transaction determination. Where there is an insufficient amount of an investment opportunity to fully satisfy us and other accounts sponsored or managed by GC Advisors or its affiliates, the allocation policy further provides that allocations among us and other accounts will generally be made pro rata based on the amount that each such party would have invested if sufficient securities or loan amounts were available. However, we can offer no assurance that investment opportunities will be allocated to us fairly or equitably in the short-term or over time.

In situations in which co-investment with other accounts sponsored or managed by GC Advisors or its affiliates is not permitted or appropriate, such as when there is an opportunity to make different investments in the same issuer or where the different investments could be expected to result in a conflict between our interests and those of other GC Advisors clients, GC Advisors will need to decide which client will proceed with the investment. Moreover, except in certain circumstances, we will be unable to invest in any issuer in which an account sponsored or managed by GC Advisors or its affiliates has previously invested. Similar restrictions limit our ability to transact business with our officers or directors or their affiliates. These restrictions may limit the scope of investment opportunities that would otherwise be available to us.

We may also be prohibited under the 1940 Act from knowingly participating in certain transactions with our affiliates without the prior approval of our board of directors who are not interested persons and, in some cases, without the prior approval by the SEC. The SEC has interpreted the business development company regulations governing transactions with affiliates to prohibit certain joint transactions between entities that share a common investment adviser.

We and GC Advisors have submitted an application for 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-investments by us and other accounts sponsored or managed by GC Advisors and its affiliates may afford us additional investment opportunities and an ability to achieve greater diversification. Accordingly, our application for exemptive relief seeks an exemptive order permitting us to invest with accounts sponsored or managed by GC Advisors or its affiliates in the same portfolio companies under circumstances in which such investments would otherwise not be permitted by the 1940 Act. We expect that such exemptive relief permitting co-investments, if granted, would apply only if our independent directors review and approve each co-investment.

## We operate in a highly competitive market for investment opportunities, which could reduce returns and result in losses.

A number of entities compete with us to make the types of investments that we plan to make. We compete with public and private funds, commercial and investment banks, commercial financing companies and, to the extent they provide an alternative form of financing, private equity and hedge funds. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, we believe some of our competitors may have access to funding sources that are not

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available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a business development company or the source of income, asset diversification and distribution requirements we must satisfy to maintain our RIC status. The competitive pressures we face may have a material adverse effect on our business, financial condition, results of operations and cash flows. As a result of this competition, we may not be able to take advantage of attractive investment opportunities from time to time, and we may not be able to identify and make investments that are consistent with our investment objective.

With respect to the investments we make, we do not seek to compete based primarily on the interest rates we offer, and we believe that some of our competitors may make loans with interest rates that will be lower than the rates we offer. In the secondary market for acquiring existing loans, we compete generally on the basis of pricing terms. With respect to all investments, we may lose some investment opportunities if we do not match our competitors pricing, terms and structure. However, if we match our competitors pricing, terms and structure, we may experience decreased net interest income, lower yields and increased risk of credit loss. We may also compete for investment opportunities with accounts managed or sponsored by GC Advisors or its affiliates. Although GC Advisors allocates opportunities in accordance with its policies and procedures, allocations to such other accounts will reduce the amount and frequency of opportunities available to us and may not be in the best interests of us and our stockholders. Moreover, the performance of investments will not be known at the time of allocation. 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 and Related Party Transactions and Certain Relationships.

## We will be subject to corporate-level income tax if we are unable to qualify as a RIC.

To qualify as a RIC under the Code, we must meet certain source-of-income, asset diversification and distribution requirements. The distribution requirement for a RIC is satisfied if we distribute at least 90% of our net ordinary income and net short-term capital gains in excess of net long-term capital losses, if any, to our stockholders on an annual basis. We are subject, to the extent we use debt financing, to certain asset coverage ratio requirements under the 1940 Act and financial covenants under loan and credit agreements that could, under certain circumstances, restrict us from making distributions necessary to qualify as a RIC. If we are unable to obtain cash from other sources, we may fail to qualify as a RIC and, thus, may be subject to corporate-level income tax. To qualify as a RIC, we must also meet certain asset diversification requirements at the end of each calendar quarter. Failure to meet these tests may result in our having to dispose of certain investments quickly in order to prevent the loss of our RIC status. Because most of our investments will be in private or thinly traded public companies, any such dispositions could be made at disadvantageous prices and may result in substantial losses. If we fail to qualify as a RIC for any reason and become subject to corporate income tax, the resulting corporate taxes could substantially reduce our net assets, the amount of income available for distributions to stockholders and the amount of our distributions and the amount of funds available for new investments. Such a failure would have a material adverse effect on us and our stockholders. See Material U.S. Federal Income Tax Considerations Taxation as a RIC.

## We may need to raise additional capital to grow because we must distribute most of our income.

We may need additional capital to fund new investments and grow our portfolio of investments once we have fully invested the net proceeds of this offering. We intend to access the capital markets periodically to issue debt or equity securities or borrow from financial institutions in order to obtain such additional capital. Unfavorable economic conditions could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. A reduction in the availability of new capital could limit our ability to grow. In addition, we are required to distribute at least 90% of our net ordinary income and net short-term capital gains in excess of net long-term capital losses, if any, to our stockholders to maintain our RIC status. As a result, these earnings are not available to fund new investments. An inability to access the capital markets successfully could limit our ability to grow our business and execute our business strategy fully and could decrease our earnings, if any, which may have an adverse effect on the value of our securities.

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## We may have difficulty paying our required distributions if we recognize income before, or without, receiving cash representing such income.

For U.S. federal income tax purposes, we include in income certain amounts that we have not yet received in cash, such as the accretion of original issue discount. This may arise if we receive warrants in connection with the making of a loan and in other circumstances, or through contracted PIK interest, which represents contractual interest added to the loan balance and due at the end of the loan term. Such original issue discount, which could be significant relative to our overall investment activities, or increases in loan balances as a result of contracted PIK arrangements, is included in income before we receive any corresponding cash payments. We also may be required to include in income certain other amounts that we do not receive in cash.

That part of the incentive fee payable by us that relates to our net investment income is computed and paid on income that may include interest that has been accrued but not yet received in cash, such as market discount, debt instruments with PIK interest, preferred stock with PIK dividends and zero coupon securities. If a portfolio company defaults on a loan that is structured to provide accrued interest, it is possible that accrued interest previously used in the calculation of the incentive fee will become uncollectible.

Since in certain cases we may recognize income before or without receiving cash representing such income, we may have difficulty meeting the requirement to distribute at least 90% of our net ordinary income and net short-term capital gains in excess of net long-term capital losses, if any, to our stockholders to maintain our status as a RIC. In such a case, we may have to sell some of our investments at times we would not consider advantageous, raise additional debt or equity capital or reduce new investment originations to meet these distribution requirements. If we are not able to obtain such cash from other sources, we may fail to qualify as a RIC and thus be subject to corporate-level income tax. See Material U.S. Federal Income Tax Considerations Taxation as a RIC.

## 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.

We may issue debt securities or preferred stock and/or borrow money from banks or other financial institutions, which we refer to collectively as senior securities, up to the maximum amount permitted by the 1940 Act. Under the provisions of the 1940 Act, we are permitted as a business development company to issue senior securities in amounts such that our asset coverage ratio, as defined in the 1940 Act, equals at least 200% of gross assets less all liabilities and indebtedness not represented by senior securities, after each issuance of senior securities. If the value of our assets declines, we may be unable to satisfy this test. If that happens, we may be required to sell a portion of our investments and, depending on the nature of our leverage, repay a portion of our indebtedness at a time when such sales may be disadvantageous. Also, any amounts that we use to service our indebtedness would not be available for distributions to our common stockholders. If we issue senior securities, we will be exposed to typical risks associated with leverage, including an increased risk of loss. As of June 30, 2010, on a pro forma basis, after giving effect to the repayment of the Retired Credit Facility and the completion of the Debt Securitization, we had $174 million of outstanding borrowings.

In the absence of an event of default, no person or entity from which we borrow money will have a veto right or voting power over our ability to set policy, make investment decisions or adopt investment strategies. If we issue preferred stock, which is another form of leverage, the preferred stock would rank senior to common stock in our capital structure, preferred stockholders would have separate voting rights on certain matters and might have other rights, preferences or privileges more favorable than those of our common stockholders, and the issuance of preferred stock could have the effect of delaying, deferring or preventing a transaction or a change of control that might involve a premium price for holders of our common stock or otherwise be in your best interest. Holders of our common stock will directly or indirectly bear all of the costs associated with offering and servicing any preferred stock that we issue. In addition, any interests of preferred stockholders may not necessarily align with the interests of holders of our common stock and the rights of holders of shares of preferred stock to receive dividends would be senior to those of holders of shares of our common stock. We do not, however, anticipate issuing preferred stock during the 12 months following this offering.

We are not generally able to issue and sell our common stock at a price below net asset value per share. We may, however, sell our common stock, or warrants, options or rights to acquire our common stock, at a price below the then-current net asset value per share of our common stock if our board of directors determines that such sale is in the best interests of us and our stockholders, and if our stockholders approve such sale. In any such case, the price at which our securities are to be issued and sold may not be less than a price that, in the determination of our board of directors, closely approximates the market value of such securities (less any distributing commission or discount). If we raise additional funds by issuing common stock or senior securities convertible into, or exchangeable for, our common stock, then the percentage ownership of our stockholders at that time will decrease, and you might experience dilution.

## We are subject to risks associated with the Debt Securitization.

As part of the Debt Securitization which we completed on July 16, 2010, our wholly owned subsidiary, Holdings, retained all the Class B Notes and Subordinated Notes issued by the CLO Issuer, which together totaled approximately $126 million, as well as all of the membership interests of the CLO Issuer. The Subordinated Notes are the most junior class of securities issued by the CLO Issuer, are subordinated in priority of payment to every other class of notes issued by the CLO Issuer and are subject to certain payment restrictions set forth in the indenture governing the notes. Therefore, Holdings only receives cash distributions on the Subordinated Notes and its membership interests if the CLO Issuer has made all cash interest payments to all other notes it has issued. The Subordinated Notes are also unsecured and rank behind all of the secured creditors, known or unknown, of the CLO Issuer, including the holders of the senior notes it has issued. Consequently, to the extent that the value of the CLO Issuer s portfolio of loan investments has been reduced as a result of conditions in the credit markets, or as a result of defaulted loans or individual fund assets, the value of the Subordinated Notes at their redemption could be reduced.

If any asset coverage test with respect to the Class A Notes or Class B Notes is not met or if the CLO Issuer fails to obtain a confirmation of the initial ratings of the Class A Notes or Class B Notes after the effective date (defined under the indenture as the earlier to occur of January 5, 2011 or the time that the CLO Issuer has acquired (or committed to acquire) at least $300 million in assets), proceeds from the portfolio of loan investments that otherwise would have been distributed to the CLO Issuer and the holders of the Subordinated Notes will instead be used to redeem first the Class A Notes and then the Class B Notes, to the extent necessary to satisfy the applicable asset coverage tests or to obtain the necessary ratings confirmation. Any such mandatory redemption of Class A Notes or Class B Notes will shorten the average life of the notes issued by the CLO Issuer, which could have a material adverse effect on the value Holdings is able to realize on the Class B Notes and the Subordinated Notes.

If an event of default has occurred and acceleration occurs in accordance with the terms of the indenture, the most senior class of notes then outstanding will be paid in full in cash before any further payment or distribution on the notes. In addition, if an event of default occurs, the holders of the most senior class of notes then outstanding, or the Controlling Class, will be entitled to determine the remedies to be exercised under the indenture, subject to the terms of the indenture. Remedies pursued by the Controlling Class could be adverse to the interests of the holders of the notes that are subordinated to the Controlling Class (which would include the Class B Notes and Subordinated Notes to the extent the Class A Notes constitute the Controlling Class), and the Controlling Class will have no obligation to consider any possible adverse effect on such other interests. Thus, we cannot assure you that any remedies pursued by the Controlling Class will be in the best interests of Holdings or that Holdings will receive any payments or distributions upon an acceleration of the notes. Any failure of the CLO Issuer to make distributions on the notes we indirectly hold, whether as a result of an event of default or otherwise, could have a material adverse effect on our business, financial condition, results of operations and cash flows and may result in an inability of us to make distributions sufficient to allow our qualification as a RIC.

In addition, as part of the transaction, we entered into a master loan sale agreement under which we would be required to repurchase any loan (or participation interest therein) which was sold to the CLO Issuer

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in breach of any representation or warranty made by us with respect to such loan on the date such loan was sold. To the extent we fail to satisfy any such repurchase obligation, the trustee may, on behalf of the CLO Issuer, bring an action against us to enforce these repurchase obligations.

## Our ability to invest in public companies may be limited in certain circumstances.

To maintain our status as a business development company, we are not permitted to acquire any assets other than qualifying assets specified in the 1940 Act unless, at the time the acquisition is made, at least 70% of our total assets are qualifying assets (with certain limited exceptions). Subject to certain exceptions for follow-on investments and distressed companies, an investment in an issuer that has outstanding securities listed on a national securities exchange may be treated as qualifying assets only if such issuer has a common equity market capitalization that is less than $250 million at the time of such investment.

## 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.

The use of leverage magnifies the potential for gain or loss on amounts invested. The use of leverage is generally considered a speculative investment technique and increases the risks associated with investing in our securities. We may issue senior debt securities to banks, insurance companies and other lenders. Lenders of these senior securities will have fixed dollar claims on our assets that are superior to the claims of our common stockholders, and we would expect such lenders to seek recovery against our assets in the event of a default. We may pledge up to 100% of our assets and may grant a security interest in all of our assets under the terms of any debt instruments we may enter into with lenders. In addition, under the terms of any credit facility or other debt instrument we enter into, we are likely to be required by its terms to use the net proceeds of any investments that we sell to repay a portion of the amount borrowed under such facility or instrument before applying such net proceeds to any other uses. If the value of our assets decreases, leveraging would cause our net asset value to decline more sharply than it otherwise would have had we not leveraged, thereby magnifying losses or eliminating our equity stake in a leveraged investment. Similarly, any decrease in our revenue or income will cause our net income to decline more sharply than it would have had we not borrowed. Such a decline would also negatively affect our ability to make dividend payments on our common stock or preferred stock. Our ability to service our debt will depend largely on our financial performance and will be subject to prevailing economic conditions and competitive pressures. Moreover, as the base management fee payable to GC Advisors is payable 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 which may not be consistent with our stockholders interests. In addition, our common stockholders will bear the burden of any increase in our expenses as a result of our use of leverage, including interest expenses and any increase in the base management fee payable to GC Advisors.

As a business development company, we generally are required to meet a coverage ratio of total assets to total borrowings and other senior securities, which include all of our borrowings and any preferred stock that we may issue in the future, of at least 200%. If this ratio declines below 200%, we cannot incur additional debt and could be required to sell a portion of our investments to repay some debt when it is disadvantageous to do so. This could have a material adverse effect on our operations, and we may not be able to make distributions. The amount of leverage that we employ will depend on GC Advisors and our board of directors assessment of market and other factors at the time of any proposed borrowing. We cannot assure you that we will be able to obtain credit at all or on terms acceptable to us.

In addition, the Retired Credit Facility imposed financial and operating covenants that restricted our business activities, including limitations that hindered our ability to finance additional loans and investments or to make the distributions required to maintain our status as a RIC under the Code. As of June 30, 2010, we had $121.8 million in outstanding indebtedness under the Retired Credit Facility. On July 16, 2010, the Retired Credit Facility was paid in full through the use of proceeds from the Debt Securitization.

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The following table illustrates the effect of leverage on returns from an investment in our common stock assuming various annual returns, net of expenses. The calculations in the table below are hypothetical and actual returns may be higher or lower than those appearing in the table below.

| | Assumed Return on Our Portfolio (Net of Expenses) | | | | |
|---|---|---|---|---|---|
| | -10% | -5% | 0% | 5% | 10% |
| Corresponding return to common stockholder(1) | % | % | % | % | % |

(1) Assumes \$383.8 million in total assets, \$121.8 million in debt outstanding and \$259.8 million in net assets as of June 30, 2010 and an average cost of funds of 1.6%, which was our weighted average borrowing for the quarter ended June 30, 2010.

Based on our outstanding indebtedness of \$121.8 million as of June 30, 2010 and the effective annual interest rate under the Retired Credit Facility of 1.6% as of that date, our investment portfolio would have been required to experience an annual return of at least % to cover annual interest payments on the Retired Credit Facility.

## To the extent we use debt to finance our investments, changes in interest rates will affect our cost of capital and net investment income.

To the extent we borrow money to make investments, our net investment income will depend, in part, upon the difference between the rate at which we borrow funds and the rate at which we invest those funds. As a result, we can offer no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income in the event we continue to use debt to finance our investments. In periods of rising interest rates, our cost of funds will increase because the interest rates on the Class A Notes and Class B Notes issued under the Debt Securitization are floating, which could reduce our net investment income to the extent any debt investments have fixed interest rates. We expect that our long-term fixed-rate investments will be financed primarily with issuances of equity and long-term debt securities. We may use interest rate risk management techniques in an effort to limit our exposure to interest rate fluctuations. Such techniques may include various interest rate hedging activities to the extent permitted by the 1940 Act.

You should also be aware that a rise in the general level of interest rates typically leads to higher interest rates applicable to our debt investments. Accordingly, an increase in interest rates may result in an increase of the amount of incentive fees payable to GC Advisors.

## We may enter into reverse repurchase agreements, which are another form of leverage.

We may enter into reverse repurchase agreements as part of our management of our temporary investment portfolio. Under a reverse repurchase agreement, we will effectively pledge our assets as collateral to secure a short-term loan. Generally, the other party to the agreement makes the loan in an amount equal to a percentage of the fair value of the pledged collateral. At the maturity of the reverse repurchase agreement, we will be required to repay the loan and correspondingly receive back our collateral. While used as collateral, the assets continue to pay principal and interest which are for the benefit of us.

Our use of reverse repurchase agreements, if any, involves many of the same risks involved in our use of leverage, as the proceeds from reverse repurchase agreements generally will be invested in additional securities. There is a risk that the market value of the securities acquired in the reverse repurchase agreement may decline below the price of the securities that we have sold but remain obligated to purchase. In addition, there is a risk that the market value of the securities retained by us may decline. If a buyer of securities under a reverse repurchase agreement were to file for bankruptcy or experience insolvency, we may be adversely affected. Also, in entering into reverse repurchase agreements, we would bear the risk of loss to the extent that the proceeds of such agreements at settlement are less than the fair value of the underlying securities being pledged. In addition, due to the interest costs associated with reverse repurchase agreements transactions, our net asset value would decline, and, in some cases, we may be worse off than if we had not used such instruments.

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## We are currently operating in a period of capital markets disruption and economic downturn.

The U.S. capital markets have been experiencing extreme volatility and disruption for more than two and a half years, and the U.S. economy was in a recession for several consecutive calendar quarters during the same period. Disruptions in the capital markets have increased the spread between the yields realized on risk-free and higher risk securities, resulting in illiquidity in parts of the capital markets. A prolonged period of market illiquidity may have an adverse effect on our business, financial condition, results of operations and cash flows. Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could limit our investment originations, limit our ability to grow and negatively impact our operating results.

## Adverse developments in the credit markets may impair our ability to enter into new debt financing arrangements.

During the economic downturn in the United States that began in mid-2007, many commercial banks and other financial institutions stopped lending or significantly curtailed their lending activity. In addition, in an effort to stem losses and reduce their exposure to segments of the economy deemed to be high risk, some financial institutions limited routine refinancing and loan modification transactions and even reviewed the terms of existing facilities to identify bases for accelerating the maturity of existing lending facilities. As a result, it may be difficult for us to finance the growth of our investments on acceptable economic terms, or at all.

## If we do not invest a sufficient portion of our assets in qualifying assets, we could fail to qualify as a business development company or be precluded from investing according to our current business strategy.

As a business development company, we may not acquire any assets other than qualifying assets unless, at the time of and after giving effect to such acquisition, at least 70% of our total assets are qualifying assets. See Regulation Qualifying Assets.

We believe that most of our investments will constitute qualifying assets. However, we may be precluded from investing in what we believe are attractive investments if such investments are not qualifying assets for purposes of the 1940 Act. If we do not invest a sufficient portion of our assets in qualifying assets, we could violate the 1940 Act provisions applicable to business development companies. As a result of such violation, specific rules under the 1940 Act could prevent us, for example, from making follow-on investments in existing portfolio companies (which could result in the dilution of our position) or could require us to dispose of investments at inappropriate times in order to come into compliance with the 1940 Act. If we need to dispose of such investments quickly, it could be difficult to dispose of such investments on favorable terms. We may not be able to find a buyer for such investments and, even if we do find a buyer, we may have to sell the investments at a substantial loss. Any such outcomes would have a material adverse effect on our business, financial condition, results of operations and cash flows.

If we do not maintain our status as a business development company, we would be subject to regulation as a registered closed-end investment company under the 1940 Act. As a registered closed-end fund, we would be subject to substantially more regulatory restrictions under the 1940 Act which would significantly decrease our operating flexibility.

## Many of our portfolio investments are recorded at fair value as determined in good faith by our board of directors and, as a result, there may be uncertainty as to the value of our portfolio investments.

Many of our portfolio investments take the form of securities that are not publicly traded. The fair value of securities and other investments that are not publicly traded may not be readily determinable, and we value these securities at fair value as determined in good faith by our board of directors, including to reflect significant events affecting the value of our securities. Most, if not all, of our investments (other than cash and cash equivalents) are classified as Level 3 under Accounting Standards Codification, or ASC, Topic 820, *Fair Value Measurement*. This means that our portfolio valuations are based on unobservable inputs and our own assumptions about how market participants would price the asset or liability in question. Inputs into the determination of fair value of our portfolio investments requires significant management judgment or estimation. Even if observable market data are available, such information may be the result of consensus pricing information or broker quotes, which include a disclaimer that the broker would not be held to such a price in an actual transaction. The non-binding nature of consensus pricing and/or quotes accompanied by disclaimers materially reduces the reliability of such information. We have retained the services of one or more independent service providers to review the valuation of these securities. The types of factors that the board of directors may take into account in determining the fair value of our investments generally include, as appropriate, comparison to publicly traded securities including such factors as yield, maturity and measures of credit quality, the enterprise value of a portfolio company, the nature and realizable value of any collateral, the portfolio company s ability to make payments and its earnings and discounted cash flow, the markets in which the portfolio company does business and other relevant factors. Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, our determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed. Our net asset value could be adversely affected if our determinations regarding the fair value of our investments were materially higher than the values that we ultimately realize upon the disposal of such securities.

We adjust quarterly the valuation of our portfolio to reflect our board of directors determination of the fair value of each investment in our portfolio. Any changes in fair value are recorded in our statement of operations as net change in unrealized appreciation or depreciation.

## We may experience fluctuations in our quarterly operating results.

We could experience fluctuations in our quarterly operating results due to a number of factors, including the interest rate payable on the debt securities we acquire, the default rate on such securities, the level of our expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which we encounter competition in our markets and general economic conditions. In light of these factors, results for any period should not be relied upon as being indicative of our performance in future periods.

## New or modified laws or regulations governing our operations may adversely affect our business.

We and our portfolio companies are subject to regulation by laws at the U.S. federal, state and local levels. These laws and regulations, as well as their interpretation, may change from time to time, and new laws, regulations and interpretations may also come into effect. Any such new or changed laws or regulations could have a material adverse effect on our business. In particular, on July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or Dodd-Frank, became law. The scope of Dodd-Frank impacts many aspects of the financial services industry, and it requires the development and adoption of many implementing regulations over the next several months and years. The effects of Dodd-Frank on the financial services industry will depend, in large part, upon the extent to which regulators exercise the authority granted to them and the approaches taken in implementing regulations. We have begun to assess the potential impact of Dodd-Frank on our business and operations, but at this early stage, the likely impact cannot be ascertained with any degree of certainty.

Additionally, changes to the laws and regulations governing our operations related to permitted investments may cause us to alter our investment strategy in order to avail ourselves of new or different opportunities. Such changes could result in material differences to the strategies and plans set forth in this prospectus and may shift our investment focus from the areas of expertise of GC Advisors to other types of investments in which GC Advisors may have little or no expertise or experience. Any such changes, if they occur, could have a material adverse effect on our results of operations and the value of your investment.

## Our board of directors may change our investment objective, operating policies and strategies without prior notice or stockholder approval.

Our board of directors has the authority, except as otherwise provided in the 1940 Act, to modify or waive our investment objective and certain of our operating policies and strategies without prior notice and without stockholder approval. However, absent stockholder approval, we may not change the nature of our business so as to cease to be, or withdraw our election as, a business development company. Under Delaware law, we also cannot be dissolved without prior stockholder approval. We cannot predict the effect any changes to our current investment objective, operating policies and strategies would have on our business, operating results and the price value of our common stock. Nevertheless, any such changes could adversely affect our business and impair our ability to make distributions.

## Provisions of the General Corporation Law of the State of Delaware and our certificate of incorporation and bylaws could deter takeover attempts and have an adverse effect on the price of our common stock.

The General Corporation Law of the State of Delaware, or the DGCL, contains provisions that may discourage, delay or make more difficult a change in control of us or the removal of our directors. Our certificate of incorporation and bylaws contain provisions that limit liability and provide for indemnification of our directors and officers. These provisions and others also may have the effect of deterring hostile takeovers or delaying changes in control or management. We are subject to Section 203 of the DGCL, the application of which is subject to any applicable requirements of the 1940 Act. This section generally prohibits us from engaging in mergers and other business combinations with stockholders that beneficially own 15% or more of our voting stock, or with their affiliates, unless our directors or stockholders approve the business combination in the prescribed manner. Our board of directors has adopted a resolution exempting from Section 203 of the DGCL any business combination between us and any other person, subject to prior approval of such business combination by our board of directors, including approval by a majority of our directors who are not interested persons. If the resolution exempting business combinations is repealed or our board of directors does not approve a business combination, Section 203 of the DGCL may discourage third parties from trying to acquire control of us and increase the difficulty of consummating such an offer.

We have also adopted measures that may make it difficult for a third party to obtain control of us, including provisions of our certificate of incorporation classifying our board of directors in three classes serving staggered three-year terms, and provisions of our certificate of incorporation authorizing our board of directors to classify or reclassify shares of our preferred stock in one or more classes or series, to cause the issuance of additional shares of our stock, and to amend our certificate of incorporation, without stockholder approval, to increase or decrease the number of shares of stock that we have authority to issue. These provisions, as well as other provisions of our certificate of incorporation and bylaws, may delay, defer or prevent a transaction or a change in control that might otherwise be in the best interests of our stockholders.

## GC Advisors can resign on 60 days notice, and we may not be able to find a suitable replacement within that time, resulting in a disruption in our operations that could adversely affect our financial condition, business and results of operations.

GC Advisors has the right, under the Investment Advisory Agreement, to resign at any time upon not less than 60 days written notice, whether we have found a replacement or not. If GC Advisors resigns, we may not be able to find a new investment adviser or hire internal management with similar expertise and ability to provide the same or equivalent services on acceptable terms within 60 days, or at all. If we are unable to do so quickly, our operations are likely to experience a disruption, our financial condition, business and results of operations as well as our ability to pay distributions are likely to be adversely affected and the market price of our shares may decline. In addition, the coordination of our internal management and investment activities is likely to suffer if we are unable to identify and reach an agreement with a single institution or group of executives having the expertise possessed by GC Advisors and its affiliates. Even if we are able to retain comparable management, whether internal or external, the integration of such management and their lack of familiarity with our investment objective may result in additional costs and time delays that may adversely affect our business, financial condition, results of operations and cash flows.

**GC Service can resign on 60 days notice, and we may not be able to find a suitable replacement, resulting in a disruption in our operations that could adversely affect our financial condition, business and results of operations.**

GC Service has the right to resign under the Administration Agreement at any time upon not less than 60 days written notice, whether we have found a replacement or not. If GC Service resigns, we may not be able to find a new administrator or hire internal management with similar expertise and ability to provide the same or equivalent services on acceptable terms, or at all. If we are unable to do so quickly, our operations are likely to experience a disruption, our financial condition, business and results of operations as well as our ability to pay distributions are likely to be adversely affected and the market price of our shares may decline.

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In addition, the coordination of our internal management and administrative activities is likely to suffer if we are unable to identify and reach an agreement with a service provider or individuals with the expertise possessed by GC Service. Even if we are able to retain a comparable service provider or individuals to perform such services, whether internal or external, their integration into our business and lack of familiarity with our investment objective may result in additional costs and time delays that may adversely affect our business, financial condition, results of operations and cash flows.

### We incur significant costs as a result of being a publicly traded company.

As a publicly traded company, we incur legal, accounting and other expenses, including costs associated with the periodic reporting requirements applicable to a company whose securities are registered under the Exchange Act, as well as additional corporate governance requirements, including requirements under the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, and other rules implemented by the SEC.

### Efforts to comply with Section 404 of the Sarbanes-Oxley Act will involve significant expenditures, and non-compliance with Section 404 of the Sarbanes-Oxley Act may adversely affect us and the market price of our common stock.

Under current SEC rules, beginning with our fiscal year ending September 30, 2010, we are required to report on our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act and related rules and regulations of the SEC. We are required to review on an annual basis our internal control over financial reporting, and on a quarterly and annual basis to evaluate and disclose changes in our internal control over financial reporting.

As a result, we are incurring additional expenses that may negatively impact our financial performance and our ability to make distributions. This process also results in a diversion of management s time and attention. We cannot be certain as to the timing of completion of our evaluation, testing and remediation actions or the impact of the same on our operations, and we may not be able to ensure that the process is effective or that our internal control over financial reporting is or will be effective in a timely manner. In the event that we are unable to maintain or achieve compliance with Section 404 of the Sarbanes-Oxley Act and related rules, we and the market price of our common stock may be adversely affected.

### We are highly dependent on information systems and systems failures could significantly disrupt our business, which may, in turn, negatively affect the market price of our common stock and our ability to pay dividends.

Our business is highly dependent on the communications and information systems of GC Advisors and its affiliates. Any failure or interruption of such systems could cause delays or other problems in our activities. This, in turn, could have a material adverse effect on our operating results and negatively affect the market price of our common stock and our ability to pay dividends to our stockholders.

## Risks Related to Our Investments

## Economic recessions or downturns could impair our portfolio companies and harm our operating results.

Many of our portfolio companies are susceptible to economic slowdowns or recessions and may be unable to repay our loans during these periods. Therefore, our non-performing assets are likely to increase and the value of our portfolio is likely to decrease during these periods. Adverse economic conditions may decrease the value of collateral securing some of our loans and the value of our equity investments. Economic slowdowns or recessions could lead to financial losses in our portfolio and a decrease in revenues, net income and assets. Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could prevent us from increasing our investments and harm our operating results.

A portfolio company s failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its assets, which could trigger cross-defaults under other agreements and jeopardize our portfolio company s ability to meet its obligations under the debt securities that we hold. We may incur expenses to the extent necessary to seek

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recovery upon default or to negotiate new terms with a defaulting portfolio company. In addition, lenders in certain cases can be subject to lender liability claims for actions taken by them when they become too involved in the borrower s business or exercise control over a borrower. It is possible that we could become subject to a lender s liability claim, including as a result of actions taken if we render significant managerial assistance to the borrower. Furthermore, if one of our portfolio companies were to file for bankruptcy protection, even though we may have structured our investment as senior secured debt, depending on the facts and circumstances, including the extent to which we provided managerial assistance to that portfolio company, a bankruptcy court might re-characterize our debt holding and subordinate all or a portion of our claim to claims of other creditors.

## Current market conditions have materially and adversely affected debt and equity capital markets in the United States and around the world.

Beginning in 2007 and continuing into 2010, the global capital markets have experienced a period of disruption resulting in a lack of liquidity in parts of the debt capital markets, significant write-offs in the financial services sector relating to subprime mortgages and the re-pricing of credit risk in the broadly syndicated market. These events, along with the deterioration of the housing market, illiquid market conditions, declining business and consumer confidence and the failure of major financial institutions in the United States, led to a decline general of economic conditions. This economic decline has materially and adversely affected the broader financial and credit markets and has reduced the availability of debt and equity capital for the market as a whole and to financial firms in particular. To the extent that we wish to use debt to fund our investments, the debt capital that will be available to us, if at all, may be at a higher cost, and on terms and conditions that may be less favorable, than what we expect, which could negatively affect our financial performance and results. A prolonged period of market illiquidity may cause us to reduce the volume of loans we originate and/or fund and adversely affect the value of our portfolio investments, which could have a material and adverse effect on our business, financial condition, results of operations and cash flows. Any deterioration of current market conditions could materially and adversely affect our business.

## Our investments in leveraged portfolio companies may be risky, and you could lose all or part of your investment.

Investment in leveraged companies involves a number of significant risks. Leveraged companies in which we invest may have limited financial resources and may be unable to meet their obligations under their debt securities that we hold. Such developments may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of our realizing any guarantees that we may have obtained in connection with our investment. Smaller leveraged companies also may have less predictable operating results and may require substantial additional capital to support their operations, finance their expansion or maintain their competitive position.

## Our investments in private and middle-market portfolio companies are risky, and you could lose all or part of your investment.

Investment in private and middle-market companies involves a number of significant risks. Generally, little public information exists about these companies, and we expect to rely on the ability of GC Advisors investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies. If we are unable to uncover all material information about these companies, we may not make a fully informed investment decision, and we may lose money on our investments. Middle-market companies may have limited financial resources and may be unable to meet their obligations under their debt securities that we hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of our realizing any guarantees we may have obtained in connection with our investment. In addition, such companies typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors actions and market conditions, as well as general economic downturns. Additionally, middle-market companies are more likely to depend on the management talents and efforts of a small group of persons. Therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on our portfolio company and, in turn, on us. Middle-market companies also may be parties to

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litigation and may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence. In addition, our executive officers, directors and GC Advisors may, in the ordinary course of business, be named as defendants in litigation arising from our investments in the portfolio companies.

## The lack of liquidity in our investments may adversely affect our business.

We may invest all of our assets in illiquid securities, and a substantial portion of our investments in leveraged companies are and will be subject to legal and other restrictions on resale or will otherwise be less liquid than more broadly traded public securities. The illiquidity of these investments may make it difficult for us to sell such investments if the need arises. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we have previously recorded our investments. We may also face other restrictions on our ability to liquidate an investment in a portfolio company to the extent that we, GC Advisors, Golub Capital or any of its affiliates have material nonpublic information regarding such portfolio company.

## Price declines and illiquidity in the corporate debt markets may adversely affect the fair value of our portfolio investments, reducing our net asset value through increased net unrealized depreciation.

As a business development company, we are required to carry our investments at market value or, if no market value is ascertainable, at fair value as determined in good faith by our board of directors. As part of the valuation process, we may take into account the following types of factors, if relevant, in determining the fair value of our investments:

a comparison of the portfolio company s securities to publicly traded securities;
the enterprise value of a portfolio company;
the nature and realizable value of any collateral;
the portfolio company s ability to make payments and its earnings and discounted cash flow;
the markets in which the portfolio company does business; and
changes in the interest rate environment and the credit markets generally that may affect the price at which similar investments may be made in the future and other relevant factors.

When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, we use the pricing indicated by the external event to corroborate our valuation. We record decreases in the market values or fair values of our investments as unrealized depreciation. Declines in prices and liquidity in the corporate debt markets may result in significant net unrealized depreciation in our portfolio. The effect of all of these factors on our portfolio may reduce our net asset value by increasing net unrealized depreciation in our portfolio. Depending on market conditions, we could incur substantial realized losses and may suffer additional unrealized losses in future periods, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

## We have not yet identified the portfolio company investments we will acquire using the proceeds of this offering.

While we currently hold a portfolio of investments, we have not yet identified additional potential investments for our portfolio that we will acquire with the proceeds of this offering. Privately negotiated investments in illiquid securities or private middle-market companies require substantial due diligence and structuring, and we cannot assure you that we will achieve our anticipated investment pace. As a result, you will be unable to evaluate any future portfolio company investments prior to purchasing our shares of common stock. Additionally, GC Advisors will select our investments subsequent to the closing of this offering, and our stockholders will have no input with respect to such investment decisions. These factors increase the uncertainty, and thus the risk, of investing in our common stock.

We anticipate that we will use substantially all of the net proceeds of this offering within approximately six months following the completion of this offering, depending on the availability of appropriate investment opportunities consistent with our investment objectives and market conditions. Until such appropriate



We have not yet identified the portfolio company investments we will acquireusing the proceeds of this offering.

investment opportunities can be found, we will invest the net proceeds of this offering primarily in cash, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less from the date of investment. We expect these temporary investments to earn yields substantially lower than the income that we expect to receive in respect of investments in senior secured, unitranche, mezzanine and second lien loans and equity securities. As a result, any distributions we make during this period may be substantially smaller than the distributions that we expect to pay when our portfolio is fully invested.

## We are a non-diversified investment company within the meaning of the 1940 Act, and therefore we are not limited with respect to the proportion of our assets that may be invested in securities of a single issuer.

We are classified as a non-diversified investment company within the meaning of the 1940 Act, which means that we are not limited by the 1940 Act with respect to the proportion of our assets that we may invest in securities of a single issuer. To the extent that we assume large positions in the securities of a small number of issuers, our net asset value may fluctuate to a greater extent than that of a diversified investment company as a result of changes in the financial condition or the market s assessment of the issuer. We may also be more susceptible to any single economic or regulatory occurrence than a diversified investment company. Beyond our asset diversification requirements as a RIC under the Code, we do not have fixed guidelines for diversification, and our investments could be concentrated in relatively few portfolio companies.

## Our portfolio may be concentrated in a limited number of portfolio companies and industries, which will subject us to a risk of significant loss if any of these companies defaults on its obligations under any of its debt instruments or if there is a downturn in a particular industry.

Our portfolio may be concentrated in a limited number of portfolio companies and industries. Beyond the asset diversification requirements associated with our qualification as a RIC under the Code, we do not have fixed guidelines for diversification. As a result, the aggregate returns we realize may be significantly adversely affected if a small number of investments perform poorly or if we need to write down the value of any one investment. Additionally, while we are not targeting any specific industries, our investments may be concentrated in relatively few industries. As a result, a downturn in any particular industry in which we are invested could also significantly impact the aggregate returns we realize.

## We may hold the debt securities of leveraged companies that may, due to the significant volatility of such companies, enter into bankruptcy proceedings.

Leveraged companies may experience bankruptcy or similar financial distress. The bankruptcy process has a number of significant inherent risks. Many events in a bankruptcy proceeding are the product of contested matters and adversary proceedings and are beyond the control of the creditors. A bankruptcy filing by an issuer may adversely and permanently affect the issuer. If the proceeding is converted to a liquidation, the value of the issuer may not equal the liquidation value that was believed to exist at the time of the investment. The duration of a bankruptcy proceeding is also difficult to predict, and a creditor s return on investment can be adversely affected by delays until the plan of reorganization or liquidation ultimately becomes effective. The administrative costs in connection with a bankruptcy proceeding are frequently high and would be paid out of the debtor s estate prior to any return to creditors. Because the standards for classification of claims under bankruptcy law are vague, our influence with respect to the class of securities or other obligations we own may be lost by increases in the number and amount of claims in the same class or by different classification and treatment. In the early stages of the bankruptcy process, it is often difficult to estimate the extent of, or even to identify, any contingent claims that might be made. In addition, certain claims that have priority by law (for example, claims for taxes) may be substantial.

## Our failure to make follow-on investments in our portfolio companies could impair the value of our portfolio.

Following an initial investment in a portfolio company, we may make additional investments in that portfolio company as follow-on investments, in seeking to:

increase or maintain in whole or in part our position as a creditor or equity ownership percentage in a portfolio company;

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exercise warrants, options or convertible securities that were acquired in the original or subsequent financing; or
preserve or enhance the value of our investment.

We have discretion to make follow-on investments, subject to the availability of capital resources. Failure on our part to make follow-on investments may, in some circumstances, jeopardize the continued viability of a portfolio company and our initial investment, or may result in a missed opportunity for us to increase our participation in a successful operation. Even if we have sufficient capital to make a desired follow-on investment, we may elect not to make a follow-on investment because we may not want to increase our level of risk, because we prefer other opportunities or because we are inhibited by compliance with business development company requirements or the desire to maintain our RIC status. Our ability to make follow-on investments may also be limited by GC Advisors allocation policy.

## Because we generally do not hold controlling equity interests in our portfolio companies, we may not be able to exercise control over our portfolio companies or to prevent decisions by management of our portfolio companies that could decrease the value of our investments.

Although we may do so in the future, we do not currently hold controlling equity positions in our portfolio companies. As a result, we are subject to the risk that a portfolio company may make business decisions with which we disagree, and that the management and/or stockholders of a portfolio company may take risks or otherwise act in ways that are adverse to our interests. Due to the lack of liquidity of the debt and equity investments that we typically hold in our portfolio companies, we may not be able to dispose of our investments in the event we disagree with the actions of a portfolio company and may therefore suffer a decrease in the value of our investments.

## Defaults by our portfolio companies will harm our operating results.

A portfolio company s failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its assets. This could trigger cross-defaults under other agreements and jeopardize such portfolio company s ability to meet its obligations under the debt or equity securities that we hold. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants, with a defaulting portfolio company.

## Our portfolio companies may incur debt that ranks equally with, or senior to, our investments in such companies.

We have invested a portion of our capital in second lien and mezzanine loans issued by our portfolio companies and intend to continue to do so in the future. The portfolio companies usually have, or may be permitted to incur, other debt that ranks equally with, or senior to, the debt securities in which we invest. By their terms, such debt instruments may provide that the holders are entitled to receive payment of interest or principal on or before the dates on which we are entitled to receive payments in respect of the debt securities in which we invest. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of debt instruments ranking senior to our investment in that portfolio company would typically be entitled to receive payment in full before we receive any distribution in respect of our investment. After repaying senior creditors, the portfolio company may not have any remaining assets to use for repaying its obligation to us. In the case of debt ranking equally with debt securities in which we invest, we would have to share any distributions on an equal and ratable basis with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company.

Additionally, certain loans that we make to portfolio companies may be secured on a second priority basis by the same collateral securing senior secured debt of such companies. The first priority liens on the collateral will secure the portfolio company s obligations under any outstanding senior debt and may secure certain other future debt that may be permitted to be incurred by the portfolio company under the agreements governing the loans. The holders of obligations secured by first priority liens on the collateral will generally control the liquidation of, and be entitled to receive proceeds from, any realization of the collateral to repay



Our portfolio companies may incur debt that ranks equally with, or senior to,our investments in such companies.

their obligations in full before us. In addition, the value of the collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from sales of all of the collateral would be sufficient to satisfy the loan obligations secured by the second priority liens after payment in full of all obligations secured by the first priority liens on the collateral. If such proceeds were not sufficient to repay amounts outstanding under the loan obligations secured by the second priority liens, then we, to the extent not repaid from the proceeds of the sale of the collateral, will only have an unsecured claim against the portfolio company s remaining assets, if any.

We have made in the past, and may make in the future, unsecured loans to portfolio companies, meaning that such loans will not benefit from any interest in collateral of such companies. Liens on such portfolio companies collateral, if any, will secure the portfolio company s obligations under its outstanding secured debt and may secure certain future debt that is permitted to be incurred by the portfolio company under its secured loan agreements. The holders of obligations secured by such liens will generally control the liquidation of, and be entitled to receive proceeds from, any realization of such collateral to repay their obligations in full before us. In addition, the value of such collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from sales of such collateral would be sufficient to satisfy our unsecured loan obligations after payment in full of all secured loan obligations. If such proceeds were not sufficient to repay the outstanding secured loan obligations, then our unsecured claims would rank equally with the unpaid portion of such secured creditors claims against the portfolio company s remaining assets, if any.

The rights we may have with respect to the collateral securing the loans we make to our portfolio companies with senior debt outstanding may also be limited pursuant to the terms of one or more intercreditor agreements that we enter into with the holders of such senior debt. Under a typical intercreditor agreement, at any time that obligations that have the benefit of the first priority liens are outstanding, any of the following actions that may be taken in respect of the collateral will be at the direction of the holders of the obligations secured by the first priority liens:

- the ability to cause the commencement of enforcement proceedings against the collateral;
- the ability to control the conduct of such proceedings;
- the approval of amendments to collateral documents;
- releases of liens on the collateral; and
- waivers of past defaults under collateral documents.

We may not have the ability to control or direct such actions, even if our rights are adversely affected.

## If we make subordinated investments, the obligors or the portfolio companies may not generate sufficient cash flow to service their debt obligations to us.

We may make subordinated investments that rank below other obligations of the obligor in right of payment. Subordinated investments are subject to greater risk of default then senior obligations as a result of adverse changes in the financial condition of the obligor or in general economic conditions. If we make a subordinated investment in a portfolio company, the portfolio company may be highly leveraged, and its relatively high debt-to-equity ratio may create increased risks that its operations might not generate sufficient cash flow to service all of its debt obligations.

## The disposition of our investments may result in contingent liabilities.

A significant portion of our investments involve private securities. In connection with the disposition of an investment in private securities, we may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business. We may also be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate or with respect to potential liabilities. These arrangements may result in contingent liabilities that ultimately result in funding obligations that we must satisfy through our return of distributions previously made to us.

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## Our base management fee may induce GC Advisors to incur leverage.

Our base management fee is payable based upon our average adjusted gross assets, which include any borrowings that we make for investment purposes. This fee structure may encourage GC Advisors to borrow money to finance additional investments. Under certain circumstances, the use of borrowed money may increase the likelihood of default, which would disfavor holders of our common stock, including investors in the common stock offered by this prospectus. Given the subjective nature of the investment decisions made by GC Advisors on our behalf, our board of directors may not be able to monitor this potential conflict of interest effectively.

## Our incentive fee may induce GC Advisors to make certain investments, including speculative investments.

The incentive fee payable by us to GC Advisors may create an incentive for GC Advisors to make investments on our behalf that are riskier or more speculative than would be the case in the absence of such compensation arrangement. The way in which the incentive fee payable to GC Advisors is determined may encourage GC Advisors to use leverage to increase the return on our investments. Under certain circumstances, the use of leverage may increase the likelihood of default, which would disfavor the holders of our common stock, including investors in this offering.

The incentive fee payable by us to GC Advisors also may create an incentive for GC Advisors to invest on our behalf in instruments that have a deferred interest feature. Under these investments, we would accrue the interest over the life of the investment but would not receive the cash income from the investment until the end of the term. Our net investment income used to calculate the income portion of our investment fee, however, includes accrued interest. Thus, a portion of this incentive fee would be based on income that we have not yet received in cash such as market discount, debt instruments with PIK interest, preferred stock with PIK dividends and zero coupon securities.

Additionally, the incentive fee payable by us to GC Advisors may create an incentive for GC Advisors to cause us to realize capital gains or losses that may not be in the best interests of us or our stockholders. Under the incentive fee structure, GC Advisors benefits when capital gains are recognized and, because GC Advisors 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 interests associated with its management services and compensation. While it is not expected to review or approve each borrowing, our independent directors periodically review GC Advisors services and fees. In connection with these reviews, our independent directors consider whether our fees and expenses (including those related to leverage) remain appropriate.

## GC Advisors liability is limited under the Investment Advisory Agreement, and we have agreed to indemnify GC Advisors against certain liabilities, which may lead GC Advisors to act in a riskier manner on our behalf than it would when acting for its own account.

Under the Investment Advisory Agreement, GC Advisors does not assume any responsibility to us other than to render the services called for under that agreement, and it is not responsible for any action of our board of directors in following or declining to follow GC Advisors advice or recommendations. GC Advisors maintains a contractual, as opposed to a fiduciary, relationship with us. Under the terms of the Investment Advisory Agreement, GC Advisors, its officers, members, personnel, any person controlling or controlled by GC Advisors are not liable to us, any subsidiary of ours, our directors, our stockholders or any subsidiary s stockholders or partners for acts or omissions performed in accordance with and pursuant to the Investment Advisory Agreement, except those resulting from acts constituting gross negligence, willful misconduct, bad faith or reckless disregard of GC Advisors duties under the Investment Advisory Agreement. In addition, we have agreed to indemnify GC Advisors and each of its officers, directors, members, managers and employees from and against any claims or liabilities, including reasonable legal fees and other expenses reasonably incurred, arising out of or in connection with our business and operations or any action taken or omitted on our behalf pursuant to authority granted by the Investment Advisory Agreement, except where attributable to gross negligence, willful misconduct, bad faith or reckless disregard of such person s duties under the Investment Advisory Agreement. These protections may lead GC Advisors to act in a riskier manner when acting on our behalf than it would when acting for its own account.

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## We may be subject to additional risks if we engage in hedging transactions and/or invest in foreign securities.

Under the 1940 Act, a business development company may not acquire any asset other than assets of the type listed in the 1940 Act, which are referred to as qualifying assets, unless, at the time the acquisition is made, qualifying assets represent at least 70% of the company s total assets. In order for our investments to be classified as qualifying assets, among other requirements, such investments must be in issuers organized under the laws of, and which have their principal place of business in, any state of the United States, the District of Columbia, Puerto Rico, the Virgin Islands or any other possession of the United States. Our investment strategy does not presently contemplate investments in securities of non-U.S. companies. We are, however, currently invested in the securities of two non-U.S. companies and may make additional investments in non-U.S. companies, including emerging market issuers, to the limited extent such transactions and investments are permitted under the 1940 Act. We expect that these investments would focus on the same types of investments that we make in U.S. middle-market companies and accordingly would be complementary to our overall strategy and enhance the diversity of our holdings. Investing in securities of emerging market issuers involves many risks including economic, social, political, financial, tax and security conditions in the emerging market, potential inflationary economic environments, regulation by foreign governments, different accounting standards and political uncertainties. Economic, social, political, financial, tax and security conditions also could negatively affect the value of emerging market companies. These factors could include changes in the emerging market government s economic and fiscal policies, the possible imposition of, or changes in, currency exchange laws or other laws or restrictions applicable to the emerging market companies or investments in their securities and the possibility of fluctuations in the rate of exchange between currencies.

Engaging in either hedging transactions or investing in foreign securities would entail additional risks to our stockholders. We could, for example, use instruments such as interest rate swaps, caps, collars and floors and, if we were to invest in foreign securities, we could use instruments such as forward contracts or currency options and borrow under a credit facility in currencies selected to minimize our foreign currency exposure. In each such case, we generally would seek to hedge against fluctuations of the relative values of our portfolio positions from changes in market interest rates or currency exchange rates. Hedging against a decline in the values of our portfolio positions would not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of the positions declined. However, such hedging could establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of such portfolio positions. Such hedging transactions could also limit the opportunity for gain if the values of the underlying portfolio positions increased. Moreover, it might not be possible to hedge against an exchange rate or interest rate fluctuation that was so generally anticipated that we would not be able to enter into a hedging transaction at an acceptable price.

While we may enter into such transactions to seek to reduce currency exchange rate and interest rate risks, unanticipated changes in currency exchange rates or interest rates could result in poorer overall investment performance than if we had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions being hedged could vary. Moreover, for a variety of reasons, we might not seek to establish a perfect correlation between the hedging instruments and the portfolio holdings being hedged. Any such imperfect correlation could prevent us from achieving the intended hedge and expose us to risk of loss. In addition, it might not be possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities would likely fluctuate as a result of factors not related to currency fluctuations.

## We may not realize gains from our equity investments.

When we invest in unitranche, mezzanine and second lien loans, we may acquire warrants or other equity securities of portfolio companies as well. We may also invest in equity securities directly. To the extent we hold equity investments, we will attempt to dispose of them and realize gains upon our disposition of them. However, the equity interests we receive may not appreciate in value and, may decline in value. As a result, we may not be able to realize gains from our equity interests, and any gains that we do realize on the disposition of any equity interests may not be sufficient to offset any other losses we experience.

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# Risks Relating to This Offering

## We cannot assure you that we will be able to deploy the proceeds of this offering within the timeframe we have contemplated.

We anticipate that approximately $ million of the net proceeds of this offering (after expenses of the offering of approximately $ million) will be invested in portfolio companies in accordance with our investment objective and the strategies described in this prospectus and for general corporate purposes within approximately six months after the completion of this offering. We cannot assure you, however, that we will be able to locate a sufficient number of suitable investment opportunities to allow us to deploy those proceeds successfully in that timeframe. To the extent we are unable to invest those proceeds within our contemplated timeframe after the completion of this offering, our investment income and, in turn, our results of operations, will likely be materially adversely affected.

## There is a risk that you may not receive distributions or that our distributions may not grow over time and a portion of our distributions may be a return of capital.

We intend to make distributions on a quarterly basis to our stockholders out of assets legally available for distribution. We cannot assure you that we will achieve investment results that will allow us to make a specified level of cash distributions or year-to-year increases in cash distributions. Our ability to pay distributions might be adversely affected by the impact of one or more of the risk factors described in this prospectus. Due to the asset coverage test applicable to us under the 1940 Act as a business development company, we may be limited in our ability to make distributions.

## Investing in our common stock may involve an above average degree of risk.

The investments we make in accordance with our investment objective may result in a higher amount of risk than alternative investment options and volatility or loss of principal. Our investments in portfolio companies may be highly speculative and aggressive and, therefore, an investment in our common stock may not be suitable for someone with lower risk tolerance.

## Shares of closed-end investment companies, including business development companies, often trade at a discount to their net asset value.

Shares of closed-end investment companies, including business development companies, often trade at a discount to net asset value. This characteristic of closed-end investment companies and business development companies is separate and distinct from the risk that our net asset value per share may decline. We cannot predict whether our common stock will trade at, above or below net asset value.

## The market price of our common stock may fluctuate significantly.

The market price and liquidity of the market for shares of our common stock may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include:

significant volatility in the market price and trading volume of securities of business development companies or other companies in our sector, which is not necessarily related to the operating performance of these companies;

changes in regulatory policies or tax guidelines, particularly with respect to RICs or business development companies;

loss of RIC or BDC status;

changes in earnings or variations in operating results;

changes in the value of our portfolio of investments;

changes in accounting guidelines governing valuation of our investments;

any shortfall in revenue or net income or any increase in losses from levels expected by investors or securities analysts;

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- departure of GC Advisors or any of its affiliates key personnel;
- operating performance of companies comparable to us;
- general economic trends and other external factors; and
- loss of a major funding source.

## We may allocate the net proceeds from this offering in ways with which you may disagree.

We will have significant flexibility in investing the net proceeds of this offering and may use the net proceeds from this offering in ways with which you may disagree or for purposes other than those contemplated at the time of this offering.

## Investors will experience immediate dilution upon the closing of this offering.

Our investors will experience immediate dilution in the market price of our common stock of $ per share. This dilution is in large part due to the offering expenses incurred by us in connection with the consummation of this offering.

## Sales of substantial amounts of our common stock in the public market may have an adverse effect on the market price of our common stock.

Upon expiration of any applicable lock-up periods, shares issued by us will generally be freely tradable in the public market, subject to the provisions and applicable holding periods set forth in Rule 144 under the Securities Act. Sales of substantial amounts of our common stock, or the availability of such common stock for sale, could adversely affect the prevailing market prices for our common stock. If this occurs and continues, it could impair our ability to raise additional capital through the sale of securities should we desire to do so.

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# SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements in this 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 involve risks and uncertainties, including statements as to:

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

Such forward-looking statements may include statements preceded by, followed by or that otherwise include the words may, might, will, intend, should, could, can, would, expect, believe, estimate, anticipa or similar words.

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

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

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# USE OF PROCEEDS

We estimate that the net proceeds we will receive from the sale of shares of our common stock in this offering will be approximately $ million (or approximately $ million if the underwriters exercise their over-allotment option in full), in each case based on a public offering price of $ per share, which was the last reported closing price of our common stock on , 2010, after deducting the underwriting discounts and commissions and estimated offering expenses of approximately $ million payable directly or indirectly by investors in this offering.

We intend to use the net proceeds of this offering (after expenses of approximately $ million) to invest in portfolio companies in accordance with our investment objective and the strategies described in this prospectus and for general corporate purposes. We will also pay operating expenses, including management and administrative fees, and may pay other expenses such as due diligence expenses of potential new investments, from the net proceeds of this offering. We anticipate that we will use substantially all of the net proceeds of this offering for the above purposes within approximately six months after the completion of this offering, depending on the availability of appropriate investment opportunities consistent with our investment objectives and market conditions. We cannot assure you that we will achieve our targeted investment pace.

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

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# DISTRIBUTIONS

To the extent that we have income available, we intend to distribute quarterly dividends to our stockholders. Our quarterly dividends, if any, will be determined by our board of directors. Any dividends to our stockholders will be declared out of assets legally available for distribution.

We intend to elect to be treated, and intend to qualify annually thereafter, as a RIC under the Code, beginning with our first taxable year ending September 30, 2010. To obtain and maintain RIC tax treatment, we must distribute at least 90% of our net ordinary income and net short-term capital gains in excess of our net long-term capital losses, if any, to our stockholders. In order to avoid certain excise taxes imposed on RICs, we currently intend to distribute during each calendar year an amount at least equal to the sum of: (1) 98% of our net ordinary income for such calendar year; (2) 98% of our net capital gains in excess of capital losses for the one-year period ending on October 31 of the calendar year; and (3) any net ordinary income and net capital gains for preceding years that were not distributed during such years and on which we previously paid no U.S. federal income tax.

We currently intend to distribute net capital gains (*i.e.*, net long-term capital gains in excess of net short-term capital losses), if any, at least annually out of the assets legally available for such distributions. However, we may decide in the future to retain such capital gains for investment and elect to treat such gains as deemed distributions to you. If this happens, you will be treated for U.S. federal income tax purposes as if you had received an actual distribution of the capital gains that we retain and reinvested the net after tax proceeds in us. In this situation, you would be eligible to claim a tax credit (or, in certain circumstances, a tax refund) equal to your allocable share of the tax we paid on the capital gains deemed distributed to you. See Material U.S. Federal Income Tax Considerations Taxation of U.S. Stockholders. We cannot assure you that we will achieve results that will permit us to pay any cash distributions, and if we issue senior securities, we will be prohibited from making distributions if doing so would cause us to fail to maintain the asset coverage ratios stipulated by the 1940 Act or if such distributions are limited by the terms of any of our borrowings.

Unless you elect to receive your dividends in cash, we intend to make such distributions in additional shares of our common stock under our dividend reinvestment plan. Although distributions paid in the form of additional shares of our common stock will generally be subject to U.S. federal, state and local taxes in the same manner as cash distributions, investors participating in our dividend reinvestment plan will not receive any corresponding cash distributions with which to pay any such applicable taxes. If you hold shares of our common stock in the name of a broker or financial intermediary, you should contact such broker or financial intermediary regarding your election to receive distributions in cash in lieu of shares of our common stock. Any dividends reinvested through the issuance of shares through our dividend reinvestment plan will increase our gross assets on which the base management fee and the incentive fee are determined and paid to GC Advisors. See Dividend Reinvestment Plan.

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# CAPITALIZATION

The following table sets forth:

- our actual capitalization as of June 30, 2010; and
- our pro forma capitalization to give effect to (1) the repayment of the Retired Credit Facility, (2) the completion of the Debt Securitization, (3) the payment of our quarterly dividend on September 30, 2010 and (4) the sale of shares of our common stock in this offering based on a public offering price of $ per share, which was the last reported closing price of our common stock on , 2010, after deducting the underwriting discounts and commissions and estimated offering expenses of approximately $ million payable by us.

| | As of June 30, 2010 | |
|---|---|---|
| | Actual | Pro Forma |
| | (unaudited) | |
| | (dollars in thousands) | |
| **Assets:** | | |
| Cash and cash equivalents | $104,108 | $ |
| Investments at fair value | 277,610 | |
| Other assets | 2,042 | |
| Total assets | $383,760 | $ |
| **Liabilities:** | | |
| Retired Credit Facility(1) | $121,764 | $ |
| Debt Securitization | | |
| Other liabilities | 2,211 | |
| **Unitholders Equity:** | | |
| Net assets | $259,785 | $ |
| **Stockholders equity:** | | |
| Preferred stock, par value $0.001 per share; 1,000,000 shares authorized; 0 shares issued and outstanding, actual; 0 shares issued and outstanding, pro forma | | |
| Common stock, par value $0.001 per share; 100,000,000 shares authorized; 17,712,444 shares issued and outstanding, actual; shares issued and outstanding, pro forma | $18 | $ |
| Capital in excess of par | 259,690 | |
| Undistributed net investment income | 19 | |
| Net unrealized appreciation on investments | 58 | |
| Total stockholders equity | 259,785 | |
| Net asset value per share | $14.67 | $ |

(1) Amounts outstanding under the Retired Credit Facility were repaid on July 16, 2010 upon completion of the Debt Securitization. See Management s Discussion and Analysis of Financial Condition, Results of Operations and Cash Flows Liquidity and Capital Resources.

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# SELECTED FINANCIAL AND OTHER INFORMATION

We have derived the selected historical balance sheet information of GCMF as of September 30, 2007, 2008 and 2009 and the selected statement of operations information of GCMF for the fiscal period from July 27, 2007 (inception) through September 30, 2007 and for the fiscal years ended September 30, 2008 and 2009 from our predecessor s financial statements included elsewhere in this prospectus, which other than the balance sheet information of GCMF as of September 30, 2007, were audited by McGladrey & Pullen, LLP, an independent registered public accounting firm. We have derived the historical balance sheet information as of June 30, 2010 and the historical statement of operations information for the nine months ended June 30, 2010 of Golub Capital BDC and for the nine months ended June 30, 2009 of GCMF from unaudited consolidated financial data and, in the opinion of management, this information reflects all adjustments (consisting of normal recurring adjustments) that are necessary to present fairly the results of such interim period. The financial and other information below should be read in conjunction with Management s Discussion and Analysis of Financial Condition, Results of Operations and Cash Flows and our audited historical financial statements included elsewhere in this prospectus. For the period prior to September 30, 2009, the financial information below refers to the financial condition and results of operations of our predecessor, GCMF. For the nine months ended June 30, 2010, the financial information below refers to the financial condition and results of operations of Golub Capital BDC.

| | Golub Capital BDC[1] | GCMF | | | |
|---|---|---|---|---|---|
| | Nine Months Ended June 30, | | Years Ended September 30, | | Period from July 27, (Inception) Through September 30, 2007 |
| | 2010 | 2009 | 2009 | 2008 | |
| | (unaudited) | (unaudited) | | | |
| | (dollars in thousands) | | | | |
| **Income Statement Data:** | | | | | |
| Total investment income | $25,718 | $23,814 | $33,338 | $20,686 | $ 1,868 |
| Total expenses | $6,703 | $6,124 | $7,860 | $10,642 | $ 1,251 |
| Net investment income | $19,015 | $17,690 | $25,478 | $10,044 | $ 617 |
| Net realized loss from investments | $ | $(795 ) | $(3,972 ) | $(4,503 ) | $ |
| Net change in unrealized appreciation (depreciation) on investments | $985 | $(4,459 ) | $(1,489 ) | $(8,957 ) | $ (558 ) |
| Net income (loss) | $20,000 | $12,436 | $20,017 | $(3,416 ) | $ 59 |
| **Other Data:** | | | | | |
| Weighted average annualized yield on income producing investments at fair value[2] | 8.2 % | 7.5 % | 8.05 % | 9.33 % | 6.40 % |
| Number of portfolio companies (at period end) | 79 | 97 | 95 | 60 | 56 |

(1) Includes the financial information of GCMF for the period prior to the BDC Conversion.

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

| | Golub Capital BDC | GCMF | | |
|---|---|---|---|---|
| | June 30, | September 30, | | |
| | 2010 | 2009 | 2008 | 2007 |
| | (unaudited) | | | (unaudited) |
| | (dollars in thousands) | | | |
| **Balance Sheet Data:** | | | | |
| Total investment portfolio | $ 277,610 | $ 376,294 | $ 135,476 | $ 201,147 |
| Total cash and cash equivalents | $ 104,108 | $ 30,614 | $ 4,252 | $ 4,237 |
| Total assets | $ 383,760 | $ 409,122 | $ 140,941 | $ 208,203 |
| Net assets | $ 259,785 | $ 92,752 | $ 16,853 | $ 33,481 |

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# 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 Financial and Other Information and the financial statements and the related notes thereto of us and our predecessor, GCMF, appearing elsewhere in this prospectus. On April 13, 2010, Golub Capital BDC LLC converted from a Delaware limited liability company into a Delaware corporation and elected to be treated as a business development company under the 1940 Act. In this conversion, which we refer to as the BDC Conversion, Golub Capital BDC, Inc. assumed the business activities of Golub Capital BDC LLC and became the sole surviving entity. As a result of the conversion, GCMF became a wholly owned subsidiary of Golub Capital BDC, Inc. At the time of the BDC Conversion, all limited liability company interests were exchanged for 8,984,863 shares of common stock in Golub Capital BDC, Inc. Immediately prior to the BDC Conversion, the limited liability company interests were owned by investment vehicles managed by Golub Capital. For periods prior to April 13, 2010, the consolidated financial statements and related footnotes reflect the performance of Golub Capital BDC LLC and its predecessor, GCMF. The information in this section contains forward-looking statements that involve risks and uncertainties. Please see Risk Factors and Special Note Regarding Forward-Looking Statements 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 treated as a business development company under the 1940 Act. In addition, for tax purposes we intend to elect to be treated as a RIC under Subchapter M of the Code. We were formed in November 2009 to continue and expand the business of GCMF, our predecessor, which commenced operations in July 2007, in making investments in senior secured, unitranche, mezzanine and second lien loans of middle-market companies that are, in most cases, sponsored by private equity firms.

Our investment objective is to maximize the total return to our stockholders in the form of current income and capital appreciation through debt and minority equity investments. We intend to achieve our investment objective by (1) accessing the established loan origination channels developed by Golub Capital, a leading lender to middle-market companies with over $4 billion of capital under management as of June 30, 2010, (2) selecting investments within our core middle-market company focus, (3) partnering with experienced sponsors, in many cases with whom we have invested alongside in the past, (4) implementing the disciplined underwriting standards of Golub Capital and (5) drawing upon the aggregate experience and resources of Golub Capital.

Our investment activities are managed by GC Advisors and supervised by our board of directors, a majority of whom are independent of us, GC Advisors and its affiliates. Under our Investment Advisory Agreement, we pay GC Advisors an annual base management fee based on our average adjusted gross assets as well as an incentive fee based on our investment performance. We have also entered into an Administration Agreement with GC Service. Under our Administration Agreement, we have agreed to reimburse GC Service for our allocable portion (subject to the review and approval of our independent directors) of overhead and other expenses incurred by GC Service in performing its obligations under the Administration Agreement.

As of June 30, 2010, our portfolio was comprised primarily of senior secured loans; however, we intend to pursue an investment strategy focused on investing in unitranche, mezzanine and second lien loans of, and warrants and minority equity securities in, middle-market companies. Accordingly, over time we expect that senior secured loans will represent a smaller percentage of our investment portfolio as we grow our business, these investments are repaid and we invest in a different mix of assets. In the short term, however, we expect to invest in a mix of mezzanine and senior secured loans to maximize our current income and to preserve capital.

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

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As of June 30, 2010, our net asset value was $259.8 million, or approximately $14.67 per share, and we had long-term investments totaling $277.6 million. As of that date, our portfolio comprised debt in 79 portfolio companies, and our income producing assets, which represented 100% of our total portfolio, had a weighted average annualized interest income yield of approximately 8.2% and a weighted average annualized investment income (includes interest income and amortization of fees and discounts) yield of approximately 11.1%.

*Revenues.* We generate revenue in the form of interest income on debt investments and capital gains and distributions, if any, on investment securities that we acquire in portfolio companies. Our debt investments, whether in the form of senior secured, unitranche, mezzanine or second lien loans typically have a term of three-to-ten years and bear interest at a fixed or floating rate. In some instances, we receive payments on our debt investments based on scheduled amortization of the outstanding balances. In addition, we receive repayments of some of our debt investments prior to their scheduled maturity date. The frequency or volume of these repayments may fluctuate significantly from period to period. Our portfolio activity also reflects the proceeds of sales of securities. In some cases, our investments provide for deferred interest payments or 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, structuring or due diligence fees, fees for providing managerial assistance and consulting fees. Loan origination fees, original issue discount and market discount or premium are capitalized, and we accrete or amortize such amounts as interest income. We record prepayment premiums on loans as interest income. When we receive principal payments on a loan in an amount that exceeds its carrying value, we also record the excess principal payment as interest income. Dividend income, if any, is recognized on an accrual basis to the extent that we expect to collect such amounts.

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

- the cost of calculating our net asset value, including the cost of any third-party valuation services;
- the cost of effecting sales and repurchases of shares of our common stock and other securities;
- fees payable to third parties relating to making investments, including out-of-pocket fees and expenses associated with performing due diligence and reviews of prospective investments;
- transfer agent and custodial fees;
- out-of-pocket fees and expenses associated with marketing efforts;
- federal and state registration fees and any stock exchange listing fees;
- U.S. federal, state and local taxes;
- independent directors fees and expenses;
- brokerage commissions;
- fidelity bond, directors and officers liability insurance and other insurance premiums;
- direct costs, such as printing, mailing, long distance telephone and staff;
- fees and expenses associated with independent audits and outside legal costs;
- costs associated with our reporting and compliance obligations under the 1940 Act and other applicable U.S. federal and state securities laws; and
- other expenses incurred by either GC Service or us in connection with administering our business, including payments under the Administration Agreement that will be based upon our allocable portion (subject to the review and approval of our board of directors) of overhead.

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# Recent Developments and Estimates

*SBIC License.* Our wholly owned subsidiary, GC SBIC IV, L.P., recently received approval for a license from the SBA to operate as an SBIC. As a wholly owned subsidiary, GC SBIC IV, L.P. will be 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. GC SBIC IV, L.P. will have an investment objective substantially similar to ours and will make similar types of investments in accordance with SBIC regulations.

Prior to GC SBIC IV, L.P. obtaining approval from the SBA, Golub Capital managed two SBICs licensed by the SBA for more than 14 years. The SBIC license allows GC SBIC IV, L.P. to incur leverage by issuing SBA-guaranteed debentures, subject to the issuance of a capital commitment and certain approvals by the SBA and customary procedures. SBA-guaranteed 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. 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, GC SBIC IV, L.P. will be subject to regulation and oversight by the SBA, including requirements with respect to maintaining certain minimum financial ratios and other covenants.

Under present SBIC regulations, the maximum amount of SBA-guaranteed debentures that may be issued by multiple licensees under common management is $225 million. It is possible that GC SBIC IV, L.P. will be constrained in its ability to issue SBA-guaranteed debentures in the future if other Golub Capital SBICs have already issued such debentures. As of June 30, 2010, Golub Capital operated two SBIC licensees with an aggregate of $142 million of SBA-guaranteed debentures outstanding, leaving borrowing capacity of a maximum of $83 million of SBA-guaranteed debentures for GC SBIC IV, L.P. The borrowing capacity of GC SBIC IV, L.P. could be expanded if any other Golub Capital SBICs retire their SBA-guaranteed debentures.

In October 2009, the U.S. House of Representatives passed a bill that, it if 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. Any available issue amounts of SBA-guaranteed debentures will be allocated among GC SBIC IV, L.P. and Golub Capital s two 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.

*Debt Securitization.* On July 16, 2010, we completed the Debt Securitization. The notes offered in this collateralized loan obligation transaction were issued by the CLO Issuer and are backed by a diversified portfolio of senior secured and second lien loans (or participation interests therein). The transaction was executed through a private placement of approximately $174 million of Aaa/AAA Class A Notes which bear interest at a rate of three-month LIBOR, plus 2.40%. Holdings retained all the Class B and Subordinated Notes issued by the CLO Issuer, which together totaled approximately $126 million, and it retained all of the membership interests in the CLO Issuer. The Class B Notes bear interest at a rate of three-month LIBOR plus 2.40%, and the Subordinated Notes do not bear interest. All of the notes are scheduled to mature on July 20, 2021.

As part of the Debt Securitization, we entered into a master loan sale agreement under which we agreed to sell or contribute certain first and second lien loans (or participation interests therein) to Holdings, and Holdings agreed to sell or contribute such loans (or participation interests therein) to the CLO Issuer and to purchase or otherwise acquire all of the Subordinated Notes issued by the CLO Issuer. See Risk Factors Risks Relating to Our Business and Structure We are subject to risks associated with the Debt Securitization for a description of risks associated with the Debt Securitization.

GC Advisors serves as collateral manager to the CLO Issuer under a collateral management agreement and receives a fee for providing these services that is offset against the base management fee payable by us under the Investment Advisory Agreement.

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In connection with the closing of the Debt Securitization, we repaid all outstanding obligations under and terminated the Retired Credit Facility.

*Calculation of Net Asset Value.* As of June 30, 2010, our net asset value was $259.8 million. In addition to obtaining input from GC Advisors, two asset-valuation firms, Duff & Phelps, LLC and Murray, Devine & Co., Inc., have been hired to provide valuation assistance on our portfolio assets for which no market quotations were available consisting of certain limited procedures we identified and requested they perform. We have obtained valuation assistance from independent asset-valuation firms for 100% of our portfolio investments for which market quotations were not readily available as of September 30, 2009. The independent valuation firms retained by our board of directors provide a valuation review on 25% of our loans for which market quotations are not readily available each quarter to ensure that the fair value of each loan for which a market quote is not readily available is reviewed by an independent valuation firm at least once during each 12-month period. However, our board of directors is ultimately and solely responsible for determining the fair value of our assets using a documented valuation policy and consistently applied valuation process. See Determination of Net Asset Value.

# Portfolio Composition, Investment Activity and Yield

The total value of our investments was approximately $277.6 million at June 30, 2010, $376.3 million at September 30, 2009, $135.5 million at September 30, 2008 and $201.1 million at September 30, 2007. For the nine months ended June 30, 2010 we originated six new investments with a total value of approximately $16.5 million. For the year ended September 30, 2009, we originated approximately $357.6 million of new investment commitments in 86 portfolio companies. For the year ended September 30, 2008, we originated approximately $345.2 million of new investment commitments in 42 portfolio companies. From July 27, 2007 (inception) through September 30, 2007, which we refer to in this prospectus as the 2007 Operating Period, we originated approximately $402.5 million of new investment in 72 portfolio companies.

For the three and nine months ended June 30, 2010, we had approximately $34.6 million and $104.4 million in debt repayments, respectively, in existing portfolio companies and sold zero securities, although we distributed assets in five portfolio companies aggregating approximately $21.3 million in the nine months ended June 30, 2010. For the year ended September 30, 2009, we had approximately $52.1 million in debt repayments in existing portfolio companies and sales of securities in 42 portfolio companies aggregating approximately $154.0 million. For the year ended September 30, 2008, we had approximately $18.6 million of debt repayments and sales of securities in 70 portfolio companies aggregating approximately $403.1 million. For the 2007 Operating Period, we had approximately $2.4 million of debt repayments and sold zero securities.

In addition, during the three and nine months ended June 30, 2010, we had unrealized appreciation on 49 and 79 portfolio company investments totaling approximately $3.2 million and $11.8 million, respectively, which was offset by unrealized depreciation on 53 and 49 portfolio company investments totaling approximately $(3.3) million and $(10.8) million, respectively. During the year ended September 30, 2009, we had unrealized appreciation on 63 portfolio company investments totaling approximately $13.2 million, which was offset by unrealized depreciation on 52 portfolio company investments totaling approximately $(14.7) million. During the year ended September 30, 2008, we had unrealized appreciation on 12 portfolio company investments totaling approximately $702,000, which was offset by unrealized depreciation on 43 portfolio company investments totaling approximately $(9.7) million. During the 2007 Operating Period, we had unrealized appreciation on four portfolio company investment totaling approximately $505,000, which was more than offset by unrealized depreciation on 15 portfolio company investments totaling approximately $(1.1) million.

As of June 30, 2010, we had investments in 79 portfolio companies totaling approximately $277.6 million. As of September 30, 2009, we had investments in debt of 95 portfolio companies totaling approximately $376.3 million. As of September 30, 2008, we had investments in debt of 60 portfolio companies totaling approximately $135.5 million. As of September 30, 2007, we had investments in debt of 56 portfolio companies totaling approximately $201.1 million.

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The following table shows the amortized cost and fair value of our portfolio of investments by asset class as of June 30, 2010, September 30, 2009, September 30, 2008 and September 30, 2007:

| | As of June 30, 2010[1] | | As of September 30, 2009[1] | | 2008 | | 2007 | |
|---|---|---|---|---|---|---|---|---|
| | Cost | Fair Value | Cost | Fair Value | Cost | Fair Value | Cost | Fair Value |
| | (dollars in thousands) | | | | | | | |
| Senior Secured: | | | | | | | | |
| Performing | $185,796 | $183,699 | $245,346 | $241,228 | $94,915 | $86,632 | $149,863 | $148,637 |
| Non-accrual | | | 10,295 | 7,252 | | | | |
| Unitranche: | | | | | | | | |
| Performing | 77,508 | 76,688 | 118,299 | 116,233 | 47,206 | 46,036 | 42,342 | 43,050 |
| Non-accrual | | | 2,771 | 1,124 | | | | |
| Second Lien: | | | | | | | | |
| Performing | 13,192 | 13,423 | 10,582 | 10,457 | 2,865 | 2,808 | 9,500 | 9,460 |
| Non-accrual | | | | | | | | |
| Subordinated Debt: | | | | | | | | |
| Performing | 3,718 | 3,800 | | | | | | |
| Non-accrual | | | | | | | | |
| Total | $280,214 | $277,610 | $387,293 | $376,294 | $144,986 | $135,476 | $201,705 | $201,147 |

(1) Two of our loans included a feature permitting a portion of the interest due on such loan to be PIK interest as of June 30, 2010 and September 30, 2009. PIK interest, which effectively operates as negative amortization of loan principal, represents contractual interest accrued and added to the principal balance of a loan and generally becomes due at maturity. Loans with a PIK interest feature are not a material portion of our portfolio.

For the three and nine months ended June 30, 2010 and for the years ended September 30, 2009, 2008 and 2007, the weighted average interest income yield on the fair value of investments in our portfolio was approximately 7.8%, 8.2%, 8.1%, 9.3% and 6.4%, respectively. As of June 30, 2010, approximately 55.8% and 56.5% of our portfolio at fair value and at cost, respectively, had interest rate floors that limit minimum interest rates on such loans.

# Results of Operations

The consolidated results of operations set forth below include historical financial information of GCMF prior to April 14, 2010. Also, the management fee that we pay to GC Advisors under the Investment Advisory Agreement entered into on April 14, 2010 is determined by reference to a formula that differs materially from the management fee paid by GCMF in periods prior to our initial public offering. In addition, the portfolio of investments consisted primarily of senior secured and unitranche loans as of June 30, 2010, and we intend to pursue a strategy that is focused on unitranche, mezzanine and second lien loans and warrants and minority equity securities. As a business development company and a RIC, we are also subject to certain constraints on our operations, including limitations imposed by the 1940 Act and the Code. For the reasons described above, the results of operations described below may not be indicative of the results we report in future periods.

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***Comparison of the nine months ended June 30, 2010 and June 30, 2009, and the years ended September 30, 2009 and September 30, 2008 and the operating period from July 27, 2007 (Inception) through September 30, 2007***

## Revenue

| | Nine Months Ended June 30, | | Year Ended September 30, | | 2007 Operating Period |
|---|---|---|---|---|---|
| | 2010 | 2009 | 2009 | 2008 | |
| | (dollars in thousands) | | | | |
| Investment income | $ 25,718 | $ 23,814 | $ 33,338 | $ 20,686 | $ 1,868 |

Investment income increased by $1.9 million, or 8%, for the nine months ended June 30, 2010 as compared to the nine months ended June 30, 2010. The increase in investment income was primarily attributable to the realization of discounts on loans that were paid off during the nine months. For the nine months ended June 30, 2010, total investment income consisted of $19.1 million in interest income from investments and $6.6 million in income from the amortization of discounts and origination fees. For the nine months ended June 30, 2009, total investment income consisted of $20.2 million in interest income and $3.6 million in income from the amortization of discounts and origination fees. Investment income increased by $12.7 million, or 61%, for the year ended September 30, 2009 as compared to the year ended September 30, 2008. The increase in investment income was primarily due to an increase in invested assets. This factor was partially offset by the lower average LIBOR during the year ended September 30, 2009, as 94.4% of our portfolio comprised loans that had interest rates based on LIBOR plus a margin. However, some of our loans have interest rate floors that limit how low applicable LIBOR, and hence the interest rate on such loans, can fall. Average par value of invested assets for the year ended September 30, 2009 was $369.6 million, an increase of 65% over the prior year. The average of one-month LIBOR for the year ended September 30, 2009 was 0.83%, a decrease of 253 basis points from the prior year s average. For the year ended September 30, 2009, total investment income consisted of $27.7 million in interest income from investments and $5.6 million in income from the amortization of discounts and origination fees. For the year ended September 30, 2008, total investment income consisted of $20.2 million in interest income, $315,000 in income from the amortization of discounts and origination fees and $140,000 in interest on cash.

Investment income for the 2007 Operating Period was $1.9 million and was primarily attributable to senior loan investments. For the Operating Period ended September 30, 2007, total investment income consisted of $1.8 million in interest income from investments and $29,000 in income from the amortization of discounts and origination fees.

## Operating Expenses

| | Nine Months Ended June 30, | | Year Ended September 30, | | 2007 Operating Period |
|---|---|---|---|---|---|
| | 2010 | 2009 | 2009 | 2008 | |
| | (dollars in thousands) | | | | |
| Management fees | $ 2,237 | $ 2,074 | $ 2,849 | $ 1,726 | $ 134 |
| Interest and other credit facility expenses | 2,144 | 3,680 | 4,546 | 8,596 | 1,114 |
| Other general and administrative expenses | 2,322 | 370 | 464 | 320 | 3 |
| Total operating expenses | $ 6,703 | $ 6,124 | $ 7,860 | $ 10,642 | $ 1,251 |

Total operating expenses increased by $579,000, or 9.5%, to $6.7 million for the nine months ended June 30, 2010 as compared to the nine months ended June 30, 2009. This increase was primarily due to non-recurring organizational costs associated with our initial public offering, as well as recurring professional and administrative service fees incurred in the normal course of business. Following the completion our initial public offering, we pay management and incentive fees under the Investment Advisory Agreement which provides a higher management fee percentage as compared to amounts previously paid by GCMF. Interest and other credit facility expenses were lower in the three and nine months ended June 30, 2010 than the three and

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nine months ended June 30, 2009 primarily due to lower interest expense on the Retired Credit Facility, which is calculated as a spread over LIBOR, resulting from a decrease in the average outstanding credit facility balance during the three and nine months ended June 30, 2010.

Total operating expenses decreased by $2.8 million, or 26%, for the year ended September 30, 2009 as compared to the prior year. Total management fees, which are calculated based on invested assets, were higher in the year ended September 30, 2009 than in the previous year due to an increase in invested assets. Interest and other credit facility expenses were lower in the year ended September 30, 2009 than the prior year primarily due to lower interest expense on the Retired Credit Facility, which is calculated as a spread over LIBOR, resulting from a decrease in LIBOR during the year ended September 30, 2009. Other general and administrative expenses increased during the year ended September 30, 2009 primarily due to higher legal costs related to the Retired Credit Facility.

Total operating expenses for the 2007 Operating Period were $1.3 million. Of the total operating expenses, $1.1 million, or 89%, was attributable to interest and other credit facility expenses.

## Net Realized and Unrealized Gains and Losses

| | Nine Months Ended June 30, | | Year Ended September 30, | | 2007 Operating Period |
|---|---|---|---|---|---|
| | 2010 | 2009 | 2009 | 2008 | |
| | (dollars in thousands) | | | | |
| Net realized loss on investments | $0 | $(795) | $(3,972) | $(4,503) | $ |
| Net unrealized loss on investments | 985 | (4,459) | (1,489) | (8,957) | (558) |
| Total net realized and unrealized loss before taxes | $985 | $(5,254) | $(5,461) | $(13,460) | $ (558) |

During the three and nine months ended June 30, 2010, we had $0 and $0 in net realized losses and $3.2 million and $11.8 million in unrealized appreciation on 49 and 79 portfolio company investments, respectively. These amounts offset unrealized depreciation on 53 and 49 portfolio company investments totaling $(3.3) million and $(10.8) million, respectively. Unrealized appreciation during the three and nine months ended June 30, 2010 resulted from an increase in fair value primarily due to the rise in market prices and a reversal of prior period unrealized depreciation. Unrealized depreciation primarily resulted from negative credit related adjustments which caused a reduction in fair value.

During the three and nine months ended June 30, 2009, we had zero and $(795,000) in net realized loss and $8.0 million and $12.7 million in unrealized appreciation on 69 and 83 portfolio company investments, respectively. This was offset by unrealized depreciation on 43 and 63 portfolio company investments totaling $(6.0) million and $(17.2) million, respectively. Unrealized appreciation during the three and nine months ended June 30, 2009 resulted from an increase in fair value primarily due to the rise in market prices and a reversal of prior period unrealized depreciation. Unrealized depreciation primarily resulted from negative credit related adjustments which caused a reduction in fair value.

Net realized loss for the year ended September 30, 2009 was primarily due to the sale of 9 assets that we sold at a loss in December of 2008. During the year ended September 30, 2009, we had unrealized appreciation on 63 portfolio company investments totaling approximately $13.2 million, which was more than offset by unrealized depreciation on 52 portfolio company investments totaling approximately $14.7 million. Unrealized appreciation during the year ended September 30, 2009 resulted from an increase in fair value primarily due to the rise in market prices and a reversal of prior period unrealized depreciation. Unrealized depreciation on 49 of the 52 portfolio companies during the year ended September 30, 2009 resulted from a reduction in fair value primarily due to market yield adjustments. Unrealized depreciation attributable to the three other portfolio companies during the year ended September 30, 2009 resulted from a reduction in fair value primarily due to credit deterioration. These three assets were on non-accrual status as of September 30, 2009.

Net realized loss for the year ended September 30, 2008 was primarily due to the sale of 35 assets that we sold at a loss in May of 2008. During the year ended September 30, 2008, we had unrealized appreciation on 12 portfolio company investments totaling approximately $702,000, which was more than offset by unrealized depreciation on 43 portfolio company investments totaling approximately $(9.7) million. Unrealized appreciation during the year ended September 30, 2008 resulted primarily from a reversal of prior period unrealized depreciation. Unrealized depreciation was a result of a reduction in fair value primarily due to market yield adjustments.

During the 2007 Operating Period, we had $0 in realized depreciation or appreciation, but we had unrealized appreciation on four portfolio company investments totaling approximately $505,000, which was more than offset by unrealized depreciation on 15 portfolio company investments totaling approximately $(1.1) million. Unrealized depreciation result from a reduction in fair value primarily due to market yield adjustments.

## Income Tax

As a limited liability company, GCMF did not pay U.S. federal income taxes, and our limited liability company interest holders are not required to pay income taxes on our income.

Provided we elect and qualify as a RIC, we generally do 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 dividends. See Material U.S. Federal Income Tax Considerations.

# Liquidity and Capital Resources

As a business development company, we expect to distribute substantially all of our net income to our stockholders. To fund growth, we have a number of alternatives available to increase capital, including raising additional equity, increasing debt, or funding from operational cash flow. Since the middle of 2007, global credit and other financial markets have suffered substantial stress, volatility, illiquidity and disruption. These events have significantly diminished overall confidence in the debt and equity markets and caused economic uncertainty. A further deterioration in the financial markets or a prolonged period of illiquidity without improvement could materially impair our ability to raise equity or debt capital on commercially reasonable terms.

Our predecessor, GCMF, was formed in June 2007 and commenced operations in July 2007. Prior to December of 2008, the primary business activity of GCMF was to acquire and transfer investments, in whole or in part, to its affiliates. After December 2008, GCMF initiated a buy and hold investment strategy, which significantly changed its financial position and cash flows.

As of June 30, 2010, we had cash and cash equivalents of $71.4 million. In addition, we had restricted cash and cash equivalents of $32.7 million as of June 30, 2010. Under the terms of the Retired Credit Facility, the restricted cash and cash equivalents are restricted for the payment of principal and interest outstanding under the Retired Credit Facility and to fund outstanding commitments on existing investments.

Our cash and cash equivalents, as of June 30, 2010 have been generated primarily from the proceeds of a $25 million private placement that occurred prior to the closing of our initial public offering and $117.6 million in net proceeds from our initial public offering and concurrent private placement.

A portion of the total net proceeds from our private placements and initial public offering was used to make a $50 million payment on the Retired Credit Facility on April 20, 2010. This payment was required under the terms of an amendment and waiver to the Retired Credit Facility that permitted us to complete our initial public offering and other transactions. A portion of the total proceeds were also used to fund new investments, pay a quarterly dividend and fund operating expenses.

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As of September 30, 2009, 2008 and 2007, we had cash and cash equivalents of $30.6 million, $4.3 million and $4.2 million, respectively. Cash provided or used by operating activities for the years ended September 30, 2009 and September 30, 2008 was $(221.4) million and $64.2 million, respectively. Cash provided by operations resulted primarily from income items described in Results of Operations above.

*Credit Facility:* On July 27, 2007, GCMF entered into the Retired Credit Facility, which was scheduled to mature on December 29, 2010. As a result of a series of amendments, the Retired Credit Facility provided for potential borrowings of up to $500.0 million. Under the terms of the Retired Credit Facility, we were permitted to borrow up to 85% of the balances outstanding of pledged loans and investments, depending on the mix of assets and the rating and diversification of such assets. Pricing on the Retired Credit Facility ranged from LIBOR + 0.65% to LIBOR + 1.45% depending on the amount outstanding and portfolio diversity. As of June 30, 2010, and September 30, 2009, the blended interest rate payable on amounts outstanding under the Retired Credit Facility was 1.60% and 0.93%, respectively.

The Retired Credit Facility provided for customary borrowing conditions, restrictive covenants, events of default and remedies. It had a facility commitment termination date of December 29, 2008. As a result, during the three months ended June 30, 2010, we were unable to borrow under the Retired Credit Facility and we were required to use all payments of interest and principal that we receive from our current investments as well as any proceeds received from the sale of investments, net of payment of specified operating expenses, to repay amounts outstanding under the Retired Credit Facility. As of June 30, 2010 and September 30, 2009, the Retired Credit Facility had $121.8 million and $315.3 million in outstanding borrowings, respectively.

On July 16, 2010, the Retired Credit Facility was paid in full through the use of proceeds from the Debt Securitization. After giving effect to the Debt Securitization and repayment of the Retired Credit Facility, on a pro forma basis, cash and cash equivalents available for investment increased from $71.4 million at June 30, 2010 to approximately $153 million.

*GC Private Placement.* 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. The cash settlement of the GC Private Placement occurred on March 15, 2010.

*Initial Public Offering and Concurrent Private Placement.* On April 20, 2010, we completed our initial public offering in which we sold an aggregate of 7,405,000 shares of our common stock resulting in net proceeds to us of approximately $99.9 million (including the purchase by the underwriters of an additional 305,000 shares of our common stock at the public offering price to cover over-allotments, which was completed on May 19, 2010). Concurrently with the closing of our initial public 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 purchased in a separate private placement an aggregate of 1,322,581 shares of common stock at a price of $14.50 per share, resulting in aggregate net cash proceeds to us of approximately $19.2 million.

*Dividends.* On May 11, 2010, our board of directors declared a quarterly dividend of $0.24 per share payable on June 29, 2010 to holders of record as of June 22, 2010. The $0.24 dividend represented a $0.31 per share quarterly dividend prorated for the number of days remaining in the quarter after the close of our initial public offering. On June 29, 2010, we paid a cash dividend of $3.9 million and purchased 25,603 shares of common stock in the open market for approximately $370,000 to satisfy the share obligations under the dividend reinvestment plan.

On August 5, 2010, our board of directors declared a quarterly dividend of $0.31 per share payable on September 30, 2010 to holders of record as of September 10, 2010. On September 30, 2010, we paid a cash dividend of $5.0 million and purchased 30,263 shares of common stock in the open market for approximately $464,000 to satisfy the share obligations under the dividend reinvestment plan.

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# Borrowings

We had borrowings of $121.8 million, $315.3 million, $123.1 million and $173.5 million as of June 30, 2010, September 30, 2009, September 30, 2008 and September 30, 2007, respectively, under the Retired Credit Facility. See Liquidity and Capital Resources Credit Facilities for a description of the Retired Credit Facility.

# Inflation

Inflation has not had a significant effect on our results of operations in any of the reporting periods presented in our financial statements. However, our portfolio companies have and may continue to experience the impact of inflation on their operating results.

# Off-Balance Sheet Arrangements

We may become a party to financial instruments with off-balance sheet risk in the normal course of our business to meet the financial needs of our portfolio companies. These instruments may include commitments to extend credit and involve, to varying degrees, elements of liquidity and credit risk in excess of the amount recognized in the balance sheet. As of June 30, 2010, September 30, 2009 and September 30, 2008, we had outstanding commitments to fund investments totaling $20.9 million, $18.6 million and $120.4 million, respectively, under various undrawn revolving credit and other credit facilities. We hold as restricted cash an amount equal to any outstanding commitments to fund investments.

# Contractual Obligations

| | Payments Due by Period as of June 30, 2010 (millions) | | | | |
|---|---|---|---|---|---|
| | Total | Less Than 1 Year | 1 3 Years | 3 5 Years | More Than 5 Years |
| Retired Credit Facility[1] | $ 121.8 | $ 121.8 | $ 0 | $ 0 | $ 0 |

(1) The Retired Credit Facility, which was scheduled to mature on December 29, 2010, was repaid on July 16, 2010 through proceeds generated from the Debt Securitization. The notes issued as part of the Debt Securitization are scheduled to mature on July 20, 2021.

We have certain contracts under which we have material future commitments. We have entered into the Investment Advisory Agreement with GC Advisors in accordance with the 1940 Act. The Investment Advisory Agreement became effective upon the pricing of the initial public offering and was amended and restated on July 16, 2010 in order to offset collateral management fees paid to GC Advisors in connection with the Debt Securitization against the base management fee. Under the Investment Advisory Agreement, GC Advisors provides us with investment advisory and management services. We pay for these services (1) a management fee equal to a percentage of the average adjusted value of our gross assets and (2) an incentive fee based on our performance. To the extent that GC Advisors or any of its affiliates provides investment advisory, collateral management or other similar services to a subsidiary of ours, the base management fee shall be reduced by an amount equal to the product of (1) the total fees paid to GC Advisors by such subsidiary for such services and (2) the percentage of such subsidiary s total equity that is owned, directly or indirectly, by us. See Management Agreements Management Fee.

We have also entered into the Administration Agreement with GC Service as our administrator on April 14, 2010. Under the Administration Agreement, GC Service furnishes us with office facilities and equipment, provides us clerical, bookkeeping and record keeping services at such facilities and provides us with other administrative services necessary to conduct our day-to-day operations. We reimburse GC Service for the allocable portion (subject to the review and approval of our board of directors) of overhead and other expenses incurred by it in performing its obligations under the Administration Agreement, including rent, the fees and expenses associated with performing compliance functions, and our allocable portion of the cost of our chief financial officer and chief compliance officer and their respective staffs. GC Service also provides on our behalf significant managerial assistance to those portfolio companies to which we are required to provide such assistance.

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If any of the contractual obligations discussed above are terminated, our costs under any new agreements that we enter into may increase. In addition, we would likely incur significant time and expense in locating alternative parties to provide the services we expect to receive under our Investment Advisory Agreement and our Administration Agreement. Any new investment advisory agreement would also be subject to approval by our stockholders.

# Distributions

In order to qualify as a RIC and to avoid corporate level tax on the income we distribute to our stockholders, we are required, under the Code, to distribute at least 90% of our net ordinary income and net short-term capital gains in excess of net long-term capital losses, if any, to our stockholders on an annual basis. Additionally, we must distribute at least 98% of our net income (both ordinary income and capital gains) to avoid a U.S. federal excise tax. We intend to distribute quarterly dividends to our stockholders. Our quarterly dividends will be determined by our board of directors.

We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of our distributions from time to time. In addition, we may be limited in our ability to make distributions due to the asset coverage requirements applicable to us as a business development company under the 1940 Act. If we do not distribute a certain percentage of our income annually, we will suffer adverse tax consequences, including the possible loss of our RIC status. We cannot assure stockholders that they will receive any distributions.

To the extent our taxable earnings fall below the total amount of our distributions for that fiscal year, a portion of those distributions may be deemed a return of capital to our stockholders for U.S. federal income tax purposes. Thus, the source of a distribution to our stockholders may be the original capital invested by the stockholder rather than our income or gains. Stockholders should read any written disclosure accompanying a dividend payment carefully and should not assume that the source of any distribution is our ordinary income or gains.

We have adopted an opt out dividend reinvestment plan for our common stockholders. As a result, if we declare a distribution, then stockholders cash distributions 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 distributions. Although distributions paid in the form of additional shares of our common stock generally are subject to U.S. federal, state and local taxes in the same manner as cash distributions, stockholders participating in our dividend reinvestment plan do not receive any corresponding cash distributions with which to pay any such applicable taxes.

# Related Parties

We have entered into a number of business relationships with affiliated or related parties, including the following:

We have entered into an Investment Advisory Agreement with GC Advisors. Mr. Lawrence Golub, our chairman, is the managing member of a limited liability company which controls GC Advisors, and David Golub, our chief executive officer, is a managing member of a limited liability company which also controls GC Advisors, and each of Messrs. Lawrence Golub and David Golub owns an indirect pecuniary interest in GC Advisors. See Management Agreements.

GC Service provides us with the office facilities and administrative services necessary to conduct day-to-day operations pursuant to our Administration Agreement. We reimburse GC Service for the allocable portion (subject to the review and approval of our board of directors) of overhead and other expenses incurred by it in performing its obligations under the Administration Agreement, including rent, the fees and expenses associated with performing compliance functions, and our allocable portion of the cost of our chief financial officer and chief compliance officer and their respective staffs.

We have entered into a license agreement with Golub Capital Management LLC, pursuant to which Golub Capital Management LLC has granted us a non-exclusive, royalty-free license to use the name Golub Capital.

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On February 5, 2010, in a private placement, GEMS purchased 195 limited liability company interests in Golub Capital BDC LLC for cash, resulting in aggregate net cash proceeds to us of $25.0 million. Investors in GEMS include some employees and management of Golub Capital and its affiliates as well as a limited number of long-time investors in accounts sponsored or managed by Golub Capital.

Concurrently with the closing of our initial public offering on April 20, 2010, certain existing investors in entities advised by affiliates of Golub Capital and certain of our officers and directors, their immediate family members or entities owned by, or family trusts for the benefit of, such persons purchased in a separate private placement an aggregate of 1,322,581 shares of common stock at a price of $14.50 per share. We received the full proceeds from the sale of these shares, and no underwriting discounts or commissions were paid in respect of these shares.

Under the Staffing Agreement, Golub Capital provides GC Advisors with the resources necessary to fulfill its obligations under the Investment Advisory Agreement. The Staffing Agreement provides that Golub Capital will make available to GC Advisors experienced investment professionals and access to the senior investment personnel of Golub Capital for purposes of evaluating, negotiating, structuring, closing and monitoring our investments. The Staffing Agreement also includes a commitment that the members of GC Advisors investment committee serve in such capacity. Services under the Staffing Agreement are provided on a direct cost reimbursement basis. See Related Party Transactions and Certain Relationships.

GC Advisors also sponsors or manages, and may in the future sponsor or manage, other accounts that have investment mandates that are similar, in whole and in part, with ours. GC Advisors and its affiliates may determine that an investment is appropriate for us and for one or more of those other accounts. In such event, depending on the availability of such investment and other appropriate factors, and pursuant to GC Advisors allocation policy, GC Advisors or its affiliates may determine that we should invest side-by-side with one or more other accounts. Such investments will not be made when impermissible by applicable law and interpretive positions of the SEC and its staff, or inconsistent with GC Advisors allocation procedures.

In addition, we have adopted a formal code of ethics that governs the conduct of our and GC Advisors officers, directors and employees. Our officers and directors also remain subject to the duties imposed by both the 1940 Act and the Delaware General Corporation Law.

# Quantitative and Qualitative Disclosures About Market Risk

We are subject to financial market risks, including changes in interest rates. Many of the loans in our portfolio have floating interest rates, and we expect that our loans in the future will also have floating interest rates. These loans are usually based on a floating LIBOR and typically have interest rate re-set provisions that adjust applicable interest rates under such loans to current market rates on a quarterly basis. In addition, the Retired Credit Facility had a floating interest rate provision based on LIBOR which reset monthly, the Debt Securitization had a floating interest rate provision based on LIBOR, and any other credit facilities into which we enter in the future may have floating interest rate provisions.

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

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

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# Critical Accounting Policies

The preparation of financial statements and related disclosures in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the periods reported. Actual results could materially differ from those estimates. We have identified the following items as critical accounting policies.

## Valuation of Portfolio Investments

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

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

Our board of directors is ultimately and solely responsible for determining the fair value of the portfolio investments, in good faith, that are not publicly traded, whose market prices are not readily available on a quarterly basis or any other situation where portfolio investments require a fair value determination.

With respect to investments for which market quotations are not readily available, our board of directors will undertake a multi-step valuation process each quarter, as described below:

Our quarterly valuation process begins with each portfolio company or investment being initially valued by the investment professionals of GC Advisors responsible for credit monitoring.
Preliminary valuation conclusions are then documented and discussed with our senior management and GC Advisors.
The audit committee of our board of directors reviews these preliminary valuations.
At least once annually, the valuation for each portfolio investment is reviewed by an independent valuation firm.
The board of directors discusses valuations and determines the fair value of each investment in our portfolio in good faith.
In following these approaches, the types of factors that are taken into account in fair value pricing investments include available current market data, including relevant and applicable market trading and transaction comparables; applicable market yields and multiples; security covenants; call protection provisions; information rights; the nature and realizable value of any collateral; the portfolio company s ability to make payments, its earnings and discounted cash flows and the markets in which it does business; comparisons of financial ratios of peer companies that are public; comparable merger and acquisition transactions; and the principal market and enterprise values.

Determination of fair values involves subjective judgments and estimates not verifiable by auditing procedures. Under current auditing standards, the notes to our financial statements refer to the uncertainty with respect to the possible effect of such valuations, and any change in such valuations, on our unaudited consolidated financial statements.

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In January 2010, the Financial Accounting Standards Board, or FASB, issued further guidance on improving disclosures about fair value measurements, which is effective for interim and annual reporting periods beginning after December 15, 2009. We adopted this guidance, and it did not have a material impact on our unaudited consolidated financial condition, results of operations or cash flows.

*Revenue Recognition:* Our revenue recognition policies are as follows:

*Investments and Related Investment Income:* Our board of directors determines the fair value of our portfolio of investments. Interest income is accrued based upon the outstanding principal amount and contractual interest terms of debt investments. Premiums, discounts, and origination fees are amortized or accreted into interest income over the life of the respective debt investment. For investments with contractual PIK interest, which represents contractual interest accrued and added to the principal balance that generally becomes due at maturity, we will not accrue PIK interest if the portfolio company valuation indicates that the PIK interest is not collectible. We account for investment transactions on a trade-date basis. Realized gains or losses on investments are measured by the difference between the net proceeds from the disposition and the cost basis of investment, without regard to unrealized gains or losses previously recognized. We report changes in fair value of investments that are measured at fair value as a component of the net change in unrealized appreciation (depreciation) on investments in our consolidated statement of operations.

*Non-accrual:* Loans may be placed on non-accrual during the period we are pursuing repayment of the loan. Management reviews all loans that become past due 90 days or more on principal and interest or when there is reasonable doubt that principal or interest will not be collected for possible placement on non-accrual status. Accrued interest is generally reversed when a loan is placed on non-accrual. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management s judgment. Non-accrual loans are restored to accrual status when past due principal and interest is paid and, in our management s judgment, are likely to remain current. The total fair value of our non-accrual loans were $0 and $8.4 million as of June 30, 2010 and September 30, 2009, respectively.

# Recent Accounting Pronouncements

In January 2010, the FASB issued Accounting Standards Update, or ASU, 2010-06 *Fair Value Measurements and Disclosure Improving Disclosures about Fair Value Measurements*. ASU 2010-06 amends ASC Topic 820 to add new requirements for disclosures about transfers into and out of Levels 1 and 2 and separate disclosures about purchases, sales, issuances and settlements relating to Level 3 measurements. ASU 2010-06 also clarifies existing fair value disclosures about the level of disaggregation and about inputs and valuation techniques used to measure fair value. On January 1, 2010, we adopted ASU 2010-06.

# Senior Securities

Information about our senior securities is shown in the following table as of June 30, 2010 and as of September 30 for each of the years indicated in the table. The information for the years indicated in the table covers the total amount of senior securities outstanding as of June 30, 2010. We have derived the information as of September 30, 2007 and June 30, 2010 from unaudited financial data. The information as of September 30, 2008 and September 30, 2009 has been derived from our financial statements, which have been audited by our independent registered public accounting firm and are included elsewhere in this prospectus.

Class and Year

| | Total Amount Outstanding Exclusive of Treasury Securities[(1)] | Asset Coverage per Unit[(2)] | Involuntary Liquidating Preference per Unit[(3)] | Average Market Value per Unit[(4)] |
|---|---|---|---|---|
| Retired Credit Facility | | | | |
| September 30, 2007[(5)] | $ 173,540 | $ 1,193 | | N/A |
| September 30, 2008 | $ 123,083 | $ 1,137 | | N/A |
| September 30, 2009 | $ 315,306 | $ 1,294 | | N/A |
| June 30, 2010 | $ 121,764 | $ 3,134 | | N/A |

(1) Total amount of each class of senior securities outstanding at the end of the period presented.

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(2) Asset coverage per unit is the ratio of the carrying value of our total consolidated assets, less all liabilities and indebtedness not represented by senior securities, to the aggregate amount of senior securities representing indebtedness. Asset coverage per unit is expressed in terms of dollar amounts per $1,000 of indebtedness.

(3) The amount to which such class of senior security would be entitled upon the voluntary liquidation of the issuer in preference to any security junior to it. The in this column indicates that the SEC expressly does not require this information to be disclosed for certain types of senior securities.

(4) Not applicable because senior securities are not registered for public trading.

(5) 2007 data are unaudited.

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# PRICE RANGE OF COMMON STOCK

Our common stock is traded on The Nasdaq Global Select Market under the symbol GBDC . The following table lists the high and low closing sale price for our common stock, the closing sale price as a percentage of net asset value, or NAV, and quarterly dividends per share since shares of our common stock began being regularly quoted on The Nasdaq Global Select Market. On , , the last reported closing price of our common stock was $ per share.

| Period | NAV(1) | Closing Sales Price High | Closing Sales Price Low | Premium/ Discount of High Sales Price to NAV(2) | Premium/ Discount of Low Sales Price to NAV(2) | Declared Dividends |
|---|---|---|---|---|---|---|
| Fiscal year ended September 30, 2010 | | | | | | |
| Fourth quarter | | | | | | |
| Third quarter* | $ 14.67 | $ 14.85 | $ 12.85 | 101.2 % | 87.6 % | $ 0.24 |

(1) NAV per share is determined as of the last day in the relevant quarter and therefore may not reflect the NAV per share on the date of the high and low sales prices. The NAVs shown are based on outstanding shares at the end of each period.

(2) Calculated as of the respective high or low closing sales price divided by the quarter end NAV.

* From April 15, 2010 (initial public offering) to June 30, 2010.

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# THE COMPANY

## General

We are an externally managed, closed-end, non-diversified management investment company that has elected to be treated as a business development company under the 1940 Act. In addition, for tax purposes, we intend to elect to be treated as a RIC under Subchapter M of the Code. We were formed in November 2009 to continue and expand the business of our predecessor, GCMF, which commenced operations in July 2007, in making investments in senior secured, unitranche, mezzanine and second lien loans of middle-market companies that are, in most cases, sponsored by private equity firms.

Our investment objective is to maximize the total return to our stockholders in the form of current income and capital appreciation through debt and minority equity investments. We intend to achieve our investment objective by (1) accessing the established loan origination channels developed by Golub Capital, a leading lender to middle-market companies with over $4 billion of capital under management as of June 30, 2010, (2) selecting investments within our core middle-market company focus, (3) partnering with experienced sponsors, in many cases with whom we have invested alongside in the past, (4) implementing the disciplined underwriting standards of Golub Capital and (5) drawing upon the aggregate experience and resources of Golub Capital.

As of June 30, 2010, our portfolio was comprised primarily of senior secured loans; however, we intend to pursue an investment strategy focused on investing in unitranche, mezzanine and second lien loans of, and warrants and minority equity securities in, middle-market companies. Accordingly, over time we expect that senior secured loans will represent a smaller percentage of our investment portfolio as we grow our business, these investments are repaid and we invest in a different mix of assets. In the short term, however, we expect to invest in a mix of mezzanine and senior secured loans to maximize our current income and to preserve capital.

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

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 Advisers Act. Under the Investment Advisory Agreement, we pay GC Advisors a base management fee and an incentive fee for its services. See Management Agreements Management Fee 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 excluding cash) and, therefore, GC Advisors benefits when we incur debt or use leverage. Additionally, under the incentive fee structure, GC Advisors benefits when capital gains are recognized and, because it determines when a holding is sold, GC Advisors controls the timing of the recognition of capital gains. Our board of directors is charged with protecting our interests by monitoring how GC Advisors addresses these and other conflicts of interest associated with its management services and compensation. While not expected to review or approve each borrowing, our independent directors periodically review GC Advisors services and fees as well as its portfolio management decisions and portfolio performance. In connection with these reviews, our independent directors consider whether our fees and expenses (including those related to leverage) remain appropriate. See Management Agreements Board Approval of the Investment Advisory Agreement.

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GC Advisors is an affiliate of Golub Capital and has entered into the Staffing Agreement with two Golub Capital affiliates, Golub Capital Incorporated and Golub Capital Management LLC. Under the Staffing Agreement, these companies make experienced investment professionals available to GC Advisors and provide access to the senior investment personnel of Golub Capital and its affiliates. The Staffing Agreement provides GC Advisors with access to deal flow generated by Golub Capital and its affiliates in the ordinary course of their businesses and commits the members of GC Advisors investment committee to serve in that capacity. As our investment adviser, GC Advisors is obligated to allocate investment opportunities among us and its other clients fairly and equitably over time in accordance with its allocation policy. See Related Party Transactions and Certain Relationships. 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 s investment professionals.

## GC Service

GC Service, an affiliate of GC Advisors, provides the administrative services necessary for us to operate. GC Service furnishes us with office facilities and equipment and provides us clerical, bookkeeping, recordkeeping and other administrative services. GC Service performs, or oversees the performance of, our financial reporting and prepares our reports to stockholders and reports filed with the SEC. In addition, GC Service also assists us in the determination and publication of our net asset value, the preparation and filing of our tax returns, printing and dissemination of reports to our stockholders and generally oversees the payment of our expenses and the performance of administrative and professional services rendered to us by others. GC Service may retain third parties to assist in providing administrative services to us. To the extent that GC Service outsources any of its functions, we pay the fees associated with such functions on a direct basis without profit to GC Service. We reimburse GC Service for the allocable portion (subject to the review and approval of our board of directors) of overhead and other expenses incurred by it in performing its obligations under the Administration Agreement, including rent, the fees and expenses associated with performing compliance functions, and our allocable portion of the cost of our chief financial officer and chief compliance officer and their respective staffs. GC Service also provides on our behalf significant managerial assistance to those portfolio companies to which we are required to provide such assistance.

## About Golub Capital

Golub Capital, founded in 1994, is a leading lender to middle-market companies. Reuters Loan Pricing Corporation ranked Golub Capital as the leading senior lender for middle-market leveraged buyouts (defined as total debt financing of under $100 million) in 2009, based both on deal value and number of deals. In 2008, Golub Capital was presented with three major middle-market lender awards from leading industry publications and organizations, including: *Buyouts Magazine* s Middle-market Lender of the Year, *M&A Advisor s* Financing Firm of the Year and *ACG Mergers & Acquisitions* M&A Lender of the Year. In addition, *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. As of June 30, 2010, Golub Capital had over $4 billion of capital under management, with a team of 47 investment professionals dedicated to U.S. middle-market lending in New York, Chicago and Atlanta.

Since its founding, Golub Capital has completed at least one debt financing with more than 110 sponsors and closed multiple debt financings with over 40 sponsors. We believe that Golub Capital enjoys robust deal flow. Golub Capital received notice of approximately 1,000 potential investments in 2009, many of which we believe were proprietary or relationship-based opportunities.

Golub Capital has 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 210 middle-market companies and as of June 30, 2010, it held debt investments in more than 160 middle-market companies. Golub Capital has developed expertise in industries such as business and consumer services, consumer products, defense, value-added distribution, healthcare services, manufacturing, media and restaurants.

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 June 30, 2010, Golub Capital s 47 investment professionals had an average of over 12 years of investment experience and were supported by 60 administrative and back office personnel that focus on operations, finance, legal and compliance, accounting and reporting, marketing, information technology and office management.

# Market Opportunity

We intend to pursue an investment strategy focused on investing in unitranche, mezzanine and second lien loans of, and warrants and minority equity securities in, U.S. middle-market companies. We believe the economic recession and the recent dislocation in U.S. credit markets have provided excellent conditions for middle-market lending. We find the middle-market attractive for the following reasons:

*Large Target Market*. According to the U.S. Census Bureau in its 2002 economic census, there were approximately 153,000 small and middle-market companies in the United States with annual revenues between $10 million and $2.5 billion, compared with 900 companies with revenues greater than $2.5 billion. We believe that these middle-market companies 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 accounts sponsored or managed by Golub Capital, including approximately 1,000 lending opportunities in 2009, 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. As a result, middle-market companies historically have been served by a limited segment of the lending community.

We also believe that the dislocation in the markets over the last 24 to 30 months has further reduced the amount of credit available to middle-market companies. Many participants in the second lien and mezzanine debt market over the past five years, such as hedge funds and managers of CLOs have contracted or eliminated their origination activities as investors credit concerns have reduced available funding. In addition, we believe several existing business development companies are less active in the lending markets due to a lack of access to debt and equity financing. Moreover, many commercial banks face significant balance sheet constraints and increased regulatory scrutiny, which we believe restrict their ability to provide loans to middle-market companies.

*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. The following chart illustrates the estimated amount of unfunded buyout commitments over the past nine years:

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## Private Equity Commitments
## ($ in billions)

Source: Buyouts Magazine (US Buyout Fund Commitments) / Standard & Poor s Leveraged Commentary Data (Equity Invested in US Sponsored Transactions).

*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, we expect that 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. The following chart illustrates the maturity of middle-market leveraged credit facilities through 2014, a majority of which we believe will need to be refinanced:

## Middle-Market Leveraged Credit Facility Maturity Breakdown
## ($ in billions)

Source: LSTA/Standard & Poor s (Middle-market (defined as issuers with EBITDA of less than $50 million) LBO Volume)

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*Attractive Pricing*. Reduced access to, and availability of, debt capital typically increases the interest rates, or pricing, of loans for middle-market lenders. A survey of middle-market lenders conducted by Reuters Loan Pricing Corporation in 2009 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, in 2009, average total debt multiples of middle-market leveraged buy-out loans were at their lowest levels in the 13 years since such data have been tracked. We may from time to time invest in entities having leverage that exceeds the average debt multiples set forth below. The following chart illustrates the average debt multiples for middle-market leveraged buyout loans over the past 13 years and highlights the decline in average total debt multiples since 2007:

# Middle-Market Average Total Debt Multiples on LBO Loans

Source: Standard & Poor s LCD: Issuers with EBITDA of less than $50 million.

*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. The following chart illustrates the increasing average equity contribution to leveraged buyouts since 2007:

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# U.S. Industry Middle-Market Average Equity Contribution to LBOs

Source: Standard and Poor s Leverage Buyout Review Issuers with EBITDA of less than $50 million. The 2009 numbers are an internal estimate based on the average equity contribution percentage of new deals Golub Capital completed in 2009.

## Competitive Strengths

*Deep, Experienced Management Team.* We are managed by GC Advisors, which has access through the Staffing Agreement to the resources and expertise of Golub Capital s 107 employees, led by our chairman, Lawrence E. Golub, and our chief executive officer, David B. Golub. As of June 30, 2010, the 47 investment professionals of Golub Capital had an average of over 12 years of investment experience and were supported by 60 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. We believe this market position makes Golub Capital the first choice lender to many sponsors, especially in the weak lending environment of 2009. Since its inception, Golub Capital has completed at least one debt financing with over 110 sponsors and closed 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 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. We expect that GC Advisors will select borrowers whose businesses will retain significant value, even in a depressed market or a distressed sale. We intend to reduce risk further by focusing on proven, successful sponsors. While emphasizing thorough credit analysis, we intend to maintain strong relationships with sponsors by offering rapid initial feedback from senior investment professionals to each investment opportunity shown to us.

*Regimented Credit Monitoring*. Following each investment, GC Advisors implements a regimented credit monitoring system. This careful approach, which involves ongoing review and analysis by teams of professionals, has enabled us to identify problems early and to assist borrowers before they face difficult liquidity constraints. If necessary, GC Advisors can assume the role of deal sponsor in a work-out situation and has extensive restructuring experience, both in and out of bankruptcy. We believe in the need to prepare for possible negative contingencies in order to address them promptly should they arise.

*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.

## Investment Criteria/Guidelines

Our investment objective is to generate current income and capital appreciation, by investing primarily in unitranche loans, second lien and mezzanine debt, warrants and minority equity securities in middle-market companies. We intend to generate strong risk-adjusted net returns by assembling a diversified portfolio of investments across a broad range of industries and private equity investors.

We target U.S. middle-market companies controlled by private equity investors that require capital for growth, acquisitions, recapitalizations, refinancings and leveraged buyouts. We may also make opportunistic loans to independently owned and publicly held middle-market companies. We seek to partner with strong management teams executing long-term growth strategies. Target businesses will typically exhibit some or all of the following characteristics:

- annual EBITDA of $5 million to $40 million;
- sustainable leading positions in their respective markets;
- scalable revenues and operating cash flow;
- experienced management teams with successful track records;
- stable, predicable cash flows with low technology and market risks;
- a substantial equity cushion in the form of capital ranking junior to our investment;
- low capital expenditures requirements;
- a North American base of operations;
- strong customer relationships;

products, services or distribution channels having distinctive competitive advantages;

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- defensible niche strategy or other barriers to entry; and
- demonstrated growth strategies.

While we believe that the criteria listed above are important in identifying and investing in prospective portfolio companies, not all of these criteria will be met by each prospective portfolio company.

## Investment Process Overview

We view our investment process as consisting of four distinct phases described below:

*Origination.* GC Advisors sources investment opportunities through access to a network of over 10,000 individual contacts developed in the financial services and related industries by Golub Capital and managed through a proprietary customer relationship database. Among these contacts is an extensive network of private equity firms and relationships with leading middle-market senior lenders. The senior deal professionals of Golub Capital supplement these leads through personal visits and marketing campaigns. It is their responsibility to identify specific opportunities, to refine opportunities through candid exploration of the underlying facts and circumstances and to apply creative and flexible thinking to solve clients financing needs. Golub Capital s origination personnel are located in three offices across the United States. Each originator maintains long-standing customer relationships and is responsible for covering a specified target market. We believe those originators strength and breadth of relationships across a wide range of markets generate numerous financing opportunities, which should enable GC Advisors to be highly selective in recommending investments to us.

*Credit Evaluation.* We utilize the systematic, consistent approach to credit evaluation developed by Golub Capital, with a particular focus on determining the value of a business in a downside scenario. The key criteria that we consider include (1) strong and resilient underlying business fundamentals, (2) a substantial equity cushion in the form of capital ranking junior in right of payment to our investment and (3) a conclusion that overall downside risk is manageable. While the size of this equity cushion will vary over time and among industries, the equity cushion generally sought by GC Advisors today is between 45% and 60% of total portfolio capitalization. We generally focus on the criteria developed by Golub Capital for evaluating prospective portfolio companies discussed above under Competitive Strengths. In evaluating a particular company, we put more emphasis on credit considerations (such as (1) loan-to-value ratio (which is the amount of our loan divided by the enterprise value of the company we are investing in), (2) the ability of the company to maintain a liquidity cushion through economic cycles and in downside scenarios, (3) the ability of the company to service its fixed charge obligations under a variety of scenarios and (4) its anticipated strategic value in a downturn) than on profit potential and loan pricing. Our due diligence process for middle-market credits will typically entail:

- a thorough review of historical and pro forma financial information,
- on-site visits,
- interviews with management, employees, customers and vendors,
- a review of loan documents and material contracts,
- third-party quality of earnings accounting due diligence,
- when appropriate, background checks on key managers and research relating to the company s business, industry, markets, products and services and competitors, and
- the commission of a third-party market studies when appropriate.

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The following chart illustrates the stages of Golub Capital s evaluation and underwriting process:

ILLUSTRATIVE DEAL EVALUATION PROCESS

FUND INVESTMENTS

*Execution.* In executing transactions for us, GC Advisors utilizes the due diligence process developed by Golub Capital. Through a consistent approach to credit evaluation and careful attention to the details of execution, it seeks to close deals as fast or faster than competitive financing providers while maintaining discipline with respect to credit, pricing and structure to ensure the ultimate success of the financing. Upon completion of due diligence, the investment team working on an investment delivers a memorandum to GC Advisors investment committee. Once an investment has been approved by the investment committee on a consensus basis, it moves through a series of steps, including initial documentation using standard document templates and the establishment of negotiating boundaries, final documentation, including resolution of business points and the execution of original documents held in escrow. Upon completion of final documentation, a loan is funded upon the execution of an investment committee memorandum by members of GC Advisors investment committee.

*Monitoring.* We view active portfolio monitoring as a vital part of our investment process. We consider board observation rights, where appropriate, regular dialogue with company management and sponsors and detailed, internally generated monitoring reports to be critical to our performance. Golub Capital has developed a monitoring template that is designed to reasonably ensure compliance with these standards. This template is used as a tool by GC Advisors to assess investment performance relative to plan. In addition, our portfolio companies may rely on us to provide them with financial and capital markets expertise.

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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 the following categories, which we refer to as GC Advisors investment performance rating:

Risk Ratings Definition

| Rating | Definition |
|---|---|
| Grade 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. |
| Grade 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. |
| Grade 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. |
| Grade 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). For loans graded 2, we will implement a plan to increase monitoring of the borrower. |
| Grade 1 | Indicates that the borrower is performing substantially below expectations and the loan risk has substantially increased since origination. Most or all of the debt covenants are out of compliance and payments are substantially delinquent. Loans graded 1 are not anticipated to be repaid in full and we will reduce the fair market value of the loan to the amount it anticipates will be recovered. |

For any investment rated in grades 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 investment ratings assigned to each investment in our portfolio. In connection with our valuation process, GC Advisors reviews these investment ratings on a quarterly basis, and our board of directors reviews and affirms such ratings.

The following table shows the distribution of our investments on the 1 to 5 investment performance rating scale at fair value as of June 30, 2010:

| Investment Performance Rating | June 30, 2010 Investments at Fair Value (dollars in thousands) | Percentage of Total Portfolio |
|---|---|---|
| 5 | $ 91,915 | 33.1 % |
| 4 | 128,874 | 46.4 % |
| 3 | 54,769 | 19.7 % |
| 2 | 2,052 | 0.8 % |
| 1 | | |

| | | | |
|---|---|---|---|
| Total | $ 277,610 | 100.0 | % |

# Investment Committee

The purpose of GC Advisors investment committee, which is comprised of officers of GC Advisors and is provided under the Investment Advisory Agreement, is to evaluate and approve all of our investments, subject to the oversight of our board of directors. The investment committee process is intended to bring the diverse experience and perspectives of the committee s members to the analysis and consideration of each investment. The investment committee currently consists of Lawrence E. Golub, David B. Golub, Andrew H. Steuerman and Gregory W. Cashman. The investment committee serves to provide investment consistency and

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adherence to our core investment philosophy and policies. The investment committee also determines appropriate investment sizing and suggests ongoing monitoring requirements.

In addition to reviewing investments, investment committee meetings serve as a forum to discuss credit views and outlooks. Potential transactions and deal flow are reviewed on a regular basis. Members of the investment team are encouraged to share information and views on credits with the investment committee early in their analysis. We believe this process improves the quality of the analysis and assists the deal team members to work more efficiently.

Each transaction is presented to the investment committee in a formal written report. All of our new investments must be approved by a consensus of the investment committee. Each member of the investment committee performs a similar role for other accounts sponsored or managed by Golub Capital and its affiliates. In certain instances, our board of directors may also determine that its approval is required prior to the making of an investment.

# Investment Structure

Once we have determined that a prospective portfolio company is suitable for investment, we work with the management of that company and its other capital providers to structure an investment. We negotiate among these parties to agree on how our investment is expected to perform relative to the other capital in the portfolio company s capital structure.

We structure our investments, which typically have maturities of five years, as follows:

*Senior Secured Loans*. We structure these investments as senior secured loans. We obtain security interests in the assets of the portfolio company borrowers that serve as collateral in support of the repayment of such loans. This collateral may take the form of first-priority liens on the assets of the portfolio company borrower. Our senior secured loans may provide for moderate loan amortization in the early years of the loan, with the majority of the amortization deferred until loan maturity. Under market conditions as of the date of this prospectus, we expect that the interest rate on senior secured loans will generally range between % and % over applicable LIBOR.

*Unitranche Loans*. We structure our unitranche loans as senior secured loans. We obtain security interests in the assets of these portfolio companies 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 a portfolio company. Unitranche loans typically provide for moderate loan amortization in the initial years of the facility, with the majority of the amortization deferred until loan maturity. Unitranche loans generally allow the borrower to make a large lump sum payment of principal at the end of the loan term, and there is a risk of loss if the borrower is unable to pay the lump sum or refinance the amount owed at maturity. In many cases, we are the sole lender, or we together with our affiliates are the sole lender, of unitranche loans, which can afford us additional influence with a borrower in terms of monitoring and, if necessary, remediation in the event of underperformance. Under market conditions as of the date of this prospectus, we expect that the interest rate on unitranche loans will generally range between % and % (reflecting a blending of rates appropriate for the senior and junior debt exposures inherent in a unitranche loan) over applicable LIBOR.

*Second Lien Loans.* We structure these investments as junior, secured loans. We obtain security interests in the assets of these portfolio companies that serves as collateral in support of the repayment of such loans. This collateral may take the form of second priority liens on the assets of a portfolio company. These loans typically provide for moderate loan amortization in the initial years of the facility, with the majority of the amortization deferred until loan maturity. Under market conditions as of the date of this prospectus, we expect that the interest rate on second lien loans will generally range between % and %.

*Mezzanine Loans*. We structure these investments as unsecured, subordinated loans that provide for relatively high, fixed interest rates that provide us with significant current interest income. These loans typically have interest-only payments (often representing a combination of cash pay and PIK interest) in the early years, with amortization of principal deferred to maturity. Mezzanine loans generally allow the borrower to make a large lump sum payment of principal at the end of the loan term, and there is a risk of loss if the borrower is unable to pay the lump sum or refinance the amount owed at maturity.

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Mezzanine investments are generally more volatile than secured loans and may involve a greater risk of loss of principal. Mezzanine loans often include a PIK feature, which effectively operates as negative amortization of loan principal, thereby increasing credit risk exposure over the life of the loan. Under market conditions as of the date of this prospectus, we expect that the interest rate on mezzanine loans will generally range between % and %.

*Warrants and Minority Equity Securities*. In some cases, we may also receive nominally priced warrants or options to buy a minority equity interest in the portfolio company in connection with such a loan. As a result, as a portfolio company appreciates in value, we may achieve additional investment return from this equity interest. We may structure such warrants to include provisions protecting our rights as a minority-interest holder, as well as a put, or right to sell such securities back to the issuer, upon the occurrence of specified events. In many cases, we may also seek to obtain registration rights in connection with these equity interests, which may include demand and piggyback registration rights.

We tailor the terms of each investment to the facts and circumstances of the transaction and the prospective portfolio company, negotiating a structure that protects our rights and manages our risk while creating incentives for the portfolio company to achieve its business plan and improve its operating results. We seek to limit the downside potential of our investments by:

- requiring a total return on our investments (including both interest and potential equity appreciation) that we believe will compensate us appropriately for credit risk;
- negotiating covenants in connection with our investments that afford our portfolio companies as much flexibility in managing their businesses as possible, consistent with the preservation of our capital. Such restrictions may include affirmative and negative covenants, default penalties, lien protection, change of control provisions and board rights, including either observation or rights to a seat on the board of directors under some circumstances; and
- selecting investments that we believe have a very low probability of loss.

We expect to hold most of our investments to maturity or repayment, but we may sell some of our investments earlier if a liquidity event occurs, such as a sale, recapitalization or worsening of the credit quality of the portfolio company.

# Investments

We seek to create a diverse portfolio that includes senior secured, unitranche, mezzanine and second lien loans and warrants and minority equity securities by investing approximately $5 million to $25 million of capital, on average, in the securities of middle-market companies. Set forth below is a list of our ten largest portfolio company investments as of June 30, 2010, as well as the top ten industries in which we were invested as of June 30, 2010, in each case calculated as a percentage of our total investments as of such date.

| Portfolio Company | Investment Amounts (000 s) | Percentage of Total Investments |
|---|---|---|
| DDC Center Inc. | $ 11,174 | 4.0 % |
| Pillar Processing LLC | 9,427 | 3.4 |
| Benetech, Inc. | 8,668 | 3.1 |
| Wall Street Systems Holdings, Inc. | 7,988 | 2.9 |
| ITEL Laboratories, Inc. | 7,875 | 2.8 |
| eVestment Alliance Holdings, LLC | 7,602 | 2.7 |
| Infiltrator Systems, Inc. | 7,526 | 2.7 |

| | | |
|---|---|---|
| Vintage Parts, Inc. | 7,152 | 2.6 |
| Cortz, Inc. | 6,655 | 2.4 |
| Architectural Testing, Inc. | 6,636 | 2.4 |

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| Industry | Investment Amounts (000 s) | Percentage of Total Investments |
|---|---|---|
| Healthcare, education and childcare | $ 50,876 | 18.3 % |
| Buildings and real estate | 32,695 | 11.8 |
| Diversified conglomerate service | 27,059 | 9.7 |
| Finance | 25,409 | 9.2 |
| Retail stores | 17,942 | 6.5 |
| Diversified conglomerate manufacturing | 17,485 | 6.3 |
| Leisure, amusement, motion pictures and entertainment | 14,881 | 5.4 |
| Automobile | 9,124 | 3.3 |
| Beverage, Food and Tobacco | 8,769 | 3.2 |
| Diversified Natural Resources, Precious Metals and Minerals | 8,021 | 2.9 |

# Managerial Assistance

As a business development company, we offer, and must provide upon request, managerial assistance to our portfolio companies. This assistance could involve monitoring the operations of our portfolio companies, participating in board and management meetings, consulting with and advising officers of portfolio companies and providing other organizational and financial guidance. GC Service or an affiliate of GC Service provides such managerial assistance on our behalf to portfolio companies that request this assistance. We may receive fees for these services and reimburse GC Service or an affiliate of GC Service, as applicable, for its allocated costs in providing such assistance, subject to the review and approval by our board of directors, including our independent directors.

# Competition

Our primary competitors in providing financing to middle-market companies include public and private funds, other business development companies, commercial and investment banks, commercial financing companies and, to the extent they provide an alternative form of financing, private equity and hedge funds. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, we believe some competitors may have access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a business development company or to the source-of-income, asset diversification and distribution requirements we must satisfy to maintain our RIC status.

We use the expertise of the investment professionals of Golub Capital and its affiliates to which we have access to assess investment risks and determine appropriate pricing for our investments in portfolio companies. In addition, the relationships of the senior members of Golub Capital and its affiliates enable us to learn about, and compete effectively for, financing opportunities with attractive middle-market companies in the industries in which we invest. For additional information concerning the competitive risks we face, see Risk Factors Risks Relating to our Business and Structure We operate in a highly competitive market for investment opportunities, which could reduce returns and result in losses.

# Administration

We do not have any direct employees, and our day-to-day investment operations are managed by GC Advisors. We have a chief executive officer, chief financial officer and chief compliance officer and, to the extent necessary, our board of directors may elect to hire additional personnel going forward. Our officers are employees of GC Service, an affiliate of GC Advisors, and our allocable portion of the cost of our chief financial officer and chief compliance officer and their respective staffs are paid by us pursuant to the Administration Agreement. Some of our executive officers described under Management are also officers of GC Advisors. See Management Agreements Administration Agreement.

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# Properties

We do not own any real estate or other physical properties materially important to our operation. Our headquarters are located at 150 South Wacker Drive, Suite 800, Chicago, IL 60606 and are provided by GC Service pursuant to the Administration Agreement. We believe that our office facilities are suitable and adequate to our business.

# Legal Proceedings

We, GC Advisors and GC Service are not currently subject to any material legal proceedings.

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# PORTFOLIO COMPANIES

The following table sets forth certain information as of June 30, 2010 for each portfolio company in which we had an investment. The general terms of our equity investments are described in The Company Investment Structure. Other than these investments, our only formal relationships with our portfolio companies are the managerial assistance that we may provide upon request and the board observer or participation rights we may receive in connection with our investment. We do not control and are not an affiliate of any of our portfolio companies, each as defined in the 1940 Act. In general, under the 1940 Act, we would control a portfolio company if we owned more than 25.0% of its voting securities and would be an affiliate of a portfolio company if we owned five percent or more of its voting securities. The loans in our current portfolio were either originated or purchased in the secondary market by Golub Capital and its affiliates.

| Name and Address of Portfolio Company | Industry | Type of Investment | Interest[(1)] | Maturity | Fair Value (Dollars in Thousands) | Percentage of Class Held* |
|---|---|---|---|---|---|---|
| ABP Corporation<br>19 Fid Kennedy Ave<br>Boston, MA 02210 | Beverage, Food and Tobacco | Senior Secured Term Loan B | 8.50% (LIBOR+4.50%) | 2/28/2013 | $2,328 | |
| ADG, LLC<br>2100 Rexford Road<br>Suite 300<br>Charlotte, NC 28211 | Healthcare, Education and Childcare | Senior Term Loan | 7.75% (LIBOR+5.75%) | 5/19/2013 | 3,701 | |
| American Fire Protection Group, Inc.<br>8426 E. Shea Blvd.<br>Suite 16<br>Scottsdale, AZ 85260 | Buildings and Real Estate | Senior Secured Term Loan C | 9.00% (LIBOR+6.75%) | 6/21/2011 | 3,638 | |
| Aramark Corporation<br>1101 Market Street<br>Philadelphia, PA 19107 | Personal, Food and Miscellaneous Services | Senior Secured LC-1 Facility Deposits | 0.19% (LIBOR) | 1/26/2014 | 60 | |
| | | Senior Secured US Term Loan | 2.41% (LIBOR+1.88%) | 1/26/2014 | 827 | |
| | | Senior Secured LC-2 Facility Deposits | 0.20% (LIBOR) | 7/26/2016 | 111 | |
| | | Term Loan B | 3.78 (LIBOR+3.25%) | 7/26/2016 | 1,692 | |

| | | | | | |
|---|---|---|---|---|---|
| Architectural Testing, Inc.<br>130 Derry Ct<br>York, PA 17406 | Buildings and Real Estate | Unitranche Term Loan A | 9.50% (LIBOR+6.50%) | 5/22/2013 | 6,636 |
| ASP PDM Acquisition Co. LLC<br>2800 Melby Street<br>Eau Claire, WI 54703 | Buildings and Real Estate | Senior Secured Term Loan | 3.06% (LIBOR+2.75%) | 12/31/2013 | 555 |
| Benetech, Inc.<br>1851 Albright Road<br>Montgomery, IL 60538 | Diversified Services/ Conglomerate Service | Unitranche Term Loan | 5.35% (LIBOR+5.00%) | 12/28/2013 | 8,668 |
| Bertucci s Corporation<br>155 Otis Street<br>Northborough,<br>MA 01532 | Beverage, Food and Tobacco | Senior Secured First Lien Last Out Term Loan | 12.00% (LIBOR+9.00%) | 7/17/2012 | 1,969 |
| Best Lighting Products, Inc.<br>1213 Etna Parkway<br>Pataskala, OH 43062 | Buildings and Real Estate | Unitranche Term Loan A | 10.00% (LIBOR+8.00%) | 8/14/2012 | 2,431 |
| Bonddesk Group LLC<br>One Lovell Avenue<br>Mill Valley, CA 94941 | Banking | Senior Secured Term Loan | 3.36% (LIBOR+3.00%) | 8/16/2012 | 1,965 |
| Cape Electrical Supply LLC<br>P.O. Box 677<br>489 Kell Farm Drive<br>Cape Girardeau, MO 63702 | Electronics | Senior Secured Term Loan A | 6.75% (LIBOR+5.75%) | 11/6/2013 | 2,416 |
| Celanese Holdings LLC[3]<br>1601 West LBJ Freeway<br>P.O. Box 819005<br>Dallas, TX 75234 | Chemicals, Plastics and Rubber | Senior Secured Dollar Term Loan | 2.04% (LIBOR+1.75%) | 4/2/2014 | 935 |

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| Name and Address of Portfolio Company | Industry | Type of Investment | Interest[1] | Maturity | Fair Value (Dollars in Thousands) | Percentage of Class Held* |
|---|---|---|---|---|---|---|
| Cellular South, Inc.<br>125 South Congress Street, Suite 1000<br>Jackson, MS 39201 | Telecommunications | Senior Secured Delayed Draw Term Loan | 1.82% (LIBOR+1.50%) | 5/29/2014 | 1,191 | |
| CHS/Community Health Systems[3]<br>1400 Meridian Boulevard<br>Franklin, TN 37067 | Healthcare, Education and Childcare | Senior Secured Delay Draw Term Loan | 2.79% (LIBOR+2.25%) | 7/25/2014 | 722 | |
| CLP Auto Interior Corporation<br>6868 Acco Street<br>Montebello, CA 90640 | Automobile | Senior Secured Term Loan A | 5.10% (LIBOR+4.75%) | 6/26/2013 | 3,143 | |
| Community Hospices of America, Inc.<br>Creekside Crossing III<br>Suite 130<br>Brentwood, TN 37027 | Healthcare, Education and Childcare | Senior Secured 1st Lien Term Loan | 8.00% (LIBOR+5.00%) | 1/13/2011 | 993 | |
| | | Second Lien 2nd Lien Term Loan | 12.50% (LIBOR+9.50%) | 4/14/2011 | 4,865 | |
| Compass Group Diversified Holdings, LLC[3]<br>61 Wilton Road<br>Second Floor<br>Westport, CT 06880 | Diversified Conglomerate Service | Senior Secured Term Loan | 4.32% (LIBOR+4.00%) | 12/7/2013 | 4,597 | |
| Container Store, Inc.<br>500 Freeport Parkway<br>Coppell, TX 75019 | Retail Stores | Senior Secured Term Loan | 3.51% (LIBOR+3.00%) | 8/16/2014 | 6,131 | |
| Cortz, Inc.<br>320 Industrial Drive<br>West Chicago, IL 60185 | Diversified Conglomerate Service | Senior Secured Term Loan A | 8.50% (LIBOR+5.50%) | 3/31/2014 | 6,655 | |
| Covanta Energy Corporation[3]<br>40 Lane Road<br>Fairfield, NJ 07004 | Utilities | Senior Secured Term Loan B | 1.87% (LIBOR+1.50%) | 2/9/2014 | 1,829 | |
| | | Senior Secured Credit Linked | 0.43% (LIBOR+0.00%) | 2/9/2014 | 931 | |

| | | | | | |
|---|---|---|---|---|---|
| CTI Foods Holding Co., LLC 22303 Highway 95 Wilder, ID 83676 | Beverage, Food and Tobacco | Deposit Senior Secured Extended First Lien Term Loan | 6.00% (LIBOR+4.00%) | 6/18/2015 | 862 |
| DaVita, Inc.[3] Casa DaVita 601 Hawaii Street El Segundo, CA 90245 | Healthcare, Education and Childcare | Senior Secured Tranche B-1 Term Loan | 1.87% (LIBOR+1.50%) | 10/5/2012 | 4,881 |
| DDC Center Inc. 1001 DDC Way Fairfield, OH 45014 | Healthcare, Education and Childcare | Unitranche Term Loan | 12.00% (LIBOR+9.00%) | 10/16/2014 | 11,174 |
| Delta Educational Systems, Inc. 144 Business Park Drive, Suite 201 Virginia Beach, VA | Healthcare, Education and Childcare | Senior Secured Term Loan | 6.00% (LIBOR+4.00%) | 6/30/2012 | 4,140 |
| Den-Mat Holdings, LLC 2727 Skyway Drive Santa Maria, CA 93455 | Healthcare, Education and Childcare | Senior Secured Term Loan | 4.25% (LIBOR+3.25%) | 6/30/2014 | 2,052 [2] |
| Dr. Miracles, Inc. 183 Madison Ave Suite 405 New York, NY 10016 | Personal and Non Durable Consumer Products | Senior Secured Term Loan A | 8.00% (LIBOR+5.50%) | 3/20/2014 | 3,872 |
| Driven Brands, Inc. 128 South Tyron Street Suite 900 Charlotte, NC 28202 | Automobile | Senior Secured Term Loan B | 7.00% (LIBOR+5.00%) | 10/20/2014 | 5,981 |
| eVestment Alliance Holdings, LLC 4994 Lower Roswell Road Suite 1 Marietta, GA 30068 | Finance | Unitranche Term Loan A | 9.50% (LIBOR+6.50%) | 5/12/2014 | 7,602 |

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| Name and Address of Portfolio Company | Industry | Type of Investment | Interest[1] | Maturity | Fair Value (Dollars in Thousands) | Percentage of Class Held* |
|---|---|---|---|---|---|---|
| Excelligence Learning Corporation<br>2 Lower Ragsdale Drive<br>Monterey, CA 93940 | Healthcare, Education and Childcare | Second Lien Term Loan C | 7.35% (LIBOR+7.00%) | 11/29/2013 | 1,536 | |
| Extreme Fitness, Inc.[4]<br>8281 Yonge Street<br>Thornhill, Ontario<br>L3T 2C7 Canada | Leisure, Amusement, Motion Pictures, and Entertainment | Unitranche Term Loan B | 11.50% (LIBOR+7.50%) | 3/15/2012 | 4,649 | |
| Fasteners for Retail, Inc.<br>28900 Fountain Parkway<br>Cleveland, OH 44139 | Retail Stores | Senior Secured Term Loan A | 4.80% (LIBOR+4.50%) | 12/31/2012 | 2,127 | |
| Fidelity National Information (Metavante Corp)<br>4900 West Brown Deer Rd.<br>Milwaukee, WI 53223 | Finance | Senior Secured Term Loan B | 3.59% (LIBOR+3.25%) | 11/1/2014 | 392 | |
| Focus Brands Inc.<br>200 Glenridge Point Parkway Suite 200<br>Atlanta, GA 30342 | Personal, Food and Miscellaneous Services | Senior Secured Term Loan | 5.56% (LIBOR+5.00%) | 3/31/2011 | 5,190 | |
| Gammill, Inc.<br>1452 W. Gibson Street<br>West Plains, MO 65775 | Textiles and Leather | Senior Secured Term Loan A | 9.50% (LIBOR+7.50%) | 9/30/2011 | 504 | |
| | | Senior Secured Term Loan B | 10.00% (LIBOR+8.00%) | 9/30/2012 | 4,297 | |
| Heat Transfer Parent, Inc.<br>2777 Walden Avenue<br>Buffalo, NY 14225 | Diversified Conglomerate Manufacturing | Senior Secured Term Loan B | 3.35% (LIBOR+3.00%) | 6/30/2013 | 1,595 | |
| The Hygenic Corporation<br>1245 Home Avenue<br>Akron, OH 44310 | Healthcare, Education and Childcare | Senior Secured Term Loan | 2.85% (LIBOR+2.50%) | 4/30/2013 | 2,634 | |
| IL Fornaio (America) Corporation<br>770 Tamalpais Drive, | Retail Stores | Senior Secured Term Loan | 3.25% (LIBOR+3.00%) | 3/29/2013 | 4,399 | |

| | | | | | |
|---|---|---|---|---|---|
| Suite 400<br>Corte Madera, CA 94925 | | | | | |
| Industrial Container Services, LLC<br>1540 South Greenwood Avenue<br>P.O. Box 2067<br>Montebello, CA 90640 | Containers, Packaging and Glass | Unitranche Term Loan B | 4.50% (LIBOR+4.00%) | 9/30/2011 | 1,130 |
| Infiltrator Systems, Inc.<br>6 Business Park Road<br>P.O. Box 768<br>Old Saybrook, CT 06475 | Buildings and Real Estate | Senior Secured Term Loan | 8.50% (LIBOR+5.50%) | 9/30/2012 | 7,526 |
| Integrated DNA Technologies, Inc.<br>1710 Commercial Park<br>Coralville, IA 52241 | Healthcare, Education and Childcare | Unitranche Term Loan | 12.00% | 4/22/2015 | 3,800 |
| ITEL Laboratories, Inc.<br>6745 Phillips Industrial Blvd.<br>Jacksonville, FL 32256 | Buildings and Real Estate | Unitranche Term Loan A | 9.75% (LIBOR+6.75%) | 3/1/2014 | 7,875 |
| Itron, Inc.(3)<br>2111 N Molter Road<br>Liberty Lake, WA 99019 | Utilities | Senior Secured Dollar Term Loan | 3.85% (LIBOR+3.50%) | 4/18/2014 | 996 |
| JRD Holdings, Inc.<br>15-06 132nd Street<br>College Point, NY 11356 | Grocery | Senior Secured Term Loan | 2.60% (LIBOR+2.25%) | 7/2/2014 | 1,194 |
| KHKI Acquisition, Inc.<br>506 S. Wapello St.<br>Mediapolis, IA 52637 | Buildings and Real Estate | Senior Secured Term Loan A | 8.50% (LIBOR+6.00%) | 3/12/2012 | 376 |
| | | Senior Secured Term Loan B | 8.50% (LIBOR+6.00%) | 3/12/2013 | 1,950 |
| Lone Star Beef Processors, L.P.<br>2150 East 37th Street<br>San Angelo, TX 76903 | Beverage, Food and Tobacco | Senior Secured Term Loan | 4.75% (LIBOR+4.00%) | 5/6/2013 | 3,610 |

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| Name and Address of Portfolio Company | Industry | Type of Investment | Interest[1] | Maturity | Fair Value (Dollars in Thousands) | Percentage of Class Held* |
|---|---|---|---|---|---|---|
| The Marshall Retail Group, LLC<br>5385 Wynn Road<br>Las Vegas, NV 89118 | Retail Stores | Senior Secured Term Loan A | 7.25% (LIBOR+4.50%) | 4/16/2013 | 3,185 | |
| | | Second Lien Term Loan B | 9.25% (LIBOR+6.50%) | 4/16/2013 | 2,100 | |
| Metal Spinners, Inc.<br>800 Growth Parkway<br>Angola, IN 46703 | Diversified Natural Resources, Precious Metals and Minerals | Senior Secured Term B Loan | 10.00% (LIBOR+7.00%) | 12/22/2014 | 2,344 | |
| | | Senior Secured Term C Loan | 11.00% (LIBOR+8.00%) | 12/22/2014 | 2,889 | |
| MetroPCS Wireless, Inc.[3]<br>8144 Walnut Hill Lane<br>Suite 800<br>Dallas, TX 75231 | Telecommunications | Senior Secured Term Loan B | 2.63% (LIBOR+2.25%) | 11/3/2013 | 2,826 | |
| Monotype Imaging, Inc.[3]<br>3600 Clipper Mill Road<br>Suite 310<br>Baltimore, MD 21211 | Printing and Publishing | Senior Secured Term Loan | 4.10% (LIBOR+3.75%) | 7/30/2012 | 1,428 | |
| Neptco Inc.<br>P.O. Box 2323<br>30 Hamlet Street<br>Pawtucket, RI 02861 | Diversified Conglomerate Manufacturing | Senior Secured Term Loan | 7.25% (LIBOR+5.25%) | 3/31/2013 | 3,743 | |
| NRG Energy, Inc.[3]<br>211 Carnegie Center<br>Princeton, NJ 08540 | Utilities | Senior Secured Term Loan | 3.78% (LIBOR+3.25%) | 2/13/2013 | 2,042 | |
| Octane Fitness, LLC<br>9200 Wyoming Avenue North<br>Suite 380<br>Brooklyn Park, MN 55445 | Leisure, Amusement, Motion Pictures, and Entertainment | Unitranche Term Loan | 4.91% (LIBOR+4.60%) | 3/14/2013 | 4,442 | |
| Open Text Corporation[3][4]<br>38 Leek Crescent<br>Richmond Hill, ON<br>L4B 4N8 CANADA | Diversified Conglomerate Service | Senior Secured Term Loan | 2.60% (LIBOR+2.25%) | 10/2/2013 | 1,293 | |
| | | | | 12/14/2012 | 185 | |

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|---|---|---|---|
| Optronics Product Company, Inc.<br>4150 South 100th E. Ave., Suite 210<br>Tulsa, OK 74146 | Leisure, Amusement, Motion Pictures, and Entertainment | Senior Secured Term Loan A<br>Second Lien Term Loan B | 5.57% (LIBOR+3.75%) |