

GOLUB CAPITAL MIDDLE MARKET REPORT

Featuring the Golub Capital Altman Index

Profit Growth Accelerated to 5% in the U.S. Middle Market in Q1 2016, According to Golub Capital Middle Market Report

Private middle market companies increase revenues by 9.08% and earnings by 5.05% during first two months of Q1 2016

Index provides early insight into financial performance of public companies and GDP in advance of earnings season

Middle market private companies in the Golub Capital Altman Index increased revenues by 9.08% and earnings (defined as earnings before interest, taxes, depreciation and amortization, or “EBITDA”) by 5.05% year-over-year during the first two months of the first quarter of 2016. This is an increase from year-over-year growth of 6.69% and 2.15% in revenues and earnings, respectively, in the fourth quarter of 2015.

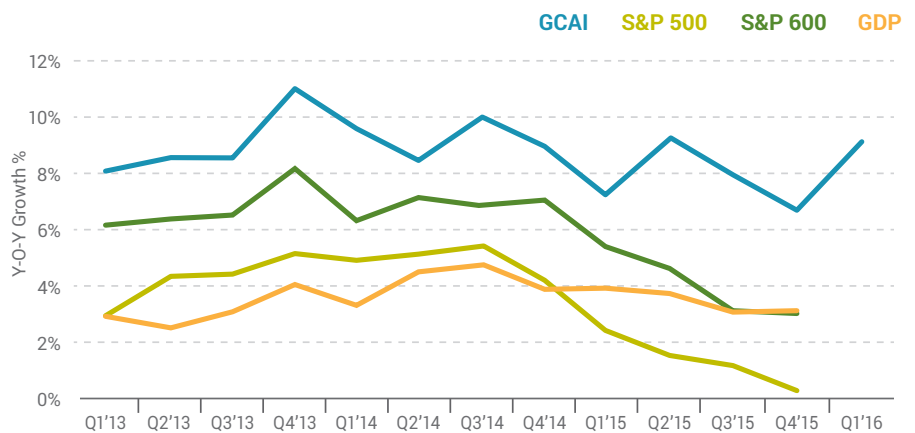
Lawrence E. Golub, CEO of Golub Capital, said “In aggregate, our data shows that the middle market is growing nicely, with profits growing faster than in the previous two quarters across most sectors. Though the economy is improving and the middle market is strengthening, we do see continued profit margin pressure, based on year over year comparisons within our portfolio. The improved Q1 earnings picture from our middle-market sample suggests that, ex-energy, public company profitability and growth may well beat expectations.”

Dr. Altman said, “Earnings of middle market firms staged a meaningful increase, to 5.05% from 2.15% and 3.95% in the two previous quarters. Consumer staples and IT sectors were the bright spots, with smaller increases in the health care and industrial sectors. The consumer discretionary sector has experienced a fair amount of volatility in growth from quarter to quarter in the past six quarters after a relatively high and stable growth period in 2013/2014.”

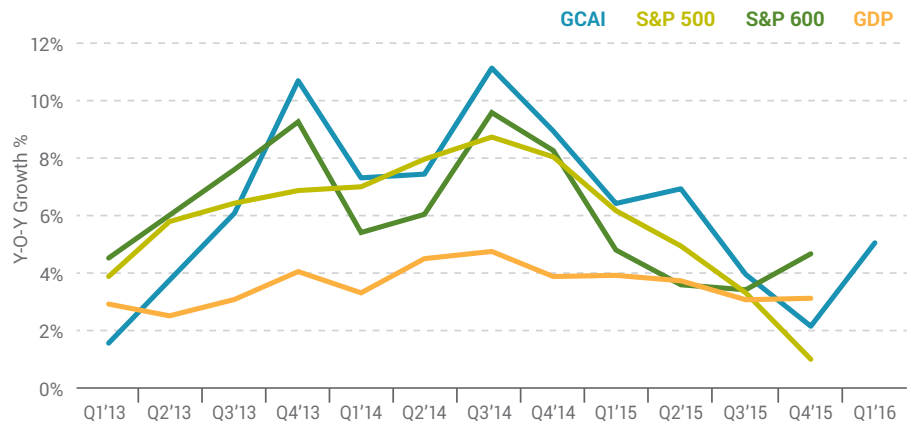
Golub Capital Altman Index Highlights—Year-Over-Year Growth

	Revenues	Earnings
Q1'16.....	9.08%	5.05%
Q4'15.....	6.69%	2.15%
Key Sectors Q1'16:		
Consumer Discretionary.....	8.04%	5.74%
Consumer Staples.....	14.49%	6.79%
Healthcare.....	6.43%	2.70%
Industrials.....	7.43%	2.32%
Information Technology.....	10.94%	12.43%

Revenue growth of middle market companies rebounded in Q1.



Earnings growth recovered compared to the prior two quarters, but earnings are down year-over-year.



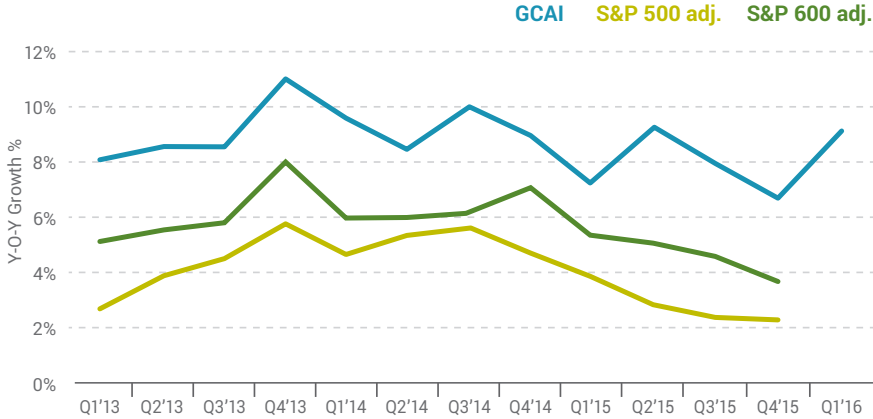
The Golub Capital Altman Index, which is produced by Golub Capital in collaboration with renowned credit expert Dr. Edward I. Altman, is the first and only index based on actual sales and earnings data for middle market companies. It measures median revenue and earnings performance from the data of more than 150 private U.S. companies in the loan portfolio of Golub Capital, a leading middle market lender. Reported shortly before public company quarterly earnings season, the index has served as a reliable indicator of the overall growth rates in revenue and earnings of public companies in market indexes such as the S&P 500 and S&P SmallCap 600, as well as quarterly Gross Domestic Product (“GDP”), according to statistical back-testing dating back to 2012, when data began to be tracked.

We believe the results (1) are representative of the general performance of middle market companies, which are a major contributor to U.S. private sector employment, (2) can be easily compared to the performance of the public companies that make up major stock indexes, (3) are relevant to the aggregate economic performance of the U.S. economy, and (4) provide timely information for the investment community.

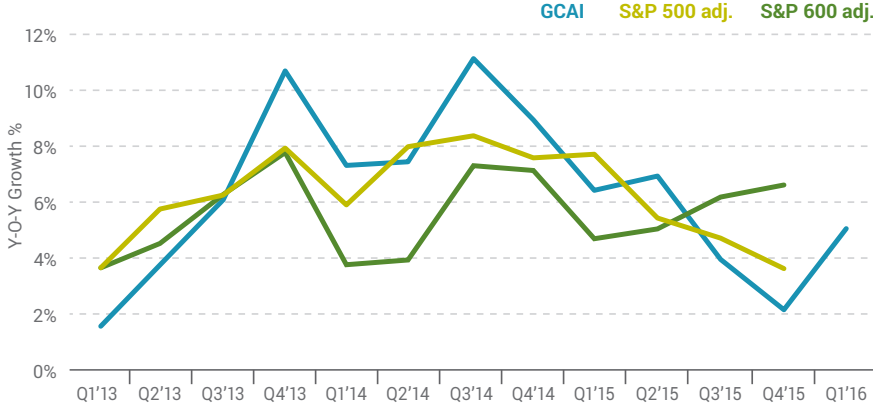
Importantly, the size and diversity of the Golub Capital loan portfolio ensures that the confidentiality of all company-specific information used in the report is maintained in both the aggregate and industry segment data.

The companies in the Golub Capital Altman Index operate in a wide range of industries, and aggregate results are provided for the total universe and by industry segment. Given the index’s limited exposure to Financials, Utilities, Energy and Materials, calculations are made for the public indexes both including and excluding these sectors (for the latter, see charts marked “S&P 500 Adjusted” and “S&P 600 Adjusted”).

Revenue growth in the GCAI has historically outpaced the market.



Increased earnings growth in the GCAI may suggest future growth in the adjusted market indices.



About The Golub Capital Middle Market Report

The Golub Capital Middle Market Report analyzes the results of the Golub Capital Altman Index, which measures the median revenue and earnings growth of more than 150 privately owned companies in the Golub Capital loan portfolio for the first two months of each calendar quarter. It compares these results to the financial performance of public companies in well-known market indexes, including the S&P 500 and S&P SmallCap 600, as well as the quarterly Gross Domestic Product. The index is produced by Golub Capital in collaboration with renowned credit expert Dr. Edward I. Altman. For more information, including a description of the methodology used to create the report, please visit golubcapital.com/middle-market-report.

About Golub Capital

Golub Capital's award winning middle market lending team structures financing solutions with hold positions of up to \$300 million. The team also underwrites and syndicates senior credit facilities and a proprietary suite of GOLD (one-loan debt) facilities, up to \$500 million. Golub Capital has been a top 3 U.S. Middle Market Bookrunner each year from 2008 through Q4 2015 for senior secured loans of up to \$500 million for leveraged buyouts (according to Thomson Reuters LPC and internal data; based on number of deals).

Golub Capital is a nationally recognized credit asset manager with over \$15 billion of capital under management. Golub Capital has three highly complementary business lines led by exceptional teams of credit professionals: Middle Market Lending, Late Stage Lending and Broadly Syndicated Loans. Golub Capital's lending offices are located in Chicago, New York, San Francisco, and Charlotte. For more information, please visit the firm's website at www.golubcapital.com.

About Dr. Edward I. Altman

A leading expert on credit markets, Dr. Edward I. Altman is the Max L. Heine Professor of Finance, Emeritus at the NYU Stern School of Business, and Director of Research in Credit and Debt Markets at the NYU Salomon Center for the Study of Financial Institutions. He is currently an advisor to several foreign central banks.

Professor Altman has published or edited two-dozen books and over 150 articles in scholarly finance, accounting and economic journals. He has been inducted into the Fixed Income Analysts Society Hall of Fame, served as President of the Financial Management Association, was an FMA Fellow, and was amongst the inaugural inductees into the Turnaround Management Association Hall of Fame. He received his MBA and Ph.D. in Finance from the University of California, Los Angeles.

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Important Disclosure

The Golub Capital Altman Index is provided as an indicator only, and does not constitute investment advice or the offer to sell or a solicitation to buy any security. Some of these statements constitute forward-looking statements, which may be predictions about future events, future performance, or future financial conditions. Some of these statements reflect opinions based upon the data presented in the index, and these opinions may be incorrect. Actual results could vary materially from those implied or expressed in such forward-looking statements for any reason. The Golub Capital Altman Index has been created on the basis of information provided by third-party sources that are believed to be reliable, but the information has not been verified independently by Golub Capital. Golub Capital makes no warranty or representation as to the accuracy or completeness of such third-party information.

Appendix: GCAI Middle Market Sectors

Additional information can be found below regarding specific trends in the Golub Capital Altman Index.

