

GOLUB CAPITAL MIDDLE MARKET REPORT

Featuring the Golub Capital Altman Index

Revenue in the U.S. Middle Market Continues to Expand at a Healthy Pace of 7.4%, and Industrial Sector (Ex-Energy) Profit Margins Increase Substantially, Although Overall Middle Market Profit Growth Slows, According to Golub Capital Middle Market Report

Overall Earnings Increase by 2.01% during first two months of Q2 2016, with Robust Profit Growth in the Information Technology and Industrial Sectors

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 7.38% and earnings (defined as earnings before interest, taxes, depreciation and amortization, or “EBITDA”) by 2.01% year-over-year during the first two months of the second quarter of 2016. This is compared to year-over-year increases of 9.08% in revenues and 5.05% earnings, in the first quarter of 2016. This marks the one year anniversary since the inaugural Golub Capital Middle Market report launched in Q2 2015.

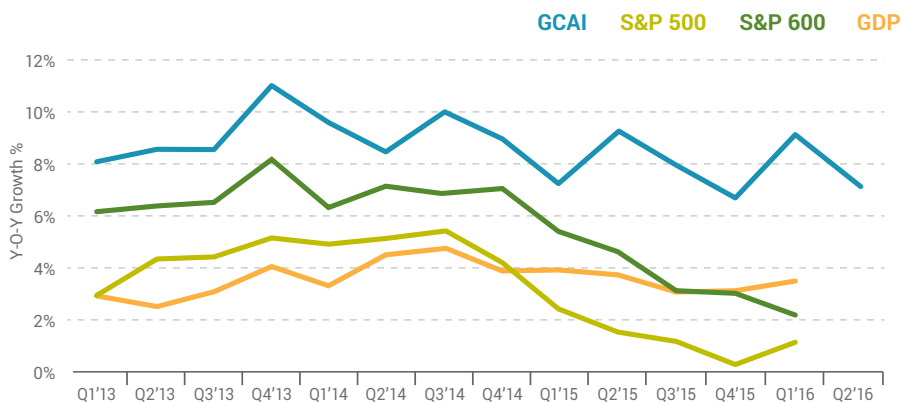
Lawrence E. Golub, CEO of Golub Capital said, “The bright spots are Industrials (ex-energy) and Information Technology, where we are seeing double-digit profit growth. The profit margin improvement in Industrials – helped by a weaker dollar on average during the quarter – is the strongest we’ve seen in over three years. Information Technology is benefitting on both the top and bottom line from continued investment in cloud-based services, which has also been reflected in the public markets.”

Dr. Altman said, “As our results indicated in January 2016, the contraction of energy prices is not long-term or sustainable, and we said that tailwinds from energy cost reductions would diminish. We are beginning to see that play out in sector reversals. With average oil prices rising as much as 40% in Q2, consumers are being hit, and Consumer Staples and Consumer Discretionary growth decreased to the lowest levels since our analysis began in 2013. During this same period, profits in Industrials and Information Technology grew considerably more than the previous quarter. Overall, we are seeing a continuing profit margin decrease, with year-over-

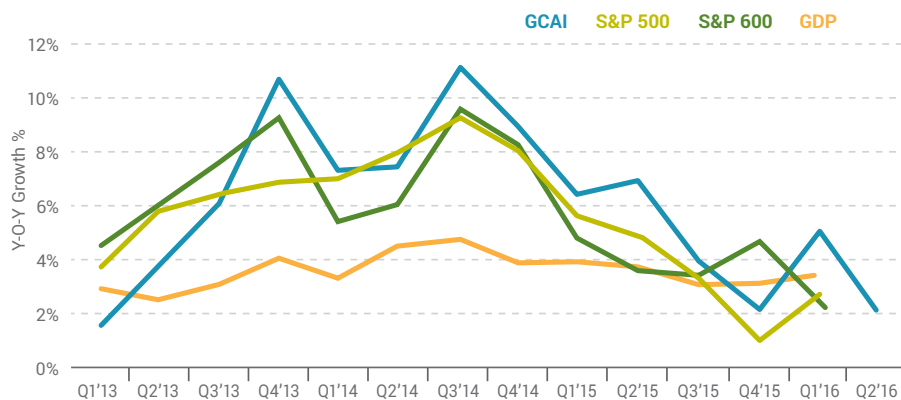
Golub Capital Altman Index Highlights—Year-Over-Year Growth

	Revenues	Earnings
Q2'16.....	7.38%	2.01%
Q1'16.....	9.08%	5.05%
Key Sectors Q2'16:		
Consumer Discretionary.....	7.57%	(0.16%)
Consumer Staples.....	8.71%	(2.77%)
Healthcare.....	6.47%	0.76%
Industrials.....	3.99%	12.12%
Information Technology.....	15.03%	16.16%

Revenue growth of middle market companies returned to levels observed in Q4'15.



Earnings growth declined, returning to levels observed in Q4'15.



year growth for our middle market firm sample registering a 2.01% increase compared to 5.05% growth in the previous quarter and the slowest growth since 3/31/13. Revenue growth for the middle market continued to be relatively robust, despite some profit margin compression. It should be noted that the Golub Capital Middle Market report has been quite accurate in predicting the performance of the overall economy in recent quarters.”

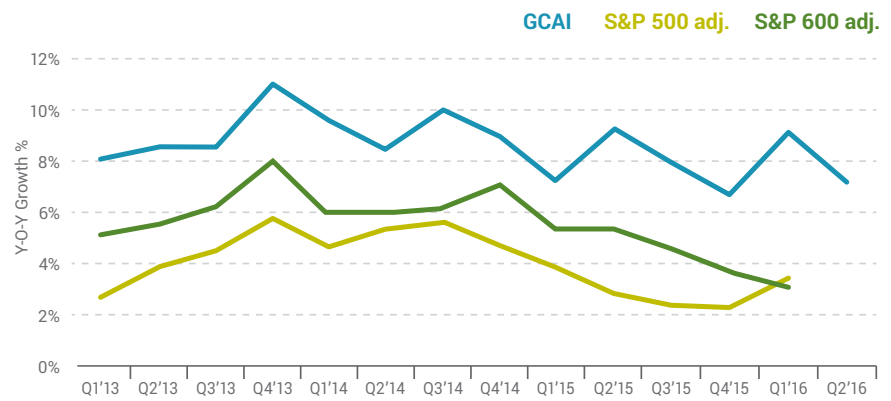
The Golub Capital Altman Index, which is produced by Golub Capital in collaboration with renowned credit expert Dr. Edward I. Altman, is the first and only index based on actual sales and earnings data for middle market companies. It measures median revenue and earnings performance from the data of more 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.

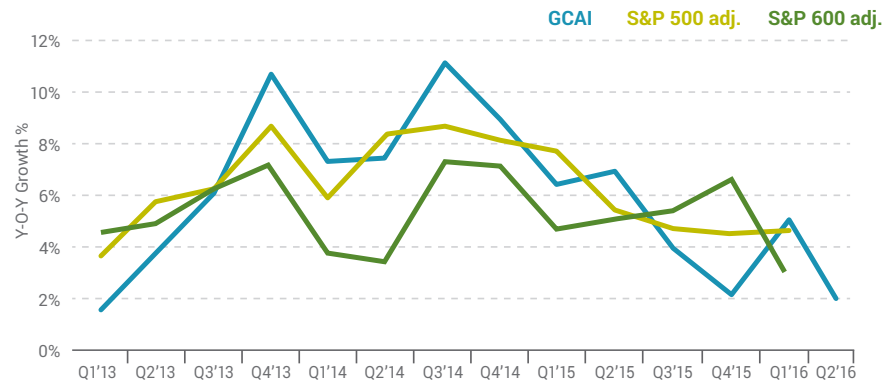
Importantly, the size and diversity of the Golub Capital loan portfolio ensures that the confidentiality of all company-specific information used in the report is maintained in both the aggregate and industry segment data.

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.



Slowing earnings growth in the GCAI may suggest continued declines 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 \$750 million. Golub Capital has been a top 3 US Middle Market Bookrunner each year from 2008 through Q1 2016 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 \$18 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 and San Francisco. 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.

