



**FS INVESTMENT  
CORPORATION**  
A Business Development Company

# FS Investment Corporation

QUARTER ENDED MARCH 31, 2015 FINANCIAL INFORMATION

# Important Disclosure Notice

This presentation may contain certain forward-looking statements, including statements with regard to the future performance of FS Investment Corporation (FSIC, the Company, we or us). Words such as “believes,” “expects,” “projects” and “future” or similar expressions are intended to identify forward-looking statements. These forward-looking statements are subject to the inherent uncertainties in predicting future results and conditions. Certain factors could cause actual results to differ materially from those projected in these forward-looking statements. Factors that could cause actual results to differ materially include changes in the economy, risks associated with possible disruption in FSIC's operations or the economy due generally to terrorism or natural disasters, future changes in laws or regulations and conditions in FSIC's operating area, and the price at which shares of common stock may trade on the New York Stock Exchange LLC (NYSE). Certain of these factors are enumerated in the filings FSIC makes with the Securities and Exchange Commission (SEC). FSIC undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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This presentation contains certain financial measures that have not been prepared in accordance with U.S. generally accepted accounting principles (GAAP). FSIC uses these non-GAAP financial measures internally in analyzing financial results and believes that the presentation of these non-GAAP financial measures is useful to investors as an additional tool to evaluate ongoing results and trends and in comparing FSIC's financial results with other business development companies.

Non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP financial measures, and should be read only in conjunction with FSIC's consolidated financial statements prepared in accordance with GAAP. A reconciliation of non-GAAP financial measures to the most directly comparable GAAP measures has been provided in the table on page 15 included in this presentation and investors are encouraged to review the reconciliation in the table and the related footnotes.

Dollar amounts herein (except for per share amounts) are presented in thousands. Certain figures in this presentation have been rounded.

# Financial and Portfolio Highlights

## Financial Highlights

(all per share amounts are basic and diluted) <sup>1</sup>	Q1-15	Q4-14	Q1-14
Net investment income per share	\$ 0.21	\$ 0.28	\$ 0.22
Adjusted net investment income per share <sup>2*</sup>	\$ 0.23	\$ 0.24	\$ 0.23
Total net realized and unrealized gain (loss) on investments per share	\$ 0.08	\$ (0.33)	\$ 0.09
Net increase (decrease) in net assets resulting from operations (Earnings per Share)	\$ 0.29	\$ (0.04)	\$ 0.31
Stockholder distributions per share <sup>3</sup>	\$ 0.2228	\$ 0.3228	\$ 0.2160
<b>Net asset value per share at period end</b>	<b>\$ 9.90</b>	<b>\$ 9.83</b>	<b>\$ 10.28</b>
Weighted average shares outstanding	241,084,292	240,480,410	260,185,661
Shares outstanding, end of period	241,101,342	240,896,559	261,301,955

## Portfolio Highlights

(in thousands)	Q1-15	Q4-14	Q1-14
Purchases	\$ 191,510	\$ 536,854	\$ 471,491
Sales and Redemptions	(237,355)	(598,049)	(566,155)
<b>Net Portfolio Activity</b>	<b>\$ (45,845)</b>	<b>\$ (61,195)</b>	<b>\$ (94,664)</b>
Total fair value of investments	\$ 4,161,683	\$ 4,183,447	\$ 4,077,627
Total assets	\$ 4,364,352	\$ 4,354,886	\$ 4,503,667

\*See page 15 hereof for reconciliations between net investment income per share and adjusted net investment income per share.

Endnotes begin on page 16.

# Select Historical Information

	As of				
(dollar amounts in thousands)	3/31/2015	12/31/2014	9/30/2014	6/30/2014	3/31/2014
Investments, at fair value	\$ 4,161,683	\$ 4,183,447	\$ 4,316,524	\$ 4,227,103	\$ 4,077,627
<b>Portfolio Data</b>					
Number of Portfolio Companies	110	118	128	125	148
Average Annual EBITDA of Portfolio Companies	\$ 151,400	\$ 155,200	\$ 148,000	\$ 181,000	\$ 174,200
Weighted Average Purchase Price of Investments (as a % of par or stated value)	97.8%	97.4%	97.7%	97.4%	97.1%
% of Investments on Non-Accrual (based on fair value) <sup>4</sup>	0.5%	0.3%	0.5%	0.5%	—
<b>Asset Class (based on fair value)</b>					
Senior Secured Loans—First Lien	53%	53%	54%	54%	50%
Senior Secured Loans—Second Lien	17%	17%	18%	18%	22%
Senior Secured Bonds	8%	8%	8%	9%	10%
Subordinated Debt	11%	11%	11%	10%	10%
Collateralized Securities	3%	3%	3%	3%	3%
Equity/Other	8%	8%	6%	6%	5%
<b>Portfolio Composition by Strategy (based on fair value)<sup>5</sup></b>					
Direct Originations	77%	75%	70%	66%	57%
Opportunistic	18%	19%	20%	22%	26%
Broadly Syndicated/Other	5%	6%	10%	12%	17%
<b>Interest Rate Type (based on fair value)</b>					
% Variable Rate	68.7%	69.0%	71.4%	71.2%	71.3%
% Fixed Rate	23.1%	23.3%	22.1%	22.9%	22.9%
% Income Producing Equity/Other Investments	3.1%	2.9%	2.5%	2.5%	2.5%
% Non-Income Producing Equity/Other Investments	5.1%	4.8%	4.0%	3.4%	3.3%
<b>Yields<sup>6</sup></b>					
Gross Portfolio Yield Prior to Leverage (based on amortized cost)	10.0%	10.0%	9.9%	9.9%	10.2%
Gross Portfolio Yield Prior to Leverage (based on amortized cost)—Excluding Non-Income Producing Assets	10.5%	10.4%	10.3%	10.3%	10.3%



# Select Direct Origination Information

	Three Months Ended				
(dollar amounts in thousands)	3/31/2015	12/31/2014	9/30/2014	6/30/2014	3/31/2014
<b>New Direct Originations</b>					
Total Commitments (including unfunded commitments)	\$ 192,643	\$ 258,562	\$ 451,931	\$ 529,871	\$ 369,033
Exited Investments (including partial paydowns)	(146,077)	(88,376)	(213,837)	(114,422)	(126,964)
<b>Net Direct Originations</b>	<b>\$ 46,566</b>	<b>\$ 170,186</b>	<b>\$ 238,094</b>	<b>\$ 415,449</b>	<b>\$ 242,069</b>
<b>New Direct Originations by Asset Class (including unfunded commitments)</b>					
Senior Secured Loans—First Lien	89%	36%	80%	76%	24%
Senior Secured Loans—Second Lien	10%	—	11%	—	65%
Senior Secured Bonds	—	29%	—	5%	4%
Subordinated Debt	0%	19%	9%	12%	2%
Collateralized Securities	—	7%	—	—	—
Equity/Other	1%	9%	0%	7%	5%
Average New Direct Origination Commitment Amount	\$ 24,080	\$ 23,506	\$ 37,661	\$ 44,156	\$ 28,387
Weighted Average Maturity for New Direct Originations	12/26/2019	11/19/2021	3/18/2020	1/6/2020	10/12/2020
Gross Portfolio Yield Prior to Leverage (based on amortized cost) of New Direct Originations funded during Period <sup>6</sup>	10.0%	8.7%	9.7%	10.4%	9.1%
Gross Portfolio Yield Prior to Leverage (based on amortized cost) of New Direct Originations funded during Period—Excluding Non-Income Producing Assets <sup>6</sup>	10.1%	10.5%	9.7%	11.2%	9.6%
Gross Portfolio Yield Prior to Leverage (based on amortized cost) of Direct Originations Exited during Period <sup>6</sup>	8.5%	9.1%	10.0%	11.2%	9.4%

	As of	
<b>Characteristics of All Direct Originations held in Portfolio</b>	3/31/2015	12/31/2014
Direct Originations, at fair value	\$ 3,210,225	\$ 3,147,946
Number of Portfolio Companies	53	52
Average Annual EBITDA of Portfolio Companies	\$ 50,700	\$ 47,200
Average Leverage Through Tranche of Portfolio Companies—Excluding Equity/Other and Collateralized Securities	4.8x	4.6x
% of Investments on Non-Accrual	—	—
Gross Portfolio Yield Prior to Leverage (based on amortized cost) of Funded Direct Originations <sup>6</sup>	9.8%	9.7%
Gross Portfolio Yield Prior to Leverage (based on amortized cost) of Funded Direct Originations—Excluding Non-Income Producing Assets <sup>6</sup>	10.3%	10.1%



# Quarterly Operating Results

	Three Months Ended				
(dollar amounts in thousands, except per share amounts)	3/31/2015	12/31/2014	9/30/2014	6/30/2014	3/31/2014
Total investment income	\$ 108,635	\$ 113,385	\$ 115,917	\$ 120,721	\$ 114,796
Net expenses	(56,986)	(39,930)	(55,814)	(62,748)	(58,919)
<b>Net investment income before taxes</b>	<b>\$ 51,649</b>	<b>\$ 73,455</b>	<b>\$ 60,103</b>	<b>\$ 57,973</b>	<b>\$ 55,877</b>
Excise taxes	—	(5,400)	—	—	—
<b>Net investment income</b>	<b>\$ 51,649</b>	<b>\$ 68,055</b>	<b>\$ 60,103</b>	<b>\$ 57,973</b>	<b>\$ 55,877</b>
Total net realized and unrealized gain (loss) on investments	18,777	(78,244)	(4,504)	11,338	24,183
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>\$ 70,426</b>	<b>\$ (10,189)</b>	<b>\$ 55,599</b>	<b>\$ 69,311</b>	<b>\$ 80,060</b>
<b>Per share<sup>1</sup></b>					
Net investment income	\$ 0.21	\$ 0.28	\$ 0.25	\$ 0.23	\$ 0.22
Adjusted net investment income <sup>2</sup>	\$ 0.23	\$ 0.24	\$ 0.25	\$ 0.26	\$ 0.23
Net increase (decrease) in net assets resulting from operations (Earnings per Share)	\$ 0.29	\$ (0.04)	\$ 0.23	\$ 0.27	\$ 0.31
Stockholder distributions <sup>3</sup>	\$ 0.2228	\$ 0.3228	\$ 0.3228	\$ 0.2228	\$ 0.2160
Weighted average shares outstanding	241,084,292	240,480,410	239,548,922	255,301,300	260,185,661
Shares outstanding, end of period	241,101,342	240,896,559	240,001,859	239,026,360	261,301,955



# Quarterly Operating Results Detail

	Three Months Ended				
(in thousands)	3/31/2015	12/31/2014	9/30/2014	6/30/2014	3/31/2014
<b>Investment income</b>					
Interest income—unaffiliated	\$ 103,939	\$ 107,119	\$ 104,823	\$ 102,096	\$ 104,711
Fee income—unaffiliated	4,696	5,820	10,606	18,450	10,085
Dividend income—unaffiliated	—	147	488	175	—
Dividend income—affiliated	—	299	—	—	—
<b>Total investment income</b>	<b>\$ 108,635</b>	<b>\$ 113,385</b>	<b>\$ 115,917</b>	<b>\$ 120,721</b>	<b>\$ 114,796</b>
<b>Operating expenses</b>					
Management fees	\$ 19,038	\$ 19,551	\$ 20,000	\$ 22,695	22,371
Capital gains incentive fees <sup>7</sup>	3,748	(15,662)	(910)	2,268	4,836
Subordinated income incentive fees	13,905	13,089	14,794	15,061	15,178
Administrative services expenses	991	1,203	1,202	1,189	1,200
Stock transfer agent fees	80	36	4	546	451
Accounting and administrative fees	276	399	172	320	332
Interest expense	17,299	19,035	18,940	14,129	12,700
Directors' fees	227	232	266	264	265
Listing advisory fees	—	—	—	5,043	—
Other general and administrative expenses	1,422	2,047	1,346	4,070	1,586
<b>Total operating expenses</b>	<b>\$ 56,986</b>	<b>\$ 39,930</b>	<b>\$ 55,814</b>	<b>\$ 65,585</b>	<b>\$ 58,919</b>
Management fee waiver	—	—	—	(2,837)	—
<b>Net expenses</b>	<b>\$ 56,986</b>	<b>\$ 39,930</b>	<b>\$ 55,814</b>	<b>\$ 62,748</b>	<b>\$ 58,919</b>
<b>Net investment income before taxes</b>	<b>\$ 51,649</b>	<b>\$ 73,455</b>	<b>\$ 60,103</b>	<b>\$ 57,973</b>	<b>\$ 55,877</b>
Excise taxes	—	(5,400)	—	—	—
<b>Net investment income</b>	<b>\$ 51,649</b>	<b>\$ 68,055</b>	<b>\$ 60,103</b>	<b>\$ 57,973</b>	<b>\$ 55,877</b>



# Quarterly Gain/Loss Information

	Three Months Ended				
(in thousands)	3/31/2015	12/31/2014	9/30/2014	6/30/2014	3/31/2014
<b>Realized gain/loss</b>					
Net realized gain (loss) on investments—unaffiliated	\$ 3,285	\$ 4,648	\$ 5,421	\$ 6,716	\$ 13,822
Net realized gain (loss) on foreign currency	110	(58)	(338)	114	(19)
<b>Total net realized gain (loss)</b>	<b>\$ 3,395</b>	<b>\$ 4,590</b>	<b>\$ 5,083</b>	<b>\$ 6,830</b>	<b>\$ 13,803</b>
<b>Unrealized gain/loss</b>					
Net change in unrealized appreciation (depreciation) on investments—unaffiliated	\$ 10,589	\$ (85,148)	\$ (8,901)	\$ 4,706	\$ 10,335
Net change in unrealized appreciation (depreciation) on investments—affiliated	1,345	(2,092)	(747)	(299)	—
Net change in unrealized gain (loss) on foreign currency	3,448	4,406	61	101	45
<b>Total net unrealized gain (loss)</b>	<b>\$ 15,382</b>	<b>\$ (82,834)</b>	<b>\$ (9,587)</b>	<b>\$ 4,508</b>	<b>\$ 10,380</b>
<b>Total net realized and unrealized gain (loss) on investments</b>	<b>\$ 18,777</b>	<b>\$ (78,244)</b>	<b>\$ (4,504)</b>	<b>\$ 11,338</b>	<b>\$ 24,183</b>





# Quarterly Balance Sheets

	As of				
(in thousands, except per share amounts)	3/31/2015	12/31/2014	9/30/2014	6/30/2014	3/31/2014
<b>Assets</b>					
Investments, at fair value—unaffiliated	\$ 4,145,545	\$ 4,168,654	\$ 4,299,639	\$ 4,209,471	\$ 4,077,627
Investments, at fair value—affiliated	16,138	14,793	16,885	17,632	—
Cash	83,894	95,205	179,984	244,074	297,685
Foreign currency, at fair value	4,986	1,639	—	—	—
Receivable for investments sold and repaid	40,961	8,976	9,502	35,592	67,779
Interest receivable	59,245	51,814	52,650	56,362	55,327
Deferred financing costs	12,238	13,097	10,962	7,768	4,845
Prepaid expenses and other assets	1,345	708	1,033	1,465	404
<b>Total assets</b>	<b>\$ 4,364,352</b>	<b>\$ 4,354,886</b>	<b>\$ 4,570,655</b>	<b>\$ 4,572,364</b>	<b>\$ 4,503,667</b>
<b>Liabilities</b>					
Payable for investments purchased	\$ 832	\$ 28,095	\$ 105,425	\$ 92,522	\$ 24,321
Credit facilities payable	174,005	188,827	564,294	965,686	738,482
Unsecured notes payable	725,000	725,000	400,000	—	—
Repurchase agreement payable	950,000	950,000	950,000	950,000	950,000
Stockholder distributions payable	53,706	17,885	17,819	17,748	18,814
Management fees payable	19,073	19,560	20,009	19,862	22,375
Accrued capital gains incentive fees	24,823	21,075	36,737	37,647	35,379
Subordinated income incentive fees payable	13,905	13,089	14,794	15,061	15,178
Administrative services expense payable	613	1,410	988	1,686	1,820
Interest payable	14,983	15,850	12,801	11,509	10,302
Directors' fees payable	288	296	292	253	254
Deferred financing costs payable	—	473	—	—	—
Other accrued expenses and liabilities	1,412	6,340	1,712	2,823	1,573
<b>Total liabilities</b>	<b>\$ 1,978,640</b>	<b>\$ 1,987,900</b>	<b>\$ 2,124,871</b>	<b>\$ 2,114,797</b>	<b>\$ 1,818,498</b>
<b>Stockholders' equity</b>					
Preferred stock, \$0.001 par value	—	—	—	—	—
Common stock, \$0.001 par value	\$ 241	\$ 241	\$ 240	\$ 239	\$ 261
Capital in excess of par value	2,260,554	2,258,548	2,256,843	2,246,910	2,487,105
Accumulated undistributed net realized gains on investments and gain/loss on foreign currency	37,153	33,758	9,431	75,977	69,147
Accumulated undistributed (distributions in excess of) net investment income	66,601	68,658	90,655	36,239	34,962
Net unrealized appreciation (depreciation) on investments and gain/loss on foreign currency	21,163	5,781	88,615	98,202	93,694
<b>Total stockholders' equity</b>	<b>\$ 2,385,712</b>	<b>\$ 2,366,986</b>	<b>\$ 2,445,784</b>	<b>\$ 2,457,567</b>	<b>\$ 2,685,169</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 4,364,352</b>	<b>\$ 4,354,886</b>	<b>\$ 4,570,655</b>	<b>\$ 4,572,364</b>	<b>\$ 4,503,667</b>
<b>Net asset value per share of common stock at period end</b>	<b>\$ 9.90</b>	<b>\$ 9.83</b>	<b>\$ 10.19</b>	<b>\$ 10.28</b>	<b>\$ 10.28</b>

# Financing Arrangements

Financing Arrangements as of March 31, 2015 <sup>8</sup>	Type of Financing Arrangement	Rate	Amount Outstanding	Amount Available	Maturity Date
(in thousands)					
Broad Street Credit Facility*	Revolving Credit Facility	L+1.50%	\$ 70,008	\$ 54,992	December 18, 2015
ING Credit Facility*	Revolving Credit Facility	L+2.50%	\$ 103,997**	\$ 196,003	April 3, 2018
JPM Facility*	Repurchase Agreement	3.25%	\$ 950,000	\$ —	April 15, 2017
4.000% Notes due 2019	Unsecured Notes	4.00%	\$ 400,000	\$ —	July 15, 2019
4.250% Notes due 2020	Unsecured Notes	4.25%	\$ 325,000	\$ —	January 15, 2020

\* On April 30, 2015, FSIC issued \$275 million aggregate principal amount of 4.750% notes due 2022. Proceeds from the notes offering were used to repay outstanding indebtedness. For more information on the notes offering, please refer to Endnote 8.

\*\* Amount includes borrowings in U.S. dollars and Euros. Euro balance outstanding of €29,625 has been converted to U.S. dollars at an exchange rate of €1.00 to \$1.07 as of March 31, 2015 to reflect total amount outstanding in U.S. dollars.

Total debt outstanding under financing arrangements	\$1,849,005
Debt/equity ratio <sup>9</sup>	77.5%
Weighted average effective interest rate on borrowings (including non-usage fees)	3.6%
% of debt outstanding at fixed interest rates	90.6%
% of debt outstanding at variable interest rates	9.4%

Financing Arrangements as of December 31, 2014	Type of Financing Arrangement	Rate	Amount Outstanding	Amount Available	Maturity Date
(in thousands)					
Broad Street Credit Facility	Revolving Credit Facility	L + 1.50%	\$ 65,808	\$ 59,192	December 18, 2015
ING Credit Facility	Revolving Credit Facility	L + 2.50%	\$ 123,019*	\$ 176,981	April 3, 2018
JPM Facility	Repurchase Agreement	3.25%	\$ 950,000	\$ —	April 15, 2017
4.000% Notes due 2019	Unsecured Notes	4.00%	\$ 400,000	\$ —	July 15, 2019
4.250% Notes due 2020	Unsecured Notes	4.25%	\$ 325,000	\$ —	January 15, 2020

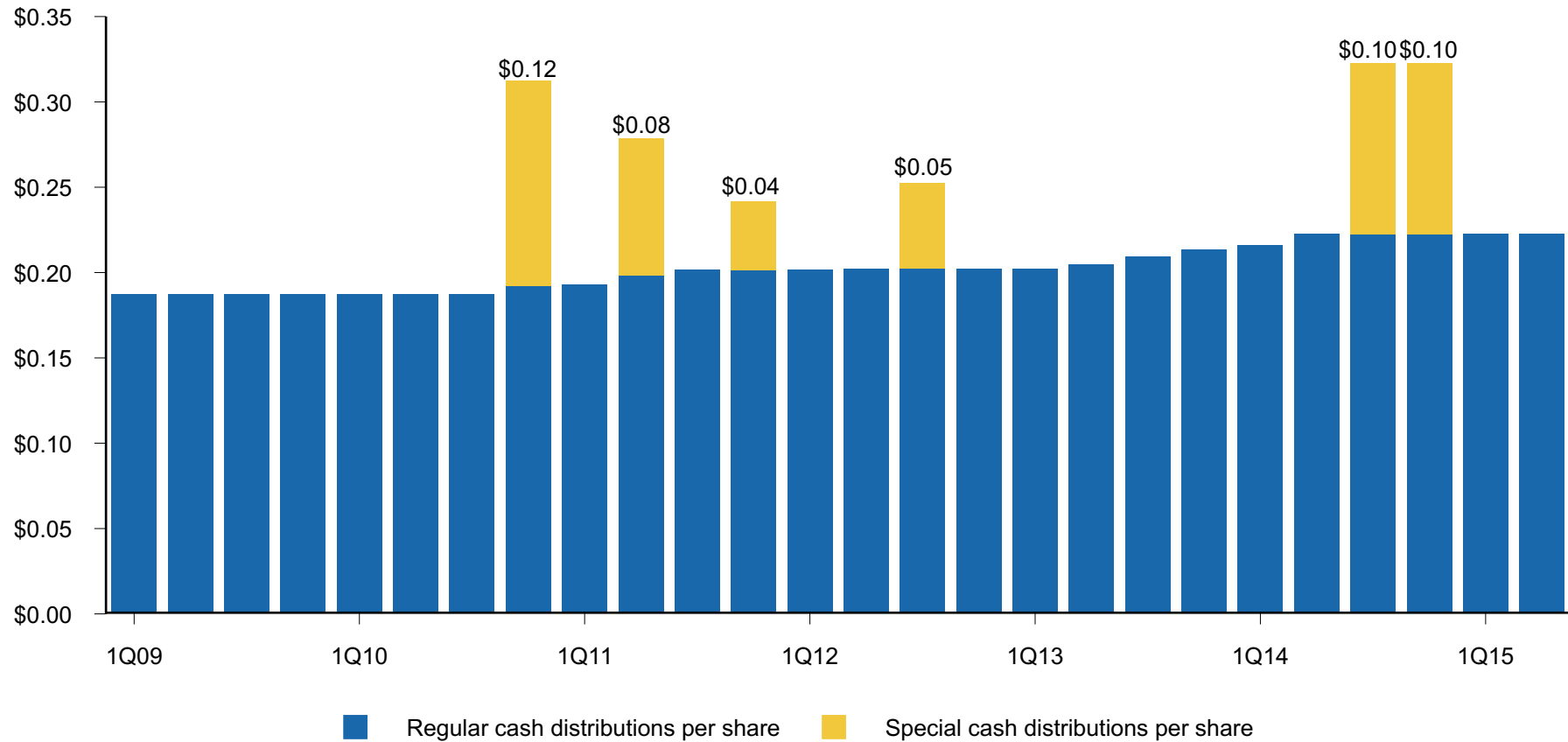
\* Amount includes borrowings in U.S. dollars and Euros. Euro balance outstanding of €29,625 has been converted to U.S. dollars at an exchange rate of €1.00 to \$1.21 as of December 31, 2014 to reflect total amount outstanding in U.S. dollars.

Total debt outstanding under financing arrangements	\$1,863,827
Debt/equity ratio <sup>9</sup>	78.7%
Weighted average effective interest rate on borrowings (including non-usage fees)	3.5%
% of debt outstanding at fixed interest rates	89.9%
% of debt outstanding at variable interest rates	10.1%



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# Distribution History<sup>10</sup>

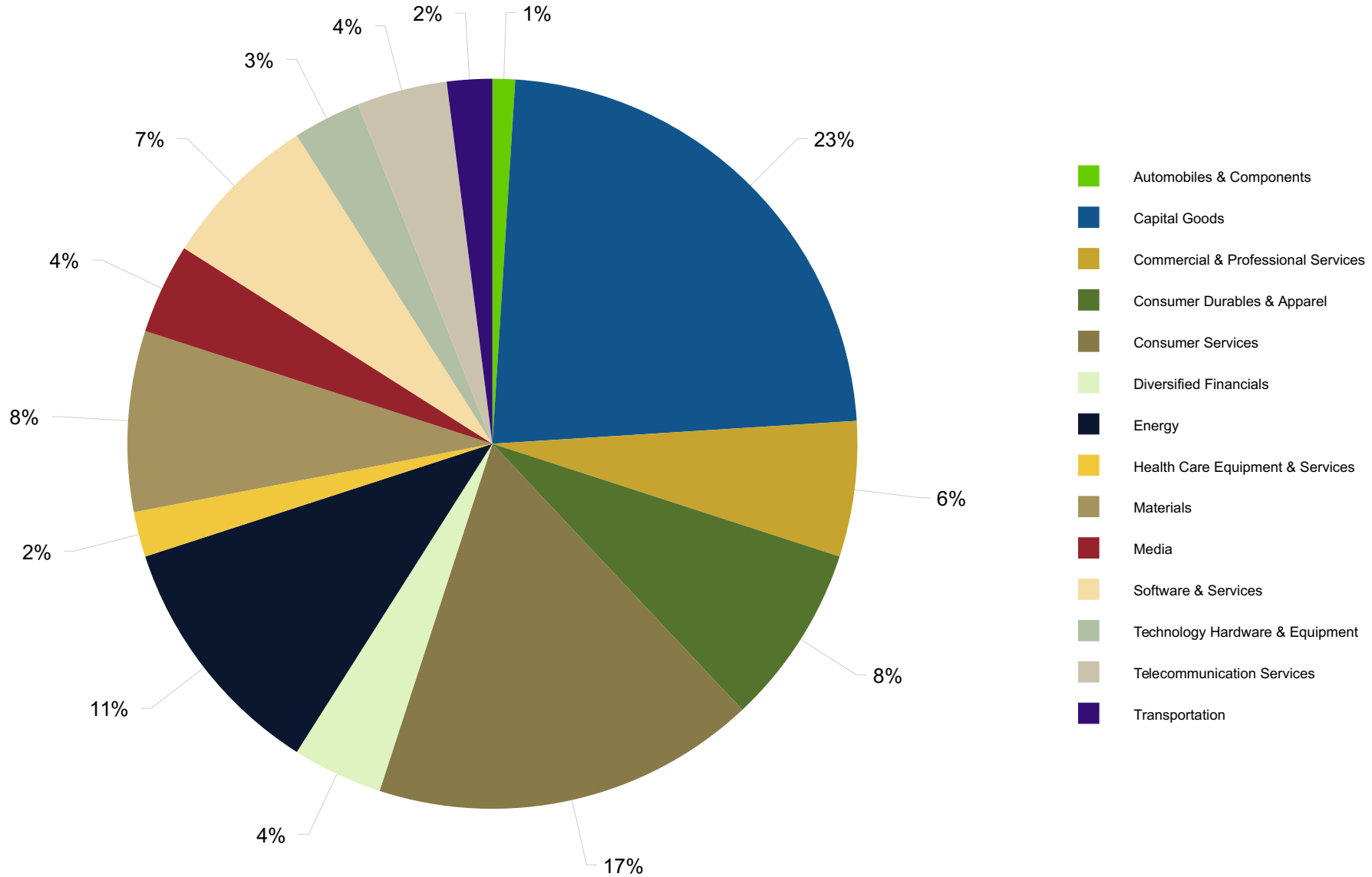


- On April 29, 2015, the Company's board of directors declared a regular quarterly cash distribution of \$0.22275 per share, which will be paid on or about July 2, 2015 to stockholders of record at the close of business on June 24, 2015.
- As of March 31, 2015, FSIC had approximately \$159.8 million (\$0.66 per share based on shares outstanding) of undistributed net investment income and realized gains on a tax basis.

# Investment Portfolio

## Industry Diversification

As of March 31, 2015, based on fair value



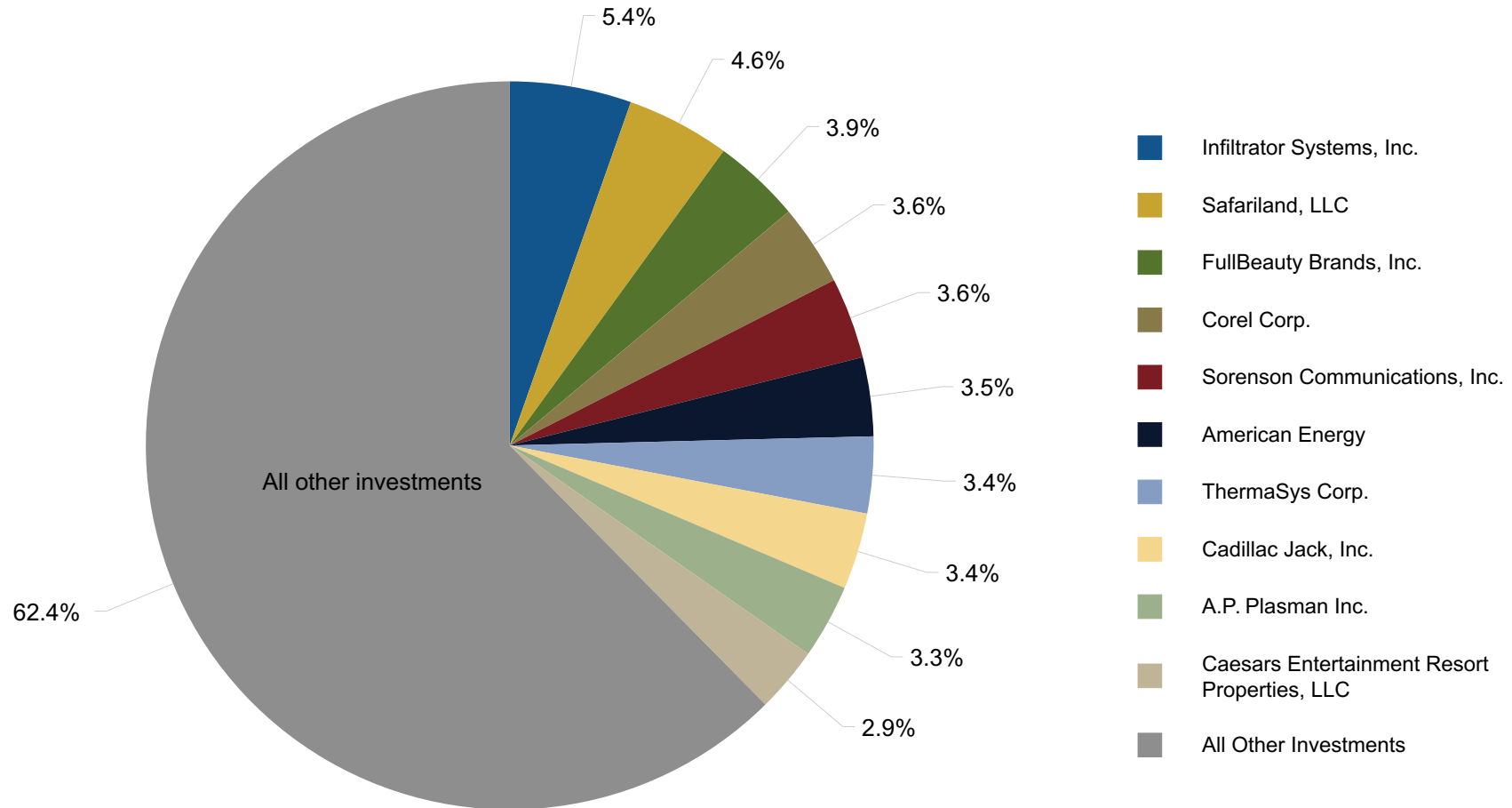
- As of March 31, 2015, FSIC's three largest industry concentrations based on fair value were Capital Goods (23%); Consumer Services (17%); and Energy (11%).
- As of March 31, 2015, FSIC's portfolio assets in Food & Staples Retailing, Pharmaceuticals, Biotechnology & Life Sciences and Retailing amounted to less than 1% based on fair value.



# Issuer Concentration

## Issuer Concentration

Top ten portfolio companies as of March 31, 2015, based on fair value and excluding unfunded commitment amounts



- FSIC's top ten portfolio companies by fair value represent 37.6% of the company's total portfolio as of March 31, 2015.

# Portfolio Asset Quality

As of

Investment Rating <sup>11</sup>	March 31, 2015		December 31, 2014		March 31, 2014	
	Fair Value	% of Portfolio	Fair Value	% of Portfolio	Fair Value	% of Portfolio
1	\$ 500,953	12%	\$ 484,332	12%	\$ 423,296	11%
2	3,159,656	76%	3,213,335	77%	3,276,702	80%
3	459,260	11%	434,620	10%	329,600	8%
4	20,200	0%	37,178	1%	41,093	1%
5	21,614	1%	13,982	0%	6,936	0%
<b>Total</b>	<b>\$ 4,161,683</b>	<b>100%</b>	<b>\$ 4,183,447</b>	<b>100%</b>	<b>\$ 4,077,627</b>	<b>100%</b>

## Investment Rating<sup>11</sup> Summary Description

1	Investment exceeding expectations and/or capital gain expected.
2	Performing investment generally executing in accordance with the portfolio company's business plan—full return of principal and interest expected.
3	Performing investment requiring closer monitoring.
4	Underperforming investment—some loss of interest or dividend possible, but still expecting a positive return on investment.
5	Underperforming investment with expected loss of interest and some principal.



# Reconciliation of Non-GAAP Financial Measures<sup>1</sup>

	Three Months Ended				
	3/31/2015	12/31/2014	9/30/2014	6/30/2014	3/31/2014
GAAP net investment income per share	\$ 0.21	\$ 0.28	\$ 0.25	\$ 0.23	\$ 0.22
Plus capital gains incentive fees per share	0.02	(0.07)	—	0.01	0.02
Plus excise taxes per share	—	0.02	—	—	—
Plus one-time expenses per share	—	0.01	0.01	0.02	—
<b>Adjusted net investment income per share<sup>2</sup></b>	<b>\$ 0.23</b>	<b>\$ 0.24</b>	<b>\$ 0.25</b>	<b>\$ 0.26</b>	<b>\$ 0.23</b>



# End Notes

- 1) The per share data was derived by using the weighted average shares of our common stock outstanding during the applicable period. Per share numbers may not sum due to rounding.
- 2) Adjusted net investment income is a non-GAAP financial measure. We present adjusted net investment income for all periods as GAAP net investment income excluding (i) the accrual for the capital gains incentive fee for realized and unrealized gains; (ii) excise taxes; and (iii) certain non-recurring operating expenses that are one-time in nature and are not representative of ongoing operating expenses incurred during FSIC's normal course of business (referred to herein as one-time expenses). We use this non-GAAP financial measure internally in analyzing financial results and believe that the use of this non-GAAP financial measure is useful to investors as an additional tool to evaluate ongoing results and trends and in comparing our financial results with other business development companies. The presentation of this additional information is not meant to be considered in isolation or as a substitute for financial results prepared in accordance with GAAP. Reconciliations of GAAP net investment income to adjusted net investment income can be found on page 15 of this presentation.
- 3) The per share data for distributions reflects the actual amount of distributions declared per share of our common stock during the applicable period. On October 10, 2014, the board of directors of the Company declared a special cash distribution of \$0.10 per share, which was paid on November 14, 2014 to stockholders of record as of the close of business on October 31, 2014.
- 4) We record interest income on an accrual basis. Generally, investments are placed on non-accrual when the collection of future interest and principal payments is uncertain.
- 5) We have identified and intend to focus on the following investment categories, which we believe will allow us to generate an attractive total return with an acceptable level of risk.

*Direct Originations:* We intend to leverage our relationship with GSO / Blackstone Debt Funds Management LLC and its global sourcing and origination platform to directly source investment opportunities. Such investments are originated or structured for us or made by us and are not generally available to the broader market. These investments may include both debt and equity components, although we do not expect to make equity investments independent of having an existing credit relationship. We believe directly originated investments may offer higher returns and more favorable protections than broadly syndicated transactions.

*Opportunistic:* We intend to seek to capitalize on market price inefficiencies by investing in loans, bonds and other securities where the market price of such investment reflects a lower value than deemed warranted by our fundamental analysis. We believe that market price inefficiencies may occur due to, among other things, general dislocations in the markets, a misunderstanding by the market of a particular company or an industry being out of favor with the broader investment community. We seek to allocate capital to these securities that have been misunderstood or mispriced by the market and where we believe there is an opportunity to earn an attractive return on our investment. Such opportunities may include event driven investments, anchor orders and collateralized securities.

*Broadly Syndicated/Other:* Although our primary focus is to invest in directly originated transactions and opportunistic investments, in certain circumstances we will also invest in the broadly syndicated loan and high yield markets. Broadly syndicated loans and bonds are generally more liquid than our directly originated investments and provide a complement to our less liquid strategies. In addition, and because we typically receive more attractive financing terms on these positions than we do on our less liquid assets, we are able to leverage the broadly syndicated portion of our portfolio in such a way that maximizes the levered return potential of our portfolio.

- 6) Gross portfolio yield represents the expected annualized yield to be generated on FSIC's investment portfolio based on the composition of the portfolio as of the applicable date.



# End Notes (Cont'd)

- 7) During the quarter ended March 31, 2015, FSIC accrued \$3,748 of capital gains incentive fees based on unrealized appreciation in its portfolio during such period.
- 8) On April 30, 2015, FSIC and U.S. Bank National Association entered into a third supplemental indenture relating to FSIC's issuance of \$275,000 aggregate principal amount of 4.750% notes due 2022. The notes mature on May 15, 2022 and may be redeemed in whole or in part at FSIC's option at any time or from time to time at the applicable redemption price set forth in the indenture. The notes bear interest at a rate of 4.750% per year payable semi-annually on May 15th and November 15 of each year, commencing on November 15, 2015. The notes are general unsecured obligations of FSIC that rank senior in right of payment to all of FSIC's existing and future indebtedness that is expressly subordinated in right of payment to the notes and rank *pari passu* with all outstanding and future unsecured unsubordinated indebtedness issued by FSIC. The net proceeds to FSIC from the offering were approximately \$271,656 before expenses, after deducting underwriting discounts and commissions of \$2,475. FSIC used the net proceeds from the issuance of the notes to repay borrowings under existing indebtedness. For more information regarding the 4.750% notes, see Note 12 to FSIC's unaudited consolidated financial statements for the three months ended March 31, 2015.
- 9) The debt/equity ratio is the ratio of total debt outstanding to stockholder's equity as of the applicable date.
- 10) The timing and amount of any future distributions on FSIC's shares of common stock are subject to applicable legal restrictions and the sole discretion of FSIC's board of directors. Therefore there can be no assurance as to the amount or timing of any such future distributions.
- 11) In addition to various risk management and monitoring tools, FB Advisor uses an investment rating system to characterize and monitor the expected level of returns on each investment in FSIC's portfolio. For additional details, see FSIC's quarterly report on Form 10-Q for the quarter ended March 31, 2015, under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations—Portfolio Asset Quality."

# Corporate Information

## Board of Directors

### **Michael C. Forman**

Chairman of the Board  
Chief Executive Officer

### **David J. Adelman**

Vice Chairman  
President and Chief Executive Officer of Campus Apartments, Inc.

### **Michael J. Hagan**

Lead Independent Director  
Co-founder and Managing Director of Hawk Capital Partners

### **Gregory P. Chandler**

Chief Financial Officer of Emtec, Inc.

### **Barry H. Frank**

Partner with law firm of Archer & Greiner, P.C.

### **Thomas J. Gravina**

Executive Chairman of GPX Enterprises, L.P.

### **Jeffrey K. Harrow**

Chairman of Sparks Marketing Group, Inc.

### **Michael Heller**

President and Chief Executive Officer of Cozen O'Connor

### **Philip E. Hughes, Jr.**

Vice Chairman of Keystone Industries  
President of Sovereign Developers, LP

### **Pedro A. Ramos**

Partner with law firm of Schnader Harrison Segal & Lewis, LLP

### **Joseph P. Ujobai**

Executive Vice President of SEI Investments Company  
Managing Director of SEI Investments (Europe) Limited

## Executive Officers

### **Michael C. Forman**

Chairman of the Board  
Chief Executive Officer

### **Gerald F. Stahlecker**

President

### **Brad Marshall**

Senior Portfolio Manager  
Managing Director, GSO / Blackstone

### **Zachary Klehr**

Executive Vice President

### **Sean Coleman**

Managing Director

### **William Goebel**

Chief Financial Officer

### **James F. Volk**

Chief Compliance Officer

### **Stephen S. Sypherd**

Vice President, Treasurer and Secretary

## Investor Relations Contact

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