



**FS INVESTMENT
CORPORATION**
A Business Development Company

FS Investment Corporation

QUARTER ENDED JUNE 30, 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.

This presentation contains summaries of certain financial and statistical information about FSIC. The information contained in this presentation is summary information that is intended to be considered in the context of FSIC's SEC filings and other public announcements that FSIC may make, by press release or otherwise, from time to time. FSIC undertakes no duty or obligation to update or revise the information contained in this presentation. In addition, information related to past performance, while helpful as an evaluative tool, is not necessarily indicative of future results, the achievement of which cannot be assured. Investors should not view the past performance of FSIC, or information about the market, as indicative of FSIC's future results.

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) ¹	Q2-15	Q1-15	Q2-14	6ME-15	6ME-14
Net investment income per share	\$ 0.39	\$ 0.21	\$ 0.23	\$ 0.60	\$ 0.44
Adjusted net investment income per share ^{2*}	\$ 0.35	\$ 0.23	\$ 0.26	\$ 0.58	\$ 0.49
Total net realized and unrealized gain (loss) on investments per share	\$ (0.17)	\$ 0.08	\$ 0.04	\$ (0.10)	\$ 0.14
Net increase (decrease) in net assets resulting from operations (Earnings per Share)	\$ 0.21	\$ 0.29	\$ 0.27	\$ 0.51	\$ 0.58
Stockholder distributions per share ³	\$ 0.22275	\$ 0.22275	\$ 0.22275	\$ 0.44550	\$ 0.43875
Net asset value per share at period end	\$ 9.89	\$ 9.90	\$ 10.28	\$ 9.89	\$ 10.28
Weighted average shares outstanding	241,653,069	241,084,292	255,301,300	241,370,252	257,729,988
Shares outstanding, end of period	241,702,625	241,101,342	239,026,360	241,702,625	239,026,360

Portfolio Highlights

(in thousands)	Q2-15	Q1-15	Q2-14	6ME-15	6ME-14
Purchases	\$ 608,796	\$ 191,510	\$ 737,704	\$ 800,306	\$ 1,209,195
Sales and Redemptions	(747,209)	(237,355)	(609,417)	(984,564)	(1,175,532)
Net Portfolio Activity	\$ (138,413)	\$ (45,845)	\$ 128,287	\$ (184,258)	\$ 33,663
Total fair value of investments	\$ 4,007,381	\$ 4,161,683	\$ 4,227,103	\$ 4,007,381	\$ 4,227,103
Total assets	\$ 4,358,345	\$ 4,364,352	\$ 4,572,364	\$ 4,358,345	\$ 4,572,364

*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)	6/30/2015	3/31/2015	12/31/2014	9/30/2014	6/30/2014
Investments, at fair value	\$ 4,007,381	\$ 4,161,683	\$ 4,183,447	\$ 4,316,524	\$ 4,227,103
Portfolio Data					
Number of Portfolio Companies	110	110	118	128	125
Average Annual EBITDA of Portfolio Companies	\$ 145,000	\$ 151,400	\$ 155,200	\$ 148,000	\$ 181,000
Weighted Average Purchase Price of Investments (as a % of par or stated value)	98.3%	97.8%	97.4%	97.7%	97.4%
% of Investments on Non-Accrual (based on fair value) ⁴	0.0%	0.5%	0.3%	0.5%	0.5%
Asset Class (based on fair value)					
Senior Secured Loans—First Lien	46%	53%	53%	54%	54%
Senior Secured Loans—Second Lien	21%	17%	17%	18%	18%
Senior Secured Bonds	9%	8%	8%	8%	9%
Subordinated Debt	12%	11%	11%	11%	10%
Collateralized Securities	3%	3%	3%	3%	3%
Equity/Other	9%	8%	8%	6%	6%
Portfolio Composition by Strategy (based on fair value)⁵					
Direct Originations	77%	77%	75%	70%	66%
Opportunistic	19%	18%	19%	20%	22%
Broadly Syndicated/Other	4%	5%	6%	10%	12%
Interest Rate Type (based on fair value)					
% Variable Rate	66.4%	68.7%	69.0%	71.4%	71.2%
% Fixed Rate	24.1%	23.1%	23.3%	22.1%	22.9%
% Income Producing Equity/Other Investments	3.7%	3.1%	2.9%	2.5%	2.5%
% Non-Income Producing Equity/Other Investments	5.8%	5.1%	4.8%	4.0%	3.4%
Yields⁶					
Gross Portfolio Yield Prior to Leverage (based on amortized cost)	9.9%	10.0%	10.0%	9.9%	9.9%
Gross Portfolio Yield Prior to Leverage (based on amortized cost)—Excluding Non-Income Producing Assets	10.4%	10.5%	10.4%	10.3%	10.3%



Select Direct Origination Information

	Three Months Ended				
(dollar amounts in thousands)	6/30/2015	3/31/2015	12/31/2014	9/30/2014	6/30/2014
New Direct Originations					
Total Commitments (including unfunded commitments)	\$ 494,661	\$ 192,643	\$ 258,562	\$ 451,931	\$ 529,871
Exited Investments (including partial paydowns)	(623,554)	(146,077)	(88,376)	(213,837)	(114,422)
Net Direct Originations	\$ (128,893)	\$ 46,566	\$ 170,186	\$ 238,094	\$ 415,449
New Direct Originations by Asset Class (including unfunded commitments)					
Senior Secured Loans—First Lien	64%	89%	36%	80%	76%
Senior Secured Loans—Second Lien	24%	10%	—	11%	—
Senior Secured Bonds	—	—	29%	—	5%
Subordinated Debt	4%	0%	19%	9%	12%
Collateralized Securities	—	—	7%	—	—
Equity/Other	8%	1%	9%	0%	7%
Average New Direct Origination Commitment Amount	\$ 29,098	\$ 24,080	\$ 23,506	\$ 37,661	\$ 44,156
Weighted Average Maturity for New Direct Originations	9/6/2020	12/26/2019	11/19/2021	3/18/2020	1/6/2020
Gross Portfolio Yield Prior to Leverage (based on amortized cost) of New Direct Originations Funded during Period ⁶	9.1%	10.0%	8.7%	9.7%	10.4%
Gross Portfolio Yield Prior to Leverage (based on amortized cost) of New Direct Originations Funded during Period—Excluding Non-Income Producing Assets ⁶	9.9%	10.1%	10.5%	9.7%	11.2%
Gross Portfolio Yield Prior to Leverage (based on amortized cost) of Direct Originations Exited during Period ⁶	10.7%	8.5%	9.1%	10.0%	11.2%

	As of	
Characteristics of All Direct Originations held in Portfolio	6/30/2015	12/31/2014
Direct Originations, at fair value	\$ 3,072,576	\$ 3,147,946
Number of Portfolio Companies	59	52
Average Annual EBITDA of Portfolio Companies	\$ 47,400	\$ 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 ⁶	9.6%	9.7%
Gross Portfolio Yield Prior to Leverage (based on amortized cost) of Funded Direct Originations—Excluding Non-Income Producing Assets ⁶	10.1%	10.1%



Quarterly Operating Results

	Three Months Ended				
(dollar amounts in thousands, except per share amounts)	6/30/2015	3/31/2015	12/31/2014	9/30/2014	6/30/2014
Total investment income	\$ 147,731	\$ 108,635	\$ 113,385	\$ 115,917	\$ 120,721
Net expenses	(54,207)	(56,986)	(39,930)	(55,814)	(62,748)
Net investment income before taxes	\$ 93,524	\$ 51,649	\$ 73,455	\$ 60,103	\$ 57,973
Excise taxes	—	—	(5,400)	—	—
Net investment income	\$ 93,524	\$ 51,649	\$ 68,055	\$ 60,103	\$ 57,973
Total net realized and unrealized gain (loss) on investments	(41,818)	18,777	(78,244)	(4,504)	11,338
Net increase (decrease) in net assets resulting from operations	\$ 51,706	\$ 70,426	\$ (10,189)	\$ 55,599	\$ 69,311
Per share¹					
Net investment income	\$ 0.39	\$ 0.21	\$ 0.28	\$ 0.25	\$ 0.23
Adjusted net investment income ²	\$ 0.35	\$ 0.23	\$ 0.24	\$ 0.25	\$ 0.26
Net increase (decrease) in net assets resulting from operations (Earnings per Share)	\$ 0.21	\$ 0.29	\$ (0.04)	\$ 0.23	\$ 0.27
Stockholder distributions ³	\$ 0.22275	\$ 0.22275	\$ 0.32275	\$ 0.32275	\$ 0.22275
Weighted average shares outstanding	241,653,069	241,084,292	240,480,410	239,548,922	255,301,300
Shares outstanding, end of period	241,702,625	241,101,342	240,896,559	240,001,859	239,026,360

	Six Months Ended	
(dollar amounts in thousands, except per share amounts)	6/30/2015	6/30/2014
Total investment income	\$ 256,366	\$ 235,517
Net expenses	(111,193)	(121,667)
Net investment income before taxes	\$ 145,173	\$ 113,850
Excise taxes	—	—
Net investment income	\$ 145,173	\$ 113,850
Total net realized and unrealized gain (loss) on investments	(23,041)	35,521
Net increase (decrease) in net assets resulting from operations	\$ 122,132	\$ 149,371
Per share¹		
Net investment income	\$ 0.60	\$ 0.44
Adjusted net investment income ²	\$ 0.58	\$ 0.49
Net increase (decrease) in net assets resulting from operations (Earnings per Share)	\$ 0.51	\$ 0.58
Stockholder distributions ³	\$ 0.44550	\$ 0.43875
Weighted average shares outstanding	241,370,252	257,729,988
Shares outstanding, end of period	241,702,625	239,026,360



Quarterly Operating Results Detail

	Three Months Ended				
(in thousands)	6/30/2015	3/31/2015	12/31/2014	9/30/2014	6/30/2014
Investment income					
Interest income—unaffiliated	\$ 115,773	\$ 103,939	\$ 107,119	\$ 104,823	\$ 102,096
Interest income—affiliated	718	—	—	—	—
Fee income—unaffiliated	25,721	4,696	5,820	10,606	18,450
Dividend income—unaffiliated	5,519	—	147	488	175
Dividend income—affiliated	—	—	299	—	—
Total investment income	\$ 147,731	\$ 108,635	\$ 113,385	\$ 115,917	\$ 120,721
Operating expenses					
Management fees	\$ 19,103	\$ 19,038	\$ 19,551	\$ 20,000	\$ 22,695
Capital gains incentive fees ⁷	(8,355)	3,748	(15,662)	(910)	2,268
Subordinated income incentive fees	21,271	13,905	13,089	14,794	15,061
Administrative services expenses	882	991	1,203	1,202	1,189
Stock transfer agent fees	30	80	36	4	546
Accounting and administrative fees	285	276	399	172	320
Interest expense	19,048	17,299	19,035	18,940	14,129
Directors' fees	229	227	232	266	264
Listing advisory fees	—	—	—	—	5,043
Other general and administrative expenses	1,714	1,422	2,047	1,346	4,070
Total operating expenses	\$ 54,207	\$ 56,986	\$ 39,930	\$ 55,814	\$ 65,585
Management fee waiver	—	—	—	—	(2,837)
Net expenses	\$ 54,207	\$ 56,986	\$ 39,930	\$ 55,814	\$ 62,748
Net investment income before taxes	\$ 93,524	\$ 51,649	\$ 73,455	\$ 60,103	\$ 57,973
Excise taxes	—	—	(5,400)	—	—
Net investment income	\$ 93,524	\$ 51,649	\$ 68,055	\$ 60,103	\$ 57,973



Quarterly Gain/Loss Information

	Three Months Ended				
(in thousands)	6/30/2015	3/31/2015	12/31/2014	9/30/2014	6/30/2014
Realized gain/loss					
Net realized gain (loss) on investments—unaffiliated	\$ (24,174)	\$ 3,285	\$ 4,648	\$ 5,421	\$ 6,716
Net realized gain (loss) on foreign currency	(1,007)	110	(58)	(338)	114
Total net realized gain (loss)	\$ (25,181)	\$ 3,395	\$ 4,590	\$ 5,083	\$ 6,830
Unrealized gain/loss					
Net change in unrealized appreciation (depreciation) on investments—unaffiliated	\$ (24,301)	\$ 10,589	\$ (85,148)	\$ (8,901)	\$ 4,706
Net change in unrealized appreciation (depreciation) on investments—affiliated	8,050	1,345	(2,092)	(747)	(299)
Net change in unrealized gain (loss) on foreign currency	(386)	3,448	4,406	61	101
Total net unrealized gain (loss)	\$ (16,637)	\$ 15,382	\$ (82,834)	\$ (9,587)	\$ 4,508
Total net realized and unrealized gain (loss) on investments	\$ (41,818)	\$ 18,777	\$ (78,244)	\$ (4,504)	\$ 11,338



Quarterly Balance Sheets

	As of				
(in thousands, except per share amounts)	6/30/2015	3/31/2015	12/31/2014	9/30/2014	6/30/2014
Assets					
Investments, at fair value—unaffiliated	\$ 3,909,061	\$ 4,145,545	\$ 4,168,654	\$ 4,299,639	\$ 4,209,471
Investments, at fair value—affiliated	98,320	16,138	14,793	16,885	17,632
Cash	273,749	83,894	95,205	179,984	244,074
Foreign currency, at fair value	13,167	4,986	1,639	—	—
Receivable for investments sold and repaid	7,909	40,961	8,976	9,502	35,592
Interest receivable	40,108	59,245	51,814	52,650	56,362
Deferred financing costs	14,925	12,238	13,097	10,962	7,768
Prepaid expenses and other assets	1,106	1,345	708	1,033	1,465
Total assets	\$ 4,358,345	\$ 4,364,352	\$ 4,354,886	\$ 4,570,655	\$ 4,572,364
Liabilities					
Payable for investments purchased	\$ 995	\$ 832	\$ 28,095	\$ 105,425	\$ 92,522
Credit facilities payable	32,624	174,005	188,827	564,294	965,686
Unsecured notes payable	1,000,000	725,000	725,000	400,000	—
Repurchase agreement payable	800,000	950,000	950,000	950,000	950,000
Stockholder distributions payable	53,838	53,706	17,885	17,819	17,748
Management fees payable	19,081	19,073	19,560	20,009	19,862
Accrued capital gains incentive fees	16,468	24,823	21,075	36,737	37,647
Subordinated income incentive fees payable	21,271	13,905	13,089	14,794	15,061
Administrative services expense payable	765	613	1,410	988	1,686
Interest payable	21,810	14,983	15,850	12,801	11,509
Directors' fees payable	288	288	296	292	253
Deferred financing costs payable	—	—	473	—	—
Other accrued expenses and liabilities	1,662	1,412	6,340	1,712	2,823
Total liabilities	\$ 1,968,802	\$ 1,978,640	\$ 1,987,900	\$ 2,124,871	\$ 2,114,797
Stockholders' equity					
Preferred stock, \$0.001 par value	—	—	—	—	—
Common stock, \$0.001 par value	\$ 242	\$ 241	\$ 241	\$ 240	\$ 239
Capital in excess of par value	2,266,517	2,260,554	2,258,548	2,256,843	2,246,910
Accumulated undistributed net realized gains on investments and gain/loss on foreign currency	11,972	37,153	33,758	9,431	75,977
Accumulated undistributed (distributions in excess of) net investment income	106,286	66,601	68,658	90,655	36,239
Net unrealized appreciation (depreciation) on investments and gain/loss on foreign currency	4,526	21,163	5,781	88,615	98,202
Total stockholders' equity	\$ 2,389,543	\$ 2,385,712	\$ 2,366,986	\$ 2,445,784	\$ 2,457,567
Total liabilities and stockholders' equity	\$ 4,358,345	\$ 4,364,352	\$ 4,354,886	\$ 4,570,655	\$ 4,572,364
Net asset value per share of common stock at period end	\$ 9.89	\$ 9.90	\$ 9.83	\$ 10.19	\$ 10.28

Financing Arrangements

Financing Arrangements as of June 30, 2015	Type of Financing Arrangement	Rate	Amount Outstanding	Amount Available	Maturity Date
(in thousands)					
Broad Street Credit Facility	Revolving Credit Facility	L+1.50%	\$ —	\$ 125,000	December 18, 2015
ING Credit Facility	Revolving Credit Facility	L+2.50%	\$ 32,624*	\$ 267,376	April 3, 2018
JPM Facility	Repurchase Agreement	3.25%	\$ 800,000	\$ —	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
4.750% Notes due 2022	Unsecured Notes	4.75%	\$ 275,000	\$ —	May 15, 2022

* Amount includes borrowings in U.S. dollars and Euros. Euro balance outstanding of €29,250 has been converted to U.S. dollars at an exchange rate of €1.00 to \$1.12 as of June 30, 2015 to reflect total amount outstanding in U.S. dollars.

Total debt outstanding under financing arrangements	\$1,832,624
Debt/equity ratio ⁸	76.7%
Weighted average effective interest rate on borrowings (including non-usage fees)	4.0%
% of debt outstanding at fixed interest rates	98.2%
% of debt outstanding at variable interest rates	1.8%

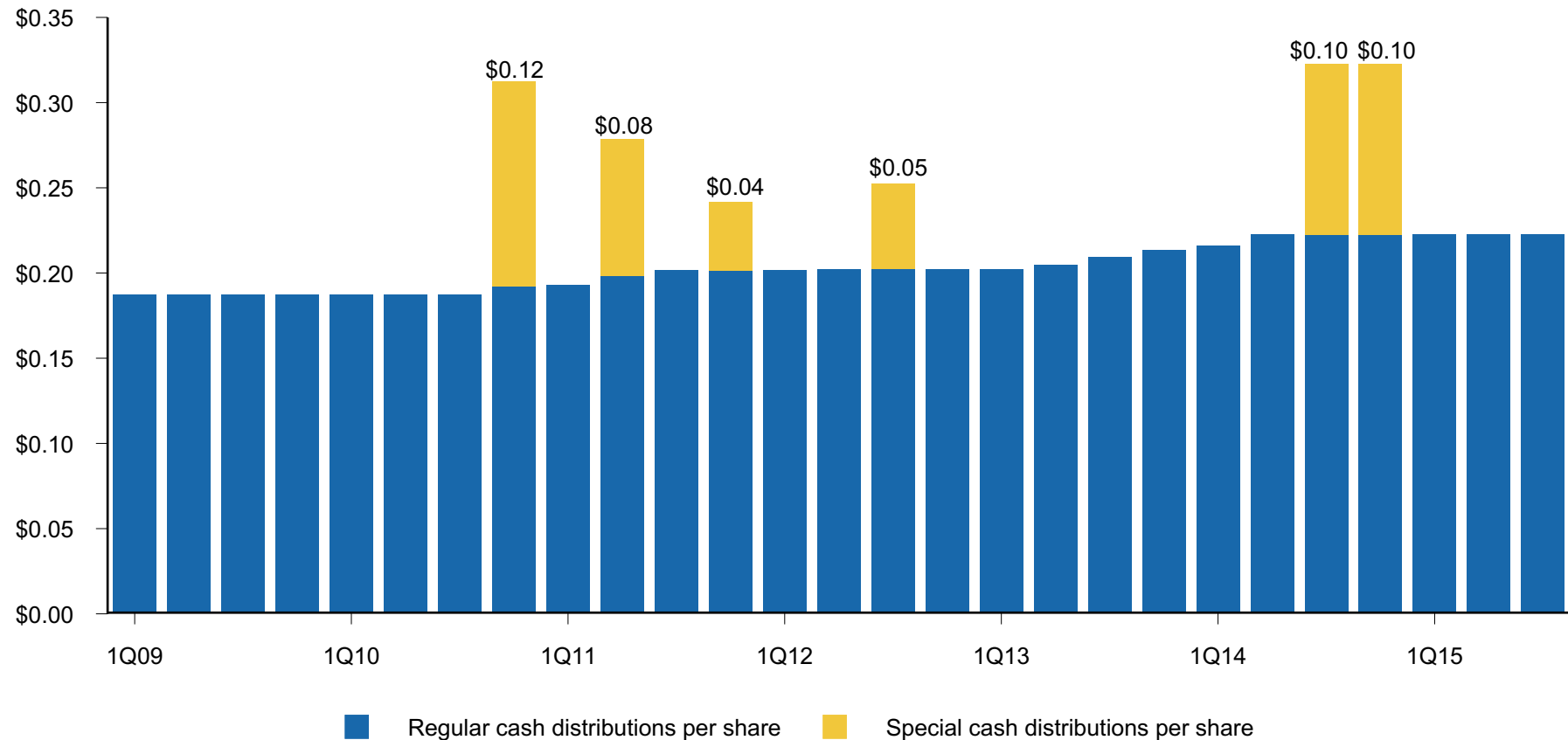
Financing Arrangements as of March 31, 2015	Type of Financing Arrangement	Rate	Amount Outstanding	Amount Available	Maturity Date
(in thousands)					
Broad Street Credit Facility	Revolving Credit Facility	L+1.50%	\$ 70,008	\$ 54,992	December 18, 2015
ING Credit Facility	Revolving Credit Facility	L+2.50%	\$ 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

** 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 ⁸	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%



Distribution History⁹

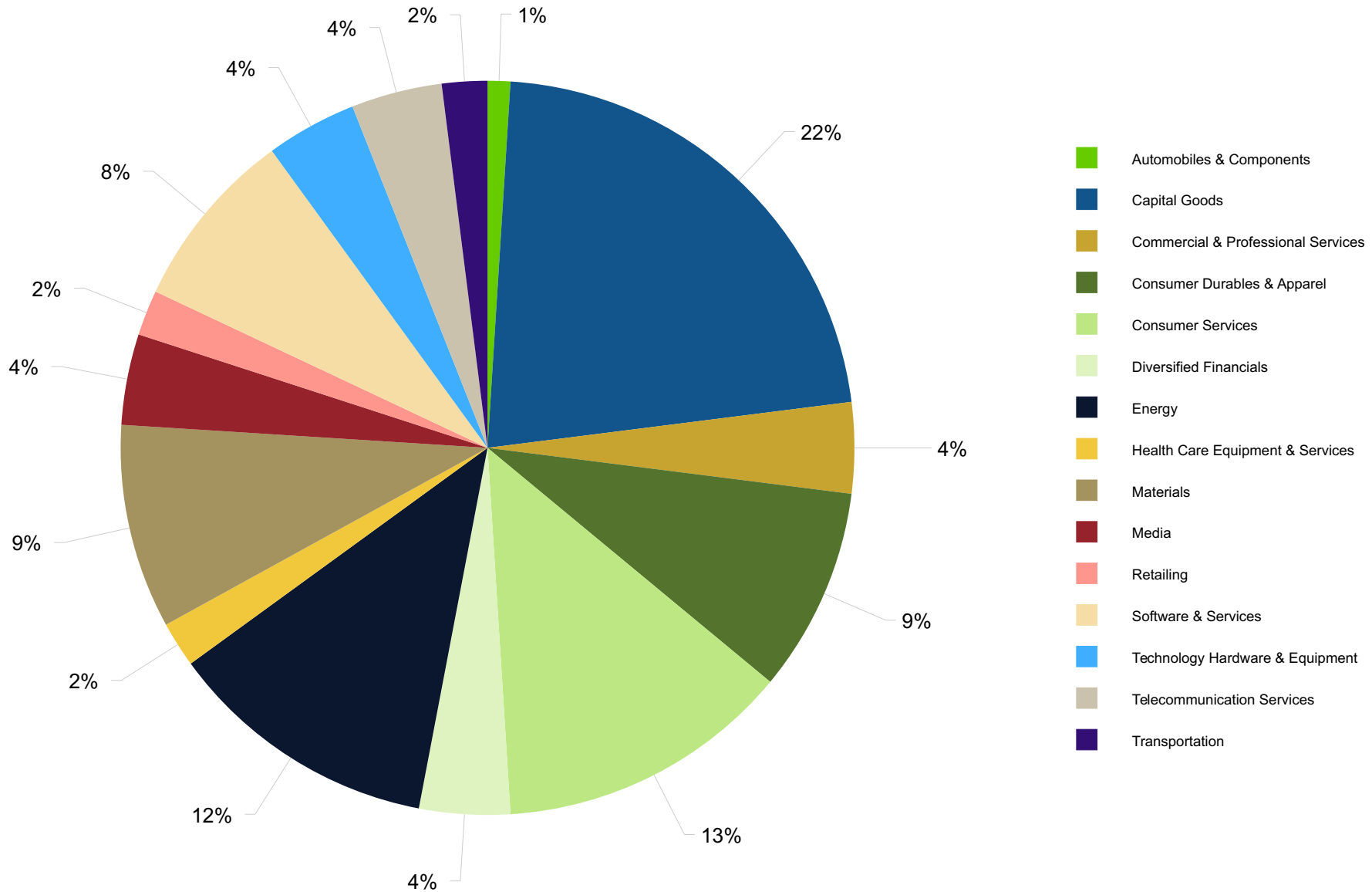


- On July 30, 2015, the Company's board of directors declared a regular quarterly cash distribution of \$0.22275 per share, which will be paid on or about October 2, 2015 to stockholders of record at the close of business on September 23, 2015.
- As of June 30, 2015, FSIC had approximately \$164.6 million (\$0.68 per share based on shares outstanding) of undistributed net investment income and realized gains on a tax basis.

Investment Portfolio

Industry Diversification

As of June 30, 2015, based on fair value



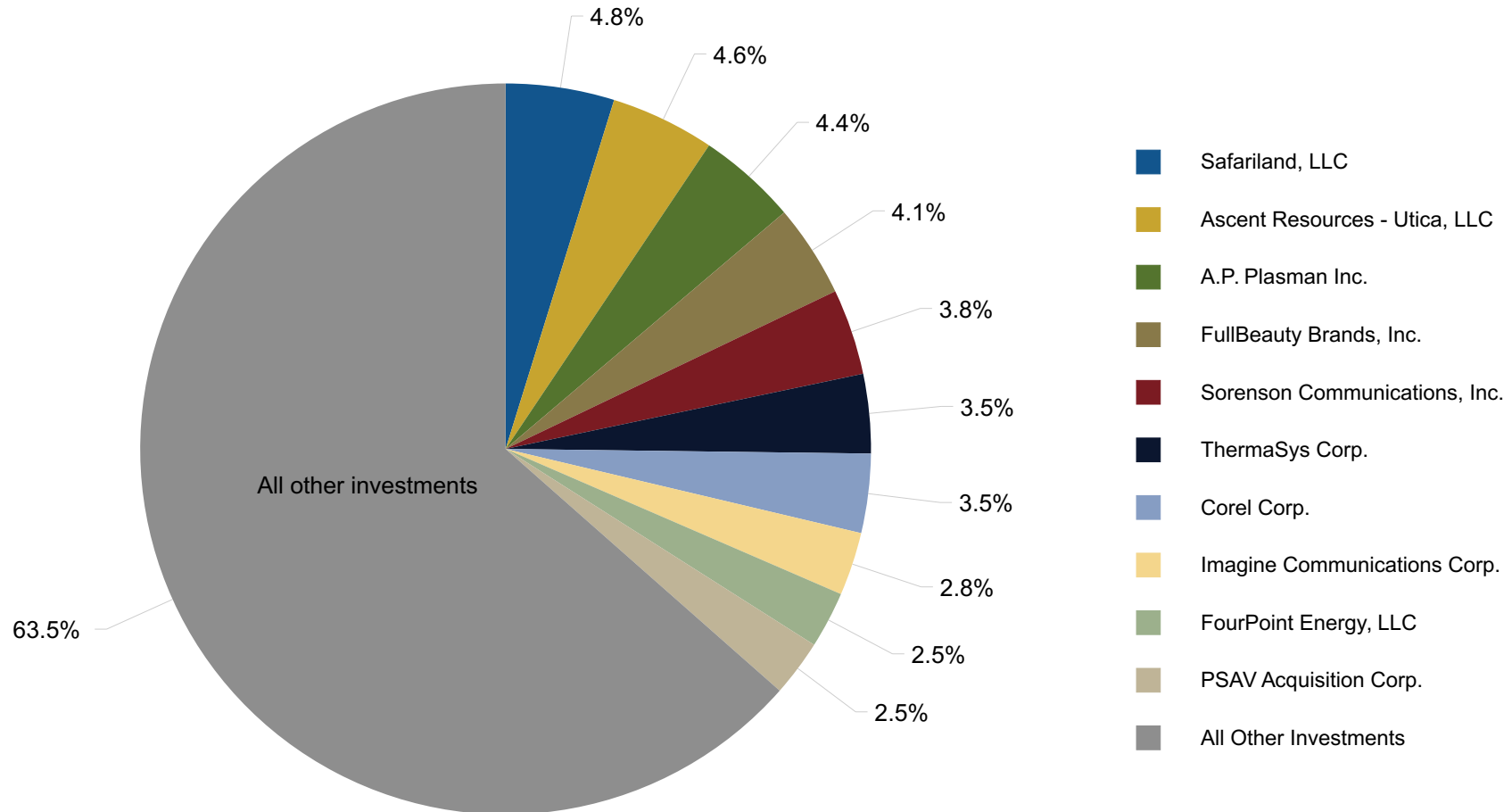
- As of June 30, 2015, FSIC's three largest industry concentrations based on fair value were Capital Goods (22%); Consumer Services (13%); and Energy (12%).
- As of June 30, 2015, FSIC's portfolio assets in Food & Staples Retailing, Food, Beverage & Tobacco, Pharmaceuticals, Biotechnology & Life Sciences and Real Estate amounted to less than 1% of the fair value of our portfolio.



Issuer Concentration

Issuer Concentration

Top ten portfolio companies as of June 30, 2015, based on fair value and excluding unfunded commitment amounts



- FSIC's top ten portfolio companies by fair value represent 36.5% of the Company's total portfolio as of June 30, 2015.

Portfolio Asset Quality

As of

Investment Rating ¹⁰	June 30, 2015		March 31, 2015		June 30, 2014	
	Fair Value	% of Portfolio	Fair Value	% of Portfolio	Fair Value	% of Portfolio
1	\$ 295,899	7%	\$ 500,953	12%	\$ 402,787	9%
2	3,050,403	76%	3,159,656	76%	3,450,489	82%
3	629,237	16%	459,260	11%	331,225	8%
4	31,096	1%	20,200	0%	15,310	0%
5	746	0%	21,614	1%	27,292	1%
Total	\$ 4,007,381	100%	\$ 4,161,683	100%	\$ 4,227,103	100%

Investment Rating¹⁰ 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 Measures¹

	Three Months Ended					
	6/30/2015	3/31/2015	12/31/2014	9/30/2014	6/30/2014	
GAAP net investment income per share	\$ 0.39	\$ 0.21	\$ 0.28	\$ 0.25	\$ 0.23	
Plus capital gains incentive fees per share	(0.03)	0.02	(0.07)	—	0.01	
Plus excise taxes per share	—	—	0.02	—	—	
Plus one-time expenses per share	—	—	0.01	0.01	0.02	
Adjusted net investment income per share²	\$ 0.35	\$ 0.23	\$ 0.24	\$ 0.25	\$ 0.26	

	Six Months Ended	
	6/30/2015	6/30/2014
GAAP net investment income per share	\$ 0.60	\$ 0.44
Plus capital gains incentive fees per share	(0.02)	0.03
Plus excise taxes per share	—	—
Plus one-time expenses per share	—	0.02
Adjusted net investment income per share²	\$ 0.58	\$ 0.49



Endnotes

- 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.
- 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.

For additional details on these investment categories, see FSIC's quarterly report on Form 10-Q for the quarter ended June 30, 2015, under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview".

Endnotes (Cont'd)

- 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. FSIC's estimated gross portfolio yield may be higher than an investor's yield on an investment in shares of FSIC's common stock because it does not reflect sales commissions or charges that may be incurred in connection with the purchase or sale of such shares, or operating expenses that may be incurred by FSIC. FSIC's estimated gross portfolio yield does not represent an actual investment return to stockholders, is subject to change and, in the future, may be greater or less than the rates set forth herein.
- 7) During the quarter ended June 30, 2015, FSIC reversed \$8,355 of capital gains incentive fees based on unrealized depreciation in its portfolio during such period. During the six months ended June 30, 2015, FSIC reversed \$4,607 of capital gains incentive fees based on unrealized depreciation in its portfolio during such period. FSIC paid no capital gains incentive fees during the six months ended June 30, 2015.
- 8) The debt/equity ratio is the ratio of total debt outstanding to stockholders' equity as of the applicable date.
- 9) 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.
- 10) 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 June 30, 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'Conner

Philip E. Hughes, Jr.

Vice Chairman of Keystone Industries
President of Sovereign Developers, LP

Pedro A. Ramos

President and Chief Executive Officer of The Philadelphia Foundation

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

Jim Ballan

Phone: (267) 439-4375
Email: james.ballan@franklinsquare.com

