



**FS INVESTMENT  
CORPORATION**  
A Business Development Company

# FS Investment Corporation

QUARTER AND YEAR ENDED DECEMBER 31, 2017 FINANCIAL INFORMATION

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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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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>                              | Q4-17          | Q3-17          | Q4-16          | FY-17          | FY-16          |
|-----------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Net investment income per share                                                         | \$ 0.22        | \$ 0.21        | \$ 0.21        | \$ 0.83        | \$ 0.85        |
| Adjusted net investment income per share <sup>2*</sup>                                  | \$ 0.24        | \$ 0.21        | \$ 0.23        | \$ 0.85        | \$ 0.87        |
| Total net realized and unrealized gain (loss) on investments per share                  | \$ (0.16)      | \$ 0.14        | \$ 0.00        | \$ (0.09)      | \$ 0.36        |
| Net increase (decrease) in net assets resulting from operations<br>(Earnings per Share) | \$ 0.06        | \$ 0.35        | \$ 0.21        | \$ 0.74        | \$ 1.21        |
| Stockholder distributions per share <sup>3</sup>                                        | \$ 0.19000     | \$ 0.22275     | \$ 0.22275     | \$ 0.85825     | \$ 0.89100     |
| <b>Net asset value per share at period end</b>                                          | <b>\$ 9.30</b> | <b>\$ 9.43</b> | <b>\$ 9.41</b> | <b>\$ 9.30</b> | <b>\$ 9.41</b> |
| Weighted average shares outstanding                                                     | 245,725,416    | 245,678,745    | 244,016,474    | 245,270,969    | 243,448,610    |
| Shares outstanding, end of period                                                       | 245,725,416    | 245,725,416    | 244,063,357    | 245,725,416    | 244,063,357    |

## Portfolio Highlights

| (in thousands)                  | Q4-17            | Q3-17              | Q4-16               | FY-17             | FY-16               |
|---------------------------------|------------------|--------------------|---------------------|-------------------|---------------------|
| Purchases                       | \$ 262,562       | \$ 183,384         | \$ 495,071          | \$ 1,284,317      | \$ 1,157,827        |
| Sales and Redemptions           | (234,638)        | (225,483)          | (715,567)           | (1,134,998)       | (1,588,498)         |
| <b>Net Portfolio Activity</b>   | <b>\$ 27,924</b> | <b>\$ (42,099)</b> | <b>\$ (220,496)</b> | <b>\$ 149,319</b> | <b>\$ (430,671)</b> |
| Total fair value of investments | \$ 3,926,234     | \$ 3,911,399       | \$ 3,726,816        | \$ 3,926,234      | \$ 3,726,816        |
| Total assets                    | \$ 4,104,275     | \$ 4,135,463       | \$ 4,110,071        | \$ 4,104,275      | \$ 4,110,071        |

\*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)                                                 | 12/31/2017   | 9/30/2017    | 6/30/2017    | 3/31/2017    | 12/31/2016   |
| Investments, at fair value                                                    | \$ 3,926,234 | \$ 3,911,399 | \$ 3,899,777 | \$ 3,924,168 | \$ 3,726,816 |
| <b>Portfolio Data</b>                                                         |              |              |              |              |              |
| Number of Portfolio Companies                                                 | 100          | 104          | 107          | 108          | 102          |
| Average Annual EBITDA of Portfolio Companies                                  | \$ 85,700    | \$ 91,700    | \$ 88,600    | \$ 86,100    | \$ 100,000   |
| Weighted Average Purchase Price of Debt Investments (as a % of par)           | 99.5%        | 97.5%        | 97.2%        | 97.2%        | 98.6%        |
| % of Investments on Non-Accrual (based on fair value) <sup>4</sup>            | 0.2%         | 0.3%         | 0.0%         | 0.0%         | 0.2          |
| <b>Asset Class (based on fair value)</b>                                      |              |              |              |              |              |
| Senior Secured Loans—First Lien                                               | 64%          | 61%          | 60%          | 57%          | 52%          |
| Senior Secured Loans—Second Lien                                              | 5%           | 5%           | 7%           | 9%           | 16%          |
| Senior Secured Bonds                                                          | 4%           | 5%           | 4%           | 4%           | 4%           |
| Subordinated Debt                                                             | 13%          | 14%          | 15%          | 15%          | 12%          |
| Collateralized Securities                                                     | 1%           | 1%           | 1%           | 2%           | 2%           |
| Equity/Other                                                                  | 13%          | 14%          | 13%          | 13%          | 14%          |
| <b>Portfolio Composition by Strategy (based on fair value)<sup>5</sup></b>    |              |              |              |              |              |
| Direct Originations                                                           | 92%          | 90%          | 88%          | 87%          | 88%          |
| Opportunistic                                                                 | 7%           | 9%           | 10%          | 10%          | 9%           |
| Broadly Syndicated/Other                                                      | 1%           | 1%           | 2%           | 3%           | 3%           |
| <b>Interest Rate Type (based on fair value)</b>                               |              |              |              |              |              |
| % Variable Rate                                                               | 69.4%        | 65.3%        | 66.5%        | 65.5%        | 67.0%        |
| % Fixed Rate                                                                  | 17.8%        | 21.0%        | 20.6%        | 21.8%        | 19.4%        |
| % Income Producing Equity/Other Investments                                   | 2.3%         | 2.7%         | 2.5%         | 2.7%         | 2.7%         |
| % Non-Income Producing Equity/Other Investments                               | 10.5%        | 11.0%        | 10.4%        | 10.0%        | 10.9%        |
| <b>Yields (based on amortized cost)<sup>6</sup></b>                           |              |              |              |              |              |
| Gross Portfolio Yield Prior to Leverage                                       | 9.6%         | 9.4%         | 9.4%         | 9.3%         | 9.1%         |
| Gross Portfolio Yield Prior to Leverage—Excluding Non-Income Producing Assets | 10.5%        | 10.3%        | 10.4%        | 10.2%        | 10.1%        |

# Select Direct Origination Information

|                                                                                                                                                               | Three Months Ended |                  |                    |                   |                    |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|------------------|--------------------|-------------------|--------------------|
| (dollar amounts in thousands)                                                                                                                                 | 12/31/2017         | 9/30/2017        | 6/30/2017          | 3/31/2017         | 12/31/2016         |
| <b>New Direct Originations</b>                                                                                                                                |                    |                  |                    |                   |                    |
| Total Commitments (including unfunded commitments)                                                                                                            | \$ 220,159         | \$ 199,157       | \$ 197,084         | \$ 429,407        | \$ 526,589         |
| Exited Investments (including partial paydowns)                                                                                                               | (159,678)          | (169,035)        | (218,280)          | (322,068)         | (598,468)          |
| <b>Net Direct Originations</b>                                                                                                                                | <b>\$ 60,481</b>   | <b>\$ 30,122</b> | <b>\$ (21,196)</b> | <b>\$ 107,339</b> | <b>\$ (71,879)</b> |
| <b>New Direct Originations by Asset Class (including unfunded commitments)</b>                                                                                |                    |                  |                    |                   |                    |
| Senior Secured Loans—First Lien                                                                                                                               | 74%                | 85%              | 97%                | 81%               | 88%                |
| Senior Secured Loans—Second Lien                                                                                                                              | 7%                 | 2%               | —                  | 1%                | 5%                 |
| Senior Secured Bonds                                                                                                                                          | 11%                | —                | 1%                 | 2%                | 1%                 |
| Subordinated Debt                                                                                                                                             | —                  | 13%              | —                  | 15%               | 2%                 |
| Collateralized Securities                                                                                                                                     | —                  | —                | —                  | —                 | —                  |
| Equity/Other                                                                                                                                                  | 8%                 | —                | 2%                 | 1%                | 4%                 |
| Average New Direct Origination Commitment Amount                                                                                                              | \$ 16,935          | \$ 49,789        | \$ 15,160          | \$ 35,784         | \$ 29,255          |
| Weighted Average Maturity for New Direct Originations                                                                                                         | 10/8/2023          | 5/5/2023         | 12/17/2022         | 3/2/2023          | 6/20/2023          |
| Gross Portfolio Yield Prior to Leverage (based on amortized cost) of New Direct Originations during Period <sup>6</sup>                                       | 8.6%               | 9.6%             | 9.6%               | 9.8%              | 8.8%               |
| Gross Portfolio Yield Prior to Leverage (based on amortized cost) of New Direct Originations during Period—Excluding Non-Income Producing Assets <sup>6</sup> | 9.3%               | 9.6%             | 9.7%               | 10.0%             | 9.1%               |
| Gross Portfolio Yield Prior to Leverage (based on amortized cost) of Direct Originations Exited during Period <sup>6</sup>                                    | 8.9%               | 12.0%            | 9.9%               | 9.1%              | 8.0%               |

|                                                                                                                                                    | As of             |                   |
|----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>Characteristics of All Direct Originations held in Portfolio</b>                                                                                | <b>12/31/2017</b> | <b>12/31/2016</b> |
| Direct Originations, at fair value                                                                                                                 | \$ 3,606,608      | \$ 3,264,395      |
| Number of Portfolio Companies                                                                                                                      | 75                | 67                |
| Average Annual EBITDA of Portfolio Companies                                                                                                       | \$ 68,600         | \$ 64,600         |
| Average Leverage Through Tranche of Portfolio Companies—Excluding Equity/Other and Collateralized Securities                                       | 4.9x              | 4.8x              |
| % of Investments on Non-Accrual (based on fair value) <sup>4</sup>                                                                                 | —                 | 0.1%              |
| Gross Portfolio Yield Prior to Leverage (based on amortized cost) of Funded Direct Originations <sup>6</sup>                                       | 9.6%              | 9.1%              |
| Gross Portfolio Yield Prior to Leverage (based on amortized cost) of Funded Direct Originations—Excluding Non-Income Producing Assets <sup>6</sup> | 10.4%             | 10.1%             |

# Quarterly Operating Results

## Three Months Ended

| (dollar amounts in thousands, except per share amounts)                              | 12/31/2017       | 9/30/2017        | 6/30/2017        | 3/31/2017        | 12/31/2016       |
|--------------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Total investment income                                                              | \$ 110,861       | \$ 103,691       | \$ 98,695        | \$ 106,064       | \$ 108,978       |
| Net expenses                                                                         | (51,541)         | (53,043)         | (52,235)         | (53,474)         | (51,882)         |
| <b>Net investment income before taxes</b>                                            | <b>\$ 59,320</b> | <b>\$ 50,648</b> | <b>\$ 46,460</b> | <b>\$ 52,590</b> | <b>\$ 57,096</b> |
| Excise taxes                                                                         | (5,259)          | —                | —                | —                | (5,554)          |
| <b>Net investment income</b>                                                         | <b>\$ 54,061</b> | <b>\$ 50,648</b> | <b>\$ 46,460</b> | <b>\$ 52,590</b> | <b>\$ 51,542</b> |
| Total net realized and unrealized gain (loss) on investments                         | (39,307)         | 34,750           | (28,018)         | 10,803           | 320              |
| <b>Net increase (decrease) in net assets resulting from operations</b>               | <b>\$ 14,754</b> | <b>\$ 85,398</b> | <b>\$ 18,442</b> | <b>\$ 63,393</b> | <b>\$ 51,862</b> |
| <b>Per share<sup>1</sup></b>                                                         |                  |                  |                  |                  |                  |
| Net investment income                                                                | \$ 0.22          | \$ 0.21          | \$ 0.19          | \$ 0.22          | \$ 0.21          |
| Adjusted net investment income <sup>2</sup>                                          | \$ 0.24          | \$ 0.21          | \$ 0.19          | \$ 0.22          | \$ 0.23          |
| Net increase (decrease) in net assets resulting from operations (Earnings per Share) | \$ 0.06          | \$ 0.35          | \$ 0.08          | \$ 0.26          | \$ 0.21          |
| Stockholder distributions <sup>3</sup>                                               | \$ 0.19000       | \$ 0.22275       | \$ 0.22275       | \$ 0.22275       | \$ 0.22275       |
| Weighted average shares outstanding                                                  | 245,725,416      | 245,678,745      | 245,107,405      | 244,554,969      | 244,016,474      |
| Shares outstanding, end of period                                                    | 245,725,416      | 245,725,416      | 245,153,010      | 244,599,661      | 244,063,357      |

## Year Ended

| (dollar amounts in thousands, except per share amounts)                              | 12/31/2017        | 12/31/2016        |
|--------------------------------------------------------------------------------------|-------------------|-------------------|
| Total investment income                                                              | \$ 419,311        | \$ 422,809        |
| Net expenses                                                                         | (210,293)         | (209,932)         |
| <b>Net investment income before taxes</b>                                            | <b>\$ 209,018</b> | <b>\$ 212,877</b> |
| Excise taxes                                                                         | (5,259)           | (5,554)           |
| <b>Net investment income</b>                                                         | <b>\$ 203,759</b> | <b>\$ 207,323</b> |
| Total net realized and unrealized gain (loss) on investments                         | (21,772)          | 86,968            |
| <b>Net increase (decrease) in net assets resulting from operations</b>               | <b>\$ 181,987</b> | <b>\$ 294,291</b> |
| <b>Per share<sup>1</sup></b>                                                         |                   |                   |
| Net investment income                                                                | \$ 0.83           | \$ 0.85           |
| Adjusted net investment income <sup>2</sup>                                          | \$ 0.85           | \$ 0.87           |
| Net increase (decrease) in net assets resulting from operations (Earnings per Share) | \$ 0.74           | \$ 1.21           |
| Stockholder distributions <sup>3</sup>                                               | \$ 0.85825        | \$ 0.89100        |
| Weighted average shares outstanding                                                  | 245,270,969       | 243,448,610       |
| Shares outstanding, end of period                                                    | 245,725,416       | 244,063,357       |

# Quarterly Operating Results Detail

| (in thousands)                                | Three Months Ended |                   |                  |                   |                   |
|-----------------------------------------------|--------------------|-------------------|------------------|-------------------|-------------------|
|                                               | 12/31/2017         | 9/30/2017         | 6/30/2017        | 3/31/2017         | 12/31/2016        |
| <b>Investment income</b>                      |                    |                   |                  |                   |                   |
| From non-controlled/unaffiliated investments: |                    |                   |                  |                   |                   |
| Interest income                               | 89,040             | 82,349            | 74,928           | 72,838            | 79,922            |
| Paid-in-kind interest income                  | 9,541              | 8,430             | 7,588            | 6,881             | 8,085             |
| Fee income                                    | 7,055              | 5,005             | 9,546            | 19,530            | 14,350            |
| Dividend income                               | —                  | 21                | —                | —                 | 2,727             |
| From non-controlled/affiliated investments:   |                    |                   |                  |                   |                   |
| Interest income                               | 283                | 3,448             | 3,353            | 3,684             | 2,431             |
| Paid-in-kind interest income                  | 614                | 550               | 699              | 606               | 301               |
| Fee income                                    | 1,617              | 1,232             | 2                | 29                | 119               |
| From controlled/affiliated investments:       |                    |                   |                  |                   |                   |
| Interest income                               | 966                | 966               | 939              | 1,502             | (132)             |
| Paid-in-kind interest income                  | 1,745              | 1,690             | 1,640            | 994               | 1,175             |
| <b>Total investment income</b>                | <b>\$ 110,861</b>  | <b>\$ 103,691</b> | <b>\$ 98,695</b> | <b>\$ 106,064</b> | <b>\$ 108,978</b> |
| <b>Operating expenses</b>                     |                    |                   |                  |                   |                   |
| Management fees                               | \$ 18,025          | \$ 18,038         | \$ 18,367        | \$ 18,367         | \$ 18,022         |
| Subordinated income incentive fees            | 12,871             | 12,662            | 11,617           | 13,147            | 12,885            |
| Administrative services expenses              | 825                | 750               | 742              | 734               | 629               |
| Accounting and administrative fees            | 240                | 254               | 255              | 265               | 260               |
| Interest expense                              | 20,204             | 19,885            | 19,617           | 19,439            | 18,817            |
| Directors' fees                               | 327                | 277               | 274              | 271               | 359               |
| Other general and administrative expenses     | 1,624              | 1,177             | 1,363            | 1,251             | 910               |
| <b>Total operating expenses</b>               | <b>\$ 54,116</b>   | <b>\$ 53,043</b>  | <b>\$ 52,235</b> | <b>\$ 53,474</b>  | <b>\$ 51,882</b>  |
| Management fee waiver                         | (2,575)            | —                 | —                | —                 | —                 |
| <b>Net expenses</b>                           | <b>\$ 51,541</b>   | <b>\$ 53,043</b>  | <b>\$ 52,235</b> | <b>\$ 53,474</b>  | <b>\$ 51,882</b>  |
| <b>Net investment income before taxes</b>     | <b>\$ 59,320</b>   | <b>\$ 50,648</b>  | <b>\$ 46,460</b> | <b>\$ 52,590</b>  | <b>\$ 57,096</b>  |
| Excise taxes                                  | (5,259)            | —                 | —                | —                 | (5,554)           |
| <b>Net investment income</b>                  | <b>\$ 54,061</b>   | <b>\$ 50,648</b>  | <b>\$ 46,460</b> | <b>\$ 52,590</b>  | <b>\$ 51,542</b>  |

# Quarterly Gain/Loss Information

|                                                                           | Three Months Ended |                    |                    |                     |                    |
|---------------------------------------------------------------------------|--------------------|--------------------|--------------------|---------------------|--------------------|
| (in thousands)                                                            | 12/31/2017         | 9/30/2017          | 6/30/2017          | 3/31/2017           | 12/31/2016         |
| <b>Realized gain/loss</b>                                                 |                    |                    |                    |                     |                    |
| Net realized gain (loss) on investments:                                  |                    |                    |                    |                     |                    |
| Non-controlled/unaffiliated investments                                   | \$ (11,219)        | \$ (24,767)        | \$ (14,147)        | \$ (48,447)         | \$ (44,471)        |
| Non-controlled/affiliated investments                                     | 1,834              | 6,551              | —                  | 305                 | —                  |
| Controlled/affiliated investments                                         | —                  | —                  | —                  | (52,879)            | —                  |
| Net realized gain (loss) on secured borrowing                             | (21)               | —                  | —                  | —                   | —                  |
| Net realized gain (loss) on foreign currency                              | 82                 | (19)               | 61                 | 123                 | 66                 |
| <b>Total net realized gain (loss)</b>                                     | <b>\$ (9,324)</b>  | <b>\$ (18,235)</b> | <b>\$ (14,086)</b> | <b>\$ (100,898)</b> | <b>\$ (44,405)</b> |
| <b>Unrealized gain/loss</b>                                               |                    |                    |                    |                     |                    |
| Net change in unrealized appreciation (depreciation) on investments:      |                    |                    |                    |                     |                    |
| Non-controlled/unaffiliated investments                                   | \$ (12,280)        | \$ 29,820          | \$ (9,458)         | \$ 129,260          | \$ 42,461          |
| Non-controlled/affiliated investments                                     | (16,062)           | 16,951             | (5,602)            | (12,328)            | 4,696              |
| Controlled/affiliated investments                                         | (830)              | 7,408              | 4,132              | (4,499)             | (5,239)            |
| Net change in unrealized appreciation (depreciation) on secured borrowing | 56                 | 3                  | —                  | (10)                | (16)               |
| Net change in unrealized gain (loss) on foreign currency                  | (867)              | (1,197)            | (3,004)            | (722)               | 2,823              |
| <b>Total net unrealized gain (loss)</b>                                   | <b>\$ (29,983)</b> | <b>\$ 52,985</b>   | <b>\$ (13,932)</b> | <b>\$ 111,701</b>   | <b>\$ 44,725</b>   |
| <b>Total net realized and unrealized gain (loss)</b>                      | <b>\$ (39,307)</b> | <b>\$ 34,750</b>   | <b>\$ (28,018)</b> | <b>\$ 10,803</b>    | <b>\$ 320</b>      |



# Quarterly Balance Sheets

|                                                                                                                   | As of               |                     |                     |                     |                     |
|-------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| (in thousands, except per share amounts)                                                                          | 12/31/2017          | 9/30/2017           | 6/30/2017           | 3/31/2017           | 12/31/2016          |
| <b>Assets</b>                                                                                                     |                     |                     |                     |                     |                     |
| Investments, at fair value                                                                                        | \$ 3,926,234        | \$ 3,911,399        | \$ 3,899,777        | \$ 3,924,168        | \$ 3,726,816        |
| Cash                                                                                                              | 134,932             | 176,445             | 141,387             | 53,015              | 264,594             |
| Foreign currency, at fair value                                                                                   | 3,810               | 2,546               | 1,321               | 669                 | 4                   |
| Receivable for investments sold and repaid                                                                        | 3,477               | 1,896               | 30,555              | 252,782             | 75,921              |
| Income receivable                                                                                                 | 30,668              | 38,811              | 28,609              | 47,044              | 36,106              |
| Deferred financing costs                                                                                          | 3,459               | 3,712               | 7,708               | 8,246               | 5,828               |
| Prepaid expenses and other assets                                                                                 | 1,695               | 654                 | 763                 | 427                 | 802                 |
| <b>Total assets</b>                                                                                               | <b>\$ 4,104,275</b> | <b>\$ 4,135,463</b> | <b>\$ 4,110,120</b> | <b>\$ 4,286,351</b> | <b>\$ 4,110,071</b> |
| <b>Liabilities</b>                                                                                                |                     |                     |                     |                     |                     |
| Payable for investments purchased                                                                                 | \$ 1,978            | \$ 606              | \$ 10,800           | \$ 40,000           | \$ 5,748            |
| Credit facilities payable                                                                                         | 638,571             | 637,669             | 634,914             | 755,128             | 619,932             |
| Unsecured notes payable                                                                                           | 1,073,445           | 1,072,714           | 1,071,983           | 1,071,263           | 1,070,701           |
| Secured borrowing, at fair value                                                                                  | —                   | 2,891               | 2,893               | 2,891               | 2,880               |
| Stockholder distributions payable                                                                                 | 46,704              | 54,733              | 54,607              | 54,485              | 54,364              |
| Management fees payable                                                                                           | 15,450              | 18,038              | 18,367              | 18,367              | 18,022              |
| Subordinated income incentive fees payable                                                                        | 12,871              | 12,662              | 11,617              | 13,147              | 12,885              |
| Administrative services expense payable                                                                           | 294                 | 495                 | 559                 | 346                 | 516                 |
| Interest payable                                                                                                  | 22,851              | 17,463              | 22,288              | 17,463              | 20,144              |
| Directors' fees payable                                                                                           | 276                 | 267                 | 266                 | 270                 | 281                 |
| Other accrued expenses and liabilities                                                                            | 7,112               | 1,232               | 1,122               | 1,356               | 7,221               |
| <b>Total liabilities</b>                                                                                          | <b>\$ 1,819,552</b> | <b>\$ 1,818,770</b> | <b>\$ 1,829,416</b> | <b>\$ 1,974,716</b> | <b>\$ 1,812,694</b> |
| <b>Stockholders' equity</b>                                                                                       |                     |                     |                     |                     |                     |
| Preferred stock, \$0.001 par value                                                                                | —                   | —                   | —                   | —                   | —                   |
| Common stock, \$0.001 par value                                                                                   | \$ 246              | \$ 246              | \$ 245              | \$ 245              | \$ 244              |
| Capital in excess of par value                                                                                    | 2,272,591           | 2,276,946           | 2,271,623           | 2,266,389           | 2,261,040           |
| Accumulated undistributed net realized gains on investments and gain/loss on foreign currency                     | (245,288)           | (237,493)           | (219,258)           | (205,172)           | (104,274)           |
| Accumulated undistributed (distributions in excess of) net investment income                                      | 144,062             | 133,899             | 137,984             | 146,131             | 148,026             |
| Net unrealized appreciation (depreciation) on investments and secured borrowing and gain/loss on foreign currency | 113,112             | 143,095             | 90,110              | 104,042             | (7,659)             |
| <b>Total stockholders' equity</b>                                                                                 | <b>\$ 2,284,723</b> | <b>\$ 2,316,693</b> | <b>\$ 2,280,704</b> | <b>\$ 2,311,635</b> | <b>\$ 2,297,377</b> |
| <b>Total liabilities and stockholders' equity</b>                                                                 | <b>\$ 4,104,275</b> | <b>\$ 4,135,463</b> | <b>\$ 4,110,120</b> | <b>\$ 4,286,351</b> | <b>\$ 4,110,071</b> |
| <b>Net asset value per share of common stock at period end</b>                                                    | <b>\$ 9.30</b>      | <b>\$ 9.43</b>      | <b>\$ 9.30</b>      | <b>\$ 9.45</b>      | <b>\$ 9.41</b>      |

# Financing Arrangements

| Financing Arrangements as of December 31, 2017 | Type of Financing Arrangement | Rate | Amount Outstanding | Amount Available | Maturity Date |
|------------------------------------------------|-------------------------------|------|--------------------|------------------|---------------|
|------------------------------------------------|-------------------------------|------|--------------------|------------------|---------------|

(in thousands)

|                                 |                           |         |            |            |                   |
|---------------------------------|---------------------------|---------|------------|------------|-------------------|
| Hamilton Street Credit Facility | Revolving Credit Facility | L+2.50% | \$ 150,000 | \$ —       | December 15, 2021 |
| ING Credit Facility             | Revolving Credit Facility | L+2.25% | \$ 66,750* | \$ 260,750 | March 16, 2021    |
| Locust Street Credit Facility   | Term Loan Credit Facility | L+2.68% | \$ 425,000 | \$ —       | November 1, 2020  |
| 4.000% Notes due 2019           | Unsecured Notes           | 4.00%   | \$ 400,000 | \$ —       | July 15, 2019     |
| 4.250% Notes due 2020           | Unsecured Notes           | 4.25%   | \$ 405,000 | \$ —       | January 15, 2020  |
| 4.750% Notes due 2022           | Unsecured Notes           | 4.75%   | \$ 275,000 | \$ —       | May 15, 2022      |

\* Borrowings in Euros and Canadian dollars. Euro balance outstanding of €41,576 has been converted to U.S. dollars at an exchange rate of €1.00 to \$1.20 as of December 31, 2017 to reflect total amount outstanding in U.S. dollars. Canadian dollar balance outstanding of CAD \$20,987 has been converted to U.S. dollars at an exchange rate of CAD \$1.00 to \$0.80 as of December 31, 2017 to reflect total amount outstanding in U.S. dollars.

|                                                                                   |             |
|-----------------------------------------------------------------------------------|-------------|
| Total debt outstanding under financing arrangements                               | \$1,721,750 |
| Debt/equity ratio <sup>7</sup>                                                    | 75.4%       |
| Weighted average effective interest rate on borrowings (including non-usage fees) | 4.3%        |
| % of debt outstanding at fixed interest rates                                     | 62.7%       |
| % of debt outstanding at variable interest rates                                  | 37.3%       |

| Financing Arrangements as of September 30, 2017 | Type of Financing Arrangement | Rate | Amount Outstanding | Amount Available | Maturity Date |
|-------------------------------------------------|-------------------------------|------|--------------------|------------------|---------------|
|-------------------------------------------------|-------------------------------|------|--------------------|------------------|---------------|

(in thousands)

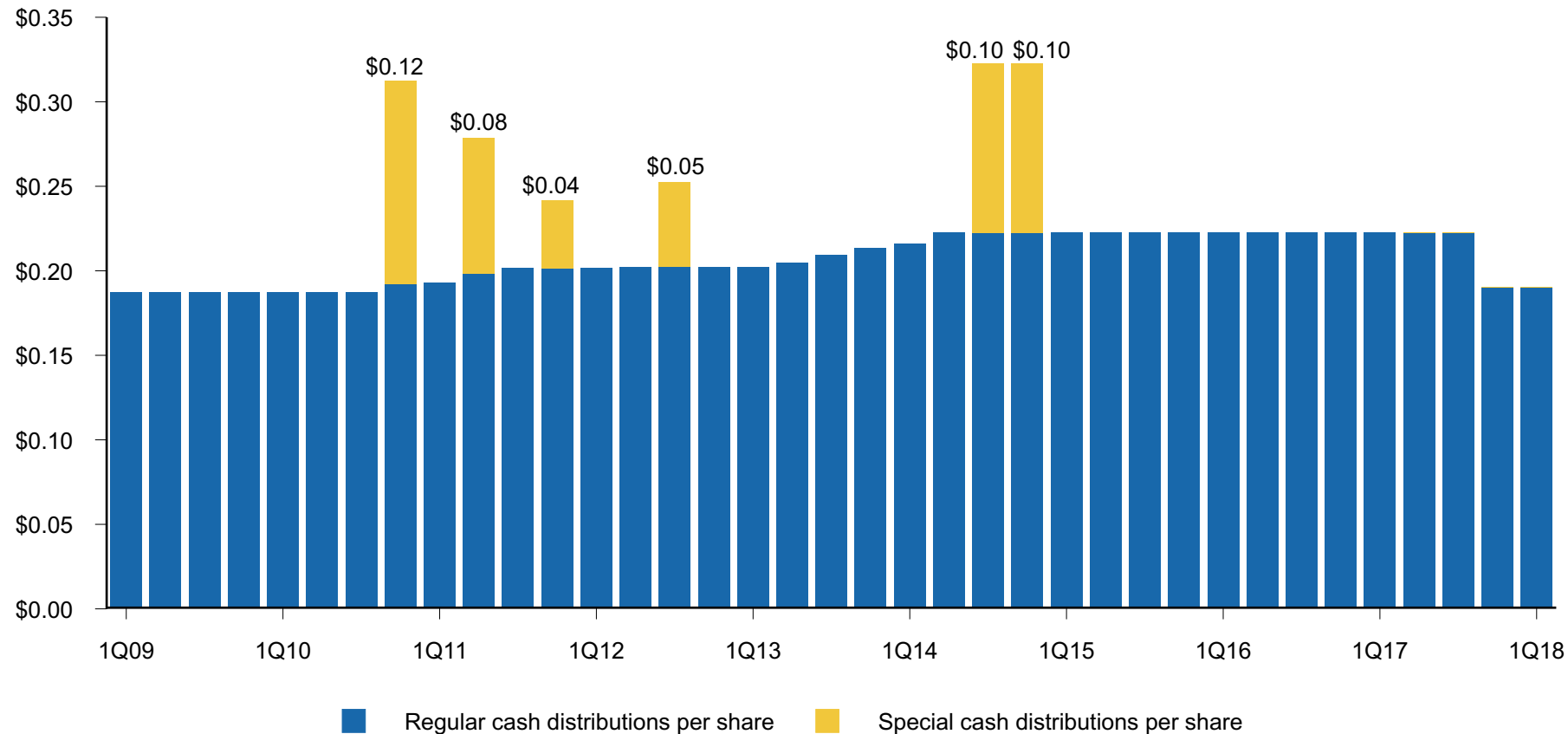
|                                 |                           |                       |             |            |                   |
|---------------------------------|---------------------------|-----------------------|-------------|------------|-------------------|
| Hamilton Street Credit Facility | Revolving Credit Facility | L+2.50%               | \$ 150,000  | \$ —       | December 15, 2021 |
| ING Credit Facility             | Revolving Credit Facility | L+2.25%               | \$ 66,131** | \$ 261,369 | March 16, 2021    |
| Locust Street Credit Facility   | Term Loan Credit Facility | L+2.68%               | \$ 425,000  | \$ —       | November 1, 2020  |
| 4.000% Notes due 2019           | Unsecured Notes           | 4.00%                 | \$ 400,000  | \$ —       | July 15, 2019     |
| 4.250% Notes due 2020           | Unsecured Notes           | 4.25%                 | \$ 405,000  | \$ —       | January 15, 2020  |
| 4.750% Notes due 2022           | Unsecured Notes           | 4.75%                 | \$ 275,000  | \$ —       | May 15, 2022      |
| Partial Loan Sale               | Secured Borrowing         | L+4.50%<br>(1% floor) | \$ 2,857    | \$ —       | July 29, 2022     |

\*\* Amount includes borrowings in Euros and Canadian dollars. Euro balance outstanding of €41,780 has been converted to U.S. dollars at an exchange rate of €1.00 to \$1.18 as of September 30, 2017 to reflect total amount outstanding in U.S. dollars. Canadian dollar balance outstanding of CAD \$20,987 has been converted to U.S. dollars at an exchange rate of CAD \$1.00 to \$0.80 as of September 30, 2017 to reflect total amount outstanding in U.S. dollars.

|                                                                                   |             |
|-----------------------------------------------------------------------------------|-------------|
| Total debt outstanding under financing arrangements                               | \$1,723,988 |
| Debt/equity ratio <sup>7</sup>                                                    | 74.4%       |
| Weighted average effective interest rate on borrowings (including non-usage fees) | 4.2%        |
| % of debt outstanding at fixed interest rates                                     | 62.6%       |
| % of debt outstanding at variable interest rates                                  | 37.4%       |

FSIC

# Distribution History<sup>8</sup>

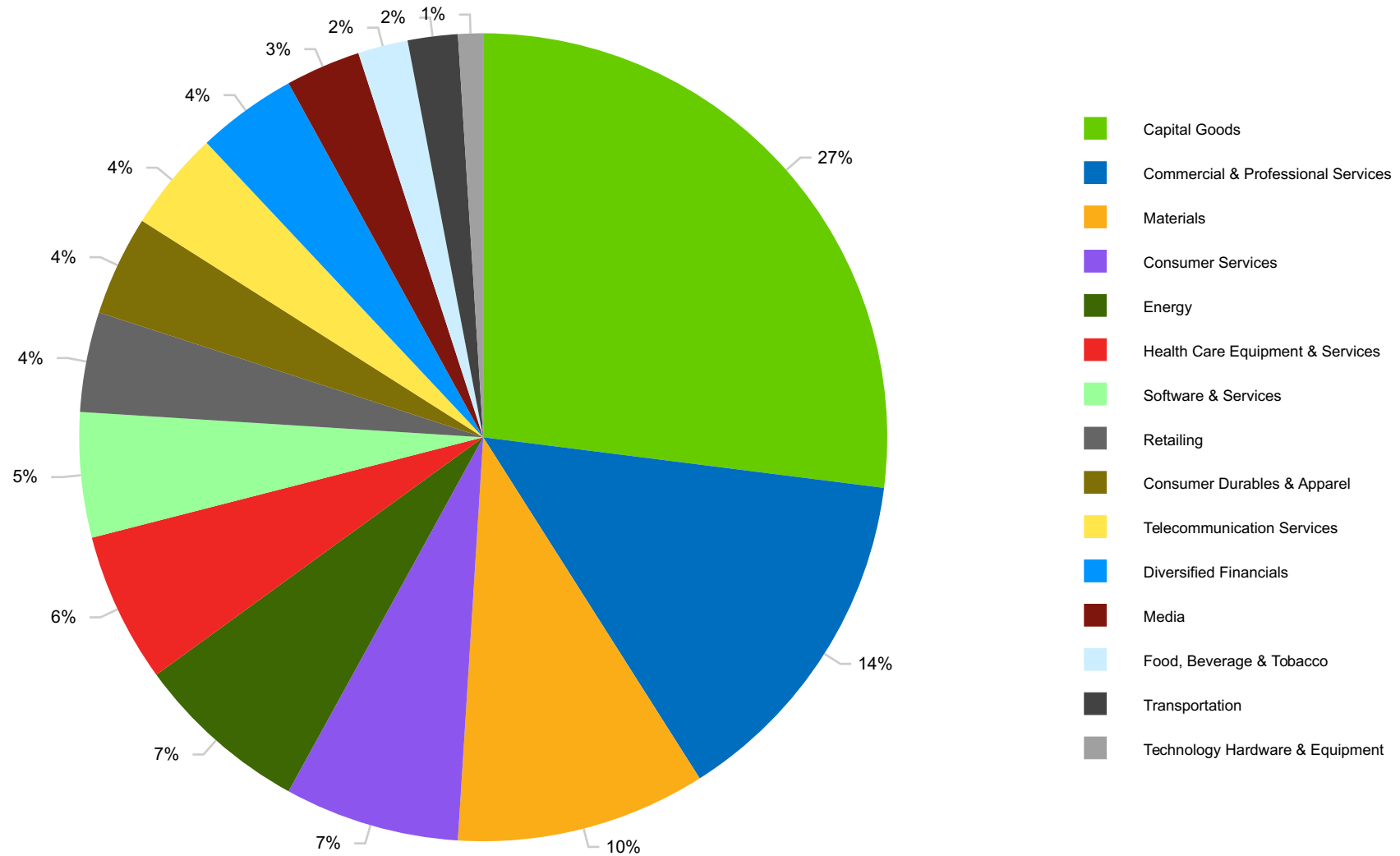


- On March 1, 2017, the Company announced a regular quarterly cash distribution of \$0.19 per share, which will be paid on or about April 3, 2018 to stockholders of record as of the close of business on March 21, 2018.
- As of December 31, 2017, FSIC had approximately \$146.6 million (\$0.60 per share based on shares outstanding) of undistributed net investment income and approximately \$195.1 million (\$0.79 per share based on shares outstanding) of accumulated capital losses on a tax basis.

# Investment Portfolio

## Industry Diversification

As of December 31, 2017, based on fair value

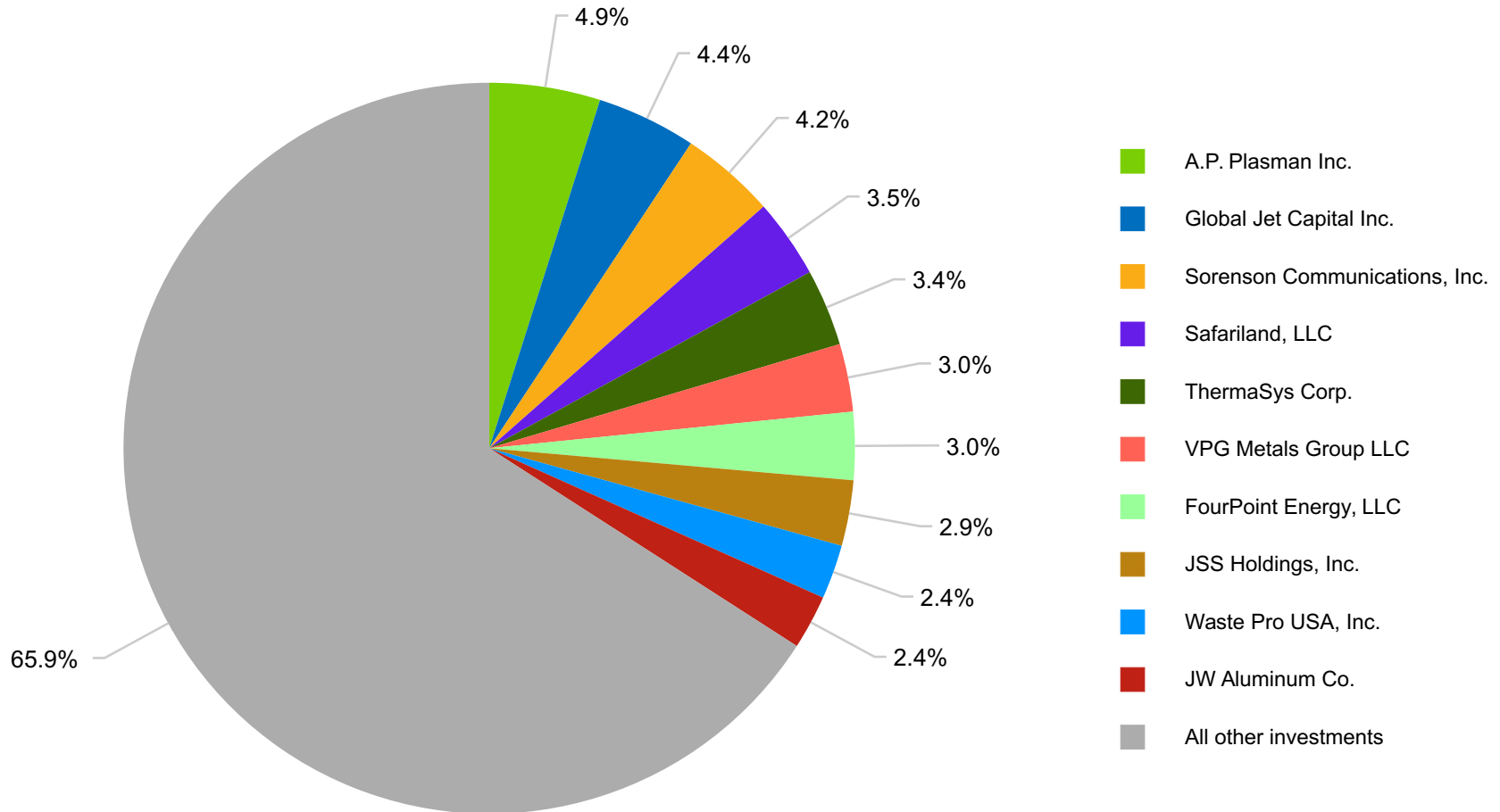


- As of December 31, 2017, FSIC's three largest industry concentrations based on fair value were Capital Goods (27%); Commercial & Professional Services (14%); and Materials (10%).
- As of December 31, 2017, FSIC's portfolio assets in Automobiles & Components and Semiconductors & Semiconductor Equipment amounted to less than 1% based on fair value.

# Issuer Concentration

## Issuer Concentration

Top ten portfolio companies as of December 31, 2017, based on fair value and excluding unfunded commitment amounts



- FSIC's top ten portfolio companies by fair value represent 34.1% of the Company's total portfolio as of December 31, 2017.

# Portfolio Asset Quality

As of

| Investment Rating <sup>9</sup> | December 31, 2017   |                | September 30, 2017  |                | December 31, 2016   |                |
|--------------------------------|---------------------|----------------|---------------------|----------------|---------------------|----------------|
|                                | Fair Value          | % of Portfolio | Fair Value          | % of Portfolio | Fair Value          | % of Portfolio |
| 1                              | \$ 418,237          | 11%            | \$ 444,424          | 11%            | \$ 383,790          | 10%            |
| 2                              | 3,113,283           | 79%            | 3,204,381           | 82%            | 3,049,433           | 82%            |
| 3                              | 370,286             | 10%            | 212,817             | 6%             | 242,608             | 7%             |
| 4                              | 10,157              | 0%             | —                   | —              | —                   | —              |
| 5                              | 14,271              | 0%             | 49,777              | 1%             | 50,985              | 1%             |
| <b>Total</b>                   | <b>\$ 3,926,234</b> | <b>100%</b>    | <b>\$ 3,911,399</b> | <b>100%</b>    | <b>\$ 3,726,816</b> | <b>100%</b>    |

## Investment Rating<sup>9</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 |      |           |      |           |      |           |      |            |      |
|-------------------------------------------------------|--------------------|------|-----------|------|-----------|------|-----------|------|------------|------|
|                                                       | 12/31/2017         |      | 9/30/2017 |      | 6/30/2017 |      | 3/31/2017 |      | 12/31/2016 |      |
| GAAP net investment income per share                  | \$                 | 0.22 | \$        | 0.21 | \$        | 0.19 | \$        | 0.22 | \$         | 0.21 |
| Plus capital gains incentive fees per share           |                    | —    |           | —    |           | —    |           | —    |            | —    |
| Plus excise taxes per share                           |                    | 0.02 |           | —    |           | —    |           | —    |            | 0.02 |
| Plus one-time expenses per share                      |                    | —    |           | —    |           | —    |           | —    |            | —    |
| Adjusted net investment income per share <sup>2</sup> | \$                 | 0.24 | \$        | 0.21 | \$        | 0.19 | \$        | 0.22 | \$         | 0.23 |

|                                                       | Year Ended |            |
|-------------------------------------------------------|------------|------------|
|                                                       | 12/31/2017 | 12/31/2016 |
| GAAP net investment income per share                  | \$ 0.83    | \$ 0.85    |
| Plus capital gains incentive fees per share           | —          | —          |
| Plus excise taxes per share                           | 0.02       | 0.02       |
| Plus one-time expenses per share                      | —          | 0.00       |
| Adjusted net investment income per share <sup>2</sup> | \$ 0.85    | \$ 0.87    |

# 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 paid 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 relationships and, currently, 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 generally 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 annual report on Form 10-K for the year ended December 31, 2017, under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview".



# End Notes (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) The debt/equity ratio is the ratio of total debt outstanding to stockholders' equity as of the applicable date.
- 8) 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.
- 9) 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 annual report on Form 10-K for the year ended December 31, 2017, 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.  
Chief Executive Officer of Evolve IP, LLC

### **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**

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

### **Brian Gerson**

President

### **Brad Marshall**

Senior Portfolio Manager  
Senior 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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Email: [christopher.condelles@fsinvestments.com](mailto:christopher.condelles@fsinvestments.com)