



**FS INVESTMENT  
CORPORATION**  
A Business Development Company

# FS Investment Corporation

**INVESTOR PRESENTATION**

**DECEMBER 7, 2016**



## Important Notice

This presentation may contain certain forward-looking statements, including statements with regard to the future performance of FS Investment Corporation (referred to herein as FSIC, the fund, 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 (NYSE). Some of these factors are enumerated in the filings FSIC makes with the U.S. Securities and Exchange Commission (SEC). Except as may be required by federal securities laws, 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. The information related to FSIC’s investment portfolio reflected in this presentation (the “Portfolio”) is presented as of September 30, 2016, unless otherwise noted. The Portfolio may therefore change over time and the actual investments made by FSIC may differ substantially from the Portfolio represented in this presentation. Therefore, the parameters, industry concentration, interest rates and other Portfolio information presented herein could all be materially different than those of the current portfolio of FSIC. Information related to assets under management of GSO / Blackstone Debt Funds Management LLC reflected in presentation is also as of September 30, 2016, unless otherwise noted. In addition, all other financial figures and market price data presented herein is as of September 30, 2016, unless otherwise noted. Except as may be required by federal securities laws, FSIC undertakes no duty or obligation to update or revise the information contained in this presentation. 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 use 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 Appendix included in this presentation, and investors are encouraged to review the reconciliation in the table and the related footnotes.



## Important Notice (continued)

Any comparisons herein of the investment performance of FSIC to a benchmark or an index are qualified as follows: (i) the volatility of such benchmark or index may be materially different from that of FSIC; (ii) such benchmark or index may employ different investment guidelines and criteria than FSIC and, therefore, holdings in FSIC may differ significantly from holdings of the securities that comprise such benchmark or index; and (iii) the performance of such benchmark or index may not necessarily have been selected to represent an appropriate benchmark or index to compare to the performance of FSIC, but rather, is disclosed to allow for comparison of FSIC's performance (or the performance of the assets held by FSIC) to that of a well-known benchmark or index. A summary of the investment guidelines for any such benchmark or index is available upon request. No representation is made as to the risk profile of any benchmark or index relative to the risk profile of FSIC. Benchmark and index performance results may not be subject to fees and expenses.

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Industry and market data used in this presentation have been obtained from industry publications and sources as well as from research reports prepared for other purposes. We have not independently verified the data obtained from these sources and cannot assure you of the data's accuracy or completeness.

Certain figures in this presentation have been rounded. Unless otherwise noted, per share data was derived using the weighted average shares of FSIC's common stock during the applicable period. Per share numbers may not sum due to rounding.

**An investment in FSIC involves a high degree of risk and may be considered speculative. Investors are advised to consider the investment objectives, risks, and charges and expenses of FSIC carefully before investing. Investors should read and carefully consider all information found in FSIC's reports filed with the SEC before investing. Investors may obtain copies of these filings free of charge at [www.fsinvestments.com](http://www.fsinvestments.com) or by contacting FS Investments at 201 Rouse Boulevard, Philadelphia, PA 19112 or by phone at 877-372-9880.**



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# FS Investment Corporation



- **SCALE**
- **SPECIALIZATION**
- **BDC EXPERTISE**



**FS INVESTMENT  
CORPORATION**  
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- **DIFFERENTIATED**
- **MARKET LEADER**
- **TRACK RECORD**



**CAPITAL PARTNERS**  
*A Blackstone Company*

- **PLATFORM**
- **PEOPLE**
- **INVESTMENT EXPERTISE**



## FS Investment Corporation overview

### MARKET LEADING DIRECT LENDER

- 3rd largest externally managed business development company (BDC) by total assets<sup>1</sup>
- \$2.3 billion market capitalization<sup>1</sup>
- Focus on senior secured direct lending and opportunistic investments

### MANAGED BY FS INVESTMENTS AND GSO / BLACKSTONE

- FS Investments: Largest manager of BDCs with approximately \$16.8 billion in BDC AUM<sup>1,2</sup>
- GSO: Credit platform of The Blackstone Group with \$89.3 billion in AUM<sup>1,3</sup> and unique access to proprietary investment opportunities
- GSO's credit platform and FS Investments' scale deliver pricing power and other competitive advantages

### DISCIPLINED STRATEGY WITHIN ATTRACTIVE MIDDLE MARKET SECTOR

- Focus on long-term credit performance and principal protection
- Many traditional bank lenders exiting the middle market due to regulatory and capital pressures
- Able to offer value to borrowers including certainty of execution, financing customization, reputation and access to the Blackstone Group Purchasing Organization (GPO)

<sup>1</sup> As of September 30, 2016.

<sup>2</sup> Franklin Square Holdings, L.P. does business as FS Investments. FB Income Advisor, LLC (FB Advisor), an affiliate of FS Investments, is the investment adviser to FSIC. Assets under management (AUM) include the assets of FSIC, FS Investment Corporation II (FSIC II), FS Investment Corporation III (FSIC III), FS Investment Corporation IV (FSIC IV) and FS Energy and Power Fund (FSEP).

<sup>3</sup> Source: FS Investments. GSO / Blackstone Debt Funds Management LLC (GSO / Blackstone), a subsidiary of GSO Capital Partners LP, is the investment sub-adviser to FSIC. The AUM for GSO or any specific fund, account or investment strategy presented in this presentation may differ from any comparable AUM disclosure in other non-public or public sources (including public regulatory filings) due to, among other factors, methods of net asset value and capital commitment reporting, differences in categorizing certain funds and accounts within specific investment strategies and exclusion of certain funds and accounts, or any part of net asset value or capital commitment thereof, from the related AUM calculations. Certain of these differences are in some cases required by applicable regulation.



## Reasons to own FSIC

- 1 Partnership with GSO / Blackstone
- 2 Differentiated BDC Model
- 3 High Quality Portfolio
- 4 Strong Liability Management
- 5 Manager / Shareholder Alignment
- 6 Track Record of Performance



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# **PARTNERSHIP WITH GSO / BLACKSTONE**



## FS Investments and GSO: a proven partnership



### The adviser

- Directs all fund activities
- Establishes investment guidelines
- Reviews, approves and monitors all investments
- Monitors the performance of the sub-adviser
- Reports directly to the FSIC board

**DUAL LEVEL  
RISK MANAGEMENT**

**SPECIALIZATION  
IN AREAS  
OF EXPERTISE**

**G S O**

**CAPITAL PARTNERS**  
*A Blackstone Company*

### The sub-adviser

- Identifies and originates investments
- Diligences and recommends investments to the adviser
- Monitors and manages credit aspects of investments
- Provides managerial assistance, such as board governance, operational consulting
- Provides trade execution, settlement and back-office support

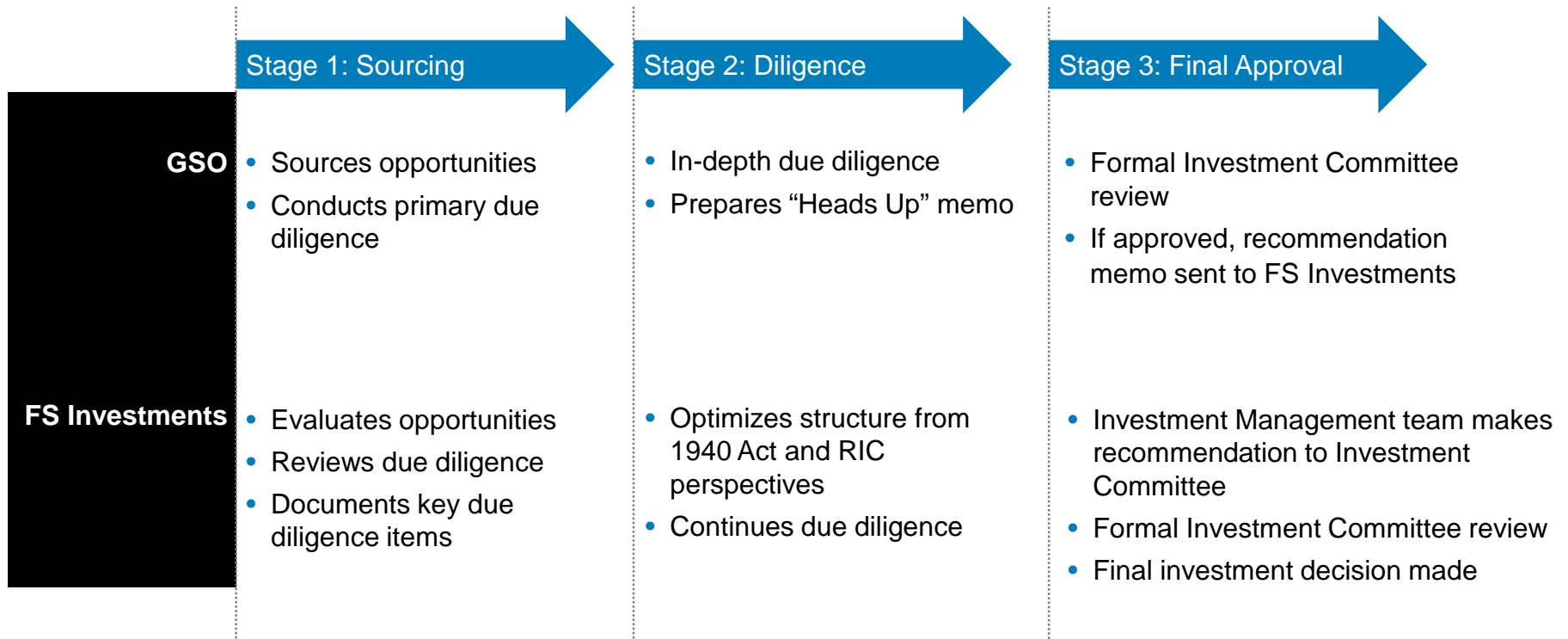




## Double underwriting

### FS INVESTMENTS & GSO NEW DEAL EVALUATION AND APPROVAL PROCESS

- Parallel review and approval processes by FS Investments & GSO
- Most transactions rejected in Stage 1 or Stage 2





## Partnership creates competitive advantages



### Largest manager of BDCs

**Scale** allows for one-stop financing solutions and low cost structure

**Exemptive relief** increases investment capacity and enables FSIC to participate in a less competitive part of the middle market

**Capital raising** through continuous offerings



### One of the world's largest alternative asset credit platforms

**Unique access** to proprietary direct originations and opportunities in the syndicated market

**Investments in approximately 880** issuers of corporate credits<sup>1,2</sup>

**\$34.8+ billion** in privately originated transactions with a diverse range of sponsors and business owners<sup>1</sup>



### Leader in alternative asset management

**Franchises** in credit, private equity, real estate and hedge fund solutions

**Brand, intellectual library and scale** provide exceptional access and insight

**Blackstone Group Purchasing Organization (GPO)** available to FSIC portfolio companies

<sup>1</sup> As of September 30, 2016.

<sup>2</sup> Including, but not limited to, broadly syndicated assets, middle market assets, high yield bonds, mezzanine transactions and CLO or other structured products.



# FS Investments' fit within the GSO / Blackstone platform<sup>1</sup>



Source: FS Investments.

<sup>1</sup> AUM as of September 30, 2016. The AUM for GSO or any specific fund, account or investment strategy presented in this presentation may differ from any comparable AUM disclosure in other non-public or public sources (including public regulatory filings) due to, among other factors, methods of net asset value and capital commitment reporting, differences in categorizing certain funds and accounts within specific investment strategies and exclusion of certain funds and accounts, or any part of net asset value or capital commitment thereof, from the related AUM calculations. Certain of these differences are in some cases required by applicable regulation.



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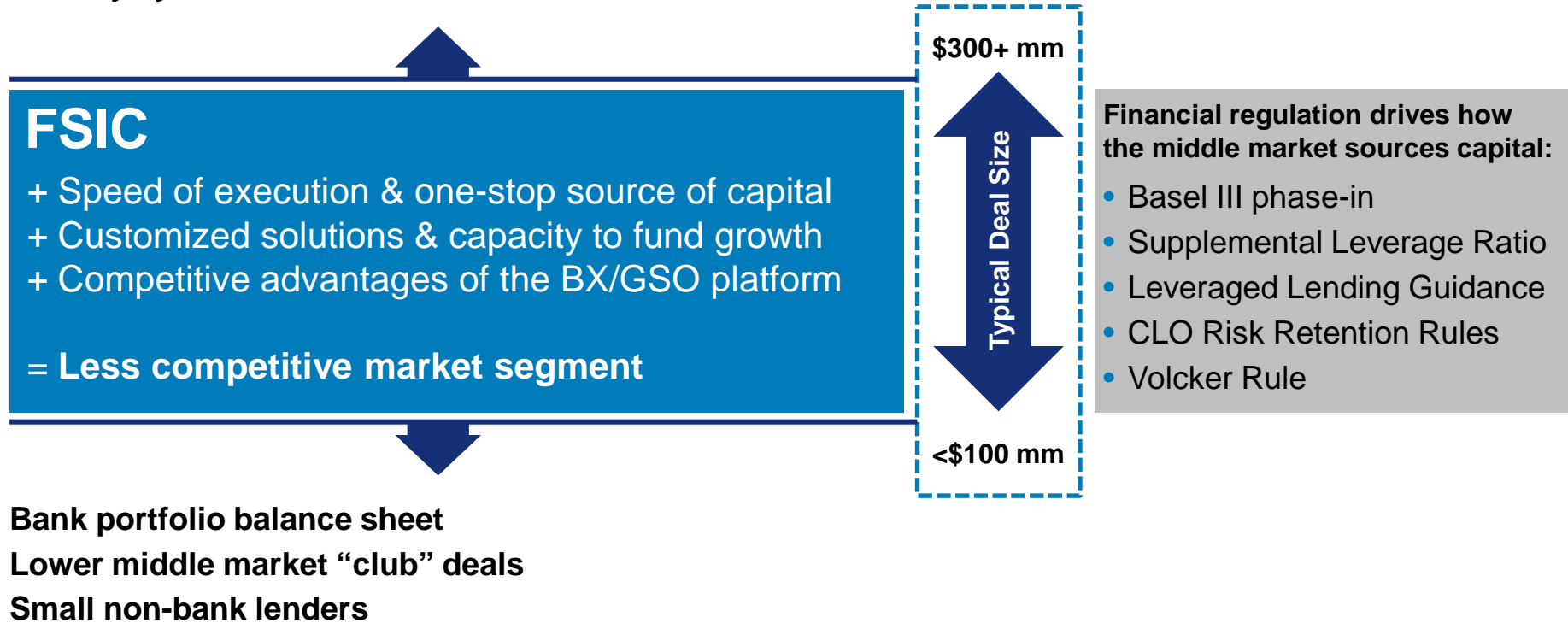
# DIFFERENTIATED BDC MODEL



## Filling the lending void

### FSIC PROVIDES CRITICAL CAPITAL TO MIDDLE MARKET COMPANIES AND FINANCIAL SPONSORS

#### Broadly syndicated credit markets





## FSIC: differentiated capital

### SCALE

### INVESTMENT EXPERTISE

### ACCESS

- Speed of execution
- Customized financing solutions
- Relationships
- Reputation

- Reliability
- Ability to grow with portfolio companies
- Lower operating expenses

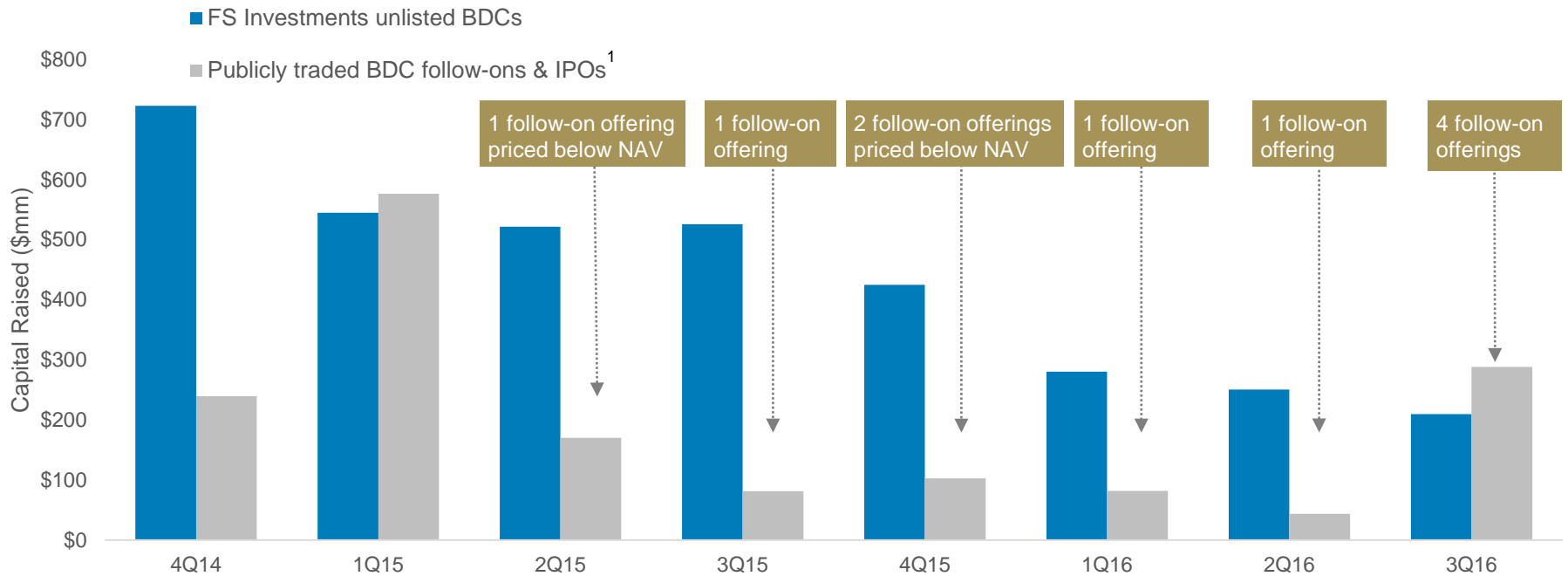
- Less competition
- Blackstone GPO program
- One-stop financing
- Pricing power

**DIFFERENTIATED CAPITAL – NOT A COMMODITY**



## Steady capital raise

### DIFFERENTIATED MODEL PROTECTS FSIC INVESTORS FROM DILUTIVE STOCK OFFERINGS

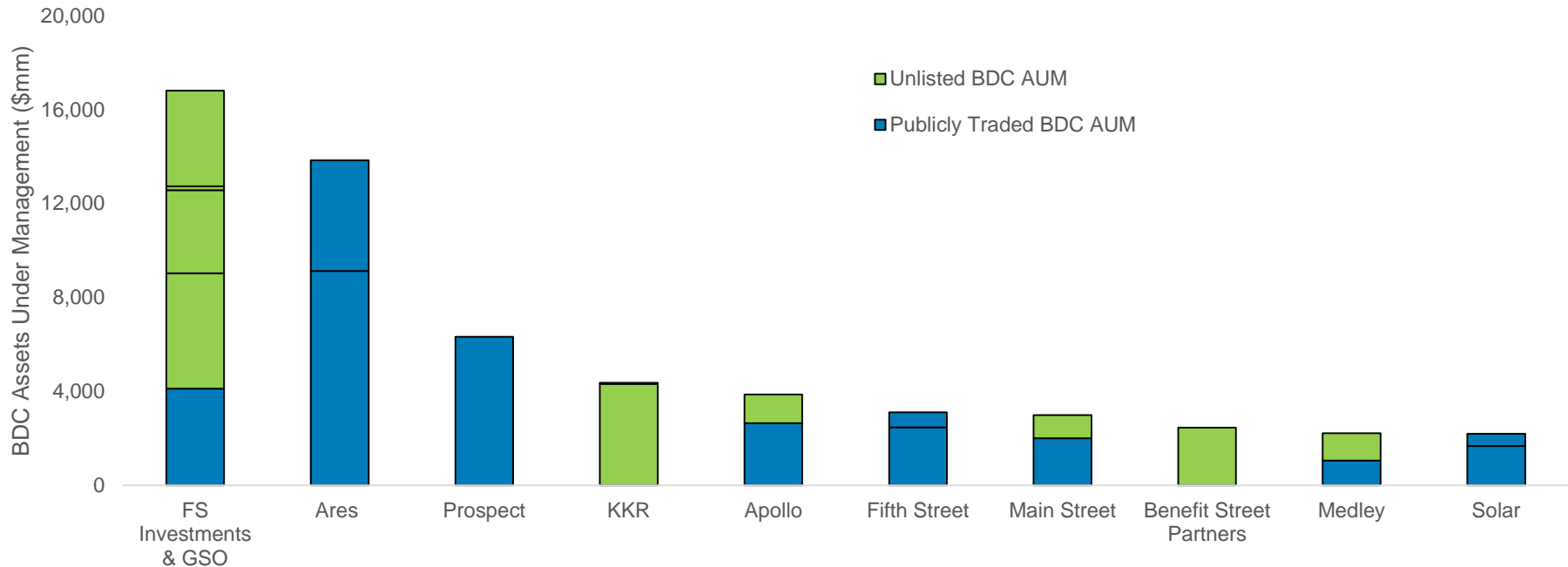


<sup>1</sup> Source for publicly traded BDC follow-on & IPO capital raised: KBW research.



## Largest manager of BDCs<sup>1</sup>

### FSIC INVESTORS BENEFIT FROM THE SCALE OF FS INVESTMENTS & GSO'S ENTIRE PLATFORM



<sup>1</sup> Represents the most recent publicly-reported assets as of November 28, 2016. BDCs for each manager include: FS Investments & GSO: FSIC, FSIC II, FSIC III, FSIC IV and FSEP; Ares: Ares Capital Corporation and American Capital, Ltd.; Prospect: Prospect Capital Corporation; Apollo: Apollo Investment Corporation and CION Investment Corporation; KKR: Corporation Capital Trust and Corporate Capital Trust II; Fifth Street: Fifth Street Finance Corp. and Fifth Street Senior Floating Rate Corp.; Main Street: Main Street Capital Corporation and HMS Income Fund; RCS Capital: Business Development Corporation of America; Medley: Medley Capital Corporation and Sierra Income Corporation; Solar: Solar Capital Ltd. and Solar Senior Capital Ltd.





## Focus on the upper tier of the U.S. middle market

### DIRECT ORIGINATIONS<sup>1</sup>

- 55% of FSIC's commitments were part of overall commitments of \$100+ million in aggregate made across FS platform<sup>1</sup>
- 29% of FSIC's commitments were part of overall commitments of \$200+ million in aggregate made across FS platform<sup>1</sup>
- Assuming a 5% portfolio allocation limit:
  - Less than 10 other BDC platforms can hold a \$100+ million investment
  - Less than 5 other BDC platforms can hold a \$200+ million investment

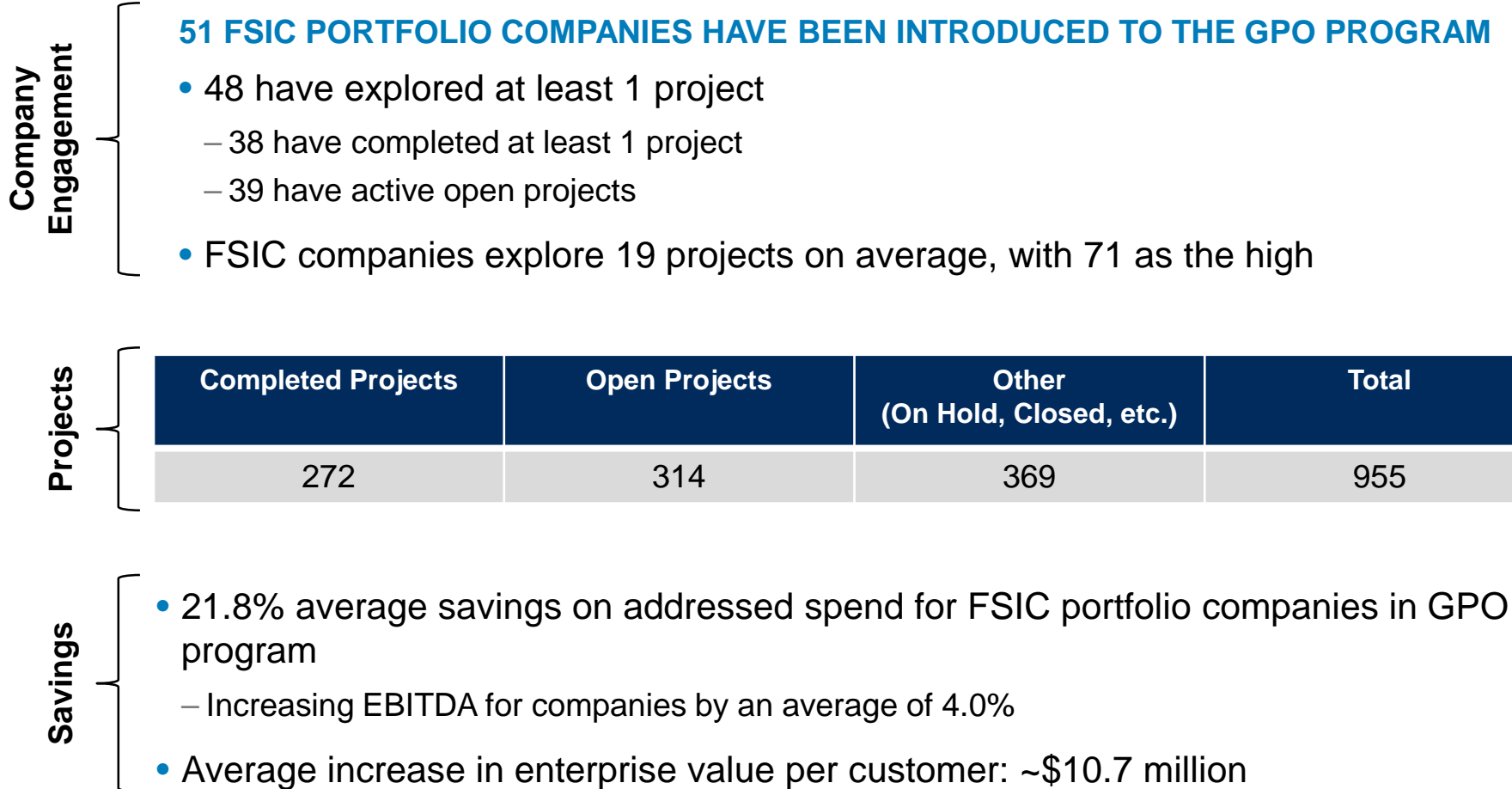
### LARGER BORROWERS PROVIDE BENEFITS

- Fewer competing capital providers enables better economics for FSIC
- Stronger credit metrics from economies of scale
- Greater diversification of markets, vendors and customers lowers business risks
- Leading financial sponsors and greater access to capital

<sup>1</sup> As of September 30, 2016. FS platform includes FSIC, FSIC II, FSIC III, FSIC IV and FSEP.



## Blackstone GPO program creates value by improving credits





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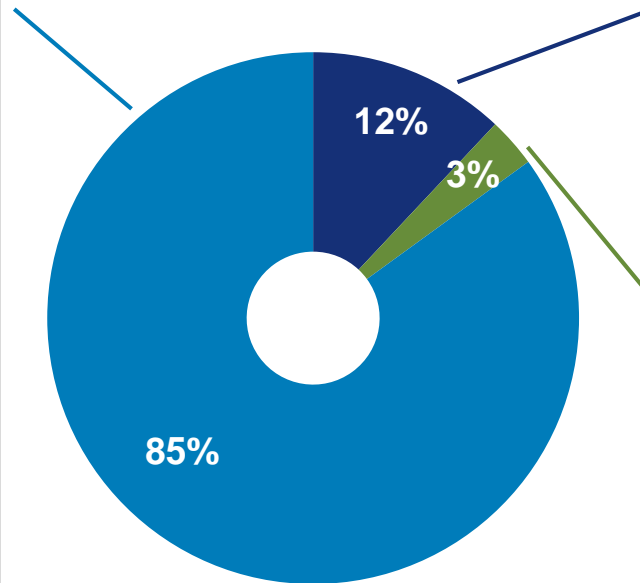
# HIGH QUALITY PORTFOLIO



## FSIC's origination strategy<sup>1</sup>

### DIRECT ORIGINATIONS

- Fair value: \$3.3 billion (85% of investments)
- Number of Portfolio Companies: 66
- Average Annual EBITDA: \$67.7 million
- Average Leverage Through Tranche: 4.8x<sup>2</sup>
- Yield on Income-Producing Assets: 10.0%<sup>3</sup>
- \$6.5 billion of capital deployed in direct originations since inception across 97 portfolio companies (across FS BDC platform, \$17.6 billion of capital deployed in direct originations since inception among 126 portfolio companies)



### OPPORTUNISTIC

- Fair value: \$491 million (12% of investments)
- Includes event-driven, anchor orders and CLOs
- Platform allows FSIC to take advantage of market dislocations
- Total return opportunity
- Yield on Income-Producing Assets: 10.6%<sup>3</sup>

### BROADLY SYNDICATED

- Fair value: \$103 million (3% of investments)
- Potential source of liquidity that may be used to fund future core investments
- Potential source of direct origination deal flow
- Yield on Income-Producing Assets: 10.2%<sup>3</sup>

<sup>1</sup> All values as of September 30, 2016, unless otherwise indicated.

<sup>2</sup> Excludes equity/other and collateralized securities.

<sup>3</sup> Gross yield prior to leverage and based on amortized cost.



# High quality, floating-rate, senior debt focused portfolio<sup>1</sup>

## INVESTMENT PORTFOLIO

**103**

**PORTFOLIO COMPANIES**

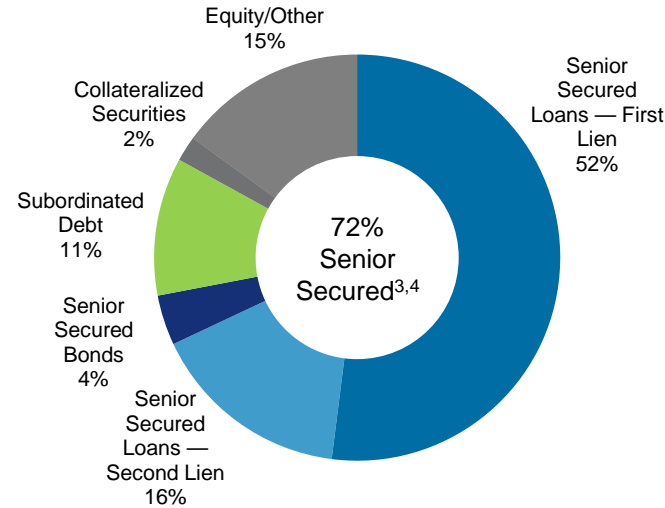
**10.2%**

**PORTFOLIO YIELD<sup>2</sup>**

**97%**

**OF PORTFOLIO ALLOCATED TO CORE INVESTMENT STRATEGIES<sup>3</sup>**

## PORTFOLIO BY ASSET CLASS



## HISTORY OF DOWNSIDE PROTECTION

**0.7%**

**OF INVESTMENTS ON NON-ACCRUAL<sup>3</sup>**

**65%**

**OF INVESTMENTS PAY FLOATING INTEREST RATES<sup>3</sup>**

**98%**

**OF PORTFOLIO IS INTERNALLY RATED AS A PERFORMING INVESTMENT<sup>3,5</sup>**

<sup>1</sup> All data as of September 30, 2016.

<sup>2</sup> Gross portfolio yield prior to leverage (based on amortized cost) – excluding non-income producing assets.

<sup>3</sup> Based on fair value.

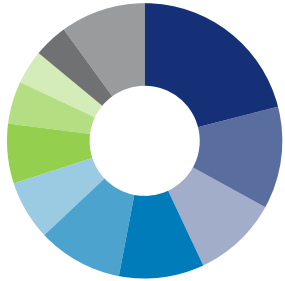
<sup>4</sup> Senior secured debt includes senior secured loans – first lien, senior secured loans – second lien and senior secured bonds.

<sup>5</sup> Based on FB Advisor's investment rating system. Based on fair value, approximately 11% of investments were exceeding expectations, 75% of investments were performing according to plan, 12% of investments required closer monitoring, 1% of investments were underperforming with some loss of interest or dividend possible and 1% of investments were underperforming with expected loss of interest and some principal. For more information on FB Advisor's investment rating system, please refer to FSIC's SEC filings.



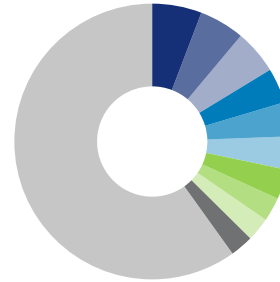
# Diversified across industries & issuers

## DIVERSIFIED BY INDUSTRY



Industry	% of portfolio <sup>1</sup>
Capital Goods	21%
Energy	12%
Consumer Services	10%
Software & Services	10%
Commercial & Professional Services	10%
Consumer Durables & Apparel	7%
Materials	7%
Health Care Equipment & Services	5%
Diversified Financials	4%
Telecommunication Services	4%
Other	10%
<b>Total</b>	<b>100%</b>

## DIVERSIFIED BY ISSUER



Issuer	% of portfolio <sup>1</sup>
Safariland, LLC	5.8%
A.P. Plasman Inc.	5.3%
Ascent Resources - Utica, LLC	5.2%
Sorenson Communications, Inc.	4.1%
ASG Technologies Group, Inc.	4.0%
FourPoint Energy, LLC	3.9%
Global Jet Capital Inc.	3.5%
ThermaSys Corp.	2.8%
Corel Corp.	2.8%
PSAV Acquisition Corp.	2.7%
<b>Top 10 Issuers</b>	<b>40.1%</b>
<b>All 93 Other Issuers</b>	<b>59.9%</b>
<b>Total</b>	<b>100.0%</b>

<sup>1</sup> Based on fair value as of September 30, 2016.



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# **STRONG LIABILITY MANAGEMENT**



## Well-positioned for rising interest rate environment<sup>1</sup>

### WHILE OUR COST OF DEBT IS MOSTLY FIXED...

- 95% of our debt outstanding has a fixed interest rate
  - Includes three bond issuances that mature between 2019 and 2022
  - Weighted average effective interest rate on borrowings is 4.0%<sup>2</sup>

### ...THE MAJORITY OF OUR INVESTMENT PORTFOLIO PAYS VARIABLE RATES

- 65% of our investments are variable rate
  - Mostly LIBOR-based pricing
  - Vast majority have LIBOR floors, most of which are 1.0%

**At September 30, 2016, a 300 bps rise in interest rates  
would increase net interest income by 22.4%<sup>3</sup>**

<sup>1</sup> As of September 30, 2016.

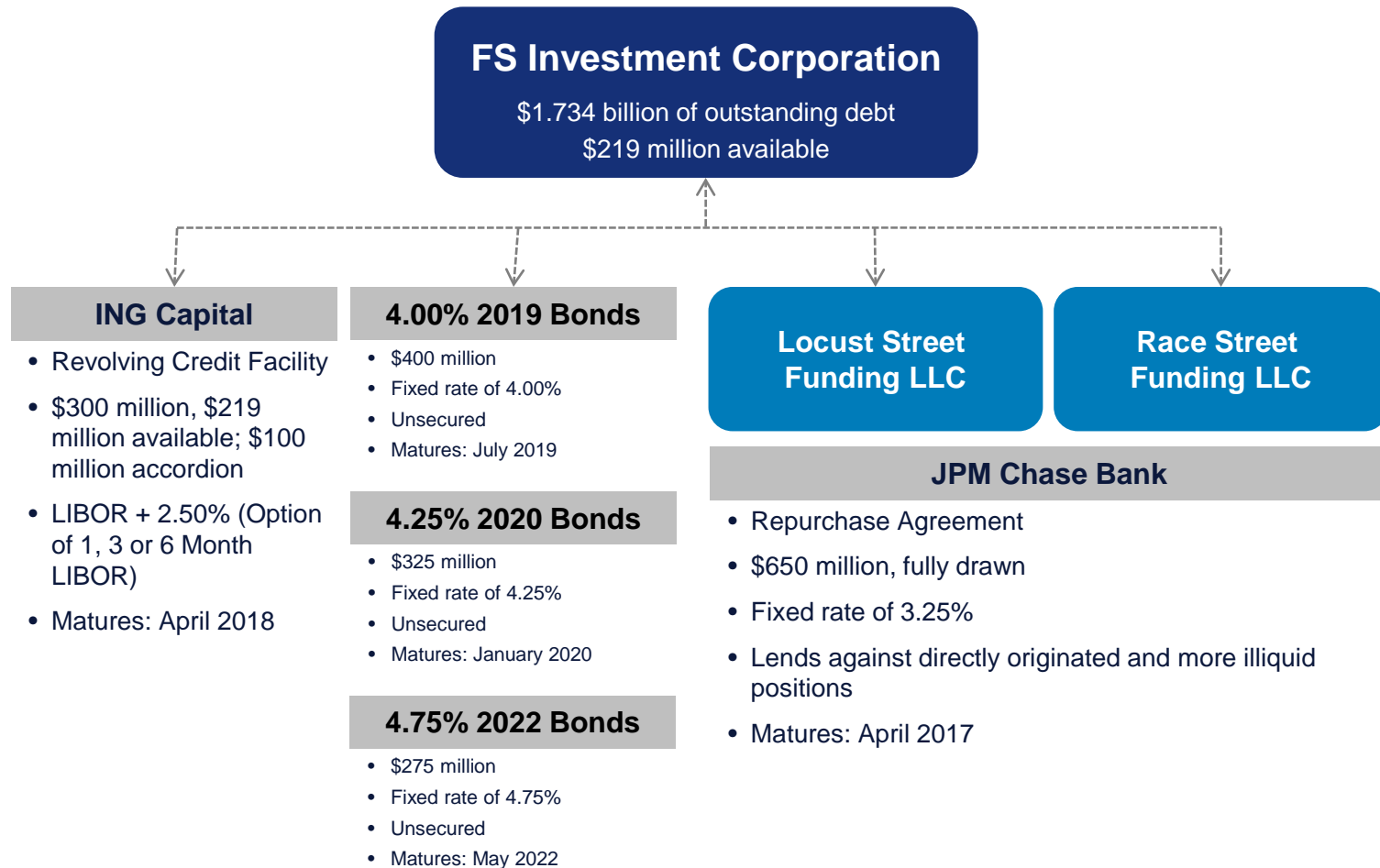
<sup>2</sup> Includes effect of non-usage fees.

<sup>3</sup> Assumes no payment defaults or prepayments by portfolio companies.





# Financing arrangements<sup>1</sup>



<sup>1</sup> As of September 30, 2016. Three-month LIBOR was 0.8537% as of such date. Not depicted is a \$2.857 million partial loan sale, which has a rate of LIBOR + 4.50% (1% floor) and matures in July 2022.



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# MANAGER / SHAREHOLDER ALIGNMENT



## Manager / shareholder alignment

### **ONLY BDC WITH A MARKET CAP GREATER THAN \$1.25 BILLION WITH A TOTAL RETURN HIGH WATER MARK ON SUBORDINATED INCENTIVE FEE ON INCOME<sup>1</sup>**

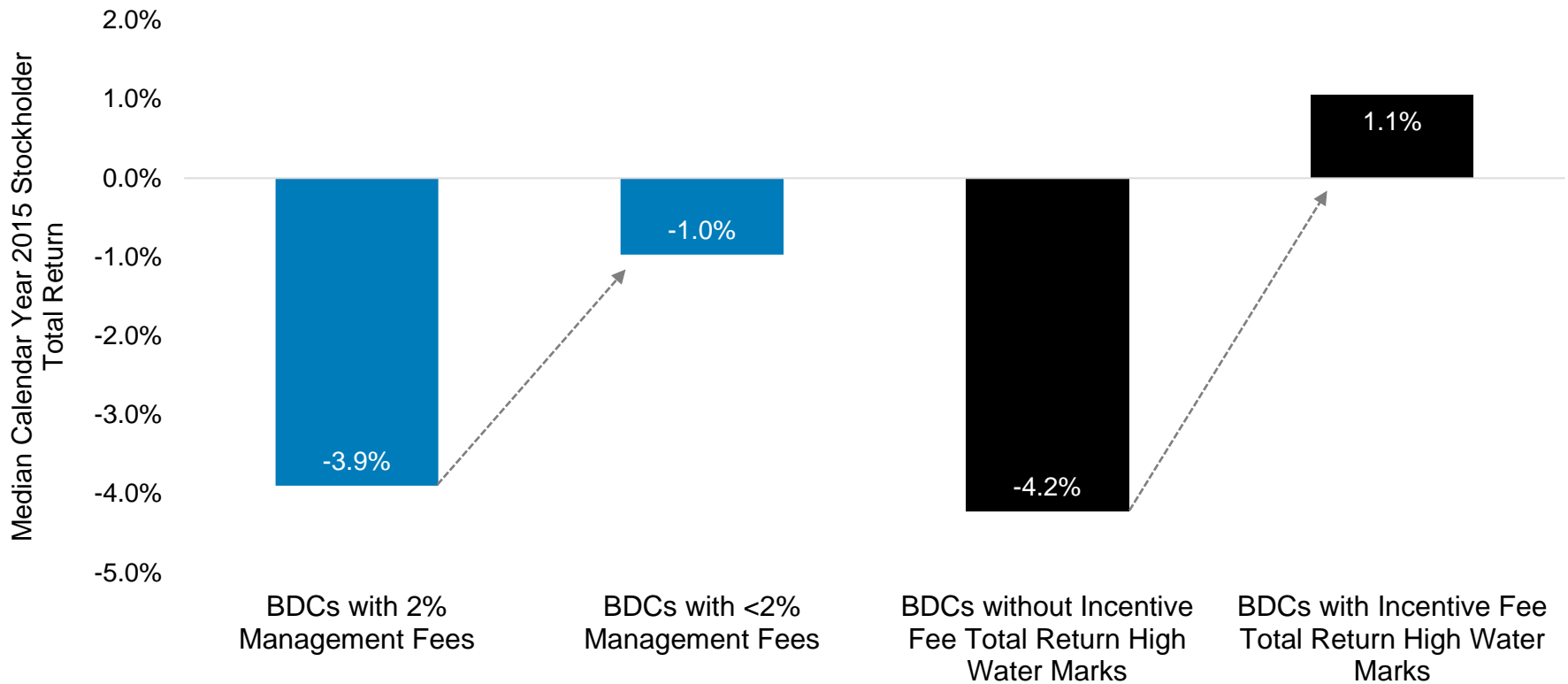
- 3-year total return high water mark for subordinated incentive fee on income
- Annualized 7.5% hurdle rate on subordinated incentive fee on income
- High water mark for capital gains incentive fee looks back to inception
- Management fee of 1.75%
- Growth in investment capacity from capital raising in non-traded BDCs mitigates need for serial equity issuances
- FS Investments and directors and officers of FSIC purchased approximately \$15.2 million in shares of FSIC's stock since the beginning of 2015
- FS Investments and members of FSIC's management continue to have 10b5-1 trading plans in place pursuant to which more shares may be purchased
- FSIC's management team has never sold its shares

<sup>1</sup> As of September 30, 2016.



# Outperformance of stockholder-friendly fee structures

## 2015 STOCKHOLDER TOTAL RETURN PERFORMANCE DEMONSTRATES THAT FEE STRUCTURES MATTER<sup>1</sup>



<sup>1</sup> Includes externally-managed BDCs with more than \$500 million in assets under management, and excludes floating-rate focused BDCs. The analysis considers fee structures as of December 31, 2015. Based on the inclusion criteria, tickers of BDCs with 2% Management Fees include AINV, BKCC, PNNT, PSEC, SLRC and TICC; tickers of BDCs with <2% Management Fees include: ARCC, CPTA, FSC, FSIC, GSBD, GBDC, MCC, NMFC, TCPC, TCRD and TSLX; tickers of BDCs without Incentive Fee Total Return High Water Marks include: AINV, ARCC, CPTA, FSC, MCC, NMFC, PNNT, PSEC, SLRC, TICC and TSLX; and tickers of BDCs with Incentive Fee Total Return High Water Marks include BKCC, FSIC, GBDC, GSBD, TCPC and TCRD.



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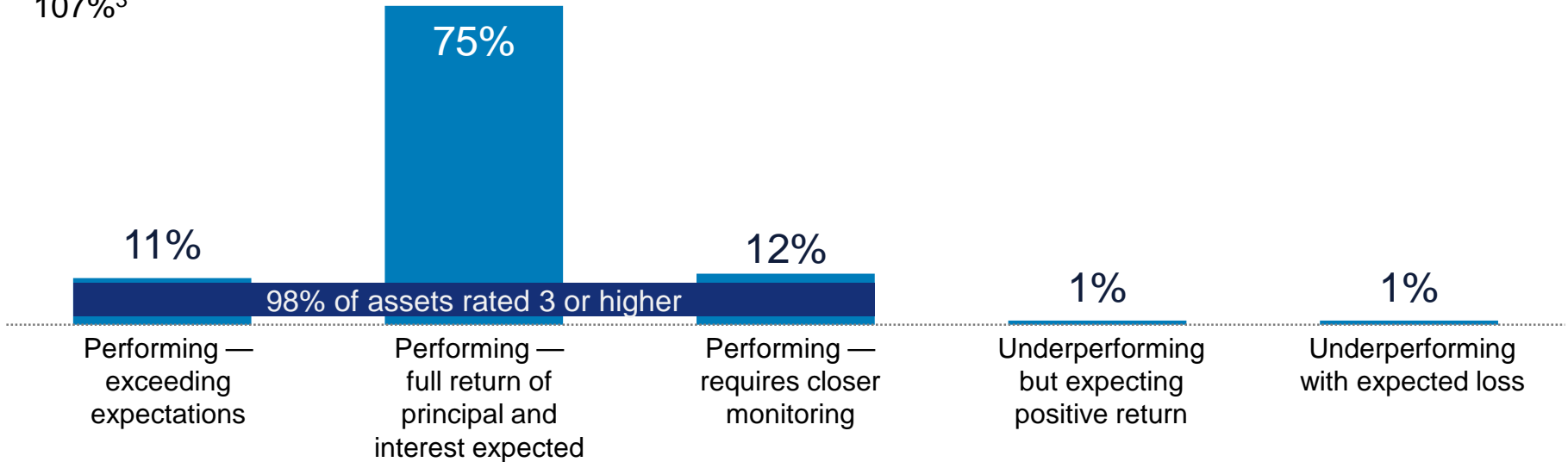
# TRACK RECORD OF PERFORMANCE



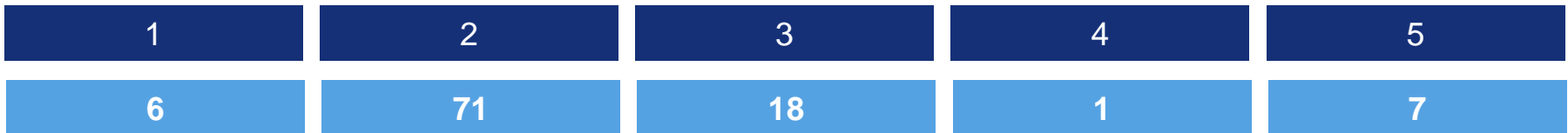
# Execution on disciplined strategy has delivered strong credit performance

## 98% OF INVESTMENTS ARE PERFORMING TO EXPECTATIONS<sup>1</sup>

- Since inception, average annual default rate of 1.24%<sup>2</sup> and estimated weighted average recovery rate of 107%<sup>3</sup>



### INVESTMENT RATING SCALE<sup>4</sup>



### NUMBER OF PORTFOLIO COMPANIES

<sup>1</sup> Based on fair value as of September 30, 2016. Based on FB Advisor's investment rating system. For more information on FB Advisor's investment rating system, please refer to FSIC's SEC filings.

<sup>2</sup> Based on the average annual default rate for the period from FSIC's inception through September 30, 2016, based on original cost.

<sup>3</sup> Recovery rate is estimated based on either the value received at the company's emergence from bankruptcy, the value received from the sale of the securities held post-default or the value of exchanged securities as of the date of calculation, compared to the original cost of the defaulted securities.

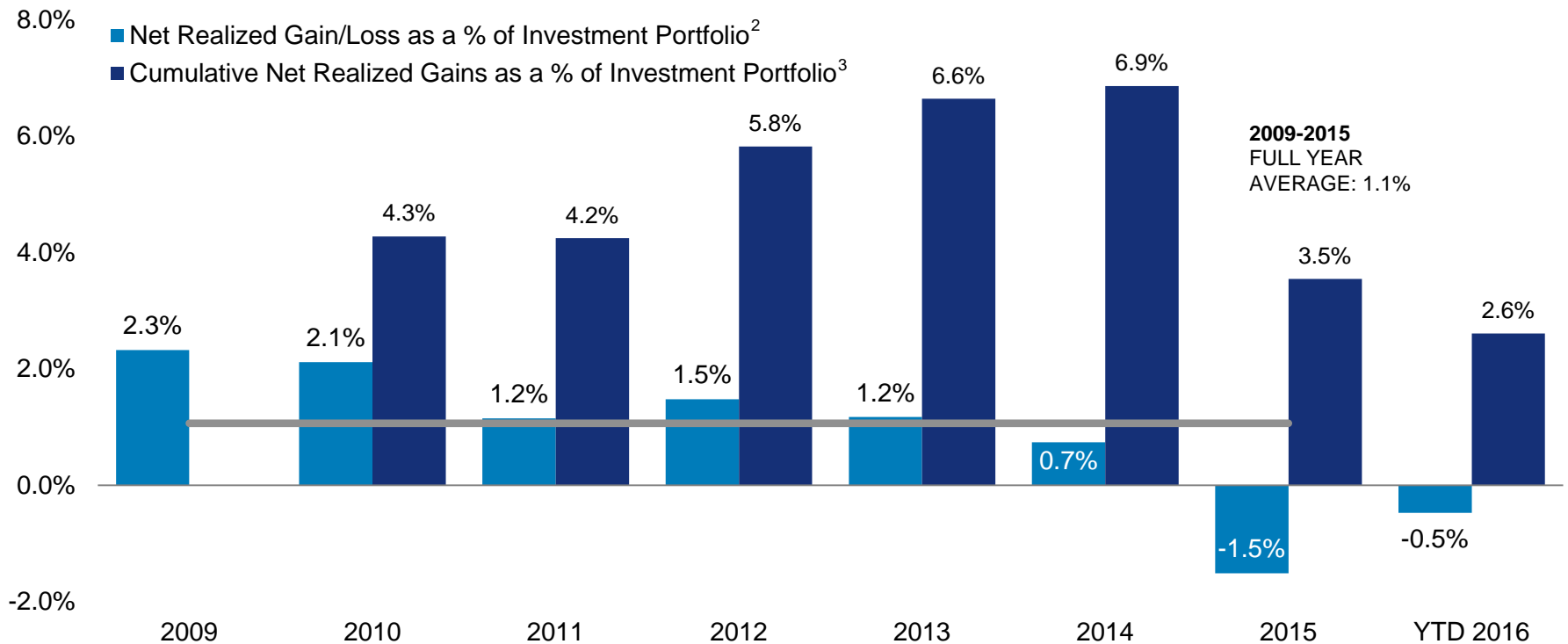
<sup>4</sup> In addition to various risk management and monitoring tools, FB Advisor uses an investment rating scale of 1 to 5 to characterize and monitor the expected level of returns on each investment in FSIC's portfolio. For additional information on FB Advisor's investment rating system please refer to FSIC's SEC filings.



## Strong performance history

### EXPERIENCED A NET REALIZED GAIN IN 6 OF 7 YEARS SINCE INCEPTION

- Non-accruals remain small at 0.7% of the portfolio as of September 30, 2016<sup>1</sup>



<sup>1</sup> Based on fair value.

<sup>2</sup> Calculated as total net realized gain/loss during the applicable year, excluding gains and losses associated with a total return swap and foreign exchange transactions, divided by the average value of FSIC's investment portfolio based on amortized cost during the applicable year.

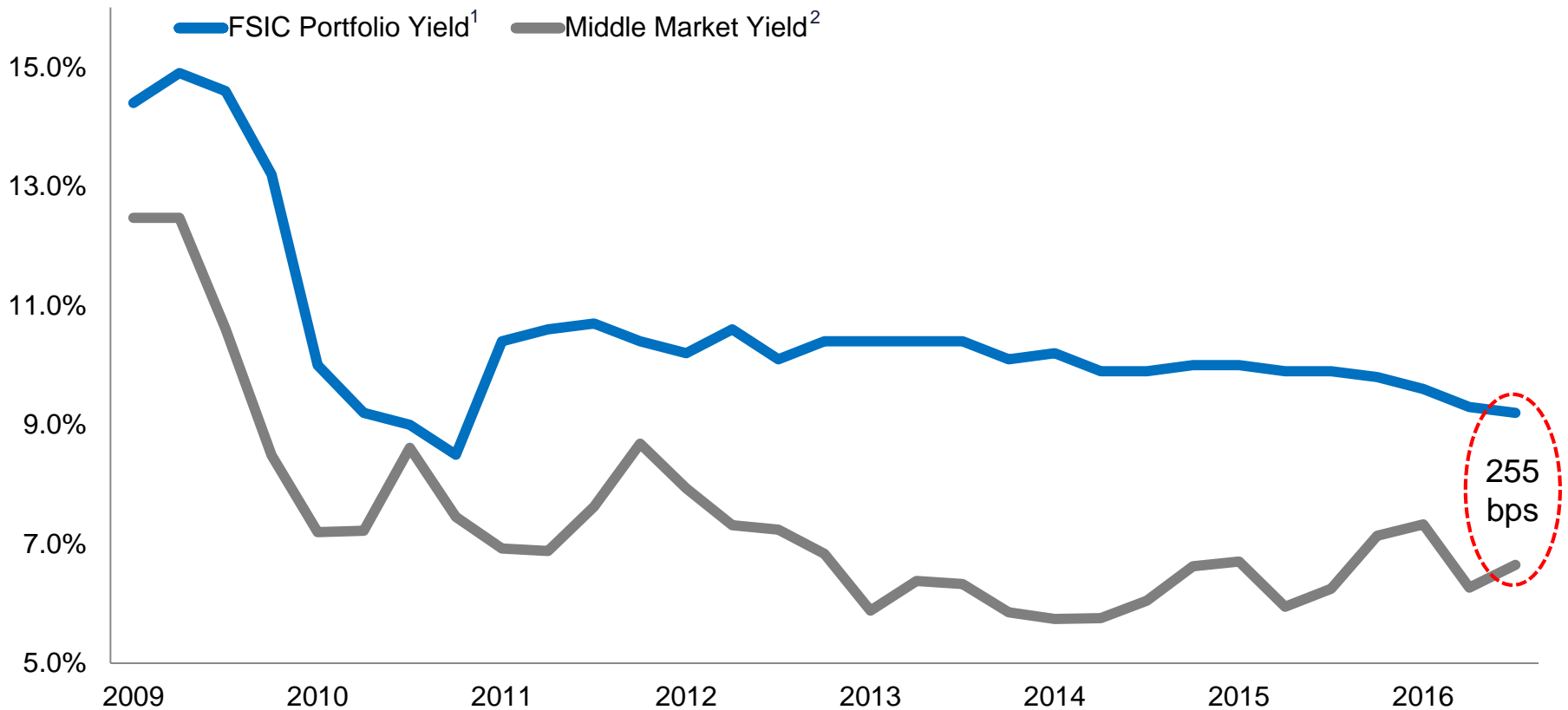
<sup>3</sup> From inception through September 30, 2016. Calculated as an average of the historical annual net gain/loss rates (where the annual net gain/loss rate is calculated as the amount of net realized gains/losses in a particular year, excluding gains and losses associated with a total return swap and foreign exchange transactions, divided by the average quarterly amortized cost of the portfolio in the same year).



## Stable portfolio yield

### FSIC HAS OBTAINED PREMIUM PRICING TO OTHER MIDDLE MARKET LENDERS

- 314 bps average yield advantage for FSIC vs. broader middle market since FSIC's inception
- Relationships, scale, reputation, speed of execution and GPO program create pricing power



<sup>1</sup> Gross yield prior to leverage based on amortized cost.

<sup>2</sup> Thomson Reuters LPC quarterly middle market loan yields to a 3-year maturity. The index includes corporate issuers with annual revenue up to \$500 million.

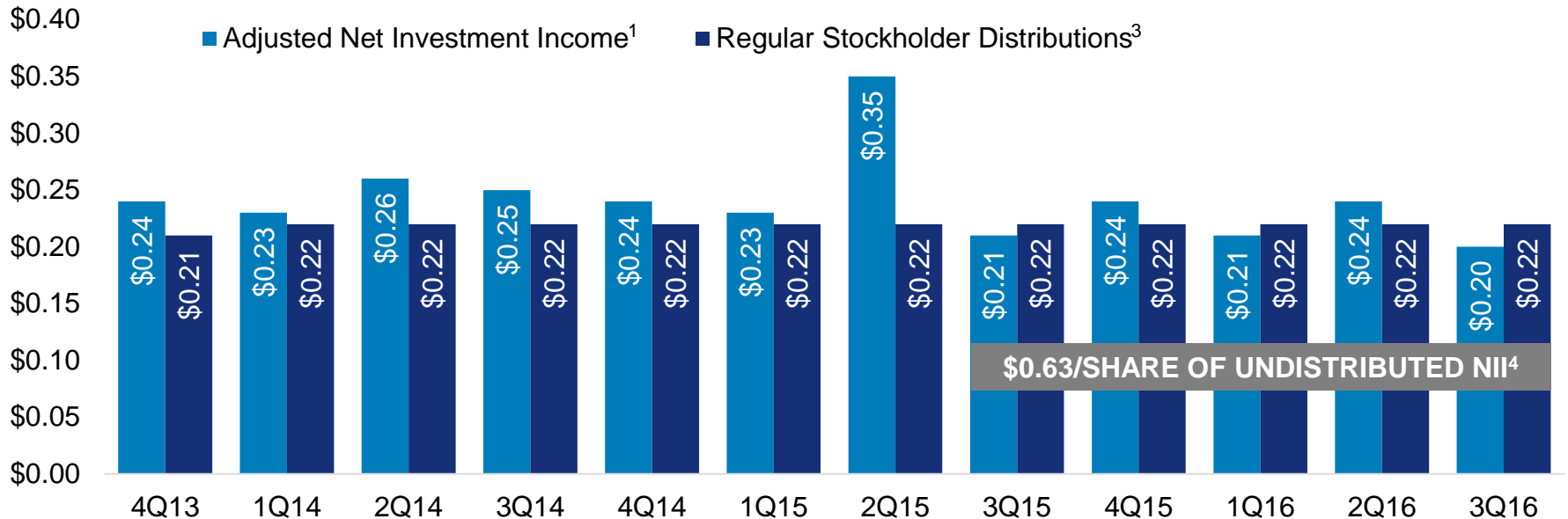




## Consistent distribution coverage

### STRONG DISTRIBUTION COVERAGE ALLEVIATES NEED TO REACH FOR YIELD

- Adjusted NII exceeded distributions by approximately 14 cents per share in 2015<sup>1</sup>
- Cash distribution yield at the start of 2016 was 9.8%<sup>2</sup>
- 11 special cash distributions paid since inception



<sup>1</sup> This figure has been rounded. Adjusted net investment income is a non-GAAP financial measure. Adjusted net investment income is presented 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. FSIC uses this non-GAAP financial measure internally in analyzing financial results and believes 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 its 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. See "Reconciliation of Non-GAAP Financial Measures" for a reconciliation of adjusted net investment income to GAAP net investment income.

<sup>2</sup> Calculated as FSIC's annualized distribution amount per share of \$0.891 divided by its NAV per share of \$9.10 as of December 31, 2015.

<sup>3</sup> Distributions are not guaranteed and are subject to applicable legal restrictions and the sole discretion of FSIC's board of directors.

<sup>4</sup> Undistributed net investment income on a tax basis based on shares outstanding as of September 30, 2016.



## FSIC's value proposition

**9.4%**

annualized distribution rate<sup>1</sup>

**154%**

cumulative total portfolio return<sup>2</sup>

**12.8%**

average annual portfolio return<sup>2</sup>

**PROVEN PERFORMANCE**

- Fully invested portfolio focused on floating rate senior secured debt
- Mature leverage profile with low cost funding
- Strong credit history

**PROVEN PORTFOLIO**

- Scale provides competitive advantages
- Unique access to proprietary investments
- Investment expertise of one of the largest alternative credit platforms

**PROVEN PLATFORM**

- Focus on direct lending and opportunistic investments
- Target less competitive part of the middle market
- Non-traded platform mitigates need for serial equity issuance

**PROVEN STRATEGY**



INVESTMENTS™



**G S O**

**CAPITAL PARTNERS**

*A Blackstone Company*

**PROVEN MANAGEMENT**

<sup>1</sup> This distribution rate is calculated by annualizing FSIC's regular quarterly cash distribution amount as of September 30, 2016 of \$0.22275 and dividing such amount by FSIC's closing price of \$9.47 on the New York Stock Exchange on September 30, 2016. Distributions are not guaranteed and are subject to applicable legal restrictions and the sole discretion of the board of directors of FSIC.

<sup>2</sup> Cumulative total and average annual portfolio returns since inception through the quarter ended September 30, 2016. These returns are calculated using NAV performance and cash distributions declared during the relevant period and represent the return on the fund's investment portfolio rather than an actual return to stockholders. Past performance is not indicative of future results.



**FS INVESTMENT**  
**CORPORATION**  
A Business Development Company

# RECONCILIATION OF NON-GAAP FINANCIAL MEASURES



## Reconciliation of Non-GAAP financial measures<sup>1</sup>

	Three Months Ended					
	9/30/2016	6/30/2016	3/31/2016	12/31/2015	9/30/2015	6/30/2015
GAAP net investment income per share	\$0.20	\$0.23	\$0.21	\$0.23	\$0.26	\$0.39
Plus capital gains incentive fees per share	--	--	--	(0.01)	(0.06)	(0.03)
Plus excise taxes per share	--	--	--	0.02	--	--
Plus one-time expenses per share	--	0.00	0.00	--	--	--
<b>Adjusted net investment income per share<sup>2</sup></b>	<b>\$0.20</b>	<b>\$0.24</b>	<b>\$0.21</b>	<b>\$0.24</b>	<b>\$0.21</b>	<b>\$0.35</b>

	Three Months Ended					
	3/31/2015	12/31/2014	9/30/2014	6/30/2014	3/31/2014	12/31/2013
GAAP net investment income per share	\$0.21	\$0.28	\$0.25	\$0.23	\$0.22	\$0.20
Plus capital gains incentive fees per share	0.02	(0.07)	--	0.01	0.02	0.02
Plus excise taxes per share	--	0.02	--	--	--	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>	<b>\$0.24</b>

<sup>1</sup> 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.

<sup>2</sup> 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.