



**FS INVESTMENT  
CORPORATION**  
A Business Development Company

# FS Investment Corporation

QUARTER AND YEAR ENDED DECEMBER 31, 2014 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). Some 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 tables on page 15 included in this presentation and investors are encouraged to review the reconciliation.

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>	Q4-14	Q3-14	Q4-13	FY-14	FY-13
Net investment income per share	\$ 0.28	\$ 0.25	\$ 0.20	\$ 0.97	\$ 0.96
Adjusted net investment income per share <sup>2*</sup>	\$ 0.24	\$ 0.25	\$ 0.24	\$ 0.99	\$ 0.99
Total net realized and unrealized gain (loss) on investments per share	\$ (0.33)	\$ (0.02)	\$ 0.10	\$ (0.19)	\$ 0.08
Net increase (decrease) in net assets resulting from operations (Earnings per Share)	\$ (0.04)	\$ 0.23	\$ 0.30	\$ 0.78	\$ 1.04
Stockholder distributions per share <sup>3**</sup>	\$ 0.3228	\$ 0.3228	\$ 0.2137	\$ 1.0843	\$ 0.8303
<b>Net asset value per share at period end</b>	<b>\$ 9.83</b>	<b>\$ 10.19</b>	<b>\$ 10.18</b>	<b>\$ 9.83</b>	<b>\$ 10.18</b>
Weighted average shares outstanding	240,480,410	239,548,922	258,262,842	248,799,524	255,315,516
Shares outstanding, end of period	240,896,559	240,001,859	259,320,161	240,896,559	259,320,161

## Portfolio Highlights

(in thousands)	Q4-14	Q3-14	Q4-13	FY-14	FY-13
Purchases	\$ 536,854	\$ 432,026	\$ 437,173	\$ 2,178,075	\$ 2,641,733
Sales and Redemptions	(598,049)	(348,358)	(535,910)	(2,121,939)	(2,510,887)
<b>Net Portfolio Activity</b>	<b>\$ (61,195)</b>	<b>\$ 83,668</b>	<b>\$ (98,737)</b>	<b>\$ 56,136</b>	<b>\$ 130,846</b>
Total fair value of investments	\$ 4,183,447	\$ 4,316,524	\$ 4,137,581	\$ 4,183,447	\$ 4,137,581
Total assets	\$ 4,354,886	\$ 4,570,655	\$ 4,444,577	\$ 4,354,886	\$ 4,444,577

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

\*\*On July 1, 2014, the board of directors of the Company declared a special cash distribution of \$0.10 per share, which was paid on August 15, 2014 to stockholders of record as of the close of business on July 31, 2014. On October 10, 2014, the board of directors of the Company also declared a special cash distribution of \$0.10 per share, which was paid on November 14, 2014 to stockholders of record as of the close of business on October 31, 2014.

Endnotes begin on page 16.



# Select Historical Information

	As of				
(dollar amounts in thousands)	12/31/2014	9/30/2014	6/30/2014	3/31/2014	12/31/2013
Investments, at fair value	\$ 4,183,447	\$ 4,316,524	\$ 4,227,103	\$ 4,077,627	\$ 4,137,581
<b>Portfolio Data</b>					
Number of Portfolio Companies	118	128	125	148	165
Average Annual EBITDA of Portfolio Companies	\$ 155,200	\$ 148,000	\$ 181,000	\$ 174,200	\$ 190,700
Weighted Average Purchase Price of Investments (as a % of par or stated value)	97.4%	97.7%	97.4%	97.1%	97.3%
% of Investments on Non-Accrual (based on fair value) <sup>4</sup>	0.3%	0.5%	0.5%	—	—
<b>Asset Class (based on fair value)</b>					
Senior Secured Loans—First Lien	53%	54%	54%	50%	51%
Senior Secured Loans—Second Lien	17%	18%	18%	22%	22%
Senior Secured Bonds	8%	8%	9%	10%	9%
Subordinated Debt	11%	11%	10%	10%	10%
Collateralized Securities	3%	3%	3%	3%	4%
Equity/Other	8%	6%	6%	5%	4%
<b>Portfolio Composition by Strategy (based on fair value)<sup>5</sup></b>					
Direct Originations	75%	70%	66%	57%	51%
Opportunistic	19%	20%	22%	26%	28%
Broadly Syndicated/Other	6%	10%	12%	17%	21%
<b>Interest Rate Type (based on fair value)</b>					
% Variable Rate	69.0%	71.4%	71.2%	71.3%	72.2%
% Fixed Rate	23.3%	22.1%	22.9%	22.9%	23.5%
% Income Producing Equity or Other Investments	2.9%	2.5%	2.5%	2.5%	2.4%
% Non-Income Producing Equity or Other Investments	4.8%	4.0%	3.4%	3.3%	1.9%
<b>Yields</b>					
Gross Portfolio Yield Prior to Leverage (based on amortized cost)	10.0%	9.9%	9.9%	10.2%	10.1%
Gross Portfolio Yield Prior to Leverage (based on amortized cost)—Excluding Non-Income Producing Assets	10.4%	10.3%	10.3%	10.3%	10.2%



# Select Direct Origination Information

	Three Months Ended				
(dollar amounts in thousands)	12/31/2014	9/30/2014	6/30/2014	3/31/2014	12/31/2013
<b>New Direct Originations</b>					
Total Commitments (including unfunded commitments)	\$ 258,562	\$ 451,931	\$ 529,871	\$ 369,033	\$ 86,913
Exited Investments (including partial paydowns)	(88,376)	(213,837)	(114,422)	(126,964)	(188,718)
<b>Net Direct Originations</b>	<b>\$ 170,186</b>	<b>\$ 238,094</b>	<b>\$ 415,449</b>	<b>\$ 242,069</b>	<b>\$ (101,805)</b>
<b>New Direct Originations by Asset Class (including unfunded commitments)</b>					
Senior Secured Loans—First Lien	36%	80%	76%	24%	78%
Senior Secured Loans—Second Lien	—	11%	—	65%	—
Senior Secured Bonds	29%	—	5%	4%	—
Subordinated Debt	19%	9%	12%	2%	—
Collateralized Securities	7%	—	—	—	19%
Equity/Other	9%	0%	7%	5%	3%
Average New Direct Origination Commitment Amount	\$ 23,506	\$ 37,661	\$ 44,156	\$ 28,387	\$ 21,728
Weighted Average Maturity for New Direct Originations	11/19/2021	3/18/2020	1/6/2020	10/12/2020	5/19/2019
Gross Portfolio Yield Prior to Leverage (based on amortized cost) of New Direct Originations during Period	8.7%	9.7%	10.4%	9.1%	9.2%
Gross Portfolio Yield Prior to Leverage (based on amortized cost) of New Direct Originations during Period—Excluding Non-Income Producing Assets	10.5%	9.7%	11.2%	9.6%	9.5%
Gross Portfolio Yield Prior to Leverage (based on amortized cost) of Direct Originations Exited during Period	9.1%	10.0%	11.2%	9.4%	16.9%

	As of	
<b>Characteristics of All Direct Originations held in Portfolio</b>	<b>12/31/2014</b>	<b>12/31/2013</b>
Direct Originations, at fair value	\$ 3,147,946	\$ 2,096,806
Number of Portfolio Companies	52	35
Average Annual EBITDA of Portfolio Companies	\$ 47,200	\$ 34,900
Average Leverage Through Tranche of Portfolio Companies—Excluding Equity/Other and Collateralized Securities	4.6x	4.0x
% of Investments on Non-Accrual	—	—
Gross Portfolio Yield Prior to Leverage (based on amortized cost) of Funded Direct Originations	9.7%	9.9%
Gross Portfolio Yield Prior to Leverage (based on amortized cost) of Funded Direct Originations—Excluding Non-Income Producing Assets	10.1%	10.0%



# Quarterly Operating Results

## Three Months Ended

(dollar amounts in thousands, except per share amounts)	12/31/2014	9/30/2014	6/30/2014	3/31/2014	12/31/2013
Total investment income	\$ 113,385	\$ 115,917	\$ 120,721	\$ 114,796	\$ 116,866
Net expenses	(39,930)	(55,814)	(62,748)	(58,919)	(59,446)
<b>Net investment income before taxes</b>	<b>\$ 73,455</b>	<b>\$ 60,103</b>	<b>\$ 57,973</b>	<b>\$ 55,877</b>	<b>\$ 57,420</b>
Excise taxes	(5,400)	—	—	—	(5,000)
<b>Net investment income</b>	<b>\$ 68,055</b>	<b>\$ 60,103</b>	<b>\$ 57,973</b>	<b>\$ 55,877</b>	<b>\$ 52,420</b>
Total net realized and unrealized gain (loss) on investments	(78,244)	(4,504)	11,338	24,183	24,388
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>\$ (10,189)</b>	<b>\$ 55,599</b>	<b>\$ 69,311</b>	<b>\$ 80,060</b>	<b>\$ 76,808</b>
<b>Per share<sup>1</sup></b>					
Net investment income	\$ 0.28	\$ 0.25	\$ 0.23	\$ 0.22	\$ 0.20
Adjusted net investment income <sup>2</sup>	\$ 0.24	\$ 0.25	\$ 0.26	\$ 0.23	\$ 0.24
Net increase (decrease) in net assets resulting from operations (Earnings per Share)	\$ (0.04)	\$ 0.23	\$ 0.27	\$ 0.31	\$ 0.30
Stockholder distributions <sup>3*</sup>	\$ 0.3228	\$ 0.3228	\$ 0.2228	\$ 0.2160	\$ 0.2137
Weighted average shares outstanding	240,480,410	239,548,922	255,301,300	260,185,661	258,262,842
Shares outstanding, end of period	240,896,559	240,001,859	239,026,360	261,301,955	259,320,161

## Year Ended

(dollar amounts in thousands, except per share amounts)	12/31/2014	12/31/2013
Total investment income	\$ 464,819	\$ 474,566
Net expenses	(217,411)	(223,848)
<b>Net investment income before taxes</b>	<b>\$ 247,408</b>	<b>\$ 250,718</b>
Excise taxes	(5,400)	(5,742)
<b>Net investment income</b>	<b>\$ 242,008</b>	<b>\$ 244,976</b>
Total net realized and unrealized gain (loss) on investments	(47,227)	20,864
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>\$ 194,781</b>	<b>\$ 265,840</b>
<b>Per share<sup>1</sup></b>		
Net investment income	\$ 0.97	\$ 0.96
Adjusted net investment income <sup>2</sup>	\$ 0.99	\$ 0.99
Net increase (decrease) in net assets resulting from operations (Earnings per Share)	\$ 0.78	\$ 1.04
Stockholder distributions <sup>3*</sup>	\$ 1.0843	\$ 0.8303
Weighted average shares outstanding	248,799,524	255,315,516
Shares outstanding, end of period	240,896,559	259,320,161

\*On July 1, 2014, the board of directors of the Company declared a special cash distribution of \$0.10 per share, which was paid on August 15, 2014 to stockholders of record as of the close of business on July 31, 2014. On October 10, 2014, the board of directors of the Company also declared a special cash distribution of \$0.10 per share, which was paid on November 14, 2014 to stockholders of record as of the close of business on October 31, 2014.



# Quarterly Operating Results Detail

	Three Months Ended				
(in thousands)	12/31/2014	9/30/2014	6/30/2014	3/31/2014	12/31/2013
<b>Investment income</b>					
Interest income—unaffiliated	\$ 107,119	\$ 104,823	\$ 102,096	\$ 104,711	\$ 109,907
Fee income—unaffiliated	5,820	10,606	18,450	10,085	6,903
Dividend income—unaffiliated	147	488	175	—	56
Dividend income—affiliated	299	—	—	—	—
<b>Total investment income</b>	<b>\$ 113,385</b>	<b>\$ 115,917</b>	<b>\$ 120,721</b>	<b>\$ 114,796</b>	<b>\$ 116,866</b>
<b>Operating expenses</b>					
Management fees	\$ 19,551	\$ 20,000	\$ 22,695	\$ 22,371	22,706
Capital gains incentive fees <sup>6</sup>	(15,662)	(910)	2,268	4,836	4,794
Subordinated income incentive fees	13,089	14,794	15,061	15,178	14,303
Administrative services expenses	1,203	1,202	1,189	1,200	1,131
Stock transfer agent fees	36	4	546	451	420
Accounting and administrative fees	399	172	320	332	327
Interest expense	19,035	18,940	14,129	12,700	13,653
Directors' fees	232	266	264	265	254
Listing advisory fees	—	—	5,043	—	—
Other general and administrative expenses	2,047	1,346	4,070	1,586	1,858
<b>Total operating expenses</b>	<b>\$ 39,930</b>	<b>\$ 55,814</b>	<b>\$ 65,585</b>	<b>\$ 58,919</b>	<b>\$ 59,446</b>
Management fee waiver	—	—	(2,837)	—	—
<b>Net expenses</b>	<b>\$ 39,930</b>	<b>\$ 55,814</b>	<b>\$ 62,748</b>	<b>\$ 58,919</b>	<b>\$ 59,446</b>
<b>Net investment income before taxes</b>	<b>\$ 73,455</b>	<b>\$ 60,103</b>	<b>\$ 57,973</b>	<b>\$ 55,877</b>	<b>\$ 57,420</b>
Excise taxes	(5,400)	—	—	—	(5,000)
<b>Net investment income</b>	<b>\$ 68,055</b>	<b>\$ 60,103</b>	<b>\$ 57,973</b>	<b>\$ 55,877</b>	<b>\$ 52,420</b>



# Quarterly Gain/Loss Information

	Three Months Ended				
(in thousands)	12/31/2014	9/30/2014	6/30/2014	3/31/2014	12/31/2013
<b>Realized gain/loss</b>					
Net realized gain (loss) on investments—unaffiliated	\$ 4,648	\$ 5,421	\$ 6,716	\$ 13,822	\$ 9,794
Net realized gain (loss) on foreign currency	(58)	(338)	114	(19)	(79)
<b>Total net realized gain (loss)</b>	<b>\$ 4,590</b>	<b>\$ 5,083</b>	<b>\$ 6,830</b>	<b>\$ 13,803</b>	<b>\$ 9,715</b>
<b>Unrealized gain/loss</b>					
Net change in unrealized appreciation (depreciation) on investments—unaffiliated	\$ (85,148)	\$ (8,901)	\$ 4,706	\$ 10,335	\$ 14,855
Net change in unrealized appreciation (depreciation) on investments—affiliated	(2,092)	(747)	(299)	—	—
Net change in unrealized gain (loss) on foreign currency	4,406	61	101	45	(182)
<b>Total net unrealized gain (loss)</b>	<b>\$ (82,834)</b>	<b>\$ (9,587)</b>	<b>\$ 4,508</b>	<b>\$ 10,380</b>	<b>\$ 14,673</b>
<b>Total net realized and unrealized gain (loss) on investments</b>	<b>\$ (78,244)</b>	<b>\$ (4,504)</b>	<b>\$ 11,338</b>	<b>\$ 24,183</b>	<b>\$ 24,388</b>





# Quarterly Balance Sheets

	As of				
(in thousands, except per share amounts)	12/31/2014	9/30/2014	6/30/2014	3/31/2014	12/31/2013
<b>Assets</b>					
Investments, at fair value—unaffiliated	\$ 4,168,654	\$ 4,299,639	\$ 4,209,471	\$ 4,077,627	\$ 4,137,581
Investments, at fair value—affiliated	14,793	16,885	17,632	—	—
Cash	96,844	179,984	244,074	297,685	227,328
Receivable for investments sold and repaid	8,976	9,502	35,592	67,779	26,722
Interest receivable	51,814	52,650	56,362	55,327	47,622
Deferred financing costs	13,097	10,962	7,768	4,845	5,168
Prepaid expenses and other assets	708	1,033	1,465	404	156
<b>Total assets</b>	<b>\$ 4,354,886</b>	<b>\$ 4,570,655</b>	<b>\$ 4,572,364</b>	<b>\$ 4,503,667</b>	<b>\$ 4,444,577</b>
<b>Liabilities</b>					
Payable for investments purchased	\$ 28,095	\$ 105,425	\$ 92,522	\$ 24,321	\$ 23,423
Credit facilities payable	188,827	564,294	965,686	738,482	723,682
Unsecured notes payable	725,000	400,000	—	—	—
Repurchase agreement payable	950,000	950,000	950,000	950,000	950,000
Stockholder distributions payable	17,885	17,819	17,748	18,814	18,671
Management fees payable	19,560	20,009	19,862	22,375	22,700
Accrued capital gains incentive fees	21,075	36,737	37,647	35,379	32,133
Subordinated income incentive fees payable	13,089	14,794	15,061	15,178	14,303
Administrative services expense payable	1,410	988	1,686	1,820	1,153
Interest payable	15,850	12,801	11,509	10,302	10,563
Directors' fees payable	296	292	253	254	254
Deferred financing costs payable	473	—	—	—	—
Other accrued expenses and liabilities	6,340	1,712	2,823	1,573	6,703
<b>Total liabilities</b>	<b>\$ 1,987,900</b>	<b>\$ 2,124,871</b>	<b>\$ 2,114,797</b>	<b>\$ 1,818,498</b>	<b>\$ 1,803,585</b>
<b>Stockholders' equity</b>					
Preferred stock, \$0.001 par value	—	—	—	—	—
Common stock, \$0.001 par value	\$ 241	\$ 240	\$ 239	\$ 261	\$ 259
Capital in excess of par value	2,258,548	2,256,843	2,246,910	2,487,105	2,466,753
Accumulated undistributed net realized gains on investments and gain/loss on foreign currency	33,758	9,431	75,977	69,147	55,344
Accumulated undistributed (distributions in excess of) net investment income	68,658	90,655	36,239	34,962	35,322
Net unrealized appreciation (depreciation) on investments and gain/loss on foreign currency	5,781	88,615	98,202	93,694	83,314
<b>Total stockholders' equity</b>	<b>\$ 2,366,986</b>	<b>\$ 2,445,784</b>	<b>\$ 2,457,567</b>	<b>\$ 2,685,169</b>	<b>\$ 2,640,992</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 4,354,886</b>	<b>\$ 4,570,655</b>	<b>\$ 4,572,364</b>	<b>\$ 4,503,667</b>	<b>\$ 4,444,577</b>
<b>Net asset value per share of common stock at period end</b>	<b>\$ 9.83</b>	<b>\$ 10.19</b>	<b>\$ 10.28</b>	<b>\$ 10.28</b>	<b>\$ 10.18</b>



# Financing Arrangements

Financing Arrangements as of December 31, 2014	Type of Financing Arrangement	Rate	Amount Outstanding	Amount Available	Maturity Date
(in thousands)					
Broad Street Credit Facility	Revolving Credit Facility	L + 1.50%	\$ 65,808	\$ 59,192	December 18, 2015
ING Credit Facility	Revolving Credit Facility	L + 2.50%	\$ 123,019*	\$ 176,981	April 3, 2018
JPM Facility	Repurchase Agreement	3.25%	\$ 950,000	\$ —	April 15, 2017
4.000% Notes due 2019 <sup>7</sup>	Unsecured Notes	4.00%	\$ 400,000	\$ —	July 15, 2019
4.250% Notes due 2020 <sup>8</sup>	Unsecured Notes	4.25%	\$ 325,000	\$ —	January 15, 2020

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

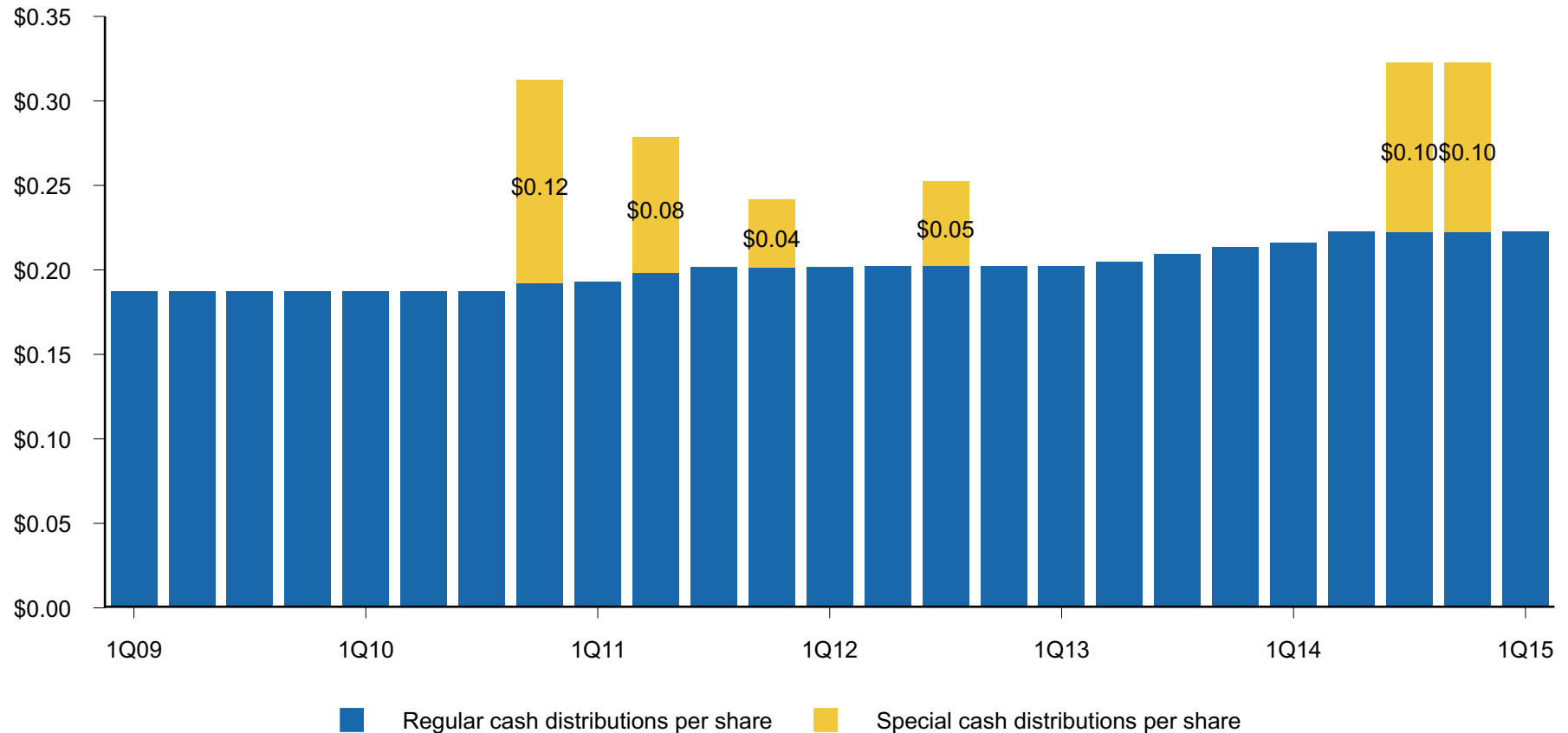
Total debt outstanding under financing arrangements	\$1,863,827
Debt/equity ratio <sup>9</sup>	78.7%
Weighted average effective interest rate on borrowings (including non-usage fees)	3.5%
% of debt outstanding at fixed interest rates	89.9%
% of debt outstanding at variable interest rates	10.1%

Financing Arrangements as of September 30, 2014	Type of Financing Arrangement	Rate	Amount Outstanding	Amount Available	Maturity Date
(in thousands)					
Broad Street Credit Facility	Revolving Credit Facility	L + 1.50%	\$ 80,608	\$ 44,392	December 20, 2014
ING Credit Facility	Revolving Credit Facility	L + 2.50%	\$ 270,886	\$ 29,114	April 3, 2018
JPM Facility	Repurchase Agreement	3.25%	\$ 950,000	\$ —	April 15, 2017
Walnut Street Credit Facility <sup>10</sup>	Revolving Credit Facility	L + 1.50% to 2.50%	\$ 212,800	\$ 87,200	May 17, 2017
4.000% Notes due 2019 <sup>7</sup>	Unsecured Notes	4.00%	\$ 400,000	\$ —	July 15, 2019

Total debt outstanding under financing arrangements	\$1,914,294
Debt/equity ratio <sup>9</sup>	78.3%
Weighted average effective interest rate on borrowings (including non-usage fees)	3.3%
% of debt outstanding at fixed interest rates	70.5%
% of debt outstanding at variable interest rates	29.5%



# Distribution History<sup>11</sup>

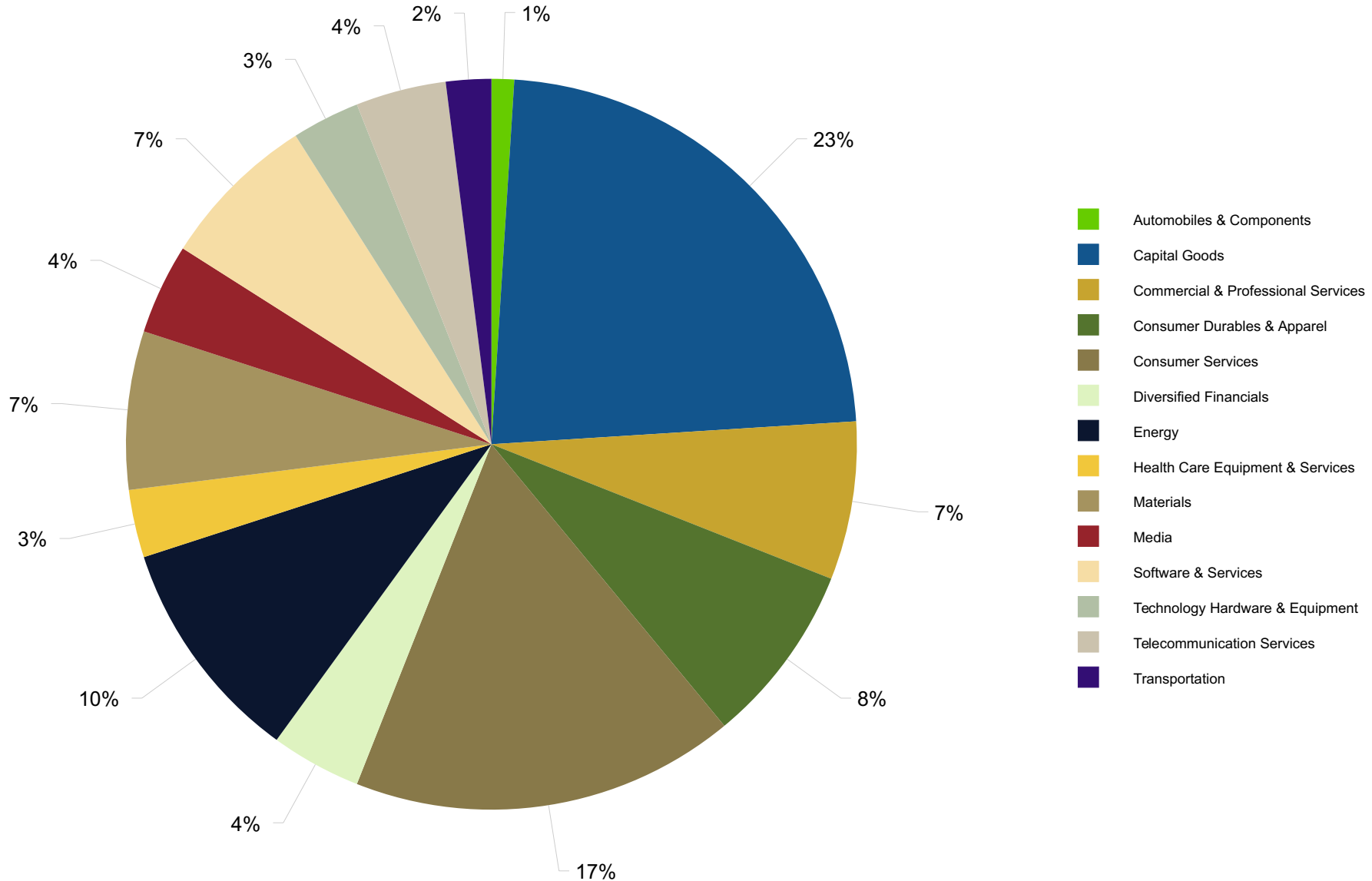


- On November 6, 2014, the board of directors of the Company approved the declaration and payment of regular cash distributions to the Company's stockholders on a quarterly rather than monthly basis, effective January 1, 2015.
- On January 13, 2015, the Company's board of directors declared a regular quarterly cash distribution of \$0.22275 per share, which will be paid on or about April 2, 2015 to stockholders of record at the close of business on March 25, 2015.
- As of December 31, 2014, FSIC had approximately \$152.7 million (\$0.63 per share based on shares outstanding) of undistributed net investment income and realized gains on a tax basis.

# Investment Portfolio

## Industry Diversification

As of December 31, 2014, based on fair value



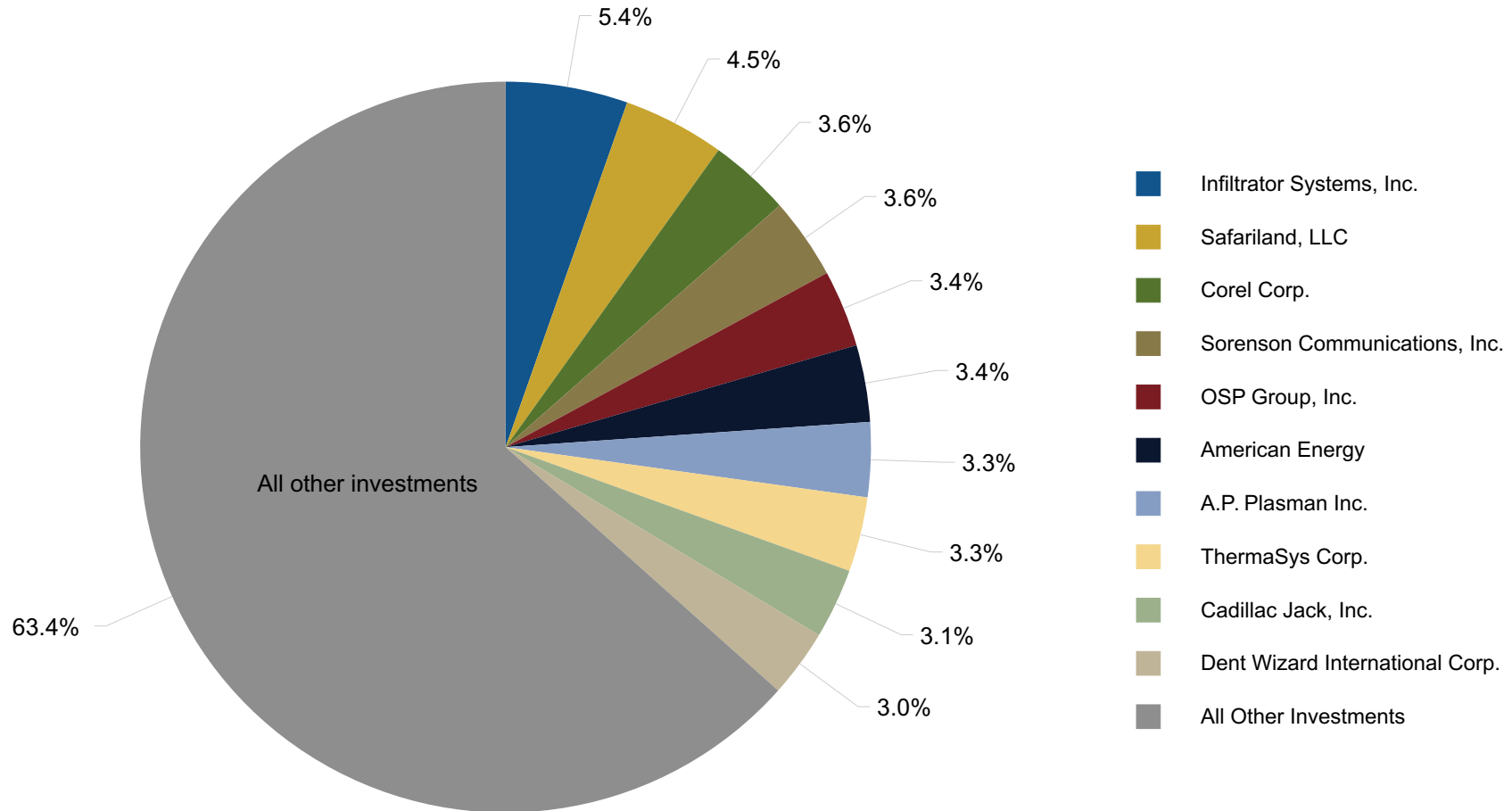
- As of December 31, 2014, FSIC's three largest industry concentrations based on fair value were Capital Goods (23%); Consumer Services (17%); and Energy (10%).
- As of December 31, 2014, FSIC's portfolio assets in Food & Staples Retailing, Pharmaceuticals, Biotechnology & Life Sciences and Retailing amounted to less than 1% based on fair value.



# Issuer Concentration

## Issuer Concentration

Top ten portfolio companies as of December 31, 2014, based on fair value and excluding unfunded commitment amounts



- FSIC's top ten portfolio companies by fair value represent 36.6% of the company's total portfolio as of December 31, 2014.

# Portfolio Asset Quality

As of

Investment Rating <sup>12</sup>	December 31, 2014		September 30, 2014		December 31, 2013	
	Fair Value	% of Portfolio	Fair Value	% of Portfolio	Fair Value	% of Portfolio
1	\$ 484,332	12%	\$ 533,141	12%	\$ 510,687	12%
2	3,213,335	77%	3,386,481	79%	3,244,518	79%
3	434,620	10%	359,759	8%	340,238	8%
4	37,178	1%	14,994	0%	40,034	1%
5	13,982	0%	22,149	1%	2,104	0%
<b>Total</b>	<b>\$ 4,183,447</b>	<b>100%</b>	<b>\$ 4,316,524</b>	<b>100%</b>	<b>\$ 4,137,581</b>	<b>100%</b>

Investment Rating	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					
	12/31/2014	9/30/2014	6/30/2014	3/31/2014	12/31/2013	
GAAP net investment income per share	\$ 0.28	\$ 0.25	\$ 0.23	\$ 0.22	\$ 0.20	
Plus capital gains incentive fees per share	(0.07)	—	0.01	0.02	0.02	
Plus excise taxes per share	0.02	—	—	—	0.02	
Plus one-time expenses per share <sup>13</sup>	0.01	0.01	0.02	—	—	
<b>Adjusted net investment income per share</b>	<b>\$ 0.24</b>	<b>\$ 0.25</b>	<b>\$ 0.26</b>	<b>\$ 0.23</b>	<b>\$ 0.24</b>	

	Year Ended	
	12/31/2014	12/31/2013
GAAP net investment income per share	\$ 0.97	\$ 0.96
Plus capital gains incentive fees per share	(0.04)	0.01
Plus excise taxes per share	0.02	0.02
Plus one-time expenses per share <sup>14</sup>	0.04	—
<b>Adjusted net investment income per share</b>	<b>\$ 0.99</b>	<b>\$ 0.99</b>



# End Notes

- 1) The per share data was derived by using the weighted average shares of our common stock outstanding during the applicable period. Per share numbers may not sum due to rounding.
- 2) Adjusted net investment income is a non-GAAP financial measure. We present adjusted net investment income for all periods as GAAP net investment income excluding (i) the accrual for the capital gains incentive fee for realized and unrealized gains; (ii) excise taxes; and (iii) certain non-recurring operating expenses that are one-time in nature and are not representative of ongoing operating expenses incurred during FSIC's normal course of business (referred to herein as one-time expenses). We use this non-GAAP financial measure internally in analyzing financial results and believe that the use of this non-GAAP financial measure is useful to investors as an additional tool to evaluate ongoing results and trends and in comparing our financial results with other business development companies. The presentation of this additional information is not meant to be considered in isolation or as a substitute for financial results prepared in accordance with GAAP. Reconciliations of GAAP net investment income to adjusted net investment income can be found on page 15 of this presentation.
- 3) The per share data for distributions reflects the actual amount of distributions 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 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 specifically for us or made by us and are not generally available to the broader market. These investments may include both debt and equity components, although we do not expect to make equity investments independent of having an existing credit relationship. We believe directly originated investments may offer higher returns and more favorable protections than broadly syndicated transactions.

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

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

- 6) During the year ended December 31, 2014, FSIC reversed \$9,468 of accrued capital gains incentive fees based on unrealized depreciation in its portfolio during such period.



# End Notes (Cont'd)

- 7) On July 14, 2014, FSIC and U.S. Bank National Association entered into an indenture and a first supplemental indenture relating to FSIC's issuance of \$400,000 aggregate principal amount of 4.000% notes due 2019. The notes mature on July 15, 2019 and may be redeemed in whole or in part at FSIC's option at any time or from time to time at the redemption price set forth in the indenture. The notes bear interest at a rate of 4.000% per year payable semi-annually on January 15 and July 15 of each year, commencing on January 15, 2015. The notes are general unsecured obligations of FSIC that rank senior in right of payment to all of FSIC's existing and future indebtedness that is expressly subordinated in right of payment to the notes and rank *pari passu* with all outstanding and future unsecured unsubordinated indebtedness issued by FSIC. The net proceeds to FSIC from the offering were approximately \$394,392 before expenses, after deducting underwriting discounts and commissions of \$3,600. On July 14, 2014, FSIC used \$350,000 of the net proceeds from the notes offering to repay the Arch Street credit facility in full and \$44,392 of the net proceeds to repay borrowings under the Broad Street credit facility. For more information regarding the notes, see Note 8 to FSIC's audited consolidated financial statements for the year ended December 31, 2014.
- 8) On December 3, 2014, FSIC and U.S. Bank National Association entered into a second supplemental indenture relating to FSIC's issuance of \$325,000 aggregate principal amount of 4.250% notes due 2020. The notes mature on January 15, 2020 and may be redeemed in whole or in part at FSIC's option at any time or from time to time at the redemption price set forth in the indenture. The notes bear interest at a rate of 4.250% per year payable semi-annually on January 15 and July 15 of each year, commencing on July 15, 2015. The notes are general unsecured obligations of FSIC that rank senior in right of payment to all of FSIC's existing and future indebtedness that is expressly subordinated in right of payment to the notes and rank *pari passu* with all outstanding and future unsecured unsubordinated indebtedness issued by FSIC. The net proceeds to FSIC from the offering were approximately \$320,886 before expenses, after deducting underwriting discounts and commissions of \$2,925. On December 3, 2014, FSIC used \$236,300 of the net proceeds from the notes offering to repay the Walnut Street credit facility in full and \$84,586 of the net proceeds to repay borrowings under the ING credit facility. For more information regarding the notes, see Note 8 to FSIC's audited consolidated financial statements for the year ended December 31, 2014.
- 9) The debt/equity ratio is the ratio of total debt outstanding to stockholder's equity as of the applicable date.
- 10) On December 3, 2014, we repaid the Walnut Street credit facility in full. In conjunction with the repayment of the Walnut Street credit facility, \$2,013 of remaining unamortized deferred financing costs were charged to interest expense. The Walnut Street credit facility provided for borrowings in an aggregate principal amount up to \$250,000 on a committed basis.
- 11) To date, no portion of any distributions paid to stockholders has been paid from offering proceeds or borrowings. A portion of future distributions to stockholders may be deemed to constitute a return of capital for tax purposes due to the character of the amounts received by FSIC from portfolio companies. Any such return of capital will not reduce the amounts available for investment. The timing and amount of any future distributions on FSIC's shares of common stock are subject to applicable legal restrictions and the sole discretion of FSIC's board of directors. Therefore there can be no assurance as to the amount or timing of any such future distributions.
- 12) Based on the investment rating system as described in FSIC's annual report on Form 10-K for the year ended December 31, 2014, under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations—Portfolio Asset Quality."
- 13) FSIC's one-time expenses for the three months ended December 31, 2014 were \$1,610. For the three months ended December 31, 2014, FSIC incurred \$2,013 of expenses relating to the acceleration of the remaining unamortized deferred financing costs associated with the closing of the Walnut Street credit facility. These costs were partially offset by a \$403 reduction in FSIC's subordinated incentive fee on income due to the reduction in pre-incentive fee net investment income associated with this one-time expense.
- 14) FSIC's one-time expenses for the year ended December 31, 2014 were \$8,990. For the year ended December 31, 2014, FSIC incurred \$4,239 of expenses relating to the acceleration of the remaining unamortized deferred financing costs associated with the closing of the Walnut Street credit facility and the Arch Street credit facility. These costs were partially offset by a \$849 reduction in FSIC's subordinated incentive fee on income due to the reduction in pre-incentive fee net investment income associated with these one-time expenses. In addition to these costs, during the year ended December 31, 2014, FSIC incurred expenses of \$7,000 in connection with the listing of its shares on the NYSE, including listing advisory fees of \$5,043 and other legal, printing and marketing expenses. These expenses were partially offset by a \$1,400 reduction in FSIC's subordinated incentive fee on income due to the reduction in pre-incentive fee net investment income associated with this one-time expense.

# Corporate Information

## Board of Directors

### **Michael C. Forman**

Chairman of the Board  
Chief Executive Officer

### **David J. Adelman**

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

### **Michael J. Hagan**

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

### **Gregory P. Chandler**

Chief Financial Officer of Emtec, Inc.

### **Barry H. Frank**

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

### **Thomas J. Gravina**

Executive Chairman of GPX Enterprises, L.P.

### **Jeffrey K. Harrow**

Chairman of Sparks Marketing Group, Inc.

### **Michael Heller**

President and Chief Executive Officer of Cozen O'Connor

### **Paul Mendelson**

Senior Advisor for Business Development for Lincoln Investment Planning, Inc.

### **Pedro A. Ramos**

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

## 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

### **Salvatore Faia**

Chief Compliance Officer

### **Stephen S. Sypherd**

Vice President, Treasurer and Secretary

## Investor Relations Contact

### **James Ballan**

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

