

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE TO**

Tender Offer Statement under Section 14(d)(1) or 13(e)(1) of the Securities Exchange Act of 1934

**FS INVESTMENT CORPORATION**

(Name of Subject Company (Issuer))

**FS INVESTMENT CORPORATION**

(Names of filing Persons (Offeror and Issuer))

**Common Stock, Par Value \$0.001 per share**

(Title of Class of Securities)

**302635 107**

(CUSIP Number of Class of Securities)  
(Underlying Common Stock)

**Michael C. Forman**

**President and Chief Executive Officer**

**FS Investment Corporation**

**Cira Centre**

**2929 Arch Street, Suite 675**

**Philadelphia, PA 19104**

**(215) 495-1150**

(Name, address and telephone number of person authorized to receive notices and communications on behalf of filing person)

*Copies to:*

**Steven B. Boehm, Esq.**

**Sutherland Asbill & Brennan LLP**

**1275 Pennsylvania Avenue, N.W.**

**Washington, DC 20004-2415**

**CALCULATION OF FILING FEE**

TRANSACTION VALUATION

\*

AMOUNT OF FILING FEE

\*

\* No filing fee is required since this filing contains only preliminary communications made before the commencement of a tender offer.

Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify persons filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: Not Applicable

Form or Registration No.: Not Applicable

Filing Party: Not Applicable

Date Filed: Not Applicable

Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

Third-party tender offer subject to Rule 14d-1.

Issuer tender offer subject to Rule 13e-4.

Going-private transaction subject to Rule 13e-3.

Amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer:

**Item 1. Summary Term Sheet.**

The information set forth in this Offer to Purchase, dated \_\_\_\_\_, 2010 (the “**Offer to Purchase**”), attached hereto as Exhibit 99(a)(1)(A), is incorporated herein by reference.

**Item 2. Subject Company Information.**

(a) **Name and Address.** The name of the issuer is FS Investment Corporation, an externally managed, non-diversified, closed-end management investment company incorporated in Maryland (“**FSIC**” or the “**Company**”), the address of its principal executive office is Cira Centre, 2929 Arch Street, Suite 675, Philadelphia, PA 19104 and the telephone number of its principal executive office is (215) 495-1150.

(b) **Securities.** This Tender Offer Statement on Schedule TO relates to an offer by the Company to purchase up to the lesser of (1) 108,904 shares of its issued and outstanding Common Stock, par value \$0.001 per share (the “**Shares**”) (which number represents 2.5% of the weighted average number of Shares outstanding for the calendar year ended December 31, 2009), and (2) the number of Shares it can repurchase with the proceeds it receives from the sale of Shares under its distribution reinvestment plan. As of \_\_\_\_\_, 2010, there were approximately \_\_\_\_\_ Shares issued and outstanding. The offer is for cash at a price equal to 90 percent of the offering price per Share determined as of April 1, 2010 (the “**Purchase Price**”), and is made upon the terms and subject to the conditions set forth in this Offer to Purchase and the related Letter of Transmittal (which together with any amendments or supplements thereto collectively constitute the “**Offer**”). As an example of the calculation of the Purchase Price, the offering price on March 1, 2010 was \$ \_\_\_\_\_ per Share; 90 percent of this amount would equal a Purchase Price of \$ \_\_\_\_\_ per Share.

The information set forth in the Offer to Purchase is incorporated herein by reference.

(c) **Trading Market and Price.** The Shares are not currently traded on an established trading market.

**Item 3. Identity and Background of Filing Person.**

(a) **Name and Address.** The information set forth under Item 2(a) above and under Section 9 (“Interest of Directors, Executive Officers and Certain Related Persons; Transactions and Arrangements Concerning the Shares”) is incorporated herein by reference.

**Item 4. Terms of the Transaction.**

(a) **Material Terms.** The information set forth in the Offer to Purchase under the “Summary Term Sheet”, Section 1 (“Purchase Price; Number of Shares; Expiration Date”), Section 3 (“Certain Conditions of the Offer”), Section 4 (“Procedures for Tendering Shares”), Section 5 (“Withdrawal Rights”), Section 6 (“Payment for Shares”), Section 9 (“Interest of Directors, Executive Officers and Certain Related Persons; Transactions and Arrangements Concerning the Shares”), Section 10 (“Certain Effects of the Offer”), Section 13 (“Certain United States Federal Income Tax Consequences”) and Section 14 (“Amendments; Extension of the Tender Period; Termination”) is incorporated herein by reference.

(b) **Purchases.** The information set forth in the Offer to Purchase under Section 9 (“Interest of Directors, Executive Officers and Certain Related Persons; Transactions and Arrangements Concerning the Shares”) is incorporated herein by reference.

**Item 5. Past Contacts, Transactions, Negotiations and Agreements.**

(e) **Agreements Involving the Subject Company’s Securities.** The information set forth in the Offer to Purchase under Section 9 (“Interest of Directors, Executive Officers and Certain Related Persons; Transactions and Arrangements Concerning the Shares”) is incorporated herein by reference. Except as set forth therein, FSIC does not know of any contract, arrangement, understanding or relationship relating, directly or indirectly, to the

Offer (whether or not legally enforceable) between FSIC, any of its executive officers or directors, any person controlling FSIC or any officer or director of any corporation ultimately in control of FSIC and any person with respect to any securities of FSIC (including, but not limited to, any contract, arrangement, understanding or relationship concerning the transfer or the voting of any such securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss, or the giving or withholding of proxies, consents or authorizations).

**Item 6. Purposes of the Transaction and Plans or Proposals.**

(a) **Purposes.** The information set forth in the Offer to Purchase under Section 2 (“Purpose of the Offer; Plans or Proposals of the Company”) is incorporated herein by reference.

(b) **Use of Securities Acquired.** The information set forth in the Offer to Purchase under Section 2 (“Purpose of the Offer; Plans or Proposals of the Company”) and Section 10 (“Certain Effects of the Offer”) is incorporated herein by reference.

(c) **Plans.** Except as referred to in the Offer to Purchase under Section 2 (“Purpose of the Offer; Plans or Proposals of the Company”), Section 7 (“Source and Amount of Funds”) and Section 10 (“Certain Effects of the Offer”), each of which is incorporated herein by reference, we do not have any present plans or proposals and are not engaged in any negotiations that relate to or would result in:

- (a) any extraordinary transaction, such as a merger, reorganization or liquidation, involving the Company or any of its subsidiaries;
- (b) other than in connection with transactions in the ordinary course of the Company’s operations and for purposes of funding the Offer, any purchase, sale or transfer of a material amount of assets of the Company or any of its subsidiaries;
- (c) any material change in the Company’s present dividend rate or policy, or indebtedness or capitalization of the Company;
- (d) any change in the present board of directors or management of the Company, including, but not limited to, any plans or proposals to change the number or the term of directors or to fill any existing vacancies on the Board or to change any material term of the employment contract of any executive officer;
- (e) any other material change in the Company’s corporate structure or business, including any plans or proposals to make any changes in the Company’s investment policy for which a vote would be required by Section 13 of the Investment Company Act of 1940, as amended (the “1940 Act”);
- (f) any class of equity securities of the Company to be delisted from a national securities exchange or to cease to be authorized to be quoted in an automated quotations system operated by a national securities association;
- (g) any class of equity securities of the Company becoming eligible for termination of registration under Section 12(g)(4) of the Securities Exchange Act or 1934, as amended (the “Exchange Act”);
- (h) the suspension of the Company’s obligation to file reports pursuant to Section 15(d) of the Exchange Act;
- (i) the acquisition by any person of additional securities of the Company, or the disposition of securities of the Company; or
- (j) any changes in the Company’s charter, bylaws or other governing instruments or other actions that could impede the acquisition of control of the Company.

**Item 7. Source and Amount of Funds or Other Consideration.**

(a) **Source of Funds.** The information set forth in the Offer to Purchase under Section 7 (“Source and Amount of Funds”) is incorporated herein by reference.

(b) **Conditions.** Not applicable.

(d) **Borrowed Funds.** Not applicable.

**Item 8. Interest in Securities of the Subject Company.**

(a) **Securities Ownership.** The information set forth in the Offer to Purchase under Section 9 (“Interest of Directors, Executive Officers and Certain Related Persons; Transactions and Arrangements Concerning the Shares”) is incorporated herein by reference.

(b) **Securities Transactions.** The information set forth in the Offer to Purchase under Section 9 (“Interest of Directors, Executive Officers and Certain Related Persons; Transactions and Arrangements Concerning the Shares”) is incorporated herein by reference.

**Item 9. Persons/Assets, Retained, Employed, Compensated or Used.**

(a) **Solicitations or Recommendations.** Not applicable.

**Item 10. Financial Statements.**

(a) **Financial Information.** Not applicable. Financial statements have not been included since the consideration offered to security holders consists solely of cash; the Offer is not subject to any financing condition; and the Company is a public reporting company under Section 13(a) of the Exchange Act and files its reports electronically on the EDGAR system.

(b) **Pro Forma Financial Information.** Not applicable.

**Item 11. Additional Information.**

(a) **Agreements, Regulatory Requirements and Legal Proceedings.**

(1) The information set forth in the Offer to Purchase under Section 9 (“Interest of Directors, Executive Officers and Certain Related Persons; Transactions and Arrangements Concerning the Shares”) is incorporated herein by reference.

(2)-(5) Not applicable.

(b) **Other Material Information.** The entire text of the Offer to Purchase and the related Letter of Transmittal, attached hereto as Exhibit 99(a)(1)(B), are incorporated herein by reference.

**Item 12. Exhibits.**

**EXHIBIT  
NUMBER**

**DESCRIPTION**

99(a)(1)(A)	Offer to Purchase, dated _____, 2010.
99(a)(1)(B)	Form of Letter of Transmittal.*
99(a)(1)(C)	Form of Notice of Withdrawal.
99(a)(1)(D)	Letter to Shareholders, Dated _____, 2010.

\* To be filed by amendment.

**Item 13. Information Required by Schedule 13E-3.**

Not applicable.

**SIGNATURE**

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: February 9, 2010

**FS INVESTMENT CORPORATION**

By: \_\_\_\_\_ /s/ MICHAEL C. FORMAN  
Name: Michael C. Forman  
Title: President and Chief Executive Officer

## FS INVESTMENT CORPORATION

**OFFER TO PURCHASE SHARES OF COMMON STOCK FOR CASH  
AT A PURCHASE PRICE PER SHARE EQUAL  
TO 90% OF THE OFFERING PRICE AS OF APRIL 1, 2010**

**LETTER OF TRANSMITTAL MUST BE RECEIVED BY FS INVESTMENT CORPORATION  
ON OR BEFORE MARCH 24, 2010**

**THE OFFER WILL EXPIRE AT 5:00 P.M., CENTRAL TIME, ON MARCH 24, 2010, UNLESS THE OFFER IS EXTENDED.**

To the Shareholders of FS Investment Corporation:

FS Investment Corporation, an externally managed, non-diversified, closed-end management investment company incorporated in Maryland (the **“Company,” “we,”** or **“us”**), is offering to purchase up to the lesser of (1) 108,904 shares of our issued and outstanding Common Stock, par value \$0.001 per share (the **“Shares”**) (which number represents 2.5% of the weighted average number of Shares outstanding for the calendar year ended December 31, 2009), and (2) the number of Shares we can repurchase with the proceeds we receive from the sale of Shares under our distribution reinvestment plan. The purpose of this Offer is to provide shareholders with liquidity, since there is otherwise no public market for the Shares. See Section 2 below. The Offer is for cash at a price equal to 90 percent of the offering price per Share determined as of April 1, 2010 (the **“Purchase Price”**), and is made upon the terms and subject to the conditions set forth in this Offer to Purchase and the related Letter of Transmittal (which together with any amendments or supplements thereto collectively constitute the **“Offer”**). As an example of the calculation of the Purchase Price, the offering price on March 1, 2010 was \$ . per Share; 90 percent of this amount would equal a Purchase Price of \$ . per Share. The Offer will expire at 5:00 P.M., Central Time, on March 24, 2010, unless extended.

**THE OFFER IS NOT CONDITIONED ON ANY MINIMUM NUMBER OF SHARES BEING TENDERED. THE OFFER IS, HOWEVER, SUBJECT TO OTHER CONDITIONS. SEE SECTION 3 BELOW.**

### IMPORTANT INFORMATION

Shareholders who desire to tender their Shares should either: (1) properly complete and sign the Letter of Transmittal, provide thereon the original of any required signature guarantee(s) and mail or deliver it and any other documents required by the Letter of Transmittal; or (2) request their broker, dealer, commercial bank, trust company or other nominee to effect the transaction on their behalf. Shareholders who desire to tender Shares registered in the name of such a firm must contact that firm to effect a tender on their behalf. Tendering shareholders will not be obligated to pay brokerage commissions in connection with their tender of Shares, but they may be charged a fee by such a firm for processing the tender(s). The Company reserves the absolute right to reject tenders determined not to be in appropriate form.

**IF YOU DO NOT WISH TO TENDER YOUR SHARES, YOU NEED NOT TAKE ANY ACTION.**

**NEITHER THE COMPANY NOR ITS BOARD OF DIRECTORS NOR FB INCOME ADVISOR, LLC (THE “ADVISER”) MAKES ANY RECOMMENDATION TO ANY SHAREHOLDER AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING SHARES. NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY RECOMMENDATION ON BEHALF OF THE COMPANY, ITS BOARD OF DIRECTORS OR THE ADVISER AS TO WHETHER SHAREHOLDERS SHOULD TENDER OR REFRAIN FROM TENDERING SHARES PURSUANT TO THE OFFER OR TO MAKE ANY REPRESENTATION OR TO GIVE ANY INFORMATION IN CONNECTION WITH THE OFFER**

**OTHER THAN AS CONTAINED HEREIN OR IN THE LETTER OF TRANSMITTAL, WHICH IS ATTACHED HERETO AS EXHIBIT 99(a)(1)(B). IF MADE OR GIVEN, ANY SUCH RECOMMENDATION, REPRESENTATION OR INFORMATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY, ITS BOARD OF DIRECTORS OR THE ADVISER. SHAREHOLDERS ARE URGED TO EVALUATE CAREFULLY ALL INFORMATION IN THE OFFER, CONSULT THEIR OWN INVESTMENT AND TAX ADVISERS AND MAKE THEIR OWN DECISIONS WHETHER TO TENDER OR REFRAIN FROM TENDERING THEIR SHARES.**

## **SUMMARY TERM SHEET**

(Section references are to this Offer to Purchase)

This Summary Term Sheet highlights the material information concerning this Offer. For a more complete discussion of the terms and conditions of the Offer, you should read carefully the entire Offer to Purchase and the related Letter of Transmittal.

### **What is the Offer?**

- We are offering to purchase up to the lesser of (1) 108,904 Shares and (2) the number of Shares which we can repurchase with the proceeds we receive from the sale of Shares under our distribution reinvestment plan. The Offer is for cash at a price per share equal to 90 percent of the offering price per Share determined as of April 1, 2010 (the "**Purchase Price**"), upon the terms and subject to the conditions set forth in this Offer to Purchase and the related Letter of Transmittal. As an example of the calculation of the Purchase Price, the offering price on March 1, 2010 was \$ . per Share; 90 percent of this amount would equal a Purchase Price of \$ . per Share.

### **Why is the Company making the tender offer?**

- The Offer is designed to provide a measure of liquidity to holders of Shares, for which there is otherwise no current public market. Pursuant to its prospectus dated August 28, 2009, as amended or supplemented (the "**Prospectus**"), we indicated that we would seek to make quarterly repurchase offers beginning in the first quarter of 2010. See Section 2 below.

### **When will the Offer expire, and may the Offer be extended?**

- The Offer will expire at 5:00 P.M., Central Time, on March 24, 2010, unless extended. The Company may extend the period of time the Offer will be open by issuing a press release or making some other public announcement by no later than the next business day after the Offer otherwise would have expired. See Section 15 below.

### **What is the offering price per Share as of March 1, 2010?**

- On March 1, 2010, the offering price per share was \$ . .

### **Are there conditions to the Offer?**

- Yes. You must either tender at least 25% of the Shares you purchased in the offering or all of the Shares that you own. If you choose to tender only a portion of your Shares, you must maintain a minimum balance of \$5,000 worth of Shares following the tender of Shares for repurchase. If the amount of repurchase requests exceeds the number of Shares we seek to repurchase, we will repurchase Shares on a pro-rata basis. See Section 3 below for a more complete description of the conditions to the Offer.

**How do I tender my Shares?**

- If your Shares are registered in your name, you should obtain the Offer, which consists of the Offer to Purchase, the related Letter of Transmittal and any amendments or supplements thereto, read the materials, and if you should decide to tender, complete a Letter of Transmittal and submit any other documents required by the Letter of Transmittal. These materials must be received by the Company at the address listed on page 8, in proper form, before 5:00 P.M., Central Time, on March 24, 2010 (unless the Offer is extended by the Company, in which case the new deadline will be as stated in the public announcement of the extension). If your Shares are held by a broker, dealer, commercial bank, trust company or other nominee (e.g., in "street name"), you should contact that firm to obtain the package of information necessary to make your decision, and you can only tender your Shares by directing that firm to complete, compile and deliver the necessary documents for submission to the Company by 5:00 P.M., Central Time, on March 24, 2010 (or if the Offer is extended, the expiration date as extended). See Section 4 below.

**Is there any cost to me to tender?**

- There is no cost charged by the Company in connection with this Offer. Your broker, dealer, commercial bank, trust company or other nominee may charge you fees according to its individual policies. See the Letter of Transmittal.

**May I withdraw my Shares after I have tendered them and, if so, by when?**

- Yes, you may withdraw your Shares at any time prior to the expiration of the Offer (including any extension period) by submitting a Notice of Withdrawal to the Company at the address listed on page 8. In addition, you may withdraw your tendered Shares any time after May 19, 2010 (which is 40 business days after the Expiration Date), if they have not been accepted for payment by that date. See Section 5 below.

**How do I withdraw tendered Shares?**

- A notice of withdrawal of tendered Shares must be timely received by the Company, which specifies the name of the shareholder who tendered the Shares, the number of Shares being withdrawn and other information. See Section 5 below and the Form of Notice of Withdrawal which accompanies this Offer as Exhibit 99(a)(1)(C).

**May I place any conditions on my tender of Shares?**

- No.

**Is there a limit on the number of Shares I may tender?**

- No. However, we are limiting the aggregate number of Shares to be repurchased from all shareholders to the lesser of (1) 108,904 Shares and (2) the number of Shares we can repurchase with the proceeds we receive from the sale of Shares under our distribution reinvestment plan. In addition, a shareholder who tenders some but not all of his or her Shares for repurchase will be required to maintain a minimum balance of \$5,000 worth of Shares following a tender of Shares for repurchase. See Section 1 below.

**What if more than the amount of Shares offered for repurchase are tendered (and not timely withdrawn)?**

- The Company will purchase duly tendered Shares from tendering shareholders pursuant to the terms and conditions of the Offer on a pro rata basis in accordance with the number of Shares tendered by each shareholder (and not timely withdrawn).



**If I decide not to tender, how will the Offer affect the Shares I hold?**

- Your percentage ownership interest in the Company will increase after completion of the Offer. See Section 10 below.

**Does the Company have the financial resources to make payment?**

- Yes. See Section 7 below.

**If Shares I tender are accepted by the Company, when will payment be made?**

- Payment for properly tendered Shares (not timely withdrawn) will be made promptly following expiration of the Offer. See Section 6 below.

**Is my sale of Shares in the Offer a taxable transaction?**

- For most shareholders, yes. We anticipate that U.S. Shareholders, other than those who are tax-exempt, who sell Shares in the Offer will recognize gain or loss for U.S. federal income tax purposes equal to the difference between the cash they receive for the Shares sold and their adjusted basis in the Shares. The sale date for tax purposes will be the date the Company accepts Shares for purchase. See Section 13 below for details, including the nature of the income or loss and the possibility of other tax treatment. Section 13 also discusses the treatment of Non-U.S. Shareholders. Please consult your tax advisor as well.

**Is the Company required to complete the Offer and purchase all Shares tendered, assuming the total Shares tendered are less than the total Shares offered?**

- Under most circumstances, yes. There are certain circumstances, however, in which the Company will not be required to purchase any Shares tendered, as described in Section 3 below.

**Is there any reason Shares tendered would not be accepted?**

- In addition to those circumstances described in Section 3 in which the Company is not required to accept tendered Shares, the Company has reserved the right to reject any and all tenders determined by it not to be in appropriate form. For example, tenders will be rejected if the tender does not include original signature(s) or the original of any required signature guarantee(s).

**How will tendered Shares be accepted for payment?**

- Properly tendered Shares will be accepted for payment by a determination of the Company's Board of Directors promptly following expiration of the Offer. See Section 6 below.

**What action need I take if I decide not to tender my Shares?**

- None.

**Does management encourage shareholders to participate in the Offer, and will they participate in the Offer?**

- No. Neither the Company, nor its Board of Directors nor the Company's Adviser is making any recommendation to tender or not to tender Shares in the Offer. See Section 9 below.

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**How do I obtain information?**

- Questions and requests for assistance or requests for additional copies of the Offer to Purchase, the Letter of Transmittal and all other Offer documents should be directed to FS Investment Corporation at (877) 628-8575. If you do not own Shares directly, you should obtain this information and the documents from your broker, dealer, commercial bank, trust company or other nominee, as appropriate.

The Letter of Transmittal should be sent to the Company at the following address:

FS Investment Services  
c/o DST Systems, Inc.  
P.O. Box 219095  
Kansas City, MO 64121-9095

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1. *Purchase Price; Number of Shares; Expiration Date.*

FS Investment Corporation, an externally managed, non-diversified, closed-end management investment company incorporated in Maryland, is offering to purchase up to the lesser of (1) 108,904 Shares (which number represents 2.5% of the weighted average number of Shares outstanding for the calendar year ended December 31, 2009), and (2) the number of Shares we can repurchase with the proceeds we receive from the sale of Shares under our distribution reinvestment plan. The purpose of the Offer is to provide shareholders with liquidity, since there is otherwise no public market for its Shares. See Section 2 below. The Offer is for cash at a price per Share equal to 90 percent of the offering price per Share determined as of April 1, 2010 (the "**Purchase Price**"), and is made upon the terms and subject to the conditions set forth in this Offer to Purchase and the related Letter of Transmittal. As an example of the calculation of the Purchase Price, the offering price on March 1, 2010 was \$ . per Share; 90 percent of this amount would equal a Purchase Price of \$ . per Share. You will not receive interest on the Purchase Price under any circumstances.

If you wish to tender your Shares to be repurchased, you must either tender at least 25% of the Shares you purchased in the offering or all of the Shares that you own. If you choose to tender only a portion of your Shares, you must maintain a minimum balance of \$5,000 worth of Shares following a tender of Shares for repurchase. If more than the amount of Shares offered for repurchase are duly tendered pursuant to the Offer (and not withdrawn, as provided in Section 5 below), we will repurchase Shares on a pro-rata basis, in accordance with the number of Shares duly tendered by or on behalf of each shareholder (and not so withdrawn). As a result, we may repurchase less than the full amount of Shares that you request to have repurchased.

On , 2010, there were Shares issued and outstanding, and there were holders of record of Shares. Certain of these holders of record were brokers, dealers, commercial banks, trust companies and other institutions that held Shares in nominee name on behalf of multiple beneficial owners.

The Offer will remain open until 5:00 P.M., Central Time, on March 24, 2010 (the "**Expiration Date**"), unless and until we, in our discretion, extend the period of time during which the Offer will remain open. If we extend the period of time during which the Offer remains open, the term "Expiration Date" will refer to the latest time and date at which the Offer expires. See Section 14 below for a description of our rights to extend, delay, terminate and/or amend the Offer.

We will publish a notice to all shareholders if we decide to extend, terminate, supplement or amend the terms of the Offer. If the Offer is scheduled to expire within ten (10) business days from the date we notify you of a significant amendment to the Offer, we also intend to extend the Offer, if necessary, to ensure that the Offer remains open for at least ten (10) business days after the date we publish notice of the amendment.

A "business day" means any day other than a Saturday, Sunday or federal holiday and consists of the time period from 12:01 a.m. through midnight, Central Time.

In the judgment of our Board, including the independent directors, the Offer is in the best interests of our shareholders and does not violate applicable law. Under the Maryland General Corporation Law, a Maryland corporation may not make a distribution to stockholders, including pursuant to our repurchase program, if, after giving effect to the distribution, (i) the corporation would not be able to pay its indebtedness in the ordinary course or (ii) the corporation's total assets would be less than its total liabilities plus preferential amounts payable on dissolution with respect to preferred stock.

The Board also considered the following factors, among others, in making its determination regarding whether to cause us to offer to repurchase Shares and under what terms:

- the effect of such repurchases on our qualification as a RIC (including the consequences of any necessary asset sales);
- the liquidity of our assets (including fees and costs associated with disposing of assets);

- our investment plans and working capital requirements;
- the relative economies of scale with respect to our size;
- our history in repurchasing Shares or portions thereof; and
- the condition of the securities markets.

The Board has approved this Offer. The Board recognizes that the decision to accept or reject the Offer is an individual one that should be based on a variety of factors, and shareholders should consult with their personal advisors if they have questions about their financial or tax situation. As a result, we are not expressing any opinion as to whether a shareholder should accept or reject this Offer.

## *2. Purpose of the Offer; Plans or Proposals of the Company.*

The purpose of the Offer is to provide liquidity to our shareholders, since there is otherwise no public market for the Shares. In our Prospectus, we indicated our intention to periodically repurchase a limited number of Shares at a price equal to 90 percent of the current offering price at the time of the repurchase. This intention is a recognition of the fact that our Shares are not listed on a national securities exchange and have limited liquidity prior to the occurrence of a “liquidity event,” as defined in the Prospectus to include, among other things, (1) the sale of all or substantially all of our assets either on a complete portfolio basis or individually followed by a liquidation, (2) a listing of our shares on a national securities exchange, or (3) a merger or another transaction approved by our Board in which our shareholders will receive cash or shares of a publicly traded company. In the Prospectus, the Company indicated that from time to time, it may offer to repurchase Shares at such times and on such terms as may be determined by the Board in its complete and absolute discretion.

In this regard, in the Prospectus, we undertook to make offers to repurchase Shares pursuant to written tenders by our shareholders subsequent to the first anniversary of the date of the initial closing which took place on January 2, 2009. In the Prospectus, we stated that these repurchases would be made at such times and on such terms as may be determined by the Board, in its complete and exclusive discretion. Although the decision whether to repurchase Shares is at the Board’s sole discretion, we announced our intention to limit the number of Shares to be repurchased during any calendar year to the number of Shares we can repurchase with the proceeds we receive from the sale of Shares under our distribution reinvestment plan. At the discretion of the Board, we may also use cash on hand, cash available from borrowings and cash from liquidation of securities investments as of the end of the applicable period to repurchase Shares. In addition, we further intend to limit the number of Shares to be repurchased in any calendar year to not more than 10% of the weighted average number of Shares outstanding in the prior calendar year, or not more than 2.5% in each quarter.

We do not have any present plans or proposals and are not engaged in any negotiations that relate to or would result in (a) any extraordinary transaction, such as a merger, reorganization or liquidation, involving the Company or any of its subsidiaries; (b) other than in connection with transactions in the ordinary course of the Company’s operations and for purposes of accompanying the Offer, any purchase, sale or transfer of a material amount of assets of the Company or any of its subsidiaries; (c) any material change in the Company’s present dividend rate or policy, or indebtedness or capitalization of the Company; (d) any change in the composition of the Board or management of the Company, including, but not limited to, any plans or proposals to change the number or the term of members of the Board, to fill any existing vacancies on the Board or to change any material term of the employment contract of any executive officer; (e) any other material change in the Company’s corporate structure or business, including any plans or proposals to make any changes in the Company’s investment policy for which a vote would be required by Section 13 of the Investment Company Act of 1940, as amended (the “1940 Act”); (f) the acquisition by any person of additional securities of the Company, or the disposition of securities of the Company; or (g) any changes in the Company’s charter, bylaws or other governing instruments or other actions that could impede the acquisition of control of the Company.

### 3. *Certain Conditions of the Offer.*

Notwithstanding any other provision of the Offer, we will not be required to purchase any Shares tendered pursuant to the Offer if such repurchase will cause us to be in violation of the securities, commodities or other laws of the United States or any other relevant jurisdiction. Further, we will not be required to purchase any Shares tendered in the Offer if there is any (i) material legal action or proceeding instituted or threatened which challenges, in the Board's judgment, the Offer or otherwise materially adversely affects the Company, (ii) declaration of a banking moratorium by Federal, state or foreign authorities or any suspension of payment by banks in the United States, New York State or in a foreign country which is material to the Company, (iii) limitation which affects the Company or the issuers of its portfolio securities imposed by Federal, state or foreign authorities on the extension of credit by lending institutions or on the exchange of foreign currencies, (iv) commencement of war, armed hostilities or other international or national calamity directly or indirectly involving the United States or any foreign country that is material to the Company, or (v) other event or condition which, in the Board's judgment, would have a material adverse effect on the Company or its shareholders if Shares tendered pursuant to the Offer were purchased.

The foregoing conditions are for our sole benefit and may be asserted by us regardless of the circumstances giving rise to any such condition, and any such condition may be waived by us, in whole or in part, at any time and from time to time in its reasonable judgment. Our failure at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right; the waiver of any such right with respect to particular facts and circumstances shall not be deemed a waiver with respect to any other facts or circumstances; and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time; provided that any such waiver shall apply to all tenders of Shares. Any determination by us concerning the events described in this Section 3 shall be final and binding.

We reserve the right, at any time during the pendency of the Offer, to amend, extend or terminate the Offer in any respect. See Section 14 below.

### 4. *Procedures for Tendering Shares.*

Participation in the Offer is voluntary. If you elect not to participate in the Offer, your shares of common stock will remain outstanding. To participate in the Offer, you must complete and deliver the accompanying letter of transmittal to us at:

FS Investment Services  
c/o DST Systems, Inc.  
P.O. Box 219095  
Kansas City, MO 64121-9095

The letter of transmittal must be received by us at the address above before the expiration time of the Offer.

*a. Proper Tender of Shares and Method of Delivery.* For Shares to be properly tendered pursuant to the Offer, a properly completed and duly executed Letter of Transmittal bearing original signature(s) for all Shares to be tendered and any other documents required by the Letter of Transmittal must be physically received by us at the address listed above before 5:00 P.M., Central Time, on the Expiration Date. These materials may be sent via mail, courier or personal delivery. Shareholders who desire to tender Shares registered in the name of a broker, dealer, commercial bank, trust company or other nominee must contact that firm to effect a tender on their behalf.

**THE METHOD OF DELIVERY OF THE LETTER OF TRANSMITTAL AND ANY OTHER REQUIRED DOCUMENTS IS AT THE OPTION AND SOLE RISK OF THE TENDERING SHAREHOLDER. IF DOCUMENTS ARE SENT BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED.** Shareholders have the

responsibility to cause their Shares to be tendered, the Letter of Transmittal properly completed and bearing original signature(s) and the original of any required signature guarantee(s), and any other documents required by the Letter of Transmittal, to be timely delivered. Timely delivery is a condition precedent to acceptance of Shares for purchase pursuant to the Offer and to payment of the purchase amount.

*b. Determination of Validity.* All questions as to the validity, form, eligibility (including time of receipt) and acceptance of tenders will be determined by us, in our sole discretion, which determination shall be final and binding. We reserve the absolute right to reject any or all tenders determined not to be in appropriate form or to refuse to accept for payment, purchase, or pay for, any Shares if, in the opinion of our counsel, accepting, purchasing or paying for such Shares would be unlawful. We also reserve the absolute right to waive any of the conditions of the Offer or any defect in any tender, whether generally or with respect to any particular Share(s) or shareholder(s). Our interpretations, in consultation with our counsel, of the terms and conditions of the Offer shall be final and binding.

**NEITHER THE COMPANY, NOR ITS BOARD OF DIRECTORS, NOR ITS ADVISER NOR ANY OTHER PERSON IS OR WILL BE OBLIGATED TO GIVE ANY NOTICE OF ANY DEFECT OR IRREGULARITY IN ANY TENDER, AND NONE OF THEM WILL INCUR ANY LIABILITY FOR FAILURE TO GIVE ANY SUCH NOTICE.**

*c. United States Federal Income Tax Withholding.* To prevent the imposition of U.S. federal backup withholding tax equal to 28% of the gross payments made pursuant to the Offer, prior to receiving such payments, each shareholder accepting the Offer who has not previously submitted to the Company a correct, completed and signed Internal Revenue Service (“IRS”) Form W-9 (“Form W-9”) (for U.S. Shareholders) or IRS Form W-8BEN (“Form W-8BEN”), IRS Form W-8IMY (“Form W-8IMY”), IRS Form W-8ECI (“Form W-8ECI”), or other applicable form (for Non-U.S. Shareholders), or otherwise established an exemption from such withholding, must submit the appropriate form to the Company. See Section 13 below.

For this purpose, a “U.S. Shareholder” is, in general, a shareholder that is (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof, (iii) an estate the income of which is subject to United States federal income taxation regardless of the source of such income or (iv) a trust if (A) a court within the United States is able to exercise primary supervision over the administration of the trust and (B) one or more U.S. persons have the authority to control all substantial decisions of the trust. A “Non-U.S. Shareholder” is any shareholder other than a U.S. Shareholder.

#### 5. *Withdrawal Rights.*

At any time prior to 5:00 P.M., Central Time, on the Expiration Date, and, if the Shares have not by then been accepted for payment by us, at any time after May 19, 2010 (which is 40 business days after the Expiration Date), any shareholder may withdraw any amount of the Shares that the shareholder has tendered.

To be effective, a written notice of withdrawal of Shares tendered must be timely received by us via mail, courier or personal delivery at the address listed on page 8. Any notice of withdrawal must be substantially in the form attached hereto as Exhibit 99(a)(1)(C) and specify the name(s) of the person having tendered the Shares to be withdrawn and the number of Shares to be withdrawn.

All questions as to the validity, form and eligibility (including time of receipt) of notices of withdrawal will be determined by us in our sole discretion, which determination shall be final and binding. Shares properly withdrawn will not thereafter be deemed to be tendered for purposes of the Offer. Withdrawn Shares, however, may be re-tendered by following the procedures described in Section 4 above prior to 5:00 P.M. Central Time on the Expiration Date.

## 6. *Payment for Shares.*

Our acceptance of your Shares will form a binding agreement between you and the Company on the terms and subject to the conditions of this Offer. We will have accepted for payment Shares validly submitted for purchase and not withdrawn, when we give oral or written notice to DST Systems, Inc., our transfer agent (the “*Transfer Agent*”), of our acceptance for payment of such Shares pursuant to the Offer. You will not receive interest on the Purchase Price under any circumstances.

In all cases, payment for Shares purchased pursuant to the Offer will be made only after timely receipt by us of: (a) a Letter of Transmittal properly completed and bearing original signature(s) and any required signature guarantee(s) and (b) any other documents required by the Letter of Transmittal. Shareholders may be charged a fee by a broker, dealer or other institution for processing the tender requested. We will pay any transfer taxes payable on the transfer of Shares purchased pursuant to the Offer. If, however, tendered Shares are registered in the name of any person other than the person signing the Letter of Transmittal, the amount of any such transfer taxes (whether imposed on the registered owner or such other person) payable on account of the transfer to such person of such Shares will be deducted from the Purchase Price unless satisfactory evidence of the payment of such taxes, or exemption therefrom, is submitted. We may not be obligated to purchase Shares pursuant to the Offer under certain conditions. See Section 3 above.

Any tendering shareholder or other payee who has not previously submitted a correct, completed and signed Form W-9, Form W-8BEN, Form W-8IMY, Form W-8ECI or other appropriate form, as necessary, and who fails to complete fully and sign either the Substitute Form W-9 in the Letter of Transmittal or other appropriate form (e.g., Form W-8BEN, Form W-8IMY, or Form W-8ECI) and provide such properly completed form to us may be subject to federal backup withholding tax of 28% of the gross proceeds paid to such shareholder or other payee pursuant to the Offer. See Section 13 regarding this tax as well as possible withholding at the rate of 30% (or lower applicable treaty rate) on the gross proceeds payable to tendering Non-U.S. Shareholders.

## 7. *Source and Amount of Funds.*

The total cost to us of purchasing a maximum of 108,904 of our issued and outstanding Shares pursuant to the Offer, assuming a Purchase Price of \$ . per Share based upon the most recent offering price as of March 1, 2010, would be \$ . . As discussed in Section 1, we are limiting the aggregate number of Shares to be repurchased to the lesser of (1) 108,904 Shares and (2) the number of Shares which we can repurchase with the proceeds we receive from the sale of Shares under our distribution reinvestment plan. The actual number of Shares to be repurchased, the actual Purchase Price, and therefore our total cost of purchasing Shares pursuant to the Offer, is not determinable at this time.

## 8. *Financial Statements.*

Financial statements have not been included since the consideration offered to shareholders consists solely of cash; the Offer is not subject to any financing condition; and the Company is a public reporting company under Section 13(a) of the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), and files its reports electronically on the EDGAR system.

Information about the Company and reports filed with the SEC can be viewed and copied at the SEC’s Public Reference Room in Washington, DC. Information about the Reference Room’s operations may be obtained by calling the SEC at (202) 551-8090. Reports and other information about the Company are available on the EDGAR Database on the SEC’s Internet site ([www.sec.gov](http://www.sec.gov)), and copies of this information may be obtained, after paying a duplicating fee, by electronic request at the following E-mail address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov), or by writing the Public Reference Section of the SEC, 100 F Street, N.E., Washington, DC 20549.



9. *Interest of Directors, Executive Officers and Certain Related Persons; Transactions and Arrangements Concerning the Shares.*

As of the date hereof, there are no persons that are beneficial owners of 5% or more of our outstanding Shares, as determined in accordance with Rule 13d-3 under the Exchange Act.

The directors and executive officers of the Company and the aggregate number and percentage of the Shares each of them beneficially owns are set forth in the table below. The address of each of them is in care of the Company at Cira Centre, 2929 Arch Street, Suite 675, Philadelphia, PA 19104, Telephone: (215) 495-1150.

**Summary of Ownership by Officers and Directors:**

The following table sets forth, as of February 1, 2010, information with respect to the beneficial ownership of our common stock by:

- each of our directors and each executive officer; and
- all of our directors and executive officers as a group.

Name	Shares Beneficially Owned as of February 1, 2010	
	Number	Percentage <sup>(4)</sup>
<b>Directors and Executive Officers:<sup>(1)</sup></b>		
<b>Interested Directors:</b>		
Michael C. Forman <sup>(2)</sup>	112,319.913	*
David J. Adelman	34,062.857	*
Michael Heller	12,263.172	*
<b>Independent Directors:</b>		
Gregory P. Chandler	—	—
Barry H. Frank <sup>(3)</sup>	31,067.780	*
Thomas Gravina	—	—
Paul Mendelson	5,137.828	*
<b>Executive Officers:</b>		
Ryan D. Conley	2,385.510	*
Salvatore Faia	—	—
Charles Jacobson	—	—
All officers and directors as a group (10 persons)	197,237.060	1.5%

\* Less than one percent.

(1) Unless otherwise indicated, the address of each beneficial owner is c/o FS Investment Corporation, Cira Centre, 2929 Arch Street, Suite 675, Philadelphia, Pennsylvania 19104-2867.

(2) Includes 106,018.071 shares held in trust, and 6,301.842 shares held by spouse in trust.

(3) Includes 14,297.861 shares held in trust, 14,249.967 shares held by spouse in trust, and 2,519.952 held in a joint account with spouse.

(4) Based on a total of 13,196,320.591 shares of common stock issued and outstanding on February 1, 2010.

During the past sixty days, we have issued an aggregate of \_\_\_\_\_ Shares for net proceeds of \$ \_\_\_\_\_ in two closings that occurred on January 1, 2010 and February 1, 2010. On January 1, 2010, in connection with our monthly closing, Ryan D. Conley, Vice President of the Company, purchased 801.282 Shares for a total of \$7,500. Except for Shares purchased under our distribution reinvestment plan and except for the Shares purchased by Mr. Conley, which was reported on a Form 4 filed with the SEC, and based upon our records and upon information provided to us, there have not been any other transactions in Shares that were effected during such period by any of our directors or executive officers, any person controlling the Company, any director or

executive officer of any corporation or other person ultimately in control of the Company, any associate or minority-owned subsidiary of the Company or any executive officer or director of any subsidiary of the Company. Except as set forth in this Offer, neither we nor, to the best of our knowledge, any of the above mentioned persons, is a party to any contract, arrangement, understanding or relationship with any other person relating, directly or indirectly, to the Offer with respect to any of our securities (including, but not limited to, any contract, arrangement, understanding or relationship concerning the transfer or the voting of any such securities, joint ventures, loan or option arrangements, puts or calls, guaranties of loans, guaranties against loss or the giving or withholding of proxies, consents or authorizations). Based upon information provided or available to us, none of our directors, officers or affiliates intends to tender Shares pursuant to the Offer. The Offer does not, however, restrict the purchase of Shares pursuant to the Offer from any such person.

#### 10. *Certain Effects of the Offer.*

The purchase of Shares pursuant to the Offer will have the effect of increasing the proportionate interest in the Company of shareholders who do not tender Shares. All shareholders remaining after the Offer will be subject to any increased risks associated with the reduction in the number of outstanding Shares and the reduction in the Company's assets resulting from payment for the tendered Shares. See Section 7 above. All Shares purchased by the Company pursuant to the Offer will be retired and thereafter will be authorized and unissued Shares.

#### 11. *Certain Information about the Company.*

We are an externally managed, non-diversified, closed-end management investment company that has elected to be treated as a business development company under the 1940 Act. We have elected to be treated for federal income tax purposes as a regulated investment company under the Internal Revenue Code of 1986, as amended (the "Code"). We are managed by FB Income Advisor, LLC, or FB Advisor, a private investment firm that is registered as an investment adviser with the Securities and Exchange Commission and is an affiliate of ours. FB Advisor oversees the management of our activities and is responsible for making investment decisions for our portfolio. FB Advisor has engaged GSO/Blackstone Debt Funds Management LLC, or GDFM, a subsidiary of GSO Capital Partners LP, to act as a sub-adviser.

Our investment objectives are to generate current income and, to a lesser extent, long-term capital appreciation. We will seek to meet our investment objectives by:

- utilizing the experience and expertise of FB Advisor and GDFM, along with the broader resources of GSO which includes its access to the relationships and human capital of its parent, The Blackstone Group L.P., in sourcing, evaluating and structuring transactions;
- employing a defensive investment approach focused on long-term credit performance and principal protection;
- focusing primarily on debt investments in a broad array of private U.S. companies, including small and middle market companies, which we define as companies with annual revenue of \$10 million to \$2.5 billion at the time of investment. In many environments, we believe such a focus offers an opportunity for superior risk adjusted returns;
- focusing primarily on investing in established, stable companies with positive cash flow; and
- maintaining rigorous portfolio monitoring, in an attempt to anticipate and pre-empt negative credit events within our portfolio.

Our principal office is located at The Cira Centre, 2929 Arch Street, Suite 675, Philadelphia, PA 1904 and our telephone number is (215) 495-1150.

## 12. Additional Information.

Information concerning our business, including our background, strategy, business, investment portfolio, competition, and personnel, as well as our financial information, is included in:

- our Annual Report on Form 10-K as filed with the SEC on March 31, 2009;
- our Quarterly Reports on Form 10-Q as filed with the SEC on May 15, 2009, August 13, 2009 and November 13, 2009; and
- our Issuer Tender Offer Statement on Schedule TO as filed with the SEC on \_\_\_\_\_, 2010;

Each of the foregoing documents is incorporated by reference herein. We also hereby incorporate by reference additional documents that we may file with the SEC between the date of this Offer and the Expiration Date of this Offer. You may inspect and copy these reports, proxy statements and other information, at the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements and other information filed electronically by us with the SEC, which are available on the SEC's website at <http://www.sec.gov>. Copies of these reports, proxy and information statements and other information may be obtained, after paying a duplicating fee, by electronic request at the following e-mail address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov), or by writing the SEC's Public Reference Section, 100 F Street, N.E., Washington, D.C. 20549.

## 13. Certain Federal Income Tax Consequences.

The following discussion is a general summary of the federal income tax consequences of a sale of Shares pursuant to the Offer. This summary is based upon the Code, applicable Treasury regulations promulgated thereunder, rulings and administrative pronouncements and judicial decisions, changes in which could affect the tax consequences described herein and could occur on a retroactive basis. This summary addresses only Shares held as capital assets. This summary does not address all of the tax consequences that may be relevant to shareholders in light of their particular circumstances. In addition, this summary does not address (a) any state, local or foreign tax considerations that may be relevant to a shareholder's decision to tender Shares pursuant to the Offer; or (b) any tax consequences to partnerships or entities classified as partnerships for U.S. federal tax purposes (or their partners or members) tendering Shares pursuant to the Offer. Shareholders should consult their own tax advisers regarding the tax consequences of a sale of Shares pursuant to the Offer, as well as the effects of state and local tax laws. See Section 4.c. "Procedures for Tendering Shares—United States Federal Income Tax Withholding" above.

a. *U.S. Shareholders.* The sale of Shares pursuant to the Offer will be a taxable transaction for federal income tax purposes, either as a "sale or exchange," or under certain circumstances, as a "dividend." Under Section 302(b) of the Code, a sale of Shares pursuant to the Offer generally will be treated as a "sale or exchange" if the receipt of cash: (a) results in a "complete termination" of the shareholder's interest in the Company, (b) is "substantially disproportionate" with respect to the shareholder or (c) is "not essentially equivalent to a dividend" with respect to the shareholder. In determining whether any of these tests has been met, Shares actually owned, as well as Shares considered to be owned by the shareholder by reason of certain constructive ownership rules set forth in Section 318 of the Code, generally must be taken into account. If any of these three tests for "sale or exchange" treatment is met, a shareholder will recognize gain or loss equal to the difference between the amount of cash received pursuant to the Offer and the tax basis of the Shares sold. The gain or loss will be a capital gain or loss. In general, capital gain or loss with respect to Shares sold will be long-term capital gain or loss if the holding period for such Shares is more than one year. The maximum long-term capital gains rate applicable to individual shareholders is generally 15%. The ability to deduct capital losses is limited. Under the "wash sale" rules of the Code, recognition of a loss on Shares sold pursuant to the Offer will ordinarily be disallowed to the extent a shareholder acquires substantially identical Shares within 30 days before

or after the date the Shares are purchased by the Company pursuant to the Offer. In that event, the basis and holding period of the Shares acquired will be adjusted to reflect the disallowed loss. Additionally, any loss realized upon a taxable disposition of Shares held for six months or less will be treated as a long-term capital loss to the extent of any capital gains dividends received by the shareholder (or amounts credited to the shareholder as undistributed capital gains) with respect to such Shares.

If none of the tests set forth in Section 302(b) of the Code is met, amounts received by a shareholder who sells Shares pursuant to the Offer will be taxable to the shareholder as a “dividend” to the extent of such Shareholder’s allocable share of the Company’s current or accumulated earnings and profits, and the excess of such amounts received over the portion that is taxable as a dividend will constitute a non-taxable return of capital (to the extent of the Shareholder’s tax basis in the Shares sold pursuant to the Offer). Any amounts received in excess of the Shareholder’s tax basis in such case will constitute taxable gain. If the amounts received by a tendering Shareholder are treated as a “dividend,” the tax basis in the Shares tendered to the Company will be transferred to any remaining Shares held by such shareholder.

In addition, if a tender of Shares is treated as a “dividend” to a tendering shareholder, the Internal Revenue Service may take the position that a constructive distribution under Section 305(c) of the Code may result to a shareholder whose proportionate interest in the earnings and assets of the Company has been increased by such tender. Stockholders are urged to consult their own tax advisors regarding the possibility of deemed distributions resulting from the purchase of Shares pursuant to the Offer.

The Company may be required to withhold 28% of the gross proceeds paid to a U.S. Shareholder or other payee pursuant to the Offer unless either: (a) the U.S. Shareholder has completed and submitted to the Company a Form W-9 (or Substitute Form W-9), providing the U.S. Shareholder’s employer identification number or social security number as applicable, and certifying under penalties of perjury that: (a) such number is correct; (b) either (i) the U.S. Shareholder is exempt from backup withholding, (ii) the U.S. Shareholder has not been notified by the IRS that the U.S. Shareholder is subject to backup withholding as a result of an under-reporting of interest or dividends, or (iii) the IRS has notified the U.S. Shareholder that the U.S. Shareholder is no longer subject to backup withholding; or (c) an exception applies under applicable law. A Substitute Form W-9 is included as part of the Letter of Transmittal for U.S. Shareholders.

b. *Non-U.S. Shareholders.* The U.S. federal income taxation of a Non-U.S. Shareholder on a sale of Shares pursuant to the Offer depends on whether this transaction is “effectively connected” with a trade or business carried on in the U.S. by the Non-U.S. Shareholder (and if an income tax treaty applies, on whether the Non-U.S. Shareholder maintains a U.S. permanent establishment) as well as the tax characterization of the transaction as either a sale of the Shares or a dividend distribution by the Company, as discussed above for U.S. Shareholders. If the sale of Shares pursuant to the Offer is not so effectively connected (or, if an income tax treaty applies, the Non-U.S. Shareholder does not maintain a U.S. permanent establishment) and if, as anticipated for U.S. Shareholders, it gives rise to gain or loss rather than dividend treatment, any gain realized by a Non-U.S. Shareholder upon the tender of Shares pursuant to the Offer will not be subject to U.S. federal income tax or to any U.S. tax withholding; provided, however, that such a gain will be subject to U.S. federal income tax at the rate of 30% (or such lower rate as may be applicable under an income tax treaty) if the Non-U.S. Shareholder is a non-resident alien individual who is physically present in the United States for more than 182 days during the taxable year of the sale. If, however, Non-U.S. Shareholders are deemed, for the reasons described above in respect of U.S. Shareholders, to receive a dividend distribution from the Company with respect to Shares they tender, the portion of the distribution treated as a dividend (which may not include the portion of such dividend attributable to certain interest income and certain capital gain income) to the Non-U.S. Shareholder would be subject to a U.S. withholding tax at the rate of 30% (or such lower rate as may be applicable under a tax treaty) if the dividend is not effectively connected with the conduct of a trade or business in the United States by the Non-U.S. Shareholder (or, if an income tax treaty applies, the Non-U.S. Shareholder does not maintain a U.S. permanent establishment).

If the amount realized on the tender of Shares by a Non-U.S. Shareholder is effectively connected with the conduct of a trade or business in the United States by the Non-U.S. Shareholder (and, if an income tax treaty applies, the Non-U.S. Shareholder maintains a U.S. permanent establishment), regardless of whether the tender is characterized as a sale or as giving rise to a dividend distribution from the Company for U.S. federal income tax purposes, the transaction will be treated and taxed in the same manner as if the Shares involved were tendered by a U.S. Shareholder.

Any dividends received by a corporate Non-U.S. Shareholder that are effectively connected with a U.S. trade or business in which the corporate shareholder is engaged (and if an income tax treaty applies, are attributable to a permanent establishment maintained by the corporate Non-U.S. Shareholder) also may be subject to an additional branch profits tax at a 30% rate, or lower applicable treaty rate.

Non-U.S. Shareholders should provide the Company with a properly completed Form W-8BEN, Form W-8IMY, Form W-8ECI or other applicable form in order to avoid 28% backup withholding on the cash they receive from the Company regardless of how they are taxed with respect to their tender of the Shares involved.

**The tax discussion set forth above is included for general information only. Each Shareholder is urged to consult such Shareholder's own tax advisor to determine the particular tax consequences to him or her of the Offer, including the applicability and effect of state, local and foreign tax laws.**

#### *14. Amendments; Extension of Tender Period; Termination.*

We reserve the right, at any time during the pendency of the Offer, to amend, supplement, extend or terminate the Offer in any respect. Without limiting the manner in which we may choose to make a public announcement of such an amendment, supplement, extension or termination, we shall have no obligation to publish, advertise or otherwise communicate any such public announcement, except as provided by applicable law (including Rule 14e-1(d) promulgated under the Exchange Act).

Except to the extent required by applicable law (including Rule 13e-4(f)(1) promulgated under the Exchange Act), we will have no obligation to extend the Offer.

#### *15. Forward Looking Statements; Miscellaneous.*

This Offer may include forward-looking statements. The forward-looking statements contained in this Offer may include statements as to:

- our future operating results;
- our business prospects and the prospects of our portfolio companies;
- the impact of the investments that we expect to make;
- the ability of our portfolio companies to achieve their objectives;
- our expected financings and investments;
- the adequacy of our cash resources and working capital; and
- the timing of cash flows, if any, from the operations of our portfolio companies.

In addition, words such as "anticipate," "believe," "expect" and "intend" indicate a forward-looking statement, although not all forward-looking statements include these words. The forward-looking statements contained in this Offer involve risks and uncertainties. Our actual results could differ materially from those implied or expressed in the forward-looking statements for any reason, including the factors set forth in the "Risk Factors" section of our prospectus, dated August 28, 2009, as amended or supplemented. Other factors that could cause actual results to differ materially include:

- changes in the economy;

- risks associated with possible disruption in our operations or the economy generally due to terrorism or natural disasters; and
- future changes in laws or regulations and conditions in our operating areas.

We have based the forward-looking statements included in this Offer on information available to us on the date of this Offer, and we assume no obligation to update any such forward-looking statements. Except as required by the federal securities laws, we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise. You are advised to consult any additional disclosures that we may make directly to you or through reports that we in the future may file with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. The forward-looking statements and projections contained in this Offer are excluded from the safe harbor protection provided by Section 27A of the Securities Act of 1933.

The Offer is not being made to, nor will we accept tenders from, or on behalf of, owners of Shares in any jurisdiction in which the making of the Offer or its acceptance would not comply with the securities or “blue sky” laws of that jurisdiction. We are not aware of any jurisdiction in which the making of the Offer or the acceptance of tenders of, purchase of, or payment for, Shares in accordance with the Offer would not be in compliance with the laws of such jurisdiction. We, however, reserve the right to exclude shareholders in any jurisdiction in which it is asserted that the Offer cannot lawfully be made or tendered Shares cannot lawfully be accepted, purchased or paid for. So long as we make a good-faith effort to comply with any state law deemed applicable to the Offer, we believe that the exclusion of holders residing in any such jurisdiction is permitted under Rule 13e-4(f)(9) promulgated under the Exchange Act. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on our behalf by one or more brokers or dealers licensed under the laws of such jurisdiction.

, 2010

FS INVESTMENT CORPORATION



**NOTICE OF WITHDRAWAL OF TENDER  
REGARDING SHARES HELD IN  
FS INVESTMENT CORPORATION**

Tendered Pursuant to the Offer to Purchase  
Dated \_\_\_\_\_, 2010

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THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE  
AT, AND THIS NOTICE OF WITHDRAWAL MUST BE  
RECEIVED BY FS INVESTMENT CORPORATION, EITHER BY  
HAND-DELIVERY OR MAIL, BEFORE 5:00 P.M., CENTRAL TIME,  
ON MARCH 24, 2010, UNLESS THE OFFER IS EXTENDED.

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COMPLETE THIS NOTICE OF WITHDRAWAL AND RETURN BY HAND-DELIVERY OR MAIL TO:

FS Investment Services  
c/o DST Systems, Inc.  
P.O. Box 219095  
Kansas City, MO 64121-9095

YOU ARE RESPONSIBLE FOR CONFIRMING THAT THIS NOTICE OF WITHDRAWAL IS RECEIVED BY FS INVESTMENT CORPORATION  
AT THE ADDRESS ABOVE.

Ladies and Gentlemen:

The undersigned hereby withdraws the tender of its Shares to FS Investment Corporation (the "Company") for purchase by the Company that previously was submitted by the undersigned in a Letter of Transmittal dated \_\_\_\_\_, 2010.

This tender was in the amount of: \_\_\_\_\_ Shares.

The undersigned recognizes that upon the receipt on a timely basis of this Notice of Withdrawal of Tender, properly executed, the Shares previously tendered will not be purchased by the Company.

SIGNATURE(S):

FOR INDIVIDUAL INVESTORS AND JOINT TENANTS:

\_\_\_\_\_  
(Signature of Investor(s) or Authorized Person(s)  
Exactly as Appeared on Subscription Agreement)

\_\_\_\_\_  
(Signature of Investor(s) or Authorized Person(s)  
Exactly as Appeared on Subscription Agreement)

\_\_\_\_\_  
Name of Signatory (please print)

\_\_\_\_\_  
Name of Signatory (please print)

\_\_\_\_\_  
Title of Authorized Person (please print)

\_\_\_\_\_  
Title of Authorized Person (please print)

FOR OTHER INVESTORS:

\_\_\_\_\_  
(Signature of Investor(s) or Authorized Person(s)  
Exactly as Appeared on Subscription Agreement)

\_\_\_\_\_  
(Signature of Investor(s) or Authorized Person(s)  
Exactly as Appeared on Subscription Agreement)

\_\_\_\_\_  
Name of Signatory (please print)

\_\_\_\_\_  
Name of Signatory (please print)

\_\_\_\_\_  
Title of Authorized Person (please print)

\_\_\_\_\_  
Title of Authorized Person (please print)

Date: \_\_\_\_\_, 2010





**THIS IS NOTIFICATION OF THE QUARTERLY REPURCHASE OFFER.  
IF YOU ARE NOT INTERESTED IN SELLING YOUR SHARES AT THIS TIME,  
KINDLY DISREGARD THIS NOTICE.**

February , 2010

Dear Shareholder:

No action is required of you at this time. We have sent this letter to you only to announce the initial quarterly repurchase offer (the "Offer") by FS Investment Corporation (the "Company"). The purpose of this Offer is to provide liquidity to holders of shares of our common stock, for which there is otherwise no public market, by offering to repurchase some or all of their shares at a price equal to 90 percent of the offering price in effect for such shares as of April 1, 2010. The offering price as of March 1, 2010 was \$ per share, but the offering price in effect on April 1, 2010 may be higher or lower than such amount. The Offer period will begin on , 2010 and end at 5:00 p.m., Central Time, on March 24, 2010. Subject to the limitations contained in the Offer to Purchase, which is attached to this letter, all properly completed and duly executed letters of transmittal returned to us will be processed on April 1, 2010.

**IF YOU HAVE NO DESIRE TO SELL ANY OF YOUR SHARES AT 90 PERCENT OF THE PUBLIC OFFERING PRICE AS OF APRIL 1, 2010, PLEASE DISREGARD THIS NOTICE.** We will contact you again next quarter and each quarter thereafter to notify you of the Company's intention to offer to repurchase a portion of its issued and outstanding shares. If you would like to tender a portion or all of your shares for repurchase at 90 percent of the public offering price as of April 1, 2010, please complete the Letter of Transmittal Form included with this letter and return it in the enclosed envelope. Please see the attached Offer to Purchase for conditions to the Offer, including, but not limited to, the fact that we are only offering to repurchase up to the lesser of (1) 108,904 shares of common stock and (2) the number of shares of common stock which we can repurchase with the proceeds we receive from the sale of shares under our distribution reinvestment plan.

**All requests to tender shares must be received in good order by the Company, at the address below, by 5:00 p.m., Central Time, on March 24, 2010.**

FS Investment Services  
c/o DST Systems, Inc.  
P.O. Box 219095  
Kansas City, MO 64121-9095

If you have any questions, please call your financial advisor or call us at (877) 628-8575.

Sincerely,  
Michael C. Forman  
President and Chief Executive Officer  
FS Investment Corporation