

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): **March 13, 2012**

FS Investment Corporation

(Exact name of Registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation)

814-00757
(Commission
File Number)

26-1630040
(I.R.S. Employer
Identification No.)

Cira Centre
2929 Arch Street, Suite 675
Philadelphia, Pennsylvania
(Address of principal executive offices)

19104
(Zip Code)

Registrant's telephone number, including area code: **(215) 495-1150**

None
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On March 13, 2012, the board of directors of FS Investment Corporation (the "Company") declared two regular semi-monthly cash distributions of \$0.033594 per share each. Both distributions will be paid on March 30, 2012, the first to stockholders of record on March 15, 2012 and the second to stockholders of record on March 29, 2012.

A copy of the press release announcing the foregoing is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 8.01. Other Events.

Expense Support and Conditional Reimbursement Agreement

On March 13, 2012, the Company entered into an Expense Support and Conditional Reimbursement Agreement (the "Expense Reimbursement Agreement") with its affiliate, Franklin Square Holdings, L.P. ("Franklin Square Holdings"). Pursuant to the Expense Reimbursement Agreement, Franklin Square Holdings has agreed to reimburse the Company for expenses in an amount that is sufficient to ensure that no portion of the Company's distributions to stockholders will be paid from its offering proceeds or borrowings. However, because certain investments the Company may make, including preferred and common equity investments, may generate dividends and other distributions to the Company that are treated for tax purposes as a return of capital, a portion of the Company's distributions to stockholders may also be deemed to constitute a return of capital for tax purposes to the extent that the Company may use such dividends or other distribution proceeds to fund its distributions to stockholders. Under those circumstances, Franklin Square Holdings will not reimburse the Company for the portion of such distributions to stockholders that represent a return of capital for tax purposes, as the purpose of the expense reimbursement arrangement is not to prevent tax-advantaged distributions to stockholders.

Under the Expense Reimbursement Agreement, Franklin Square Holdings will reimburse the Company for expenses in an amount equal to the difference between the Company's cumulative distributions paid to its stockholders in each quarter, less the sum of the Company's net investment income for tax purposes, net capital gains and dividends and other distributions paid to the Company on account of preferred and common equity investments in portfolio companies (to the extent such amounts are not included in net investment income or net capital gains for tax purposes) in each quarter.

Pursuant to the Expense Reimbursement Agreement, the Company will have a conditional obligation to reimburse Franklin Square Holdings for any amounts funded by Franklin Square Holdings under such agreement if (and only to the extent that), during any fiscal quarter occurring within three years of the date on which Franklin Square Holdings funded such amount, the sum of the Company's net investment income for tax purposes, net capital gains and the amount of any dividends and other distributions paid to the Company on account of preferred and common equity investments in portfolio companies (to the extent not included in net investment income or net capital gains for tax purposes) exceeds the distributions paid by the Company to stockholders.

The Company or Franklin Square Holdings may terminate the Expense Reimbursement Agreement at any time. If the Company terminates the investment advisory and administrative services agreement with FB Income Advisor, LLC, the Company will be required to repay Franklin Square Holdings all reimbursements funded by Franklin Square Holdings within three years of the date of termination.

The specific amount of expenses reimbursed by Franklin Square Holdings, if any, will be determined at the end of each quarter. Franklin Square Holdings is controlled by the Company's chairman, president and chief executive officer, Michael Forman, and the Company's vice-chairman, David Adelman. There can be no assurance that the Expense Reimbursement Agreement will remain in effect or that Franklin Square Holdings will reimburse any portion of the Company's expenses in future quarters.

The foregoing description of the Expense Reimbursement Agreement, as set forth in this Item 8.01, is qualified in its entirety by reference to the text of the Expense Reimbursement Agreement, which is filed as Exhibit 99.2 and is incorporated by reference herein.

Other Information

Based on the current and projected pace of capital raising in the Company's public offering, the Company currently expects that the final semi-monthly share closing will occur on or about May 15, 2012. There can be no assurance, however, that the final semi-monthly closing will actually occur on such date.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

EXHIBIT NUMBER	DESCRIPTION
99.1	Press release dated March 16, 2012.
99.2	Expense Support and Conditional Reimbursement Agreement, dated March 13, 2012, between FS Investment Corporation and Franklin Square Holdings, L.P.

Forward-Looking Statements

This Current Report on Form 8-K may contain certain forward-looking statements, including statements with regard to the future performance of the Company. 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, and some of these factors are enumerated in the filings the Company makes with the Securities and Exchange Commission. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FS Investment Corporation

Date: March 16, 2012

By: /s/ Michael C. Forman
Michael C. Forman
President and Chief Executive Officer

EXHIBIT INDEX

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**FOR IMMEDIATE RELEASE****FS Investment Corporation Declares Two Regular Cash Distributions to be Paid in March**

PHILADELPHIA, PA, March 16, 2012 – On March 13, 2012, the board of directors (the “Board”) of FS Investment Corporation (“FSIC”) declared two regular semi-monthly cash distributions of \$0.033594 per share each (an annualized rate of 7.54% based on FSIC’s current \$10.70 per share public offering price), which will be paid in March.

Both of the regular semi-monthly cash distributions of \$0.033594 per share will be paid on March 30, 2012, the first to stockholders of record on March 15, 2012 and the second to stockholders of record on March 29, 2012.

Guidance Regarding Public Offering Price

If FSIC’s strong portfolio performance continues, causing FSIC’s net asset value per share to exceed FSIC’s net offering price per share, the Board may increase the per share offering price of its shares of common stock for its future semi-monthly closings. FSIC expects that, if adjusted, the per share public offering price will be between \$10.70 and \$10.80 per share. The Board has not yet determined that an adjustment to the current offering price of \$10.70 per share will be necessary. In the event FSIC determines to adjust its current offering price, a separate announcement will be issued.

About FS Investment Corporation

FSIC, an investment fund sponsored by Franklin Square Capital Partners (“Franklin Square”), is a publicly registered, non-traded business development company (“BDC”). A BDC such as FSIC is a type of investment fund that enables investors, including non-accredited investors (subject to certain state-specific suitability standards), to access the private debt asset class. FSIC focuses primarily on investing in the debt securities of private companies throughout the United States, with the investment objectives of generating current income and, to a lesser extent, long-term capital appreciation for its investors. FSIC is managed by FB Income Advisor, LLC and is sub-advised by GSO / Blackstone Debt Funds Management LLC, an affiliate of GSO Capital Partners LP (“GSO”). GSO, with approximately \$37.0 billion in assets under management as of December 31, 2011, is the credit platform of The Blackstone Group L.P. For more information, please visit www.fsinvestmentcorp.com.

About Franklin Square Capital Partners

Franklin Square is a national sponsor and distributor of alternative investment products structured for the mainstream investor. Founded in 2007 by an experienced group of alternative investment industry professionals, Franklin Square’s goal is to bring the benefits of an institutional-class investment portfolio to investors through exposure to innovative alternative investment products managed by what it deems to be best-in-class alternative asset managers. Franklin Square believes that institutional investment portfolios, with their access to the strong return potential and diversifying power of alternative assets, are better-suited to manage risk and generate above-market returns than their traditional counterparts. Franklin Square is committed to best practices and transparency, including a commitment to not fund distributions with offering proceeds or borrowings, mark-to-market pricing and a significant sponsor investment in its products. Franklin Square distributes its sponsored financial products to the broker-dealer community through its affiliated wholesaling broker-dealer, FS² Capital Partners, LLC. For more information, please visit www.franklinsquare.com.

Certain Information About Distributions

The determination of the tax attributes of FSIC's distributions is made annually as of the end of FSIC's fiscal year based upon its taxable income and distributions paid, in each case, for the full year. Therefore, a determination as to the tax attributes of the distributions made on a quarterly basis may not be representative of the actual tax attributes for a full year. FSIC intends to update stockholders quarterly with an estimated percentage of its distributions that resulted from taxable ordinary income. The actual tax characteristics of distributions to stockholders will be reported to stockholders annually on a Form 1099-DIV.

The payment of future distributions on FSIC's common stock is subject to the discretion of the Board and applicable legal restrictions, and therefore, there can be no assurance as to the amount or timing of any such future distributions.

Forward-Looking Statements

This announcement may contain certain forward-looking statements, including statements with regard to the future performance of FSIC. 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, and some of these factors are enumerated in the filings FSIC makes with the Securities and Exchange Commission. FSIC undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

EXPENSE SUPPORT AND CONDITIONAL REIMBURSEMENT AGREEMENT

This Expense Support and Conditional Reimbursement Agreement (the “**Agreement**”) is made this 13th day of March 2012, by and between FS INVESTMENT CORPORATION, a Maryland corporation (the “**Company**”), and FRANKLIN SQUARE HOLDINGS, L.P., a Pennsylvania limited partnership (“**FSH**”).

WHEREAS, the Company is a non-diversified, closed-end management investment company that has elected to be treated as a business development company under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”);

WHEREAS, FB Income Advisor, LLC (“**FBIA**”) is the Company’s investment adviser and is a subsidiary of FSH; and

WHEREAS, the Company and FSH have determined that it is appropriate and in the best interests of the Company to ensure that no portion of distributions made to the Company’s stockholders will be paid from the Company’s offering proceeds or borrowings.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the parties hereby agree as follows:

1. FSH Expense Payments to the Company.

- (a) Commencing with the quarter ending March 31, 2012 and on a quarterly basis thereafter, FSH shall reimburse the Company for operating expenses in an amount equal to the difference between the Company’s cumulative distributions paid to the Company’s stockholders in each calendar quarter less Available Operating Funds (defined below) received by the Company on account of its investment portfolio during such calendar quarter. Any payments required to be made by FSH pursuant to the preceding sentence shall be referred to herein as an “**Expense Payment**.”
 - (b) FSH’s obligation to make an Expense Payment shall automatically become a liability of FSH and the right to such Expense Payment shall be an asset of the Company on the last business day of the applicable calendar quarter. The Expense Payment for any calendar quarter shall be paid by FSH to the Company in any combination of cash or other immediately available funds, and/or offsets against amounts due from the Company to FSH or FBIA, no later than the earlier of (i) the date on which the Company closes its books for such calendar quarter and (ii) forty-five days after the end of such calendar quarter.
 - (c) For purposes of this Agreement, “**Available Operating Funds**” means the sum of (i) the Company’s net investment company taxable income (including net short-term capital gains reduced by net long-term capital losses), (ii) the Company’s net capital gains (including the excess of net long-term capital gains over net short-term capital losses) and (iii) dividends and other distributions paid to the Company on account of investments in portfolio companies (to the extent such amounts listed in clause (iii) are not included under clauses (i) and (ii) above).
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2. Reimbursement of Expense Payments by the Company.

- (a) Following any calendar quarter in which Available Operating Funds exceed the cumulative distributions paid to the Company's stockholders in such calendar quarter (the amount of such excess being hereinafter referred to as "**Excess Operating Funds**"), the Company shall pay such Excess Operating Funds, or a portion thereof in accordance with Section 2(b), to FSH until such time as all Expense Payments made by FSH to the Company within three years prior to the last business day of such calendar quarter have been reimbursed. Any payments required to be made by the Company pursuant to this Section 2(a) shall be referred to herein as a "**Reimbursement Payment**."
- (b) The amount of the Reimbursement Payment for any calendar quarter shall equal the lesser of (i) the Excess Operating Funds in such calendar quarter and (ii) the aggregate amount of all Expense Payments made by FSH to the Company within three years prior to the last business day of such calendar quarter that have not been previously reimbursed by the Company to FSH.
- (c) The Company's obligation to make a Reimbursement Payment shall automatically become a liability of the Company and the right to such Reimbursement Payment shall be an asset of FSH on the last business day of the applicable calendar quarter. The Reimbursement Payment for any calendar quarter shall be paid by the Company to FSH in any combination of cash or other immediately available funds no later than forty-five days after the end of such calendar quarter. Any Reimbursement Payments shall be deemed to have reimbursed FSH for Expense Payments in chronological order beginning with the oldest Expense Payment eligible for reimbursement under this Section 2.

3. Termination and Survival.

- (a) This Agreement shall become effective as of the date of this Agreement.
 - (b) This Agreement may be terminated at any time, without the payment of any penalty, by the Company or FSH at any time, with or without notice.
 - (c) This Agreement shall automatically terminate in the event of (i) the termination by the Company of the Investment Advisory and Administrative Services Agreement, dated February 12, 2008, as amended August 5, 2008, between the Company and FBIA or (ii) the board of directors of the Company makes a determination to dissolve or liquidate the Company.
 - (d) Notwithstanding anything to the contrary set forth in this Agreement, if this Agreement terminates automatically pursuant to Section 3(c) or, following a termination of this Agreement pursuant to Section 3(b), an event described in Section 3(c) occurs, the Company agrees to pay FSH an amount equal to all Expense Payments paid by FSH to the Company within three years prior to the date of such termination pursuant to Section 3(c) or the occurrence of such event, as applicable, and that have not been previously reimbursed by the Company to FSH. Such repayment shall be made to FSH not later than thirty days after such date of termination or the date of such event, as applicable.
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- (e) Sections 3 and 4 of this Agreement shall survive any termination of this Agreement. Notwithstanding anything to the contrary, Section 2 of this Agreement shall survive any termination of this Agreement with respect to any Expense Payments that have not been reimbursed by the Company to FSH.

4. Miscellaneous

- (a) The captions of this Agreement are included for convenience only and in no way define or limit any of the provisions hereof or otherwise affect their construction or effect.
- (b) This Agreement contains the entire agreement of the parties and supersedes all prior agreements, understandings and arrangements with respect to the subject matter hereof. Notwithstanding the place where this Agreement may be executed by any of the parties hereto, this Agreement shall be construed in accordance with the laws of the State of Delaware. For so long as the Company is regulated as a business development company under the Investment Company Act, this Agreement shall also be construed in accordance with the applicable provisions of the Investment Company Act. In such case, to the extent the applicable laws of the State of Delaware, or any of the provisions herein, conflict with the provisions of the Investment Company Act, the latter shall control. Further, nothing in this Agreement shall be deemed to require the Company to take any action contrary to the Company's Articles of Amendment and Restatement or Amended and Restated By-Laws, as each may be amended or restated, or to relieve or deprive the board of directors of the Company of its responsibility for and control of the conduct of the affairs of the Company.
- (c) If any provision of this Agreement shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of this Agreement shall not be affected thereby and, to this extent, the provisions of this Agreement shall be deemed to be severable.
- (d) The Company shall not assign this Agreement or any right, interest or benefit under this Agreement without the prior written consent of FSH.
- (e) This Agreement may be amended in writing by mutual consent of the parties. This Agreement may be executed by the parties on any number of counterparts, delivery of which may occur by facsimile or as an attachment to an electronic communication, each of which shall be deemed an original, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first written above.

FS INVESTMENT CORPORATION

By: /s/ Gerald F. Stahlecker

Name: Gerald F. Stahlecker

Title: Executive Vice President

FRANKLIN SQUARE HOLDINGS, L.P.

By: Franklin Square Holdings, G.P., LLC, its general partner

By: /s/ Gerald F. Stahlecker

Name: Gerald F. Stahlecker

Title: Executive Vice President
