
**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 10, 2010

FS Investment Corporation
(Exact name of Registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation)

0-53424
(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)

19104-2867
(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 1.01. Entry into a Material Definitive Agreement.

The information included under Item 2.03 below is incorporated by reference into this Item 1.01.

Item 2.03. Creation of a Direct Financial Obligation.

On March 10, 2010, Broad Street Funding LLC (“Broad Street”), a special-purpose bankruptcy remote subsidiary of FS Investment Corporation (“FSIC”), entered into a \$140,000,000 revolving credit facility (the “Facility”) with Deutsche Bank AG, New York Branch (“Deutsche Bank”). The Facility is backed by a pool of loans which have been, or which may from time to time be, contributed by FSIC to Broad Street. FSIC will act as the manager of the loans owned by Broad Street, and will retain a residual interest through its ownership of Broad Street in the loans contributed to Broad Street. The summary of the credit agreement establishing the Facility (the “Credit Agreement”) set forth in this Item 2.03 is qualified in its entirety by reference to the text of the Credit Agreement which is filed as Exhibit 10.1 and is incorporated by reference herein.

In connection with the Facility, Broad Street entered into the following agreements: (i) an Asset Contribution Agreement with FSIC, as the contributor, dated as of March 10, 2010 (the “Asset Contribution Agreement”), pursuant to which FSIC contributed loans with a market value of \$99,304,382 to Broad Street, and pursuant to which FSIC may from time to time contribute additional loans to Broad Street; (ii) an Investment Management Agreement with FSIC, as manager, dated as of March 10, 2010 (the “Management Agreement”), pursuant to which FSIC will manage the assets of Broad Street; (iii) a Security Agreement with Deutsche Bank, dated as of March 10, 2010, pursuant to which Broad Street granted to Deutsche Bank a first priority security interest in substantially all of its assets; and (iv) a Custodial Agreement with Deutsche Bank Trust Company Americas (“DBTCA”), as custodian, dated as of March 10, 2010 (the “Custodial Agreement”), pursuant to which DBTCA will maintain and perform certain services with respect to the assets pledged by Broad Street to Deutsche Bank. The summary of the Asset Contribution Agreement, the Management Agreement and the Security Agreement as set forth in this Item 2.03 is qualified in its entirety by reference to the text of the agreements which are filed as Exhibits 10.2 through 10.4 and are incorporated by reference herein.

Pursuant to the terms of the Credit Agreement, and subject to certain conditions customary for transactions of this nature, Broad Street may borrow a maximum of \$140,000,000. Subject to certain exceptions, pricing under the Facility is based on the London interbank offered rate (“LIBOR”) for an interest period equal to the weighted average LIBOR interest period of eligible loans owned by Broad Street, plus a spread of 2.50% per annum for the relevant period. Interest on the loans is payable quarterly in arrears. Broad Street plans to use the net proceeds of the Facility to make investments in new loans, pay fees and expenses incurred in connection with the Facility and make distributions to FSIC.

All amounts borrowed under the Facility will mature, and all accrued and unpaid interest thereunder will be due and payable, on March 10, 2012. Broad Street is required to pay certain fees in connection with the Facility, including a fee on the unused portion of the commitment under the Facility. Broad Street may prepay any borrowing at any time without premium or penalty, except that Broad Street may be liable for certain funding breakage fees if prepayments occur prior to expiration of the relevant interest period. Broad Street may also permanently reduce all or a portion of the commitment amount under the Facility upon payment of a commitment reduction fee.

Borrowings under the Facility will be subject to compliance with a borrowing base, pursuant to which the amount of funds that Deutsche Bank will advance to Broad Street varies depending upon the types of assets in Broad Street’s portfolio. The occurrence of certain events described as “Super-Collateralization Events” in the Credit Agreement, or a decline in the net asset value of FSIC below a specified threshold, results in a lowering of the amount of funds that Deutsche Bank will advance against such assets.

In connection with the Facility, Broad Street has made certain representations and warranties and is required to comply with various covenants, reporting requirements and other customary requirements for similar facilities. In addition to customary events of default included in financing transactions, the Facility contains the following events of default: (a) the failure to make principal payments when due or interest payments within three business days of when due, (b) borrowings under the Facility exceeding the applicable advance rates, (c) the purchase by Broad Street of certain ineligible assets, (d) the insolvency or bankruptcy of Broad Street or FSIC, (e) FSIC ceasing to act as investment manager of Broad Street's assets, (f) the decline of FSIC's net asset value below \$50,000,000 and (g) fraud or other illicit acts of FSIC or FB Income Advisor, LLC or GSO / Blackstone Debt Fund Management LLC in their investment advisory capacities. During the continuation of an event of default, Broad Street must pay interest at a default rate.

Item 9.01. Financial Statements and Exhibits.

- (a) Not Applicable.
- (b) Not Applicable.
- (c) Not Applicable.
- (d) Exhibits.

<u>EXHIBIT NUMBER</u>	<u>DESCRIPTION</u>
10.1	Credit Agreement by and between Broad Street Funding LLC and Deutsch Bank AG, New York Branch, dated March 10, 2010.
10.2	Asset Contribution Agreement by and between FS Investment Corporation and Broad Street Funding LLC, dated March 10, 2010.
10.3	Investment Management Agreement by and between FS Investment Corporation and Broad Street Funding LLC, dated March 10, 2010.
10.4	Security Agreement by and between Broad Street Funding LLC and Deutsch Bank AG, New York Branch, dated March 10, 2010.

SIGNATURES

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, 2010

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

CREDIT AGREEMENT

dated as of

March 10, 2010

among

BROAD STREET FUNDING LLC,
as Borrower,

and

DEUTSCHE BANK AG, NEW YORK BRANCH,
as Lender

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CREDIT AGREEMENT

THIS CREDIT AGREEMENT, dated as of March 10, 2010 (this “**Agreement**”), is entered into by and among BROAD STREET FUNDING LLC, a Delaware limited liability company (the “**Borrower**”) and DEUTSCHE BANK AG, NEW YORK BRANCH (the “**Lender**”).

WITNESSETH:

WHEREAS, the Borrower is a newly-formed limited liability company organized under the Laws of Delaware to pursue a strategy of investing on a leveraged basis in and managing a pool of Fund Investments;

WHEREAS, the Borrower will acquire, hold and dispose of Fund Investments;

WHEREAS, the Borrower desires to obtain the Commitment from the Lender, pursuant to which Loans shall be made, subject to the terms and conditions set forth herein, in a maximum aggregate principal amount not to exceed at any time the lesser of (a) the Maximum Commitment and (b) the Maximum Advance Amount at such time; and

WHEREAS, the Lender is willing, on the terms and conditions hereinafter set forth, to extend the Commitment;

NOW, THEREFORE, the parties hereto, intending to be legally bound hereby, agree as follows:

ARTICLE 1
DEFINITIONS AND INTERPRETATION

Section 1.01. Defined Terms. As used in this Agreement, and unless the context requires a different meaning, capitalized terms used but not defined herein shall have the respective meanings set forth in Annex I or Annex II.

Section 1.02. Use of Defined Terms. Unless otherwise defined or the context otherwise requires, terms for which meanings are provided in this Agreement shall have such meanings when used in each Assignment Agreement, notice and other communication delivered from time to time in connection with this Agreement or any other Credit Document.

Section 1.03. Interpretation. In this Agreement, unless a clear contrary intention appears:

(a) the singular number includes the plural number and vice versa;

(b) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are permitted by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually;

(c) reference to any gender includes each other gender;

(d) reference to any agreement (including this Agreement and the Annexes, Exhibits and Schedules hereto), document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof and reference to any promissory note includes any promissory note which is an extension or renewal thereof or a substitute or replacement therefor;

(e) reference to any Applicable Law means such Applicable Law as amended, modified, codified or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder;

(f) unless the context indicates otherwise, reference to any Article, Section, Schedule, Annex or Exhibit means such Article, Section or Schedule hereof or Annex or Exhibit hereto;

(g) "hereunder," "hereof," "hereto" and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Article, Section or other provision hereof;

(h) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term;

(i) relative to the determination of any period of time, "from" means "from and including," "to" means "to but excluding," and "through" means "through and including"; and

(j) reference to any rating by Moody's includes any equivalent rating in a successor rating category of Moody's and reference to any rating by S&P includes any equivalent rating in a successor rating category of S&P.

Section 1.04. Accounting Matters. For purposes of this Agreement, except as otherwise noted herein, all accounting terms not otherwise defined herein shall have the meanings assigned to them in conformity with GAAP applied on a basis consistent with the most recent audited financial statements of the Borrower delivered to the Lender on or before the Closing Date (or if the Borrower is consolidated on the financial statements of the Equity Owner, the most recent audited financial statements of the Equity Owner) and using the same valuation method as used in such financial statements, except for any change required or permitted by GAAP if the Borrower's certified public accountants concur in such change and the change is disclosed to the Lender.

Section 1.05. Conflict Between Credit Documents. If there is any conflict between this Agreement and any other Credit Document, this Agreement and such other Credit Document shall be interpreted and construed, if possible, so as to avoid or minimize such conflict but, to the extent (and only to the extent) of such conflict, this Agreement shall prevail and control.

Section 1.06. Legal Representation of the Parties. This Agreement was negotiated by the parties with the benefit of legal representation and any rule of construction or interpretation otherwise requiring this Agreement or any other Credit Document to be construed or interpreted against any party shall not apply to any construction or interpretation hereof or thereof.

ARTICLE 2 COMMITMENT

Section 2.01. Commitment. Subject to the terms and conditions of this Agreement, the Lender commits, from the Closing Date to the Commitment Termination Date, to make revolving loans (collectively, “**Loans**”) to the Borrower (the “**Commitment**”); *provided that* the Lender shall not be required to make any Loans hereunder if, after giving effect thereto and to the receipt and application by the Borrower of the proceeds of such Loan, the then aggregate outstanding principal amount of such Loans would exceed the lesser of (a) the Maximum Commitment and (b) the Maximum Advance Amount at such time. Subject to the preceding limitation and the terms and conditions of this Agreement, the Borrower may from time to time borrow, prepay, repay and reborrow Loans.

Section 2.02. Voluntary Reductions or Termination of the Maximum Commitment.

(a) The Lender’s commitment to make Loans hereunder shall automatically terminate, and the Maximum Commitment shall be reduced to zero, upon the Commitment Termination Date. The Borrower may voluntarily, from time to time, permanently reduce the amount of the Maximum Commitment upon at least ten (10) Business Days’ prior written notice to the Lender specifying the amount of such reduction, which notice shall be irrevocable once given; *provided that* (i) no reduction may reduce the Maximum Commitment below \$25,000,000 unless the Maximum Commitment is reduced to zero; (ii) any partial reduction of the Maximum Commitment shall be in a minimum amount of \$10,000,000 and in an integral multiple of \$1,000,000 for amounts in excess thereof and (iii) no such reduction shall reduce the Maximum Commitment to an amount less than the sum of the then aggregate outstanding Loans.

(b) Concurrently with any reduction in the Maximum Commitment or termination of the Lender’s Commitment to make Loans hereunder prior to the Scheduled Commitment Termination Date for whatever reason (including following the occurrence of an Event of Default), the Borrower shall pay to the Lender the applicable Make Whole Fee.

Section 2.03. Fees.

(a) *Setup Fee.* The Borrower shall pay to the Lender a Setup Fee in the amount and at the times set forth in the Setup Fee Agreement.

(b) *Commitment Fee.* The Borrower shall pay the applicable Commitment Fee to the Lender on each Payment Date and on the Commitment Termination Date.

ARTICLE 3
LOANS AND LENDER NOTE

Section 3.01. Borrowing Procedure for Loans. Subject to satisfaction of the applicable conditions precedent and the other terms of this Agreement, the Lender will fund Loans to, and only to, the Custodial Account upon receipt of timely and irrevocable written Borrowing Requests prior to the Commitment Termination Date, certified by an Authorized Representative of the Borrower and a Responsible Officer (which could be the same person as the Authorized Representative) as specified in Section 4.02(b) (*Borrowing Request*) specifying the amount and Business Day requested for funding; *provided that* the Borrower shall deliver not more than one (1) Borrowing Request to the Lender on any Business Day. Such Loans shall be in a minimum principal amount equal to (A) \$500,000 or an integral multiple of \$1,000 for amounts in excess thereof or (B) if less than the amount specified in (A), the aggregate Unused Amount at such time. Any such request shall be made by either delivery to the Lender of a written Borrowing Request or an Authorized Representative providing to the Lender a telephonic request for a Borrowing (which request shall be promptly confirmed by means of a written Borrowing Request), in each case no later than 3:00 p.m. (New York time) not less than one (1) Business Day preceding the date of the requested Loans.

Section 3.02. Note. The Loans made by the Lender shall be evidenced by a promissory note payable to the order of the Lender in a maximum principal amount equal to the Maximum Commitment and dated as of the Closing Date, executed by the Borrower and substantially in the form of Exhibit B (the "**Note**").

Section 3.03. Principal Payments.

(a) The Borrower shall repay in full all Loans on the Maturity Date unless payment is sooner required hereunder.

(b) Prior to the Maturity Date, the Borrower:

(i) may, from time to time on any Business Day, make a voluntary prepayment, in whole or in part, of the aggregate outstanding principal amount of any Loans made as part of any particular Borrowing; *provided that*:

(A) no such prepayment may be made which, after giving effect thereto, would result in the aggregate outstanding principal amount thereof being less than \$1,000,000 (unless repaid in full) or other than an integral multiple of \$1,000 for amounts in excess thereof; and

(B) each such voluntary prepayment shall require prior written notice (or telephonic notice promptly confirmed in writing) to the Lender not later than 12:00 p.m. (New York time) at least two (2) Business Days' prior to the date of such prepayment;

(ii) shall immediately repay all Loans upon any acceleration of the maturity of the Loans in connection with the occurrence of an Event of Default pursuant to Section 7.02 (*Action if Bankruptcy*) or Section 7.03 (*Action if Other Event of Default*); and

(iii) shall immediately repay Loans to the extent required to satisfy the Overcollateralization Test at all times.

(c) *Prepayment Compensation*. A prepayment of any Loan for any reason (whether voluntary or mandatory) shall in all cases be accompanied by (i) accrued but unpaid interest thereon and (ii) the payment determined in accordance with Section 3.04(c) (*Compensation*).

(d) *Application*. Prepayments shall be applied to such Loans as may be specified by the Borrower; *provided that* absent any such specification by the Borrower or during the continuance of a Default or an Event of Default, prepayments shall be applied to Loans in such manner as may be determined by the Lender.

Section 3.04. Interest.

(a) *Interest Rules and Calculations*. (i) The unpaid principal amount of each Loan shall bear interest from the date of the Borrowing thereof until maturity (whether by acceleration or otherwise) at a rate per annum which shall at all times be the Weighted Average Rate in effect from time to time plus the Applicable Margin.

(ii) All overdue principal and overdue interest in respect of each Loan and any other overdue amount payable hereunder shall bear interest at a rate per annum equal to the Weighted Average Rate in effect from time to time plus the Applicable Margin plus 2%.

(iii) Interest shall accrue with respect to each outstanding Loan at the interest rate applicable to each Interest Reset Period and shall be payable in arrears on each Payment Date.

(iv) All computations of interest hereunder shall be made in accordance with Section 8.07 (*Calculations; Computations*).

(v) The Lender shall, upon determining the applicable interest rate for any Borrowing of Loans for any Interest Reset Period, promptly notify the Borrower thereof.

In no event shall the rate of interest applicable to any Loan or any other amount due hereunder exceed the maximum rate permitted by Applicable Law, and the interest rate specified above shall, if necessary, be reduced to such maximum rate permitted by Applicable Law.

(b) *Increased Costs, Illegality, etc.* (i) In the event that the Lender shall have determined (which determination shall, absent manifest error, be final and conclusive and binding upon the Borrower):

(A) on any date for determining the Weighted Average Rate for any Interest Reset Period that, by reason of any changes arising after the date of this Agreement affecting the interbank Eurodollar market, adequate and fair means do not exist for ascertaining the applicable interest rate;

(B) at any time, that the Lender shall incur increased costs or reductions in the amounts received or receivable hereunder with respect to agreeing to make or making, funding or maintaining any Loans (other than any reduction in the amount received or receivable resulting from the imposition of or a change in the rate of taxes or similar charges), because of (x) any change since the Closing Date in any Applicable Law, guideline or order (or in the interpretation or administration thereof and including the introduction of any new accounting standard, Law or guideline) (such as, for example, but not limited to, a change in official reserve requirements), but, in all events, excluding reserves required under Regulation D to the extent included in the computation of the Weighted Average Rate or (y) other circumstances occurring after the Closing Date affecting the interbank Eurodollar market or any other applicable market or the position of the Lender in such market; or

(C) at any time, that the making or continuance of any Loan bearing interest determined by reference to the Weighted Average Rate has become unlawful by compliance by the Lender in good faith with any accounting standard, Law or guideline (or would conflict with any such accounting standard, Law or guideline not having the force of law but with which the Lender customarily complies even though the failure to comply therewith would not be unlawful);

then, and in any such event, the Loans bearing interest determined by reference to the Weighted Average Rate shall no longer be available until such time as the Lender notifies the Borrower that such circumstances no longer exist, and any Borrowing Request given by the Borrower with respect to Loans which have not yet been incurred shall be deemed rescinded by the Borrower, and (x) in the case of clauses Section 3.04(b)(i)(A) and (B) above, the Borrower shall pay to the Lender, as applicable, within 10 days of receipt of written demand therefor, such additional amounts (in the form of an increased rate of, or a different method of calculating (including by converting all affected Loans to Base Rate Loans), interest or otherwise as the Lender shall determine) as shall be required to compensate the Lender for such increased costs or reductions in amounts receivable hereunder (a written notice as to the additional amounts owed to the Lender, showing the basis for the calculation thereof in reasonable detail, submitted to the Borrower by the Lender, shall, absent manifest error, be final and conclusive and binding upon the Borrower) and (y) in the case of clauses (B) and Section 3.04(b)(i)(C) above, the Borrower shall take the actions specified in Section 3.04(b)(ii) (*Increased Costs, Illegality, etc.*) as promptly as possible and, in any event, within the time period required by Law.

(ii) At any time that any Loan is affected by the circumstances described in Section 3.04(b)(i)(B) or (C) (*Increased Costs, Illegality, etc.*), the Borrower may (and in the case of a Loan affected pursuant to Section 3.04(b)(i)(C) (*Increased Costs, Illegality, etc.*), the Borrower shall) if the affected Loan is then being made pursuant to a Borrowing, cancel such Borrowing from the Lender by giving the Lender telephonic notice (confirmed promptly in writing) thereof on the same date that the Borrower was notified by the Lender pursuant to Section 3.04(b)(i)(B) or (C) (*Increased Costs, Illegality, etc.*), or if the affected Loan is then outstanding, upon at least two (2) Business Days' written notice (or telephonic notice promptly confirmed in writing) to the Lender, require each such Loan to be converted into a Base Rate Loan.

(iii) If the Lender shall have reasonably determined in good faith that after the Closing Date, the adoption or effectiveness of any applicable accounting standard, or any Law regarding capital adequacy, or any change in any of the foregoing, or any change in the interpretation or administration of any thereof by any accounting board or Governmental Authority (including any standards board, central bank or comparable agency charged with the interpretation or administration thereof), or compliance by the Lender with any request or directive regarding capital

adequacy (whether or not having the force of law) of any such authority, board, central bank or comparable agency, has or would have the effect of reducing the rate of return on the Lender (or such controlling corporation's) capital or assets as a consequence of its commitment to lend to a level below that which the Lender (or such controlling corporation) would have achieved but for such adoption, effectiveness, change or compliance (taking into consideration the Lender's (or such controlling corporation's) policies with respect to capital adequacy), then from time to time, within fifteen (15) days after demand by the Lender, the Borrower shall pay to the Lender such additional amount or amounts as shall compensate the Lender (or such controlling corporation) for such reduction.

(iv) If the Lender seeks payment of additional amounts from the Borrower pursuant to clauses (i) or (iii) above, the Borrower may together with payment of all such additional amounts, (A) prepay all Loans for which the Lender seeks payment of additional amounts without payment of any prepayment compensation pursuant to Section 3.04(c) (*Compensation*) with respect to such Loans and (B) upon such prepayment, reduce the Maximum Commitment in an amount equal to the amount of such prepayment without payment of a Make Whole Fee.

(v) For avoidance of doubt, any interpretation of Accounting Research Bulletin No. 51 by the Financial Accounting Standards Board, or any other change in foreign or domestic generally accepted accounting principles that would require the consolidation of some or all of the assets of the Borrower, including the assets and liabilities which are the subject of this Agreement, with those of the Lender, shall constitute a change in the interpretation of a regulation subject to this Section 3.04(b).

(c) *Compensation.* The Borrower shall compensate the Lender, upon its written request (which request shall set forth in reasonable detail the basis for requesting such compensation), for all reasonable losses, expenses and liabilities (including any loss, expense or liability incurred by reason of the liquidation or reemployment of deposits or other funds required by the Lender to fund its Loans, but excluding in any event the loss of anticipated profits) which the Lender may sustain: (i) if for any reason (other than a default by the Lender) a Borrowing of Loans does not occur on a date specified therefor in a Borrowing Request (whether or not withdrawn by the Borrower or deemed withdrawn pursuant to Section 3.04(b)(i) (*Increased Costs, Illegality, etc.*)), (ii) if any prepayment, repayment or conversion of any of its Loans occurs on a date which is not the last day of an Interest Period applicable thereto, (iii) if any prepayment of any of its Loans is not made on any date specified in a notice of prepayment given by the Borrower or (iv) as a consequence of (A) any other default by the Borrower to repay its Loans when required by the terms of this Agreement (including an Event of Default resulting in acceleration of the maturity of the Loans hereunder) or (B) an action taken pursuant to Section 3.04(b)(ii) (*Increased Costs, Illegality, etc.*). The Lender's basis for requesting compensation pursuant to this Section 3.04(c)

and the Lender's calculation of the amount thereof shall, absent manifest error, be final and conclusive and binding on the Borrower. With respect to clause (ii) of the immediately preceding sentence, the compensation owed to the Lender shall be equal to (x) the product of (1) the amount of the applicable Loans, (2) the excess (if any) of (A) the Weighted Average Rate applicable to such Loans over (B) LIBID applicable to a period equal to the number of days remaining in the Interest Period applicable to such Loans and (3) the number of days remaining in the Interest Period applicable to such Loans, *divided by* (y) 360.

(d) *Change of Lending Office; Limitation on Indemnities.*

(i) The Lender agrees that, upon the occurrence of any event giving rise to the operation of Section 3.04(b)(i)(B) or Section 3.04(b)(i)(C) (*Increased Costs, Illegality, etc.*) or Section 3.06 (*Net Payments*) with respect to the Lender, it shall, if requested by the Borrower, use reasonable efforts (subject to overall policy considerations of the Lender) to designate another lending office for any Loans affected by such event; *provided that* such designation is made on such terms that the Lender and its lending office suffer no material economic, legal or regulatory disadvantage, with the object of avoiding the consequence of the event giving rise to the operation of any such Section. Nothing in this Section 3.04(d) shall affect or postpone any of the obligations of the Borrower or the right of the Lender provided in Section 3.04(b) (*Increased Costs, Illegality, etc.*) or Section 3.06 (*Net Payments*).

(ii) Failure or delay on the part of the Lender to demand compensation pursuant to this (d) shall not constitute a waiver of its right to demand such compensation, but the Borrower shall not be required to compensate the Lender for any increased costs incurred or reductions suffered more than nine months prior to the date that the Lender notifies the Borrower of the event giving rise to such increased costs or reductions and of the Lender's intention to claim compensation therefor (except that, if the event giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

Section 3.05. Method and Place of Payment. All payments by the Borrower hereunder shall be made in Dollars. Except as otherwise specifically provided herein, all payments under this Agreement shall be made to the Lender not later than 1:00 p.m. (New York time) on the date when due and shall be made in immediately available funds at the Payment Office. Whenever any payment to be made hereunder shall be stated to be due on a day which is not a Business Day, the due date thereof shall be extended to the succeeding Business Day and, with respect to payments of principal, interest shall be payable during such extension at the applicable rate in effect immediately prior to such extension.

Section 3.06. Net Payments. All payments made by the Borrower hereunder or under the Note shall be made without setoff, counterclaim or other defense. All such payments shall be made free and clear of, and without deduction or withholding for, any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature now or hereafter imposed by any jurisdiction or by any political subdivision or taxing authority thereof or therein with respect to such payments (but excluding, any tax imposed on or measured by the net income or net profits of, and any franchise tax imposed on or in lieu of taxes on net income of, the Lender, pursuant to the Laws of the jurisdiction in which it is organized or managed and controlled or the jurisdiction in which the principal office or applicable lending office of the Lender is located or any subdivision thereof or therein) and all interest, penalties or similar liabilities with respect thereto (all such non-excluded taxes, levies, imposts, duties, fees, assessments or other charges being referred to collectively as “**Taxes**”). If any Taxes are so levied or imposed, the Borrower agrees to pay the full amount of such Taxes, and such additional amounts, if any, as may be necessary so that every payment of all amounts due under this Agreement or under the Note, after withholding or deduction for or on account of any Taxes, shall not be less than the amount provided for herein or in such Note. The Borrower shall furnish to the Lender within forty-five (45) days after the date the payment of any Taxes is due pursuant to Applicable Law certified copies of tax receipts evidencing such payment by the Borrower. The Borrower agrees to indemnify and hold harmless the Lender, and reimburse the Lender upon its written request, for the amount of any Taxes so levied or imposed and paid by the Lender.

Section 3.07. Post Default Order of Application of Funds. Following the occurrence and continuation of an Event of Default, all payments from the Borrower to the Lender in respect of the obligations under this Agreement shall be applied to such obligations in the order set forth in the Security Agreement.

ARTICLE 4
CONDITIONS TO CREDIT EXTENSIONS

Section 4.01. Initial Loan. Notwithstanding any other provision of this Agreement, the obligations of the Lender to fund the initial Borrowing (the “**Initial Loan**”) shall be subject to the prior or concurrent satisfaction, or written waiver by the Lender, of each of the conditions precedent set forth in this Section 4.01.

(a) *Evidence of Authority.* The Lender shall have received:

(i) a certificate of an Authorized Representative of the Borrower and a Responsible Officer (which could be the same person as the Authorized Representative), dated the Closing Date, as to:

(A) the authority of the Borrower to execute, deliver and perform this Agreement, the Note, each other Credit Document to be executed by it and each other instrument, agreement or other document to be executed in connection with the transactions contemplated in connection herewith and therewith; and

(B) the authority and signatures of those Persons authorized on behalf of the Borrower to execute and deliver this Agreement, the Note and the other Credit Documents and to act with respect to this Agreement and each other Credit Document to be executed by the Borrower, upon which certificate the Lender, including each assignee (whether or not it shall have then become a party hereto), may conclusively rely until it shall have received a further certificate of the Borrower canceling or amending such prior certificates;

(ii) a copy of the Organic Documents of the Borrower, each certified in a manner reasonably satisfactory to the Lender, and the provisions of which shall be reasonably satisfactory to the Lender, a certificate of registration and a certificate of good standing for the Borrower issued by the appropriate governmental office in its jurisdiction of organization; and

(iii) such other instruments, agreements or other documents (certified if requested) as the Lender may reasonably request.

(b) *Agreement; Note.* The Lender shall have received executed counterparts of this Agreement and the Note, each duly executed and delivered by an Authorized Representative of the Borrower.

(c) *Collateral Documents.* The Lender shall have received:

(i) evidence satisfactory to the Lender that all actions that are necessary or, in the reasonable opinion of the Lender, are desirable to perfect and protect the Liens in the Collateral created or purported to be created by the Collateral Documents have been taken (including delivery to the Custodian of assignment or transfer agreements executed in blank by an Authorized Representative of the Borrower with respect to each Bank Loan);

(ii) the Security Agreement substantially in the form of Exhibit D, dated as of the Closing Date, duly executed and delivered by the Borrower and the other parties thereto together with:

(A) UCC financing statements (Form UCC-1) naming the Borrower as the debtor and the Lender, as the secured party, or other similar instruments or documents in a form suitable for filing in all jurisdictions identified in Schedule 2; and

(B) copies of search reports certified by a party reasonably acceptable to the Lender, dated as of a date reasonably near to the Closing Date, listing all effective UCC financing statements that name the Borrower as the debtor and which are on file in the jurisdictions identified in Schedule 2, showing that no financing statements (other than those filed pursuant to this Agreement) cover any Collateral, except with respect to Permitted Liens;

(iii) a copy of the Custodial Agreement substantially in the form of Exhibit E, dated as of the Closing Date, as executed and delivered by the Borrower and the other parties thereto.

(d) *Management Agreement*. The Lender shall have received copies, certified by the Borrower, of the Management Agreement, duly executed and delivered by the Borrower and the Manager.

(e) *No Litigation, etc.* No litigation, arbitration, governmental investigation, proceeding or inquiry shall, on the date of the Initial Loan, be pending or, to the knowledge of the Borrower, threatened in writing with respect to any of the transactions contemplated hereby which could, in the reasonable opinion of the Lender, be adverse in any material respect to the Borrower.

(f) *Certificate as to Conditions, Warranties, No Default, Agreements etc.* The Lender shall have received a certificate of an Authorized Representative of the Borrower and a Responsible Officer (which could be the same person as the Authorized Representative), in each case on behalf of the Borrower dated as of the Closing Date, in form and substance reasonably satisfactory to the Lender, to the effect that, as of such date:

(i) all conditions set forth in this Article 4 (*CONDITIONS TO CREDIT EXTENSIONS*) have been fulfilled;

(ii) all representations and warranties of the Borrower set forth in Article 5 (*REPRESENTATIONS AND WARRANTIES*) are true and correct in all material respects;

(iii) all representations and warranties set forth in each of the Collateral Documents are true and correct in all material respects; and

(iv) no Default or Event of Default shall be continuing.

(g) *Custodial Account and Fund Investments.*

(i) The Lender shall have received evidence of the establishment of the Custodial Account and reasonably satisfactory evidence that (A) all Fund Investments listed on the Schedule of Fund Investments that constitute Certificated Securities, Uncertificated Securities or negotiable Instruments (or security entitlements in respect thereof) or Cash have been credited to the Custodial Account in accordance with the Collateral Documents, (B) the settlement date for all Fund Investments listed on the Schedule of Fund Investments that constitute Bank Loans has occurred, all transfer or assignment documents relating thereto have been fully executed and delivered by authorized signatories for the Borrower and the transferor or assignor thereof and any other required parties (including the administrative agent and, if applicable, the Obligor under such Bank Loan) and delivered, together with any accompanying promissory note, to the Custodian and instruments or agreements of transfer in respect thereof, duly executed in blank by an Authorized Representative of the Borrower, have been duly delivered to the Custodian in accordance with the Collateral Documents and (C) all Obligors relating to all Fund Investments listed on the Schedule of Fund Investments have been instructed to make all payments in connection with such Fund Investments to the Custodial Account.

(ii) The Lender shall have received evidence of the establishment of a sub-account of the Custodial Account designated as the “**Administrative Expense Sub-account**,” which shall be in the name of the Borrower subject to the terms of the Custodial Agreement, and as to which the Lender shall have a first priority perfected security interest. On the Closing Date, Cash in an amount not to exceed \$200,000 shall be withdrawn from the Cash Collateral Account (as defined in the Custodial Agreement) and deposited into the Administrative Expense Sub-account, and on each anniversary of the Closing Date, the Custodian shall deposit into the Administrative Expense Sub-account the amount needed to bring the amount on deposit therein to \$200,000. Prior to the occurrence of a Default or an Event of Default, the Custodian may, from time to time, upon notice to, but without the consent of, the Lender, withdraw amounts from the Administrative Expense Sub-account to pay the accrued and unpaid Administrative Expenses of the Borrower. Following the occurrence of a Default or an Event of Default, the Custodian may withdraw amounts from the Administrative Expense Sub-account for its reasonable expenses as permitted under the Custodial Agreement, but shall not pay any other Administrative Expenses except with the written consent of the Lender. All amounts remaining on deposit in the Administrative Expense Sub-account (if any) on the Commitment Termination Date shall be deposited by the Custodian into the Custodial Account.

(h) *Opinions of Counsel.* The Lender shall have received the following customary opinion letters, each dated as of the Closing Date, and addressed to the Lender, which shall be reasonably satisfactory in form and substance to the Lender:

(i) Sutherland Asbill & Brennan LLP, counsel to the Borrower, the Manager and FB Income, addressing the matters set forth in Exhibit E;

(ii) Richards, Layton & Finger, P.A., special Delaware counsel to the Lender, in such form and addressing such matters as the Lender may reasonably require; and

(iii) Davis Polk & Wardwell LLP, special counsel to the Lender, in such form and addressing such matters as the Lender may reasonably require.

(i) *Manager Letter.* The Lender shall have received from the Manager a letter in the form of Exhibit G addressed to the Lender.

(j) *Equity Owner Letter.* The Lender shall have received from the Equity Owner a letter in the form of Exhibit H addressed to the Lender.

(k) *FB Income Letter.* The Lender shall have received from FB Income a letter in the form of Exhibit I addressed to the Lender.

(l) *Closing Fees, Expenses, etc.* The Lender shall have received all fees, costs and expenses then due and payable to it under this Agreement (including Section 8.01 (*Payment of Expenses, etc.*)).

(m) *Federal Reserve Form U-1.* The Lender shall have received a Federal Reserve Form U-1 duly completed and executed by the Borrower and the Lender.

(n) *Certificate of the Borrower Regarding Collateral; Certificate of the Manager Regarding Collateral.*

(i) A certificate by an Authorized Representative of the Borrower and a Responsible Officer (which could be the same person as the Authorized Representative), in each case on behalf of the Borrower, dated as of the Closing Date, to the effect that, in the case of each Fund Investment pledged to the Lender and included in the Collateral, on the Closing Date and immediately prior to the delivery thereof on the Closing Date:

(A) the Borrower has full right to Grant a security interest in and assign and pledge such Fund Investment to the Lender;

(B) to the best of his knowledge, the information set forth with respect to such Fund Investment listed on the Schedule of Fund Investments is correct in all material respects;

(C) to the best of his knowledge, each item purported to be a Fund Investment included in the Collateral satisfies the requirements of the definition of Fund Investment;

(D) after giving effect to any requested Borrowing on the Closing Date (1) the aggregate principal amount of all Loans outstanding will not exceed the Maximum Commitment and (2) the Overcollateralization Test is satisfied; and

(E) the Lender has a first priority perfected security interest in all of the Collateral (except as may otherwise be expressly permitted by this Agreement or the Collateral Documents).

(ii) A certificate of a Responsible Officer, dated as of the Closing Date, to the effect that, in the case of each Fund Investment pledged to the Lender for inclusion in the Collateral, on the Closing Date and immediately prior to the delivery thereof on the Closing Date:

(A) to the best of his knowledge, the Borrower is the owner of such Fund Investment free and clear of any liens, claims or encumbrances of any nature whatsoever except for (1) those which are being released on or prior to the Closing Date, (2) those Granted pursuant to the Security Agreement and (3) Permitted Liens;

(B) to the best of his knowledge, the Borrower has acquired its ownership in such Fund Investment in good faith without notice of any adverse claim, except as described in paragraph (A) above;

(C) to the best of his knowledge, the Borrower has not assigned, pledged or otherwise encumbered any interest in such Fund Investment (or, if any such interest has been assigned, pledged or otherwise encumbered, it has been released) other than interests Granted pursuant to the Security Agreement or as otherwise expressly permitted by this Agreement;

(D) to the best of his knowledge, the information set forth with respect to such Fund Investment listed on the Schedule of Fund Investments is correct in all material respects; and

(E) to the best of his knowledge, each Fund Investment included in the Collateral satisfies the requirements of the definition of Fund Investment.

(o) *Satisfactory Legal Form.* All limited liability company and other actions or proceedings taken or required to be taken in connection with the transactions contemplated hereby and all agreements, instruments, documents and opinions of counsel executed, submitted, or delivered pursuant to this Section 4.01 by or on behalf of the Borrower shall be reasonably satisfactory in form and substance to the Lender and its counsel; all certificates and opinions delivered pursuant to this Article 4 (*CONDITIONS TO CREDIT EXTENSIONS*) shall be addressed to the Lender, or the Lender shall be expressly entitled to rely thereon; the Lender and its counsel shall have received all information, and such number of counterpart originals or such certified or other copies of such information, as the Lender or its counsel may reasonably request; and all legal matters incident to the transactions contemplated by this Agreement shall be reasonably satisfactory to counsel to the Lender.

Section 4.02. All Loans. Notwithstanding any other provision of this Agreement, and in addition to any conditions precedent required to be satisfied for the initial Loan hereunder pursuant to Section 4.01 (*Initial Loan*) (even if waived with respect to the initial Loan), the obligations of the Lender to make any Loan shall be subject to the satisfaction of each of the conditions precedent set forth in this Section 4.02.

(a) *Compliance with Warranties, Maximum Commitment, No Default, etc.* Both immediately before and after giving effect to each Loan:

(i) the representations and warranties set forth in Article 5 (*REPRESENTATIONS AND WARRANTIES*) shall be true and correct in all material respects with the same effect as if then made (unless stated to relate solely to an earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date);

(ii) all representations and warranties set forth in each of the Collateral Documents shall be true and correct in all material respects with the same effect as if then made (unless stated to relate solely to an earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date);

(iii) no Default or Event of Default shall be continuing;

(iv) the Overcollateralization Test shall be satisfied; and

(v) the aggregate principal amount of all Loans outstanding after giving effect to the proposed Borrowing will not exceed the lesser of (A) the Maximum Commitment and (B) the Maximum Advance Amount at such time (determined after giving effect to the receipt by the Borrower of the proceeds of the requested Loan(s) and the use by the Borrower on such date of such proceeds).

(b) *Borrowing Request.* The Lender shall have received a Borrowing Request for a Loan certified by an Authorized Representative of the Borrower and a Responsible Officer (which could be the same person as the Authorized Representative), in each case on behalf of the Borrower. The delivery of any such Borrowing Request and the acceptance by the Borrower of the proceeds or other benefits of any Loan shall constitute a representation and warranty by the Manager on behalf of the Borrower that on the date of such request for a Loan, and immediately before and after giving effect to the application of any proceeds of any Loans thereby, all statements set forth in Section 4.02(a) (*Compliance with Warranties, Maximum Commitment, Borrowing Base, No Default, etc.*) are true and correct in all material respects and (i) each Borrowing Request shall include a schedule setting forth calculations evidencing the satisfaction of the conditions set forth in clauses (iv) and (v) of Section 4.02(a) (*Compliance with Warranties, Maximum Commitment, No Default, etc.*) and (ii) all other conditions precedent have been satisfied.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

In order to induce the Lender to enter into this Agreement, to engage in the transactions contemplated herein and in the other Credit Documents and to make the Loans hereunder, the Borrower represents and warrants unto the Lender as set forth in this Article 5.

Section 5.01. Organization, etc.

(a) *Organization, Power, Authority, etc.* The Borrower is a limited liability company duly organized, validly existing and in good standing under the Laws of Delaware, is duly qualified to do business and is in good standing in each jurisdiction where the nature of its business requires such qualification to the extent required pursuant to Section 6.01(c) (*Maintenance of Existence, etc.*) and Section 6.01(d) (*Foreign Qualification*), and has full power and authority and holds all requisite governmental licenses, permits and other approvals to enter into and perform its Obligations under this Agreement, the Note and each other Credit Document to which it is a party and to own and hold under lease its property and to conduct its business substantially as currently conducted by it.

(b) *Exemption from Registration.* The Borrower is not required to register under the Investment Company Act and the extensions of credit provided for in this Agreement and the issuance by the Borrower of its equity capital to the Equity Owner are exempt from registration under the Securities Act and the “Blue Sky” Laws of each applicable state.

Section 5.02. Due Authorization, Non-Contravention, etc. The execution and delivery by the Borrower of this Agreement, the Note and each other Credit Document to which it is a party, the performance by the Borrower of its Obligations hereunder and thereunder, all Loans obtained hereunder by the Borrower, the granting of the Liens provided for in the Collateral Documents and the consummation of all other actions incidental to any thereof have been duly authorized by all necessary action, do not and shall not conflict with, result in any violation of, or constitute a default under, any provision of any Organic Document or Contractual Obligation of the Borrower or any Law and shall not result in or require the creation or imposition of any Lien on any of the Borrower's properties pursuant to the provisions of any Contractual Obligation (other than the Liens provided for in the Collateral Documents and the Liens permitted by Section 6.02(c) (*Liens*)). The execution and delivery of the Borrower of the Credit Documents and performance of the Borrower's obligations hereunder and thereunder comply with all leverage requirements and restrictions applicable to Business Development Companies (as such term is used in the Investment Company Act and the rules and regulations promulgated thereunder) and all requirements applicable to the Borrower under the Investment Company Act and the rules and regulations promulgated thereunder.

Section 5.03. Compliance with Laws. The Borrower is in compliance in all material respects with all Laws, in respect of the conduct of its business and the ownership of its properties.

Section 5.04. Government Approval, Regulation, etc. No authorization, approval, consent, action, filing, notice or registration by or with any Federal, state or other Governmental Authority is required for the due execution, delivery or performance by the Borrower of this Agreement, the Note or any other Credit Document or the consummation of any transactions contemplated hereby or thereby, except for authorizations, approvals, consents, actions, filings, notices or registrations which have been duly obtained or made and are in full force and effect.

Section 5.05. Validity, etc. This Agreement has been duly executed and delivered by the Borrower and constitutes the legal, valid and binding obligation of the Borrower enforceable in accordance with its terms; and the Note and each of the other Credit Documents to which the Borrower is a party shall, on the due execution and delivery thereof, constitute the legal, valid and binding obligation of the Borrower, enforceable in accordance with their respective terms, in each case, except as enforceability may be limited by applicable bankruptcy, insolvency or similar Laws affecting creditors' rights generally or by general equitable principles relating to enforceability.

Section 5.06. Financial Information. With respect to any representation and warranty which is deemed to be made after the date hereof by the Borrower, the balance sheet and statements of operations, of net assets (total assets less total liabilities), earnings and of cash flow, which as of such date shall most recently have been furnished by or on behalf of the Borrower to the Lender for the purposes of or in connection with this Agreement or any transaction contemplated hereby, shall have been prepared in accordance with GAAP or otherwise on a cash basis, as the case may be, consistently applied (except as disclosed therein), and shall present fairly in all material respects the consolidated financial condition of the Borrower as at the dates thereof for the periods then ended.

Section 5.07. Litigation, etc. There is no pending or, to the best knowledge of the Borrower, threatened litigation, arbitration, action, proceeding, order, investigation or claim, at law or in equity or before or by any Governmental Authority affecting the Borrower, or any of its properties, assets or revenues which could reasonably be expected to have a Material Adverse Effect.

Section 5.08. Regulations T, U and X. The proceeds of any Loans made hereunder have not been, and will not be, used for a purpose which violates, or would be inconsistent with, the provisions of Regulations T, U, or X of the FRS Board.

Section 5.09. Pension and Welfare Plans.

(a) None of the Borrower or any ERISA Affiliate maintains, contributes to (or is obligated to contribute to) or has any liability to any Pension Plan or Welfare Plan of the Borrower or any ERISA Affiliate of the Borrower. None of the Borrower or any ERISA Affiliate of the Borrower has maintained or contributed to (or has been obligated to contribute to) any Pension Plan or Welfare Plan.

(b) None of the assets of the Borrower constitute Plan Assets.

(c) The formation of the Borrower, and the acquisition of Fund Investments contemplated by the Borrower, will not constitute a nonexempt prohibited transaction (as such term is defined in Section 4975 of the Code or Section 406 of ERISA) that could subject DBTCA or the Lender to any tax or penalty on prohibited transactions imposed under Section 4975 of the Code or Section 502(i) of ERISA.

Section 5.10. Taxes. The Borrower has filed all tax returns required by Law to have been filed by it; all such tax returns are true and correct in all material respects; and the Borrower has paid or withheld (as applicable) all taxes and governmental charges thereby shown to be owing or required to be withheld, except any such taxes or charges which are being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books.

Section 5.11. Absence of Default. No Default shall be continuing or Event of Default shall have occurred or would result from the incurrence of any Obligations by the Borrower or from the grant or perfection of the Liens on the Collateral pursuant to the Security Agreement. As of the Closing Date, the Borrower is not in default under or with respect to (a) any Contractual Obligation or (b) under any Law.

Section 5.12. Real Property. The Borrower does not own fee title to, or leasehold interest in, any real property.

Section 5.13. Environmental Warranties. The Borrower does not own or lease, nor has it ever owned or leased, any facilities or property the ownership of or leasehold interest in which, with the passage of time, or the giving of notice or both, would give rise to liability under any Environmental Law.

Section 5.14. Borrower's Businesses. The Borrower has not engaged in any business or activity other than such activities as permitted pursuant to its Organic Documents and has at all times complied with the provisions in the LLC Agreement set forth in Section 9(j) thereof.

Section 5.15. Collateral. The Borrower owns and has good title to all of its property and assets, of any nature whatsoever, including all Fund Investments, in each case free and clear of all Liens except as permitted pursuant to Section 6.02(c) (*Liens*). The Borrower has paid and discharged all lawful claims that, if unpaid, could result in a Lien on its properties, other than Permitted Liens. All of the Lender's Liens in the Collateral are duly perfected, first priority Liens, subject only to Permitted Liens that are expressly allowed to have priority over the Lender's Liens.

Section 5.16. Maintenance of Assets. All of the Borrower's assets capable of being held in or credited to a securities account or deposit account are and will be held in or credited to the Custodial Account. The Borrower does not maintain any funds or assets in respect of any Affiliate or third party in the Custodial Account.

Section 5.17. Manager. (a) The Management Agreement is in full force and effect and no material default exists thereunder and (b) the Manager is in compliance with all material listing requirements of any exchange on which it is listed and no disciplinary action has been taken against the Manager by any such exchange. The Manager is authorized to act on behalf of the Borrower in connection with the delivery of Borrowing Requests and payment instructions, the making of the prepayment specifications referred to in Section 3.03(d) (*Application*) and as otherwise authorized under the terms of the Management Agreement; *provided that* the Borrower shall provide a certificate of the Persons so authorized as provided in Section 4.01(a)(i)(B) (*Evidence of Authority*).

Section 5.18. Use of Proceeds. The proceeds of the Borrowings hereunder shall be used by the Borrower solely for the purposes of making investments in Fund Investments (including purchasing or otherwise acquiring Fund Investments from the Equity Owner), the payment of interest and other amounts on Loans, any other purpose required hereunder and for the payment of fees and expenses incurred in connection with the formation of the Borrower and the other transactions contemplated under the terms of this Agreement, and the execution, delivery and performance of this Agreement and the other Transaction Documents including, but not limited to, the payment of fees payable to, or reimbursement of expenses of, the Custodian pursuant to the Custodial Agreement and the Manager pursuant to the Management Agreement and the payment of other ongoing professional and administrative fees and expenses associated with the business and operation of the Borrower, incurred in the ordinary course of business, or as otherwise determined to be incurred by the Borrower (including Administrative Expenses), to make distributions to the Equity Owner subject to establishment of the cash reserve as set forth in Section 6.02(k) (*Payment of Management Fees*) and any other requirements hereunder, or for other valid operating purposes of the Borrower. None of such proceeds shall be used in violation of Applicable Law or, directly or indirectly, (a) to extend “purpose credit” within the meaning given to such term in Regulation U of the FRS Board, or (b) to purchase, otherwise acquire or carry Margin Stock in any manner that would result in a violation of Regulations T, U or X of the FRS Board.

Section 5.19. Compliance with Anti-Terrorism Laws and Regulations. Neither the Borrower nor the Equity Owner is known by the Borrower after reasonable inquiry to be:

(a) identified and included on the Specially Designated Nationals and Blocked Persons List (the “**SDB List**”) maintained by the United States Office of Foreign Assets Control (“**OFAC**”) and the United States Treasury Department or any other similar list (collectively with the SDB List, the “**Lists**”) maintained by OFAC or any other United States Federal government agency or authority pursuant to any authorizing United States statute, rule, regulation or Executive Order of the President of the United States (collectively, the “**Anti-Terrorism Laws**”); or

(b) a designated Person (a “**Designated Person**”) with whom a citizen or entity of the United States is prohibited to engage in transactions according to any economic sanction, trade embargo or other prohibition pursuant to any Anti-Terrorism Law.

Section 5.20. Compliance with Anti-Money Laundering Laws and Regulations.

(a) Neither the Borrower nor the Equity Owner, to the knowledge of the Borrower after reasonable inquiry:

(i) is under investigation by any United States governmental authority or agency or has been charged with or convicted of money laundering, drug trafficking, terrorist-related activities, any other money laundering predicate crimes or any violation of the Bank Secrecy Act, as amended by the USA PATRIOT Act (the “BSA”), or any other applicable Federal Law governing BSA compliance and the prevention of money laundering violations (collectively with the BSA, the “**Anti-Money Laundering Laws**”);

(ii) has been assessed civil penalties under any Anti-Money Laundering Laws; or

(iii) has had any of its funds seized or forfeited in an action under any Anti-Money Laundering Laws.

(b) The Borrower has taken reasonable measures appropriate to the circumstances (and in any event required by Law), with respect to the Equity Owner, to assure that funds invested by the Equity Owner in the Borrower are derived from lawful and legal sources.

ARTICLE 6
COVENANTS

Section 6.01. Affirmative Covenants. The Borrower agrees with the Lender that, until the Commitment has been terminated and all principal and interest on the Loans and all other Obligations then due and payable have been paid and performed in full, the Borrower shall perform the Obligations set forth in this Section 6.01.

(a) *Overcollateralization Test Calculation; Collateral Reports.*

(i) On each Interest Reset Date, the Borrower shall furnish to the Lender a written statement (a “**Collateral Report**”) certified by the Manager on behalf of the Borrower, in each case as of the Reporting Date immediately prior to such Interest Reset Date), which shall include among other things (to the extent applicable):

(A) the Aggregate Principal Balance of all Fund Investments held in the Custodial Account and all other Fund Investments (including Bank Loans) owned by the Borrower;

(B) a list of all Fund Investments, including, with respect to each such Investment, the following detailed information:

(1) the Obligor thereon (including the issuer ticker, if any);

(2) the CUSIP or security identifier thereof, if any;

(3) the Principal Balance thereof;

(4) the percentage of the Aggregate Principal Balance represented by such Investment;

(5) the related interest rate (including, where applicable, the benchmark rate and the spread/margin);

(6) the Stated Maturity thereof;

(7) the related industry classification;

(8) the country of Domicile of the Obligor thereon;

(9) an indication as to whether each Fund Investment is (A.) experiencing any default or event of default, (B.) a Senior Secured Loan, (C.) a Fixed Rate Fund Investment or a Floating Rate Fund Investment, (D.) a Participation Interest (indicating the related Selling Institution and its rating by Moody's, if any), (E.) a Revolving Loan or Delayed Drawdown Loan, and, in each case, the funded amount and Maximum Unfunded Amount thereof, (F.) a DIP Fund Investment, (G.) a PIK Security, (H.) an Accreting Security, (I.) an Excluded Investment and (J.) a Zero Coupon Security;

(C) for each of the requirements or tests specified in the definition of Portfolio Limitations, (1) the calculation, (2) the result, (3) the related minimum or maximum test level and (4) a determination as to whether such result satisfies the related requirement or test;

(D) a schedule showing the balance in the Custodial Account and each sub-account thereof and on the prior Reporting Date, each credit or debit since such date specifying the nature, source and amount, and the ending balance in the Custodial Account including all contributions by the Equity Owner to the Borrower and all distributions from the Borrower to the Equity Owner;

(E) the identity of each Excluded Investment and the principal balance thereof;

(F) a schedule setting forth, in reasonable detail, the calculation and determination of the Borrower's compliance with the Overcollateralization Test; *provided that*, for the avoidance of doubt, the Borrower's calculation and determination pursuant to this clause (F) shall in no way affect the Lender's right to determine compliance or non-compliance with the Overcollateralization Test, as the case may be, or the occurrence of an Overcollateralization Default Event at any time and from time to time; and

(G) such other information relating to the Borrower or its assets as the Lender may reasonably request.

(ii) Not later than three (3) Business Days following the date of the failure to comply with the Overcollateralization Test, the Borrower shall deliver to the Lender a supplement to the most recent Collateral Report setting forth each of the items included in the Collateral Report as of such date.

(iii) The Borrower shall promptly furnish in writing to the Lender from time to time such additional information regarding (A) the calculation of, and determination of the Borrower's compliance with, the Overcollateralization Test, within one (1) Business Day following the Lender's request therefor and (B) Fund Investments; *provided that* with respect to this clause (B), (x) the Borrower shall have a reasonable period of time to prepare any such additional information and (y) the Borrower shall not be required to provide any such additional information to the extent that it would create an undue expense for or be unduly burdensome on the Borrower (unless the Lender agrees to compensate the Borrower for the reasonable out-of-pocket costs and expenses thereof).

(b) *Information, etc.* The Borrower shall:

(i) furnish to the Lender, as soon as available and in any event within ninety (90) days after the end of each fiscal year of the Borrower (beginning with the year ended December 31, 2010), from McGladrey & Pullen, LLP or another firm of Independent certified public accountants of nationally recognized standing, (A) audited consolidated financial statements, including balance sheet, income statement and statement of cash flows of the Equity Owner and the accompanying footnotes for such fiscal year and (B) financial statements of the Borrower, in each case prepared, subject to Section 1.04 (*Accounting Matters*), in accordance with GAAP, setting forth in the case of each fiscal year ending after December 31, 2009 in comparative form the figures for the previous fiscal year;

(ii) furnish to the Lender, as soon as available and in any event within sixty (60) days after the end of each of the first three (3) fiscal quarters of each fiscal year of the Borrower (beginning with the quarter ended June 30, 2010) (A) consolidated financial statements, including balance sheet, income statement and statement of cash flows of the Equity Owner and (B) financial statements of the Borrower, in each case for such fiscal quarter and for the portion of the fiscal year ended at the end of such fiscal quarter setting forth in the case of each fiscal quarter ending on or after June 30, 2010 in comparative form the figures for the corresponding fiscal quarter and the corresponding portion of the previous fiscal year, all certified as to fairness of presentation, GAAP (subject to Section 1.04 (*Accounting Matters*)) and consistency by the Manager;

(iii) furnish to the Lender, simultaneously with the delivery of each set of financial statements referred to in clauses (i) and (ii) above, a certificate of the Manager in the form of Exhibit J, (A) setting forth the aggregate amount of Restricted Payments made during such fiscal quarter and (B) stating whether any Default is continuing or Event of Default has occurred on or prior to the date of such certificate and, if any Default or Event of Default then exists, setting forth the details thereof and the action which the Borrower is taking or proposes to take with respect thereto;

(iv) furnish to the Lender, as soon as available and in any event within fifteen (15) days after the end of each month, a written statement of the Manager's Net Asset Value as at the close of business on the last Business Day of the previous calendar month;

(v) as soon as possible after the acquisition of any Fund Investment and until the Borrower's disposition of such Fund Investment (or, if earlier, the maturity or termination date thereof), use commercially reasonable efforts to cause the administrative agent with respect to such Fund Investment to furnish (A) the Lender access to IntraLinks, SyndTrak, Dealogic, Dealinks, DealVault or other informational website (if any) available to the lenders under or other parties in respect of such Fund Investment or the Obligor thereof and (B) DBTCA with any notices from such administrative agent in connection with such Fund Investment; *provided that* (x) if the Lender is not furnished with access to such informational website (by or on behalf of the administrative agent with respect to such Fund Investment or the Borrower), then the Borrower shall furnish to the Lender all information on such informational website in accordance with clause (vi) below or (y) if DBTCA is not furnished with such notices from the administrative agent in connection with such Fund Investment, then the Borrower shall furnish to DBTCA all such notices in accordance with clause (vi) below; and

(vi) if there is no informational website with respect to any Fund Investment or (A) the Lender has not been furnished with access to such website, then furnish to the Lender, as soon as practicable but in any event within three (3) Business Days following receipt thereof, any and all information and documents, including reports and notices received by the Borrower or the Manager from the Obligor of such Fund Investment or the administrative agent or any group or committee of lenders under or other parties in respect of such Fund Investment (including with respect to any potential restructuring of such Fund Investment or such Obligor), that is reasonably likely to affect calculation of the Advance Amount, compliance with the Overcollateralization Test, the Collateral (including the existence of any Liens other than Permitted Liens thereon) or the Lender's rights under this Agreement or any other Credit Document or (B) DBTCA has not been furnished with access to notices from the administrative agent with respect to such Fund Investment, then furnish to DBTCA, as soon as practicable but in any event within three (3) Business Days following receipt thereof, any such notices; *provided that* notwithstanding Section 8.03(a) (*Notices*) and Schedule 1, the Borrower shall furnish all "private side", confidential or restricted information and notices to the Lender solely by delivery to Ian Jackson at 60 Wall Street, 13th Floor, New York, NY 10005; Telephone: (212) 250-4627; Facsimile: +44 (113) 223-6123; Electronic Mail: ian-r.jackson@db.com.

(c) *Maintenance of Existence, etc.* The Borrower shall cause to be done at all times all things necessary to maintain and preserve its existence and the rights (statutory and other) and franchises (including licenses, authorizations and permits necessary to continue its activities) used in the conduct of its activities, including preservation of its status as a limited liability company in good standing under the Laws of its jurisdiction of organization.

(d) *Foreign Qualification.* The Borrower shall cause to be done at all times all things necessary to be duly qualified to do business and be in good standing in each jurisdiction where the failure so to qualify would have a Material Adverse Effect.

(e) *Payment of Taxes and Other Claims.* The Borrower shall file all tax returns required by Law to be filed by it and shall pay or discharge or cause to be paid or discharged, before the same shall become delinquent, all taxes, assessments and other governmental charges levied or imposed upon the Borrower or upon the income, profits or property of the Borrower; *provided that* the Borrower shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment or charge, the amount, applicability or validity of which is being contested in good faith by appropriate proceedings and for which disputed amounts adequate reserves in accordance with GAAP have been made.

(f) *Notice of Default, Litigation, etc.* The Borrower shall give prompt notice to the Lender (with a description in reasonable detail sufficient to enable the Lender and its counsel to evaluate the nature of and period of existence thereof and of the actions which the Borrower has taken and proposes to take with respect thereto), of:

(i) the occurrence of any Default, Event of Default or Overcollateralization Default Event;

(ii) the receipt of any notice of any default which, with notice, the passage of time or both, would constitute an event of default (or any similar event howsoever described) under any other Collateral Document;

(iii) any material litigation, arbitration or governmental investigation or proceeding not previously disclosed by the Borrower to the Lender which has been instituted or, to the knowledge of the Borrower, is threatened against the Borrower or to which any of its properties, assets or revenues is subject;

(iv) to the extent the Borrower has knowledge thereof, any material adverse development which shall occur in any litigation, arbitration or governmental investigation or proceeding previously disclosed by the Borrower to the Lender; and

(v) any material adverse development with respect to the Borrower, the Manager, the Equity Owner, FB Income or GSO (or any replacement sub-advisor to FB Income) that has impaired or is reasonably expected to impair the Borrower's ability to perform its obligations under this Agreement or under any of the other Credit Documents.

(g) *Performance of Obligations.* The Borrower shall (i) perform promptly and faithfully all of its Obligations under this Agreement and each other Credit Document executed by it, and (ii) comply in all material respects with the provisions of all other contracts or agreements to which it is a party or by which it is bound and pay all material obligations which it has incurred or may incur pursuant to any such contract or agreement as such obligations become due (including this Agreement).

(h) *Audits; Books and Records.* Prior to the occurrence of an Event of Default, the Lender may conduct one physical audit during each calendar year, on reasonable notice and at reasonable times using the Lender's own personnel, of the assets of the Borrower. The Borrower shall keep proper books and records reflecting all of its business and financial affairs and transactions, in accordance with GAAP and permit the Lender, on reasonable notice and at reasonable times and intervals during ordinary business hours, to visit all of its offices and to discuss its financial matters with officers of the Borrower and its Independent public accountants. The Borrower shall permit the Lender, on reasonable notice and at reasonable times and intervals during ordinary business hours, to examine and make copies of any of the books or other records of the Borrower. The Borrower shall pay any reasonable fees of such Independent public accountants

incurred in connection with the exercise by the Lender of its rights pursuant to this Section 6.01(h). Following the occurrence of an Event of Default, the Lender may conduct physical audits at any time and from time to time, as often as the Lender may deem reasonably necessary or desirable.

(i) *Compliance with Laws, etc.* The Borrower shall comply in all material respects with all Applicable Laws, in respect of the conduct of its business and the ownership of its properties.

(j) *Environmental Matters.* The Borrower shall use and operate all of its real properties, if any, in compliance with all Environmental Laws.

(k) *Maintenance of Property.* The Borrower shall, at its expense:

(i) acquire and maintain the Collateral in a manner that shall enable the Borrower to cause such property to be subject to the Liens of the Collateral Documents; and

(ii) maintain and keep (or cause to be maintained and kept) its properties that are used or useful to its business in good repair, working order and condition (except for normal wear and tear) and from time to time make all necessary or desirable repairs, renewals and replacements, so that its businesses may be properly and advantageously conducted at all times.

(l) *Delivery; Payments on Collateral; Further Assurances.* The Borrower shall, at its expense:

(i) execute and deliver any and all instruments necessary or as the Lender may reasonably request to grant and perfect a first priority Lien in favor of the Lender on all of the Collateral, free and clear of all other Liens except for Permitted Liens, and, without any request by the Lender or any Person, deliver or cause to be delivered promptly to the Custodian, or any designee thereof, for crediting to the Custodial Account (to the extent capable of being so credited) or (if not capable of being so credited) as otherwise provided under the Collateral Documents, in due form for transfer (duly endorsed in blank or, if appropriate, accompanied by duly executed blank stock or bond powers or any instrument or certificate accompanying or previously delivered to the Custodian permitting the Custodian to exercise the Borrower's rights of transfer when permitted hereunder or under the Security Agreement) or issued in the name of the Custodian or its nominee or agent (or any designee of the Custodian), all Fund Investments and all other certificated securities, chattel paper, instruments and documents of title, if any, at any time representing all or any of the Collateral, it being acknowledged by the parties hereto that such Fund Investments and certificated securities, chattel paper, instruments and documents of title may be subject to restrictions on transfer either imposed by Law or contained in their governing documents or any related documents;

(ii) cause (A) any and all payments of principal, interest and other amounts, and any and all proceeds of sale or other disposition or otherwise, in respect of any asset constituting part of the Collateral to be made directly to the Custodial Account and (B) any other option, warrant, Equity Security, other security, right to receive payment and any other asset issued or granted or otherwise provided as consideration in connection with the issuance, purchase or restructuring of any Fund Investment otherwise permitted hereunder to be credited to the Custodial Account, the extent such option, warrant, Equity Security, other security or other asset is capable of being so credited; and

(iii) upon request of the Lender, execute and deliver, in due form for filing or recording (and pay the cost of filing or recording the same in all public offices deemed necessary or desirable by the Lender), such assignments, security agreements, pledge agreements, consents, waivers, financing statements, stock or bond powers, and other documents, and do such other acts and things, all as the Lender may from time to time reasonably request, to establish and maintain to the reasonable satisfaction of the Lender valid first priority perfected Liens in all the Collateral free of all other Liens, claims, and rights of third parties whatsoever, except as permitted by Section 6.02(c) (*Liens*).

(m) *Equity Owner, Manager, etc.*

(i) Unless otherwise agreed to in writing by the Lender, all of the limited liability company interests of the Borrower shall be owned solely by the Equity Owner. The Lender shall at all times be entitled to accept and act upon Borrowing Requests and payment instructions received from any of those officers or agents of the Manager designated in a certificate of the Borrower to that effect provided from time to time to the Lender (in the form provided in Section 4.01(a)(i)(B) (*Evidence of Authority*)).

(ii) The Borrower shall at all times maintain the Manager as the investment manager under the Management Agreement, except as permitted pursuant to Section 6.02(g) (*Modification of Certain Instruments, Organic Documents, Agreements, etc.*) or required pursuant to Section 7.03 (*Action if Other Event of Default*).

(iii) The Custodian shall at all times be the custodian of all of the Fund Investments and other Collateral, except as otherwise provided under the Custodial Agreement.

(iv) The auditor of the Equity Owner and the Borrower shall be McGladrey & Pullen, LLP or a nationally recognized firm of Independent public auditors that is reasonably acceptable to the Lender.

(v) The Borrower shall cause the Equity Owner (if not FS Investment) to execute and deliver to the Lender a letter in the form of Exhibit H on or prior to becoming the Equity Owner.

(n) *Regulations T, U, and X.* The Borrower shall provide a duly completed and executed Federal Reserve Form U-1 to the Lender after the Closing Date pursuant to the terms of this Agreement. If at any time the Borrower acquires any Margin Stock, the Borrower shall take any and all actions as may be reasonably necessary, or as may be reasonably requested by the Lender, to establish compliance with Regulations T, U, and X of the FRS Board.

(o) *Plan Collateral.* The Borrower shall do, and shall cause its ERISA Affiliates to do, or cause to be done, all things reasonably necessary to ensure that the Borrower will not be deemed to hold Plan Assets at any time. Notwithstanding Section 6.02(d) (*Limitations on Dispositions of Collateral*), the Borrower shall refrain from making any Restricted Payment to the Equity Owner at any time that the Borrower gains knowledge that the Equity Owner has failed to do all things reasonably necessary to ensure that it will not be deemed to hold Plan Assets at any time.

(p) *Anti-Terrorism and Anti-Money Laundering Policies.* The Borrower shall comply with all existing Anti-Terrorism Laws, Anti-Money Laundering Laws, directives from the appropriate governmental agencies or authorities and any other applicable Federal or state Laws, if and when the Borrower is required to comply with such Laws. The Borrower also agrees to implement and maintain policies, procedures and controls reasonably necessary to assure compliance with all existing Anti-Terrorism Laws, Anti-Money Laundering Laws and any other applicable Federal or state Laws, if and when the Borrower is required to comply with such Laws. Notwithstanding Section 6.02(d) (*Limitations on Dispositions of Collateral*), the Borrower shall refrain from making any Restricted Payment to the Equity Owner at any time that the Borrower gains knowledge that the Equity Owner has failed to implement and maintain policies, procedures and controls reasonably necessary to assure compliance with all existing Anti-Terrorism Laws, Anti-Money Laundering Laws and any other applicable Federal or state Laws, if and when the Equity Owner is required to comply with such Laws. The Borrower further agrees, upon the Lender's reasonable request from time to time during the term of this Agreement, to provide written certification that its covenants under this Section 6.01(p) have not been breached. The Borrower shall immediately upon its actual knowledge provide written notification to the Lender if its representations and warranties under Section 5.19 (*Compliance with Anti-Terrorism Laws and Regulations*) and Section 5.20 (*Compliance with Anti-Money Laundering Laws and Regulations*), and its covenants under this Section 6.01(p) are no longer correct and have been breached or if the Borrower has a reasonable

basis to believe a representation, warranty or covenant may no longer be true or may have been breached and provide the Lender with copies of all notices, reports and other documents and communications relating to such an event together with such notifications.

The Borrower consents on behalf of itself to the disclosure, by the Lender or any of its affiliates or agents, to U.S. regulators of such information about the Borrower and the Equity Owner that the Lender reasonably deems necessary or appropriate to comply with applicable Anti-Terrorism Laws and Anti-Money Laundering Laws and the Borrower shall be notified in advance, if practicable (but in any case promptly thereafter), of any non-routine disclosure.

(q) *Notification; Quarantine Steps.* The Borrower shall immediately notify the Lender if an Authorized Representative of the Borrower or a Responsible Officer obtains actual knowledge that the Equity Owner or any director, principal, officer or employee of the Equity Owner:

(i) has been listed on any of the Lists;

(ii) has become a Designated Person;

(iii) is under investigation by any governmental authority or agency for, has been charged with or convicted of money laundering, drug trafficking, terrorist-related activities, any other money laundering or terrorist crimes or violating any Anti-Terrorism Laws or Anti-Money Laundering Laws;

(iv) has been assessed civil penalties under any Anti-Terrorism Laws or Anti-Money Laundering Laws; or

(v) has had funds seized or forfeited in an action under any Anti-Terrorism Laws or Anti-Money Laundering Laws. In addition, if, during the term of this Agreement, the Lender is required under the Anti-Terrorism Laws or the Anti-Money Laundering Laws to (A) know the identity of the Equity Owner, or (B) to determine if the Equity Owner is included in subparagraphs (i) through (iv) above, then, upon written request by the Lender to the Borrower, the Borrower shall provide such information to the Lender. The Borrower on behalf of itself consents to the disclosure, by the Lender or any of their respective affiliates or agents, to U.S. regulators of such information about the Borrower and the Equity Owner that the Lender reasonably deem necessary or appropriate to comply with applicable Anti-Terrorism Laws and Anti-Money Laundering Laws.

(r) *Borrower's Business.* The Borrower shall not engage in any business or activity other than such activities as permitted pursuant to its Organic Documents and shall at all times comply with the provisions in the LLC Agreement set forth in Section 3(j) thereof.

(s) *Conditions Applicable to All Sale and Purchase Transactions.* Any transaction effected under this Agreement or in connection with the acquisition of additional Fund Investments shall be conducted on an arm's-length basis, shall comply with the applicable requirements of the Collateral Transaction Procedures and, if effected with a Person Affiliated with the Manager, shall be effected in accordance with the requirements of Section 6.02(p) (*Limitations on Transactions with Affiliates and Other Funds.*).

(t) *Required Reserves on Certain Fund Investments.* If the Borrower purchases or holds any Fund Investment (including a Revolving Loan or Delayed Drawdown Loan) that obligates the Borrower, whether currently or upon the happening of any contingency at a future date, to advance any additional funds to an Obligor (which, for the avoidance of doubt, shall not include Fully Pre-funded Revolving Loans), then the Borrower shall, unless otherwise consented to in writing by the Lender (which may be in the form of an email), maintain at all times during which it has any such obligation, Cash or Cash Equivalents on deposit in the Revolving Loan Collateral Sub-account (as defined in the Custodial Agreement) in an aggregate amount equal to the unfunded portion of such obligation.

Section 6.02. Negative Covenants. The Borrower agrees with the Lender that, until the Commitment has been terminated and all principal and interest on the Loans and all other Obligations then due and payable have been paid and performed in full, the Borrower shall perform the Obligations set forth in this Section 6.02.

(a) *No Other Business; Subsidiaries.* The Borrower shall not engage in any business or activity other than (i) incurring Loans or other obligations permitted pursuant to this Agreement, purchasing and selling Fund Investments in accordance with the restrictions herein and in its Organic Documents, and (ii) engaging in any other activities which are necessary, suitable or appropriate to accomplish the foregoing or are incidental thereto or connected therewith or ancillary thereto or otherwise contemplated hereby. Notwithstanding anything to the contrary contained in this Section 6.02(a) or elsewhere in this Agreement, the Borrower shall have no Subsidiaries.

(b) *Limitations on Debt.* The Borrower shall not create, incur, assume or suffer to exist or otherwise directly or indirectly become or be liable (collectively, "**Incur**" and, with correlative meanings, "**Incurred**" and "**Incurrence**") in respect of any Debt, other than (i) indebtedness in respect of the Loans, and (ii) Debt that is approved in writing by the Lender.

(c) *Liens*. The Borrower shall not Incur any Lien upon any property or assets included in the Collateral, whether now owned or hereafter acquired, except the following (collectively, the “**Permitted Liens**”):

(i) Liens in favor, or for the benefit, of the Lender granted pursuant to this Agreement or any Collateral Document, including the Lien in favor of the Lender created by the Security Agreement; and

(ii) any other Lien granted in favor of (A) the Lender or (B) the Custodian pursuant to the Custodial Agreement.

(d) *Limitations on Dispositions of Collateral*. The Borrower shall not remove or cause to be removed from the Custodial Account (other than from the Administrative Expense Sub-account as set forth in Section 4.01(g) (*Custodial Account and Fund Investments*) or in connection with a withdrawal by the Custodian of its fees, expenses and other amounts pursuant to the Custodial Agreement) or otherwise dispose of or cause to be disposed any Collateral, including any Fund Investment, except that, prior to, and if such removal or disposition will not result in, the occurrence of a Default (including failure to satisfy the Overcollateralization Test) or an Event of Default, the Borrower may (i) purchase or sell Fund Investments in accordance with Section 6.02(q) (*Purchases and Sales of Fund Investments*), (ii) remove Cash from the Custodial Account to make payments due to the Lender or its Affiliates under this Agreement or any other Credit Document, (iii) subject to establishment of the cash reserve as set forth in Section 6.02(k) (*Payment of Management Fees*), remove Cash from the Custodial Account to pay Administrative Expenses and other fees and expenses of the Borrower other than Management Fees, (iv) subject to establishment of the cash reserve, payment of Administrative Expenses and satisfaction of the applicable Overcollateralization Test, each as set forth in Section 6.02(k) (*Payment of Management Fees*), and payment of all amounts due and payable by the Borrower (excluding the Management Fees), pay the Management Fees and (v) subject to establishment of the cash reserve, payment of Administrative Expenses and satisfaction of the applicable Overcollateralization Test (provided that following the occurrence of a Super-Collateralization Event, the Overcollateralization Test for purposes of this clause (v) shall be calculated with a Super-Collateralization Percentage equal to 125% (whether or not such Super-Collateralization Percentage is otherwise required pursuant to the definition of Margin Requirement at such time)), each as set forth in Section 6.02(k) (*Payment of Management Fees*), and payment of all amounts due and payable by the Borrower (including the Management Fees), make equity distributions to the Equity Owner. During the existence of, or if such removal or disposition will result in, a Default or an Event of Default, the Borrower shall not remove from the Custodial Account or otherwise dispose of any Collateral, including any Fund Investment, without the prior written consent of the Lender.

(e) *Change of Name, etc.* The Borrower shall not change (i) the location of its principal place of business, chief executive office, chief place of business or its records concerning its business and financial affairs, (ii) its name or the name under or by which it conducts its business or (iii) its jurisdiction of organization other than in accordance with the Security Agreement.

(f) *Merger, Consolidation; Successor Entity Substituted.* The Borrower shall not consolidate or merge with or into any other Person or sell, lease or otherwise transfer its respective properties and assets substantially as an entirety to any Person.

(g) *Modification of Certain Instruments, Organic Documents, Agreements, etc.* The Borrower shall not without the prior written consent (or, in the case of clause (ii) below, the direction) of the Lender (i) consent to any amendment or other modification of any of the terms or provisions of the Collateral Documents, (ii) terminate the Manager, appoint a replacement Manager or consent to an assignment of the Management Agreement (except in connection with an assignment that results from a change in control (within the meaning of the Investment Advisers Act of 1940, as amended); or (iii) consent to any material amendment, supplement or other modification of any of the terms or provisions of (A) its Organic Documents if such change would adversely affect the Lender or (B) the Management Agreement (except in connection with a change of Manager that otherwise complies with clause (ii) above).

(h) *Agreements Restricting Liens.* Other than the Collateral Documents, the Borrower shall not enter into any agreement which prohibits the creation or assumption of any Lien upon its properties, revenues or assets, whether now owned or hereafter acquired.

(i) *Inconsistent Agreements.* The Borrower shall not enter into any agreement containing any provision which would be violated or breached by the performance by the Borrower of its obligations under this Agreement or under any other Credit Document.

(j) *Pension and Welfare Plans.* The Borrower shall not incur any liability or obligation with respect to any Pension Plan or any Welfare Plan other than by operation of Law. The Borrower shall not maintain or contribute to (or become obligated to contribute to) any Pension Plan or Welfare Plan other than by operation of Law.

(k) *Payment of Management Fees.* The Borrower shall not be obligated to pay, nor permit the Manager to be paid, any Management Fees until (i) all interest, principal and other amounts then due under this Agreement to the Lender have been paid, (ii) a cash reserve covering all accrued but unpaid interest through the next following Determination Date has been set aside and (iii) all the Administrative Expenses for the relevant Interest Period have been paid. The Manager shall expressly agree to subordinate its right to payment of the Management Fee, following the occurrence of a Default or an Event of Default, to the payment in full of all Administrative Expenses and all payments due to the

Lender under this Agreement. Furthermore, the Borrower may not pay any Management Fees or make any equity distributions to the Equity Owner to the extent that immediately following such payment or distribution, as applicable, the Overcollateralization Test (as determined for purposes of this Section 6.02(k)) would not be satisfied.

(l) *Commodities; Real Estate.* The Borrower shall not purchase or otherwise acquire or receive as a distribution any commodities or any fee interest in real property.

(m) *Margin Stock.* The Borrower shall not use any of the proceeds of the Borrowings (i) to extend “purpose credit” within the meaning given to such term in Regulation U of the FRS Board or (ii) to purchase, otherwise acquire or carry any Margin Stock in any manner that would result in a violation of Regulations T, U or X of the FRS Board.

(n) *Limitations on Swap Transactions.* The Borrower shall not enter into or otherwise effect or permit to remain outstanding any Swap Transaction.

(o) *Investment Company Act.* The Borrower shall not register as, or conduct its business or take any action which shall cause it or the Collateral to be required to be registered as, an investment company under the Investment Company Act; *provided that* the parties acknowledge that the Fund Investments and the Borrowings by the Borrower shall be subject to any restrictions imposed on the Equity Owner as a business development company under the Investment Company Act.

(p) *Limitations on Transactions with Affiliates and Other Funds.* The Borrower shall not, directly or indirectly, without the prior written consent of the Lender: (i) make an investment in any of its Affiliates, the Manager, the Equity Owner, any Related Fund or any account managed by the Manager, (ii) sell, lease or otherwise transfer any assets to any of its Affiliates, the Manager, the Equity Owner, any Related Fund or any account managed by the Manager, (iii) purchase or acquire assets from any of its Affiliates, the Manager, the Equity Owner, any Related Fund or any account managed by the Manager or (iv) enter into any other transaction directly or indirectly with or for the benefit of any of its Affiliates, the Manager, the Equity Owner, any Related Fund or any account managed by the Manager (including Guarantees and assumptions of obligations of any of its Affiliates, the Manager, the Equity Owner, any Related Fund or any account managed by the Manager); *provided that* the Borrower may, without the consent of the Lender, conduct with Affiliates, the Manager, the Equity Owner or any Related Fund any of the transactions referred to in clauses (i), (ii), (iii) and (iv) above, so long as such transactions are conducted on terms no less favorable, taken as a whole, to the Borrower than would be obtained in an arm’s length transaction with a non-Affiliate.

(q) *Purchases and Sales of Fund Investments.* The Borrower shall not (i) purchase any investment other than Fund Investments or (ii) purchase or sell any Fund Investment other than in compliance with Applicable Law and the Collateral Transaction Procedures and only if (A) immediately following such transaction, no Default or Event of Default would occur or be continuing and (B) the Overcollateralization Test is satisfied; *provided that* this Section 6.02(q) shall not prohibit the Borrower from acquiring and holding an Excluded Investment that the Borrower receives in connection with the workout or restructuring of any Fund Investment; *provided further that* in no event may the Borrower acquire or hold in connection with such a workout or restructuring, without the prior written consent of the Lender, (x) any real property or (y) any Margin Stock, unless the Borrower delivers a completed and executed Federal Reserve Form U-1 to the Lender simultaneously therewith.

(r) *Distributions.* The Borrower shall not make any payments or distributions other than in accordance with (d) (*Limitations on Dispositions of Collateral*).

(s) *No Commingling of Borrower's Assets with Affiliates.* The Borrower shall not maintain funds or hold assets comprising Collateral in any account other than the Custodial Account, and the Custodial Account shall not contain any funds or assets owned by any Affiliate of the Borrower or any other third party so as to commingle the funds or assets of the Borrower with those of any such Affiliate or third party.

(t) *Not a Corporation for Tax Purposes.* The Borrower shall take no action that would cause it to be treated as a corporation within the meaning of Treasury Regulations Section 301.7701-2(b).

ARTICLE 7
EVENTS OF DEFAULT

Section 7.01. Events of Default. The term “**Event of Default**” shall mean any of the events set forth in this Section 7.01.

(a) *Non-Payment of Obligations.* The Borrower fails to make a payment of (i) principal when due (whether at stated maturity or by acceleration, mandatory prepayment or otherwise), (ii) interest, Setup Fee or Commitment Fee within three (3) Business Days of when due or (iii) any other Obligation when due and such failure is not cured within one (1) Business Day of the Lender notifying the Borrower of such default.

(b) *Overcollateralization Default Event.* An Overcollateralization Default Event occurs and such event is not cured (i) if notice of such event is received (or deemed to be received) by the Borrower on or before 11:00 a.m. (New York time) on any day that the Fedwire Funds Service (the “**Fedwire**”) is

open, then by the close of the Fedwire on such day or (ii) if notice of such event is received (or deemed to be received) by the Borrower after 11:00 a.m. (New York time) on any day that the Fedwire is open, then by 12:00 p.m. (New York time) on the next succeeding day that the Fedwire is open.

(c) *Certain Covenant Defaults.* The Borrower shall fail to comply with its obligations under (i) Section 6.01(a) (*Overcollateralization Test Calculation; Collateral Reports*) and such failure is not cured within one (1) Business Day, (ii) Section 6.01(b)(v)(A) (*Information, etc.*) and such failure is not cured within three (3) Business Days following receipt (or deemed receipt) by the Borrower of notice of such failure, (iii) Section 6.01(b)(v)(B) or Section 6.01(b)(vi) (*Information, etc.*) and such failure is not cured within one (1) Business Day following receipt (or deemed receipt) by the Borrower of notice of such failure, (iv) Section 6.01(f) (*Notice of Default, Litigation, etc.*) or Section 6.01(o) (*Plan Collateral*) and such failure is not cured within two (2) Business Days or (v) Section 6.02 (*Negative Covenants*) or Section 6.01(t) (*Required Reserves on Certain Fund Investments*) (which failures shall, for the avoidance of doubt, not contain any cure period).

(d) *Breach of Representation or Warranty.* Any representation or warranty of the Borrower hereunder or of the Borrower in any other Credit Document or in any certificate delivered pursuant hereto or thereto is or shall be incorrect in any material respect when made or deemed made.

(e) *Non Performance of Other Obligations.* The Borrower shall default in the due performance and observance of any covenant (including any covenant of payment), obligation, warranty or other agreement contained herein or in any other Credit Document executed by it, and, if such default does not otherwise constitute an Event of Default under this Article 7, such default is not cured within thirty (30) days of the earlier of (i) notice thereof having been given to the Borrower by the Lender and (ii) the first date on which an Authorized Representative of the Borrower or a Responsible Officer knew (or with reasonable inquiry should have known) of such default.

(f) *Excluded Investments.* The Borrower (i) purchases an Excluded Investment enumerated in clauses (viii) or (ix) of the definition of Excluded Investments and fails to dispose of such Excluded Investment within five (5) Business Days (A) after obtaining knowledge thereof or (B) earlier, if using reasonable inquiry, would have obtained such knowledge or (ii) purchases an Excluded Investment enumerated in clauses (i), (xii) or (xiii) of the definition of Excluded Investments; *provided that* subject to the limitations set forth in Section 6.02(q) (*Purchases and Sales of Fund Investments*), this Section 7.01(f) shall not prohibit, and it shall not be an Event of Default as a result of, the Borrower acquiring and holding any Excluded Investment that the Borrower receives in connection with the workout or restructuring of any Fund Investment.

(g) *Illegality*. It is or will become unlawful for the Borrower to perform or comply with any one or more of its obligations under the Credit Documents.

(h) *Judgments*. Any final judgments or orders (not subject to appeal or otherwise non-appealable) by one or more courts of competent jurisdiction for the payment of money in an aggregate amount in excess of \$1,500,000 (after giving effect to insurance, if any, available with respect thereto) shall be rendered against the Borrower, and the same shall remain unsatisfied, unvacated, unbonded or unstayed for a period of fifteen (15) days after the date on which the right to appeal has expired.

(i) *Bankruptcy, Insolvency, etc.* The Borrower shall:

(i) become insolvent or generally fail to pay, or admit in writing its inability to pay, Debts as they become due;

(ii) apply for, consent to, or acquiesce in, the appointment of a trustee, receiver, sequestrator or other custodian for the Borrower or any property of any thereof, or make a general assignment for the benefit of creditors;

(iii) in the absence of such application, consent or acquiescence, permit or suffer to exist the appointment of a trustee, receiver, sequestrator or other custodian for the Borrower or for a substantial part of the property of any thereof, and such trustee, receiver, sequestrator or other custodian shall not be discharged within thirty (30) days;

(iv) permit or suffer to exist the commencement of any bankruptcy, reorganization, Debt arrangement or other case or proceeding under any bankruptcy or insolvency Law, or any dissolution, winding up or liquidation proceeding, in respect of the Borrower and, if such case or proceeding is not commenced by the Borrower, such case or proceeding shall be consented to or acquiesced in by the Borrower or shall result in the entry of an order for relief or shall remain for thirty (30) days undismissed; or

(v) take any action authorizing, or in furtherance of, any of the foregoing.

(j) *Failure of Valid, Perfected, First-Priority Lien*. Any Lien granted on any Collateral shall, at any time after delivery of the respective Collateral Documents, cease to be fully valid and perfected as a first-priority Lien except for Permitted Liens.

(k) *Investment Company Act*. The Borrower or its assets shall at any time become required to be registered as an “investment company” under the Investment Company Act.

(l) *Dissolution or Termination of the Borrower.* The Borrower shall be dissolved or terminated and not reconstituted substantially simultaneously therewith (and in no event later than the same day) in accordance with the LLC Agreement.

(m) *Manager and Equity Owner Events.*

(i) The Manager is removed, replaced, terminated or resigns pursuant to the Management Agreement (including as a result of the Borrower's termination of the Management Agreement) or FS Investment otherwise ceases to act as investment manager to the Borrower for any reason;

(ii) An event specified in Section 7.01(i) (*Bankruptcy, Insolvency, etc.*) occurs with respect to the Manager or the Equity Owner; or

(iii) The Manager or the Equity Owner defaults in any material respect in its obligations under any agreements, contracts or financial instruments with (A) the Lender or its Affiliates or (B) any other person; *provided that* solely for purposes of this clause (B), the aggregate principal amount of the agreements, contracts or financial obligations relating to such defaulted obligations (individually or collectively) is not less than the lesser of (x) 3% of the Net Asset Value of the Manager or the Equity Owner (as the case may be) and (y) \$10,000,000.

(n) *Net Asset Value.* The Net Asset Value of the Manager at any time declines below the Net Asset Value Floor.

(o) *Anti-Terrorism and Anti-Money Laundering Events.* The occurrence of any event specified in Section 6.01(q) (*Notification; Quarantine Steps*) with respect to the Equity Owner.

(p) *Regulatory Events.* A Regulatory Event has occurred.

Section 7.02. Action if Bankruptcy. If any Event of Default described in Section 7.01(i) (*Bankruptcy, Insolvency, etc.*) shall occur with respect to the Borrower, then the principal amount of all outstanding Loans and all other Obligations shall automatically be and become immediately due and payable, and the Commitment shall be automatically terminated, without further notice, demand or presentment, all of which are expressly waived by the Borrower.

Section 7.03. Action if Other Event of Default. If any Event of Default (other than any Event of Default described in Section 7.01(i) (*Bankruptcy, Insolvency, etc.*)) shall occur and be continuing for any reason, whether voluntary or involuntary, the Lender may, in addition to any other remedies available to it, including the remedies set forth in the Security Agreement, take any of the following actions: (a) declare a Commitment Termination Event, (b) declare the

outstanding principal amount of all outstanding Loans and all other Obligations to be due and payable and terminate the Commitment, whereupon the full unpaid amount of all Loans and any and all other Obligations shall be and become immediately due and payable, without further notice, demand, or presentment, all of which are expressly waived by the Borrower, in either case by delivery of a Commitment Termination Notice substantially in the form of Exhibit L or (c) elect to cease making additional Loans to the Borrower hereunder (without otherwise terminating the Commitment), by delivery of a Loan Cessation Notice substantially in the form of Exhibit M.

Section 7.04. Additional Rights Upon Event of Default. Upon the occurrence and during the continuance of an Event of Default hereunder (for the avoidance of doubt, upon commencement by the Lender of any of the remedies set forth in this Agreement or in any of the other Credit Documents or upon notice by the Lender to the Borrower or the Manager that it intends to promptly commence the exercise of any such remedies, such Event of Default shall be deemed to be continuing, and may not be cured or curable by any subsequent actions or events), the Lender (a) shall have, in addition to the rights set forth herein, the rights and remedies afforded in the Collateral Documents, under any agreement, by law, at equity or otherwise, including the rights and remedies of a secured party under the UCC and (b) may, pursuant to the Collateral Documents and the Management Agreement, terminate (or cause to be terminated) the Management Agreement and replace (or cause to be replaced) the Manager with an institution selected by the Lender in its sole and absolute discretion (which may be Deutsche Bank) legally qualified, permitted under Applicable Law and with the capacity to assume the responsibilities, duties and obligations of the Manager under the Credit Documents and the Management Agreement. The Borrower shall remain liable to the Lender for any deficiency following any such sale of Collateral.

Section 7.05. Notice of Default. If a Default or an Event of Default occurs, the Borrower shall provide to the Lender written notice (or telephonic notice promptly confirmed in writing) of such Default or Event of Default promptly (and, in any event, within two (2) Business Days) after the Borrower becomes aware of such Default or Event of Default.

ARTICLE 8
MISCELLANEOUS

Section 8.01. Payment of Expenses, etc. The Borrower agrees to: (a) pay all actual and reasonable out-of-pocket costs and expenses (i) of the Lender in connection with the negotiation, preparation, execution and delivery of the Credit Documents and the documents and instruments referred to therein and any amendment, waiver or consent relating thereto and (ii) of the Lender in connection with any Event of Default or with the enforcement of the Credit

Documents and the documents and instruments referred to therein (including the reasonable fees and disbursements of counsel for the Lender), (b) pay and hold the Lender harmless from and against any and all actual present and future stamp and other similar taxes with respect to the foregoing matters and hold the Lender harmless from and against any and all liabilities with respect to or resulting from any delay or omission (other than to the extent attributable to the Lender) to pay such taxes and (c) indemnify the Lender and its respective officers, directors, employees, representatives and agents from and hold each of them harmless against any and all losses, liabilities, claims, damages or expenses incurred by any of them as a result of, or arising out of, or in any way related to, or by reason of, (i) any breach of a representation, warranty or covenant contained herein or in any Credit Document, (ii) any investigation, litigation or other proceeding (whether or not the Lender is a party thereto) related to the entering into or performance of any Credit Document, the use of the proceeds of any Loans hereunder or the consummation of any transactions contemplated in any Credit Document, including the reasonable fees and disbursements of counsel incurred in connection with any such investigation, litigation or other proceeding, but excluding any such losses, liabilities, claims, damages or expenses to the extent incurred directly by reason of the gross negligence, fraud, bad faith or willful misconduct of any Person to be indemnified or (iii) the actual or alleged presence of Hazardous Materials in the air, surface water, groundwater, surface or subsurface of any real property owned or at any time operated by the Borrower, the generation, storage, transportation or disposal of Hazardous Materials at any location whether or not owned or operated by the Borrower, the noncompliance of any real property owned or at any time operated by the Borrower with Federal, state and local Laws (including applicable permits hereunder) applicable to any such real property, or any Environmental Claim asserted against the Borrower, or any such real property, including, in each case, the reasonable disbursements of counsel and other consultants incurred in connection with any such investigation, litigation or other proceeding but excluding in all cases any losses, liabilities, claims, damages or expenses to the extent incurred by reason of the gross negligence, fraud, bad faith or willful misconduct of the Person to be indemnified. To the extent that the undertaking to indemnify, pay or hold harmless the Lender set forth in the preceding sentence may be unenforceable because it is violative of any Law or public policy, the Borrower shall make the maximum contribution to the payment and satisfaction of each of the indemnified liabilities which is permissible under Applicable Law.

Section 8.02. Right of Setoff. In addition to any rights now or hereafter granted under Applicable Law or otherwise, and not by way of limitation of any such rights, if an Event of Default has occurred and is continuing, the Lender is hereby authorized at any time and from time to time, without presentment, demand, protest or other notice of any kind to the Borrower or to any other Person, any such notice being hereby expressly waived, to set off and to appropriate and apply any and all deposits (general or special) and any other Debt at any time held or owing by the Lender (including by branches and agencies of the Lender

wherever located) to or for the credit or the account of the Borrower against and on account of the Obligations and liabilities of the Borrower to the Lender under this Agreement or under any of the other Credit Documents and all other claims of any nature or description arising out of or connected with this Agreement or any other Credit Document, irrespective of whether or not the Lender shall have made any demand hereunder and although such Obligations, liabilities or claims, or any of them, shall be contingent or unmatured. The Lender agrees to notify the Borrower promptly after any such set-off and application; *provided that* the failure to give such notice shall not effect the validity of such set-off and application.

Section 8.03. Notices.

(a) Except as otherwise expressly provided herein, all notices and other communications provided for hereunder shall be in writing (including e-mail or telecopier communication) and e-mailed, mailed, telecopied or delivered, if to the Borrower or the Lender, at its address specified on Schedule 1 or, at such other address as shall be designated by any party in a written notice to the other party hereto. Any notice or communication provided for hereunder shall be deemed to have been given or made (i) as of the date so delivered, if delivered personally or by overnight courier; (ii) on the date a transmission report confirming transmission is generated by the sender's telecopy machine, if telecopied; (iii) on the date sent, if e-mailed, so long as the sender does not receive a bounce-back message within a reasonable time after delivery; and (iv) five (5) calendar days after mailing if sent by registered or certified mail (except that a notice of change of address shall not be deemed to have been given until actually received by the addressee).

(b) In addition to the provisions of clause (a) above, the Lender shall be deemed to have notified the Borrower of the occurrence of a default, Default or Event of Default (or any similar or related event or condition), when required to do so by the terms of this Agreement or any other Credit Document, when the Lender:

(i) calls by telephone any one of the designated persons listed below at the number set forth opposite such person's name; *provided that* if after placing a telephone call to each of the designated persons listed below, the Lender is unable to reach any of such persons (through no fault of the Lender, i.e., whether because the Lender's calls are unanswered, it receives a "busy" signal for the call and/or each of the persons called is not available to answer the call at the time the Lender calls), the Lender shall be deemed to have provided the Borrower with telephone notice; and

(ii) in addition to such telephone notice, sends an email notice with a subject line specifying "Default Notice from Deutsche Bank" to each of the email addresses listed below (whether or not such emails are actually received by any of such persons):

<u>Name</u>	<u>Telephone Number</u>	<u>Email Address</u>
Gerald F. Stahlecker	(215) 495-1169	jerry.stahlecker@franklinsquare.com
Michael C. Forman	(215) 495-1160	mforman@fbcp.com
Ryan D. Conley	(215) 495-1174	rconley@fbcp.com
Ken Miller	(215) 495-1164	kmiller@fbcp.com
Isabelle Pradel	(212) 503-2149	isabelle.pradel@gsocap.com
Angelina Perkovic	(212) 503-2146	angelina.perkovic@gsocap.com
Marisa Beeney	(212) 503-2167	marisa.beeney@gsocap.com

For the avoidance of doubt, the inclusion of employees of GSO in this Section 8.03(b) shall not be construed as GSO becoming a party to this Agreement or assuming any rights or obligations of the Borrower under this Agreement or any other Credit Document.

(c) Without in any way limiting the obligation of the Borrower to confirm in writing any telephonic notice permitted to be given hereunder, the Lender may, prior to receipt of written confirmation, act without liability upon the basis of such telephonic notice believed by the Lender in good faith to be from the Borrower or the Manager (including an Authorized Representative or Responsible Officer thereof). In each such case, the Borrower hereby waives the right to dispute the Lender's record of the terms of such telephonic notice absent manifest error.

Section 8.04. Benefit of Agreement. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and the respective successors and assigns of the parties hereto to the extent permitted under this Section 8.04; *provided that* except as provided in Section 6.02(f) (*Merger, Consolidation; Successor Entity Substituted*), the Borrower may not assign or transfer any of its rights or obligations hereunder without the prior written consent of the Lender.

Section 8.05. Participations and Assignments.

(a) *Participations.* The Lender may at any time grant participations in any of its rights hereunder or under the Note without the consent of the Borrower or any other Person to one or more commercial banks, insurance companies, funds or other financial institutions; *provided that* in the case of any such participation, the participant shall not have any rights under this Agreement or any of the other Credit Documents (the participant's rights against the Lender in respect of such participation to be those set forth in the agreement executed by the Lender in favor of the participant relating thereto) and all amounts payable by the

Borrower hereunder shall be determined as if the Lender had not sold such participation, except that the participant shall be entitled to the benefits of Section 3.04(a) (*Interest Rules and Calculations*) to the extent that the Lender would be entitled to such benefits if the participation had not been entered into or sold; and *provided, further*, that the Lender shall not transfer, grant or assign any participation under which the participant shall have rights to approve any amendment to or waiver of this Agreement or any other Credit Documents except to the extent such amendment or waiver would (A) extend the final scheduled maturity of any Loan or the Note in which such participant is participating or waive any mandatory prepayment thereof, or reduce the rate or extend the time of payment of interest or fees thereon (except in connection with a waiver of the applicability of any post-default increase in interest rates), or reduce the principal amount thereof, or increase such participant's participating interest in the Commitment over the amount thereof then in effect (it being understood that a waiver of any Default, Event of Default or mandatory prepayment shall not constitute a change in the terms of the Commitment), (B) release all or substantially all of the Collateral (in each case except as expressly provided in the Credit Documents) or (C) consent to the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement (except as provided in Section 6.02(f) (*Merger, Consolidation, Successor Entity Substituted*)); and *provided, further*, that each participation shall be subject to the related participant providing a representation and warranty to the Lender from which it is acquiring its participation that it is a Qualified Purchaser. The Lender shall promptly notify the Borrower of any participation granted pursuant to this Section 8.05(a) and the identity of the participant(s).

(b) *Assignments*. The Lender may, with the consent of the Borrower (which consent shall not be unreasonably withheld or delayed), assign all or a portion of its rights and obligations under this Agreement (including, the Lender's Commitment (or any portion or element thereof), the Loans, the Note and other Obligations) to one or more commercial banks, insurance companies, funds or other financial institutions with the Required Ratings; *provided that* the consent of the Borrower for any assignment shall not be required if (i) (A) a Default or an Event of Default is continuing or (B) an Event of Default has occurred within the 60-day period preceding such assignment (even if such Event of Default is no longer continuing), (ii) such assignment is (A) to an Affiliate of the Lender or (B) to another Person who at the time of such assignment already is a party to this Agreement as the Lender or (iii) such assignment is made to an Approved Selling Institution (it being agreed that the Borrower shall have review and approval rights over the documents relating to such assignment). No assignment pursuant to the immediately preceding sentence to an institution other than another Lender shall be in an aggregate amount less than (unless the entire Commitment and outstanding Loans of the assigning Lender is so assigned) \$5,000,000. If the Lender so sells or assigns all or a part of its rights hereunder or under the Note, any reference in this Agreement or the Note to the Lender shall thereafter refer to the Lender and to its respective assignee to the extent of their respective interests

and such assignee shall have, to the extent of such assignment (unless otherwise provided therein), the same rights and benefits as it would if it were such assigning Lender. Each assignment pursuant to this Section 8.05(b) shall be effected by the assigning Lender and the assignee Lender executing an Assignment Agreement (an “**Assignment Agreement**”), which Assignment Agreement shall be substantially in the form of Exhibit C (appropriately completed). At the time of any assignment pursuant to this Section 8.05(b), this Agreement shall be deemed to be amended to reflect the Commitment of the respective assignee (which shall result in a direct reduction to the Commitment of the assigning Lender) and the Borrower shall if requested in writing by the assignee or assigning Lender issue new Notes to the respective assignee and to the assigning Lender in conformity with the requirements of Section 3.02 (*Note*). To the extent of any assignment pursuant to this Section 8.05(b), the assigning Lender shall be relieved of its obligations hereunder with respect to its assigned Commitment. In connection with any such assignment, the Lender and the Borrower agree to execute such documents (including amendments to this Agreement and the other Credit Documents) as shall be reasonably necessary to effect the foregoing. Nothing in this Agreement shall prevent or prohibit the Lender from pledging the Note or Loans to a Federal Reserve Bank in support of borrowings made by the Lender from such Federal Reserve Bank.

Section 8.06. No Waiver; Remedies Cumulative. No failure or delay on the part of the Lender in exercising any right, power or privilege hereunder or under any other Credit Document and no course of dealing between the Borrower and the Lender shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or under any other Credit Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder or thereunder. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which the Lender would otherwise have. No notice to or demand on the Borrower in any case shall entitle the Borrower or any other Person to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Lender to any other or further action in any circumstances without notice or demand.

Section 8.07. Calculations; Computations.

(a) The financial statements to be furnished to the Lender pursuant hereto shall be made and prepared in accordance with GAAP consistently applied throughout the periods involved.

(b) All computations of interest hereunder shall be made on the actual number of days elapsed over a year of 360 days.

Section 8.08. Governing Law; Submission to Jurisdiction; Venue; Waiver of Jury Trial.

(a) THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK, INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES. ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE PARTIES HERETO IRREVOCABLY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE NON-EXCLUSIVE JURISDICTION OF THE AFORESAID COURTS. EACH OF THE PARTIES HERETO HEREBY FURTHER IRREVOCABLY WAIVES ANY CLAIM THAT ANY SUCH COURT LACKS JURISDICTION OVER IT, AND AGREES NOT TO PLEAD OR CLAIM, IN ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT BROUGHT IN ANY OF THE AFORESAID COURTS, THAT ANY SUCH COURT LACKS JURISDICTION OVER IT. EACH OF THE PARTIES HERETO FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, OR BY HAND DELIVERY, AT ITS ADDRESS FOR NOTICES PURSUANT TO Section 8.03 (*NOTICES*). EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY OBJECTION TO SUCH SERVICE OF PROCESS AND FURTHER IRREVOCABLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY ACTION OR PROCEEDING COMMENCED HEREUNDER OR UNDER ANY OTHER CREDIT DOCUMENT THAT SERVICE OF PROCESS WAS IN ANY WAY INVALID OR INEFFECTIVE. NOTHING HEREIN SHALL AFFECT THE RIGHT OF THE LENDER TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST THE BORROWER IN ANY OTHER JURISDICTION.

(b) EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY OF THE AFORESAID ACTIONS OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT BROUGHT IN THE COURTS REFERRED TO IN Section 8.08(a) (*GOVERNING LAW; SUBMISSION TO JURISDICTION; VENUE; WAIVER OF JURY TRIAL*) ABOVE AND HEREBY FURTHER IRREVOCABLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER CREDIT DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

Section 8.09. Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A set of counterparts executed by all the parties hereto shall be lodged with the Borrower and the Lender.

Section 8.10. Effectiveness. This Agreement shall become effective on the Closing Date; *provided that* the Borrower and the Lender shall have signed a copy hereof and delivered the same to the other party hereto.

Section 8.11. Headings Descriptive. The headings of the several sections and subsections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

Section 8.12. Amendment or Waiver. Neither this Agreement nor any other Credit Document nor any terms hereof or thereof may be changed, waived, discharged or terminated unless such change, waiver, discharge or termination is in writing signed by the Borrower and the Lender (or other applicable party thereto as the case may be), and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 8.13. Survival. All indemnities set forth herein including in Section 3.04(a) (*Interest Rules and Calculations*), Section 3.04(c) (*Compensation*), Section 3.06 (*Net Payments*) and Section 8.01 (*Payment of Expenses, etc.*) shall survive the execution, delivery and termination of this Agreement and the making and repayment of the Loans.

Section 8.14. Domicile of Loans. Subject to the limitations of Section 8.04 (*Benefit of Agreement*), the Lender may transfer and carry its Loans at, to or for the account of any branch office, Subsidiary or Affiliate of the Lender; *provided that* the Borrower shall not be responsible for costs arising under Section 3.04(a) (*Interest Rules and Calculations*) and Section 3.06 (*Net Payments*) resulting from any such transfer (other than a transfer pursuant to Section 3.04(d) (*Change of Lending Office; Limitation on Indemnities*)) to the extent not otherwise applicable to the Lender prior to such transfer.

Section 8.15. Confidentiality.

(a) Subject to Section 8.04 (*Benefit of Agreement*) and paragraph (a) below, the Lender shall hold all non-public information obtained pursuant to the requirements of, or otherwise in connection with, this Agreement, in accordance with its customary policies and procedures for handling confidential information of this nature and in any event may make disclosures (i) to employees, officers, directors and agents of Deutsche Bank who need to review and monitor its relationship with the Borrower, the Manager or the Equity Owner and (ii) reasonably required by any bona fide actual or potential transferee or participant in connection with the contemplated transfer of any Loans or participation therein or an Affiliate of the Lender (including its or their attorneys, legal advisors, accountants and consultants) (so long as such transferee, participant or Affiliate, agrees to be bound by the provisions of this Section 8.15) or as required or requested by any governmental agency, central bank, regulatory authority with jurisdiction over the Lender, pursuant to legal process or as otherwise required by Law; *provided that* unless specifically prohibited by Applicable Law, the Lender shall, if practicable, notify the Borrower promptly upon receipt thereof of any request by any governmental agency, central bank, regulatory authority with jurisdiction over the Lender, or representative thereof (other than any such request in connection with an examination of the financial condition of the Lender by such governmental agency, central bank or regulatory authority with jurisdiction over the Lender or other routine examination or audit of the Lender's books and records by such governmental agency, central bank or regulatory authority with jurisdiction over the Lender) for disclosure of any such non-public information prior to disclosure of such information; and *provided, further*, that in no event shall the Lender or any of its Affiliates be obligated or required to return any materials furnished by the Borrower. A Person that ceases to be the Lender shall continue to abide by the provisions of this Section 8.15 for the duration of this Agreement.

(b) It is expressly understood by the Lender that the information provided hereunder identifying the Fund Investments, the Market Value Prices and Market Values, is intended solely for use in connection with this Agreement. The Lender agrees that it shall not use any such information for trading purposes or furnish such information to trading personnel (other than members of Deutsche Bank's senior management for the purpose of reviewing and monitoring the Commitment) or any other Person unless such information is necessary for such Person to perform a function that is not inconsistent with the purpose of this Agreement, and in each case for any purpose which is inconsistent with the foregoing restrictions or this Agreement.

Section 8.16. Lender Affiliate Securities. The Lender may from time to time give notice to the Borrower listing by name each person who is an affiliate of the Lender for purposes of Section 23A.

Section 8.17. Marshalling; Recapture. The Lender shall not be under any obligation to marshal any assets in favor of the Borrower or any other party or against or in payment of any or all of the Obligations. To the extent the Lender receives any payment by or on behalf of the Borrower, which payment or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to the Borrower or its estate, trustee, receiver, custodian or any other party under any bankruptcy Law, state or Federal Law, common law or equitable cause, then to the extent of such payment or repayment, the obligation or part thereof which has been paid, reduced or satisfied by the amount so repaid shall be reinstated by the amount so repaid and shall be included within the liabilities of the Borrower to the Lender as of the date such initial payment, reduction or satisfaction occurred.

Section 8.18. No Petition. The Lender covenants and agrees that, prior to the date that is one year and one day after the payment in full of all Obligations, it shall not institute against the Borrower any involuntary bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceedings. This provision shall survive the termination of this Agreement.

Section 8.19. Acknowledgment. The parties hereto hereby acknowledge that neither of the parties hereto has any fiduciary relationship with or fiduciary duty to the other party pursuant to the terms of this Agreement, and the relationship between the Lender on the one hand, and the Borrower, on the other hand, in connection herewith is solely that of debtor and creditor.

Section 8.20. Severability. If any provision of any Credit Document is invalid or unenforceable in any jurisdiction, then, to the fullest extent permitted by law, (i) the other provisions of the Credit Documents shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of the Lender in order to carry out the intentions of the parties thereto as nearly as may be possible and (ii) the invalidity or unenforceability of such provision in such jurisdiction shall not affect the validity or enforceability thereof in any other jurisdiction.

[Signatures begin on the next page.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers or signatories thereunto duly authorized as of the day and year first above written.

BROAD STREET FUNDING LLC,
as Borrower

By: /s/ GERALD F. STAHLECKER
Name: Gerald F. Stahlecker
Title: Executive Vice President

DEUTSCHE BANK AG, NEW YORK BRANCH,
as Lender

By: /s/ SATISH RAMAKRISHNA
Name: Satish Ramakrishna
Title: Managing Director

By: /s/ FRANK NELSON
Name: Frank Nelson
Title: Managing Director

DEFINITIONS

Any defined terms used in this Agreement shall have the respective meanings set forth herein.

“**Accreting Security**” means, as of any date of determination, any Fund Investment that by its terms accretes in value at a stated rate of accretion, which stated rate shall be greater than the amount of cash interest paid on such Fund Investment.

“**Administrative Expenses**” means, for any Interest Period, expenses and other amounts due or accrued during such Interest Period and payable including the expenses and other amounts payable to (a) the Independent accountants, any administrators, agents (other than the Manager) and counsel of the Borrower for fees and expenses, including the expenses (including indemnities) payable to the Custodian under the Custodial Agreement; (b) the Manager, including reasonable expenses of the Manager, but excluding the Management Fees; and (iii) any other Person in respect of any other fees or expenses not prohibited under this Agreement and the documents delivered pursuant to or in connection with this Agreement; *provided that* (x) unless otherwise consented to in writing by the Lender, the aggregate Administrative Expenses in any calendar year shall not exceed \$200,000 and (y) fees payable to the Custodian shall not be considered Administrative Expenses.

“**Administrative Expense Sub-account**” has the meaning set forth in Section 4.01(g)(ii) (*Custodial Account and Fund Investments*).

“**Advance Amount**” has the meaning set forth in the Collateral Valuation Schedule.

“**Affiliate**” means, with respect to any Person, any Person directly or indirectly controlling, controlled by, or under common control with, such former Person. As used in this definition, the term “control” means the possession, directly or indirectly, of the power (a) to vote more than 50% of the securities having ordinary voting power for the election of directors of any such Person or (b) to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

“**Affiliate List**” means a list of persons who are affiliates of the Lender for purposes of Section 23A, as the same may from time to time be delivered by the Lender to the Borrower in accordance with Section 8.16 (*Lender Affiliate Securities*) of this Agreement.

“**Aggregate Principal Balance**” means, when used with respect to all or a portion of the Fund Investments, the sum of the Principal Balances of all or of such portion of the Fund Investments.

“**Agreement**” has the meaning set forth in the preamble.

“**Anti-Money Laundering Laws**” has the meaning set forth in Section 5.20(a)(i) (*Compliance with Anti-Money Laundering Laws and Regulations*).

“**Anti-Terrorism Laws**” has the meaning set forth in Section 5.19(a) (*Compliance with Anti-Terrorism Laws and Regulations*).

“**Applicable Law**” means with respect to any Person or matter any Law relating to such Person or matter and, where applicable, any interpretation thereof by any Person having jurisdiction with respect thereto or charged with the administration or interpretation thereof.

“**Applicable Margin**” means with respect to all outstanding Loans provided by the Lender, 2.50% per annum.

“**Approved Industry**” has the meaning set forth in the Collateral Valuation Schedule.

“**Approved Selling Institution**” has the meaning set forth in the Collateral Valuation Schedule.

“**Assignment Agreement**” has the meaning set forth in Section 8.05(b) (*Assignments*).

“**Authorized Representative**” means, relative to the Borrower, the Manager and those of its and of the Manager’s partners, managers, members, officers, representatives and agents whose signatures and incumbency shall have been certified to the Lender pursuant to Section 4.01(a)(i)(B) (*Evidence of Authority*), or such other representatives or agents as are thereafter certified in a similar manner from time to time.

“**Bank Loans**” has the meaning set forth in the Collateral Valuation Schedule.

“**Base Rate**” means, for any period, a per annum rate equal to the greater of: (a) the average daily Prime Lending Rate for each day during such period and (b) the average daily Federal Funds Effective Rate for each day during such period, plus 0.50%.

“**Base Rate Loan**” means a Loan bearing interest at a fluctuating rate determined by reference to the Base Rate.

“**Borrower**” has the meaning set forth in the preamble.

“Borrowing” means the Loans made by the Lender on any Business Day in accordance with Section 3.01 (*Borrowing Procedure for Loans*).

“Borrowing Request” means a Loan request and certificate duly executed by the Borrower or the Manager substantially in the form of Exhibit A.

“BSA” has the meaning set forth in Section 5.20(a)(i) (*Compliance with Anti-Money Laundering Laws and Regulations*).

“Business Day” means any day except a Saturday, Sunday or other day on which commercial banks are authorized or obligated by Law to close in New York City.

“Cash” has the meaning set forth in the Collateral Valuation Schedule.

“Cash Equivalents” has the meaning set forth in the Collateral Valuation Schedule.

“CDO” means the issuer or issuance, as applicable, of CDO Securities.

“CDO Securities” has the meaning set forth in the Collateral Valuation Schedule.

“CERCLA” means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. § 9601 et seq.

“Certificated Security” has the meaning set forth in Section 8-102(a)(4) of the UCC.

“Clearing Corporation” means (a) Clearstream, (b) DTC, (c) Euroclear and (d) any entity included within the meaning of “clearing corporation” under Section 8-102(a)(5) of the UCC.

“Clearing Corporation Security” means a Fund Investment that is a Financial Asset that is (a) in bearer form or (b) registered in the name of a Clearing Corporation or the nominee of such Clearing Corporation and, if a Certificated Security, is held in the custody of such Clearing Corporation.

“Clearstream” means Clearstream Banking Luxembourg, S.A., a corporation organized under the Laws of the Grand Duchy of Luxembourg.

“Closing Date” means March 10, 2010.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder. Section references to the Code are to the Code, as in effect at the date of this Agreement and any subsequent provisions of the Code, amendatory thereof, supplements thereto or substituted therefor.

“**Collateral**” has the meaning set forth in the Security Agreement.

“**Collateral Documents**” means the Security Agreement, the Custodial Agreement and any other agreement, instrument or document executed and delivered by or on behalf of the Borrower in connection with the foregoing or pursuant to which a Lien is granted in accordance with the terms of the Security Agreement as security for any of the Senior Lender Indebtedness.

“**Collateral Report**” has the meaning set forth in Section 6.01(a)(i) (*Overcollateralization Test Calculation; Collateral Reports*).

“**Collateral Transaction Procedures**” means Annex III, as amended or restated from time to time.

“**Collateral Valuation Schedule**” means Annex II, as amended or restated from time to time.

“**Commitment**” has the meaning set forth in Section 2.01 (*Commitment*).

“**Commitment Fee**” means, (a) for any day occurring up to, but excluding, the date that is four (4) months after the Closing Date, zero, and (b) for each day thereafter (i) the Unused Amount as of such day *multiplied* by (ii) a fraction, the numerator of which is 0.75% and the denominator of which is 360.

“**Commitment Reduction Amount**” means the amount by which the Maximum Commitment is being reduced pursuant to Section 2.02 (*Voluntary Reductions or Termination of the Maximum Commitment*).

“**Commitment Termination Date**” means the earliest of (a) the Scheduled Commitment Termination Date, (b) the effective date of the Borrower’s written notice to the Lender to reduce the Maximum Commitment to zero, as specified in Section 2.02 (*Voluntary Reductions or Termination of the Maximum Commitment*) and (c) the date of occurrence of any Commitment Termination Event.

“**Commitment Termination Event**” means the earlier of (a) automatically and without notice or further action, the occurrence of any Event of Default described in Section 7.01(i) (*Bankruptcy, Insolvency, etc.*) with respect to the Borrower and (b) the occurrence and continuation of any other Event of Default under this Agreement pursuant to which either a Commitment Termination Event has been expressly declared or a declaration of the Loan to be due and payable has been given, in each case pursuant to Section 7.03 (*Action if other Event of Default*).

“**Contractual Obligation**” means, relative to any Person, any provision of any security issued by such Person or of any material instrument, agreement or undertaking to which such Person is a party or by which it or any of its property is bound.

“Credit Document” means this Agreement, the Note, the Collateral Documents, each Borrowing Request and any other agreement, instrument or document executed and delivered by or on behalf of the Borrower in connection with the foregoing.

“Custodial Account” means the “Accounts” as defined in the Custodial Agreement (including any sub-accounts thereof).

“Custodial Agreement” means the Custodial Agreement dated as of the date hereof among the Borrower, the Manager, the Lender and the Custodian, as such agreement may be amended, modified or supplemented from time to time pursuant to the terms hereof and thereof.

“Custodian” means DBTCA, acting in its capacity as “Custodian” under the Custodial Agreement and any successor thereto in such capacity.

“DBTCA” means Deutsche Bank Trust Company Americas.

“Debt” means, with respect to a Person at any date, without duplication, (a) all obligations of such Person for borrowed money; (b) all obligations of such Person evidenced by bonds, debentures, notes, PIK Securities or other similar instruments; (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business; (d) all obligations of such Person as lessee under capital leases; (e) all non-contingent obligations of such Person to reimburse or prepay any bank or other Person in respect of amounts paid under a letter of credit, banker’s acceptance or similar instrument; (f) all obligations of such Person under any Swap Transaction; (g) all Debt of others secured by a Lien on any asset of such Person, whether or not such Debt is assumed by such Person; and (h) all Debt of others Guaranteed by such Person.

“Default” means any condition or event which with the giving of notice or lapse of time or both would, unless cured or waived in accordance with the provisions of this Agreement, become an Event of Default.

“Delayed Drawdown Loan” has the meaning set forth in the Collateral Valuation Schedule.

“deliver”, “delivered” or “delivery” means the taking of the following steps:

- (a) in the case of each Certificated Security or Instrument (other than a Clearing Corporation Security or an instrument referred to in clause (g) below),
- (i) causing the delivery of such Certificated Security or Instrument to the Securities

Intermediary registered in the name of the Securities Intermediary or its affiliated nominee or endorsed, by an effective endorsement, to the Securities Intermediary or in blank, (ii) causing the Securities Intermediary to continuously identify on its books and records that such Certificated Security or Instrument is credited to the Custodial Account and (iii) causing the Securities Intermediary to maintain continuous possession of such Certificated Security or Instrument;

(b) in the case of each Uncertificated Security (other than a Clearing Corporation Security), (i) causing such Uncertificated Security to be continuously registered on the books of the issuer thereof to the Securities Intermediary and (ii) causing the Securities Intermediary to continuously identify on its books and records that such Uncertificated Security is credited to the Custodial Account;

(c) in the case of each Clearing Corporation Security, causing (i) the relevant Clearing Corporation to continuously credit such Clearing Corporation Security to the securities account of the Securities Intermediary at such Clearing Corporation and (ii) the Securities Intermediary to continuously identify on its books and records that such Clearing Corporation Security is credited to the Custodial Account;

(d) in the case of each Government Security, causing (i) the continuous crediting of such Government Security to a securities account of the Securities Intermediary at any Federal Reserve Bank and (ii) the Securities Intermediary to continuously identify on its books and records that such Government Security is credited to the Custodial Account;

(e) in the case of each Financial Asset not covered by the foregoing clauses (a) through (e), causing the transfer of such Financial Asset to the Securities Intermediary in accordance with Applicable Law and causing the Securities Intermediary to continuously credit such Financial Asset to the Custodial Account;

(f) in the case of each general intangible (including any Participation Interest that is not, or the debt underlying which is not, evidenced by an Instrument or Certificated Security) (i) notifying the Obligor thereunder of the Grant to the Lender (unless no Applicable Law requires such notice), (ii) causing a UCC financing statement naming the Borrower as debtor and the Lender as secured party and covering such asset to be filed (or remain effective, as the case may be) in the appropriate filing office and (iii) in the case of each Bank Loan, delivering to the Custodian a pre-signed assignment agreement or other instrument of transfer executed in blank, together with all supporting documentation with respect thereto;

(g) in the case of a Participation Interest as to which the underlying debt is represented by an Instrument, obtaining the acknowledgment of the Person in possession of such Instrument (which may not be the Borrower) that it holds the Borrower's interest in such Instrument on behalf of and for the benefit of the Lender; and

(h) any such other manner of delivery acceptable to the Lender in its sole and absolute discretion and, if so requested by the Lender, accompanied by an opinion of counsel satisfactory to the Lender specifying that any such other manner of delivery will result in a valid, perfected security interest in favor of the Lender in such asset).

“**Designated Person**” has the meaning set forth in Section 5.19(b) (*Compliance with Anti-Terrorism Laws and Regulations*).

“**Determination Date**” means the seventh (7th) Business Day immediately preceding each Payment Date.

“**Deutsche Bank**” means Deutsche Bank, AG (including any branch thereof), together with all of its current and future Affiliates and Subsidiaries.

“**DIP Fund Investment**” means a loan acquired directly by way of assignment made to a debtor-in-possession as described in Section 1107 of the U.S. Bankruptcy Code or a trustee (if appointment of such trustee has been ordered pursuant to Section 1104 of the U.S. Bankruptcy Code) (a “**Debtor**”) organized under the Laws of the United States or any state therein, the terms of which have been approved by an order of a court of competent jurisdiction, which order provides that (a) such DIP Fund Investment is secured by liens on the Debtor’s otherwise unencumbered assets pursuant to 364(c)(2) of the U.S. Bankruptcy Code, (b) such DIP Fund Investment is secured by liens of equal or senior priority on property of the Debtor’s estate that is otherwise subject to a lien pursuant to Section 364(d) of the U.S. Bankruptcy Code, (c) such DIP Fund Investment is secured by junior liens on the Debtor’s encumbered assets (so long as such DIP Fund Investment is fully secured based upon a current valuation or appraisal report), or (d) if the DIP Fund Investment or any portion thereof is unsecured, the repayment of such DIP Fund Investment retains priority over all other administrative expenses pursuant to Section 364(c)(1) of the U.S. Bankruptcy Code; *provided that* in the case of the acquisition of any DIP Fund Investment, the Borrower and the Manager do not have actual knowledge that the order set forth above is subject to any pending contested matter or proceeding (as such terms are defined in the Federal Rules of Bankruptcy Procedure).

“**Dollar**” or “**\$**” means dollars in lawful currency of the United States of America.

“**Domicile**” means, with respect to the Obligor of any Fund Investment, either (a) its country of organization or (b) if it is organized in Bermuda, the Cayman Islands, the British Virgin Islands or Luxembourg, the country in which the most substantial portion of its operations are located or from which the most substantial portion of its revenue is derived, in each case directly or through subsidiaries.

“**DTC**” means The Depository Trust Company, its nominees, and their respective successors.

“**Eligible Investments**” has the meaning set forth in the Collateral Valuation Schedule.

“**Environmental Claim**” means any and all administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, administrative investigations or proceedings relating in any way to any Environmental Law or any permit issued, or any approval given, under any such Environmental Law (hereafter, “**Claims**”), including (a) any and all Claims by governmental or regulatory authorities for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law and (b) any and all Claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from Hazardous Materials arising from alleged injury or threat of injury to health, safety or the environment.

“**Environmental Law**” means any applicable Federal, state, foreign or local statute, Law, rule of common law or written and binding policy or guide, now or hereafter in effect and in each case as amended, and any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, relating to the environment, health, safety or Hazardous Materials, including CERCLA; RCRA; the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251 et seq.; the Toxic Substances Control Act, 15 U.S.C. § 7401 et seq.; the Clean Air Act, 42 U.S.C. § 7401 et seq.; the Safe Drinking Water Act, 42 U.S.C. § 3808 et seq.; the Oil Pollution Act of 1990, 33 U.S.C. § 2701 et seq.; and any applicable state and local or foreign counterparts or equivalents.

“**Equity Owner**” means FS Investment, in its capacity as sole equity member of the Borrower, and its successors and permitted assigns.

“**Equity Security**” means any security or debt obligation which at the time of acquisition, receipt, conversion or exchange does not satisfy the requirements of a Fund Investment and is not an Eligible Investment.

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute from time to time, and the regulations promulgated and rulings issued thereunder. Section references to ERISA are to ERISA, as in effect at the date of this Agreement and any subsequent provisions of ERISA, amendatory thereof, supplemental thereto or substituted therefor.

“**ERISA Affiliate**” means each person (as defined in Section 3(9) of ERISA) which, together with the Borrower, would be deemed to be a “single employer” within the meaning of Section 414 of the Code.

“**Euroclear**” means Euroclear Bank S.A./N.V., as operator of the Euroclear system and any successor or successors thereto.

“**Event of Default**” has the meaning set forth in Section 7.01 (*Events of Default*).

“**Excluded Investments**” has the meaning set forth in the Collateral Valuation Schedule.

“**FB Income**” means FB Income Advisor, LLC, a Delaware limited liability company.

“**Federal Funds Effective Rate**” means, for any period, a fluctuating interest rate equal for each day during such period to the weighted average of the rates on overnight Federal Funds transactions with members of the Federal Reserve System arranged by Federal Funds brokers, as published for such day (or, if such day is not a Business Day, for the preceding Business Day) by the FRB, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions (rounded up, if necessary, to the nearest 1/8 of 1%) received by the Deutsche Bank from three Federal Funds brokers of recognized standing selected by the Deutsche Bank.

“**Fedwire**” has the meaning set forth in Section 7.01(b) (*Overcollateralization Default Event*).

“**Financial Asset**” has the meaning set forth in Section 8-102(a)(9) of the UCC.

“**Fixed Rate Fund Investment**” means each Fund Investment held by the Borrower that accrues interest at a fixed rate of interest.

“**Floating Rate Fund Investment**” means each Fund Investment held by the Borrower that is not a Fixed Rate Fund Investment.

“**FRB**” means the Federal Reserve Bank of New York.

“**FRS Board**” means the Board of Governors of the Federal Reserve System and, as applicable, the staff thereof.

“**FS Investment**” means FS Investment Corporation, a Maryland corporation.

“**Fully Pre-funded Revolving Loan**” has the meaning set forth in the Collateral Valuation Schedule.

“**Fund Investments**” has the meaning set forth in the Collateral Valuation Schedule.

“**GAAP**” means generally accepted accounting principles in effect from time to time in the United States of America, as applied from time to time by the Borrower.

“**Governmental Authority**” means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

“**Grant**” means to grant, bargain, sell, convey, assign, transfer, mortgage, pledge, create and grant a security interest in and right of setoff against, deposit, set over and confirm. A Grant of the Fund Investments or any other Collateral shall include all rights, powers and options (but none of the obligations) of the granting party thereunder, including, the immediate continuing right to claim for, collect, receive and receipt for principal and interest payments in respect of the Collateral, and all other monies payable thereunder, to give and receive notices and other communications, to make waivers or other agreements, to exercise all rights and options, to bring proceedings in the name of the granting party or otherwise, and generally to do and receive anything that the granting party is or may be entitled to do or receive thereunder or with respect thereto.

“**GSO**” means GSO / Blackstone Debt Funds Management LLC.

“**Guarantee**” by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (b) entered into for the purpose of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided that* the term “**Guarantee**” shall not include endorsements for collection or deposit in the ordinary course of business. The term “**Guarantee**” used as a verb has a corresponding meaning.

“**Hazardous Materials**” means (a) any petroleum or petroleum products, radioactive materials, radon gas, asbestos in any form that is or could become friable, urea formaldehyde foam insulation and transformers or other equipment that contained electric fluid containing levels of polychlorinated biphenyls; (b)

any chemicals, materials or substances defined as or included in the definition of “hazardous substances,” “hazardous waste,” “hazardous materials,” “extremely hazardous waste,” “restricted hazardous waste,” “toxic substances,” “toxic pollutants,” “contaminants” or “pollutants,” or words of similar import, under any applicable Environmental Law; and (c) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any Governmental Authority.

“**Incur,**” “**Incurred**” and “**Incurrence**” have the meaning set forth in Section 6.02(b) (*Limitations on Debt*) of this Agreement.

“**Independent**” means, as to any Person, any other Person (including, in the case of an accountant or lawyer, a firm of accountants or lawyers, and any member thereof, or an investment bank and any member thereof) who (a) does not have and is not committed to acquire any material direct or any material indirect financial interest in such Person or in any Affiliate of such Person, and (b) is not connected with such Person as an officer, employee, promoter, underwriter, voting trustee, partner, director or Person performing similar functions. “Independent” when used with respect to any accountant may include an accountant who audits the books of such Person if in addition to satisfying the criteria set forth above the accountant is independent with respect to such Person within the meaning of Rule 101 of the Code of Professional Conduct of the American Institute of Certified Public Accountants.

“**Initial Loan**” has the meaning set forth in Section 4.01 (*Initial Loan*).

“**Instrument**” has the meaning set forth in Section 9-102(a)(47) of the UCC.

“**Interest Period**” means, with respect to each Loan, the period from and including the date of the Borrowing of such Loan to but excluding the Determination Date immediately following the date of such Borrowing and each succeeding period from and including a Determination Date to but excluding the immediately following Determination Date.

“**Interest Reset Date**” means the seventh (7th) Business Day prior to the 20th day of each calendar month, commencing on April 9, 2010.

“**Interest Reset Period**” means, with respect to each Loan, the period from and including the date of the Borrowing of such Loan to but excluding the Interest Reset Date immediately following the date of such Borrowing and each succeeding period from and including an Interest Reset Date to but excluding the immediately following Interest Reset Date.

“**Investment Company Act**” means the Investment Company Act of 1940, as amended.

“**Key Person**” means each of Bennett J. Goodman, Doug Ostrover and Tripp Smith.

“**Key Person Event**” means, on any date, at least two of the three Key Persons are no longer directors, principals, officers or investment managers of GSO.

“**Laws**” means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative rules, regulations, orders, directed duties, requests, licenses, authorizations, restrictions and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“**Lender**” has the meaning set forth in the preamble.

“**Lender Affiliate Security**” means any security issued by a Person who is (a) an affiliate of the Lender for purposes of Section 23A, and (b) listed in the most recent Affiliate List provided by the Lender to the Borrower.

“**LIBOR**” means as of any date of determination, the interpolated offered quotation to first-class banks in the New York interbank Eurodollar market for Dollar deposits as of such date, as set forth on Bloomberg screen “LR”.

“**LIBID**” means as of any date of determination, the interpolated bid quotation by first-class banks in the New York interbank Eurodollar market for Dollar deposits as of such date, as set forth on Bloomberg screen “LR”.

“**Lien**” means, with respect to any asset, any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale, sale subject to a repurchase obligation or other title retention agreement relating to such asset).

“**Lists**” has the meaning set forth in Section 5.19(a) (*Compliance with Anti-Terrorism Laws and Regulations*).

“**LLC Agreement**” means the Limited Liability Company Agreement of the Borrower dated as of March 10, 2010, among FS Investment, as sole equity member, and Orlando Figueroa and Philip A. Martone, as independent managers, as may be amended, supplemented or otherwise modified from time to time pursuant to the terms thereof and Section 6.02(g) (*Modification of Certain Instruments; Organic Documents, Agreements, etc.*).

“**Loans**” has the meaning set forth in Section 2.01 (*Commitment*).

“**Make Whole Fee**” means with respect to any reduction in the Maximum Commitment, the product of (a) the sum of (i) 0.25% *multiplied* by the lesser of (A) the Unused Commitment Amount and (B) the Commitment Reduction Amount and (ii) 0.75% *multiplied* by the greater of (A) the Commitment Reduction Amount *less* the Unused Commitment Amount and (B) zero and (b) the number of days remaining until the Scheduled Commitment Termination Date, *divided* by (c) 360, *less* (d) any Make Whole Fee Rebate; *provided that* in no event shall the Make Whole Fee be less than zero.

“**Make Whole Fee Rebate**” means (a) if the Borrower exercises its right to reduce or terminate the Commitment (on whole or in part) in order to enter into a CDO transaction with the Global Markets Structuring Group of Deutsche Bank whereby (some or all of) the Fund Investments are sold or transferred to such CDO (as confirmed in writing by the Global Markets Structuring Group of Deutsche Bank), the product of (i) the principal amount of the Collateral sold or transferred by the Borrower to such CDO (excluding the amount of any “equity” tranche thereof) and (ii) 0.25%, and (b) otherwise, zero.

“**Management Agreement**” means the Investment Management Agreement dated as of March 10, 2010, between the Borrower and the Manager relating to the management of the investment portfolio of the Borrower, as may be amended, supplemented or otherwise modified from time to time pursuant to the terms thereof and Section 6.02(g) (*Modification of Certain Instruments; Organic Documents, Agreements, etc.*).

“**Management Fees**” means all amounts payable by the Borrower to the Manager as management fees pursuant to the Management Agreement.

“**Manager**” means FS Investment, in its capacity as Manager under the Management Agreement, unless and until a replacement manager shall have become manager pursuant to the Management Agreement, Section 6.02(g) (*Modification of Certain Instruments; Organic Documents, Agreements, etc.*) or Section 7.04 (*Additional Rights Upon Event of Default*), and thereafter “Manager” shall mean such replacement manager.

“**Margin Stock**” means “margin stock” as defined in Regulations T and U of the FRS Board, as amended from time to time.

“**Market Value**” has the meaning set forth in the Collateral Valuation Schedule.

“**Market Value Price**” has the meaning set forth in the Collateral Valuation Schedule.

“Material Adverse Effect” means, relative to any occurrence of whatever nature (including any adverse determination in any litigation, arbitration, or governmental investigation or proceeding), a materially adverse effect on:

(a) the financial condition or operations of the Borrower taken as a whole;

(b) the ability of the Borrower to timely and fully perform any of its payment or other material obligations under this Agreement or any other Credit Document to which it is a party; or

(c) the perfected security interest of the Lender in the Collateral.

“Maturity Date” shall mean the date that is the Scheduled Commitment Termination Date or, if such date is not a Business Day, the next preceding Business Day.

“Maximum Advance Amount” means, at any date of determination, the maximum Advance Amount for which the Overcollateralization Test is satisfied as of such date.

“Maximum Borrowed Amount” means, as of any date of determination, the maximum principal amount of Loans outstanding at any time on or prior to such date.

“Maximum Commitment” means, at any date of determination, the lesser of (a) \$140,000,000 (or such lesser amount remaining following any reduction of the Maximum Commitment in accordance with Section 2.02 (*Voluntary Reductions or Termination of the Maximum Commitment*)) and (b) on and after the Commitment Termination Date, zero.

“Maximum Unfunded Amount” has the meaning set forth in the Collateral Valuation Schedule.

“Moody’s” means Moody’s Investors Service, Inc. or any successor thereto.

“Net Asset Value” means, with respect to a party as of any date of determination, all assets of such party less all liabilities of such party as of such date, in each case as would generally be classified as such in accordance with GAAP for balance sheet purposes.

“Net Asset Value Floor” means \$50,000,000.

“Note” has the meaning set forth in Section 3.02 (*Note*).

“Number of Pricing Sources” has the meaning set forth in the Collateral Valuation Schedule.

“Obligations” means all obligations and liabilities of the Borrower to the Lender, howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereafter existing, or due or to become due, under or in connection with this Agreement or any other Credit Document.

“Obligor” means, for any Fund Investment, the borrower thereunder or the issuer thereof.

“OFAC” has the meaning set forth in Section 5.19(a) (*Compliance with Anti-Terrorism Laws and Regulations*).

“Organic Documents” of any Person means its trust agreement or declaration of trust, certificate of formation, limited liability company agreement, memorandum and articles of association, charter and by-laws, partnership agreement or similar constitutive documents and includes all agreements, voting trusts and similar arrangements with or among the holders of such Person’s capital stock or other equity.

“Outstanding Facility Size” has the meaning set forth in the Collateral Valuation Schedule.

“Overcollateralization Default Event” means, at any time, the failure to satisfy the Overcollateralization Test, as determined by the Lender, which determination shall be conclusive absent manifest error.

“Overcollateralization Test” has the meaning set forth in the Collateral Valuation Schedule.

“Participation Interest” means a participation interest in a loan that at the time of acquisition is represented by a contractual obligation of Deutsche Bank.

“Payment Date” means the 20th day of each February, May, August and November of each calendar year (or, if such date is not a Business Day, then the next following Business Day), commencing on August 20, 2010.

“Payment Office” means the office of the Lender located at 60 Wall Street, New York, New York, or, in each such case, such other office as the Lender may designate to the Borrower from time to time.

“Pension Plan” means a “pension plan,” as such term is defined in Section 3(2) of ERISA, which is subject to Title IV of ERISA (other than a multiemployer plan as defined in section 4001(a)(3) of ERISA), and to which the Borrower or any ERISA Affiliate of the Borrower may have any liability, including any liability by reason of having been a substantial employer within the meaning of section 4063 of ERISA at any time during the preceding five years, or by reason of being deemed to be a contributing sponsor under section 4069 of ERISA.

“Permitted Liens” has the meaning set forth in Section 6.02(c) (*Liens*).

“Person” means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity or organization, including a government or political subdivision or any agency or instrumentality thereof.

“PIK Security” means a Fund Investment which provides for the accretion or accrual of interest payable in additional principal at a rate greater than the stated current cash interest rate.

“Plan Assets” means such term within the meaning of the Department of Labor Regulation 29 C.F.R. § 2510.3-101, as amended, and the advisory opinions and rulings issued thereunder.

“Portfolio Limitations” has the meaning set forth in the Collateral Valuation Schedule.

“Prime Lending Rate” means the rate which Deutsche Bank announces from time to time as its prime lending rate; the Prime Lending Rate to change when and as such prime lending rate changes. The Prime Lending Rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer. Deutsche Bank may make commercial loans or other loans at rates of interest at, above or below the Prime Lending Rate.

“Principal Balance” has the meaning set forth in the Collateral Valuation Schedule.

“Proceeding” means the making of a trust, mortgage or assignment for the benefit of creditors; the voluntary or involuntary dissolution, winding up, total or partial liquidation, reorganization, bankruptcy, insolvency, receivership or marshalling of assets or liabilities of the Borrower; or any other statutory, common law or contractual proceeding or arrangement for the postponement or adjustment of all or a substantial part of the liabilities of the Borrower.

“Qualified Purchaser” means “qualified purchaser” within the meaning of Section 2(a)(51) of the Investment Company Act and the rules promulgated thereunder.

“RCRA” means the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 6901 et seq.

“Regulation D” means, unless otherwise indicated, Regulation D of the FRS Board as from time to time in effect and any successor to all or a portion thereof establishing reserve requirements.

“Regulatory Event” means the Manager, the Equity Owner, FB Income, the Borrower or GSO (or any replacement sub-advisor) or any of their directors, principals or officers, as the case may be, when acting in their official capacities in providing investment advice, is formally investigated, officially charged, indicted or convicted by a court, prosecutor or regulatory or self-regulatory governmental authority or agency for fraud, misconduct, embezzlement, money laundering, racketeering, insider trading, market manipulation or other similar illegality or breach of similar regulation.

“Related Fund” means any hedge fund, investment fund, CDO or any other investment vehicle for which the Manager or an Affiliate of the Manager serves as an investment manager, general partner, managing member or similar material role or of which the Manager or any Affiliate of the Manager controls or owns 15% or more of any class of equity securities (or options or warrants to purchase any class of equity securities).

“Reporting Date” means the fifth day prior to each Interest Reset Date.

“Required Ratings” means, with respect to any Person, long-term senior unsecured credit ratings of A- by S&P and A3 by Moody’s (or, if lower, the then current ratings of the Lender).

“Responsible Officer” means any authorized representative of the Manager with knowledge of and responsibility for the investment decisions and, as applicable, other investment and financing activities of the Borrower.

“Restricted Payment” means

(i) any payment or other distribution (whether or not in kind) to the Equity Owner in respect of its equity ownership interests in the Borrower; or

(ii) any payment or other distribution (whether or not in kind) on account of the purchase, redemption, retirement or acquisition of any equity ownership interest in the Borrower.

“Revolving Loan” has the meaning set forth in the Collateral Valuation Schedule.

“S&P” means Standard & Poor’s, a division of The McGraw Hill Companies, Inc., a New York corporation, or any successor thereto.

“Schedule of Fund Investments” means the schedule of Fund Investments attached as Schedule 3, which schedule shall include the Obligor, Principal Balance, coupon/spread, Stated Maturity, Approved Industry, Outstanding Facility Size, Spread To Maturity and Number of Pricing Sources.

“Scheduled Commitment Termination Date” means the second anniversary of the Closing Date.

“**SDB List**” has the meaning set forth in Section 5.19(a) (*Compliance with Anti-Terrorism Laws and Regulations*).

“**Section 23A**” means Section 23A of the Federal Reserve Act, 12 USC 371c, and any related regulations, interpretations, rulings and opinions of the FRS Board.

“**Securities Act**” means the United States Securities Act of 1933, as amended.

“**Securities Intermediary**” means DBTCA, acting in its capacity as “Securities Intermediary” under the Custodial Agreement and any successor thereto in such capacity.

“**Security Agreement**” means the Security Agreement dated as of the Closing Date, between the Borrower and the Lender, as the same may be amended, modified or supplemented from time to time pursuant to the terms hereof and thereof.

“**Senior Lender Indebtedness**” means all Debt and other payment obligations (including interest that would accrue but for the filing of a petition initiating a Proceeding, whether or not a claim for such interest is allowed in the Proceeding) of the Borrower arising under or in respect of this Agreement or other related agreements, whether currently outstanding or thereafter created or incurred and any obligations of the Borrower arising under the Collateral Documents.

“**Senior Secured Loan**” has the meaning set forth in the Collateral Valuation Schedule.

“**Setup Fee**” means the fee set forth in the Setup Fee Agreement.

“**Setup Fee Agreement**” means the Setup Fee Agreement attached as Exhibit K.

“**Spread To Maturity**” has the meaning set forth in the Collateral Valuation Schedule.

“**Stated Maturity**” means, with respect to any security, the maturity date specified in such security or applicable underlying instrument, and, with respect to the Note, the Maturity Date.

“**Sub-Advisory Agreement**” means the Investment Sub-Advisory Agreement dated as of April 3, 2008, between FB Income and GSO.

“**Subsidiary**” means at any time, with respect to any Person (the “**parent**”), any corporation, association, partnership or other business entity (a) of which securities or other ownership interests representing more than 50% of the

ordinary voting power to elect the board of directors, general partner or comparable body of such corporation, association, partnership or other business entity or, in the case of a partnership, ownership interests representing more than 50% of the interests of such partnership (irrespective of whether at the time securities or other ownership interests of any other class or classes of such corporation, association, partnership or other business entity shall or might have voting power solely upon the occurrence of any contingency) are, at such time owned directly or indirectly by the parent, by one or more Subsidiaries of the parent or by the parent and one or more Subsidiaries of the parent and (b) which is also required at such time under GAAP to be consolidated with the parent.

“**Super-Collateralization Event**” has the meaning set forth in the Collateral Valuation Schedule.

“**Super-Collateralization Percentage**” has the meaning set forth in the Collateral Valuation Schedule.

“**Swap Transaction**” has the meaning set forth in the Collateral Valuation Schedule.

“**Taxes**” has the meaning set forth in Section 3.06 (*Net Payments*).

“**Transaction Documents**” means this Agreement, the other Credit Documents, the Management Agreement, the LLC Agreement and any other agreement, instrument or document executed and delivered by the Borrower in connection with the foregoing.

“**UCC**” means, with respect to any jurisdiction, the Uniform Commercial Code as from time to time in effect in such jurisdiction.

“**Uncertificated Security**” has the meaning set forth in Section 8-102(a)(18) of the UCC.

“**United States**” or “**U.S.**” means the United States of America, its 50 States, the District of Columbia, Guam, Saipan, the U.S. Virgin Islands and the Commonwealth of Puerto Rico.

“**Unpaid Amount**” means, as of any date and without duplication, an amount equal to the Lender’s good faith estimate of the aggregate amount of accrued and unpaid (a) fees and expenses (including indemnities that are due) of the Borrower, including any Administrative Expenses and (b) interest and other Obligations of the Borrower hereunder (which, for purposes of this definition, excludes the aggregate outstanding principal amount of the Loans that is not then due and payable). Any such amounts not payable in Dollars shall be converted into Dollars by the Lender at the then current spot rate.

“Unused Amount” means, as of any day, the excess of (x) the Maximum Commitment over (y) the aggregate principal amount of Loans outstanding on such day (including Loans made on such day).

“Unused Commitment Amount” means, as of any date of determination, the greater of (a) the Maximum Commitment as of such date *less* the Maximum Borrowed Amount and (b) zero.

“Weighted Average Rate” means, for any period, the rate determined by the Custodian with reference to (a) LIBOR for an interest period reasonably close to the weighted average LIBOR interest period with respect to the Fund Investments, computed based on the face amount of each Fund Investment and the interest period(s) in effect with respect to such Fund Investments and (b) the maximum rate of all reserve requirements (including any marginal, emergency, supplemental, special or other reserves) applicable to any member bank of the Federal Reserve System in respect of LIBOR liabilities as defined in Regulation D (or any successor category of liabilities under Regulation D) (collectively, the **“WAR Criteria”**); *provided that* (w) if the Lender in its sole and absolute discretion believes that the rate determined by the Custodian does not reflect the WAR Criteria, then the Lender shall determine the rate in its sole and absolute discretion with reference to the WAR Criteria, (x) if the benchmark rate for any Fund Investment has a LIBOR interest period of less than one (1) month, then the LIBOR interest period with respect to such Fund Investment shall be deemed to be one (1) month, (y) if the benchmark rate for any Fund Investment is not based on LIBOR, then the LIBOR interest period with respect to such Fund Investment shall be deemed to be three (3) months and (z) if no Loans are outstanding, a Default or an Event of Default has occurred or the Lender is otherwise unable to calculate the Weighted Average Rate for any reason, then the Weighted Average Rate shall be deemed to be LIBOR for an interest period of three (3) months.

“Welfare Plan” means a “welfare plan,” as such term is defined in Section 3(l) of ERISA.

“Zero Coupon Security” means any Fund Investment that at the time of purchase does not by its terms provide for the payment of cash interest; *provided that* if, after such purchase, such Fund Investment provides for the payment of cash interest it shall cease to be a Zero Coupon Security.

COLLATERAL VALUATION SCHEDULE

Capitalized terms used but not otherwise defined in this Schedule shall have the respective meanings set forth in the Credit Agreement to which this Schedule is attached. In accordance with Section 6.02(q) of the Credit Agreement, the Borrower shall not purchase any investment other than Fund Investments.

SECTION 1. *Calculation of Advance Amount; Description of Overcollateralization Test*

(a) “**Advance Amount**” means, as of any date of determination under the Overcollateralization Test (as described in this Section 1), (a) the sum for all Eligible Investments of the product of (i) the Market Value (determined as described in Section 4 below) of such Eligible Investment (determined as described in Section 2 below) and (ii) one minus the Margin Requirement for such Eligible Investment *minus* (b) the Unpaid Amount as of such date.

“**Margin Requirement**” means, for the purposes of determining the Overcollateralization Test, with respect to each Eligible Investment, as of any date of determination, the lesser of (1) 100% and (2) the product of (x) the sum of (a) the Base Margin Requirement and (b) the Additional Margin Requirement for such Fund Investment and (y) the Super-Collateralization Percentage as of such date; *provided that* with respect to Revolving Loans (excluding Fully Pre-funded Revolving Loans) and Delayed Drawdown Loans (excluding the funded portions of Funded Delayed Drawdown Loans) that the Lender has agreed in writing are not Excluded Investments, the percentage specified in writing by the Lender (which may be in the form of an email).

“**Base Margin Requirement**” means, as of any date of determination and prior to the occurrence and continuation of a Net Asset Value Floor Event, (a) with respect to any Cash or Cash Equivalent, the percentage specified in Annex II-A-1, (b) with respect to any Bank Loan, the percentage specified in Annex II-A-2, determined based upon the Spread To Maturity, Outstanding Facility Size and Number of Pricing Sources for such Bank Loan, and (c) with respect to any Security, the percentage specified in Annex II-A-3, determined based upon the Spread To Maturity and Maturity for such Security.

“**Additional Margin Requirement**” means, as of any date of determination and prior to the occurrence and continuation of a Net Asset Value Floor Event, with respect to each Fund Investment, the sum of each of the following (where applicable):

- (i) in the case of a Bank Loan that has a Principal Balance greater than \$10 million, the percentage specified in Annex II-B-1, determined based upon the Principal Balance, Outstanding Facility Size and Number of Pricing Sources for such Bank Loan;
- (ii) in the case of Bank Loans and Securities of a single Obligor that have an aggregate Market Value which exceeds 5%, but is no greater than 50%, of the aggregate Market Value of all Eligible Investments, the percentage specified in Annex II-B-2, determined based upon such Bank Loan’s Market Value;
- (iii) in the case of a Bank Loan that has an Obligor Industry whereby the aggregate Market Value of all Eligible Investments that have been categorized with such Approved Industry exceeds 25% of the aggregate Market Value of all Eligible Investments, the percentage specified in Annex II-B-3, determined based upon the aggregate Market Value of all Eligible Investments categorized with such Approved Industry; *provided that* the percentage applicable, under this paragraph (iii), to any Bank Loan to which a non-zero percentage under paragraph (ii) above has also been applied, shall be 0%;
- (iv) in the case of a Bank Loan that has a Principal Balance greater than 5%, but no greater than 50%, of the Outstanding Facility Size for such Bank Loan, the percentage specified in Annex II-B-4, determined based upon the Principal Balance of such Bank Loan;
- (v) in the case of a Covenant-Lite Loan, a PIK Loan or a Subordinated Loan, if the aggregate Market Value of all such Covenant-Lite Loans, PIK Loans and Subordinated Loans exceeds 15%, but is no greater than 50%, of the aggregate Market Value of all Eligible Investments, the percentage specified in Annex II-B-5, determined based upon the aggregate Market Value of all such Covenant-Lite Loans, PIK Loans and Subordinated Loans;
- (vi) in the case of a Bank Loan where the Number of Pricing Sources for such Bank Loan equals 2, the percentage specified in Annex II-B-6;
- (vii) in the case of a Bank Loan where the Number of Pricing Sources for such Bank Loan equals 2 and the Outstanding Facility Size of such Bank Loan is greater than or equal to \$75,000,000 and less than \$150,000,000, the percentage specified in Annex II-B-7, determined based upon the aggregate Market Value of all such Bank Loans;
- (viii) in the case of Bank Loans and Securities of a single Obligor that have an aggregate Market Value which exceeds 5%, but is no greater than 50%, of the aggregate Market Value of all Eligible Investments, the percentage specified in Annex II-C-1, determined based upon such Security’s Market Value;

(ix) in the case of a Security that has been categorized with an Obligor Industry whereby the aggregate Market Value of all Eligible Investments that have been categorized with such Approved Industry exceeds 25% of the aggregate Market Value of all Eligible Investments, the percentage specified in Annex II-C-2, determined based upon the aggregate Market Value of all Eligible Investments categorized with such Approved Industry; *provided that* the percentage applicable, under this paragraph (ix), to any Security to which a non-zero percentage under paragraph (viii) above has also been applied, shall be 0%; and

(x) in the case of a Security that has a Principal Balance greater than 5%, but no greater than 50%, of the Outstanding Facility Size for such Security, the percentage specified in Annex II-C-3, determined based upon the Principal Balance of such Security.

“Overcollateralization Test” means a test that is satisfied as of any Business Day if (a) the sum, as of such Business Day, of (i) the outstanding principal amount of Senior Indebtedness and (ii) solely with respect to a determination of the Overcollateralization Test under Section 6.02(k) (*Payment of Management Fees*), the Minimum Overcollateralization Amount, is less than or equal to (b) the Advance Amount calculated as of such Business Day.

(b) Upon the occurrence and continuation of a Net Asset Value Floor Event, the Lender may at any time and from time to time modify the Base Margin Requirements and the Additional Margin Requirements specified in the Annexes to the Collateral Valuation Schedule in its sole and absolute discretion.

SECTION 2. *Determination of Fund Investments Constituting Eligible Investments.*

“Eligible Investments” means, at any date, all Fund Investments in the Collateral on such date other than Excluded Investments.

“Excluded Investments” means (without duplication):

(i) Fund Investments to the extent that they (a) are not subject to a perfected security interest in favor of the Lender or (b) are subject to any Liens (other than Permitted Liens) or (c) have been acquired other than in compliance with the Collateral Transaction Procedures (or, in each case, applicable written waiver thereof by the Lender);

(ii) Excess Fund Investments;

(iii) Fund Investments denominated in any currency other than Dollars;

- (iv) Bank Loans and Securities which have a Market Value in excess of 50% of the aggregate Market Value of all Eligible Investments;
- (v) Bank Loans and Securities which have a Principal Balance greater than 50% of the Outstanding Facility Size for such Bank Loan or Security;
- (vi) in the case where the aggregate Market Value of all Covenant-Lite Loans, PIK Loans and Subordinated Loans is in excess of 50% of the aggregate Market Value of all Eligible Investments, then the portion of such Covenant-Lite Loans, PIK Loans and Subordinated Loans that exceeds 50% of the aggregate Market Value of all Eligible Investments;
- (vii) Bank Loans for which, on any date of determination, the Number of Pricing Sources is equal to one or zero, unless the Lender or an Affiliate of the Lender makes an active market in such Bank Loans;
- (viii) Fund Investments which have an Obligor Country that does not fall within the definition of Designated Country;
- (ix) Fund Investments which have an Obligor Industry that does not fall within the definition of Approved Industry;
- (x) Bank Loans that are purchased at a price below 45% of par;
- (xi) Securities that are purchased at a price below 30% of par;
- (xii) all Lender Affiliate Securities;
- (xiii) Fund Investments in amounts less than the minimum transfer increments or minimum holding increments thereof;
- (xiv) unless otherwise agreed to in writing by the Lender (which may be in the form of an email), Revolving Loans and Delayed Drawdown Loans; *provided that* (a) the funded portion (which may be 100%) of any Funded Delayed Drawdown Loan and (b) Fully Pre-funded Revolving Loans shall not be Excluded Investments;
- (xv) Synthetic Letters of Credit for which the applicable administrative agent is not an Approved Bank;
- (xvi) Cash and Cash Equivalents on deposit in the Revolving Loan Collateral Sub-account;
- (xvii) Cash and Cash Equivalents included in the cash reserve specified in Section 6.02(k)(ii) (*Payment of Management Fees*); and

(xviii) any investment not included in the definition of “Fund Investments” unless the Lender has expressly consented in writing to treating such investment as a Fund Investment and communicated a Margin Requirement for such financial asset, in writing to the Borrower and the Manager.

SECTION 3. *Application of Portfolio Limitations.*

“**Portfolio Limitations**” means, as of any date of determination (determined without duplication):

(i) the aggregate Market Value of Second Lien Loans in excess of 33% of the aggregate Market Value of all Eligible Investments;

(ii) the aggregate Market Value of all Securities with (a) a Spread To Maturity in excess of 20% and (b) a Margin Requirement less than 100%, that is in excess of 20% of the aggregate Market Value of all Eligible Investments; and

(iii) the aggregate Market Value of all Bank Loans that are Revolving Loans or Delayed Drawdown Loans in excess of 15% of the aggregate Market Value of all Eligible Investments.

The Lender shall have sole and absolute discretion at all times to determine which Fund Investments (or portion of any Fund Investment) will be considered Eligible Investments and which will be considered Excess Fund Investments, when determining compliance with the Overcollateralization Test.

Notwithstanding the foregoing, under no circumstances shall any Cash, Cash Equivalent or U.S. Government Securities be excluded from Eligible Investments based upon the Portfolio Limitations set forth above.

SECTION 4. *Determination of the Market Value of Fund Investments.* (i) The Borrower shall on each Interest Reset Date and (ii) the Lender may at any time and from time to time calculate the Market Value of each Fund Investment as set forth in the definition of “Market Value” below.

“**Market Value**” means

(a) with respect to Cash, the current balance thereof;

(b) with respect to any Cash Equivalents, the current balance or aggregate net asset value thereof, as applicable; and

(c) with respect to any Fund Investment (other than Cash and Cash Equivalents) at any date, an amount determined by the Borrower or the Lender, as applicable, that is not in excess of the product of (x) the Market Value Price for

each unit of such Fund Investment on such date (and, with respect to any Securities which have an amortizing principal amount, the then current factor related thereto, if applicable) and (y) the number of units of such Fund Investment held by the Borrower; *provided that* for any (A) Fully Pre-funded Revolving Loan, the number of units shall be the maximum commitment of the Borrower in respect of such Fully Pre-funded Revolving Loan (whether drawn or undrawn at such time), (B) Funded Delayed Drawdown Loan, the number of units shall be considered to exclude the Maximum Unfunded Amount (if any) of such Funded Delayed Drawdown Loan and (C) Synthetic Letter of Credit, the number of units shall be the pre-funded amount thereof.

For purposes of the definition of Market Value, accrued interest on any interest-bearing Fund Investment shall be excluded in the determination of Market Value by the party making such determination.

“**Market Value Price**” means, at any date:

(A) with respect to any Bank Loan:

(1) the lower of:

(a) the bid indication sourced from the Deutsche Bank trading desk; and

(b) for each Approved Pricing Service, the average bid indication reported by such Approved Pricing Service; or

(2) if no such price is available pursuant to clause (A)(1) above, or if the Lender reasonably believes that such price is not indicative of the secondary market value of such Bank Loan, the price determined by the Lender in its commercially reasonable discretion; the Lender may, but is not obliged to, take into consideration other traded debt of the Obligor, or if the Obligor has no other traded debt, traded debt of similarly rated Obligor in the same industry, in both cases, using generally accepted cash flow valuation methods; and

(B) with respect to any other Fund Investment:

(1) the bid price for such Fund Investment, as reported in the official price dissemination mechanism for the relevant exchange on which such Fund Investment is listed; or

(2) if such Fund Investment is not listed on an exchange or if the Lender, in its commercially reasonable discretion, determines that such price is unavailable (whether due to illiquidity, disruption or otherwise),

the price determined by the Lender in its commercially reasonable discretion, in good faith and in accordance with standard industry practice; the Lender may, but is not obliged to, take into consideration other traded debt of the Obligor, or if the Obligor has no other traded debt, traded debt of similarly rated Obligor in the same industry, in both cases, using generally accepted cash flow valuation methods.

Other than in connection with a notice to the Borrower of the occurrence of an Overcollateralization Default Event, the Borrower will have two (2) hours from receiving the Lender's calculation of the Market Value of any Fund Investment to notify the Lender of any disagreement regarding such calculation. Upon giving notice of any such disagreement to the Lender, the Lender shall make itself available to the Borrower to discuss the Lender's calculation of such Market Value; *provided that* any such disagreement and discussion shall have no effect on the Lender's original calculation of the Market Value of such Fund Investment (which calculation shall be binding on the Borrower absent the written agreement of the Lender). In addition, if, in determining that the Overcollateralization Test is not satisfied on any Business Day, the Lender has determined the Market Value Price of any Fund Investment pursuant to clauses (A)(1)(a), (A)(2) or (B)(2) above, then, for a period of one (1) hour following the Lender's notification to the Borrower of such Overcollateralization Default Event, the Borrower shall have the right to consult with the Lender regarding such determination of Market Value Price.

SECTION 5. *Definitions.* For purposes of this Schedule, the following terms have the following meanings:

"Approved Bank" means each entity listed in Schedule 4; *provided that* for each such entity the Lender determines in its reasonable business discretion that such entity is not subject to a material risk of insolvency.

"Approved Industry" means a single industry category that is listed in Schedule 6 or any other industry category designated by the Borrower in writing and approved by the Lender in its reasonable discretion.

"Approved Pricing Service" means a pricing or quotation service set forth in Schedule 7 (or any successor to any such listed pricing service) or any other pricing or quotation service designated by the Borrower in writing and approved by the Lender in its reasonable discretion.

"Approved Selling Institution" means each entity listed in Schedule 5; *provided that* for each such entity the Lender determines in its reasonable business discretion that such entity is not subject to a material risk of insolvency.

“Asset-Backed Security” means any fixed income security that is (a) backed by and paid primarily from the proceeds (or payments or proceeds of a disposition) of Eligible Assets, and (b) issued in a transaction structured to (i) isolate the security and the Eligible Assets backing the security from the credit risk of the sponsor of the transaction and (ii) result in the creditworthiness of such security being primarily dependent upon (A) the creditworthiness of the Eligible Assets backing such security and (B) any credit support provided with respect to the creditworthiness of such Eligible Assets; *provided, however*, that in no event shall an “Asset-Backed Security” include any of the following: (a) a security issued to provide debtor-in-possession financing, (b) a CDO Security or (c) a Structured Product Transaction.

“Bank Loans” means direct purchases of, assignments of and other interests in (a) any bank loan or (b) any loan made by an investment bank, investment fund or other financial institution; *provided that* such loan under this clause (b) is similar to those typically made, syndicated, purchased or participated by a commercial bank or institutional loan investor in the ordinary course of business. For the avoidance of doubt, “Bank Loans” shall include any Participation Interest in a Bank Loan.

“Cash” means any immediately available funds in Dollars (including amounts held in the Custodial Account or on deposit with the Custodian pursuant to “sweep” arrangements linked to the Custodial Account).

“Cash Equivalents” means investments (other than Cash) that are one or more of the following obligations or Securities:

(i) U.S. Government Securities; or

(ii) Money Market Funds;

provided that in each case, as at the date such investment is purchased by the Borrower, the Maturity of such investment is less than 2 years.

“CDO Securities” means any Securities issued by a special purpose vehicle that entitle the holders thereof to receive payments that depend primarily on cash flow from, or proceeds upon the sale of, a pool of bank loans or high yield securities.

“Convertible Security” means a security that is convertible into or exchangeable for Equity Securities.

“Covenant-Lite Loans” means any Bank Loan that either (i) does not contain any financial covenants or (ii) requires the borrower to comply with an Incurrence Covenant but no Maintenance Covenant.

“Delayed Drawdown Loan” means a Fund Investment (including letter of credit facilities, unfunded commitments under specific facilities and other similar loans and investments) that pursuant to its terms may require one or more future advances to be made to the Obligor by the Borrower, which may not permit the re-borrowing of any amount previously repaid; *provided that* any such Fund Investment shall be considered a “Delayed Drawdown Loan” only until all commitments to make advances to the Obligor expire or are terminated or reduced to zero.

“Designated Country” means (i) each of Canada and the United States of America and (ii) each other country identified by the Borrower from time to time and confirmed in writing as acceptable by the Lender.

“Eligible Assets” means financial assets, either fixed or revolving, that by their terms convert into cash within a finite time period plus any rights or other assets designed to assure the servicing or timely distribution of proceeds to security holders.

“Excess Fund Investments” means any Fund Investments or portion thereof having a Market Value in excess of the percentages set forth in the definition of Portfolio Limitations (in each case determined using the most recent Market Value for the applicable Fund Investments).

“Fully Pre-funded Revolving Loan” means a fully pre-funded Revolving Loan for which (1) the pre-funded amount has been deposited with the applicable administrative agent and (2) the applicable administrative agent is an Approved Bank.

“Funded Delayed Drawdown Loan” means a Delayed Drawdown Loan for which a portion (which may be 100%) has been funded.

“Fund Investments” means all Cash, Cash Equivalents, Bank Loans and Securities owned by the Borrower, together with any other financial asset that the Lender has expressly agreed to in writing may be included as a “Fund Investment”. After the Closing Date, Fund Investments which the Borrower has contracted to purchase shall be deemed for purposes of the Credit Agreement to be owned by the Borrower (i) in the event that (a) the selling institution is an Approved Selling Institution or (b) if the selling institution is not an Approved Selling Institution, (1) the aggregate Market Value of all transactions for which the Borrower has entered into a binding commitment to purchase the relevant investment but for which closing has not occurred is 10% or less of the current Market Value of all the Fund Investments from the date the Borrower enters into a binding commitment for such purchase and (2) not more than 50% of the aggregate Market Value of such transactions is with a single selling institution and (ii) otherwise, only from the date of settlement of such purchase, and Fund

Investments which the Borrower has contracted to sell shall cease to be Fund Investments for purposes of the Credit Agreement from the date the Borrower enters into a binding commitment for such sale. For the avoidance of doubt, "Fund Investments" shall not include Trade Claims.

"Incurrence Covenant" means a covenant by the Obligor under a Bank Loan to comply with one or more financial covenants only upon the occurrence of certain actions of the borrower including, but not limited to, a debt issuance, dividend payment, share purchase, merger, acquisition or divestiture.

"Maintenance Covenant" means a covenant by the Obligor under a Bank Loan to comply with one or more financial covenants during each reporting period regardless of whether or not the borrower has taken any specific action.

"Maturity" means, for each Fund Investment, the number of years (which may be expressed as a fraction) from the date of such determination to the scheduled maturity date of such Fund Investment.

"Maximum Number of Price Indications" means, on each Business Day, the greater of the Number of Price Indications for each Approved Pricing Service on such date.

"Maximum Unfunded Amount" means, as of any date of determination with respect to any Revolving Loan or Delayed Drawdown Loan, the maximum amount of Cash that the Borrower is committed to advance in respect thereof that is undrawn as of such date of determination.

"Minimum Overcollateralization Amount" means, as of any date of determination, an amount equal to the greater of (a) 5% of the aggregate Market Value of all Eligible Investments on such date and (b) \$5,000,000.

"Money Market Funds" means investments in money market funds, which satisfy the conditions set forth in Rule 2a-7 of the Investment Company Act of 1940.

"Net Asset Value Floor Event" means, as of any date of determination, the Net Asset Value of the Manager on such day declines below the Net Asset Value Floor.

"Non-Credit Risk Security" means a security with respect to which an institutional money manager would evaluate its value primarily by reference to factors other than (a) the coupon (or the coupon as adjusted for any purchase discount or premium) in relation to prevailing market yields, (b) the credit worthiness of the issuing entity or (c) the adequacy of the underlying financial assets supporting such security to ensure the repayment of the security according

to its terms (which adequacy may be measured by a credit analysis of the likelihood of the obligors of such underlying assets to pay according to the terms of such underlying assets or an analysis of the sufficiency of the income streams thereon to meet the payment terms of the security).

“**Number of Price Indications**” means, on each Business Day, with respect to each Approved Pricing Service, the number of bid indications reported as being used to calculate the average bid indication reported by such Approved Pricing Service on such Business Day.

“**Number of Pricing Sources**” means, as of any date of determination, for each Bank Loan, the arithmetic average, over the five Business Days immediately preceding such date of determination, of the Maximum Number of Price Indications on such Business Day. On each date of determination, the Number of Pricing Sources shall be rounded up to the nearest whole number.

“**Obligor Country**” means, for any Fund Investment, the country from which the Obligor derives the majority of its revenue and assets, as determined by the Lender in its reasonable business judgment.

“**Obligor Industry**” means, for any Fund Investment, the industry from which the Obligor derives the majority of its revenue and assets, as determined by the Lender in its reasonable business judgment.

“**Outstanding Facility Size**” means, on any date of determination, (i) with respect to any Bank Loan, the then aggregate outstanding principal amount of such Bank Loan and (ii) with respect to any Security, the then outstanding notional amount in issuance of such Security, each as determined in the reasonable business judgment of the Lender. For purposes of the definition of “Outstanding Facility Size,” if a facility for Bank Loans or for the issuance of Securities offers different tranches or issuances, then each such tranche or issuance shall be deemed to be a separate Bank Loan or Security; *provided that* an add-on of any existing tranche shall be deemed to be the same Bank Loan as the existing tranche with similar terms.

“**PIK Loan**” means any bonds, securities or credit facilities that, by their contractual terms, permit the Obligor to pay all or a portion of its regularly scheduled interest payments or dividends in kind.

“**Principal Balance**” means, at any time, with respect to any Fund Investment, the outstanding principal amount of such Fund Investment, including with respect to any Revolving Loans or Delayed Drawdown Loans, the Maximum Unfunded Amount thereunder.

“Revolving Loan” means any Fund Investment (other than a Delayed Drawdown Loan), including revolving loans, funded and unfunded portions of revolving credit lines and letter of credit facilities, unfunded commitments under specific facilities and other similar loans and investments, that by its terms may require one or more future advances to be made to the Obligor by the Borrower; *provided that* any such Fund Investment will be considered a “Revolving Loan” only until all commitments to make advances to the Obligor expire or are terminated or irrevocably reduced to zero.

“Second Lien Loan” means a secured Bank Loan that, at the time of its purchase by the Borrower, (a) is secured solely by intangible assets or (b) has collateral (i) that is also pledged to secure an obligation senior to such Bank Loan or (ii) with a value (determined by the Lender in its reasonable judgment) that is less than the sum of the outstanding principal amount of such Bank Loan and the outstanding principal amount of all other indebtedness secured by such collateral that is prior to or *pari passu* with such Bank Loan’s claim with respect to such collateral.

“Securities” means corporate bonds and other corporate debt securities, but not including Bank Loans, Non-Credit Risk Securities, Convertible Securities, Structured Finance Obligations or any security, note or other structure that provides synthetic exposure to the relevant corporate credit.

“Senior Indebtedness” means all Senior Lender Indebtedness together with any other obligations of the Borrower that have a Lien in any Collateral ranked senior to, or *pari passu* with, the Lender’s Lien or that ranks senior in right of payment to the Senior Lender Indebtedness (whether by operation of Law or agreement of the Lender).

“Senior Secured Loan” means a Bank Loan that (a) is not (and by its terms is not permitted to become) subordinate in right of payment to any other obligation of the Obligor thereof and (b)(i) is secured by a valid first priority perfected security interest or lien on specified collateral securing such Obligor’s obligations thereunder, (ii) in the Lender’s reasonable judgment (at the time of the relevant trade), the value of such collateral at the time of its acquisition is not less than the outstanding principal balance of such Bank Loan plus the aggregate outstanding principal balances of all other loans of equal seniority secured by a *pari passu* lien or security interest in such collateral and (iii) such Bank Loan is not secured solely or primarily by the common stock of, or other equity interests in, such Obligor or any of its Affiliates; or solely by intangible assets.

“Spread To Maturity” means, for any Fund Investment, the zero discount margin, expressed as a percentage, as calculated by the Lender, in its reasonable business discretion, by using the Z-DM field of the YA screen of Bloomberg (incorporating the effects of all terms of such Fund Investment, including any “LIBOR floors”); *provided that* in the event that the Lender, in its reasonable business determination, does not believe that such calculation methodology provides an accurate reflection of the “Spread To Maturity” for such Fund Investment, then the “Spread To Maturity” for such Fund Investment will be as calculated by the Lender in a commercially reasonable manner, at its sole and absolute discretion.

“Structured Finance Obligations” means (a) Asset-Backed Securities, (b) CDO Securities and (c) Structured Product Transactions.

“Structured Product Transaction” means (a) any Swap Transaction between the Borrower and a counterparty pursuant to which (i) the counterparty is entitled to receive from the Borrower an amount equal to (A) periodic payments based on the notional amount of such transaction for the term thereof at a specified rate (which may be fixed or floating) or (B) the decrease over the term of such transaction in the market value of a designated pool of more than one Bank Loan, Security or other asset or any combination of the foregoing; and (ii) the counterparty is obligated to make payment to the Borrower in an amount equal to (A) the interest, fees and other cash flows paid on such designated pool of Bank Loans, Securities or other assets for the term of such transaction or (B) the increase over the term of such transaction in the market value of such designated pool of Bank Loans, Securities or other assets or (iii) the counterparty and the issuer agree to pay a net amount calculated by reference to (i) and (ii) above; (b) any transaction commonly referred to as a “total return swap” involving more than one asset; and (c) any transaction that is substantially similar to the transactions described in clauses (a) and (b) above.

“Subordinated Loan” means any Bank Loan, other than a PIK Loan, that is not a Senior Secured Loan or a Second Lien Loan.

“Super-Collateralization Event” means the occurrence of any of the following events or conditions:

(i) a Key Person Event;

(ii) an event specified in Section 7.01(i) (*Bankruptcy, Insolvency, etc.*) with respect to GSO or FB Income;

(iii) (A) GSO is removed, replaced, terminated or resigns as sub-advisor pursuant to the Sub-Advisory Agreement (including as a result of termination of the Sub-Advisory Agreement) or otherwise ceases for any reason to act as sub-advisor in respect of or to be the exclusive provider of investment advisory services, directly or indirectly, in connection with this Agreement or (B) FB Income is removed, replaced, terminated or resigns as adviser pursuant to the Investment Advisory and Administrative Services Agreement between FS Investment and FB Income, dated February 12, 2008 (as amended); or

(iv) an event specified in Section 7.01(m) (*Manager and Equity Owner Events*), Section 7.01(n) (*Net Asset Value*), Section 7.01(o) (*Anti-Terrorism and Anti-Money Laundering Events*) or Section 7.01(p) (*Regulatory Events*).

“**Super-Collateralization Percentage**” means:

(i) prior the occurrence of a Super-Collateralization Event, 100%;

(ii) from and including the date a Super-Collateralization Event occurs to but excluding the eighth (8th) Business Day thereafter, 105%;

(iii) from and including the eighth (8th) Business Day following such Super-Collateralization Event to but excluding the 17th Business Day thereafter, 110%;

(iv) from and including the 17th Business Day following such Super-Collateralization Event to but excluding the 26th Business Day thereafter, 115%;

(v) from and including the 26th Business Day following such Super-Collateralization Event to but excluding the 35th Business Day thereafter, 120%; and

(vi) from and including the 35th Business Day following such Super-Collateralization Event to and including the Commitment Termination Date, 125%.

“**Swap Transaction**” means: (i) any rate, basis, commodity, currency, debt, credit or equity swap; (ii) any put, cap, collar or floor agreement; (iii) any rate, basis, commodity, currency, debt, credit or equity futures or forward agreement; (iv) any rate, basis, commodity, currency, debt, credit or equity option representing an obligation to buy or sell a security, commodity, currency, debt, credit or equity; and (v) any other similar agreement; *provided that* “Swap Transaction” shall not include any transaction in which the Borrower has satisfied in full all of its payment and delivery obligations thereunder and has no future payment or delivery obligations, whether absolute or contingent, thereunder.

“**Synthetic Letter of Credit**” means any letter of credit facility that requires the Lender party thereto to pre-fund in full its obligations thereunder; *provided that* any the Lender shall (a) have no further funding obligation thereunder and (b) have a right to be reimbursed or repaid by the borrower its pro rata share of any draws on a letter of credit issued thereunder.

“Trade Claims” means all trade payables (all “accounts” and “chattel paper” as such terms are used in §§ 9-102(a)(2) and 9-102(a)(11), respectively, of the UCC) and trade claims (i.e., secured and unsecured obligations incurred in connection with the acquisition of goods or services, including participations therein).

“U.S. Government Securities” means securities that are direct obligations of, or fully guaranteed by, the United States of America or any agency or instrumentality of the United States of America the obligations of which are backed by the full faith and credit of the United States of America and in the form of conventional bills, bonds and notes. For the avoidance of doubt, all “U.S. Government Securities” will be required to fall within the meaning of Section 2(a)(16) of the Investment Company Act of 1940. In no event shall U.S. Government Securities include: (i) any security providing for the payment of interest only, (ii) any Swap Transaction or (iii) any obligation on which all or any portion of the payments thereunder is based, directly or indirectly, on any Swap Transaction.

Base Margin Requirement – Cash and Cash Equivalents

<u>Fund Investment</u>	<u>Base Margin Requirement</u>
Cash	0.0%
Cash Equivalents	2.0%

Base Margin Requirement – Bank Loans

Spread To Maturity	Outstanding Facility Size						
	Greater than or equal to \$400 million		Greater than or equal to \$300 million and less than \$400 million		Greater than or equal to \$150 million and less than \$300 million		Greater than or equal to \$75 million and less than \$150 million
	Number Of Approved Sources						
	Greater than 5	2, 3, 4 or 5	Greater than 5	2, 3, 4 or 5	Greater than 5	2, 3, 4 or 5	Greater than 2
Less than or equal to 2.50%	25%	28%	30%	33%	35%	38%	43%
Greater than 2.50% and less than or equal to 6.00%	25%	28%	30%	33%	35%	38%	43%
Greater than 6.00% and less than or equal to 9.00%	27%	30%	32%	35%	37%	40%	44%
Greater than 9.00% and less than or equal to 12.00%	30%	32%	34%	37%	39%	42%	46%
Greater than 12.00% and less than or equal to 15.00%	34%	37%	38%	41%	43%	45%	49%
Greater than 15.00% and less than or equal to 18.00%	38%	41%	43%	45%	47%	49%	54%
Greater than 18.00%	TBA	TBA	TBA	TBA	TBA	TBA	TBA

“TBA” means as advised to the Manager/Borrower, in writing, by the Lender on a case by case basis and, until so advised, 100%.

Base Margin Requirement – Securities

Spread To Maturity	Maturity	Purchase Price	Outstanding Facility Size	
			Greater than \$200 million	Less than or equal to \$200 million
Less than or equal to 0.50%	Less than or equal to 5 years		12%	22%
Less than or equal to 0.50%	Greater than 5 years		16%	26%
Greater than 0.50% and less than or equal to 1.25%	Less than or equal to 5 years		16%	26%
Greater than 0.50% and less than or equal to 1.25%	Greater than 5 years		20%	30%
Greater than 1.25% and less than or equal to 4.00%	Less than or equal to 5 years		25%	35%
Greater than 1.25% and less than or equal to 4.00%	Greater than 5 years		28%	38%
Greater than 4.00% and less than or equal to 6.00%	Less than or equal to 10 years		32%	42%
Greater than 4.00% and less than or equal to 6.00%	Greater than 10 years		37%	47%
Greater than 6.00% and less than or equal to 9.00%	Less than or equal to 10 years		35%	45%
Greater than 6.00% and less than or equal to 9.00%	Greater than 10 years		40%	50%
Greater than 9.00% and less than or equal to 12.00%	Less than or equal to 10 years		42%	52%
Greater than 9.00% and less than or equal to 12.00%	Greater than 10 years		47%	57%
Greater than 12.00% and less than or equal to 20.00%	Less than or equal to 10 years		45%	55%
Greater than 12.00% and less than or equal to 20.00%	Greater than 10 years		50%	60%

<u>Spread To Maturity</u>	<u>Maturity</u>	<u>Purchase Price</u>	<u>Outstanding Facility Size</u>	
			<u>Greater than \$200 million</u>	<u>Less than or equal to \$200 million</u>
Greater than 20.00%	Less than or equal to 1 year	Greater than or equal to 75%	45%	55%
Greater than 20.00%	Less than or equal to 1 year	Less than 75% and greater than or equal to 60%	55%	65%
Greater than 20.00%	Greater than 1 year		100%	100%
Greater than 20.00%		Less than 60%	100%	100%
Other			100%	100%

Additional Margin Requirement – Bank Loans

Principal Balance	Outstanding Facility Size									
	Greater than or equal to \$400 million			Greater than or equal to \$300 million and less than \$400 million			Greater than or equal to \$150 million and less than \$300 million			Greater than or equal to \$75 million and less than \$150 million
	Number Of Approved Sources									
	Greater than 7	6 or 7	2, 3, 4 or 5	Greater than 7	6 or 7	2, 3, 4 or 5	Greater than 7	6 or 7	2, 3, 4 or 5	Greater than 2
Greater than \$5 million and less than or equal to \$10 million	0%	0%	0%	0%	0%	1.5%	0%	0%	3%	3%
Greater than \$10 million and less than or equal to \$15 million	2%	3%	3%	3%	3%	4%	3%	3%	4%	6%
Greater than \$15 million and less than or equal to \$20 million	3%	3%	4%	4%	4%	5%	4%	4%	5%	9%
Greater than \$20 million and less than or equal to \$30 million	4%	7%	7%	6%	8%	10%	7%	9%	12%	TBA
Greater than \$30 million and less than or equal to \$40 million	4%	7%	9%	6%	10%	TBA	7%	12%	TBA	TBA
Greater than \$40 million and less than or equal to \$50 million	7%	7%	12%	8%	10%	TBA	9%	12%	TBA	TBA
Greater than \$50 million and less than or equal to \$65 million	7%	9%	TBA	10%	TBA	TBA	12%	TBA	TBA	TBA
Greater than \$65 million and less than or equal to \$150 million	7%	9%	TBA	10%	TBA	TBA	12%	TBA	TBA	TBA
Greater than \$150 million	TBA	TBA	TBA	TBA	TBA	TBA	TBA	TBA	TBA	TBA

“TBA” means as advised, in writing, by the Lender on a case by case basis, and until so advised, 100%.

Additional Margin Requirement – Bank Loans

<u>Aggregate Market Value for such Bank Loans and Securities of a single Obligor as a percentage of the aggregate Market Value for all Eligible Investments</u>	<u>Additional Margin Requirement</u>
Greater than 5% and less than or equal to 15%	5%
Greater than 15% and less than or equal to 50%	15%

Additional Margin Requirement – Bank Loans

<u>Aggregate Market Value for all Bank Loans with such Obligor Industry as a percentage of the aggregate Market Value for all Eligible Investments</u>	<u>Additional Margin Requirement</u>
Greater than 25% and less than or equal to 50%	5%
Greater than 50%	25%

Additional Margin Requirement – Bank Loans

<u>Market Value for such Bank Loan as a percentage of the Outstanding Facility Size</u>	<u>Additional Margin Requirement</u>
Greater than 5% and less than or equal to 10%	7.5%
Greater than 10% and less than or equal to 25%	15%
Greater than 25% and less than or equal to 50%	30%

Additional Margin Requirement – Bank Loans

<u>Aggregate Market Value for all Covenant-Lite Loans, PIK Loans and Subordinated Loans as a percentage of the aggregate Market Value of all Eligible Investments</u>	<u>Additional Margin Requirement</u>
Greater than 15% and less than or equal to 20%	10%
Greater than 20% and less than or equal to 25%	15%
Greater than 25% and less than or equal to 50%	30%

Additional Margin Requirement – Bank Loans

<u>Bank Loans with only 2 Approved Pricing Sources</u>	<u>Additional Margin Requirement</u>
If the lead arranger or administrative agent of the Bank Loan is an Approved Bank	13%
If the lead arranger or administrative agent of the Bank Loan is not an Approved Bank	100%

Additional Margin Requirement – Bank Loans

<u>Aggregate Market Value for all Bank Loans with only 2 Approved Pricing Sources and an Outstanding Facility Size greater than or equal to \$75 million and less than \$150 million as a percentage of the aggregate Market Value of all Eligible Investments</u>	<u>Additional Margin Requirement</u>
Within 3 months following the Closing Date, greater than 33% and less than or equal to 50%	15%
After 3 months following the Closing Date, greater than 25% and less than or equal to 50%	15%
Greater than 50%	100%

Additional Margin Requirement – Securities

<u>Aggregate Market Value for such Bank Loans and Securities of a single Obligor as a percentage of the aggregate Market Value for all Eligible Investments</u>	<u>Additional Margin Requirement</u>
Greater than 5% and less than or equal to 15%	5%
Greater than 15% and less than or equal to 50%	15%

Additional Margin Requirement – Securities

<u>Aggregate Market Value for all Securities with such Obligor Industry as a percentage of the aggregate Market Value for all Eligible Investments</u>	<u>Additional Margin Requirement</u>
Greater than 25% and less than or equal to 50%	5%
Greater than 50%	25%

Additional Margin Requirement – Securities

<u>Market Value for such Security as a percentage of the Outstanding Facility Size</u>	<u>Additional Margin Requirement</u>
Greater than 5% and less than or equal to 10%	7.5%
Greater than 10% and less than or equal to 25%	15%
Greater than 25% and less than or equal to 50%	50%

COLLATERAL TRANSACTION PROCEDURES

The following procedures are required to be followed (a) in connection with the purchase or sale of a Bank Loan or Security to qualify as a “Fund Investment” and (b) to satisfy the negative covenant set forth in Section 6.02(a) of the Credit Agreement that the Borrower not to enter into any purchase or sale with respect to any Fund Investment other than in compliance with the then applicable Collateral Transaction Procedures. Capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in the Credit Agreement or the Collateral Valuation Schedule.

I. Trade Approval Process

(a) The Borrower may request a trade (a “**Trade**”) of a Fund Investment by sending the proposed trade details, including the credit description, price, quantity, trade date, par/distressed, counterparty, counterparty contact details, delayed compensation and any other non-standard terms (a “**Trade Request**”) by email to the Lender (with a copy to the Custodian).

(b) If a Trade Request is received by the Lender by 4:30 p.m. (New York time) on any Business Day, the Lender shall be required to consent to such Trade by 5:30 p.m. (New York time) on such Business Day (such consent not to be withheld or delayed if prior to and immediately following such Trade no Default or Event of Default shall have occurred). Any Trade Request received by the Lender after 4:30 p.m. (New York time) shall be deemed to have been received by the Lender on the following Business Day.

(c) If the Lender approves a Trade:

(i) the Borrower shall send the related trade ticket (the “**Trade Ticket**”) by email to the Custodian (with a copy to the Lender); and

(ii) the Borrower shall negotiate and prepare all documentation relating to the Trade with the counterparty, including the related purchase and sale, assignment and transfer agreements (as applicable) and a funding memo (the “**Assignment Documentation**”) and obtain any necessary approvals from the Obligor or administrative or other agent relating to such Trade (the “**Agent**”).

(d) The Borrower shall send drafts of such Assignment Documentation to the Custodian (with a copy to the Lender), which the Custodian shall approve or reject based on (i) a comparison with the related Trade Ticket and (b) the availability of funds (whether on deposit in the Custodial Account or availability under the Commitment).

(e) Prior to the settlement date of any Trade, the Borrower shall provide the Lender (with a copy to the Custodian) with:

- (i) acknowledgments of all filings or recordations necessary to perfect its Liens in the relevant Fund Investment, as well as UCC and Lien searches and other evidence satisfactory to the Lender that the only Liens on the Fund Investment are Permitted Liens;
- (ii) evidence that all applicable consents and approvals (including of the Agent or Obligor for such Bank Loan) have been obtained by the Borrower);
- (iii) evidence that (a) where the Borrower is the buyer or purchaser of a distressed Bank Loan, the Borrower has received any relevant upstream documentation and (b) where the Borrower is the buyer or purchaser of any Bank Loan, the seller of such Bank Loan is the lender of record with respect to such Bank Loan;
- (iv) evidence satisfactory to it that the Borrower has instructed the Obligor under the relevant Fund Investment to make all payments relating thereto to the Custodial Account and the Borrower shall otherwise cause all proceeds relating to any sale of such Fund Investment to be deposited into the Custodial Account; and
- (v) the contact details of the Agent for any proposed Bank Loan, so as to permit the Lender (or the Custodian) to verify the Borrower's position.

II. Trade Closing and Settlement Process

(a) Unless otherwise agreed to in writing by the Lender, all Trades relating to Bank Loans shall be settled on:

- (i) if a shift date has not occurred with respect to a Bank Loan (as evidenced by a poll published by LSTA or otherwise), LSTA par documentation; and
- (ii) if a shift date has occurred with respect to a Bank Loan (as evidenced by a poll published by LSTA or otherwise), LSTA distressed documentation.

(b) Unless otherwise agreed to in writing by the Lender, the Borrower shall not make any step-up representations in connection with the settlement of the sale of any Bank Loan.

(c) Cash in the amount specified in the Assignment Documentation may not be paid by the Borrower in connection with its purchase of a Fund Investment (other than a Bank Loan) unless at such time the Lender shall have received evidence satisfactory to it that all such Assignment Documentation has been executed and delivered to the Borrower and the Custodian.

(d) If a Bank Loan is traded as a distressed loan, then, prior to closing any such Trade, the Lender shall have completed an independent verification of the Assignment Documentation with the Agent for the relevant Bank Loan.

(e) If the Agent of a proposed Bank Loan is not an Approved Bank, then, prior to closing the related Trade, the Lender shall have completed its “know your customer” and similar counterparty due diligence with respect to such Agent.

(f) Unless the seller of a Bank Loan is an Approved Selling Institution, the Borrower shall not deliver Cash to such seller until the Assignment Documentation is fully executed and delivered to the Borrower and the Custodian.

(g) The Borrower shall not, absent notice to and prior written consent of the Lender, execute any “big boy” letters in connection with any purchase or sale of any Fund Investments.

ASSET CONTRIBUTION AGREEMENT

dated as of

March 10, 2010

between

FS INVESTMENT CORPORATION,

as Contributor,

and

BROAD STREET FUNDING LLC,

as Contributtee

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ASSET CONTRIBUTION AGREEMENT

This ASSET CONTRIBUTION AGREEMENT (this "Agreement"), dated as of March 10, 2010, between FS INVESTMENT CORPORATION, a Maryland corporation, as contributor ("Contributor"), and BROAD STREET FUNDING LLC, as contributee ("Contributee").

RECITALS:

WHEREAS, Contributor is the sole member of Contributee;

WHEREAS, Contributor desires to contribute, transfer, grant, assign or otherwise convey to Contributee all of Contributor's right, title and interest in and to the Contributed Assets (as defined below) on the terms and subject to the conditions as set forth herein;

WHEREAS, Contributee desires to accept as a capital contribution all of Contributor's right, title and interest in and to the Contributed Assets (as defined below) on the terms and subject to the conditions as set forth herein; and

NOW, THEREFORE, Contributor and Contributee, intending to be legally bound hereby, agree as follows:

ARTICLE I

USAGE AND DEFINITIONS

Section 1.1 Definitions. For purposes of this Agreement, capitalized terms shall have the meanings assigned to them herein or, if not defined herein, as defined in the Credit Agreement or the LLC Agreement, as the case may be. In addition, the following terms shall have the following meanings:

"Action" means any claim, action, suit, arbitration, inquiry, proceeding or investigation by or before any Governmental Authority.

"Affiliate" means, with respect to any Person, any Person directly or indirectly controlling, controlled by, or under common control with, such former Person. As used in this definition, the term "control" means the possession, directly or indirectly, of the power (a) to vote more than 50% of the securities having ordinary voting power for the election of directors of any such Person or (b) to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

"Agreement" has the meaning set forth in the preamble.

"Authorized Officers" means the officers of the Contributor set forth on the relevant Officer's Certificate delivered pursuant to Section 3.1.

"Board of Directors" means the Board of Directors of Contributor.

"Closing Date" means March 10, 2010.

“Contribute” has the meaning set forth in Section 2.1(a).

“Contributed” has the meaning set forth in Section 2.1(a).

“Contributed Assets” means the assets set forth on Schedule 1 and any other such assets as may be Contributed from time to time hereunder.

“Contributtee” has the meaning set forth in the preamble.

“Contribution” has the meaning set forth in Section 2.1(a).

“Contribution Date” means the Closing Date and each such other date as assets are Contributed hereunder.

“Contributor” has the meaning set forth in the preamble.

“Credit Agreement” means the Credit Agreement dated as of March 10, 2010, between the Lender and Contributtee.

“Indemnifying Party” has the meaning set forth in Section 4.4(a).

“Indemnitee” has the meaning set forth in Section 4.4(a).

“Insolvent” means, with respect to any Person, where (i) such Person has made a general assignment for the benefit of creditors, (ii) any proceeding has been instituted against such Person seeking to adjudicate such Person as bankrupt or insolvent, or seeking such Person’s liquidation, winding up or reorganization, or seeking any arrangement, adjustment, protection, relief or composition of any of such Person’s debts under any requirements of law relating to bankruptcy, insolvency or reorganization; or (iii) such Person is unable to pay such Person’s debts as they come due.

“Lender” means Deutsche Bank AG, New York Branch, including any successor thereto.

“LLC Act” means the Delaware Limited Liability Company Act, as amended from time to time (6 Del. C. § 18-101, et seq.).

“LLC Agreement” means the Limited Liability Company Agreement of Contributtee, dated as of March 10, 2010, among FS Investment Corporation, as the sole equity member, and the Independent Managers (as named and defined therein).

“Liability” or “Liabilities” each has the meaning set forth in Section 4.4 (a).

“Pre-Closing Date Liability” means any Liability arising from any event, occurrence or circumstance existing prior to the Closing Date.

“Recharacterization Event” has the meaning set forth in Section 2.3(b).

“Release Conditions” has the meaning given to such term in the Security Agreement, dated as of March 10, 2010, between the Contributtee and the Lender.

“Securitization Act” has the meaning set forth in Section 2.3(e).

ARTICLE II

CONTRIBUTION

Section 2.1 Contribution on the Closing Date.

(a) Subject to the terms and conditions of this Agreement, and notwithstanding any provision in this Agreement to the contrary, Contributor hereby irrevocably contributes, transfers, assigns and otherwise conveys to Contributor, without recourse (except as set forth in Section 4.4), and, subject to the satisfaction of the conditions set forth in Section 3.1 and the other terms and conditions of this Agreement, Contributor acquires, accepts and receives as a capital contribution from Contributor, all right, title and interest of Contributor in the Contributed Assets (each of the transactions described in this Section 2.1, a “Contribution” with “Contribute” and “Contributed” having meanings correlative thereto). Contributor hereby relinquishes all legal and equitable interests in the Contributed Assets upon the Closing Date.

(b) Contributor may, from time to time, elect to Contribute additional Contributed Assets. Subject to the satisfaction of the conditions set forth in Section 3.1 and the other terms and conditions of this Agreement, Contributor shall acquire, accept and receive as a capital contribution from Contributor, all right, title and interest of Contributor in any additional Contributed Assets. Contributor hereby relinquishes all legal and equitable interests in the additional Contributed Assets upon each Contribution Date. On each Contribution Date, Schedule 1 hereto shall be amended by adding any additional Contributed Assets as of such Contribution Date.

(c) Effective from and after the Contributions, Contributor hereby assumes from Contributor and agrees to perform all continuing obligations (then existing or thereafter arising) of Contributor under the Contributed Assets. The Contributed Assets transferred hereby will be held by Contributor free and clear of any lien or encumbrance of any Person claiming through or under Contributor. Contributor hereby agrees to protect and defend Contributor’s ownership interest and other rights in the Contributed Assets against any claim arising from the prior ownership of Contributor or any of its predecessors-in-interest.

Section 2.2 Further Assurances.

(a) Contributor shall from time to time, execute and deliver such documents, instruments, agreements, financing statements, and shall take all such other actions as are requested by Contributor or its assignees or the Lender from time to time hereafter that may be necessary, appropriate or desirable to ensure that Contributor and its assignees have an enforceable ownership interest or, solely if Section 2.3(b) hereof is applicable, an enforceable and perfected security interest, in each case in the Contributed Assets (as applicable).

Section 2.3 Intent; Savings Clause.

(a) This Agreement is intended to effect an absolute, irrevocable transfer, conveyance, assignment and contribution, without recourse (except as set forth in Section 4.4) of the Contributed Assets by Contributor to Contributor, and immediately after giving effect to the transfer contemplated by Section 2.1(a) on the Closing Date or Section 2.1(b) on any Contribution Date, Contributor will have no further interest (legal or equitable) in the Contributed Assets and the Contributed Assets will not be property of Contributor's estate in the event of a bankruptcy of Contributor and Contributor shall have the absolute right to take whatever action it may deem appropriate with respect to any Contributed Asset. The parties agree to treat each transfer pursuant to Section 2.1 for all purposes (including financial accounting purposes) as an absolute transfer on all relevant books, records, financial statements and other documents.

(b) If, notwithstanding Section 2.3(a), the transfer of the Contributed Assets on any Contribution Date pursuant to this Agreement is recharacterized by a court of competent jurisdiction or otherwise as a collateral transfer for security or as a financing transaction (a "Recharacterization Event"), Contributor intends that Contributor have a first priority perfected security interest in, and a lien on, the Contributed Assets to secure an obligation of Contributor to Contributor in an amount equal to the aggregate face value of the Contributed Assets plus accrued interest.

(c) Accordingly, if a Recharacterization Event occurs, Contributor shall be deemed to have granted, and Contributor does hereby grant, to Contributor a security interest in all of Contributor's right title and interest in, to, and under the Contributed Assets, all books and records related thereto and the income and any proceeds resulting therefrom, and this Agreement shall be deemed to be a security agreement for such purpose.

(d) If a Recharacterization Event occurs, Contributor will have all of the rights and remedies of a secured party under the UCC (including the rights of a secured party obtaining a lien under Section 9-608 of the UCC) and Contributor will have all the rights of a debtor granting a lien under the UCC (including the rights of a debtor granting a lien under Section 9-623).

(e) For purposes of complying with the requirements of the Asset-Backed Securities Facilitation Act of the State of Delaware, 6 Del. C. § 2701A, et seq. (the "Securitization Act"), each of the parties hereto hereby agrees that, notwithstanding any other provision of law, including but not limited to, Section 9-623 of the UCC:

(i) Any property, assets or rights purported to be transferred, in whole or in part, by Contributor pursuant to this Agreement shall be deemed to no longer be the property, assets or rights of Contributor;

(ii) None of Contributor, its respective creditors or, in any insolvency proceeding with respect to Contributor or Contributor's property, a bankruptcy trustee, receiver, debtor, debtor in possession or similar person, to the extent the issue is governed by Delaware law, shall have any rights, legal or equitable, whatsoever to reacquire, reclaim, recover, repudiate, disaffirm, redeem or recharacterize as property of Contributor any property, assets or rights purported to be transferred, in whole or in part, by Contributor pursuant to this Agreement;

(iii) In the event of a bankruptcy, receivership or other insolvency proceeding with respect to any Contributor or any Contributor's property, to the extent the issue is governed by Delaware law, such property, assets and rights shall not be deemed to be part of such Contributor's property, assets, rights or estate; and

(iv) The transactions contemplated by this Agreement, the LLC Agreement and the Credit Agreement constitute a "securitization transaction" as such term is used in the Securitization Act.

Section 2.4 Subsequent Transfer; Acknowledgment and Agreement of Contributor.

(a) Contributor acknowledges and agrees that, as of each Contribution Date, (i) Contributor will pledge the Contributed Assets and its rights under this Agreement in the manner contemplated under the Credit Documents and (ii) the representations, warranties, covenants and indemnifications contained in this Agreement and the rights of Contributor under this Agreement are intended to benefit the Lender.

(b) Contributor hereby consents to the pledges to occur on any Contribution Date which are described in the foregoing clause (a). Without limiting the generality of the foregoing, the parties hereto agree, to the fullest extent permitted by applicable law, that Lender is and will be a third-party beneficiary of this Agreement with full right, power and authority to exercise Contributor's rights and remedies and enforce Contributor's obligations under this Agreement, in each case subject to and in accordance with the terms of the Credit Agreement.

Section 2.5 Authorization to File Financing Statements.

Contributor hereby authorizes the filing of any financing statements or continuation statements, and amendments to financing statements, in any jurisdictions and with any filing offices as Contributor (with notice to the Lender and, in the case of amendments, with the consent of the Lender) or the Lender may determine, in its sole discretion, are necessary or advisable to perfect the security interest granted to Contributor pursuant to Section 2.3, and to perfect the conveyance of the Contributed Assets pursuant to the Contribution. Such financing statements may describe the collateral in the same manner as described in this Agreement or in any other security agreement, assignment, transfer document or pledge agreement entered into by the parties in connection herewith.

ARTICLE III

CONDITIONS PRECEDENT

Section 3.1 Conditions to Obligations of Contributor.

The obligation of Contributor to accept and acquire the Contributed Assets on a Contribution Date is subject to the satisfaction of the following conditions:

(a) Representations and Warranties True. The representations and warranties of Contributor under Section 4.2 with respect to itself, and the representations and warranties of

Contributor under Section 4.3 with respect to such Contributed Assets, in each case shall be true and correct in all material respects as of the Contribution Date (or such other date as of which such representations and warranties are made and/or deemed to be made), and Contributor shall have performed, in all material respects, the obligations to be performed by it hereunder on or prior to each Contribution Date.

(b) Fraudulent Transfer, etc. As of each Contribution Date: (i) Contributor is not Insolvent and will not become Insolvent as a result of the contribution of Contributed Assets on the Contribution Date, (ii) Contributor did not intend to incur or believe that it would incur debts that would be beyond Contributor's ability to pay as such debts matured, (iii) such transfer was not made by Contributor with actual intent to hinder, delay or defraud any Person and (iv) the assets of Contributor did not constitute unreasonably small capital to carry out its business as conducted.

(c) Documents to Be Delivered by Contributor.

(i) On or prior to each Contribution Date, Contributor shall have delivered copies of the proper financing statements (or other similar documents) that name Contributor as the grantor and Contributor as the secured party with respect to the Contributed Assets or other similar instruments or documents, as may be necessary or, in Contributor's opinion, desirable under the UCC or other applicable law to perfect Contributor's ownership interest in all Contributed Assets, and to perfect the security interest granted to Contributor pursuant to Section 2.3.

(ii) On or prior to the Closing Date, Contributor shall have delivered an Officer's Certificate of Contributor (A) with respect to the due authorization, execution and delivery of this Agreement and (B) certifying that (1) the attached copy of the resolutions of the Board of Directors authorizing such Contributor's entering into this Agreement is a true and complete copy thereof, (2) such resolutions have not been rescinded and are in full force and effect on and as of the Contribution Date, (3) the attached copies of Contributor's charter and by-laws are true and complete copies thereof, (4) such charter and by-laws have not been rescinded and are in full force and effect on and as of such Contribution Date and (5) the Authorized Officers authorized to execute and deliver such documents hold the offices and have the signatures indicated thereon.

(iii) Contributor and the Lender shall have received on the Closing Date, at the expense of Contributor, opinions of counsel in form and substance reasonably satisfactory to Contributor and the Lender, it being agreed that the legal opinions being delivered pursuant to Section 4.01(i)(i) of the Credit Agreement as of the Closing Date satisfy this clause (ii) as of the Closing Date.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.1 Representations and Warranties of Contributor as to Itself.

Contributor hereby makes the following representations and warranties to Contributor as of each Contribution Date, which representations and warranties shall survive the contribution, transfer and assignment of the Contributed Assets by Contributor to Contributor.

(a) Organization and Good Standing. Contributor (i) is a limited liability company duly formed and organized, validly existing and in good standing under the laws of the State of Delaware (ii) is duly qualified to do business as a foreign limited liability company and in good standing under the laws of each jurisdiction where the character of its property, the nature of its business or the performance of its obligations under this Agreement make such qualification necessary and (iii) has the power and authority to own its assets, rights and properties and to conduct its business as such assets, rights and properties are currently owned and such business is currently conducted and to execute, deliver and perform its obligations under this Agreement.

(b) Power and Authority; No Conflicts. The execution and delivery by Contributor of this Agreement and its performance of, and compliance with, the terms hereof are within the power of Contributor and have been duly authorized by all necessary limited liability company action on the part of Contributor. Neither the execution and delivery of this Agreement, nor the consummation of the transactions herein contemplated to be consummated by Contributor, nor compliance with the provisions thereof, will conflict with or result in a material breach of, or constitute a material default under, any of the provisions of any law, governmental rule, regulation, judgment, decree or order binding on Contributor or its properties, or the certificate of formation, limited liability company agreement or other organizational documents and agreements of Contributor, or any of the provisions of any indenture, mortgage, lease, license, contract or other instrument to which Contributor is a party or by which it or its property is bound or result in the creation or imposition of any lien, charge or encumbrance upon any of its material property pursuant to the terms of any such indenture, mortgage, leases, contract or other instrument.

(c) Consents. Contributor is not required to obtain the consent of any other party or the consent, license, approval or authorization of, or registration or declaration with, any Governmental Authority in connection with the execution, delivery or performance by Contributor of this Agreement, or the validity or enforceability of this Agreement against Contributor.

(d) Due Execution and Delivery. This Agreement has been duly executed and delivered by Contributor and constitutes a legal, valid and binding instrument enforceable against Contributor in accordance with its terms (subject to applicable insolvency laws and to general principles of equity).

(e) No Litigation. There are no Actions pending or, to the knowledge of Contributor, threatened against or affecting Contributor, before or by any Governmental Authority having jurisdiction over Contributor or any of its properties or with respect to any of the transactions contemplated by this Agreement or the Credit Agreement (i) asserting the illegality, invalidity or unenforceability, or seeking any determination or ruling that would affect the legality, binding effect, validity or enforceability of this Agreement, or (ii) which could reasonably be expected to have a material adverse effect on the aggregate value of the Contributed Assets hereunder. Contributor is in compliance with all requirements of law except to the extent that the failure to comply therewith would not, in the aggregate, reasonably be expected to have a material adverse effect on the aggregate value of the Contributed Assets hereunder.

(f) Due Qualification. Contributor has obtained or made all material licenses, registrations, consents, approvals, waivers and notifications of creditors, lessors and other Persons, in each case, in connection with the execution and delivery of this Agreement by Contributor, and the consummation by Contributor of all the transactions herein contemplated to be consummated by Contributor and the performance of its obligations hereunder.

(g) No Default. Except as notified to the Lender in writing prior to the Contribution Date, Contributor is not in default under any material agreement, contract, instrument or indenture to which Contributor is a party or by which it or its properties are bound, or with respect to any order of any Governmental Authority; and no event has occurred which with notice or lapse of time or both would constitute a default with respect to any such material agreement, contract, instrument or indenture, or with respect to any such order of any Governmental Authority.

Section 4.2 Representations and Warranties of Contributor as to Itself.

Contributor hereby makes the following representations and warranties to Contributor as of the Closing Date, which representations and warranties shall survive the contribution, transfer and assignment of the Contributed Assets by Contributor to Contributor:

(a) Organization and Good Standing. Contributor (i) is a corporation duly formed and organized, validly existing and in good standing under the laws of the State of Maryland (ii) is duly qualified to do business as a foreign corporation, and in good standing under the laws of each jurisdiction where the character of its property, the nature of its business or the performance of its obligations under this Agreement make such qualification necessary and (iii) has the power and authority to own its assets, rights and properties and to conduct its business as such assets, rights and properties are currently owned and such business is currently conducted and to execute, deliver and perform its obligations under this Agreement.

(b) Power and Authority; No Conflicts. The execution and delivery by Contributor of this Agreement and its performance of, and compliance with, the terms hereof are within the power of Contributor and have been duly authorized by all necessary corporate action on the part of Contributor. Neither the execution and delivery of this Agreement, nor the consummation of the transactions herein contemplated to be consummated by Contributor nor compliance with the provisions thereof, will conflict with or result in a material breach of, or

constitute a material default under, any of the provisions of any law, governmental rule, regulation, judgment, decree or order binding on Contributor or its properties, or the by-laws, certificate of incorporation, articles of association, or other organizational documents and agreements of Contributor or any of the provisions of any indenture, mortgage, lease, license, contract or other instrument to which Contributor is a party or by which it or its property is bound or result in the creation or imposition of any lien, charge or encumbrance upon any of its material property pursuant to the terms of any such indenture, mortgage, leases, contract or other instrument, in each case where such breach or default or creation or imposition would reasonably be expected to have a material adverse effect on the aggregate value of the Contributed Assets hereunder.

(c) Consents. Contributor is not required to obtain the consent of any other party or the consent, license, approval or authorization of, or registration or declaration with, any Governmental Authority in connection with the execution, delivery or performance by Contributor of this Agreement, the consummation of the transactions contemplated by this Agreement, or the validity or enforceability of this Agreement against Contributor.

(d) Due Execution and Delivery. This Agreement has been duly executed and delivered by Contributor and constitutes a legal, valid and binding instrument enforceable against Contributor in accordance with its terms (subject to applicable insolvency laws and to general principles of equity).

(e) No Litigation. There are no Actions pending or, to the knowledge of Contributor, threatened against or affecting Contributor, before or by any Governmental Authority having jurisdiction over Contributor or any of its properties or with respect to any of the transactions contemplated by this Agreement or the Credit Agreement (i) asserting the illegality, invalidity or unenforceability, or seeking any determination or ruling that would affect the legality, binding effect, validity or enforceability of this Agreement or the Credit Agreement, or (ii) which could reasonably be expected to have a material adverse effect on the aggregate value of the Contributed Assets hereunder. Contributor is in compliance with all requirements of law except to the extent that the failure to comply therewith would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the aggregate value of the Contributed Assets hereunder.

(f) Due Qualification. Contributor has obtained or made all material licenses, registrations, consents, approvals, waivers and notifications of creditors, lessors and other Persons, in each case, in connection with the execution and delivery of this Agreement by Contributor, and the consummation by Contributor of all the transactions herein contemplated to be consummated by Contributor and the performance of its obligations hereunder.

(g) No Default. Contributor is not in default under any material agreement, contract, instrument or indenture to which Contributor is a party or by which it or its properties is or are bound, or with respect to any order of any Governmental Authority; and no event has occurred which with notice or lapse of time or both would constitute a default with respect to any such material agreement, contract, instrument or indenture, or with respect to any such order of any Governmental Authority.

(h) Solvency. Contributor is not, and after giving effect to the contribution of the Contributed Assets hereunder will not be, Insolvent.

(i) No Fraudulent Transfer. Contributor is not entering into this Agreement with the intent (whether actual or constructive) to hinder, delay or defraud its present or future creditors and is receiving reasonably equivalent value and fair consideration for the Contributed Assets reflected in the increase in value of its equity interest in Contributor.

Section 4.3 Representations and Warranties of Contributor with Respect to Contributed Assets.

Contributor hereby makes the following representations and warranties with respect to the Contributed Assets as of each Contribution Date:

(a) Requirements of Law. Such Contributed Asset complies in all material respects with all applicable requirements of law.

(b) No Default. To Contributor's knowledge, after due inquiry, no notice of default has been issued on any Contributed Asset and no Contributed Asset has failed to pay when due any dividends or interest required to be paid pursuant to the terms of such Contributed Asset.

(c) Assignability; Restrictions on Grant of Security Interest. Such Contributed Asset may be assigned in the manner that such asset is contemplated to be assigned pursuant to this Agreement, and such Contributed Asset may be pledged in the manner that such asset is contemplated to be pledged pursuant to the Credit Agreement.

(d) Ownership; No Other Pledge. Contributor is the sole owner of good and marketable title to such Contributed Asset free and clear of any lien or encumbrance of any Person claiming through or under Contributor. Contributor has not pledged any of its interest in such Contributed Asset nor pledged or assigned any portion of the payments due and payable thereunder, or to become due and payable thereunder, to any Person.

(e) Eligible Asset. Each Contributed Asset is an Eligible Investment.

(f) Securities Laws. In connection with the execution and delivery of this Agreement and each Contribution, the Contributor has complied with and each Contribution complies with the Securities Act and the Investment Company Act and the "blue sky" laws of any applicable state.

(g) ERISA. None of the Contributor or any ERISA Affiliate maintains, contributes to (or is obligated to contribute to) or has any liability to any Pension Plan or Welfare Plan of the Contributor or any ERISA Affiliate of the Contributor. None of the Contributor or any ERISA Affiliate of the Contributor has maintained or contributed to (or has been obligated to contribute to) any Pension Plan or Welfare Plan. None of the Contributed Assets constitute Plan Assets. Each Contribution will not constitute a nonexempt prohibited transaction (as such term is defined in Section 4975 of the Code or Section 406 of ERISA) that could subject the Contributor, the Custodian or the Lender to any tax or penalty on prohibited transactions imposed under Section 4975 of the Code or Section 502(i) of ERISA.

Section 4.4 Indemnification by Contributor.

(a) Contributor (the “Indemnifying Party”) agrees to the fullest extent permitted by applicable law, to indemnify and hold Contributor (and its officers, directors, employees and agents) (each, an “Indemnitee”) harmless against all losses, liabilities, obligations, damages, penalties, fines, forfeitures, legal fees, and related costs and judgments and other costs, disbursements, fees and reasonable expenses imposed upon or incurred by or asserted against any Indemnitee (collectively, “Liabilities,” and each a “Liability”) or any Action arising out of or relating to, or resulting from (i) the breach by the Indemnifying Party of any representation, warranty or covenant under this Agreement, (ii) the Indemnifying Party’s negligence, bad faith or willful misconduct or (iii) with respect to any Contributed Asset, any Pre-Closing Date Liability payable by Contributor; provided, however, that there shall be no indemnification under this Section 4.4(a) for a breach of any representation, warranty or covenant relating to any Contributed Asset set forth in Section 4.3 hereof so long as Contributor has complied with Section 4.4(b).

(b) Notwithstanding Section 4.4(a), in the event of a breach of any representation, warranty or covenant set forth in Section 4.3 hereof relating to any Contributed Asset as of the date upon which such representation or warranty is made, the Indemnifying Party shall promptly notify the Contributor, who shall promptly notify the Lender, and pay, to the fullest extent permitted by applicable law, to Contributor an amount equal to the fair market value of such Contributed Asset as of the date of its contribution. Upon payment by the Indemnifying Party of such amount to Contributor with respect to any asset in accordance with the preceding sentence and amounts owing at such time, if any, under Section 4.4(a), Contributor shall, to the extent permitted by applicable law, assign or cause to be assigned such asset to Contributor and Contributor shall accept the assignment of such asset. Contributor shall, in such event, make or cause to be made all assignments of such asset necessary to effect such assignment. Any such assignment made or caused to be made by Contributor shall be without recourse to, or representation or warranty by, Contributor, except that the ownership of such asset shall be conveyed free and clear of any Liens created by the Credit Agreement. All costs and expenses associated with the foregoing shall be paid by the Indemnifying Party on demand or at the direction of Contributor. Any funds received by Contributor pursuant to this Section 4.4(b) shall be applied in accordance with the Credit Agreement.

(c) Any Indemnitee that proposes to assert the right to be indemnified under this Section 4.4 will promptly, after receipt of notice of the commencement of any Action against such party in respect of which a claim is to be made against the Indemnifying Party under such sections, notify the Indemnifying Party of the commencement of such action, suit or proceeding, enclosing a copy of all papers served. In the event that any action, suit or proceeding shall be brought against any Indemnitee, such Indemnitee shall notify the Indemnifying Party of the commencement thereof and the Indemnifying Party shall be entitled to participate in, and to the extent that it shall wish, to assume the defense thereof, with its counsel reasonably satisfactory to such Indemnitee; provided that the Indemnifying Party shall not enter into any settlement with respect to any Action unless such settlement includes an unconditional release of such

Indemnatee from all liability on claims that are the subject matter of such settlement and fully discharges with prejudice against the plaintiff the claim or action against such Indemnatee and does not include a statement as to, or an admission of, fault, culpability or failure to act by or on behalf of such Indemnatee; and provided, further, that the Indemnatee shall have the right to employ its own counsel in any such action the defense of which is assumed by the Indemnifying Party in accordance with this Section 4.4. No Indemnatee shall settle or compromise any claim covered pursuant to this Section 4.4 without the prior written consent of the Indemnifying Party, which shall not be unreasonably withheld or delayed. The provisions of this Section 4.4 shall survive the termination of this Agreement or the earlier resignation or removal of any party hereto.

ARTICLE V

COVENANTS OF THE PARTIES

Contributor hereby agrees with Contributor as follows:

Section 5.1 Existence.

Except to the extent that the failure to do so would not reasonably be expected to have a material adverse effect on the aggregate value of the Contributed Assets hereunder, Contributor shall keep in full effect its existence under the laws of the state of its incorporation or formation, as applicable, and maintain its rights and privileges necessary or desirable in the normal conduct of its business and the performance of its obligations hereunder, and will obtain and preserve its qualification to do business in each jurisdiction in which it was qualified as of the Closing Date.

Section 5.2 Compliance with Law.

Contributor will comply with all material requirements of law applicable to it.

Section 5.3 UCC Filings.

Contributor shall file and maintain in effect all UCC filings (or similar), and shall take such other actions (except fixture filings) as may be necessary to perfect or otherwise protect the validity of Contributor's interest in the Contributed Assets and shall provide evidence of such filing to the Contributor.

Section 5.4 Maintenance of Separateness.

Contributor covenants that:

- (a) the books and records of Contributor will be maintained separately from those of each of Contributor and its subsidiaries;
- (b) all financial statements of Contributor that are consolidated to include Contributor that are distributed to any party will contain detailed notes clearly stating that (A) all of Contributor's assets are owned by Contributor (B) indicating Contributor's separateness from Contributor and Contributor's Affiliates and indicate that the assets of Contributor are not

available to pay the debts of Contributor, Contributor's Affiliates or any other Person and (C) Contributtee is a separate entity and, as may be applicable, has creditors who have received interests in Contributtee's assets;

(c) Contributor will cause all Contributed Assets to also be listed on Contributtee's own separate balance sheet;

(d) Contributor will observe corporate formalities, in its dealing with Contributtee;

(e) Contributor shall not commingle its funds with any funds of Contributtee;

(f) Contributor will maintain arm's-length relationships with Contributtee and Contributor and each of its other Affiliates will be compensated at market rates for any services they render or otherwise furnish to Contributtee;

(g) except as provided for or contemplated by the LLC Agreement, Contributor will not be, and will not hold itself out to be, responsible for the debts of Contributtee or the decisions or actions in respect of the daily business and affairs of Contributtee and Contributor will not knowingly permit Contributtee to hold Contributor out to be responsible for the debts of Contributtee or the decisions or actions in respect of the daily business and affairs of Contributtee or such subsidiary; and

(h) upon Contributor's knowledge that any of the foregoing provisions in this Section 5.4 has been breached or violated in any material respect, Contributor will take such actions as may be reasonable and appropriate under the circumstances to correct and remedy such breach or violation as promptly as is practicable under such circumstances.

Section 5.5 Further Action Evidencing Contribution.

Contributor agrees that at any time and from time to time, at its expense, it will promptly execute and deliver all further instruments and documents, and take all further actions, that may be necessary or reasonably requested by Contributtee to perfect, protect or more fully evidence Contributtee's and its assignees' interests in the Contributed Assets or to enable Contributtee and/or its assignees (or any agent or designee of any of the foregoing) to exercise or enforce any of their respective rights hereunder.

ARTICLE VI

MISCELLANEOUS PROVISIONS

Section 6.1 Obligations of Contributor.

To the fullest extent permitted by applicable law, the obligations of Contributor under this Agreement shall not be affected by reason of any invalidity, illegality or irregularity of any Contributed Asset.

Section 6.2 Waivers; Amendment.

No failure or delay on the part of any party or any assignee thereof, in exercising any power, right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or remedy preclude any other further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided shall be cumulative and nonexclusive of any rights or remedies provided by law. Any provision of this Agreement may be amended only if such amendment is executed by the parties hereto in writing.

Section 6.3 Costs and Expenses.

Contributor will pay all expenses incident to the performance of its obligations incurred in connection with this Agreement, including fees and expenses of counsel, in connection with the perfection, recording and perfection as against third parties of Contributor's right, title and interest in and to the Contributed Assets and the enforcement of any obligation of Contributor hereunder.

Section 6.4 Survival.

This Agreement will remain in full force and effect and not terminate so long as the Credit Agreement and Security Agreement are in effect or any Obligation is outstanding. The respective representations and warranties made by the parties in this Agreement shall remain in full force and effect and will survive execution and delivery of this Agreement. In addition, the provisions of Section 4.4, Section 5.4, Section 6.2, Section 6.3, Section 6.4, Section 6.10, Section 6.11 and Section 6.12 and, until satisfaction of the Release Conditions, Section 2.5 shall remain in full force and effect and will survive termination of this Agreement.

Section 6.5 Notices.

All demands, notices and communications upon or to the parties shall be in writing, and shall be personally delivered, sent by electronic facsimile or overnight delivery service or mailed by certified mail, return receipt requested, and shall be deemed to have been duly given to the intended recipient upon receipt at the respective addresses set forth below, or at such other address as shall be designated by such Person in a written notice to the other parties to this Agreement.

(i) in the case of Contributor or Contributor:

c/o FS Investment Corporation
Cira Centre
2929 Arch Street, Suite 675
Philadelphia, PA, 19104
Attention: Gerald F. Stahlecker
Facsimile No.: (215) 222-4649

(ii) in the case of the Lender:

Deutsche Bank AG, New York Branch
60 Wall Street
New York, New York 10005
Attention: Nick Bozzuto
Facsimile No.: (646) 736-5571

With copies to:

Davis, Polk & Wardwell
450 Lexington Avenue
New York, New York 10017
Attention: Bjorn Bjerke
Facsimile No.: (212) 701-5006

Section 6.6 Severability.

If any one or more of the covenants, agreements, provisions or terms of this Agreement shall be for any reason whatsoever held invalid, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement.

Section 6.7 Counterparts.

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

Section 6.8 Successors and Assigns.

All covenants and agreements contained herein shall be binding upon, and inure to the benefit of the parties hereto and their respective successors and permitted assigns, all as herein provided. Any request, notice, direction, consent, waiver or other instrument or action by a party hereto shall bind the successors and assigns of such party.

Section 6.9 Entire Agreement.

This Agreement, together with the exhibits and schedules hereto, contains a final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof, superseding all previous oral statements and other writings with respect thereto.

Section 6.10 Limitations on Liability.

None of the officers, employees, agents, shareholders, members, directors or managers, as applicable, of or in Contributor or Contributor, past, present or future, shall be under any liability to Contributor or Contributor, as applicable, any of their successors or assignees, or any other Person for any action taken or for refraining from the taking of any action in such capacities or otherwise pursuant to this Agreement or for any obligation or covenant under this Agreement, it being understood that this Agreement and the obligations created hereunder shall be, to the fullest extent permitted under applicable law, with respect to Contributor, solely the corporate obligations of Contributor and with respect to Contributor, solely the limited liability company obligations of Contributor.

Section 6.11 Governing Law; Waiver of Jury Trial.

(a) THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS. THE PARTIES HERETO HEREBY DECLARE THAT IT IS THEIR INTENTION THAT THIS AGREEMENT SHALL BE REGARDED AS MADE UNDER THE LAWS OF THE STATE OF DELAWARE AND THAT THE LAWS OF SAID STATE SHALL BE APPLIED IN INTERPRETING ITS PROVISIONS IN ALL CASES WHERE LEGAL INTERPRETATION SHALL BE REQUIRED. EACH OF THE PARTIES HERETO AGREES (A) THAT THIS AGREEMENT INVOLVES AT LEAST \$100,000.00, AND (B) THAT THIS AGREEMENT HAS BEEN ENTERED INTO BY THE PARTIES HERETO IN EXPRESS RELIANCE UPON 6 DEL. C. § 2708. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES (A) TO BE SUBJECT TO THE JURISDICTION OF THE COURTS OF THE STATE OF DELAWARE AND OF THE FEDERAL COURTS SITTING IN THE STATE OF DELAWARE, AND (B) (1) TO THE EXTENT SUCH PARTY IS NOT OTHERWISE SUBJECT TO SERVICE OF PROCESS IN THE STATE OF DELAWARE, TO APPOINT AND MAINTAIN AN AGENT IN THE STATE OF DELAWARE AS SUCH PARTY'S AGENT FOR ACCEPTANCE OF LEGAL PROCESS, AND (2) THAT, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, SERVICE OF PROCESS MAY ALSO BE MADE ON SUCH PARTY BY PREPAID CERTIFIED MAIL WITH A PROOF OF MAILING RECEIPT VALIDATED BY THE UNITED STATES POSTAL SERVICE CONSTITUTING EVIDENCE OF VALID SERVICE, AND THAT SERVICE MADE PURSUANT TO (B) (1) OR (2) ABOVE SHALL, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, HAVE THE SAME LEGAL FORCE AND EFFECT AS IF SERVED UPON SUCH PARTY PERSONALLY WITHIN THE STATE OF DELAWARE.

(b) THE PARTIES HERETO EACH HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER IN CONTRACT, TORT OR OTHERWISE, ARISING OUT OF, CONNECTED WITH, RELATING OR INCIDENTAL TO THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

Section 6.12 No Petition.

The Contributor covenants that for a period of one year and one day after payment in full of all indebtedness under the Credit Agreement it will not institute against, or join any Person in instituting against Contributor any involuntary bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other involuntary proceedings under any United States federal or state bankruptcy or similar law.

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IN WITNESS WHEREOF, the parties hereby have caused this Asset Contribution Agreement to be executed by their respective officers thereunto duly authorized as of the date and year first above written.

FS INVESTMENT CORPORATION,
as Contributor

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

BROAD STREET FUNDING LLC,
as Contributee

By: /s/ Gerald F. Stahlecker

Name: Gerald F. Stahlecker

Title: Executive Vice President

Schedule 1

Contributed Assets

BROAD STREET FUNDING LLC
as Company

and

FS INVESTMENT CORPORATION
as Investment Manager

INVESTMENT MANAGEMENT AGREEMENT

Dated as of March 10, 2010

INVESTMENT MANAGEMENT AGREEMENT, dated as of March 10, 2010 (this "Agreement"), between BROAD STREET FUNDING LLC, a Delaware limited liability company (the "Company"), and FS INVESTMENT CORPORATION, a Maryland corporation (in such capacity, the "Investment Manager").

WHEREAS, the Company desires to engage the Investment Manager to provide the services described herein, and the Investment Manager desires to provide such services; and

WHEREAS, capitalized terms used herein that are not otherwise defined herein shall have the respective meanings ascribed thereto in the Credit Agreement dated as of the date hereof (together with any agreements referred to therein, including, without limitation, the Manager Letter, the "Credit Agreement"), between the Company and Deutsche Bank AG, New York Branch (the "Lender").

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein, the parties hereto hereby agree as follows:

1. Management Services.

The Investment Manager will provide the Company with the following services (in accordance with and subject to the applicable requirements of, and the restrictions and limitations set forth in, the Credit Documents and the LLC Agreement):

(a) determining the specific Fund Investments or other assets to be purchased or sold by the Company, taking into consideration the payment obligations of the Company on each Payment Date under the Credit Agreement in so doing, such that expected distributions on the Fund Investments and other assets of the Company permit a timely performance of the payment obligations by the Company under the Credit Agreement; *provided* that the Investment Manager does not hereby guarantee the timely performance of such payment obligations;

(b) effecting the purchase and sale of Fund Investments and all other assets of the Company;

(c) subject to the limitations set forth in the Credit Agreement and the Custodial Agreement, negotiating with underlying obligors of the Fund Investments (the "Underlying Obligors") as to proposed amendments and modifications (including but not limited to extensions or releases of collateral) of the documentation evidencing and governing the Fund Investments;

(d) making determinations with respect to the Company's exercise (including but not limited to any waiver) of any rights (including but not limited to voting rights and rights arising in connection with the bankruptcy or insolvency of an Underlying Obligor or the consensual or non-judicial restructuring of the debt or equity of an Underlying Obligor) or remedies in connection with the Fund Investments and participating in the committees (official or otherwise) or other groups formed by creditors of an Underlying Obligor;

(e) monitoring the ratings of the Fund Investments;

(f) determining whether each Fund Investment is an Eligible Investment;

(g) monitoring the Fund Investments on an ongoing basis and providing to the Lender and the Company or to any other Person designated by the Company all information and data which is generated by, or reasonably accessible to, the Investment Manager and which is required under the Credit Agreement or requested by the Company in connection with the preparation of all reports, certificates, schedules and other data which the Company is required to prepare and deliver under the Credit Agreement, in the form and containing all information required by the Credit Agreement, in sufficient time for the Company, or the Person designated by the Company (including but not limited to the Custodian), to review such data and prepare and deliver to the parties entitled thereto all such reports, certificates, schedules and other data required by the Credit Agreement;

(h) determining whether any investment is an Eligible Investment or Excluded Investment;

(i) managing the Company's investments within the parameters set forth in the Credit Agreement, including, without limitation, the limitations relating to the definitions of Fund Investments, Excluded Investments, Market Value Price, Market Value and Eligible Investments;

(j) complying with such other duties and responsibilities as may be expressly required of the Investment Manager by the Credit Agreement;

(k) notifying the Lender and the Company in writing within one (1) Business Day of a Default or an Event of Default under the Credit Agreement to the extent the Investment Manager has actual knowledge of the occurrence thereof; and

(l) delivering Borrowing Requests and payment instructions to the Lender and making the prepayment specifications referred to in Section 3.03(d) of the Credit Agreement.

The Company agrees for the benefit of the Investment Manager and the Lender to follow the lawful instructions and directions of the Investment Manager in connection with the Investment Manager's services hereunder.

The Investment Manager shall use reasonable care in rendering its services hereunder, using a degree of skill and attention no less than that which the Investment Manager exercises with respect to comparable assets that it manages for itself and for others in accordance with its existing practices and procedures which the Investment Manager reasonably believes to be consistent with those followed by institutional managers of national standing relating to assets of the nature and character of Fund Investments, except as expressly provided otherwise in this Agreement or the Credit Agreement. The Investment Manager shall comply with and perform all the duties and functions that have been specifically delegated to it under this Agreement and

the Credit Agreement. The Investment Manager shall not be bound to follow any amendment to the Credit Agreement, however, until it has received a copy of the amendment from the Company or the Lender and, in addition, the Investment Manager shall not be bound by any amendment to the Credit Agreement which adversely affects in any material respects the obligations of the Investment Manager unless the Investment Manager shall have consented thereto in writing. The Company agrees that it will not permit any amendment to the Credit Agreement that adversely affects in any material respects the duties or liabilities of the Investment Manager to become effective unless the Investment Manager has been given prior written notice of such amendment and consented thereto in writing. The Investment Manager shall cause any purchase or sale of any Fund Investments or other asset of the Company to be conducted on an arm's length basis or on terms that would be obtained in an arm's length transaction in compliance with Section 2 and Section 8 hereof.

To the extent necessary or appropriate to perform all of the duties to be performed by it hereunder, the Investment Manager shall have the power to negotiate, execute and deliver all necessary documents and instruments on behalf of the Company with respect to any Fund Investment or other asset of the Company.

The Investment Manager shall have no obligation to perform any duties other than those specified herein or in the Credit Agreement or the Custodial Agreement.

2. Brokerage.

The Investment Manager shall use reasonable efforts to obtain the best prices and execution for all orders placed with respect to the Fund Investments, and other assets of the Company, considering all circumstances. Subject to the objective of obtaining best prices and execution, the Investment Manager may take into consideration research and other brokerage services furnished to the Investment Manager or its Affiliates by brokers and dealers which are not Affiliates of the Investment Manager. Such services may be used by the Investment Manager or its Affiliates in connection with its other advisory activities or investment operations. The Investment Manager may aggregate sales and purchase orders of securities placed with respect to the Fund Investments, and other assets of the Company with similar orders being made simultaneously for other accounts managed by the Investment Manager or with accounts of the Affiliates of the Investment Manager, if in the Investment Manager's sole judgment such aggregation shall result in an overall economic benefit to the Company taking into consideration the selling or purchase price, brokerage commission and other expenses. In accounting for such aggregated order price, commission and other expenses shall be averaged on a per position basis.

The Company acknowledges that the determination of any such economic benefit by the Investment Manager is subjective and represents the Investment Manager's evaluation at the time that the Company will be benefited by better purchase or sales prices, lower commission expenses and beneficial timing of transactions or a combination of these and other factors. When any aggregate sales or purchase orders occur, the objective of the Investment Manager (and any of its Affiliates involved in such transactions) shall be to allocate the executions among the accounts in an equitable manner.

Subject to the Investment Manager's execution obligations described herein, the Investment Manager is hereby authorized to effect client cross-transactions where the Investment Manager causes a transaction to be effected between the Company and another account advised by it or any of its Affiliates; provided that, if and to the extent required by the Advisers Act, such authorization is terminable at the Company's option without penalty, effective upon receipt by the Investment Manager of written notice from the Company. In addition, the Company hereby consents to, and authorizes the Investment Manager to enter into, agency cross-transactions where it or any of its Affiliates acts as broker for the Company and for the other party to the transaction, to the extent permitted under applicable law, in which case the Investment Manager or any such Affiliate will receive commissions from, and have a potentially conflicting division of loyalties and responsibilities regarding, both parties to the transaction; provided that the Company shall the right to revoke such consent at any time by written notice to the Investment Manager. Also with the prior authorization of the Company and in accordance with Section 11(a) of the Securities Exchange Act of 1934, as amended, and regulation 11a2-2T thereunder (or any similar rule that may be adopted in the future), the Investment Manager is authorized to effect transactions for the Company on a national securities exchange of which any of its Affiliates is a member and retain commissions in connection therewith, and the Investment Manager will use commercially reasonable efforts to provide the Company with information annually disclosing commissions, if any, retained by the Investment Manager's Affiliates in connection with such transactions for the Company's account.

All purchases and sales of Fund Investments, and other assets of the Company by the Investment Manager on behalf of the Company shall be in accordance with reasonable and customary business practices and in compliance with applicable laws.

3. The Representations and Warranties of the Company.

The Company represents and warrants to the Investment Manager that:

(a) the Company has been duly organized and is validly existing under the laws of Delaware, has the full power and authority to own its assets and the obligations proposed to be owned by it and to transact the business in which it is presently engaged and is duly qualified under the laws of each jurisdiction where its ownership or lease of property or the conduct of its business requires, or the performance of its obligations under this Agreement and the Credit Documents would require, such qualification, except for failures to be so qualified, authorized or licensed that would not in the aggregate have a material adverse effect on the business, operations, assets or financial condition of the Company;

(b) the Company has full corporate power and authority to execute, deliver and perform this Agreement, the Credit Documents and all obligations required hereunder and under the Credit Documents, and the performance of all obligations imposed upon it hereunder and thereunder;

(c) this Agreement has been duly authorized, executed and delivered by it and constitutes its valid and binding obligation, enforceable in accordance with its terms except that the enforceability thereof may be subject to (i) bankruptcy, insolvency,

reorganization, moratorium, receivership, conservatorship or other similar laws now or hereafter in effect relating to creditors' rights and (ii) general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law);

(d) no consent, approval, authorization or order of or declaration or filing with any government, governmental instrumentality or court or other person is required for the performance by the Company of its duties hereunder, except such as have been duly made or obtained;

(e) neither the execution and delivery of this Agreement nor the fulfillment of the terms hereof conflicts with or results in a material breach or violation of any of the material terms or provisions of or constitutes a material default under (i) the Company's certificate of formation, operating agreement or other constituent documents, (ii) the terms of any material indenture, contract, lease, mortgage, deed of trust, note, agreement or other evidence of indebtedness or other material agreement, obligation, condition, covenant or instrument to which the Company is a party or is bound, (iii) any statute applicable to the Company, or (iv) any law, decree, order, rule or regulation applicable to the Company of any court or regulatory, administrative or governmental agency, body or authority or arbitrator having or asserting jurisdiction over the Company or its properties, and which would have a material adverse effect upon the performance by the Company of its duties under this Agreement;

(f) neither the Company nor any of its Affiliates are in violation of any U.S. federal or state securities law or regulation promulgated thereunder and there is no charge, investigation, action, suit or proceeding before or by any court or regulatory agency pending or, to the best knowledge of the Company, threatened that would have a material adverse effect upon the performance by the Company of its duties under this Agreement;

(g) the Company has not engaged in any transaction that would result in the violation of, or require registration as an investment company under, the Investment Company Act;

(h) the Company is not required to register as an "investment company" under the Investment Company Act; and

(i) there is no charge, investigation, action, suit or proceeding before or by any court pending or, to the best knowledge of the Company, threatened that, if determined adversely to the Company, would have a material adverse effect upon the performance by the Company of its duties under, or on the validity or enforceability of, this Agreement or the provisions of the Credit Agreement applicable to the Company thereunder.

4. Representations and Warranties of the Investment Manager.

The Investment Manager represents and warrants to the Company that:

(a) the Investment Manager is duly organized and validly existing under the laws of Maryland and has the full power and authority to transact the business in which it is presently engaged and is duly qualified under the laws of each jurisdiction where the conduct of its business requires, or the performance of its obligations under this Agreement and the provisions of the Credit Documents applicable to the Investment Manager would require, such qualification, except for failures to be so qualified, authorized or licensed which would not in the aggregate have a material adverse effect on the business, operations, assets or financial condition of the Investment Manager, or on the ability of the Investment Manager to perform its obligations under, or on the validity or enforceability of, this Agreement and the applicable provisions of the Credit Documents;

(b) the Investment Manager has full power and authority to execute and deliver this Agreement and to perform all of its obligations hereunder and under the Credit Documents;

(c) this Agreement has been duly authorized, executed and delivered by the Investment Manager and constitutes a valid and binding agreement of the Investment Manager, enforceable against it in accordance with its terms, except that the enforceability thereof may be subject to (i) bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights and (ii) general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law);

(d) neither the Investment Manager nor any of its Affiliates is in violation of any federal or state securities law or regulation promulgated thereunder or any material listing requirements of any exchange on which it is listed and there is no charge, investigation, action, suit or proceeding before or by any court, exchange or regulatory agency pending or, to the best knowledge of the Investment Manager, threatened, that in either case would have a material adverse effect upon the performance by the Investment Manager of its duties under this Agreement;

(e) neither the execution and delivery of this Agreement, nor the performance of the terms hereof or the provisions of the Credit Documents applicable to the Investment Manager, conflicts with or results in a material breach or violation of any of the material terms or provisions of, or constitutes a material default under, (i) its articles of organization, operating agreement or other constituent document, (ii) the terms of any material indenture, contract, lease, mortgage, deed of trust, note agreement or other evidence of indebtedness or other material agreement, obligation, condition, covenant or instrument to which the Investment Manager is a party or is bound, (iii) any statute applicable to the Investment Manager, or (iv) any law, decree, order, rule or regulation applicable to the Investment Manager of any court or regulatory, administrative or governmental agency, body or authority or arbitrator having or asserting

jurisdiction over the Investment Manager or its properties, and which would have, in the case of any of clauses (ii) through (iv) of this paragraph (e), a material adverse effect upon the performance by the Investment Manager of its duties under this Agreement or the provisions of the Credit Documents applicable to the Investment Manager; and

(f) no consent, approval, authorization or order of or declaration or filing with any government, governmental instrumentality or court or other person is required for the performance by it of its duties hereunder, except such as have been duly made or obtained.

5. Expenses.

The Investment Manager shall pay all expenses and costs (including salaries, rent and other overhead) incurred by it in connection with its services under this Agreement; *provided* that the Investment Manager shall not be liable for and the Company shall be responsible for the payment of (i) actual and reasonable expenses and costs of legal advisers (including actual and reasonable expenses and costs associated with the use of internal legal counsel of the Investment Manager), consultants and other professionals retained by the Company or by the Investment Manager, on behalf of the Company, in connection with the services provided by the Investment Manager pursuant to this Agreement and the Credit Agreement and (ii) the reasonable cost of asset pricing and asset rating services, and accounting, programming and data entry services that are retained in connection with services of the Investment Manager under this Agreement. To the extent that such expenses are incurred in connection with obligations that are also held by the Investment Manager, the Investment Manager shall allocate the expenses among the accounts in a fair and equitable manner. Any amounts payable pursuant to this Section 5 shall be reimbursed by the Company to the extent funds are available therefor in accordance with and subject to the limitations contained in the Credit Agreement. Expenses and costs payable to the Investment Manager under this Section 5 shall constitute "Administrative Expenses" (as such term is defined in the Credit Agreement), and shall be paid to the extent of available funds and subject to the conditions set forth in Section 6.02(d) of the Credit Agreement.

6. Fees.

(a) The Company shall pay to the Investment Manager, for services rendered and performance of its obligations under this Agreement fees which are payable in arrears on each Payment Date (subject to availability of funds and the conditions set forth in Section 6.02(d) of the Credit Agreement) in an amount equal to 0.35% per annum of the Aggregate Principal Balance of all Fund Investments measured as of the Determination Date immediately preceding such Payment Date (the "Management Fees"). The Management Fees will be calculated on the basis of a calendar year consisting of 360 days and the actual number of days elapsed.

(b) The Investment Manager may, in its sole discretion, defer all or any portion of the Management Fees. Such deferred amounts will become payable on the next Payment Date in the same manner and priority as their original characterization would have required unless deferred again.

(c) If this Agreement is terminated pursuant to Section 11 hereof or otherwise, the Management Fees calculated as provided in Section 6(a) hereof shall be prorated for any partial periods between Payment Dates during which this Agreement was in effect and shall be due and payable, along with any deferred Management Fees, on the first Payment Date following the effective date of such termination.

(d) The Management Fees will be payable from amounts on deposit in the Custodial Account in accordance with the terms of the Credit Agreement. If on any Payment Date there are insufficient funds to pay the Management Fees then due in full, the amount not so paid shall be deferred without interest and shall be payable on the next Payment Date if any on which any funds are available therefor, as provided in the Credit Agreement.

(e) The Investment Manager hereby agrees not to cause the filing of a petition in bankruptcy against the Company for any reason whatsoever, including, without limitation, the non payment of the Management Fees, except in accordance with the provisions of Section 20 hereof and the provisions of the Credit Agreement.

7. Non-Exclusivity.

The services of the Investment Manager to the Company are not to be deemed exclusive, and the Investment Manager shall be free to render asset management or management services to other Persons (including Affiliates, other investment companies, and clients having objectives similar to those of the Company). It is understood and agreed that the officers and directors of the Investment Manager may engage in any other business activity or render services to any other Person or serve as partners, officers or directors of any other firm or corporation. Notwithstanding the foregoing, it is understood and agreed that the Investment Manager will at no time render any services to, or in any way participate in the organization or operation of, any investment company or other entity if such actions would require the Company to register as an "investment company" under the Investment Company Act. Subject to Sections 2 and 9 hereof, it is understood and agreed that information or advice received by the Investment Manager and officers or directors of the Investment Manager hereunder shall be used by such organization or such persons to the extent permitted by applicable law.

8. Conflicts of Interest.

The Investment Manager may, subject to applicable legal requirements and any restrictions or limitations contained in the Credit Documents, direct the Company (i) to acquire any Fund Investments for the Company from the Investment Manager or any of its Affiliates as principal or (ii) to sell any Fund Investments for the Company to the Investment Manager or any of its Affiliates as principal; *provided* that each such acquisition or sale is conducted on terms no less favorable to the Company than would be obtained in an arms' length transaction with a non-affiliate.

Notwithstanding the provisions of the preceding paragraph, various potential and actual conflicts of interest may arise from the overall investment activity of the Investment Manager and its Affiliates. The Investment Manager, its Affiliates and their respective clients

may invest in obligations that would be appropriate for inclusion in the Company's assets. Such investments may be different from those made on behalf of the Company. The Investment Manager and its Affiliates may have ongoing relationships with companies whose obligations are pledged under the Credit Agreement and may own equity or debt obligations issued by issuers of and other obligors of Fund Investments. The Investment Manager and its Affiliates and the clients of the Investment Manager or its Affiliates may invest in obligations that are senior to, or have interests different from or adverse to, the assets of the Company. The Investment Manager may serve as Investment Manager for, invest in, or be affiliated with, other entities organized to issue collateralized debt obligations secured by loans, high-yield debt securities, or other debt obligations. The Investment Manager may at certain times be simultaneously seeking to purchase or sell investments for the Company and any similar entity for which it serves as Investment Manager in the future, or for its clients and Affiliates. Furthermore, the Investment Manager and/or its Affiliates may make an investment on their behalf or on behalf of any account that they manage or advise without offering the investment opportunity or making an investment on behalf of the Company.

The Company hereby acknowledges the various potential and actual conflicts of interest that may exist with respect to the Investment Manager; *provided* that nothing in this Section 8 shall be construed as altering the duties of the Investment Manager as set forth in this Agreement, the Credit Agreement or the requirements of any law, rule, or regulation applicable to the Investment Manager.

9. Records; Confidentiality.

The Investment Manager shall maintain appropriate books of account and records relating to services performed hereunder, and such books of account and records shall be accessible for inspection by a representative of the Company, the Lender, and independent accountants appointed by the Company at a mutually agreed time during normal business hours and upon not less than three (3) Business Days' prior notice.

At no time will the Investment Manager make a public announcement concerning the Credit Documents, the Investment Manager's role hereunder or any other aspect of the transactions contemplated by this Agreement and the Credit Documents absent the written consent of the Company and the Lender.

The Investment Manager shall, and shall cause its Affiliates to, keep confidential any and all information obtained in connection with the services rendered hereunder and shall not disclose any such information to non affiliated third parties except (i) with the prior written consent of the Company, (ii) as required by law, regulation, court order or the rules or regulations of any self regulating organization, body or official having jurisdiction over the Investment Manager, (iii) to its professional advisers, (iv) such information as shall have been publicly disclosed other than in violation of this Agreement, (v) the identification of the Company as a client of the Investment Manager, (vi) information related to the performance of the Investment Manager, (vii) information furnished in connection with any successor investment manager or assignee, or any agent that has been assigned duties in accordance with this Agreement, or (viii) such information that was or is obtained by the Investment Manager on a non confidential basis; *provided* that the Investment Manager does not know or have reason to

know, after due inquiry, of any breach by such source of any confidentiality obligations with respect thereto. For purposes of this Section 9, the Lender shall in no event be considered a “non affiliated third party,” and the Investment Manager may disclose any of the aforementioned information to the Lender insofar as such information relates to Fund Investments under the Credit Agreement.

10. Term.

This Agreement shall become effective on the date hereof and shall continue unless terminated as hereinafter provided.

11. Termination.

(a) This Agreement may be terminated, and the Investment Manager may be removed, without payment to the Investment Manager of any penalty, for cause upon prior written notice by the Company, acting with the consent of the Lender; *provided* that such notice may be waived by the Investment Manager. For this purpose, “cause” will mean the occurrence of any of the following events or circumstances:

(i) the Investment Manager’s breach, in any respect, of any provision of this Agreement or the Credit Documents applicable to it (except for any breach that has not had, and could not reasonably be expected to have, a material adverse effect on the Company or the Lender) and the Investment Manager’s failure to cure such breach within 30 days of its becoming aware of, or receiving notice of, the occurrence of such breach;

(ii) the Investment Manager’s intentional breach of (a) any provision of this Agreement or the Credit Documents applicable to it relating to the Investment Manager’s or the Company’s obligation to cause the Fund Investments to comply with (1) the Overcollateralization Test or (2) the conditions for sale of a Fund Investment by the Company or (b) any other material provision of this Agreement or the Credit Documents applicable to it, and the Investment Manager’s failure to cure such breach within 15 days of the occurrence of such breach;

(iii) the failure of any representation, warranty, certification or statement made or delivered by the Investment Manager in or pursuant to this Agreement or the Credit Documents to be correct in any material respect when made which failure (a) could reasonably be expected to have a material adverse effect on the Lender and (b) is not corrected by the Investment Manager within 15 days of its receipt of notice from the Company or the Lender of such failure;

(iv) the Investment Manager (1) is dissolved (other than pursuant to a consolidation, amalgamation or merger), (2) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (3) becomes insolvent or is unable to pay its debts

or fails or admits in writing its inability generally to pay its debts as they become due, (4) makes a general assignment, arrangement or composition with or for the benefit of its creditors, (5) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property or (6) is adjudicated as insolvent or bankrupt, or a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Investment Manager, or appointing a receiver, liquidator, assignee, or sequestrator (or other similar official) of the Investment Manager or of any substantial part of its property, and the continuance of any such decree or order unstayed and in effect for a period of 15 consecutive days;

(v) the occurrence of an Event of Default under the Credit Documents that results from any breach by the Investment Manager of its duties under the Credit Documents or this Agreement; or

(vi) the occurrence of an act by the Investment Manager that constitutes fraud or criminal activity in the performance of its obligations under this Agreement, or the Investment Manager being indicted for a criminal offense materially related to its business of providing asset management services.

If any such event occurs, the Investment Manager shall give prompt written notice thereof to the Company and the Lender promptly upon the Investment Manager becoming aware of the occurrence of such event.

(b) The Investment Manager shall have the right to terminate this Agreement only upon 90 days prior written notice to the Company and the Lender, and this Agreement shall terminate automatically in the event of its assignment by the Investment Manager.

(c) This Agreement shall be automatically terminated in the event that the Company determines in good faith that the Company or the Company's asset portfolio has become required to be registered under the provisions of the Investment Company Act.

(d) Within 30 days of the resignation or removal of the Investment Manager, the Company may appoint a successor investment manager that is reasonably acceptable to the Lender. No such resignation or removal will be effective until the date as of which a successor investment manager has assumed in writing the Investment Manager's duties and obligations as specified herein.

12. Action Upon Termination.

(a) Upon the effective termination of this Agreement, the Investment Manager shall as soon as practicable:

(i) deliver to the Company all property and documents of the Company or otherwise relating to the Company's assets then in the custody of the Investment Manager; and

(ii) deliver to the Lender an account with respect to the books and records delivered to the Lender or the successor investment manager appointed pursuant to Section 11(d).

Notwithstanding such termination, the Investment Manager shall remain liable to the extent set forth herein (but subject to Section 13 hereof) for its acts or omissions hereunder arising prior to termination and for any expenses, losses, damages, liabilities, demands, charges and claims (including reasonable attorney's fees) in respect of or arising out of a breach of the representations and warranties made by the Investment Manager in Section 4 hereof or from any failure of the Investment Manager to comply with the provisions of this Section 12.

(b) The Investment Manager agrees that, notwithstanding any termination, it shall reasonably cooperate in any suit, action or proceeding relating to this Agreement (each, a "Proceeding") arising in connection with this Agreement, the Credit Agreement or any of the Company's assets (excluding any such Proceeding in which claims are asserted against the Investment Manager or any Affiliate of the Investment Manager) so long as the Investment Manager shall have been offered reasonable security, indemnity or other provisions against the cost, expenses and liabilities that might be incurred in connection therewith and a reasonable per diem fee.

13. Liability of Investment Manager; Delegation.

(a) The Investment Manager assumes no responsibility under this Agreement other than to render the services called for hereunder and under the terms of the Credit Documents made applicable to it pursuant to the terms of this Agreement. The Investment Manager shall not be responsible for any action of the Company in declining to follow any advice, recommendation, or direction of the Investment Manager. Unless otherwise agreed in writing, the Investment Manager shall have no liability to the Lender or other Company's creditors, for any error of judgment, mistake of law, or for any loss arising out of any investment, or for any other act or omission in the performance of its obligations to the Company except for liability to which it would be subject by reason of willful misfeasance, bad faith, gross negligence in performance, or reckless disregard, of its obligations hereunder. The Investment Manager may delegate to an agent selected with reasonable care, which shall include any Person that is party to a sub-advisory agreement with the Investment Manager as of the date hereof, any or all duties (other than its asset selection or trade execution duties) assigned to the Investment Manager hereunder; *provided* that no such delegation by the Investment Manager of any of its duties hereunder shall relieve the Investment Manager of any of its duties hereunder nor relieve the Investment Manager of any liability with respect to the performance of such duties. For the avoidance of doubt, asset selection and trade execution duties shall include the services described in Section 1(a) hereof.

Notwithstanding the above and Section 17, the Investment Manager shall be permitted to assign any or all of its rights and delegate any or all of its obligations to an Affiliate reasonably acceptable to the Lender that (i) will professionally and competently perform duties similar to those imposed upon the Investment Manager under this

Agreement and (ii) is legally qualified and has the capacity to act as the Investment Manager under this Agreement. The Investment Manager shall not be liable for any consequential damages hereunder.

(b) The Company shall reimburse, indemnify and hold harmless the directors, officers and employees of the Investment Manager and any of its Affiliates from any and all actual and reasonable out-of-pocket expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever (including reasonable attorneys' fees and expenses), as are incurred in investigating, preparing, pursuing or defending any claim, action, proceeding or investigation with respect to any pending or threatened litigation caused by, or arising out of or in connection with, any acts or omissions of the Investment Manager, its directors, officers, stockholders, agents and employees made in good faith and in the performance of the Investment Manager's duties under this Agreement or the Credit Documents except to the extent resulting from such person's bad faith, willful misfeasance, gross negligence or reckless disregard of its duties hereunder or thereunder. The Investment Manager, its directors, officers, stockholders, agents and employees may consult with counsel and accountants with respect to the affairs of the Company and shall be fully protected and justified, to the extent allowed by law, in acting, or failing to act, if such action or failure to act is taken or made in good faith and is in accordance with the advice or opinion of such counsel or accountants. Notwithstanding anything contained herein to the contrary, the obligations of the Company under this Section 13(b) shall be payable from the Company's assets as part of the Management Fees and are subject to the availability of funds and to the conditions set forth in the Credit Agreement.

(c) The Investment Manager shall reimburse, indemnify and hold harmless the Company, its members, manager, officers, agents and employees from any and all expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever (including reasonable attorneys' fees and expenses), as are incurred in investigating, preparing, pursuing or defending any claim, action, proceeding or investigation with respect to any pending or threatened litigation caused by, or arising out of or in connection with, (i) any acts or omissions of the Investment Manager constituting bad faith, willful misconduct, gross negligence or reckless disregard of its duties under this Agreement or under the Credit Documents and (ii) any breach of the representations and warranties made by the Investment Manager in Section 4 hereof.

14. Obligations of Investment Manager.

Unless otherwise required by any provision of the Credit Documents or this Agreement or by applicable law, the Investment Manager shall not intentionally take any action, which it knows or should know would (a) materially adversely affect the Company for purposes of United States federal or state law or any other law known to the Investment Manager to be applicable to the Company, (b) require registration of the Company or the Company's assets as an "investment company" under the Investment Company Act, (c) not be permitted under the Company's operating agreement or certificate of formation (including, but not limited to, Section 9 thereof), (d) cause the Company to violate the terms of the Credit Documents, (e) subject the Company to federal, state or other income taxation, or (f) adversely affect the

interests of the Lender in any material respect (other than as permitted or required hereunder or under the Credit Documents, including, without limitation, as may result from the performance of any Fund Investment), it being understood that in connection with the foregoing the Investment Manager will not be required to make any independent investigation of any facts or laws not otherwise known to it in connection with its obligations under this Agreement and the Credit Documents or the conduct of its business generally. The Investment Manager covenants that it shall comply in all material respects with all laws and regulations applicable to it in connection with the performance of its duties under this Agreement and the Credit Documents. Notwithstanding anything in this Agreement, the Investment Manager shall not take any discretionary action that would reasonably be expected to cause an Event of Default under the Credit Agreement. The Investment Manager covenants that it shall (i) not hold out the Fund Investments as its assets, (ii) take all action to ensure that the Fund Investments are held in the name of the Company or, if held by an agent of the Company, clearly designate such agent as being the Company's agent, (iii) cause the Company to comply with the terms of Section 6.01(l) of the Credit Agreement and (iv) not fail to correct any known misunderstandings regarding the separate identity of the Company and shall not identify itself as a division or department of the Company.

15. No Partnership or Joint Venture.

The Company and the Investment Manager are not partners or joint venturers with each other and nothing herein shall be construed to make them such partners or joint venturers or impose any liability as such on either of them. The Investment Manager's relation to the Company shall be deemed to be that of an independent contractor.

16. Notices.

Any notice under this Agreement shall be in writing and sent by facsimile, confirmed by telephonic communication, or addressed and delivered or mailed postage paid to the other party at such address as such other party may designate for the receipt of such notice. Until further notice to the other party it is agreed that the address of the Company and the Lender for this purpose shall be as set forth on Schedule 1 to the Credit Agreement, and the address of the Investment Manager for this purpose shall be:

FS Investment Corporation
Cira Centre
2929 Arch Street, Suite 675
Philadelphia, Pennsylvania 19104
Attention: Gerald F. Stahlecker
Telephone: (215) 495-1169
Facsimile: (215) 222-4649
Electronic Mail: jerry.stahlecker@franklinsquare.com

All notices are to be effective in accordance with Section 8.03 of the Credit Agreement.

17. Succession/Assignment.

This Agreement shall inure to the benefit of and be binding upon the successors to the parties hereto. No assignment of this Agreement by the Investment Manager (including, without limitation, a change in control or management of the Investment Manager which would be deemed an "assignment" under the United States Advisers Act of 1940, as amended) shall be made without the consent of the Company and the Lender.

18. Conflicts with the Credit Agreement.

Subject to the provisions of Section 1 hereof pertaining to the binding effect of certain amendments to the Credit Agreement on the Investment Manager, in the event that this Agreement requires any action to be taken with respect to any matter and the Credit Agreement requires that a different action be taken with respect of such matter, and such actions are mutually exclusive, the provisions of the Credit Agreement in respect thereof shall control.

19. Miscellaneous.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to conflicts of laws principles. With respect to any Proceeding, each party irrevocably (i) submits to the non-exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City and (ii) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party. Nothing in this Agreement precludes either party from bringing Proceedings in any other jurisdiction, nor will the bringing of Proceedings in any one or more jurisdictions preclude the bringing of Proceedings in any other jurisdiction.

(b) THE PARTIES HERETO IRREVOCABLY CONSENT TO THE SERVICE OF ANY AND ALL PROCESS IN ANY ACTION OR PROCEEDING BY THE MAILING OR DELIVERY OF COPIES OF SUCH PROCESS TO EACH SUCH PARTY AT THE ADDRESS SPECIFIED IN SECTION 16 HEREOF. THE PARTIES HERETO AGREE THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

(c) EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

(d) No failure on the part of either party hereto to exercise and no delay in exercising, and no course of dealing with respect to, any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof nor shall any single or partial exercise of any right, remedy, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

(e) The captions in 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.

(f) In the event any provision of this Agreement shall be held invalid or unenforceable, by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provisions hereof.

(g) This Agreement may not be amended or modified or any provision thereof waived except by an instrument in writing signed by the parties hereto.

(h) This Agreement and the Credit Documents contain the entire understanding and agreement between the parties and supersedes all other prior understandings and agreements, whether written or oral, between the parties concerning this subject matter. The express terms of this Agreement control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms hereof.

(i) The Investment Manager (i) consents to, and agrees to perform, the provisions of the Credit Documents applicable to the Investment Manager, (ii) acknowledges that the Company is assigning all of its right, title and interest in, to and under this Agreement to the Lender under the Security Agreement, and (iii) agrees that all of the representations, covenants and agreements made by the Investment Manager in this Agreement are also for the benefit of the Lender.

(j) This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories.

(k) Each representation and warranty made or deemed to be made herein or pursuant hereto, and each indemnity provided for hereby, shall survive the execution and delivery and any termination or assignment of this Agreement or resignation or removal of the Investment Manager.

(l) The Company hereby acknowledges and accepts all actions that were taken by the Investment Manager and/or recommended to the Company by the Investment Manager prior to the Closing Date, including all actions and

recommendations that were related to the anticipated purchase of assets by the Company or that were otherwise consistent with the services to be provided by the Investment Manager to the Company pursuant to Section 1 of this Agreement prior to the Closing Date, in each case, as if this Agreement had been in effect at the time that such actions were taken or such recommendations were made.

20. Non-Petition.

The Investment Manager shall continue to serve as Investment Manager under this Agreement notwithstanding that the Investment Manager shall not have received amounts due to it under this Agreement because sufficient funds were not then available hereunder to pay such amounts in accordance with Section 6.02(k) of the Credit Agreement, and agrees not to cause the filing of an involuntary petition in bankruptcy against the Company for any reason whatsoever, including, without limitation, the non-payment to the Investment Manager, until the payment in full of all amounts payable to the Lender or otherwise under the Credit Agreement and the expiration of a period equal to one year and one day (or, if longer, the applicable preference period then in effect) following all such payments; *provided* that nothing in this clause shall preclude, or be deemed to estop, the Investment Manager (A) from taking any action prior to the expiration of the aforementioned one year and one day (or, if longer, the applicable preference period then in effect) period in (x) any case or proceeding voluntarily filed or commenced by the Company or (y) any involuntary insolvency proceeding filed or commenced against the Company, by a Person other than the Investment Manager or its Affiliates, or (B) from commencing against the Company or any properties of the Company any legal action which is not a bankruptcy, reorganization, arrangement, insolvency, moratorium or liquidation proceeding. The provisions of this Section 20 shall survive the termination of this Agreement for any reason whatsoever.

21. No Recourse.

The Investment Manager hereby acknowledges and agrees that the Company's obligations hereunder will be solely the corporate obligations of the Company, and the Investment Manager will not have any recourse to any of the directors, officers, employees, holders of the membership interest of Company with respect to any claims, losses, damages, liabilities, indemnities or other obligations in connection with any transactions contemplated hereby. Recourse in respect of any obligations of the Company hereunder will be limited to the Company's assets and on the exhaustion thereof all claims against the Company arising from this Agreement or any transactions contemplated hereby shall be extinguished. The provisions of this Section 21 shall survive the termination of this Agreement for any reason whatsoever.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this INVESTMENT MANAGEMENT AGREEMENT to be executed by their respective authorized representatives on the day and year first above written.

BROAD STREET FUNDING LLC

By: /s/ GERALD F. STAHLECKER

Name: Gerald F. Stahlecker

Title: Executive Vice President

FS INVESTMENT CORPORATION

By: /s/ MICHAEL C. FORMAN

Name: Michael C. Forman

Title: President and Chief Executive Officer

SECURITY AGREEMENT

dated as of

March 10, 2010

between

BROAD STREET FUNDING LLC, as Borrower

and

DEUTSCHE BANK AG, NEW YORK BRANCH,
as Lender

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EXHIBITS:

Exhibit A Perfection Certificate

SECURITY AGREEMENT

This SECURITY AGREEMENT (this "**Agreement**") dated as of March 10, 2010 between BROAD STREET FUNDING LLC, as Borrower, and DEUTSCHE BANK AG, NEW YORK BRANCH, as Lender.

RECITALS:

The Borrower is entering into the Credit Agreement described in Section 1 hereof, pursuant to which the Borrower intends to borrow funds for the purpose of investing on a leveraged basis in Fund Investments.

The Borrower is willing to secure, its obligations to the Lender under the Credit Documents, by granting Liens on its assets to the Lender as provided in the Collateral Documents;

WHEREAS, the Lender is not willing to make loans under the Credit Agreement unless the foregoing obligations of the Borrower are secured as described above;

WHEREAS, upon any foreclosure or other enforcement of the Credit Documents, the net proceeds of the Collateral are to be received by or paid over to the Lender and applied as provided herein;

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions.

(a) *Terms Defined in Credit Agreement.* Terms defined in the Credit Agreement and not otherwise defined in subsection (b) or (c) of this Section 1 have, as used herein, the respective meanings provided for therein.

(b) *Terms Defined in UCC.* As used herein, each of the following terms has the meaning specified in the UCC:

<u>Term</u>	<u>UCC</u>
Account	9-102
Authenticate	9-102
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<u>Term</u>	<u>UCC</u>
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Investment Property	9-102
Record	9-102
Securities Account	8-501
Securities Intermediary	8-102
Security	8-102 & 103
Security Entitlement	8-102
Supporting Obligations	9-102

(c) *Additional Definitions.* The following additional terms, as used herein, have the following meanings:

“**Agreement**” has the meaning set forth in the preamble.

“**Asset Contribution Agreement**” means the Asset Contribution Agreement dated as of March 10, 2010 between FS Investment Corporation, as contributor, and Broad Street Funding LLC, as contributee.

“**Assignment Agreement**” shall mean, with respect to any Bank Loan, an “Assignment and Acceptance Agreement,” “Assignment and Assumption Agreement” or other assignment or transfer document in the form required under the terms of such Bank Loan to assign interests and/or obligations in respect of such Bank Loan or, if there is no required form, in such form as is reasonably acceptable to the Lender.

“**Cash Collateral Account**” has the meaning set forth in the Custodial Agreement.

“**Cash Distributions**” means dividends, interest and other distributions and payments (including proceeds of liquidation, sale or other disposition) made or received in cash upon or with respect to any Collateral.

“**Collateral**” means all property, whether now owned or hereafter acquired, on which a Lien is granted or purports to be granted to the Lender pursuant to the Collateral Documents, including the items specified in Section 2(a) below.

“Collateral Accounts” means the Custodial Account, the Cash Collateral Account, the Administrative Expense Sub-account and any additional accounts or sub-accounts established by the Custodian pursuant to the Custodial Agreement.

“Collateral Documents” means this Agreement, the Custodial Agreement and any other supplemental or additional security agreements, control agreements, custodial agreements or similar instruments delivered pursuant to the Credit Documents.

“Control” has the following meanings:

- (a) when used with respect to any Security or Security Entitlement, the meaning specified in UCC Section 8-106; and
- (b) when used with respect to any Deposit Account, the meaning specified in UCC Section 9-104.

“Credit Agreement” means the Credit Agreement dated as of March 10, 2010 between Broad Street Funding LLC, as borrower, and Deutsche Bank AG, New York Branch, as lender.

“Custodial Account” has the meaning set forth in the Custodial Agreement.

“Opinion of Counsel” means a written opinion of legal counsel (who may be counsel to the Borrower or other counsel, in either case approved by the Lender) addressed and delivered to the Lender.

“own” refers to the possession of sufficient rights in property to grant a security interest therein as contemplated by UCC Section 9-203, and **“acquire”** refers to the acquisition of any such rights.

“Perfection Certificate” means a certificate substantially in the form of Exhibit A, completed and supplemented with the schedules contemplated thereby to the satisfaction of the Lender, and signed by an Authorized Representative of the Borrower and a Responsible Officer of the Manager (which could be the same person as the Authorized Representative).

“Pledged”, when used in conjunction with any type of asset, means at any time an asset of such type that is included (or that creates rights that are included) in the Collateral at such time. For example, **“Pledged Fund Investment”** means a Fund Investment that is included in the Collateral at such time.

“Post-Petition Interest” means any interest that accrues after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency or reorganization of the Borrower (or would accrue but for the operation of applicable bankruptcy or insolvency laws), whether or not such interest is allowed or allowable as a claim in any such proceeding.

“Proceeds” means all proceeds of, and all other profits, products, rents or receipts, in whatever form, arising from the collection, sale, lease, exchange, assignment, licensing or other disposition of, or other realization upon, any Collateral, including all claims of the Borrower against third parties for loss of, damage to or destruction of, or for proceeds payable under, or unearned premiums with respect to, policies of insurance in respect of, any Collateral, and any condemnation or requisition payments with respect to any Collateral.

“Release Conditions” means the following conditions for terminating all the Transaction Liens:

- (i) the Commitment under the Credit Agreement shall have expired or been terminated; and
- (ii) all Secured Obligations shall have been paid in full.

“Secured Obligations” means all principal of all Loans outstanding from time to time under the Credit Agreement, all interest (including Post-Petition Interest) on such Loans and all other amounts now or hereafter payable by the Borrower to the Lender pursuant to the Credit Documents.

“Secured Party” means the Lender.

“Transaction Liens” means the Liens granted by the Borrower under the Collateral Documents.

“UCC” means the Uniform Commercial Code as in effect from time to time in the State of New York; *provided* that, if perfection or the effect of perfection or non-perfection or the priority of any Transaction Lien on any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than New York, “UCC” means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

(d) *Terms Generally.* The definitions of terms herein (including those incorporated by reference to the UCC or to another document) apply equally to the singular and plural forms of the terms defined. Whenever the context may

require, any pronoun includes the corresponding masculine, feminine and neuter forms. The words “**include**”, “**includes**” and “**including**” shall be deemed to be followed by the phrase “**without limitation**”. The word “**will**” shall be construed to have the same meaning and effect as the word “**shall**”. Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (ii) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (iii) the words “**herein**”, “**hereof**” and “**hereunder**”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (iv) all references herein to Sections and Exhibits shall be construed to refer to Sections of, and Exhibits to, this Agreement and (v) the word “**property**” shall be construed to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 2. Grant of Transaction Liens.

(a) The Borrower, in order to secure the Secured Obligations, grants to the Lender a continuing security interest in all the following property of the Borrower whether now owned or existing or hereafter acquired or arising and regardless of where located:

- (i) all Accounts;
- (ii) all Chattel Paper;
- (iii) all Deposit Accounts;
- (iv) all Documents;
- (v) all General Intangibles (including, all right, title and interest of the Borrower in, to and under (1) all Bank Loans, (2) the Management Agreement, (3) the Custodial Agreement, and (4) the Asset Contribution Agreement);
- (vi) all Instruments;
- (vii) all Investment Property;
- (viii) all books and records (including documentation, credit files, computer programs, printouts and other computer materials and records) of the Borrower pertaining to any of the Collateral;

(ix) (1) the Collateral Accounts, (2) all Financial Assets credited to the Collateral Accounts from time to time and all Security Entitlements in respect thereof and (3) all Cash held in the Collateral Accounts from time to time; and

(x) all Proceeds of the Collateral described in the foregoing clauses (i) through (ix).

(b) With respect to each right to payment or performance included in the Collateral from time to time, the Transaction Lien granted therein includes a continuing security interest in (i) any Supporting Obligation that supports such payment or performance and (ii) any Lien that (x) secures such right to payment or performance or (y) secures any such Supporting Obligation.

(c) The Transaction Liens are granted as security only and shall not subject the Lender to, or transfer or in any way affect or modify, any obligation or liability of the Borrower with respect to any of the Collateral or any transaction in connection therewith.

SECTION 3. *General Representations and Warranties.* The Borrower represents and warrants that:

(a) It has good and marketable title to all its Collateral, free and clear of any Lien other than Permitted Liens.

(b) It has not performed any acts that would reasonably be likely to prevent the Lender from enforcing any of the provisions of the Credit Documents or that would limit the Lender in any such enforcement. No financing statement, security agreement, mortgage or similar or equivalent document or instrument covering all or part of the Collateral owned by the Borrower is on file or of record in any jurisdiction in which such filing or recording would be effective to perfect or record a Lien on such Collateral. After the Closing Date, no Collateral owned by the Borrower will be in the possession or under the Control of any other Person having a claim thereto or security interest therein, other than a Permitted Lien.

(c) The Transaction Liens on all Collateral owned by the Borrower (i) have been validly created, (ii) will attach to each item of such Collateral on the Closing Date (or, if the Borrower first obtains rights thereto on a later date, on such later date) and (iii) when so attached, will secure all the Secured Obligations.

(d) It has delivered a Perfection Certificate to the Lender. The information set forth therein is correct and complete in all material respects as of the Closing Date.

(e) When UCC financing statements describing the Collateral as “all personal property” or “all assets” have been filed in the offices specified in such Perfection Certificate, the Transaction Liens will constitute perfected security interests in the Collateral owned by the Borrower to the extent that a security interest therein may be perfected by filing pursuant to the UCC, prior to all Liens and rights of others therein. Except for the filing of such UCC financing statements, no registration, recordation or filing with any governmental body, agency or official is required in connection with the execution or delivery of the Collateral Documents or is necessary for the validity or enforceability thereof or for the perfection or due recordation of the Transaction Liens or for the enforcement of the Transaction Liens.

SECTION 4. *Further Assurances; General Covenants.* The Borrower covenants as follows:

(a) It will, from time to time, at its own expense, execute, deliver, file and record any statement, assignment, instrument, document, agreement or other paper and take any other action (including any filing of financing or continuation statements under the UCC) that from time to time may be reasonably necessary or desirable, or that the Lender may reasonably request, in order to:

(i) create, preserve, perfect, confirm or validate the Transaction Liens on the Collateral;

(ii) in the case of any Collateral Account, cause the Lender to have Control thereof;

(iii) enable the Lender and the other Secured Parties to obtain the full benefits of the Credit Documents;

(iv) enable the Lender to exercise and enforce any of its rights, powers and remedies with respect to any of the Collateral (including, from time to time, duly execute and deliver to the Lender or the relevant assignee (as directed by the Lender) such Assignment Agreements and other documents and instruments determined by the Lender to be reasonably necessary to effect or evidence any assignment, purchase or other transfer of Bank Loans as the Lender may request).

To the extent permitted by applicable law, the Borrower authorizes the Lender to (A) execute and file such financing statements or continuation statements without the Borrower’s signature appearing thereon and, (B) upon the occurrence and during the continuance of an Event of Default, execute, deliver and complete, and seek required consents in respect of, any Assignment Agreement delivered by the Borrower with respect to any Bank Loan pursuant to Section 7. The Borrower

agrees that the Lender may utilize a carbon, photographic, photostatic or other reproduction of this Agreement or of a financing statement as a financing statement. The Borrower constitutes the Lender its attorney-in-fact to (1) execute and file all filings required or so requested for the foregoing purposes and, (2) upon the occurrence and during the continuance of an Event of Default, execute, deliver and complete, and seek required consents in respect of, any Assignment Agreement delivered by the Borrower with respect to any Bank Loan, all acts of such attorney being hereby ratified and confirmed; and such power, being coupled with an interest, shall be irrevocable until all the Transaction Liens granted by the Borrower terminate pursuant to Section 15. The Borrower will pay the costs of, or incidental to, any recording or filing of any financing or continuation statements or other documents recorded or filed pursuant hereto.

(b) The Borrower will not (i) change its name or corporate structure, (ii) change its location (determined as provided in UCC Section 9-307) or (iii) become bound, as provided in UCC Section 9-203(d) or otherwise, by a security agreement entered into by another Person, unless it shall have given the Lender prior notice thereof and delivered an Opinion of Counsel with respect thereto in accordance with Section 4(c).

(c) At least 30 days before it takes any action contemplated by Section 4(b), the Borrower will, at its own expense, cause to be delivered to the Lender an Opinion of Counsel, in form and substance satisfactory to the Lender, to the effect that (i) all financing statements and amendments or supplements thereto, continuation statements and other documents required to be filed or recorded in order to perfect and protect the Transaction Liens against all creditors of and purchasers from the Borrower after it takes such action (except any continuation statements specified in such Opinion of Counsel that are to be filed more than six months after the date thereof) have been filed or recorded in each office necessary for such purpose, (ii) all fees and taxes, if any, payable in connection with such filings or recordations have been paid in full and (iii) except as otherwise agreed by the Lender, such action will not adversely affect the perfection or priority of the Transaction Lien on any Collateral after it takes such action or the accuracy of the representations and warranties herein relating to such Collateral.

(d) It will notify the Lender as soon as it has knowledge or reasonable belief that the value of any Collateral has been or may be materially impaired (including as a result of a default or event of default occurring with respect to any Collateral).

(e) It will, promptly upon request, provide to the Lender all information and evidence concerning the Collateral that the Lender may reasonably request from time to time to enable it to enforce the provisions of the Collateral Documents.

(f) It agrees that any financing statement may contain an indication or description of the Collateral that describes such property in any manner as the Lender may determine, in its sole discretion, is necessary, advisable or prudent to ensure the perfection of the security interest in the Collateral granted to the Lender herein, including describing such property as “all assets, whether now owned or hereafter acquired” or “all personal property, whether now owned or hereafter acquired”.

SECTION 5. *Investment Property.* The Borrower represents, warrants and covenants to the Lender as follows:

(a) *Securities and Security Entitlements.* On or prior to the Closing Date, the Borrower will deliver or cause to be delivered to the Custodian, in the manner specified in Section 5(c), all Securities, Security Entitlements and negotiable Instruments then owned by the Borrower, for credit by the Custodian to the Custodial Account. Thereafter, whenever the Borrower acquires any other Security, Security Entitlement or negotiable Instrument, the Borrower will, as promptly as practicable, cause such Security, Security Entitlement or negotiable Instrument to be delivered to the Custodian, in the manner specified in Section 5(c), for credit by the Custodian to the Custodial Account.

(b) *Perfection as to Security Entitlements.* Upon the execution and delivery of the Custodial Agreement by the parties thereto, so long as any Financial Asset owned by the Borrower is credited to the Custodial Account, (i) the Transaction Lien on the Borrower’s Security Entitlement in respect of such Financial Asset will be perfected, subject to no Liens or rights of others (except Permitted Liens), (ii) the Lender will have Control of such Security Entitlement and (iii) no action based on an adverse claim to such Security Entitlement or such Financial Asset, whether framed in conversion, replevin, constructive trust, equitable lien or other theory, may be asserted against the Lender.

(c) *Delivery.* All Securities, Security Entitlements and negotiable Instruments shall be delivered to the Custodian in the manner specified in the definition of “delivery” under the Credit Agreement.

SECTION 6. *Deposit Accounts.* The Borrower represents, warrants and covenants to the Lender as follows:

(a) *Deposit of Cash.* On or prior to the Closing Date, the Borrower will deposit or cause to be deposited in the Cash Collateral Account (or, to the extent permitted under Section 4.01(h) of the Credit Agreement, the Administrative

Expense Sub-account) all Cash then owned by the Borrower. Thereafter, the Borrower will cause all Cash owned by Borrower from time to time, including all Cash Distributions received with respect to assets held in the Collateral Accounts and all Proceeds of Collateral, to be deposited in the Cash Collateral Account, to be held and administered as provided under the Credit Documents.

(b) *Perfection as to Deposit Accounts.* Upon the execution and delivery of the Custodial Agreement by the parties thereto, (i) the Transaction Lien on the Cash Collateral Account and the Administrative Expense Sub-account will be perfected, subject to no Liens or rights of others (except Permitted Liens) and (ii) the Lender will have Control of such Collateral Accounts.

SECTION 7. Bank Loans. The Borrower represents, warrants and covenants to the Lender as follows:

(a) *Delivery of Assignment Agreements.* On or prior to the Closing Date, the Borrower will deliver to the Custodian three Assignment Agreements in respect of each Bank Loan then owned by the Borrower, each undated and duly executed in blank by the Borrower as assignor. Thereafter, promptly upon its acquisition of any interest in a Bank Loan, the Borrower will deliver to the Lender three Assignment Agreements in respect of such Bank Loan, each undated and duly executed in blank by the Borrower as assignor.

(b) *Delivery of Promissory Notes.* On or prior to the Closing Date, in respect of each Bank Loan owned by the Borrower that is evidenced by a promissory note, but excluding any Participation Interests, the Borrower will deliver the original of such promissory note to the Custodian, to be held by the Custodian as agent and bailee of the Lender pursuant to the Custodial Agreement. Thereafter, promptly upon its acquisition of any interest in a Bank Loan that is evidenced by a promissory note, but excluding any Participation Interests, the Borrower will deliver the original of such promissory note to the Custodian, to be held by the Custodian as agent and bailee of the Lender pursuant to the Custodial Agreement.

(c) *Delivery of Participation Agreements.* On or prior to the Closing Date, in respect of each Participation Interest owned by the Borrower, the Borrower will deliver a copy of the applicable participation agreement to the Custodian, to be held by the Custodian as agent and bailee of the Lender pursuant to the Custodial Agreement. Thereafter, promptly upon its entry into any Participation Interest, the Borrower will deliver a copy of the applicable participation agreement to the Custodian, to be held by the Custodian as agent and bailee of the Lender pursuant to the Custodial Agreement.

SECTION 8. Operation of Collateral Accounts.

(a) If an Event of Default shall have occurred and is continuing, the Lender may (i) instruct the Custodian to retain all cash and investments then held in any Collateral Account, (ii) instruct the Custodian to liquidate any or all investments held therein and/or (iii) withdraw any amounts held therein and apply such amounts as provided in Section 10.

(b) If immediately available cash on deposit in any Collateral Account is not sufficient to make any distribution or withdrawal to be made pursuant hereto, the Lender will cause to be liquidated, as promptly as practicable, such investments held in or credited to such Collateral Account as shall be required to obtain sufficient cash to make such distribution or withdrawal and, notwithstanding any other provision hereof, such distribution or withdrawal shall not be made until such liquidation has taken place.

SECTION 9. Right to Vote. (a) Unless an Event of Default shall have occurred and is continuing, the Borrower will have the right, from time to time, to vote and to give consents, ratifications and waivers with respect to any Pledged Fund Investment or any other Collateral.

(b) If an Event of Default shall have occurred and is continuing, the Lender will have the right to the extent permitted by law to vote, to give consents, ratifications and waivers and to take any other action with respect to the Pledged Fund Investments, with the same force and effect as if the Lender were the absolute and sole owner thereof, and the Borrower will take all such action as the Lender may reasonably request from time to time to give effect to such right.

SECTION 10. Remedies upon Event of Default. (a) If an Event of Default shall have occurred and is continuing (for the avoidance of doubt, upon commencement by the Lender of any of the remedies set forth herein or in any of the other Credit Documents or upon notice by the Lender to the Borrower or the Manager that it intends to promptly commence the exercise of any such remedies, such Event of Default shall be deemed to be continuing, and may not be cured or curable by any subsequent actions or events), the Lender may exercise (or cause its sub-agents to exercise) any or all of the remedies available to it (or to such sub-agents) under the Credit Documents.

(b) Without limiting the generality of the foregoing, if an Event of Default shall have occurred and is continuing, the Lender may exercise all the rights of a secured party under the UCC (whether or not in effect in the jurisdiction where such rights are exercised) with respect to any Collateral. In addition, the Lender may, without being required to give any notice, except as herein provided or as may be required by mandatory provisions of law, withdraw all cash held in the Collateral Accounts and apply such cash as provided in Section 11 and, if there shall be no such cash or if such cash shall be insufficient

to pay all the Secured Obligations in full, sell, lease, license or otherwise dispose of the Collateral or any part thereof at such place or places as the Lender deems best, and for cash, credit or any combination thereof or for future delivery, at public or private sale, without demand of performance to effect any such disposition or of the time or place thereof, and the Lender or any one else may be the purchaser, lessee, assignee or recipient of any or all of the Collateral so disposed of at any public sale (or, to the extent permitted by law, at any private sale) and thereafter hold the same absolutely, free from any claim or right of whatsoever kind, including any right or equity of redemption (statutory or otherwise) of the Borrower, any such demand, right or equity being hereby expressly waived and released. The Borrower hereby agrees that in the case of any Collateral that is a Bank Loan, the Lender may effect any such disposition by selling such Bank Loan in a private sale in which the Lender is the purchaser followed by a sale by the Lender of participations in such Bank Loan to one or more third parties (who may be affiliates of the Lender), and that such manner of disposition shall be deemed to be commercially reasonable. The Borrower shall remain liable to the Lender for any deficiency following any such sale of Collateral. In addition to the foregoing remedies, the Lender may take any action that is necessary in Lender's sole good faith discretion to protect, preserve or enforce its rights hereunder or to reduce any risk of loss that it may suffer.

(c) The Lender may adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the sale may be so adjourned. Notice of any such sale or other disposition shall be given to the Borrower to the extent required by Section 13 and by applicable law. If so requested by the Lender or by any buyer of the Collateral or any part thereof, the Borrower shall further ratify and confirm any action taken pursuant to the power of attorney granted herein by executing and delivering to the Lender or to such buyer or buyers at the expense of the Borrower all instruments of assignment, conveyance or transfer, releases, instructions and entitlement orders as may be designated in any such request.

(d) The Lender shall incur no liability as a result of the sale of the Collateral, or any part thereof, at any private sale pursuant to this Section 10 conducted in a commercially reasonable manner. The Borrower hereby waives any claims against the Lender arising by reason of the fact that the price at which the Collateral may have been sold at such a private sale was less than the price that might have been obtained at a public sale, even if the Lender accepts the first offer received and does not offer the Collateral to more than one offeree.

(e) Without limiting the generality of the foregoing, if an Event of Default shall have occurred and is continuing, the Lender may, pursuant hereto and the Management Agreement, terminate (or cause to be terminated) the Management Agreement and replace (or cause to be replaced) the Manager with an institution selected by the Lender in its sole and absolute discretion (which may be Deutsche Bank AG or any of its Affiliates) legally qualified, permitted under applicable law and with the capacity to assume the responsibilities, duties and obligations of the Manager under the Credit Documents and the Management Agreement.

(f) Notwithstanding anything to the contrary contained herein, none of the rights of the Lender specifically identified herein are intended to limit the rights of the Lender under the Credit Documents.

SECTION 11. Application of Proceeds. If an Event of Default shall have occurred and is continuing, the Lender shall apply (i) any Cash held in the Collateral Accounts and (ii) the Proceeds of any sale or other disposition of all or any part of the Collateral, in the following order of priority:

first, to pay the expenses of such sale or other disposition, including reasonable compensation to agents of and counsel for the Lender, and all expenses, liabilities and advances incurred or made by the Lender in connection with the Credit Documents, and any other amounts then due and payable to the Lender pursuant to Section 12 of this Agreement or Section 8.01 of the Credit Agreement;

second, to pay ratably all interest (including Post-Petition Interest) on the Secured Obligations payable under the Credit Agreement, until payment in full of all such interest and fees shall have been made;

third, to pay the unpaid principal of the Secured Obligations ratably, until payment in full of the principal of all Secured Obligations shall have been made (or so provided for);

fourth, to pay all other Secured Obligations ratably, until payment in full of all such other Secured Obligations shall have been made (or so provided for); and

finally, to pay to the Borrower, or as a court of competent jurisdiction may direct, any surplus then remaining from such Cash or the Proceeds of the Collateral;

The Lender may make such distributions hereunder in cash or in kind or, on a ratable basis, in any combination thereof.

SECTION 12. Fees and Expenses; Indemnification. (a) The Borrower will forthwith upon demand pay to the Lender:

(i) the amount of any taxes that the Lender may have been required to pay by reason of the Transaction Liens or to free any Collateral from any other Lien thereon;

(ii) the amount of any and all reasonable out-of-pocket expenses, including transfer taxes and reasonable fees and expenses of counsel and other experts, that the Lender may incur in connection with (x) the administration or enforcement of the Credit Documents, including such expenses as are incurred to preserve the value of the Collateral or the validity, perfection, rank or value of any Transaction Lien, (y) the collection, sale or other disposition of any Collateral or (z) the exercise by the Lender of any of its rights or powers under the Credit Documents;

(iii) the amount of any fees that the Borrower shall have agreed in writing to pay to the Lender and that shall have become due and payable in accordance with such written agreement; and

(iv) the amount required to indemnify the Lender for, or hold it harmless and defend it against, any loss, liability or expense (including the reasonable fees and expenses of its counsel and any experts or sub-agents appointed by it hereunder) incurred or suffered by the Lender in connection with the Credit Documents, except to the extent that such loss, liability or expense directly and primarily arises from the Lender's gross negligence or willful misconduct or a breach of any duty that the Lender has under this Agreement (after giving effect to Section 14).

Any such amount not paid to the Lender on demand will bear interest for each day thereafter until paid at a rate per annum equal to the Weighted Average Rate in effect from time to time plus the Applicable Margin plus 2%.

(b) If any transfer tax, documentary stamp tax or other tax is payable in connection with any transfer or other transaction provided for in the Collateral Documents, the Borrower will pay such tax and provide any required tax stamps to the Lender or as otherwise required by law.

SECTION 13. Authority to Administer Collateral. The Borrower irrevocably appoints the Lender its true and lawful attorney, with full power of substitution, in the name of the Borrower or otherwise, for the sole use and benefit of the Lender, but at the Borrower's expense, to the extent permitted by law to exercise, at any time and from time to time following the occurrence and continuance of an Event of Default, all or any of the following powers with respect to all or any of the Collateral:

(a) to demand, sue for, collect, receive and give acquittance for any and all monies due or to become due upon or by virtue thereof,

(b) to settle, compromise, compound, prosecute or defend any action or proceeding with respect thereto,

(c) to sell, lease, license or otherwise dispose of the same or the proceeds or avails thereof, as fully and effectually as if the Lender were the absolute owner thereof,

(d) to extend the time of payment of any or all thereof and to make any allowance or other adjustment with reference thereto,

provided that, except in the case of Collateral that threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Lender will give the Borrower prior written notice of the time and place of any public sale thereof or the time after which any private sale or other intended disposition thereof will be made (which the parties agree may be less than ten (10) days prior thereto); *provided* that, if no notice of such action is required under the UCC, then the Borrower agrees that no such notice shall be required hereunder. Any such notice shall (i) contain the information specified in UCC Section 9-613, (ii) be Authenticated and (iii) be sent to the parties required to be notified pursuant to UCC Section 9-611(c); *provided* that, if the Lender fails to comply with this sentence in any respect, its liability for such failure shall be limited to the liability (if any) imposed on it as a matter of law under the UCC.

SECTION 14. *Limitation on Duty in Respect of Collateral.* Beyond the exercise of reasonable care in the custody and preservation thereof, the Lender will have no duty as to any Collateral in its possession or control or in the possession or control of any sub-agent or bailee or any income therefrom or as to the preservation of rights against prior parties or any other rights pertaining thereto. The Lender will be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession or control if such Collateral is accorded treatment substantially equal to that which it accords its own property, and will not be liable or responsible for any loss or damage to any Collateral, or for any diminution in the value thereof, by reason of any act or omission of any sub-agent or bailee selected by the Lender in good faith, except to the extent that such liability arises directly and primarily from the Lender's gross negligence or willful misconduct.

SECTION 15. *Termination of Transaction Liens; Release of Collateral.*

(a) The Transaction Liens shall terminate when the Lender has determined that all the Release Conditions have been satisfied.

(b) At any time before the Transaction Liens terminate, the Lender may, at the written request of the Borrower, elect to release any Collateral in its sole and absolute discretion.

(c) Upon any sale of a Fund Investment or any other Collateral in accordance with the terms of the Credit Agreement, the Transaction Lien thereon shall automatically terminate, without any action by the Borrower or the Lender.

(d) Upon any termination of a Transaction Lien or release of Collateral, the Lender will, at the Borrower's expense, execute and deliver to the Borrower such documents as the Borrower shall reasonably request to evidence the termination of such Transaction Lien or the release of such Collateral, as the case may be.

SECTION 16. *Notices.* Each notice, request or other communication given to any party hereunder shall be given in accordance with Section 8.03 of the Credit Agreement.

SECTION 17. *No Implied Waivers; Remedies Not Exclusive.* No failure by the Lender to exercise, and no delay in exercising and no course of dealing with respect to, any right or remedy under any Credit Document shall operate as a waiver thereof; nor shall any single or partial exercise by the Lender of any right or remedy under any Credit Document preclude any other or further exercise thereof or the exercise of any other right or remedy. The rights and remedies specified in the Credit Documents are cumulative and are not exclusive of any other rights or remedies provided by law.

SECTION 18. *Successors and Assigns.* This Agreement is for the benefit of the Lender. If all or any part of Lender's interest in any Secured Obligation is assigned or otherwise transferred in accordance with Section 8.05 of the Credit Agreement, the transferor's rights hereunder, to the extent applicable to the obligation so transferred, shall be automatically transferred with such obligation. This Agreement shall be binding on the Borrower and its successors and assigns.

SECTION 19. *Amendments and Waivers.* Neither this Agreement nor any provision hereof may be waived, amended, modified or terminated except pursuant to an agreement or agreements in writing entered into by the Lender. No such waiver, amendment or modification shall be binding upon the Borrower, except with its written consent.

SECTION 20. Choice of Law. This Agreement shall be construed in accordance with and governed by the laws of the State of New York, except as otherwise required by mandatory provisions of law and except to the extent that remedies provided by the laws of any jurisdiction other than the State of New York are governed by the laws of such jurisdiction.

SECTION 21. Waiver of Jury Trial. EACH PARTY HERETO WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO ANY COLLATERAL DOCUMENT OR ANY TRANSACTION CONTEMPLATED THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 22. Severability. If any provision of any Credit Document is invalid or unenforceable in any jurisdiction, then, to the fullest extent permitted by law, (i) the other provisions of the Credit Documents shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of the Lender in order to carry out the intentions of the parties thereto as nearly as may be possible and (ii) the invalidity or unenforceability of such provision in such jurisdiction shall not affect the validity or enforceability thereof in any other jurisdiction.

[Signatures begin on the next page]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

BROAD STREET FUNDING LLC
as Borrower

By: /s/ GERALD F. STAHLECKER
Name: Gerald F. Stahlecker
Title: Executive Vice President

DEUTSCHE BANK AG, NEW YORK BRANCH,
as Lender

By: /s/ SATISH RAMAKRISHNA
Name: Satish Ramakrishna
Title: Managing Director

By: /s/ FRANK NELSON
Name: Frank Nelson
Title: Managing Director

[Signature page to Security Agreement]

PERFECTION CERTIFICATE

The undersigned is a duly authorized officer of BROAD STREET FUNDING LLC (the "**Lien Grantor**"). With reference to the Security Agreement dated as of March 10, 2010 between BROAD STREET FUNDING LLC, as borrower, and DEUTSCHE BANK AG, NEW YORK BRANCH, as lender (terms defined therein being used herein as therein defined), the undersigned certifies to the Lender as follows:

A. Information Required for Filings and Searches for Prior Filings.

1. *Jurisdiction of Organization.* The Lien Grantor is a limited liability company organized under the laws of Delaware.
2. *Name.* The exact name of the Lien Grantor as it appears in its certificate of formation is as follows:

BROAD STREET FUNDING LLC

3. *Prior Names; Predecessors.* (a) Set forth below is each other name that the Lien Grantor has had since its organization, together with the date of the relevant change:

None

(b) The Lien Grantor has not changed its corporate structure in any way within the past five years.

(c) None of the Lien Grantor's Collateral was acquired from another Person within the past five years, except

(i) property sold to the Lien Grantor by another Person in the ordinary course of such other Person's business;

(ii) property with respect to which the Transaction Liens are to be perfected by taking possession or control thereof; and

(iii) property contributed by FS Investment Corporation (the "**Equity Owner**") pursuant to the Asset Contribution Agreement dated as of March 10, 2010 between the Equity Owner and the Borrower.

4. *Organizational ID Number*. Set forth below is the Organizational Identification Number, if any, issued by the jurisdiction of organization of the Lien Grantor.

26-1630040

5. *Chief Executive Office*. The chief executive office of the Lien Grantor (or its place of business if there is only one) is located at the address set forth below:

Mailing Address

Cira Centre, 2929 Arch Street, Suite 675

County

Philadelphia

State

PA, 19104

B. Search Reports.

Attached hereto as Schedule A is a true copy of a file search report from the central UCC filing office in Delaware with respect to the Borrower.

C. Absence of Certain Property.

The Lien Grantor does not own any assets of material value which constitute commercial tort claims, farm products, electronic chattel paper, letter-of-credit rights which are not supporting obligations or as-extracted collateral, as each of the foregoing terms is defined in the UCC.

[Signatures begin on the next page]

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of _____, 2010.

BROAD STREET FUNDING LLC

By: _____

Name:

Title:

[Signature page to Perfection Certificate]

UCC Filing Search

Attached

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