

**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 1, 2018**

FS Investment Corporation

(Exact name of Registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation)

814-00757
(Commission
File Number)

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

201 Rouse Boulevard
Philadelphia, Pennsylvania
(Address of principal executive offices)

19112
(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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

- Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On March 1, 2018, FS Investment Corporation (the “Company”) issued a press release (the “Press Release”) providing an overview of its operating results for the quarter and year ended December 31, 2017.

A copy of the Press Release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 7.01. Regulation FD Disclosure.

On March 1, 2018, in the Press Release, the Company announced a regular cash distribution of \$0.19 per share, which will be paid on or about April 3, 2018 to stockholders of record as of the close of business on March 21, 2018.

Additionally, in February 2018, the Company’s board of directors authorized a stock repurchase program. Under the program, the Company may repurchase up to \$50 million in the aggregate of its outstanding common stock in the open market at prices below the current net asset value per share. The timing, manner, price and amount of any share repurchases will be determined by the Company, in its discretion, based upon the evaluation of economic and market conditions, the Company’s stock price, applicable legal and regulatory requirements and other factors. The program will be in effect through February 21, 2019, unless extended or until the aggregate repurchase amount that has been approved by the Company’s board of directors has been expended. The program does not require the Company to repurchase any specific number of shares and the Company cannot assure stockholders that any shares will be repurchased under the program. The program may be suspended, extended, modified or discontinued at any time.

The Press Release is incorporated herein by reference.

The Company will make available under the “Presentations and Reports” page within the “Investor Relations” section of the Company’s website (www.fsinvestmentcorp.com) a presentation providing an overview of the Company’s operating results for the quarter and year ended December 31, 2017 in advance of its previously announced March 2, 2018 conference call.

Forward-Looking Statements

This Current Report on Form 8-K may contain certain forward-looking statements, including statements with regard to future events or the future performance or operation of the Company. Words such as “believes,” “expects,” “projects” and “future” or similar expressions are intended to identify forward-looking statements. These forward-looking statements are subject to the inherent uncertainties in predicting future results and conditions. Certain factors could cause actual results to differ materially from those projected in these forward-looking statements. Factors that could cause actual results to differ materially include changes in the economy, risks associated with possible disruption in the Company’s operations or the economy generally due to terrorism or natural disasters, future changes in laws or regulations and conditions in the Company’s operating area, and the price at which shares of common stock may trade on the New York Stock Exchange. Some of these factors are enumerated in the filings the Company makes with the Securities and Exchange Commission. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

EXHIBIT NUMBER	DESCRIPTION
99.1	Press Release, dated March 1, 2018.

SIGNATURE

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

FS Investment Corporation

Date: March 1, 2018

By: /s/ Stephen S. Sypherd

Stephen S. Sypherd
Vice President

EXHIBIT INDEX

<u>EXHIBIT NUMBER</u>	<u>DESCRIPTION</u>
<u>99.1</u>	<u>Press Release, dated March 1, 2018.</u>



FSIC Reports Fourth Quarter and Annual 2017 Financial Results and Declares Regular Distribution for First Quarter

PHILADELPHIA, PA, March 1, 2018 – FS Investment Corporation (NYSE: FSIC), a publicly traded business development company focused on providing customized credit solutions to private middle market U.S. companies, announced its operating results for the quarter and year ended December 31, 2017, and that its board of directors has declared its first quarter 2018 regular distribution.

Financial Highlights for the Quarter Ended December 31, 2017¹

- Net investment income of \$0.22 per share, compared to \$0.21 per share for the quarter ended December 31, 2016
- Adjusted net investment income of \$0.24 per share, compared to \$0.23 per share for the quarter ended December 31, 2016²
- Total net realized loss of \$0.04 per share and total net change in unrealized depreciation of \$0.12 per share, compared to a total net realized loss of \$0.18 per share and a total net change in unrealized appreciation of \$0.18 per share for the quarter ended December 31, 2016
- Paid cash distributions to stockholders totaling \$0.19 per share³
- Total purchases of \$262.6 million versus \$234.6 million of sales and repayments
- Net asset value of \$9.30 per share, compared to \$9.43 per share as of September 30, 2017

Financial Highlights for the Year Ended December 31, 2017¹

- Net investment income of \$0.83 per share, compared to \$0.85 per share for the year ended December 31, 2016
- Adjusted net investment income of \$0.85 per share, compared to \$0.87 per share for the year ended December 31, 2016²
- Total net realized loss of \$0.58 per share and total net change in unrealized appreciation of \$0.49 per share, compared to a total net realized loss of \$0.26 per share and a total net change in unrealized appreciation of \$0.62 per share for the year ended December 31, 2016
- Paid cash distributions to stockholders totaling \$0.85825 per share
- Total purchases of \$1.3 billion versus \$1.1 billion of sales and repayments

“Since announcing the strategic partnership with KKR in December, the transition of advisory services is advancing as expected and we continue to provide our portfolio companies and their sponsors with timely, flexible capital, as evidenced by several financings we have recently executed,” said Michael Forman, Chairman and Chief Executive Officer of FSIC. “We are confident that our new partnership will allow us to grow stockholder value and our share repurchase program demonstrates our commitment to FSIC investors.”

Declaration of Regular Distribution for First Quarter 2018

FSIC’s board of directors has declared a regular cash distribution for the first quarter of \$0.19 per share, which will be paid on or about April 3, 2018 to stockholders of record as of the close of business on March 21, 2018.

Share Repurchase Program

In February 2018, FSIC’s board of directors authorized a stock repurchase program. Under the program, FSIC may repurchase up to \$50 million in the aggregate of its outstanding common stock in the open market at prices below the current net asset value per share. The timing, manner, price and amount of any share repurchases will be determined by FSIC, in its discretion, based upon the evaluation of economic and market conditions, FSIC’s stock price, applicable legal and regulatory requirements and other factors. The program will be in effect through February 21, 2019, unless extended or until the aggregate repurchase amount that has been approved by FSIC’s board of directors has been expended. The program does not require FSIC to repurchase any specific number of shares and FSIC cannot assure stockholders that any shares will be repurchased under the program. The program may be suspended, extended, modified or discontinued at any time.

Summary Consolidated Results

(dollars in thousands, except per share data) (all per share amounts are basic and diluted) ¹	Three Months Ended		
	December 31, 2017	September 30, 2017	December 31, 2016
Total investment income	\$ 110,861	\$ 103,691	\$ 108,978
Net investment income	54,061	50,648	51,542
Net increase (decrease) in net assets resulting from operations	14,754	85,398	51,862
Net investment income per share	\$ 0.22	\$ 0.21	\$ 0.21
Adjusted net investment income per share ²	\$ 0.24	\$ 0.21	\$ 0.23
Total net realized and unrealized gain (loss) per share	\$ (0.16)	\$ 0.14	\$ 0.00
Net increase (decrease) in net assets resulting from operations (Earnings per Share)	\$ 0.06	\$ 0.35	\$ 0.21
Stockholder distributions per share ³	\$ 0.19000	\$ 0.22275	\$ 0.22275
Net asset value per share at period end	\$ 9.30	\$ 9.43	\$ 9.41
Weighted average shares outstanding	245,725,416	245,678,745	244,016,474
Shares outstanding, end of period	245,725,416	245,725,416	244,063,357

(dollar amounts in thousands)	As of December 31, 2017	As of December 31, 2016
Total fair value of investments	\$ 3,926,234	\$ 3,726,816
Total assets	4,104,275	4,110,071
Total stockholders' equity	2,284,723	2,297,377

Portfolio Highlights as of December 31, 2017

- Total fair value of investments was \$3.9 billion.
- Core investment strategies⁴ represented 99% of the portfolio by fair value as of December 31, 2017, including 92% from direct originations and 7% from opportunistic investments. Broadly syndicated/other investments represented the remaining 1% of the portfolio by fair value.
- Gross portfolio yield prior to leverage (based on amortized cost and excluding non-income producing assets)⁵ was 10.5%, compared to 10.3% as of September 30, 2017.
- Total commitments to direct originations (including unfunded commitments) made during the fourth quarter of 2017 was \$220.2 million in 13 companies, 10 of which were existing portfolio companies.
- Approximately 0.2% of investments were on non-accrual based on fair value.⁶

Total Portfolio Activity

(dollar amounts in thousands)	Three Months Ended		
	December 31, 2017	September 30, 2017	December 31, 2016
Purchases	\$ 262,562	\$ 183,384	\$ 495,071
Sales and redemptions	(234,638)	(255,483)	(715,567)
Net portfolio activity	\$ 27,924	\$ (42,099)	\$ (220,496)

Portfolio Data	As of December 31, 2017	As of December, 2016
Total fair value of investments	\$ 3,926,234	\$ 3,726,816
Number of Portfolio Companies	100	102
Average Annual EBITDA of Portfolio Companies	\$ 85,700	\$ 100,000
Weighted Average Purchase Price of Debt Investments (as a % of par)	99.5%	98.6%
% of Investments on Non-Accrual (based on fair value) ⁶	0.2%	0.2%

Asset Class (based on fair value)		
Senior Secured Loans — First Lien	64%	52%
Senior Secured Loans — Second Lien	5%	16%
Senior Secured Bonds	4%	4%
Subordinated Debt	13%	12%
Collateralized Securities	1%	2%
Equity/Other	13%	14%

Portfolio Composition by Strategy (based on fair value) ⁴		
Direct Originations	92%	88%
Opportunistic	7%	9%
Broadly Syndicated/Other	1%	3%

Interest Rate Type (based on fair value)		
% Variable Rate	69.4%	67.0%
% Fixed Rate	17.8%	19.4%
% Income Producing Equity/Other Investments	2.3%	2.7%
% Non-Income Producing Equity/Other Investments	10.5%	10.9%

Yields (based on amortized cost) ⁵		
Gross Portfolio Yield Prior to Leverage	9.6%	9.1%
Gross Portfolio Yield Prior to Leverage — Excluding Non-Income Producing Assets	10.5%	10.1%

Direct Origination Activity

(dollar amounts in thousands)	Three Months Ended		
	December 31, 2017	September 30, 2017	December 31, 2016
Total Commitments (including unfunded commitments)	\$ 220,159	\$ 199,157	\$ 526,589
Exited Investments (including partial paydowns)	(159,678)	(169,035)	(598,468)
Net Direct Originations	\$ 60,481	\$ 30,122	\$ (71,879)

Direct Originations Portfolio Data	As of December 31, 2017	As of December 31, 2016
Total Fair Value of Direct Originations	\$ 3,606,608	\$ 3,264,395
Number of Portfolio Companies	75	67
Average Annual EBITDA of Portfolio Companies	\$ 68,600	\$ 64,600
Average Leverage Through Tranche of Portfolio Companies — Excluding Equity/Other and Collateralized Securities	4.9x	4.8x
% of Investments on Non-Accrual (based on fair value) ⁶	—	0.1%

New Direct Originations by Asset Class (including unfunded commitments)	Three Months Ended		
	December 31, 2017	September 30, 2017	December 31, 2016
Senior Secured Loans — First Lien	74%	85%	88%
Senior Secured Loans — Second Lien	7%	2%	5%
Senior Secured Bonds	11%	—	1%
Subordinated Debt	—	13%	2%
Collateralized Securities	—	—	—
Equity/Other	8%	—	4%
Average New Direct Origination Commitment Amount	\$ 16,935	\$ 49,789	\$ 29,255
Weighted Average Maturity for New Direct Originations	10/8/2023	5/5/2023	6/20/2023
Gross Portfolio Yield Prior to Leverage (based on amortized cost) of New Direct Originations Funded during Period ⁵	8.6%	9.6%	8.8%
Gross Portfolio Yield Prior to Leverage (based on amortized cost) of New Direct Originations Funded during Period — Excluding Non-Income Producing Assets ⁵	9.3%	9.6%	9.1%
Gross Portfolio Yield Prior to Leverage (based on amortized cost) of Direct Originations Exited during Period ⁵	8.9%	12.0%	8.0%

Leverage and Liquidity as of December 31, 2017

- Debt to equity ratio of 75%, based on \$1.72 billion in total debt outstanding and stockholders' equity of \$2.28 billion. FSIC's weighted average effective interest rate (including the effect of non-usage fees) was 4.26%
- Cash and foreign currency of approximately \$138.7 million and availability under its financing arrangements of \$260.8 million, subject to borrowing base and other limitations
- Twenty unfunded debt investments with aggregate unfunded commitments of \$154.1 million and two unfunded equity commitments with aggregate unfunded commitments of \$299 thousand

Conference Call Information

FSIC will host a conference call at 10:00 a.m. (Eastern Time) on Friday, March 2, 2018, to discuss its fourth quarter and year ended December 31, 2017 financial results. All interested parties are welcome to participate. You can access the conference call by dialing (877) 443-2408 and using the conference ID 2167236 approximately 10 minutes prior to the call. The conference call will also be webcast, which can be accessed from the Investor Relations section of FSIC's website at www.fsinvestmentcorp.com under Presentations and Reports.

A replay of the call will be available for a period of 30 days following the call by visiting the Investor Relations section of FSIC's website at www.fsinvestmentcorp.com under Presentations and Reports.

Supplemental Information

An investor presentation of financial information will be made available prior to the call in the Investor Relations section of FSIC's website at www.fsinvestmentcorp.com under Presentations and Reports.

About FS Investment Corporation

FS Investment Corporation (NYSE: FSIC) is a publicly traded business development company ("BDC") focused on providing customized credit solutions to private middle market U.S. companies. FSIC seeks to invest primarily in the senior secured debt and, to a lesser extent, the subordinated debt of private middle market companies to achieve the best risk-adjusted returns for its investors. In connection with its debt investments, FSIC may receive equity interests such as warrants or options.

FSIC is advised by FB Income Advisor, LLC, an affiliate of FS Investments, and is currently sub-advised by GSO / Blackstone Debt Funds Management LLC, an affiliate of GSO Capital Partners ("GSO"). GSO, with approximately \$138.1 billion in assets under management as of December 31, 2017, is the credit platform of Blackstone, one of the world's leading managers of alternative investments. For more information, please visit www.fsinvestmentcorp.com.

About FS Investments

FS Investments is a leading asset manager dedicated to helping individuals, financial professionals and institutions design better portfolios. The firm provides access to alternative sources of income and growth and focuses on setting industry standards for investor protection, education and transparency.

FS Investments is headquartered in Philadelphia, PA with offices in Orlando, FL, New York, NY and Washington, DC. The firm had more than \$20 billion in assets under management as of December 31, 2017.

Visit www.fsinvestments.com to learn more.

Forward-Looking Statements and Important Disclosure Notice

This announcement may contain certain forward-looking statements, including statements with regard to future events or the future performance or operations of FSIC. Words such as "believes," "expects," "projects," and "future" or similar expressions are intended to identify forward-looking statements. These forward-looking statements are subject to the inherent uncertainties in predicting future results and conditions. Certain factors could cause actual results to differ materially from those projected in these forward-looking statements. Factors that could cause actual results to differ materially include changes in the economy, risks associated with possible disruption in FSIC's operations or the economy generally due to terrorism or natural disasters, future changes in laws or regulations and conditions in FSIC's operating area, and the price at which shares of FSIC's common stock trade on the New York Stock Exchange. Some of these factors are enumerated in the filings FSIC makes with the SEC. FSIC undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

The press release above contains summaries of certain financial and statistical information about FSIC. The information contained in this press release is summary information that is intended to be considered in the context of FSIC's SEC filings and other public announcements that FSIC may make, by press release or otherwise, from time to time. FSIC undertakes no duty or obligation to update or revise the information contained in this press release. In addition, information related to past performance, while helpful as an evaluative tool, is not necessarily indicative of future results, the achievement of which cannot be assured. Investors should not view the past performance of FSIC, or information about the market, as indicative of FSIC's future results.

Other Information

The information in this press release is summary information only and should be read in conjunction with FSIC's annual report on Form 10-K for the year ended December 31, 2017, which FSIC filed with the U.S. Securities and Exchange Commission (the "SEC") on March 1, 2018, as well as FSIC's other reports filed with the SEC. A copy of FSIC's annual report on Form 10-K for the year ended December 31, 2017 and FSIC's other reports filed with the SEC can be found on FSIC's website at www.fsinvestmentcorp.com and the SEC's website at www.sec.gov.

Certain Information About Distributions

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

The timing and amount of any future distributions on FSIC's shares of common stock are subject to applicable legal restrictions and the sole discretion of its board of directors. There can be no assurance as to the amount or timing of any such future distributions, including the special distribution referenced herein.

FSIC may fund its cash distributions to stockholders from any sources of funds legally available to it, including proceeds from the sale of shares of FSIC's common stock, borrowings, net investment income from operations, capital gains proceeds from the sale of assets, non-capital gains proceeds from the sale of assets and dividends or other distributions paid to it on account of preferred and common equity investments in portfolio companies. FSIC has not established limits on the amount of funds it may use from available sources to make distributions. There can be no assurance that FSIC will be able to pay distributions at a specific rate or at all.

Contact Information:

Investors

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Media

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Income Statement**Year Ended December 31,**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Investment income			
From non-controlled/unaffiliated investments:			
Interest income	\$ 319,155	\$ 344,639	\$ 397,613
Paid-in-kind interest income	32,440	28,519	23,221
Fee income	41,136	35,541	43,392
Dividend income	21	2,727	6,499
From non-controlled/affiliated investments:			
Interest income	10,768	6,087	2,295
Paid-in-kind interest income	2,469	737	308
Fee income	2,880	752	790
Dividend income	—	224	299
From controlled/affiliated investments:			
Interest income	4,373	2	380
Paid-in-kind interest income	6,069	3,581	—
Total investment income	<u>419,311</u>	<u>422,809</u>	<u>474,797</u>
Operating expenses			
Management fees	72,797	71,280	75,401
Capital gains incentive fees	—	—	(21,075)
Subordinated income incentive fees	50,297	51,830	61,036
Administrative services expenses	3,051	3,475	4,182
Accounting and administrative fees	1,014	966	1,082
Interest expense	79,145	74,058	75,127
Directors' fees	1,149	1,139	1,026
Other general and administrative expenses	5,415	7,184	6,872
Total operating expenses	<u>212,868</u>	<u>209,932</u>	<u>203,651</u>
Management fee waiver	(2,575)	—	—
Net expenses	<u>210,293</u>	<u>209,932</u>	<u>203,651</u>
Net investment income before taxes	209,018	212,877	271,146
Excise taxes	5,259	5,554	6,056
Net investment income	<u>203,759</u>	<u>207,323</u>	<u>265,090</u>

Income Statement

	Year Ended December 31,		
	2017	2016	2015
Realized and unrealized gain/loss			
Net realized gain (loss) on investments:			
Non-controlled/unaffiliated investments	\$ (98,580)	\$ (63,535)	\$ (62,426)
Non-controlled/affiliated investments	8,690	—	—
Controlled/affiliated investments	(52,879)	(26)	—
Net realized gain (loss) on secured borrowing	(21)	—	—
Net realized gain (loss) on foreign currency	247	330	(640)
Net change in unrealized appreciation (depreciation) on investments:			
Non-controlled/unaffiliated investments	137,342	138,719	(212,155)
Non-controlled/affiliated investments	(17,041)	8,519	44,247
Controlled/affiliated investments	6,211	1,453	743
Net change in unrealized appreciation (depreciation) on secured borrowing	49	(49)	—
Net change in unrealized gain (loss) on foreign currency	(5,790)	1,557	3,526
Total net realized and unrealized gain (loss)	(21,772)	86,968	(226,705)
Net increase (decrease) in net assets resulting from operations	\$ 181,987	\$ 294,291	\$ 38,385
Per share information—basic and diluted			
Net increase (decrease) in net assets resulting from operations (Earnings per Share)	\$ 0.74	\$ 1.21	\$ 0.16
Weighted average shares outstanding	245,270,969	243,448,610	241,946,850

Balance Sheet

	December 31,	
	2017	2016
Assets		
Investments, at fair value		
Non-controlled/unaffiliated investments (amortized cost—\$3,532,517 and \$3,509,899, respectively)	\$ 3,600,911	\$ 3,440,951
Non-controlled/affiliated investments (amortized cost—\$197,468 and \$153,167, respectively)	230,055	202,795
Controlled/affiliated investments (amortized cost—\$86,861 and \$80,874, respectively)	95,268	83,070
Total investments, at fair value (amortized cost—\$3,816,846 and \$3,743,940, respectively)	\$ 3,926,234	\$ 3,726,816
Cash	134,932	264,594
Foreign currency, at fair value (cost—\$3,685 and \$4, respectively)	3,810	4
Receivable for investments sold and repaid	3,477	75,921
Income receivable	30,668	36,106
Deferred financing costs	3,459	5,828
Prepaid expenses and other assets	1,695	802
Total assets	\$ 4,104,275	\$ 4,110,071
Liabilities		
Payable for investments purchased	\$ 1,978	\$ 5,748
Credit facilities payable (net of deferred financing costs of \$3,179 and \$0, respectively)	638,571	619,932
Unsecured notes payable (net of deferred financing costs of \$1,402 and \$1,884, respectively)	1,073,445	1,070,701
Secured borrowing, at fair value (proceeds of \$0 and \$2,831, respectively)	—	2,880
Stockholder distributions payable	46,704	54,364
Management fees payable	15,450	18,022
Subordinated income incentive fees payable	12,871	12,885
Administrative services expense payable	294	516
Interest payable	22,851	20,144
Directors' fees payable	276	281
Other accrued expenses and liabilities	7,112	7,221
Total liabilities	1,819,552	1,812,694
Commitments and contingencies	—	—
Stockholders' equity		
Preferred stock, \$0.001 par value, 50,000,000 shares authorized, none issued and outstanding	—	—
Common stock, \$0.001 par value, 450,000,000 shares authorized, 245,725,416 and 244,063,357 shares issued and outstanding, respectively	246	244
Capital in excess of par value	2,272,591	2,261,040
Accumulated undistributed net realized gain/loss on investments and gain/loss on foreign currency	(245,288)	(104,274)
Accumulated undistributed (distributions in excess of) net investment income	144,062	148,026
Net unrealized appreciation (depreciation) on investments and secured borrowing and unrealized gain/loss on foreign currency	113,112	(7,659)
Total stockholders' equity	2,284,723	2,297,377
Total liabilities and stockholders' equity	\$ 4,104,275	\$ 4,110,071
Net asset value per share of common stock at year end	\$ 9.30	\$ 9.41

Non-GAAP Financial Measures

This press release contains certain financial measures that have not been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”). FSIC uses these non-GAAP financial measures internally in analyzing financial results and believes that the use of these non-GAAP financial measures is useful to investors as an additional tool to evaluate ongoing results and trends and in comparing FSIC’s financial results with other BDCs.

Non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP financial measures, and should be read only in conjunction with FSIC’s consolidated financial statements prepared in accordance with GAAP. A reconciliation of non-GAAP financial measures to the most directly comparable GAAP measures has been provided in this press release, and investors are encouraged to review the reconciliation.

Reconciliation of Non-GAAP Financial Measures¹

	Three Months Ended		
	December 31, 2017	September 30, 2017	December 31, 2016
GAAP net investment income per share	\$ 0.22	\$ 0.21	\$ 0.21
Plus capital gains incentive fees per share	—	—	—
Plus excise taxes per share	0.02	—	0.02
Plus one-time expenses per share	—	—	—
Adjusted net investment income per share ²	\$ 0.24	\$ 0.21	\$ 0.23

- 1) Per share data was derived by using the weighted average shares of FSIC’s common stock outstanding during the applicable period. Per share numbers may not sum due to rounding.
- 2) Adjusted net investment income is a non-GAAP financial measure. Adjusted net investment income is presented for all periods as GAAP net investment income excluding (i) the accrual for the capital gains incentive fee for realized and unrealized gains; (ii) excise taxes; and (iii) certain non-recurring operating expenses that are one-time in nature and are not representative of ongoing operating expenses incurred during FSIC’s normal course of business (referred to herein as one-time expenses). FSIC uses this non-GAAP financial measure internally in analyzing financial results and believes that the use of this non-GAAP financial measure is useful to investors as an additional tool to evaluate ongoing results and trends and in comparing its financial results with other business development companies. The presentation of this additional information is not meant to be considered in isolation or as a substitute for financial results prepared in accordance with GAAP. A reconciliation of GAAP net investment income to adjusted net investment income can be found above.
- 3) The per share data for distributions reflects the amount of distributions paid per share of our common stock to stockholders of record during each applicable period.
- 4) See FSIC’s annual report on Form 10-K for the year ended December 31, 2017 for a description of FSIC’s investment strategies.
- 5) Gross portfolio yield represents the expected annualized yield of FSIC’s investment portfolio based on the composition of the portfolio as of the applicable date. FSIC’s estimated gross portfolio yield may be higher than an investor’s yield on an investment in shares of FSIC’s common stock because it does not reflect sales commissions or charges that may be incurred in connection with the purchase or sale of such shares, or operating expenses that may be incurred by FSIC. FSIC’s estimated gross portfolio yield does not represent an actual investment return to stockholders, is subject to change and, in the future, may be greater or less than the rates set forth herein.
- 6) Interest income is recorded on an accrual basis. See FSIC’s annual report on Form 10-K for the year ended December 31, 2017 for a description of FSIC’s revenue recognition policy.