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

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**FORM 8-K**

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**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 31, 2014**

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**FS Investment Corporation**

(Exact name of Registrant as specified in its charter)

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**Maryland**  
(State or other jurisdiction  
of incorporation)

**814-00757**  
(Commission  
File Number)

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

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

**19104**  
(Zip Code)

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

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

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

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

*Special Cash Distributions*

FS Investment Corporation (the "Company") previously announced that it expected to distribute a portion of its excess income to stockholders in the form of special cash distributions. The board of directors of the Company (the "Board") intends to declare two special cash distributions, each in the amount of \$0.10 per share, that will be paid on August 15, 2014 and November 14, 2014 to stockholders of record as of July 31, 2014 and October 31, 2014, respectively. The payment of the two special cash distributions is contingent on the completion of the Listing (as defined below).

*Increase in Amount of Regular Cash Distributions*

On March 31, 2014 and in connection with the reduction in the base management fee to be paid to the Company's investment adviser described below, the Board determined to increase the amount of the regular monthly cash distribution payable to stockholders of record from \$0.0720 per share to \$0.07425 per share in order to increase the Company's annual distribution rate from 8.41% to 8.68% (based on the Company's last publicly reported net asset value per share of \$10.27 as of February 28, 2014). The increase in the regular monthly cash distribution to \$0.07425 per share will commence with the regular monthly cash distribution payable on April 30, 2014 to stockholders of record as of April 29, 2014.

**Item 7.01. Regulation FD Disclosure.**

On April 1, 2014, the Company issued a press release regarding the matters described in this Current Report on Form 8-K. A copy of a press release regarding the foregoing is attached hereto as Exhibit 99.1 and is incorporated by reference herein.

The Company expects to make presentations on and after April 1, 2014 to certain institutions and other parties in connection with the Listing. The presentation is attached hereto as Exhibit 99.2.

A copy of a presentation that is intended to be used by representatives of the Company with current investors is attached hereto as Exhibit 99.3.

The information in Items 2.02 and 7.01, including Exhibit 99.1, Exhibit 99.2 (except for slide 4 thereof, which is filed) and Exhibit 99.3 (except for slides 13 and 15 thereof, which are filed), and the information set forth therein, is deemed to have been furnished to, and shall not be deemed to be "filed" with, the Securities and Exchange Commission (the "SEC").

**Item 8.01. Other Events.**

*Listing on NYSE*

As previously announced, the Company has applied to list its shares of common stock on the New York Stock Exchange LLC (“NYSE”) under the symbol “FSIC”. The Company anticipates that its shares of common stock will commence trading on the NYSE on or about April 16, 2014, subject to NYSE approval (the “Listing”). There can be no assurance that the Company will be able to complete the Listing within this time frame or at all.

Also as previously announced, the Company anticipates that it will conduct a modified “Dutch auction” tender offer (the “Tender Offer”) to purchase up to \$250 million in shares of its common stock in connection with the Listing. The Company currently expects to commence the Tender Offer in conjunction with the Listing on or about April 16, 2014. The terms of the Tender Offer, including the size thereof, will be determined by the Board prior to commencement of the Tender Offer.

*Engagement of Advisors*

The Company has engaged J.P. Morgan Securities LLC, Wells Fargo Securities, LLC and BofA Merrill Lynch to serve as advisors to the Company in connection with the Listing. Wells Fargo Securities, LLC will serve as sole dealer manager for the proposed Tender Offer.

*Potential Purchase of Shares by Franklin Square Holdings, L.P., Management and GSO Capital Partners LP*

As previously announced, the Company’s sponsor, Franklin Square Holdings, L.P. (“Franklin Square Holdings”), has informed the Company that it is considering purchasing, following the Listing and completion of the Tender Offer, up to \$100 million in shares of the Company’s common stock in open-market transactions (which may include purchases pursuant to 10b5-1 plans), subject to restrictions under applicable law. In addition, the Company has also been informed by certain members of the Company’s management and members of management of Franklin Square Holdings that they are considering purchasing, following the Listing and completion of the Tender Offer, up to \$25 million in shares of the Company’s common stock in open-market transactions (which may include purchases pursuant to 10b5-1 plans), subject to restrictions under applicable law. Franklin Square Holdings and members of the Company’s and Franklin Square Holdings’ management do not intend to participate in the Tender Offer.

In addition, GSO Capital Partners LP (“GSO”), the credit platform of The Blackstone Group L.P. and the parent of the Company’s investment sub-adviser, has informed the Company that it and certain of its affiliates are considering purchasing, following the Listing and completion of the Tender Offer, up to \$50 million in shares of the Company’s common stock in open-market transactions (which may include purchases pursuant to 10b5-1 plans), subject to restrictions under applicable law. GSO and its affiliates do not intend to participate in the Tender Offer.

*Reduction of Base Management Fee and Proposed Amendment of Incentive Fee Hurdle Rate*

Pursuant to the Company’s investment advisory and administrative services agreement with FB Income Advisor, LLC, its investment adviser (“FB Advisor”), dated as of February 12, 2008 and amended on August 5, 2008 (the “Advisory Agreement”), the Company has agreed to pay FB Advisor a base management fee of 2.0% of the average value of the Company’s gross assets, payable on a quarterly basis in arrears, as well as incentive fees based on the performance of the Company’s portfolio. The first part of the incentive fee is the subordinated incentive fee on income. The subordinated incentive fee on income, which is calculated and payable quarterly in arrears, equals 20.0% of “pre-incentive fee net investment income” for the immediately preceding quarter and is subject to a hurdle rate, expressed as a rate of return on adjusted capital, as defined in the Advisory Agreement, equal to 2.0% per quarter, or an annualized hurdle rate of 8.0%. In connection with the Company’s 2013 annual meeting of stockholders, the Company received stockholder approval to amend the Advisory Agreement effective upon the Listing. Upon the Listing, the hurdle rate used to compute the subordinated incentive fee on income payable under the Advisory Agreement will be based on the net asset value of the Company’s assets rather than adjusted capital. In addition to the amendments approved by stockholders, the subordinated incentive fee on income will become subject to a total return requirement, which provides that no incentive fee in respect of the Company’s pre-incentive fee net investment income will be payable except to the extent that 20.0% of the cumulative net increase in net assets resulting from operations over the then-current and eleven preceding calendar quarters exceeds the cumulative incentive fees accrued and/or paid for the eleven preceding calendar quarters.

In anticipation of the Listing, FB Advisor has recommended that the Advisory Agreement be amended to (i) reduce the annualized hurdle rate used in connection with the calculation of the subordinated incentive fee on income from 8% to 7.5% and (ii) assuming the reduction to the hurdle rate is approved, reduce the base management fee from 2.0% to 1.75% of the average value of the Company’s gross assets. The Board will consider these proposals and, if approved, will submit the proposals to the Company’s stockholders at the next regularly-scheduled meeting of stockholders. Pending Board and stockholder approvals of both of these proposals, FB Advisor has agreed, effective April 1, 2014, to waive a portion of the base management fee to which it is entitled under the Advisory Agreement so that the fee received equals 1.75% of the average value of the Company’s gross assets.

## Management of the Company

The Company reported that Brad Marshall, a Managing Director of GSO, has also been appointed as an officer of the Company effective April 1, 2014 and will continue to serve in his role as the Company's Senior Portfolio Manager. He will join the Company's other officers, which include:

Michael C. Forman, Chairman of the Board and Chief Executive Officer;  
Gerald F. Stahlecker, President;  
Zachary Klehr, Executive Vice President;  
Sean Coleman, Managing Director;  
William Goebel, Chief Financial Officer;  
Salvatore Faia, Chief Compliance Officer; and  
Stephen S. Sypherd, Vice President, Treasurer and Secretary.

In addition, the Board is considering the addition of Daniel H. Smith, a Senior Managing Director of GSO, as a potential new member of the Board.

## Other Information

The determination of the tax attributes of the Company's distributions is made annually as of the end of the Company's fiscal year based upon its taxable income and distributions paid, in each case, for the full year. Therefore, a determination as to the tax attributes of the distributions made on a quarterly basis may not be representative of the actual tax attributes for a full year. The Company 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 payment of future distributions on shares of the Company's common stock is subject to the discretion of the Board and applicable legal restrictions, and therefore, there can be no assurance as to the amount or timing of any such future distributions.

This Current Report on Form 8-K is for informational purposes only and is not an offer to buy or the solicitation of an offer to sell any securities of the Company. The Tender Offer will be made only pursuant to an offer to purchase, letter of transmittal and related materials (the "Tender Materials") that the Company intends to distribute to its stockholders and file with the SEC upon the commencement of the Tender Offer. The full details of the Tender Offer, including complete instructions on how to tender Shares, will be included in the Tender Materials. Stockholders are urged to carefully read the Tender Materials when they become available because they will contain important information, including the terms and conditions of the Tender Offer. Stockholders may obtain free copies of the Tender Materials that the Company files with the SEC at the SEC's website at: [www.sec.gov](http://www.sec.gov) or by calling the information agent who will be identified in the Tender Materials. In addition, stockholders may obtain free copies of the Company's filings with the SEC from the Company's website at: [www.fsinvestmentcorp.com](http://www.fsinvestmentcorp.com) or by contacting the Company at Cira Centre, 2929 Arch Street, Suite 675, Philadelphia, PA 19104 or by phone (877) 628-8575. There can be no assurance that Franklin Square Holdings or any members of the Company's or Franklin Square Holdings' management will purchase any shares of the Company's common stock. Similarly, there can be no assurance that GSO or any its affiliates will purchase any shares of the Company's common stock.

## 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 our operations or the economy generally due to terrorism or natural disasters, future changes in laws or regulations and conditions in our operating area, the ability of the Company to complete the listing of its shares of common stock on the NYSE, the ability to complete the Tender Offer, the price at which shares of common stock may

trade on the NYSE, which may be higher or lower than the purchase price in the Tender Offer. Some of these factors are enumerated in the filings the Company makes with the SEC. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

<b>EXHIBIT NUMBER</b>	<b>DESCRIPTION</b>
99.1	Press Release, dated April 1, 2014.
99.2	Presentation, dated April 1, 2014.
99.3	Presentation, dated April 1, 2014.

**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: April 1, 2014

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

EXHIBIT INDEX

**EXHIBIT  
NUMBER**

**DESCRIPTION**

99.1	Press Release, dated April 1, 2014.
99.2	Presentation, dated April 1, 2014.
99.3	Presentation, dated April 1, 2014.

**FOR IMMEDIATE RELEASE****FSIC Announces April 16 NYSE Listing*****Also Announces Regular Distribution Increase and Intent to Make Special Cash Distributions***

PHILADELPHIA, April 1, 2014 — FS Investment Corporation (“FSIC”) today announced that it currently expects to list its common stock on the New York Stock Exchange under the trading symbol “FSIC” on Wednesday, April 16, 2014.

FSIC is a business development company (“BDC”) that invests primarily in the floating rate, senior secured debt of private U.S. companies. The \$4.5 billion fund is managed by Franklin Square Capital Partners and sub-advised by an affiliate of GSO Capital Partners, the credit platform of Blackstone. Together, Franklin Square and GSO / Blackstone are the world’s largest manager of BDC assets, with over \$10 billion across their four BDC funds.

Effective April 1, 2014, FSIC will increase its monthly cash distribution amount from \$0.0720 per share to \$0.07425 per share, which serves to raise its annualized distribution rate from 8.41% to 8.68% based on its last publicly reported net asset value per share of \$10.27 as of February 28, 2014.

The company’s board of directors also intends to declare two special cash distributions of \$0.10 per share, one to be paid on August 15, 2014 to stockholders of record as of July 31, 2014, and a second on November 14, 2014 to stockholders of record as of October 31, 2014.

“We are proud FSIC has generated a 16% annualized return since inception,” said FSIC Chairman and CEO, Michael C. Forman. “These distributions should build on this record and enhance shareholder value.”

FSIC also reported that GSO Capital Partners is considering the purchase of up to \$50 million in shares of FSIC following the listing and completion of the tender offer proposed by FSIC. FSIC previously announced that Franklin Square and members of FSIC and Franklin Square management are considering the purchase of up to \$100 million and \$25 million, respectively, of FSIC’s shares following the listing and completion of the tender offer.

FSIC has named J.P. Morgan Securities LLC, Wells Fargo Securities, LLC, and BofA Merrill Lynch as co-advisors of the listing. Wells Fargo will serve as sole dealer manager for the tender offer.

**About FS Investment Corporation**

FSIC, an investment fund sponsored by Franklin Square Capital Partners (“Franklin Square”), is a publicly registered BDC. A BDC such as FSIC is a type of investment fund that enables investors to access investments in private U.S. companies. FSIC focuses primarily on investing in the floating rate debt securities of private companies throughout the United States, with the investment objectives of generating current income and, to a lesser extent, long-term capital appreciation for its investors. FSIC is managed by FB Income Advisor, LLC, an affiliate of Franklin Square, and is sub-advised by GSO / Blackstone Debt Funds Management LLC, an



affiliate of GSO Capital Partners LP (“GSO”). GSO, with approximately \$65 billion in assets under management as of December 31, 2013, is the credit platform of Blackstone. For more information, please visit [www.fsinvestmentcorp.com](http://www.fsinvestmentcorp.com).

#### **About Franklin Square Capital Partners**

Franklin Square is a leading manager of alternative investment funds designed to enhance investors’ portfolios by providing access to asset classes, strategies and asset managers that typically have been available to only the largest institutional investors. The firm’s funds offer “endowment-style” investment strategies that help construct diversified portfolios and manage risk. Franklin Square strives not only to maximize investment returns but also to set the industry standard for best practices by focusing on transparency, investor protection and education for investment professionals and their clients.

Founded in Philadelphia in 2007, Franklin Square quickly established itself as a leader in the world of alternative investments by introducing innovative credit-based income funds, including the industry’s first non-traded BDC. The firm currently manages five funds with over \$10.3 billion in assets as of December 31, 2013.

For more information, please visit [www.franklinsquare.com](http://www.franklinsquare.com).

#### **About Blackstone and GSO Capital Partners**

Blackstone is one of the world’s leading investment and advisory firms. Blackstone seeks to create positive economic impact and long-term value for its investors, the companies it invests in, the companies it advises and the broader global economy. The firm does this through the commitment of its extraordinary people and flexible capital. GSO is the global credit platform of Blackstone. GSO, together with its affiliates, has approximately \$65 billion of assets currently under management and is one of the largest credit-focused alternative managers in the world and a major participant in the leveraged finance marketplace. GSO seeks to generate superior risk-adjusted returns in its credit business by investing in a broad array of strategies including mezzanine, distressed investing leveraged loans and other special situation strategies. Blackstone’s alternative asset management businesses include investment vehicles focused on private equity, hedge fund solutions, secondary funds, and multi asset class exposures falling outside of other funds’ mandates. Blackstone also provides various financial advisory services, including mergers and acquisitions advisory, restructuring and reorganization advisory and fund placement services. Further information is available at [www.blackstone.com](http://www.blackstone.com).

#### **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 payment of future distributions on FSIC’s shares of common stock is subject to the discretion of its board of directors and applicable legal restrictions, and therefore, there can be no assurance as to the amount or timing of any such future distributions.

FSIC may fund its cash distributions to stockholders from any sources of funds available to it, including expense reimbursements from Franklin Square, as well as offering proceeds, 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.

The payment of any special cash distribution is subject to applicable legal restrictions and the sole discretion of FSIC’s board of directors, and therefore, there can be no assurance as to the amount or timing of any such future distribution. The special cash distributions described herein are contingent upon the completion of FSIC’s listing.

### **Forward-Looking Statements**

This press release may contain certain forward-looking statements, including statements with regard to future events or the future performance or operation 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, the ability of FSIC to complete the listing of its shares of common stock on the New York Stock Exchange LLC (“NYSE”), the ability to complete the tender offer, the price at which shares of common stock may trade on the NYSE, which may be higher or lower than the purchase price in the tender offer, and some of these factors are enumerated in the filings FSIC makes with the Securities and Exchange Commission (“SEC”). FSIC undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

### **Other Information**

**There can be no assurance that Franklin Square, any members of FSIC’s or Franklin Square’s management or GSO or any their respective affiliates will purchase any shares of FSIC’s common stock, and any such purchases will be subject to restrictions under applicable law. Franklin Square Holdings, members of Franklin Square Holdings’ and FSIC’s management, and GSO and its affiliates do not intend to participate in the proposed tender offer.**

**This press release is for informational purposes only and is not an offer to buy or the solicitation of an offer to sell any securities of the Company. The tender offer will be made only pursuant to an offer to purchase, letter of transmittal and related materials (the “Tender Materials”) that the Company intends to distribute to its stockholders and file with the SEC upon the commencement of the tender offer. The full details of the tender offer, including complete instructions on how to tender Shares, will be included in the Tender Materials. Stockholders are urged to carefully read the Tender Materials when they become available because they will contain important information, including the terms and conditions of the tender offer. Stockholders may obtain free copies of the Tender Materials that the Company files with the SEC at the SEC’s website at: [www.sec.gov](http://www.sec.gov) or by calling the information agent who will be identified in the Tender Materials. In addition, stockholders may obtain free copies of the Company’s filings with the SEC from the Company’s website at: [www.fsinvestmentcorp.com](http://www.fsinvestmentcorp.com) or by contacting the Company at Cira Centre, 2929 Arch Street, Suite 675, Philadelphia, PA 19104 or by phone (877) 628-8575.**



**FS INVESTMENT  
CORPORATION**  
A Business Development Company

AN INTRODUCTION TO FSIC

# FS Investment Corporation

APRIL 2014

PRESENTED BY:



**FRANKLIN SQUARE**  
CAPITAL PARTNERS



Franklin Square Capital Partners is not affiliated with Franklin Resources/Franklin Templeton Investments or the Franklin Funds.



## Important Considerations

An investment in the common stock of FS Investment Corporation (FSIC, we or us) involves a high degree of risk and may be considered speculative. The following are some of the risks an investment in our common stock involves; however, you should carefully consider all of the information found in the section of our Forms 10-Q and 10-K filings entitled "Risk Factors" and in our other public filings before deciding to invest in shares of our common stock.

- An investment strategy focused primarily on privately held companies presents certain challenges, including the lack of available information about these companies.
- Investing in middle-market companies involves a number of significant risks, any one of which could have a material adverse effect on our operating results.
- A lack of liquidity in certain of our investments may adversely affect our business.
- We are subject to financial market risks, including changes in interest rates, which may have a substantial negative impact on our investments.
- We have borrowed funds to make investments, which increases the volatility of our investments and may increase the risks of investing in our securities.
- We have limited operating history and are subject to the business risks and uncertainties associated with any new business.
- Our distributions may be funded from unlimited amounts of offering proceeds or borrowings, which may constitute a return of capital and reduce the amount of capital available to us for investment.

**This presentation is for informational purposes only and is not an offer to buy or the solicitation of an offer to sell any securities of FSIC. The tender offer will be made only pursuant to an offer to purchase, letter of transmittal and related materials (the Tender Materials) that FSIC intends to distribute to its stockholders and file with the Securities and Exchange Commission (SEC). The full details of the tender offer, including complete instructions on how to tender shares of common stock, will be included in the Tender Materials, which FSIC will distribute to stockholders and file with the SEC upon the commencement of the tender offer. Stockholders are urged to carefully read the Tender Materials when they become available because they will contain important information, including the terms and conditions of the tender offer. Stockholders may obtain free copies of the Tender Materials that FSIC files with the SEC at the SEC's website at: [www.sec.gov](http://www.sec.gov) or by calling the information agent who will be identified in the Tender Materials. In addition, stockholders may obtain free copies of FSIC's filings with the SEC from FSIC's website at: [www.fsinvestmentcorp.com](http://www.fsinvestmentcorp.com) or by contacting FSIC at Cira Centre, 2929 Arch Street, Suite 675, Philadelphia, PA 19104 or by phone at (877) 628-8575.**



## Forward-Looking Statements

Some of the statements in this presentation constitute forward-looking statements because they relate to future events or the future performance or financial condition of FSIC. The forward-looking statements contained in this presentation may include statements as to: our future operating results; our business prospects and the prospects of our portfolio companies; the impact of the investments that we expect to make; the ability of our portfolio companies to achieve their objectives; our current and expected financings and investments; the adequacy of our cash resources, financing sources and working capital; the timing and amount of cash flows, distributions and dividends, if any, from our portfolio companies; our contractual arrangements and relationships with third parties; actual and potential conflicts of interest with FB Income Advisor, LLC (FB Advisor), FS Investment Advisor, LLC, FS Energy and Power Fund, FSIC II Advisor, LLC, FS Investment Corporation II, GSO / Blackstone Debt Funds Management LLC or any of their respective affiliates; the dependence of our future success on the general economy and its effect on the industries in which we may invest; our use of financial leverage; the ability of FB Advisor to locate suitable investments for us and to monitor and administer our investments; the ability of FB Advisor or its affiliates to attract and retain highly talented professionals; our ability to maintain our qualification as a regulated investment company (RIC) and as a business development company (BDC); the impact on our business of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules and regulations issued thereunder; the effect of changes to tax legislation and our tax position; the tax status of the enterprises in which we invest; our ability to complete the listing of our shares of common stock on the New York Stock Exchange LLC (NYSE); our ability to complete the related tender offer; and the price at which shares of our common stock may trade on the NYSE, which may be higher or lower than the purchase price in the tender offer.

In addition, words such as "anticipate," "believe," "expect" and "intend" indicate a forward-looking statement, although not all forward-looking statements include these words. The forward-looking statements contained in this presentation involve risks and uncertainties. Our actual results could differ materially from those implied or expressed in the forward-looking statements for any reason. Factors that could cause actual results to differ materially include: changes in the economy; risks associated with possible disruption in our operations or the economy generally due to terrorism or natural disasters; and future changes in laws or regulations and conditions in our operating areas.

We have based the forward-looking statements included in this presentation on information available to us on the date of this presentation. Except as required by the federal securities laws, we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise. You are advised to consult any additional disclosures that we may make directly to stockholders or through reports that we have filed and may file in the future with the Securities and Exchange Commission (SEC), including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. 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.

Credit ratings may not reflect the potential impact of risks relating to the structure or trading of FSIC's common stock and are provided solely for informational purposes. Credit ratings are not recommendations to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization in its sole discretion. FSIC does not undertake any obligation to maintain the ratings or to advise of any change in ratings. Each agency's rating should be evaluated independently of any other agency's rating. An explanation of the significance of the ratings may be obtained from each of the rating agencies.



## FSIC Listing Details

COMPANY NAME	FS Investment Corporation
TICKER / EXCHANGE	FSIC / NYSE
ANTICIPATED TIMING <sup>1</sup>	April 16, 2014
USE OF PROCEEDS	No new proceeds are being raised
LAST REPORTED NET ASSET VALUE PER SHARE (NAV) <sup>2</sup>	\$10.27
SHARES OUTSTANDING <sup>2</sup>	260,351,067 – all shares will be listed
CURRENT MONTHLY DISTRIBUTION AMOUNT <sup>3</sup>	\$0.07425 per share declared in April 2014; 8.68% annualized distribution rate based on last reported NAV
ADVISER / SUB-ADVISER	Adviser: FB Income Advisor, an affiliate of Franklin Square Capital Partners (Franklin Square) <sup>4</sup> Sub-adviser: GSO / Blackstone Debt Funds Management (GSO / Blackstone), a subsidiary of GSO Capital Partners, the credit platform of The Blackstone Group
POST-LISTING TENDER <sup>5</sup>	Up to \$250 million tender at expected listing
FEE STRUCTURE ON LISTING <sup>6</sup>	1.75% management fee on assets 20% incentive fee on capital gains, net of all unrealized and realized losses 20% incentive fee on income, subject to an 8% hurdle and a 3-year high water mark
POTENTIAL POST-TENDER SHARE PURCHASES <sup>7</sup>	Up to \$175 million being considered: – \$100 million by Franklin Square Holdings – \$25 million by management of FSIC and Franklin Square Holdings – \$50 million by GSO Capital Partners

<sup>1</sup> There can be no assurance FSIC will list in this time frame or at all.

<sup>2</sup> As of February 28, 2014.

<sup>3</sup> On March 31, 2014, FSIC's board of directors determined to increase the amount of the regular monthly cash distribution payable to stockholders of record from \$0.0720 per share to \$0.07425 per share effective as of the regular cash distribution payable for April 2014. Distributions are not guaranteed and are subject to the discretion of the board of directors of FSIC.

<sup>4</sup> Franklin Square Holdings, L.P. (Franklin Square Holdings) does business as Franklin Square Capital Partners.

<sup>5</sup> Terms of the FSIC tender offer, including size thereof, are subject to the discretion of FSIC's board of directors.

<sup>6</sup> FB Income Advisor has recommended that the investment advisory agreement be amended to (i) reduce the annualized hurdle rate used in connection with the calculation of the subordinated incentive fee on income from 8% to 7.5% and (ii) assuming the reduction to the hurdle rate is approved, reduce the base management fee from 2.0% to 1.75% of the average value of FSIC's gross assets. Pending board and stockholder approvals of both of these proposals, FB Income Advisor has agreed, effective April 1, 2014, to waive a portion of the base management fee to which it is entitled so that the fee received equals 1.75% of the average value of FSIC's gross assets.

<sup>7</sup> Franklin Square Holdings, members of management of FSIC and Franklin Square Holdings and GSO Capital Partners do not intend to participate in the tender offer. There can be no assurance that Franklin Square Holdings, any member of management of FSIC and Franklin Square Holdings or GSO Capital Partners will purchase any shares. Any such purchases may be conducted in open market transactions (which may include purchases pursuant to 10b5-1 plans), subject to restrictions under applicable law. 4

## FS Investment Corporation: A Proven BDC

### PROVEN MANAGEMENT

- Franklin Square: Leading BDC manager with \$10 billion in AUM<sup>1</sup>
- GSO: Leading alternative credit manager with \$65 billion in AUM<sup>2</sup>
- Partnership delivers competitive advantage and strong performance

### PROVEN STRATEGY

- Global sourcing and execution capabilities across GSO / Blackstone's entire platform
- Focus on direct lending (\$3.1 billion originated since FSIC's inception)<sup>3</sup>
- Invest opportunistically in situations with potential for capital appreciation (\$1.1 billion)<sup>4</sup>

### PROVEN PORTFOLIO

- Fully invested, floating-rate focused (72%)<sup>4</sup>, senior debt portfolio (83%)<sup>5</sup>
- Mature leverage profile with low-cost funding (2.8%)<sup>6</sup> and a BBB- rating with a positive outlook from S&P
- Strong credit history

### PROVEN PERFORMANCE

- Average annual GAAP return of 16.0% since inception<sup>7</sup>
- 8.68% annualized distribution yield based on the last reported NAV<sup>8</sup>
- Seven distribution increases since inception

<sup>1</sup> Assets under management include FSIC, FS Investment Corporation II (FSIC II) and FS Energy & Power Fund (FSEP) as of December 31, 2013.

<sup>2</sup> GSO assets under management as of December 31, 2013.

<sup>3</sup> Capital deployed directly originate portfolio companies from inception to February 28, 2014.

<sup>4</sup> Based on fair value as of February 28, 2014.

<sup>5</sup> Senior debt includes senior secured loans - first lien, senior secured loans - second lien and senior secured bonds. Based on fair value as of February 28, 2014.

<sup>6</sup> Weighted average effective interest rate as of December 31, 2013.

<sup>7</sup> Average annual GAAP returns since inception through the quarter ended December 31, 2013. These returns are calculated in accordance with GAAP and equal the NAV per share as of the end of the applicable period, plus cash distributions declared during the relevant period, divided by the NAV per share as of the beginning of the applicable period. These returns represent the return on the fund's investment portfolio rather than an actual return to stockholders. Past performance is not indicative of future results.

<sup>8</sup> On March 31, 2014, FSIC's board of directors determined to increase the amount of the regular monthly cash distribution payable to stockholders of record from \$0.0720 per share to \$0.07425 per share effective as of the regular cash distribution payable for April 2014. Distributions are not guaranteed and are subject to the discretion of the board of directors of FSIC.



## Proven Management

### PROVEN MANAGEMENT

- Franklin Square: Leading BDC manager with \$10 billion in AUM <sup>1</sup>
- GSO: Leading alternative credit manager with \$65 billion in AUM <sup>2</sup>
- Partnership delivers competitive advantage and strong performance

### PROVEN STRATEGY

### PROVEN PORTFOLIO

### PROVEN PERFORMANCE

<sup>1</sup> Assets under management include FSIC, FSIC II and FSEP as of December 31, 2013.  
<sup>2</sup> GSO assets under management as of December 31, 2013.





## Platform Provides a Competitive Advantage



- **LARGEST MANAGER OF BDCs**<sup>1</sup>

- **60 BDC PROFESSIONALS**<sup>2</sup>

- **SCALE** allows for one-stop financing solutions and low cost structure

- **310 PORTFOLIO COMPANIES** across entire BDC platform<sup>3</sup>

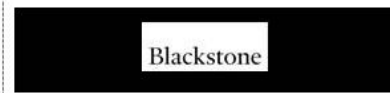


- **LEADING MANAGER OF ALTERNATIVE CREDIT** focused on non-investment grade corporate debt

- **GLOBAL PRESENCE** with over 250 employees<sup>2</sup>

- **INVESTMENTS IN MORE THAN 1,100** corporate credits<sup>2</sup>

- **\$17.9 BILLION** in directly originated transactions<sup>2</sup>



- **LEADING MANAGER OF ALTERNATIVE INVESTMENTS**

- **LEADING FRANCHISES** in credit, private equity, real estate, hedge fund solutions and financial advisory

- **BRAND AND SCALE** provides exceptional access

- **BLACKSTONE'S GROUP PURCHASING ORGANIZATION** available to FSIC portfolio companies

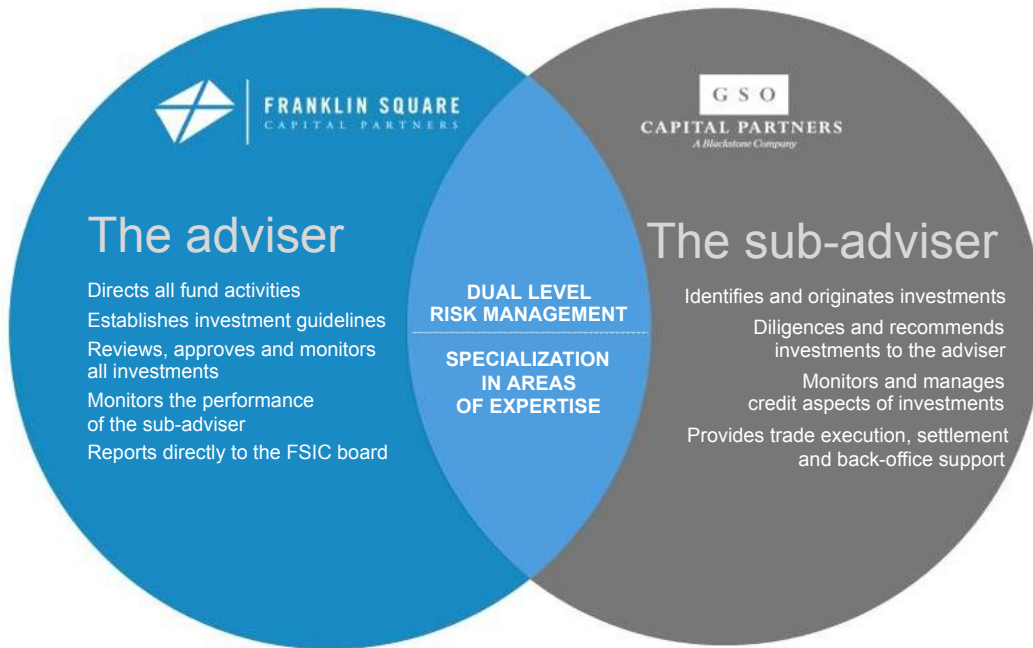
<sup>1</sup> Based on total balance sheet assets as of December 31, 2013. Includes the assets of FSIC, FSIC II and FSEP.

<sup>2</sup> As of December 31, 2013.

<sup>3</sup> Includes portfolio companies of FSIC, FSIC II and FSEP as of December 31, 2013.



## Franklin Square and GSO: Five Years of Successful Collaboration





## Adviser/Sub-Adviser Structure Creates Accountability

### FRANKLIN SQUARE'S ROLE AS ADVISER:

- Responsible for making all investment decisions based on recommendations from the sub-adviser
- Directly accountable to the board of directors
- Provides oversight and direction to the sub-adviser
  - Pipeline Reports
  - Watch Lists
  - Portfolio concentrations and diversification
  - Management reporting
  - Portfolio compliance testing (BDC and RIC)
- Oversees and manages all aspects and activities of FSIC
  - SEC reporting
  - Valuation and NAV calculation
  - Budgeting and cash management
  - Compliance
  - Transfer agent
  - Financial reporting and controls

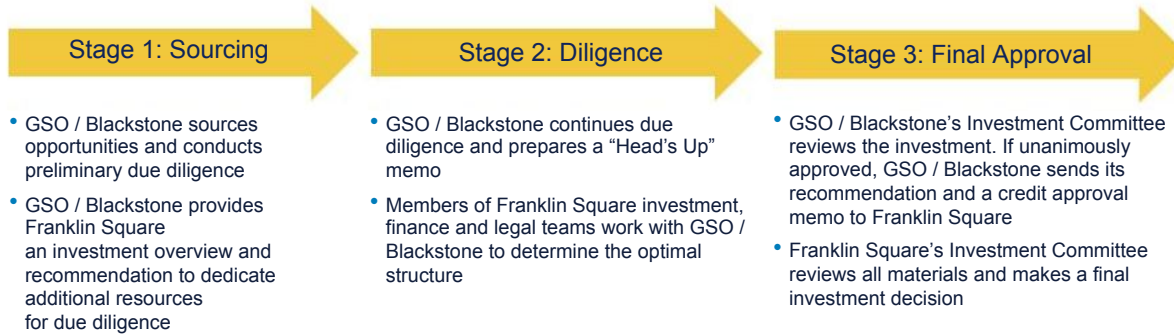
### SYSTEM OF CHECKS AND BALANCES FOR OPTIMAL EXECUTION OF INVESTMENT STRATEGY AND GOVERNANCE



## Adviser/Sub-Adviser Structure Creates Dual Levels of Risk Management

### INVESTMENT APPROVAL PROCESS

- Franklin Square and GSO / Blackstone separately review and approve investments at each stage of the underwriting process
- Typically, an investment is rejected in Stage 1 or Stage 2 as most issues are generally surfaced early in the process
- The process for broadly syndicated investments is usually abbreviated, depending on the situation and risk profile





## Franklin Square: An Overview



FRANKLIN SQUARE  
CAPITAL PARTNERS

**\$10 billion**

IN ASSETS UNDER MANAGEMENT<sup>1</sup>

**Largest BDC manager**  
IN THE WORLD<sup>1</sup>

**Over 170 employees**

60 BDC PROFESSIONALS

**Over 125,000**

INVESTORS

### MANAGER OF THREE OF THE LARGEST BDCs<sup>1</sup>

- Leading manager of business development companies
- Commitment to transparency and best practices
- Investor-friendly incentive fee structure for FSIC
- Meaningful and ongoing sponsor commitment to all managed funds

<sup>1</sup> Based on total balance sheet assets as of December 31, 2013. Total balance sheet assets include the assets of FSIC, FSIC II and FSEP.



## GSO Capital Partners: An Overview

**GSO**  
**CAPITAL PARTNERS**  
*A Blackstone Company*

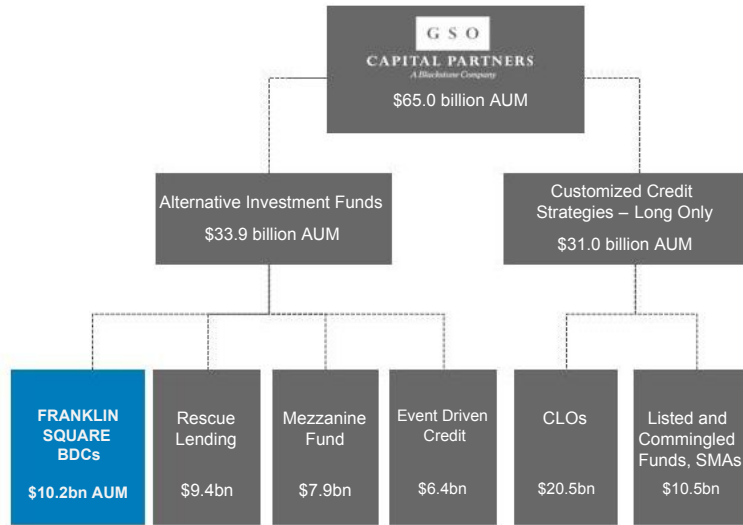
Credit platform of The Blackstone Group  
ONE OF THE LARGEST ALTERNATIVE ASSET MANAGERS IN THE WORLD

Over 250 employees  
LOCATED IN NEW YORK, HOUSTON, LONDON AND DUBLIN

Over 100 investment professionals  
60+ FOCUSED ON ORIGINATIONS  
25+ DEDICATED FULL TIME TO BDCs (LARGEST FUND TEAM AT GSO / BLACKSTONE)

Over 1,100 investments  
IN CORPORATE CREDITS

**\$65 BILLION IN ASSETS, MANAGED PRIMARILY ON BEHALF OF INSTITUTIONAL INVESTORS, WITH A FOCUS ON BELOW INVESTMENT GRADE CREDIT<sup>1</sup>**



<sup>1</sup> GSO assets under management, employee and investment figures as of December 31, 2013.



## Proven Strategy

PROVEN  
MANAGEMENT

PROVEN  
STRATEGY

- Global sourcing and execution capabilities across GSO / Blackstone's entire platform
- Focus on direct lending (\$3.1 billion originated since FSIC's inception) <sup>1</sup>
- Invest opportunistically in situations with potential for capital appreciation (\$1.1 billion) <sup>2</sup>

PROVEN  
PORTFOLIO

PROVEN  
PERFORMANCE

<sup>1</sup> Capital deployed in directly originated portfolio companies from inception to February 28, 2014.  
<sup>2</sup> Opportunistic investments based on fair value as of February 28, 2014.



## GSO / Blackstone Resources Available to Help Maximize Returns for FSIC Investors



<sup>1</sup> Average annual GAAP return since FSIC's inception through the quarter ended December 31, 2013. These returns are calculated in accordance with GAAP and equal the NAV per share as of the end of the applicable period, plus cash distributions declared during the relevant period, divided by the NAV per share as of the beginning of the applicable period. These returns represent the return on the fund's investment portfolio rather than an actual return to stockholders. Past performance is not indicative of future results.





## Investment Portfolio by Strategy

### 81% CORE INVESTMENT STRATEGIES

#### DIRECT ORIGINATIONS

- Average originated loan commitment for the year ended 12/31/2013: \$55.7 million
  - Average EBITDA of portfolio companies <sup>1</sup>: \$39.0 million
  - Average leverage through tranche <sup>1</sup>: 4.1x
  - Annualized yield <sup>2</sup>: 10.0%
- Examples:
    - Safariland
    - Audio Visual Services
    - American Energy
    - CoSentry
    - Klune

**\$3.1 BILLION OF CAPITAL DEPLOYED IN DIRECT ORIGINATIONS SINCE INCEPTION ACROSS 51 PORTFOLIO COMPANIES<sup>3</sup>**

#### OPPORTUNISTIC

- Market price inefficiencies where the market price is lower than the value determined by our fundamental analysis
  - Opportunities may include event driven investments, anchor orders and CLOs
  - Annualized yield <sup>2</sup>: 11.3%
- Examples:
    - Eastman Kodak
    - Sorenson Communications
    - ERC Ireland
    - Caesars Entertainment Resort Properties

#### 19% BROADLY SYNDICATED

- Source of liquidity to be used to fund future core investments
  - Potential source for direct origination deal flow
  - Annualized yield<sup>2</sup>: 9.4%
- Examples:
    - McGraw-Hill Global Education
    - Smile Brands
    - Totes Isotoner

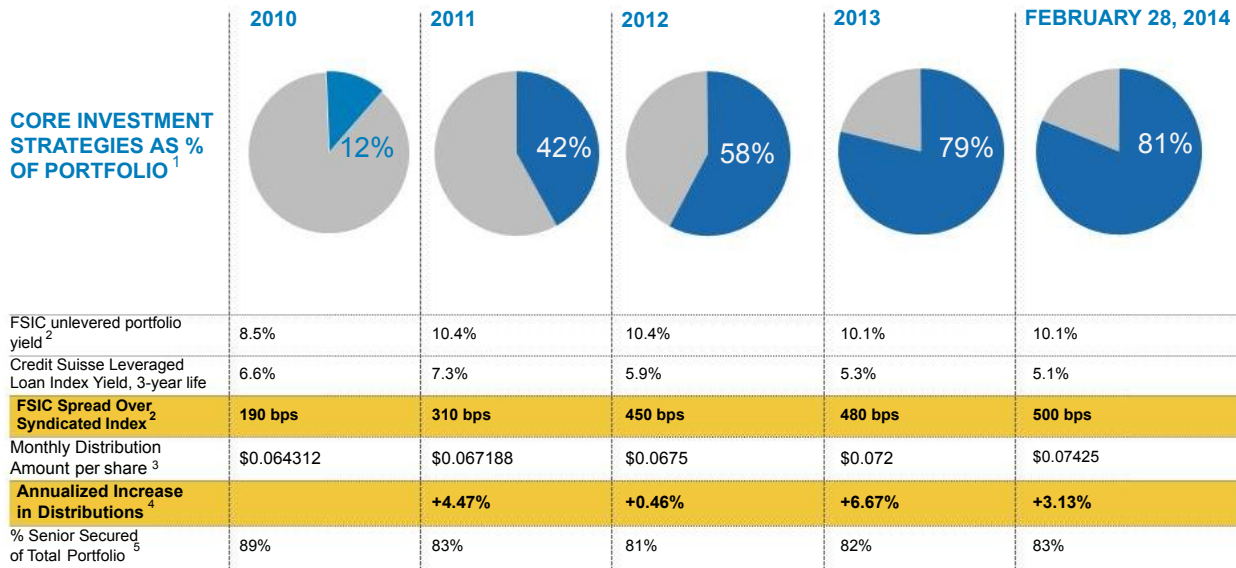
<sup>1</sup> As of February 28, 2014.

<sup>2</sup> Gross portfolio yield prior to leverage (based on amortized cost) – excluding non-income producing assets as of February 28, 2014.

<sup>3</sup> Capital deployed in directly originated portfolio companies from inception to February 28, 2014.



## Portfolio Transition Has Delivered Higher Investment Yields and Higher Distributions to Investors



<sup>1</sup> Core investment strategies include investments classified as Directly Originated and Opportunistic as of December 31, 2010, 2011, 2012 and 2013, respectively, and February 28, 2014.

<sup>2</sup> Yield spread is the difference between FSIC's gross annualized portfolio yield prior to leverage as disclosed in the company's quarterly SEC filings and the Credit Suisse Leveraged Loan Index yield to a 3-year life. FSIC yield spread based on fair value as of December 31, 2010, 2011, 2012 and 2013, respectively, and February 28, 2014. The data regarding the Credit Suisse Leveraged Loan Index is for illustrative purposes only and is not indicative of any investment. An investment cannot be made directly in an index.

<sup>3</sup> On March 31, 2014, FSIC's board of directors determined to increase the amount of the regular monthly cash distribution payable to stockholders of record from \$0.0720 per share to \$0.07425 per share effective as of the regular cash distribution payable for April 2014. Distributions are not guaranteed and are subject to the discretion of the board of directors of FSIC.

<sup>4</sup> Percentage increase in per share regular cash distributions during respective calendar year.

<sup>5</sup> Based on fair value as of the relevant period end.



## GSO / Blackstone Has Long-Standing Relationships with Private Equity Sponsors and Corporate Clients

### GSO / BLACKSTONE'S SELECT NETWORK OF CLIENTS PROVIDES SIGNIFICANT SOURCING OPPORTUNITIES

- AEA Investors
- Access Capital Advisors
- AIG Highstar
- Altamont
- Amaya Gaming Group
- American Capital
- Apex
- Ares
- Areva
- Audax Group
- Avista
- Axa Private Equity
- Bain Capital
- Beecken Petty O'Keefe
- Behrman Capital
- Blackstone
- Bruckman, Rosser, Sherrill
- Carlyle
- CD&R
- Cerberus
- Charlesbank Capital Partners
- Chesapeake
- CHS Capital
- CIVC and Management
- Clarion
- Clayton Dubilier & Rice
- Clearlake Capital
- Crestview Partners
- CVC Capital Partners
- Cypress Group
- Diamond Castle
- DLJ Merchant Banking
- Dunes Point
- EIG
- First Atlantic
- Genstar
- Golden Gate Capital
- Goldman Sachs
- Goldner Hawn Johnson Morrison
- Gordon Brothers
- Gores Capital
- Graham Partners
- Harvest Partners
- Hellman & Friedman
- Insight Equity
- Investcorp
- Jeff Gural
- JLL Partners
- Jupiter Partners
- Kanders
- Kolberg Kravis Roberts
- Leonard Green & Partners
- Lincolnshire
- Lion Capital
- LS Power
- Mid Europa Partners
- Monitor Clipper Partners
- Morgan Stanley
- NANA Regional Corp.
- Natural Gas Partners
- Nautic Partners
- NBC
- Nova Capital Management
- Oak Hill
- Odyssey Investment Partners
- Parthenon Capital
- Permira
- Plain Exploration
- Platinum Equity
- Quicksilver Resources
- Ripplewood
- Riverstone
- Rockland Capital
- Sequel Holdings
- Siris Capital
- Snow, Phipps Group
- Sony / ATV
- Southfield Capital
- SPC Partners
- Starwood Capital
- Stephens Capital Partners
- Summit Partners
- TA Associates
- Tailwind Capital
- Tenaska Power Fund
- Thomas Lee
- TPG
- Triangle Management
- Vance Street
- Vector
- Vestar Capital
- Victor Homes
- Warburg Pincus
- Wellspring



## Proven Portfolio

PROVEN  
MANAGEMENT

PROVEN  
STRATEGY

PROVEN  
PORTFOLIO

- Fully invested, floating-rate focused (72%)<sup>1</sup>, senior debt portfolio (83%)<sup>2</sup>
- Mature leverage profile with low-cost funding (2.8%)<sup>3</sup> and a BBB- rating with a positive outlook from S&P
- Strong credit history

PROVEN  
PERFORMANCE

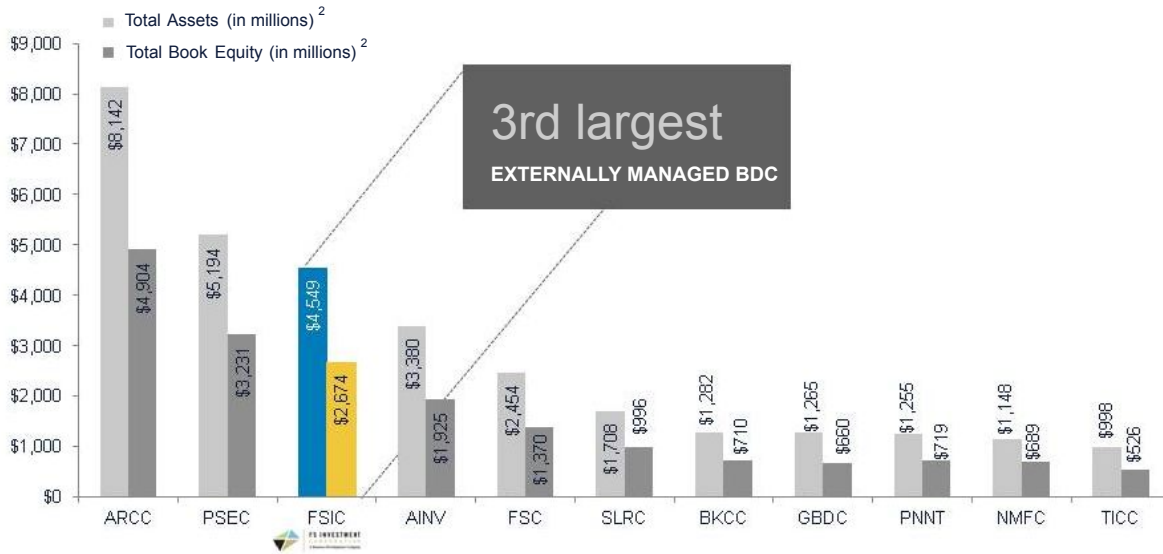
<sup>1</sup> Based on fair value as of February 28, 2014.

<sup>2</sup> Senior debt includes senior secured loans – first lien, senior secured loans – second lien and senior secured bonds. Based on fair value as of February 28, 2014.

<sup>3</sup> Weighted average effective interest rate as of December 31, 2013.

## FSIC's Size Makes It an Immediately Relevant BDC

### TOTAL ASSETS AND BOOK EQUITY OF SELECT BDCs <sup>1</sup>



<sup>1</sup> Total assets and book equity of the ten largest externally managed BDCs by total assets. ARCC: Ares Capital Corporation; PSEC: Prospect Capital Corporation; FSIC: FS Investment Corporation; AINV: Apollo Investment Corporation; FSC: Fifth Street Finance Corp.; SLRC: Solar Capital Ltd.; BKCC: BlackRock Kelso Capital Corp.; GBDC: Golub Capital BDC, Inc.; PNNT: PennantPark Investment Corporation; NMFC: New Mountain Finance Corporation; TICC: TICC Capital Corp.

<sup>2</sup> Total assets and book equity shown for FSIC in millions as of February 28, 2014. Total assets and book equity shown for ARCC, PSEC, AINV, FSC, SLRC, BKCC, GBDC, PNNT, NMFC and TICC in millions as of December 31, 2013.



## Floating-Rate, Senior Debt Focused Portfolio

### FULLY-RAMPED PORTFOLIO

159

PORTFOLIO COMPANIES<sup>1</sup>

10.1%

UNLEVERED PORTFOLIO YIELD<sup>2</sup>

72%

OF INVESTMENTS PAY FLOATING INTEREST RATES<sup>1</sup>

### DIVERSIFIED ACROSS 20 INDUSTRIES<sup>3</sup>

#### TOP 5 INDUSTRIES, BASED ON FAIR VALUE

Capital Goods	21%
Energy	11%
Consumer Services	11%
Software & Services	9%
Commercial & Professional Services	8%

#### INVESTMENT PORTFOLIO

ASSET CLASS	2/28/2014	12/31/2013
Senior Secured Loans — First Lien	51%	51%
Senior Secured Loans — Second Lien	22%	22%
Senior Secured Bonds	10%	9%
Subordinated Debt	10%	10%
Collateralized Securities	3%	4%
Equity/Other	4%	4%

### HISTORY OF DOWNSIDE PROTECTION

0%

OF INVESTMENTS ON NON-ACCRUAL<sup>1</sup>

\$203 million

OF CUMULATIVE GAINS IN EXCESS OF CUMULATIVE LOSSES<sup>4</sup>

91%

OF INVESTMENTS PERFORMING BETTER OR ACCORDING TO PLAN<sup>5</sup>

<sup>1</sup> As of February 28, 2014.

<sup>2</sup> Gross portfolio yield prior to leverage based on amortized cost as of February 28, 2014.

<sup>3</sup> As of December 31, 2013.

<sup>4</sup> Cumulative realized and unrealized gains less cumulative realized and unrealized losses, excluding gains and losses associated with a total return swap and foreign exchange transactions, since inception through December 31, 2013.

<sup>5</sup> Based on FB Income Advisor's investment rating system. As of December 31, 2013, 12% of investments at fair value were exceeding expectations, 79% of investments were performing according to plan, 8% of investments required closer monitoring, 1% of investments were underperforming with some loss of interest or dividend possible and 0% of investments were underperforming with expected loss of interest and some principal. For more information on FB Income Advisor's investment rating system, please refer to FSIC's SEC filings.

## Low Cost of Leverage Allows for Focus on Senior Debt

### CREDIT PROFILE

- On March 28, 2014, FSIC received a BBB- rating with a positive outlook from S&P
- 56.3% of debt outstanding as of February 28, 2014 was at a fixed interest rate of 3.25%

FACILITIES AS OF FEBRUARY 28, 2014	TYPE OF FACILITY	RATE	FACILITY AMOUNT	MATURITY DATE
(in thousands)				
Citibank Credit Facility	Revolving	L + 1.75%	\$550,000	August 29, 2015
Deutsche Bank Credit Facility	Revolving	L + 1.50%	\$125,000	December 20, 2014
J.P. Morgan Facility	Repurchase	3.25%	\$950,000	April 15, 2017
Wells Fargo Credit Facility <sup>1</sup>	Revolving	L + 1.50% to 2.50%	\$300,000	May 17, 2017
Total debt outstanding under debt facilities				\$1,688,482
Debt/equity ratio				63.1%
% of debt outstanding at fixed interest rates				56.3%
% of debt outstanding at variable interest rates				43.7%
Gross annualized portfolio yield prior to leverage <sup>2</sup>				10.1%
Weighted average effective interest rate <sup>3</sup>				2.8%
<b>Net interest margin</b>				<b>730 bps</b>

<sup>1</sup> On March 11, 2014, FSIC entered into an amendment to the Wells Fargo Credit Facility. The amendment increased the maximum commitments under the credit facility from \$250 million to \$300 million and decreased from 2.75% to 2.50% the applicable spread above LIBOR that is payable on the portion of outstanding advances under the credit facility attributable to "Traditional Middle Market Loans," "Fixed Rate Loans" and "Second Lien Loans," in each case as defined in the credit facility. No other material terms of the credit facility changed in connection with the amendment.

<sup>2</sup> Gross portfolio yield prior to leverage based on amortized cost as of February 28, 2014.

<sup>3</sup> Weighted average effective interest rate as of December 31, 2013.



## Proven Performance

PROVEN  
MANAGEMENT

PROVEN  
STRATEGY

PROVEN  
PORTFOLIO

PROVEN  
PERFORMANCE

- Average annual GAAP return of 16.0% since inception <sup>1</sup>
- 8.68% annualized distribution yield based on the last reported NAV <sup>2</sup>
- Seven distribution increases since inception

<sup>1</sup> Average annual GAAP returns since inception through the quarter ended December 31, 2013. These returns are calculated in accordance with GAAP and equal the NAV per share as of the end of the applicable period, plus cash distributions declared during the relevant period, divided by the NAV per share as of the beginning of the applicable period. These returns represent the return on the fund's investment portfolio rather than an actual return to stockholders. Past performance is not indicative of future results.

<sup>2</sup> On March 31, 2014, FSIC's board of directors determined to increase the amount of the regular monthly cash distribution payable to stockholders of record from \$0.0720 per share to \$0.07425 per share effective as of the regular cash distribution payable for April 2014. Distributions are not guaranteed and are subject to the discretion of the board of directors of FSIC.



## FSIC's Performance Compares Favorably to Its Peers

### TOTAL RETURN COMPARISON OF FSIC TO PUBLIC BDC PEERS

- FSIC has generated a 16.0% average annual GAAP return since inception<sup>1</sup>
- FSIC has been able to achieve market leading returns while maintaining a focus on senior debt (83% of investments) by consistently generating realized gains in the portfolio (cumulative gains exceed cumulative losses since inception by \$203 million<sup>2</sup>)

	TOTAL RETURN SINCE 2009	% OF SECURED DEBT <sup>3</sup>
ARES CAPITAL CORPORATION	19.6%	85% <sup>4</sup>
<b>FS INVESTMENT CORPORATION</b>	<b>16.0%</b>	<b>83%</b>
BLACKROCK KELSO CAPITAL CORPORATION	12.2%	62%
PENNANTPARK INVESTMENT CORPORATION	11.6%	60%
APOLLO INVESTMENT CORPORATION	8.2%	51%
FIFTH STREET FINANCE CORP.	7.4%	81%
PROSPECT CAPITAL CORPORATION	7.0%	75%
<b>AVERAGE OF COMPETITORS (EXCLUDES FSIC)</b>	<b>11.0%</b>	<b>69%</b>

<sup>1</sup> Returns shown are GAAP returns, which are calculated by adding NAV per share as of the end of the applicable period, plus cash distributions declared during the relevant period, and dividing the total by NAV per share as of the beginning of the applicable period. The total return represents the total return on an investment portfolio during the applicable period and does not represent an actual return to stockholders. GAAP returns shown are from FSIC inception on January 2, 2009 through December 31, 2013. Based on public filings. Past performance is not indicative of future results.

<sup>2</sup> Cumulative realized and unrealized gains less cumulative realized and unrealized losses, excluding gains and losses associated with a total return swap and foreign exchange transactions, since inception through December 31, 2013.

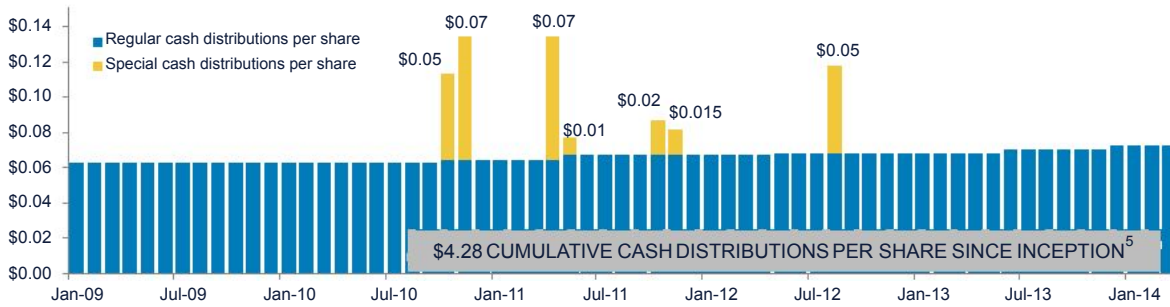
<sup>3</sup> Percentage of secured debt for FSIC based on fair value as of February 28, 2014. Percentage of secured debt for Ares Capital Corporation, BlackRock Kelso Capital Corporation, PennantPark Investment Corporation, Apollo Investment Corporation, Fifth Street Finance Corp. and Prospect Capital Corporation based on fair value as of December 31, 2013. Secured debt consists of first lien senior secured loans, second lien senior secured loans and senior secured bonds. Based on public filings.

<sup>4</sup> Ares Capital Corporation secured debt percentage includes subordinated certificates of the Senior Secured Loan Fund LLC ("SSLP"). Excluding SSLP subordinated certificates, Ares's secured debt percentage based on fair value is 62%.

## Consistent Distributions with a History of Growth

### FSIC DISTRIBUTION HISTORY <sup>1</sup>

- Since inception, FSIC investors have received:
  - 9 special cash distributions <sup>2</sup> (with intent to declare 2 additional special cash distributions) <sup>3</sup>
  - 8 special stock distributions
  - 7 regular cash distribution increases <sup>4</sup>
- All distributions have been paid from net investment income and/or capital gains
- Last declared a monthly distribution of \$0.07425 per share <sup>4</sup>; 8.68% annualized distribution yield based on last reported NAV
- As of December 31, 2013, FSIC had approximately \$0.53 per share of undistributed net investment income and realized capital gains
  - On March 31, 2014, FSIC's board of directors expressed its intent to declare two \$0.10 per share special cash distributions <sup>3</sup>



<sup>1</sup> Distributions are not guaranteed and are subject to the discretion of FSIC's board of directors.

<sup>2</sup> The months of April 2010 and October 2011 each included two declared special cash distributions.

<sup>3</sup> On March 31, 2014, FSIC's board of directors expressed its intent to declare two special cash distributions, each in the amount of \$0.10 per share, that will be paid on August 15, 2014 and November 14, 2014 to stockholders of record as of July 31, 2014 and October 31, 2014, respectively.

<sup>4</sup> On March 31, 2014, FSIC's board of directors determined to increase the amount of the regular monthly cash distribution payable to stockholders of record from \$0.0720 per share to \$0.07425 per share effective as of the regular cash distribution payable for April 2014. Distributions are not guaranteed and are subject to the discretion of the board of directors of FSIC.

<sup>5</sup> Cumulative distributions per share since FSIC inception through March 3, 2014. Assumes an investor participated in the distribution reinvestment plan and includes all regular cash distributions and special cash distributions and is adjusted for special stock distributions.



## Opportunities for Future Growth

### STRONG DISTRIBUTION COVERAGE

- Currently distribute \$0.22 per share per quarter (\$0.07425 per month) versus Q4 2013 adjusted NII<sup>1</sup> per share of \$0.24
- Distributions covered 100% from adjusted net investment income in 2013
- FSIC has accumulated \$0.53 per share of undistributed NII and realized capital gains on a tax basis<sup>2</sup>

### CONTINUED MIGRATION INTO CORE STRATEGIES

- Future core investments are expected to be funded from the monetization of syndicated investments (19% at fair value)<sup>3</sup>
- Transition to core strategies expected to allow portfolio yield to grow without need for additional debt or new equity

### ACCESS TO GSO'S GLOBAL PLATFORM

- GSO / Blackstone's investment expertise, people and platform bring unique investment opportunities to FSIC
- Access to Blackstone's Group Purchasing Organization program is a competitive advantage in winning new business
- Opportunistic investments (\$1.1 billion at fair value) have meaningfully higher yields (11.3%) and potential for capital appreciation<sup>3</sup>
- Equity co-investment opportunities (\$180 million at fair value) can lead to further NAV appreciation<sup>3</sup>

### OPTIMIZE USE OF NON-QUALIFIED ASSETS

- 16% of FSIC's investments are classified as non-qualified assets, well below the regulatory limit (30%)<sup>4</sup>
- Excess capacity gives flexibility to pursue quality growth investment opportunities across the entire investment universe, not simply those that are qualified BDC assets
- Non-U.S. based opportunities are one area of potential interest given GSO's position as a leading non-bank lender in Europe

<sup>1</sup> Adjusted net investment income is the net per share increase (decrease) in net investment income excluding the capital gains incentive fee attributable to unrealized gains and excise taxes.

<sup>2</sup> As of December 31, 2013. On March 31, 2014, FSIC's board of directors expressed its intent to declare two special cash distributions, each in the amount of \$0.10 per share, that will be paid on August 15, 2014 and November 14, 2014 to stockholders of record as of July 31, 2014 and October 31, 2014, respectively.

<sup>3</sup> As of February 28, 2014.

<sup>4</sup> As of December 31, 2013.



## FSIC's Value Proposition

**8.68%**

annualized distribution rate<sup>1</sup>

**110%**

cumulative total return<sup>2</sup>

**16.0%**

average annual GAAP return<sup>2</sup>

**PROVEN PERFORMANCE**

- Fully invested, floating-rate focused, senior debt portfolio
- Mature leverage profile with low cost funding
- Strong credit history

**PROVEN PORTFOLIO**

- Global sourcing and execution capabilities across GSO / Blackstone platform
- Focus on direct lending
- Invest opportunistically in situations with potential for capital appreciation

**PROVEN STRATEGY**



**FRANKLIN SQUARE**  
CAPITAL PARTNERS



**G S O**

**CAPITAL PARTNERS**  
*A Blackstone Company*

**PROVEN MANAGEMENT**

<sup>1</sup> Based on FSIC's last reported NAV per share of \$10.27 and FSIC's monthly distribution amount of \$0.07425 per share. Distributions are not guaranteed and are subject to the discretion of FSIC's board of directors.

<sup>2</sup> Cumulative and average annual GAAP returns since inception through the quarter ended December 31, 2013. These returns are calculated in accordance with GAAP using NAV performance and cash distributions declared during the relevant period and represent the return on the fund's investment portfolio rather than an actual return to stockholders. Past performance is not indicative of future results.



# Appendix

– MANAGEMENT TEAM BIOGRAPHIES

## Franklin Square Capital Partners Executives

### MICHAEL C. FORMAN

CHAIRMAN & CEO  
FS INVESTMENT CORPORATION

Michael Forman is the Chairman, CEO and co-founding partner of Franklin Square Capital Partners and FS Investment Corporation and Chairs the Investment Committee of the Adviser for FS Investment Corporation.

Prior to founding Franklin Square, Mr. Forman built a number of other successful businesses in the private equity and debt, financial services and investment management industries. He was previously a senior partner in the Corporate and Securities Department at the Philadelphia-based law firm of Klehr, Harrison, Harvey, Branzburg & Ellers LLP, where he practiced for over 15 years.

Mr. Forman is also a member of a number of civic and charitable boards in the Philadelphia community.

Mr. Forman received a B.A. from the University of Rhode Island, where he graduated summa cum laude and was elected Phi Beta Kappa, and received a J.D. from Rutgers University.

### GERALD F. STAHLCKER

PRESIDENT,  
FS INVESTMENT CORPORATION

Gerald F. Stahlcker is the President and serves on the Investment Committee of the Adviser for FS Investment Corporation.

Prior to joining Franklin Square, Mr. Stahlcker was a founding partner, Managing Director, Chief Operating Officer and Co-Chair of the Investment Committee of Radcliffe Capital Management, an investment advisory firm that manages hedge funds and separately managed accounts for institutional investors. Prior to Radcliffe, Mr. Stahlcker practiced corporate and securities law as an attorney at Klehr, Harrison, Harvey, Branzburg & Ellers LLP representing institutional investors pursuing structured equity and debt investments in public and private companies.

Mr. Stahlcker received a B.S. from the Tepper School of Business at Carnegie Mellon University and a J.D. from Villanova University Law School.

### ZACHARY KLEHR

EXECUTIVE VICE PRESIDENT,  
FS INVESTMENT CORPORATION

Zachary Klehr is an Executive Vice President and serves on the Investment Committee of the Adviser for FS Investment Corporation.

Prior to joining Franklin Square, Mr. Klehr was a Vice President at Versa Capital Management, a private equity firm with approximately \$1 billion in assets under management. At Versa, he sourced, underwrote, negotiated, structured and managed investments in middle-market distressed companies, special situations and distressed debt. Prior to Versa, Mr. Klehr spent five years at Goldman, Sachs & Co. where he worked on leveraged buyouts, acquisitions and equity and debt financings for Goldman Sachs' private equity clients.

Mr. Klehr received an M.B.A. with honors from the Wharton School of the University of Pennsylvania and a B.A. (cum laude), also from the University of Pennsylvania.

### SEAN COLEMAN

MANAGING DIRECTOR,  
FS INVESTMENT CORPORATION

Sean Coleman is a Managing Director and serves on the Investment Committee of the Adviser for FS Investment Corporation.

Before joining Franklin Square, Mr. Coleman worked at Golub Capital for eight years, where he served in various capacities, including as a managing director in the direct lending group and as chief financial officer and treasurer of Golub Capital BDC. Before he joined Golub Capital in 2005, Mr. Coleman worked in merchant banking and investment banking, including at Goldman, Sachs & Co. and Wasserstein Perella & Co.

Mr. Coleman earned a B.A. in History from Princeton University and an M.B.A. with Distinction from Harvard Business School.

### WILLIAM GOEBEL

CHIEF FINANCIAL OFFICER,  
FS INVESTMENT CORPORATION

William Goebel joined Franklin Square in February 2011 where he serves as Chief Financial Officer of FS Investment Corporation. Mr. Goebel brings over 13 years of accounting and auditing experience with areas of focus in fair valuation, SEC reporting and new fund offerings.

Prior to joining the company, Mr. Goebel held a senior manager audit position with Ernst & Young LLP in the firm's asset management practice and was responsible for the audits of RICs, private investment partnerships, investment advisers and broker dealers. Mr. Goebel began his career as an auditor at Tait, Weller and Baker.

Mr. Goebel received a B.S. in Economics from the Wharton School of the University of Pennsylvania. He is a CFA Charterholder and a certified public accountant.



## GSO Capital Partners Executives Focused on FSIC

### **BENNETT J. GOODMAN**

SENIOR MANAGING DIRECTOR AND  
CO-FOUNDER,  
GSO / BLACKSTONE

Bennett Goodman is a Senior Managing Director of The Blackstone Group, and current member of the Blackstone Management Committee.

Before co-founding GSO Capital Partners in 2005, Mr. Goodman was a Founder and Managing Partner of the Alternative Capital Division of Credit Suisse (CSFB) where he was responsible for overseeing \$33 billion of assets under management in private equity and credit oriented strategies. He joined CSFB in November 2000 when CSFB acquired DLJ, where he joined in 1988 as the founder of the High Yield Capital Markets Group and Served as Global Head of Leveraged Finance.

Mr. Goodman graduated from Lafayette College and the Harvard Business School.

### **DOUGLAS I. OSTROVER**

SENIOR MANAGING DIRECTOR AND  
CO-FOUNDER,  
GSO / BLACKSTONE

Before co-founding GSO Capital Partners in 2005, Mr. Ostrover was a Managing Director and Chairman of the Leveraged Finance Group of CSFB where he was responsible for all of CSFB's origination, distribution and trading activities relating to high yield securities, leveraged loans, high yield credit derivatives and distressed securities. Mr. Ostrover joined CSFB in November 2000 when CSFB acquired DLJ, where he was a Managing Director in charge of High Yield and Distressed Sales, Trading and Research.

Mr. Ostrover received a B.A. in Economics from the University of Pennsylvania and an M.B.A. from the Stern School of Business of New York University.

### **TRIPP SMITH**

SENIOR MANAGING DIRECTOR AND  
CO-FOUNDER,  
GSO / BLACKSTONE

Before co-founding GSO Capital Partners in 2005, Mr. Smith was Global Head of the Capital Markets Group within the Alternative Capital Division of CSFB. Mr. Smith joined CSFB in November 2000 when it acquired DLJ, where he was Global Head of High Yield Capital Markets. Mr. Smith had been a member of DLJ's high yield team since he joined the firm in 1993. Prior to that, Mr. Smith worked for Smith Barney and Drexel Burnham Lambert.

Mr. Smith received a B.B.A. in Accounting from the University of Notre Dame.

### **DANIEL H. SMITH**

SENIOR MANAGING DIRECTOR, GSO /  
BLACKSTONE

Mr. Smith is the Group Head of GSO / Blackstone Debt Funds Management and is a member of its Investment Committee.

Before joining GSO Capital in 2005, Mr. Smith was Managing Partner and Co-head of RBC Capital Market's Alternative Investments Unit at Royal Bank of Canada in New York. Mr. Smith joined RBC in 2001 from Indosuez Capital, a division of Credit Agricole Indosuez, where he was a Co-Head and Managing Director overseeing the firm's debt investments business and merchant banking activities. He began his career in investment management in 1987 at Van Kampen American Capital where he focused on below investment grade corporate debt.

Mr. Smith received a B.S. in Petroleum Engineering from the University of Southern California and a Masters in Management from the J.L. Kellogg Graduate School of Management at Northwestern University.

### **BRAD MARSHALL**

MANAGING DIRECTOR,  
GSO / BLACKSTONE  
SENIOR PORTFOLIO MANAGER, FS  
INVESTMENT CORPORATION

Mr. Marshall serves as a Senior Portfolio Manager for FS Investment Corporation and is a member of GSO / Blackstone Debt Funds Management's Investment Committee.

Before joining GSO Capital Partners in 2005, Mr. Marshall worked in various roles at RBC Capital Market's Alternative Investments Unit at Royal Bank of Canada, including fixed income high yield research and business development within RBC's private equity funds effort. Prior to RBC, Mr. Marshall helped develop a private equity funds business for TAL Global, a Canadian asset management division of CIBC, and prior to that, he co-founded a microchip verification software company where he served as chief financial officer.

Mr. Marshall received an M.B.A. from McGill University in Montreal and a B.A. with honors in Economics from Queen's University in Kingston, Canada.



**FS INVESTMENT  
CORPORATION**  
A Business Development Company

INVESTOR PRESENTATION

# FS Investment Corporation

**LISTING UPDATE**

Franklin Square Capital Partners is not affiliated with Franklin Resources/Franklin Templeton Investments or the Franklin Funds.

April 1, 2014



## Important considerations

An investment in the common stock of FS Investment Corporation (FSIC, we or us) involves a high degree of risk and may be considered speculative. The following are some of the risks an investment in our common stock involves; however, you should carefully consider all of the information found in the section of our Forms 10-Q and 10-K filings entitled "Risk Factors" and in our other public filings before deciding to invest in shares of our common stock.

- An investment strategy focused primarily on privately held companies presents certain challenges, including the lack of available information about these companies.
- Investing in middle-market companies involves a number of significant risks, any one of which could have a material adverse effect on our operating results.
- A lack of liquidity in certain of our investments may adversely affect our business.
- We are subject to financial market risks, including changes in interest rates, which may have a substantial negative impact on our investments.
- We have borrowed funds to make investments, which increases the volatility of our investments and may increase the risks of investing in our securities.
- We have limited operating history and are subject to the business risks and uncertainties associated with any new business.
- Our distributions may be funded from unlimited amounts of offering proceeds or borrowings, which may constitute a return of capital and reduce the amount of capital available to us for investment.

**This presentation is for informational purposes only and is not an offer to buy or the solicitation of an offer to sell any securities of FSIC. The tender offer will be made only pursuant to an offer to purchase, letter of transmittal and related materials (the Tender Materials) that FSIC intends to distribute to its stockholders and file with the Securities and Exchange Commission (SEC). The full details of the tender offer, including complete instructions on how to tender shares of common stock, will be included in the Tender Materials, which FSIC will distribute to stockholders and file with the SEC upon the commencement of the tender offer. Stockholders are urged to carefully read the Tender Materials when they become available because they will contain important information, including the terms and conditions of the tender offer. Stockholders may obtain free copies of the Tender Materials that FSIC files with the SEC at the SEC's website at: [www.sec.gov](http://www.sec.gov) or by calling the information agent who will be identified in the Tender Materials. In addition, stockholders may obtain free copies of FSIC's filings with the SEC from FSIC's website at: [www.fsinvestmentcorp.com](http://www.fsinvestmentcorp.com) or by contacting FSIC at Cira Centre, 2929 Arch Street, Suite 675, Philadelphia, PA 19104 or by phone at (877) 628-8575.**

## Forward-Looking Statements

Some of the statements in this presentation constitute forward-looking statements because they relate to future events or the future performance or financial condition of FSIC. The forward-looking statements contained in this presentation may include statements as to: our future operating results; our business prospects and the prospects of our portfolio companies; the impact of the investments that we expect to make; the ability of our portfolio companies to achieve their objectives; our current and expected financings and investments; the adequacy of our cash resources, financing sources and working capital; the timing and amount of cash flows, distributions and dividends, if any, from our portfolio companies; our contractual arrangements and relationships with third parties; actual and potential conflicts of interest with FB Income Advisor, LLC (FB Advisor), FS Investment Advisor, LLC, FS Energy and Power Fund, FSIC II Advisor, LLC, FS Investment Corporation II, GSO / Blackstone Debt Funds Management LLC or any of their respective affiliates; the dependence of our future success on the general economy and its effect on the industries in which we may invest; our use of financial leverage; the ability of FB Advisor to locate suitable investments for us and to monitor and administer our investments; the ability of FB Advisor or its affiliates to attract and retain highly talented professionals; our ability to maintain our qualification as a regulated investment company (RIC) and as a business development company (BDC); the impact on our business of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules and regulations issued thereunder; the effect of changes to tax legislation and our tax position; the tax status of the enterprises in which we invest; our ability to complete the listing of our shares of common stock on the New York Stock Exchange LLC (NYSE); our ability to complete the related tender offer; and the price at which shares of our common stock may trade on the NYSE, which may be higher or lower than the purchase price in the tender offer.

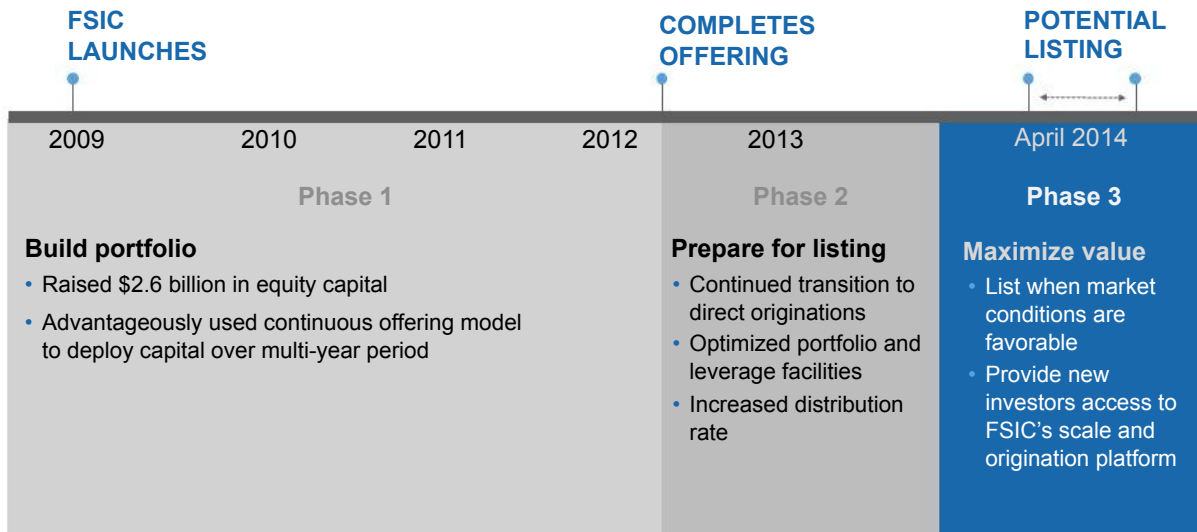
In addition, words such as "anticipate," "believe," "expect" and "intend" indicate a forward-looking statement, although not all forward-looking statements include these words. The forward-looking statements contained in this presentation involve risks and uncertainties. Our actual results could differ materially from those implied or expressed in the forward-looking statements for any reason. Factors that could cause actual results to differ materially include: changes in the economy; risks associated with possible disruption in our operations or the economy generally due to terrorism or natural disasters; and future changes in laws or regulations and conditions in our operating areas.

We have based the forward-looking statements included in this presentation on information available to us on the date of this presentation. Except as required by the federal securities laws, we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise. You are advised to consult any additional disclosures that we may make directly to stockholders or through reports that we have filed and may file in the future with the Securities and Exchange Commission (SEC), including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. 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.

Credit ratings may not reflect the potential impact of risks relating to the structure or trading of FSIC's common stock and are provided solely for informational purposes. Credit ratings are not recommendations to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization in its sole discretion. FSIC does not undertake any obligation to maintain the ratings or to advise of any change in ratings. Each agency's rating should be evaluated independently of any other agency's rating. An explanation of the significance of the ratings may be obtained from each of the rating agencies.



## The Franklin Square BDC model

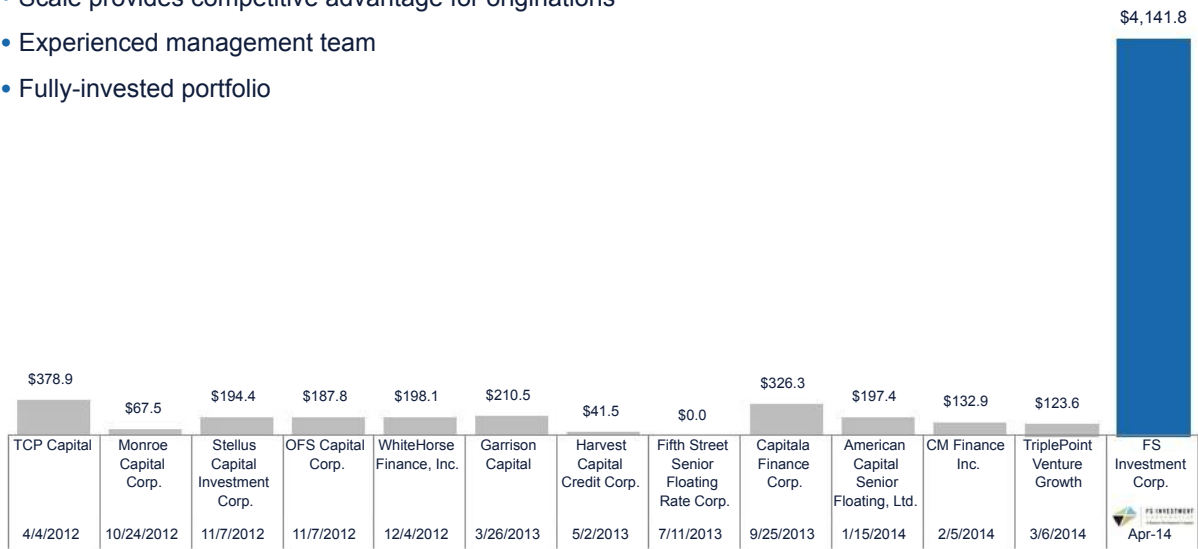




## Why Franklin Square's model is unique

### INITIAL PORTFOLIO SIZES OF RECENT BDC IPOs AND THE PROPOSED FSIC LISTING <sup>1</sup>

- Scale provides competitive advantage for originations
- Experienced management team
- Fully-invested portfolio



<sup>1</sup> Source: Public filings. Dollar amounts shown are in millions. The initial portfolio for FSIC is based on the fair value of investments as of February 28, 2014. The initial portfolio for the other BDCs shown based on the respective fair values of investments pro forma for the respective BDC's initial public offering.



## Platform provides a competitive advantage



• **LARGEST MANAGER OF BDCs<sup>1</sup>**

• **60 BDC PROFESSIONALS<sup>2</sup>**

• **SCALE** allows for one-stop financing solutions and low cost structure

• **310 PORTFOLIO COMPANIES** across entire BDC platform<sup>3</sup>

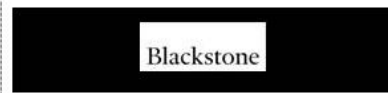


• **LEADING MANAGER OF ALTERNATIVE CREDIT** focused on non-investment grade corporate debt

• **GLOBAL PRESENCE** with over 250 employees<sup>2</sup>

• **INVESTMENTS IN MORE THAN 1,100** corporate credits<sup>2</sup>

• **\$17.9 BILLION** in directly originated transactions<sup>2</sup>



• **LEADING MANAGER OF ALTERNATIVE INVESTMENTS**

• **LEADING FRANCHISES** in credit, private equity, real estate, hedge fund solutions and financial advisory

• **BRAND AND SCALE** provides exceptional access

• **BLACKSTONE'S GROUP PURCHASING ORGANIZATION** available to FSIC portfolio companies

<sup>1</sup> Based on total balance sheet assets as of December 31, 2013. Includes the assets of FSIC, FS Investment Corporation II (FSIC II) and FS Energy & Power Fund (FSEP).

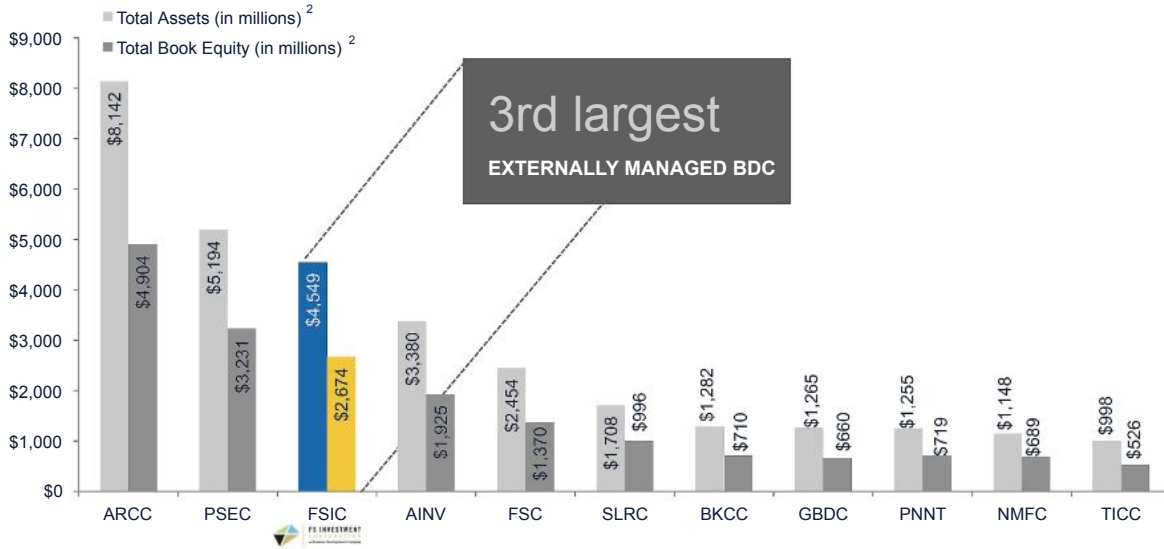
<sup>2</sup> As of December 31, 2013.

<sup>3</sup> Includes portfolio companies of FSIC, FSIC II and FSEP as of December 31, 2013.



## FSIC's Size Makes It an Immediately Relevant BDC

### TOTAL ASSETS AND BOOK EQUITY OF SELECT BDCs<sup>1</sup>



<sup>1</sup> Total assets and book equity of the ten largest externally managed BDCs by total assets. ARCC: Ares Capital Corporation; PSEC: Prospect Capital Corporation; FSIC: FS Investment Corporation; AINV: Apollo Investment Corporation; FSC: Fifth Street Finance Corp.; SLRC: Solar Capital Ltd.; BKCC: BlackRock Kelso Capital Corp.; GBDC: Golub Capital BDC, Inc.; PNNT: PennantPark Investment Corporation; NMFC: New Mountain Finance Corporation; TICC: TICC Capital Corp.

<sup>2</sup> Total assets and book equity shown in millions as of February 28, 2014 for FSIC. Total assets and book equity shown in millions as of December 31, 2013 for ARCC, PSEC, AINV, FSC, SLRC, BKCC, GBDC, PNNT, NMFC and TICC.



## Senior debt = premium pricing

### % SENIOR DEBT<sup>1</sup>

#### GREATER THAN 80% SENIOR DEBT:

Average distribution rate<sup>2</sup>: **8.93%**

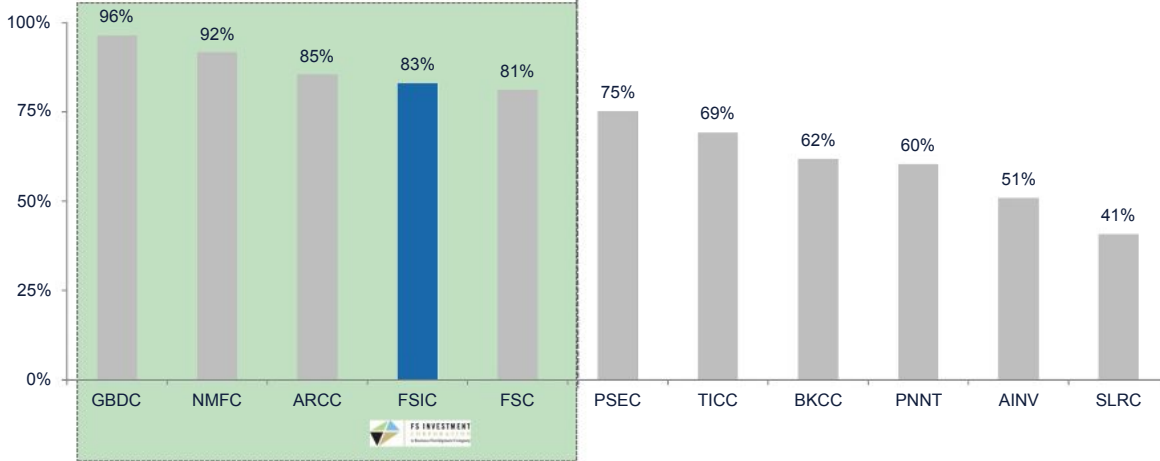
Average *premium* to NAV<sup>3</sup>: **5%**

80%

#### LESS THAN 80% SENIOR DEBT:

Average distribution rate<sup>2</sup>: **10.43%**

Average *discount* to NAV<sup>3</sup>: **1%**



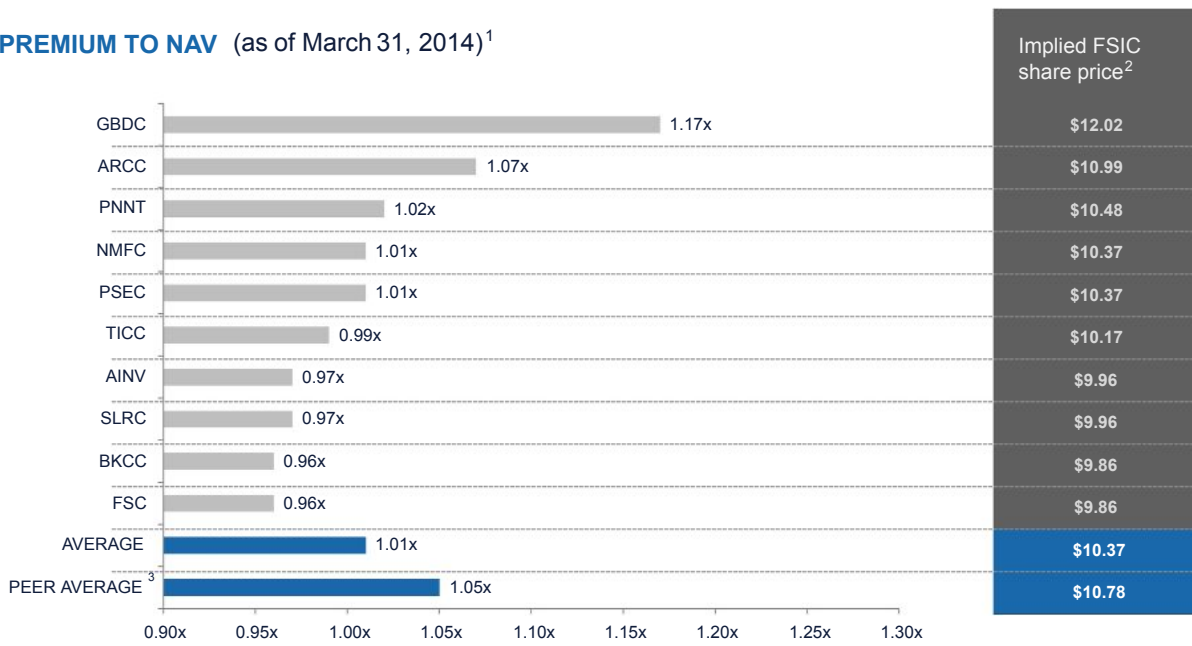
<sup>1</sup> Senior debt includes first lien senior secured loans, second lien senior secured loans and senior secured bonds. ARCC senior debt includes Subordinated Certificates of the Senior Secured Loan Program. GBDC senior debt includes GBDC's Senior Loan Facility. Senior debt based on fair value as of February 28, 2014 for FSIC. Senior debt based on fair value as of December 31, 2013 for GBDC, NMFC, ARCC, FSC, PSEC, TICC, BKCC, PNNT, AINV and SLRC. Sourced from public filings.

<sup>2</sup> Distributions rates based on each BDC's last declared regular cash distribution and share price data as of March 31, 2014.

<sup>3</sup> Average premium and discount to NAV based on each BDC's last declared NAV and share price data as of March 31, 2014. There can be no assurance that FSIC will trade at a premium to NAV if FSIC lists its shares. FSIC's actual share price upon any listing could be significantly higher or lower than values shown.

## BDC valuations and implied FSIC share price

### PREMIUM TO NAV (as of March 31, 2014)<sup>1</sup>



<sup>1</sup> Premiums of the ten largest externally managed BDCs based on total assets. Share price data as of March 31, 2014 and each BDC's last reported NAV as reported in public filings. There can be no assurance that FSIC will trade at a premium to NAV if FSIC lists its shares. FSIC's actual share price upon any listing could be significantly higher or lower than values shown.

<sup>2</sup> Based on FSIC's last reported NAV per share of \$10.27 as of February 28, 2014.

<sup>3</sup> Peer group includes GBDC, ARCC, NMFC and FSC.





## How FSIC continues to add value

### At listing

8.25%

target annualized  
distribution rate<sup>1</sup>



### After listing

\$0.20

special cash  
distributions<sup>2</sup>

<sup>1</sup> Target annualized distribution rate based on FSIC's monthly distribution per share of \$0.07425 declared in April 2014 and an assumed FSIC listing price of \$10.80 per share. This assumed listing price of \$10.80 per share is hypothetical and is not intended to be indicative of the current or future value of the shares of FSIC's common stock at or following the time of listing. There can be no assurance a listing will occur. If a listing occurs, the actual listing share price may be significantly higher or lower. Distributions are not guaranteed and are subject to the discretion of the board of directors of FSIC.

<sup>2</sup> On March 31, 2014, FSIC's board of directors expressed its intent to declare two special cash distributions, each in the amount of \$0.10 per share, that will be paid on August 15, 2014 and November 14, 2014 to stockholders of record as of July 31, 2014 and October 31, 2014, respectively.



## FSIC is an income solution

### DISTRIBUTION YIELDS ACROSS ASSET CLASSES



<sup>1</sup> Target annualized distribution rate based on FSIC's monthly distribution per share of \$0.07425 declared in April 2014 and an assumed FSIC listing price of \$10.80 per share. This assumed listing price of \$10.80 per share is hypothetical and is not intended to be indicative of the current or future value of the shares of FSIC's common stock at or following the time of listing. There can be no assurance a listing will occur. If a listing occurs, the actual listing share price may be significantly higher or lower. Distributions are not guaranteed and are subject to the discretion of the board of directors of FSIC.

<sup>2</sup> Dow Jones Dividend Index represented by the iShares Dow Jones Select Dividend ETF (DVIY), Treasury Inflation Protected Securities represented by the iShares Barclays TIPS Bond ETF (TIP), High Yield Bonds represented by the iShares iBoxx \$ High Yield Corporate Bond ETF (HYG), Syndicated Bank Loans represented by the PowerShares Senior Loan Portfolio ETF (BKLN), Investment Grade Bonds represented by the iShares iBoxx \$ Investment Grade Corporate Bond ETF (LQD), MLPs represented by the ALPS Alerian MLP ETF (AMLP) and REITs represented by the Vanguard REIT Index ETF (VNQ). Distribution yields as of March 31, 2014. This data is for illustrative purposes only.



## FSIC's value proposition

**8.25%**

target annualized distribution rate<sup>1</sup>

**110%**

cumulative total return<sup>2</sup>

**16.0%**

average annual GAAP return<sup>2</sup>

**PROVEN PERFORMANCE**

- Direct originations
- Distributions paid from net investment income and capital gains<sup>3</sup>
- Fully ramped portfolio<sup>3</sup>

**PROVEN PORTFOLIO**

- Invest primarily in senior secured, floating rate loans of U.S. private companies
- Generate income and capital appreciation

**PROVEN STRATEGY**



**FRANKLIN SQUARE**  
CAPITAL PARTNERS



**G S O**

**CAPITAL PARTNERS**  
*A Blackstone Company*

**PROVEN MANAGEMENT**

<sup>1</sup> Target annualized distribution rate based on FSIC's monthly distribution of \$0.07425 per share declared in April 2014 and an assumed FSIC listing price of \$10.80 per share. This assumed listing price of \$10.80 per share is hypothetical and is not intended to be indicative of the current or future value of the shares of FSIC's common stock at or following the time of listing. There can be no assurance a listing will occur. If a listing occurs, the actual listing share price may be significantly higher or lower. Distributions are not guaranteed and are subject to the discretion of the board of directors of FSIC.

<sup>2</sup> Cumulative and average annual GAAP returns since inception through the quarter ended December 31, 2013. These returns are calculated in accordance with GAAP using NAV performance and cash distributions declared during the relevant period and represent the return on the fund's investment portfolio rather than an actual return to stockholders. Past performance is not indicative of future results.

<sup>3</sup> As of December 31, 2013.



## FSIC listing details

<b>TICKER</b>	FSIC
<b>EVENT</b>	Listing shares on the NYSE
<b>ANTICIPATED TIMING<sup>1</sup></b>	April 16, 2014
<b>STOCKHOLDER LOCK-UP</b>	None; fully tradable at listing
<b>MANAGEMENT LOCK-UP</b>	Expected for 180 days post listing
<b>POST-LISTING TENDER<sup>2</sup></b>	Up to \$250 million tender at expected listing
<b>POTENTIAL POST-TENDER SHARE PURCHASES<sup>3</sup></b>	Up to \$175 million being considered: <ul style="list-style-type: none"> <li>– \$100 million by Franklin Square Holdings</li> <li>– \$25 million by members of management of FSIC and Franklin Square Holdings</li> <li>– \$50 million by GSO Capital Partners</li> </ul>
<b>CURRENT ANNUALIZED DISTRIBUTION<sup>4</sup></b>	\$0.891 per share
<b>SPECIAL CASH DISTRIBUTIONS<sup>5</sup></b>	\$0.10 per share that may be paid on 8/15/14 \$0.10 per share that may be paid on 11/14/14

### LISTING CONSIDERATIONS

- An innovative offering model
- Publicly-traded BDC premiums suggest potential for share price appreciation
- Potential special cash distributions
- No longer an illiquid alternative
- Compares well to other income-producing investments
- Sets precedent for the BDC industry
- Continued sponsor commitment

<sup>1</sup> There can be no assurance FSIC will list in this time frame or at all.

<sup>2</sup> Terms of the FSIC tender offer, including size thereof, are subject to the discretion of FSIC's board of directors.

<sup>3</sup> Franklin Square Holdings, members of management of FSIC and Franklin Square Holdings and GSO Capital Partners do not intend to participate in the tender offer. There can be no assurance that Franklin Square, any member of management of FSIC and Franklin Square Holdings or GSO Capital Partners will purchase any shares. Any such purchases may be conducted in an open market transaction, which may include purchases pursuant to 10b5-1 plans, subject to restrictions under applicable law.

<sup>4</sup> On March 31, 2014, FSIC's board of directors determined to increase the amount of the regular monthly cash distribution payable to stockholders of record from \$0.0720 per share to \$0.07425 per share effective as of the regular cash distribution payable for April 2014. Distributions are not guaranteed and are subject to the discretion of the board of directors of FSIC.

<sup>5</sup> On March 31, 2014, FSIC's board of directors expressed its intent to declare two special cash distributions each in the amount of \$0.10 per share, that will be paid on August 5, 2014 and November 4, 2014 to stockholders of record as of July 31, 2014 and October 31, 2014, respectively.



## FSIC listing operational review

<b>ACCOUNT FREEZE</b>	Expected to begin approximately two weeks prior to listing.
<b>DISTRIBUTION REINVESTMENT PLAN (DRP)</b>	<p>Will be terminated shortly prior to listing subject to the occurrence of a listing. After listing, a new DRP may be put into place so stockholders can again reinvest monthly distributions in additional shares of FSIC.</p> <p>If the current DRP is terminated, pending the adoption of a new DRP, stockholders that had elected to participate in the current DRP will receive cash rather than shares in respect of any cash distribution declared by FSIC.</p>
<b>FRACTIONAL SHARES</b>	The mechanics required for transferring shares in order for FSIC to list will not accept fractional shares. If an investor owns any fractional shares in FSIC, FSIC expects to "round up" the number of fractional shares held by stockholders immediately prior to a listing to the nearest whole number of shares.



## What should you do to prepare your clients for a listing?

### 1. Buy

#### BUY MORE SHARES

### 2. Hold

#### HOLD SHARES

### 3. Sell

#### SELL OR TENDER SHARES<sup>1</sup>

#### CERTAIN CONSIDERATIONS

- Increases investment in FSIC without an initial sales load
- Same considerations as holding

- Continued opportunity to receive current income
- Participate in potential special cash distributions
- Participate in potential market upside and future growth of FSIC
- Investment re-classified from alternative to domestic equity
- Ability to liquidate at time of your choosing
- Not a taxable event

- Loss of current income
- Loss of opportunity to receive special cash distributions
- Loss of potential market upside and future growth of FSIC
- Open market sales subject to market volatility
- Taxable event

#### PROCESS

- If necessary, move shares to brokerage account, at advisor and investor's convenience
- Buy additional shares at market price at time of your choosing

- If necessary, move shares to brokerage account, at advisor and investor's convenience

- Consult tax advisor
- The post-listing tender offer, if any, will be made only pursuant to an offer to purchase, letter of transmittal and related materials (the Tender Materials) that FSIC intends to distribute to its stockholders and file with the SEC. The full details of the tender offer, including complete instructions on how to tender shares of common stock, will be included in the Tender Materials, which FSIC will distribute to stockholders and file with the SEC upon the commencement of the tender offer.

<sup>1</sup> FSIC and its advisors and representatives are not making any recommendation to you as to whether to tender or refrain from tendering your shares or regarding price or prices at which you may choose to tender your shares. You are urged to discuss your decision with your tax and financial advisor. 15



## For additional information



**FOR GENERAL FSIC QUESTIONS, CONTACT FRANKLIN SQUARE AT**  
877-628-8575, option 2

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**FRANKLIN SQUARE CLIENT SERVICES AT**  
877-628-8575, option 3

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**EMAIL**  
[ASKFSIC@franklinsquare.com](mailto:ASKFSIC@franklinsquare.com)

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**WEB**  
Consult [www.FSIClist.com](http://www.FSIClist.com)

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