

FS KKR Capital Corp.

Investor Presentation

APRIL 2019

FSK Overview

FSK is an Industry Leading Business Development Company



FS | KKR

FSK is a publicly traded business development company (BDC) focused on providing customized credit solutions to private middle market companies

Externally managed by FS/KKR Advisor, LLC

- Leverages the full FS Investments and KKR platforms
- SEC co-investment exemptive relief
- Strong alignment between FS & KKR

Access to middle market direct lending opportunity

- Stable recurring income generation
- ~9.7% dividend yield⁽¹⁾
- Established and diversified portfolio of 204 borrowers
- 74% of portfolio in senior secured investments⁽²⁾

Sizable scale with \$7.7bn of assets

- Focused on larger middle market companies
- Typically sole or lead lender in Direct Originations
- Scale can allow for more attractive funding

Note: Please refer to "Legal Disclosures" at the end of this presentation for additional detail on the calculation of AUM and for further information on KKR's inside information barrier policies and procedures, which may limit the involvement of personnel in certain investment processes and discussions. All figures as of December 31, 2018, unless otherwise noted.

1. Based on current annualized dividend rate, excluding special dividends, relative to net asset value as of December 31, 2018.

2. Figure excludes the impact of the investment in Strategic Credit Opportunities Partners, LLC ("SCJV"). SCJV is a joint venture between FSK and Conway Capital, an affiliate of Guggenheim Life and Annuity Company and Delaware Life Insurance Company.

FS / KKR Advisor is the Largest BDC Manager



Seamless integration with KKR Credit

- ✓ Exemptive relief in place across all 5 BDCs
- ✓ Portfolio and risk management processes undertaken jointly by FS and KKR

The combined BDC platform is the largest BDC platform by total assets

Note: As of December 31, 2018, except MAIN, NMFC, CGBD, TCPC, HTGC, GSBD, and TCAP, which are all as of September 30, 2018.

KKR – An Industry Leading Alternative Asset Manager

KKR



~\$195.0 billion AUM and an over 40 year investment track record



Offices in 21 cities in 16 countries



Over 425 investment professionals across private and public markets



~\$17.0 billion balance sheet invested in KKR strategies alongside our clients

KKR Credit



~\$65.6 billion AUM across leveraged credit, private credit and special situations⁽¹⁾



Offices in 10 cities in 8 countries



~120 dedicated investment professionals



\$2.2 billion of KKR balance sheet committed across KKR credit strategies⁽²⁾

Active Credit Investment Strategies

Leveraged Credit

~\$35.5 billion⁽¹⁾⁽³⁾

Private Credit

~\$22.8 billion⁽¹⁾

Special Situations

~\$7.3 billion⁽¹⁾

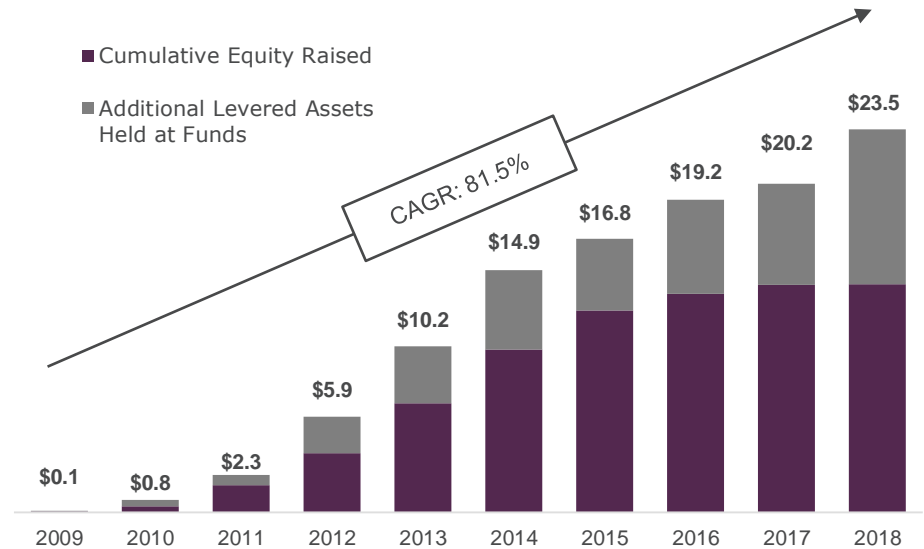
(1) As of December 31, 2018. Please see Important Information for important information regarding the calculation of AUM.
 (2) As of December 31, 2018. Includes legacy investments in KKR Financial Holdings LLC, a specialty finance vehicles listed on the New York Stock Exchange and various collateralized loan obligation vehicles.
 (3) Leveraged Credit AUM is inclusive of strategy assets for revolving credit.

FS – A Leading \$24B Alternative Asset Manager

Firm Overview

- Founded in 2007
- 12 investment vehicles across 6 institutional partners, and an in-house opportunistic credit team
- 300+ employees and 40+ investment professionals across 3 offices
- **Strong capital raising capabilities:** Distribution network that has raised more than \$14 billion of equity
 - Active dialogue with 19,000 advisors who cover 300,000+ investors

Growth in Assets Under Management



Top Institutional Manager Relationships

KKR

MAGNETAR CAPITAL

GoldenTree
ASSET MANAGEMENT LP

EIG
GLOBAL ENERGY PARTNERS

Rialto
CAPITAL MANAGEMENT

W Wilshire

FS/KKR Platform Positioned to Deliver Value for Investors

Focused on upper end of middle market while offering holistic solutions for underserved and mispriced asset classes

- 1** Scale can provide distinct competitive advantages
 - 2** Exemptive relief where KKR Credit platform can provide access to institutional deal flow and resources
 - 3** Flexible product offering makes FS/KKR a lender of choice among borrowers
 - 4** Differentiated asset based finance capabilities seek to drive earnings through expanded use of 30% basket
 - 5** Ability to increase leverage in attempt to optimize liability structure
-

Investment Process

Investment Process Leverages Best Practices of KKR and FS

Deep sourcing footprint, disciplined underwriting, and focus on protection downside drives rigorous investment process

Investment Process

Origination

- Dedicated ~120 KKR Credit investment professionals source and vet opportunities ⁽¹⁾
- Leverage deep expertise across KKR and 150+ sponsor relationships to generate significant deal flow
- Wide funnel allows for increased selectivity, with ~1,250 opportunities evaluated in 2018

Screening

- Deal team prepares initial investment memo highlighting opportunity
- FS and KKR provide feedback and identify additional diligence items, key risks, and areas of focus

Underwriting

- “PE-style” due diligence standard – Rigorous, consistent, repeatable underwriting process; focus on documentation and structural protections
- Fundamental credit investment philosophy based on deep credit underwriting and meticulous financial analysis
- Assets receive final approval from both KKR Credit and FSK investment committees

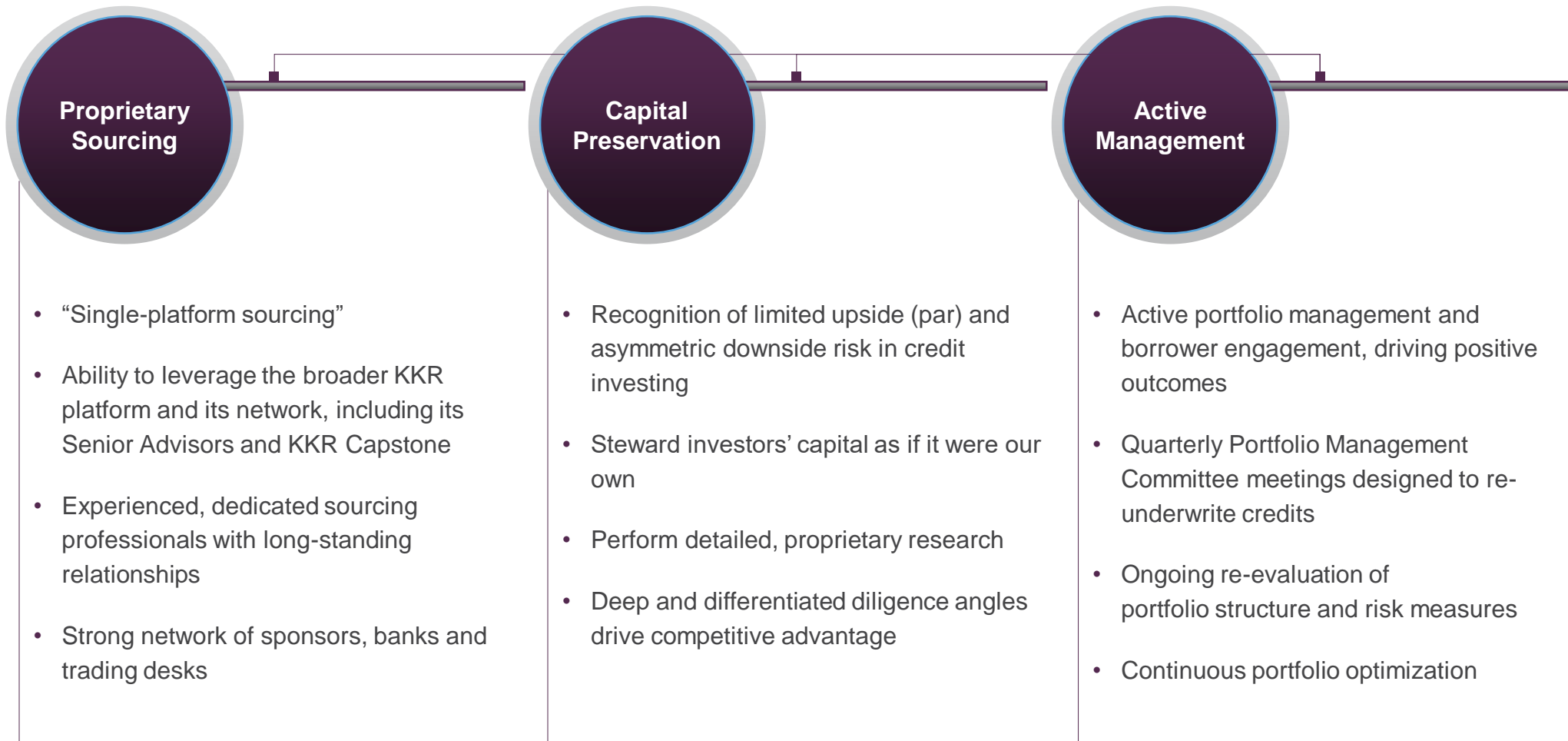
Monitoring

- KKR’s differentiated Portfolio Monitoring Unit monitors and reports on all assets, providing an analytical and proactive approach to Private Credit portfolio management
- Portfolio re-underwritten and reviewed quarterly by FS and KKR
- Deal team continues to engage borrowers and companies to stay current

Note: For illustrated purposes only
(1) As of December 31, 2018

Our Investment Philosophy

FSK utilizes a fundamental investment approach and leverages proprietary resources to seek out long-term capital appreciation and attractive risk-adjusted returns



Note: Portfolio managers may use some or all of the techniques described above or herein. KKR Capstone is not an affiliate or subsidiary of KKR.

Selective Origination

Wide origination network creates compelling deal flow which enables us to be highly selective in execution of opportunities

- KKR Credit is well resourced to originate, with ~120 dedicated private credit and capital markets professionals
- Given our thorough underwriting process, the transaction rate in our private credit strategies is typically less than 5%

Deal sourcing history⁽¹⁾

2015	2016	2017	2018
~600 Evaluated	~700 Evaluated	~760 Evaluated	~1,250 Evaluated
~140 Discussed in Investment Committee	~160 Discussed in Investment Committee	~175 Discussed in Investment Committee	~210 Discussed in Investment Committee
33 Funded	37 Funded	39 Funded	39 New Deals Closed ⁽²⁾

Strong, continuing pipeline feeds comprehensive credit selection process

(1) Number of deals funded includes new investments made across our private credit funds as well as portfolios and excludes add-ons.

(2) Includes two private opportunities credit investments that closed in Q4 2018 but have not year funded as of January 31, 2019.

Experienced Investment Committee Screens All Credits

Unanimous consent of all IC members required to approve BDC investments



Mike Kelly
President and
Chief Investment
Officer, FS



Brian Gerson
Head of Private
Credit, FS



Sean Coleman
Chief Credit Officer,
FS



Todd Bullione
President,
KKR Credit &
Markets



Daniel Pietrzak
Co-Head of
KKR Private Credit














Ryan Wilson
Director,
KKR Private Credit

Note: As of December 31, 2018

Middle Market Landscape

FSK Focused on the Upper Middle Market Segment

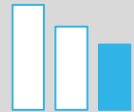
KKR is able to write checks of up to \$1 billion, allowing it to focus on the less competitive upper middle market space

	Lower middle market	Mid middle market	Upper middle market	Broadly syndicated loans
Competitive dynamics	Heavy Competition	Moderate Competition	Less Competition	Heavy Competition
EBITDA	< \$25 million	\$25 – 50 million	\$50 – 100 million	\$250+ million
Security interest	Senior secured; meaningful covenants			Senior secured; "covenant-lite"
Diligence / monitoring	Access to management team and sponsor; monthly reporting			Limited diligence; quarterly reporting
Competitive landscape	Small BDCs   	BDCs, loan fund managers    	   	Large banks Broadly Syndicated CLOs Insurance companies

Overview of the U.S. Middle Market



200,000
Businesses⁽¹⁾



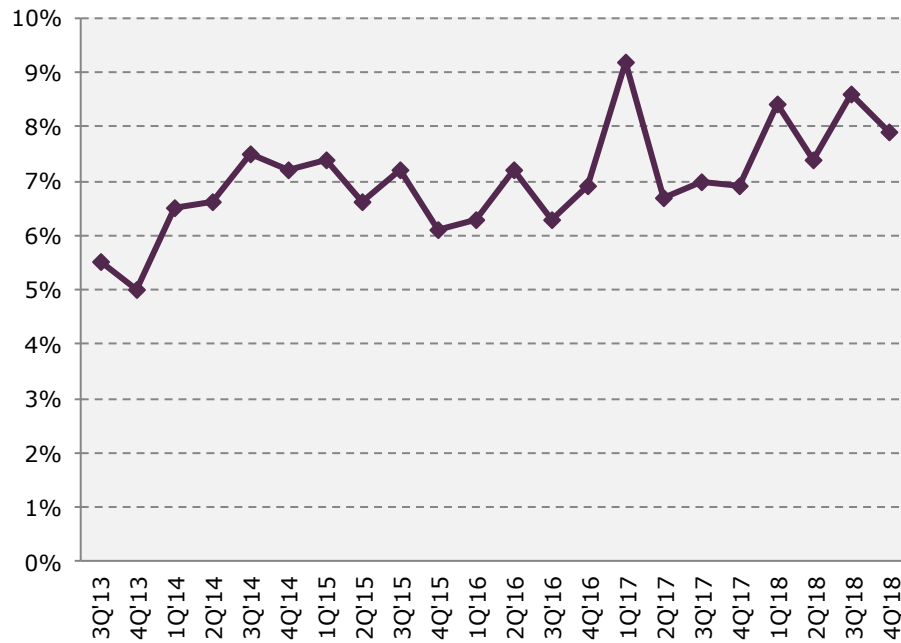
3rd Largest Global
Economy⁽¹⁾



1/3 of Private
Sector GDP and
Employment⁽¹⁾

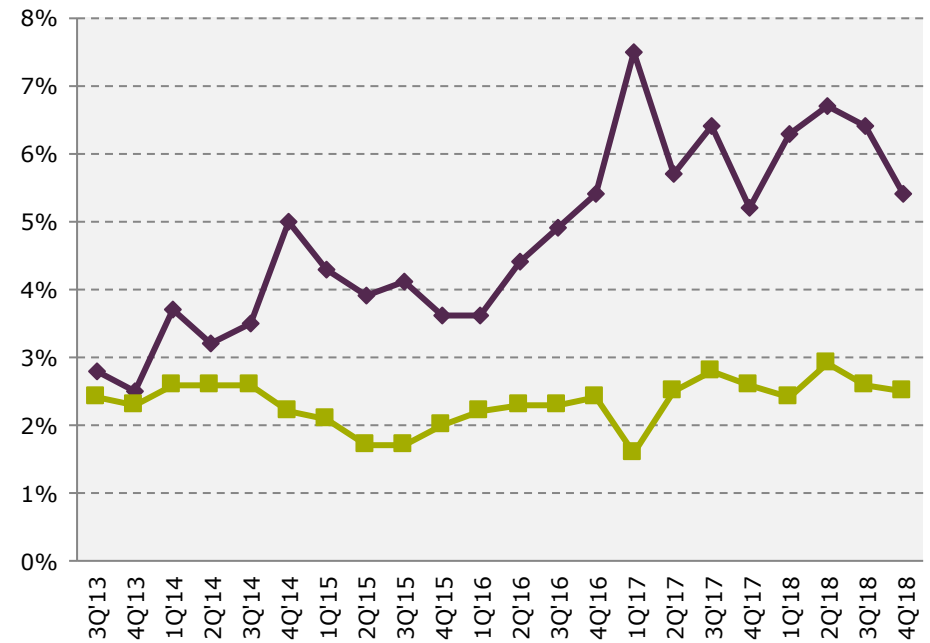
Stable Earnings and Continued Employment Growth⁽¹⁾

LTM Revenue Growth



◆ Middle Market

LTM Employment Growth



◆ Middle Market ◆ Large Corporation

1. Data as of December 31, 2018, from the National Center for the Middle Market. The survey was designed to accurately reflect the nearly 200,000 U.S. businesses with revenues between \$10 million and \$1 billion, the lower and upper limits on annual middle market revenue.

We Believe FSK is Positioned to Take Advantage of Market Trends

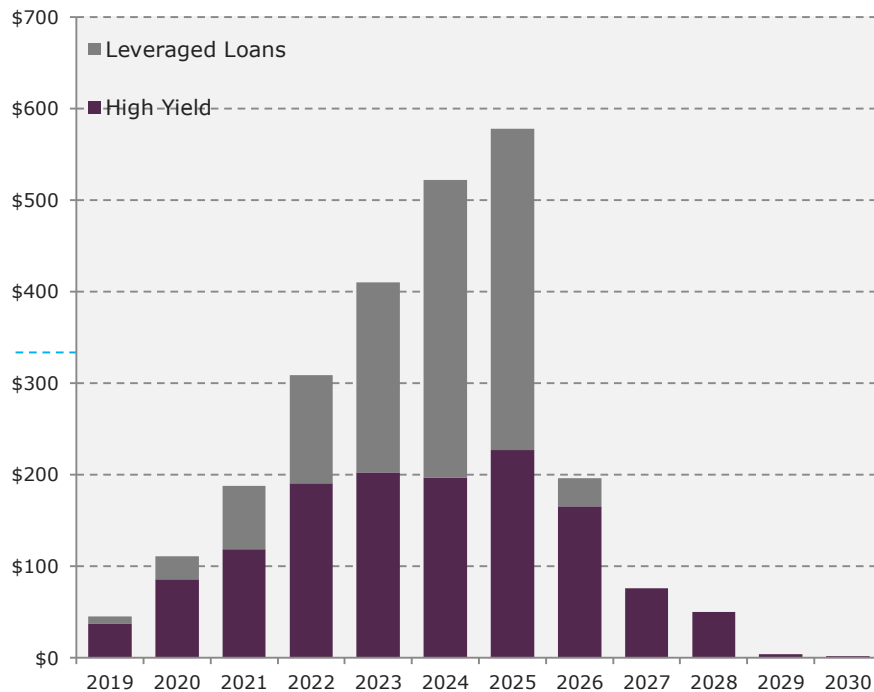
Unparalleled scale and diversification drive differentiated lending capabilities

- Middle Market sponsors increasingly look for lenders that are able to provide comprehensive, diversified financing solutions
- Scale enables the broader FS / KKR platform to underwrite and hold larger investment sizes

Companies and Sponsors Continue to Need Capital

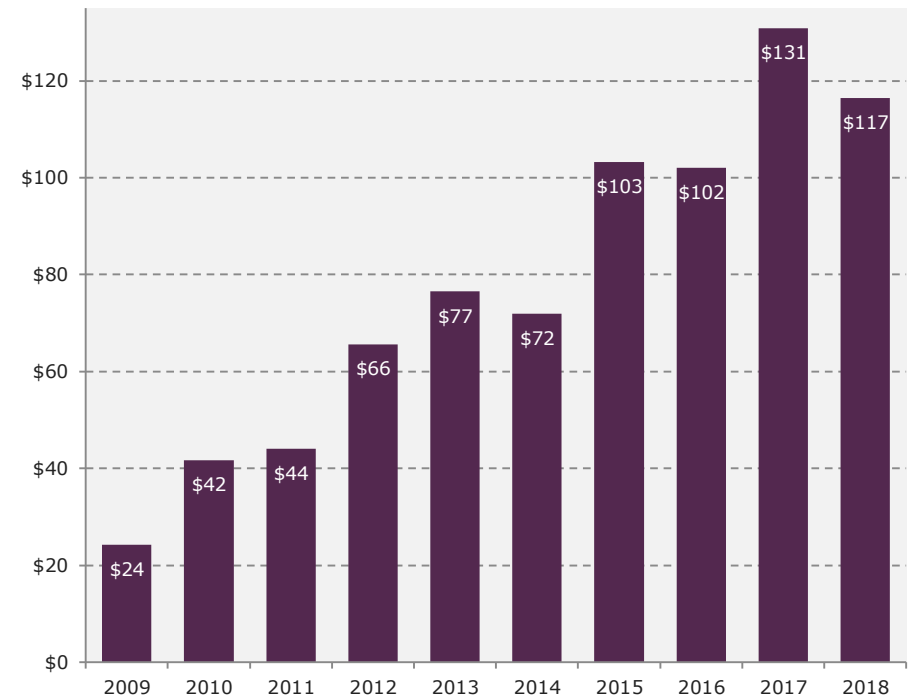
Private Equity Dry Powder: ~\$695 billion of un-invested private equity capital commitments seeking transactions⁽¹⁾

Estimated Maturity Profile of High Yield and Leveraged Loans, \$bn



Driving Growth in the Private Credit Marketplace

Historical Private Debt Fundraising, \$bn⁽²⁾



1. S&P LCD High Yield Interactive Report as of December 31, 2018.
 2. Prequin website as of January 2019.

Fourth Quarter and Year End 2018 Financial Results

Summary of Quarterly Results

<p>Fourth Quarter Performance⁽¹⁾</p>	<ul style="list-style-type: none"> • Net investment income (NII) for the quarter ended December 31, 2018 was \$52.5 million, or \$0.19 per share, as compared to \$56.1 million, or \$0.23 per share, for the quarter ended September 30, 2018. • Net realized and unrealized losses on investments of \$172 million, or \$0.62 per share, for the quarter ended December 31, 2018. This compares to net realized and unrealized losses on investments of \$67 million, or \$0.28 per share, for the quarter ended September 30, 2018.
<p>NAV Per Share</p>	<ul style="list-style-type: none"> • Net asset value per share as of December 31, 2018 was \$7.84 (within the previously disclosed range of \$7.82 to \$7.86), compared to \$8.64 as of September 30, 2018.
<p>Dividend</p>	<ul style="list-style-type: none"> • FSK paid a regular dividend of \$0.19 per share for the fourth quarter of 2018, and as previously announced, a special dividend of \$0.09 per share was paid on December 3, 2018⁽²⁾. • FSK's Board of Directors has declared a regular dividend of \$0.19 per share for the first quarter of 2019. • For the quarter ended December 31, 2018, the Adjusted NII⁽³⁾ / Dividend coverage ratio was 109%.
<p>Investment Activity</p>	<ul style="list-style-type: none"> • New investment fundings in the fourth quarter were approximately \$220 million at FSK, and approximately \$530 million across FSK and Corporate Capital Trust (CCT) combined. • As of December 31, 2018, 88% of total investments at fair value were in Direct Originations⁽⁴⁾.
<p>Portfolio Diversification</p>	<ul style="list-style-type: none"> • Exposure to the top ten largest portfolio companies by fair value decreased to 19% as of December 31, 2018, compared to 36% as of September 30, 2018. • The average position size decreased to 0.5% of fair value as of December 31, 2018, compared to 1.1% as of September 30, 2018.
<p>Buyback Activity</p>	<ul style="list-style-type: none"> • Announced a \$200 million share buyback program and executed approximately \$39 million as of February 26, 2019.

1. Excludes the impact of \$717 million of unrealized appreciation resulting from the merger with CCT. See FSK's Annual Report on Form 10-K for additional information.

2. The record date for the special dividend was prior to the closing of the merger with CCT.

3. Adjusted to remove the impact of \$7M of excise tax. See the Appendix for the reconciliation between NII and Adjusted NII.

4. Direct Originations are defined as investments where FS/KKR Advisor, LLC (Advisor) or its affiliates negotiates the terms of the transaction beyond just the price, which, for example, may include negotiating financial covenants, maturity dates or interest rate terms or where we participate in other originated investment where there may be third parties involved, or a bank acting as an intermediary, for a closely held club, or similar investment.

Financial Results

<i>(Dollar amounts in millions, except per share data)</i>	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	FY - 2018
NII per share	\$0.19	\$0.23	\$0.19	\$0.21	\$0.22	\$0.82
Adjusted NII per share ⁽¹⁾	\$0.21	\$0.24	\$0.19	\$0.21	\$0.24	\$0.85
Net realized and unrealized gains (losses) per share ⁽²⁾	(\$0.62)	(\$0.28)	(\$0.32)	(\$0.15)	(\$0.16)	(\$1.40)
Net increase (decrease) in net assets resulting from operations (earnings per share) ⁽²⁾	(\$0.43)	(\$0.05)	(\$0.13)	\$0.05	\$0.06	(\$0.59)
Stockholder distributions per share	\$0.19	\$0.19	\$0.19	\$0.19	\$0.19	\$0.76
Special stockholder distributions per share	\$0.09	-	-	-	-	\$0.09
Net asset value per share at period end	\$7.84	\$8.64	\$8.87	\$9.16	\$9.30	\$7.84
Weighted average shares outstanding (in millions)	277.3	239.5	242.8	245.7	245.7	251.4
Shares outstanding, end of period (in millions)	531.5	239.2	240.6	245.6	245.7	531.5
Total assets	\$7,705	\$3,699	\$3,883	\$4,058	\$4,104	\$7,705
Cash ⁽³⁾	\$104	\$99	\$195	\$210	\$135	\$104
Total debt ⁽⁴⁾	\$3,391	\$1,557	\$1,636	\$1,722	\$1,722	\$3,391
Debt-to-equity, Net ⁽⁵⁾	0.79x	0.70x	0.67x	0.67x	0.69x	0.79x
Adjusted NII / total recurring dividend	109%	123%	100%	108%	123%	107%

- The following adjustments have been reflected: i) removes impact of one time refinancing expenses in Q3 2018 and ii) removes excise tax paid in Q4 2017 and Q4 2018. See the Appendix for the reconciliation between NII and Adjusted NII.
- Excludes the impact of \$717 million of unrealized appreciation resulting from the merger with CCT. See FSK's Annual Report on Form 10-K for additional information.
- Includes cash and cash denominated in foreign currency.
- Principal amount outstanding.
- Computed as total principal debt outstanding less cash divided by stockholders' equity.

Portfolio Highlights

<i>(Dollar amounts in millions)</i>	As of and for Three Months Ended				
	12/31/18	9/30/18	6/30/18	3/31/18	12/31/17
Investment at Fair Value:					
First Lien Senior Secured Loans	54.2%	69.5%	67.2%	65.2%	64.2%
Second Lien Senior Secured Loans	15.1%	3.9%	3.6%	3.9%	5.0%
Other Senior Secured Debt	4.6%	5.2%	5.1%	4.3%	4.1%
Subordinated Debt	5.8%	5.3%	8.2%	9.3%	9.1%
Asset Based Finance	8.9%	5.6%	5.4%	5.0%	4.8%
Strategic Credit Opportunities Partners	4.0%	0.0%	0.0%	0.0%	0.0%
Equity/Other	7.4%	10.4%	10.6%	12.3%	12.8%
Total Investments	\$7,387	\$3,537	\$3,623	\$3,804	\$3,926
% Non-Income Producing Investments – FMV	9.4%	10.7%	9.6%	10.1%	10.7%
Number of portfolio companies ⁽¹⁾	204	92	109	94	100
Interest Rate Type:⁽²⁾					
% Floating Rate	79.8%	80.7%	78.1%	79.0%	79.6%
% Fixed Rate	20.2%	19.3%	21.9%	21.0%	20.4%
Net Interest Margin:					
Weighted average annual yield on income producing investments ⁽³⁾	10.8%	11.1%	11.1%	10.8%	10.5%
Weighted average interest rate on borrowings	4.6%	4.4%	4.4%	4.4%	4.2%

1. Does not look through to FSK's portfolio companies held solely in Strategic Credit Opportunities Partners, LLC (SCJV). SCJV is a joint venture between FSK and Conway Capital, an affiliate of Guggenheim Life and Annuity Company and Delaware Life Insurance Company.

2. Represents interest rates on debt investments at US\$ fair value (FV). Floating includes variable interest rates on asset back finance investments that can change quarter to quarter.

3. The weighted average annual yield for accruing debt investments is computed as (i) the sum of (a) the stated annual interest rate of each debt and debt-like investment, multiplied by its par amount, adjusted to U.S. dollars and for any partial income accrual when necessary, as of the end of the applicable reporting period, plus (b) the annual amortization of the purchase or original issue discount or premium of each accruing debt investment; divided by (ii) the total amortized cost of debt investments included in the calculated group as of the end of the applicable reporting period. Asset based finance investments with an effective interest rate are being included in the calculation.

Portfolio Highlights

Portfolio Highlights

204

portfolio companies¹

19%

FMV in top-10 portfolio companies²

74%

of investments in senior secured debt²

\$56M / 5.0x

Median portfolio company EBITDA & Leverage⁴

80%

of debt investments are floating rate

10.8%

Wtd. avg. yield on income producing investments³

1.0%

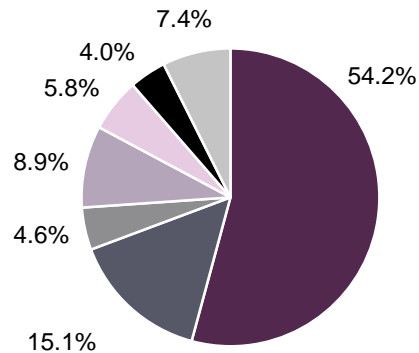
Non-accrual rate at FMV

86%

Lead, co-lead, or sole lender⁴

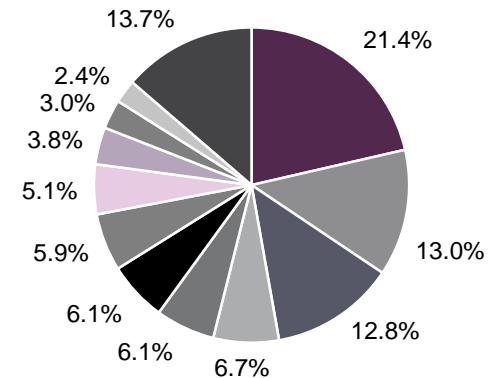
Security Exposure

- 1st Lien Loan - Senior Secured
- 2nd Lien Loan - Senior Secured
- Other Senior Secured
- Asset Based Finance
- Subordinated Debt
- SCJV
- Equity / Other



Sector Exposure Across 23 Industries

- Capital Goods
- Diversified Financials
- Software & Services
- Health Care Equip.
- Retailing
- Comm. & Profess. Services
- Consumer Durables
- Materials
- Energy
- Consumer Services
- Real Estate
- Other (12 industries)



Note: All stats as of December 31, 2018 unless otherwise noted.

1. Does not look through to FSK's portfolio companies held solely in SCJV.
2. Figure excludes the impact of FSK's investment in SCJV.
3. The weighted average annual yield on accruing debt instruments is based on amortized cost as of the end of the applicable period. The weighted average annual yield for accruing debt investments is computed as (i) the sum of (a) the stated annual interest rate of each debt investment, multiplied by its par amount, adjusted to U.S. dollars and for any partial income accrual when necessary, as of the end of the applicable reporting period, plus (b) the annual amortization of the purchase or original issue discount or premium of each accruing debt investment; divided by (ii) the total amortized cost of debt investments included in the calculated group as of the end of the applicable reporting period.
4. Figure based on FV of Direct Origination investments only.

Portfolio Highlights – Net Investment Activity

Portfolio Roll (\$ in millions)	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q2 – Q4 Pro Forma CCT + FSIC
Investment Purchases	\$220	\$184	\$240	\$116	\$263	\$1,839
Sales and Redemptions ⁽¹⁾	(397)	(223)	(350)	(216)	235	(1,656)
Net Investment Activity	(\$177)	(\$39)	(\$110)	(\$100)	\$28	\$183

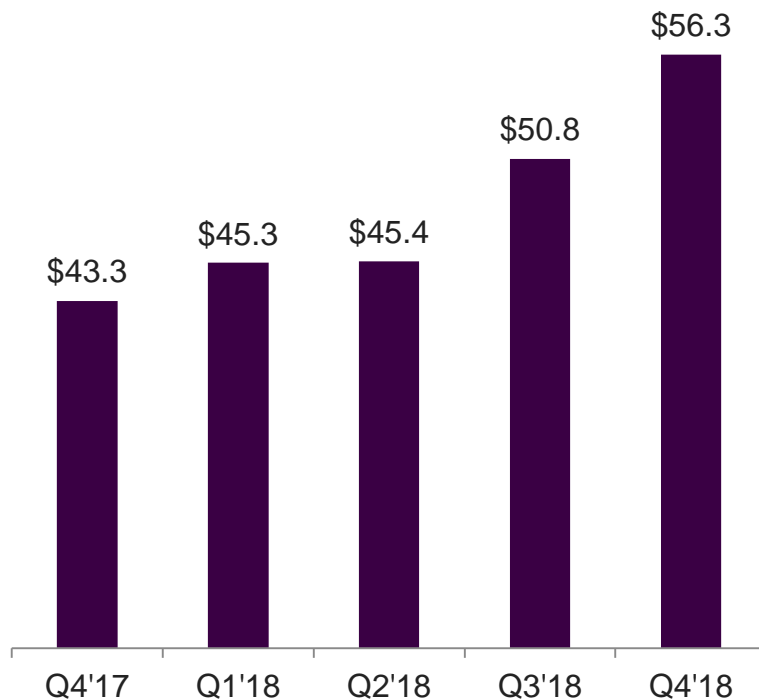
Asset Mix of New Purchases	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q2 – Q4 Pro Forma CCT + FSIC
First Lien Senior Secured Loans	71%	78%	62%	85%	85%	66%
Second Lien Senior Secured Loans	29%	18%	8%	4%	6%	20%
Other Senior Secured Debt	0%	2%	15%	6%	0%	4%
Subordinated Debt	0%	1%	2%	3%	0%	5%
Asset Based Finance	0%	1%	0%	0%	0%	5%
Equity/Other ²	0%	0%	13%	2%	9%	0%

1. Excludes net sales to SCJV.

2. Zero represents an amount less than 0.5%.

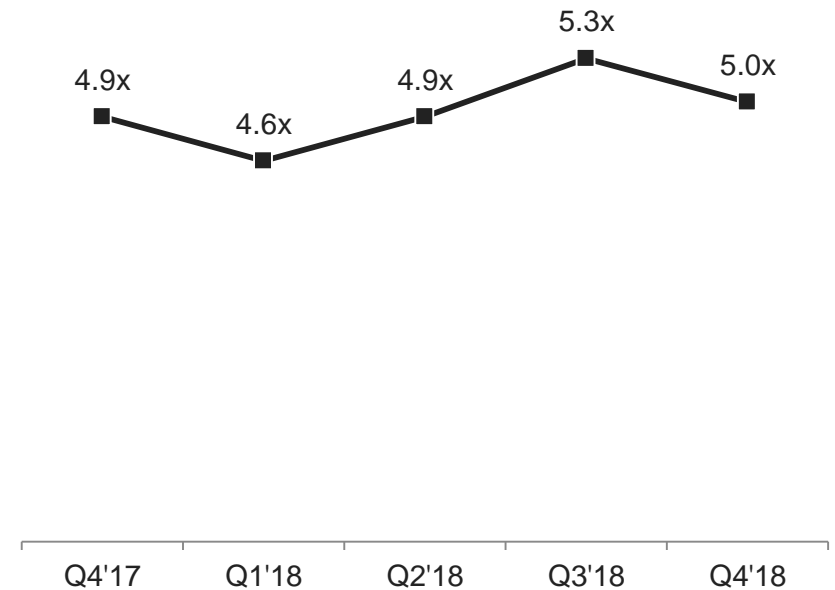
Direct Origination Investments - EBITDA and Credit Statistics

Direct Origination Portfolio Company Median EBITDA



Direct Origination Portfolio Company Coverage Ratio

Median Leverage Coverage Multiple



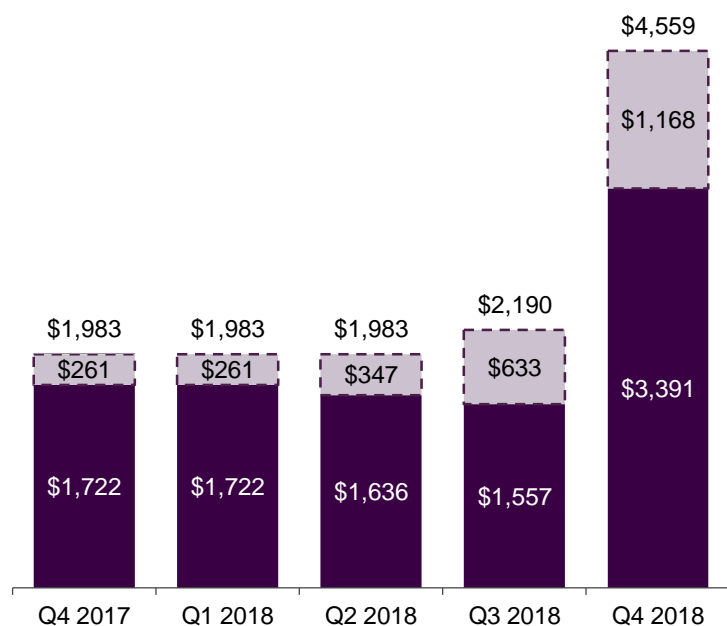
Note: Information based on most recently reported Direct Origination investment financial information.

Capital Structure

Funding & Liquidity Management

Leverage over Time

■ Principal Outstanding ▒ Capacity

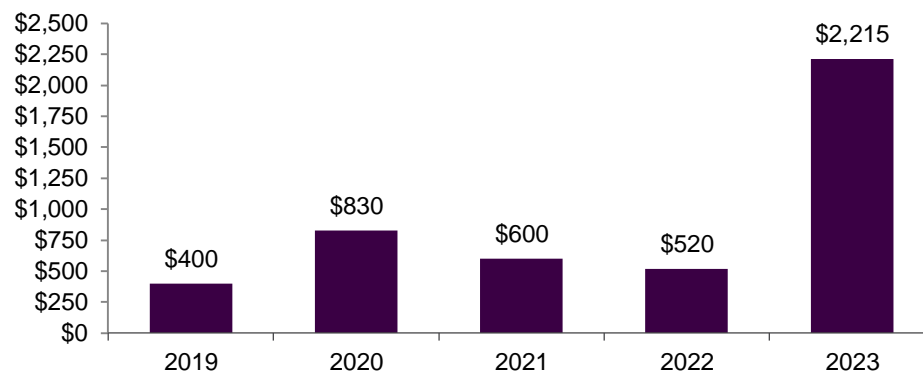


Cash (mm)⁽¹⁾	\$135	\$210	\$195	\$99	\$104
Net D/E⁽²⁾	0.69x	0.67x	0.67x	0.70x	0.79x

Key Funding Vehicles (\$mm)

Funding Source	Committed	Principal Outstanding	Undrawn	Maturity	Effective Rate ⁽³⁾
4.00% Notes	\$400	\$400	-	7/15/19	4.00%
4.25% Notes	405	405	-	1/15/20	4.25%
JPM Term Loan	425	425	-	11/1/20	5.08%
JPM Revolver	300	240	60	1/16/21	5.21%
SMBC Revolver	300	183	117	12/2/21	4.55%
4.75% Notes	275	275	-	5/15/22	4.75%
5.00% Notes	245	245	-	6/28/22	5.00%
Syndicated RCF	2,215	1,224	991	8/9/23	4.46%
Total	\$4,565	\$3,397	\$1,168		4.58%

Maturity Profile (\$mm)



1. Includes Cash and Cash denominated in foreign currency.

2. Computed as total principal debt outstanding less cash divided by stockholders' equity.

3. Weighted average as of December 31, 2018. Includes the effect of non-usage fees.

Appendix

Quarterly Gain/Loss Information

<i>(Dollar amounts in millions, except per share data)</i>	For The Three Months Ended				
	12/31/18	9/30/18	6/30/18	3/31/18	12/31/17
Realized gain/loss					
Net realized gain (loss) on investments:					
Non-controlled/unaffiliated investments	(\$177)	\$24	\$41	(\$4)	(\$11)
Non-controlled affiliated investments	1	-	(10)	-	2
Controlled/affiliated investments	0	-	-	-	-
Net realized gain (loss) on foreign currency	0	6	-	-	-
Total net realized gain (loss)	(\$176)	\$30	\$31	(\$4)	(\$9)
Unrealized gain/loss					
Net change in unrealized appreciation (depreciation) on investments:					
Non-controlled/unaffiliated investments	\$154	(\$104)	(\$81)	(\$17)	(\$12)
Non-controlled affiliated investments	(38)	8	(21)	(6)	(16)
Controlled/affiliated investments	(101)	6	(8)	(10)	(1)
Net change in unrealized appreciation (depreciation) on swap contracts	(16)	-	-	-	-
Net change in unrealized appreciation (depreciation) on foreign currency forward contracts	3	-	-	-	-
Net change in unrealized appreciation (depreciation) on secured borrowing	-	-	-	-	-
Net change in unrealized gain (loss) on foreign currency	2	(7)	2	(1)	(1)
Total net unrealized gain (loss)	\$4	(\$97)	(\$108)	(\$34)	(\$30)
Total net realized and unrealized gain (loss)⁽¹⁾	(\$172)	(\$67)	(\$77)	(\$38)	(\$39)

1. Excludes the impact of \$717 million of unrealized appreciation resulting from the merger with CCT. See FSK's Annual Report on Form 10-K for additional information.

Operating Results

<i>(Dollar amounts in millions, except per share data)</i>	For The Three Months Ended				
	12/31/18	9/30/18	6/30/18	3/31/18	12/31/17
Total investment income	\$103	\$95	\$96	\$101	\$111
Net expenses	(43)	(39)	(50)	(50)	(52)
Net investment income before taxes	\$60	\$56	\$46	\$51	\$59
Excise taxes	(7)	-	-	-	(5)
GAAP Net investment income	\$53	\$56	\$46	\$51	\$54
Plus excise taxes	7	-	-	-	5
Plus one-time expenses ¹	-	1	-	-	-
Adjusted net investment income	\$60	\$57	\$46	\$51	\$59
Total net unrealized and realized gains (losses) ⁽²⁾	(172)	(67)	(77)	(38)	(39)
Net increase (decrease) in net assets resulting from operations	(\$119)	(\$11)	(\$31)	\$13	\$15
Per Share:					
Net investment income	\$0.19	\$0.23	\$0.19	\$0.21	\$0.22
Adjusted net investment income	\$0.21	\$0.24	\$0.19	\$0.21	\$0.24
Net increase (decrease) in net assets results from operations	(\$0.43)	(\$0.05)	(\$0.13)	\$0.05	\$0.06
Stockholder distributions	\$0.19	\$0.19	\$0.19	\$0.19	\$0.19
Special distributions	\$0.09	-	-	-	-
Weighted average shares outstanding (millions)	277.3	239.5	242.8	245.7	245.7
Shares outstanding, end of period (millions)	531.5	239.2	240.6	245.6	245.7

1. FSK's one-time expenses for the three months ended September 30, 2018 were \$1 resulting from the acceleration of the remaining unamortized deferred financing costs associated with the closing of the Hamilton Street Credit Facility.

2. Excludes the impact of \$717 million of unrealized appreciation resulting from the merger with CCT. See FSK's Annual Report on Form 10-K for additional information.

Operating Results Detail

<i>(Dollar amounts in millions, except per share data)</i>	For The Three Months Ended				
	12/31/18	9/30/18	6/30/18	3/31/18	12/31/17
Investment income:					
Interest income	\$83	\$75	\$81	\$78	\$90
Payment-in-kind interest income	16	14	11	13	12
Fee income	3	4	4	2	9
Total dividend and other income	2	-	-	7	-
Total investment income	\$103	\$95	\$96	\$100	\$111
Operating expenses:					
Investment advisory fees & expenses	16	15	16	16	17
Interest expense	22	21	21	20	20
Incentive fees	3	-	11	12	13
Other operating expenses	2	2	2	2	2
Total operating expenses	\$43	\$38	\$50	\$50	\$52
Net investment income before taxes	60	56	46	50	59
Income taxes, including excise taxes	(7)	-	-		(5)
Net investment income	\$53	\$56	\$46	\$50	\$54
Total net unrealized and realized gains (losses) ⁽¹⁾	(172)	(67)	(77)	(37)	(39)
Net increase in net assets resulting from operations	(\$119)	(\$11)	(\$31)	\$13	\$15

1. Excludes the impact of \$717 million of unrealized appreciation resulting from the merger with CCT. See FSK's Annual Report on Form 10-K for additional information.

Operating Statement of Financial Condition

	As of				
	12/31/18	9/30/18	6/30/18	3/31/18	12/31/17
<i>(Dollar amounts in millions, except per share data)</i>					
Assets					
Total investments, at fair value	\$7,387	\$3,537	\$3,627	\$3,804	\$3,926
Cash	101	99	195	210	135
Foreign currency, at fair value	3	1	6	5	4
Receivable for investments sold and repaid	144	28	20	1	3
Income receivable	60	23	32	32	31
Unrealized appreciation on foreign currency forward contracts	3	-	-	-	-
Deferred financing costs	6	6	3	3	3
Deferred merger costs	-	3	-	-	-
Prepaid expenses and other assets	1	1	1	2	2
Total Assets	\$7,705	\$3,699	\$3,883	\$4,058	\$4,104
Liabilities					
Payable for investments purchased	\$6	\$1	\$22	\$0	\$2
Credit facilities payable	2,070	475	554	639	639
Unsecured notes payable	1,321	1,076	1,075	1,074	1,073
Unrealized depreciation on derivative instruments	16	-	-	-	-
Shareholders' distributions payable	45	45	46	47	47
Interest Payable	28	18	23	18	23
Other liabilities ⁽¹⁾	53	17	28	30	35
Total Liabilities	\$3,539	\$1,632	\$1,748	\$1,808	\$1,819
Total Net Assets	\$4,166	\$2,067	\$2,135	\$2,250	\$2,285
Net Asset Value per Share	\$7.84	\$8.64	\$8.87	\$9.16	\$9.30

1. Includes accrued performance-based incentive fees, accrued investment advisory fees, accrued directors' fees, administrative expenses payable and deferred tax liabilities.

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Certain figures in this presentation have been rounded.

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Target returns are hypothetical in nature and are shown for illustrative, informational purposes only. This summary is not intended to forecast or predict future events, but rather to indicate the returns for the asset classes indicated herein that KKR Credit has observed in the market generally over the course of an investment cycle. It does not reflect the actual or expected returns of any potential investment of the Fund and does not guarantee future results. The target returns are based upon KKR Credit's view of the potential returns for investments to be made by the Fund, are not meant to predict the returns of the Fund, and are subject to the following assumptions: KKR Credit considers a number of factors, including, for example, observed and historical market returns relevant to the applicable asset class available for investment to the Fund, projected cash flows, relevant other market dynamics (including interest rate and currency markets), anticipated leverage, and liquidity constraints. Certain of the assumptions have been made for modeling purposes and are unlikely to be realized. No representation or warranty is made as to the reasonableness of the assumptions made or that all assumptions used in achieving the returns have been stated or fully considered. Changes in the assumptions may have a material impact on the projected returns presented. Unless otherwise indicated, all data is shown before management fees, incentive fees, applicable expenses, taxes and does not account for the effects of inflation. Management fees, incentive fees and potential expenses are not considered and would reduce returns. Actual results experienced by investors may vary significantly from the target returns shown. Target Returns May Not Materialize.

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In addition, such target returns do not reflect the actual or expected returns of any portfolio strategy. Such target returns are based on KKR Credit's belief about the returns that may be achievable on investments that the Strategy intends to pursue in light of the experience of KKR and KKR Credit with similar investments historically, their view of current market conditions, potential investment opportunities that KKR Credit is currently or has recently reviewed, availability of financing and certain assumptions about investing conditions and market fluctuation or recovery. Targeted returns on specific investments are based on models, estimates and assumptions about performance believed to be reasonable under the circumstances. There is no guarantee that the facts on which such assumptions are based will materialize as anticipated, that market conditions will not deteriorate or that investment opportunities satisfying the Strategy's targeted returns will be available. Any changes in such assumptions, market conditions or availability of investments may have a material impact on the target return presented. Actual events and conditions may differ materially from those used to establish target returns. Any target return is hypothetical and is not a guarantee of future performance. Target gross returns for individual investments may be greater or less than the Strategy's overall target gross or net returns. Prospective investors should note that the targeted gross returns do not account for the effects of inflation and do not reflect the management fees, "carried interest," taxes, transaction costs and other expenses that will be borne by investors in the Fund, which will reduce returns and, in the aggregate, are expected to be substantial. Targeted returns are subject to significant economic, market and other uncertainties that may adversely affect the performance of any investments. Prospective investors are encouraged to contact the representatives of KKR Credit to discuss the procedures and methodologies (including assumptions) used to calculate the Fund's targeted returns.

Important Information

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Participation of KKR Private Equity, KKR Capital Markets and KKR Capstone personnel in the Fund's investment activities is subject to applicable law and inside information barrier policies and procedures, which may limit the involvement of such personnel in certain circumstances and the ability of KKR Credit to leverage such integration with KKR. Discussions with KKR Senior Advisors and employees of KKR's managed portfolio companies are also subject to inside information barrier policies and procedures, which may restrict or limit discussions and/or collaborations with KKR Credit.

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References in this presentation to "Gross IRR" are to the internal rate of return or multiple of invested capital, respectively, calculated at investment level, and thus do not take into consideration the payment of applicable management fees, carried interest, transaction costs, borrowing costs and other expenses borne by the relevant KKR investment, which will have a material impact on returns. In the case of unrealized investments, the gross returns are based on internal valuations by KKR of unrealized investments as of the applicable date. The actual realized returns on such unrealized investments will depend on, among other factors, future operating results, the value of the assets, and market conditions at the time of disposition, any related transaction costs, and the timing and manner of sale, all of which may differ from the assumptions on which the valuations used in the prior performance data contained herein are based. Accordingly, the actual realized return of these unrealized investments may differ materially from the returns indicated herein.

References to "Net IRR" are to the internal rate of return calculated at fund level, after payment of applicable management fees, organizational expenses and carried interest but do not reflect transaction costs that would be incurred in connection with the disposition of unrealized investments if realized. Internal rates of return are computed on a "dollar-weighted" basis, which takes into account the timing of cash flows, the amounts invested at any given time, and unrealized values as of the relevant valuation date. Multiples of invested capital referred to in this presentation have been calculated based on figures for the cost and total value of KKR fund investments that have been rounded to the nearest \$100,000. It should be noted that each of KKR Lending Partners L.P. ("KKRLP I") and KKR Lending Partners II L.P. ("KKRLP II") utilizes an asset line credit facility primarily for purposes of long term financing of investments. The performance information with respect to KKRLP I and KKRLP II contained herein reflects the positive impact of such leverage. In this regard, prospective investors should note that the Fund's performance is expected to be lower to the extent that the Fund does not utilize a similar leverage strategy or is unable to obtain similar financing arrangements. Moreover, the management fee terms for the Fund are expected to be different than those of KKRLP I. Accordingly, the differential between gross performance and net performance of the Fund may be materially different from KKRLP I.

Important Information

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The statistical data included in this presentation regarding the indices has been obtained from sources believed to be reliable. The market index returns assume that on the day a portfolio investment is made, a hypothetical investment in a matching amount is made in the index. For each date on which either a portion or all of the portfolio investment is sold, a hypothetical index multiple (factor) is calculated by comparing the change in index value between the two dates. The cost of the investment sold (or portion of cost sold) is multiplied by this factor, resulting in a hypothetical index value. The return is calculated using these dates of investment and hypothetical value(s) generated. Index returns assume reinvestment of dividends and do not reflect any fees or expenses associated with a private fund. The indices are presented for comparison purposes only and should not be relied upon. All index performance is dated as of the date indicated herein. The index is presented for comparison purposes only and should not be relied upon. All index performance is dated as of the date indicated herein.

- The S&P LSTA US Leveraged Loan Index is a daily tradable index for the U.S. loan market that seeks to mirror the market-weighted performance of the largest institutional loans that meet the inclusion criteria and that have marks from the LSTA/LPC mark-to-market service. The inclusion criteria consist of the following: i) syndicated term loan instruments consisting of term loans (both amortizing and institutional), acquisition loans (after they are drawn down) and bridge loans; ii) secured; iii) U.S. dollar denominated; iv) minimum term of one year at inception; and v) minimum initial spread of LIBOR plus 1.25%.
- The Barclays Aggregate Bond Index is a broad-based benchmark that measures the investment grade, fixed-rate bond market, such as Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS.

The performance shown herein is not the performance of the Fund and is not an indication of how the Fund would have performed in the past or will perform in the future. The Fund's performance in the future will be different from the performance shown due to factors including, but not limited to, differences in cash flows, expenses, performance calculation methods, and portfolio sizes and composition. The performance presented reflects the performance of all investments made or committed to under KKRLP I and KKRLP II utilizing a strategy substantially similar to that which will be utilized for the Fund. Characteristics and other information regarding KKRLP I and KKRLP II are not characteristics of the Fund and are not an indication of how the Fund would have performed in the past or will perform in the future. While the Fund will utilize a strategy substantially similar to that of KKRLP I and KKRLP II, the Fund's characteristics may be different from the characteristics of KKRLP I and KKRLP II due to factors including, but not limited to, portfolio size and composition. KKR believes, however, such characteristics to be relevant to investors considering an investment in the Fund to show the portfolio managers' experience implementing, and historical characteristics of, the Fund's anticipated investment strategy. Further, the investment performance of KKRLP I and KKRLP II is not representative of all originated senior debt investments made, sold or recommended by KKR. It should be noted that other investment vehicles and proprietary accounts of KKR have made originated senior debt and other investments that may have been appropriate for the Fund and are not presented herein.