

# BDC Industry Review: Fourth Quarter 2014

## FS Investment Corporation II

Total Assets.....\$4,726.6 Million  
 Investments.....\$4,396.2 Million  
 Cash & Equivalents.....\$224.6 Million  
 Other.....\$105.8 Million



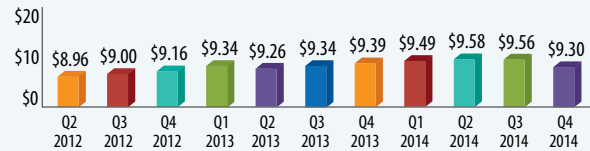
Last Offering Price: .....Closed  
 Current Distribution Rate\*: .....7.11%  
 Reinvestment Price Per Share:.....Set by Board\*  
 Effective Date:.....February 14, 2012  
 Offering Close Date:.....March 5, 2014

\*Current distribution rate based on public offering price

Cash & Equivalents to Total Assets Ratio:.....4.8%  
 Asset Type: .....Diversified Private Debt  
 Number of Companies in Portfolio: .....200  
 Sponsor/Advisor: .....Franklin Square Capital Partners  
 Sub-Advisor:.....GSO – Blackstone  
 Use of Total Return Swap (TRS): .....No\*  
 Assets of TRS: .....\$0 Million

\*FS Investment Corporation II terminated the TRS agreement on June 13, 2013

### Historical Price (Net Asset Value)



### Investment Strategy

#### Strategy:

To invest primarily in senior secured, second-lien secured and to a lesser extent subordinated debt of private U.S. companies.

#### Company Size:

\$50 million to \$2.5 billion in revenue.

#### Average Portfolio Company Size:

\$181.7 million in EBITDA.

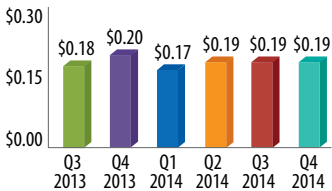
### Management

Investments are sourced, underwritten and managed in a collaborative effort between Franklin Square (FS) Capital Partners and the sub-advisor, GSO Capital Partners, a Blackstone company.

**GSO - Blackstone** – The credit arm of Blackstone, GSO manages over \$72.9 billion in credit investments. Blackstone is one of the world's largest investment management firms, has roughly \$290.4 billion in assets under management.

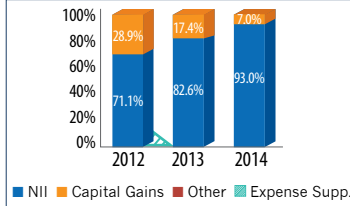
**Franklin Square Capital Partners** – An alternative investments firm founded in 2007 with an experienced team of investment professionals. The firm manages \$14.9 billion in BDC assets.

### Historical Distribution Per Share



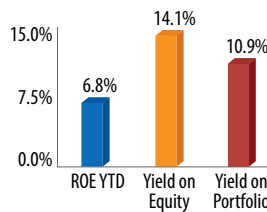
\*Does not include special distributions

### Sources of Distributions

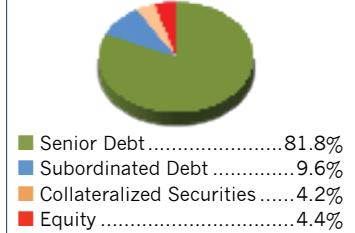


\*Other may include other taxable income items.

### Portfolio Yields



### Portfolio by Asset Type



### Portfolio Concentration – Top 5 Industries

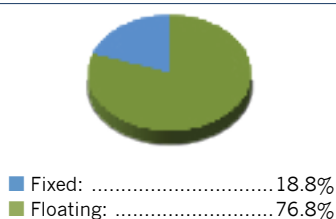
Industry	2014 YTD	2013
Consumer Services	17%	15%
Energy	14%	16%
Capital Goods	9%	8%
Software & Services	8%	7%
Diversified Financials	7%	8%

### Performance Returns

	2014* YTD	2013*	2012
FS Investment Corporation II	6.92%	10.81%	8.82%
S&P/LSTA Leveraged Loan Index	0.99%	5.25%	9.67%
BofA Merrill Lynch High Yield Master II	2.50%	7.42%	15.58%

\*YTD returns are not annualized  
 \*Limited operations for year of 2012, became effective 2/14/12

### Floating vs. Fixed Rate Investments



\*See additional notes on page 19.

### Key Statistics

Total Operating Expense Ratio	4.3%
Interest Coverage Ratio	8.6x
Weighted Average Interest Rate	3.1%
Leverage Ratio	34.7%
Taxable Income Payout Ratio*	105.7%
Net Change in Assets Payout Ratio	117.1%
Expense Support % of Distribution	0.0%

### Contact Information

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