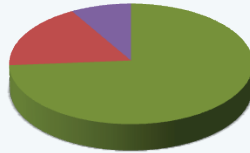


# BDC Industry Review: First Quarter 2015

## FS Investment Corporation III

Total Assets.....	\$1,397.0 Million
Investments.....	\$1,030.3 Million
Cash & Equivalents.....	\$247.9 Million
Other.....	\$118.9 Million

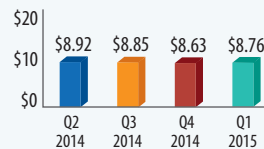


Public Offering Price: .....	\$9.95
Current Distribution Rate: .....	7.03%
Reinvestment Price Per Share:.....	90% POP
Effective Date:.....	December 31, 2013
Number of Months Effective:.....	15

Cash & Equivalents to Total Assets Ratio:.....	17.7%
Asset Type: .....	Diversified Private Debt
Number of Companies in Portfolio: .....	106
Sponsor/Advisor: .....	Franklin Square Capital Partners
Sub-Advisor:.....	GSO - Blackstone
Use of Total Return Swap (TRS): .....	Yes
Assets of TRS: .....	\$337.0 Million*

\*TRS Agreement began June 26, 2014

### 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:

\$324.0 million in EBITDA

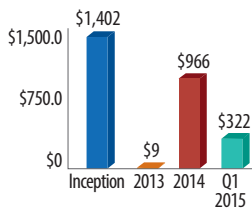
### Management

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 \$75 billion in credit investments. Blackstone is one of the world's largest investment management firms, has roughly \$310 billion in assets under management.

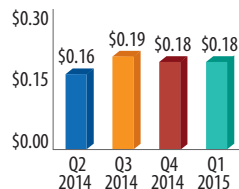
**Franklin Square Capital Partners** – An alternative investments firm founded in 2007 with an experienced team of investment professionals. The firm manages \$15.7 billion in BDC assets.

### Gross Offering Proceeds



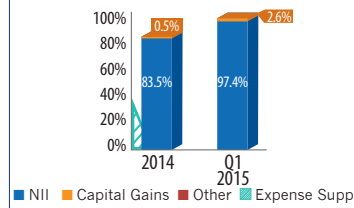
\*Includes reinvested distributions (in millions)

### Historical Distribution Per Share



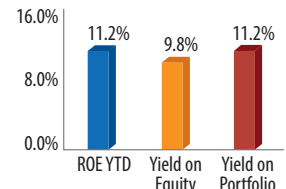
\*Does not include special distributions

### Sources of Distributions



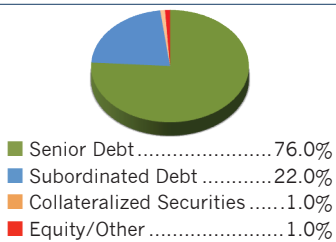
\*Other may include other taxable income items.

### Portfolio Yields



\*Commencing operation on April 2, 2014.

### Portfolio by Asset Type



### Portfolio Concentration - Top 5 Industries

Industry	2015 YTD	2014
Energy	23%	16%
Commercial & Professional Services	12%	11%
Software & Services	11%	12%
Consumer Services	11%	14%
Materials	11%	8%

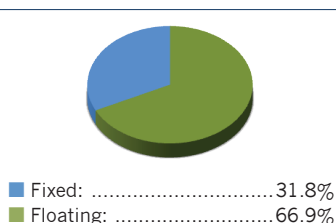
\* Short-term Treasury Investments not included, includes TRS investments

### Performance Returns

	2015 YTD	2014**
FS Investment Corporation III	3.59%	1.67%
S&P/LSTA Leveraged Loan Index	1.85%	0.99%
BofA Merrill Lynch High Yield Master II	2.48%	2.50%

\* YTD returns are not annualized  
\*\* Annualized due to limited operating data in 2014

### Floating vs. Fixed Rate Investments



### Key Statistics

Fund Operating Expense Ratio.....	3.0%
Interest Coverage Ratio.....	19.7x
Weighted Average Interest Rate .....	2.8%
Leverage Ratio.....	13.8%
Taxable Income Payout Ratio* .....	102.7%
Net Change in Assets Payout Ratio .....	70.9%
Expense Support % of Distribution .....	0.0%

\*Commenced operations on April 2, 2014 - limited operating data

### Contact Information

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**Franklin Square Capital Partners**  
**2929 Arch Street, Suite 675**  
**Philadelphia, PA 19104**  
**(877) 372-9880**

\*See additional notes on page 19.