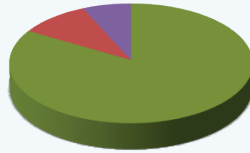


# BDC Industry Review: Third Quarter 2015

## FS Investment Corporation III

Total Assets.....	\$2,528.9 Million
Investments.....	\$2,108.5 Million
Cash & Equivalents.....	\$248.0 Million
Other.....	\$172.4 Million

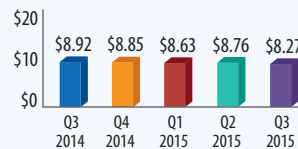


Public Offering Price .....	\$9.60
Current Distribution Rate .....	7.29%
Reinvestment Price Per Share .....	90% POP
Effective Date.....	December 31, 2013
Number of Months Effective.....	21

Cash & Equivalents to Total Assets Ratio.....	9.8%
Asset Type .....	Diversified Private Debt
Number of Companies in Portfolio .....	129
Sponsor/Advisor .....	Franklin Square Capital Partners
Sub-Advisor.....	GSO - Blackstone
Use of Total Return Swap (TRS) .....	Yes
Assets of TRS .....	\$341.2 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:

\$239.3 million in EBITDA, \$86.1 million in EBITDA for direct originations

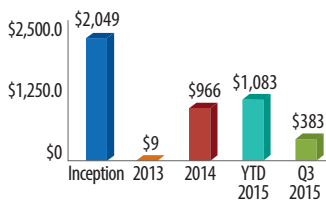
### Management

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 \$81 billion in credit investments. Blackstone is one of the world's largest investment management firms, has roughly \$334 billion in assets under management.

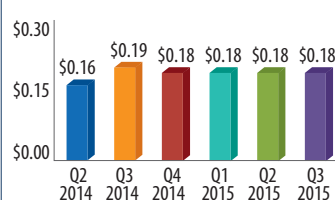
**Franklin Square Capital Partners** – An alternative investments firm founded in 2007 with an experienced team of investment professionals. The firm manages \$17 billion in BDC assets.

### Gross Offering Proceeds



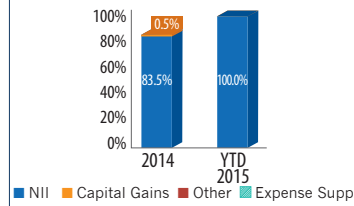
\*Includes reinvested distributions (in millions)

### Historical Distribution Per Share



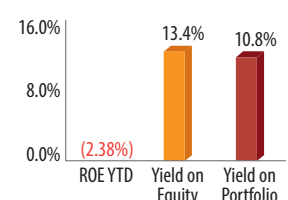
\*Does not include special distributions

### Sources of Distributions

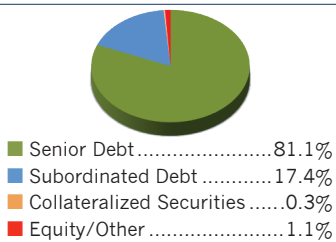


\*Other may include other taxable income items.

### Portfolio Yields



### Portfolio by Asset Type



### Portfolio Concentration - Top 5 Industries

Industry	2015 YTD	2014
Software & Services	19%	16%
Energy	13%	16%
Consumer Services	11%	14%
Commercial & Professional Svc.	11%	11%
Transportation	9%	3%

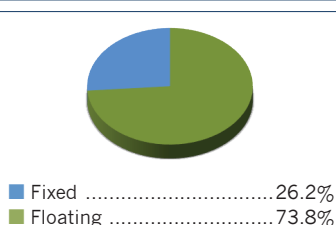
\* Short-term Treasury Investments not included, includes TRS investments

### Performance Returns

	2015 YTD	2014**
FS Investment Corporation III	1.97%	1.67%
S&P/LSTA Leveraged Loan Index	(0.52%)	0.99%
BofA Merrill Lynch High Yield Master II	(2.53%)	2.50%

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

### Floating vs. Fixed Rate Investments



\*See additional notes on page 23.

### Key Statistics

Fund Operating Expense Ratio.....	4.4%
Interest Coverage Ratio.....	3.0x
Weighted-Average Interest Rate .....	2.8%
Leverage Ratio.....	29.6%
Taxable Income Payout Ratio* .....	100.0%
Net Change in Assets Payout Ratio .....	Not Meaningful
Expense Support % of Distribution .....	0.0%

\*Tax-basis net investment income; Does not include capital gains

### Contact Information

<http://www.Franklinsquare.com/Our-Funds/FSIC-III/Overview>  
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 Philadelphia, PA 19104  
 877-372-9880