

FS Investment Corporation II Fact Sheet

AS OF SEPTEMBER 30, 2016 (unless otherwise noted)



FS INVESTMENT CORPORATION II (FSIC II) is a business development company (BDC) that closed to new investors in March 2014.

ANNUALIZED DISTRIBUTION RATE¹
(BASED ON NET ASSET VALUE)

8.57%

NET ASSET VALUE PER SHARE

\$8.80

Portfolio composition²

The tables below show FSIC II's current portfolio composition. These percentages may change over time depending on market conditions.

ASSET TYPE	% OF PORTFOLIO
Senior secured loans—1st lien	62%
Senior secured loans—2nd lien	17%
Senior secured bonds	4%
Subordinated debt	9%
Collateralized securities	1%
Equity/other	7%

INDUSTRY	% OF PORTFOLIO
Energy	17%
Consumer Services	13%
Software & Services	10%
Capital Goods	10%
Commercial & Professional Services	9%
Consumer Durables & Apparel	8%
Materials	7%
Diversified Financials	5%
Automobiles & Components	4%
Telecommunication Services	4%
Media	3%
Transportation	3%
Technology Hardware & Equipment	2%
Insurance	2%
Health Care Equipment & Services	2%
Retailing	1%
Semiconductors & Semiconductor Equipment	<1%
Food & Staples Retailing	<1%
Pharmaceuticals, Biotechnology & Life Sciences	<1%

An investment in FSIC II involves a high degree of risk and may be considered speculative. Investors are advised to consider the investment objectives, risks, and charges and expenses of FSIC II carefully before investing. Investors should read and carefully consider all information found in FSIC II's reports filed with the U.S. Securities and Exchange Commission (SEC) before investing. Investors may obtain a copy of these filings free of charge at www.fsinvestments.com or by contacting FS Investments at 201 Rouse Boulevard, Philadelphia, PA 19112 or by phone at 877-372-9880.

FSIC II may invest in below investment grade securities (commonly referred to as "high yield" securities or "junk bonds"), which may have predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. Investments in high yield securities should be considered speculative.

This fact sheet is intended for informational use only and is not intended as investment advice or for trading purposes. See attached performance sheet for stockholder returns. For additional information, contact your financial advisor.

Percentages and other numbers in this fact sheet may have been rounded.

Investment objectives

Generate current income and, to a lesser extent, long-term capital appreciation

Investment strategies

FSIC II invests primarily in floating rate, senior secured loans of private U.S. companies. FSIC II has a flexible investment platform, which diversifies its holdings across multiple issuers and industries. FSIC II seeks to invest in a broadly diversified portfolio of companies with:

- Leading, defensible market positions
- Positive cash flows
- Proven management teams
- Private equity sponsorship
- Viable exit strategies

Key facts

INCEPTION DATE

June 18, 2012

CLOSED TO NEW INVESTORS

March 2014

TOTAL ASSETS UNDER MANAGEMENT

\$4.9 billion

NUMBER OF PORTFOLIO COMPANIES

140

DISTRIBUTION FREQUENCY⁴

Monthly

DISTRIBUTION REINVESTMENT PRICE⁴

(AS OF 11/30/2016)

\$8.85

TOTAL CASH DISTRIBUTIONS PAID PER SHARE SINCE INCEPTION (\$)⁵

(AS OF 11/30/2016)

\$3.34

LIQUIDITY⁶

Quarterly tender offers

TAX REPORTING

Form 1099-DIV

Investment managers

ADVISER

FSIC II Advisor, LLC,
an affiliate of FS Investments

SUB-ADVISER

GSO / Blackstone
Debt Funds Management LLC

SPONSOR COMMITMENT⁷

(AS OF 10/31/2016)

\$33.9 million

Top 10 holdings (percentage of portfolio)^{2,8}

ASCENT RESOURCES - UTICA, LLC	Acquires and develops unconventional resources in the Utica Shale	6.2%
AP EXHAUST ACQUISITION, LLC	Global provider of exhaust and emission products	3.9%
SEQUENTIAL BRANDS GROUP, INC.	Owns, promotes, markets and licenses a portfolio of consumer brands	3.8%
NEWSTAR FINANCIAL, INC.	A specialized commercial finance company focused on providing loans and leases to middle market companies	3.5%
SORENSEN COMMUNICATIONS, INC.	Provider of communications products and services for deaf and hard-of-hearing individuals	3.3%
ASG TECHNOLOGIES GROUP, INC.	Provider of a variety of software and services for enterprise performance, operations and application management	3.0%
INDUSTRIAL GROUP INTERMEDIATE HOLDINGS, LLC	Employee-owned holding company engaged in agricultural chemicals, electrical insulation materials and other tools and equipment	3.0%
WASTE PRO USA, INC.	Waste removal provider for residential and commercial customers	2.8%
NEW STAR METALS INC.	One of the largest independently owned electrogalvanizing companies in the world and leading developer of coated product solutions	2.8%
BENEFITMALL HOLDINGS, INC.	A national provider of employee benefit and payroll services	2.6%

WANT TO LEARN MORE? www.fsinvestments.com

Risk factors

An investment in the common stock of FSIC II involves a high degree of risk and may be considered speculative. The following are some of the risks an investment in FSIC II's common stock involves; however, you should carefully consider all of the information found in FSIC II's annual report on Form 10-K and other periodic reports filed with the SEC before deciding to invest in shares of FSIC II's common stock.

- Because there is no public trading market for shares of FSIC II's common stock and FSIC II is not obligated to effectuate a liquidity event by a specified date, if at all, it is unlikely that you will be able to sell your shares. While FSIC II intends to conduct quarterly tender offers for its shares, only a limited number of shares will be eligible for repurchase and FSIC II may amend, suspend or terminate the share repurchase program at any time.
 - FSIC II's 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 FSIC II for investment. Any capital returned to stockholders through distributions will be distributed after payment of fees and expenses.
 - 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 FSIC II's operating results.
 - A lack of liquidity in certain of FSIC II's investments may adversely affect its business.
 - FSIC II is subject to financial market risks, including changes in interest rates, which may have a substantial negative impact on FSIC II's investments.
 - FSIC II has borrowed funds to make investments, which increases the volatility of FSIC II's investments and may increase the risks of investing in our securities.
 - FSIC II is a long-term investment for persons of adequate financial means who have no need for liquidity in their investment.
 - FSIC II's previous distributions to stockholders were funded in significant part from the reimbursement of certain expenses, including through the waiver of certain investment advisory fees, that were subject to repayment to its affiliate, FS Investments. Significant portions of these distributions were not based on FSIC II's investment performance and such waivers and reimbursements by FS Investments may not continue in the future. If FS Investments had not agreed to reimburse certain of FSIC II's expenses, including through the waiver of certain of its advisory fees, significant portions of these distributions would have come from offering proceeds or borrowings. The repayment of amounts owed to FS Investments will reduce the future distributions to which you would otherwise be entitled.
- 1 The annualized distribution rate shown is expressed as a percentage equal to the projected annualized distribution amount per share (which is calculated by annualizing the regular monthly cash distribution per share as of the date indicated, without compounding), divided by FSIC II's net asset value (NAV) per share as of the date indicated. The annualized distribution rate shown may be rounded. The payment of future distributions on FSIC II's shares of common stock is subject to the discretion of FSIC II's 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. For the nine months ended September 30, 2016, 97% of FSIC II's distributions were funded through net investment income and 3% of FSIC II's distributions were funded through long-term capital gains proceeds from the sale of assets, on a tax basis. No portion of FSIC II's distributions during the nine months ended September 30, 2016, was funded through expense reimbursements from FSIC II's sponsor. The determination of the tax attributes of FSIC II's distributions is made annually at the end of FSIC II's fiscal year, and a determination made on an interim basis may not be representative of the actual tax attributes of FSIC II's distributions for a full year. The actual tax characteristics of distributions to stockholders are reported to stockholders annually on Form 1099-DIV. FSIC II's total expenses as a percentage of average net assets attributable to common stock was 8.59% for the year ended December 31, 2015.
 - 2 Calculated as a percentage of fair value. Fair value is determined by FSIC II's board of directors.
 - 3 FSIC II defines core investment strategies as any investment that is a direct origination or an opportunistic investment. Broadly syndicated/other investments comprised 6% of FSIC II's portfolio as of September 30, 2016.
 - 4 The distribution reinvestment price is subject to change. The price at which shares of FSIC II's common stock are issued under its distribution reinvestment plan is determined by FSIC II's board of directors, or a committee thereof, at a price per share that is (i) not less than the net asset value per share immediately prior to the payment of the distribution and (ii) not more than 2.5% greater than the net asset value per share as of such date.
 - 5 Total cash distributions paid per share (\$) are calculated as the total regular cash distributions paid since inception on a per share basis as of November 30, 2016. The payment of future distributions on FSIC II's common stock is subject to the sole discretion of FSIC II's 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.
 - 6 FSIC II intends to repurchase a limited number of shares pursuant to its share repurchase program. FSIC II may amend, suspend or terminate its share repurchase program at any time. In addition, any such repurchases will be at the distribution reinvestment price on the date of repurchase.
 - 7 "Sponsor Commitment" means proceeds from investors affiliated with FSIC II Advisor, LLC and GSO / Blackstone Debt Funds Management LLC, including members of FSIC II's board of directors.
 - 8 Securities may be an obligation of one or more entities affiliated with the named company. Percentages shown are net of unfunded commitment amounts.



INVESTMENTS™

FS INVESTMENT CORPORATION II PERFORMANCE

AS OF JANUARY 31, 2017 (unless otherwise noted)

SHAREHOLDER RETURNS

	ANNUALIZED DISTRIBUTION RATE ³	PUBLIC OFFERING PRICE ⁴	CUMULATIVE CASH DISTRIBUTIONS PER SHARE since inception ⁵	Without sales charge, compounded monthly ¹			With sales charge, compounded monthly ²			
				YTD	1-YEAR	3-YEAR annualized	5-YEAR annualized	SINCE INCEPTION annualized	CUMULATIVE TOTAL RETURN since inception	CUMULATIVE TOTAL RETURN since inception
Business development companies (BDCs)										
FSIC II	8.42%	CLOSED	\$3.47	0.7%	16.2%	6.6%	-	8.3%	44.8%	30.3%
Inception date: 6/18/12										

Returns shown are historical only and are based on past performance. Past performance is not indicative of future results.

An investment in any fund sponsored by FS Investments ("FS") involves significant costs and investors should review the information regarding fees and expenses associated with an investment contained in the applicable fund's prospectus and other filings with the U.S. Securities and Exchange Commission (the "SEC").

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RISK FACTORS

An investment in the common stock of FSIC II 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 FSIC II's annual report on Form 10-K and in FSIC II's other filings with the SEC.

- Because there is no public trading market for shares of our common stock and we are not obligated to effectuate a liquidity event by a specified date, it is unlikely that you will be able to sell your shares. While we intend to conduct quarterly tender offers for our shares, only a limited number of shares will be eligible for repurchase and we may suspend or terminate the share repurchase program at any time.
 - Investors may not receive distributions or our distributions may not grow over time. We may pay distributions from offering proceeds, borrowings or the sale of assets and we have not established limits on the amount of funds that we may use from net offering proceeds or borrowings to make distributions. Our distribution proceeds may exceed our earnings, and, therefore, portions of the distributions that we make may represent a return of capital to you for tax purposes.
 - An investment strategy focused primarily on privately-held companies presents certain challenges, including the lack of available information about these companies.
 - Investing in small and 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 may borrow funds to make investments, which would increase the volatility of our investments and may increase the risks of investing in our securities.
 - We have a limited operating history and are subject to the business risks and uncertainties associated with any new business.
 - This is a "best efforts" offering and if we are unable to raise substantial funds, then we will be more limited in the number and type of investments we may make.
 - This sales and advertising material is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer and sale is not permitted.
- 1 FSIC II's Stockholder Returns (Without Sales Charge) are the total returns an investor received for the highlighted period taking into account all distributions paid during such period, compounded monthly. Except for the YTD and 1-Year periods, the calculation assumes that the investor purchased shares at FSIC II's public offering price, excluding selling commissions and dealer manager fees, at the beginning of the applicable period and reinvested all cash distributions pursuant to FSIC II's distribution reinvestment plan ("DRP"). Since FSIC II closed its public offering in March 2014 and has since issued new shares only pursuant to its DRP, the calculation of FSIC II's Stockholder Returns (Without Sales Charge) for the YTD and 1-Year periods assumes that the investor purchased shares at the beginning of the applicable period at a price based upon FSIC II's DRP on such date. Valuation as of the end of each period is the redemption price pursuant to FSIC II's share repurchase program on such date. Stockholder Returns (Without Sales Charge) do not include selling commissions and dealer manager fees, which could total up to 10% of FSIC II's public offering price. Had such selling commissions and dealer manager fees been included, performance would be lower. Upon liquidation or redemption, market conditions may cause the actual values to be more or less than the values shown.
 - 2 Stockholder Returns (With Sales Charge) are the total returns an investor received for the highlighted period taking into account all distributions paid during such period, compounded monthly. The calculation assumes that the investor purchased shares at FSIC II's public offering price, including the maximum selling commissions and dealer manager fees, at inception and reinvested all distributions pursuant to FSIC II's DRP. Valuation as of the end of the period is the redemption price pursuant to FSIC II's share repurchase program on such date. Upon liquidation or redemption, market conditions may cause the actual values to be more or less than the values shown.
 - 3 The annualized distribution rate is expressed as a percentage equal to the projected annualized distribution amount per share (which is calculated by annualizing the regular cash distribution per share as of January 31, 2017 without compounding), divided by the price per share pursuant to FSIC II's DRP, which was \$8.95 as of January 31, 2017. To date, FSIC II's distribution rate has not included any distributions paid from offering proceeds or borrowings. The distributions described herein were funded in significant part by the reimbursement of certain expenses, including through the waiver of investment advisory fees that may be subject to repayment to FS Investments, and FSIC II's future distributions may be funded from such waivers and reimbursements. Significant portions of these distributions were not based on FSIC II's investment performance and such waivers and reimbursements by FS Investments may not continue in the future. If FS Investments had not agreed to reimburse certain of FSIC II's expenses, including through the waiver of certain advisory fees, significant portions of these distributions would have come from offering proceeds or borrowings. The repayment of amounts owed to FS Investments will reduce the future distributions to which investors would otherwise be entitled. For the nine months ended September 30, 2016, FSIC II's distributions were sourced from: net investment income: 97%, long-term capital gains proceeds from the sale of assets: 3%. The determination of the tax attributes of the fund's distributions is made annually as of the end of FSIC II's fiscal year based upon FSIC II's taxable income for the full year and distributions paid for the full year. Therefore, a determination made on an interim basis may not be representative of the actual tax attributes of the fund's distributions for a full year. The actual tax characteristics of distributions to stockholders are reported to stockholders annually on Form 1099-DIV.
 - 4 FSIC II is closed to new investors. FSIC II's total expenses as a percentage to average net assets attributable to common stock was 8.59% for the year ended December 31, 2015.
 - 5 Cumulative cash distributions per share reflect the total regular cash distributions paid since inception on a per share basis as of January 31, 2017. The payment of future distributions on FSIC II's shares is subject to the sole discretion of FSIC II's 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.