



Fact sheet

Q1 as of 3/31/2017
(unless otherwise noted)

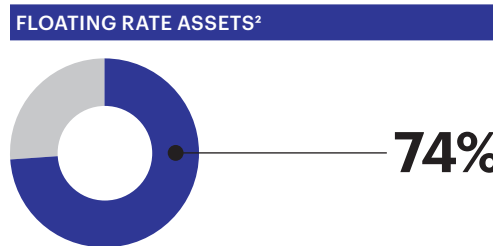
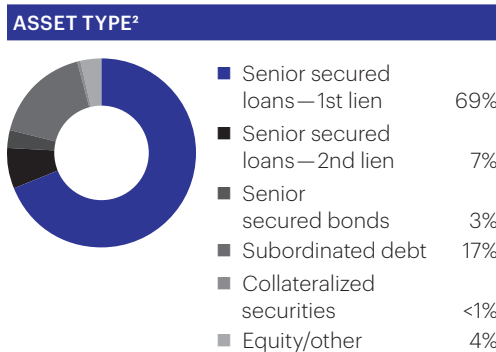
BROKERAGE

FS INVESTMENT CORPORATION III

FS Investment Corporation III (FSIC III) is a business development company designed to provide a high level of current income. The fund primarily invests in floating rate, senior secured loans of private U.S. middle market companies. The fund closed to new investors in February 2016. It is only available to the institutional channel.

PORTFOLIO COMPOSITION¹

Percentages may change over time depending on market conditions.



CORE STRATEGIES³

Direct originations	72%
Opportunistic	21%
Total	93%

TOP 10 HOLDINGS⁴

Transplace Texas, LP	5.3%
Global Jet Capital Inc.	4.7%
Equian Buyer Corp.	4.7%
PSKW, LLC	4.4%
Sequential Brands Group, Inc.	3.9%
Production Resource Group, LLC	3.7%
Rogue Wave Software, Inc.	3.7%
JMC Acquisition Merger Corp.	3.4%
Roadrunner Intermediate Acquisition Co., LLC	3.0%
Ceridian HCM Holding, Inc.	2.9%

INDUSTRY

Health Care Equipment & Services	14%
Commercial & Professional Services	13%
Capital Goods	12%
Software & Services	11%
Consumer Services	10%
Energy	9%
Diversified Financials	7%
Transportation	6%
Consumer Durables & Apparel	4%
Media	4%
Materials	4%
Retailing	3%
Technology Hardware & Equipment	1%
Insurance	1%
Telecommunication Services	1%
Food & Staples Retailing	<1%
Automobiles & Components	<1%
Semiconductors & Semiconductor Equipment	<1%
Pharmaceuticals, Biotechnology & Life Sciences	<1%
Real Estate	<1%

Adviser

FSIC III Advisor, LLC,
an affiliate of FS Investments

Sub-adviser

GSO / Blackstone
Debt Funds Management LLC

Inception date

April 2, 2014

Total assets under management

\$3.9 billion

Sponsor commitment⁵ (as of 5/2/2017)

\$18.5 million

Number of portfolio companies

115

Net asset value

\$8.57

Distribution reinvestment price⁶ (as of 5/17/2017)

\$8.64

Distribution frequency⁷

Monthly

Total cash distributions paid per share since inception⁷

\$2.10

Liquidity⁸

Quarterly tender offers

Tax reporting

Form 1099-DIV

An investment in FSIC III involves a high degree of risk and may be considered speculative. Investors are advised to read and carefully consider the risk factors and other important information found in FSIC III's reports filed with the U.S. Securities and Exchange Commission.

FSIC III invests 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 as informational only and is not intended as investment advice or for trading purposes. See the 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.

RISK FACTORS

Investing in FSIC III may be considered speculative and involves a high level of risk, including the risk of a substantial loss of investment. The following are some of the risks an investment in FSIC III's common stock involves; however, you should carefully consider all of the information found in the section of FSIC III's prospectus entitled "Risk Factors" before deciding to invest in shares of FSIC III's common stock.

- Because there is no public trading market for shares of FSIC III's common stock and FSIC III 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. If you are able to sell your shares before FSIC III completes a liquidity event, it is likely that you will receive less than you paid for them. While FSIC III intends to conduct quarterly tender offers for its shares, only a limited number of shares will be eligible for repurchase and FSIC III may amend, suspend or terminate the share repurchase program at any time. In addition, any such repurchases will be at the current institutional offering price on the date of repurchase.
 - FSIC III invests in securities that are rated below investment grade by rating agencies or that would be rated below investment grade if they were rated. Below investment grade securities, which are often referred to as "junk," have predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. They may also be difficult to value and illiquid.
 - FSIC III'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 III 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 III's operating results.
 - A lack of liquidity in certain of FSIC III's investments may adversely affect its business.
 - FSIC III is subject to financial market risks, including changes in interest rates, which may have a substantial negative impact on its investments.
 - FSIC III has borrowed funds to make investments, which increases the volatility of its investments and may increase the risks of investing in its securities.
 - If FSIC III is unable to raise substantial funds in its ongoing, continuous "best efforts" public offering, then FSIC III will be more limited in the number and type of investments it may make.
 - FSIC III is a long-term investment for persons of adequate financial means who have no need for liquidity in their investment. To invest in FSIC III, an investor must have either (i) a net worth of at least \$70,000 and an annual gross income of at least \$70,000, or (ii) a net worth of at least \$250,000. Some states impose higher suitability standards. Please consult the prospectus for a detailed description of the suitability standards imposed on investors, including heightened standards required by certain states.
 - FSIC III'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 are subject to repayment to its affiliate, FS Investments, and FSIC III's future distributions may be funded from such waivers and reimbursements. Significant portions of these distributions may not be based on FSIC III's investment performance and such waivers and reimbursements by FS Investments may not continue in the future. If FS Investments were not to reimburse certain of FSIC III's expenses, including through the waiver of certain of its advisory fees, significant portions of these distributions may come from offering proceeds or borrowings. The repayment of any amount owed to FS Investments will reduce the future distributions to which you would otherwise be entitled.
- 1 Calculated as a percentage of fair value. Fair value is determined by FSIC III's board of directors.
 - 2 Includes investments held by FSIC III and the assets underlying FSIC III's total return swap (TRS) financing arrangement with Citibank, N.A. Excluding investments held under the TRS, floating rate investments comprised 70% of FSIC III's investment portfolio; investment allocations were 66% senior secured loans—1st lien, 6% senior secured loans—2nd lien, 3% senior secured bonds, 20% subordinated debt, <1% collateralized securities and 5% equity/other.
 - 3 FSIC III defines core investment strategies as any investment that is a direct origination or an opportunistic investment. Broadly syndicated/other investments comprised 7% of FSIC III's portfolio.
 - 4 Securities may be an obligation of one or more entities affiliated with the named company. Percentages shown are net of unfunded commitment amounts.
 - 5 Sponsor commitment means proceeds from investors affiliated with FSIC III Advisor, LLC and GSO / Blackstone Debt Funds Management LLC, including members of FSIC III's board of directors.
 - 6 The distribution reinvestment price is equal to the institutional offering price in effect on the date of issuance (which price is equal to 90% of what the public offering price per share in the independent broker-dealer channel would have been on the date of issuance had FSIC III not closed the offering to investors investing through the independent broker-dealer channel in February 2016).
 - 7 Total cash distributions paid per share since inception are calculated as the total regular cash distributions paid since inception on a per share basis as of March 31, 2017. The payment of future distributions on FSIC III's common stock is subject to the sole discretion of FSIC III'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.
 - 8 FSIC III intends to repurchase a limited number of shares pursuant to its share repurchase program. FSIC III may amend, suspend or terminate its share repurchase program at any time. In addition, any such repurchases will be at the institutional offering price on the date of repurchase. See FSIC III's prospectus for more information.