

As of December 31, 2016

FIFTH STREET FINANCE CORP.

NASDAQ:FSC



FIFTH STREET

STRATEGY & OBJECTIVES

Fifth Street Finance Corp. is a business development company (BDC) that provides custom-tailored financing solutions to small and mid-sized companies, primarily in connection with investments by private equity sponsors. The company originates and invests in one-stop financings, first lien, second lien, mezzanine debt and equity co-investments. Our investment objective is to maximize our portfolio's total return by generating current income from our debt investments and capital appreciation from our equity investments.

An investment in a BDC, such as FSC, provides exposure to middle market debt and equity, which is generally only available to institutional investors in committed funds for locked-up periods. As a BDC, FSC is required to payout at least 90% of annual taxable net income in the form of dividends.

INVESTMENT HIGHLIGHTS

PORTFOLIO OVERVIEW⁽¹⁾

- Target established small and mid-sized companies with a history of positive operating cash flow
- 77.6% senior secured debt, typically the safest loans in the capital structure
- 10.3% weighted average yield on debt investments⁽²⁾
- Top 10 investments are 28.3% of total assets and the largest investment is 3.0% of total assets⁽³⁾
- ~\$2.0B portfolio with 123 portfolio company investments across 34 industries

ACCESS TO FIFTH STREET PLATFORM

- Extensive long-standing sourcing relationships with sponsors, other middle market lenders and investment banks provide access to deal flow and enhance origination efficiency
- Earns premium yields by originating and structuring debt investments throughout the capital structure, including one-stop financing solutions
- Experienced and cohesive management, origination and underwriting teams with deep industry knowledge across a broad array of sectors
- Intense focus on managing credit risk with in-house portfolio management capabilities that utilize customized loan management systems

EXPERIENCED AND GROWING TEAM

- Management team has an established track record investing in traditional middle market credit opportunities
- Dedicated team that is aligned with investors through significant common stock ownership

SCALE

- One of the largest publicly-traded BDCs
- Strong balance sheet with diversified funding sources

PROACTIVE POSITIONING⁽¹⁾

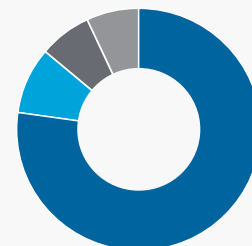
- Well-positioned to benefit from the anticipated rise in interest rates with 81% of its debt portfolio in floating rate investments⁽⁵⁾
- Favorable capital inflows with only 22% of capital structure comprised of floating rate debt

SPOTLIGHT ON OUR SENIOR SECURED LOAN JOINT VENTURE

FSC and a subsidiary of Kemper Corporation formed a joint venture, SLF JV I, allowing FSC to utilize third-party leverage on a high quality pool of loans that is not consolidated for its regulatory leverage test. With \$600MM of investment capacity, the JV is an efficient way to finance assets that should enhance returns to shareholders.

As of December 31, 2016, the JV had assets of \$319MM at fair value, including senior secured loans to 34 portfolio companies, which provided an 8.8% weighted average annualized return on investment to FSC.

PORTFOLIO COMPOSITION⁽¹⁾

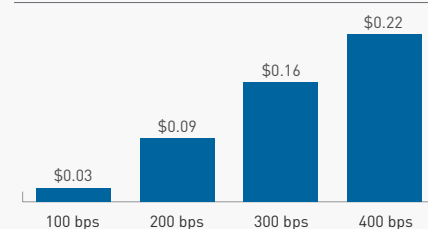


- Senior Secured Debt – 77.6%
- Equity⁽⁶⁾ – 8.6%
- Subordinated Debt⁽⁶⁾ – 6.7%
- Investment in SLF JV I⁽⁷⁾ – 7.2%

TOP 10 INVESTMENTS⁽¹⁾

Company	% of Total Assets
Senior Loan Fund JV I, LLC	6.4%
Traffic Solutions Holdings, Inc.	3.0%
DigiCert, Inc.	2.8%
Ameritox Ltd.	2.6%
Valet Merger Sub, Inc.	2.6%
Dominion Diagnostics, LLC	2.4%
Thing5, LLC	2.2%
AdVenture Interactive, Corp.	2.2%
Vandelay Industries Merger Sub, Inc.	2.1%
HSW RR, Inc.	2.1%
Top 10 Investments	28.3%

ESTIMATED ANNUAL CHANGE IN NET INTEREST INCOME PER SHARE FROM INTEREST RATE CHANGES⁽⁸⁾



SUMMARY QUARTERLY AND ANNUAL FINANCIAL INFORMATION

(\$ in millions, except per share data)	Three Months Ended 12/31		Fiscal Year Ended 9/30	
	2016	2015	2016	2015
Total Investments (at Fair Value)	\$1,951.7	\$2,325.8	\$2,165.5	\$2,402.5
Total Assets	\$2,168.9	\$2,453.7	\$2,343.3	\$2,585.7
Net Assets	\$1,030.3	\$1,263.1	\$1,142.3	\$1,353.1
<i>Per Share Data</i>				
Net Investment Income	\$0.16	\$0.18	\$0.72	\$0.75
Dividend	\$0.18	\$0.18	\$0.72	\$0.79
NAV at End of Period	\$7.31	\$8.41	\$7.97	\$9.00

EXPERIENCED TEAM⁽⁹⁾

Bernard D. Berman Chief Executive Officer & Chairman of the Board

- 21+ years experience focusing on corporate and investment transactions
- Formerly practiced as a corporate attorney where he negotiated and structured a variety of investment transactions

Steven M. Noreika, CPA, CFA Chief Financial Officer

- 18+ years experience in various finance and accounting positions
- Former experiences include roles at Time Warner Inc. and Marcum & Kleigman, LLP

Kerry S. Acocella Chief Compliance Officer & Secretary

- 11+ years of legal experience providing counsel on a variety of securities and compliance matters
- Formerly Senior Corporate Counsel - Corporate & Securities at Weight Watchers International, Inc. and Corporate associate with Morrison & Foerster LLP

RESEARCH COVERAGE⁽¹⁰⁾

Barclays Capital Mark DeVries 212.526.9484	JMP Securities Christopher York 415.835.8965	Maxim Group Michael Diana 212.895.3641	Standard and Poor's Olga Roman 212.438.5803
BMO Capital Markets James Fotheringham 212.885.4180	J.P. Morgan Richard Shane 415.315.6701	National Securities Chris Testa 212.417.7447	Wells Fargo Jonathan Bock 704.410.1874
Deutsche Bank George Bahamondes 212.250.1587	KBW Ryan Lynch 314.342.2918	Raymond James Robert Dodd 901.579.4560	

Note: Percentages and other numbers in this fact sheet may not sum due to rounding.

(1) At fair value as of December 31, 2016. (2) Includes the return on SLF JV I. (3) Excludes investment in SLF JV I. (4) As of February 17, 2016. (5) Includes floating rate Class A mezzanine notes in SLF JV I. (6) Excludes Fifth Street Finance's equity and subordinated debt investments in SLF JV I. (7) SLF JV I invests in senior secured debt. As of December 31, 2016, Fifth Street Finance's investment in SLF JV I consisted of \$125.8MM of mezzanine notes and \$13.9MM of LLC equity interests, at fair value. (8) Change in net interest income calculated as the difference between the change in interest income and interest expense. Based on total number of shares outstanding as of February 8, 2017. At December 30, 2016, 3-month LIBOR was 0.9979%. (9) Effective as of April 5, 2017. (10) Fifth Street Finance is followed by the analysts listed herein. Please note that any opinions, estimates or forecasts regarding Fifth Street Finance's performance made by these analysts are theirs alone and do not represent opinions, forecasts or predictions of Fifth Street Finance or its management. Fifth Street Finance does not by its reference above or distribution imply its endorsement of or concurrence with such information, conclusions or recommendations. (11) Comprised of \$250 million unsecured institutional notes and \$161 million of unsecured retail notes.

DISCLAIMER: Investing involves substantial risks such as high volatility and/or potential loss of principal. An investor should consider the investment objectives, risks, charges and expenses carefully before investing. Some of the statements in this fact sheet constitute forward-looking statements, because they relate to future events or our future performance or financial condition. Forward-looking statements may include statements as to the future operating results, dividends and business prospects of Fifth Street Finance Corp. ("FSC", or "Company"). Words such as "believes," "expects," "seeks," "plans," "should," "estimates," "project", and "intend" indicate forward-looking statements, although not all forward-looking statements include these words. These forward-looking statements involve risks and uncertainties. Actual results could differ materially from those implied or expressed in these forward-looking statements for any reason. Such factors are identified from time to time in FSC's filings with the Securities and Exchange Commission and include changes in the economy and the financials markets and future changes in laws or regulations and conditions in the Company's operating areas. FSC undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

This fact sheet is neither an offer to sell nor a solicitation of an offer to purchase securities of FSC. Such an offer or solicitation can only be made by way of a Company prospectus and otherwise in accordance with applicable securities laws.

The summary descriptions and other information included herein and any other materials provided to you by FSC or its representatives are intended only for informational purposes and convenient reference. The information contained herein is not intended to provide, and should not be relied upon for, accounting, legal or tax advice or investment recommendations. Before making an investment decision with respect to FSC, investors are advised to carefully review an applicable prospectus to review the risk factors described therein, and to consult with their tax, financial, investment and legal advisors. These materials do not purport to be complete and are qualified in their entirety by reference to the more detailed disclosures contained in FSC's filings with the Securities and Exchange Commission.

This fact sheet may contain statistics and other data obtained or compiled from information made available by third-parties. We have not independently verified such statistics or data. No representation or warranty, express or implied, is made as to the accuracy or completeness of the information contained herein. In evaluating prior performance information in this fact sheet, you should remember that past performance is not a guarantee, prediction or projection of future results, and there can be no assurance that the Company will achieve similar results in the future.

CORPORATE INFORMATION

Securities Listing:

Common Stock - NASDAQ:FSC
Baby bonds / \$25 par value unsecured notes:

- NYSE:FSC - 5.875% 2024 Notes
- NASDAQ:FSCFL - 6.125% 2028 Notes

Structure: BDC

IPO Date: June 2008

Fiscal Year End: September 30

Funding Sources:

- Two credit facilities
 - \$710MM syndicated facility led by ING
 - \$125MM facility with Sumitomo Mitsui Banking Corp.
- \$213MM 10-year fixed rate SBIC debentures
- \$411MM of unsecured debt⁽¹¹⁾

Investment Adviser: Fifth Street Management LLC

Independent Audit Firm: PricewaterhouseCoopers LLP

Transfer Agent: American Stock Transfer & Trust Company
P: 718.921.8200 / www.amstock.com

Corporate Office: 777 West Putnam Avenue, 3rd Floor
Greenwich, CT 06830

BOARD OF DIRECTORS⁽⁹⁾

Interested:
Bernard D. Berman (Chairman)
Sandeep K. Khorana

Independent:
James Castro-Blanco
Brian S. Dunn
Richard P. Dutkiewicz
Byron J. Haney
Douglas F. Ray