INVESTMENTS®

Merger summary

FS Investment Corporation II

Summary

On December 18, 2019, FS/KKR Advisor, LLC (FS/KKR), a partnership between FS Investments and KKR Credit Advisors, announced the completion of the previously announced mergers of FS Investment Corporation III (FSIC III), FS Investment Corporation IV (FSIC IV) and Corporate Capital Trust II (CCT II) into FS Investment Corporation II (FSIC II). The combined entity, which has been renamed **FS KKR Capital Corp. II (FSK II)**, is now the second-largest business development company (BDC), with over $9.5 billion in assets. FSK II will continue to be advised by FS/KKR.

The mergers are part of a three-step process toward a liquidity event for all shareholders.

1 **Merger:** FSIC II served as the surviving entity in net asset value (NAV)-for-NAV mergers with FSIC III, FSIC IV and CCT II. The combined company was renamed FS KKR Capital Corp. II.

2 **Recapitalization:** Prior to a listing and subject to board approval, FSK II intends to issue preferred stock on a pro rata basis to the existing holders of common stock of FSK II with an aggregate liquidation preference of approximately 20% of FSK II's NAV.

The preferred shares will provide current income for investors (5.5%) and help align the dividend yield, dividend coverage and return on equity of FSK II's common stock to a competitive level with some of the largest publicly traded BDCs.

Following the recapitalization, an investor's total value will consist of the following:[1]

- Common shares of FSK II representing approximately 80% of total shareholder value
- Preferred shares of FSK II representing approximately 20% of total shareholder value

3 **Listing:** After the merger and recapitalization, FSK II intends to list its common shares on the New York Stock Exchange, subject to market conditions and board approval.

Key objectives

The staged liquidity plan is designed to maximize shareholder value, position FSK II's common stock for a public listing and achieve the following:

1

Ensure FSIC II investors receive equal value in shares of FSK II

2

Align distribution with public BDC peers

3

Diversify the combined portfolio

4

Mitigate execution risks of public listing

1 Assuming the value of the common shares is the NAV per share and the value of the preferred shares is the liquidation preference.

Summary of NAV-for-NAV merger

FSIC II served as the surviving entity in the NAV-for-NAV mergers. Prior to the merger closing, FSIC II paid its regular monthly distribution of approximately $0.06 per share in December. Excluding the payment of merger-related expenses, an FSIC II investor's pre- and post-merger value was equal.

PRE- AND POST-MERGER NAV PER SHARE
(as of 12/16/2019)

FSIC II NAV per share	$7.36
FSK II NAV per share	**$7.36**

Recapitalization summary

Assuming the board approves the recapitalization, investors would hold approximately 80% of their pre-merger value in common shares of FSK II and approximately 20% in preferred shares.

HYPOTHETICAL SHAREHOLDER EXPERIENCE

Beginning shareholder value	**$100,000**
Number of FSIC II common shares (pre-merger)[2]	13,588
Number of FSIC II common shares (post-merger)	13,588
Ending shareholder value	**$100,000**

Shareholder value post-recapitalization	
Common shares[3]	**$80,000**
Preferred shares[3]	**$20,000**
Total shareholder value	**$100,000**

Figures may have been rounded.

2 Based on FSIC II's NAV per share of $7.36 as of December 16, 2019.

3 Assumes approximately $1 billion issuance of preferred equity to the common equity holders. Exact amount will be determined by FSK II's board. Assumes the value of common shares is the NAV per share and the value of preferred shares is the liquidation preference.

FORWARD-LOOKING STATEMENTS

Statements included herein may constitute "forward-looking" statements as that term is defined in Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995, including statements with regard to future events or the future performance or operations of the BDCs. Words such as "believes," "expects," "projects," and "future" or similar expressions are intended to identify forward-looking statements. These forward-looking statements are subject to the inherent uncertainties in predicting future results and conditions. Certain factors could cause actual results to differ materially from those projected in these forward-looking statements. Factors that could cause actual results to differ materially include changes in the economy, risks associated with possible disruption to a BDC's operations or the economy generally due to terrorism or natural disasters, future changes in laws or regulations and conditions in a BDC's operating area, unexpected costs, charges or expenses resulting from the business combination transaction involving the BDCs, failure to realize the anticipated benefits of the business combination transaction involving the BDCs, failure to consummate the recapitalization transaction and failure to list the common stock of the combined entity on a national securities exchange. Some of these factors are enumerated in the filings the BDCs made with the Securities and Exchange Commission (the SEC) and are also contained in the Prospectus. The inclusion of forward-looking statements should not be regarded as a representation that any plans, estimates or expectations will be achieved. Any forward-looking statements speak only as of the date of this communication. Except as required by federal securities laws, the BDCs undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on any of these forward-looking statements.