



## **Fifth Street Finance Corp. Announces Monthly Shareholder Update**

WHITE PLAINS, N.Y., Nov. 14, 2008 (GLOBE NEWSWIRE) -- Fifth Street Finance Corp. (NYSE:FSC) today released its monthly shareholder update for November 2008.

### CEO Commentary

The evidence of recession is all around us. We are seeing sluggishness in the lower middle market as traditional senior lenders become more selective, equity sponsors delay transactions for better earnings visibility, and sellers are slow to accept lower purchase multiples. Despite these factors, our deal pipeline is fairly robust, with high quality transactions backed by private equity sponsors in the lower middle market. As always, we remain cautious in selecting new investment opportunities, and will only deploy capital in deals which are consistent with our disciplined philosophy of pursuing superior risk-adjusted returns.

Lately, private equity sponsors in our market have grown accustomed to seeing lenders pull term sheets or even submit "fake" term sheets to indicate to the market that they are open for business. This has allowed Fifth Street to step in, fill the void and reaffirm our willingness and ability to lend. It is our opinion that true partners stand out among the crowd when confronted with adverse circumstances. We have consistently shown our equity sponsors that the value we add to a transaction -- certainty of close, responsiveness, and commitment through all stages of the deal process -- is present in good times as well as in these more challenging times. This was reaffirmed recently at a dinner with a CEO of a private company, who indicated frustration with his traditional senior bank lender, who was now only interested in getting out of the loan.

Also worth noting is the fact that we have not yet drawn on our leverage lines, although we expect to do so in the near future. As we ramp up our investment activity, we still have the full \$50 million line available to fund new transactions, in addition to existing cash on our balance sheet. In fact, last month we announced an open market share repurchase program, which differentiates Fifth Street from many of our BDC peers, as does the large amounts of insider buying by our CEO and several other key members of our team since the IPO in June 2008.

I look forward to reporting Fifth Street's September 30, 2008 fiscal year-end results in December, and hope to see you at our annual meeting, currently scheduled for February 2009. In the meantime, we promise to continue operating the business the same way we have for the last ten years -- with integrity, commitment, and a focus on client service. This is how we will continue to differentiate ourselves, particularly in these challenging times. I encourage all of our current and prospective shareholders to get to know us better, as trust is generated through delivering on our promises time and time again.

-Leonard M. Tannenbaum, CFA

About Fifth Street Finance Corp.

Fifth Street Finance Corp. is a specialty finance company that lends to and invests in small and mid-sized companies in connection with an investment by private equity sponsors. Fifth Street Finance Corp.'s investment objective is to maximize its portfolio's total return by generating current income from its debt investments and capital appreciation from its equity investments.

The Fifth Street Finance Corp. logo is available at <http://www.globenewswire.com/newsroom/prs/?pkgid=5525>

### Forward-Looking Statements

This press release may contain certain forward-looking statements, including statements with regard to the future performance of Fifth Street Finance Corp. 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, and some of these factors are enumerated in Fifth Street Finance Corp.'s prospectus, dated June 11, 2008. Fifth Street Finance Corp. undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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