



**Fifth Street Finance Corp.
Investor Presentation**

June 2009



www.fifthstreetfinance.com

**FSC
LISTED
NYSE.**

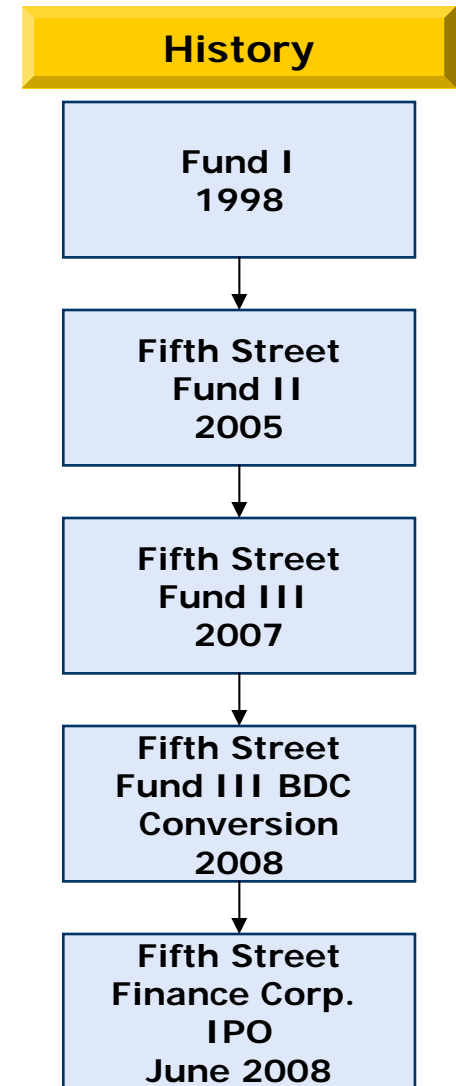
Forward Looking Statements

This presentation 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 these factors are identified from time to time in our filings with the Securities and Exchange Commission. 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.



Fifth Street Overview

- Lower middle market, externally managed BDC
- Current assets under management of over \$400 Million¹
- \$141 Million IPO in June 2008 led by Goldman Sachs, UBS, Wachovia, Bank of Montreal and Stifel Nicolaus; listed on the NYSE as ticker "FSC"
- BDC investments total \$291 Million² as of March 31, 2009
- Typical investment size \$5 Million to \$40 Million



¹ Includes BET Associates L.P., Fifth Street Mezzanine Partners II L.P., and Fifth Street Finance Corp. (FSC).

² At fair value.

Dynamic Business Model

- Specialty finance company providing financing for small to mid-sized companies
- Disciplined investment process with a proven 10+ year track record
- Recurring revenue stream - weighted average portfolio debt yield is 16.4% vs. industry average of approximately 12.0%
- 100% of investments were originated by Fifth Street
- Consistently invests in connection with private equity sponsors
- Diversified portfolio



Why Fifth Street Today

- 86% of this portfolio has been generated during the credit dislocation, after July 1, 2007
- Weighted average debt yield of 16.4%; cash yield of 13.4%¹
- 99% of portfolio consists of 1st and 2nd lien debt securities¹
- 94% of debt portfolio consists of fixed rate debt securities; 100% of floating rate debt securities have interest rate floors of at least 9%¹
- Superior Portfolio – Business model allows us to capture alpha
- Inefficient Market – Opportunity to invest at premium rates
- Growing exposure to first lien investments

Since March 2007, Fifth Street Finance Corp. has closed 26 transactions alongside 20 private equity sponsors totaling \$343.3 Million in investment commitments²

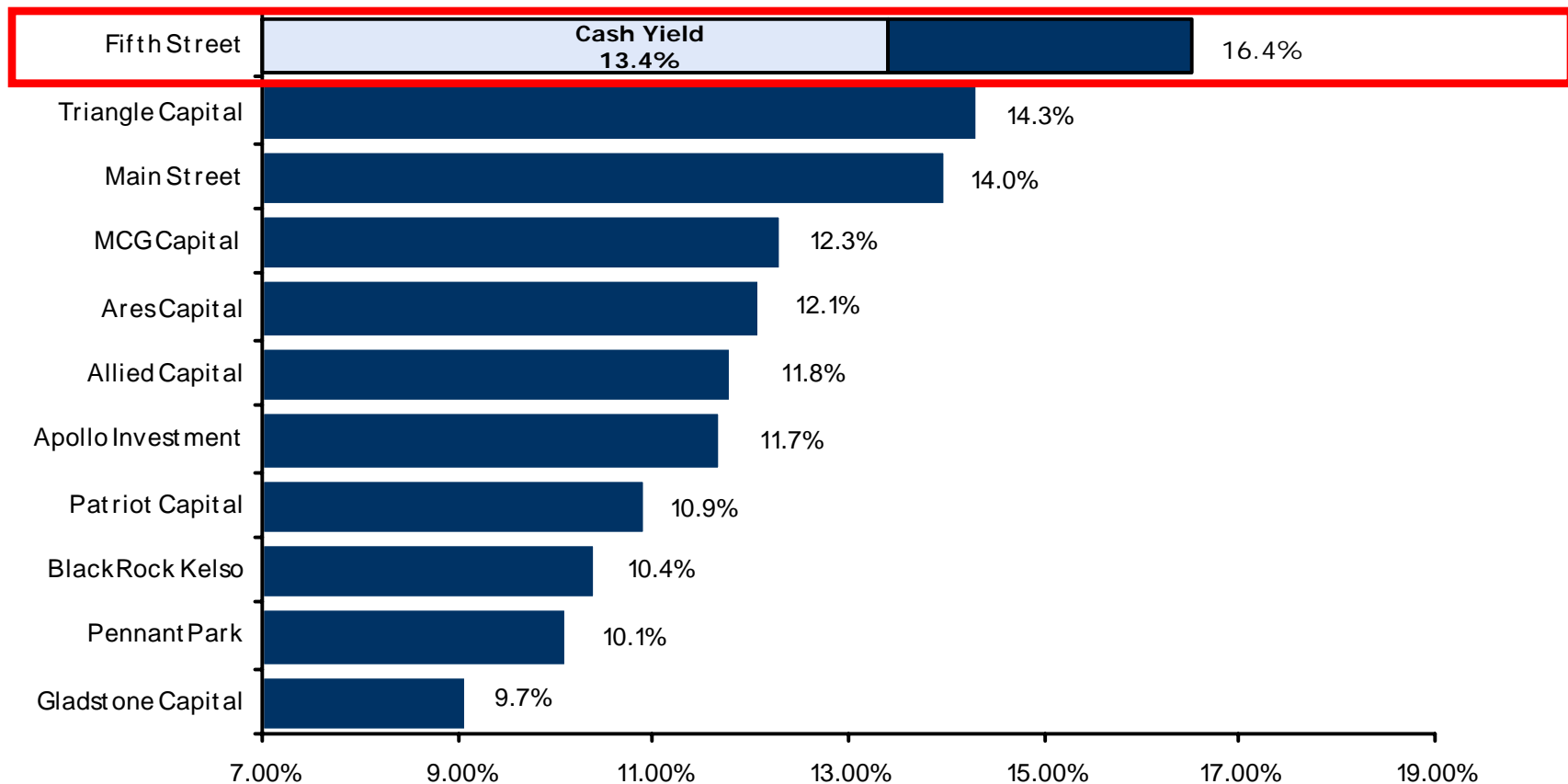


¹ At fair value as of March 31, 2009.

² Includes \$11.0 million in unfunded commitments.

High-Quality Investments with Substantial Cash Yields Higher Weighted Average Yield with Lower Leverage

Weighted Average Debt Yield versus Other BDCs¹



¹ Source: Represents weighted average debt yield per public filings for period ending March 31, 2009.



How Fifth Street will Continue to Deliver

- Team – Expertise and experience with a scaleable methodology
- Brand – Premium provider of capital in the lower middle market
- Relationships – Deep relationships with a key group of sponsors
- Transparency – Focus on a high degree of disclosure



Strong Value Proposition

**Conservative
Portfolio
Accounting**

+

**Stock Trading
Below NAV**

+

**Quarterly
Dividends**

=

Value

- Net unrealized and realized depreciation of \$39.9 million since inception on total investment portfolio of \$290.8 Million¹ which includes a \$12.4 million charge off
 - Primarily due to general economic conditions
- Stock trading at 80%² of March 31, 2009 Net Asset Value
- 2008 Dividends: \$0.31, \$0.32, \$0.05 (special dividend)
- 2009 Dividends: \$0.33, \$0.25 (payable June 25, 2009; record date of May 26, 2009)
- Leonard Tannenbaum (CEO & President) is an active buyer; currently owns over 5% (1,293,872 shares) of FSC³
- Every Board Member and Officer has purchased shares



¹ At fair value as of March 31, 2009.

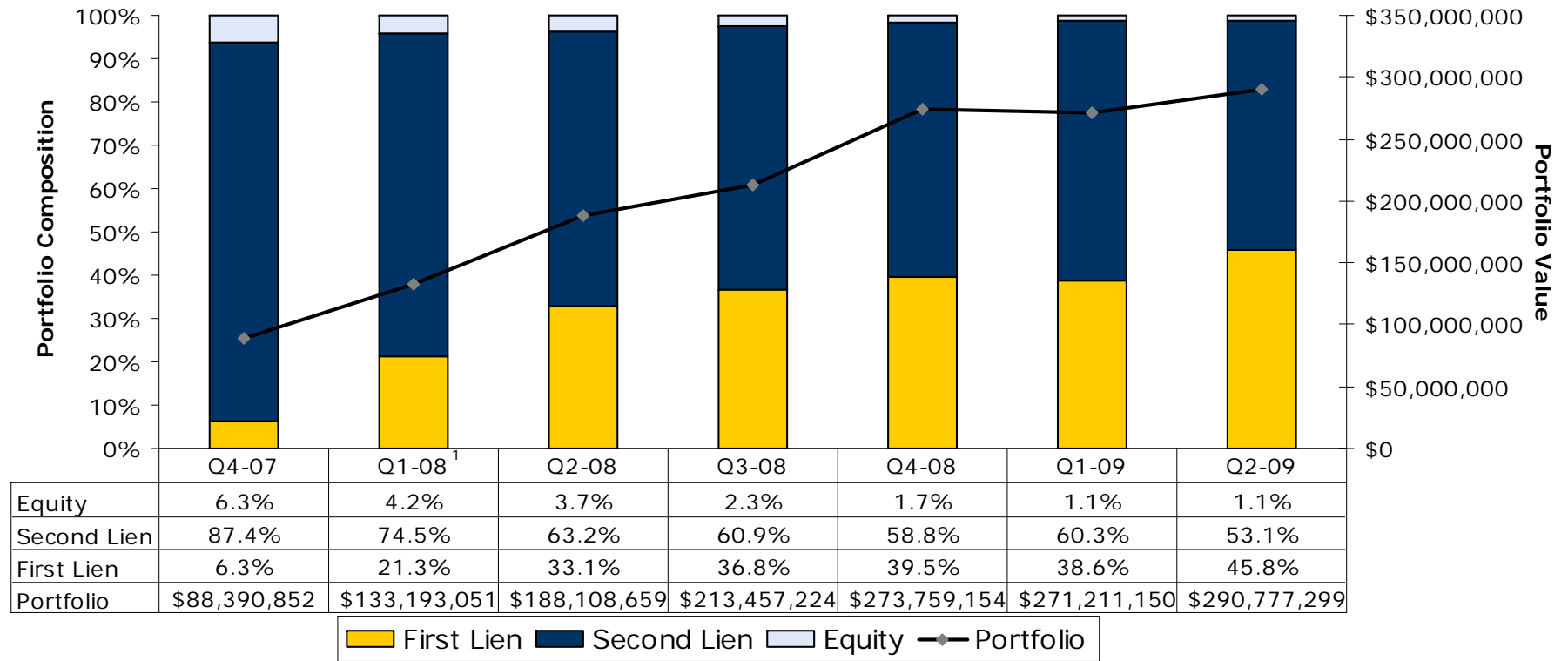
² At closing share price of \$9.58 on May 29, 2009.

³ All shares were purchased.

BDC Structure and Regulation

- Business Development Companies (“BDCs”) are uniquely positioned financing vehicles that provide debt and equity capital to private and small publicly-owned enterprises.
- BDC’s were created by Congress in 1980 with the stated mission of facilitating the flow of capital to companies lacking access to public capital markets.
- BDC regulations allow a maximum debt-to-equity ratio of 1:1 which allow BDC’s to modestly enhance their return.
- BDC’s are required to distribute at least 90% of their income to shareholders annually.
- SEC regulations require BDC’s to report the fair value of assets quarterly.

Portfolio Mix at Fair Value

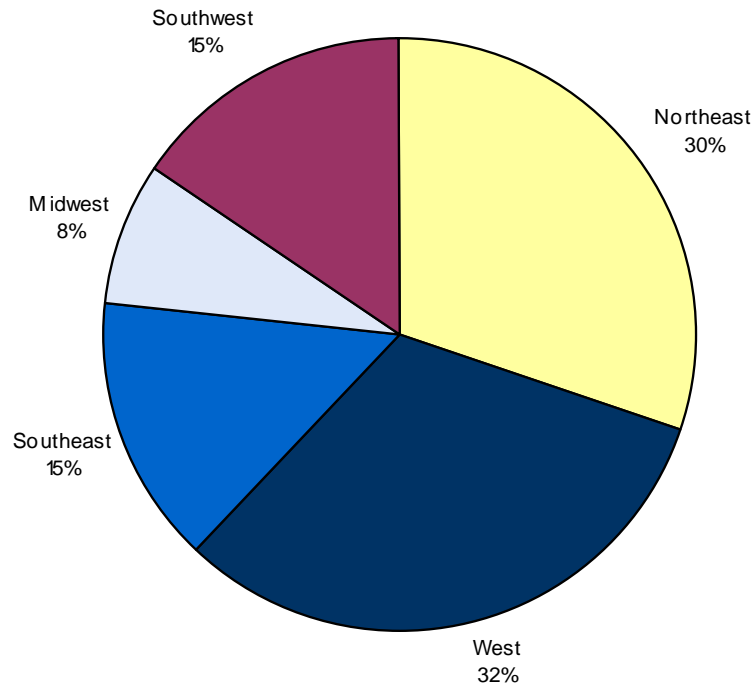


¹ Q1 2008 data provided by internal financials.

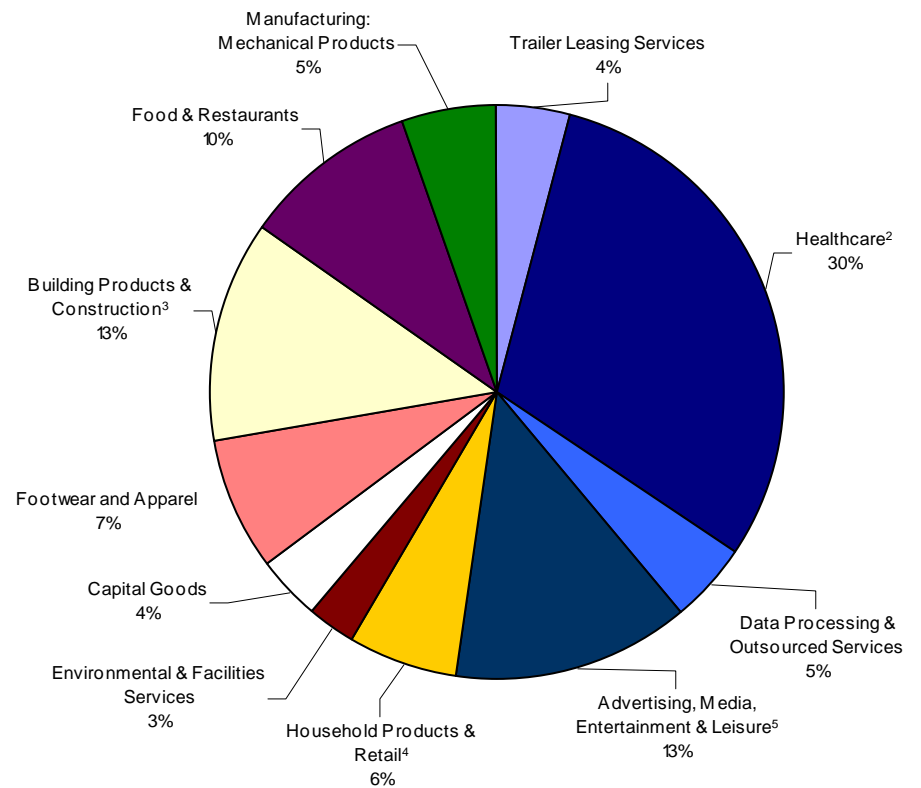


Diversified Portfolio¹

Portfolio by Region



Portfolio by Industry



¹ As of March 31, 2009 at fair value.

² Healthcare includes Healthcare Technology, Healthcare Services and Healthcare Facilities.

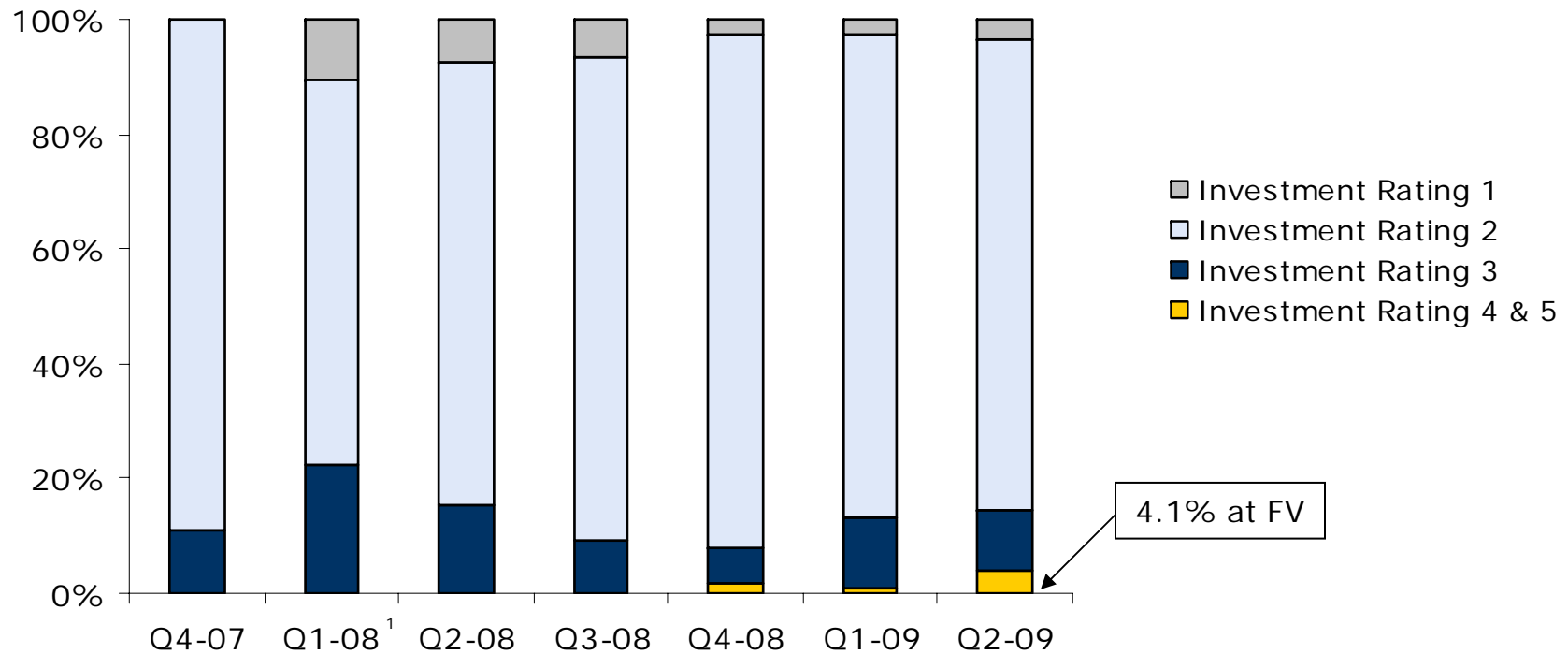
³ Building Products & Construction includes Building Products, Construction & Engineering, Emulsions Manufacturing and Lumber Products.

⁴ Household Products & Retail includes Household Products & Specialty Chemicals, Home Furnishing Retail and Housewares & Specialty.

⁵ Advertising, Media, Entertainment & Leisure includes Media – Advertising, Merchandise Display, Leisure Facilities and Entertainment – Theatres.



Rating % by Fair Value



Investment Rating 1 — Investment is performing above expectations and/or a capital gain is expected;

Investment Rating 2 — Investment is performing substantially within our expectations, and its risks remain neutral or favorable compared to the potential risks at the time of the original investment (all new loans are initially rated 2);

Investment Rating 3 — Investment is performing below our expectations and requires closer monitoring, we expect no loss of investment return (interest and/or dividends) or principal. Companies with a rating of 3 may be out of compliance with financial covenants;

Investment Rating 4 — Investment is performing below our expectations and for which risk has increased materially since the original investment. We expect some loss of investment return, but no loss of principal; and

Investment Rating 5 — Investment is performing substantially below our expectations and whose risks have increased substantially since the original investment. Investments with a rating of 5 are those for which some loss of principal is expected.

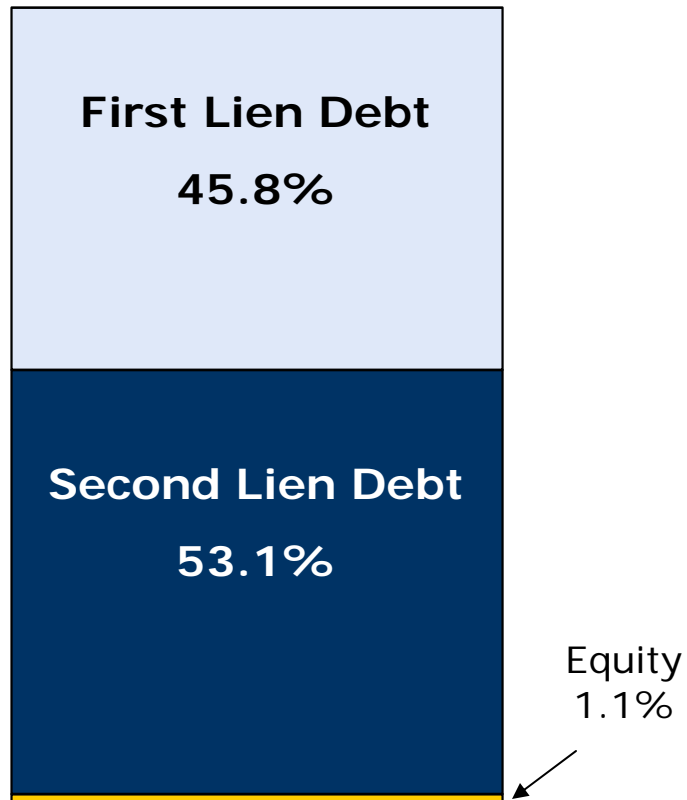
¹ Q1 2008 data provided by internal financials.



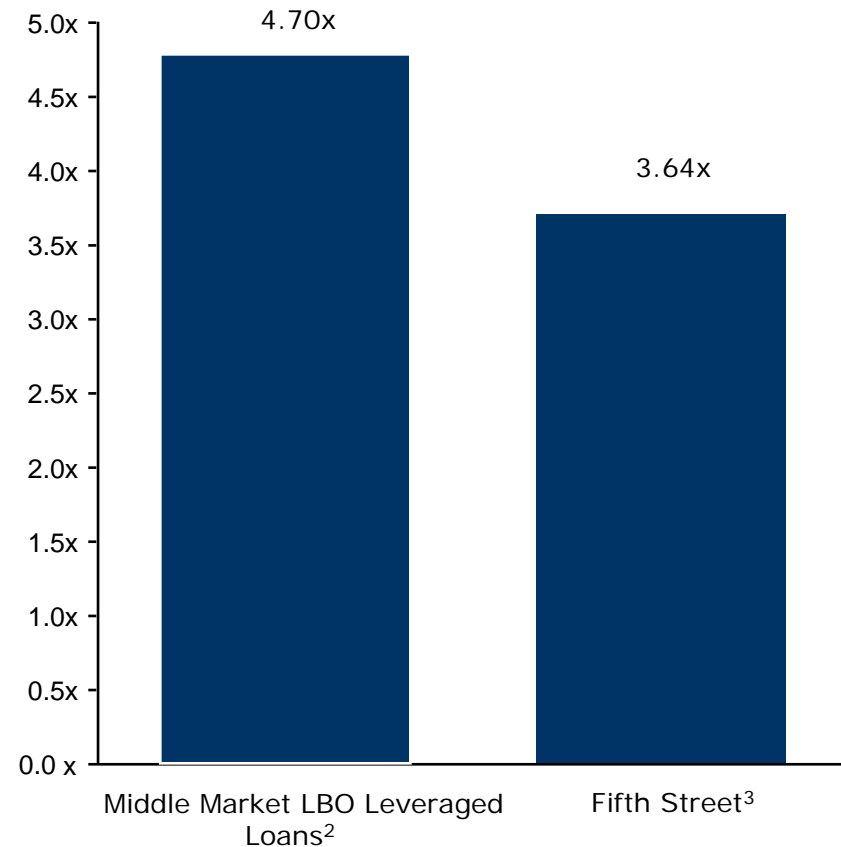
High-Quality Investments with Substantial Cash Yields

Secured Portfolio with Low Leverage

Secured Portfolio¹



Total Debt to EBITDA



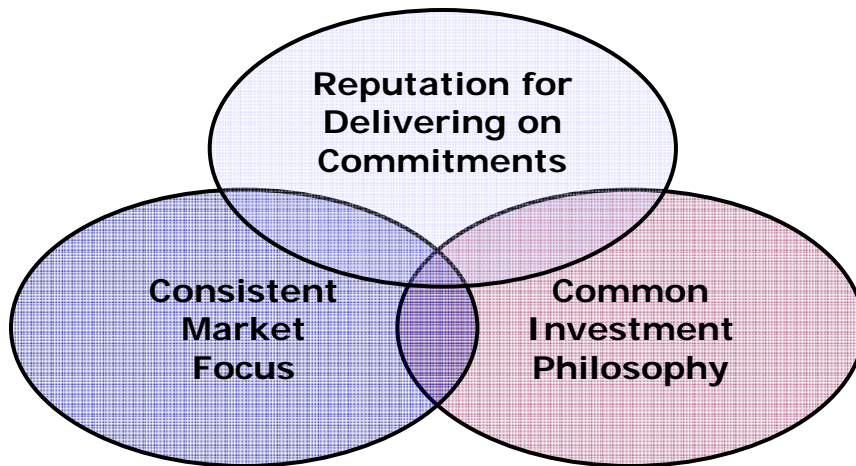
¹ At March 31, 2009 at fair value.

² Source: Standard & Poor's Leveraged Buyout Review Q4 2008. Represents average of LBOs in 2H08 where target had less than \$50mm in EBITDA.

³ Total debt to EBITDA of securities at loan inception.

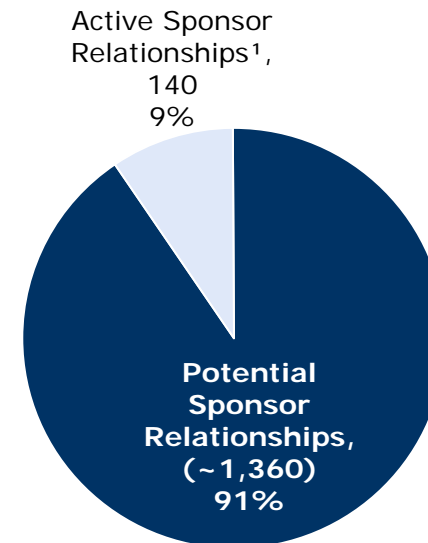
Strong Relationships

Established Relationships with Leading Lower Middle Market Sponsors



- "Lender of choice" for sponsors that invest in small and mid-sized companies
- Significant benefits of strategic partnerships including:
 - Incremental due diligence
 - Additional layer of monitoring
 - Additional source of operating expertise

Opportunity to Expand Network of Relationships



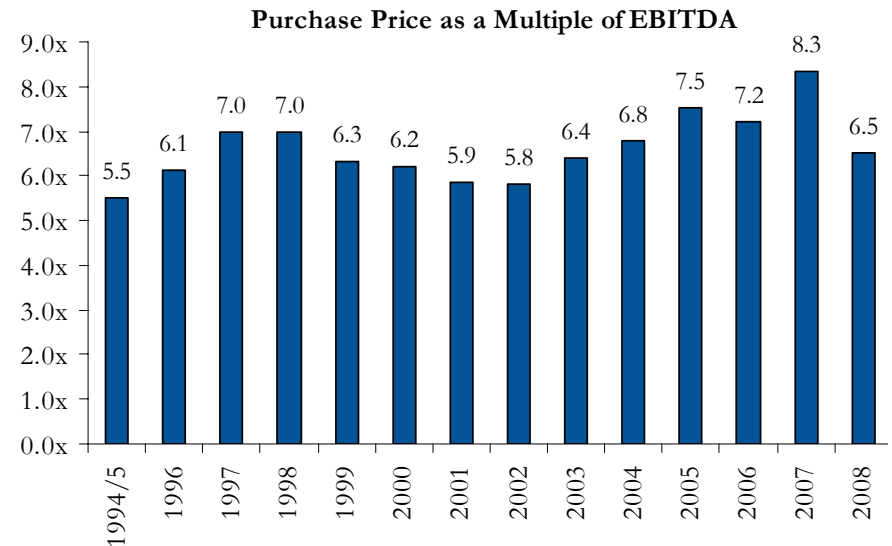
- Significant opportunity to increase market penetration and enhance investment pipeline
 - Our Investment Adviser has active relationships with over 140¹ of these sponsors
- Additional opportunity to grow with sponsors as they expand



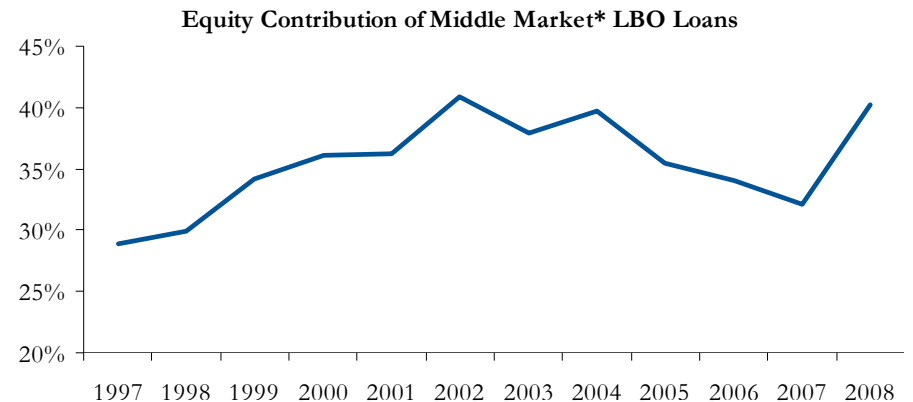
¹ As of June 11, 2008 per Fifth Street Finance Corp. Prospectus.

Growing Target Market

- Large pool of private equity capital focused on investments in small and mid-sized companies
- These private equity firms have less access to capital
 - Smaller deal size
 - Fragmented market
 - Recent credit market dislocation
- Less access to capital has resulted in favorable lending environment



Source: S&P Leveraged Commentary & Data



Source: S&P Leveraged Commentary & Data



Experienced Management Team that is Aligned with Shareholders

Management



Leonard M. Tannenbaum, CFA – *President and CEO* (*)

- Founded Fifth Street Capital in 1998 and has led investments of over \$450 million since then
- Served on the Board of Directors of five other public companies
- Formerly an equity analyst for Merrill Lynch
- MBA in Finance and BS in Management from the Wharton School of the University of Pennsylvania



Marc A. Goodman, JD – *Chief Investment Officer* (*)

- 18+ years of experience in advising, restructuring, and negotiating investments
- Formerly with the Law firm of Kramer, Levin, Naftalis & Frankel
- JD from Benjamin N. Cardozo School of Law and BA in Economics from New York University



Bernard D. Berman, JD – *Chief Compliance Officer, Executive Vice President and Secretary* (*)

- 13+ years of legal experience focusing on corporate transactions
- Formerly with the Law firm Riemer & Braunstein
- JD from Boston College Law School and BS in Finance from Lehigh University



Juan E. Alva – *Head of Origination*

- 16+ years of experience in M&A and corporate finance, specializing in small and mid-cap transactions
- Formerly a senior investment banker at Trinity Capital and investment banker at Goldman Sachs
- BS in Economics from the Wharton School at the University of Pennsylvania



Ivelin M. Dimitrov – *Head of Execution* (*)

- 7+ years experience investing in small and mid-cap transactions
- Substantial experience in financial analysis, valuation and investment research
- MS in Finance from Boston College and BS in Business Administration from University of Maine



* *Investment committee member.*

Experienced Management Team that is Aligned with Shareholders

Other Senior Professionals



William H. Craig, CPA – Chief Financial Officer

- Joined Fifth Street in 2007
- Significant experience in financial reporting
- Former CFO of Vital-Signs (NASDAQ listed)
- MBA from Texas A&M University and BA from Wake Forest University



Steven M. Noreika, CPA – Controller

- Joined Fifth Street in 2008
- 7+ years experience in financial reporting, financial systems design, and implementation
- Formerly with Time Warner, Inc. as a manager of internal financial reporting
- BBA in Accounting from Pace University



Stacey L. Thorne – Vice President, Investor Relations

- Joined Fifth Street in 2007
- Previous administrative experience with Intrepid Capital Management
- Master's in Social Work from Adelphi University



Brian D. Finkelstein – Vice President, Portfolio Management

- Joined Fifth Street in 2006
- Previous experience analyzing and investing in the lower middle market
- Formerly with Aleutian Capital Partners analyzing middle market companies
- MBA from the Stern School of Business at New York University and BS in Business Administration from SUNY Albany



Kyde S. Sharp – Associate, Execution

- Joined Fifth Street in 2008
- Prior experience as a corporate attorney and as a consultant analyzing and structuring investments
- JD from Fordham Law School and MBA from the Wharton School of the University of Pennsylvania



Intense Focus on Managing Credit Risk

Conservative Underwriting Criteria

Target Transaction Characteristics

- Substantial excess enterprise value
- Significant investment by private equity sponsor
- Predictable positive operating cash flow
- On-going and available liquidity

Structuring Methodology

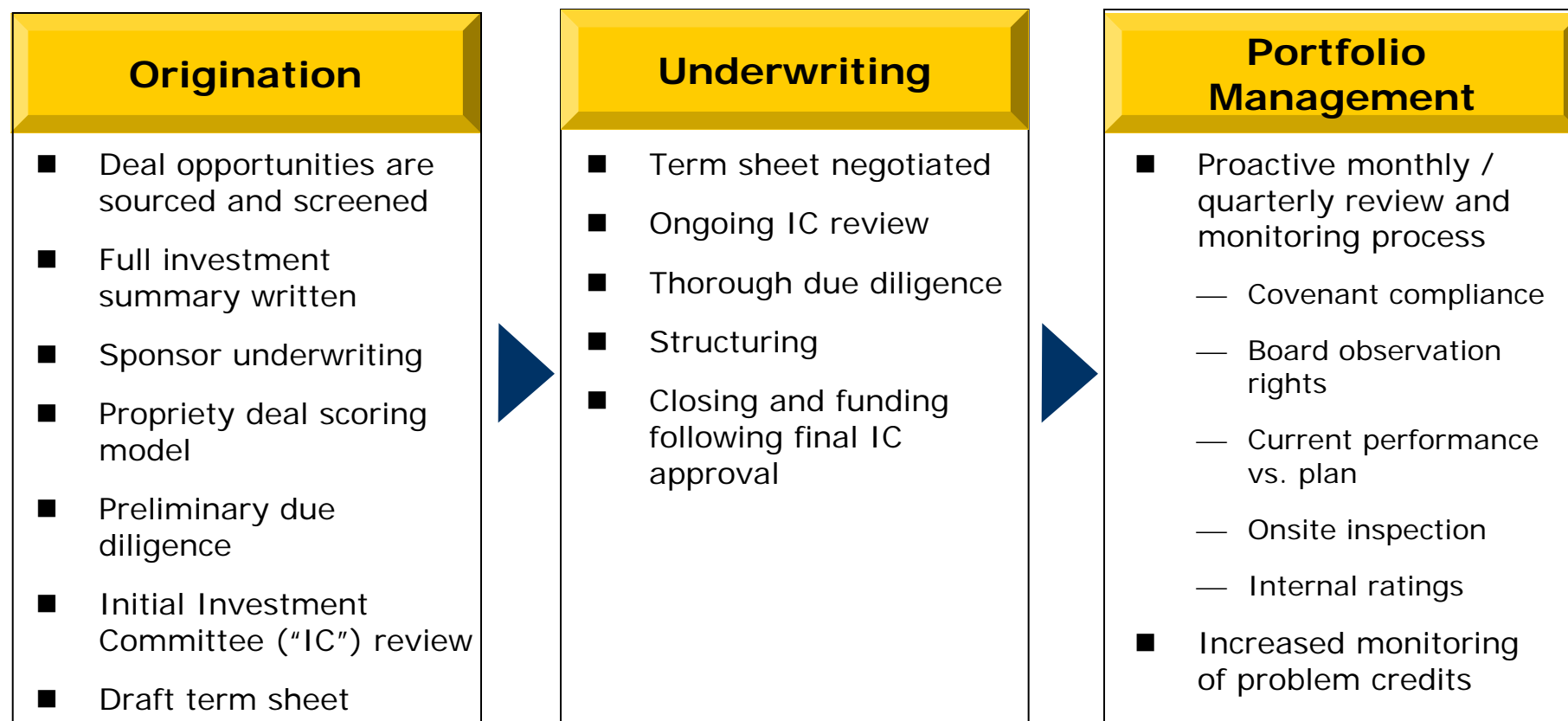
- Focus on first lien investments
- Low leverage
- Strong covenants and collateral packages

Sponsor-led transactions enhance the credit quality of the loan

Intense Focus on Managing Credit Risk

Comprehensive Investment Process

- Established and proven investment process
- Dual underwriting methodology with stringent underwriting standards
- Dedicated portfolio management team that actively monitors portfolio



Diversified Debt Portfolio

As of March 31, 2009

\$ in millions

Company	Security	Debt Investment ¹	Industry
Caregiver Services, Inc.	Second Lien	21.9	Healthcare Services
IZI Medical Products, Inc.	First Lien	21.7	Healthcare Technology
Boot Barn	Second Lien	21.4	Footwear and Apparel
Traffic Control & Safety Corporation	Second Lien	18.4	Construction and Engineering
HealthDrive Corporation	First Lien	17.1	Healthcare Facilities
Rail Acquisition Corp.	First Lien	15.5	Manufacturing - Mechanical Products
MK Network, LLC	First Lien	14.0	Healthcare Technology
O'Currance	First Lien	13.3	Data Processing & Outsourced Services
idX Corporation	Second Lien	12.9	Merchandise Display
Premier Trailer	Second Lien	12.4	Trailer Leasing Services
Filet of Chicken	Second Lien	11.9	Food Distributors
TBA	Second Lien	11.3	Media - Advertising
Cenegenic LLC	First Lien	10.7	Healthcare Services
Western Emulsions, Inc.	Second Lien	9.8	Emulsions Manufacturing
Pacific Press Technologies, Inc.	Second Lien	9.8	Capital Goods
Rose Tarlow Melrose House	First Lien	9.3	Home Furnishing Retail
Nicos	First Lien	8.1	Environmental & Facilities Services
Goldco	Second Lien	7.8	Restaurants
Elephant & Castle	Second Lien	7.2	Restaurants
Storytellers Theaters Corporation	First Lien	7.1	Entertainment - Theatres
Lighting by Gregory	First Lien	7.0	Housewares & Specialty
Fitness Edge	First Lien	7.0	Leisure Facilities
Best Vinyl	Second Lien	6.7	Building Products
Martini Park	First Lien	2.2	Restaurants
CPAC	Second Lien	2.0	Household Products & Specialty Chemicals
American Hardwood Industries	Second Lien	0.9	Lumber Products

Portfolio Fair Value at 3/31/09

\$290.8



¹ At fair value as of March 31, 2009.

Asset Quality

As of March 31, 2009

- Portfolio is performing as expected
- 96% of portfolio valued by an independent valuation firm¹
- Portfolio loans are assessed and rated quarterly on a scale from 1 to 5 based on underlying credit and performance statistics

Loan Ratings as of March 31, 2009

Investment Rating	Description	Investments at Fair Value	Percentage of Total Portfolio	Debt/ EBITDA Leverage Ratio
1	Investment performing above expectations	\$ 9.8	3.4%	2.88x
2	Investment performing substantially within expectations and its risk remains neutral or favorable	239.2	82.3	4.09
3	Investment performing below expectations and requires closer monitoring, but no loss is expected	29.8	10.2	6.47
4	Investment performing below expectations; expect some loss of investment return, but no loss of principal is expected	9.1	3.1	6.58
5	Investment performing substantially below expectations; some loss of principal is expected	2.9	1.0	NM ²
Total		\$ 290.8	100.0%	4.38x



¹ Excludes IZI Medical Products, Inc., which closed on March 31, 2009

² Due to operating performance this ratio is not measurable.

Summary Financials

\$ in thousands (except per share data)	At and for the quarter ended March 31, 2009	
Statement of Operations Data:		
Total Investment Income	\$	11,920
Base management fees		1,488
Incentive fees		1,872
All other expenses		1,073
Net Investment Income		7,487
Unrealized appreciation of investments (net of reclassifications to realized losses)		7,750
Realized loss on investments		(12,400)
Net decrease in net assets resulting from operations		2,837
Balance Sheet Data:		
Total Investments at fair value	\$	290,777
Cash and cash equivalents		3,722
Other Assets		3,117
Total Assets		297,616
Total Liabilities		25,263
Total Stockholders' Equity		272,353
Per Share Data:		
Net Asset Value per Common Share at period end	\$	11.94
Market Price at period end		7.74
Net Investment Income		0.33
Unrealized appreciation on investments (net of reclassifications to realized losses)		0.33
Realized loss on investments		(0.54)



Corporate Governance

Board of Directors

Independent (5)

- Byron J. Haney, CPA (Chair of the Audit Committee) – 20+ years of business experience, including serving as chief financial officer of a private retail store chain. Currently serves on the Board of Directors of Sterling Chemicals, Inc. (public company)
- Frank C. Meyer (Chair of the Valuation Committee) – Founder and former Chairman of Glenwood Capital (purchased by the Man Group). Previously served on the Board of Directors of Quality Systems, Inc. (public company)
- Adam C. Berkman, CPA – 19+ years of experience in strategy, operations, finance and business development
- Brian S. Dunn – 14+ years of marketing, logistical and entrepreneurial experience
- Douglas F. Ray – 12+ years experience acquiring, developing, financing and managing a diverse portfolio of real estate investments, including two healthcare properties funds

Interested (2)

- Leonard M. Tannenbaum, CFA – President and CEO of Fifth Street Finance Corp.
12+ years of experience making investments in small to mid-sized companies. Mr. Tannenbaum has founded a number of private investment firms, including Fifth Street Capital LLC, and has served on the Board of Directors of five other public companies.
- Bernard D. Berman – Chief Compliance Officer, Executive Vice President and Secretary of Fifth Street Finance Corp.
13+ years of legal experience focusing on corporate transactions. Mr. Berman was formally a corporate attorney with the law firm Riemer & Braunstein LLP.



Summary Investment Highlights

- Yield
 - High-quality investments with substantial cash yields
- Safety
 - Intense focus on managing credit risk
- Relationships
 - Strong relationships with private equity sponsors focused on small and mid-sized companies
- Experienced management team that is aligned with investors
- Strong portfolio management expertise

FSC Corporate Information

Board of Directors

Adam C. Berkman, CPA
Brian S. Dunn
Byron J. Haney, CPA
Frank C. Meyer
Douglas F. Ray
Bernard D. Berman
Leonard M. Tannenbaum, CFA

Corporate Counsel

Sutherland, Asbill & Brennan,
LLP

Transfer Agent

American Stock Transfer &
Trust Company, LLC

Tel: (212) 936-5100

www.amstock.com

Corporate Officers & Other Executives

Leonard M. Tannenbaum, President & CEO
Marc A. Goodman, Chief Investment Officer
Bernard D. Berman, CCO, Executive VP &
Secretary
Juan E. Alva, Head of Origination
Ivelin M. Dimitrov, Head of Execution

Independent Audit Firm

Grant Thornton, LLP

Independent Valuation Firm

Murray, Devine & Co.

Fiscal Year end

September 30

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Christopher Harris, (443) 263-6513
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BMO Capital Markets
David Chiaverini, (212) 885-4115

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ir@fifthstreetcap.com



Please visit our website at:
www.fifthstreetfinance.com

Portfolio

As of March 31, 2009




\$13.5MM
First Lien Term Loan
Equity Investment



\$7.0MM
Second Lien Term Loan



\$11.0MM
Second Lien Term Loan
Equity Investment



\$7.5MM
Second Lien Term Loan




\$17.1MM
First Lien Term Loan
Equity Investment




\$18.7MM
Second Lien Term Loan
Equity Investment



\$8.8MM
First Lien Term Loan
Equity Investment



\$9.2MM
First Lien Term Loan




\$12.5MM
Second Lien Term Loan




\$12.4MM
Second Lien Term Loan



\$25.0MM
Second Lien Term Loan
Equity Investment




\$10.3MM
Second Lien Term Loan




\$16.8MM
Second Lien Term Loan



\$9.7MM
Second Lien Term Loan
Equity Investment



\$14.3MM
First Lien Term Loan
Equity Investment



\$7.5MM
Second Lien Term Loan



\$23.5MM
Second Lien Term Loan



\$4.0MM
First Lien Term Loan



\$12.1MM
First Lien Term Loan
Equity Investment



\$16.4MM
First Lien Term Loan




\$11.6MM
Second Lien Term Loan



\$16.0MM
Second Lien Term Loan



\$20.0MM
First Lien Term Loan



\$13.0MM
Second Lien Term Loan



\$11.0MM
First Lien Term Loan



\$25.1MM
First Lien Term Loan

