

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name FS Investment Corporation III		2 Issuer's employer identification number (EIN) 90-0994912	
3 Name of contact for additional information Jeffrey Hurok	4 Telephone No. of contact (215) 495-1150	5 Email address of contact jeffrey.hurok@fsinvestments.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 201 Rouse Boulevard		7 City, town, or post office, state, and ZIP code of contact Philadelphia, PA 19112	
8 Date of action December 18, 2019		9 Classification and description Common Stock - Regulated Investment Company	
10 CUSIP number 30282X103	11 Serial number(s)	12 Ticker symbol N/A	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶

On December 18, 2019, FS KKR Capital Corp. II (formerly FS Investment Corporation II), completed its acquisition of Corporate Capital Trust II (CCT II), FSIC Investment Corporation III (FSIC III), and FS Investment Corporation IV (FSIC IV) pursuant to that certain Agreement and Plan of Merger ("Merger Agreement") dated May 31, 2019 by and among FS KKR Capital Corp. II; CCT II; FSIC III; FSIC IV; NT Acquisition 1, Inc. (Merger Sub 1); NT Acquisition 2, Inc. (Merger Sub 2); and NT Acquisition 3, Inc. (Merger Sub 3).

See page 3 for a description of the transaction.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ A shareholder's aggregate basis in the shares of FS KKR Capital Corp. II which were received in exchange for a shareholder's shares in FSIC III will be the same as the shareholder's basis in the shares of FSIC III which were held immediately prior to the merger. Each outstanding share of FSIC III common stock was converted into the right to receive 0.9804 shares of FS KKR Capital Corp. II common stock as detailed on page 3.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ There was no change in aggregate basis as a result of the above organizational action.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶
Internal Revenue Code sections 368(a), 368(b), 358(a), and 354(a).

Blank lines for listing applicable Internal Revenue Code sections and subsections.

18 Can any resulting loss be recognized? ▶

Blank lines for providing information regarding the recognition of a resulting loss.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶
Tax merger and tax-free reorganization described above is reportable in tax year 2019.

Blank lines for providing any other necessary information for the adjustment.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ *William Goebel* Date ▶ 2/6/2020

Print your name ▶ William Goebel Title ▶ Chief Accounting Officer

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

Form 8937 Statement

Line 14:

The Merger Agreement provides that, subject to the conditions set forth in the Merger Agreement:

- (i) NT Acquisition 1, Inc. (Merger Sub 1) will merge with and into FSIC Investment Corporation III (FSIC III), with FSIC III continuing as the surviving company and as a wholly-owned subsidiary of FS KKR Capital Corp. II ("Merger 1A"), and, immediately thereafter, FSIC III will merge with and into FS KKR Capital Corp. II, with FS KKR Capital Corp. II continuing as the surviving company (together with the Merger 1A, "Merger 1"),
- (ii) NT Acquisition 2, Inc. (Merger Sub 2) will merge with and into Corporate Capital Trust II (CCT II), with CCT II continuing as the surviving company and as a wholly-owned subsidiary of FS KKR Capital Corp. II ("Merger 2A"), and, immediately thereafter, CCT II will merge with and into FS KKR Capital Corp. II, with FS KKR Capital Corp. II continuing as the surviving company (together with the Merger 2A, "Merger 2"), and
- (iii) NT Acquisition 3, Inc. (Merger Sub 3) will merge with and into FSIC Investment Corporation IV (FSIC IV), with FSIC IV continuing as the surviving company and as a wholly-owned subsidiary of FS KKR Capital Corp. II ("Merger 3A"), and, immediately thereafter, FSIC IV will merge with and into FS KKR Capital Corp. II, with FS KKR Capital Corp. II continuing as the surviving company (together with the Merger 3A, "Merger 3" and, together with Merger 1 and Merger 2, the "Mergers").

Line 15:

In accordance with the terms of the Merger Agreement, at the time of the closing of the Mergers:

- (i) each outstanding share of FSIC III common stock was converted into the right to receive 0.9804 shares of FS KKR Capital Corp. II's common stock,
- (ii) (ii) each outstanding share of beneficial interest of CCT II was converted into the right to receive 1.1319 shares of FS KKR Capital Corp. II's common stock and
- (iii) (iii) each outstanding share of FSIC IV common stock was converted into the right to receive 1.3634 shares of FS KKR Capital Corp. II's common stock.

The above exchange ratios were determined based on the closing net asset value ("NAV") per share of \$7.36, \$7.22, \$10.03 and \$8.33 for FSK II, FSIC III, FSIC IV and CCT II, respectively, as of December 16, 2019, to ensure that the NAV of shares investors will own in FS KKR Capital Corp. II is equal to the NAV of the shares they held in each fund.

As a result, FS KKR Capital Corp. II will issue an aggregate of approximately 289,084,117 shares of its common stock to former FSIC III stockholders, 14,031,781 shares of its common stock to former CCT II stockholders and 43,668,803 shares of its common stock to former FSIC IV stockholders.