UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) **March 21, 2017** (March 20, 2017)

Fifth Street Finance Corp.

(Exact name of registrant as specified in its charter)

Delaware	**001-33901**	**26-1219283**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

777 West Putnam Avenue, 3rd Floor, Greenwich, CT	**06830**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(203) 681-3600**

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

At a special meeting of stockholders (the "Special Meeting") held on March 20, 2017, the stockholders of Fifth Street Finance Corp. (the "Company") approved a fourth amended and restated investment advisory agreement (the "Fourth Amended and Restated Investment Advisory Agreement") by and between the Company and Fifth Street Management LLC, a subsidiary of Fifth Street Asset Management Inc. ("Fifth Street Management"), as investment adviser. The Company and Fifth Street Management subsequently signed the Fourth Amended and Restated Investment Advisory Agreement. The Fourth Amended and Restated Investment Advisory Agreement, which is effective beginning with the Company's fiscal quarter that commenced on January 1, 2017, changes the structure of the subordinated incentive fee on income as described below. The other commercial terms of the Company's existing investment advisory relationship with Fifth Street Management, including payment of a base management fee on total gross assets (excluding cash and cash equivalents) of 1.75%, remain unchanged.

Under the Fourth Amended and Restated Investment Advisory Agreement, effective beginning with the Company's fiscal quarter that commenced on January 1, 2017, calculation of the subordinated incentive fee on income for each quarter is as follows:

- No subordinated incentive fee on income is payable to Fifth Street Management in any fiscal quarter in which the Company's pre-incentive fee net investment income does not exceed the preferred return rate of 1.75% (the "Preferred Return") on net assets;

- 100% of the Company's pre-incentive fee net investment income, if any, that exceeds the Preferred Return but is less than or equal to 2.1875% in any fiscal quarter is payable to Fifth Street Management. This portion of the Company's subordinated incentive fee on income is referred to as the "catch up" and is intended to provide Fifth Street Management with an incentive fee of 20% on all of the Company's pre-incentive fee net investment income when the Company's pre-incentive fee net investment income reaches 2.1875% on net assets in any fiscal quarter; and

- For any quarter in which the Company's pre-incentive fee net investment income exceeds 2.1875% on net assets, the subordinated incentive fee on income is equal to 20% of the amount of the Company's pre-incentive fee net investment income, as the Preferred Return and catch-up will have been achieved.

In the event the cumulative subordinated incentive fee on income accrued for the Lookback Period (after giving effect to any reduction(s) pursuant to this paragraph for any prior fiscal quarters of the Lookback Period but not the quarter of calculation) exceeds 20.0% of the cumulative net increase in net assets resulting from operations during the Lookback Period, then the subordinated incentive fee on income for the quarter shall be reduced by an amount equal to (1) 25% of the subordinated incentive fee on income calculated for such quarter (prior to giving effect to any reduction pursuant to this paragraph) less (2) any base management fees waived by Fifth Street Management for such fiscal quarter. For this purpose, the "cumulative net increase in net assets resulting from operations" is an amount, if positive, equal to the sum of pre-incentive fee net investment income, base management fees, realized gains and losses and unrealized capital appreciation and depreciation of the Company for the Lookback Period. "Lookback Period" means (1) through December 31, 2019, the period which commences on January 1, 2017 and ends on the last day of the fiscal quarter for which the subordinated incentive fee on income is being calculated, and (2) after December 31, 2019, the fiscal quarter for which the subordinated incentive fee on income is being calculated and the eleven preceding fiscal quarters.

The foregoing description of the Fourth Amended and Restated Investment Advisory Agreement does not purport to be complete and is qualified in its entirety by reference to the Investment Advisory Agreement, attached hereto as Exhibit 10.1 and incorporated by reference herein. In addition, on March 21, 2017, the Company issued a press release announcing the stockholder approval of the Fourth Amended and Restated Investment Advisory Agreement. A copy of the press release is attached hereto as Exhibit 99.1.

Item 5.07. Submission of Matters to a Vote of Security Holder.

On March 20, 2017, the Company held the Special Meeting. Set forth below is the proposal voted upon by the Company's stockholders at the Special Meeting, as set forth in the Company's Definitive Proxy Statement filed on February 21, 2017, together with the voting results for such proposal. As of February 10, 2017, the record date for the Special Meeting, 140,960,651 shares of the Company's common stock were outstanding and entitled to vote.

Proposal. The Company's stockholders approved the Fourth Amended and Restated Investment Advisory Agreement, pursuant to which Fifth Street Management will continue to serve as the Company's investment adviser, as set forth below:

Votes For	Votes Against	Abstain
65,855,129	7,124,505	1,321,706

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

10.1 Fourth Amended and Restated Investment Advisory Agreement by and between Fifth Street Management LLC and Fifth Street Finance Corp., effective as of January 1, 2017

99.1 Press release dated March 21, 2017

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FIFTH STREET FINANCE CORP.

Date: March 21, 2017

By: /s/ Kerry S. Acocella
Name: Kerry S. Acocella
Title: Chief Compliance Officer

Exhibit 10.1

FOURTH AMENDED AND RESTATED

INVESTMENT ADVISORY AGREEMENT

BETWEEN

FIFTH STREET FINANCE CORP.

AND

FIFTH STREET MANAGEMENT LLC

This Fourth Amended and Restated Investment Advisory Agreement (this "***Agreement***") made effective as of January 1, 2017 (the "***Effective Date***"), by and between FIFTH STREET FINANCE CORP., a Delaware corporation (the "***Company***"), and FIFTH STREET MANAGEMENT LLC, a Delaware limited liability company (the "***Adviser***").

WHEREAS, the Company is a closed-end management investment fund that has elected to be regulated as a business development company ("***BDC***") under the Investment Company Act of 1940, as amended (the "***Investment Company Act***"); and

WHEREAS, the Adviser is organized as an investment adviser that is registered under the Investment Advisers Act of 1940, as amended (the "***Advisers Act***"); and

WHEREAS, the Company and the Adviser entered into an investment advisory agreement, dated December 14, 2007 (the "***Original Advisory Agreement***");

WHEREAS, the Company and the Adviser entered into an amended and restated investment advisory agreement, dated April 30, 2008 (the "***First Amended and Restated Advisory Agreement***"), which amended and restated in its entirety the Original Advisory Agreement; and

WHEREAS, the Company and the Adviser entered into an amended and restated investment advisory agreement, dated May 2, 2011 (the "***Second Amended and Restated Advisory Agreement***"), which amended and restated in its entirety the First Amended and Restated Advisory Agreement; and

WHEREAS, the Company and the Adviser entered into an amended and restated investment advisory agreement, effective January 1, 2016 (the "***Third Amended and Restated Advisory Agreement***"), which amended and restated in its entirety the Second Amended and Restated Advisory Agreement; and

WHEREAS, the Company and the Adviser further desire to amend and restate in its entirety the Third Amended and Restated Advisory Agreement in order to revise the incentive fee structure.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the parties hereby agree as follows:

1. Duties of the Adviser.

(a) The Company hereby employs the Adviser to act as the investment adviser to the Company and to manage the investment and reinvestment of the assets of the Company, subject to the supervision of the Board of Directors of the Company, (the "***Board***") for the period and upon the terms herein set forth, (i) in accordance with the investment objective, policies and restrictions that are set forth in the reports and/or registration statements that the Company files with the Securities and Exchange Commission (the "***SEC***") from time to time; (ii) during the term of this Agreement in accordance with all other applicable federal and state laws, rules and regulations, and the Company's charter and by-laws; and (iii) in accordance with the Investment Company Act. Without limiting the generality of the foregoing, the Adviser shall, during the term and subject to the provisions of this Agreement (A) determine the composition of the portfolio of the Company, the nature and timing of the changes therein and the manner of implementing such changes; (B) identify, evaluate and negotiate the structure of the investments made by the Company; (C) close, monitor and service the Company's investments; (D) determine the securities and other assets that the Company shall purchase, retain, or sell; (E) perform due diligence on prospective portfolio companies; and (F) provide the

Company with such other investment advisory, research and related services as the Company may, from time to time, reasonably require for the investment of its funds. The Adviser shall have the power and authority on behalf of the Company to effectuate its investment decisions for the Company, including the execution and delivery of all documents relating to the Company's investments and the placing of orders for other purchase or sale transactions on behalf of the Company. In the event that the Company determines to obtain debt financing, the Adviser shall arrange for such financing on the Company's behalf, subject to the oversight and approval of the Board.

(b) The Adviser hereby accepts such employment and agrees during the term hereof to render the services described herein for the compensation provided herein.

(c) The Adviser is hereby authorized to enter into one or more sub-advisory agreements with other investment advisers (each, a "***Sub-Adviser***") pursuant to which the Adviser may obtain the services of the Sub-Adviser(s) to assist the Adviser in fulfilling its responsibilities hereunder. Specifically, the Adviser may retain a Sub-Adviser to recommend specific securities or other investments based upon the Company's investment objective and policies, and work, along with the Adviser, in structuring, negotiating, arranging or effecting the acquisition or disposition of such investments and monitoring investments on behalf of the Company, subject to the oversight of the Adviser and the Company. The Adviser and not the Company shall be responsible for any compensation payable to any Sub-Adviser. Any sub-advisory agreement entered into by the Adviser shall be in accordance with the requirements of the Investment Company Act and other applicable federal and state law.

(d) The Adviser shall, for all purposes herein provided, be deemed to be an independent contractor and, except as expressly provided or authorized herein, shall have no authority to act for or represent the Company in any way or otherwise be deemed an agent of the Company.

(e) Subject to review by and the overall control of the Board, the Adviser shall keep and preserve for the period required by the Investment Company Act any books and records relevant to the provision of its investment advisory services to the Company and shall specifically maintain all books and records with respect to the Company's portfolio transactions and shall render to the Board such periodic and special reports as the Board may reasonably request. The Adviser agrees that all records that it maintains for the Company are the property of the Company and shall surrender promptly to the Company any such records upon the Company's request, provided that the Adviser may retain a copy of such records.

2. <u>Company's Responsibilities and Expenses Payable by the Company</u>.

All personnel of the Adviser, when and to the extent engaged in providing investment advisory services hereunder, and the compensation and routine overhead expenses of such personnel allocable to such services, shall be provided and paid for by the Adviser and not by the Company. The Company shall bear all other costs and expenses of its operations and transactions, including (without limitation) fees and expenses relating to: organizational and offering expenses; the investigation and monitoring of the Company's investments; the cost of calculating the Company's net asset value; the cost of effecting sales and repurchases of shares of the Company's common stock and other securities; management and incentive fees payable pursuant to this Agreement; fees payable to third parties relating to, or associated with, making investments and valuing investments (including third-party valuation firms); transfer agent and custodial fees; fees and expenses associated with marketing efforts (including attendance at investment conferences and similar events); federal and state registration fees; any exchange listing fees; federal, state and local taxes; independent directors' fees and expenses; brokerage commissions; costs of proxy statements, stockholders' reports and notices; costs of preparing government filings, including periodic and current reports with the SEC; fidelity bond, liability insurance and other insurance premiums; and printing, mailing, independent accountants and outside legal costs and all other direct expenses incurred by either the Company's administrator, currently FSC CT, LLC, or the Company in connection with administering the Company's business, including payments under the Company's administration agreement with its administrator (as in effect from time to time, the "*Administration Agreement*") that are based upon the Company's allocable portion of overhead and other expenses incurred by the Company's administrator in performing its obligations under the Administration Agreement and the compensation of the Company's chief financial officer and chief compliance officer, and their respective staffs.

3. Compensation of the Adviser.

The Company agrees to pay, and the Adviser agrees to accept, as compensation for the services provided by the Adviser hereunder, a base management fee ("***Base Management Fee***") and an incentive fee ("***Incentive Fee***") as hereinafter set forth. The Adviser may agree to temporarily or permanently waive, in whole or in part, the Base Management Fee and/or the Incentive Fee. See Appendix A for examples of how these fees are calculated.

(a) Effective as of January 1, 2016, the Base Management Fee shall be calculated at an annual rate of 1.75% of the Company's gross assets, excluding any cash and cash equivalents. For purposes of this Agreement, the term "cash and cash equivalents" will have the meaning ascribed to it from time to time in the notes to the financial statements that the Company files with the SEC. The Base Management Fee shall be payable quarterly in arrears, and shall be calculated based on the value of the Company's gross assets at the end of each fiscal quarter, and appropriately adjusted for any equity capital raises or repurchases during such quarter. The Base Management Fee for any partial month or quarter shall be appropriately prorated.

(b) Incentive Fee. The Incentive Fee shall consist of two parts, as follows:

(i) The first part, referred to as the "Subordinated Incentive Fee on Income," shall be calculated and payable quarterly in arrears based on the Company's "Pre-Incentive Fee Net Investment Income" for the immediately preceding quarter. The payment of the Subordinated Incentive Fee on Income shall be subject to payment of a preferred return to investors each quarter, expressed as a rate of return on the value of the Company's net assets at the end of the most recently completed fiscal quarter, of 1.75%, subject to a "catch up" feature (as described below).

For this purpose, "Pre-Incentive Fee Net Investment Income" means interest income, dividend income and any other income (including any other fees, other than fees for providing managerial assistance, such as commitment, origination, structuring, diligence and consulting fees or other fees that the Company receives from portfolio companies) accrued during the fiscal quarter, minus the Company's operating expenses for the quarter (including the Base Management Fee, expenses payable under the Administration Agreement, and any interest expense and dividends paid on any issued and outstanding preferred stock, but excluding the Incentive Fee). Pre-Incentive Fee Net Investment Income includes, in the case of investments with a deferred interest feature (such as original issue discount debt instruments with payment-in-kind interest and zero coupon securities), accrued income that the Company has not yet received in cash. Pre-Incentive Fee Net Investment Income does not include any realized capital gains, realized capital losses or unrealized capital appreciation or depreciation.

The calculation of the Subordinated Incentive Fee on Income for each quarter is as follows:

(A) No Subordinated Incentive Fee on Income shall be payable to the Adviser in any fiscal quarter in which the Company's Pre-Incentive Fee Net Investment Income does not exceed the preferred return rate of 1.75% (the "Preferred Return") on net assets;

(B) 100% of the Company's Pre-Incentive Fee Net Investment Income, if any, that exceeds the Preferred Return but is less than or equal to 2.1875% in any fiscal quarter shall be payable to the Adviser. This portion of the Company's Subordinated Incentive Fee on Income is referred to as the "catch up" and is intended to provide the Adviser with an incentive fee of 20% on all of the Company's Pre-Incentive Fee Net Investment Income when the Company's Pre-Incentive Fee Net Investment Income reaches 2.1875% on net assets in any fiscal quarter; and

(C) For any quarter in which the Company's Pre-Incentive Fee Net Investment Income exceeds 2.1875% on net assets, the Subordinated Incentive Fee on Income shall equal 20% of the amount of the Company's Pre-Incentive Fee Net Investment Income, as the Preferred Return and catch-up will have been achieved;

provided that, in the event the cumulative Subordinated Incentive Fee on Income accrued for the Lookback Period (after giving effect to any reduction(s) pursuant to this paragraph for any prior fiscal quarters of the Lookback Period but not the quarter of calculation) exceeds 20.0% of the cumulative net increase in net assets resulting from operations during the Lookback Period, then the

Subordinated Incentive Fee on Income for the quarter shall be reduced by an amount equal to (1) 25% of the Subordinated Incentive Fee on Income calculated for such quarter (prior to giving effect to any reduction pursuant to this paragraph) less (2) any Base Management Fees waived by the Adviser for such fiscal quarter. For the foregoing purpose, the "cumulative net increase in net assets resulting from operations" is an amount, if positive, equal to the sum of Pre-Incentive Fee Net Investment Income, Base Management Fees, realized gains and losses and unrealized capital appreciation and depreciation of the Company for the Lookback Period. "***Lookback Period***" means (1) through December 31, 2019, the period which commences on the Effective Date and ends on the last day of the fiscal quarter for which the Subordinated Incentive Fee on Income is being calculated, and (2) after December 31, 2019, the fiscal quarter for which the Subordinated Incentive Fee on Income is being calculated and the eleven preceding fiscal quarters.

(ii) The second part of the Incentive Fee, referred to as the "***Incentive Fee on Capital Gains***," shall be determined and payable in arrears as of the end of each fiscal year (or upon termination of the investment advisory agreement, as of the termination date), and shall equal 20% of the Company's realized capital gains, if any, on a cumulative basis from inception through the end of each fiscal year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fees.

4. Covenants of the Adviser.

The Adviser covenants that it will maintain its registration as an investment adviser under the Advisers Act. The Adviser agrees that its activities will at all times be in compliance in all material respects with all applicable federal and state laws governing its operations and investments.

5. Brokerage Commissions.

The Adviser is hereby authorized, to the fullest extent now or hereafter permitted by law, to cause the Company to pay a member of a national securities exchange, broker or dealer an amount of commission for effecting a securities transaction in excess of the amount of commission another member of such exchange, broker or dealer would have charged for effecting that transaction, if the Adviser determines in good faith, taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution, and operational facilities of the firm and the firm's risk and skill in positioning blocks of securities, that such amount of commission is reasonable in relation to the value of the brokerage and/or research services provided by such member, broker or dealer, viewed in terms of either that particular transaction or its overall responsibilities with respect to the Company's portfolio, and constitutes the best net results for the Company.

6. Other Activities of the Adviser.

The services of the Adviser to the Company are not exclusive, and the Adviser may engage in any other business or render similar or different services to others including, without limitation, the direct or indirect sponsorship or management of other investment based accounts or commingled pools of capital, however structured, having investment objectives similar to those of the Company, so long as its services to the Company hereunder are not impaired thereby, and nothing in this Agreement shall limit or restrict the right of any manager, partner, member (including its members and the owners of its members), officer or employee of the Adviser to engage in any other business or to devote his or her time and attention in part to any other business, whether of a similar or dissimilar nature, or to receive any fees or compensation in connection therewith (including fees for serving as a director of, or providing consulting services to, one or more of the Company's portfolio companies, subject to applicable law). So long as this Agreement or any extension, renewal or amendment remains in effect, the Adviser shall be the only investment adviser for the Company, subject to the Adviser's right to enter into sub-advisory agreements. The Adviser assumes no responsibility under this Agreement other than to render the services called for hereunder. It is understood that directors, officers, employees and stockholders of the Company are or may become interested in the Adviser and its affiliates, as directors, officers, employees, partners, stockholders, members, managers or otherwise, and that the Adviser and directors, officers, employees, partners, stockholders, members and managers of the Adviser and its affiliates are or may become similarly interested in the Company as stockholders or otherwise.

7. Responsibility of Dual Directors, Officers and/or Employees.

If any person who is a manager, partner, member, officer or employee of the Adviser is or becomes a director, officer and/or employee of the Company and acts as such in any business of the Company, then such manager, partner, member, officer and/or employee of the Adviser shall be deemed to be acting in such capacity solely for the Company, and not as a manager, partner, member, officer or employee of the Adviser or under the control or direction of the Adviser, even if paid by the Adviser.

8. Limitation of Liability of the Adviser; Indemnification.

The Adviser (and its officers, managers, partners, members (and their members, including the owners of their members), agents, employees, controlling persons and any other person or entity affiliated with the Adviser) shall not be liable to the Company for any action taken or omitted to be taken by the Adviser in connection with the performance of any of its duties or obligations under this Agreement or otherwise as an investment adviser of the Company (except to the extent specified in Section 36(b) of the Investment Company Act concerning loss resulting from a breach of fiduciary duty (as the same is finally determined by judicial proceedings) with respect to the receipt of compensation for services, and the Company shall indemnify, defend and protect the Adviser (and its officers, managers, partners, members (and their members, including the owners of their members), agents, employees, controlling persons and any other person or entity affiliated with the Adviser, each of whom shall be deemed a third party beneficiary hereof) (collectively, the "***Indemnified Parties***") and hold them harmless from and against all damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) incurred by the Indemnified Parties in or by reason of any pending, threatened or completed action, suit, investigation or other proceeding (including an action or suit by or in the right of the Company or its security holders) arising out of or otherwise based upon the performance of any of the Adviser's duties or obligations under this Agreement or otherwise as an investment adviser of the Company. Notwithstanding the preceding sentence of this Section 8 to the contrary, nothing contained herein shall protect or be deemed to protect the Indemnified Parties against or entitle or be deemed to entitle the Indemnified Parties to indemnification in respect of, any liability to the Company or its security holders to which the Indemnified Parties would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence in the performance of the Adviser's duties or by reason of the reckless disregard of the Adviser's duties and obligations under this Agreement.

9. Effectiveness, Duration and Termination of Agreement.

This Agreement shall become effective as of the Effective Date; provided, that this Agreement shall not have any effect on the fees which were paid to the Adviser pursuant to the Third Amended and Restated Advisory Agreement for the fiscal quarter ended December 31, 2016. This Agreement shall continue automatically for successive annual periods, provided that such continuance is specifically approved at least annually by (a) the vote of the Board or a majority of the outstanding voting securities of the Company and (b) the vote of a majority of the Company's directors who are not parties to this Agreement or "interested persons" (as such term is defined in Section 2(a)(19) of the Investment Company Act) of any such party, in accordance with the requirements of the Investment Company Act and each of whom is an "independent director" under applicable New York Stock Exchange listing standards. This Agreement may be terminated at any time, without the payment of any penalty, upon 60 days' written notice, by the vote of a majority of the outstanding voting securities of the Company, or by the vote of the Company's directors or by the Adviser. This Agreement shall automatically terminate in the event of its "assignment" (as such term is defined for purposes of Section 15(a)(4) of the Investment Company Act). The provisions of Paragraph 8 of this Agreement shall remain in full force and effect, and the Adviser shall remain entitled to the benefits thereof, notwithstanding any termination of this Agreement.

10. Notices.

Any notice under this Agreement shall be given in writing, addressed and delivered or mailed, postage prepaid, to the other party at its principal office.

11. Amendments.

This Agreement may be amended by mutual consent.

12. Entire Agreement; Governing Law.

This Agreement contains the entire agreement of the parties and supersedes all prior agreements, understandings and arrangements with respect to the subject matter hereof. Notwithstanding the place where this Agreement may be executed by any of the parties hereto, this Agreement shall be construed in accordance with the laws of the State of New York. For so long as the Company is regulated as a BDC under the Investment Company Act, this Agreement shall also be construed in accordance with the applicable provisions of the Investment Company Act. In such case, to the extent the applicable laws of the State of New York, or any of the provisions herein, conflict with the provisions of the Investment Company Act, the latter shall control. To the fullest extent permitted by law, in the event of any dispute arising out of the terms and conditions of this Agreement, the parties hereto consent and submit to the jurisdiction of the courts of the State of New York in the county of New York and of the U.S. District Court for the Southern District of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed on the date above written.

FIFTH STREET FINANCE CORP.

By:/s/ Patrick Dalton
Name: Patrick Dalton
Title: Chief Executive Officer

FIFTH STREET MANAGEMENT LLC

By:/s/ Leonard Tannenbaum
Name: Leonard Tannenbaum
Title: Chief Executive Officer

Appendix A

Example 1: Income Related Portion of Incentive Fee for Each Fiscal Quarter

Alternative 1

Assumptions

Preferred Return = 1.75%

Net assets at end of most recently completed quarter = $1.1 billion

Investment income (including interest, dividends, fees, etc.) = $30 million

Management fee[(1)] = $9 million

Other expenses (legal, accounting, custodian, transfer agent, etc.)[(2)] = $6 million
Pre-Incentive Fee Net Investment Income
(investment income – (management fee + other expenses) = $15 million
Pre-incentive Fee Net Investment Income as % of net assets at prior quarter end = 1.3636%
Cumulative Subordinated Incentive Fee on Income accrued for Lookback Period = $5 million
Cumulative net increase in net assets resulting from operations during Lookback Period = $100 million

Pre-Incentive Fee Net Investment Income does not exceed the Preferred Return, therefore there is no Subordinated Incentive Fee on Income.

Alternative 2

Assumptions

Preferred Return = 1.75%

Net assets at end of most recently completed quarter = $1.1 billion

Investment income (including interest, dividends, fees, etc.) = $35 million

Management fee[(1)] = $9 million

Other expenses (legal, accounting, custodian, transfer agent, etc.)[(2)] = $6 million
Pre-Incentive Fee Net Investment Income
(investment income – (management fee + other expenses) = $20 million
Pre-incentive Fee Net Investment Income as % of net assets at prior quarter end = 1.8182%
Cumulative Subordinated Incentive Fee on Income accrued for Lookback Period = $5 million
Cumulative net increase in net assets resulting from operations during Lookback Period = $100 million

Subordinated Incentive fee = 100% × Pre-Incentive Fee Net Investment Income (subject to "catch-up")[(3)]

= 100% × (1.8182% – 1.75%)

= 0.0682% × $1.1 billion = $750,200

Pre-Incentive Fee Net Investment Income exceeds the Preferred Return, but does not fully satisfy the "catch-up" provision, therefore the Subordinated Incentive Fee on Income is 0.0682% of net assets at prior quarter end or $750,200.

Alternative 3

Assumptions

Preferred Return = 1.75%

Net assets at end of most recently completed quarter = $1.1 billion

Investment income (including interest, dividends, fees, etc.) = $40 million

Management fee[(1)] = $9 million

Other expenses (legal, accounting, custodian, transfer agent, etc.)[(2)] = $6 million
Pre-Incentive Fee Net Investment Income
(investment income – (management fee + other expenses) = $25 million
Pre-incentive Fee Net Investment Income as % of net assets at prior quarter end = 2.2727%
Cumulative Subordinated Incentive Fee on Income accrued for Lookback Period = $5 million
Cumulative net increase in net assets resulting from operations during Lookback Period = $100 million

Subordinated Incentive fee = 100% × Pre-Incentive Fee Net Investment Income (subject to "catch-up")[(3)]

Subordinated Incentive fee = 100% × "catch-up" + (20% × (Pre-Incentive Fee Net Investment Income – 2.1875%))

Catch up = 2.1875% – 1.75%

= 0.4375%

Subordinated Incentive fee = (100% × 0.4375%) + (20% × (2.2727% – 2.1875%))

= 0.4375% + (20% × 0.0852%)

= 0.4375% + 0.0174%

= 0.4545% × $1.1 billion = $5 million

Pre-Incentive Fee Net Investment Income exceeds the Preferred Return, and fully satisfies the "catch-up" provision, therefore the Subordinated Incentive Fee on Income is 0.4545% of net assets at prior quarter end or $5 million.

Alternative 4

Assumptions

Preferred Return = 1.75%

Net assets at end of most recently completed quarter = $1.1 billion

Investment income (including interest, dividends, fees, etc.) = $40 million

Management fee[(1)] = $9 million

Other expenses (legal, accounting, custodian, transfer agent, etc.)[(2)] = $6 million
Pre-Incentive Fee Net Investment Income
(investment income – (management fee + other expenses) = $25 million
Pre-incentive Fee Net Investment Income as % of net assets at prior quarter end = 2.2727%
Cumulative Subordinated Incentive Fee on Income accrued for Lookback Period = $5 million
Cumulative net increase in net assets resulting from operations during Lookback Period = $25 million

Subordinated Incentive fee = 100% × Pre-Incentive Fee Net Investment Income (subject to "catch-up")[(3)]

Subordinated Incentive fee = 100% × "catch-up" + (20% × (Pre-Incentive Fee Net Investment Income – 2.1875%))

Catch up = 2.1875% – 1.75%

= 0.4375%

Subordinated Incentive fee = (100% × 0.4375%) + (20% × (2.2727% – 2.1875%))

= 0.4375% + (20% × 0.0852%)

= 0.4375% + 0.0174%

= 0.4545% × $1.1 billion = $5 million

Cumulative Subordinated Incentive Fee on Income accrued for Lookback Period = $5 million

Cumulative net increase in net assets resulting from operations during Lookback Period = $20 million × 20% = $4 million

Reduction of Subordinated Incentive Fee on Income = $5 million × 25% = $1.25 million

Subordinated Incentive Fee on Income after reduction = $3.75 million

Pre-Incentive Fee Net Investment Income exceeds the Preferred Return, and fully satisfies the "catch-up" provision, therefore the Subordinated Incentive Fee on Income is 0.4545% of net assets at prior quarter end or $5 million. However, since the cumulative Subordinated Incentive Fee on Income accrued for the Lookback Period exceeds the cumulative net increase in net assets resulting from operations during the Lookback Period, the Subordinated Incentive Fee on Income is reduced by 25% to $3.75 million.

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(1) Represents 1.75% annualized base management fee.

(2) Excludes organizational and offering expenses.

(3) The "catch-up" provision is intended to provide the Adviser with a subordinated incentive fee of 20% on all Pre-Incentive Fee Net Investment Income as if a preferred return did not apply when the Company's Pre-Incentive Fee Net Investment Income exceeds 2.1875% in any quarter.

Example 2: Capital Gains Portion of Incentive Fee(*):

Alternative 1:

Assumptions

Year 1: $20 million investment made in Company A ("Investment A"), and $30 million investment made in Company B ("Investment B")

Year 2: Investment A sold for $50 million and fair market value ("FMV") of Investment B determined to be $32 million

Year 3: FMV of Investment B determined to be $25 million

Year 4: Investment B sold for $31 million

The capital gains portion of the incentive fee would be:

Year 1: None

Year 2: Capital gains incentive fee of $6 million ($30 million realized capital gains on sale of Investment A multiplied by 20%)

Year 3: None → $5 million (20% multiplied by ($30 million cumulative capital gains less $5 million cumulative capital depreciation)) less $6 million (previous capital gains fee paid in Year 2)[(1)]

Year 4: Capital gains incentive fee of $200,000 → $6.2 million ($31 million cumulative realized capital gains multiplied by 20%) less $6 million (capital gains incentive fee taken in Year 2)

Alternative 2

Assumptions

Year 1: $20 million investment made in Company A ("Investment A"), $30 million investment made in Company B ("Investment B") and $25 million investment made in Company C ("Investment C")

Year 2: Investment A sold for $50 million, FMV of Investment B determined to be $25 million and FMV of Investment C determined to be $25 million

Year 3: FMV of Investment B determined to be $27 million and Investment C sold for $30 million

Year 4: FMV of Investment B determined to be $35 million

Year 5: Investment B sold for $20 million

The capital gains incentive fee, if any, would be:

Year 1: None

Year 2: $5 million capital gains incentive fee → 20% multiplied by $25 million ($30 million realized capital gains on Investment A less unrealized capital depreciation on Investment B)

Year 3: $1.4 million capital gains incentive fee → $6.4 million (20% multiplied by $32 million ($35 million cumulative realized capital gains less $3 million unrealized capital depreciation)) less $5 million capital gains incentive fee received in Year 2

Year 4: None

Year 5: None → $5 million (20% multiplied by $25 million (cumulative realized capital gains of $35 million less realized capital losses of $10 million)) less $6.4 million cumulative capital gains incentive fee paid in Year 2 and Year 3[(2)]

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* The hypothetical amounts of returns shown are based on a percentage of the Company's total net assets and assume no leverage. There is no guarantee that positive returns will be realized and actual returns may vary from those shown in this example.

(1) As illustrated in Year 3 of Alternative 1 above, if the Company were to be wound up on a date other than its fiscal year end of any year, the Company may have paid aggregate capital gains incentive fees that are more than the amount of such fees that would be payable if the Company had been wound up on its fiscal year end of such year.

(2) As noted above, it is possible that the cumulative aggregate capital gains fee received by the Adviser ($6.4 million) is effectively greater than $5 million (20% of cumulative aggregate realized capital gains less net realized capital losses or net unrealized depreciation ($25 million)).

Exhibit 99.1

Fifth Street Finance Corp. Announces Results of Special Meeting of Stockholders

Results Indicate Stockholders Overwhelmingly Approved New Investment Advisory Agreement

GREENWICH, CT, March 21, 2017 – Fifth Street Finance Corp. (NASDAQ: FSC) ("FSC") today announced that the results of its Special Meeting of Stockholders indicate that FSC's stockholders have overwhelmingly approved a new investment advisory agreement with Fifth Street Management LLC. Over 88% of votes cast were in favor of the new investment advisory agreement, which adjusts the Part I incentive fee, both by introducing a total return hurdle, which may decrease the incentive fee by 25% per quarter after taking into account any realized and unrealized losses, and decreasing the quarterly hurdle rate used in calculating the incentive fee from 2% to 1.75%.

"The new investment advisory agreement is an important step towards further aligning the interests of our investment adviser with our stockholders," said Patrick Dalton, Chief Executive Officer of FSC. "Additionally, we believe that the actions taken to adjust the Part I incentive fee are prudent for the current environment and, over the long-term, should allow for a more stable NAV and return on equity for our stockholders. With the Special Meeting now behind us, our management team continues to focus on generating consistent results and driving strong credit performance across our portfolio."

The voting results were provided by the Company's proxy solicitor, Alliance Advisors LLC.

About Fifth Street Finance Corp.

Fifth Street Finance Corp. is a leading specialty finance company that provides custom-tailored financing solutions to small and mid-sized companies, primarily in connection with investments by private equity sponsors. FSC originates and invests in one-stop financings, first lien, second lien, mezzanine debt and equity co-investments. FSC'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. FSC has elected to be regulated as a business development company and is externally managed by a subsidiary of Fifth Street Asset Management Inc. (NASDAQ:FSAM), a nationally recognized credit-focused asset manager with approximately $5 billion in assets under management across multiple public and private vehicles. With a track record of over 18 years, the Fifth Street platform received the 2015 ACG New York Champion's Award for "Lender Firm of the Year," and other previously received accolades include the ACG New York Champion's Award for "Senior Lender Firm of the Year," "Lender Firm of the Year" by The M&A Advisor and "Lender of the Year" by *Mergers & Acquisitions*. FSC's website can be accessed at fsc.fifthstreetfinance.com.

Forward-Looking Statements

Some of the statements in this press release 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 financial 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.

CONTACT:

Investor Contact:
Robyn Friedman, Senior Vice President, Head of Investor Relations
(203) 681-3720
ir@fifthstreetfinance.com

Media Contact:
James Golden / Aura Reinhard / Andrew Squire
Joele Frank Wilkinson Brimmer Katcher
(212) 355-4449