



OAKTREE

OCSL | Specialty Lending Corporation

Investor
Presentation

March 2018

Forward Looking Statements

Some of the statements in this presentation constitute forward-looking statements because they relate to future events or our future performance or financial condition. The forward-looking statements contained in this presentation may include statements as to: our future operating results and distribution projections; the ability of our Investment Adviser to find lower-risk investments to reposition our portfolio and to implement our Investment Adviser's future plans with respect to our business; our business prospects and the prospects of our portfolio companies; the impact of the investments that we expect to make; the ability of our portfolio companies to achieve their objectives; our expected financings and investments; the adequacy of our cash resources and working capital; the timing of cash flows, if any, from the operations of our portfolio companies; and the cost or potential outcome of any litigation to which we may be a party. In addition, words such as "anticipate," "believe," "expect," "seek," "plan," "should," "estimate," "project" and "intend" indicate forward-looking statements, although not all forward-looking statements include these words. The forward-looking statements contained in this presentation involve risks and uncertainties. Our actual results could differ materially from those implied or expressed in the forward-looking statements for any reason, including the factors set forth in "Risk Factors" and elsewhere in our annual report on Form 10-K. Other factors that could cause actual results to differ materially include: changes in the economy, financial markets and political environment; risks associated with possible disruption in our operations or the economy generally due to terrorism or natural disasters; future changes in laws or regulations (including the interpretation of these laws and regulations by regulatory authorities) and conditions in our operating areas, particularly with respect to business development companies or regulated investment companies; and other considerations that may be disclosed from time to time in our publicly disseminated documents and filings.

We have based the forward-looking statements included in this presentation on information available to us on the date of this presentation, and we assume no obligation to update any such forward-looking statements. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we in the future may file with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

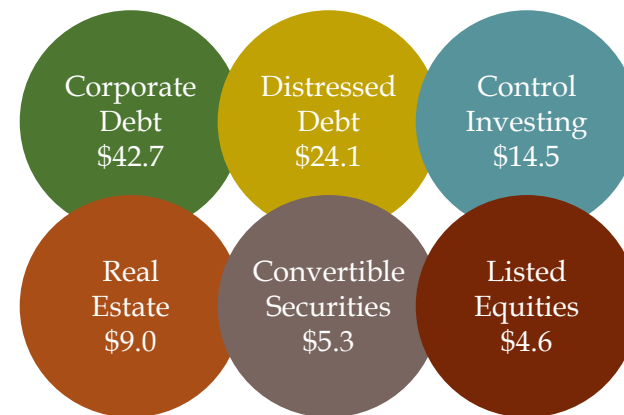
Unless otherwise indicated, data provided herein are dated as of December 31, 2017.

Managed by Oaktree Capital Management

- Founded in 1995, Oaktree is a leading global investment management firm focused on credit investing
 - Applies a contrarian, value-oriented and risk-controlled investment strategy across a variety of asset classes
 - Assets under management of \$100.2 billion as of December 31, 2017
- Manages assets for a wide variety of clients including many of the most significant investors in the world
 - 75 of the 100 largest U.S. pension plans
 - The main pension fund of 38 states in the United States
 - Over 400 corporations
 - Over 350 university, charitable and other endowments and foundations
 - Over 350 non-U.S. institutional investors and 16 sovereign wealth funds

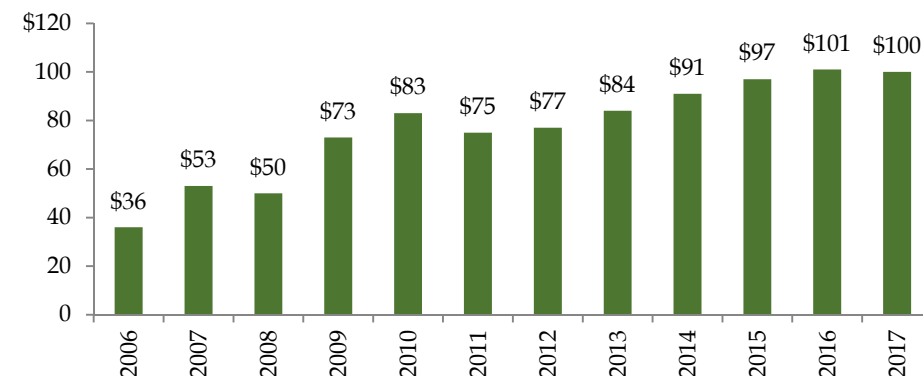
Investment Areas¹

Assets Under Management (\$ in billions)²



Historical Assets Under Management

(\$ in billions)



As of December 31 2017

¹ Includes offices of affiliates of Oaktree-managed funds. Oaktree headquarters is based in Los Angeles.

² Assets under management presented above exclude \$75 million of assets in the Japan Opportunities strategy.

The Oaktree Advantage

Scale

- Premier credit manager and leader among alternative investment managers for more than 20 years
- \$100.2 billion in assets under management; 70% in credit strategies
- A team of more than 250 highly experienced investment professionals with significant origination, structuring and underwriting expertise

Relationships

- Trusted partner to financial sponsors and management teams based on long-term commitment and focus on lending across economic cycles
- Strong market presence and established relationships with many sources of investment opportunities – private equity sponsors, capital raising advisers and borrowers
- Access to proprietary deal flow and first look at investment opportunities

Track Record

- Disciplined portfolio management approach demonstrated across market cycles
- Long history of private credit investing
- \$10 billion invested in over 200 directly originated loans since 2005

Flexibility

- Expertise to structure comprehensive, flexible and creative credit solutions for companies of all sizes across numerous industry sectors
- Capacity to invest in large deals and to sole underwrite transactions

Management Team



Edgar Lee, Chief Executive Officer & Chief Investment Officer

- Managing Director and Portfolio Manager of Oaktree's Strategic Credit Strategy
- 10 year career with Oaktree; Founder of the Strategic Credit Strategy which has grown from \$250 million to \$3 billion in AUM in five years
- Extensive experience investing across asset classes and market cycles; established relationships with investment teams across Oaktree's platform



Matt Pendo, Chief Operating Officer

- Managing Director, Head of Oaktree's Corporate Development and Capital Markets
- Joined Oaktree in 2015
- CIO of TARP (Troubled Asset Relief Program) of the U.S. Department of the Treasury
- 30 years of investment banking experience at leading Wall Street firms



Mel Carlisle, Chief Financial Officer

- Managing Director, Head of Oaktree's Distressed Debt and Strategic Credit Fund Accounting Groups
- 20 year career with Oaktree
- Prior experience includes public accounting at PwC and fund accounting at TCW Group, Inc.



Kim Larin, Chief Compliance Officer

- Managing Director, Head of Oaktree's Investment Compliance and Code of Ethics
- 15 year career with Oaktree
- Chief Compliance Officer of the Oaktree Mutual Funds

**Strategic Credit team of 19 tenured investment professionals supported by
Oaktree's 10 dedicated valuation experts**

Oaktree's Investment Philosophy

Oaktree's Underwriting Criteria and Investment Process Have Been Demonstrated Across Market Cycles

Primacy of Risk Control

- Control primarily for risk, rather than return
- May underperform in the most bullish markets, but prudence across investing environments and limiting losses has been foremost in our investment approach over time and throughout cycles

Avoid Losers & Winners Take Care of Themselves

- Avoidance of investments that could impair capital over long term
- Opportunistic generation of meaningfully higher return potential in certain environments

Market Inefficiency

- The private credit market is a relatively less efficient, less well trafficked market, providing opportunities for incremental return relative to risk
- Willingness to invest and lend during times of market stress, when others are retreating

Benefits Of Specialization

- Expertise in creative, efficient structuring and institutional knowledge of bankruptcies and restructurings enables a focus on risk control that competitors lack

Emphasis On Consistency

- An emphasis on consistency is a core tenet of Oaktree's investment philosophy and approach
- We allow the market to dictate opportunities; we need not rely on macro forecasts

Selectivity

- Oaktree's platform provides an extensive reach across credit markets providing access to deal flow and the ability to be highly selective

Emphasis on fundamental credit analysis, consistency and downside protection are key tenets of Oaktree's investment philosophy, all of which are strongly aligned with the interests of Oaktree Specialty Lending shareholders

Oaktree's Approach to Direct Lending

Emphasis on Proprietary Deals

- Focus on proprietary investment opportunities as well as partnering with other lenders as appropriate
- Leverage the networks and relationships of Oaktree's over 250 investment professionals
- Dedicated sourcing professionals are in continuous contact with private equity sponsors, management teams, capital raising advisors and corporations

Focus on High-quality Companies and Extensive Diligence

- Focus on companies with resilient business models, strong underlying fundamentals, significant asset or enterprise value and seasoned management teams
- Leverage deep credit and deal structuring expertise to lend to companies that have unique needs, complex business models or specific business challenges
- Maintain discipline around fundamental credit analysis with a focus on downside protection
- Conduct extensive diligence on underlying collateral value whether cash flows, hard assets or intellectual property

Employ Innovative Loan Structures to Manage Risk

- Leverage Oaktree's significant expertise in identifying structural risks and developing creative solutions in an effort to enhance downside protection
- Limited experience and expertise of other lenders with credit agreements may reduce competition for certain opportunities
- Include covenant protections designed to ensure lenders can get back to the table and "stop the clock" before a deal reaches impairment

Disciplined Portfolio Management

- Reduce the impact of individual investment risks by diversifying portfolios across industry sectors
- Monitor the portfolio on an ongoing basis to manage risk and take preemptive action to resolve potential problems

Oaktree's Extensive Origination Capabilities

Extensive, Global Credit Platform to Source Deal Flow

- Strong market presence and established relationships with financial sponsors, management teams, capital raising advisors and individual issuers
- Emphasis on proprietary deals: Frequent “first look” opportunities, well positioned for difficult and complex transactions
- Established reputation as a “go-to” source for borrowers, large and small, due to longstanding track record in direct lending; with over \$11 billion invested in over 255 directly originated loans since 2005¹

Ability to Address a Wide Range of Borrower Needs

- Capability to invest across the capital structure
- Certainty to borrowers by seeking to provide fully underwritten finance commitments
- Capacity to fund large loans
- Expertise in performing credit, as well as restructuring and turnaround situations

Extensive origination capabilities leads to greater ability to source quality investments

¹ As of December 31, 2017.

Oaktree's Rigorous Diligence Process

Company Analysis

- Leverage analysts across Oaktree who have a long history covering many of the industries, companies and management teams we are analyzing
- Actively engage and assess company management teams
- Identify and understand key business and demand drivers
- Understand core risks within businesses and industries
- “Think like an owner” regarding cash flow

Downside-focus

- Consider impact on business and cash flows under downside case scenarios
- Focus on potential secular and business model risks
- Develop exit strategy in the event of downside case
- Consider appropriate risk mitigants (structure, covenants, etc.)

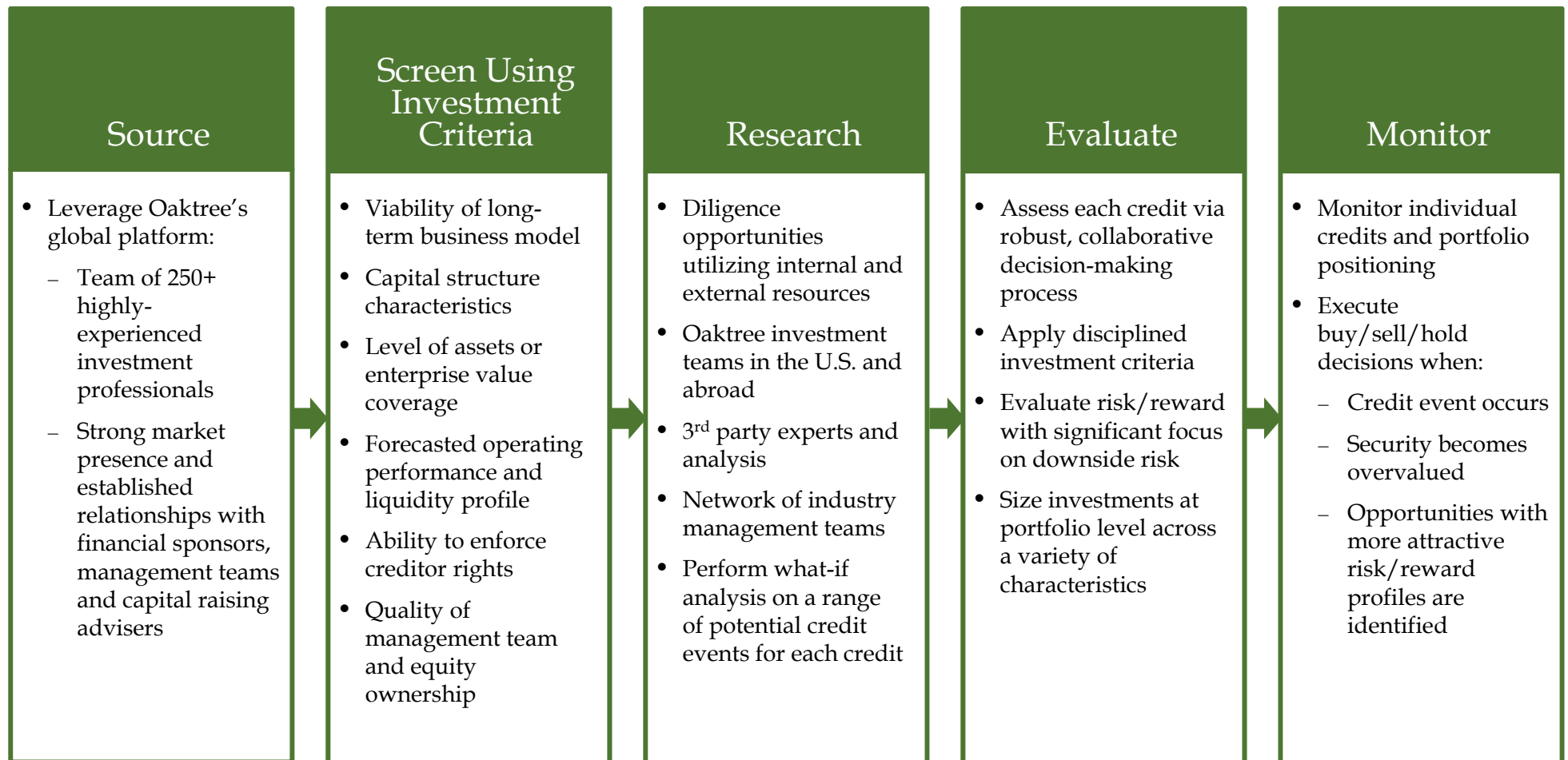
Financial Analysis

- Analyze consistency, stability, and reliability of cash flows
- Evaluate quality of earnings and conversion of EBITDA to cash
- Review historical performance through cycles and potential impact of downturn in end markets
- Compare key metrics to competitors

Value

- Consider risk/reward relative to others in the industry and the market
- Focus on competitors' cost of capital and alternative investment options
- Question overall industry valuation compared to risk profile in evaluating investment potential of the space
- Consider value of liquidity and the appropriate “illiquidity premium”

Oaktree's Credit Investment Process



Corporate Highlights

- Provide customized, one-stop credit solutions to companies with limited access to public or syndicated capital markets
- Leverage the extensive firm-wide resources and expertise of Oaktree for originations, due diligence, and credit selection
- Provide complete and flexible capital solutions – first lien and second lien loans, unsecured and mezzanine loans, and preferred equity
 - Companies across a variety of industries that possess resilient business models with strong underlying fundamentals
 - Medium to larger middle-market companies, including those with unique needs or specific business challenges
 - Businesses with significant asset or enterprise value and seasoned management teams
- Structure a diverse portfolio with a core number of evenly sized, high conviction investments positioned to generate attractive risk-adjusted returns across market cycles

Highlights ○ As of December 31, 2017

Portfolio ○ \$1.4 billion in total investments
122 companies

Total Assets ○ \$1.5 billion

Asset Type ○ 57% First Lien
19% Second Lien
24% Unsecured and Other

Nasdaq ○ OCSL



Q1 2018 Accomplishments & Highlights

- 1) Monetized \$357 million of investments since September 30, 2017
 - \$265 million in Q1 2018 and \$92 million in January 2018
 - Full repayments of \$197 million in 9 issuers; all repaid at par or at the call premium
 - Sales of \$68 million in 9 issuers; executed on average within 0.25% of 9/30/17 fair values
- 2) Entered into \$183 million of new investments
 - Primary focus on credit selection in a low yielding environment
 - First lien originations represented 60% of new investments
- 3) Completed integration of operational infrastructure into Oaktree, upgrading accounting, valuation, compliance, and information technology processes and systems
 - Remediated material weakness related to internal control over financial reporting
 - Successful transition to Oaktree platform which we believe will lead to long-term cost savings
- 4) Lowered borrowing costs
 - Entered into new \$600 million secured revolving credit facility
 - Together with our joint venture partner, SLF JV I LLC ("Kemper JV"), merged credit facilities to reduce operating costs at the joint venture
 - Paid off our credit facility with Sumitomo Mitsui Banking Corporation

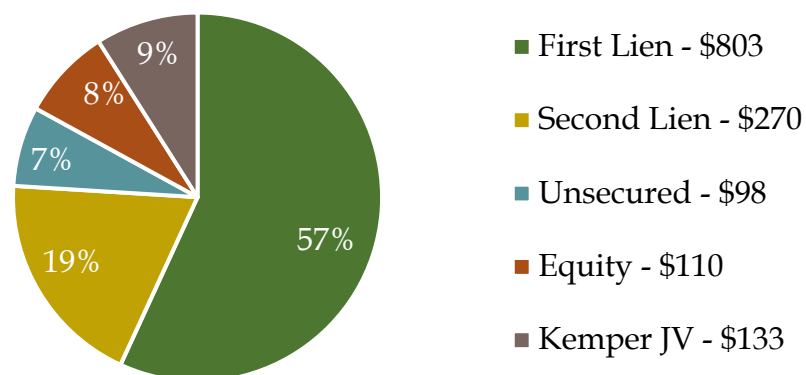
Portfolio Summary as of December 31, 2017

Portfolio Characteristics (at fair value)

- \$1.42 billion invested in 122 companies
- \$14 million average debt investment size
- \$325 million or 28% of debt portfolio considered liquid investments^{1,2}
- 9.0% weighted average yield on debt investments
- 82% of debt portfolio consists of floating rate investments

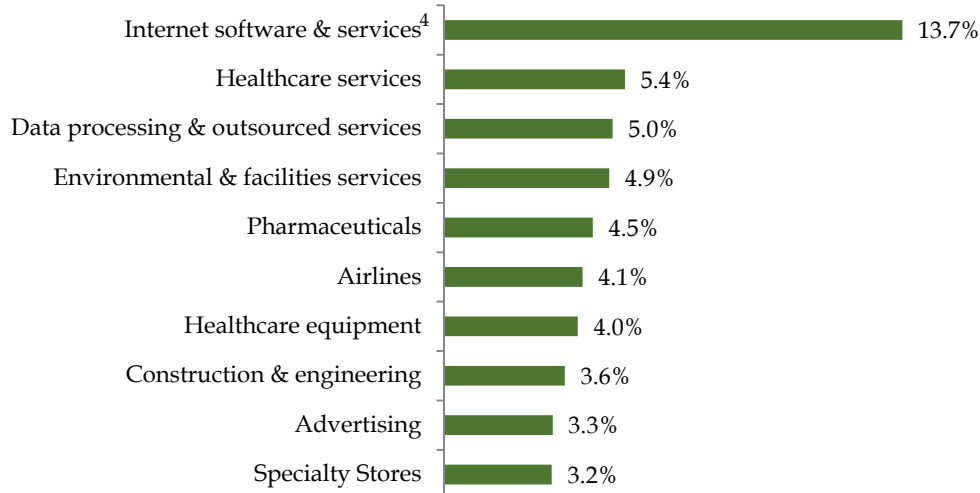
Portfolio Composition

(As % of total portfolio, at fair value; \$ in millions)



Top 10 Industries³

(As % of total portfolio, at fair value)



¹ Liquid investments are investments that had publically quoted valuations.

² Debt portfolio excludes the investments in Kemper JV.

³ Excludes multi-sector holdings, which includes our investments in the Kemper JV and limited partnership interests.

⁴ In January, we exited approximately 25.4% of internet software & services investments, which represents ~3.5% of the portfolio.

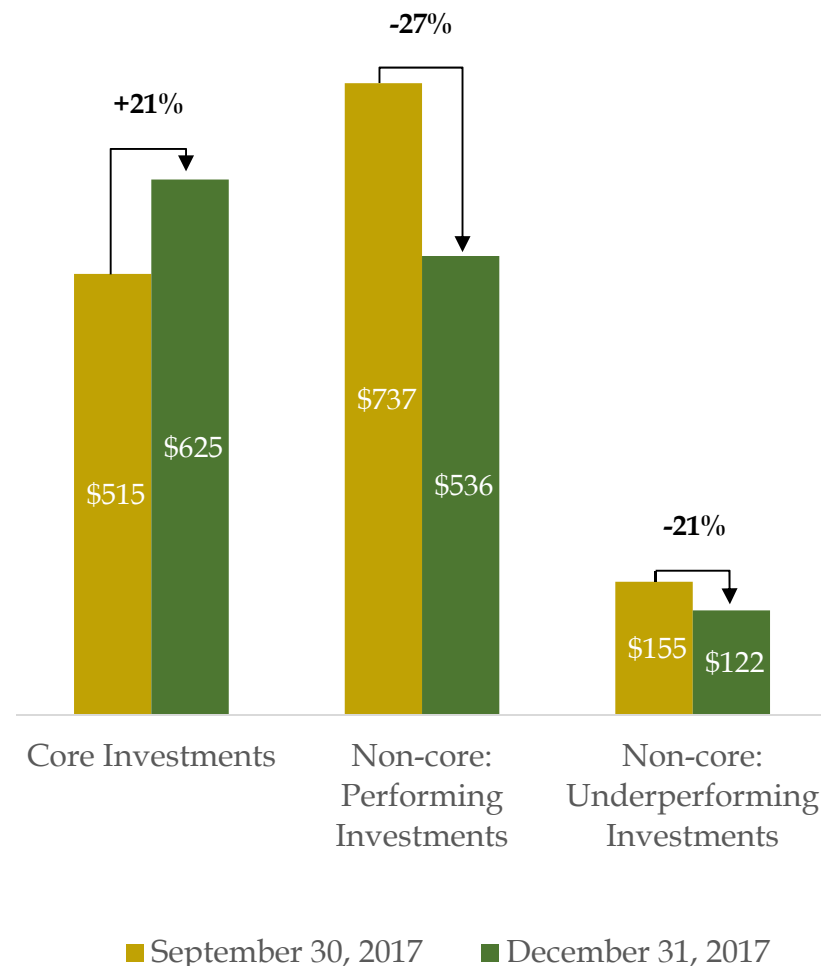
Portfolio Summary: Core vs. Non-core Assets

Core Investments¹

- \$625 million (49% of the total portfolio at fair value)
 - Average debt price: 100.1%
 - Represents 42 companies
 - \$232 million of investments Oaktree originated or recommitted to since becoming investment adviser
 - \$106 million of investments in 5 issuers that Strategic Credit funds and accounts also lent to
 - \$43 million repaid in full during January 2018

Non-core Investments¹

- Performing Investments
 - \$536 million (42% of the total portfolio at fair value)
 - Represents 70 companies
 - These investments do not align with our investment approach
- Underperforming Investments
 - \$122 million (10% of the total portfolio at fair value)
 - Represents 9 companies



(\$ in millions, at fair value)

As of December 31, 2017, unless otherwise noted

Note: Numbers rounded to the nearest million or percentage point.

¹ Total portfolio excludes investments in Kemper JV.

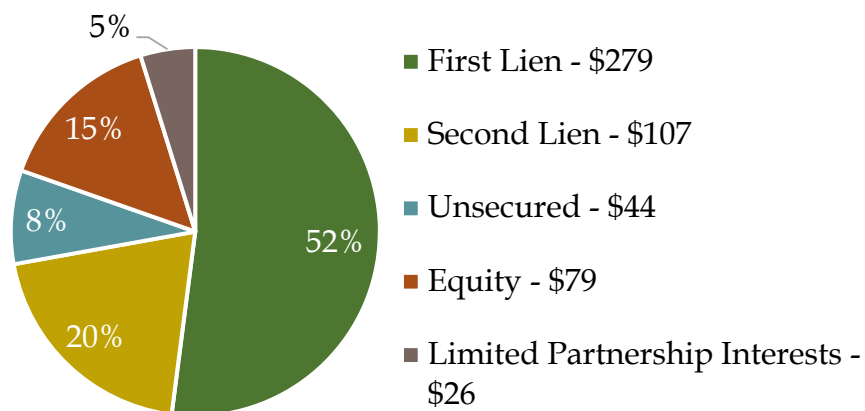
Non-core: Performing Investments

Investment Portfolio Characteristics

- \$431 million – Debt investments at fair value
 - \$49 million – exited in January 2018
 - \$61 million – publicly quoted liquid loans
 - \$321 million investments, a significant portion of which we expect to exit before 2019
 - Average debt price: 98.7%
 - Average net leverage thru tranche¹: 3.5x
- \$105 million – Equity and limited partnership interests

Investments by Security Type

(As % of non-core performing investment portfolio, at fair value; \$ in millions)



As of December 31, 2017, unless otherwise noted

Note: Numbers may not sum due to rounding

¹ Excludes a venture lending investment and investments in aviation companies.

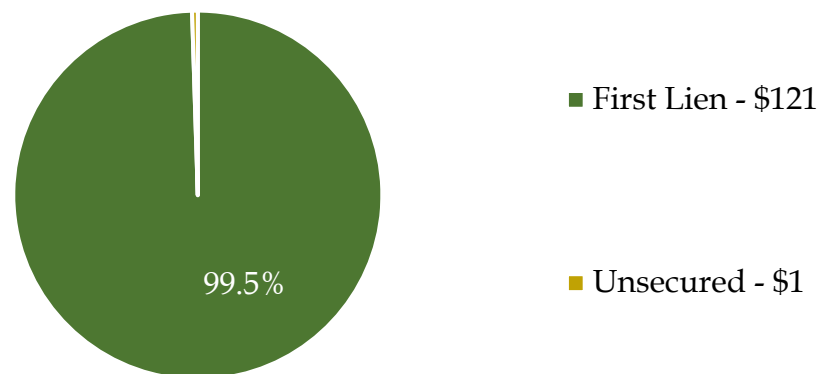
Non-core: Underperforming Investments

Investment Portfolio Characteristics

- \$122 million of non-core, underperforming investments
 - \$41 million on non-accrual
 - 9 Issuers
 - Average debt price: 36.9%
- Roughly half of the companies are engaged in sale processes

Investments by Security Type

(As % of non-core underperforming investment portfolio, at fair value; \$ in millions)



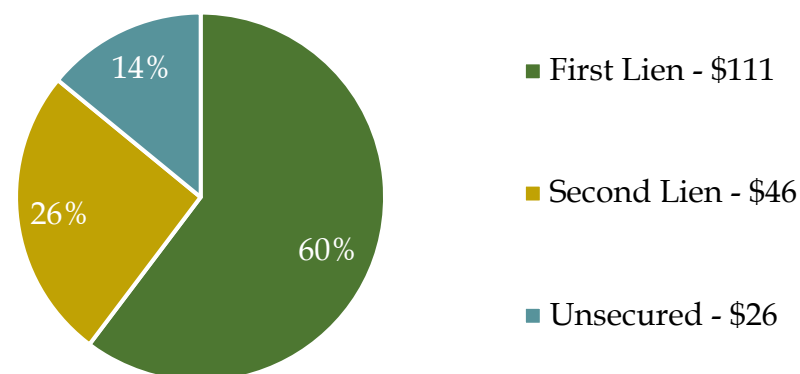
Q1 2018 Portfolio Originations

New Investment Highlights¹

- \$183 million of new commitments
- \$175 million in 13 new portfolio companies and \$8 million in 1 existing portfolio company
 - 60% First lien
 - 26% Second lien
 - 14% Unsecured
- 12 industry sectors
- 8.7% weighted average yield at cost on company commitments
- One new co-investment with other Oaktree funds

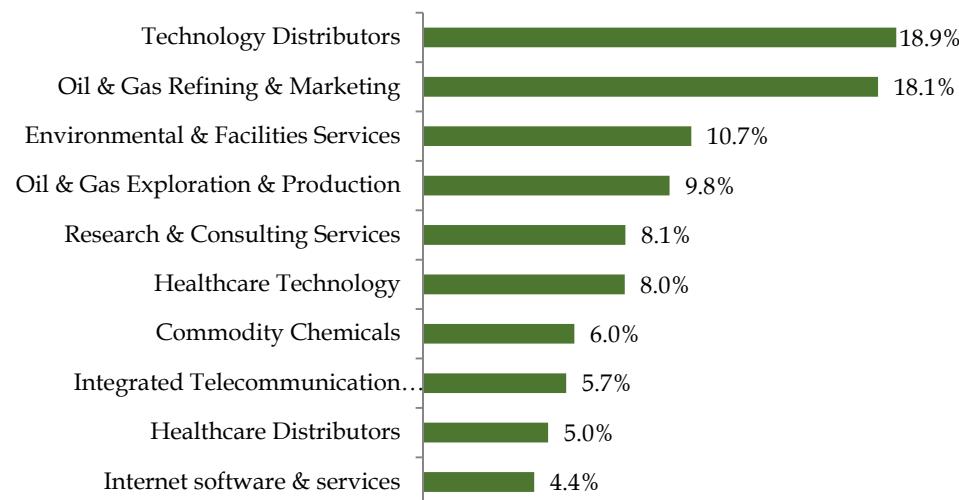
New Investment Composition¹

(As % of total Q1'18 commitments; \$ in millions)



New Investment Industry Composition¹

(As % of new investment commitments, at fair value)



¹ New investments exclude drawdowns on existing revolver loan commitments.

Long-Term Portfolio Objectives

- Diverse portfolio with evenly sized, high conviction investments in companies that are aligned with our approach to credit investing and have potential to generate attractive returns across market cycles
- Mix of sponsor and non-sponsor backed financings
- Industries which can support levered balance sheets
- Long-term Portfolio Composition Ranges¹
 - 40% - 60% First Lien Loans
 - 35% - 55% Second Lien Loans
 - 5% - 15% Unsecured Debt
 - 0% - 10% Equity & Other
- \$30 - \$50 million average target investment size
- New credit facility and capital structure provides us with the flexibility to achieve our target portfolio

¹ Long-term portfolio compositions may vary depending on market conditions.

Opportunities to Increase Return on Equity

- Rotation out of broadly syndicated loans priced at LIBOR + 400 or below
- Redeploy non-income generating investments comprised of equity, limited partnership interests and loans on non-accrual
- Operating cost savings from leveraging Oaktree's platform
- Deployment of approximately \$27 million of uninvested cash previously held at SBIC subsidiaries
- Benefit from rising interest rates as 82% of debt portfolio is comprised of floating rate securities
- Realization of lower operating costs from credit facility optimization

Capital Structure Optimization

- Current leverage of 0.77x with target range of 0.70x to 0.85x debt-to-equity¹
- Strong support from banking partners; 14 lending participants in new \$600 million secured revolving credit facility
- Well-positioned to benefit from a rise in interest rates given fixed rate borrowings

Funding Sources as of December 31, 2017	Capacity	Outstanding	Interest Rate	Maturity
Syndicated Credit Facility	\$600.0 million	\$205.0 million	LIBOR+225-275 bps	November 2021
2019 Notes	\$250.0 million	\$250.0 million	4.875%	March 2019
2024 Notes	\$75.0 million	\$75.0 million	5.875%	October 2024
2028 Notes	\$86.3 million	\$86.3 million	6.125%	April 2028

As of December 31, 2017

¹ Long-Term portfolio leverage may vary depending on market conditions.

Historical Financial Information

(\$ in thousands, except per share data)					
	Q1'18	Q4'17	Q3'17	Q2'17	Q1'17
Operating Results	Dec-17	Sep-17	Jun-17	Mar-17	Dec-16
Net investment income	\$13,322	\$11,464	\$19,390	\$18,504	\$23,294
Net realized and unrealized depreciation on investments	(43,763)	(136,933)	(25,447)	(9,703)	(97,536)
Net increase/decrease in net assets resulting from operations	(\$30,441)	(\$125,469)	(\$6,057)	\$8,801	(\$74,242)
Net investment income per common share	\$0.09	\$0.08	\$0.14	\$0.13	\$0.16
Net realized and unrealized depreciation per share	(0.31)	(0.97)	(0.18)	(0.07)	(0.68)
Earnings (loss) per share – diluted	(\$0.22)	(\$0.89)	(\$0.04)	\$0.06	(\$0.52)
Select Balance Sheet and Other Data					
Investment Portfolio (at fair value)	\$1,415,404	\$1,541,755	\$1,790,538	\$1,788,686	\$1,951,742
Total Debt Outstanding	623,087	675,366	910,734	887,578	1,070,599
Total Net Assets	819,595	867,657	1,010,750	1,019,626	1,030,272
Net Asset Value per share	\$5.81	\$6.16	\$7.17	\$7.23	\$7.31
Total Leverage	0.77x	0.78x	0.90x	0.87x	1.04x
Weighted Average Yield on Debt Investments ¹	9.0%	9.6%	10.3%	10.4%	10.3%
Cash Component of Weighted Average Yield on Debt Investments	8.4%	8.5%	9.1%	9.1%	9.1%
Weighted Average Yield on Total Portfolio Investments ^{1,2}	8.5%	8.4%	9.5%	9.9%	10.0%

Note: Results during Q1'18 occurred during management transition from Fifth Street Management LLC to Oaktree Capital Management, L.P., which occurred on October 17, 2017. Results in prior periods occurred during management by Fifth Street Management LLC.

¹ Annual stated yield earned plus net annual amortization of original issue discount or premium earned on accruing investments, including our share of the return on Kemper JV debt investments.

² Annual stated yield earned plus net annual amortization of original issue discount or premium earned on accruing investments and dividend income, including our share of the return on Kemper JV debt investments.

Historical Portfolio Activity

(\$ in thousands)	As of and for Three Months Ended				
	Q1'18	Q4'17	Q3'17	Q2'17	Q1'17
	Dec-17	Sep-17	Jun-17	Mar-17	Dec-16
Investments at Fair Value	\$1,415,404	\$1,541,755	\$1,790,540	\$1,788,690	\$1,951,740
Number of Portfolio Companies	122	125	133	133	123
Average Portfolio Company Debt Investment Size	\$14,100	\$16,400	\$16,000	\$19,400	\$19,000
Asset Class:					
Senior Secured Debt	75.8%	78.0%	74.1%	74.6%	77.6%
Subordinated Debt	7.0%	6.1%	8.2%	7.4%	6.7%
Equity	6.0%	5.5%	8.3%	8.6%	7.3%
Kemper JV	9.4%	8.7%	7.9%	7.9%	7.2%
Limited Partnership interests	1.8%	1.7%	1.5%	1.5%	1.3%
Interest Rate Type:					
% Floating-Rate	82.4%	83.6%	79.5%	78.9%	81.0%
% Fixed-Rate	17.6%	16.4%	20.5%	21.1%	19.0%
Investment Activity at Cost:					
New Investment Commitments	\$183,000	\$155,800	\$188,100	\$112,700	\$118,300
New Funded Investment Activity ¹	\$200,200	\$168,000	\$192,300	\$103,900	\$104,200
Proceeds from Prepayments and Exits	\$196,400	\$243,300	\$161,100	\$208,800	\$187,700
Net New Investments	(\$13,400)	(\$87,500)	\$27,000	(\$96,100)	(\$69,400)
Number of New Investment Commitments in New Portfolio Companies	13	9	25	6	5
Number of New Investment Commitments in Existing Portfolio Companies	1	5	3	1	3
Number of Portfolio Company Exits	9	17	9	11	10

Note: Results during Q1'18 occurred during management transition from Fifth Street Management LLC to Oaktree Capital Management, L.P., which occurred on October 17, 2017. Results in prior periods occurred during management by Fifth Street Management LLC.

¹ New funded investment activity includes drawdowns on existing revolver commitments.

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