



OAKTREE

OCSL | Specialty Lending Corporation

First Quarter
Fiscal Year 2021
Earnings
Presentation

February 4, 2021

Nasdaq: OCSL

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 Oaktree Fund Advisors, LLC (“Oaktree”) to reposition our portfolio and to implement Oaktree’s future plans with respect to our business; the ability of Oaktree and its affiliates to attract and retain highly talented professionals; 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 and additional leverage we may seek to incur in the future; 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 for the fiscal year ended September 30, 2020. Other factors that could cause actual results to differ materially include: changes or potential disruptions in our operations, the economy, financial markets or political environment; risks associated with possible disruption in our operations or the economy generally due to terrorism, natural disasters or the COVID-19 pandemic; 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; general considerations associated with the COVID-19 pandemic; the ability of the parties to consummate the two-step merger (the “Mergers”) of Oaktree Strategic Income Corporation (“OCSI”) with and into OCSL on the expected timeline, or at all; the ability to realize the anticipated benefits of the Mergers; the effects of disruption on our business from the proposed Mergers; the combined company’s plans, expectations, objectives and intentions, as a result of the Mergers; any potential termination of the Merger Agreement; the actions of our stockholders or the stockholders of OCSI with respect to the proposals submitted for their approval in connection with the Mergers; 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.

Additional Information and Where to Find It

This communication relates to the Mergers, along with related proposals for which stockholder approval is being sought (collectively, the “Proposals”). In connection with the Proposals, each of OCSL and OCSI has filed relevant materials with the SEC, including a registration statement on Form N-14, which includes a joint proxy statement of OCSL and OCSI and a prospectus of OCSL (the “Joint Proxy Statement”). The Joint Proxy Statement was mailed to stockholders of OCSL and OCSI on or about January 21, 2021. This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended. STOCKHOLDERS OF OCSL AND OCSI ARE URGED TO READ ALL RELEVANT DOCUMENTS FILED WITH THE SEC, INCLUDING THE JOINT PROXY STATEMENT, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THESE DOCUMENTS, CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT OCSL, OCSI, THE MERGERS AND RELATED MATTERS. Investors and security holders are able to obtain the documents filed with the SEC free of charge at the SEC’s website, <http://www.sec.gov> or, for documents filed by OCSL, from OCSL’s website at <http://www.oaktreespecialtylending.com>, and, for documents filed by OCSI, from OCSI’s website at <http://www.oaktreestrategicincome.com>.

Participants in the Solicitation

OCSL and OCSI and their respective directors, certain of their respective executive officers and certain other members of management and employees of Oaktree Fund Advisors, LLC and its affiliates, may be deemed to be participants in the solicitation of proxies from the stockholders of OCSL and OCSI in connection with the Proposals. Information about the directors and executive officers of OCSL and OCSI is set forth in the Joint Proxy Statement. Information regarding the persons who may, under the rules of the SEC, be considered participants in the solicitation of the OCSL and OCSI stockholders in connection with the Mergers is contained in the Joint Proxy Statement and other relevant materials filed with the SEC. These documents may be obtained free of charge from the sources indicated above.

No Offer or Solicitation

This presentation is not, and under no circumstances is it to be construed as, a prospectus or an advertisement and the communication of this presentation is not, and under no circumstances is it to be construed as, an offer to sell or a solicitation of an offer to purchase any securities in OCSI, OCSL or in any fund or other investment vehicle managed by Oaktree or any of its affiliates.

Unless otherwise indicated, data provided herein are dated as of December 31, 2020.

Highlights for the Quarter Ended December 31, 2020

Net Asset Value

- \$6.85 per share, up 5% from \$6.49 per share as of September 30, 2020 and up 4% from \$6.61 per share as of December 31, 2019
- Quarterly increase primarily due to unrealized gains on debt investments and gains resulting from the realization of a non-core investment previously on non-accrual status

Adjusted Net Investment Income¹

- \$0.14 per share as compared with \$0.17 per share for the quarter ended September 30, 2020 and \$0.10 per share for the quarter ended December 31, 2019
- The decrease from the prior quarter was primarily driven by lower one-time make-whole interest income from investments that were prepaid in the quarter ended September 30, 2020; the annual increase was driven by an increase in the overall size of the portfolio and lower interest expense resulting from lower LIBOR and interest expense savings from the issuance of the 2025 Notes and the subsequent repayment of the 2024 Notes and 2028 Notes
- GAAP net investment income was \$0.07 per share, down as compared with \$0.17 per share for the quarter ended September 30, 2020 and up as compared with \$0.06 per share for the quarter ended December 31, 2019

Dividend

- Declared a cash distribution of \$0.12 per share, an increase of 26% from one year ago; third consecutive quarter with a distribution increase
- Distribution will be payable on March 31, 2021 to stockholders of record as of March 15, 2021

Investment Activity

- \$286 million of new investment commitments; 8.7% weighted average yield on new debt investments
- \$242 million of new investment fundings² and received \$161 million of proceeds from prepayments, exits, other paydowns and sales, which had a weighted average yield of 7.8%

Investment Portfolio

- \$1.7 billion at fair value diversified across 115 portfolio companies
- 8.5% weighted average yield on debt investments, up as compared with 8.3% as of September 30, 2020
- 0.03% non-accruals at fair value in one portfolio company as of December 31, 2020; exited one investment that was previously on non-accrual status during the quarter

Capital Structure & Liquidity

- 0.73x total debt to equity ratio; 0.70x net debt to equity ratio
- Strong liquidity with \$24 million of cash and \$400 million of undrawn capacity on credit facility; \$198 million of unfunded commitments, \$150 million of which are eligible to be drawn³

¹ See page 21 for a description of this non-GAAP measure and a reconciliation from net investment income per share to adjusted net investment income per share.

² Includes \$103 million of unsettled purchases.

³ Approximately \$47.8 million of unfunded commitments were ineligible to be immediately drawn due to certain milestones that must be met by portfolio companies.



Update on Pending Merger with OCSI

OCSL – OCSI Merger Agreement Summary

- On October 28, 2020, the Company entered into an agreement to merge with OCSI, an affiliated business development company managed by Oaktree, with the Company as the surviving company
- Under the terms of the proposed merger, OCSI shareholders will receive an amount of the Company's common stock with a NAV equal to the NAV of shares of OCSI common stock that they hold at the time of closing
- The combined company will trade under the ticker symbol "OCSL" on the Nasdaq Global Select Market

Recent Developments

- On January 19, 2021, the Company filed an amended registration statement on Form N-14, which included a joint proxy statement of the Company and OCSI and the Company's prospectus. On January 21, 2021, the registration statement was declared effective by the SEC and the Company filed its final joint proxy statement/prospectus with the SEC, which was mailed on or about January 21, 2021 to the Company's stockholders of record as of January 19, 2021
- The Company's annual meeting of stockholders and OCSI's special meeting of stockholders are both scheduled for March 15, 2021 to vote on the matters described in the joint proxy statement/prospectus as required by the Merger Agreement
- The transaction is expected to close soon after the meetings of stockholders in March 2021, subject to stockholder approval and other customary closing conditions

Portfolio Summary as of December 31, 2020

Portfolio Characteristics

(At fair value)

\$1.7 billion
Total Investments

115
Portfolio Companies

8.5%
Weighted Average Yield on
Debt Investments

\$123 million
Median Debt Portfolio
Company EBITDA¹

86%
Senior Secured
Debt Investments

0.03%
Non-Accruals

Note: Numbers may not sum due to rounding.

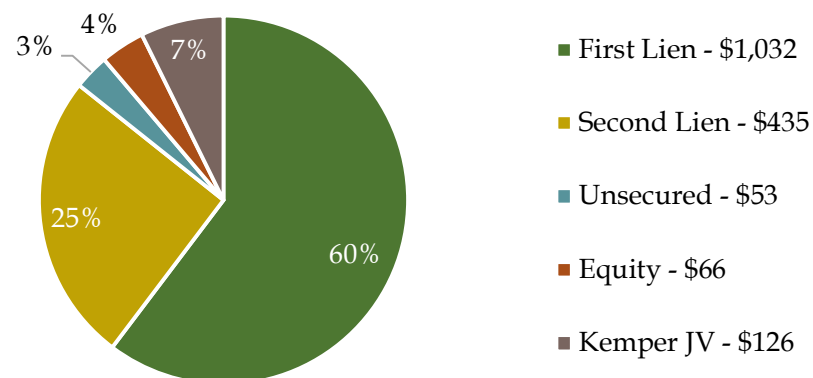
¹ Excludes negative EBITDA borrowers, investments in aviation subsidiaries, investments in structured products and recurring revenue software investments.

² Based on GICS sub-industry classification.

³ Excludes multi-sector holdings, which is primarily composed of investments in Senior Loan Fund JV I LLC ("Kemper JV"), a joint venture that invests primarily in middle market and other corporate debt securities.

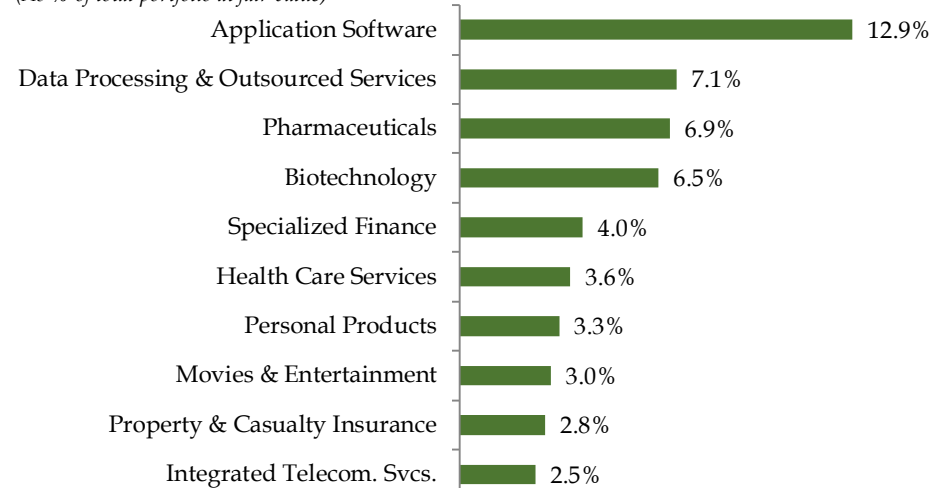
Portfolio Composition

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



Top Ten Industries^{2,3}

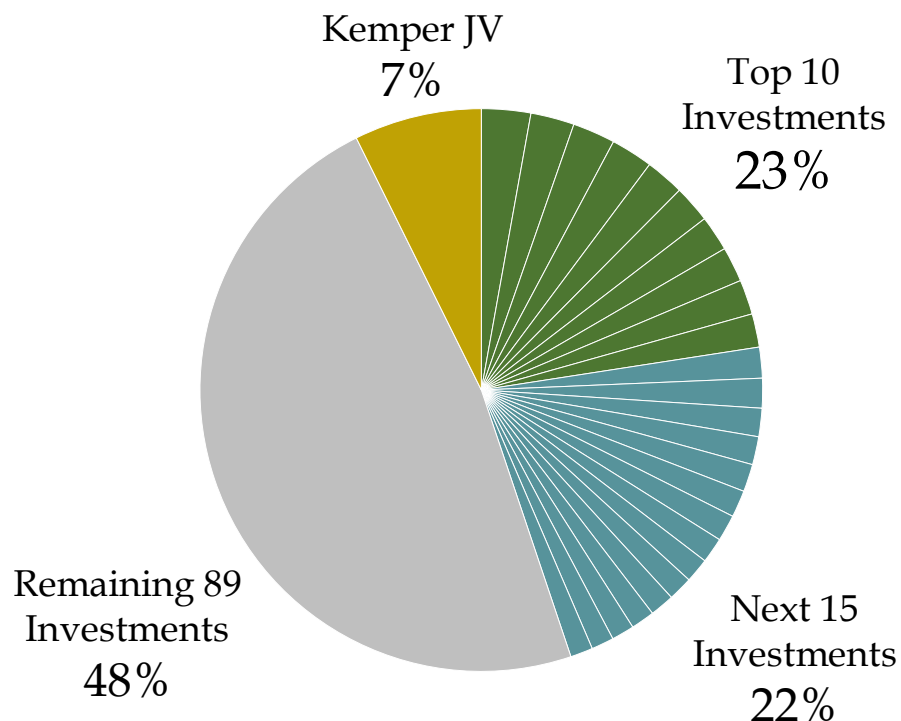
(As % of total portfolio at fair value)



Portfolio Diversity

Diversity by Investment Size

(As % of total portfolio at fair value)



Portfolio by Industry¹

(As % of total portfolio at fair value)

Industry	% of Portfolio
Software	13.9%
IT Services	9.8%
Pharmaceuticals	6.9%
Biotechnology	6.5%
Health Care Providers & Services	6.0%
Diversified Financial Services	4.2%
Chemicals	4.2%
Insurance	3.9%
Personal Products	3.3%
Oil, Gas & Consumable Fuels	3.1%
Entertainment	3.0%
Real Estate Management & Development	2.7%
Remaining 25 Industries	25.2%
Kemper JV	7.3%

OCSL's portfolio is diverse across borrowers and industries

As of December 31, 2020

Note: Numbers may not sum due to rounding.

¹ Based on GICS industry classification.

Investment Activity

New Investment Highlights

\$286 million

New Investment
Commitments

\$242 million

New Investment
Fundings¹

8.7%

Weighted Average Yield on
New Debt Commitments

100%

Also Held by Other
Oaktree Funds

\$255 million

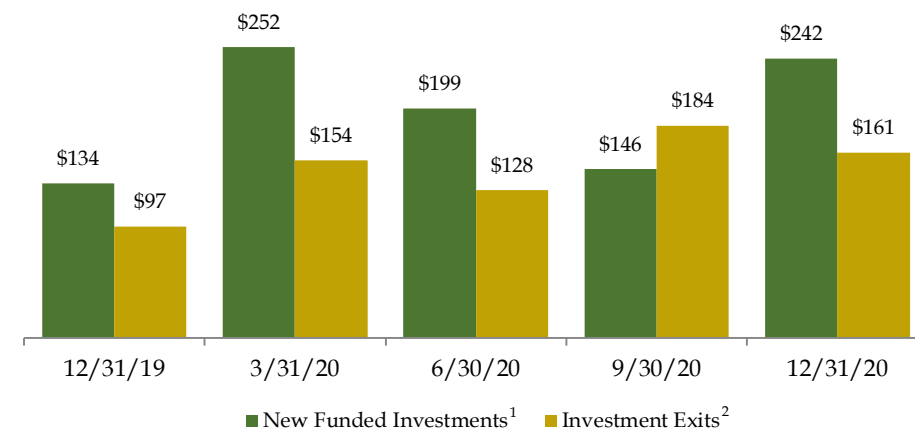
New Investment
Commitments in New
Portfolio Companies

\$31 million

New Investment
Commitments in Existing
Portfolio Companies

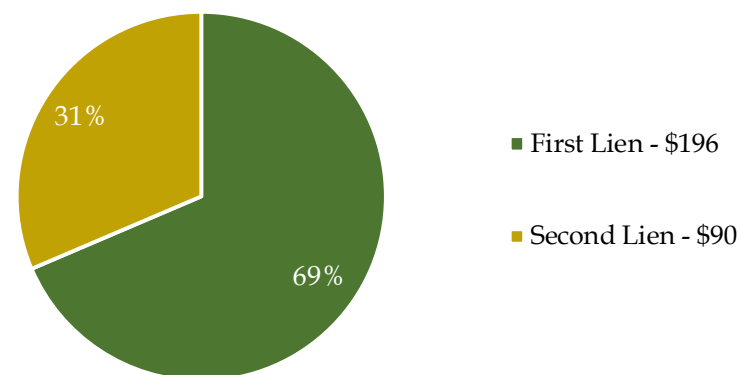
Historical Funded Originations and Exits

(\$ in millions)



New Investment Composition

(As % of new investment commitments; \$ in millions)



Note: Numbers rounded to the nearest million or percentage point and may not sum as a result.

¹ New funded investments includes drawdowns on existing revolver commitments. Includes \$103 million of unsettled purchases as of December 31, 2020.

² Investment exits includes proceeds from prepayments, exits, other paydowns and sales.

Investment Activity (continued)

New Investment Commitment Detail

(\$ in millions)

Quarter	Investment Commitments	Number of Deals	Security Type			Market			
			First Lien	Second Lien	Unsecured & Other	Private Placement	Primary (Public)	Secondary (Public)	Avg. Secondary Purchase Price
2Q2020	\$273	39	\$210	\$21	\$42	\$141	\$58	\$75	83%
3Q2020	\$261	18	\$177	\$8	\$76	\$154	\$71	\$35	74%
4Q2020	\$148	10	\$123	\$25	\$0.5	\$90	\$57	\$2	96%
October	\$112	8	\$69	\$43	\$ -	\$60	\$49	\$2	98%
November	17	5	14	3	-	2	5	10	92%
December	158	8	114	44	-	119	29	10	93%
Total 1Q2021	\$286	21	\$196	\$90	\$ -	\$181	\$84	\$22	93%

Note: Numbers may not sum due to rounding, excludes any positions originated, purchased and sold within the same quarter.

Non-Core Investment Portfolio Detail

Non-Core Investment Portfolio Characteristics

Private Loans

- \$61 million at fair value in four companies
 - Average debt price: 96.4%

Equity Investments¹

- \$55 million at fair value in 21 companies and limited partnership interests in two third-party managed funds
- Exited a \$0.5 million equity investment during the quarter; received \$1.0 million of proceeds

Aviation

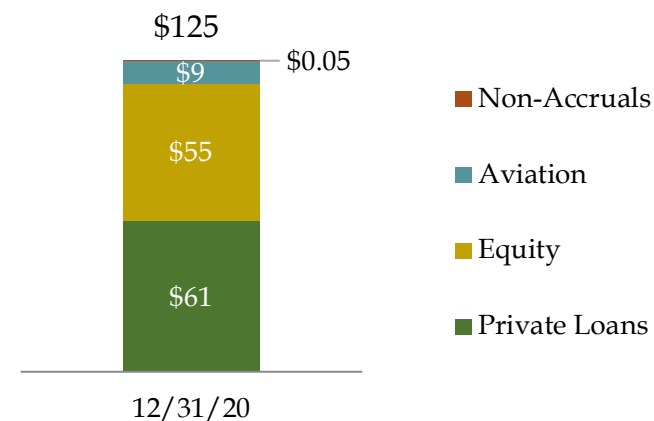
- \$9 million at fair value in one aircraft
 - Received \$4 million paydown during the quarter

Non-Accruals

- \$0.5 million at fair value in one company
- Investments in Edmentum, Inc. were repaid during the quarter; received \$23 million of proceeds

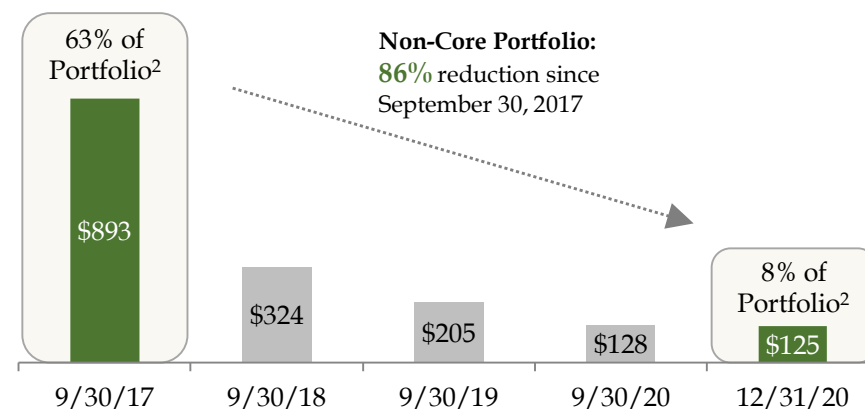
Non-Core Portfolio Composition

(At fair value; \$ in millions)



Non-Core Portfolio Progression

(At fair value; \$ in millions)

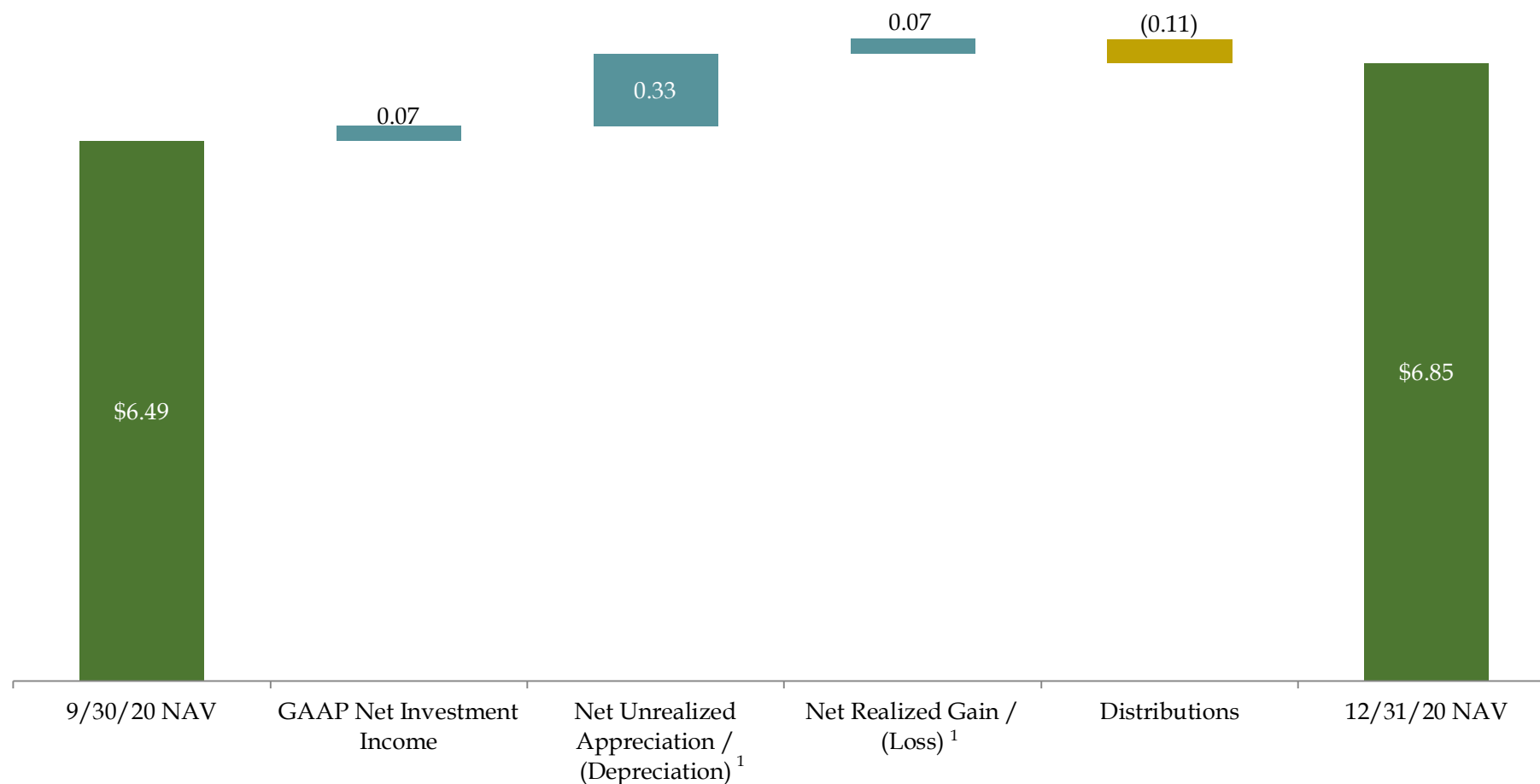


Note: Numbers may not sum due to rounding.

¹ Excludes OCSL's equity investment in First Star Speir Aviation Limited.

² Excludes investments in the Kemper JV.

Net Asset Value Per Share Bridge



Note: Net asset value per share amounts are based on the shares outstanding at each respective quarter end. Net investment income per share, net unrealized appreciation / (depreciation), and net realized gain / (loss) are based on the weighted average number of shares outstanding for the period.

¹ Excludes reclassifications of net unrealized appreciation / (depreciation) to net realized gains / (losses) as a result of investments exited during the quarter.

Financial Highlights

	As of				
	12/31/2020	9/30/2020	6/30/2020	3/31/2020	12/31/2019
<i>(\$ and number of shares in thousands, except per share amounts)</i>					
GAAP Net Investment Income per Share	\$0.07	\$0.17	\$0.12	\$0.16	\$0.06
Adjusted Net Investment Income per Share ¹	\$0.14	\$0.17	\$0.12	\$0.12	\$0.10
Net Realized and Unrealized Gains (Losses), Net of Taxes per Share	\$0.39	\$0.33	\$0.73	\$(1.33)	\$0.04
Earnings (Loss) per Share	\$0.46	\$0.50	\$0.85	\$(1.17)	\$0.10
Distributions per Share	\$0.110	\$0.105	\$0.095	\$0.095	\$0.095
NAV per Share	\$6.85	\$6.49	\$6.09	\$5.34	\$6.61
Weighted Average Shares Outstanding	140,961	140,961	140,961	140,961	140,961
Investment Portfolio (at Fair Value)	\$1,712,324	\$1,573,851	\$1,561,153	\$1,392,187	\$1,467,627
Cash and Cash Equivalents	\$24,234	\$39,096	\$50,728	\$89,509	\$21,527
Total Assets	\$1,793,903	\$1,640,712	\$1,647,567	\$1,501,627	\$1,516,600
Total Debt Outstanding ²	\$694,827	\$709,315	\$761,002	\$698,686	\$536,468
Net Assets	\$964,917	\$914,879	\$859,063	\$752,224	\$931,082
Total Debt to Equity Ratio	0.73x	0.78x	0.89x	0.94x	0.58x
Net Debt to Equity Ratio	0.70x	0.74x	0.83x	0.82x	0.56x
Weighted Average Interest Rate on Debt Outstanding	2.7%	2.7%	2.7%	3.1%	4.5%

¹ See page 21 for a description of this non-GAAP measure and a reconciliation from net investment income per share to adjusted net investment income per share.

² Net of unamortized financing costs.

Portfolio Highlights

	As of				
(\$ in thousands; at fair value)	12/31/2020	9/30/2020	6/30/2020	3/31/2020	12/31/2019
Investments at Fair Value	\$1,712,324	\$1,573,851	\$1,561,153	\$1,392,187	\$1,467,627
Number of Portfolio Companies	115	113	119	128	106
Average Portfolio Company Debt Investment Size	\$16,200	\$15,800	\$14,600	\$11,900	\$15,300
Asset Class:					
First Lien	60.3%	62.3%	61.3%	62.3%	56.7%
Second Lien	25.4%	21.7%	19.6%	19.7%	22.8%
Unsecured Debt	3.1%	4.2%	7.2%	5.8%	4.8%
Equity	3.8%	4.1%	4.7%	5.5%	6.7%
Limited Partnership Interests	0.1%	0.2%	0.2%	0.2%	0.2%
Kemper JV	7.3%	7.5%	7.0%	6.6%	8.8%
Interest Rate Type for Debt Investments:					
% Floating-Rate	88.8%	88.3%	86.2%	90.6%	90.6%
% Fixed-Rate	11.2%	11.7%	13.8%	9.4%	9.4%
Yields:					
Weighted Average Yield on Debt Investments ¹	8.5%	8.3%	8.1%	8.0%	8.6%
Cash Component of Weighted Average Yield on Debt Investments	7.2%	7.0%	6.9%	6.9%	7.8%
Weighted Average Yield on Total Portfolio Investments ²	8.0%	7.8%	7.6%	7.5%	7.9%

Note: Numbers may not sum due to rounding.

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 debt investments in the Kemper JV.

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 debt investments in the Kemper JV.

Investment Activity

(\$ in thousands)	As of				
	12/31/2020	9/30/2020	6/30/2020	3/31/2020	12/31/2019
New Investment Commitments	\$286,300	\$148,500	\$260,500	\$272,900	\$134,200
New Funded Investment Activity ¹	\$241,500	\$146,300	\$198,500	\$251,700	\$136,200
Proceeds from Prepayments, Exits, Other Paydowns and Sales	\$160,700	\$184,200	\$127,800	\$154,500	\$97,000
Net New Investments ²	\$80,800	\$(37,900)	\$70,700	\$97,200	\$39,200
New Investment Commitments in New Portfolio Companies	14	8	10	32	9
New Investment Commitments in Existing Portfolio Companies	7	3	8	8	3
Portfolio Company Exits	12	12	19	10	7
Weighted Average Yield at Cost on New Debt Investment Commitments	8.7%	10.6%	10.5%	7.9%	8.1%

¹ New funded investment activity includes drawdowns on existing revolver commitments. Includes \$103 million of unsettled purchases as of December 31, 2020.

² Net new investments consists of new funded investment activity less proceeds from prepayments, exits, other paydowns and sales.

Capital Structure Overview

Funding Sources and Key Highlights

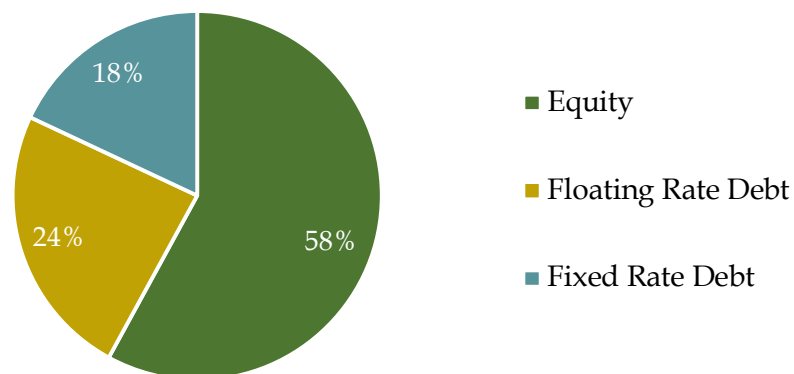
(\$ in millions)

	Committed	Principal Outstanding	Interest Rate	Maturity
Credit Facility	\$800	\$400	LIBOR+2.00% ¹	2/25/2024
2025 Notes	300	300	3.500%	2/25/2025
Cash and Cash Equivalents	-	(24)	-	-
Total	\$1,100	\$676		

- Target leverage ratio: 0.85x to 1.00x debt to equity
- Diverse and flexible funding sources with no near-term debt maturities
 - Unsecured debt represented 43% of principal outstanding
 - Next scheduled maturity is in 2024
- Expanded total commitments under the credit facility by \$100 million to \$800 million during the quarter ended December 31, 2020
- Investment grade rated by Moody's and Fitch

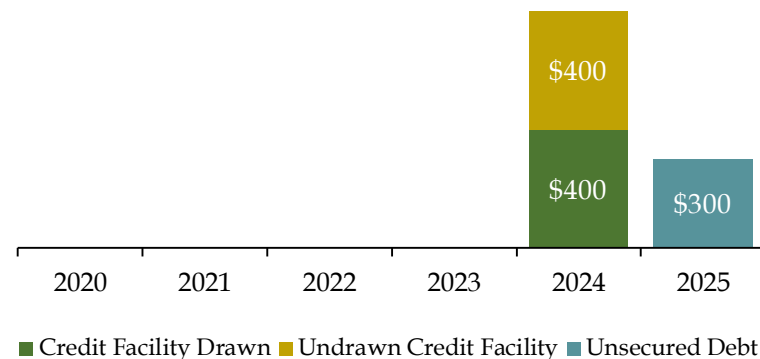
Funding Sources by Type

(As % of total funding sources)



Maturity Profile of Liabilities

(\$ in millions)



As of December 31, 2020

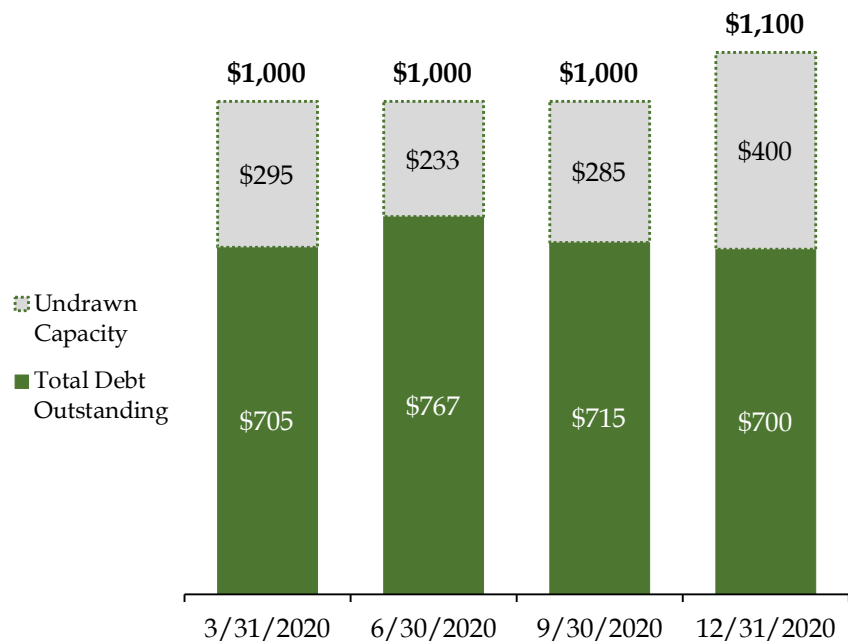
Note: Numbers may not sum due to rounding.

¹ Interest rate spread can increase up to 2.75% depending on the senior coverage ratio and our Obligor's Net Worth.

Funding and Liquidity Metrics

Leverage Utilization

(\$ in millions)



	3/31/2020	6/30/2020	9/30/2020	12/31/2020
Cash	\$90	\$51	\$39	\$24
Net Assets	\$752	\$859	\$915	\$965
Net Leverage	0.82x	0.83x	0.74x	0.70x
Total Leverage	0.94x	0.89x	0.78x	0.73x

Liquidity Rollforward

(\$ in millions)

	3/31/2020	6/30/2020	9/30/2020	12/31/2020
Credit Facility Committed	\$700	\$700	\$700	\$800
Credit Facility Drawn	(405)	(467)	(415)	(400)
Cash and Cash Equivalents	90	51	39	24
Total Liquidity	385	284	324	424
Total Unfunded Commitments	(92)	(155)	(158)	(198)
Unavailable Unfunded Commitments ¹	31	79	64	48
Adjusted Liquidity	\$324	\$208	\$230	\$274

Ample liquidity to support funding needs²

¹ Includes unfunded commitments ineligible to be drawn due to certain limitations in credit agreements.

² As of December 31, 2020, we have analyzed cash and cash equivalents, availability under our credit facility, the ability to rotate out of certain assets and amounts of unfunded commitments that could be drawn and believe our liquidity and capital resources are sufficient to take advantage of market opportunities in the current economic climate.

Joint Venture Summary

OCSL's Joint Venture with Kemper Corporation

- Primarily invests in senior secured loans of middle market companies as well as other corporate debt securities
- Joint venture structure
 - Equity ownership: 87.5% OCSL and 12.5% Kemper
 - Shared voting control: 50% OCSL and 50% Kemper

OCSL's investments in the Kemper JV:

(\$ in millions; at fair value)	12/31/20	9/30/20	6/30/20	3/31/20
Subordinated Note (L+7.0%)	\$96	\$96	\$96	\$92
Subordinated Note % Par	100%	100%	100%	96%
87.5% Equity Interest	\$29	\$21	\$14	\$0
Total Kemper JV Investment	\$126	\$117	\$110	\$92

Joint Venture Structure:

(\$ in millions; at fair value)

Net Assets		Investment Portfolio \$313
OCSL	Kemper	
\$125 (87.5%)	\$18 (12.5%)	
Credit Facility \$175		Other Assets ² \$6

Portfolio Summary

(\$ in millions; at fair value)

	12/31/20	9/30/20	6/30/20	3/31/20
Total Investments	\$313	\$299	\$291	\$300
First Lien	93%	94%	94%	94%
Second Lien & Other	7%	6%	6%	6%
Number of Port. Companies	56	56	53	53
Average Investment Size	\$5	\$5	\$5	\$5
Non-Accruals	0.6%	0.4%	0.3%	0.0%
Wt. Avg. Debt Portfolio Yield	5.9%	5.6%	5.6%	5.5%
Leverage Ratio	1.2x	1.3x	1.4x	1.8x

Cash Flows & Distributions

(\$ in millions)

	12/31/20	9/30/20	6/30/20	3/31/20
Net Investment Income¹	\$2.9	\$3.0	\$2.5	\$3.7
Sub. Note Interest Payments by JV Partner:				
OCSL (87.5%)	1.8	1.8	1.9	2.1
Kemper (12.5%)	0.3	0.3	0.3	0.3
Total Interest Payments	\$2.0	\$2.0	\$2.2	\$2.4
Excess Cash Flow Retained for Reinvestment	\$0.9	\$1.1	\$0.3	\$0.9

As of December 31, 2020

Note: Numbers may not sum due to rounding.

¹ Excludes interest paid on the joint venture's subordinated notes.

² Includes unsettled trades.

Opportunities to Increase Return on Equity

1

Rotate into higher-yielding, proprietary investments

- \$113 million at fair value (\$114 million par value) of senior secured loans priced at or below LIBOR + 4.50%¹ as of December 31, 2020
- Opportunistically exited \$35 million of lower yielding senior secured loans during the quarter ended December 31, 2020
- \$268 million of new investment commitments had a weighted average yield of 8.7% during the quarter ended December 31, 2020

2

Operate within target leverage range of 0.85x-1.00x debt-to-equity

- 0.73x total debt to equity; 0.70x net debt to equity
- \$400 million of undrawn capacity under credit facility²
- Would need to utilize approximately \$190 million of additional borrowings to reach the mid-point of target leverage range (0.925x)

3

Continued optimization of the Kemper JV

- 1.20x total debt to equity, slightly below target revised leverage range of 1.25x to 1.75x
- \$50 million of undrawn capacity on senior revolving credit facility²

We believe OCSL is well-positioned to enhance return on equity

As of December 31, 2020

¹ For senior secured loans that have a cost basis above 92.5%.

² Subject to borrowing base and other limitations.

Appendix



OAKTREE

OCSL | Specialty Lending Corporation

Illustrative OCSL-OCSI Merger Consideration

Merger Consideration Highlights

Total merger consideration will be based on the NAVs of OCSL and OCSI determined within 48 hours of closing

- OCSL to acquire 100% of OCSI in a stock-for-stock transaction, with shares to be exchanged on a NAV-for-NAV basis
- Merger will result in an ownership split of the combined company proportional to each of OCSL's and OCSI's respective NAVs
- At closing, NAV used in determining the exchange ratio will reflect transaction expenses and any tax-related distributions

Illustrative Example¹

(\$ and share amounts in millions, except per share data)

$$\begin{array}{ccc}
 \$9.38 & \div & \$6.85 \\
 \text{OCSI NAV} & & \text{OCSL NAV} \\
 \text{Per Share} & & \text{Per Share}
 \end{array}$$

1.37

Exchange Ratio

	OCSI	OCSL	Combined
Total NAV	\$276.4	\$964.9	\$1,241.3
Shares Outstanding	29.5	141.0	181.3
NAV Per Share	\$9.38	\$6.85	\$6.85

¹ Based on NAVs as of December 31, 2020. NAVs do not include the impact of expenses related to the merger or any tax-related distributions.

OCSL & OCSI Comparison

Portfolio and Balance Sheet Metrics

(At fair value, \$ in thousands)

	OCSL	OCSI	Combined
Portfolio:			
Investments at Fair Value	\$1,712,324	\$520,996	\$2,233,321
Top 10 Investments ¹ (%)	23%	23%	20%
Number of Portfolio Companies	115	78	143
First Lien (%)	60%	86%	66%
Second Lien (%)	25%	4%	20%
Unsecured (%)	3%	-	2%
Equity (%)	4%	0.4%	3%
Joint Venture Interests (%)	7%	10%	8%
Non-Accruals at Fair Value (% of debt portfolio)	0.0%	0.0% ²	0.0% ²
Debt Investment Overlap ¹ (\$)	\$797,021	\$293,020	
Debt Investment Overlap ¹ (%)	52%	63%	
Balance Sheet:			
Total Assets	\$1,793,903	\$552,523	\$2,346,426
Cash and Cash Equivalents	\$24,234	\$13,605	\$37,839
Total Debt Outstanding ³	\$694,827	\$252,757	\$947,584
Net Assets	\$964,917	\$276,441	\$1,241,358
Total Debt to Equity Ratio	0.73x	0.91x	0.77x
Net Debt to Equity Ratio	0.70x	0.87x	0.74x
Unsecured Borrowings ³ (%)	43%	-	32%
Weighted Average Interest Rate on Debt Outstanding	2.7%	2.6%	2.7%

As of December 31, 2020

¹ Excludes investments in the Kemper JV and OCSI Glick JV LLC (the "Glick JV").

² Excludes OCSI's investment in the Glick JV, which was restructured during the quarter ended March 31, 2020 and placed on non-accrual status. Including the Glick JV, non-accruals represented 10.2% of the debt portfolio at fair value as of December 31, 2020.

³ Net of unamortized financing costs.

Historical Statement of Operations

(\$ in thousands, except per share amounts)	For the three months ended				
	12/31/2020	9/30/2020	6/30/2020	3/31/2020	12/31/2019
Interest income	\$31,633	\$37,153	\$30,112	\$29,898	\$28,405
PIK interest income	3,089	2,573	2,183	1,946	1,161
Fee income	3,352	3,571	1,827	2,050	1,071
Dividend income	130	302	281	277	323
Total investment income	38,204	43,599	34,403	34,171	30,960
Base management fee	6,541	6,005	5,988	5,295	5,607
Part I incentive fees	4,149	5,206	3,556	3,444	2,988
Part II incentive fees	9,540	-	-	(6,608)	1,051
Interest expense	6,095	6,133	6,406	7,215	6,535
Other operating expenses ¹	1,861	1,710	1,683	1,984	1,743
Total expenses	28,186	19,054	17,633	11,330	17,924
Reversal of fees waived	-	-	-	-	5,200
Net expenses	28,186	19,054	17,633	11,330	23,124
GAAP net investment income	10,018	24,545	16,770	22,841	7,836
Net realized and unrealized gains (losses)	55,771	45,915	103,393	(188,308)	6,167
Provision for income tax (expense) benefit	(245)	157	68	1,705	(160)
Net increase/decrease in net assets resulting from operations	\$65,544	\$70,617	\$120,231	\$(165,467)	\$13,843
 Adjusted net investment income²	 \$19,558	 \$24,545	 \$16,770	 \$16,233	 \$14,087

¹ Includes professional fees, directors fees, administrator expenses and general and administrative expenses.

² See page 21 for a description of this non-GAAP measure and a reconciliation from net investment income to adjusted net investment income.

Reconciliation of Adjusted Net Investment Income

(\$ in thousands, except per share amounts)	As of				
	12/31/2020	9/30/2020	6/30/2020	3/31/2020	12/31/2019
GAAP net investment income	\$10,018	\$24,545	\$16,770	\$22,841	\$7,836
Part II incentive fee (net of waivers)	9,540	-	-	(6,608)	6,251
Adjusted net investment income	\$19,558	\$24,545	\$16,770	\$16,233	\$14,087
Per share:					
GAAP net investment income	\$0.07	\$0.17	\$0.12	\$0.16	\$0.06
Part II incentive fee (net of waivers)	0.07	-	-	(0.05)	0.04
Adjusted net investment income	\$0.14	\$0.17	\$0.12	\$0.12	\$0.10

Notes: On a supplemental basis, the Company is disclosing adjusted net investment income and per share adjusted net investment income, each of which is a financial measure that is calculated and presented on a basis of methodology other than in accordance with U.S. GAAP ("non-GAAP"). Adjusted net investment income represents net investment income, excluding capital gains incentive fees ("Part II incentive fee"). The Company's management uses this non-GAAP financial measure internally to analyze and evaluate financial results and performance and believes that this non-GAAP financial measure is useful to investors as an additional tool to evaluate ongoing results and trends for the Company without giving effect to capital gains incentive fees. The Company's investment advisory agreement provides that a capital gains-based incentive fee is determined and paid annually with respect to realized capital gains (but not unrealized capital appreciation) to the extent such realized capital gains exceed realized capital losses and unrealized capital depreciation on a cumulative basis. Refer to Note 11 – Related Party Transactions in our Quarterly Report on Form 10-Q for further discussion. The Company believes that adjusted net investment income is a useful performance measure because it reflects the net investment income produced on the Company's investments during a period without giving effect to any changes in the value of such investments and any related capital gains incentive fees between periods. The presentation of adjusted net investment income is not intended to be a substitute for financial results prepared in accordance with GAAP and should not be considered in isolation.

Numbers may not sum due to rounding.

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