



Presentation
OHA Investment Corporation Q2 2015 Earnings Results

August 6, 2015

O A K H I L L

Disclaimer

THIS PRESENTATION MAY CONTAIN FORWARD-LOOKING STATEMENTS. WE MAY USE WORDS SUCH AS "ANTICIPATES," "BELIEVES," "INTENDS," "PLANS," "EXPECTS," "PROJECTS," "ESTIMATES," "WILL," "SHOULD," "MAY" AND SIMILAR EXPRESSIONS TO IDENTIFY FORWARD-LOOKING STATEMENTS. THESE FORWARD-LOOKING STATEMENTS ARE SUBJECT TO VARIOUS RISKS AND UNCERTAINTIES. CERTAIN FACTORS COULD CAUSE ACTUAL RESULTS AND CONDITIONS TO DIFFER MATERIALLY FROM THOSE PROJECTED, INCLUDING THE UNCERTAINTIES ASSOCIATED WITH THE TIMING OR LIKELIHOOD OF TRANSACTION CLOSINGS, CHANGES IN INTEREST RATES, AVAILABILITY OF TRANSACTIONS, THE FUTURE OPERATING RESULTS OF OUR PORTFOLIO COMPANIES, REGULATORY FACTORS, CHANGES IN REGIONAL, NATIONAL, OR INTERNATIONAL ECONOMIC CONDITIONS AND THEIR IMPACT ON THE INDUSTRIES IN WHICH WE INVEST, OTHER CHANGES IN THE CONDITIONS OF THE INDUSTRIES IN WHICH WE INVEST AND OTHER FACTORS ENUMERATED IN OUR FILINGS WITH THE SECURITIES AND EXCHANGE COMMISSION. YOU SHOULD NOT PLACE UNDUE RELIANCE ON SUCH FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE THEY ARE MADE. WE UNDERTAKE NO OBLIGATION TO UPDATE OUR FORWARD-LOOKING STATEMENTS MADE HEREIN, UNLESS REQUIRED BY LAW.

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Section 1

Overview

Overview

Highlights

- Third quarter of management under Oak Hill Advisors, L.P. (“OHA”)
- Cory Gilbert joined as our new CFO
- NAV of \$7.16 per share, a 1.5% decline in NAV driven by three legacy energy investments
- Q2 2015 dividend declared of \$0.12 per share
- Deployed \$19.0 MM in three new investments during Q2 2015
- Citadel Plastics, a \$10.0 MM investment made in Q4 2014, realized in June in connection with the acquisition of the company
 - 15.8% unlevered IRR, including 2% call premium
- Exited legacy Spirit investment for \$1.1 MM
- Repurchased 297,333 shares of stock for \$1.6 MM

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Section 2

Financial Results

Financial Results

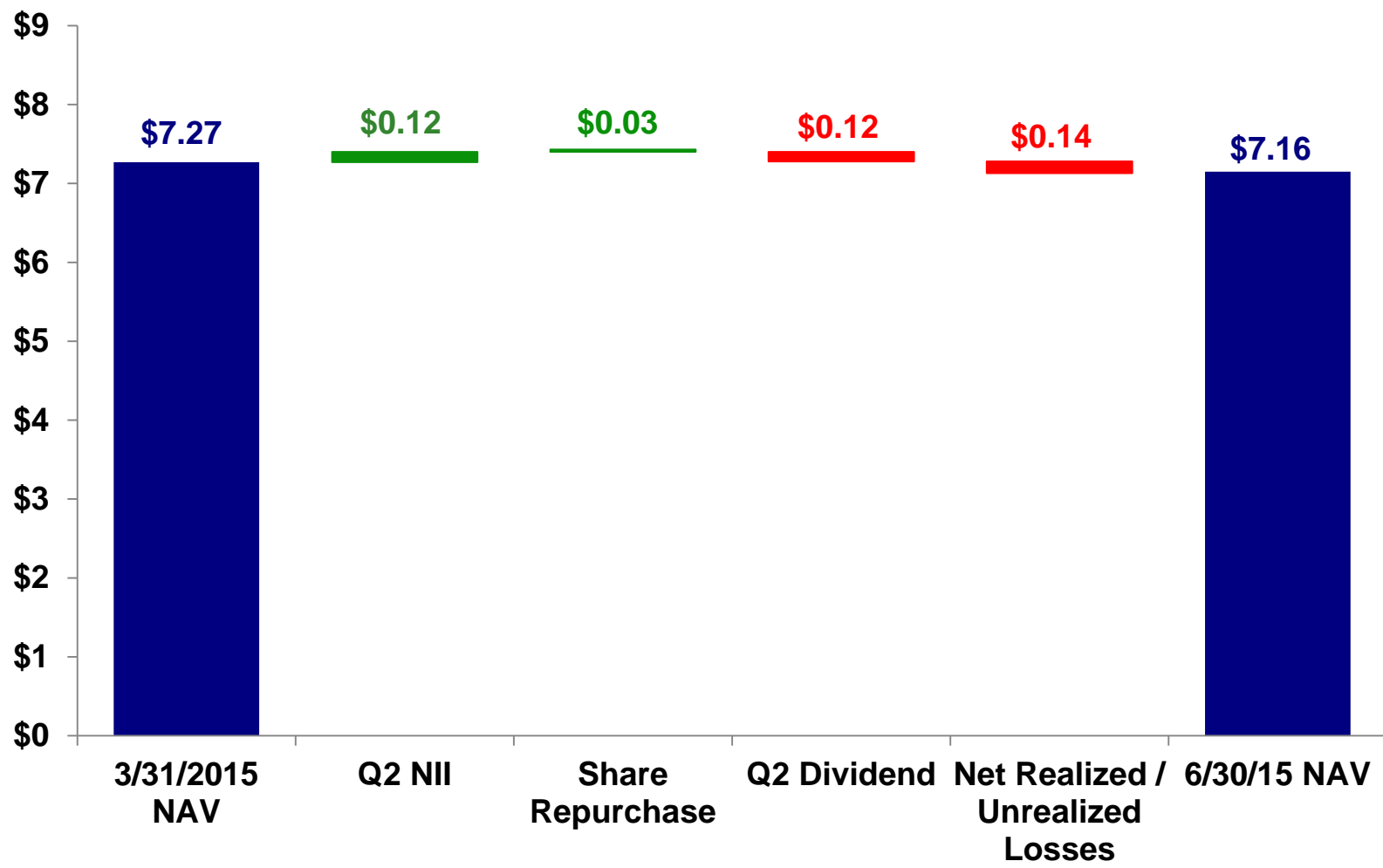
Q2 2015 Summary

- Investment income of \$5.9 MM, or \$0.29 per share
- Weighted average portfolio yield of 10.9% on fair value and 9.4% on cost
- Base management fee of \$715 K and incentive fee of \$139 K
- Net investment income of \$2.5 MM, or \$0.12 per share
- Net realized and unrealized losses of (\$3.0) MM, or (\$0.14) per share
- Positive assurance on 91% of Level 3 assets provided by leading independent valuation firm

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Financial Results

NAV per share declined 1.5% in Q2, primarily as a result of lower valuations on 3 energy assets



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Financial Results

Statement of Operations

(in \$000's)	Q2 2015	Q1 2015	Q2 2014
Investment income	\$5,914	\$4,816	\$5,513
Costs related to strategic alternatives review	--	--	207
Management and incentive fees	854	678	1,306
Other G&A	1,638	1,295	1,957
Interest expense	894	652	551
Income taxes	<u>30</u>	<u>22</u>	<u>20</u>
Net investment income	<u>\$2,498</u>	<u>\$2,169</u>	<u>\$1,472</u>
<i>Net investment income per share</i>	<i>\$0.12</i>	<i>\$0.11</i>	<i>\$0.07</i>

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Financial Results

(in \$000's)	Q2 2015	Q1 2015	Q2 2014
Realized capital gains (losses):			
Spirit - ORRI	\$255	\$ --	\$ --
Talos	--	--	187
Midstates	--	--	697
Accrual Adjustments	(2)	(21)	--
Other realized gains (losses), net	<u>--</u>	<u>--</u>	<u>(350)</u>
Total realized capital gains (losses), net	<u>253</u>	<u>(21)</u>	<u>534</u>
Unrealized gains (losses):			
ATP / Bennu	(2,415)	(2,374)	191
Contour	(1,860)	(440)	(158)
Shoreline	(1,662)	59	(15)
KOVA	(907)	(7)	(7)
Castex	596	572	533
OCI	719	368	804
Talos	2,037	(2,523)	533
Reversals due to realizations	(539)	--	(697)
Other unrealized gains (losses), net	<u>796</u>	<u>312</u>	<u>(3,222)</u>
Total unrealized gains (losses), net	<u>(3,235)</u>	<u>(4,033)</u>	<u>(2,038)</u>
Total realized and unrealized (losses), net	<u>(\$2,982)</u>	<u>(\$4,054)</u>	<u>(\$1,504)</u>

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Section 3

Portfolio Review

Portfolio Review

Unrealized losses driven by ATP / Shoreline / Contour partially offset by recovery in Talos

(in \$000's)	Principal/ Total Sum	Value at 3/31/15	Net New		Value at 6/30/2015	% of Principal/Total Sum at 6/30/15	% of Portfolio Value
			Investments (Realizations)	Write-up / (Write-down)			
Energy:							
Castex redeemable preferred units	\$ 50,000	\$ 55,475	\$ -	\$ 592	\$ 56,067	112%	28%
ATP/Bennu limited term royalty interest	27,166	20,972	-	(1,662)	19,310	71%	10%
Shoreline second lien term loan	13,028	11,866	(194)	(1,645)	10,027	77%	5%
Talos senior unsecured notes	12,000	8,400	-	2,040	10,440	87%	5%
Huff senior secured term loan	4,870	5,020	(150)	-	4,870	100%	2%
Huff warrants and royalty	--	92	-	4	96	n/a	0%
Subtotal	107,064	101,825	(344)	(671)	100,810	94%	50%
Energy Non-accruals:							
Contour senior secured term loan	10,757	4,500	360	(1,860)	3,000	28%	2%
Spirit senior secured term loans and preferred equity	17,066	726	(843)	117	-	0%	0%
Spirit overriding royalty interest	n/a	265	(265)	-	-	n/a	0%
Subtotal	27,823	5,491	(748)	(1,743)	3,000	11%	2%
Energy total	134,887	107,316	(1,092)	(2,414)	103,810	77%	52%
Other Sectors:							
Foundation second lien term loan	18,700	18,513	-	-	18,513	99%	9%
OCI subordinated note	15,938	15,818	-	120	15,938	100%	8%
OCI equity units	n/a	2,110	-	732	2,842	n/a	2%
Citadel second lien term loan	-	10,188	(10,188)	-	-	0%	0%
Royal Holdings second lien term loan	10,000	-	9,925	100	10,025	100%	5%
Appriss second lien term loan	10,000	9,850	-	-	9,850	99%	5%
EFS second lien term loan	10,000	9,791	-	100	9,891	99%	5%
KOVA senior subordinated notes	9,000	9,000	-	(900)	8,100	90%	4%
Gramercy Park CLO residual interest	n/a	7,605	(197)	231	7,639	n/a	4%
Hanson second lien term loan	7,500	2,375	4,850	163	7,388	99%	4%
WASH second lien term loan	4,000	-	3,970	80	4,050	101%	2%
Other	n/a	-	-	-	-	n/a	0%
Subtotal	85,138	85,250	8,360	626	94,236	98%	48%
Grand Total	\$ 220,025	\$ 192,566	\$ 7,268	\$ (1,788)	\$ 198,046	85%	100%

Since "Principal/Total Sum" does not apply to certain investments, "N/A or --" is shown in that column where applicable. Write-up/(Write-down) are shown net of \$1.0 MM PIK/OID amortization. The information is unaudited and provided for informational purposes only. There is no representation being made that an individual investor will achieve returns similar to those shown. Past results are not necessarily indicative of future performance.

Portfolio Review

Current weighted average yield of 10.9% on fair value basis as of June 30, 2015

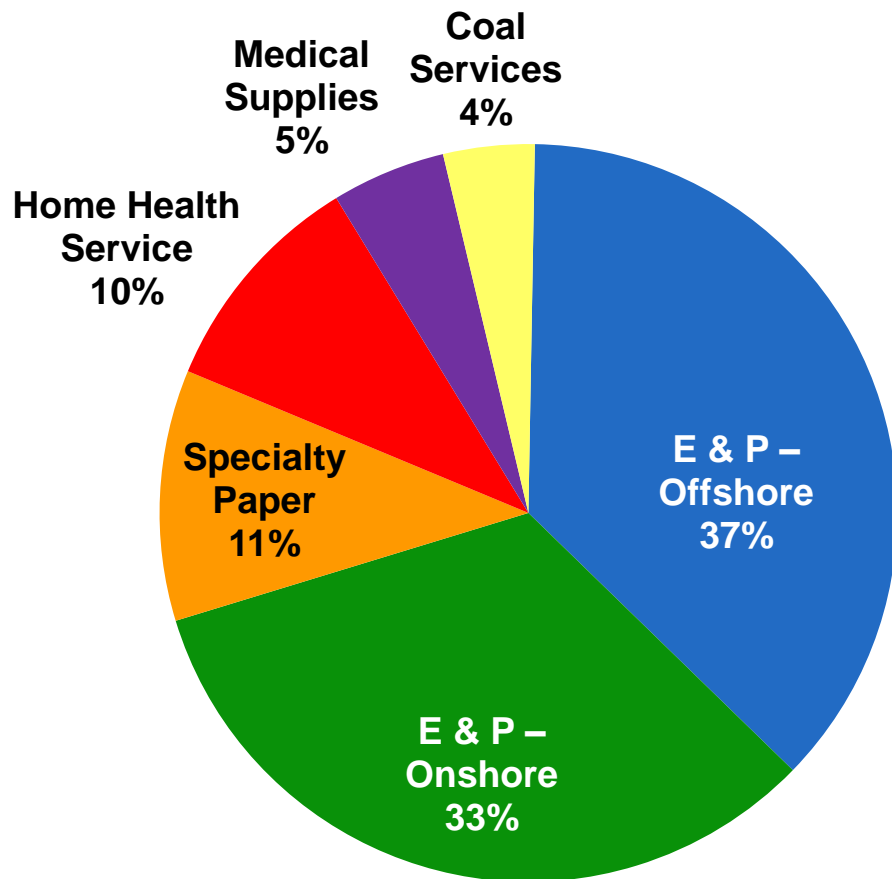
(in \$000's)	Principal/ Total Sum	Cost	Fair Value	Current Yield at Cost	Current Yield at Fair Value	% of Portfolio Value
<u>7-10% Fair Value Yields:</u>						
Appriss second lien term loan	10,000	9,860	9,850	9.6%	9.6%	5%
EFS second lien term loan	10,000	9,834	9,891	8.8%	8.8%	5%
Royal Holdings second lien term loan	10,000	9,925	10,025	8.6%	8.5%	5%
WASH second lien term loan	4,000	3,971	4,050	8.1%	8.0%	2%
Castex redeemable preferred units	50,000	50,014	56,067	8.0%	7.1%	28%
Total 7-10% Fair Value Yields	84,000	83,604	89,883	8.4%	7.8%	45%
<u>10-14% Fair Value Yields:</u>						
Huff senior secured term loan	4,870	4,851	4,870	13.5%	13.5%	2%
Foundation second lien term loan	18,700	18,524	18,513	12.3%	12.3%	9%
Talos senior unsecured notes	12,000	11,958	10,440	9.9%	11.3%	5%
Hanson second lien term loan	7,500	7,097	7,388	11.5%	11.1%	4%
Gramercy Park CLO residual interest	n/a	6,694	7,639	12.5%	11.0%	4%
Total 10-13% Fair Value Yields	43,070	49,124	48,850	11.7%	11.8%	24%
<u>14%+ Fair Value Yields:</u>						
ATP/Bennu limited term royalty interest	27,166	27,166	19,310	13.7%	19.2%	10%
OCI subordinated note	15,938	15,749	15,938	15.5%	15.3%	9%
KOVA senior subordinated notes	9,000	8,882	8,100	13.3%	14.5%	4%
Shoreline second lien term loan	13,028	12,715	10,027	11.0%	14.3%	5%
Total 14%+ Fair Value Yields	65,132	64,512	53,375	13.6%	16.4%	28%
Current Yielding Investments	192,202	197,240	192,108	10.9%	11.2%	97%
<u>Other Investments:</u>						
Contour senior secured term loan	10,757	11,578	3,000	N/A	N/A	2%
Spirit senior secured term loan and preferred equity	17,138	17,030	0	N/A	N/A	<1%
OCI equity units	--	2,500	2,842	N/A	N/A	1%
Huff warrants and royalty	--	84	96	N/A	N/A	<1%
Myriant equity and warrants	--	468	--	N/A	N/A	0%
Total non-yielding investments	27,895	31,660	5,938	N/A	N/A	3%
Grand Total	220,097	228,900	198,046	9.4%	10.9%	100%

Since "Principal/Total Sum" does not apply to certain investments, "N/A or --" is shown in that column where applicable. Current yields are computed using interest rates as of the balance sheet date and include amortization of OID and market premium or discount, royalty income and other similar investment income divided by cost and fair value, respectively. The information is unaudited and provided for informational purposes only. There is no representation being made that an individual investor will achieve returns similar to those shown. Past results are not necessarily indicative of future performance.

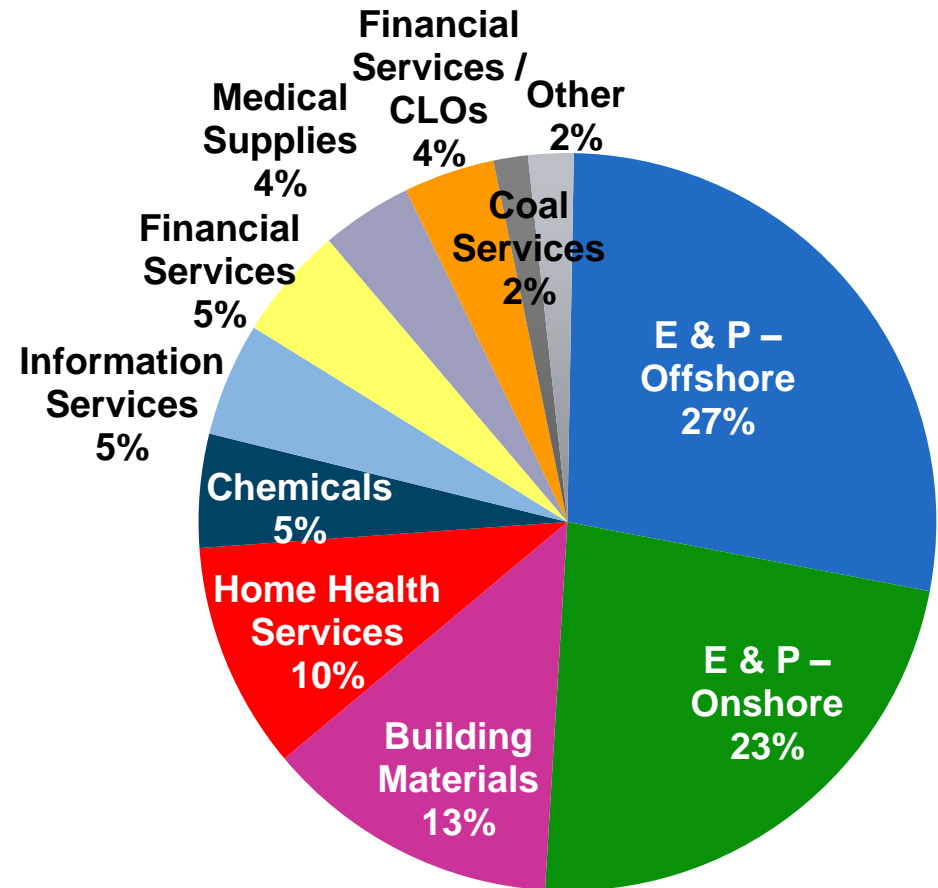
Portfolio Review

Energy exposure reduced from 74% at 9/30/14 to 52% at 6/30/15⁽¹⁾

September 30, 2014



June 30, 2015



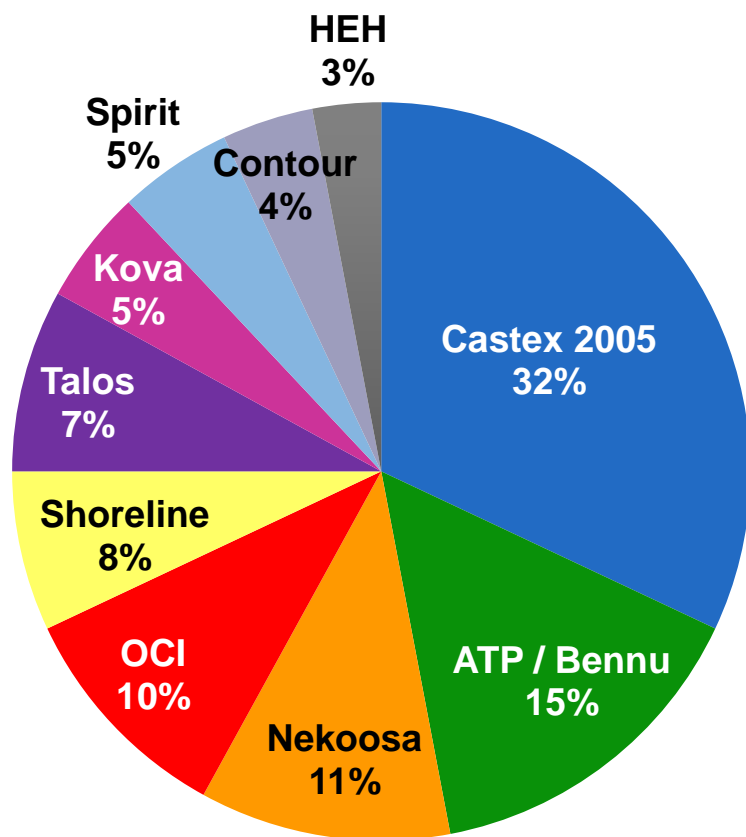
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(1) As a percentage of total fair market value.

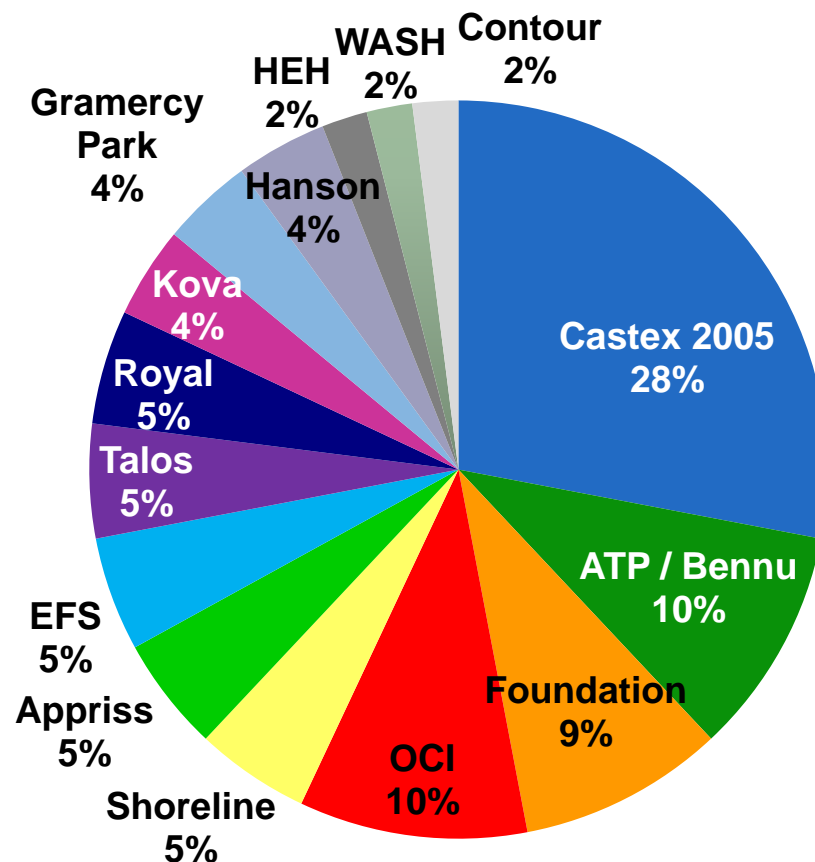
Portfolio Review

Portfolio value is derived from 15 active investments at 6/30/15 vs. 10 at 9/30/14⁽¹⁾

September 30, 2014



June 30, 2015



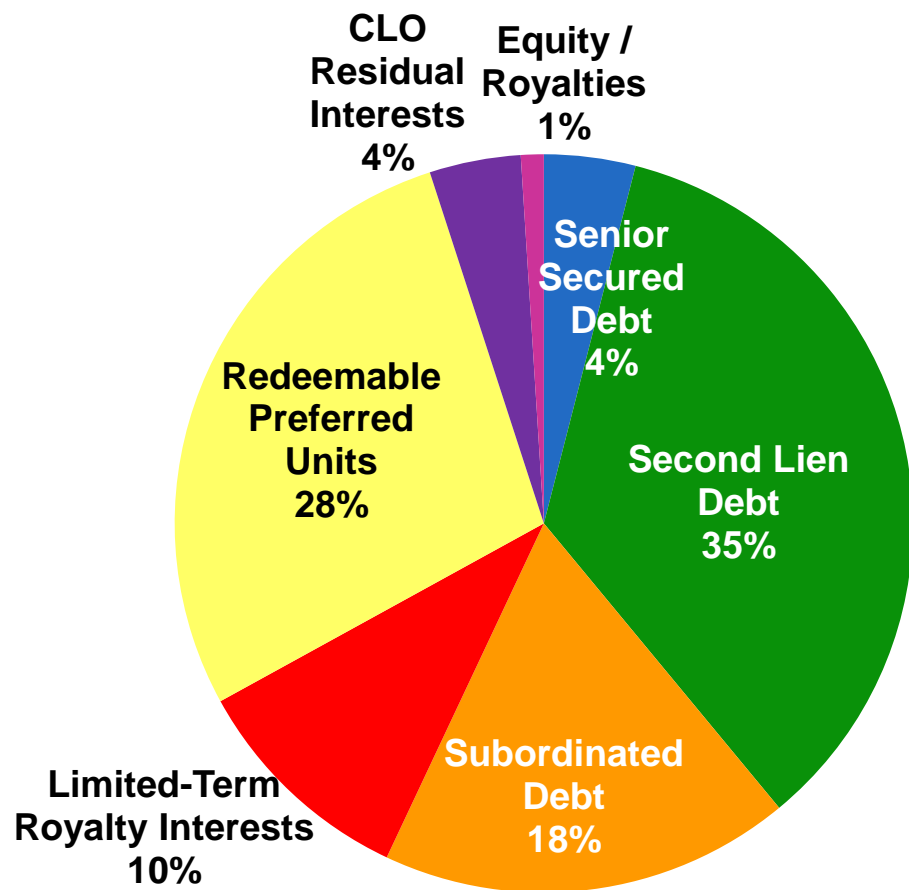
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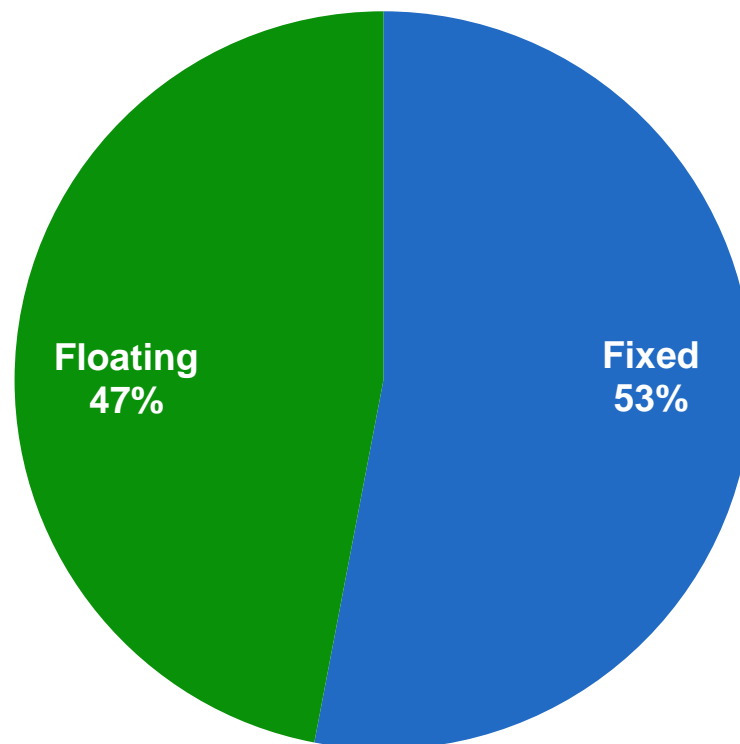
Portfolio Review

Portfolio Structures and Characteristics as of 6/30/15⁽¹⁾

Structure



Fixed vs. Floating⁽²⁾



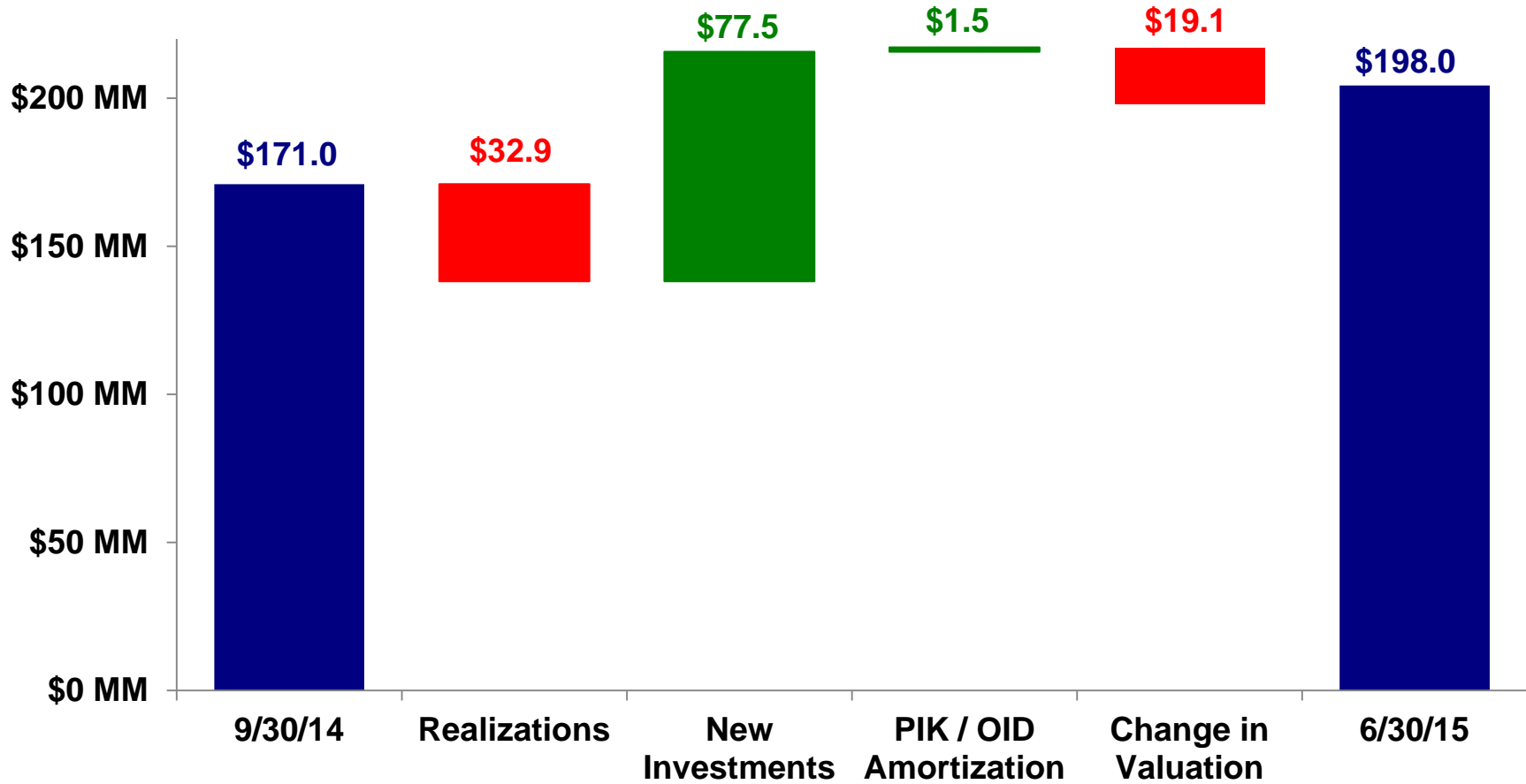
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(1) As a percentage of total fair market value.

(2) Excludes Overriding Royalty Interests, Warrants, CLO Residual Interests, and similar securities that do not provide a consistent current yield.

Portfolio Review

Investment portfolio increased \$27 MM since OHA assumed management on 9/30/14



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Section 4

Stock Repurchase Program

Stock Repurchase Program

Repurchased 2% of outstanding shares during 2015

- During Q2, OHAI repurchased 297,333 shares for \$1.6 MM, at an average price of \$5.47 per share
- During July, OHAI completed the \$2.4 MM program, purchasing an additional 74,214 shares for \$0.4 MM, at an average price of \$5.72 per share
- Aggregate purchases under the program totaled:
 - 444,030 shares for \$2.4 MM
 - 2% of outstanding shares
 - Average price of \$5.46, a 27% discount to beginning of the year NAV
 - Repurchases under the program were accretive to beginning of the year NAV by \$0.04 per share

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Section 5

Investment Strategy & OHA Overview

Investment Strategy & OHA Overview

Experienced Credit Market Specialist Since 1991⁽¹⁾

MULTI-STRATEGY CREDIT

- Experience across below investment grade corporate credit market, performing and distressed
- Corporate structured products (CLOs, other) and mortgage strategies (RMBS, whole loans)
- North America and Europe; long and short

EXPERIENCED TEAM

- Senior management together for more than 20 years⁽²⁾
- 46 Partners / Managing Directors averaging 22 years of industry experience
- Deep commitment to firm culture

CONSISTENT INVESTMENT APPROACH

- 20+ year history assessing relative value across asset classes and capital structures
- Fundamental credit approach focused on downside protection, maximizing risk-adjusted returns
- Fully integrated, industry-focused investment team

SCALE MARKET PARTICIPANT

- \$27.2 billion of capital⁽³⁾
- Meaningful size managed in each target asset class
- Maintains ability to be nimble and capture opportunities

Continuity of team, philosophy and culture contributes to consistent performance

(1) "Oak Hill Advisors" or "OHA" includes Oak Hill Advisors, L.P., its affiliated investment advisors and predecessor firms.

(2) OHA was founded in 1991 by Glenn R. August. William H. Bohnsack, Jr. joined the firm in 1993 and now serves as Senior Partner with Mr. August. Robert Okun joined the firm in 2001, was named Partner in 2003 and was promoted to Senior Partner in 2007.

(3) Estimated as of June 1, 2015, *pro forma* for capital flows during the month of June and an OHA-managed CLO warehouse funded from an existing OHA separate account. Includes net asset value, portfolio value and/or unfunded capital. All uninvested capital (including cash) is allocated *pro rata* among applicable asset classes based on recent portfolio composition. Additional information on calculation methodology is available upon request.

Investment Strategy & OHA Overview

OHA Approach To Private Lending Transactions

- OHA has invested more than \$3 B in private lending investments since 2002⁽¹⁾
- Opportunistic credit-driven approach leveraging depth / breadth of credit research team
- Generally focus on borrowers with EBITDA of at least \$20 MM or enterprise value of at least \$100 MM
- Selective direct origination from key financial sponsors, corporate and other relationships
- Intensive focus on key intermediaries and buy-side firms
- Experienced investors
 - Rapid response to proposals and efficient due diligence
 - Continued support through participation in future financings
- Leverage the broader OHA platform for benefit of the Company

(1) Private Lending Investments include what OHA believes to be non-broadly syndicated debt investments in middle market companies that are sourced, originated, negotiated and / or structured by principals of OHA, including, but not limited, to first and second lien debt, mezzanine, distressed, DIPs and exit financings. Past performance is not indicative of future results.

Investment Strategy & OHA Overview

\$77.5 MM In New Investments Under OHA Management

- Q4 2014 – four investments totaling \$37.2 MM
- Q1 2015 – two investments totaling \$21.2 MM
- Q2 2015 investments – three investments totaling \$19.0 MM
 - Royal Holdings
 - WASH Multifamily
 - Hanson Building Products
- OHA believes its platform is well-positioned to identify attractive assets and increase the earnings power of the portfolio over time

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Section 6

Q & A