



**Presentation**  
**OHA Investment Corporation Third Quarter 2014 Earnings Results**

---

**November 6, 2014**

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.

# Contents

---

<b>Section 1</b>	<b>Overview</b>
<b>Section 2</b>	<b>Financial Results</b>
<b>Section 3</b>	<b>Portfolio Review</b>
<b>Section 4</b>	<b>Investment Strategy &amp; OHA Overview</b>
<b>Section 5</b>	<b>Q &amp; A</b>

# Section 1

---

## Overview

# Overview

## New Investment Advisor: Oak Hill Advisors (“OHA”)

- Extensive strategic review process concluded on September 30, 2014
- New investment advisory contract approved by stockholders
  - Appoints OHA as Investment Advisor and Administrator
- New Board of Directors appointed
  - Glenn August (Chairman), CEO & Founder of OHA
  - Robert Okun, OHA’s CIO of U.S. Credit
  - Stuart Oran, Partner of Liberty Hall Capital
  - James Stern, Chairman of The Cypress Group
  - Frank Tannura, former CEO of Packaging Dynamics Corporation
- Bob Long appointed as CEO, former CEO of Conversus Capital, a \$3 B AUM publicly traded fund of private equity funds; Scott Biar continues as CFO & CCO on an interim basis
- OHA affiliate purchased \$1 MM of Company stock at NAV, a 38% premium to market price
- OHA affiliate committed to purchase an additional \$4 MM of company stock in the open market

# Overview

## Q3 Loss driven by Strategic Review Costs and Contour Write-down

- Investment income of \$5.6 MM, or \$0.27 per share
- Strategic review costs of (\$5.4) MM, or (\$0.26) per share
- Other operating expenses of (\$3.0) MM, or (\$0.15) per share
- Net investment loss of (\$2.8) MM, or (\$0.14) per share
- Net realized and unrealized losses of (\$3.3) MM, or (\$0.16) per share
- Net decrease in net assets of (\$6.1) MM, or (\$0.30) per share, to \$8.11 per share

The information is unaudited and provided for informational purposes only.

# Section 2

---

## Financial Results

# Financial Results

## Statement of Operations

(in \$000's)	Q3 2014	Q2 2014	Q3 2013
Investment income	\$5,573	\$5,513	\$5,966
Costs related to strategic alternatives review	5,352	207	--
Management fees	1,254	1,306	1,405
Other G&A	1,333	1,957	1,262
Interest expense	405	551	655
Income taxes	<u>17</u>	<u>20</u>	<u>11</u>
Net investment income (loss)	<u>\$(2,788)</u>	<u>\$1,472</u>	<u>\$2,633</u>
<i>Net investment income (loss) per share</i>	<i>\$(0.14)</i>	<i>\$0.07</i>	<i>\$0.13</i>
<i>Per share impact of strategic review costs</i>	<i>\$(0.26)</i>	<i>\$(0.01)</i>	<i>\$0.00</i>

The information is unaudited and provided for informational purposes only.



# Financial Results

<b>Realized &amp; Unrealized Gains (Losses)</b>		
<b>(in \$000's)</b>	<b>Q3 2014</b>	<b>YTD 9/14</b>
<b>Realized capital gains (losses):</b>		
<b>Crossroads Energy Development</b>	\$962	\$962
<b>Midstates Petroleum</b>	--	697
<b>GMX Resources</b>	--	(9,382)
<b>Other realized gains (losses), net</b>	<u>--</u>	<u>(393)</u>
<b>Total realized capital gains (losses), net</b>	<u>962</u>	<u>(8,116)</u>
<b>Unrealized gains (losses):</b>		
<b>Castex</b>	547	1,583
<b>Spirit Resources</b>	229	(6,381)
<b>ATP / Bennu</b>	(26)	(2,200)
<b>Contour Highwall</b>	(3,873)	(4,079)
<b>Reversals due to realizations</b>	(1,379)	7,161
<b>Other unrealized gains (losses), net</b>	<u>249</u>	<u>(1,056)</u>
<b>Total unrealized gains (losses), net</b>	<u>(4,253)</u>	<u>(4,972)</u>
<b>Total realized and unrealized gains (losses), net</b>	<u><b>\$(3,291)</b></u>	<u><b>\$(13,088)</b></u>

The information is unaudited and provided for informational purposes only. Past performance is not necessarily indicative of future results.

# Financial Results

## Net Asset Value Rollforward – YTD September 2014

	(in \$000's)	Per share
Net asset value at 12/31/13	\$188,552	\$9.20
Costs related to strategic alternatives review	(6,017)	(0.29)
Spirit Resources reduction in value	(6,381)	(0.31)
Contour Highwall reduction in value	(4,079)	(0.20)
ATP / Bennu	(2,200)	(0.11)
Dividends in excess of net investment income	(3,244)	(0.16)
Other, net	(427)	(0.02)
Common stock issued to OHA affiliate	<u>1,000</u>	<u>--</u>
Net asset value at 9/30/14	<u>\$167,204</u>	<u>\$8.11</u>

The information is unaudited and provided for informational purposes only.

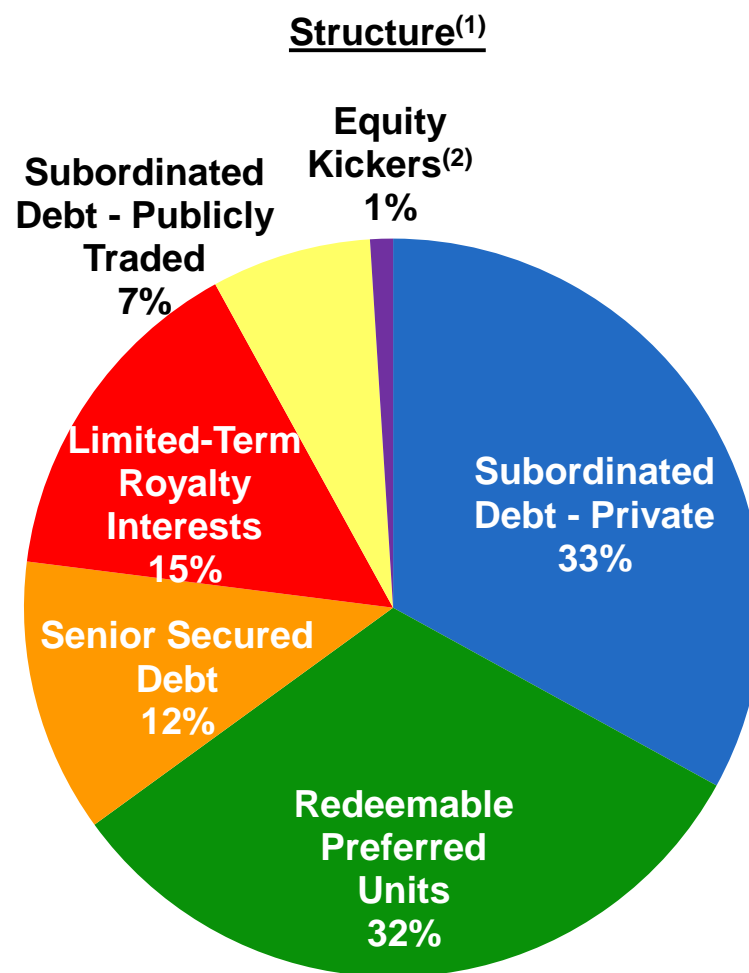
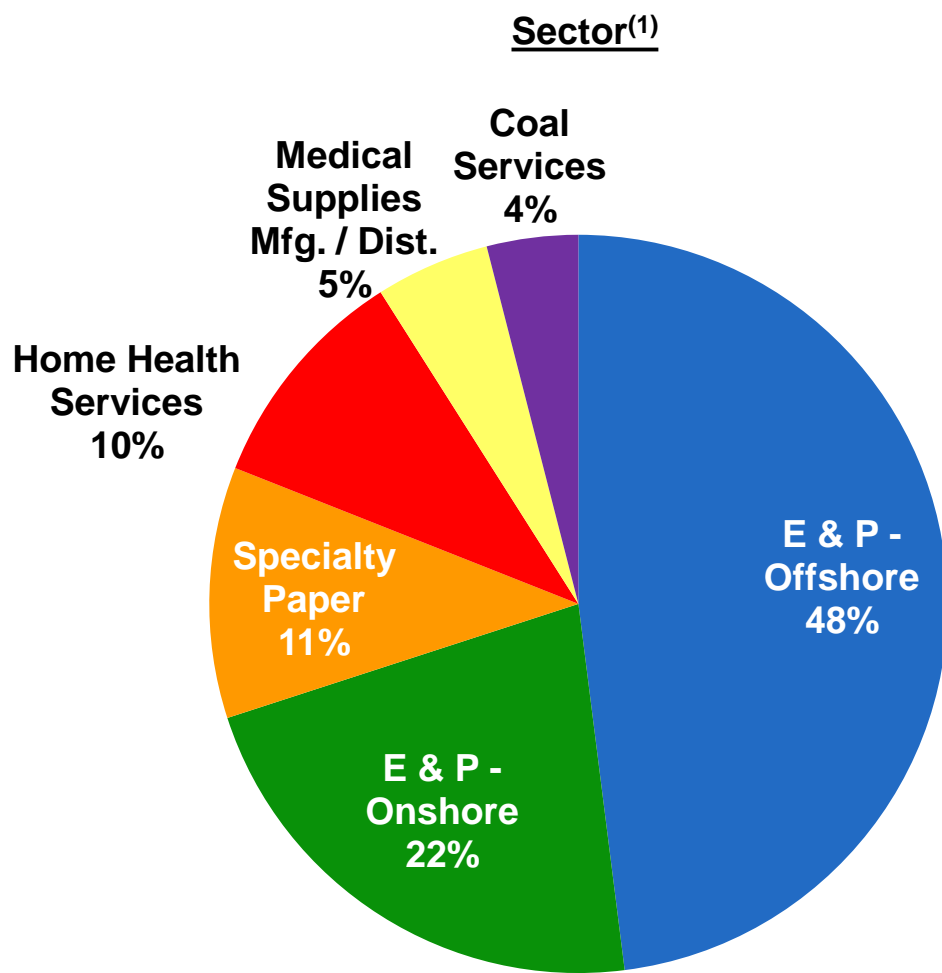
# Section 3

---

## Portfolio Review

# Portfolio Review

Fair Value of \$171 MM; Current Yield of 10.4% at Cost and 11.3% at Fair Value



The information is unaudited and provided for informational purposes only.

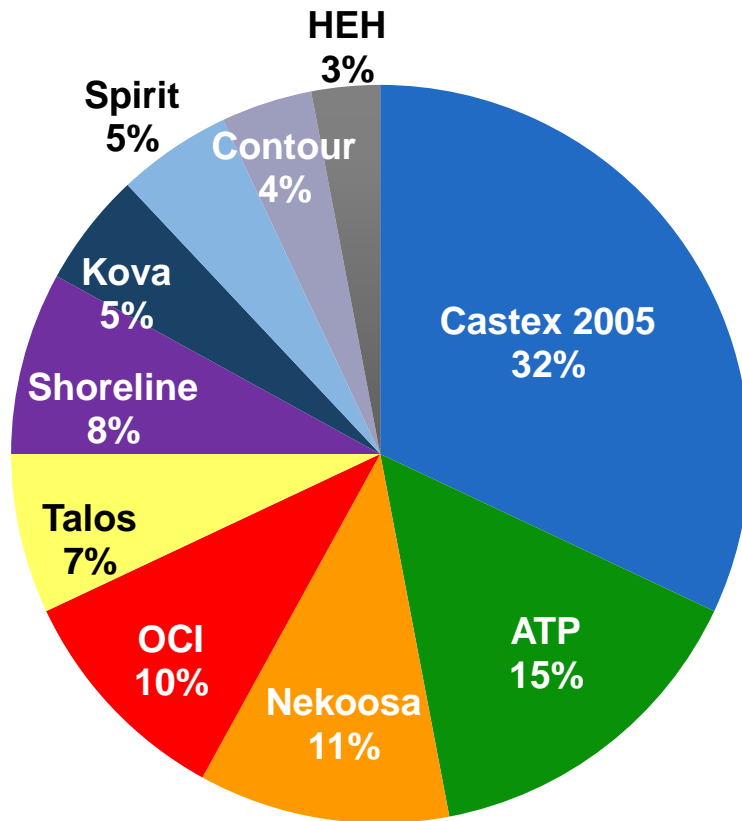
(1) As of September 30, 2014.

(2) Includes Overriding Royalty Interests, Warrants and similar securities.

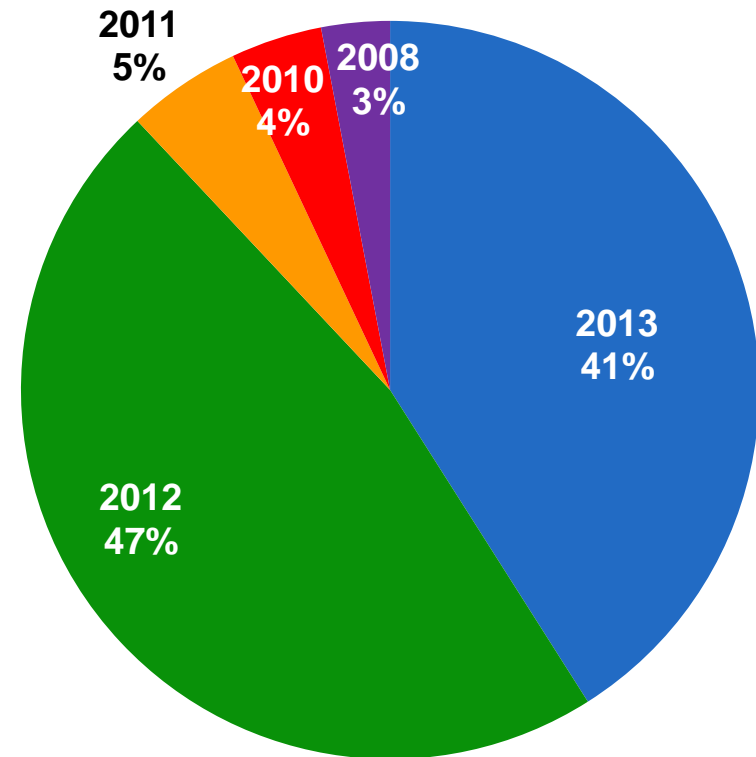
# Portfolio Review

Fair Value of \$171 MM; Current Yield of 10.4% at Cost and 11.3% at Fair Value

Investments<sup>(1)</sup>



Year Investment Initiated<sup>(1)</sup>



The information is unaudited and provided for informational purposes only.  
(1) As of September 30, 2014.

# Portfolio Review

## Portfolio Commentary

### ■ Credit Ratings

- Average rating of portfolio quality – 3.7 at quarter end

### ■ Specific Investments

#### ➤ Contour

- Senior term loan marked down from \$10.8 MM to \$7.5 MM
- Equity value marked down from \$0.6 MM to zero

#### ➤ ATP

### ■ Recent Realizations

#### ➤ Crossroads Energy Development – July

- \$9.0 MM Senior Secured Term Loan, plus overriding royalty interest and warrants
- \$1.0 MM capital gain and 31% IRR<sup>(1)</sup>

#### ➤ Nekoosa Coated Products Holdings – November

- \$18.0 MM Senior Subordinated Term Loan
- 1.3x ROI and 20% IRR<sup>(2)</sup>

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.

(1) As of July 11, 2014. The investment was made on May 24, 2013.

(2) As of November 4, 2014. The investment was made on April 22, 2013.

# Portfolio Review

## Dividend Commentary

- Net investment income 3Q YTD of \$0.03 per share; dividends paid of \$0.48 per share
- 2014 dividends will include ordinary income and return of capital
- Investment income, excluding strategic review costs, was \$0.12 per share in Q3
- Current dividend of \$0.16 per quarter
- Over time, our dividend policy should reflect the company's net investment income
- \$80 MM currently available to invest
- OHA believes its platform is well-positioned to identify attractive assets and increase the earnings power of the portfolio
  - Commitments to two investments totaling \$17 MM expected to close over the next 30 days<sup>(1)</sup>
  - OHA believes it has an active pipeline of attractive opportunities

(1) There can be no assurance these transactions will close.

# Section 4

---

## Investment Strategy & OHA Overview



# Investment Strategy & OHA Overview

## OHA Approach To Direct Lending Transactions

- OHA has invested ~\$3.1 billion in private lending investments since 2002<sup>(1)</sup>
- Opportunistic credit-driven approach versus broad origination model
  - Leverage depth / breadth of credit research team
  - Value creation through long-term investment results, not deal origination volume
- 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
- Position firm as value-added co-investor in club transactions
- Experienced investors
  - Long-tenured investment professionals
  - Quick 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) Direct 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 results are not necessarily indicative of future performance.

# Investment Strategy & OHA Overview

Experienced Fixed Income Credit Market Specialist Since 1991<sup>(1)</sup>

## SCALE MARKET PARTICIPANT

- \$24.5 billion of capital<sup>(2)</sup>

## MULTI-STRATEGY CREDIT

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

## VALUE-ORIENTED INVESTOR

- Experience across below investment grade corporate credit market (bank loan, high yield, direct lending, stressed & distressed)
- Corporate structured products (CLOs, other) and mortgage strategies (RMBS, whole loans)
- U.S. and Europe; long and short

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

(2) Estimated as of September 1, 2014, *pro forma* for capital flows during the month of September. Includes net asset value, portfolio value and/or unfunded capital. Additional information on calculation methodology is available upon request.

# Investment Strategy & OHA Overview

Experienced Fixed Income Credit Market Specialist Since 1991<sup>(1)</sup>

## ATTRACTIVE TRACK RECORD

- Long-term track records across all asset classes
- Consistency of records across business underscores consistency of approach
- OHA has invested approximately \$3.1 B in direct lending investments since 2002<sup>(2)</sup>
- Substantial distressed experience with ~\$8.3 B invested since 1990

## EXPERIENCED TEAM

- Senior management together for more than 20 years<sup>(3)</sup>
- 37 Partners / Managing Directors averaging 23 years of industry experience
- Approximately 200 people in New York, London, Los Angeles, Houston, Sydney and Fort Worth

## BROAD INVESTMENT PLATFORM

- Global, diversified investor base
- Large institutional focus with deep partner relationships
- Relationship network assists in sourcing and evaluating opportunities (sponsors, intermediaries, other buy side)

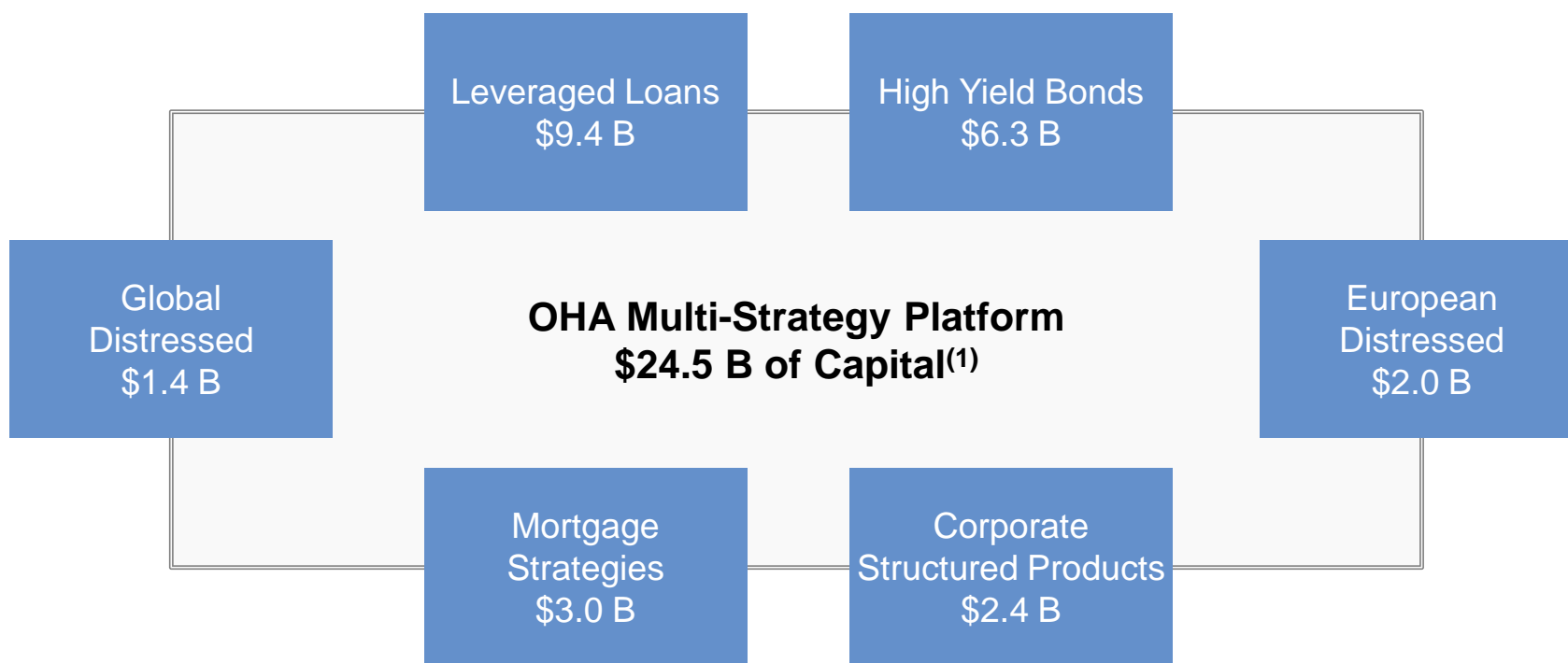
(1) "Oak Hill Advisors" or "OHA" includes Oak Hill Advisors, L.P., its affiliated investment advisors and predecessor firms.

(2) Cumulative invested assets since September 2002 through June 30, 2014. The assets are included in the distressed, leveraged loans and high yield bonds asset category totals. Includes what OHA believes to be certain non-broadly syndicated debt investments in middle market companies that were 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. Please refer to the Direct Lending Endnote for additional information.

(3) OHA was founded in 1991 by Glenn R. August. William H. Bohnsack, Jr. and Scott D. Krase joined the firm in 1993 and now serve as Senior Partners with Mr. August. Robert Okun joined the firm in 2001, was named as an additional partner in 2003 and was promoted to Senior Partner in 2007.

# Investment Strategy & OHA Overview

Multi-Strategy Platform with Scale in Each Strategy



(1) Estimated as of September 1, 2014, *pro forma* for capital flows during the month of September. 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

## Closing Remarks

- Resources of a ~\$25 B multi-strategy credit manager
- Well-positioned to maximize value of current portfolio
- Focused on integrity in valuations
- Broad origination capabilities
- Committed to transparency with investors

# Section 5

---

Q & A