INVESTMENTS®

Frequently asked questions

FSIC FRANCHISE

1. What are the details of the announced transaction?

- FS Investments ("FS") and KKR Credit ("KKR") announced an agreement to form a partnership to provide investment advisory services to FS Investment Corporation ("FSIC"), FS Investment Corporation II ("FSIC II"), FS Investment Corporation III ("FSIC III") and FS Investment Corporation IV ("FSIC IV" and, together with FSIC, FSIC II and FSIC III, the "FSIC BDCs" or the "Funds") as well as the BDC currently advised by KKR, Corporate Capital Trust, Inc. ("CCT") subject to stockholder approvals of new advisory agreements and the satisfaction of other conditions. Corporate Capital Trust II (CCT II), currently advised by CNL and sub-advised by KKR, will also be offered the opportunity to be included subject to board and shareholder approval.
- KKR will seek interpretive guidance from the SEC or a new exemptive relief order that will allow the Funds to co-invest pro rata with KKR's credit accounts, which we believe will provide the Funds with access to the same deal flow as KKR's institutional clients and, in turn, improved portfolio diversification.
- Upon each FSIC Fund's entry into the new investment advisory agreements, the annual base management fee of each FSIC Fund will be permanently reduced from 1.75% to 1.50% of such Fund's gross assets. A proposal to reduce CCT II's management fee is also expected be put forth.
- Additionally, FS and KKR currently intend to evaluate the possibility of a liquidity event for FS's non-traded BDCs following stockholder approval of the new advisory agreements.

2. Who is KKR?

- KKR is a leading global investment firm that manages multiple alternative asset classes, including private equity, energy, infrastructure, real estate, credit and, through its strategic partners, hedge funds.
- KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and driving growth and value creation with KKR portfolio companies.
- KKR invests its own capital alongside its partners' capital and provides financing solutions and investment opportunities through its capital markets business. References to KKR's investments may include the activities of its sponsored funds.
- Founded in 1976, KKR had approximately $153B in AUM, a $15B internal balance sheet and approximately 360 investment professionals as of September 30, 2017.
- KKR Credit had $41B in AUM and approximately 100 investment professionals as of September 30, 2017.

3. Why is KKR the right partner to help manage the Funds?

- As competition for deal flow within the middle market has increased in recent years, we believe scale and the ability to provide borrowers and sponsors with a diversified set of lending solutions is critical to creating a significant competitive advantage.
- Together, FS and KKR will offer a comprehensive set of lending solutions to a broader universe of borrowers and we believe we will deliver value for investors with enhanced deal flow, attractive proprietary investment opportunities, reduced fees and disciplined risk management.
- We believe KKR is the right partner to adapt to the changing markets and grow stockholder value due to the following reasons:
  - KKR will seek exemptive relief to allow the FSIC BDCs to co-invest pro rata with KKR's credit accounts, helping to significantly expand investment opportunities.

- A combination of the FSIC BDC and KKR BDC platforms, representing approximately $13.7 billion and $4.6 billion in assets as of September 30, 2017, respectively, would create the largest BDC manager with unrivaled scale and breadth which we believe, in turn, should drive significant cost savings.
- We believe the stability and certainty of being co-owners of the Funds' adviser through a partnership aligns the interests of FS and KKR and ensures a deep commitment of each firm's time, attention and capital to make investments with strong risk-adjusted returns for investors over the long-term.

- The boards of directors for each of the FSIC Funds and CCT have recommended that the stockholders of each Fund vote in favor of the new investment advisory agreements with KKR and FS, respectively, as well as the joint venture. The CCT II board of directors will be presented with the opportunity to participate in the new partnership in the coming weeks.

4. Why is this transaction beneficial for stockholders?

- With more than $18 billion in combined BDC assets under management between the FSIC BDCs and KKR BDCs as of September 30, 2017, we believe the FS / KKR partnership will create a platform with significant scale, differentiated origination capabilities and a breadth of financing solutions across direct lending, capital markets, and global structured finance.
  - Expands investment opportunities:
    - In connection with the transaction, KKR will seek interpretive guidance from the SEC or a new exemptive relief order that will allow the FSIC BDCs to co-invest with KKR's credit accounts.
    - KKR Capital Markets: 40+ professionals providing an expanded source of deal flow, real-time market intelligence and continuous dialogue with issuers and sponsors.
    - Asset Based Finance: Originate proprietary investments in specialty finance companies with the potential to generate enhanced returns.
    - Non-Sponsor / Direct Coverage: Expanded deal sourcing and access to new origination sources, such as family offices and other institutions.
  - Expected to lower investor costs of the FSIC BDC platform:
    - Upon each FSIC BDC's entry into the new advisory agreements, the base management fee of each Fund will be permanently lowered from 1.75% to 1.50% of such Fund's gross assets.
    - With more than $18 billion in combined BDC assets under management between the FSIC BDCs and CCT I & II as of September 30, 2017, the unrivaled scale of a combined FSIC BDC and KKR BDC platform can be leveraged to drive meaningful expected cost savings, including the reduction in administrative expenses and borrowing costs.
  - Provides clear steps to a liquidity event for FSIC II, FSIC III, FSIC IV:
    - Each Fund currently intends to begin soliciting stockholder approval of the new investment advisory agreements, as applicable, in January 2018.
    - Additionally, FS and KKR currently intend to evaluate the possibility of a liquidity event for FS's non-traded BDCs following approval of the new advisory agreements.
    - In addition to providing FSIC II, FSIC III and FSIC IV stockholders a potential path to liquidity, we expect merging the non-traded Funds with the public entities would drive significant cost savings and help grow stockholder value.

5. Will the investment strategies of the Funds change?

- No. There will be no change to the investment strategies or investment objectives of the FSIC BDCs, which are to generate current income and, to a lesser extent, long-term capital appreciation by investing in the securities of private U.S. middle market companies.

6. Will there be any changes to the Funds' fee structures?

- Upon each FSIC BDC's entry into the new advisory agreements, the base management fee for each Fund will be permanently lowered from 1.75% to 1.50% of such Fund's gross assets, and the "hurdle rate" above which each Fund earns its subordinated incentive fee on income will be reduced.
- Management fees will be removed from the FSIC incentive fee lookback calculation for quarters ending after January 1, 2018.
- Furthermore, we expect the Funds to leverage the broad scale of the combined FS and KKR platform to help reduce fund expenses, including administrative expenses (printing, professional services, etc.) and borrowing costs.

7. Will there be a special meeting for stockholders of each Fund to vote on the new investment advisory agreements?

- Yes. The Funds currently intend to begin soliciting stockholder approval of the new investment advisory agreements, as applicable, in January 2018.
- Each Fund will have its own special stockholder meeting. We expect these meetings to take place in March 2018.
- Additional details can be found in the preliminary proxy statements that each Fund will file with the Securities and Exchange Commission (SEC) at www.sec.gov and are available at www.FSproxy.com.

8. When do you expect the new advisory agreements to be approved?

- Each Fund will file a preliminary proxy statement with the SEC which will be available at www.sec.gov and at www.FSproxy.com.
- It is expected that proxy materials, including the definitive proxy statements, will be mailed to each of the Funds' stockholders to begin soliciting approval of the new investment advisory agreements, as applicable, in January 2018.
- We expect the meetings to take place in March 2018.

9. As an investor in a Fund, what do I need to do next?

- Each Fund will file a preliminary proxy statement with the SEC, which can be viewed at www.FSproxy.com.
- It is expected that proxy materials, including the definitive proxy statements, will be mailed to the Funds' stockholders to begin soliciting approval of the new investment advisory agreements, as applicable, in January 2018.
- If you have any questions please call FS at 833-536-4196.

10. Will the announcement have any effect on the fourth quarter 2017 tender process for FSIC II, FSIC III or FSIC IV?

- FSIC II, FSIC III and FSIC IV will each still make its respective normal quarterly share repurchase offer, commencing the second week of December 2017.
- Material terms of the share repurchase offer will be consistent with the prior quarter.

11. Will the Funds bear any transaction costs associated with the proxy statement and related solicitation?

- No. All costs associated with the proxy statement and related solicitation will be borne by FS and KKR.

12. How long do you expect the exemptive relief application to take before it is effective?

- There is no guarantee exemptive relief will be received at all or during a defined timeframe.

- Regardless of the timing for exemptive relief approval, the FS BDCs will have the ability to participate pro rata in KKR Credit's deal flow upon receipt of shareholder approval for the co-investment advisory agreements

13. How long will GSO Capital Partners (GSO) remain the sub-adviser to the FSIC Funds?

- GSO intends to resign as the sub-adviser to the FSIC Funds in April 2018.
- FS, GSO and KKR will work together to ensure a smooth transition.

14. How will the Funds be advised and serviced prior to the approvals of the new advisory agreements?

- GSO intends to resign as the sub-adviser to the FSIC Funds in April 2018. The applicable FS investment adviser (each an "FS Adviser") will continue providing advisory services to the Funds applicable FS Adviser to the current advisory agreements and KKR will provide non-advisory services and deal flow to the FS Advisers (as defined below) through a sourcing and administrative services agreement until stockholder approvals for the new investment advisory agreements are obtained.

15. Is a merger of FSIC & CCT currently being contemplated?

- Our primary focus is on receiving stockholder approval from the four FSIC funds and two CCT funds for the new co-advisory and joint advisory investment agreements.
- Additionally, FS and KKR currently intend to evaluate the possibility of a liquidity event for FS's non-traded BDCs following stockholder approval of the new advisory agreements.

16. Will the name of the FSIC BDCs change?

- No. At this time, FS does not intend to change the name of any of the FSIC BDCs.

17. Are changes expected to be made to each FSIC BDC Board as a result of this transaction?

- FS and KKR have agreed that upon stockholder approval of the new investment advisory agreements with respect to a Fund and subject to nomination by and approval by the board of directors of the Fund (each a "Board"):
  - The applicable FS Adviser will be entitled to recommend the appointment of one "interested" director to each CCT Board and KKR will be entitled to recommend the appointment of one "interested" director to each FSIC Board;
  - In the event that either an FS Adviser or KKR has more than one appointee serving as an "interested" director to a Board, such party will use its reasonable best efforts to cause the resignations of such excess number of its appointed "interested" directors as promptly as practicable;
  - KKR will be entitled to recommend the appointment of one independent director to the Board.
- Each FS Adviser has agreed to recommend to the applicable Board that the size of the Board be reduced over a period of one year from the date such Fund enters into a new investment advisory agreement to no more than nine directors.

FORWARD-LOOKING STATEMENTS

This document may contain certain “forward-looking” statements as that term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995, including statements with regard to future events or the future performance or operations of FS Investment Corporation, FS Investment Corporation II, FS Investment Corporation III and FS Investment Corporation IV (collectively, the “Funds”). Words such as “believes,” “expects,” “projects,” and “future” or similar expressions are intended to identify forward-looking statements. These forward-looking statements are subject to the inherent uncertainties in predicting future results and conditions. Certain factors could cause actual results to differ materially from those projected in these forward-looking statements. Factors that could cause actual results to differ materially include changes in the economy, risks associated with possible disruption to a Fund’s operations or the economy generally due to terrorism or natural disasters, future changes in laws or regulations and conditions in a Fund’s operating area, failure to obtain requisite stockholder approval for the Proposals (as defined below) set forth in the Proxy Statements (as defined below), failure to consummate the transactions contemplated by the agreement between FS Investments and KKR, the failure or inability to obtain exemptive relief as described in the Proxy Statements, and the price at which shares of FSIC’s common stock trade on the New York Stock Exchange. Some of these factors are enumerated in the filings the Funds made with the Securities and Exchange Commission (the “SEC”) and will also be contained in the Proxy Statements when such documents become available. The inclusion of forward-looking statements should not be regarded as a representation that any plans, estimates or expectations will be achieved. Any forward-looking statements speak only as of the date of this communication. Except as required by federal securities laws, the Funds undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on any of these forward-looking statements.

ADDITIONAL INFORMATION AND WHERE TO FIND IT

This document relates to proposed new investment advisory agreements for the Funds (collectively, the “Proposals”). In connection with the Proposals, each Fund intends to file relevant materials with the SEC, including a proxy statement on Schedule 14A (each a “Proxy Statement”). 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 THE FUNDS ARE URGED TO READ ALL RELEVANT DOCUMENTS FILED WITH THE SEC, INCLUDING ANY PROXY STATEMENT, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSALS. Investors and security holders will be able to obtain the documents filed with the SEC free of charge at the SEC's web site, www.sec.gov, from FS Investments’ website at www.fsinvestments.com and FS Investment Corporation’s website at www.fsinvestmentcorp.com.

PARTICIPANTS IN THE SOLICITATIONS

The Funds and their respective directors, trustees, executive officers and certain other members of management and employees, including employees of FS Investments, KKR and their respective affiliates, may be deemed to be participants in the solicitation of proxies from the stockholders of the Funds in connection with the Proposals. Information regarding the persons who may, under the rules of the SEC, be considered participants in the solicitation of the Funds' stockholders in connection with the Proposals will be contained in the Proxy Statements when such documents become available. These documents may be obtained free of charge from the sources indicated above.

Frequently asked questions

FS ENERGY & POWER FUND

1. What are the details of the announced transaction?

- Affiliates of FS Investments (FS) and EIG Global Energy Partners (EIG), a global alternative investment firm, announced their agreement to form a joint venture to manage FS Energy & Power Fund (FSEP or the Fund), subject to shareholder approval and the satisfaction of other conditions.
- The FS/EIG joint venture is expected to create a platform with significant scale, enhanced deal flow, attractive proprietary investment opportunities and the ability to provide flexible financing solutions to a broader universe of energy companies and assets across the capital structure.
- In addition, EIG is seeking an exemptive relief order that will allow FSEP to co-invest with EIG's other funds and accounts, which we believe will provide the Fund with enhanced deal flow and, in turn, potentially improved portfolio diversification.
- FSEP is now able to co-invest with certain EIG funds. Once shareholders approve the new advisory agreement and the Fund enters into the joint venture, FSEP will be able to co-invest across the full EIG platform, subject to receipt of exemptive relief.[1]
- FSEP's investment adviser will waive 0.25% its of annual base management fees beginning on January 1, 2018 so that the total annual base management fee charged to FSEP, post-waiver, is equal to 1.75%. Upon entry into the new advisory agreement, the annual base management fee will be permanently lowered from 2.00% to 1.75%. In addition, FSEP's investment adviser and the joint venture investment adviser will waive incentive fees on income for the 2018 calendar year.
- FSEP will lower its annualized distribution amount from $0.71 per share to $0.50 per share, effective January 2018. As further discussed below, we believe this is a necessary step in advance of a potential public listing and will provide FSEP with greater flexibility to grow NAV and reposition the portfolio to potentially generate attractive long-term returns.[2]
- Finally, FSEP will target a liquidity event 12 to 18 months following the consummation of the FS/EIG new advisory agreement. While a liquidity event could be in the form of a listing, merger or sale of the portfolio, management currently believes that a listing is the most likely path for a liquidity event.

2. Who is EIG?

- EIG specializes in private investments in energy and energy-related infrastructure on a global basis and oversaw approximately $17.0 billion in assets under management as of September 30, 2017.
- Since 1982, EIG has been one of the leading providers of institutional capital to the global energy industry, providing financing solutions across the balance sheet for companies and projects in the oil and gas, midstream, infrastructure, power and renewables sectors globally.
- During its 35-year history, EIG has committed more than $24.3 billion in the energy sector through 321 portfolio investments in 36 countries on six continents.[3]
- EIG is currently organized across three investment strategies, all focused on the global energy and infrastructure industry:
  - the Direct Lending platform, consisting of the Global Project Funds and related funds and accounts, to address the most senior segment of the capital structure (16-year track record);

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[1] There is no guarantee this exemptive relief will be received in part or at all.
[2] The timing of any liquidity event is uncertain, cannot be assured and is subject to, among other factors, board approval and market conditions.
[3] EIG data as of September 30, 2017.

– the Energy Funds, which are focused primarily on the middle segment of the capital structure (35-year track record); and

– Harbour Energy, Ltd., which is an EIG-sponsored upstream and midstream energy company, through which EIG pursues control and near-control equity investments, primarily outside of the United States (3-year track record).

– The firm employs more than 60 energy investment professionals and is headquartered in Washington, D.C., with offices in Houston, London, Sydney, Rio de Janeiro, Hong Kong and Seoul. For more information, please visit www.eigpartners.com.

3. Why is EIG the right partner to help manage FSEP?

- The energy investing environment and broader energy markets are vastly different today compared to the time of FSEP's launch in July 2011. We believe partnering with a leading institutional manager focused exclusively on the energy industry will help ensure we deliver attractive performance for our investors in the coming years, expand investment opportunities, enhance portfolio diversification, and could help to increase portfolio yield and net asset value over the long-term.
- After looking for the best solution, we believe EIG is the right partner to adapt to the changing energy market and grow shareholder value due to the following reasons:
  – Long, successful track record with a singular focus on the energy industry. EIG has a global investment platform focused exclusively on the energy industry. The firm's global platform supports seven offices on five continents and has partnered with more than 321 companies in 36 countries. The firm and its team of over 60 investment professionals focus on the entire energy value chain from upstream to midstream and power and renewables. Given their deep experience in the changing global energy markets, FS believes EIG is strongly positioned to work with us as our partner.

  – Ability to co-invest alongside EIG's institutional funds and accounts. EIG is seeking an exemptive relief order to allow FSEP to co-invest alongside EIG's institutional funds, which could significantly expand investment opportunities and diversify FSEP's portfolio.

  – Specialized technical expertise. EIG has substantial in–house technical expertise. EIG has 14 engineers and geologists, each of whom on average has approximately 21 years of industry experience. This in-house technical capability enables EIG's investment teams to work closely with its portfolio investments as projects develop to mitigate risk, contributing insight but also responding quickly and intelligently as construction or development issues arise. This team also benefits from a technology and data advantage with access to proprietary monthly data on over 16,000 oil and gas wells around the world.

4. Why is this transaction beneficial for FSEP shareholders?

- We believe the transaction provides the following benefits to investors:
  – Access leading energy investment manager with a singular focus on energy investing. EIG has a global investment platform focused exclusively on the energy industry, including a 35-year track record focused on originating private energy and infrastructure loans. The firm's global platform supports seven offices on five continents and has partnered with 321 companies in 36 countries. The firm and its team of over 60 investment professionals focus on the entire energy value chain from upstream to midstream and power and renewables. Given their deep experience in the changing global energy markets, FS believes EIG is strongly positioned to work with us as our partner.

  – Expanded investment opportunities. In connection with the transaction, EIG is seeking an exemptive relief order that will allow FSEP to co-invest with EIG's other funds and accounts.[4]

[4] There is no guarantee this exemptive relief will be received in part or at all.

This will provide FSEP with an opportunity to invest alongside some of the largest institutional investors in the world.

  - We believe that EIG's singular focus on the energy industry, its long and successful history across the energy-value chain and its global footprint provide a competitive sourcing advantage.
  - Nearly all EIG investments are sourced on a proprietary basis, which we believe allows for more customized financing solutions and terms as well as less competition.
  - EIG senior professionals will be responsible for sourcing and otherwise generating investment opportunities for FSEP and EIG's other funds and accounts.

– Enhanced portfolio diversification

  - EIG's robust energy credit platform may potentially provide greater opportunities to enhance portfolio diversification.
  - Since 1982, EIG has been one of the leading providers of institutional capital to the global energy industry, providing financing solutions across the balance sheet for companies and projects in the oil & gas, midstream, infrastructure, power and renewables sectors globally.

– Reduced fees

  - FSEP's investment adviser will waive 0.25% of annual base management fee beginning on January 1, 2018 so that the total annual base management fee, post-waiver, is equal to 1.75%.
  - Upon entry into the new advisory agreement, the annual base management fee will be permanently lowered from 2.00% to 1.75%.
  - In addition, FSEP's investment adviser and the joint venture investment adviser will waive incentive fees on income for the 2018 calendar year.

– Provides clear steps toward a liquidity event

  - FSEP will target a liquidity event 12 to 18 months following the formation of the FS/EIG joint venture and consummation of the new advisory agreement.
  - While a liquidity event could be in the form of a listing, merger or sale of the portfolio, management currently believes that a listing is the most likely path for a liquidity event.
  - As further discussed below, effective January 2018, FSEP's annualized distribution amount will be lowered from $0.71 per share to $0.50 per share. We believe this is a necessary step towards a public listing.

5. Will FSEP's investment objectives change?

- No. There will be no change to FSEP's investment objectives, which are to generate current income and long-term capital appreciation by investing in the securities of energy companies.

6. Will FSEP's distribution amount change?

- Yes. Effective January 2018, FSEP's annualized distribution amount will be lowered from $0.71 per share to $0.50 per share.[5]

7. Why is FSEP lowering its distribution amount?

- Since its inception in 2011, FSEP has raised its distribution amount 11 times, totaling approximately $0.08 per share on an annualized basis and has never lowered its distribution amount – including during the downturn in the commodity cycle beginning in late 2014.
- However, as a result of the decline in commodity prices from 2014 to early 2016, FSEP experienced an increase in defaults and restructurings, which resulted in the Fund exchanging a

[5] The payment of future distributions on FSEP's shares are subject to the discretion of FSEP's board of trustees and applicable legal restrictions and, therefore, there can be no assurance as to the amount or timing of any such future distributions.

number of its senior debt investments for equity. In light of these conditions and as a result of these restructurings, FSEP's allocation to non-income producing equity investments has increased and remains above its historical average.

- FSEP's elevated equity allocation as well as the need to redeploy capital from repayments in today's generally tight yield environment, has placed pressure on FSEP's ability to cover its distribution through net investment income.
- Resetting the distribution will provide greater flexibility to generate total returns absent the need to focus on the highest income opportunities to meet the distribution. In addition, by resetting the distribution to a more sustainable level, the Fund may be better positioned to generate net investment income in excess of its distribution. This could, in turn, help grow FSEP's net asset value over time and or increase distributions in the future.[6]
- Furthermore, we believe resetting FSEP's annualized distribution amount is a necessary step towards a public listing of the Fund.
- Finally, the annualized distribution amount reset will be accompanied by the waiver in the management fees from 2.00% to 1.75% as well as a waiver of the income incentive fee for 12 months, effective January 2018.

8. Will there be any changes to the fee structure of FSEP?

- Yes. FSEP's investment adviser will waive 0.25% of its annual base management fee beginning in January 1, 2018 so that the total annual base management fee, post-waiver is equal to 1.75%.
- Upon entry into the new advisory agreement, the annual base management fee will be permanently lowered from 2.00% to 1.75%.
- In addition, FSEP's investment adviser and the joint venture investment adviser will waive incentive fees on income for the 2018 calendar year.

9. Will there be a special meeting for shareholders to vote on this transaction?

- Yes. FSEP currently intends to begin soliciting shareholders in January 2018 to approve the new advisory agreement, a post-listing JV investment advisory agreement and certain amendments to the Fund's declaration of trust related to effecting a listing of the Fund's shares.
- FSEP will hold a special shareholder meeting, which we currently expect to take place in mid to late-March 2018.
- Additional details can be found in the preliminary proxy statement that FSEP has filed with the Securities and Exchange Commission (SEC) at www.sec.gov and is available at www.FSproxy.com.
- FSEP's board of trustees recommends that the shareholders of FSEP vote in favor of the new investment advisory agreements with the FS/EIG joint venture and the amendments to the Fund's declaration of trust to effectuate a listing of FSEP.

10. When do you expect the new advisory agreement to be approved?

- FSEP has filed a preliminary proxy statement with the SEC which is available at www.sec.gov and at www.FSproxy.com.
- Proxy solicitation materials, including the definitive proxy statement, will be sent to shareholders in early to mid-January 2018.
- FSEP will hold a special shareholder meeting to vote on the new advisory agreement (and certain other matters, including a post-listing advisory agreement), which we expect to occur in mid to late-March 2018.

[6] There is no guarantee that net asset value or distribution yield increases will be achieved. Past performance is no guarantee of future results.

- The vote to approve the new advisory agreement requires a vote of the majority of the outstanding voting securities of the Fund, as fully described in the Proxy Statement.

11. As an investor in FSEP, what do I need to do next?

- FSEP has filed a preliminary proxy statement with the SEC, which can be viewed at www.FSproxy.com.
- Proxy materials, including the definitive proxy statement, will be mailed to all FSEP shareholders to begin soliciting approval of the new advisory agreement in January 2018.
- If you have any other questions please call FS at 833-536-4196.

12. Will the announcement have any effect on the fourth quarter 2017 tender process?

- FSEP will still make its normal quarterly share repurchase offer.
- Material terms of the share repurchase offer will be consistent with the prior quarter.
- We expect the tender offer to commence upon the mailing of tender paperwork to shareholders of FSEP on December 11, 2018, and to be processed in early January 2018.

13. Will FSEP bear any transaction costs associated with the proxy?

- No. All costs associated with the proxy statement will be borne by FS's affiliated investment adviser, FS Investment Adviser, LLC (the FS Adviser) or EIG.

14. How long do you expect the exemptive relief application to take before it is effective?

- We anticipate the exemptive relief application to allow FSEP to co-invest with affiliated accounts of EIG to be received within 6-12 months; however, there is no guarantee exemptive relief will be received at all or during such time frame.

15. How long will GSO Capital Partners remain the sub-advisor to FSEP?

- GSO intends to resign as the sub-adviser to FSEP in April 2018.
- FS, GSO and EIG will work together to ensure a smooth transition.

16. How will FSEP be managed prior to the approval of the new advisory agreement?

- EIG will provide non-advisory services to FSEP until FSEP's entry into the new investment advisory agreement with the FS/EIG joint venture.
- As part of this transaction, FS and GSO have agreed to conclude their relationship with respect to all of FS' sponsored funds that are sub-advised by GSO, including FSEP, in April 2018.
- FS, GSO and EIG will work together to ensure a smooth transition.

17. Are changes expected to be made to the Board as a result of this transaction?

- Upon entry into the new Investment Advisory Agreement,
  - EIG will be entitled to recommend the appointment of one interested trustee to the Board of Trustees of FSEP (the Board) and the FS Adviser will be entitled to recommend the appointment of at least one interested trustee to the Board; and
  - upon the occurrence of certain events, EIG and FS Advisor will be allocated the right to recommend the appointment of an equal number of "interested" trustees to the Board.

FORWARD-LOOKING STATEMENTS

This communication may contain certain “forward-looking” statements as that term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995, including statements with regard to future events or the future performance or operations of FS Energy and Power Fund (“FSEP”). Words such as “believes,” “expects,” “projects,” and “future” or similar expressions are intended to identify forward-looking statements. These forward-looking statements are subject to the inherent uncertainties in predicting future results and conditions. Certain factors could cause actual results to differ materially from those projected in these forward-looking statements. Factors that could cause actual results to differ materially include changes in the economy, risks associated with possible disruption of FSEP’s operations or the economy generally due to terrorism or natural disasters, future changes in laws or regulations and conditions in FSEP’s operating area, failure to obtain requisite shareholder approval for the Proposal (as defined below) set forth in the Proxy Statement (as defined below), failure or inability to obtain an exemptive relief order, or an amendment to an existing exemptive relief order, from the SEC and failure to consummate the transactions contemplated by the master agreement between FS Investments and EIG Global Energy Partners (“EIG”). Some of these factors are enumerated in the filings FSEP made with the Securities and Exchange Commission (the “SEC”) and will also be contained in the Proxy Statement when such documents become available. The inclusion of forward-looking statements should not be regarded as a representation that any plans, estimates or expectations will be achieved. Any forward-looking statements speak only as of the date of this communication. Except as required by federal securities laws, FSEP undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on any of these forward-looking statements.

ADDITIONAL INFORMATION AND WHERE TO FIND IT

This communication relates to proposed new investment advisory agreements for FSEP (the Proposal). In connection with the Proposal, FSEP intends to file relevant materials with the SEC, including a proxy statement on Schedule 14A (the “Proxy Statement”). 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. SHAREHOLDERS OF FSEP ARE URGED TO READ ALL RELEVANT DOCUMENTS FILED WITH THE SEC, INCLUDING ANY PROXY STATEMENT, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSAL. Investors and security holders will be able to obtain the documents filed with the SEC free of charge at the SEC's web site, http://www.sec.gov and from FS Investments’ website at www.fsinvestments.com.

PARTICIPANTS IN THE SOLICITATION

FSEP and its respective trustees, executive officers and certain other members of management and employees, including employees of FS Investments, EIG and their respective affiliates, may be deemed to be participants in the solicitation of proxies from the shareholders of FSEP in connection with the Proposal. Information regarding the persons who may, under the rules of the SEC, be considered participants in the solicitation of FSEP's shareholders in connection with the Proposal will be contained in the Proxy Statement when such document becomes available. These documents may be obtained free of charge from the sources indicated above.

FS GLOBAL CREDIT OPPORTUNITIES FUND

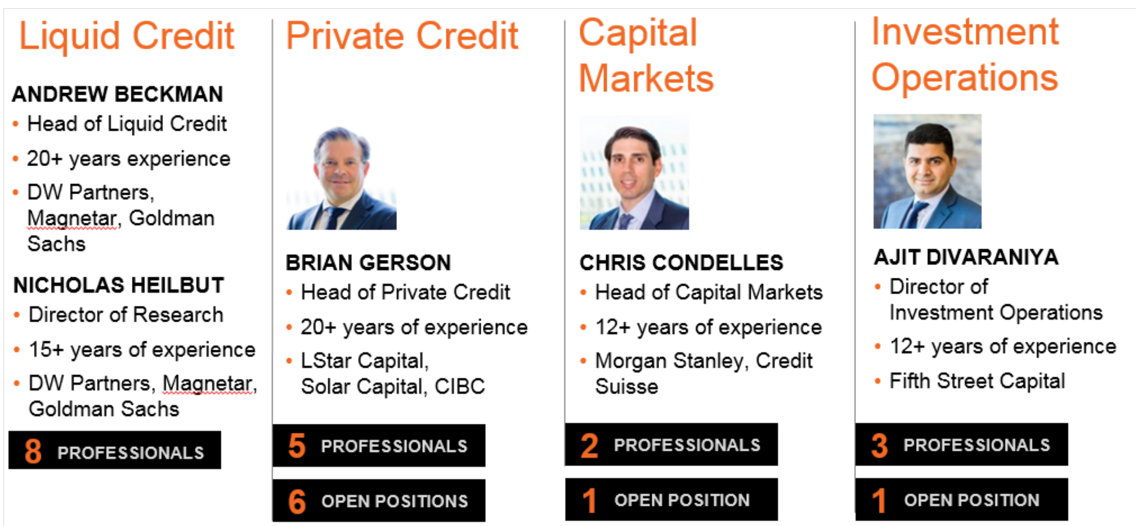
1. What are the details of the announced transaction?

- FS Investments (FS) announced the expansion of its credit investment team and the hiring of Andrew Beckman to head its event-driven credit team, which will manage FS Global Credit Opportunities Fund (FSGCO or the Fund).
- Mr. Beckman joins FS as Head of Liquid Credit and will serve as Portfolio Manager for FSGCO. Prior to joining FS, Mr. Beckman served as Head of Corporate Credit and Special Situations at DW Partners. DW was founded in 2008 as the fundamental credit group at Brevan Howard, one of the world's largest hedge fund managers.
  - Prior to DW Partners, Mr. Beckman built and managed Magnetar Capital's Event-Driven Credit business as the head of the Event Credit and the Credit Opportunities Fund, managing over $2 billion.
  - Prior to Magnetar, Mr. Beckman was Co-Head of Goldman Sachs' Special Situations Group's Multi-Strategy Investing business.
- FS Global Advisor, LLC (FS Global Advisor), a subsidiary of FS Investments, will serve as the sole investment adviser to FSGCO. FS Global Advisor currently serves as the investment adviser to FSGCO with the assistance of GSO Capital Partners (GSO) as a sub-adviser.
- FSGCO's investment adviser will waive 0.50% of annual base management fee for the 12-month period beginning January 1, 2018, so that the annual base management fee, post-waiver, is equal to 1.50%.
- In addition, FSGCO's investment adviser will waive incentive fees for the 12-month period beginning January 1, 2018.
- The annualized distribution amounts of the FSGCO Funds will be lowered, effective January 2018.
  - Fund—A and Fund—D's annualized distribution amounts will be lowered from $0.89 to $0.51 per share;
  - Fund—ADV's annualized distribution amounts will be lowered from $0.66 to $0.46 per share; and
  - Fund—T and Fund—T2's annualized distribution amounts will be lowered from $0.62 to $0.41 per share.
  - We believe lowering the distribution amounts of the FSGCO Funds is a necessary step in advance of a potential liquidity event. A liquidity event could be in the form of a merger, sale of the portfolio or listing.[1]

[1] The payment of future distributions on the FSGCO Funds' shares are subject to the discretion of such fund's board of trustees and applicable legal restrictions and, therefore, there can be no assurance as to the amount or timing of any such future distributions.

2. Why did FSGCO's board of trustees approve FS Global Advisor to serve as the Fund's sole investment adviser?

- Ability to attract and hire a seasoned credit team with a singular focus on event-driven and special situations investing
  - The size and scale of the Fund provides FS with the opportunity to attract a hand-selected credit investment team to be led by Andrew Beckman. Mr. Beckman has a deep knowledge of and network in event-driven and special situations credit investing borne out of his experience at Goldman Sachs, Magnetar and DW Partners.
  - Elimination of redundant functions performed by FS and GSO allows for 12-month management fee and incentive fee waivers effective January 2018.
  - Expansion of internal credit investment team. FS has increased the personnel providing advisory and support services to the Fund, both through the dedication of existing resources and the hiring of new professionals. In addition to the hiring of Andrew Beckman as Head of Liquid Credit, FS expects to announce five to seven additional hires in the near future to support FSGCO's investment operations.



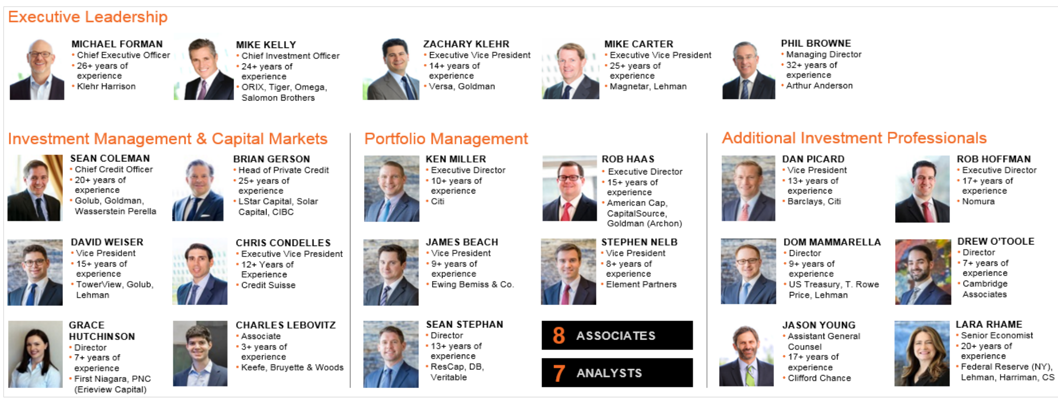
BRIAN GERSON

- Mr. Gerson serves as Head of Private Credit at FS Investments and joins FS with more than 20 years of experience in credit investing and corporate lending, with specific expertise in lending through BDCs. He most recently served as Group Head and Managing Director at LStar Capital, the credit affiliate of Lone Star Funds.
- At LStar, Mr. Gerson developed and maintained deep relationships with the financial sponsor community and middle market intermediaries while significantly expanding LStar's corporate credit business.
- Prior to joining LStar, Mr. Gerson was a founding member of Solar Capital Partners, which serves as investment adviser to two yield-oriented BDCs. At Solar Capital, he spent seven years in various credit, origination, management, and business development roles, most recently serving as Executive Vice President of Solar Capital Limited. Prior to joining Solar Capital, Mr. Gerson spent 12 years in various positions, including Managing Director at CIBC World Markets in its Leveraged Finance and Financial Sponsors Group.

CHRIS CONDELLES

- Mr. Condelles serves as Head of Capital Markets and Investor Relations at FS Investments. He joined the firm following 11 years with Credit Suisse where he most recently served as Head of U.S. Credit and Financing Solutions, overseeing a team of trading, structuring, credit analyst and sales personnel. In addition to running several businesses at Credit Suisse, Mr. Condelles was an Executive Committee member and the Global Treasurer of Credit Suisse's Global Credit Products group.
- Mr. Condelles has a noteworthy track record of leading and co-leading significant transactions in the financial services industry, including the financial package for Canada Pension Plan Investment Board's $12 billion acquisition of Antares Capital from GE Capital, a recent private $3.6 billion acquisition of a middle market loan portfolio and a private $2.6 billion financing of a distressed loan portfolio.

FS INVESTMENT PROFESSIONALS



These individuals serve the following functions:

- Identifying new investments for the Fund
- Overseeing the Fund's investment portfolio
- Leading the advisory oversight of the Fund's operations, portfolio and governance.

– Expansion of administrative and operational resources to ensure that the Fund is able to operate without interruption during the transition period. This includes:

- Hiring additional operational personnel
- Engaging third parties to provide the support services previously provided by GSO
- Implementing technology solutions to further expand capabilities and develop the adviser's front-, middle- and back-office operations.
- To expand upon FS's administrative and operational resources, FS hired Ajit Divaraniya in August 2017 as Director of Investment Operations. Mr. Divaraniya brings over nine years of buy-side credit experience in managing operations, middle office, reporting and systems architecture.
- Most recently, Mr. Divaraniya was Vice President of Fund Operations at Fifth Street Asset Management where he was responsible for building and managing the middle and back office teams and overseeing all development efforts around enterprise applications. Previously, he served as a senior associate on the structured products desk at Black Diamond Capital, where he was in charge of modeling and reporting for all CLOs. Prior to that, Mr. Divaraniya spent over three years as a finance associate at Silver Point Capital, responsible for all aspects of CLOs, TRS facilities, and middle office reporting. Mr. Divaraniya launched his career at Barclays Capital as an analyst supporting loan trading and principal finance teams. Mr.

Divaraniya manages operations and provides middle office oversight for all of the investment products sponsored by FS.

- Focus on a more-concentrated portfolio of liquid credit investments. FSGCO invests primarily in large, liquid broadly syndicated loans and high yield bonds. These securities typically trade in an active "over-the-counter" secondary market (non-exchange traded) comprised by many participants including banks, bank loan and high yield mutual funds, hedge funds, insurance companies and other institutional investors.
  - Given the more-liquid nature of the syndicated markets compared to the private debt (direct originations) market, the resources required to identify, source and manage liquid credit investments are significantly less than the infrastructure and personnel required to originate and manage private debt investments.
  - We believe the recent increases FS has made in personnel providing advisory and support services to the Fund, including the new hires noted above and the announced hiring of Andrew Beckman, a seasoned credit professional with deep experience and a strong track record in special situations and event-driven strategies, provide the Fund with the experience and depth necessary to build a portfolio of differentiated value for our investors.

3. Why is this transaction beneficial for FSGCO investors?

- We believe the transaction provides the following benefits to investors:
  - Build a portfolio that offers differentiated value. The Fund will seek to reduce the number of portfolio holdings and build a portfolio of differentiated value by rotating out of select investments and focusing on:
    - Investments with return premiums due to complexity, illiquidity or corporate events
    - Public investments misunderstood by the market and niche private investments
  - Manage portfolio volatility. The Fund will seek to reduce and exit positions that may present a high risk of loss as well as investments that tend to be highly correlated with the high yield bond market.
  - Reduced fees.
    - FSGCO's investment adviser will waive 0.50% of its annual base management fee for the 12-month period beginning in January 2018, so that the annual base management fee, post-waiver, is equal to 1.50%.
    - In addition, FSGCO's investment adviser will waive incentive fees for the 12-month period beginning in January 2018.
  - Prepare for a potential liquidity event.
    - As of December 2017, FSGCO completed its fourth full year of operations. We continue to manage and prepare the Fund and portfolio for an eventual liquidity event.
    - As further discussed below, we believe lowering the Funds' distribution amounts is a necessary step towards a potential liquidity event.

4. Will FSGCO's investment objectives change?

- No. There will be no change to FSGCO's investment objectives.
- The Fund's primary investment objective is to generate an attractive total return consisting of a high level of current income and capital appreciation, with a secondary objective of capital preservation.
- The Fund will continue to focus on event-driven, special situations and market-price inefficiency investments, which often includes distressed debt.
- In addition, we believe that rotating out of select investments and building a more concentrated portfolio of differentiated investments will help the Fund to better deliver on its existing investment objectives.

5. Will the distribution amount for the FSGCO Funds change?

- Yes. The annualized distribution amounts of the FSGCO Funds will be lowered, effective January 2018.
  - Fund—A and Fund—D's annualized distribution amounts will be lowered from $0.87 to $0.51 per share;
  - Fund—ADV's annualized distribution amount will be lowered from $0.66 to $0.46 per share; and
  - Fund—T and Fund—T2's annualized distribution amounts will be lowered from $0.62 to $0.41 per share.
- We believe lowering the distribution amounts of the FSGCO Funds is a necessary step in advance of a potential liquidity event. A liquidity event could be in the form of a merger, sale of the portfolio or listing.[2]

6. Why are the distribution amounts of the FSGCO Funds changing?

- Since its inception in 2013, FSGCO and its affiliated feeder Funds have never lowered their annualized distribution amounts – including during the market downturn in 2015 as value-based bonds and loans returned -25.9% and -37.9%, respectively.[3]
- FS has supported the distributions of the FSGCO Funds through the waiver of fees and expense reimbursements and additional support payments, representing approximately $59 million to the FSGCO Funds since inception.
- During and subsequent to the market downturn, FSGCO experienced an increase in defaults and restructurings, which resulted in losses and a reduction in the principal amount available for the Fund to reinvest. As a result of a decline in NAV, the Fund's regular distribution as a percent of NAV has increased.
- In light of these conditions and given the current low yield environment, FSGCO's ability to cover the FSGCO Funds' distributions through net investment income has come under pressure.
- We believe resetting the FSGCO Funds' distribution rate is a necessary step towards an eventual liquidity event based both on the current low interest rate environment and our expectations for the portfolio in the near term. While the market environment has changed significantly since the market downturn in 2015, the Funds' total return target remains the same.
- Finally, the distribution reset will be accompanied by a 12-month waiver of the management fees from 2.0% to 1.5% as well as a 12-month waiver of incentive fees, effective January 2018.

7. Will there be any changes to FSGCO's fee structure?

- Yes. FSGCO's investment adviser will waive 0.50% of annual base management fee for a 12-month period beginning January 1, 2018, so that the annual base management fee, post-waiver, is equal to 1.50%.
- In addition, FSGCO's investment adviser will waive incentive fees for a 12-month period beginning January 1, 2018.

8. Will the announcement have any effect on the fourth quarter 2017 tender process?

- The FSGCO feeder Funds will still make their normal quarterly share repurchase offers.
- Material terms of the share repurchase offers will be consistent with the prior quarter.

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[2] The payment of future distributions on the FSGCO Funds' shares are subject to the discretion of such fund's board of trustees and applicable legal restrictions and, therefore, there can be no assurance as to the amount or timing of any such future distributions.

[3] Value-based indexes represented by the Bank of America Distressed High Yield Bond Index and the Credit Suisse Distressed Leveraged Loan Index.

- We expect the tender offers to commence upon the mailing of tender paperwork to shareholders of the FSGCO feeder Funds beginning December 11, 2017, and to be processed in early January 2018.

9. How long will GSO remain the sub-adviser to FSGCO?

- GSO intends to resign as the sub-adviser to the FSGCO in April 2018.
- FS & GSO are committed to an orderly transition.

FORWARD-LOOKING STATEMENTS

This document contains statements which constitute “forward-looking” statements as that term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995, including statements with regard to future events or the future performance or operations of FS Global Credit Opportunities Fund (the “Company”) and FS Investments. Words such as “believes,” “expects,” “projects,” and “future” or similar expressions are intended to identify forward-looking statements. These forward-looking statements are subject to the inherent uncertainties in predicting future results and conditions. Certain factors could cause actual results to differ materially from those projected in these forward-looking statements. Factors that could cause actual results to differ materially include changes in the economy, risks associated with possible disruption to the Company’s operations or the economy generally due to terrorism or natural disasters, future changes in laws or regulations and conditions in the Company’s operating area, and failure to consummate the matters discussed in this document. The inclusion of forward-looking statements should not be regarded as a representation that any plans, estimates or expectations will be achieved. Any forward-looking statements speak only as of the date of this document. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on any forward-looking statements.