

FS ENERGY & POWER FUND

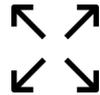
Creating a partnership with a singular focus on energy to generate income and growth

WHY THE CHANGE?



ACCESS DEEP ENERGY EXPERTISE

- EIG is a leading global energy investor, managing \$17B in energy assets¹
- Access EIG's 60+ professionals dedicated to energy investing
- Supported by existing \$30 million sponsor investment from FS employees and affiliates²



EXPAND OPPORTUNITIES + OPTIMIZE PORTFOLIO

- Ability to co-invest alongside EIG's institutional funds
- Enhance portfolio diversification by leveraging EIG's robust energy credit platform
- Increase portfolio yield over the long-term³



LOWER MANAGEMENT + INCENTIVE FEES

- Lower management fee from 2.00% to 1.75%⁴
- Waive income incentive fees for 12 months beginning in Q1 2018



PREPARE FOR LISTING

- Targeting 12–18 months following entry into the new advisory agreement⁵
- Proxy solicitation begins in January + includes provisions for listing
- Reset annualized distribution amount from \$0.71 to \$0.50 per share

¹ As of September 30, 2017.

² Sponsor investment refers to proceeds from investors affiliated with FS Investments, including members of FSEP's board of trustees. As of November 16, 2017.

³ There is no guarantee that portfolio yield increases will be achieved. Past performance is no guarantee of future results.

⁴ Based on gross assets. Waiver of base management fee to 1.75% begins January 1, 2018.

⁵ The timing of any liquidity event is uncertain, cannot be assured and is subject to, among other factors, board approval and market conditions.

A LONG-TERM PARTNERSHIP DEDICATED TO ENERGY INVESTING

EIG is a leading institutional manager focused exclusively on the energy industry

FULL ACCESS TO EIG PLATFORM

- FSEP will gain the ability to co-invest alongside EIG's institutional funds, subject to receiving exemptive relief⁴

SPECIALIZED ENGINEERING EXPERTISE

- Singular focus on energy with specialized engineers to complement investment underwriting and management

DEEP EXPERIENCE INVESTING ACROSS CAPITAL STRUCTURE

- 35-year track record investing across the energy industry and sourcing opportunities up and down the balance sheet



GLOBAL ENERGY PARTNERS

FOUNDED IN 1982

\$17B

ASSETS
UNDER
MANAGEMENT¹

35

YEARS
IN
BUSINESS

36

COUNTRIES
WITH
INVESTMENTS²

60+

ENERGY
INVESTMENT
PROFESSIONALS

DIRECT LENDING

Global Project Funds

ENERGY FUND SERIES

Hybrid debt & structured equity

ENERGY PRIVATE EQUITY

Harbour Energy

EIG ENGINEERING

~14 technical professionals to support investment due diligence and management

¹ As of September 30, 2017.

² Since inception in 1982.

³ Global Project Fund launched in 2001.

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

EXPAND INVESTMENT OPPORTUNITIES + OPTIMIZE PORTFOLIO

Enhance portfolio diversification through accessing EIG's robust investment platform

FSEP HOLDINGS BY SUBSECTOR¹

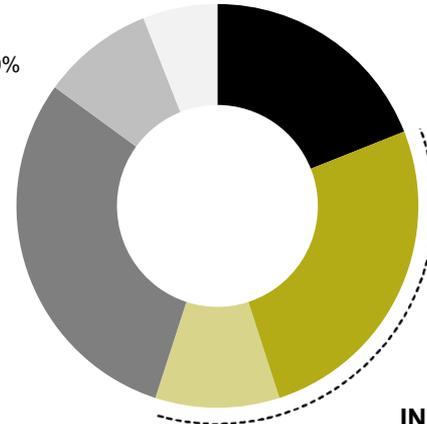
- Upstream 63%
- Midstream 11%
- Downstream 1%
- Power 7%
- Service 18%



↓
**REDUCE
UPSTREAM +
SERVICES
EXPOSURE**

EIG'S DIRECT LENDING BUSINESS BY SUBSECTOR²

- Upstream 19%
- Midstream 26%
- Other infrastructure 10%
- Power 30%
- Renewables 9%
- Resources 6%



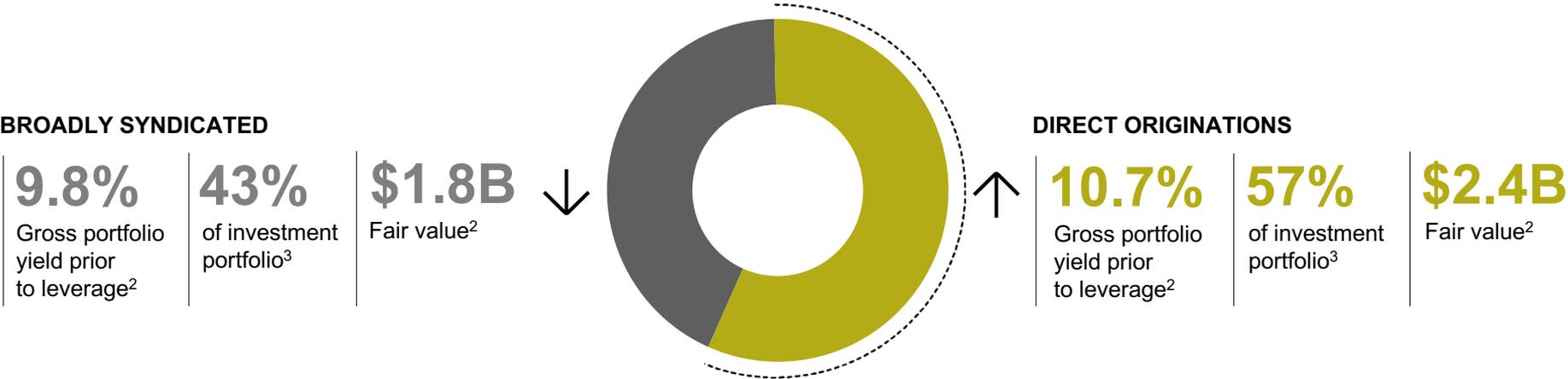
**SIGNIFICANT
FOCUS ON
MIDSTREAM +
INFRASTRUCTURE**

¹ Based on fair value as of September 30, 2017. There is no guarantee that FSEP's future investment portfolio will approximate EIG's direct lending business shown above.

² Portfolio allocations as of December 31, 2016.

FOCUS ON GROWING PORTFOLIO YIELD OVER THE LONG-TERM

Rotate out of broadly syndicated assets into higher-yielding direct originations¹



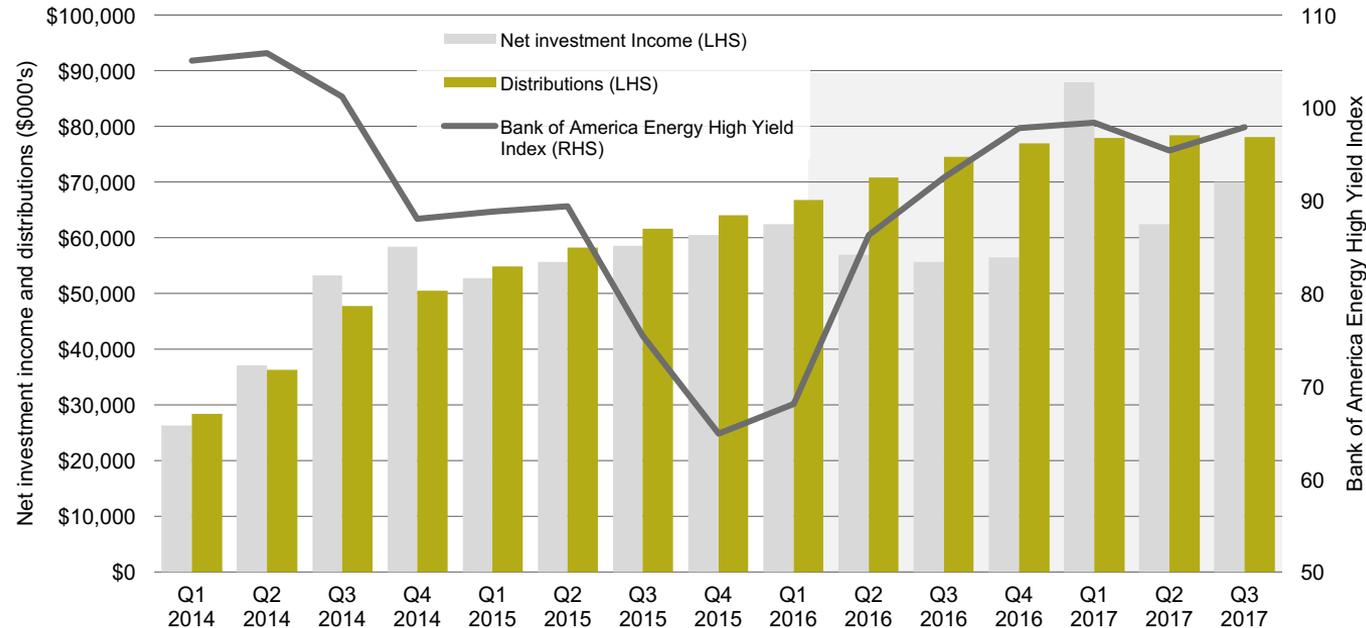
¹ There is no guarantee that gross portfolio yields will be achieved. Past performance is no guarantee of future results.

² Reflects FSEP's portfolio as of September 30, 2017 based on amortized cost and excluding non-income producing assets.

³ Based on fair value as of September 30, 2017.

RESET DISTRIBUTION TO GROW NAV AND PREPARE FOR A PUBLIC LISTING

Distribution coverage has been challenged post-commodity cycle



WE BELIEVE THIS IS A NECESSARY STEP TOWARDS A PUBLIC LISTING

- Greater flexibility to generate total returns absent the need to focus on the highest income opportunities to meet the distribution
- Reset annualized distribution amount from \$0.71 to \$0.50 per share²
- Increased annualized distribution amount 11x since inception by approximately \$0.08 per share
- Adviser fee reductions:
 - Management fee: lowered from 2.00% to 1.75%¹
 - Income incentive fee: waived for 12 months¹

ICE BofAML U.S. Energy High Yield Index is designed to track the performance of U.S. dollar-denominated high yield rated corporate debt publicly issued in the U.S. domestic energy market

¹ Waiver is effective beginning January 1, 2018.

² The payment of future distributions on FSEP's common shares is 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 distribution.

CREATING A POTENTIAL PATH TO LIQUIDITY

Proxy solicitation timeline for FSEP



The timing of any liquidity event is uncertain, cannot be assured and is subject to, among other factors, board approval and market conditions.

DISCLOSURES

FORWARD-LOOKING STATEMENTS

This presentation 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 the Company. 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, the failure of FSEP’s shareholders to approve the Proposal (as defined below), the failure or inability to obtain the exemptive relief from the Securities and Exchange Commission (the SEC) and the failure to consummate the transactions contemplated by the master agreement between FS Investments and EIG. Some of these factors are enumerated in the filings FSEP’s makes with the SEC and will also be contained in the Proxy Statement when such document becomes 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 the 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 presentation relates to proposed new investment advisory agreements for FSEP (collectively, 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 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 a Proxy Statement when such document becomes available. The Proxy Statement and other proxy solicitation documents may be obtained free of charge from the sources indicated above.