FS INVESTMENTS®

EIG

FS Energy & Power Fund

A multi-faceted approach to providing shareholder liquidity

May 23, 2023

A multi-faceted approach to providing liquidity

Overview	The Board of Trustees (the "Board") of FS Energy & Power Fund ("FSEP" or the "Fund") approved a change in the Fund's name, investment objectives and investment strategy as part of a plan to transition the Fund's investment strategy from investing primarily in private U.S. energy and power companies to a **diversified credit strategy** investing across public and private credit in a broader set of industries, sectors and subsectors. The transition is designed to help: • **Enhance the return to shareholders** • **Accelerate the timeline for a liquidity event** • **Maximize the Fund's long-term liquidity options** • **Reduce the volatility** associated with a sector-focused strategy, **commodity cycles** and **changing regulatory environment**
Fund Name	The Fund will be renamed **FS Specialty Lending Fund.**
Effective date	The effective date of the new name, investment objectives and investment strategy will be 60 days after we send our shareholders a regulatory notice regarding the changes. **We expect the effective date to occur in the third quarter of 2023**.
Manager	**FS / EIG will continue to manage the Fund.** • We expect investment professionals from FS Investments will supplement the Advisor's investment management resources to assist in the transition and management of the diversified credit portfolio, including Andrew Beckman, Head of Liquid Credit and Special Situations.
Near-term shareholder liquidity	We expect the Fund to pay **quarterly enhanced distributions**, commencing in Q3 2023 until the achievement of a long-term liquidity event. • Annualized distribution rates: 7.5% in Q3 & Q4 2023, 10.0% in 2024, 12.5% in 2025 and 15.0% in 2026 and thereafter until a liquidity event occurs. We expect a portion of the distributions will represent a return of capital, helping to accelerate near-term liquidity for shareholders.[1] The Fund's **distribution reinvestment plan (DRP) is expected be suspended** prior to the payment of any enhanced distributions.
Long-term shareholder liquidity	Seek to **achieve a liquidity event within three years** of the effective date of the investment strategy change, which could include a merger, sale of the portfolio, listing of the Fund's common shares on a national securities exchange or other transaction as determined by the Board.[2]

1. There can be no assurance that the Fund will be able to make these distributions or achieve these results. Distributions are subject to Board approval, market conditions and legal restrictions. The distribution rates shown are annualized as a percentage of the estimated net asset value (NAV) at the time of declaration. The payment of the enhanced distributions is expected to be capped at an annualized rate of 15% of the Fund's then-current net asset value beyond 2026 until the achievement of a long-term liquidity event.
2. The timing and type of a liquidity event is subject to many factors, including, but not limited to, Board approval, the pace of the portfolio rotation, Fund performance, market conditions and the best interests of shareholders.

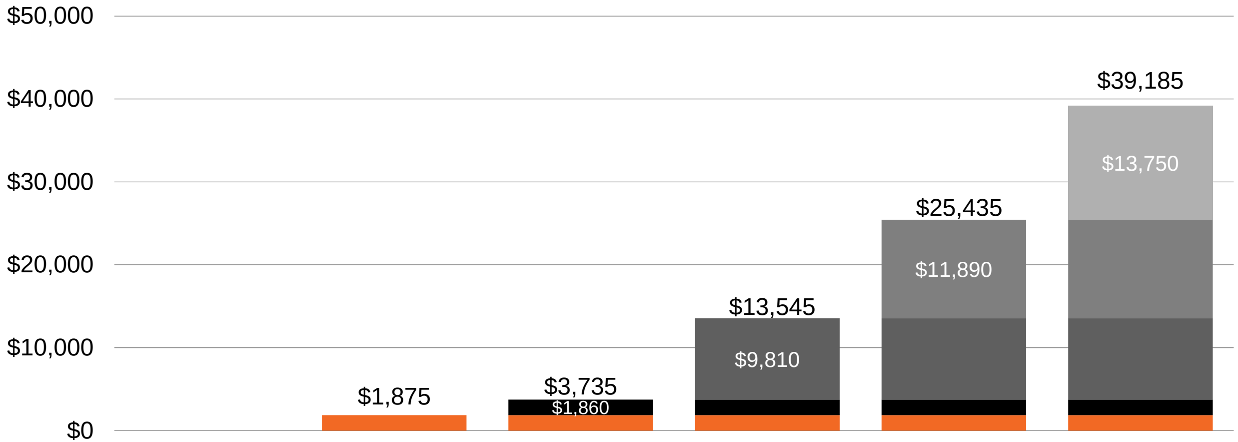
Strategic rationale: maximizing options for liquidity

Diversified Credit Strategy	Energy-focused strategy
Diversify portfolio	Single sector risk High correlation to commodity prices Concentrated allocations
Optimize borrowings	Higher cost of borrowing Less favorable terms Lower supportable distribution to shareholders
Maximize liquidity options	Changing regulatory environment Reduced investor demand for energy assets Liquidity options influenced by commodity prices

Enhanced distributions to provide near-term liquidity

Targeted enhanced distribution schedule[1]

Cumulative distributions based on a hypothetical account with a current value of $100,000[2]



	Q3 2023	Q4 2023	2024	2025	2026
Annualized distribution rate (based on NAV)[3]	7.5%	7.5%	10.0%	12.5%	15.0%[4]

Targeted liquidity event within 3 years

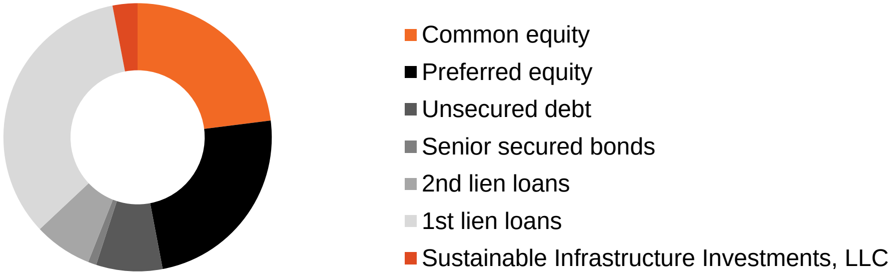
Potential benefits

- **Immediately increases** distributions to shareholders
- **Accelerates timeline** to a liquidity event with the goal to maximize shareholder value
- Funded through a mix of **net investment income** and a **return of capital**

1. There can be no assurance that the Fund will be able to make these distributions or achieve these results. Distributions are subject to Board approval, market conditions and legal restrictions.
2. For illustrative purposes only. The hypothetical example assumes the Fund’s NAV is unchanged during the transition period aside from the payment of the enhanced distributions, with a portion of the distributions representing a return of capital. The actual distributions are subject to Board approval, changes in the Fund’s NAV, the performance of the underlying portfolio companies, the pace of the portfolio transition and the Fund’s access to new borrowing facilities, among other factors.
3. Annualized as a percentage of the estimated NAV at the time of declaration.
4. The payment of enhanced distributions is expected to be capped at an annualized rate 15% of the Fund’s then-current net asset value beyond 2026 until the achievement of a long-term liquidity event.

Considerations for near and long-term liquidity

Common + preferred equity represent 47% of the portfolio[1]



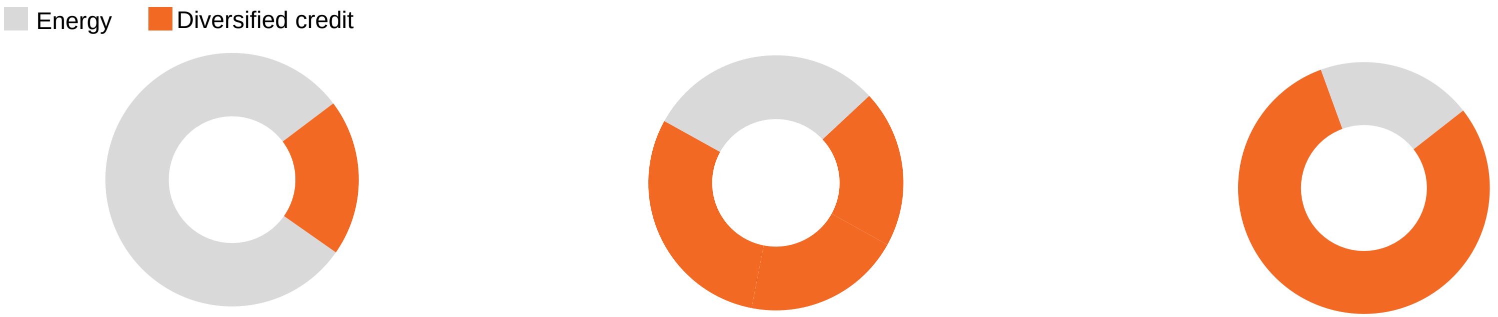
Two largest investments represent 24% of the portfolio[1]

1. Based on the portfolio's fair value as of March 31, 2023.

Key takeaways

- Equity investments do not have a stated maturity date.
- No near-term company-specific catalysts to exit the Fund's two largest investments, which represented approximately 24% of the portfolio as of March 31, 2023.
- A forced sale of the equity holdings could result in the Fund realizing significant losses, yet **an exit through an initial public offering, sale or acquisition may extend well beyond 2026**.

Expected timeline for portfolio turnover[1]



Near-term	Medium-Term	Long-term
60-day shareholder notice period	**1–2 years**	**Seek liquidity event within 3 years**

Near-term

- Commence investing up to 20% of portfolio in non-energy assets[1,2]
- Seek permission from the SEC to co-invest with affiliates of FS Investments[3]

Medium-Term

- Accelerate portfolio turnover, subject to receiving exemptive relief to co-invest with the Fund's affiliates[4]
- Add new leverage facilities
- Opportunistically sell liquid energy investments
- Take advantage of the natural turnover of existing assets

Long-term

- Seek to achieve targeted metrics to maximize liquidity options (see next slide)
- Optimize Fund borrowings

For illustrative purposes only. There is no guarantee that the Fund will achieve the targeted portfolio allocations in the stated timeframe or at all.

1. The pace of the turnover is dependent The pace of the turnover is dependent upon a number of factors, including the turnover of concentrated illiquid energy investments, performance of underlying portfolio companies, high yield and energy market conditions, the Fund's access to borrowings and the amount and pace of the payment of enhanced distributions to shareholders, among others.
2. Under the current investment strategy, the Fund may invest up to 20% of its assets in non-energy related investments.
3. SEC refers to the U.S. Securities and Exchange Commission. Affiliates include FS Credit Opportunities Corp. (NYSE: FSCO) and FS Tactical Opportunities Fund.
4. Subject to SEC approval.

Key metrics to position the Fund for a liquidity event

We believe positioning the Fund for a long-term liquidity event that maximizes shareholder value will require the portfolio to be at or near the targeted metrics below

~9%
Targeted annualized distribution rate[1]

<20%
Energy holdings[2]

~90%
Income-accruing assets[2,3]
(vs. 76.6% as of March 31, 2023)

There is no guarantee that the Fund will achieve the targeted metrics in the stated timeframe or at all.

1. The targeted annualized distribution rate is based on current market conditions, expressed as a percent of the Fund's NAV and assumes the Fund's distributions are fully funded through net investment income. The actual annualized distribution rate may be higher or lower at the time of a liquidity event based on the Fund's then-current NAV, pace of the portfolio rotation, Fund performance and market conditions, among other factors. Distributions are subject to Board approval, market conditions and legal restrictions.
2. Targeted allocation based on the portfolio's fair value at the time of a liquidity event.
3. Income-accruing assets represented 76.6% of the portfolio's fair value as of March 31, 2023.

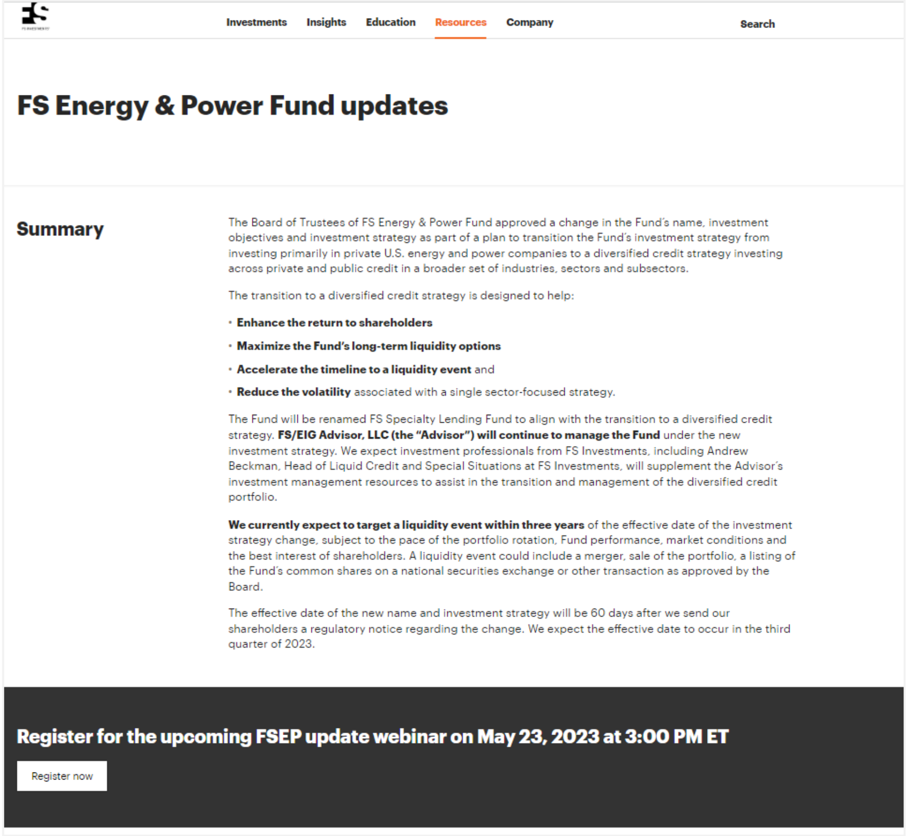
FAQs

1	Will there be a change in CUSIP?	No.
2	What action do I need to take?	No immediate action necessary. Prior to payment of Q3 distribution: – Registered shareholders (only) should ensure a bank account is tied to their brokerage accounts by completing an Account Maintenance Form
3	Will the quarterly & small balance tenders be reinstated?	No. Near-term liquidity is expected to be provided through enhanced distributions.
4	Tax characteristics of enhanced distributions	Form-1099
5	Shareholder communications	Shareholder notice regarding change in name, investment objective and investment strategy.

Investor-friendly resources

FSFundResources.com

- FAQ
- Presentation
- Webinar replay
- 10-Q filing



FS Energy & Power Fund updates

Summary

The Board of Trustees of FS Energy & Power Fund approved a change in the Fund's name, investment objectives and investment strategy as part of a plan to transition the Fund's investment strategy from investing primarily in private U.S. energy and power companies to a diversified credit strategy investing across private and public credit in a broader set of industries, sectors and subsectors.

The transition to a diversified credit strategy is designed to help:

- **Enhance the return to shareholders**
- **Maximize the Fund's long-term liquidity options**
- **Accelerate the timeline to a liquidity event** and
- **Reduce the volatility** associated with a single sector-focused strategy.

The Fund will be renamed FS Specialty Lending Fund to align with the transition to a diversified credit strategy. **FS/EIG Advisor, LLC (the "Advisor") will continue to manage the Fund** under the new investment strategy. We expect investment professionals from FS Investments, including Andrew Beckman, Head of Liquid Credit and Special Situations at FS Investments, will supplement the Advisor's investment management resources to assist in the transition and management of the diversified credit portfolio.

We currently expect to target a liquidity event within three years of the effective date of the investment strategy change, subject to the pace of the portfolio rotation, Fund performance, market conditions and the best interest of shareholders. A liquidity event could include a merger, sale of the portfolio, a listing of the Fund's common shares on a national securities exchange or other transaction as approved by the Board.

The effective date of the new name and investment strategy will be 60 days after we send our shareholders a regulatory notice regarding the change. We expect the effective date to occur in the third quarter of 2023.

Register for the upcoming FSEP update webinar on May 23, 2023 at 3:00 PM ET

Register now

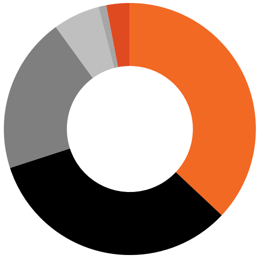
Appendix

Q1 2023 portfolio summary

Asset type[1]

Senior secured loans–1st lien	34%
Senior secured loans–2nd lien	7%
Senior secured bonds	1%
Unsecured debt	8%
Preferred equity	24%
Sustainable Infrastructure Investments, LLC	3%
Equity/other	23%

Subsector[1]



Upstream	37%
Midstream	33%
Power	20%
Service & equipment	6%
Industrials	1%
Sustainable Infrastructure Investments, LLC	3%

$2.2B
Total assets

52
Portfolio companies

13.2%
Non-accruals[1]

Note: All figures may be rounded. Holdings may be subject to change.

1. Based on fair value as of March 31, 2023.

Disclosures

An investment in FS Energy and Power Fund involves a high degree of risk and may be considered speculative. Investors are advised to read and carefully consider the risk factors and other important information found in FS Energy and Power Fund's reports filed with the U.S. Securities and Exchange Commission.

FSEP is closed to new investors. This presentation is for informational purposes only and does not constitute an offer to sell nor a solicitation of an offer to buy the securities described herein.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Statements included herein may constitute "forward-looking" statements as that term is defined in Section 27A of the Securities Act, 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 Fund, the transition in investment policy, anticipated distribution rates, portfolio rotation, borrowings and liquidity events. Words such as "intends," "will," "expects," and "may" 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, geo-political risks, risks associated with possible disruption to the Fund's operations or the economy generally due to hostilities, terrorism, natural disasters or pandemics such as COVID-19, future changes in laws or regulations and conditions in the Fund's operating area, unexpected costs, the ability of the Fund to (i) transition to a diversified credit strategy within anticipated timeframes or at all, (ii) pay the targeted distributions, (iii) obtain the applied-for exemptive relief, (iv) obtain leverage on terms satisfactory to the Fund and (v) achieve a liquidity event, and such other factors that are disclosed in the Fund's filings with the Securities and Exchange Commission (the "SEC"). 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 Fund 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.

Risk factors

An investment in the common shares of FSEP involves a high degree of risk and may be considered speculative. The following are some of the risks an investment in our common shares involves; however, you should carefully consider all of the information found in Item 1A of our annual report on Form 10-K and other reports filed with the U.S. Securities and Exchange Commission.

• Because there is no public trading market for our common shares and we are not obligated to effectuate a liquidity event by a specified date, it will be difficult for you to sell your common shares. If you are able to sell your common shares before we complete a liquidity event, it is likely that you will receive less than what you paid for them. Our share repurchase program contains numerous restrictions. In addition, we have currently suspended our share repurchase program. If we conduct quarterly tender offers for our common shares in the future, only a limited number of our common shares will be eligible for repurchase. We may suspend or terminate the share repurchase program at any time.

• Our distributions may be funded from unlimited amounts of offering proceeds or borrowings, which may constitute a return of capital and reduce the amount of capital available to us for investment. Any capital returned to shareholders through distributions will be distributed after payment of fees and expenses.

• We invest in securities that are rated below investment grade by rating agencies or that would be rated below investment grade if they were rated. Below investment grade securities, which are often referred to as "junk," have predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. They may also be difficult to value and illiquid.

• Our current investment policy is to invest, under normal circumstances, at least 80% of our total assets in securities of energy and power companies. The revenues, income (or losses) and valuations of energy and power companies can fluctuate suddenly and dramatically due to a number of environmental, regulatory, political and general market risks, which have historically impacted our financial performance, including our net asset value per share, and may continue to in the future.

• Our transition to a new investment policy will increase portfolio turnover, which will increase commission and transaction costs.

• An investment strategy focused primarily on privately held companies presents certain challenges, including the lack of available information about these companies.

• Investing in middle market companies involves a number of significant risks, any one of which could have a material adverse effect on our operating results.

• A lack of liquidity in certain of our investments may adversely affect our business. We may be unable to sell our investments at favorable prices or at all.

• We are subject to financial market risks, including changes in interest rates, which may have a substantial negative impact on our investments.

• We may borrow funds to make investments, which increases the volatility of our investments and may increase the risks of investing in our securities.

• Our business model is dependent on bank relationships and recent strain on the banking system may adversely impact us.

Risk factors

FSEP is a long-term investment for persons of adequate financial means who have no need for liquidity in their investment. To invest in FSEP, an investor must have either:

1) a net worth of at least $70,000 and an annual gross income of at least $70,000, or
2) a net worth of at least $250,000. Some states, such as Kansas, impose higher suitability standards.

• Portions of our distributions to shareholders were funded from the reimbursement of certain expenses, including through the offset of certain investment advisory fees, that are subject to repayment to our affiliate, FS Investments, and our future distributions may be funded from such offsets and reimbursements. Significant portions of these distributions may not be based on our investment performance, and such offsets and reimbursements by FS Investments may not continue in the future. If FS Investments had not agreed to reimburse certain of our expenses, including through the offset of certain advisory fees, significant portions of these distributions would have come from offering proceeds or borrowings. The repayment of amounts owed to FS Investments will reduce the future distributions to which you would otherwise be entitled.

• The global outbreak of COVID-19 (commonly known as the coronavirus) has caused volatility, severe market dislocations and liquidity constraints in many markets, including securities we hold, and has adversely affected our investments and operations. Such impacts may continue to adversely affect us, the performance of our investments and an investment in us.

• We expect that the recent market conditions may have a lasting and, in some instances, permanent impact on some of our portfolio companies as they struggle to meet covenant obligations and face insolvency in future periods. Poor performance or insolvency of our portfolio companies could have a material adverse impact on our financial condition and results of operations.