



**Investing in the
U.S. energy renaissance**

AN UPDATE ON THE ENERGY MARKET AND FSEP

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An investment in FS Energy & Power Fund involves a high degree of risk and may be considered speculative. Investors are advised to consider the investment objectives, risks, and charges and expenses of FS Energy & Power Fund carefully before investing. The prospectus contains this and other information about FS Energy & Power Fund. Investors may obtain a copy of the prospectus free of charge at www.franklinsquare.com or by contacting Franklin Square at Cira Centre, 2929 Arch Street, Suite 675, Philadelphia, PA 19104 or by phone at 877-372-9880. Investors should read and carefully consider all information found in the prospectus and FS Energy & Power Fund's other reports filed with the U.S. Securities and Exchange Commission before investing.

This is neither an offer to sell nor a solicitation of an offer to buy the securities described herein. No offering is made to New York investors except by a prospectus filed with the Department of Law of the State of New York. An offering is made only by a prospectus.

Today's presenters

DWIGHT SCOTT
Senior Managing Director
GSO / Blackstone

CHRIS REECE, CFA
Senior Vice President, Portfolio Specialist
Franklin Square Capital Partners

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FSEP operational update

LAUNCH	July 2011
CAPITAL RAISE	\$2.5 billion ¹ in equity capital raised
HOLDINGS AS OF 6/30/14	Constructed portfolio of 120 companies Average issuer EBITDA: \$221.8 million
OFFERING PRICE	\$11.00 per share as of September 3, 2014
INVESTORS	Approximately 63,610 as of July 31, 2014

1 As of July 29, 2014.

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Franklin Square Capital Partners

INNOVATIVE ALTERNATIVES FOR THE INVESTING PUBLIC

Over \$12.4 billion
IN ASSETS UNDER MANAGEMENT¹

Pioneer
IN NON-TRADED ALTERNATIVES

225+
EMPLOYEES¹

Over 137,000
INVESTORS¹

Over \$124 million
IN SPONSOR COMMITMENT
TO FRANKLIN SQUARE'S FUNDS¹

The vision

INDIVIDUALS
Investing public

INSTITUTIONS
Endowment-style investing

Alternative investments

1940 Act
alternative investment funds

1 Approximation as of June 30, 2014.

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Agenda overview

1. Where we are – current energy environment
2. Where we are going – energy outlook
3. What to do – how investors can gain access to energy investments

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Higher energy production drives higher capital demand

AVERAGE DAILY PRODUCTION¹

High point	Low point	Recent surge
10.0	4.0	8.5
November 1970	September 2008	June 2014

Million barrels per day

3-YEAR GROWTH IN PRODUCTION THROUGH JUNE 2014²

State	Growth
Texas	120%
North Dakota	183%

\$6 TRILLION NEEDED (PROJECTED) TO REPLACE AND UPDATE U.S. ENERGY INFRASTRUCTURE OVER NEXT 20 YEARS³

Energy production ↑ Capital demand ↑

1. U.S. Energy Information Administration. Average U.S. crude oil production per day as of June 30, 2014.
2. U.S. Energy Information Administration. Change in country crude oil production from June 30, 2011 to June 30, 2014.
3. International Energy Agency. June 3, 2014.

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The U.S. at night

North Dakota

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The significant private U.S. energy market

MOST INVESTORS HAVE NOT HAD ACCESS TO PRIVATE U.S. ENERGY COMPANIES

Category	Percentage	Count
Private U.S. Energy Companies	98%	17,700
Public U.S. Energy Companies	2%	350

Source: S&P Capital IQ. As of December 2013.

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Energy demand has been resilient

ANNUAL ENERGY CONSUMPTION

During the height of the economic crisis, world energy consumption decreased 0.5%, the only decrease in the last 24 years.

Million tons of oil equivalent (Mtoe)

Source: Enerdata, 2013

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Demand expectations expected to grow

2014 OIL CONSUMPTION (BARRELS PER PERSON)

Country	Consumption (Barrels per person)
India	~1
China	~3
U.S.	~15

Source: International Energy Agency (IEA) Oil Market Report, April 2014; CIA World Factbook, July 2014 estimate

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Types of energy



CRUDE OIL



HYDRO



NATURAL GAS



NUCLEAR



COAL



OTHER
RENEWABLE

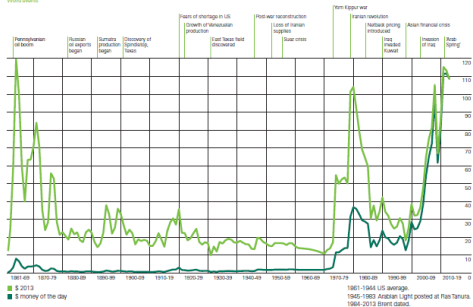
Source: U.S. Energy Information Administration, <http://www.eia.gov>
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The History of Crude

Crude oil prices 1981-2013
US dollar per barrel
World average



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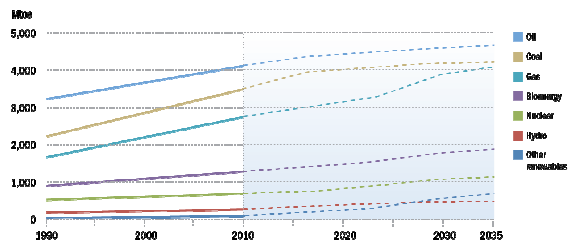
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Why invest in energy and power? Demand growth

WORDWIDE ENERGY DEMAND

The international energy agency projects worldwide energy demand to grow 1.2% per annum from 2010-2035.



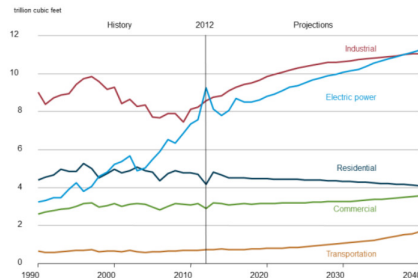
Source: International Energy Agency (IEA), World Energy Outlook 2010. 'Other' is million tons of oil equivalent.
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Natural gas consumption

NATURAL GAS CONSUMPTION BY SECTOR, 1990-2014

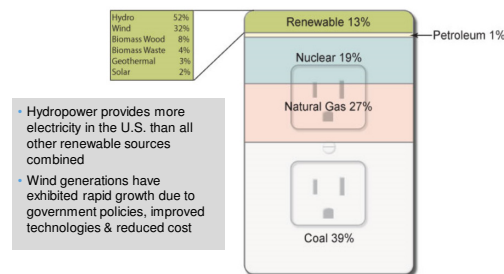


Source: U.S. Energy Information Administration, Market Trends: Natural Gas, http://www.eia.gov/forecast/sectors/naturalgas.cfm#naturalgas_prices?year=Natural%20
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Sources of U.S. electricity generation, 2013



Source: U.S. Energy Information Administration, <http://www.eia.gov/tools/faq/faq.cfm?id=4278&id=3>
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Energy sub-sectors

HARD ASSETS

INFRASTRUCTURE

Upstream

- exploration
- production

Midstream

- pipelines
- storage
- shipping
- gas processing

Downstream

- oil refining
- gasoline marketing
- retail

Power

- power generation, transmission and distribution
- alternative energy production

Service & Equipment

- services for oil and gas exploration
- support for power industry

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Options for accessing the energy sector

THERE ARE LIMITED WAYS FOR INVESTORS TO ACCESS THE ENERGY SECTOR. HERE ARE CHARACTERISTICS OF SOME OF THE COMMON WAYS:

	ENERGY FOCUSED NON-TRADED BDCs	MASTER LIMITED PARTNERSHIPS	ENERGY-FOCUSED MUTUAL FUNDS	PRIVATE OIL & GAS EQUITY PARTNERSHIPS
Sub-sector	All	Generally midstream	All	Generally upstream
Companies	Private & smaller public	Primarily public	Public	Single private company
Diversification	High	Limited	High	Concentrated
Asset types	Debt and income-oriented equity	Generally equity	Generally equity	Private equity
Tax reporting	1099	K-1	1099	K-1

Categories were selected based on key differences that may exist between various energy investments. Slide is intended to provide an overview of the differences between these investment vehicles and is not intended to provide a complete investment overview. Expenses and risk factors will differ by specific investment vehicle.

Source for information: Franklin Square Capital Partners

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Why FSEP may make sense for your portfolio

FSEP SEEKS TO GENERATE INCOME AND LONG-TERM CAPITAL APPRECIATION

SEEKS TO CAPITALIZE ON THE U.S. ENERGY RENAISSANCE

Invests in private U.S. energy and power companies¹

FOCUSED ON CURRENT INCOME

Annualized distribution rate of 6.44%²

WITH UPSIDE POTENTIAL

Invests in both debt and income-oriented equity

PAST PERFORMANCE IS NOT A GUARANTEE OF FUTURE RESULTS.
¹ The fund invests energy companies in the United States that engage in the exploration, development, production, gathering, transportation, processing, storage, refining, distribution, mining, generation or marketing of natural gas, natural gas liquids, crude oil, refined products, coal or power, including those companies that provide equipment or services to companies engaged in any of the foregoing.
² Annualized distribution rate shown as of September 17, 2014. The annualized distribution rate is expressed as a percentage equal to the projected annualized distribution amount (which is calculated by annualizing the regular weekly cash distribution per share as of September 17, 2014 without compounding), divided by the fund's public offering price per share as of such date. The annualized distribution rate shown may be rounded. To date, the fund has not received any distributions paid from offering proceeds or borrowings. However, even if distributions are not paid from offering proceeds or borrowings, a portion of the fund's distributions to shareholders may be deemed to constitute a return of capital for its purposes due to the character of certain dividends and other distributions received by the fund from its portfolio companies. Any such return of capital will not reduce the amounts available to the fund for investments. The fund's previous distributions to investors were funded in significant part by the reimbursement of certain expenses, including through the waiver of certain investment advisory fees, that were subject to repayment to the fund's affiliate, Franklin Square, and the fund's future distributions may be funded by such waivers and reimbursements. Significant portions of these distributions were not based on the fund's investment performance and such waivers and reimbursements by Franklin Square may not continue in the future. If Franklin Square had not agreed to reimburse certain of the fund's expenses, including through the waiver of certain of its advisory fees, significant portions of these distributions would have come from offering proceeds or borrowings. The payment of any amounts owed to Franklin Square will reduce the future distributions to which an investor would otherwise be entitled. The payment of future distributions is subject to the discretion of the 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.

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Conclusion

INVESTING IN THE U.S. ENERGY RENAISSANCE

- Energy demand is expected to rise
- Domestic energy renaissance is expected to continue for decades
- Significant capital investment will be needed to recover and transport energy resources
- Benefits of energy investing through a BDC structure:
 - Potential for steady income
 - Investment opportunities in all energy sectors: upstream, midstream, downstream, service & equipment and power
 - Asset intensive industry ideal for income and growth strategy
- Energy focused investment strategy can offer portfolio diversification that exhibits low correlation to traditional asset classes

Questions? Email AskChris@franklinsquare.com

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Important terms of the offering

MINIMUM INVESTMENT	\$5,000 per individual; additional purchases available in increments of \$500	SUITABILITY	Min. of \$70,000 annual net income and \$70,000 net worth OR \$250,000 net worth required ¹
PRICE PER SHARE	\$11.00 as of September 17, 2014. Subject to change. See prospectus and supplements.	DISTRIBUTION REINVESTMENT PRICE	90% of the public offering price in effect at the applicable weekly closing
CURRENT DISTRIBUTION RATE & SCHEDULE²	6.44% as of September 17, 2014. Distributions are paid monthly. Amount subject to change. See prospectus and supplements.	QUARTERLY LIQUIDITY³	FSEP offers to repurchase shares quarterly at 90% of the public offering price
REGISTERED OFFERING SIZE	300 million shares ⁴	EXIT STRATEGY	Liquidate, list or merge, within 5 years after completion of offering stage.

¹ Subject to higher standards imposed by individual states.

² FSEP's previous distributions to investors were funded in significant part by the reimbursement of certain expenses, including through the waiver of certain investment advisory fees, that were subject to repayment to the fund's affiliate, Franklin Square, and the fund's future distributions may be funded by such waivers and reimbursements. Significant portions of these distributions were not based on the fund's investment performance and such waivers and reimbursements by Franklin Square may not continue in the future. If Franklin Square had not agreed to reimburse certain of the fund's expenses, including through the waiver of certain of its advisory fees, significant portions of these distributions would have come from offering proceeds or borrowings. The payment of any amounts owed to Franklin Square will reduce the future distributions to which an investor would otherwise be entitled. The payment of future distributions is subject to the discretion of the 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 Registered shares include common shares registered in a follow-on offering that was declared effective by the SEC on May 13, 2013, the sale of which may be limited in certain jurisdictions pending the sale of all common shares registered in the fund's initial public offering.

⁴ FSEP intends to repurchase a limited number of shares pursuant to quarterly tender offers. FSEP may amend, suspend or terminate its share repurchase program at any time.

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Risks associated with this investment

An investment in the common shares of FS Energy and Power Fund (FSEEP) 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 the section of our prospectus entitled "Risk Factors" before deciding to invest in FSEEP common shares.

- 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 the occurrence of a liquidity event, if any, it is likely you will receive less than what you paid for them. While we intend to conduct quarterly tender offers for our common shares, only a limited number of our common shares will be eligible for repurchase and 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.
- Our 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 substantially and dramatically due to a number of environmental, regulatory, political and general market risks, which will impact our financial performance.
- 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 are subject to financial market risks, including changes in interest rates, which may have a substantial negative impact on our investments.
- We have borrowed funds to make investments, which increases the volatility of our investments and may increase the risk of investing in our securities.
- We have limited operating history and are subject to the business risks and uncertainties associated with any new business.
- FSEEP is a long-term investment for persons of adequate financial means who have no need for liquidity in their investment. To invest in the Fund, an investor must have either (i) a net worth of at least \$750,000 and an annual gross income of at least \$75,000, or (ii) a net worth of at least \$250,000. Some states, such as Kansas, impose higher suitability standards. Please consult the prospectus for a detailed description of the suitability standards imposed on investors, including heightened standards required by certain states.
- Our previous distributions to shareholders were funded in significant part from the reimbursement of certain expenses, including through the waiver of certain investment advisory fees, that are subject to repayment to our affiliate, Franklin Square Holdings, L.P., or Franklin Square Holdings, and our future distributions may be funded from such waivers and reimbursements. Significant portions of these distributions were not based on our investment performance and such waivers and reimbursements by Franklin Square Holdings may not continue in the future. If Franklin Square Holdings had not agreed to reimburse certain of our expenses, including through the waiver of certain of its advisory fees, significant portions of these distributions would have come from offering proceeds or borrowings. The repayment of the fees owed to Franklin Square Holdings will reduce the future distributions to which you would otherwise be entitled.