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June 23, 2020

VIA ELECTRONIC MAIL (IMshareholderproposals@sec.gov)

U.S. Securities and Exchange Commission
Office of the Chief Counsel
Division of Investment Management
100 F Street, N.E.
Washington, D.C. 20549

RE: Prospect Capital Corporation
Securities and Exchange Act of 1934 – Rule 14a-8
Omission of Stockholder Proposal Submitted by Mark S. Cane

Ladies and Gentlemen:

We are writing on behalf of Prospect Capital Corporation (the "Company"), pursuant to Rule 14a-8(j) promulgated under the Securities Exchange Act of 1934 (the "Exchange Act"), to request that the staff (the "Staff") of the Securities and Exchange Commission (the "Commission") concur with the Company's view that, for the reasons stated below, the stockholder proposal and supporting statement (collectively, the "Proposal") of Mark S. Cane (the "Proponent") may be properly omitted from the proxy materials (the "Proxy Materials") to be distributed by the Company in connection with its 2020 annual meeting of stockholders (the "Annual Meeting").

In accordance with Staff Legal Bulletin No. 14D (Nov. 7, 2008), this letter and its attachments are being emailed to imshareholderproposals@sec.gov. In accordance with Rule 14a-8(j)(1), a copy of this letter and its attachments are being sent simultaneously to the

Proponent. We take this opportunity to inform the Proponent that if the Proponent elects to submit correspondence to the Commission or the Staff with respect to the Proposal or this letter, a copy of that correspondence should be furnished concurrently to the undersigned on behalf of the Company pursuant to Rule 14a-8(k) and Staff Legal Bulletin No. 14D. We request that such copy be emailed to us at michael.hoffman@skadden.com and kenneth.burdon@skadden.com.

The Company advises that it intends to begin distribution of its definitive Proxy Materials on or after September 11, 2020. Accordingly, pursuant to Rule 14a-8(j), this letter is being submitted not less than 80 days before the Company currently intends to file its definitive Proxy Materials with the Commission.

BACKGROUND

On May 13, 2020, the Company received a proposal from the Proponent, which was accompanied by a cover letter from the Proponent, a letter from TD Ameritrade and a letter from Charles Schwab (collectively, the "Submission"). A copy of the Submission is attached hereto as Exhibit A. In accordance with Rule 14a-8(f)(1), on May 26, 2020, the Company sent a letter to the Proponent, pointing out multiple procedural and eligibility deficiencies with the Submission (the "Deficiency Letter"). As suggested in Section G.3 of Staff Legal Bulletin No. 14 (July 13, 2001) ("SLB No. 14"), the Deficiency Letter included a copy of Rule 14a-8. The Deficiency Letter notified the Proponent that the Proposal failed to comply with Rule 14a-8(d) because the Proposal exceeded 500 words. The Company also stated that the Submission failed to comply with Rule 14a-8(c) because the proposal includes at least three proposals advocating at least three separate board actions. The Company additionally noted (a) the Company's receipt of a letter and a Rule 14a-8 shareholder proposal, dated May 8, 2020, from an individual the Proponent has represented to the Company to be his daughter, Michelle H. Bronsted (the "Nominal Proponent"), and (b) that based on the manner in which the proposals were submitted and other information available to the Company, the Company believes that the Proponent has (i) authored his proposals and the proposal of the Nominal Proponent and (ii) arranged for these proposals to be submitted to the Company, and is intending and authorized to direct the manner in which the Proponent's family members will vote at the Annual Meeting, in further violation of Rule 14a-8(c). A copy of the proposal and related correspondence submitted by the Nominal Proponent is attached hereto as Exhibit B. The Company requested that the Proponent correct these deficiencies and provide appropriate documentation by mail or electronic transmission to the Company no later than 14 calendar days after the date the Proponent received the Deficiency Letter. A copy of the Deficiency Letter is attached hereto as Exhibit C.

In response to the Deficiency Letter, the Company received an email from the Proponent on June 4, 2020, in which the Proponent attached a revised Submission. A copy of the revised proposal and supporting statement (herein referred to collectively as the "Proposal") and related correspondence is attached hereto as Exhibit D. The revised Submission fails to correct the procedural and eligibility deficiencies identified in the Deficiency Letter. The Company also received a response letter dated June 2, 2020 from the Nominal Proponent on June 5, 2020, a copy of which is attached hereto as Exhibit E.

PROPOSAL

The text of the resolution contained in the Proposal is set forth below:

> Resolution - With an objective of improving PSEC's total absolute and after-tax shareholder return, shareholders request that the board evaluate the merits of, and consider, temporary RIC status suspension to enable otherwise precluded strategic initiatives that could result in significant total after-tax shareholder returns.

BASES FOR EXCLUSION

The Company believes that the Proposal should be properly excluded from the Proxy Materials pursuant to:

- Rule 14a-8(d) and Rule 14a-8(f)(1) because the Proposal exceeds 500 words;
- Rule 14a-8(i)(7) because the Proposal relates to the Company's ordinary business operations;
- Rule 14a-8(i)(13) because the Proposal relates to specific amounts of dividends;
- Rule 14a-8(i)(3) because the Proposal contains materially false and misleading statements; and
- Rule 14a-8(c) because the Proponent has submitted more than one shareholder proposal.

ANALYSIS

1. The Company may exclude the Proposal pursuant to Rule 14a-8(d) and Rule 14a-8(f)(1) because the Proposal exceeds 500 words and the Proponent failed to correct this deficiency after proper notice.

Rule 14a-8(d) provides that a proposal, including any supporting statement, may not exceed 500 words. The Staff has explained that "[a]ny statements that are, in effect, arguments in support of the proposal constitute part of the supporting statement" for purposes of the 500-word limitation. See SLB No. 14. On numerous occasions, the Staff has concurred that a company may exclude a proposal under Rule 14a-8(d) and Rule 14a-8(f)(1) because the proposal exceeds 500 words. See, e.g., General Electric Company (Dec. 30, 2014); Danaher Corp. (Jan. 19, 2010); Procter & Gamble Co. (July 29, 2008); Amgen, Inc. (Jan. 12, 2004) ("Amgen 2004") (in each instance concurring in the exclusion of a proposal that contained more than 500 words). See also Amoco Corp. (Jan. 22, 1997) (concurring in the exclusion of a proposal where the company argued that the proposal included 503 words and the proponent stated that the proposal included 501 words).

For purposes of calculating the number of words in a proposal, the Staff has indicated that hyphenated terms should be treated as multiple words. See Minnesota Mining & Manufacturing Co. (Feb. 27, 2000) (concurring in the exclusion of a proposal that contained 504 words, but would have contained 498 words if hyphenated terms and words separated by "/" were counted as one word). Similarly, the Staff has indicated that numbers and symbols should be treated as separate words. See Intel Corp. (Mar. 8, 2010) (stating that, in determining that the proposal appeared to exceed the 500-word limitation, "we have counted each percent symbol and dollar sign as a separate word"); Amgen 2004 (permitting the exclusion of a proposal where the company counted each number and letter used to enumerate paragraphs as separate words); Aetna Life and Casualty Co. (Jan. 18, 1995) (permitting the exclusion of a proposal under the predecessor to Rules 14a-8(d) and 14a-8(f)(l) where the company argued that "each numeric entry should be counted as a word for purposes of applying the 500-word limitation").

Following the principles applied in the precedents described above, the Company has determined that the revised Proposal contains 503 words. As part of its calculation:

- The Company has counted "Resolution" because it is not used as a title or heading; instead, it is part of the first sentence of the revised Proposal.

- The Company has counted each "$" and "%" symbol as a separate word.

- The Company has counted each number as a single word (although the Company has not counted each digit within each number as a single word).

- The Company has counted hyphenated words, such as "after-tax" and "pre-tax," as multiple words. Such treatment is further supported by the definition of "hyphenate". According to the Merriam-Webster's Collegiate Dictionary (the Eleventh Edition), "hyphenate" means "to connect (as two words) or divide (as a word at the end of a line of print) with a hyphen." In each of these instances ("after-tax" and "pre-tax"), the hyphen was used to connect two words rather than to divide a word that is at the end of a line. As such, each of the above hyphenated words should count as multiple words rather than just one word.

- The Company has included the slash symbol "/", used in the phrase "Taxes on income / distributions are borne by shareholders . . .," as two separate words because it is used to indicate the alternatives "and/or." As explained in The Chicago Manual of Style, the slash can be used to indicate alternatives and in certain contexts is a convenient shortcut for "or" or "and/or". In this context, the "/" appears to be used as an abbreviation for "and/or."

- The Company has counted each date that references a day, a month and a year as three words. For example, the Company has counted "1/1/14" as three words.

- The Company has counted the website address as one word.

- The Company has counted undefined acronyms and abbreviations, such as "NAV" and "BDC," as if such acronyms or abbreviations were spelled out. Just as a proponent would not be able to circumvent the 500-word limitation by using excessive hyphenation or slashes, a proponent should not be able to artificially circumvent the 500-word limitation by using excessive acronyms and abbreviations.

Pursuant to Rule 14a-8(f)(1), if a proponent fails to follow one of the eligibility or procedural requirements prescribed in Rule 14a-8(a) through (d), the company may omit the proponent's proposal, so long as it has notified the proponent of the deficiency within 14 calendar days of receiving the proposal, and the proponent has failed adequately to correct such deficiency. As described above, the Company duly notified the Proponent of the fact that the original Proposal, submitted on May 13, 2020, exceeded the 500-word limitation in the Deficiency Letter. The revised Proposal, submitted on June 4, 2020, also exceeds the 500-word limitation, and the Company has received no further revisions to the Proposal. Accordingly, we respectfully request the Staff's concurrence with the Company's view that the Proposal, as revised, may be excluded from the Proxy Materials because it exceeds the 500-word limitation contained in Rule 14a-8(d) and Rule 14a-8(f)(1).

2. The Company may exclude the Proposal pursuant to Rule 14a-8(i)(7) because the Proposal relates to the Company's ordinary business operations.

a. *The Proposal infringes on management's day to day business operations.*

Rule 14a-8(i)(7) states that a company may exclude a shareholder proposal if the proposal deals with a "matter relating to the company's ordinary business operations." The Commission's release accompanying the 1998 amendments to Rule 14a-8 explains that the term "ordinary business" is "rooted in the corporate law concept providing management with flexibility in directing certain core matters involving the company's business and operations." Amendments to Rules on Shareholder Proposals, Exchange Act Release No. 34-40013 (May 21, 1998) (the "1998 Release"). According to the Commission, the general underlying policy of the ordinary business exclusion is "to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting." In the 1998 Release, the Commission explains that such underlying policy rests on two central considerations. The first, relating to the subject matter of the proposal, is that "[c]ertain tasks are so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight . . ." The second consideration is the "degree to which the proposal seeks to 'micro-manage' the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment. See Staff Legal Bulletin No. 14I (Nov. 1, 2017) ("SLB 14I"); Staff Legal Bulletin No. 14K (Oct. 16, 2019) ("SLB 14K").

Company decisions relating to tax strategies and planning are ordinary business decisions that are fundamental to management's ability to run the company on a day-to-day basis and involve complex business and financial judgments that shareholders are not in a position to make. The Staff has previously concurred that proposals relating to tax planning and strategies may be properly excluded under Rule 14a-8(i)(7). See, e.g., Nike, Inc. (April 23, 2018) (concurring in the exclusion of a proposal requesting the board to respond to rising public pressure to limit offshore tax avoidance strategies by adopting and disclosing to shareholders a set of principles to guide the company's tax practices since it "relates to decisions concerning the company's tax expenses"); Allergan PLC (Feb. 7, 2018) (same); The Boeing Company (Feb. 8, 2012) (concurring with the exclusion of a proposal requesting that the company prepare a report on its tax strategies since it "relates to decisions concerning the company's tax expense and sources of financing"); General Electric (Feb. 3, 2012) (same); Texaco, Inc. (March 31, 1992) (concurring with the exclusion of a proposal that urges the company's management reject taxpayer-guaranteed loans, credits or subsidies in connection with its overseas business activities, concluding that such a decision is a "matter of ordinary business because it would involve day-to-day management decisions in connection with the Company's multinational operations").

The Proposal clearly covers the Company's ordinary business operations. As a Maryland corporation organized as a closed-end investment company that has elected to be treated as a business development company under the Investment Company Act of 1940, as amended (the "1940 Act"), the Company is subject to both federal and state tax regimes that involve complex rules, regulations and tax authorities. Accordingly, the Company's tax plans and strategies are affected by different tax treatments and incentives, and the implementation of such plans and strategies is a highly technical and complex matter requiring the expertise of management and subject matter experts. Moreover, the Company's tax plans and strategies, including its election to be treated for U.S. federal income tax purposes as a regulated investment company ("RIC"), affect numerous business decisions that are ordinary matters core to the Company's day-to-day operations, including financial planning and reporting and legal compliance.

Because of the inherently complex nature of tax regimes and rules and the interplay between the Company's tax strategies and its other financial and business functions, the Board has determined that it is critical for management to retain the flexibility to implement tax plans and strategies that are tailored to the Company's current circumstances, including whether it would be in the Company's best interest to continue to seek to qualify to be treated for U.S. federal income tax purposes as a RIC. The Board also believes tax planning and strategies must be overseen and managed by people with the requisite knowledge of both the applicable tax rules and regulations and the Company's operations to ensure the Company makes properly informed decisions. Accordingly, the Board delegates the complex and technical tasks of creating, implementing and overseeing the Company's tax planning and practices to management, which includes highly skilled tax professionals; these decisions cannot, as a practical matter, be subject to direct shareholder oversight.

By requesting that the Board adopt a specific tax strategy, the Proponent is seeking shareholder oversight of an aspect of the Company's business that is most appropriately handled by the Company's management, thereby interfering with the Company's ordinary business operations to the detriment of the Company and long-term shareholders. The Proposal is precisely the type of matter that the exclusion set forth under Rule 14a-8(i)(7) was designed to address since it would result in the micromanagement of the Company's tax plans and strategies, without taking into account other aspects of the Company's business that would affected by the Company's loss of RIC status and ability to later seek to re-qualify to be treated as a RIC for U.S. federal income tax purposes.

b. ***The Proposal does not transcend the Company's ordinary business.***

In the 1998 Release, the Commission stated that shareholder proposals that raise sufficiently significant social policy issues are not excludable because they "would transcend the day-to-day business matters and raise policy issues so significant that it would be appropriate for a shareholder vote." Notably, the Staff has concurred on numerous occasions that tax planning is not a "significant social policy issue" that transcends ordinary business and would require a shareholder vote. *See, e.g.*, Nike, Inc. (April 23, 2018); Allergan PLC (Feb. 7, 2018); The Boeing Company (Feb. 8, 2012); Amazon.com, Inc. (Mar. 21, 2011); Home Depot Inc. (Mar. 2, 2011); Lazard Ltd. (Feb. 16, 2011); Pfizer Inc. (Feb. 16, 2011); and Verizon Communications Inc. (Jan. 31, 2006). In addition, the Staff explained in SLB 14I that a company's board is in a better position to determine whether a proposal addresses a policy issue that is sufficiently significant:

> A board of directors, acting as steward with fiduciary duties to a company's shareholders, generally has significant duties of loyalty and care in overseeing management and the strategic direction of the company. A board acting in this capacity and with the knowledge of the company's business and the implications for a particular proposal on that company's business is well situated to analyze, determine and explain whether a particular issue is sufficiently significant because the matter transcends ordinary business and would be appropriate for a shareholder vote.

In accordance with SLB 14I, management asked the Company's board to determine whether the issue raised in the Proposal is sufficiently significant, transcends the Company's ordinary business and would be appropriate for a shareholder vote. The Board specifically considered the matters contained in the Proposal and their potential implications for the Company, including the following, among other relevant factors:

- The decisions the Company takes with respect to its tax planning and the impacts its tax planning and strategy have on other business decisions require tax expertise and insight into the Company's business, operations and competitive landscape. The Company devotes substantial resources to administering its tax strategy in connection with its day-to-day operations and regularly seeks advice from outside

advisors to gain the requisite knowledge of tax rules and regulations that govern the Company's operations as a business development company.

- While responsibility for day-to-day management of tax matters rests with management, the Audit Committee of the Company's Board and the Company's full Board receive regular updates on the Company's performance, financial statements and other aspects of the Company's business.
- The Company's tax matters are continuously affected by changes in the global and domestic economies, governmental policy, changes in law and operational developments, among other factors. It would be impractical and too complex to subject the Company's tax planning and strategy function to direct shareholder oversight, as most shareholders do not have the requisite expertise, knowledge of the Company's business, or the practical ability to react quickly to developments and make collective judgments with respect to the Company's tax reporting and planning.
- Neither the Company's charter and bylaws nor applicable laws suggests that it would be appropriate for shareholders to vote on how the Company structures their ordinary course decisions without regard to materiality to the Company as a whole and without being informed as to the context, risks, implications and other aspects of these decisions.

Based on the foregoing factors, among others, the Board has determined that the subject matter of the Proposal concerns the Company's ordinary business operations and would not be appropriate for a shareholder vote.

The Company respectfully request the Staff's concurrence with the Company's view that the Proposal, as revised, may be excluded from the Proxy Materials because it involves a matter of ordinary business pursuant to Rule 14a-8(i)(7).

3. The Company may exclude the Proposal pursuant to Rule 14a-8(i)(13) because the Proposal relates to a specific amount of dividends.

Rule 14a-8(i)(13) permits a company to exclude a shareholder proposal that concerns "specific amounts of cash or stock dividends." The Staff has consistently interpreted Rule 14a-8(i)(13) broadly, permitting the exclusion of stockholder proposals that would set minimum amounts or ranges of dividends and stockholder proposals that seek to eliminate or have the practical effect of eliminating dividend payments. See e.g., Merck & Co., Inc. (Jan. 30, 2014) (concurring with the exclusion of a proposal requesting that the company issue a new class of common shares that would not receive any dividends); Honeywell International, Inc. (Sept. 28, 2001) ("Honeywell") (concurring with the exclusion of a proposal requesting that the board "buyback its shares with its excess earnings rather than payout dividends to shareholders of common stock", which the company argued would in effect reduce the company's current cash dividend to zero and eliminate future cash dividends); Minnesota Mining & Manufacturing Co. (Mar. 6, 2001) (concurring with the exclusion of a proposal seeking to eliminate the payment of dividends and establish a plan under which shareholders could deposit their shares with the

company and instruct the company to sell a specified number of shares monthly or quarterly); The Gabelli Equity Trust, Inc. (Feb. 23, 1990) (Staff stating, "Since the Proposal requires the Board of Directors to distribute all capital gains to shareholders for all years beginning after December 31, 1989, it is the view of the staff of this Division that the Proposal relates to a specific amount of dividends, and is, therefore, excludable under paragraph (c)(13)"); "National Mine Service Co. (Sept. 3, 1981) (Staff stating that "since the proposal seeks the ceasation [sic] of all dividend distributions for fiscal year 1982, it is our view that it is excludable under [Rule 14a-8(i)(13)] as a proposal relating to 'specific amounts of cash or stock dividends'").

As discussed above, the Company has qualified and elected to be treated for U.S. federal income tax purposes as a RIC under Subchapter M of the Internal Revenue Code of 1986, which requires the Company to, among other things, distribute to its stockholders, for each taxable year, at least 90% of its ordinary income and net short-term capital gains in excess of net long-term capital loses, if any. Similar to Honeywell, the Proposal requests that the Board suspend dividend payments (i.e., reduce dividend payments to zero) and use its earnings to engage in a common stock buyback program. In the supporting statement, the Proponent writes: "The Board could choose to retain BDC status but suspend PSEC's qualification as a RIC under Subchapter M of the Code, discontinue paying dividends, and incur the statutory 4% excise tax liability on undistributed income . . . The board could choose to suspend dividend payments and direct 'distributable' income to aggressive, accretive open market share repurchases." Accordingly, because the Proposal relates to a specific amount of dividends, it is excludable under Rule 14a-8(i)(13).

The Proposal is distinguishable from shareholder proposals that relate only to a general dividend policy but do not include a specific amount of a dividend. For example, the Staff was unable to concur in the exclusion of the proposals at issue in Exxon Mobil Corp. (Mar. 14, 2016) (proposal requesting that the company commit to increasing the total amount authorized for capital distributions as a prudent use of investor capital in light of the climate change related risks of stranded carbon assets), PPG Industries, Inc. (Jan. 12, 2016) (proposal requesting that the board adopt a general payout policy that gives preference to share repurchases as a method to return capital to shareholders); Exxon Mobil Corp. (Mar. 19, 2007) (proposal requesting that board "consider, in times of above average free cash flow, providing a more equal ratio of the dollars paid to repurchase stock relative to the dollars paid in dividends"). The Proposal does not discuss a general dividend policy but requests that the dividend be reduced to zero in a manner similar to Honeywell. Therefore, the Company respectfully requests that the Staff concur that the Proposal is excludable from the Proxy Materials under Rule 14a-8(i)(13).

4. The Company may exclude the Proposal pursuant to Rule 14a-8(i)(3) because the Proposal contains materially false and misleading statements.

Rule 14a-8(i)(3) permits a company to omit a shareholder proposal and related supporting statement from its proxy materials if "the proposal or supporting statement is contrary to any of the Commission's proxy rules, including Rule 14a-9, which prohibits materially false or misleading statements in proxy soliciting materials." See Staff Legal Bulletin No. 14B (Sept. 15, 2004) ("SLB 14B"). Specifically, Rule 14a-9(a) prohibits any statement that is "false or misleading with respect to any material fact, or which omits to state any material fact necessary in order to make the statements therein not false or misleading." In SLB 14B, the Staff acknowledged that companies have relied on Rule 14a-8(i)(3) to exclude statements included in a supporting statement, even if the balance of the proposal and the supporting statement may not be excluded, and indicated that "reliance on [R]ule 14a-8(i)(3) to exclude or modify a statement may be appropriate where . . . the company demonstrates objectively that a factual statement is materially false or misleading." Consistent with SLB 14B, the Staff has permitted companies to exclude one or more statements from a proposal's supporting statement under Rule 14a-8(i)(3) where those statements were materially false or misleading. See, e.g., Rite Aid Corp. (Mar. 13, 2015) (permitting exclusion under Rule 14a-8(i)(3) of a sentence included in the supporting statement falsely claiming, among other things, that the Commission supported the proposal); Bob Evans Farms, Inc. (June 26, 2006) (permitting exclusion under Rule 14a-8(i)(3) of a paragraph included in the supporting statement falsely claiming that the proposal had received "tremendous shareholder support"); Piper Jaffray Cos. (Feb. 24, 2006) (permitting exclusion under Rule 14a-8(i)(3) of a paragraph included in the supporting statement falsely claiming that management had demonstrated a disregard for shareholders' interests).

The Staff has also concurred that a company may properly exclude entire shareholder proposals and supporting statements where they contain false and misleading statements or omit material facts necessary to make such statements not false and misleading. See Entergy Corp. (Feb. 14, 2007) (permitting the exclusion of the entire proposal which contained false and misleading statements relating to management and the board); The Swiss Helvetia Fund, Inc. (April 3, 2001) (permitting exclusion of entire proposal due to unsupported statements insinuating that directors may have violated, or may choose to violate, their fiduciary duties); and General Magic, Inc. (May 1, 2000) (permitting exclusion of proposal relating to change of name of company which contained false and misleading statements). Additionally, Section B.4 of Staff Legal Bulletin No. 14B (CF) (Sept. 15, 2004) provides that the Staff "may find it appropriate for companies to exclude the entire proposal, supporting statement, or both as materially false or misleading if a proposal or supporting statement would require detailed and extensive editing in order to bring it into compliance with the proxy rules." As discussed below, the Company believes that the entire Proposal should be excluded pursuant to Rule 14a-8(i)(3) as materially false and misleading in violation of Rule 14a-9.

Here, the revised supporting statement includes the following materially false and misleading statements:

- *"As of 3/31/20, PSEC had $1.111 billion distributable loss (source: 10Q). This reflects sustained net investment losses but can be utilized as an asset."*

  This is a false and misleading characterization of the Company's losses and the ability of the Company to offset capital gains with capital losses. Importantly, this amount does not represent the Company's current capital loss carry forward, and the Company, as a RIC, has no net operating losses. *See* IRC § 852(b)(2)(B). As reported in the Company's Form 10-Q for the quarter ended March 31, 2020, the Company has a $193.9 million capital loss carryforward as of August 31, 2019. This amount has been further reduced by a $157 million capital gains distribution from National Property REIT Corp. ("NPRC") on December 31, 2019 (in the form of a non-cash "consent dividend" that was required in order for NPRC not to pay corporate-level taxes on the capital gain). The Company thus has very little capital loss carry forwards to offset future capital gains, and any unused pre-2010 capital loss carryforwards have expired.

- *"The Board could choose to retain BDC status but suspend PSEC's qualification as a RIC under Subchapter M of the Code, discontinue paying dividends, and incur the statutory 4% excise tax liability on undistributed income. This would make PSEC subject to Federal income tax on income and capital gains. This would also allow PSEC to utilize its distributable loss to shield a proportion of income and capital gains from taxation."*

  These statements are false and misleading and mischaracterize the Company's current tax status and treatment as a RIC. If the Company were to suspend its RIC status, any ordinary income earned by the Company (i.e., interest, dividends, fees, etc.), as well as any capital gains in excess of its modest capital loss carryforwards, would be subject to both U.S. federal and state income tax at full corporate rates without any deductions for distributions to shareholders (not merely the 4% excise tax rate, which by definition applies only if the Company were to qualify as a RIC, *see* IRC § 4982). The Company generated $216.4 million of taxable ordinary income for the tax year ended August 31, 2019. At a blended 26% U.S. federal and state effective tax rate, this would result in approximately $56.3 million in cash tax expense if the Company had not been a RIC. In addition, as discussed above, the Company's ability to shield additional capital gains is limited to its remaining capital loss carryforward plus any recognized capital losses the tax year (if any), which it expects would be materially less than the $1.111 billion the Proponent falsely claims to be available.

- *"If shareholders would be willing to temporarily attempt achievement of improved returns from their PSEC investment through more after-tax efficient share price appreciation than dividends, it could give shareholders an improved and more tax efficient return on investment. Such a strategy could be employed until the open market price of PSEC stock sustainably exceeds a reasonable board chosen percentage of NAV target. After that time the board could again seek restoration of RIC status and normal RIC cash dividend payments could be resumed from a higher share price base."*

  These statements are misleading because they oversimplify the process by which the Company must follow in order to re-qualify for treatment as a RIC for U.S. federal income tax purposes. Specifically, in order to re-qualify as a RIC after becoming a typical C corporation under U.S. federal income tax law, the Company would be required to distribute all accumulated earnings and profits earned while it was non-RIC C corporation, and such a distribution would be taxable to shareholders as dividend income. *See* IRC § 852(a)(2)(B). If these earnings were used for another purpose (such as repurchasing shares of the Company), as the Proponent suggests, the Company would have no cash to pay the required distribution to shareholders and thus could not requalify as a RIC. Additionally, if the Company suspended its RIC status for more than two years, it would be required to pay corporate level tax at regular corporate rates on any net unrealized gains that existed in its assets as of the date it requalified and that were recognized within five years of its requalification, even if the appreciation in such assets were partially or wholly attributable to its previous period as a RIC. *See* Treas. Reg. § 1.337(d)-7. The cost of the tax on asset appreciation is unknowable. The supporting statement fails to disclose important information regarding the RIC re-qualification process that would be necessary for shareholders to make an informed decision regarding the advisability of the Proposal.

- *"While novel and aggressive, precedent exists for such a strategy. American Capital Strategies (ACAS) employed it. It was instrumental in helping ACAS grow a $100 ACAS investment on 12/31/09 to $641 on 12/31/13 (source ACAS 2014 10k, p. 34) . . ."*

  These statements create a false and misleading impression regarding the viability of the Proponent's proposed strategy as applied to the Company. The Proponent fails to disclose the material differences between American Capital, Ltd.'s business and investment strategies (from over 10 years ago, with such company no longer in business) and those of the Company's and the factors that may have enabled American Capital, Ltd. to successfully implement this tax strategy. For example, the Company is primarily in the lending business, whereas American Capital Ltd. appeared to be more active in buying and selling controlling interests in portfolio companies, or investing in portfolio companies that are bought and

> sold, thereby realizing capital gains and losses. Accordingly, there can be no assurances that such a strategy would be beneficial for the Company and its shareholders.

The Company believes that the sheer number of materially false and misleading statements identified above would materially mislead shareholders as to the context of the Proposal. Accordingly, the Company respectfully requests that the Staff concur that the entire Proposal is excludable from the Proxy Materials under Rule 14a-8(i)(3). If the Staff does not concur with the Company's view that the entire Proposal may be excluded, at a minimum, the Company requests confirmation that it may exclude the statements referenced above pursuant to Rule 14a-8(i)(3).

5. The Company may exclude the Proposal pursuant to Rule 14a-8(c) because the Proponent has submitted more than one shareholder proposal.

Rule 14a-8(c) permits a shareholder to submit only one proposal for a particular shareholder meeting. When first adopting a limit on the number of proposals a shareholder may submit under Rule 14a-8, the Commission noted that proponents "have exceeded the bounds of reasonableness [] by submitting excessive numbers of proposals" and explained that "[s]uch practices are inappropriate under Rule 14a-8 not only because they constitute an unreasonable exercise of the right to submit proposals at the expense of other shareholders but also because they tend to obscure other material matters in the proxy statements of issuers, thereby reducing the effectiveness of such documents." Adoption of Amendments Relating to Proposals by Security Holders, Exchange Act Release No. 34-12999 (Nov. 22, 1976). The Commission recently expressed a similar concern regarding continued abuse of Rule 14a-8(c) by shareholders. On November 5, 2019, the Commission proposed amendments to Rule 14a-8, which, among other things, would provide that each "person," rather than "each shareholder," may submit no more than one proposal, directly or indirectly, for the same shareholder meeting. In proposing that Rule 14a-8(c) applies to "each person" rather than "each shareholder," the Commission stated:

> In our view, a shareholder submitting one proposal personally and additional proposals as a representative for consideration at the same meeting, or submitting multiple proposals as a representative at the same meeting, **would constitute an unreasonable exercise of the right to submit proposals at the expense of other shareholders** and also may tend to obscure other material matters in the proxy statement. We believe this amendment to the rule text would more consistently apply the one-proposal limit to shareholders and representatives of shareholders. [Emphasis added.]

Procedural Requirements and Resubmission Thresholds under Exchange Act Rule 14a-8, Exchange Act Release No. 34-87458 (Nov. 5, 2019) (the "2019 Release").

The Staff has interpreted Rule 14a-8(c) and its predecessor to permit the exclusion of multiple proposals when the facts and circumstances show that nominal proponents "are acting on behalf of, under the control of, or as the alter ego of the proponent." See BankAmerica Corp. (Feb. 8, 1996); Weyerhaeuser Co. (Dec. 20, 1995); First Union Real Estate (Winthrop) (Dec. 20, 1995); Stone & Webster Inc. (Mar. 3, 1995); Banc One Corp. (Feb. 2, 1993). Moreover, the Staff has noted on several occasions that "the one proposal limitation applies in those instances where a person (or entity) attempts to avoid the one proposal limitation through maneuvers, such as having persons they control submit a proposal." See American Power Conversion Corp. (Mar. 27, 1996); Consolidated Freightways, Inc. (Feb. 23, 1994). In First Union Real Estate (Winthrop), the Staff concurred with the exclusion of three proposals, stating that "the nominal proponents are acting on behalf of, under the control of, or alter ego of a collective group headed by [a representative of the group]." The Staff has permitted companies to use circumstantial evidence to satisfy their burden of demonstrating that nominal proponents are the alter ego of a single proponent. In General Motors Corp. (May 3, 1985), the Staff stated:

> [P]lease note that Rule 14a-8 does not prohibit members of the same family who separately own securities in the same company from independently submitting shareholder proposals to that company. However, in instances where it appears that one family member may have been the author of another's proposal and may exercise some influence over the voting of that other family member's shares, this Division, consistent with the language and intent of Rule 14a-8(a)(4) and the Division's interpretive function in administering the rule, has consistently found the first family member to be the proponent of both proposals for purposes of Rule 14a-8(a)(4).

The Staff in numerous instances has concurred that the one proposal limitation under Rule 14a-8(c) applies when multiple proposals were submitted under the name of nominal proponents serving as the alter egos or under the control of a single proponent and the actual proponent explicitly conceded that it controlled the nominal proponents' proposals. See Banc One Corp. (Feb. 2, 1993) (proposals submitted by proponent and two nominal proponents but the proponent stated in a letter to the company that he had recruited and "arranged for other qualified shareholders to serve as proponents of three shareholder proposals which we intend to lay before the 1993 Annual Meeting"); Occidental Petroleum (Mar. 22, 1983) (permitting exclusion under the predecessor to Rule 14a-8(c) where the proponent admitted to the company's counsel that he had written all of the proposals and solicited nominal proponents).

The Staff has also permitted the exclusion of shareholder proposals in cases where a shareholder who is unfamiliar with Rule 14a-8(c)'s one proposal limitation has submitted multiple proposals and, upon being informed of the one proposal limitation, has had family members, friends or other associates submit the same or similar proposals. See, e.g., General Electric Co. (Jan. 9, 2008) (concurring with the omission of two proposals initially submitted by one proponent and, following notice of the one proposal rule, resubmitted by the proponent's two daughters, where (on behalf of the two stockholders) the initial proponent handled all of the correspondence with the company and the Staff regarding the proposals and the initial and

resubmitted proposals and supporting statements were identical in substance and format); Staten Island Bancorp, Inc. (Feb. 27, 2002) (concurring in the exclusion under Rule 14a-8(c) of five stockholder proposals, all of which were initially submitted by one proponent, and when notified of the one proposal limitation, the proponent, a daughter, close friends and neighbors resubmitted similar and in some cases identical proposals).

The facts and circumstances surrounding the proposals clearly demonstrate that the Proponent performed and continues to perform all or substantially all of the work creating, submitting and supporting the proposals and accordingly is the obvious driving force behind the proposals. As an initial matter, long before the Nominal Proponent's purported submission of a proposal to the Company, the Company had only been in communication with the Proponent, who had been sending numerous emails to, and demanding individualized attention from, the Company, advocating various initiatives similar to the group proposals now being advanced by the Proponent and Nominal Proponent. (By contrast, the Company had zero communications with the Nominal Proponent prior to the Submission.) For example, based on the Company's prior communications with the Proponent, he sent a brainstorming email and white paper to an independent director of the Company on May 9, 2020 prior to his submission of the proposals. The Proponent's email stated that the forthcoming proposals, including the Nominal Proponent's proposal to de-stagger the Company's board, "are all consistent with possible actions **I articulated** in the white paper." [Emphasis added.] Accordingly, it is clear that the genesis of the proposals submitted by the Proponent and the Nominal Proponent all came from the Proponent based on views that he (but not the Nominal Proponent) has held and espoused to the Company before. The Proponent's email even notes that the Nominal Proponent "would probably defer to me." There are numerous other factors that suggest that the Proponent and the Nominal Proponent are acting as a group under the direction of the Proponent and should therefore be treated as one proponent, including the following:

- The initial submissions appear to be submitted by the same individual and the cover letters by the Proponent and the Nominal Proponent are substantially identical in format, style and substance:
    - Envelope: The Submission of the Proponent appears to have been placed in an envelope that is identical to the type used by the Nominal Proponent. The handwriting on the Proponent's envelope is identical to that on the Nominal Proponent's envelope, and the submissions of the Proponent and the Nominal Proponent were sent from the same address.
    - Cover Letter: The typeset on the submissions appears identical and to have been prepared using the same word processor. The cover letters are also written using substantially similar language and style, including:
        - The placement of the letterhead, date and address is identical in both letters, and both letters begin with "Dear Ms. Secretary:".

        - Other than disclosure regarding share ownership information and the inclusion of the specific shareholder resolution, the syntax used in the letters is substantially identical. For example, the first paragraphs of the letters are substantially identical, with the exception of three words ("with the intent" appears in the Proponent's letter, which does not appear in the Nominal Proponent's letter, and "I wish" appears in the Nominal Proponent's letter and not the Proponent's letter). Paragraphs 2, 3, 14-17 and 19 in the Proponent's letter are substantially similar to corresponding paragraphs in the Nominal Proponent's letter (i.e., paragraphs 2, 3, 11-15), other than changes in syntax to reflect the respective familial relationships.

    - The letters indicate that the Proponent will be presenting both proposals at the meeting. The Proponent's letter states: "I have also been asked by [my wife] Camilla C. Cane and [my daughter, the Nominal Proponent] Michelle H. Bronsted to act as their proxies and represent them at the next Prospect Capital Corporation annual meeting. They have asked me [to] present shareholder resolutions I would support at that meeting." The Nominal Proponent's letter states: "I have asked Mark S. Cane to act as my proxy and represent me at the next Prospect Capital Corporation annual meeting. I have also asked him to present the attached shareholder resolution for me at that meeting." The Proponent's actions are precisely the types of shareholder abuse of Rule 14a-8(c) that the Commission identified in the 2019 Release. The Commission stated in the 2019 Release that it believes "permitting representatives to submit multiple proposals for the same shareholders' meeting would undermine the purpose of the one-proposal limit."

- Not coincidentally, after the Company informed the Proponent and the Nominal Proponent that their submissions violated Rule 14a-8(c), subsequent correspondence from the Proponent and the Nominal Proponent were stylized differently, and the narrative of events has been conveniently reimagined to suggest that the Proponent is merely assisting the Nominal Proponent in navigating the Rule 14a-8 shareholder proposal process. Despite this attempt at revisionist history, the Nominal Proponent's own admissions in the Nominal Proponent's response letter dated June 2, 2020 continue to bear out the fact that the Nominal Proponent's purported proposal has been submitted under the direction and influence of the Proponent, as reflected in the following statements:

    - "I did receive assistance from Mr. Cane."

    - "I asked him what sort of things he thought Prospect Capital should consider doing . . ."

- "[H]e shared research he had done on the company which helped me decide on a shareholder cause to advocate . . ."
- "I asked him to propose a format for me . . ."
- "I asked him to review my resolution and cover letter for me . . ."
- "I asked him to help me explain what I wanted to communicate and accomplish where I struggled getting my ideas on paper . . ."
- "I asked him to help me with TD Ameritrade so that could get the information related to stock ownership I needed, and in the form I needed it."
- "I even asked him to address my package and mail it for me."

Given the much longer history of discussion and correspondence with the Proponent regarding the subject matter of his proposal and the Nominal Proponent's proposal, together with the manner in which the proposals were submitted and the Nominal Proponent's own statements, the Company cannot accept this reimagined narrative of events at face value and does not believe the Staff should accept it either.

In accordance with Rule 14a-8(f)(1), the Company duly notified the Proponent in the Deficiency Letter that Rule 14a-8(c) only permits a proponent to submit one proposal for a particular annual meeting. However, the Proponent and the Nominal Proponent declined to reduce the number of proposals to satisfy Rule 14a-8(c). Accordingly, we respectfully request the Staff's concurrence with the Company's view that the Proposal is excludable from the Proxy Materials because it, together with the Nominal Proponent's proposal, exceeds the one proposal limitation contained in Rule 14a-8(c).

* * *

CONCLUSION

Based upon the foregoing analysis, and without addressing or waiving any other possible grounds for exclusion, we respectfully request that the Staff concur that it will take no action if the Company excludes the Proposal from its Proxy Materials. Should the Staff disagree with the conclusions set forth in this letter, or should any additional information be desired in support of the Company's position, we would appreciate the opportunity to confer with the Staff concerning these matters prior to the issuance of the Staff's response.

Please do not hesitate to contact the undersigned at (212) 735-3406 (Mr. Hoffman) or (617) 573-4836 (Mr. Burdon).

Very truly yours,

Michael K. Hoffman Kenneth E. Burdon

cc: Kristin Van Dask,
Prospect Capital Corporation

EXHIBIT A

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

CORPORATE SECRETARY
c/o PROSPECT CAPITAL CORP.
10 EAST 40TH ST., 42ND FLOOR
NEW YORK, NY 10016

9590 9402 4146 8092 1706 15

2. Article Number (Transfer from service label)
7019 0160 0000 1744 0132

PS Form 3811, July 2015 PSN 7530-02-000-9053 Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X ☐ Agent ☐ Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☐ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery
- ured Mail
- ured Mail Restricted Delivery
- or $500)
- ☐ Priority Mail Express®
- ☐ Registered Mail™
- ☐ Registered Mail Restricted Delivery
- ☐ Return Receipt for Merchandise
- ☐ Signature Confirmation™
- ☐ Signature Confirmation Restricted Delivery

[redacted]

MARK CANE

7019 0160 0000 1744 0132

CERTIFIED MAIL

CORPORATE SECRETARY
c/o PROSPECT CAPITAL CORP.
10 EAST 40TH ST., 42ND FLOOR
NEW YORK, NY
10016

1000

10016

$8.20

R2305K135880-05

[redacted]

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS, FOLD AT DOTTED LINE

Mark S. Cane
[redacted]

May 8, 2020

Corporate Secretary
c/o Prospect Capital Corporation
10 East 40th Street, 42nd Floor
New York, NY 10016

Dear Ms. Secretary:

As a qualified shareholder, and in compliance with the conditions set forth in the Prospect Capital Corporation proxy statement and Prospect Capital Corporation's Corporate Bylaws, I am submitting the attached shareholder resolution. I wish for it to be included in Prospect Capital Corporation's proxy announcing the next Annual Shareholder's meeting which is expected to be held in December, 2020.

I have also been asked by Camilla C. Cane and Michelle H. Bronsted to act as their proxies and represent them at the next Prospect Capital Corporation annual meeting. They have asked me present shareholder resolutions I would support at that meeting. They have told me they are submitting them to the Corporate Secretary for inclusion in the 2020 annual meeting proxy statement.

In addition, I may nominate myself for election to the board of directors at this meeting and I am not an "interested person" of the Corporation, as defined by the Investment Act of 1940.

The attached shareholder resolution requests the following: "With an objective of improving PSEC's total after tax shareholder return, shareholders request that the board evaluate the merits of, and consider, temporary RIC status suspension, accompanied by a temporary dividend suspension, and the temporary direction of dividend equivalent cash flow to accretive open market share repurchases until the stock price achieves a targeted percentage of NAV." I am proposing this because I believe if it were approved by fellow shareholders, and approved and implemented by the Prospect Capital board, it will help to improve the total financial returns Prospect Capital delivers to all shareholders.

As of today, I individually own [redacted] shares of Prospect Capital common stock (which I intend to hold at least through the date of the 2020 Annual Shareholders Meeting). It was purchased for stock price appreciation and dividend income in the following accounts. (The cost per share column data from brokerage accounts has been adjusted to reflect the payment of dividends characterized as returns of capital when appropriate):

[redacted] shares – These shares were held in account, [redacted] They were transferred with the help of Prospect Capital on April 29, 2020 to [redacted]. The attached pages from [redacted] details the purchase history as of March 31, 2020 for shares acquired between April 27, 2010 and February 27, 2020, and proof of ownership duration of [redacted] of these shares for at least one year as of today.

[redacted] shares – see attached pages designated fror [redacted] which details the purchase history as of March 31, 2020 for shares acquired between [redacted]

[redacted] – see attached page designated from [redacted] which details the purchase history as of [redacted]

[redacted]

In addition, I jointly own with my wife, Camilla C. Cane [redacted] shares of Prospect Capital common stock, purchased for stock price appreciation and dividend income, in the following accounts. The intent is to hold these shares through year 2020. As above, the cost per share column has been adjusted to reflect the payment of dividends characterized as returns of capital when appropriate:

[redacted]

I have attached letters from [redacted] that prove ownership duration of more than one year for shares in the above accounts.

I have not engaged in any of the activities outlined in Section 11 (3)(iii)(C) of Prospect Capital's Bylaws. My understanding is that Camilla C. Cane and Michelle H. Bronsted, which whom I am associated, have not engaged in such activity either.

Bylaws Section 11(3)(iii)(D) does not apply to me either and to the best of my knowledge it does not apply to Camilla C. Cane and Michelle H. Bronsted, with whom I am associated.

The address of Camilla C. Cane and Michelle H. Bronsted, who are associated with me, is [redacted] My understanding is that their investment strategy or objective with regard to Prospect Capital is to maximize total shareholder return through increased stock price and growing dividend income. They have told me that they support my proposed shareholder resolution and possible board candidacy but I am unaware of any other Prospect Capital stock holders who support them.

If I were elected as a Prospect Capital director I would fully comply with the conditions articulated in Bylaws Section 11 (5).

Please let me know if you need additional information.

Sincerely,

[redacted]

Attachments

Shareholder resolution from Mark Cane

"PSEC has chosen to be a Subchapter M Registered Investment Company (RIC), as explained in the 10K.

The conceptual attraction of a RIC BDC is a high, stable, and growing dividend plus equity appreciation from a structure that eliminates the double taxation of dividends. As long as minimum distribution requirements are met, income taxes are not paid by the BDC due to adoption of statutory RIC status. Taxes on income / distributions are borne by shareholders, for the most part, at ordinary (not capital gains or qualified dividend) income tax rates. As long as the BDC performs such that its stock price remains at least stable, and dividend payouts do not fall, the shareholders' after-tax return should be attractive.

PSEC shares purchased on 1/1/14, and held through 12/31/19, would have experienced a per share accumulated dividend of $4.425 but a per share price reduction of $4.36 per share – an accumulated pre-tax gain of 6.5 cents per share. (Source: PSEC 10Ks and 10Qs) Because dividends are taxed, over this time period, a PSEC shareholder experienced a negative after-tax return during this period.

As of 12/31/19, PSEC had $859.3 mm of distributable loss (source: 10K). This reflects sustained net investment losses but it can be utilized as an asset. The Board could choose to retain BDC status but suspend PSEC's qualification as a RIC under Subchapter M of the Code, discontinue paying dividends, and incur the statutory 4% excise tax liability on undistributed income. This would make PSEC subject to Federal income tax on income and capital gains. This would also allow PSEC to utilize its distributable loss to shield a proportion of income and capital gains from taxation. The board could choose to suspend dividend payments and direct "distributable" income to aggressive, accretive open market share repurchases. If shareholders would be willing to temporarily attempt achievement of improved returns from their PSEC investment through more after-tax efficient share price appreciation than dividends, it could give shareholders an improved and more tax efficient return on investment. Such a strategy could be employed until the open market price of PSEC stock sustainably exceeds a reasonable board chosen percentage of NAV target. After that time the board could again seek restoration of RIC status and normal RIC cash dividend payments could be resumed from a higher share price base.

While novel and aggressive, precedent exists for such a strategy. American Capital Strategies (ACAS) employed it. It was instrumental in helping them grow a $100 ACAS investment on 12/31/09 to $641 on 12/31/13 (source ACAS 2014 10k, p. 34 - https://www.sec.gov/Archives/edgar/data/817473/000081747315000010/acas10k123114.htm).

Resolution - With an objective of improving PSEC's total after tax shareholder return, shareholders request that the board evaluate the merits of, and consider, temporary RIC status suspension, accompanied by a temporary dividend suspension, and the temporary direction of dividend equivalent cash flow to accretive open market share repurchases until the stock price achieves a targeted percentage of NAV.

Please vote YES:"

[redacted]

PROSPECT CAPITAL CO	**41,000.0000**	**4.25000**	**174,250.00**	**36%**	**(141,518.94)**	**16.94%**	**29,520.00**
SYMBOL: PSEC	500.0000	11.3774	5,688.70	04/27/10	(3,563.70)		
	500.0000	9.4874	4,743.71	05/21/10	(2,618.71)		
	22.0000	9.4500	207.90	07/01/10	(114.40)		
	500.0000	10.9060	5,453.00	06/15/11	(3,328.00)		
	500.0000	9.7960	4,898.00	07/18/11	(2,773.00)		
	200.0000	9.4399	1,887.98	07/28/11	(1,037.98)		
	300.0000	9.3995	2,819.85	07/28/11	(1,544.85)		
	500.0000	8.8360	4,418.00	08/04/11	(2,293.00)		
	500.0000	8.1560	4,078.00	08/05/11	(1,953.00)		
	500.0000	9.9460	4,973.00	11/14/12	(2,848.00)		
	500.0000	10.2660	5,133.00	05/07/14	(3,008.00)		
	500.0000	10.4960	5,248.00	05/07/14	(3,123.00)		
	500.0000	10.5760	5,288.00	05/07/14	(3,163.00)		
	500.0000	10.2260	5,113.00	05/08/14	(2,988.00)		
	500.0000	10.2660	5,133.00	05/08/14	(3,008.00)		
	500.0000	9.2960	4,648.00	05/13/14	(2,523.00)		
	500.0000	9.3250	4,662.50	05/13/14	(2,537.50)		
	500.0000	9.4559	4,727.95	05/13/14	(2,602.95)		
	500.0000	9.7260	4,863.00	05/13/14	(2,738.00)		
	500.0000	9.8659	4,932.95	05/13/14	(2,807.95)		
	500.0000	9.9500	4,975.00	09/26/14	(2,850.00)		
	500.0000	9.9100	4,955.00	09/30/14	(2,830.00)		

[redacted]

[redacted]

Investment Detail - Equities (continued)

	Quantity	Market Price	Market Value	% of Account Assets	Unrealized Gain or (Loss)	Estimated Yield	Estimated Annual Income
Equities (continued)	Units Purchased	Cost Per Share	Cost Basis	Acquired			
PROSPECT CAPITAL CO	500.0000	9.9347	4,967.35	09/30/14	(2,842.35)		
	500.0000	9.3959	4,697.95	10/10/14	(2,572.95)		
	500.0000	9.4099	4,704.95	10/10/14	(2,579.95)		
	1,000.0000	9.4180	9,418.00	10/10/14	(5,168.00)		
	500.0000	8.9059	4,452.95	12/04/14	(2,327.95)		
	500.0000	8.9060	4,453.00	12/04/14	(2,328.00)		
	500.0000	8.9359	4,467.95	12/04/14	(2,342.95)		
	500.0000	9.0360	4,518.00	12/04/14	(2,393.00)		
	500.0000	9.0960	4,548.00	12/04/14	(2,423.00)		
	500.0000	8.0950	4,047.50	12/08/14	(1,922.50)		
	100.0000	8.2799	827.99	12/30/14	(402.99)		
	400.0000	8.1950	3,278.00	12/30/14	(1,578.00)		
	500.0000	7.8360	3,918.00	06/01/15	(1,793.00)		
	500.0000	7.8360	3,918.00	06/01/15	(1,793.00)		
	500.0000	7.5660	3,783.00	06/05/15	(1,658.00)		
	500.0000	7.6155	3,807.75	06/05/15	(1,682.75)		
	500.0000	7.5460	3,773.00	06/08/15	(1,648.00)		
	500.0000	7.2460	3,623.00	06/09/15	(1,498.00)		
	500.0000	7.4360	3,718.00	06/09/15	(1,593.00)		
	1,000.0000	6.7578	6,757.80	08/24/15	(2,507.80)		
	1,000.0000	6.7980	6,798.00	12/09/15	(2,548.00)		
	1,000.0000	6.6779	6,677.90	12/11/15	(2,427.90)		
	1,000.0000	6.6780	6,678.00	12/11/15	(2,428.00)		
	1,000.0000	6.2257	6,225.70	12/14/15	(1,975.70)		
	1,000.0000	6.4279	6,427.90	12/14/15	(2,177.90)		
	234.0000	6.7126	1,570.77	01/11/16	(576.27)		
	766.0000	6.6780	5,115.35	01/11/16	(1,859.85)		
	1,000.0000	6.3579	6,357.90	01/12/16	(2,107.90)		
	1,000.0000	5.7637	5,763.70	01/14/16	(1,513.70)		
	1,000.0000	5.6337	5,633.70	01/20/16	(1,383.70)		

[redacted]

[redacted]

Investment Detail - Equities (continued)

Equities (continued)	Quantity Units Purchased	Market Price Cost Per Share	Market Value Cost Basis	% of Account Assets Acquired	Unrealized Gain or (Loss)	Estimated Yield	Estimated Annual Income
PROSPECT CAPITAL CO	1,000.0000	5.6930	5,693.00[1]	01/20/16	(1,443.00)		
	300.0000	9.1231	2,736.95[1]	05/04/17	(1,461.95)		
	1,178.0000	5.9358	6,992.49[1]	11/01/17	(1,985.99)		
	1,000.0000	6.6369	6,636.95[1]	01/30/18	(2,386.95)		
	1,000.0000	6.4469	6,446.95[1]	01/31/18	(2,196.95)		
	500.0000	6.2339	3,116.95[1]	02/05/18	(991.95)		
	500.0000	6.7000	3,350.00[1]	10/24/18	(1,225.00)		
	500.0000	6.7700	3,385.00[1]	10/24/18	(1,260.00)		
	500.0000	6.6700	3,335.00[1]	10/29/18	(1,210.00)		
	1,000.0000	6.2890	6,289.00[1]	05/31/19	(2,039.00)		
	5.0000	6.1500	30.75	02/25/20	(9.50)		
	995.0000	6.1500	6,119.25	02/25/20	(1,890.50)		
	1,000.0000	6.1500	6,150.00	02/25/20	(1,900.00)		
	1,000.0000	5.8200	5,820.00	02/27/20	(1,570.00)		
	1,000.0000	5.8900	5,890.00	02/27/20	(1,640.00)		
Cost Basis			*315,768.94*				

[illegible] prior rate.

[redacted]

MARK S CANE

[redacted]

PROSPECT CAPITAL CORP	17,500	---	6.1130	106,978.30	3.9950	69,912.50	-37,065.80	-34.65	Multiple			
				500	01/11/16	6.7245	3,362.25	3.9950	1,997.50	-1,364.75	-40.59	Lon
				1,000	01/11/16	6.6879	6,687.90	3.9950	3,995.00	-2,692.90	-40.27	Lon
				1,000	01/14/16	5.8072	5,807.20	3.9950	3,995.00	-1,812.20	-31.21	Lon
				1,000	01/20/16	5.6958	5,695.80	3.9950	3,995.00	-1,700.80	-29.86	Lon
				500	12/13/18	6.5239	3,261.95	3.9950	1,997.50	-1,264.45	-38.76	Lon
				500	12/14/18	6.4139	3,206.95	3.9950	1,997.50	-1,209.45	-37.71	Lon
				1,000	12/17/18	6.1669	6,166.95	3.9950	3,995.00	-2,171.95	-35.22	Lon
				1,000	12/17/18	6.0970	6,096.95	3.9950	3,995.00	-2,101.95	-34.48	Lon
				1,000	12/18/18	6.0469	6,046.95	3.9950	3,995.00	-2,051.95	-33.93	Lon
				1,000	12/20/18	5.8670	5,866.95	3.9950	3,995.00	-1,871.95	-31.91	Lon
				1,000	12/20/18	5.8170	5,816.95	3.9950	3,995.00	-1,821.95	-31.32	Lon
				1,000	12/20/18	5.7669	5,766.95	3.9950	3,995.00	-1,771.95	-30.73	Lon
				1,000	06/05/19	6.3270	6,326.95	3.9950	3,995.00	-2,331.95	-36.86	Sho
				1,000	02/25/20	6.43	6,430.00	3.9950	3,995.00	-2,435.00	-37.87	Sho
				1,000	02/25/20	6.30	6,300.00	3.9950	3,995.00	-2,305.00	-36.59	Sho
				1,000	02/25/20	6.22	6,220.00	3.9950	3,995.00	-2,225.00	-35.77	Sho
				1,000	02/25/20	6.1376	6,137.60	3.9950	3,995.00	-2,142.60	-34.91	Sho

MARK S CANE

[redacted]

			0	3.9950	3,995.00	-1,975.00	-33.08 Sho
1,000	02/27/20	5.81	5,810.00	3.9950	3,995.00	-1,815.00	-31.24 Sho

MARK S CANE

[redacted]

PROSPECT CAPITAL CORP	5,000	---	7.8845	39,422.53	--	3.9850	19,925.00	-19,497.53	-49.46	Long		
				500	07/18/11	9.7160	4,858.00	--	3.9850	1,992.50	-2,865.50	-58.99 Lor
				500	07/29/11	9.1898	4,594.88	--	3.9850	1,992.50	-2,602.38	-56.64 Lor
				500	07/29/11	9.0597	4,529.87	--	3.9850	1,992.50	-2,537.37	-56.01 Lor
				500	08/05/11	8.0998	4,049.88	--	3.9850	1,992.50	-2,057.38	-50.80 Lor
				500	11/14/12	9.8559	4,927.95	--	3.9850	1,992.50	-2,935.45	-59.57 Lor
				1,000	12/11/15	6.6761	6,676.10	--	3.9850	3,985.00	-2,691.10	-40.31 Lor
				500	01/31/18	6.4439	3,221.95	--	3.9850	1,992.50	-1,229.45	-38.16 Lor
				500	03/08/18	6.6139	3,306.95	--	3.9850	1,992.50	-1,314.45	-39.75 Lor
				500	03/21/18	6.5139	3,256.95	--	3.9850	1,992.50	-1,264.45	-38.82 Lor

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Investment Detail - Equities (continued)

Equities (continued)	Quantity Units Purchased	Market Price Cost Per Share	Market Value Cost Basis	% of Account Assets Acquired	Unrealized Gain or (Loss)	Estimated Yield Holding Days	Estimated Annual Income Holding Period
PROSPECT CAPITAL CO (M)	**29,000.0000**	**4.25000**	**123,250.00**	**20%**	**(58,274.02)**	**16.94%**	**20,880.00**
SYMBOL: PSEC	1,000.0000	6.2588	6,258.85	01/12/16	(2,008.85)	1540	Long-Term
	500.0000	5.8288	2,914.42	01/14/16	(789.42)	1538	Long-Term
	1,000.0000	6.7000	6,700.00	10/03/17	(2,450.00)	910	Long-Term
	1,500.0000	6.7000	10,050.00	10/06/17	(3,675.00)	907	Long-Term
	1,000.0000	6.6100	6,610.00	10/10/17	(2,360.00)	903	Long-Term
	1,000.0000	6.5600	6,560.00	10/11/17	(2,310.00)	902	Long-Term
	1,000.0000	6.2500	6,250.00	10/12/17	(2,000.00)	901	Long-Term
	1,000.0000	6.3400	6,340.00	10/12/17	(2,090.00)	901	Long-Term
	1,500.0000	6.0767	9,115.05	10/25/17	(2,740.05)	888	Long-Term
	1,500.0000	5.9700	8,955.00	10/26/17	(2,580.00)	887	Long-Term
	1,000.0000	6.6350	6,635.00	01/30/18	(2,385.00)	791	Long-Term
	1,000.0000	6.3334	6,333.45	01/31/18	(2,083.45)	790	Long-Term
	1,000.0000	6.4414	6,441.45	01/31/18	(2,191.45)	790	Long-Term
	1,000.0000	6.5600	6,560.00	01/31/18	(2,310.00)	790	Long-Term
	1,500.0000	6.5233	9,784.95	01/31/18	(3,409.95)	790	Long-Term
	1,000.0000	6.1649	6,164.95	02/05/18	(1,914.95)	785	Long-Term
	1,000.0000	6.2249	6,224.95	02/05/18	(1,974.95)	785	Long-Term
	1,000.0000	6.5250	6,525.05	03/12/18	(2,275.05)	750	Long-Term
	500.0000	6.3899	3,194.95	12/14/18	(1,069.95)	473	Long-Term
	1,000.0000	6.1449	6,144.95	12/17/18	(1,894.95)	470	Long-Term
	1,000.0000	6.2949	6,294.95	05/31/19	(2,044.95)	305	Short-Term
	1,000.0000	6.3849	6,384.95	05/31/19	(2,134.95)	305	Short-Term
	1,000.0000	6.1500	6,150.00	02/25/20	(1,900.00)	35	Short-Term
	215.0000	5.8000	1,247.00	02/27/20	(333.25)	33	Short-Term
	785.0000	5.8000	4,553.00	02/27/20	(1,216.75)	33	Short-Term

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Investment Detail - Equities (continued)

Equities (continued)	Quantity Units Purchased	Market Price Cost Per Share	Market Value Cost Basis	% of Account Assets Acquired	Unrealized Gain or (Loss)	Estimated Yield Holding Days	Estimated Annual Income Holding Period
PROSPECT CAPITAL CO (M)	1,000.0000	5.8900	5,890.00	02/27/20	(1,640.00)	33	Short-Term
	1,000.0000	5.9050	5,905.00	02/27/20	(1,655.00)	33	Short-Term
	1,000.0000	5.9200	5,920.00	02/27/20	(1,670.00)	33	Short-Term
	1,000.0000	5.4161	5,416.10	03/06/20	(1,166.10)	25	Short-Term
Cost Basis			*181,524.02*				
Total Equities	**49,500.0000**		**228,885.00**	**38%**	**(155,595.30)**		**42,360.00**

[redacted]

Equities	Quantity Units Purchased	Market Price Cost Per Share	Market Value Cost Basis	Account Assets Acquired	Unrealized Gain or (Loss)	Estimated Yield Holding Days	Estimated Annual Income Holding Period
PROSPECT CAPITAL CO (M)	**2,500.0000**	**4.25000**	**10,625.00**	**23%**	**(5,432.50)**	**16.94%**	**1,800.00**
SYMBOL: PSEC	500.0000	7.1050	3,552.50	08/21/17	(1,427.50)	953	Long-Term
	500.0000	6.5350	3,267.50	03/12/18	(1,142.50)	750	Long-Term
	500.0000	6.3850	3,192.50	12/14/18	(1,067.50)	473	Long-Term
	1,000.0000	6.0450	6,045.00	12/18/18	(1,795.00)	469	Long-Term
Cost Basis			*16,057.50*				
Total Equities	**2,500.0000**		**10,625.00**	**23%**	**(5,432.50)**		**1,800.00**

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PROSPECT CAPITAL CORP	33,500	---	7.8390	262,604.91	--	--	4.04	135,340.00	-127,264.91	-48.46	Multiple				
				500	07/26/07	15.8672	7,933.59	--	--	4.04	2,020.00	-5,913.59	-74.54	Lo	
				500	04/27/10	11.2346	5,617.28	--	--	4.04	2,020.00	-3,597.28	-64.04	Lo	
				500	05/21/10	9.3445	4,672.27	--	--	4.04	2,020.00	-2,652.27	-56.77	Lo	
				500	07/01/10	8.9431	4,471.57	--	--	4.04	2,020.00	-2,451.57	-54.83	Lo	
				500	06/15/11	10.8133	5,406.63	--	--	4.04	2,020.00	-3,386.63	-62.64	Lo	
				500	06/21/11	10.0033	5,001.64	--	--	4.04	2,020.00	-2,981.64	-59.61	Lo	
				500	07/05/11	9.8965	4,948.25	--	--	4.04	2,020.00	-2,928.25	-59.18	Lo	
				500	07/18/11	9.7165	4,858.26	--	--	4.04	2,020.00	-2,838.26	-58.42	Lo	
				500	07/28/11	9.3492	4,674.62	--	--	4.04	2,020.00	-2,654.62	-56.79	Lo	
				500	07/29/11	9.0598	4,529.88	--	--	4.04	2,020.00	-2,509.88	-55.41	Lo	
				500	07/29/11	9.0297	4,514.87	--	--	4.04	2,020.00	-2,494.87	-55.26	Lo	
				500	08/04/11	8.7698	4,384.88	--	--	4.04	2,020.00	-2,364.88	-53.93	Lo	
				500	08/05/11	8.0897	4,044.87	--	--	4.04	2,020.00	-2,024.87	-50.06	Lo	
				500	05/07/14	10.4960	5,248.00	--	--	4.04	2,020.00	-3,228.00	-61.51	Lo	
				500	05/07/14	10.2660	5,133.00	--	--	4.04	2,020.00	-3,113.00	-60.65	Lo	
				500	05/08/14	10.2260	5,113.00	--	--	4.04	2,020.00	-3,093.00	-60.49	Lo	
				500	05/13/14	9.9460	4,973.00	--	--	4.04	2,020.00	-2,953.00	-59.38	Lo	
				500	05/13/14	9.8110	4,905.50	--	--	4.04	2,020.00	-2,885.50	-58.82	Lo	

500	05/13/14	9.4458	4,722.90	--	--	4.04	2,020.00	-2,702.90	-57.23	Lo
500	05/13/14	9.3756	4,687.80	--	--	4.04	2,020.00	-2,667.80	-56.91	Lo
500	09/30/14	9.92	4,960.00	--	--	4.04	2,020.00	-2,940.00	-59.27	Lo
1,000	10/10/14	9.4190	9,419.00	--	--	4.04	4,040.00	-5,379.00	-57.11	Lo
500	12/04/14	9.0960	4,548.00	--	--	4.04	2,020.00	-2,528.00	-55.58	Lo
500	12/04/14	8.9360	4,468.00	--	--	4.04	2,020.00	-2,448.00	-54.79	Lo
500	12/08/14	8.0860	4,043.00	--	--	4.04	2,020.00	-2,023.00	-50.04	Lo
500	06/01/15	7.8360	3,918.00	--	--	4.04	2,020.00	-1,898.00	-48.44	Lo
500	06/05/15	7.6160	3,808.00	--	--	4.04	2,020.00	-1,788.00	-46.95	Lo
500	06/05/15	7.5660	3,783.00	--	--	4.04	2,020.00	-1,763.00	-46.60	Lo
500	06/08/15	7.5460	3,773.00	--	--	4.04	2,020.00	-1,753.00	-46.46	Lo
500	06/09/15	7.4360	3,718.00	--	--	4.04	2,020.00	-1,698.00	-45.67	Lo
500	06/09/15	7.3560	3,678.00	--	--	4.04	2,020.00	-1,658.00	-45.08	Lo
500	06/09/15	7.2860	3,643.00	--	--	4.04	2,020.00	-1,623.00	-44.55	Lo
500	06/09/15	7.2360	3,618.00	--	--	4.04	2,020.00	-1,598.00	-44.17	Lo
500	06/10/15	7.2210	3,610.50	--	--	4.04	2,020.00	-1,590.50	-44.05	Lo
1,000	08/24/15	6.7680	6,768.00	--	--	4.04	4,040.00	-2,728.00	-40.31	Lo
1,000	12/09/15	6.7980	6,798.00	--	--	4.04	4,040.00	-2,758.00	-40.57	Lo
1,000	12/11/15	6.6780	6,678.00	--	--	4.04	4,040.00	-2,638.00	-39.50	Lo

1,000	12/14/15	6.4572	6,457.20	--	--	4.04	4,040.00	-2,417.20	-37.43	Lo
1,000	12/14/15	6.2179	6,217.90	--	--	4.04	4,040.00	-2,177.90	-35.03	Lo
1,000	01/11/16	6.6880	6,688.00	--	--	4.04	4,040.00	-2,648.00	-39.59	Lo
1,000	01/12/16	6.3780	6,378.00	--	--	4.04	4,040.00	-2,338.00	-36.66	Lo
1,000	01/14/16	5.7979	5,797.90	--	--	4.04	4,040.00	-1,757.90	-30.32	Lo
1,000	01/20/16	5.7580	5,758.00	--	--	4.04	4,040.00	-1,718.00	-29.84	Lo
1,000	01/20/16	5.6379	5,637.90	--	--	4.04	4,040.00	-1,597.90	-28.34	Lo
1,000	01/30/18	6.6369	6,636.95	--	--	4.04	4,040.00	-2,596.95	-39.13	Lo
1,000	01/31/18	6.4369	6,436.95	--	--	4.04	4,040.00	-2,396.95	-37.24	Lo
1,000	01/31/18	6.3319	6,331.95	--	--	4.04	4,040.00	-2,291.95	-36.20	Lo
1,000	03/21/18	6.4970	6,496.95	--	--	4.04	4,040.00	-2,456.95	-37.82	Lo
1,000	05/31/19	6.3969	6,396.95	--	--	4.04	4,040.00	-2,356.95	-36.84	Sh
1,000	05/31/19	6.2969	6,296.95	--	--	4.04	4,040.00	-2,256.95	-35.84	Sh

[redacted]

Equities (continued)	Quantity Units Purchased	Market Price Cost Per Share	Market Value Cost Basis	% of Account Assets Acquired	Unrealized Gain or (Loss)	Estimated Yield Holding Days	Estimated Annual Income Holding Period
Cost Basis							*Accrued Dividend: 475.00*
PROSPECT CAPITAL CO (M)	**36,500.0000**	**4.25000**	**155,125.00**	**30%**	**(76,592.85)**	**16.94%**	**26,280.00**
SYMBOL: PSEC	2,000.0000	6.7024	13,404.95	10/03/17	(4,904.95)	910	Long-Term
	2,000.0000	6.7024	13,404.95	10/06/17	(4,904.95)	907	Long-Term
	1,500.0000	6.6133	9,919.95	10/10/17	(3,544.95)	903	Long-Term
	1,500.0000	6.5633	9,844.95	10/11/17	(3,469.95)	902	Long-Term
	1,500.0000	6.2233	9,334.95	10/12/17	(2,959.95)	901	Long-Term
	1,500.0000	6.2333	9,349.95	10/12/17	(2,974.95)	901	Long-Term
	1,500.0000	6.2533	9,379.95	10/12/17	(3,004.95)	901	Long-Term
	1,500.0000	6.3433	9,514.95	10/12/17	(3,139.95)	901	Long-Term
	2,000.0000	6.0524	12,104.95	10/25/17	(3,604.95)	888	Long-Term
	2,000.0000	6.0919	12,183.95	10/25/17	(3,683.95)	888	Long-Term
	2,000.0000	6.6424	13,284.95	12/07/17	(4,784.95)	845	Long-Term
	1,500.0000	6.6433	9,964.95	01/30/18	(3,589.95)	791	Long-Term
	1,500.0000	6.3333	9,499.95	01/31/18	(3,124.95)	790	Long-Term

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Investment Detail - Equities (continued)

	Quantity	Market Price	Market Value	% of Account Assets	Unrealized Gain or (Loss)	Estimated Yield	Estimated Annual Income
Equities (continued)	Units Purchased	Cost Per Share	Cost Basis	Acquired		Holding Days	Holding Period
PROSPECT CAPITAL CO (M)	1,500.0000	6.4433	9,664.95	01/31/18	(3,289.95)	790	Long-Term
	1,500.0000	6.5633	9,844.95	01/31/18	(3,469.95)	790	Long-Term
	1,500.0000	6.1633	9,244.95	02/05/18	(2,869.95)	785	Long-Term
	1,500.0000	6.2233	9,334.95	02/05/18	(2,959.95)	785	Long-Term
	1,000.0000	6.5349	6,534.95	03/12/18	(2,284.95)	750	Long-Term
	1,000.0000	6.4349	6,434.95	04/13/18	(2,184.95)	718	Long-Term
	500.0000	6.3899	3,194.95	12/14/18	(1,069.95)	473	Long-Term
	1,000.0000	6.1449	6,144.95	12/17/18	(1,894.95)	470	Long-Term
	1,000.0000	6.2949	6,294.95	05/31/19	(2,044.95)	305	Short-Term
	1,000.0000	6.3749	6,374.95	05/31/19	(2,124.95)	305	Short-Term
	1,000.0000	6.1500	6,150.00	02/25/20	(1,900.00)	35	Short-Term
	1,000.0000	5.8900	5,890.00	02/27/20	(1,640.00)	33	Short-Term
	1,000.0000	5.4150	5,415.00	03/06/20	(1,165.00)	25	Short-Term
Cost Basis			*231,717.85*				

[redacted]

[redacted]

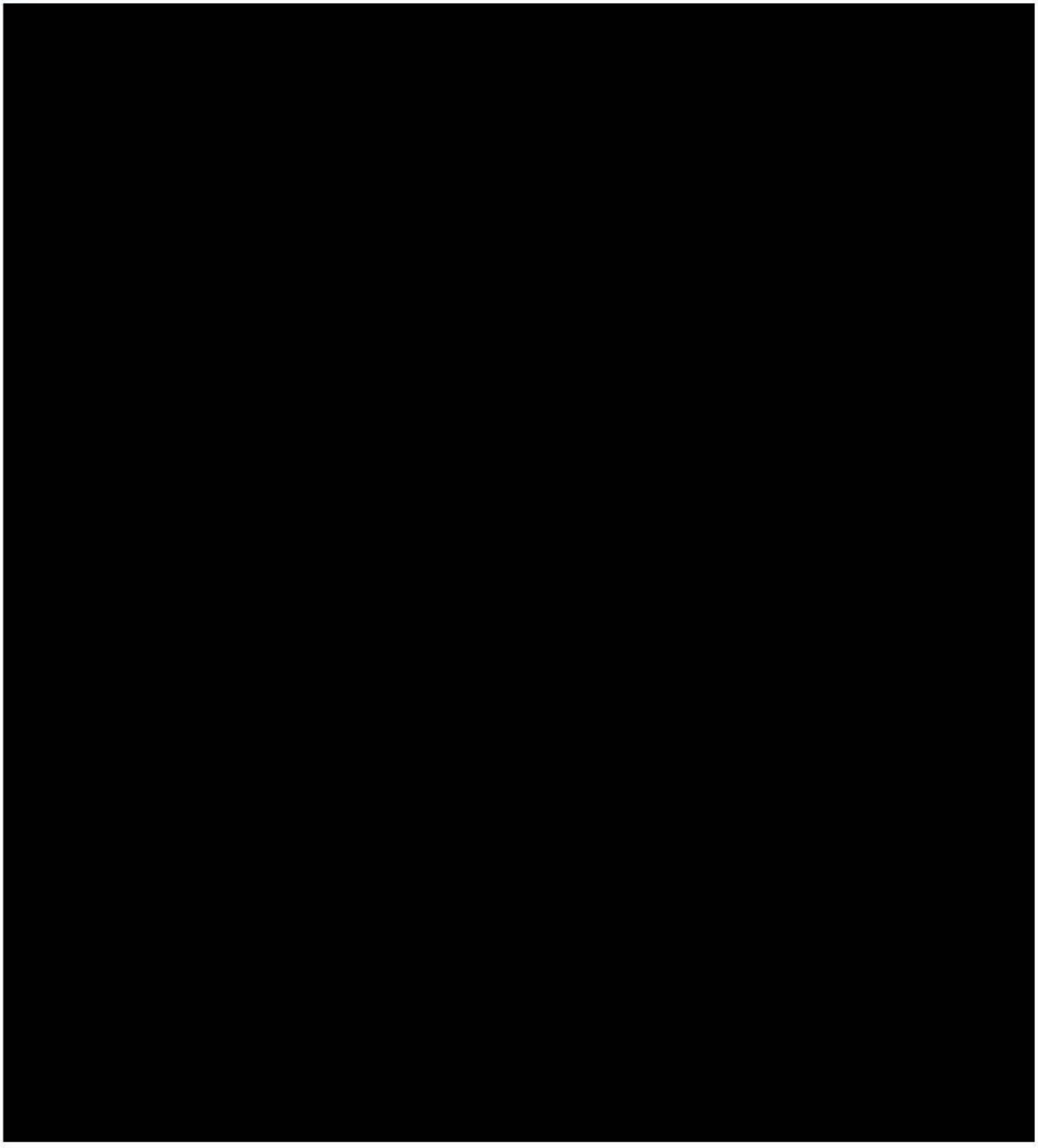
May 8, 2020

Corporate Secretary
c/o Prospect Capital Corporation
10 East 40th Street, 42nd Floor
New York, NY 10016

Re: Confirmation of Share Ownership

Dear Ms. Secretary:

[redacted]



(Continued on next page)

EXHIBIT B

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

CORPORATE SECRETARY
C/O PROSPECT CAPITAL CORPORATION
10 E. 40TH ST., 42ND FLOOR
NEW YORK, NY 10016

9590 9402 4146 8092 1716 12

2. Article Number (Transfer from service label)
7019 1640 0000 3414 7432

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X
☐ Agent
☐ Addressee

B. Received by (Printed Name) | C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☐ Adult Signature
☐ Adult Signature Restricted Delivery
☐ Certified Mail®
☐ Certified Mail Restricted Delivery
☐ Collect on Delivery
☐ Collect on Delivery Restricted Delivery
☐ Mail
☐ Mail Restricted Delivery
☐ Priority Mail Express®
☐ Registered Mail™
☐ Registered Mail Restricted Delivery
☐ Return Receipt for Merchandise
☐ Signature Confirmation™
☐ Signature Confirmation Restricted Delivery

PS Form 3811, July 2015 PSN 7530-02-000-9053 Domestic Return Receipt

[redacted]

MICHELLE BRONSTEIN

CERTIFIED MAIL®

7019 1640 0000 3414 7432

CORPORATE SECRETARY
C/O PROSPECT CAPITAL CORP.
10 EAST 40TH ST., 42ND FLOOR
NEW YORK, NY
10016

1000
10016
$7.60
R2305K135889-05
[redacted]

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
OF THE RETURN ADDRESS. FOLD AT DOTTED LINE

Michelle H.Bronsted
[redacted]

May 8, 2020

Corporate Secretary
c/o Prospect Capital Corporation
10 East 40th Street, 42nd Floor
New York, NY 10016

Dear Ms. Secretary:

As a qualified shareholder, and in compliance with the conditions set forth in the Prospect Capital Corporation proxy statement and Prospect Capital Corporation's Corporate Bylaws, I am submitting the attached shareholder resolution with the intent for it to be included in Prospect Capital Corporation's proxy announcing the next Annual Shareholder's meeting which is expected to be held in December, 2020.

I have asked Mark S. Cane to act as my proxy and represent me at the next Prospect Capital Corporation annual meeting. I have also asked him to present the attached shareholder resolution for me at that meeting.

In addition, if Mark S. Cane were to nominate himself for election to the board of directors at this meeting, I would support his candidacy.

I am not an "interested person" of the Corporation, as defined by the Investment Act of 1940.

The attached shareholder resolution calls for the following action:

"In order to improve director accountability to shareholders and help make Prospect Capital comparable with general industry standards regarding board terms, shareholders request our Board of Directors to adopt as a policy, and take the steps necessary, to amend our governing documents, to repeal / eliminate the "qualified" or "staggered" board, and establish annual elections for all directors following the board election of 2020."

The reason this resolution is being proposed is because I believe if it were approved by fellow shareholders, and approved and implemented by the Prospect Capital Board, it will help attract new institutional and individual shareholders which can help improve the total financial returns Prospect Capital delivers to all shareholders.

As of today, I own 1,470 shares of Prospect Capital common stock, all of which were purchased for stock price appreciation and dividend income, in the following account:

[redacted]

See the attached page which details my purchase history as of March 31, 2020 for shares acquired between July 29, 2011 and February 25, 2020. The cost per share column has been adjusted to reflect the payment of dividends characterized as returns of capital when appropriate. I intend to hold these shares at least through the date of the 2020 Prospect Capital Annual Meeting of Shareholders.

I have also attached a proof of ownership and duration letter fro[redacted]
I have not engaged in any of the activities outlined in Section 11 (3)(iii)(C) of Prospect Capital's Bylaws. My understanding is that Mark S. Cane and Camilla C. Cane, which whom I am associated, have not engaged in such activity either.

Bylaws Section 11(3)(iii)(D) does not apply to me either and to the best of my knowledge it does not apply to Mark S. Cane and Camilla C. Cane, with whom I am associated.

The address of Mark S. Cane and Camilla C. Cane, who are associated with me, i[redacted]
They have told me that they will support my resolution. My understanding is that their investment strategy or objective with regard to Prospect Capital is to maximize total shareholder return through increased stock price and growing dividend income.

At this time I am unaware of any other Prospect Capital stock holders who are in support of my shareholder resolution.

Please let me know if you need additional information.

Sincerely,

[redacted]

Attachments

Shareholder resolution from Michelle Bronsted

"Article IV of Prospect Capital Corporation's Charter calls for three classes of directors who are elected for staggered three year terms. This is also referred to as a "classified" or "staggered" board.

Dr. Yaron Nili of the University of Wisconsin Law School has conducted extensive corporate governance research. In his paper, *The 'New Insiders': Rethinking Independent Directors' Tenure* (can be downloaded through either:
Yaron Nili, The 'New Insiders': Rethinking Independent Directors' Tenure, 68 Hastings Law Journal 97 (2016) or:
Univ. of Wisconsin Legal Studies Research Paper No. 1390, he points out that, "*The board, in the context of agency concerns, has been expected to represent shareholders' interests' vis-à-vis management, curtailing management's ability to extract private benefits or act in a suboptimal way with respect to shareholder interests.*" (p. 104)

He adds, "*The board of directors is one of the core organs of the modern corporation. As such, it has been entrusted with several important roles in the governance of the corporation. First, the board is required to be an active participant in some of the more important managerial decisions such as mergers, stock issuance and change of company governance documents. Second the board is a resource for management to utilize for insight and networking. Third, the board is charged with a monitoring role, making sure that shareholder interests are fully served, in an effort to constrain the agency costs associated with a managerial centric corporation model.*" (p. 105)

In addition, "*Some shareholders try to challenge the ultimate discretion held by the board of directors and management by actively using their rights to create some form of checks and balances.* (P. 106) He specifies that among the barriers limiting shareholder intervention are ***"the staggered board and poison pill and other legal barriers limiting shareholder involvement***." (p. 107, emphasis added)

Dr. Nili pointed out that through the year 2015, "*The percentage of (S&P 500) boards serving one year terms has risen every year and currently stands at ninety-three percent, more than double what it was a decade ago (forty percent).*" (P. 113)

Support for the trend away from classified or staggered boards is further illustrated by the fact that, in its 2019 voting guidelines (p. 17), the influential institutional investor proxy advisory firm Institutional Shareholder Services (ISS) recommended that shareholders vote IN FAVOR of proposals to repeal classified boards. (https://www.issgovernance.com/file/policy/latest/americas/US-Voting-Guidelines.pdf.)

Resolution - In order to improve director accountability to shareholders and help make Prospect Capital comparable with general industry standards regarding board terms, shareholders request our Board of Directors to adopt as a policy, and take the steps necessary, to amend our governing documents, to repeal / eliminate the "qualified" or "staggered" board, and establish annual elections for all directors following the board election of 2020.

Please vote YES":

[redacted]

May 8, 2020

Corporate Secretary
c/o Prospect Capital Corporation
10 East 40th Street, 42nd Floor
New York, NY 10016

Re: Confirmation of Share Ownership

Dear Ms. Secretary:

[redacted]

MICHELLE BRONTSEA ROTH IRA

[redacted]

PSEC	PROSPECT CAPITAL CORP	1,470	---	8.3615	12,291.40	4.0050	5,887.35	-6,404.05	-52.10	Multiple	
				400	07/29/11	9.2650	3,705.99	4.0050	1,602.00	-2,103.99	-56.77 Long
				200	05/13/14	9.8499	1,969.99	4.0050	801.00	-1,168.99	-59.34 Long
				270	06/10/15	7.2460	1,956.42	4.0050	1,081.35	-875.07	-44.73 Long
				300	05/04/17	9.10	2,730.00	4.0050	1,201.50	-1,528.50	-55.99 Long
				300	02/25/20	6.43	1,929.00	4.0050	1,201.50	-727.50	-37.71 Shor

EXHIBIT C

From: Kristin Van Dask
Sent: Wednesday, May 27, 2020 1:09 PM
To: [redacted]
Subject: 14a-8 Deficiency Letter

Dear Mr. Cane,

Please see attached in response to your letter submitted to Prospect Capital Corporation dated May 8, 2020.

Kind Regards,

Kristin Van Dask
Secretary

PROSPECT CAPITAL

May 26, 2020

BY EMAIL AND FEDERAL EXPRESS

Mark S. Cane
[redacted]

Re: Stockholder Proposals Submitted to
Prospect Capital Corporation (the "Company")

Dear Mr. Cane:

I write in response to your letter submitted to Prospect Capital Corporation dated May 8, 2020, requesting inclusion of certain stockholder proposals in the Company's proxy statement for its 2020 annual meeting of stockholders (the "Annual Meeting") pursuant to Rule 14a-8 promulgated under the Securities Exchange Act of 1934, as amended. For your reference, a copy of Rule 14a-8 is attached to this letter as Exhibit A.

Pursuant to Rule 14a-8, we hereby bring to your attention certain deficiencies in your submission. First, Rule 14a-8(d) states that any stockholder proposal, including any accompanying supporting statement, may not exceed 500 words. Your proposal and supporting statement recommending several board actions relating to the Company's stock, tax status and distributions contain more than 500 words. You can choose to remedy this defect by revising the proposal and supporting statement so that they do not exceed 500 words.

In addition, Rule 14a-8(c) provides that a stockholder may submit no more than one proposal under Rule 14a-8 to a company for a particular stockholder meeting. Your submission includes at least three proposals advocating at least three separate board actions: among other things, (1) it recommends that the board consider a temporary suspension of the Company's "regulated investment company" tax status; (2) it recommends that the board consider a temporary dividend suspension; and (3) it recommends that the board consider authorizing a specific open market repurchase plan.

Moreover, for purposes of Rule 14a-8(c), the staff of the U.S. Securities and Exchange Commission has indicated that stockholders submitting proposals will be treated as one stockholder proponent if one stockholder is the alter ego of another or the stockholder-proponents are otherwise acting as a group, the result being that the entire group is limited to one proposal. The Company is also in receipt of a letter, dated May 8, 2020, from an individual you have represented to the Company to be your daughter, Michelle H. Bronsted, requesting

inclusion of a stockholder proposal in the Company's proxy statement for the Annual Meeting pursuant to Rule 14a-8. Based on the manner in which the proposals were submitted and other information available to the Company, we believe that you have authored your proposals and the proposal of Ms. Bronsted and arranged for these proposals to be submitted to the Company and are intending and authorized to direct the manner in which your family members, including Camilla C. Cane and Ms. Bronsted, will vote at the Annual Meeting, in violation of Rule 14a-8(c).

You can choose to correct the foregoing violations of Rule 14a-8(c) by clearly indicating in a written response to the Company the proposals you and Ms. Bronsted are withdrawing and the one single proposal you and Ms. Bronsted still wish to submit pursuant to Rule 14a-8. You would also need to confirm that the proposal you still wish to submit and accompanying supporting statement comply with Rule 14a-8(d). Rule 14a-8 requires that your written response to this letter, if any, be mailed to the Company and postmarked, or transmitted to the Company electronically, no later than 14 calendar days from the date you receive this letter.

Finally, you wrote in your letter that your wife, Camilla C. Cane, would also be submitting a proposal for inclusion in the Company's proxy statement. Please be advised that the Company received Mrs. Cane's submission on May 18, 2020, five days after the May 13, 2020 deadline for submission of proposals pursuant to Rule 14a-8. Therefore, Mrs. Cane's submission was not timely provided, as required by Rule 14a-8(e)(2).[1]

Please note that this letter addresses only certain procedural aspects of the requirements for submitting a proposal pursuant to Rule 14a-8 and does not address or waive any of the Company's rights or concerns regarding your stockholder proposals, your eligibility to have your stockholder proposals included in the Company's proxy statement, or any other matter. The Company reserves all rights to omit your proposals from the Company's proxy statement on any grounds.

Very truly yours,

Kristin Van Dask
Secretary

Attachment

[1] Your letter dated May 8 also mentioned that you "may nominate" yourself for election to the Company's board of directors at the Annual Meeting. On its face, that statement does not constitute declaration or notice of actual nomination.

Exhibit A

[See attachment]

e-CFR data is current as of May 19, 2020

Title 17: Commodity and Securities Exchanges
PART 240—GENERAL RULES AND REGULATIONS, SECURITIES EXCHANGE ACT OF 1934

§240.14a-8 Shareholder proposals.

This section addresses when a company must include a shareholder's proposal in its proxy statement and identify the proposal in its form of proxy when the company holds an annual or special meeting of shareholders. In summary, in order to have your shareholder proposal included on a company's proxy card, and included along with any supporting statement in its proxy statement, you must be eligible and follow certain procedures. Under a few specific circumstances, the company is permitted to exclude your proposal, but only after submitting its reasons to the Commission. We structured this section in a question-and-answer format so that it is easier to understand. The references to "you" are to a shareholder seeking to submit the proposal.

(a) *Question 1:* What is a proposal? A shareholder proposal is your recommendation or requirement that the company and/or its board of directors take action, which you intend to present at a meeting of the company's shareholders. Your proposal should state as clearly as possible the course of action that you believe the company should follow. If your proposal is placed on the company's proxy card, the company must also provide in the form of proxy means for shareholders to specify by boxes a choice between approval or disapproval, or abstention. Unless otherwise indicated, the word "proposal" as used in this section refers both to your proposal, and to your corresponding statement in support of your proposal (if any).

(b) *Question 2:* Who is eligible to submit a proposal, and how do I demonstrate to the company that I am eligible? (1) In order to be eligible to submit a proposal, you must have continuously held at least $2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal at the meeting for at least one year by the date you submit the proposal. You must continue to hold those securities through the date of the meeting.

(2) If you are the registered holder of your securities, which means that your name appears in the company's records as a shareholder, the company can verify your eligibility on its own, although you will still have to provide the company with a written statement that you intend to continue to hold the securities through the date of the meeting of shareholders. However, if like many shareholders you are not a registered holder, the company likely does not know that you are a shareholder, or how many shares you own. In this case, at the time you submit your proposal, you must prove your eligibility to the company in one of two ways:

(i) The first way is to submit to the company a written statement from the "record" holder of your securities (usually a broker or bank) verifying that, at the time you submitted your proposal, you continuously held the securities for at least one year. You must also include your own written statement that you intend to continue to hold the securities through the date of the meeting of shareholders; or

(ii) The second way to prove ownership applies only if you have filed a Schedule 13D (§240.13d-101), Schedule 13G (§240.13d-102), Form 3 (§249.103 of this chapter), Form 4 (§249.104 of this chapter) and/or Form 5 (§249.105 of this chapter), or amendments to those documents or updated forms, reflecting your ownership of the shares as of or before the date on which the one-year eligibility period begins. If you have filed one of these documents with the SEC, you may demonstrate your eligibility by submitting to the company:

(A) A copy of the schedule and/or form, and any subsequent amendments reporting a change in your ownership level;

(B) Your written statement that you continuously held the required number of shares for the one-year period as of the date of the statement; and

(C) Your written statement that you intend to continue ownership of the shares through the date of the company's annual or special meeting.

(c) *Question 3:* How many proposals may I submit? Each shareholder may submit no more than one proposal to a company for a particular shareholders' meeting.

(d) *Question 4:* How long can my proposal be? The proposal, including any accompanying supporting statement, may not exceed 500 words.

(e) *Question 5:* What is the deadline for submitting a proposal? (1) If you are submitting your proposal for the company's annual meeting, you can in most cases find the deadline in last year's proxy statement. However, if the company did not hold an

annual meeting last year, or has changed the date of its meeting for this year more than 30 days from last year's meeting, you can usually find the deadline in one of the company's quarterly reports on Form 10-Q (§249.308a of this chapter), or in shareholder reports of investment companies under §270.30d-1 of this chapter of the Investment Company Act of 1940. In order to avoid controversy, shareholders should submit their proposals by means, including electronic means, that permit them to prove the date of delivery.

(2) The deadline is calculated in the following manner if the proposal is submitted for a regularly scheduled annual meeting. The proposal must be received at the company's principal executive offices not less than 120 calendar days before the date of the company's proxy statement released to shareholders in connection with the previous year's annual meeting. However, if the company did not hold an annual meeting the previous year, or if the date of this year's annual meeting has been changed by more than 30 days from the date of the previous year's meeting, then the deadline is a reasonable time before the company begins to print and send its proxy materials.

(3) If you are submitting your proposal for a meeting of shareholders other than a regularly scheduled annual meeting, the deadline is a reasonable time before the company begins to print and send its proxy materials.

(f) *Question 6:* What if I fail to follow one of the eligibility or procedural requirements explained in answers to Questions 1 through 4 of this section? (1) The company may exclude your proposal, but only after it has notified you of the problem, and you have failed adequately to correct it. Within 14 calendar days of receiving your proposal, the company must notify you in writing of any procedural or eligibility deficiencies, as well as of the time frame for your response. Your response must be postmarked, or transmitted electronically, no later than 14 days from the date you received the company's notification. A company need not provide you such notice of a deficiency if the deficiency cannot be remedied, such as if you fail to submit a proposal by the company's properly determined deadline. If the company intends to exclude the proposal, it will later have to make a submission under §240.14a-8 and provide you with a copy under Question 10 below, §240.14a-8(j).

(2) If you fail in your promise to hold the required number of securities through the date of the meeting of shareholders, then the company will be permitted to exclude all of your proposals from its proxy materials for any meeting held in the following two calendar years.

(g) *Question 7:* Who has the burden of persuading the Commission or its staff that my proposal can be excluded? Except as otherwise noted, the burden is on the company to demonstrate that it is entitled to exclude a proposal.

(h) *Question 8:* Must I appear personally at the shareholders' meeting to present the proposal? (1) Either you, or your representative who is qualified under state law to present the proposal on your behalf, must attend the meeting to present the proposal. Whether you attend the meeting yourself or send a qualified representative to the meeting in your place, you should make sure that you, or your representative, follow the proper state law procedures for attending the meeting and/or presenting your proposal.

(2) If the company holds its shareholder meeting in whole or in part via electronic media, and the company permits you or your representative to present your proposal via such media, then you may appear through electronic media rather than traveling to the meeting to appear in person.

(3) If you or your qualified representative fail to appear and present the proposal, without good cause, the company will be permitted to exclude all of your proposals from its proxy materials for any meetings held in the following two calendar years.

(i) *Question 9:* If I have complied with the procedural requirements, on what other bases may a company rely to exclude my proposal? (1) Improper under state law: If the proposal is not a proper subject for action by shareholders under the laws of the jurisdiction of the company's organization;

NOTE TO PARAGRAPH (i)(1): Depending on the subject matter, some proposals are not considered proper under state law if they would be binding on the company if approved by shareholders. In our experience, most proposals that are cast as recommendations or requests that the board of directors take specified action are proper under state law. Accordingly, we will assume that a proposal drafted as a recommendation or suggestion is proper unless the company demonstrates otherwise.

(2) *Violation of law:* If the proposal would, if implemented, cause the company to violate any state, federal, or foreign law to which it is subject;

NOTE TO PARAGRAPH (i)(2): We will not apply this basis for exclusion to permit exclusion of a proposal on grounds that it would violate foreign law if compliance with the foreign law would result in a violation of any state or federal law.

(3) *Violation of proxy rules:* If the proposal or supporting statement is contrary to any of the Commission's proxy rules, including §240.14a-9, which prohibits materially false or misleading statements in proxy soliciting materials;

(4) *Personal grievance; special interest:* If the proposal relates to the redress of a personal claim or grievance against the company or any other person, or if it is designed to result in a benefit to you, or to further a personal interest, which is not shared by the other shareholders at large;

(5) *Relevance:* If the proposal relates to operations which account for less than 5 percent of the company's total assets at the end of its most recent fiscal year, and for less than 5 percent of its net earnings and gross sales for its most recent fiscal year, and is not otherwise significantly related to the company's business;

(6) *Absence of power/authority:* If the company would lack the power or authority to implement the proposal;

(7) *Management functions:* If the proposal deals with a matter relating to the company's ordinary business operations;

(8) *Director elections:* If the proposal:

(i) Would disqualify a nominee who is standing for election;

(ii) Would remove a director from office before his or her term expired;

(iii) Questions the competence, business judgment, or character of one or more nominees or directors;

(iv) Seeks to include a specific individual in the company's proxy materials for election to the board of directors; or

(v) Otherwise could affect the outcome of the upcoming election of directors.

(9) *Conflicts with company's proposal:* If the proposal directly conflicts with one of the company's own proposals to be submitted to shareholders at the same meeting;

NOTE TO PARAGRAPH (i)(9): A company's submission to the Commission under this section should specify the points of conflict with the company's proposal.

(10) *Substantially implemented:* If the company has already substantially implemented the proposal;

NOTE TO PARAGRAPH (i)(10): A company may exclude a shareholder proposal that would provide an advisory vote or seek future advisory votes to approve the compensation of executives as disclosed pursuant to Item 402 of Regulation S-K (§229.402 of this chapter) or any successor to Item 402 (a "say-on-pay vote") or that relates to the frequency of say-on-pay votes, provided that in the most recent shareholder vote required by §240.14a-21(b) of this chapter a single year (*i.e.*, one, two, or three years) received approval of a majority of votes cast on the matter and the company has adopted a policy on the frequency of say-on-pay votes that is consistent with the choice of the majority of votes cast in the most recent shareholder vote required by §240.14a-21(b) of this chapter.

(11) *Duplication:* If the proposal substantially duplicates another proposal previously submitted to the company by another proponent that will be included in the company's proxy materials for the same meeting;

(12) *Resubmissions:* If the proposal deals with substantially the same subject matter as another proposal or proposals that has or have been previously included in the company's proxy materials within the preceding 5 calendar years, a company may exclude it from its proxy materials for any meeting held within 3 calendar years of the last time it was included if the proposal received:

(i) Less than 3% of the vote if proposed once within the preceding 5 calendar years;

(ii) Less than 6% of the vote on its last submission to shareholders if proposed twice previously within the preceding 5 calendar years; or

(iii) Less than 10% of the vote on its last submission to shareholders if proposed three times or more previously within the preceding 5 calendar years; and

(13) *Specific amount of dividends:* If the proposal relates to specific amounts of cash or stock dividends.

(j) *Question 10:* What procedures must the company follow if it intends to exclude my proposal? (1) If the company intends to exclude a proposal from its proxy materials, it must file its reasons with the Commission no later than 80 calendar days before it files its definitive proxy statement and form of proxy with the Commission. The company must simultaneously provide you with a copy of its submission. The Commission staff may permit the company to make its submission later than 80 days before the company files its definitive proxy statement and form of proxy, if the company demonstrates good cause for missing the deadline.

(2) The company must file six paper copies of the following:

(i) The proposal;

(ii) An explanation of why the company believes that it may exclude the proposal, which should, if possible, refer to the most recent applicable authority, such as prior Division letters issued under the rule; and

(iii) A supporting opinion of counsel when such reasons are based on matters of state or foreign law.

(k) *Question 11:* May I submit my own statement to the Commission responding to the company's arguments?

Yes, you may submit a response, but it is not required. You should try to submit any response to us, with a copy to the company, as soon as possible after the company makes its submission. This way, the Commission staff will have time to consider fully your submission before it issues its response. You should submit six paper copies of your response.

(l) *Question 12:* If the company includes my shareholder proposal in its proxy materials, what information about me must it include along with the proposal itself?

(1) The company's proxy statement must include your name and address, as well as the number of the company's voting securities that you hold. However, instead of providing that information, the company may instead include a statement that it will provide the information to shareholders promptly upon receiving an oral or written request.

(2) The company is not responsible for the contents of your proposal or supporting statement.

(m) *Question 13:* What can I do if the company includes in its proxy statement reasons why it believes shareholders should not vote in favor of my proposal, and I disagree with some of its statements?

(1) The company may elect to include in its proxy statement reasons why it believes shareholders should vote against your proposal. The company is allowed to make arguments reflecting its own point of view, just as you may express your own point of view in your proposal's supporting statement.

(2) However, if you believe that the company's opposition to your proposal contains materially false or misleading statements that may violate our anti-fraud rule, §240.14a-9, you should promptly send to the Commission staff and the company a letter explaining the reasons for your view, along with a copy of the company's statements opposing your proposal. To the extent possible, your letter should include specific factual information demonstrating the inaccuracy of the company's claims. Time permitting, you may wish to try to work out your differences with the company by yourself before contacting the Commission staff.

(3) We require the company to send you a copy of its statements opposing your proposal before it sends its proxy materials, so that you may bring to our attention any materially false or misleading statements, under the following timeframes:

(i) If our no-action response requires that you make revisions to your proposal or supporting statement as a condition to requiring the company to include it in its proxy materials, then the company must provide you with a copy of its opposition statements no later than 5 calendar days after the company receives a copy of your revised proposal; or

(ii) In all other cases, the company must provide you with a copy of its opposition statements no later than 30 calendar days before its files definitive copies of its proxy statement and form of proxy under §240.14a-6.

[63 FR 29119, May 28, 1998; 63 FR 50622, 50623, Sept. 22, 1998, as amended at 72 FR 4168, Jan. 29, 2007; 72 FR 70456, Dec. 11, 2007; 73 FR 977, Jan. 4, 2008; 76 FR 6045, Feb. 2, 2011; 75 FR 56782, Sept. 16, 2010]

EXHIBIT D

From: Mark Cane [redacted]
Sent: Thursday, June 4, 2020 9:09 AM
To: Kristin Van Dask
Subject: RE: 14a-8 Deficiency Letter
Attachments: Mark Cane response to Ms. Van Dask 5-31-20 re deficiencies.pdf; Cane 5-31-20 letter to Ms. Van Dask tracking history.pdf

– Caution: External Sender –

Dear Ms. Van Dask,

Attached is my response to your letter which was mailed on June 1. According to the attached tracking information it should arrive at your office today.

I hope you have been spared any harm related to the pandemic and social unrest.

Sincerely,

Mark Cane

From: Kristin Van Dask [mailto:kvandask@prospectcap.com]
Sent: Wednesday, May 27, 2020 12:09 PM
To: [redacted]
Subject: 14a-8 Deficiency Letter

Dear Mr. Cane,

Please see attached in response to your letter submitted to Prospect Capital Corporation dated May 8, 2020.

Kind Regards,

Kristin Van Dask
Secretary

Mark S. Cane
[redacted]

May 31, 2020

Kristin Van Dask
Secretary
Prospect Capital Corporation
10 East 40th St., 42nd Floor
New York, NY 10016

Dear Ms. Van Dask:

Thank you for your letter of May 26 regarding the shareholder proposal I submitted on May 8 for inclusion in the PSEC proxy statement for the 2020 annual meeting of stockholders.

Thank you also for pointing out deficiencies in my submission. First, you stated that I exceeded the 500 word maximum. I thought my submission had met this requirement. Second, you correctly pointed out that my proposal could be construed so as to request more than one action. My intent was to recommend only one specific board action for shareholder consideration but to include the possible shareholder value generating initiatives the proposal could unlock to explain the potential benefits the proposal could generate for all shareholders. I have modified my shareholder proposal to hopefully remedy this deficiency. The modifications I made also reduce the total word count to 471 according to my Microsoft Word program. The modified resolution is attached.

You also stated in your letter that, "for purposes of Rule 14a-8(c), the staff of the U.S. Securities and Exchange Commission has indicated that stockholders submitting proposals will be treated as one stockholder proponent if one stockholder is the alter ego of another or the stockholder proponents are otherwise acting as a group, the result being that the entire group is limited to one proposal. Based on the manner in which the proposals were submitted and other information available to the Company, we believe that you have authored your proposals and the proposal of Ms. Bronsted and arranged for these proposals to be submitted to the Company and are intending and authorized to direct the manner in which your family members, including Camilla C. Cane and Ms. Bronsted, will vote at the Annual Meeting, in violation of Rule 14a-8(c)."

Based on the interactions I have had with PSEC staff to try to establish dialogue with PSEC executives and my independent board members, and the contents of the "White Paper" and accompanying email I sent to Mr. Eugene Stark, I understand how one could suspect what you allege. The facts are otherwise. While I provided requested assistance, I did not "author" Ms. Bronsted's proposal. I did not "arrange" for Ms. Bronsted's proposal to be submitted. I do not intend to even attempt to "direct the manner" in which Ms. Bronsted or Camilla C. Cane will vote at the annual meeting. I am not authorized to "direct the manner" in which Ms. Bronsted or Camilla C. Cane will vote at the annual meeting. If my proposed resolution makes it into the proxy I intend to attend the annual meeting to present it as required by the SEC. Ms. Bronsted has told me she cannot afford to miss work and travel to New York in December. Ms. Bronsted's has asked me to only represent her as her proxy to present her proposed resolution if it

makes it into the proxy. She has made it clear to me that she will continue to handle her own PSEC shareholder votes as she has done since she first bought shares in PSEC.

Mrs. Cane and Ms. Bronsted are both long time independent PSEC shareholders. They both have held the requisite number of shares for the required time period to entitle them to submit a shareholder resolution. Both Mrs. Cane and Ms. Bronsted have asked me numerous times why their investments in PSEC have been performed so poorly and if PSEC is a lost cause. They were aware that I have been frustrated in my long running attempts to talk with company executives and outside board members to discuss the future of the company. They were aware of the extensive research I had been doing on the company. As very interested investors, they asked me to share the contents of my White Paper with them and at their request I complied. They asked if I would try to do anything else if my continued requests to communicate with PSEC's outside board members were rebuffed. I told them I intended to try to be part of a solution and submit a shareholder resolution to hopefully effect change that would lead to improved returns for all PSEC shareholders. They asked me if they could also try to be part of a solution and do the same thing. I told them as far as I could determine it appeared that they met the SEC qualifications for submission of a shareholder resolution. After reading my White Paper they said a lot of the things I was suggesting the outside Board members consider were way over their head but a few were understandable for them and things they believed they would like to submit as a shareholder resolution. They said the procedures that had to be taken and the regulations that had to be followed were way over their heads too. They asked me if I would help them and I said yes but I insisted that any resolution they proposed had to be their resolution, not influenced or coerced by me. They asked me to format their desired content of their resolutions and letters accompanying the resolutions in an attempt to assure that the conditions in the PSEC Charter and By-laws and SEC regulations were complied with and I did. They asked me to help them with language that would help them get across their message and not sound "dumb" and I did my best to do as they asked. I told them I would be happy to counsel them but, again, whatever, if anything, they chose to submit ultimately had to be theirs and only theirs. They asked me to address their packages to be sure it was done right and even deliver them to the post office and I did. They told me that I had their authorization to inform PSEC's outside board members and staff of their resolution intent and that I could submit advance copies of their proposed resolutions to PSEC's outside board members.

You indicated that Mrs. Cane's proposed resolution did not arrive in time. Regrettably, for PSEC's independent shareholders, her proposed resolution is now dead.

Ms. Bronsted's proposed resolution is not mine. In addition, to be very clear, I am not her "alter ego." I know her well and can assure you that while she frequently seeks advice from me on numerous (especially financial and legal) matters, she makes her own decisions. I ceased being her custodian for her investments when she turned 21. She is a very smart and very independent single mother of 3 young children but she is not a financial expert or knowledgeable about SEC regulations. She is fighting hard to make a living for herself and her young children and has depended on PSEC to perform well in her Roth IRA to give her something to count on in her eventual retirement. She has asked me numerous times over the past few years why PSEC's performance in her IRA has been so poor and whether she should dump it. I encouraged (not coerced or forced) her to hold on because my interactions with PSEC contacts I was able to get through to over the years continued to give me hope that better results were around the corner. She regrettably took my bad advice and held her PSEC stock.

In your letter you state, "You can choose to correct the foregoing violations of Rule 14a-8(c) by clearly indicating in a written response to the Company the proposals you and Ms. Bronsted are withdrawing and the one single proposal you and Ms. Bronsted still wish to submit pursuant to Rule 14a-8."

Ms. Bronsted and I are not part of a "group." I do not control her. If I were to collaborate with her as you suggest above to jointly decide which of our independent resolutions should be submitted to PSEC it would be a sign that we are a "group." If I could demand or require her to withdraw her resolution it would be a sign that I am her "alter-ego," that I do "control" her and that I am part of a "group" with her. It would also be a flat-out lie if she claimed adoption of my proposed resolution as hers. If she could convince me that I should drop my proposed resolution and instead adopt her resolution as my own it would cause me to flat-out lie and it would be a sign that we are part of a "group." If I could demand or require her to adopt my resolution as her own, I would be asking her to lie. It would also be a sign that I am her "alter-ego," that I control her and that we are a "group."

Ms. Bronsted has to determine for herself whether she is willing to withdraw her proposed resolution. She has to speak for herself. With regard to this matter or any other PSEC matter leading to this point, I do not independently speak for her. Why don't you reach out to her and tell her why her resolution would not be in the best interest of PSEC's independent shareholders? She is very reasonable.

I am a frustrated long-time independent shareholder who is way under water on my PSEC investment. My patience has run out and I am convinced that change is needed at PSEC. I do not intend to voluntarily withdraw my proposed resolution unless I can be convinced by my outside board members that they will take the action I am requesting in the resolution or if they can convince me that a yes vote on my resolution would not be in my best long term interest and/or the best long term interest of PSEC's other independent shareholders.

The SEC requires that companies send shareholder proponents of resolutions a notice of deficiencies before they get involved in order to stimulate dialogue. I have been trying to establish dialogue for a very long time. PSEC is the party that has been unwilling to substantively respond to my communications or provide me with the dialogue I have requested. I would think that my outside directors would value a "temperature check" of PSEC's shareholder base to see if they would be willing to temporarily forgo cash dividends in return for potentially better and more tax efficient returns through capital appreciation. If my outside directors can convince me that even consideration of my proposed resolution by PSEC independent shareholders is not in my best interest or the best interest of PSEC's other independent shareholders I will happily withdraw it.

Thank you again.

Sincerely,

ATTACHMENT

"PSEC has chosen to be a Subchapter M Registered Investment Company (RIC), as explained in the 10K.

The conceptual attraction of a RIC BDC is a high, at least stable, dividend plus equity appreciation from a structure that eliminates the double taxation of dividends. As long as minimum distribution requirements are met, income taxes are not paid by the BDC due to adoption of statutory RIC status. Taxes on income / distributions are borne by shareholders, for the most part, at ordinary (not capital gains or qualified dividend) income tax rates. As long as the BDC performs such that its stock price remains at least stable, and dividend payouts do not fall, the shareholders' after-tax return should be attractive.

PSEC shares purchased on 1/1/14, and held through 3/31/20, experienced per share accumulated dividends of $4.605 but a per share price reduction of $6.62 per share – an accumulated pre-tax loss of $2.015 per share. (Source: PSEC 10Ks and 10Qs) Because dividends are taxed, over this time period, a typical PSEC shareholder experienced an even more significant negative after-tax return during this period.

As of 3/31/20, PSEC had $1.111 billion distributable loss (source: 10Q). This reflects sustained net investment losses but can be utilized as an asset. The Board could choose to retain BDC status but suspend PSEC's qualification as a RIC under Subchapter M of the Code, discontinue paying dividends, and incur the statutory 4% excise tax liability on undistributed income. This would make PSEC subject to Federal income tax on income and capital gains. This would also allow PSEC to utilize its distributable loss to shield a proportion of income and capital gains from taxation. The board could choose to suspend dividend payments and direct "distributable" income to aggressive, accretive open market share repurchases. If shareholders would be willing to temporarily attempt achievement of improved returns from their PSEC investment through more after-tax efficient share price appreciation than dividends, it could give shareholders an improved and more tax efficient return on investment. Such a strategy could be employed until the open market price of PSEC stock sustainably exceeds a reasonable board chosen percentage of NAV target. After that time the board could again seek restoration of RIC status and normal RIC cash dividend payments could be resumed from a higher share price base.

While novel and aggressive, precedent exists for such a strategy. American Capital Strategies (ACAS) employed it. It was instrumental in helping ACAS grow a $100 ACAS investment on 12/31/09 to $641 on 12/31/13 (source ACAS 2014 10k, p. 34 - https://www.sec.gov/Archives/edgar/data/817473/000081747315000010/acas10k123114.htm).

Resolution - With an objective of improving PSEC's total absolute and after-tax shareholder return, shareholders request that the board evaluate the merits of, and consider, temporary RIC status suspension to enable otherwise precluded strategic initiatives that could result in significant total after-tax shareholder returns.

Please vote YES:"

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Prospect Capital Corporation
10 East 40th St., 42nd Floor
New York, NY 10016

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10 East 40th St, 42nd Floor
New York, NY 10016

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X ☐ Agent ☐ Addressee

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Michelle H. Bronsted
[redacted]

June 2, 2020

Kristin Van Dask
Secretary
Prospect Capital Corporation
10 East 40th St., 42nd Floor
New York, NY 10016

Dear Ms. Van Dask:

I received your letter of May 26 regarding the shareholder proposal I submitted for inclusion in the 2020 annual meeting of stockholders proxy statement.

You wrote, "Pursuant to Rule 14a-8, we hereby bring to your attention certain deficiencies in your purported submission. Specifically, Rule 14a-8(c) provides that a stockholder may submit no more than one proposal under Rule 14a-8 to a company for a particular stockholder meeting. For purposes of Rule 14a-8(c), the staff of the U.S. Securities and Exchange Commission has indicated that stockholders submitting proposals will be treated as one stockholder proponent if one stockholder is the alter ago of another or the stockholder-proponents are otherwise acting as a group, the result being that the entire group would be limited to one proposal. The Company is also in receipt of a letter, dated May 8, 2020, from a person who has represented himself to the Company to be your father, Mark S. Cane, requesting inclusion of certain stockholder proposals in the Company's proxy statement for the Annual Meeting pursuant to Rule 14a-8. Based on the manner in which the proposals were submitted and other information available to the Company, we believe that you are a nominal proponent acting at the behest of Mr. Cane and that Mr. Cane in fact authored your proposal and arranged for your proposal to be submitted to the Company along with his other proposals and is intending and authorized to direct the manner in which you will vote at the Annual Meeting, in violation of Rule 14a-8(c). You can choose to correct this Rule 14a-8(c) violation by clearly indicating in a written response to the Company the proposals you and Mr. Cane are withdrawing and the one single proposal you and Mr. Cane still wish to submit pursuant to Rule 14a-8."

I actually did submit a shareholder resolution that I would like to be voted on by Prospect Capital shareholders at the 2020 Annual Shareholders Meeting. It is not "purported" to be from me. I have owned shares of Prospect Capital since 2011. Along with the resolution I sent you on May 8 I included a letter that answered questions about me and my associations required by Prospect Capital's Charter and By-laws. I included proof of the duration of my Prospect Capital share ownership as well as the dates I acquired my Prospect Capital stock. According to my understanding of the rules, I am qualified to submit a shareholder resolution.

You refer to Mark S. Cane in your letter. In the cover letter I included with the resolution I indicated that I am associated with him so that is not a secret. You also indicated that, "we believe that you are a nominal proponent acting at the behest of Mr. Cane and that Mr. Cane in fact authored your proposal and arranged for your proposal to be submitted to the Company along with his other proposals and is intending and authorized to direct the manner in which you will vote at the Annual Meeting."

I am not a "nominal proponent" acting at the "behest" of anyone. I am a very frustrated individual shareholder whose 1470 shares of Prospect Capital stock are now worth 37% less than what I paid for them. I have been counting on my Prospect Capital investment to help me in retirement and I am moving backwards. I do not need any outside motivation or an "alter ego" to want to see that change for the better. I believe my resolution, if approved by shareholders, could help do that for the good of all shareholders.

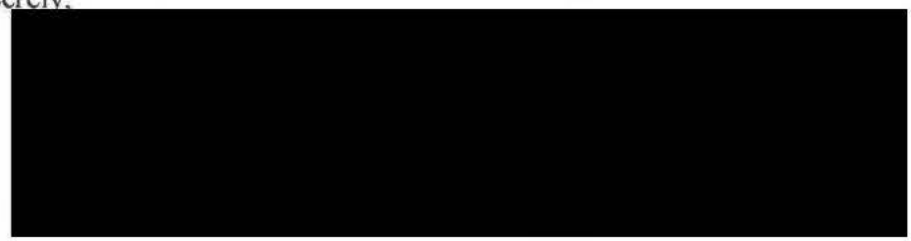
I did receive assistance from Mr. Cane. The process of submitting a shareholder resolution is very challenging with a lot of detailed hurdles to cross. I asked him what sort of things he thought Prospect Capital should consider doing in order to help my investment get out of a huge hole. At my request he shared research he had done on the company which helped me decide on a shareholder cause to advocate and develop the passion to actually take action. He had a laundry list of issues and I did happen to pick one of them as my resolution topic without his guidance or direction. I asked him to propose a format for me for what a resolution should include and what a cover letter to Prospect Capital should include to help me meet Securities and Exchange Commission and Prospect Capital rules and regulations. I asked him to review my resolution and cover letter for me to be sure I did not omit anything related to rules and regulations. I asked him to help me explain what I wanted to communicate and accomplish where I struggled getting my ideas on paper, without sounding stupid, and in a way that would make sense for other shareholders. I asked him to help me wit[redacted]so that could get the information related to stock ownership I needed, and in the form I needed it. I even asked him to address my package and mail it for me. Especially on May 8, as a full time worker and mother of three children having to be homeschooled while I was working from home due to the Coronavirus, I needed the help. Requesting or getting such help, in my mind, does not mean that he "arranged for my proposal to be submitted." I can imagine that there is a good chance that you had help from a legal staff when you wrote your letter to me to be sure that you said the right things and met legal requirements. I imagine that there is a good chance that you did not address or mail your letter to me but instead had help from support staff. I do not question your use of that sort of help if you did. If you did it does not mean that your legal staff or support staff "arranged for your letter to be submitted" to me. If you did what I think is probable I think you did what you should do. I did what I thought I needed to do. I sent you my proposal with my letter signed by me. I take full ownership for everything I submitted to you.

You suggest Mr. Cane "is intending and authorized to direct the manner in which you will vote at the Annual Meeting." Nothing could be further from the truth. He has indicated no such intention to me and I assure you that he is not authorized, nor will he direct, the manner in which I vote. Because I have three young children who need my care and a full time job that I cannot afford to take time away from, I will not be able to attend to the December shareholder's meeting. Therefore, if my proposal has to be presented at the meeting I have asked him if he

would represent me at it only to present it (not to vote for me) as I indicated to you on May 8. I had to see if that were possible before I submitted the resolution and he agreed to do that for me if necessary.

Finally, you have asked me to clearly indicate, "in a written response to the Company the proposals you and Mr. Cane are withdrawing and the one single proposal you and Mr. Cane still wish to submit." I have no intention of withdrawing my proposed resolution. As far as I can tell I am fully qualified to submit it. I take full ownership for it as well the associated documents I sent you. I am not part of a "group" with him. I have acted on my own initiative for my own individual best interest and hopefully for the best interest of all Prospect Capital shareholders. It would only make sense for me to work with Mr. Cane to determine whether or not to withdraw my resolution if I were part of a group with him. If Mr. Cane wants to withdraw a resolution that he owns you will have to deal with him. I am not authorized to act for him any more than he is authorized to act for me.

Sincerely,



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