

INVESTMENT STRATEGY¹

Founded in 2004, Prospect Capital Corporation (NASDAQ: PSEC) is a \$5.7B company that is a leading provider of private debt and private equity to middle-market companies in the United States.

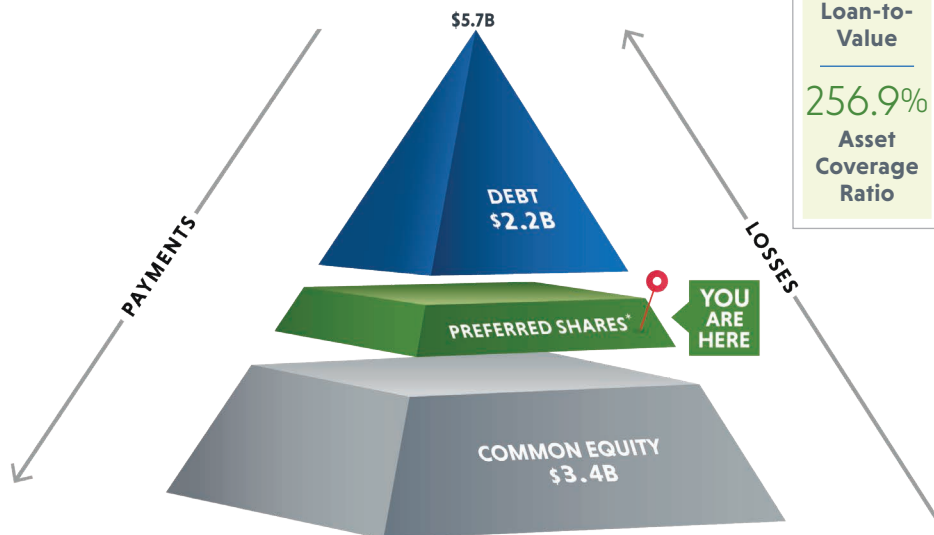
**CORPORATE CREDIT
 INVESTMENT GRADE RATINGS**

Moody's: Baa3
 Egan-Jones: BBB

S&P: BBB-
 Kroll: BBB-

THE PREFERRED STOCK IS RATED BB BY S&P

PREFERRED SHARES ARE SENIOR TO COMMON STOCK



38.7%
 Loan-to-Value
 256.9%
 Asset Coverage Ratio

**WELL DIVERSIFIED PORTFOLIO IN
 211 INVESTMENTS ACROSS 39 INDUSTRIES¹**

Low Energy / Hotel / Restaurant / Leisure / Retail Concentration of 1.6%, the majority of which is secured debt

Equity Real Estate Investment Trusts	16.2%
Subordinated Structured Notes	13.3%
Consumer Finance	12.4%
Health Care Providers & Services	9.8%
Diversified Consumer Services	4.3%
Textiles, Apparel, & Luxury Goods	4.0%
Commercial Services & Supplies	3.7%
Interactive Media & Services	3.4%
IT Services	3.4%
Distributors	3.1%
Construction & Engineering	2.6%
Machinery	1.8%
Other	22.0%



OFFERING:

Convertible Preferred Stock A - \$1B Offering
 by Prospect Capital

SHARE PRICE:

Brokerage Accounts: \$25.00 per share*
 Advisory Accounts/RIA: \$23.25 per share*

*Client account statements reflect \$25.00 Stated Value

CONTRACTUAL DIVIDEND RATE:

5.5%
 paid monthly²

ACCESS TO CAPITAL:

Liquidity from Day 1
 subject to a 5 year declining conversion fee
 (9%, 8%, 7%, 6%, 5%, 0%)

Death Put³
 (0% Conversion Fee)

PROSPECT HIGHLIGHTS

\$17.3B
 Invested Since 2004

16
 Years Same Management Team

Strategy Breakdown¹



\$2.9B Middle Market Direct Lending
\$1.1B Middle Market Buyouts
\$0.9B Real Estate Private Equity
\$0.7B CLOs
\$0.1B Other

PROSPECT CAPITAL CONVERTIBLE PREFERRED STOCK

“We are proud of our long history of providing important capital to U.S. middle market businesses while delivering to our SHAREHOLDERS CONSISTENT RETURNS.”

John Barry - Chairman of the Board,
CEO and Co-Founder

Past performance is neither indicative nor a guarantee of future results.

- 1 As of 12/31/2020 and inclusive of real estate and structured finance investments held through a wholly-owned subsidiary.
- 2 Intended to be paid monthly as authorized by the Board of Directors.
- 3 We will have a discretionary right to limit the aggregate liquidation preference of Preferred Stock subject to redemption following the death of a holder that may be exercised in any calendar year to an amount equal to the greater of \$10 million or 5% of all Preferred Stock outstanding as of the end of the most recent calendar year. Accordingly, no assurance can be given that exercise of a redemption following the death of a holder for the desired amount will be permitted in any single calendar year.

Important Risk Factors to Consider

An investment in PSEC Preferred Stock involves certain risks. You should carefully consider the information set forth in the "Risk Factors" section of the Prospectus for a discussion of material risk factors relevant to an investment in PSEC Preferred Stock, including, but not limited to the following:

- The Preferred Stock will be subject to a risk of early conversion at our option and holders may not be able to reinvest their funds.
- Holders of the Preferred Stock will bear dividend risk. We may be unable to pay dividends on the Preferred Stock under some circumstances. In addition, the terms of any future indebtedness we may incur could preclude the payment of dividends in respect of equity securities, including the Preferred Stock, under certain conditions.
- There is limited liquidity and no public trading market for the PSEC Preferred Stock and there is no guarantee that the Preferred Stock will be listed on a national securities exchange.
- The Preferred Stock pays dividends at a fixed rate. Prices of fixed income investments tend to vary inversely with changes in market yields. The market yields on securities comparable to the Preferred Stock may increase, which would likely result in a decline in the value of the Preferred Stock. Additionally, if interest rates rise, securities comparable to the Preferred Stock may pay higher dividend rates and holders of the Preferred Stock may not be able to sell the Preferred Stock at the Liquidation Preference and reinvest the proceeds at market rates. The Company may be subject to a greater risk of rising interest rates due to the current period of historically low interest rates. There is a possibility that interest rates may rise, which would likely drive down the prices of income- or dividend-paying securities.
- We will have a discretionary right to limit the aggregate Liquidation Preference of Preferred Stock subject to redemption following the death of a holder that may be exercised in any calendar year to an amount equal to the greater of \$10 million or 5% of all Preferred Stock outstanding as of the end of the most recent calendar year. Accordingly, no assurance can be given that exercise of a redemption following the death of a holder for the desired amount will be permitted in any single calendar year.
- The credit rating that is issued on the Preferred Stock could be reduced or withdrawn while an investor holds Preferred Stock. A reduction or withdrawal of the credit rating would likely have an adverse effect on the market value of the Preferred Stock following a listing. In addition, a credit rating does not eliminate or mitigate the risks of investing in the Preferred Stock.
- Senior securities, including debt and preferred stock, expose us to additional risks, including the typical risks associated with leverage and could adversely affect our business, financial condition and results of operations.
- There is no cap on the number of shares of common stock that can be issued upon the conversion of shares of Preferred Stock. The conversion of the Preferred Stock into shares of common stock could cause the price of common stock to decline significantly.
- The Preferred Stock will be subject of early redemption or conversion at our option and holders may not be able to reinvest their funds.
- Repurchases of common stock by the Company may reduce the asset coverage of the Preferred Stock, which could adversely affect their liquidity or market prices.
- In the event the Company does not generate a total return from dividends and interest received and net realized capital gains in an amount at least equal to its distributions for a given year, the Company may return capital as part of its distribution. This would decrease the asset coverage per share with respect to the Preferred Stock, which could adversely affect their liquidity or market prices.

Summary of Fees and Expenses: Investors will be subject to the following Fees and Expenses as part of the Offering: selling commissions, dealer manager fee, and other offering expenses. Please see the Prospectus Supplement and the accompanying Prospectus for a complete listing of all Fees and Expenses related to the Offering.

FOR MORE OFFERING INFORMATION PLEASE CONTACT YOUR FINANCIAL ADVISOR

These and other risks may impact the company's financial condition, operating results, returns to its investors, and ability to make distributions as stated in the company's prospectus.

This material contains forward-looking statements relating to the business and financial outlook of Prospect Capital Corporation, that are based on the company's current expectations, estimates, forecasts, and projections, and are not guarantees of future performance. Actual results may differ materially from those expressed in these forward-looking statements, and you should not place undue reliance on any such statements. A number of important factors could cause actual results to differ materially from the forward-looking statements contained in this material. Such factors include those listed above, and those described in the "Risk Factors" section of the company's prospectus. Forward-looking statements in this material speak only as of the date on which such statements were made, and the company undertakes no obligation to update or revise any such statements whether as a result of new information, future events or otherwise.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED ANY OFFERING OF PROSPECT CAPITAL CORPORATION. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS IS NEITHER AN OFFER TO SELL NOR A SOLICITATION OF AN OFFER TO BUY THE SECURITIES DESCRIBED HEREIN. AN OFFERING IS MADE ONLY BY THE PROSPECTUS. THIS MATERIAL MUST BE PRECEDED OR ACCOMPANIED BY A PROSPECTUS. YOU SHOULD READ THE PROSPECTUS IN ORDER TO UNDERSTAND FULLY ALL OF THE IMPLICATIONS AND RISKS OF THE OFFERING OF SECURITIES TO WHICH IT RELATES. AN INVESTMENT IN PSEC PREFERRED STOCK SHOULD BE MADE ONLY AFTER CAREFUL REVIEW OF THE PROSPECTUS. ALL INFORMATION CONTAINED IN THIS MATERIAL IS QUALIFIED IN ITS ENTIRETY BY THE TERMS OF THE PROSPECTUS. THE ACHIEVEMENT OF ANY GOALS IS NOT GUARANTEED.

