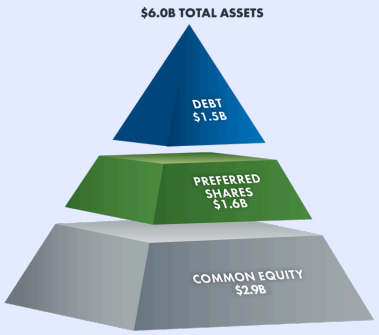
10 Critical Factors in Evaluating Non-Traded Preferred Stock Offerings

PROSPECT CAPITAL PREFERRED STOCK A5 M5

1. WHAT IS THE BUFFER AND HOW DOES IT POTENTIALLY MITIGATE LOSS?

Preferred shareholders benefit from a significant equity cushion. As of 9/30/2026, the company reported approximately $2.9 billion in book equity, with a market capitalization of about $1.1 billion.[1] Because preferred shares sit senior to common equity in the capital structure, this equity acts as a first-loss buffer. In addition, preferred shareholders must receive their accumulated dividends before any dividends are paid to common shareholders.



2. WHAT IS THE DIVIDEND COVERAGE OF THE PREFERRED?[2]

The dividend coverage of the preferred can highlight the ability of the Sponsor to pay the stated dividend. As of 9/30/2026, net investment income covered the preferred dividend 2.9x, indicating strong income support relative to the current payout.

3. WHAT IS THE LIQUIDITY OF THE OFFERING?[3]

Prospect Capital offers two share classes that are redeemable 100% in cash. Redemptions are processed monthly with settlement up to two months later. Redemptions are capped at 2% monthly, 5% quarterly, and 20% annually and the redemption policy cannot be changed by either the management team or the Board of Directors. Additionally, there is a Death Put, so if an investor passes away there is no penalty to redeem.[4]

4. WHAT ARE YOUR INVESTORS OPTIONS IF THERE WAS A LISTING?

With Prospect Capital's Preferred Stock, your investors have options. A5/M5 Preferred Stock cannot be listed without shareholder approval through a vote. Any listing of these shares requires the approval of the holders of Series A5 Shares or Series M5 Shares, who will vote as a separate class. For such a vote, the quorum required is 33 1/3% of the outstanding Series A5 Shares or Series M5 Shares, unless the Board specifies a higher quorum by resolution.

5. IS THE INVESTMENT RETURN ON UNDERLYING INVESTMENTS IN THE PORTFOLIO HIGH ENOUGH TO SUPPORT THE ISSUANCE OF THE PREFERRED STOCK AND ITS DIVIDENDS?

Prospect Capital's common equity absorbs the majority of the portfolio risk, providing structural support to preferred stock investors. The current preferred dividend is 7.5%. As of 9/30/2026, the company's annualized current yield across all performing interest-bearing investments (excluding equity investments and non-accrual loans) was 11.3%, generating a positive investment spread relative to the dividend.

6. WHAT IS THE LEVERAGE OF THE COMPANY?[5]

The total loan-to-value leverage of the company, which includes the preferred shares, is 53.4%.

7. HOW LONG HAS THE SPONSOR BEEN IN BUSINESS AND ARE THEIR INTERESTS ALIGNED?



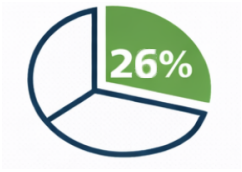
PSEC has been publicly traded since 2004



Management company was founded in 1988



Same management team for 27 years



Management team owns 26% of common stock outstanding

8. DOES YOUR PREFERRED HAVE A CALL OPTION, AND IF SO, CAN IT BE IN THE COMPANY'S PUBLICLY TRADED STOCK?

The call option embedded in Prospect A5/M5 requires cash settlement and does not permit settlement through equity issuance.

9. DO YOUR PREFERRED SHARES HAVE TRANSPARENCY?

Transparency is important when evaluating investments as it gives investors insight into the financial health and stability of the organization. Prospect Capital offers a non-listed preferred stock in a publicly traded company on the Nasdaq under the ticker PSEC and is subject to the reporting requirements of both the Nasdaq and the SEC. Additionally, Prospect Capital has corporate credit ratings from S&P, Moody's, Egan-Jones, and DBRS.[6]

10. WHAT TYPE OF ASSETS DOES THE SPONSOR PURCHASE, AND IS THE PORTFOLIO DIVERSIFIED?

Prospect Capital runs a highly diversified business, with 85 investments held across 31 different industries. The majority of their assets consist of senior secured loans, but they also own real estate and invest in companies through middle-market buyouts.

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

1. As of 9/30/2026.

2. The dividend is not guaranteed and is intended to be paid monthly, as authorized by the board of directors. The dividend coverage ratio is net investment income for the quarter ended 9/30/2026 divided by one quarter of preferred dividends, based on the amount of preferred stock outstanding as of 9/30/2026. This includes coverage of 134 million dollars of Series A shares with a 5.35% dividend rate, 588 million dollars of Series A1, A2, and M1 shares with a 5.50% dividend rate, 600 million dollars of Series A3 and M3 shares with a 6.50% dividend rate, 214 million dollars of Series A4 and M4 shares with a floating dividend rate, and 150 million dollars of Series A5 and M5 shares with a 7.50% dividend rate.

3. Redemption capacity will be allocated on a pro rata basis, based on the number of Series A5 Shares and Series M5 Shares submitted in the event that a redemption is oversubscribed. The right of holders to redeem Preferred Stock terminates upon the listing of such Preferred Stock. A5 Shares are subject to a five-year declining redemption fee (10%, 10%, 10%, 8%, 5%, 0%), and M5 Shares are subject to 180-day dividend recapture in the first year and a 90-day dividend recapture in the second year.

4. We will have the discretionary right to limit the aggregate liquidation preference of Series A5 Shares and Series M5 Shares subject to redemption following the death of a holder, which may be exercised in any calendar year, to an amount equal to the greater of 10 million dollars or 5% of all Series A5 Shares and Series M5 Shares 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. Death redemption terminates upon the listing of Preferred Stock.

5. As of 9/30/2026. Our "asset coverage" requirement (as defined under the 1940 Act) is limited to 150% (approximately a 2:1 debt-to-equity ratio). Loan-to-asset value leverage is calculated as (Principal Debt Outstanding + Total Preferred Outstanding) / Total Assets.

6. Ratings are current as of 11/4/2026. A credit rating is not a recommendation to buy, sell, or hold securities and is subject to revision or withdrawal at any time and without notice by the assigning agency. Each rating should be evaluated independently of any other rating, and investors should conduct thorough due diligence before investing. Moody's investment-grade credit ratings range from Aaa to Baa, and its high-yield credit ratings range from Ba to C. For S&P, Egan-Jones, and DBRS, investment-grade credit ratings range from AAA to BBB, while high-yield credit ratings range from BB to C. High-yield is another name for non-investment-grade or "junk."

Important Risk Factors to Consider
An investment in Prospect Capital Preferred Stock involves certain risks, including the risk of a substantial loss of investment. You should carefully consider the information set forth in the "Risk Factors" section of the prospectus supplement and the prospectus for a discussion of material risk factors relevant to an investment in Prospect Capital Preferred Stock, including but not limited to the following:

- The Preferred Stock will be subject to a risk of early redemption 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 Series A5 Shares and Series M5 Shares pay dividends at a fixed rate. The market values 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 market value of the Preferred Stock if it were to be traded on a national securities exchange. Additionally, if interest rates rise, securities comparable to the Preferred Stock may pay higher dividend rates, and holders of the Preferred Stock, if it were listed on a national securities exchange, may not be able to sell the Preferred Stock at the stated value on a national securities exchange and reinvest the proceeds at market rates.
- We will have the 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 dollars or 5% of all A5/M5 Shares 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. Death redemption for a series of Preferred Stock terminates upon the listing of such Preferred Stock.
- Series A5 Shares and Series M5 Shares are currently rated by Egan-Jones. A credit rating that has been issued on the Preferred Stock could be reduced or withdrawn while an investor holds such Preferred Stock. A reduction or withdrawal of the credit ratings would likely have an adverse effect on the market value of the relevant series of Preferred Stock. 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.
- Our obligations to pay dividends or make distributions and, upon our liquidation, to make liquidation payments in respect of the Preferred Stock are subordinate to our obligations to make any principal and interest payments due and owing with respect to our outstanding debt.
- In the event we do not generate a total return from dividends and interest received and net realized capital gains in an amount at least equal to our dividends for a given year, we may return capital as part of our dividends. This would decrease the asset coverage per share with respect to the Preferred Stock, which could adversely affect their liquidity or market prices.
- Redemption of the Series A5 Shares and Series M5 Shares at the holder's option is limited. The aggregate amount of holder optional redemptions by the holders of the Series A5 Shares and Series M5 Shares will be subject to redemption limits
- Repurchases of common stock by us may reduce the asset coverage of the Preferred Stock, which could adversely affect their liquidity or market prices.

Summary of fees and expenses: We will be subject to the following fees and expenses as part of the offering: selling commissions, dealer manager fees, and other offering expenses. Investors should consider the investment objectives, risks, charges, and expenses of the investment company carefully before investing. The prospectus supplement and the accompanying prospectus contain this and other relevant information. Investors should read the prospectus supplement and accompanying prospectus carefully before investing. Investors may obtain the prospectus supplement and accompanying prospectus from your sales representative or Preferred Capital Securities at (855) 330-6594.

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.

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