

PROSPECT CAPITAL CORP
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Prospect Capital Announces Pricing of \$175 Million of 6.375% Convertible Notes due 2025

NEW YORK, February 27, 2019 (GLOBE NEWSWIRE) -- Prospect Capital Corporation (NASDAQ: PSEC) ("Prospect") announced today the pricing of \$175 million in aggregate principal amount of senior unsecured 6.375% Convertible Notes Due 2025 (the "Notes"). Prospect has also granted the underwriters a 13-day over-allotment option to purchase up to an additional \$26.25 million aggregate principal amount of Notes.

The Notes will be convertible into shares of Prospect's common stock based on an initial conversion rate of 110.7420 shares of Prospect's common stock per \$1,000 principal amount of Notes, which is equivalent to an initial conversion price of approximately \$9.03 per share of common stock, representing a 30.68% conversion premium over the last reported sale price of Prospect's common stock on February 26, 2019, which was \$6.91 per share. The conversion rate for the Notes is subject to anti-dilution adjustments, but will not be increased for monthly cash dividends paid to common shares at or below the current rate of \$0.06 per share.

The Notes will mature on March 1, 2025, unless previously converted, repurchased or redeemed in accordance with their terms. Interest on the Notes will be payable semi-annually in arrears on March 1 and September 1 of each year, commencing on September 1, 2019. The Notes will be general unsecured obligations of Prospect, will rank equally in right of payment with Prospect's existing and future unsecured debt, and will rank senior in right of payment to any potential subordinated debt, should any be issued in the future.

Prospect expects to use a portion of the net proceeds from the sale of the Notes to repurchase from time to time a portion of its 4.75% senior convertible notes due 2020 (the "2020 Notes"). As of February 25, 2019, the estimated asset coverage of the 2020 Notes was 1556.5%, accounting for Prospect's issuances of debt subsequent to December 31, 2018 in the amount of \$38.5 million. Prospect's most recently approved net asset value was as of December 31, 2018. The asset coverage ratio is the amount of Prospect's total assets, less all of Prospect's liabilities and indebtedness not represented by senior securities (as defined in the Investment Company Act of 1940), divided by the amount of the 2020 Notes. Accordingly, Prospect's actual asset coverage ratio may differ materially from these estimates, which are as of February 25, 2019, as a result of the completion of Prospect's financial closing procedures, final adjustments and other developments, including changes in the businesses Prospect has invested in or to which Prospect has extended credit. Future events will change Prospect's asset coverage ratios. Prospect intends to use the remainder of the net proceeds of the offering to repay debt under its credit facility and to invest in high quality short term debt investments, and/or make long term investments in accordance with its investment objective.

Goldman Sachs & Co. LLC, Barclays and RBC Capital Markets served as the underwriters for the offering.

The offering of the Notes may be made only by means of a prospectus and a related prospectus supplement, a copy of which may be obtained by contacting: (1) Goldman Sachs & Co. LLC, Attention: Prospectus Department, 200 West Street, New York, NY 10282, telephone: (212) 902-1171 or email: prospectus-ny@ny.email.gs.com; (2) Barclays Capital Inc., c/o Broadridge Financial Solutions, 1155 Long Island Avenue, Edgewood, NY 11717, telephone: (888) 603-5847 or email: Barclaysprospectus@broadridge.com; (3) RBC Capital Markets, LLC, 200 Vesey Street, 8th Floor, New

York, NY 10281-8098, Attention: Equity Syndicate, telephone: (877) 822-4089 or email: equityprospectus@rbccm.com.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy the Notes, nor shall there be any sale of these securities, in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any state.

ABOUT PROSPECT CAPITAL CORPORATION

Prospect Capital Corporation is a business development company that focuses on lending to and investing in private businesses. Prospect's investment objective is to generate both current income and long-term capital appreciation through debt and equity investments.

Prospect has elected to be treated as a business development company under the Investment Company Act of 1940 ("1940 Act"). Prospect is required to comply with a series of regulatory requirements under the 1940 Act as well as applicable NASDAQ, federal and state rules and regulations. Prospect has elected to be treated as a regulated investment company under the Internal Revenue Code of 1986. Failure to comply with any of the laws and regulations that apply to Prospect could have an adverse effect on Prospect and its shareholders.

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, whose safe harbor for forward-looking statements does not apply to business development companies. Any such statements, other than statements of historical fact, are highly likely to be affected by other unknowable future events and conditions, including elements of the future that are or are not under Prospect's control, and that Prospect may or may not have considered; accordingly, such statements cannot be guarantees or assurances of any aspect of future performance. Actual developments and results are highly likely to vary materially from any forward-looking statements. Such statements speak only as of the time when made, and Prospect undertakes no obligation to update any such statement now or in the future.

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