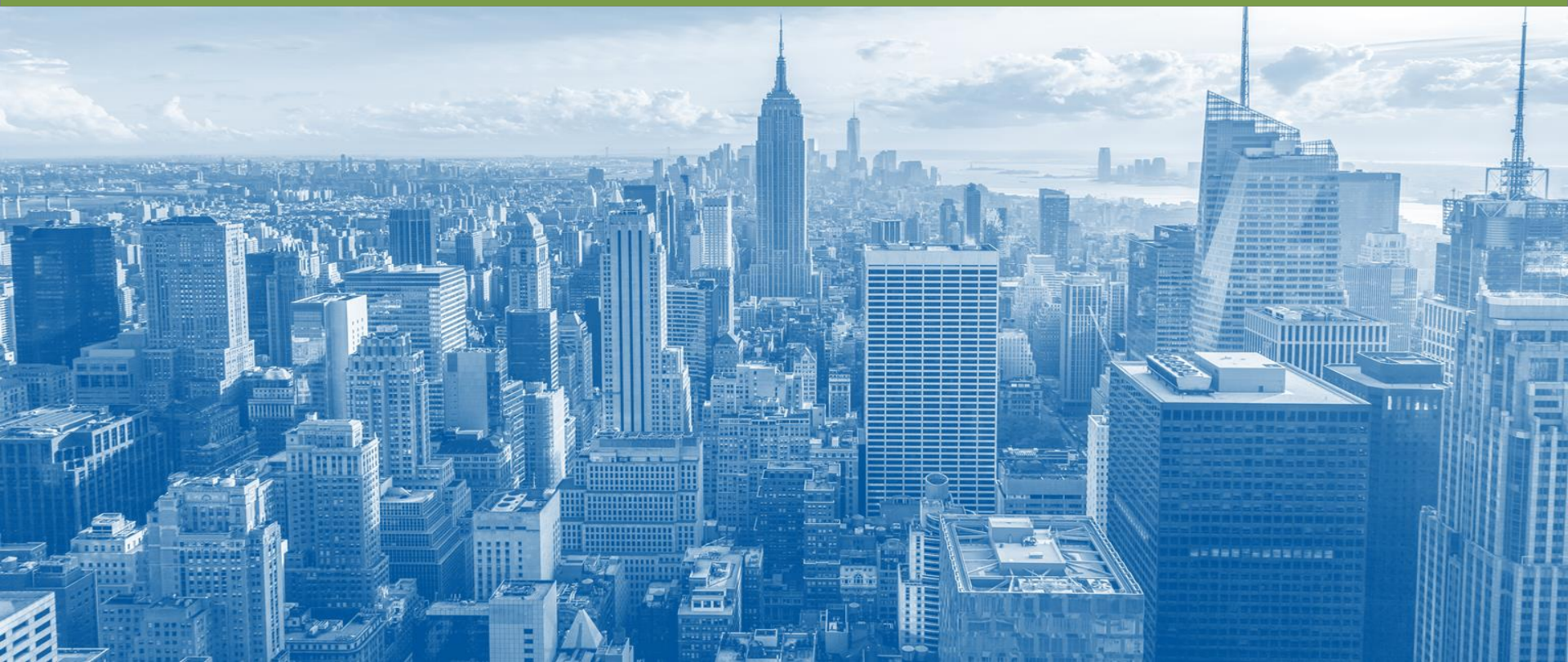


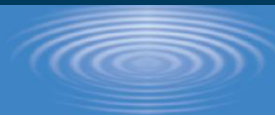
PROSPECT CAPITAL

PROSPECT CAPITAL CORPORATION

NASDAQ: PSEC

MIDDLE MARKET FINANCE AND PRIVATE EQUITY



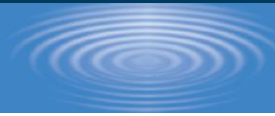


FORWARD-LOOKING STATEMENTS AND DISCLAIMERS

Certain statements made by us in this presentation that are not historical facts or that relate to future plans, events or performances are forward-looking statements within the meaning of the federal securities laws. Forward-looking statements predict or describe our future operations, business plans, business and investment strategies and portfolio management and the performance of our investments and our investment management business. Our actual results or actions may differ materially from those expressed in any forward-looking statements made by us. Forward-looking statements involve a number of risks of uncertainties including, but not limited to, the risks described under headings such as “Risk Factors” in our SEC filings. All forward-looking statements are qualified by those risk factors. All statements made by us in this presentation are further qualified in all respects by the information disclosed in our SEC filings. We disclaim any obligation to update our forward looking statements unless required by law.

Certain information discussed in this presentation (including information relating to portfolio companies) was derived from third-party sources and has not been independently verified and, accordingly, Prospect Capital Corporation makes no representation or warranty in respect of this information.

The following slides contain summaries of certain financial and statistical information about Prospect Capital Corporation. The information contained in this presentation is summary information that is intended to be considered in the context of our SEC filings and other public announcements that we may make, by press release or otherwise, from time to time. We undertake no duty or obligation to publicly update or revise the information contained in this presentation. In addition, information related to past performance, while helpful as an evaluative tool, is not necessarily indicative of future results, the achievement of which cannot be assured. You should not view the past performance of Prospect Capital Corporation, or information about the market, as indicative of Prospect Capital Corporation’s future results. This presentation does not constitute an offer to sell or the solicitation of an offer to buy any securities of Prospect Capital Corporation.



WHY PROSPECT?

Prospect Capital is one of the largest multi-line Business Development Companies (BDCs), providing debt financing to private middle-market companies and investing in other credit-related strategies

SIGNIFICANT SCALE

- ▶ Founded in 2004, PSEC is one of the largest BDCs with ~\$6.35 billion in capital under management⁽¹⁾
- ▶ Scale allows us to target larger, more credit-worthy middle-market companies with one-stop financing solutions
- ▶ One of the largest teams in the industry focused on middle market lending (95+ professionals)

BROAD ORIGINATION MIX

- ▶ Multiple yield-oriented origination strategies with upside potential
- ▶ Differentiated strategies drive high net yields
- ▶ Superior and proprietary deal flow channels

PROVEN INVESTMENT PHILOSOPHY

- ▶ Intensive screening process (<5% book-to-look ratio) with a majority focus on senior and secured lending
- ▶ Diverse portfolio of 137 investments across 40 industries and low non-accruals
- ▶ Independent third-party portfolio valuations

SOLID FINANCIAL FOUNDATION

- ▶ Investment grade ratings from S&P, Kroll, and Egan-Jones
- ▶ Laddered liability structure with long-term matched-book funding
- ▶ Approximately 75% of assets unencumbered and prudent leverage

ATTRACTIVE VALUATION

- ▶ Fully covered monthly dividend of \$0.06/share; current annualized dividend yield ~10.7%⁽²⁾
- ▶ Potential for capital appreciation based on discount to NAV
- ▶ Established historical track record and strong insider ownership

Source: Company filings, investor presentations and management.

(1) Total assets as of 9/30/2018 plus estimated debt capacity.

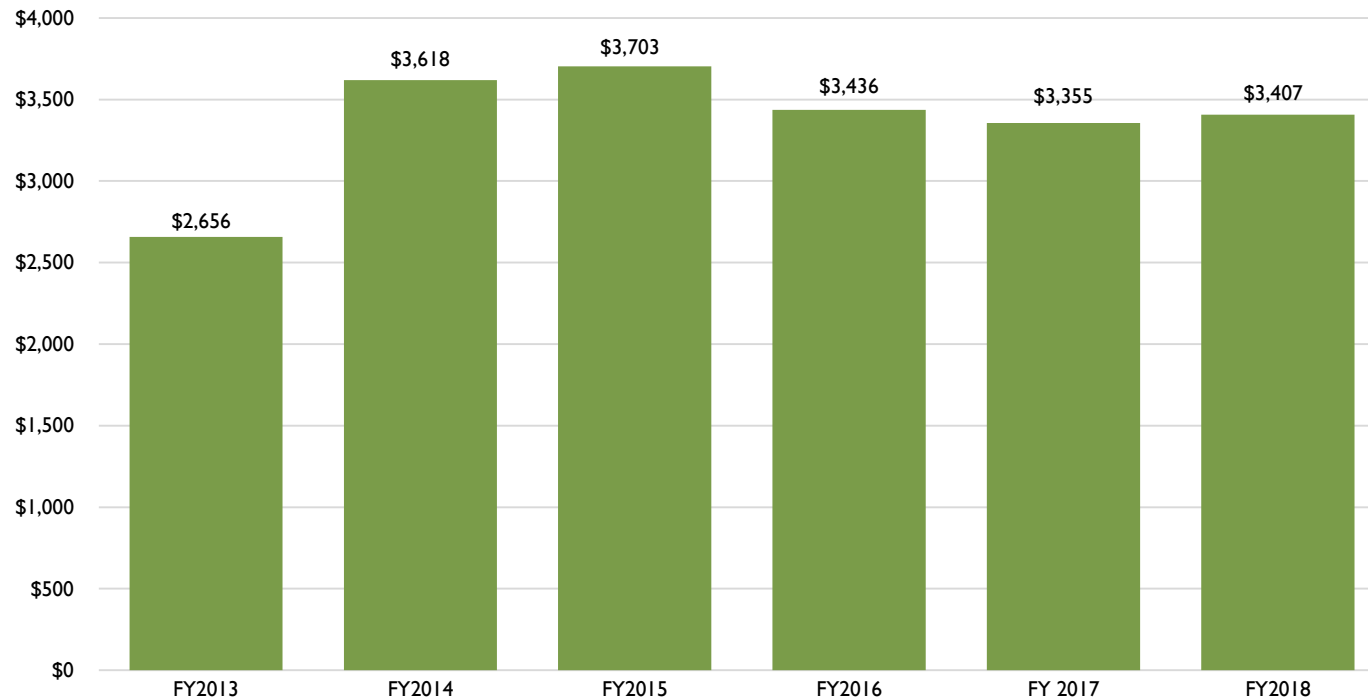
(2) Pricing data as of 11/2/2018.

SIGNIFICANT SCALE PROVIDES COMPETITIVE ADVANTAGE

- ▶ PSEC is one of the largest publicly traded BDCs with a market capitalization of ~\$2.4 billion⁽¹⁾
- ▶ Strategy focused on risk reduction, capital preservation, and avoidance of “yield chasing” investments

TOTAL EQUITY

(FY as of 6/30, \$ in millions)





EXPERIENCED AND BROAD TEAM

With over 95 professionals, the Prospect team is one of the largest focused on the middle market

SENIOR EXECUTIVES

John Barry – Chairman and CEO

- ▶ Co-founder of Prospect Capital Corporation
- ▶ Over 40 years of experience, including Merrill Lynch, Rothschild, and Davis Polk
- ▶ JD Harvard, AB Princeton

Grier Eliasek – President and COO

- ▶ Co-founder of Prospect Capital Corporation
- ▶ Over 22 years of experience; previously a consultant at Bain & Company
- ▶ MBA Harvard, BS Chem. Eng. Univ. of Virginia

Daria Becker – CCO and Head of Admin.

- ▶ Joined Prospect Capital Management in 1998
- ▶ Over 32 years of experience, including Lexington, Citigroup, and a family office
- ▶ BA Wellesley College

INVESTMENT TEAM

Investment Professionals **39**

BUSINESS DEVELOPMENT & IR

Business Development & Investor Relations Professionals **10**

ACCOUNTING & TAX

Accounting and Tax Professionals **21**

LEGAL

Legal Professionals **12**

ADMINISTRATION

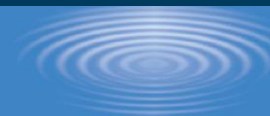
Administration Professionals **13**

95+ person organization helps drive originations through superior scale and market coverage

FLEXIBLE ORIGINATION MIX

<p>PRIVATE EQUITY SPONSOR FINANCE (Non-Control)</p> <p>9-12% Target IRRs</p> <p>34.9% of Portfolio</p> <ul style="list-style-type: none"> ▶ Senior secured debt with significant junior / equity capital ▶ Stronger management / larger businesses ▶ Repeat business 	<p>DIRECT NON-SPONSOR LENDING (Non-Control)</p> <p>11-16% Target IRRs</p> <p>1.5% of Portfolio</p> <ul style="list-style-type: none"> ▶ Senior secured debt with lower leverage ▶ Higher yields from fewer lender competitors ▶ Proprietary call center 	<p>ONE-STOP YIELD BUYOUTS – OPERATINGCOS (Control)</p> <p>14-25% Target IRRs</p> <p>6.4% of Portfolio</p> <ul style="list-style-type: none"> ▶ One stop advantage (PSEC provides term debt) ▶ Current yield plus equity upside ▶ Management control
<p>ONE-STOP YIELD BUYOUTS – FINANCECOS (Control)</p> <p>15-25% Target IRRs</p> <p>9.3% of Portfolio</p> <ul style="list-style-type: none"> ▶ Consumer installment lending and auto finance ▶ Tax-efficient structure ▶ Strategic buyouts (Patriot Capital) 	<p>STRUCTURED CREDIT (Hybrid)</p> <p>13-17% Target IRRs</p> <p>16.3% of Portfolio</p> <ul style="list-style-type: none"> ▶ Diversified credit exposure, with default rate well below market ▶ Large, more liquid credits and attractively priced AAA funding ▶ Call control strategy 	<p>REAL ESTATE (Control)</p> <p>14-18% Target IRRs</p> <p>14.1% of Portfolio</p> <ul style="list-style-type: none"> ▶ Multi-family residential, student housing and self storage focus on fully developed properties ▶ Long-term fixed GSE funding ▶ Diversified tenants
<p>ONLINE LENDING (Non-Control)</p> <p>10-12% Target IRRs</p> <p>3.9% of Portfolio</p> <ul style="list-style-type: none"> ▶ Online consumer loans and small business loans ▶ 1-5 year term ▶ Relationships with multiple platforms 	<p>AIRCRAFT LEASING (Control)</p> <p>10-18% Target IRRs</p> <p>1.5% of Portfolio</p> <ul style="list-style-type: none"> ▶ Current-yielding equity in aircraft-ownership companies and aircraft securitizations ▶ Diversity by aircraft type, geography, and operator 	<p>SYNDICATED DEBT (Non-Control)</p> <p>10-12% Target IRRs</p> <p>12.2% of Portfolio</p> <ul style="list-style-type: none"> ▶ Senior secured debt of larger borrowers in liquid market ▶ Active during market dislocation ▶ Less active during bull markets

Multiple origination channels allow PSEC to be selective in funding new investment opportunities



SUPERIOR DEAL FLOW AND DISCIPLINED EXECUTION

3,000+ opportunities sourced annually with <5% of initially screened investments advancing to closing

SYSTEMATIC CALLING EFFORT

- ▶ PE sponsors
 - ~200 Tier 1 relationships
- ▶ Other intermediaries
 - ~4,000 total
- ▶ Syndication/Club relationships

COLD-CALLING EFFORT

- ▶ Small-to-mid cap companies with identified financing needs
- ▶ Dedicated in-house call center
- ▶ Proprietary deal flow

MANAGEMENT RELATIONSHIPS

- ▶ From 200+ past and present portfolio companies
- ▶ Add-on investments, new investments, assistance with due diligence and post-closing value add

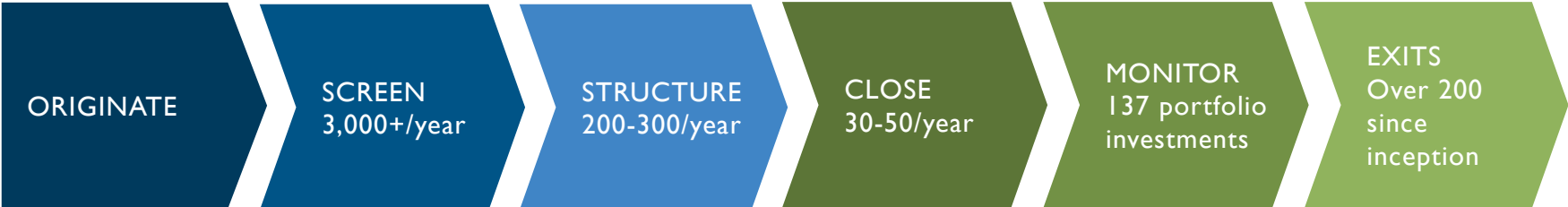
CONTACT DATABASE

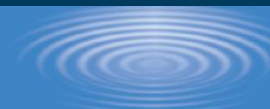
- ▶ 50,000+ contacts built over two decades
- ▶ Receive all transaction announcements, resulting in both in-bound opportunities and top-of-mind awareness

IN-BOUND OPPORTUNITIES

- ▶ From scale, longevity, and visibility of Prospect
- ▶ ~\$6.35 billion of capital under management

Disciplined underwriting and execution helps to keep credit losses low

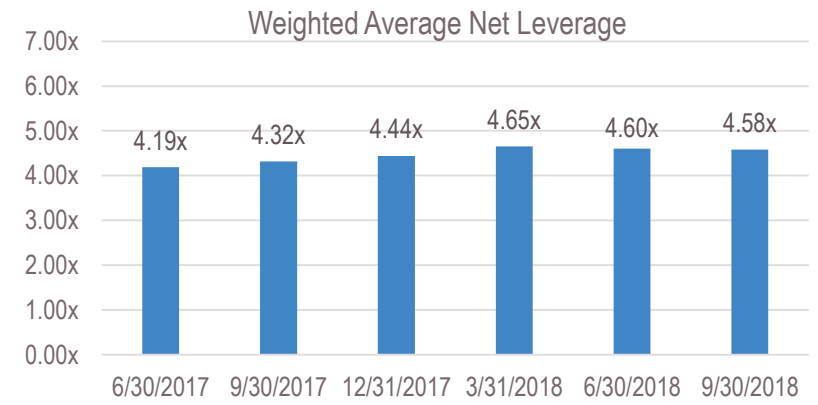
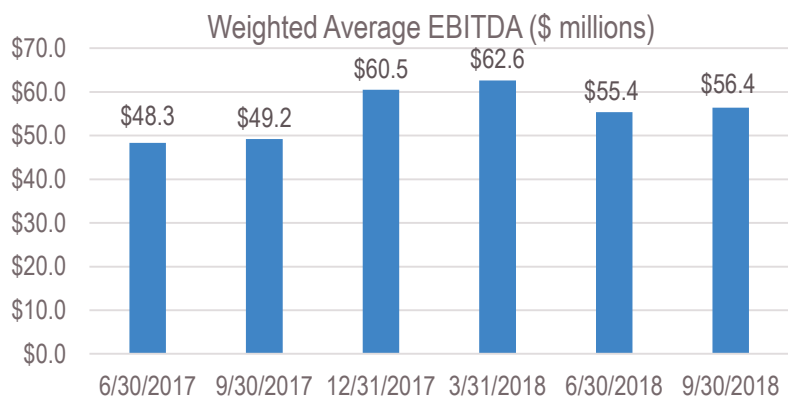




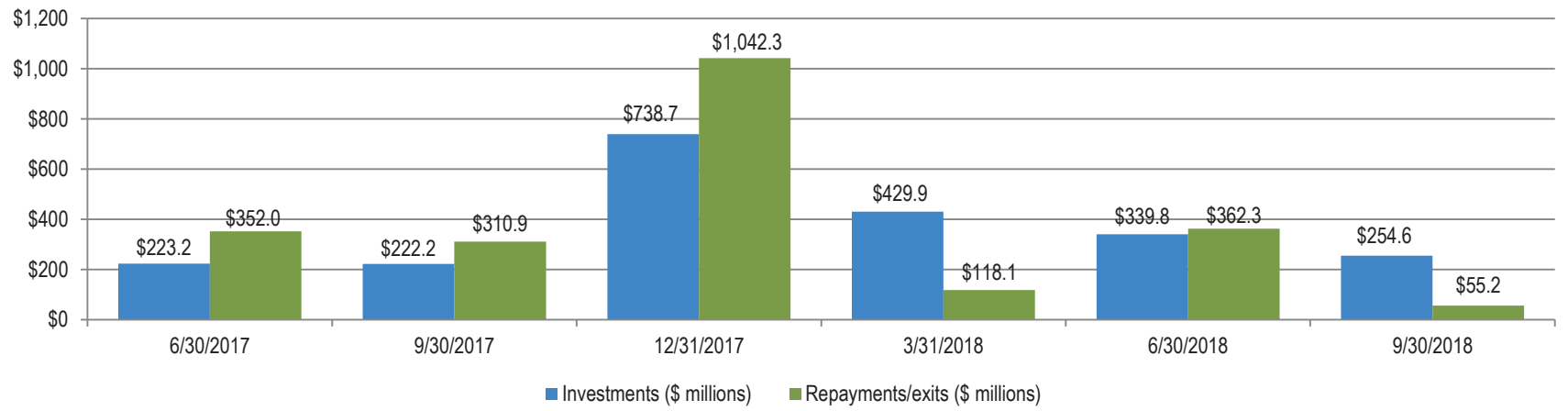
CONSERVATIVE APPROACH DRIVES CAPITAL PRESERVATION

PSEC generally invests in middle market companies with \$5 - \$150 million of annual EBITDA

Weighted Average Portfolio Company EBITDA and Net Leverage⁽¹⁾

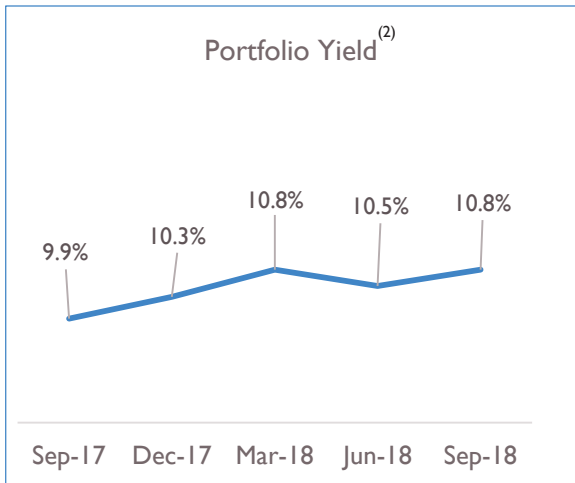
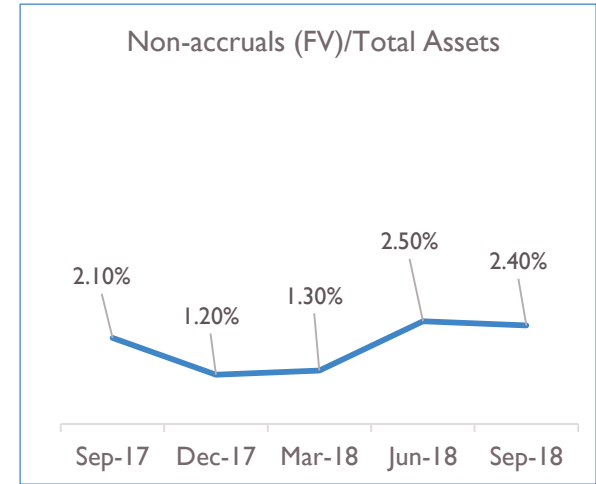
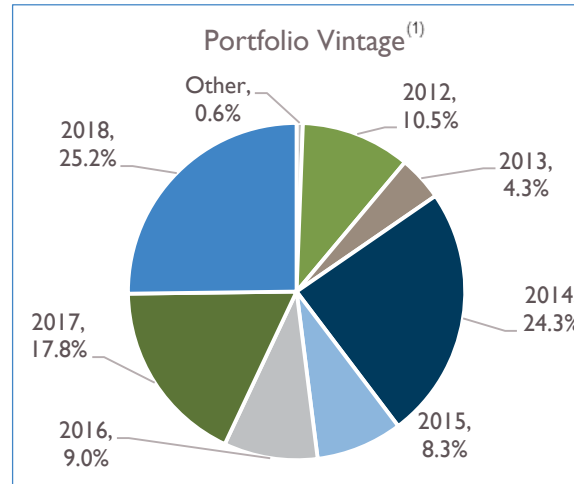
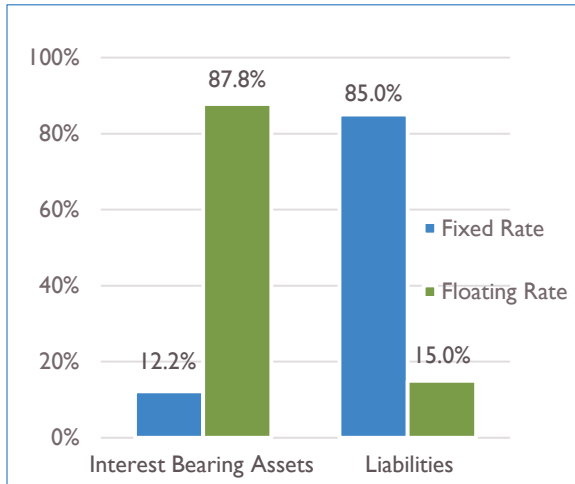


Quarterly Portfolio Activity

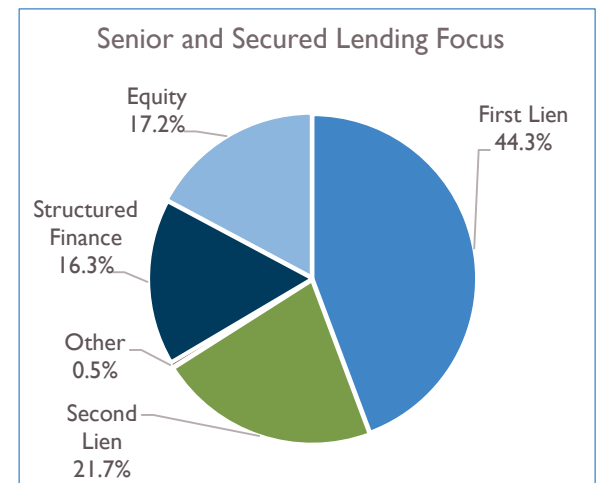


Source: Company filings, management.
(1) Includes debt through Prospect's investment and excludes 3rd party debt.

PORTFOLIO OVERVIEW: \$5.9 BILLION IN ASSETS ACROSS 137 INVESTMENTS



Top 10 Investments		
Portfolio Company	% Assets	Type
National Property REIT Corp. ⁽³⁾	13.5%	Real Estate
First Tower Finance Company LLC	7.2%	Buyout
Broder Bros., Co.	4.4%	1st Lien
InterDent, Inc.	3.6%	1st Lien
Town & Country Holdings, Inc.	2.8%	1st Lien
Pacific World Corporation	2.6%	1st Lien
Centerfield Media Holding Company	2.5%	1st Lien
CP Energy Services Inc.	2.3%	Buyout
PGX Holdings, Inc.	1.9%	2nd Lien
Capstone Logistics Acquisition, Inc.	1.6%	2nd Lien

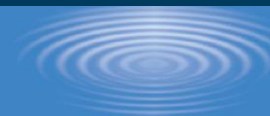


Source: Company filings, management. PSEC portfolio data as of 9/30/2018.

(1) Excludes control investments and structured finance.

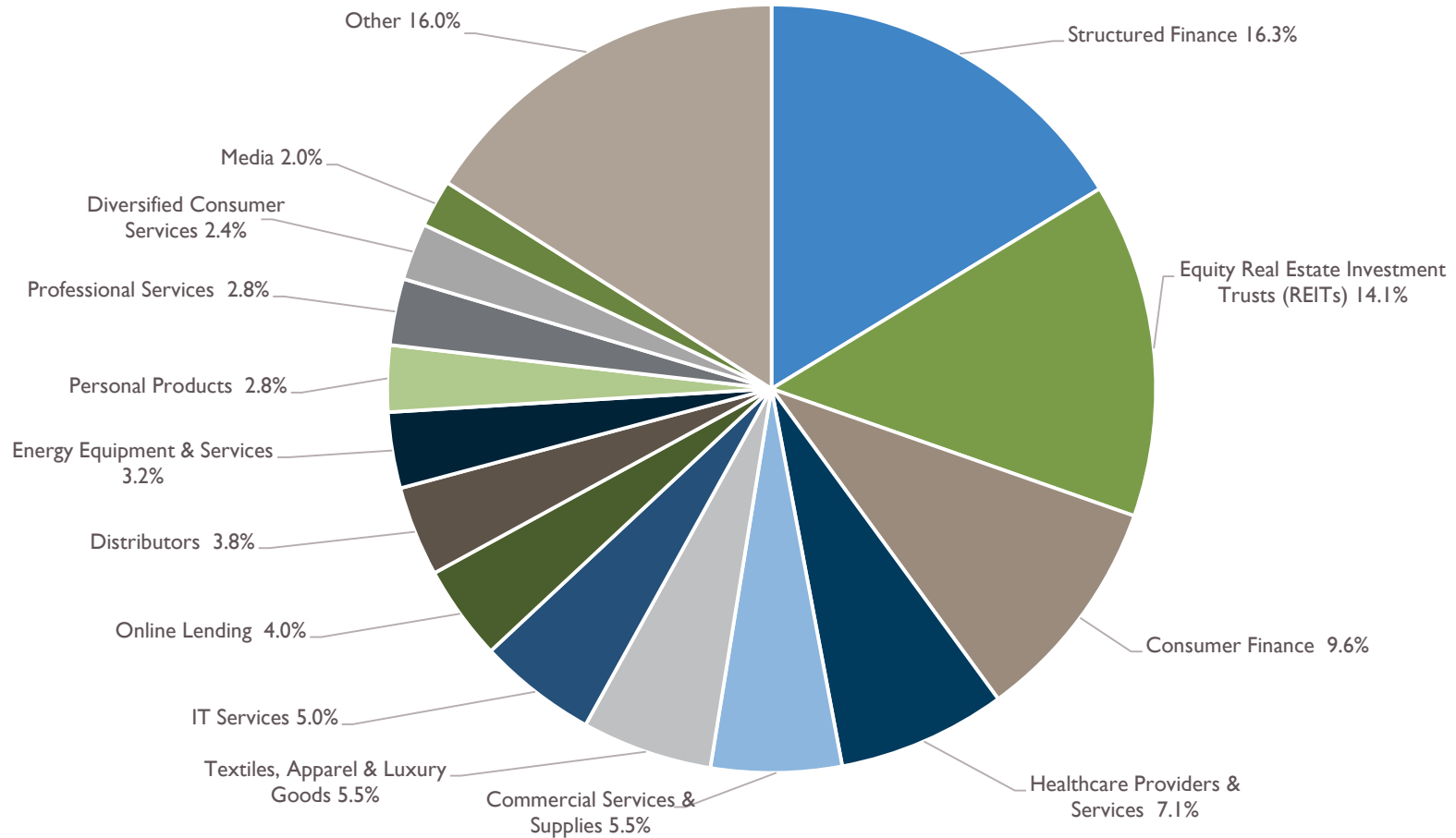
(2) Annualized current yield across all investments.

(3) Includes 68 separate properties; excludes approximately 3.8% in assets related to online lending.



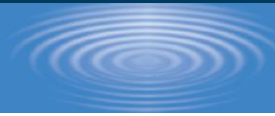
WELL DIVERSIFIED PORTFOLIO INVESTED IN 40 DIFFERENT INDUSTRIES

PSEC's portfolio at fair value (9/30/2018)



Low energy asset concentration of 3.2%, the majority of which is secured debt

Source: Company filings, management.
Note: Structured Finance represents PSEC's investments in CLOs which are broadly invested across many industries.



RIGOROUS AND INDEPENDENT VALUATION PROCESS

INDEPENDENT THIRD-PARTY VALUATION

- ▶ Every investment is marked quarterly and has been marked since inception at fair value by a third-party
- ▶ Third-party valuation agents complete a review of all assets with positive assurance (i.e., not merely a “negative assurance” process)

SENIOR PORTFOLIO MANAGER

- ▶ Preliminary valuation discussions are documented and discussed with senior Prospect management

AUDIT COMMITTEE

- ▶ Prospect’s Independent Audit Committee reviews the preliminary valuations
- ▶ Prospect Capital Management and the third-party valuation agent respond to and supplement any information required by Prospect’s Audit Committee

PROSPECT’S BOARD OF DIRECTORS

- ▶ Prospect’s majority independent board of directors determines the fair value of each investment in the portfolio based on the third-party valuations and recommendations from Prospect’s Audit Committee
- ▶ To date, the Board’s final valuations have never been outside the range provided by the third-party valuation firm

DIVERSIFIED FUNDING SOURCES

- ▶ Access to diversified funding sources across multiple investor bases
- ▶ Emphasis on unsecured term debt with no financial covenants or cross defaults with revolving credit facility
- ▶ Prospect's corporate credit rating is BBB by Kroll, BBB by Egan-Jones, and BBB- by S&P

ISSUANCE	COUPON	AMOUNT (millions)	OUTSTANDING (millions)	MATURITY
SR. UNSECURED CONVERTIBLE NOTES				
▶ December 2012 - \$12.54	5.875%	\$200.0	\$101.6	1/15/2019
▶ April 2014 - \$12.40	4.750%	\$400.0	\$392.0	4/15/2020
▶ April 2017 - \$9.98	4.950%	\$225.0	\$328.5	7/15/2022
SR. UNSECURED RETAIL NOTES				
▶ Prospect Capital InterNotes®	4.00% - 7.00% ⁽¹⁾	\$768.9	\$768.9	July 2020 - Oct 2043
▶ Prospect Baby Bond (NYSE: PBB)	6.25%	\$160.0	\$214.8	6/15/2024
▶ Prospect Baby Bond (NYSE: PBY)	6.25%	\$55.0	\$65.1	6/15/2028
SR. UNSECURED INSTITUTIONAL TERM DEBT				
▶ March 2013	5.875%	\$250.0	\$320.0	3/15/2023
▶ September 2018	6.375%	\$100.0	\$100.0	1/15/2024
SR. SECURED CREDIT FACILITY				
	1ML + 2.20%	\$830.0 ⁽²⁾	\$404.0	3/27/2024
	5.28%⁽³⁾		\$2,694.9	

Source: Company filings, management. Data as of 9/30/2018.

(1) Includes \$1,445,000 of floating rate notes.

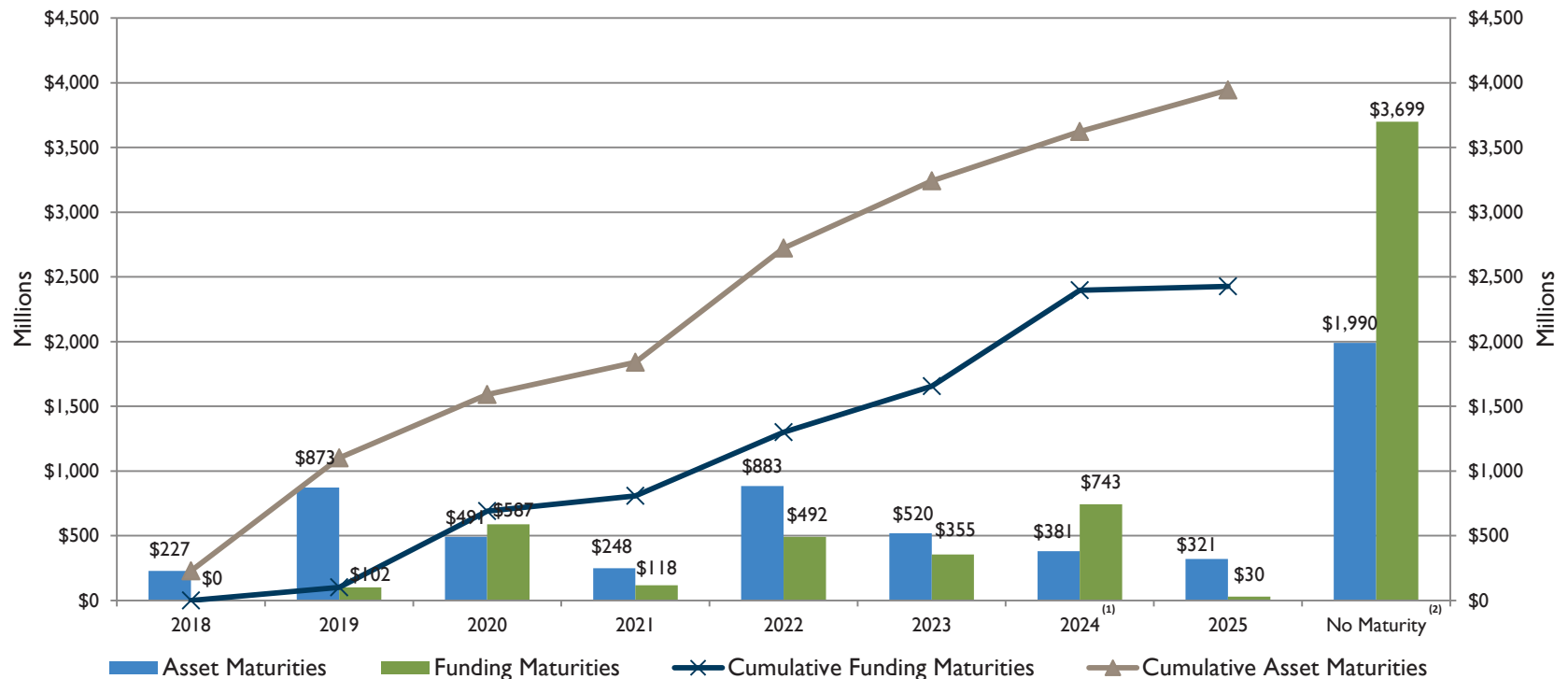
(2) Revolving credit facility was extended on 8/1/2018. The new facility, for which \$830 million of commitments have been closed to date from 21 lenders, matures in March 2024 with a revolving period extending through March 2022 followed by a two-year amortization period. Pricing for amounts drawn under the new facility is one-month Libor plus 2.20%.

(3) Weighted average interest rate excluding amortization, accretion, and undrawn facility fees.

LONG-TERM, MATCHED-BOOK FUNDING LOCKS IN ATTRACTIVE SPREADS

PSEC's well-laddered funding sources match the tenor of its investments

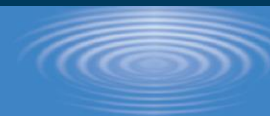
- ▶ Maturity date for revolving credit facility extended to March 2024; average utilization rate of ~16% since 2011
- ▶ Approximately \$3.4 billion of Prospect's funding is in the form of equity, which does not mature
- ▶ Repurchased or redeemed \$514.3 million of debt maturing between 2018-2020 in FY 2018 and \$182.9 million in the quarter ended 9/30/2018



Source: Company filings and management. As of 9/30/2018.

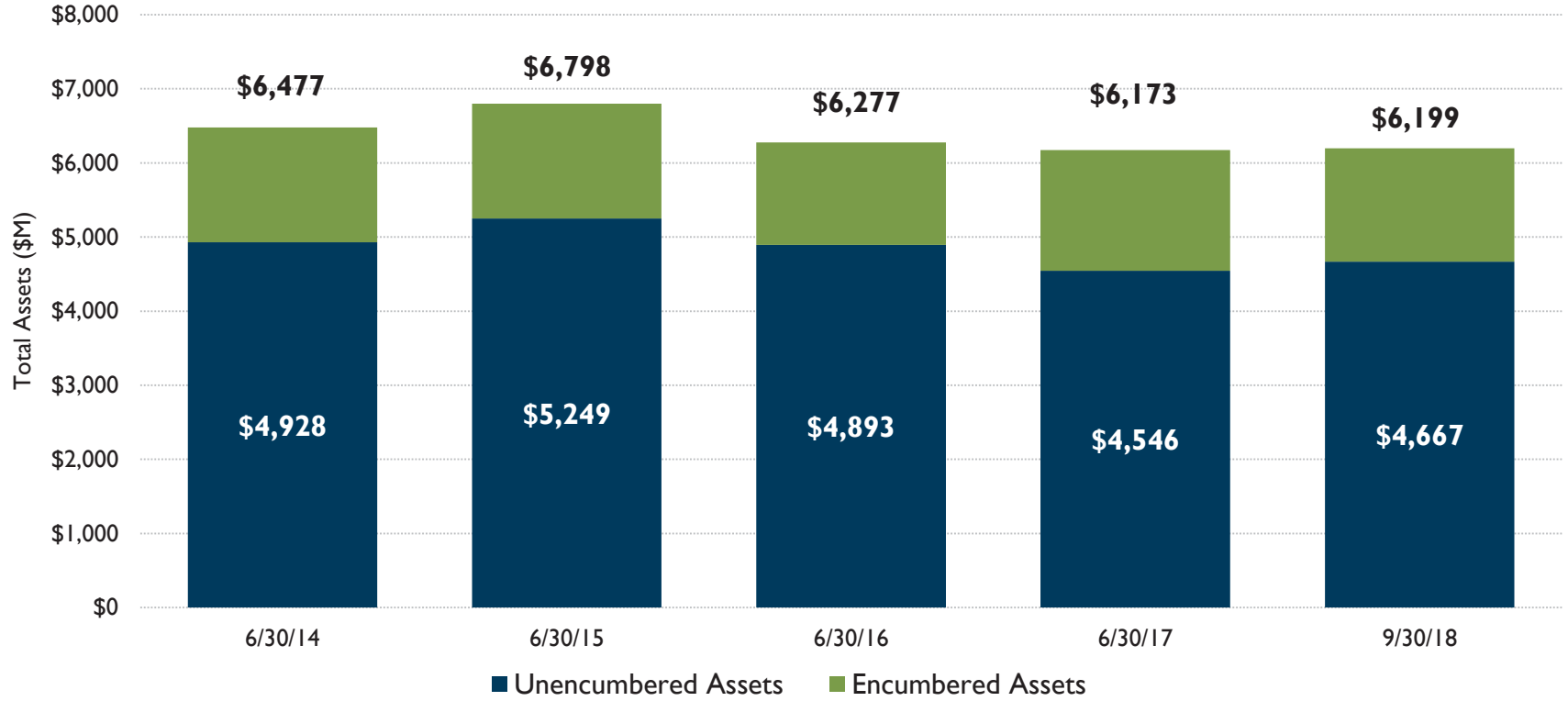
(1) Funding maturity in 2024 includes revolving credit facility, which was extended on 8/1/2018. The new facility, for which \$830 million of commitments have been closed to date from 21 lenders, matures in March 2024 with a revolving period extending through March 2022 followed by a two-year amortization period. Pricing for amounts drawn under the new facility is one-month Libor plus 2.20%.

(2) Includes investments, equity capital, and debt capital maturing after 2025.



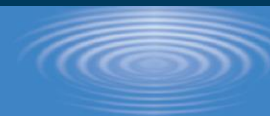
UNENCUMBERED ASSETS PROVIDE FINANCIAL FLEXIBILITY

Approximately \$4.7 billion of unencumbered assets, representing ~75% of total assets

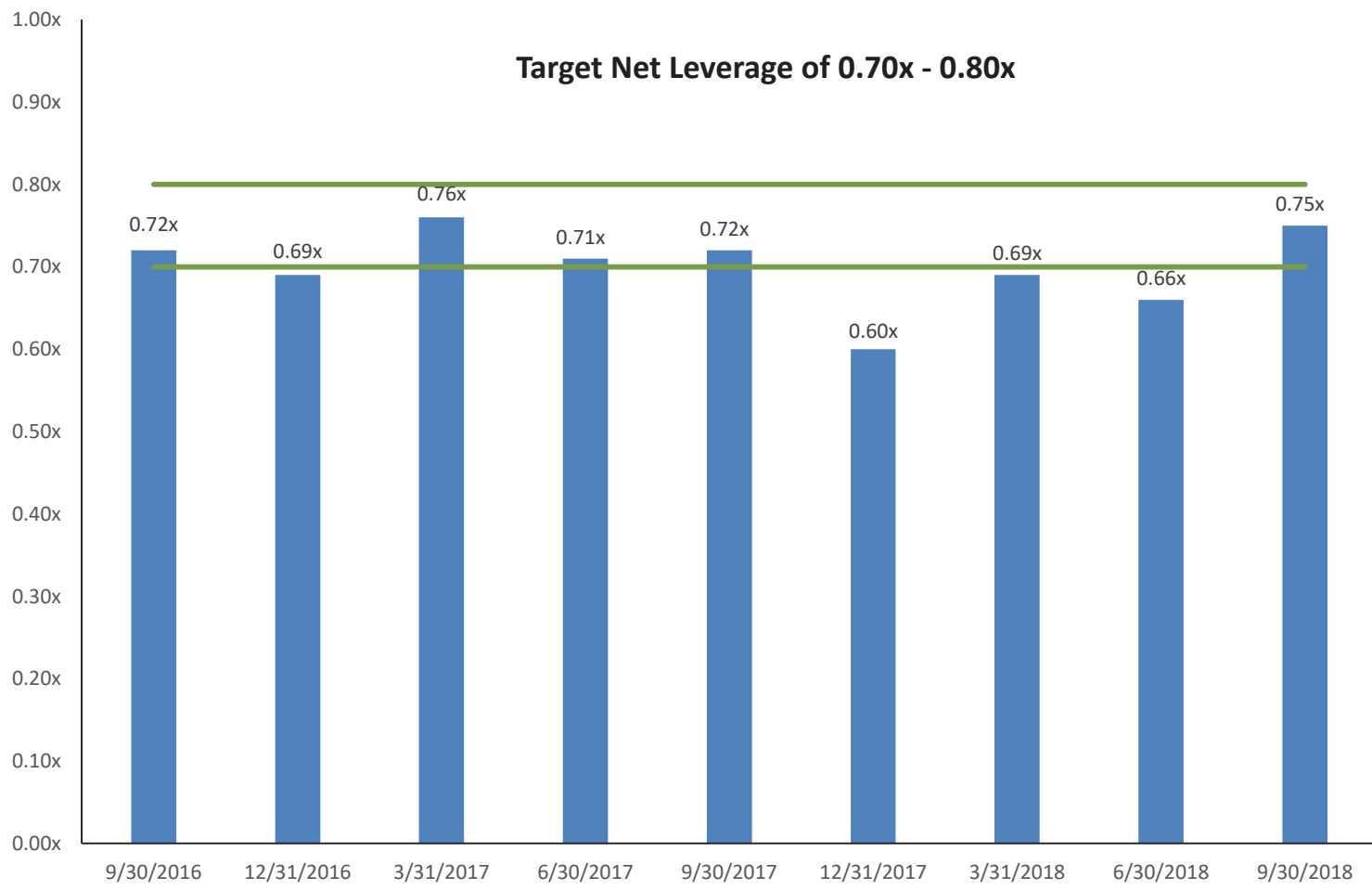


High level of unencumbered assets reduces risk in the event of a market downturn

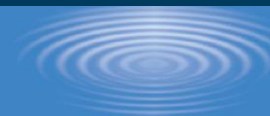
Source: Company filings and management.



PRUDENT NET LEVERAGE CONSISTENTLY WITHIN TARGET RANGE

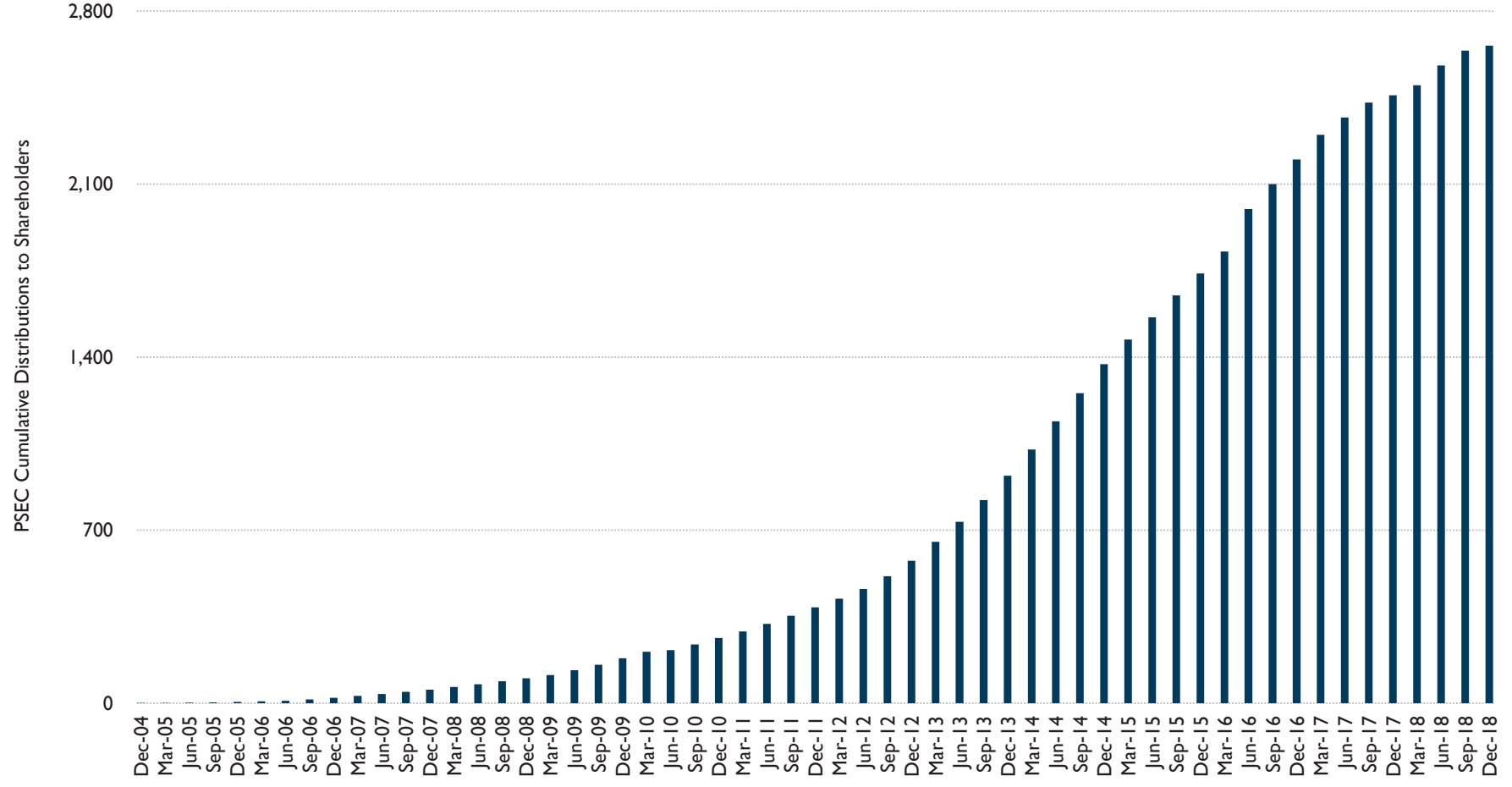


Source: Company filings and management.

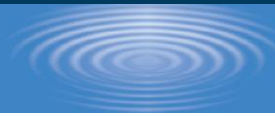


PSEC CUMULATIVE DISTRIBUTIONS TO SHAREHOLDERS

Cumulative distributions of \$16.98 per share totaling more than \$2.7 billion since 2004 IPO
(\$ in millions)



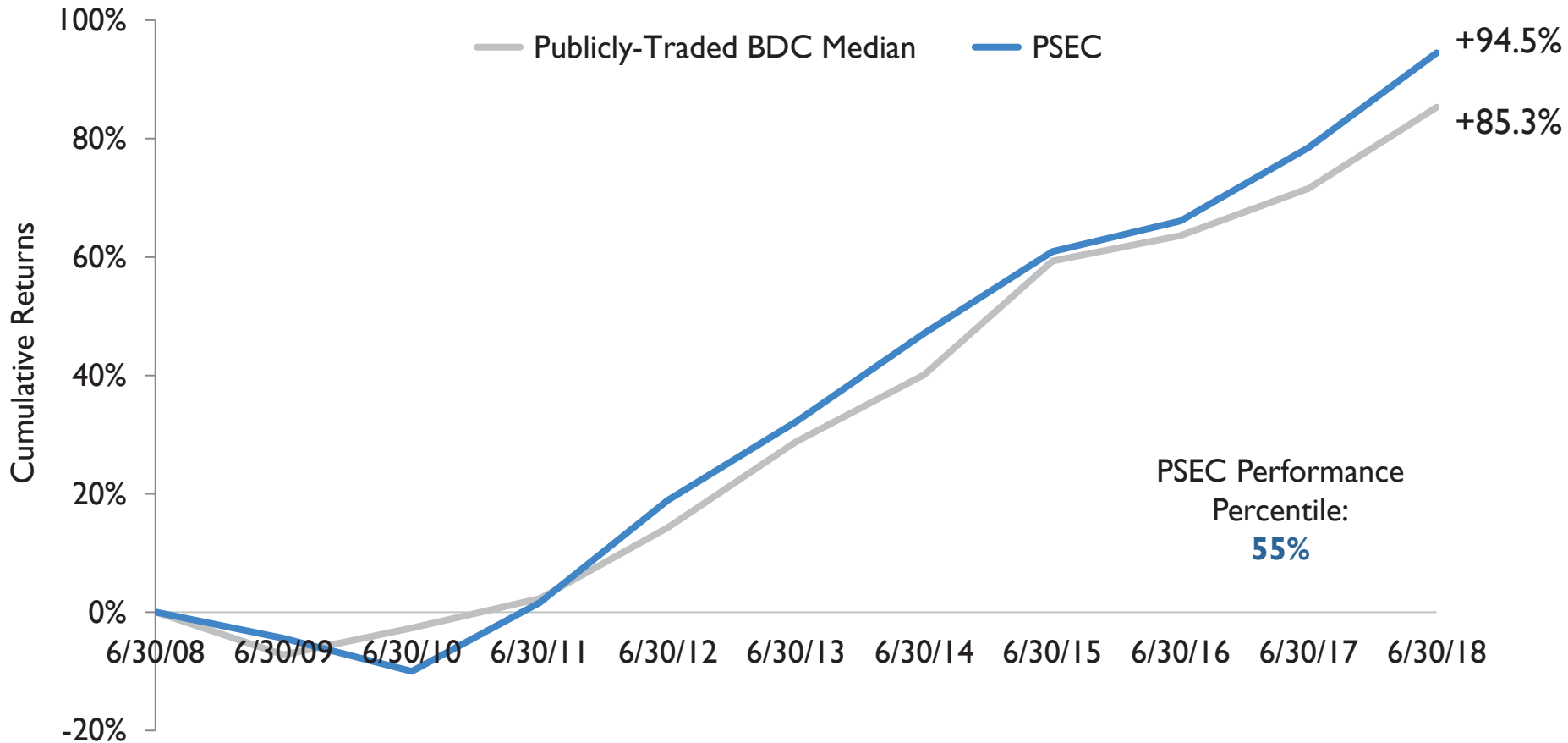
Source: Company filings, management.



DIFFERENTIATED PERFORMANCE

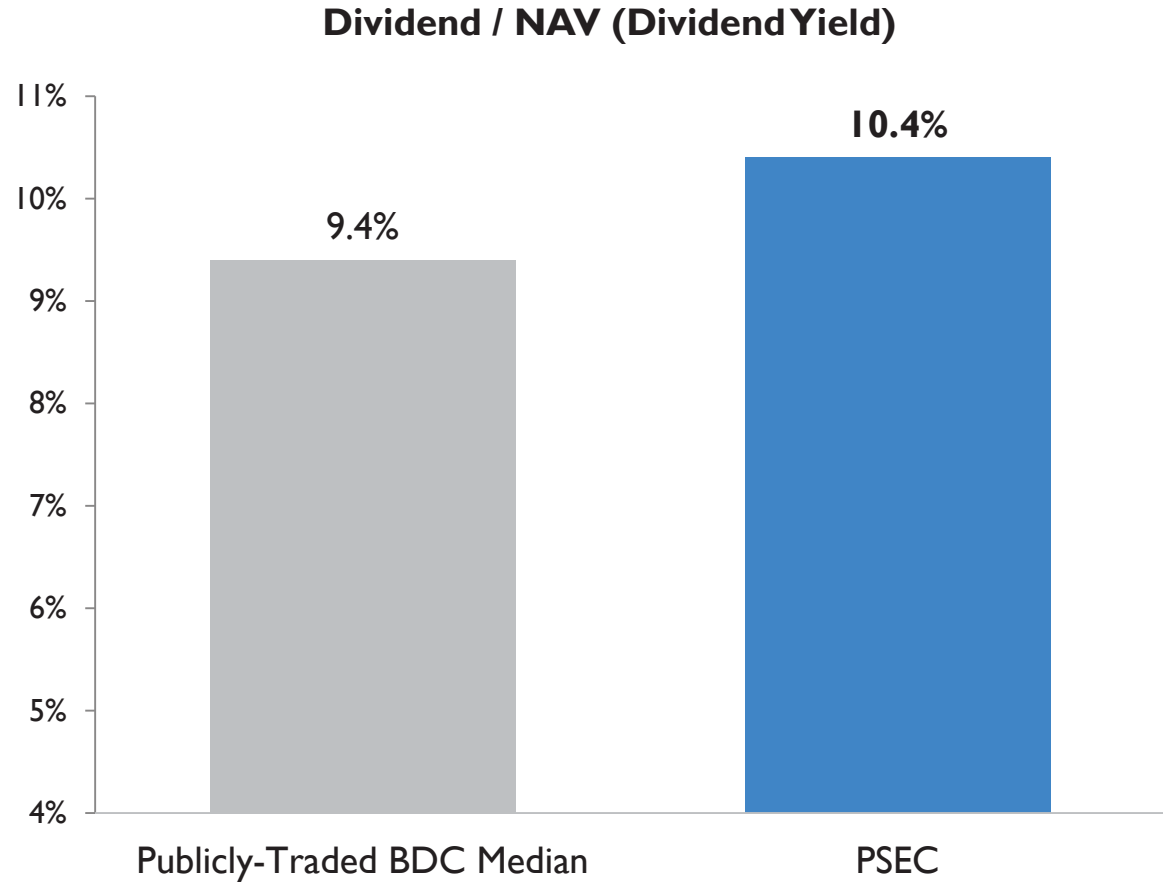
PSEC HAS GENERATED SUPERIOR OPERATING RETURNS COMPARED WITH PUBLICLY-TRADED BDC MEDIAN OVER THE PAST 10 YEARS

Compounded Dividends Plus Change in NAV Per Share

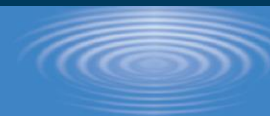


Note: Dividends plus change in net asset value compounded on a quarterly basis. Investors purchase and sell shares of PSEC common stock at prevailing market prices, which may be higher or lower than NAV. Information related to past performance, while potentially helpful as an evaluative tool, is not indicative of future results. Source: PSEC analysis of Capital IQ data as of 9/25/18 for the 21 BDCs for which there is quarterly data for the ten years ended 6/30/18.

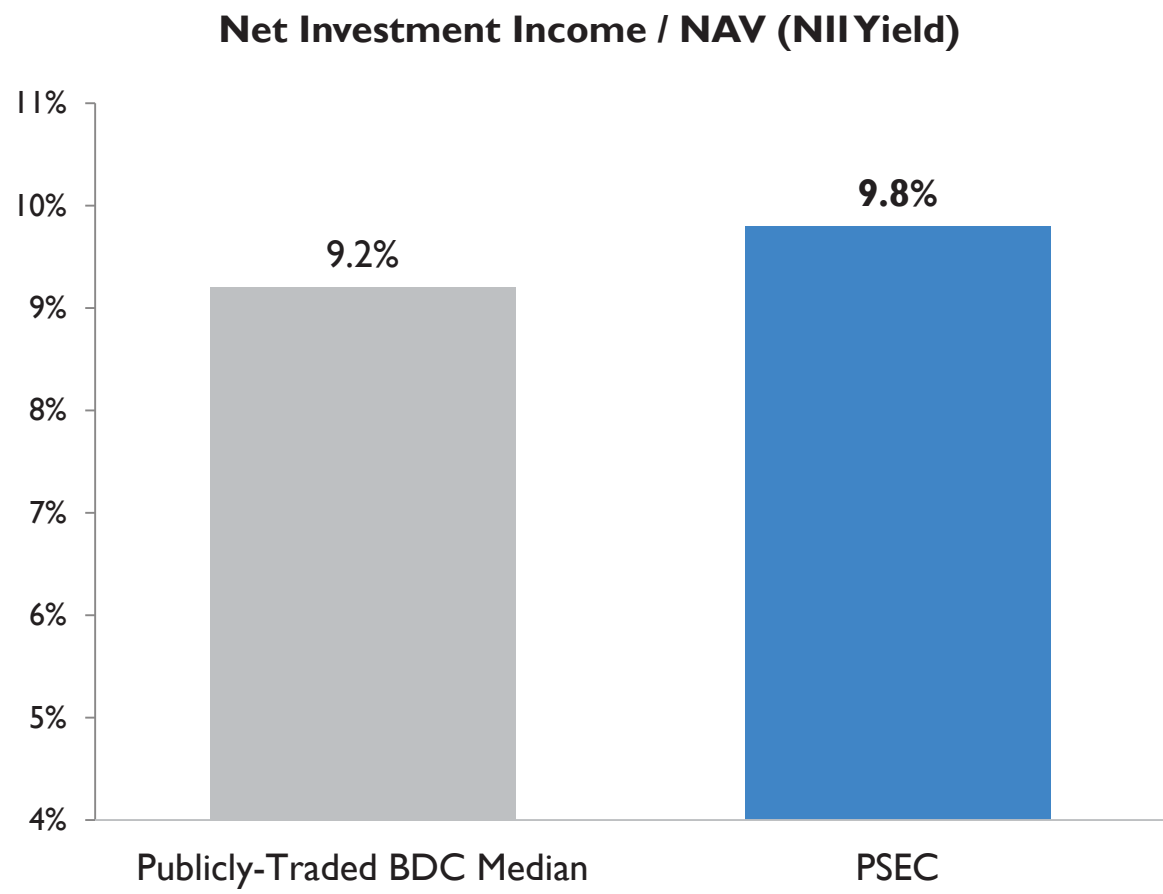
PSEC'S BOOK EQUITY DIVIDEND YIELD HAS OUTPERFORMED PUBLICLY-TRADED BDC MEDIAN ON AVERAGE OVER THE PAST 5 YEARS



Note: Dividend yield calculated as dividends per share over twelve month period divided by NAV per share at the beginning of the period. Information related to past performance, while potentially helpful as an evaluative tool, is not indicative of future results. Approximately 4% of BDCs do not focus on generation of current income, which has the effect of making it easier for PSEC's net income, net investment income and dividends to exceed the BDC median. Source: PSEC analysis of Capital IQ data as of 9/25/18 for the 41 BDCs for which there is data for each quarterly period over the five years ended 6/30/18.



PSEC'S BOOK EQUITY NET INVESTMENT INCOME YIELD HAS OUTPERFORMED PUBLICLY-TRADED BDC MEDIAN ON AVERAGE OVER THE PAST 5 YEARS



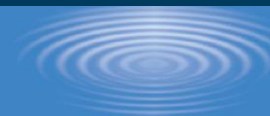
Note: Book equity earnings yield calculated as twelve month period net investment income divided by average of beginning and ending book value of equity. Information related to past performance, while potentially helpful as an evaluative tool, is not indicative of future results. Approximately 4% of BDCs do not focus on generation of current income, which has the effect of making it easier for PSEC's net income, net investment income and dividends to exceed the BDC median. Source: PSEC analysis of Capital IQ data as of 9/25/18 for the 44 BDCs for which there is data for each quarterly period over the five years ended 6/30/18.

PSEC HAS POSTED AN AVERAGE ANNUAL RETURN ON NET ASSETS OF 8.9% WITH POSITIVE RETURNS IN ~88% OF THE FULL QUARTERLY PERIODS

	March	June	September	December	Annual	Cumulative
2004	-	-	(0.9%)	1.3%		0.4%
2005	0.9%	7.3%	1.4%	2.5%	12.5%	12.9%
2006	2.8%	5.7%	2.6%	1.2%	12.9%	27.5%
2007	1.7%	1.6%	2.8%	(1.1%)	5.1%	34.0%
2008	(0.3%)	6.1%	3.3%	1.5%	10.8%	48.4%
2009	3.5%	(0.2%)	(1.1%)	(2.2%)	(0.0%)	48.4%
2010	4.0%	2.2%	3.4%	3.8%	14.0%	69.2%
2011	3.7%	2.7%	3.6%	5.7%	16.5%	97.1%
2012	4.1%	2.6%	2.8%	2.2%	12.1%	120.9%
2013	1.8%	3.2%	2.9%	2.8%	11.0%	145.3%
2014	2.4%	2.0%	2.3%	2.3%	9.3%	168.2%
2015	2.2%	2.6%	0.8%	(2.6%)	2.8%	175.8%
2016	2.2%	2.8%	2.4%	2.9%	10.7%	205.3%
2017	0.6%	1.5%	0.4%	3.7%	6.2%	224.3%
2018	1.5%	3.4%	2.5%		7.6%	248.9%
Total Return Average 2004 – 2018					8.9% ⁽¹⁾	

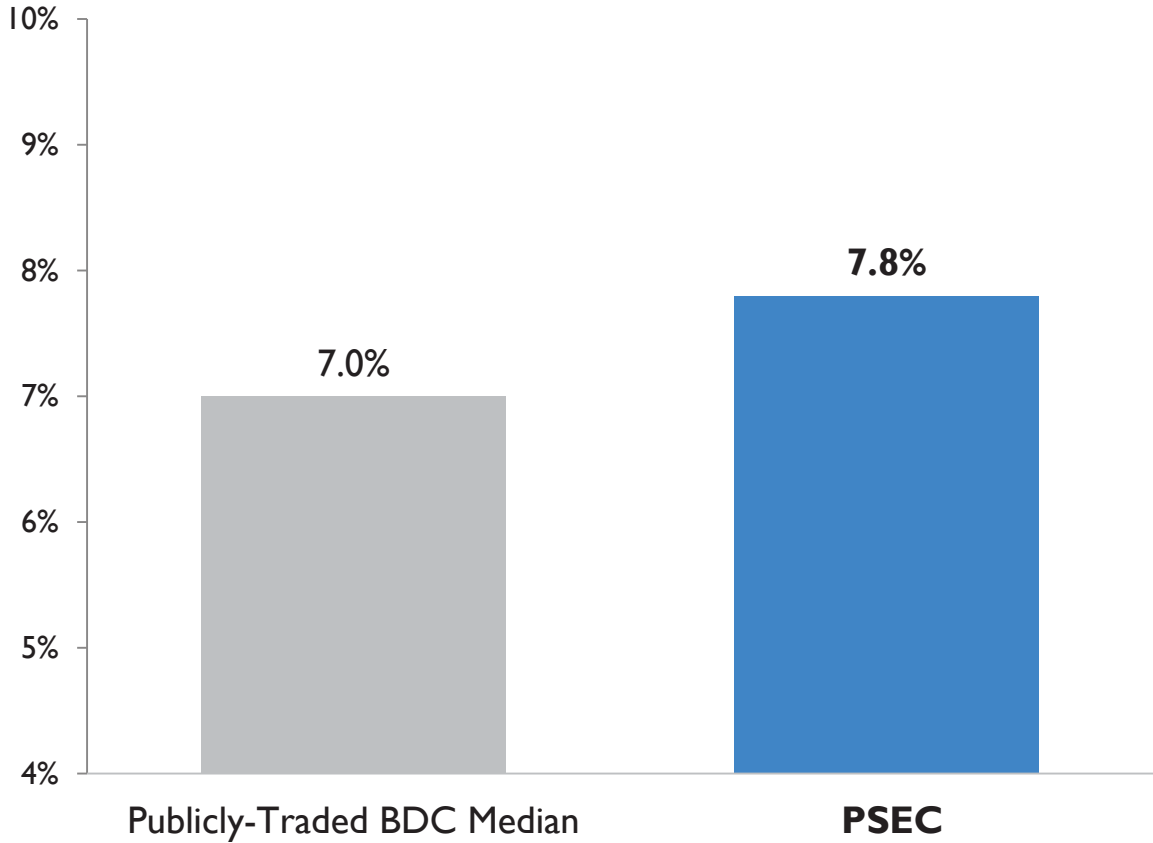
Source: Company filings. Quarterly returns based on the line item "net increase in net assets resulting from operations" on the income statement. To calculate a quarterly return rate, quarterly returns were divided by the sum of the net asset value from the prior quarter's filing (beginning net asset value) and half of the change in paid-in capital between the prior quarter and the then-current quarter. Annual and cumulative figures derived from compounding of quarterly returns.

1. Total return average was calculated by taking the geometric average of all quarterly returns and then annualizing this return by multiplying it by four.



PSEC'S RETURN ON EQUITY HAS OUTPERFORMED PUBLICLY-TRADED BDC MEDIAN ON AVERAGE OVER THE PAST FIVE YEARS

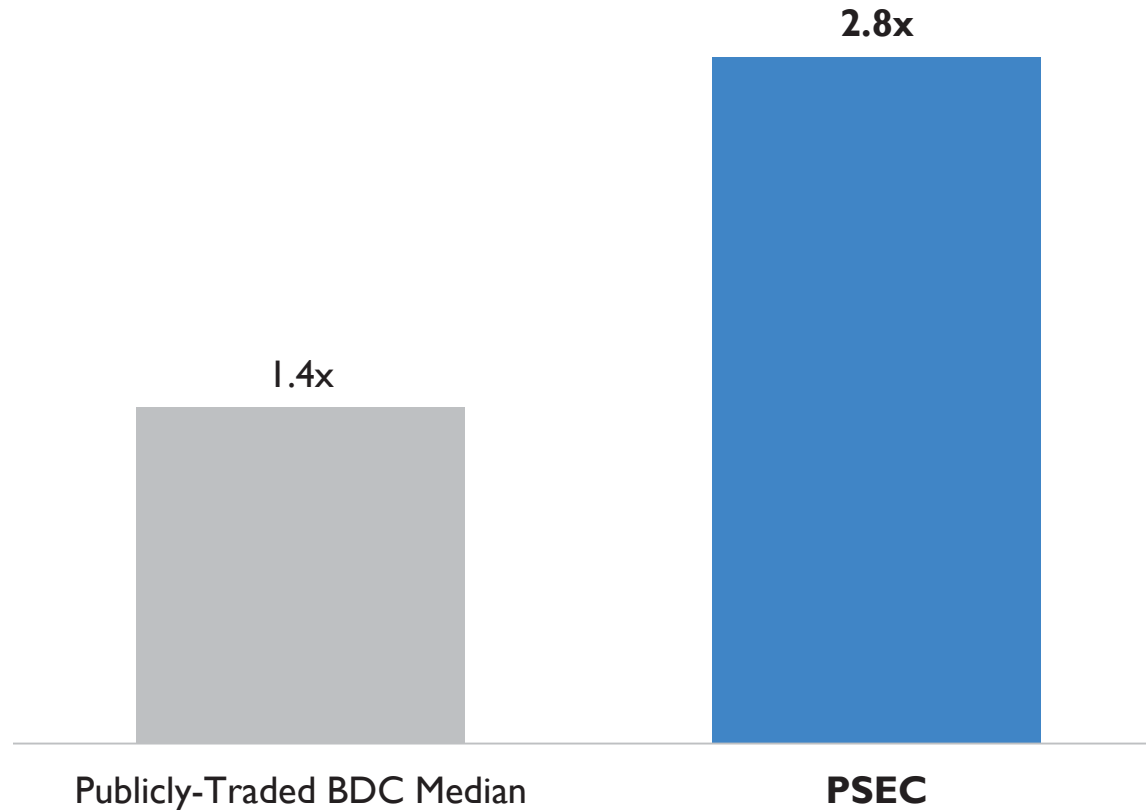
Average Annual Return on Equity



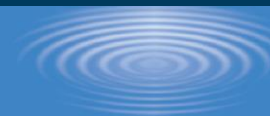
Note: Return on equity defined as change in net assets resulting from operations per share divided by average of beginning and ending book value of common equity. Information related to past performance, while potentially helpful as an evaluative tool, is not indicative of future results. Source: PSEC analysis of Capital IQ data as of 9/25/18 for the 44 BDCs for which there is quarterly data for the five years ended 6/30/18.

PSEC HAS GENERATED SUPERIOR RISK-ADJUSTED OPERATING RETURNS FOR THE TRAILING FIVE YEARS ENDED 6/30/18

Returns / Volatility – Trailing 5 Years

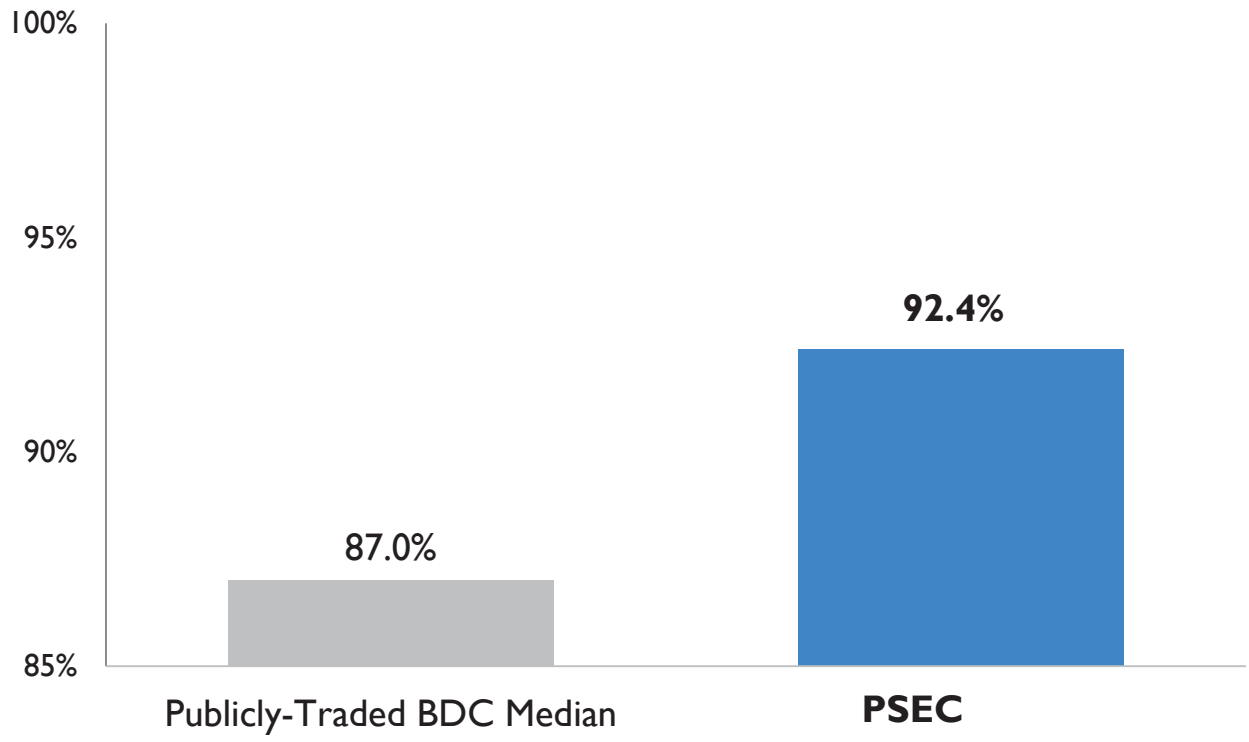


Note: Returns calculated as change in net asset value per share plus dividends. Volatility measured as one standard deviation in returns. Returns and volatility are measured on a quarterly basis and annualized to calculate returns / volatility ratio. Information related to past performance, while potentially helpful as an evaluative tool, is not indicative of future results. Source: PSEC analysis of Capital IQ data as of 9/25/18 for the 38 BDCs for which there is quarterly data for the five years ended 6/30/18.

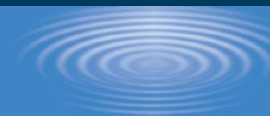


PSEC CURRENTLY DERIVES A HIGHER PERCENTAGE OF INVESTMENT INCOME FROM RECURRING INTEREST PAYMENTS THAN THE PUBLICLY-TRADED BDC MEDIAN

Interest Income / Total Investment Income
Twelve Months Ended 6/30/18

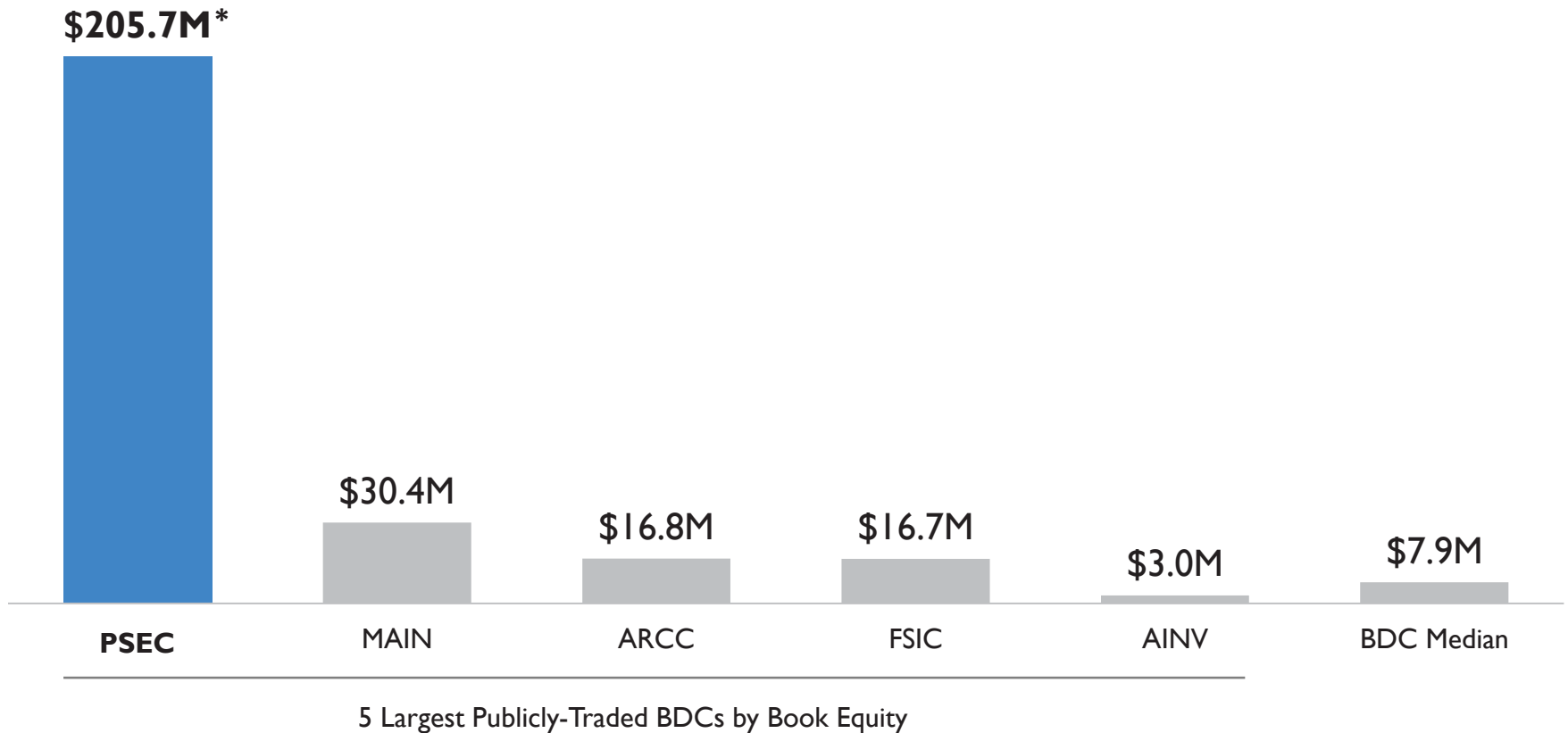


Source: PSEC analysis of public filings available as of 9/25/18 for quarters ending from 9/30/17 to 6/30/18. Approximately 4% of the BDCs do not focus on generation of current income, which has the effect of making it easier for PSEC to exceed the BDC median.



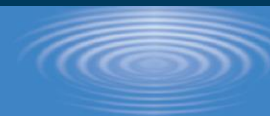
SENIOR MANAGEMENT HAS MADE SIGNIFICANT INVESTMENTS IN PSEC

Insider Filings Purchases (January 2010 to August 2018)



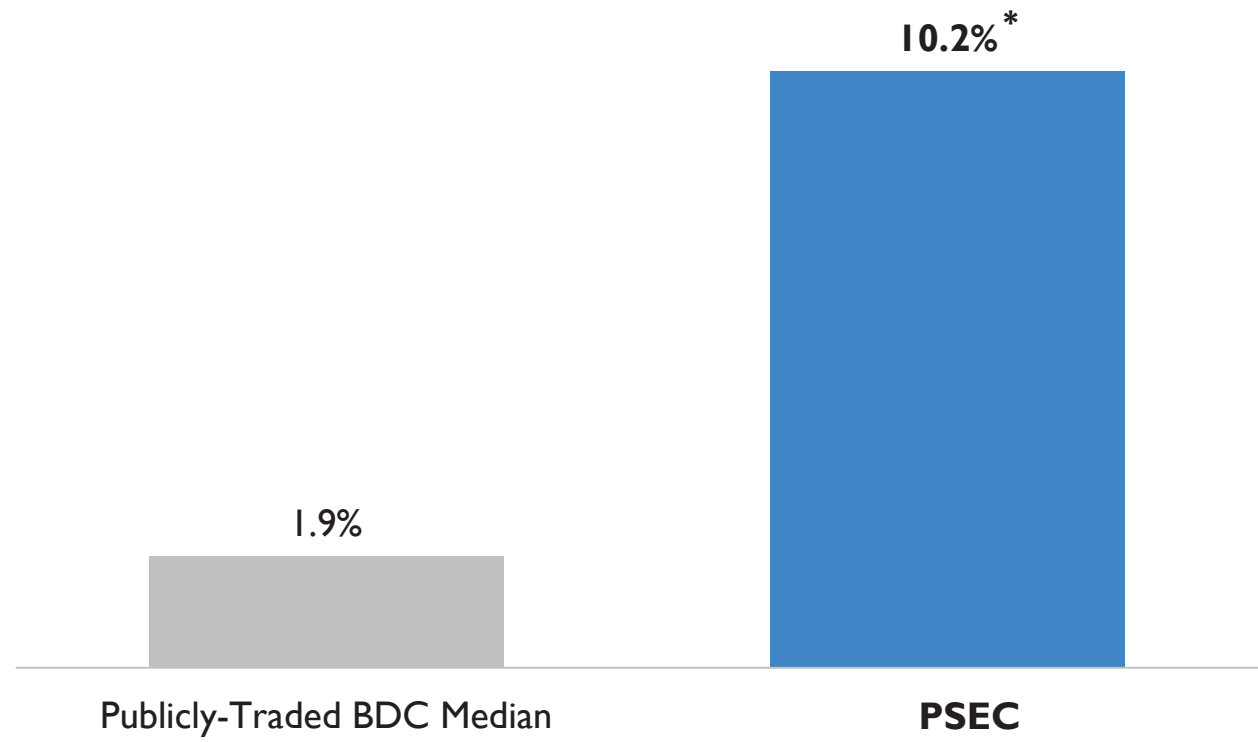
Source: PSEC analysis of 23 BDCs that have been active during this period. PSEC senior management has not sold any of such investments.

* Excludes \$128.5 million in open market purchases through the John and Daria Barry Foundation.



SENIOR MANAGEMENT IS A SIGNIFICANT INVESTOR IN PSEC

Insider Ownership as of 9/25/18



Source: PSEC analysis of Capital IQ data as of 9/25/18 for 49 BDCs. PSEC senior management has not sold any of such investments in PSEC.
* Excludes 5.5% share ownership through the John and Daria Barry Foundation.



BDC OVERVIEW



PUBLICLY TRADED BDCs

TOPIC	KEY CHARACTERISTICS
INVESTMENT STRATEGY	<ul style="list-style-type: none"> ▶ Current-yielding credit investments primarily in middle-market companies ▶ To a lesser extent, other current-yielding investments
REGULATION	<ul style="list-style-type: none"> ▶ Regulated as a Business Development Company (“BDC”) under Investment Company Act of 1940 ▶ Generally BDCs elect to be treated as a Regulated Investment Company (“RIC”) for U.S. federal income tax purposes
INVESTMENTS LIMITATIONS	<ul style="list-style-type: none"> ▶ Generally, at least 70% of a BDC’s assets must be investments in U.S. non-financial sector operating companies that either have (a) no class of securities listed on a national securities exchange (i.e., private) or (b) a market cap less than \$250 million
LEVERAGE LIMITATION ⁽¹⁾	<ul style="list-style-type: none"> ▶ 1:1 debt-to-equity ratio (i.e. gross asset coverage must be at least 200%)
DIVERSIFICATION REQUIREMENTS ⁽²⁾	<ul style="list-style-type: none"> ▶ At least 50% of a BDC’s assets must consist of securities of an issuer in which the BDC owns less than 10% of the voting stock and in which the investment is less than 5% of the value of the BDC’s assets
INCOME RESTRICTIONS ⁽²⁾	<ul style="list-style-type: none"> ▶ At least 90% of BDC income must be from investment sources such as interest, dividends, and gains / losses associated with investments in equity, debt, or other securities
DISTRIBUTION REQUIREMENTS ⁽²⁾	<ul style="list-style-type: none"> ▶ Must distribute at least 90% of taxable income to avoid U.S. federal income tax on all taxable income ▶ Not subject to U.S. federal income tax on the income and net capital gains distributed to stockholders (provided that the above distribution requirement is met)
VALUATION	<ul style="list-style-type: none"> ▶ Must mark portfolio to fair value on a quarterly basis for GAAP⁽³⁾ purposes

(1) Effective 3/23/2018, the Small Business Credit Availability Act permits a BDC to change its asset coverage ratio from 200% to 150%.

(2) Above criteria apply to BDCs that elect RIC treatment for U.S. federal income tax purposes.

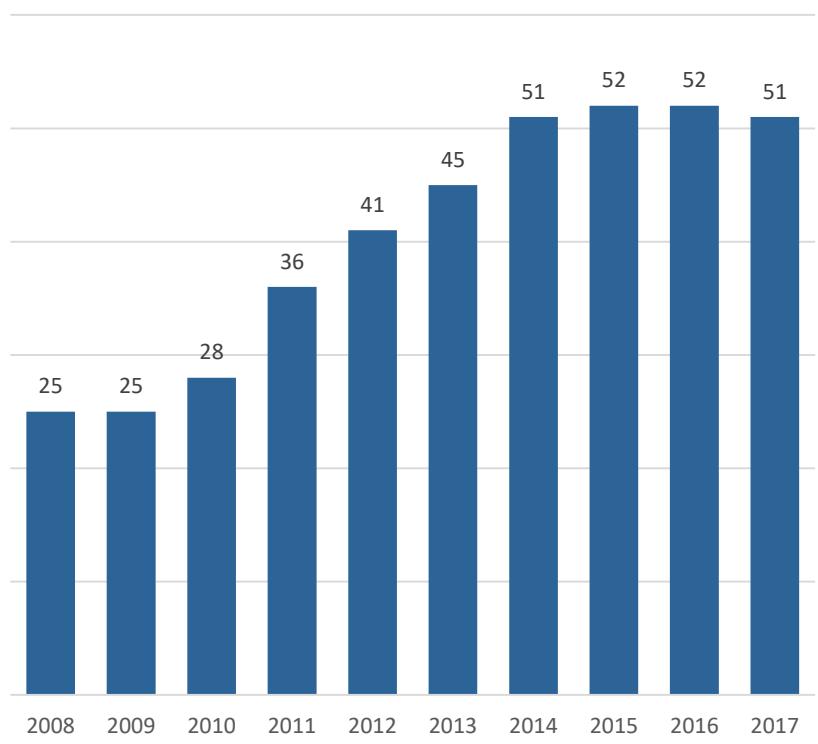
(3) GAAP is defined as Generally Accepted Accounting Principles.

BDC PUBLIC MARKET LANDSCAPE

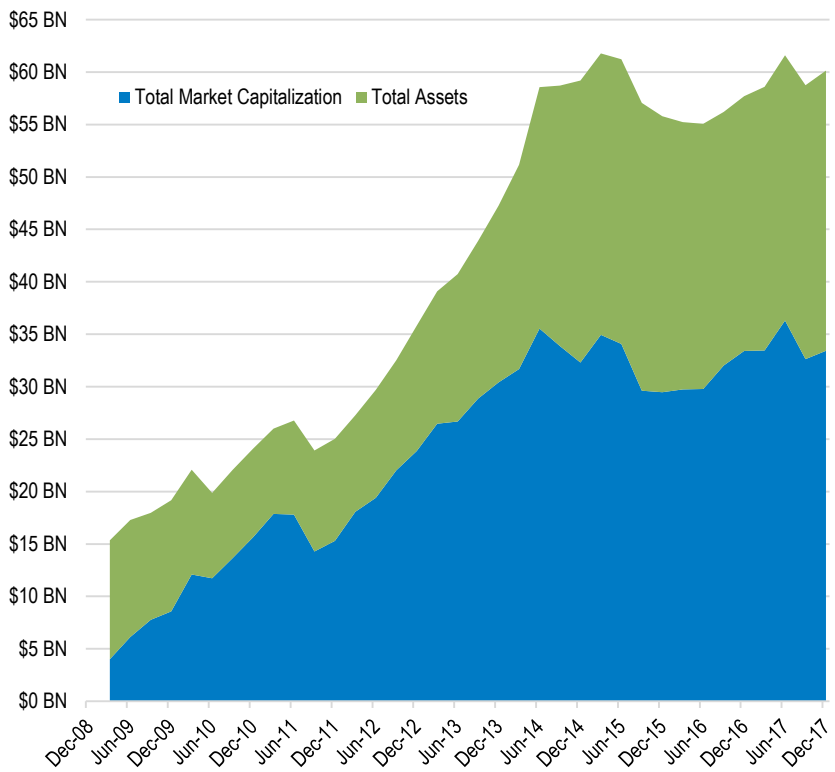
BDCs are benefitting from the reduction of capital provided by traditional lenders

- ▶ Reduced bank lending driven by regulation and consolidation
- ▶ Post-crisis shift of institutional debt investor demand to larger credits with greater liquidity

Number of Public BDCs



Public BDC Group – Total Assets and Market Cap

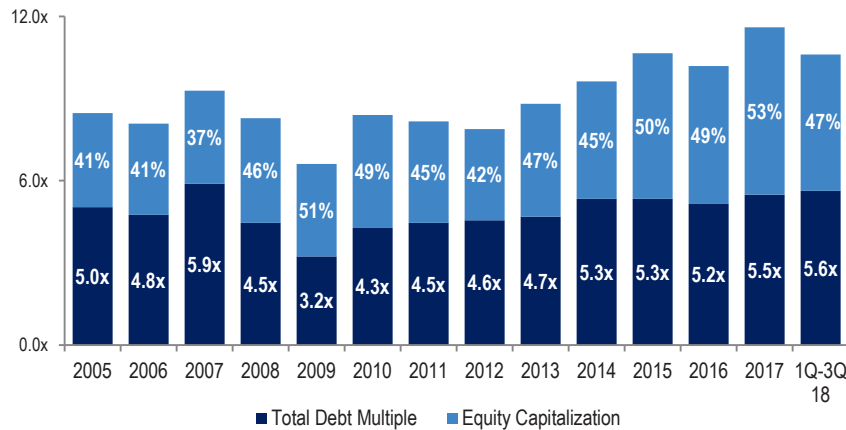


Source: Bloomberg.

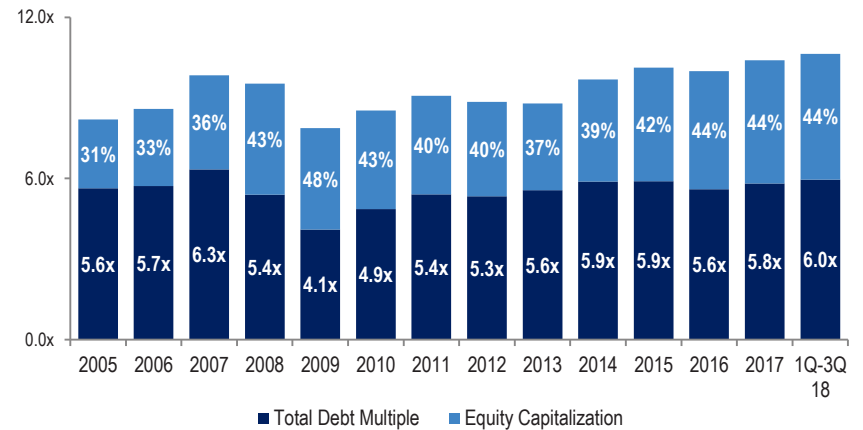
HIGHER RISK-ADJUSTED RETURNS ON A CONSISTENT BASIS

Middle Market Offers More Conservative Structures, Lower Defaults, and/or Higher Pricing

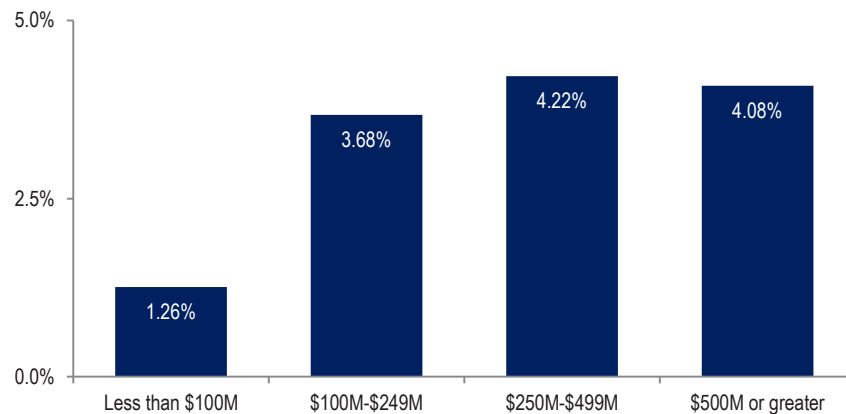
MIDDLE MARKET LBOs



LARGE CORPORATE LBOs



CUMULATIVE DEFAULT RATE BY FACILITY SIZE (1995-2017 Closings)



MIDDLE MARKET SPREAD PREMIUM⁽¹⁾



Source: S&P LCD Q1 2018 High-End Middle Market Lending Review. S&P LCD defines middle-market as EBITDA of \$50 million or less and large corporate as EBITDA of more than \$50 million.

1. Spread premium for middle-market leveraged loans over large corporate leveraged loans.



APPENDIX



FINANCIAL HIGHLIGHTS

In thousands, except per share data

Statement of Operations	Quarter ended September 30, 2018	Quarter ended June 30, 2018	Quarter ended March 31, 2018	Quarter ended December 31, 2017	Quarter ended September 30, 2017
Total investment income	\$180,422	\$174,031	\$162,835	\$162,400	\$158,579
Total operating expenses	95,263	94,551	92,389	89,208	94,847
Net investment income	85,159	79,480	70,446	73,192	63,732
Net realized and unrealized gain (loss) on investments & extinguishment of debt	(1,364)	34,823	(18,587)	48,535	(51,759)
Net increase (decrease) in net assets resulting from operations	\$83,795	\$114,304	\$51,859	\$121,727	\$11,973
Net increase (decrease) in net assets resulting from operations per share	\$0.23	\$0.31	\$0.14	\$0.34	\$0.03
Net investment income per share	\$0.23	\$0.22	\$0.19	\$0.20	\$0.18
Dividends per share	\$0.18	\$0.18	\$0.18	\$0.18	\$0.23
Statement of Assets and Liabilities	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
Total investments at fair value	\$5,936,683	\$5,727,279	\$5,719,804	\$5,421,132	\$5,687,117
Cash and cash equivalents	120,052	83,758	97,563	474,476	264,517
Total assets	6,199,482	5,838,820	5,851,145	5,917,513	5,979,102
Revolving credit facility borrowings	404,000	37,000	86,000	–	–
Total liabilities	2,768,538	2,431,773	2,504,749	2,569,101	2,692,111
Net assets	\$3,430,944	\$3,407,047	\$3,346,396	\$3,348,412	\$3,286,991
Net asset value per share	\$9.39	\$9.35	\$9.23	\$9.28	\$9.12