[redacted]

From: Burdon, Kenneth E (BOS)
Sent: Tuesday, August 4, 2020 2:56 PM
To: IMshareholderproposals@sec.gov
Cc: Hoffman, Michael K (NYC) <Michael.Hoffman@skadden.com>; kvandask@prospectcap.com;
[redacted]
Subject: RE: Prospect Capital Corp. 14a-8 no action request response - Michelle Bronsted

Via Electronic Mail (IMshareholderproposals@sec.gov)

Ladies and Gentlemen,

We write in response to the July 29, 2020 letter (the "Letter") of Ms. Michelle Bronsted (the "Nominal Proponent"), which continues to appear to be authored by her father, Mr. Mark S. Cane, only to address the Nominal Proponent's incomplete and misleading quotation from the Company's 2019 Form 10-K. Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Company's July 23, 2020 supplemental letter (the "Company Supplemental Letter") to the Staff in connection with the No Action Request.

The Nominal Proponent's description of the quotation from the Company's Form 10-K in Item 8 on page 6 of the Letter completely distorts its actual meaning. The entire paragraph in the Company's 10-K reads:

> In general, Prospect Capital Management will vote in favor of the management-proposed slate of directors. If there is a proxy fight for seats on the Board of Directors or Prospect Capital Management determines that there are other compelling reasons for withholding votes for directors, the Proxy Voting Committee will determine the appropriate vote on the matter. Prospect

> Capital Management believes that directors have a duty to respond to stockholder actions that have received significant stockholder support. Prospect Capital Management may withhold votes for directors that fail to act on key issues such as failure to implement proposals to declassify boards, failure to implement a majority vote requirement, failure to submit a rights plan to a stockholder vote and failure to act on tender offers where a majority of stockholders have tendered their shares. Finally, Prospect Capital Management may withhold votes for directors of non-U.S. issuers where there is insufficient information about the nominees disclosed in the proxy statement.

This Form 10-K section discloses certain factors that the Company's investment adviser (the "Adviser") may consider as part of its proxy voting policies and procedures if the Adviser voted shares owned by the Company in **other** companies—not shares in the Company itself. Since the Company primarily invests in private, not public, companies, the Company cannot recall any instance in which the Adviser has caused securities owned by the Company to be voted in a public proxy contest involving a director election. The paragraph begins by stating the Adviser's general position to "vote in favor of the management-proposed slate of directors". However, this general position may face a certain limited set of exceptions (meaning the Adviser could vote either way), such as where **all** of the following conditions occur:

1. a "stockholder action[] . . . ha[s] received significant stockholder support";
2. "directors . . . fail to act on key issues"; and
3. the Adviser "may" (*i.e.*, choose in its discretion to) withhold (or not withhold) votes for such directors.

As the above disclosure clearly indicates, this discretion merely relates to withholding votes from directors, **not** voting in favor of a non-management-proposed slate of directors or voting in favor of any other particular proposals (such as to declassify a board). Moreover, **none** of the three conditions described in the above disclosure have occurred with respect to the Nominal Proponent's New Proposal.

The Nominal Proponent colorfully asserts that the Company should "eat its own cooking" (a strange phrase to use given the Company's senior management owns over 25% of the common stock of the Company, a level which more than qualifies as "eating one's own cooking"), but the "cooking" here has nothing to do with declassified boards. Nowhere in the above disclosure does the Company suggest that it is in favor of declassified boards, that the Adviser would vote in favor of a proposal to declassify a board, or that declassified boards are beneficial to shareholders, much less with respect to the Company's own board. (As we indicated in the Company Supplemental Letter, 45 out of 50 (or 90%) of currently listed BDCs have classified boards.) Rather, the Adviser "may" withhold votes from directors who fail to act on a stockholder action that has already received significant stockholder support. The Nominal Proponent's New Proposal has not received significant (or any) stockholder support, and no Company director has "fail[ed] to act" with respect to such non-existent "key issue". Thus, the Nominal Proponent's latest attempt to bootstrap the disclosure of certain factors that "may" lead to the Adviser's discretion to possibly withhold votes in a director election into an unmitigated endorsement of declassified boards (which endorsement does not exist) merely reaffirms the false and misleading (within the meaning of Rule 14a-9) nature of the numerous submissions to the Company and the Staff made by the shareholder proponent group led by the Nominal Proponent's father, Mr. Mark S. Cane.

Because the Company Supplemental Letter otherwise addresses Mr. Cane's and the Nominal Proponent's other points (such as the New Proposal being very belated under Rule 14a-8(e)(2), the group nature of the multiple proposals submitted by the Mark Cane-led shareholder proponent group, the false and misleading assertions about the Company's governance structure and the continued abuse of the Rule 14a-8 process by Mr. Cane and his group), we have limited this supplemental response to this one issue.

We hope that this brief response does not hinder the Staff's prompt decision to grant the Company's No Action Request. Please do not hesitate to contact the undersigned at (617) 573-4836 or Mike Hoffman at (212) 735-3406.

Cc: Lisa Larkin, Division of Investment Management

Mark S. Cane (in accordance with Rule 14a-8(j))

Michelle H. Bronsted (in accordance with Rule 14a-8(j))

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From: Michelle Bronsted [redacted]
Sent: Wednesday, July 29, 2020 9:40 PM
To: IMshareholderproposals@sec.gov
Cc: Burdon, Kenneth E (BOS) <Kenneth.Burdon@skadden.com>; Hoffman, Michael K (NYC) <Michael.Hoffman@skadden.com>; kvandask@prospectcap.com
Subject: [Ext] Prospect Capital Corp. 14a-8 no action request response - Michelle Bronsted

Ladies and Gentlemen:

Attached please find a response to the supplement to the Rule 14a-8 no-action request submitted to you on July 23, 2020 on behalf of Prospect Capital Corporation by Mike Hoffman and Ken Burdon of Skadden, Arps, Slate, Meagher and Flom, LLP. I am also mailing you 6 hard copies of this as required

In addition I have copied Mr. Hoffman, Mr. Burdon and Ms. Kristin Van Dask of Prospect Capital Corporation on this email and am sending them hard copies.

Thank you,

Michelle Bronsted