

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

<b>1</b> Issuer's name		<b>2</b> Issuer's employer identification number (EIN)	
Prospect Floating Rate and Alternative Income Fund, Inc.		45-2460782	
<b>3</b> Name of contact for additional information	<b>4</b> Telephone No. of contact	<b>5</b> Email address of contact	
Prospect Floating Rate and Alternative Inco	212-448-0702		
<b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact		<b>7</b> City, town, or post office, state, and ZIP code of contact	
10 E 40th St., 42nd Floor		New York, NY 10016	
<b>8</b> Date of action		<b>9</b> Classification and description	
See Attached		Common Stock of Regulated Investment Company - Return of Capital	
<b>10</b> CUSIP number	<b>11</b> Serial number(s)	<b>12</b> Ticker symbol	<b>13</b> Account number(s)
89678V105	N/A	N/A	N/A

**Part II Organizational Action** Attach additional statements if needed. See back of form for additional questions.

**14** Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ Prospect Floating Rate and Alternative Income Fund, Inc. paid non-taxable return of capital distributions during 2023. The distribution amounts consisted of non-taxable return of capital distributions. Please see attached for a detail of each distribution made.

**15** Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ The total return of capital distributions made during 2023 decreased each shareholder's basis by \$.39 per share.

**16** Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ Each shareholder's cost per share after each distribution is equal to their previous basis per share less the non-taxable return of capital distributions described in the attached schedule. \$.39 represents the total decrease to each shareholder's cost per share had they received every distribution made during 2023.

**Part II Organizational Action (continued)**

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► IRC Section 301(c)(2), IRC Section 316(a)(1), and IRC Section 852(c).

Multiple horizontal lines for listing applicable Internal Revenue Code sections.

18 Can any resulting loss be recognized? ► No loss should be recognized.

Multiple horizontal lines for providing information regarding loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► The information detailed above is provided in the shareholders' 2023 1099-DIV.

Multiple horizontal lines for providing other necessary information.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature

*[Handwritten Signature]*

Date

2-7-24

Print your name ► Kristin Van Dask

Title ► CFO

**Paid Preparer Use Only**

Print/Type preparer's name

Preparer's signature

Date

Check  if self-employed

PTIN

Firm's name ►

Firm's EIN ►

Firm's address ►

Phone no.

**2023**

<u>Record Date</u>	<u>Payment Date</u>	<u>Per Share Distribution</u>	<u>% Return of Capital</u>	<u>% Ordinary Income</u>
12/30/2022	1/6/2023*	0.00724	100.00%	0.00%
1/27/2023	2/3/2023	0.03580	100.00%	0.00%
2/24/2023	3/3/2023	0.03344	100.00%	0.00%
3/31/2023	4/7/2023	0.04180	100.00%	0.00%
4/28/2023	5/5/2023	0.03344	100.00%	0.00%
5/26/2023	6/2/2023	0.03260	100.00%	0.00%
6/30/2023	7/7/2023	0.04075	100.00%	0.00%
7/28/2023	8/4/2023	0.03260	100.00%	0.00%
8/25/2023	9/1/2023	0.03260	100.00%	0.00%
9/29/2023	10/6/2023	0.04095	100.00%	0.00%
10/27/2023	11/3/2023	0.03276	100.00%	0.00%
11/24/2023	12/1/2023	0.02920	100.00%	0.00%

\*The Fund's nontaxable distributions declared in December and paid in January are deemed as distributions in the subsequent taxable year.