

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
Prospect Floating Rate and Alternative Income Fund, Inc.		45-2460782	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
Prospect Floating Rate and Alternative Inco	212-448-0702		
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and ZIP code of contact	
10 E 40th St., 42nd Floor		New York, NY 10016	
8 Date of action		9 Classification and description	
See Attached		Common Stock of Regulated Investment Company - Return of Capital	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
See Attached	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 2024. 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 2024 decreased each shareholder's basis by \$.05 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. \$.05 represents the total decrease to each shareholder's cost per share had they received every distribution made during 2024.

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).**

Blank lines for listing applicable Internal Revenue Code sections.

18 Can any resulting loss be recognized? ▶ **No loss should be recognized.**

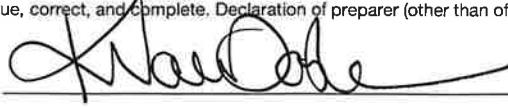
Blank lines for providing information regarding loss recognition.

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' 2024 1099-DIV.**

Blank lines for providing other necessary information.

Sign Here

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.

Signature ▶  Date ▶ 2-11-2025

Print your name ▶ **Kristin Van Dask** Title ▶ **CFO**

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶			Firm's EIN ▶	
	Firm's address ▶			Phone no.	

2024 Dividends**CUSIPs: 89678V105, 89678V402**

<u>Record Date</u>	<u>Payment Date</u>	<u>Per Share Distribution</u>	<u>% Return of Capital</u>	<u>% Ordinary Income</u>
12/29/2023	1/5/2024*	0.03650	14.21%	85.79%
1/26/2024	2/2/2024	0.02920	14.21%	85.79%
2/23/2024	3/1/2024	0.02740	14.21%	85.79%
3/29/2024	4/5/2024	0.03425	14.21%	85.79%
4/26/2024	5/3/2024	0.02740	14.21%	85.79%
5/31/2024	6/7/2024	0.03405	14.21%	85.79%
6/28/2024	7/8/2024	0.02724	14.21%	85.79%
7/26/2024	8/2/2024	0.02724	14.21%	85.79%
8/30/2024	9/9/2024	0.03650	14.21%	85.79%
9/27/2024	10/4/2024	0.03048	14.21%	85.79%
10/25/2024	11/1/2024	0.03048	14.21%	85.79%
12/2/2024	12/9/2024	0.03780	14.21%	85.79%
12/27/2024	1/3/2025*	0.02594	0.00%	100.00%

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