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# SCHEDULE 14A

(RULE 14a-101)

Information Required in Proxy Statement

## Schedule 14A Information

Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Material
- Soliciting Material Pursuant to Rule 14a-12

# PennantPark Investment Corporation PennantPark Floating Rate Capital Ltd.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.**
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- Fee paid previously with preliminary materials
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, schedule or registration statement no.:

(3) Filing party:

(4) Date filed:

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December 10, 2014

Dear Stockholder:

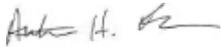
You are cordially invited to attend a Joint Special Meeting of Stockholders of PennantPark Investment Corporation (“PNNT”) and PennantPark Floating Rate Capital Ltd. (“PFLT” and PNNT each, a “Company” and together, “the Companies”), to be held on February 3, 2015 at 2:00 p.m., Eastern Time, at the offices of Dechert LLP, located at 1095 Avenue of the Americas, New York, New York.

The Notice of Joint Special Meeting of Stockholders and the Joint Proxy Statement of the Boards of Directors of the Companies, which is accessible on the Internet or by request for stockholders of PNNT and which is included herein for stockholders of PFLT, provide an outline of the business to be conducted at the Joint Special Meeting of Stockholders. At the meeting, you will be asked to approve a proposal to authorize flexibility for your Company, with approval of the Company’s Board of Directors, to sell shares of the Company’s common stock, during the next 12 months, at a price below the then-current net asset value per share in one or more offerings, subject to certain conditions as set forth in the Joint Proxy Statement.

It is important that your shares be represented at the Joint Special Meeting of Stockholders. If you are unable to attend the meeting in person, I urge you to follow the instructions on the Notice of Internet Availability of Proxy Materials or proxy card to vote your proxy on the Internet. We encourage you to vote via the Internet, as it saves us significant time and processing costs. However, on the Notice of Internet Availability of Proxy Materials stockholders of PNNT also will find instructions on how to request a hard copy of the Joint Proxy Statement and proxy card(s) for your Company free of charge, and you may vote your proxy by returning your proxy card(s) to us after you request the hard copy materials.

You will also receive separate proxy materials for the Joint Annual Meeting of Stockholders, which will be held on the same date and at the same location as the Joint Special Meeting. Please be certain to vote separately each proxy card you receive from us. Your vote and participation in the governance of your Company is very important to us.

Sincerely yours,



Arthur H. Penn  
Chief Executive Officer

**PennantPark**  
590 Madison Avenue, 15<sup>th</sup> Floor  
New York, New York 10022  
212-905-1000

**PENNANTPARK INVESTMENT CORPORATION  
PENNANTPARK FLOATING RATE CAPITAL LTD.**

**NOTICE OF JOINT SPECIAL MEETING OF STOCKHOLDERS  
TO BE HELD ON FEBRUARY 3, 2015**

December 10, 2014

Notice is hereby given to the owners of shares of common stock (the "Stockholders") of PennantPark Investment Corporation ("PNNT") and PennantPark Floating Rate Capital Ltd. ("PFLT" and PNNT each, a "Company" and together, the "Companies") that:

A Joint Special Meeting of Stockholders of the Companies (the "Special Meeting") will be held at the offices of Dechert LLP, located at 1095 Avenue of the Americas, New York, New York, on February 3, 2015 at 2:00 p.m., Eastern Time, for the following purpose, as to each Company:

1. To consider and vote upon a proposal to authorize flexibility for the Company, with the approval of the Company's Board of Directors, to sell shares of the Company's common stock (during the next 12 months), at a price below the then-current net asset value per share, subject to certain limitations described in this Joint Proxy Statement.

You have the right to receive notice of, and to vote at, the Special Meeting if you were a stockholder of record of PNNT and/or a stockholder of record of PFLT at the close of business on December 1, 2014. PNNT is furnishing a Joint Proxy Statement and proxy card(s) to their Stockholders on the Internet, rather than mailing printed copies of those materials to each Stockholder of PNNT. If you received a Notice of Internet Availability of Proxy Materials by mail, you will not receive a printed copy of the Joint Proxy Statement and proxy card(s) unless you request them. Instead, the Notice of Internet Availability of Proxy Materials will instruct you as to how you may access and review the Joint Proxy Statement, and vote your proxy, on the Internet.

Your vote is extremely important to us. If you are unable to attend the Special Meeting, we encourage you to vote your proxy on the Internet by following the instructions provided on the Notice of Internet Availability of Proxy Materials or proxy card. Stockholders of PNNT may also request from us free of charge hard copies of the Joint Proxy Statement and proxy card(s) for PNNT by following the instructions on the Notice of Internet Availability of Proxy Materials. As to each Company, in the event there are not sufficient votes for a quorum or to approve that Company's proposal at the time of the Special Meeting, the Special Meeting may be adjourned in order to permit further solicitation of proxies by the Company.

**EACH COMPANY'S BOARD OF DIRECTORS, INCLUDING THE INDEPENDENT DIRECTORS, UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE PROPOSAL.**

By Order of the Boards of Directors,



Thomas J. Friedmann

Secretary

**PennantPark**

590 Madison Avenue, 15<sup>th</sup> Floor

New York, New York 10022

212-905-1000

**This is an important meeting. To ensure proper representation at the meeting, please follow the instructions on the Notice of Internet Availability of Proxy Materials or proxy card to vote your proxy via the Internet or request, complete, sign, date and return a proxy card. Even if you vote your shares prior to the meeting, you still may attend the meeting and vote your shares in person if you wish to change your vote.**

**PENNANTPARK INVESTMENT CORPORATION  
PENNANTPARK FLOATING RATE CAPITAL LTD.**

**590 Madison Avenue, 15th Floor  
New York, New York 10022  
(212) 905-1000**

**JOINT PROXY STATEMENT**

**for**

**2015 Joint Special Meeting of Stockholders  
To be held on February 3, 2015**

This document will give you the information you need to vote on the matters listed on the accompanying Notice of Joint Special Meeting of Stockholders (“Notice of Special Meeting”). Much of the information in this Joint Proxy Statement is required under the rules and regulations of the Securities and Exchange Commission (the “SEC”), and some of it is technical in nature. If there is anything you do not understand, please contact us at 212-905-1000.

This Joint Proxy Statement is furnished in connection with the solicitation of proxies by the Boards of Directors (each, a “Board” and together, the “Boards”) of PennantPark Investment Corporation (“PNNT”) and PennantPark Floating Rate Capital Ltd. (“PFLT” and PNNT each, a “Company” and together, the “Companies,” “we,” “us” or “our”) for use at the Companies’ Joint Special Meeting of Stockholders (the “Meeting”) to be held on Tuesday, February 3, 2015 at 2:00 p.m., Eastern Time, at the offices of Dechert LLP, located at 1095 Avenue of the Americas, New York, New York, and at any postponements or adjournments thereof. This Joint Proxy Statement is being provided to stockholders of the Companies (the “Stockholders”) via the Internet on or about December 10, 2014. In addition, a Notice of Special Meeting and a Notice of Internet Availability of Proxy Materials are being sent to Stockholders of record of PNNT and a Notice of Special Meeting is being sent to Stockholders of record of PFLT as of December 1, 2014.

***Although each Company is a separate business development company and Stockholders of each Company will vote separately on the proposal contained herein, the Companies are soliciting votes through this Joint Proxy Statement to reduce expenses of each of the Companies of soliciting proxies for the Meeting.***

We encourage you to vote your shares, either by voting in person at the Meeting or by voting by proxy (i.e., authorizing someone to vote your shares). Shares represented by duly executed proxies will be voted in accordance with your instructions. If you execute a proxy without specifying your voting instructions, your shares will be voted in accordance with the recommendation of your Company’s Board. If any other business is brought before the Meeting, your shares will be voted at the appropriate Board’s discretion unless you specifically state otherwise on your proxy.

You may revoke a proxy at any time before it is exercised by notifying the Companies’ Secretary in writing, by submitting a properly executed, later-dated proxy or by voting in person at the Meeting. Any Stockholder entitled to vote at the Meeting may attend the Meeting and vote in-person, whether or not he or she has previously voted his or her shares via proxy or wishes to change a previous vote.

You will be eligible to vote your shares electronically via the Internet, by telephone or by mail.

***Purpose of Meeting***

At the Meeting, you will be asked to vote on the following proposal as to each Company:

1. To consider and vote upon a proposal to authorize flexibility for the Company, with the approval of the Company’s Board, to sell shares of the Company’s common stock (during the next 12 months) at a price below the then-current net asset value per share, subject to certain limitations described in this Joint Proxy Statement (the “Proposal”).

### ***Voting Securities***

You may vote your shares at the Meeting only if you were a Stockholder of record of PNNT and/or a Stockholder of record of PFLT at the close of business on December 1, 2014 (the "Record Date"). There were 75,092,911 shares of PNNT common stock and 14,898,056 shares of PFLT common stock (the "Common Stock") outstanding on the Record Date. Stockholders are entitled to one vote for each share held of Common Stock of their Company. Stockholders can vote only on matters affecting the Company (or Companies) in which they hold shares of Common Stock. Because the proposal stated above and in the Notice of Special Meeting is separate for each Company, it is essential that Stockholders who own shares in both Companies vote by Internet, telephone or mail in accordance with the instructions on the proxy card(s), with respect to each proxy card they receive.

### ***Quorum Required***

For a Company to conduct business at the Meeting, a quorum of a Company must be present at the Meeting. The presence at the Meeting, in person or by proxy, of the holders of a majority of the shares of Common Stock of a Company outstanding on the Record Date will constitute a quorum of such Company. If there are not enough votes for a quorum of a Company, the chairman of the Meeting will adjourn the Meeting with respect to that Company to permit the further solicitation of proxies.

### ***Votes Required***

#### **Authorization to Offer and Sell Shares of Common Stock Below Net Asset Value**

As to each Company, approval of the Proposal requires the affirmative vote of the Stockholders holding (1) a majority of the outstanding shares of the Company's Common Stock entitled to vote at the Meeting and (2) a majority of the outstanding shares of the Company's Common Stock entitled to vote at the Meeting that are not held by affiliated persons of the Company. For purposes of the Proposal, the Investment Company Act of 1940, as amended (the "1940 Act"), defines "a majority of outstanding voting securities" of a Company as: (1) 67% or more of the voting securities present at the Meeting if the holders of more than 50% of the outstanding voting securities of the Company are present or represented by proxy; or (2) more than 50% of the outstanding voting securities of the Company, whichever is less. Abstentions will have the effect of a vote against the Proposal.

Stockholders of a Company may not cumulate their votes.

#### **Broker Non-Votes**

"Broker Non-Votes" are votes that are not cast by a broker, bank or other nominee (the "Broker") on a non-routine matter because the shares entitled to cast the vote are held in "street name", the Broker lacks discretionary authority to vote the shares and the Broker has not received voting instructions from the beneficial owner. The Proposal is a non-routine matter for both Companies. As a result, if you hold shares of a Company's Common Stock in street name through a Broker, your Broker will not be permitted to exercise voting discretion with respect to the Proposal for that Company. Thus, if you do not vote or give your Broker specific instructions on how to vote for you, your Broker cannot vote with respect to the Proposal. **For this reason, it is imperative that Stockholders vote or provide instructions to their Broker as to how to vote.**

*Adjournment and Additional Solicitation.* As to each Company, if there appear not to be enough votes to approve the Proposal at the Meeting, the chairman of the Meeting and the person named as proxy for the Companies, Mr. Arthur H. Penn, may vote to adjourn the Meeting with respect to that Company to permit further solicitation of proxies.

### ***Information Regarding This Solicitation***

Each Company will bear the expense of its solicitation of proxies for the Meeting, including its portion of the cost of preparing and posting this Joint Proxy Statement to the Internet and the cost of mailing the Notice of Special Meeting, the Notice of Internet Availability of Proxy Materials and any requested proxy materials to its respective Stockholders. The Companies intend to use the services of Broadridge Financial Solutions, Inc., a leading provider of investor communications solutions, to aid in the distribution and collection of proxy votes. The Companies expect to pay market rates for such services. If brokers, trustees or fiduciaries and other institutions holding shares in their own names or in the names of their nominee, which shares are beneficially owned by others, forward the Joint Proxy Statement and relevant proxy card(s) to, and obtain proxies from, such beneficial owners, the applicable Company will reimburse such persons for their reasonable expenses in so doing.

In addition to the solicitation of proxies by the use of the Internet, proxies may be solicited in person and/or by telephone, mail or facsimile transmission by directors or officers of the Companies, officers or employees of PennantPark Investment Advisers, LLC, the Companies' investment adviser (the "Adviser"), PennantPark Investment Administration, LLC, the Companies' administrator (the "Administrator"), and/or by a retained solicitor. No additional compensation will be paid to such directors, officers or regular employees for such services. If the Companies retain a solicitor, the Companies have estimated that they will pay an aggregate of approximately \$60,000 for such services. If the Companies engage a solicitor, you could be contacted by telephone on behalf of your Company and be urged to vote. The solicitor will not attempt to influence how you vote your shares, but will only ask that you take the time to cast a vote. You may also be asked if you would like to vote over the telephone and to have your vote transmitted to our proxy tabulation firm. The address of each of the Adviser and the Administrator is 590 Madison Avenue, 15<sup>th</sup> Floor, New York, New York 10022.

Stockholders may provide their voting instructions through the Internet, by telephone or by mail by following the instructions on the Notice of Internet Availability of Proxy Materials or proxy card. These options require Stockholders to input the Control Number, which is provided with the Notice of Internet Availability of Proxy Materials or proxy card. If you vote using the Internet, after visiting [www.proxyvote.com](http://www.proxyvote.com) and inputting your Control Number, you will be prompted to provide your voting instructions. Stockholders will have an opportunity to review their voting instructions and make any necessary changes before submitting them and terminating their Internet link. Stockholders who vote via the Internet, in addition to confirming their voting instructions prior to submission, also will receive upon request an e-mail confirming their instructions.

If a Stockholder wishes to participate in the Meeting, but does not wish to give a proxy by Internet, the Stockholder may attend the Meeting in person or request and submit a proxy card by following the instructions on the Notice of Internet Availability of Proxy Materials or proxy card.

Any proxy authorized pursuant to this solicitation may be revoked by notice from the person giving the proxy at any time before it is exercised. A revocation may be effected by resubmitting voting instructions via the Internet voting site, by telephone, by obtaining and properly completing another proxy card that is dated later than the original proxy and returning it, by mail, in time to be received before the Meeting, by attending the Meeting and voting in person or by a notice, provided in writing and signed by the Stockholder, delivered to the Companies' Secretary on any business day before the date of the Meeting.

### ***Security Ownership of Certain Beneficial Owners and Management***

As of the Record Dates, to our knowledge, no person would be deemed to "control" (as such term is defined in the 1940 Act) either Company.

Each Company's Board is composed of the same individuals. Our directors consist of an interested director and four independent directors. An interested director is an "interested person" of the Companies, as defined in the 1940 Act, and independent directors are all other directors (the "Independent Directors").

The following table sets forth, as of November 10, 2014, certain ownership information with respect to each Company's Common Stock for those persons who directly or indirectly own, control or hold with the power to vote, five percent or more of a Company's outstanding Common Stock and all officers and directors of the Companies, as a group.

Name and address <sup>(1)</sup>	Type of ownership <sup>(5)</sup>	Shares Owned		Percentage of Common Stock Outstanding	
		PNNT	PFLT	PNNT	PFLT
<b>Greater than 5% stockholder</b>					
Jack Silver <sup>(2)</sup>	Record/Beneficial	—	746,891	—	5.0%
<b>Independent directors</b>					
Adam K. Bernstein <sup>(3)</sup>	Record/Beneficial	88,971	5,000	*	*
Marshall Brozost	Record/Beneficial	14,221	—	*	—
Jeffrey Flug	Record/Beneficial	236,088	—	*	—
Samuel L. Katz	Record/Beneficial	133,481	69,800	*	*
<b>Interested director</b>					
Arthur H. Penn <sup>(4)</sup>	Record/Beneficial	537,323	149,209	0.7%	1.0%
<b>Executive officer</b>					
Aviv Efrat	Record/Beneficial	45,471	13,750	*	*
All directors and executive officer as a group (6 persons)		<u>1,055,555</u>	<u>237,759</u>	<u>1.4%</u>	<u>1.6%</u>

(1) The address for each officer and director is c/o PennantPark, 590 Madison Avenue, 15<sup>th</sup> Floor, New York, New York 10022.

(2) Based upon information contained in the Schedule13G filed February 12, 2014 by Mr. Jack Silver. Such securities are held by certain investment vehicles controlled and/or managed by Mr. Silver. The address for Mr. Silver is 80 Columbus Circle PH76A, New York, NY 10023.

(3) Mr. Bernstein is the President of JAM Investments, LLC and may therefore be deemed to own beneficially the 68,236 shares of PNNT held by JAM Investments, LLC.

(4) Mr. Penn is the Managing Member of the Adviser, and may therefore be deemed to own beneficially the 353,923 shares of PNNT and 149,209 shares of PFLT held by the Adviser.

(5) Sole voting power.

\* Less than 1 percent.

**PROPOSAL: AUTHORIZATION TO OFFER AND SELL SHARES OF  
COMMON STOCK BELOW NET ASSET VALUE**

The 1940 Act generally prohibits each Company, as a business development company (“BDC”), from offering and selling shares of its Common Stock at a price below the then-current net asset value per share (“NAV”), unless the policy and practice of doing so is approved by the Company’s Stockholders within one year immediately prior to any such sales. Shares of our Common Stock have traded at a price both above and below their NAV since they have begun trading on the NASDAQ Global Select Market in 2007 for PNNT and in 2011 for PFLT.

Each Company is seeking Stockholder approval now to sell its shares below NAV in order to provide flexibility for future sales, which typically are undertaken quickly in response to market conditions. The final terms of any such sales will be determined by the relevant Company’s Board at the time of sale. Also, because neither Company has any immediate plans to sell any shares of its Common Stock below NAV, it is impracticable to describe the transaction or transactions in which such shares would be sold. Instead, any transaction where a Company would sell shares of its Common Stock, including the nature and amount of consideration that would be received by that Company at the time of sale and the use of any such consideration, will be reviewed and approved by the Company’s Board at the time of sale. If this Proposal is approved, the relevant Company will not solicit further authorization from its Stockholders prior to any such sale, and the authorization would be effective for shares sold during a period beginning on the date of Stockholder approval and expiring one year from such approval.

In a common stock offering, investors are offered an ownership interest in a corporation. Stockholders typically are entitled to vote on the selection of corporate directors and other important matters, as well as to receive distributions on their holdings to the extent such distributions are declared.

Generally, common stock offerings by BDCs are priced based on the market price of the currently outstanding shares of common stock, less a small discount of approximately 5%. Accordingly, even when shares of a Company’s Common Stock trade at a market price below NAV, the Proposal, if approved by the Stockholders, would permit that Company to offer and sell shares of its Common Stock in accordance with pricing standards that market conditions generally require. This Joint Proxy Statement is not an offer to sell securities of either Company. Securities may not be offered or sold in the United States absent registration with the SEC or an applicable exemption from SEC registration requirements.

***1940 Act Conditions for Sales below NAV***

Each Company’s ability to issue shares of its Common Stock at a price below NAV is governed by the 1940 Act. Specifically, Section 63(2) of the 1940 Act provides that a Company may offer and sell shares of Common Stock at prices below the then-current NAV with Stockholder approval, provided that:

- any such sales are approved by (1) a majority of the Company’s Independent Directors and (2) a majority of the Company’s directors who have no financial interest in the proposal as being in the best interests of us and our Stockholders; and
- such a required majority of directors, in consultation with the underwriter of the offering, if it is underwritten, has determined in good faith, and as of a time immediately prior to the first solicitation by or on behalf of the Company of any firm commitment to purchase such securities or immediately prior to the issuance of such securities, that the price at which such securities are to be sold is not less than a price which closely approximates the market value for those securities, less any underwriting commission or discount.

Without the approval of its Stockholders to offer and sell shares of Common Stock at prices below NAV, each Company would be prohibited from selling such shares to raise capital when the market price for its Common Stock is below NAV.

## **Board Approval**

On November 11, 2014, the Board of each Company unanimously approved, and is recommending that Stockholders vote in favor of, this Proposal to offer and sell shares of their Company's Common Stock at prices that may be less than NAV. Each Board concluded that the Proposal is in the best interests of the relevant Company and its Stockholders. In doing so, each Board, including the Independent Directors, considered and evaluated various factors, including the following, as discussed more fully below:

- possible long-term benefits to the Company's Stockholders; and
- possible dilution to the Company's NAV.

Prior to approving this Proposal, the Boards met to consider and evaluate materials that the Companies' management provided on the merits of the Companies possibly raising additional capital and the merits of publicly offering shares of Common Stock at a price below NAV. The Boards considered the objectives of a possible offering, the mechanics of an offering, establishing size parameters for an offering, the possible effects of dilution, Common Stock trading volume and other matters. The Independent Directors also consulted with their independent counsel to consider and evaluate and voted separately on the issues presented.

Each Board evaluated a full range of offering sizes. However, neither Board has drawn any definite conclusions regarding the size of a contemplated capital raise at this time. Each Board expects that any increase in capital would be from a public offering of the Company's Common Stock, or the possibility of one or more private placements. Additionally, each Company's Common Stock could be issued as part of a purchase of assets, portfolios or other companies.

In determining whether or not to offer and sell a Company's Common Stock, the Board has a duty to act in that Company's best interests and that of the Company's Stockholders and must comply with the other requirements of Section 63(2) of the 1940 Act. If Stockholders of a Company do not approve this Proposal, that Company's Board will consider and evaluate its options to determine what alternatives may be in the Company's best interests and that of the Company's Stockholders.

### ***Possible Long-Term Benefits to Stockholders***

Each Board believes that having the flexibility for the Company to sell its Common Stock below NAV in certain instances is in the Company's best interests and that of the Company's Stockholders. If a Company were unable to access the capital markets when attractive investment opportunities arise, the Company's ability to grow over time and to continue to pay distributions to Stockholders could be adversely affected. In reaching that conclusion, each Board considered the following possible benefits to the Company's Stockholders:

#### *From Time to Time Market Conditions Have Created Attractive Opportunities*

We cannot predict when market opportunities will present themselves. Market opportunities have created, and may again in the future provide, favorable opportunities to invest, including opportunities that, all else being equal, may increase each Company's NAV over the longer-term, even if financed with the issuance of Common Stock below NAV. Stockholder approval of this Proposal, subject to the conditions detailed below, is expected to provide the Companies with the flexibility to invest in such opportunities. We believe that current market conditions provide attractive opportunities to use capital.

Market conditions also have beneficial effects for capital providers, including reduced competition, more favorable pricing of credit risk, more conservative capital structures and more creditor-friendly contractual terms. Accordingly, we believe that the Companies could benefit from access to capital in a constrained credit market and that from time to time the environment should provide attractive investment opportunities. Each Company's ability to take advantage of these opportunities will depend upon its access to capital.

### *Greater Investment Opportunities Due to Larger Capital Resources*

Each Board believes that additional capital raised through an offering of shares of the Company's Common Stock may help the Company generate additional deal flow. Based on discussions with the Companies' management, the Boards believe that greater deal flow, which may be achieved with more capital, would enable the Companies to be more significant participants in the private debt and equity markets and to compete more effectively for attractive investment opportunities. With more capital to invest in portfolio opportunities, the Companies intend to be more meaningful capital providers to companies and to compete for high quality investment opportunities with other companies having greater resources than we do currently. Management has represented to the Boards that such investment opportunities may be funded with proceeds of an offering of shares of each Company's Common Stock. However, management has not identified specific companies in which to invest the proceeds of an offering given that specific investment opportunities will change depending on the timing of an offering, if any.

### *Higher Market Capitalization and Liquidity May Make Our Common Stock More Attractive to Investors*

If a Company issues additional shares, its market capitalization and the amount of its publicly tradable Common Stock will increase, which may afford all holders of its Common Stock greater liquidity. A larger market capitalization may make a Company's Common Stock more attractive to a larger number of investors who have limitations on the size of companies in which they invest. Furthermore, a larger number of shares outstanding may increase a Company's trading volume, which could decrease the volatility in the secondary market price of its Common Stock.

### *Maintenance or Possible Increase of Distributions*

A larger and more diversified portfolio could provide each Company with more consistent cash flow, which may support the maintenance and growth of the Company's dividends. Each Company generally makes distributions to its Stockholders. Although management will continue to seek to generate income sufficient to pay our distributions in the future, the proceeds of future offerings, and the investments thereof, could enable each Company to maintain and possibly grow its distributions, which may include a return of capital, in the future.

### *Reduced Expenses Per Share*

For each Company, an offering that increases its total assets may reduce its expenses per share of Common Stock due to the spreading of fixed expenses over a larger asset base. Each Company must bear certain fixed expenses, such as certain administrative, governance and compliance costs that do not generally vary based on its asset size. On a per share basis, these fixed expenses will be reduced when supported by a larger asset base.

### **Trading History**

PNNT's Common Stock has been quoted on The NASDAQ Global Select Market under the symbol "PNNT" since April 24, 2007, and PFLT's Common Stock has been quoted on The NASDAQ Global Select Market under the symbol "PFLT" since April 8, 2011.

The following table lists the high and low closing sales price for PNNT's Common Stock, the closing sales price as a percentage of NAV and quarterly distributions per share on a quarterly basis for the Company's last two completed fiscal years, as well as the period ended November 10, 2014. On November 10, 2014, the last reported closing sale price for PNNT's Common Stock was \$10.88 per share.

Period	NAV <sup>(1)</sup>	Closing Sales Price		Premium / (Discount) of High Sale Price to NAV <sup>(2)</sup>	Premium / (Discount) of Low Sale Price to NAV <sup>(2)</sup>	Dividends Declared
		High	Low			
<b>Fiscal year ending September 30, 2015</b>						
First quarter (as of November 10, 2014)	\$ N/A	\$ 10.95	\$ 10.10	N/A%	N/A%	\$ N/A
<b>Fiscal year ended September 30, 2014</b>						
Fourth quarter	11.03	11.91	10.91	8	(1)	0.28
Third quarter	11.33	11.49	10.46	1	(8)	0.28
Second quarter	11.13	11.65	10.89	5	(2)	0.28
First quarter	10.80	12.17	10.83	13	—	0.28
<b>Fiscal year ended September 30, 2013</b>						
Fourth quarter	10.49	11.83	10.97	13	5	0.28
Third quarter	10.43	11.83	10.45	13	—	0.28
Second quarter	10.50	12.18	11.01	16	5	0.28
First quarter	10.38	11.10	10.07	7	(3)	0.28

(1) NAV per share is determined as of the last day in the relevant quarter and therefore may not reflect the NAV per share on the date of the high and low sales prices. The NAVs shown are based on outstanding shares at the end of each period.

(2) Calculated as the respective high or low closing sale prices less NAV per share, divided by the quarter-end NAV per share.

The following table lists the high and low closing sales price for PFLT's Common Stock, the closing sales price as a percentage of NAV and monthly distributions per share on a quarterly basis for the Company's last two completed fiscal years, as well as the period ended November 10, 2014. On November 10, 2014, the last reported closing sale price for PFLT's Common Stock was \$14.18 per share.

Period	NAV <sup>(1)</sup>	Closing Sales Price		Premium / (Discount) of High Sale Price to NAV <sup>(2)</sup>	Premium / (Discount) of Low Sale Price to NAV <sup>(2)</sup>	Dividends Declared
		High	Low			
<b>Fiscal year ending September 30, 2015</b>						
First quarter (as of November 10, 2014)	\$ N/A	\$ 14.19	\$ 13.48	N/A%	N/A%	\$ 0.1800
<b>Fiscal year ended September 30, 2014</b>						
Fourth quarter	14.40	14.39	13.75	—	(5)	0.2700
Third quarter	14.52	14.29	13.61	(2)	(6)	0.2700
Second quarter	14.46	14.27	13.51	(1)	(7)	0.2700
First quarter	14.24	13.93	13.14	(2)	(8)	0.2675
<b>Fiscal year ended September 30, 2013</b>						
Fourth quarter	14.10	14.60	13.01	4	(8)	0.2625
Third quarter	13.98	14.90	13.82	7	(1)	0.2625
Second quarter	14.10	14.43	12.94	2	(8)	0.2550
First quarter	13.99	13.30	12.35	(5)	(12)	0.2475

(1) NAV per share is determined as of the last day in the relevant quarter and therefore may not reflect the NAV per share on the date of the high and low sales prices. The NAVs shown are based on outstanding shares at the end of each period.

(2) Calculated as the respective high or low closing sale prices less NAV per share, divided by the quarter-end NAV per share.

### **Conditions to the Sale of a Company's Common Stock below NAV**

As to each Company, if Stockholders approve this Proposal, the Company will sell shares of its Common Stock at a price below NAV, exclusive of sales compensation, only if the following conditions are met:

- a majority of the Company's Independent Directors who have no financial interest in the sale have approved the sale; and
- a majority of such Independent Directors, who, in consultation with the underwriter or underwriters of the offering, if any, have determined in good faith, and as of a time immediately prior to the first solicitation by or on behalf of the Company of firm commitments to purchase such securities, or immediately prior to the sale of such securities, that the price at which such securities are to be sold is not less than a price which closely approximates the market value of those securities, less any underwriting commission or discount.

### **Dilution**

Before voting on this Proposal or giving proxies with regard to this matter, Stockholders of each Company should consider the potentially dilutive effect on the NAV of the issuance of shares of the Company's Common Stock at a price less than NAV. Any sale of Common Stock by a Company at a price below NAV would result in an immediate dilution to existing Stockholders on a per share basis. This dilution would include reduction in the NAV as a result of the issuance of shares at a price below NAV and a proportionately greater decrease in a Stockholder's per share interest in the earnings and assets of the Company and per share voting interest in the Company. Each Board has considered the potential dilutive effect of the issuance of shares at a price below NAV and will consider again such dilutive effect when considering whether to authorize any specific issuance of shares of a Company's Common Stock below NAV.

The 1940 Act establishes a connection between market price and NAV because, when stock is sold at a market price below NAV, the resulting increase in the number of outstanding shares is not accompanied by a proportionate increase in the net assets of the issuer. Stockholders of each Company should also consider that they will have no subscription, preferential or preemptive rights to additional shares of Common Stock proposed to be authorized for issuance, and thus any future issuance of Common Stock at a price below NAV would dilute a Stockholder's holdings of Common Stock as a percentage of shares outstanding to the extent the Stockholder does not purchase sufficient shares in the offering or otherwise to maintain the Stockholder's percentage interest. Further, if the Stockholder does not purchase, or is unable to purchase, any shares to maintain the Stockholder's percentage interest, regardless of whether such offering is at a price above or below the then-current NAV, the Stockholder's voting power will be diluted.

The precise extent of any such dilution to a Company's Common Stock cannot be estimated before the terms of a Common Stock offering are set. As a general proposition, however, the amount of potential dilution will increase as the size of the offering increases. Another factor that will influence the amount of dilution in an offering is the amount of net proceeds that the Company receives from such offering. Each Board would expect that the net proceeds to a Company will be equal to the price that investors pay per share, less the amount of any underwriting discounts and commissions, typically approximately 95% of the market price.

As previously discussed, the Boards evaluated a full range of offering sizes. The following examples indicate how an offering would immediately affect the NAV of each Company's Common Stock based on the assumptions set forth below. They do not include any effects or influence on market share price due to changes in investment performance over time, dividend policy, increased trading volume or other qualitative aspects of the shares of either Company's Common Stock.

## **Examples of Dilutive Effect of the Issuance of Shares Below NAV**

### ***Impact on Existing Stockholders who do not Participate in the Offering***

Existing Stockholders of each Company who do not participate, or who are not given the opportunity to participate, in an offering below NAV per share by their Company or who do not buy additional shares of their Company in the secondary market at the same or lower price obtained by the Company in the offering (after any underwriting discounts and commissions) face the greatest potential risks. All Stockholders will experience an immediate decrease (often called dilution) in the NAV of the Company's shares they hold. Stockholders who do not participate in the offering will also experience a disproportionately greater decrease in their participation in their Company's earnings and assets and their voting power than Stockholders who do participate in the offering. All Stockholders may also experience a decline in the market price of their shares of the Company's Common Stock, which often reflects, to some degree, announced or potential increases and decreases in NAV per share. Their decrease could be more pronounced as the size of the offering and level of discounts increase.

The following examples illustrate the level of NAV dilution that would be experienced by a nonparticipating Stockholder in three different hypothetical common stock offerings of different sizes and levels of discount from NAV per share, although it is not possible to predict the level of market price decline that may occur. Actual sales prices and discounts may differ from the presentation below.

The examples assume that Company XYZ has 1,000,000 shares of common stock outstanding, \$15.0 million in total assets and \$5.0 million in total liabilities. The current NAV and NAV per share are thus \$10.0 million and \$10.00, respectively. The table below illustrates the dilutive effect on nonparticipating stockholder A of (1) an offering of 50,000 shares (5% of the outstanding shares) at \$9.50 per share after any underwriting discounts and commissions (a 5% discount from NAV); (2) an offering of 100,000 shares (10% of the outstanding shares) at \$9.00 per share after any underwriting discounts and commissions (a 10% discount from NAV); and (3) an offering of 250,000 shares (25% of the outstanding shares) at \$7.50 per share after any underwriting discounts and commissions (a 25% discount from NAV). The examples apply equally to Stockholders of both Companies.

	Prior to Sale Below NAV	Example 1 5% Offering at 5% Discount		Example 2 10% Offering at 10% Discount		Example 3 25% Offering at 25% Discount	
		Following Sale	% Change	Following Sale	% Change	Following Sale	% Change
<b>Offering Price</b>							
Price per share to public	—	\$ 10.00	—	\$ 9.47	—	\$ 7.89	—
Net offering proceeds per share to issuer	—	\$ 9.50	—	\$ 9.00	—	\$ 7.50	—
<b>Decrease to NAV</b>							
Total shares outstanding	1,000,000	1,050,000	5.00%	1,100,000	10.00%	1,250,000	25.00%
NAV per share	\$ 10.00	\$ 9.98	(0.20)%	\$ 9.91	(0.90)%	\$ 9.50	(5.00)%
<b>Dilution to Stockholder A</b>							
Shares held by stockholder A	10,000	10,000	—	10,000	—	10,000	—
Percentage held by stockholder A	1.00%	0.95%	(5.00)%	0.91%	(9.00)%	0.80%	(20.00)%
<b>Total Asset Values</b>							
Total NAV held by stockholder A	\$ 100,000	\$ 99,800	(0.20)%	\$ 99,100	(0.90)%	\$ 95,000	(5.00)%
Total investment by stockholder A (assumed to be \$10.00 per share)	\$ 100,000	\$ 100,000	—	\$ 100,000	—	\$ 100,000	—
Total dilution to stockholder A (total NAV less total investment)	—	\$ (200)	—	\$ (900)	—	\$ (5,000)	—
<b>Per Share Amounts</b>							
NAV per share held by stockholder A	—	\$ 9.98	—	\$ 9.91	—	\$ 9.50	—
Investment per share held by stockholder A (assumed to be \$10.00 per share on shares held prior to sale)	\$ 10.00	\$ 10.00	—	\$ 10.00	—	\$ 10.00	—
Dilution per share held by stockholder A (NAV per share less investment per share)	—	\$ (0.02)	—	\$ (0.09)	—	\$ (0.50)	—
Percentage dilution to stockholder A (dilution per share divided by investment per share)	—	—	(0.20)%	—	(0.90)%	—	(5.00)%

#### ***Impact on Existing Stockholders who Participate in the Offering***

An existing Stockholder of either Company who participates in an offering by their Company below NAV per share or who buys additional shares of their Company in the secondary market at the same or lower price as obtained by the Company in the offering (after any underwriting discounts and commissions) will experience the same types of NAV dilution as the nonparticipating Stockholders, albeit at a lower level, to the extent they purchase less than the same percentage of the discounted offering as their interest in the Company's Common Stock immediately prior to the offering. The level of NAV dilution on an aggregate basis will decrease as the number of shares of the Company's Common Stock such Stockholders purchase increases. Existing Stockholders of the Company who buy more than such percentage will experience NAV dilution, but will, in contrast to existing Stockholders of that Company who purchase less than their proportionate share of the offering, experience an increase (often called accretion) in NAV per share over their investment per share and will also

experience a disproportionately greater increase in their participation in the Company's earnings and assets and their voting power than the Company's increase in assets, potential earning power and voting interests due to the offering. The level of accretion will increase as the excess number of shares of the Company's Common Stock such Stockholder purchases increases. Even a Stockholder who over-participates will, however, be subject to the risk that the Company may make additional discounted offerings in which such Stockholder does not participate, in which case such Stockholder will experience NAV dilution as described above in such subsequent offerings. These Stockholders may also experience a decline in the market price of their shares, which often reflects to some degree announced or potential increases and decreases in NAV per share. Their decrease could be more pronounced as the size of a Company's offering and level of discount to NAV increases.

The examples assume that Company XYZ has 1,000,000 shares of common stock outstanding, \$15.0 million in total assets and \$5.0 million in total liabilities. The current NAV and NAV per share are thus \$10.0 million and \$10.00, respectively. The table below illustrates the (dilutive) and accretive effect in the hypothetical offering 25% of shares at a 25% discount to NAV from the prior chart for stockholder A that acquires shares equal to (1) 50% of their proportionate share of the offering (i.e., 1,250 shares, which is 0.50% of the offering of 250,000 shares rather than their 1.00% proportionate share) and (2) 150% of their proportionate share of the offering (i.e., 3,750 shares, which is 1.50% of the offering of 250,000 shares rather than their 1.00% proportionate share). The examples apply equally to Stockholders of both Companies.

	Prior to Sale Below NAV	50% Participation		150% Participation	
		Following Sale	% Change	Following Sale	% Change
<b>Offering Price</b>					
Price per share to public	—	\$ 7.89	—	\$ 7.89	—
Net proceeds per share to issuer	—	\$ 7.50	—	\$ 7.50	—
<b>Increases in Shares and Decrease to NAV</b>					
Total shares outstanding	1,000,000	1,250,000	25.00%	1,250,000	25.00%
NAV per share	\$ 10.00	\$ 9.50	(5.00)%	\$ 9.50	(5.00)%
<b>(Dilution)/Accretion to Participating Stockholder A</b>					
Shares held by stockholder A	10,000	11,250	12.50%	13,750	37.50%
Percentage held by stockholder A	1.00%	0.90%	(10.00)%	1.10%	10.00%
<b>Total Asset Values</b>					
Total NAV held by stockholder A	\$ 100,000	\$ 106,875	6.88%	\$ 130,625	30.63%
Total investment by stockholder A (assumed to be \$10.00 per share on shares held prior to sale)	\$ 100,000	\$ 109,863	9.86%	\$ 129,588	29.59%
Total (dilution)/accretion to stockholder A (total NAV less total investment)	—	(2,988)	—	\$ 1,037	—
<b>Per Share Amounts</b>					
NAV per share held by stockholder A	—	\$ 9.50	—	\$ 9.50	—
Investment per share held by stockholder A (assumed to be \$10.00 per share on shares held prior to sale)	\$ 10.00	\$ 9.77	(2.30)%	\$ 9.42	(5.80)%
(Dilution)/accretion per share held by stockholder A (NAV per share less investment per share)	—	\$ (0.27)	—	\$ 0.08	—
Percentage (dilution)/accretion to stockholder A ((dilution)/accretion per share divided by investment per share)	—	—	(2.76)%	—	0.85%

### ***Impact on New Investors***

The following examples illustrate the level of NAV dilution or accretion that would be experienced by a new Stockholder in either Company in three different hypothetical common stock offerings of different sizes and levels of discount from NAV per share, although it is not possible to predict the level of market price decline that may occur. Actual sales prices and discounts may differ from the presentation below.

Investors who are not currently Stockholders of a Company, but who participate in an offering by one of the Companies below NAV and whose investment per share is greater than the resulting NAV per share due to any underwriting discounts and commissions paid by the Company will experience an immediate decrease, albeit small, in the NAV of their shares of the Company's Common Stock and their NAV per share compared to the price they pay for their shares. Investors who are not currently Stockholders of a Company and who participate in an offering by one of the Companies below NAV per share and whose investment per share is also less than the resulting NAV per share due to any underwriting commissions and discounts paid by the Company being significantly less than the discount per share, will experience an immediate increase in the NAV of their shares of the Company's Common Stock and their NAV per share compared to the price they pay for their shares. All these investors will experience a disproportionately greater participation in the Company's earnings and assets and their voting power than the Company's increase in assets, potential earning power and voting interests. These investors will, however, be subject to the risk that such Company may make additional discounted offerings in which such new Stockholder does not participate, in which case such new Stockholder will experience dilution as described above in such subsequent offerings by that Company. These investors may also experience a decline in the market price of their shares, which often reflects to some degree announced or potential increases and decreases in NAV per share. Their decrease could be more pronounced as the size of the offering and level of discounts increases.

The following examples illustrate the level of NAV dilution or accretion that would be experienced by a new stockholder who purchases the same percentage (1.00%) of the shares in the three different hypothetical offerings of common stock of different sizes and levels of discount from NAV per share. The examples assume that Company XYZ has 1,000,000 shares of common stock outstanding, \$15.0 million in total assets and \$5.0 million in total liabilities. The current NAV and NAV per share are thus \$10.0 million and \$10.00, respectively. The table below illustrates the (dilutive) and accretive effects on stockholder A at (1) an offering of 50,000 shares (5% of the outstanding shares) at \$9.50 per share after any underwriting discounts and commissions (a 5% discount from NAV); (2) an offering of 100,000 shares (10% of the outstanding shares) at \$9.00 per share after any underwriting discounts and commissions (a 10% discount from NAV); and (3) an offering of 250,000 shares (25% of the outstanding shares) at \$7.50 per share after any underwriting discounts and commissions (a 25% discount from NAV). The examples apply equally to Stockholders of both Companies.

	Prior to Sale Below NAV	Example 1 5% Offering at 5% Discount		Example 2 10% Offering at 10% Discount		Example 3 25% Offering at 25% Discount	
		Following Sale	% Change	Following Sale	% Change	Following Sale	% Change
<b>Offering Price</b>							
Price per share to public	—	\$ 10.00	—	\$ 9.47	—	\$ 7.89	—
Net offering proceeds per share to issuer	—	\$ 9.50	—	\$ 9.00	—	\$ 7.50	—
<b>Decrease to NAV</b>							
Total shares outstanding	—	1,050,000	5.00%	1,100,000	10.00%	1,250,000	25.00%
NAV per share	—	\$ 9.98	(0.20)%	\$ 9.91	(0.90)%	\$ 9.50	(5.00)%
<b>Dilution to Stockholder A</b>							
Shares held by stockholder A	—	500	—	1,000	—	2,500	—
Percentage held by stockholder A	—	0.05%	—	0.90%	—	0.20%	—
<b>Total Asset Values</b>							
Total NAV held by stockholder A	—	\$ 4,990	—	\$ 9,910	—	\$ 23,750	—
Total investment by stockholder A	—	\$ 5,000	—	\$ 9,470	—	\$ 19,725	—
Total (dilution)/accretion to stockholder A (total NAV less total investment)	—	\$ (10)	—	\$ 440	—	\$ 4,025	—
<b>Per Share Amounts</b>							
NAV per share held by stockholder A	—	\$ 9.98	—	\$ 9.91	—	\$ 9.50	—
Investment per share held by stockholder A	—	\$ 10.00	—	\$ 9.47	—	\$ 7.89	—
(Dilution)/accretion per share held by stockholder A (NAV per share less investment per share)	—	\$ (0.02)	—	\$ 0.44	—	\$ 1.61	—
Percentage (dilution)/accretion to stockholder A ((dilution)/accretion per share divided by investment per share)	—	—	(0.20)%	—	4.65%	—	20.41%

The discount to NAV is a result of market perception that moves the share price and thus NAV is only one determinant of market value.

Each Company expects the market price of shares of its Common Stock will incorporate a discount or premium factor based on the market assessment of future earnings and the likelihood of those earnings supporting growth in our dividend yield.

Notwithstanding the dilutive effect of any equity financing on a Company's NAV, each Board has considered its Company's need to obtain additional capital for investment and other factors discussed in this Joint Proxy Statement. With more capital to invest, the Boards believe that the Companies would be able to make investments with more significant earnings and growth potential. The Boards further believe that over time the value of the incremental assets available for investment, taken together with the other factors previously discussed, may be reflected positively in the market price of the Companies' shares and that such increases may

exceed the initial dilutive effects that a Company is likely to experience in its NAV due to offerings of shares of Common Stock in accordance with its Proposal. In our view, the secondary market price of our Common Stock is an important gauge of the true economic impact on Stockholders of any equity offering.

#### ***Other Considerations***

In reaching its recommendation to Stockholders to approve this Proposal, each Board considered a conflict of interest due to the fact that the proceeds from the issuance of additional shares of a Company's Common Stock will increase the management fees that such Company pays to the Adviser as such fees are partially based on the amount of the Company's gross assets. Each Board, including its Independent Directors, concluded that the possible benefits to the Company's Stockholders from increasing the Company's capital base outweighed any detriment from increased management fees, especially considering that the management fees would increase regardless of whether the Company offers shares of Common Stock below NAV or above NAV. Each Board also considered the effect of the following factors:

- the costs and benefits of a Common Stock offering below NAV compared to other possible means for raising capital or concluding not to raise capital;
- the size of a Common Stock offering in relation to the number of shares outstanding;
- the general conditions of the securities markets; and
- any impact on operating expenses associated with an increase in capital.

#### ***Potential Investors***

Neither Company has solicited any potential buyers of the shares that it may elect to issue in any future offering to comply with the federal securities laws. No shares are earmarked for management or other affiliated persons of the Companies. However, members of our management and other affiliated persons may participate in a Common Stock offering by either Company on the same terms as others.

#### ***Required Stockholder Vote***

As to each Company, if Stockholders approve this Proposal, during a one-year period commencing on the date of such approval, the Company will be permitted, but not required or otherwise obligated, to offer and sell newly issued shares of its Common Stock at a price below NAV at the time sold.

**EACH BOARD, INCLUDING ITS INDEPENDENT DIRECTORS, UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR THIS PROPOSAL TO AUTHORIZE THEIR COMPANY TO OFFER AND SELL SHARES OF ITS COMMON STOCK AT A PRICE BELOW CURRENT NAV.**

## **OTHER BUSINESS**

The Boards know of no other matter that is likely to come before the Meeting or that may properly come before the Meeting, apart from the consideration of an adjournment or postponement.

If there appears not to be enough votes for a quorum of a Company or to approve a proposal at the Meeting, the chairman of the Meeting and the person named as proxy for the Companies, Mr. Arthur H. Penn, may vote to adjourn the Meeting with respect to that Company to permit the further solicitation of proxies. Mr. Arthur H. Penn will vote proxies held by him for such adjournment.

### **ANNUAL AND QUARTERLY REPORTS**

Copies of the Companies' Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K are available at our website at ([www.pennantpark.com](http://www.pennantpark.com)) or without charge upon request. Please direct your request to PennantPark, Attention: Investor Relations, 590 Madison Avenue, 15<sup>th</sup> Floor, New York, New York 10022. Copies of such reports are also posted via EDGAR on the SEC's website at (<http://www.sec.gov>).

### **SUBMISSION OF STOCKHOLDER PROPOSALS**

The Companies expect to hold their 2016 Joint Annual Meeting of Stockholders in February 2016, but the exact date, time and location of such meeting have yet to be determined. A Stockholder of either Company who intends to present a proposal at that meeting, including nomination of a director, must submit the proposal in writing addressed to Thomas J. Friedmann, Secretary, c/o PennantPark, 590 Madison Avenue, 15<sup>th</sup> Floor, New York, New York 10022. Notices of intention to present proposals, including nomination of a director, at the 2016 Joint Annual Meeting of Stockholders must be received by the relevant Company between July 13, 2015 and August 12, 2015. The submission of a proposal does not guarantee its inclusion in the Companies' joint proxy statement or presentation at the meeting unless certain securities law requirements are met. The Companies reserve the right to reject, rule out of order, or to take other appropriate action with respect to any proposal that does not comply with these and other applicable requirements.

The Audit Committee of each Company has established guidelines and procedures regarding the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters (collectively, "Accounting Matters"). Persons with complaints or concerns regarding Accounting Matters may submit their complaints to the Companies' Chief Compliance Officer ("CCO"). Persons who are uncomfortable submitting complaints to the CCO, including complaints involving the CCO, may submit complaints directly to the Audit Committees' Co-Chairs. Complaints may be submitted on an anonymous basis.

The CCO may be contacted at:

Mr. Guy F. Talarico  
PennantPark  
Chief Compliance Officer  
590 Madison Avenue, 15th Floor  
New York, New York 10022

The Audit Committees' Co-Chairs may be contacted at:

Messrs. Jeffrey Flug and/or Samuel L. Katz  
PennantPark  
Audit Committee Co-Chair  
590 Madison Avenue, 15th Floor  
New York, New York 10022

You are cordially invited to attend our Joint Special Meeting of Stockholders in person. Whether or not you plan to attend the Meeting, you are requested to vote in accordance with the voting instructions in the Notice of Internet Availability of Proxy Materials or proxy card, or by requesting hard copy proxy materials from us and returning a proxy card(s).

By Order of the Boards of Directors,



Thomas J. Friedmann  
Secretary  
New York, New York  
December 10, 2014

**\*\*\* Exercise Your *Right to Vote* \*\*\***  
**Important Notice Regarding the Availability of Proxy Materials for the  
Shareholder Meeting to Be Held on February 03, 2015**

**PENNATPARK INVESTMENT CORPORATION**

**Meeting Information**

**Meeting Type:** Special Meeting  
**For holders as of:** December 01, 2014  
**Date:** February 03, 2015   **Time:** 2:00 PM EST  
**Location:** Offices of Dechert LLP  
1095 Avenue of the Americas  
New York, NY 10036

You are receiving this communication because you hold shares in the above named company.

This is not a ballot. You cannot use this notice to vote these shares. This communication presents only an overview of the more complete proxy materials that are available to you on the Internet. You may view the proxy materials online at [www.proxyvote.com](http://www.proxyvote.com) or easily request a paper copy (see reverse side).

We encourage you to access and review all of the important information contained in the proxy materials before voting.

**See the reverse side of this notice to obtain proxy materials and voting instructions.**

— Before You Vote —  
How to Access the Proxy Materials

**Proxy Materials Available to VIEW or RECEIVE:**

I. Special Meeting Proxy Statement

**How to View Online:**

Have the information that is printed in the box marked by the arrow → XXXX XXXX XXXX XXXX (located on the following page) and visit: [www.proxyvote.com](http://www.proxyvote.com).

**How to Request and Receive a PAPER or E-MAIL Copy:**

If you want to receive a paper or e-mail copy of these documents, you must request one. There is NO charge for requesting a copy. Please choose one of the following methods to make your request:

- 1) BY INTERNET: [www.proxyvote.com](http://www.proxyvote.com)
- 2) BY TELEPHONE: 1-800-579-1639
- 3) BY E-MAIL\*: [sendmaterial@proxyvote.com](mailto:sendmaterial@proxyvote.com)

\* If requesting materials by e-mail, please send a blank e-mail with the information that is printed in the box marked by the arrow → XXXX XXXX XXXX XXXX (located on the following page) in the subject line.

Requests, instructions and other inquiries sent to this e-mail address will NOT be forwarded to your investment advisor. Please make the request as instructed above on or before January 20, 2015 to facilitate timely delivery.

— How To Vote —

Please Choose One of the Following Voting Methods

**Vote In Person:** If you choose to vote these shares in person at the meeting, you must request a "legal proxy." To do so, please follow the instructions at [www.proxyvote.com](http://www.proxyvote.com) or request a paper copy of the materials, which will contain the appropriate instructions. Many shareholder meetings have attendance requirements including, but not limited to, the possession of an attendance ticket issued by the entity holding the meeting. Please check the meeting materials for any special requirements for meeting attendance.

**Vote By Internet:** To vote now by Internet, go to [www.proxyvote.com](http://www.proxyvote.com). Have the information that is printed in the box marked by the arrow → XXXX XXXX XXXX XXXX available and follow the instructions.

**Vote By Mail:** You can vote by mail by requesting a paper copy of the materials, which will include a voting instruction form.

**Voting items**

The Board of Directors recommends you  
vote FOR the following proposal(s):

- 1 To consider and vote upon a proposal to authorize flexibility for the Company, with the approval of the Company's Board of Directors, to sell shares of the Company's common stock (during the next 12 months) at a price below the then-current net asset value per share, subject to certain limitations described in the joint proxy statement.

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**Voting Instructions**



590 MADISON AVENUE  
15TH FLOOR  
NEW YORK, NY 10022

**VOTE BY INTERNET - www.proxyvote.com**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS  
DETACH AND RETURN THIS PORTION ONLY

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THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

The Board of Directors recommends you vote FOR the following proposal:

- 1 To consider and vote upon a proposal to authorize flexibility for the Company, with the approval of the Company's Board of Directors, to sell shares of the Company's common stock (during the next 12 months) at a price below the then-current net asset value per share, subject to certain limitations described in the joint proxy statement.

For	Against	Abstain
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

For address change/comments, mark here.  
(see reverse for instructions)

Yes No

Please indicate if you plan to attend this meeting

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

\_\_\_\_\_  
Signature [PLEASE SIGN WITHIN BOX]      Date

\_\_\_\_\_  
Signature (Joint Owners)      Date

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**Important Notice Regarding the Availability of Proxy Materials for the Special Meeting:** The Special Meeting Proxy Statement is/are available at [www.proxyvote.com](http://www.proxyvote.com).

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**PENNANTPARK INVESTMENT CORPORATION**  
**Special Meeting of Stockholders**  
**February 3, 2015 2:00 PM**  
**This proxy is solicited by the Board of Directors**

The undersigned hereby appoints Arthur H. Penn or his designated substitute to act as attorney and proxy for the undersigned to vote all of the shares of Common Stock of PennantPark Investment Corporation (the "Company") which the undersigned is entitled to vote at the Special Meeting of Stockholders of the Company to be held at the offices of Dechert LLP, located at 1095 Avenue of the Americas, New York, New York, on February 3, 2015 at 2:00 p.m., Eastern Time, and at all adjournments thereof, as indicated on this proxy.

**This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is made, this proxy will be voted in accordance with the Board of Director recommendations.**

Address change/comments:

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(If you noted any Address Changes and/or Comments above, please mark corresponding box on the reverse side.)

**Continued and to be signed on reverse side**

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590 MADISON AVENUE  
15TH FLOOR  
NEW YORK, NY 10022

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS  
DETACH AND RETURN THIS PORTION ONLY

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THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

The Board of Directors recommends you vote FOR the following proposal:

- 1 To consider and vote upon a proposal to authorize flexibility for the Company, with the approval of the Company's Board of Directors, to sell shares of the Company's common stock (during the next 12 months) at a price below the then-current net asset value per share, subject to certain limitations described in the joint proxy statement.

For    Against    Abstain  
       

For address change/comments, mark here.  
(see reverse for instructions)

Yes    No   

Please indicate if you plan to attend this meeting

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

\_\_\_\_\_  
Signature [PLEASE SIGN WITHIN BOX]      Date

\_\_\_\_\_  
Signature (Joint Owners)      Date

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**Important Notice Regarding the Availability of Proxy Materials for the Special Meeting:** The Special Meeting Proxy Statement is/are available at [www.proxyvote.com](http://www.proxyvote.com).

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**PENNANTPARK FLOATING RATE CAPITAL LTD.  
Special Meeting of Stockholders  
February 3, 2015 2:00 PM  
This proxy is solicited by the Board of Directors**

The undersigned hereby appoints Arthur H. Penn or his designated substitute to act as attorney and proxy for the undersigned to vote all of the shares of Common Stock of PennantPark Floating Rate Capital Ltd. (the "Company") which the undersigned is entitled to vote at the Special Meeting of Stockholders of the Company to be held at the offices of Dechert LLP, located at 1095 Avenue of the Americas, New York, New York, on February 3, 2015 at 2:00 p.m., Eastern Time, and at all adjournments thereof, as indicated on this proxy.

**This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is made, this proxy will be voted in accordance with the Board of Director recommendations.**

Address change/comments:

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(If you noted any Address Changes and/or Comments above, please mark corresponding box on the reverse side.)

**Continued and to be signed on reverse side**

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