

PROSPECT CAPITAL CORP  
 Form 497  
 September 03, 2013

The information in this preliminary pricing supplement is not complete and may be changed. This preliminary pricing supplement and the accompanying prospectus supplement and prospectus are not offers to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to completion  
 Preliminary Pricing Supplement dated

September 3, 2013

**Prospect Capital Corporation  
 Prospect Capital InterNotes®**

**5.000% Senior Notes due 2018 (the "2018 Notes")**

**5.500% Senior Notes due 2020 (the "2020 Notes")**

**6.000% Senior Notes due 2033 (the "2033 Notes")**

**6.500% Senior Notes due 2043 (the "2043 Notes")**

**and together with the 2018 Notes, the 2020 Notes and the 2033 Notes, the "Notes")**

Filed under Rule 497, Registration Statement No. 333-183530

Preliminary Pricing Supplement Nos. 153, 154, 155 and 156 Dated Tuesday, September 3, 2013  
 (To: Prospectus Dated October 29, 2012, and Prospectus Supplement Dated August 23, 2013)

| CUSIP Number   | ISIN Number  | Principal Amount | Selling Price | Gross Concessions | Net Proceeds | Coupon Type | Coupon Rate | Coupon Frequency | Maturity Date | 1 <sup>st</sup> Coupon Date | 1 <sup>st</sup> Coupon Amount | Survivor's Option | Product Ranking        |
|--|--------------|------------------|---------------|-------------------|--------------|-------------|-------------|------------------|---------------|-----------------------------|-------------------------------|-------------------|------------------------|
| 74348YGG0  | US74348YGG08 | \$ 100.000%      |               | 1.500%            | \$           | Fixed       | 5.000%      | Semi-Annual      | 9/15/2018     | 3/15/2014                   | \$ 25.42                      | Yes               | Senior Unsecured Notes |
| <b>Redemption Information: Callable at 100.000% on 9/15/2014 and every coupon date thereafter.</b> |              |                  |               |                   |              |             |             |                  |               |                             |                               |                   |                        |

| CUSIP Number   | ISIN Number  | Principal Amount | Selling Price | Gross Concessions | Net Proceeds | Coupon Type | Coupon Rate | Coupon Frequency | Maturity Date | 1 <sup>st</sup> Coupon Date | 1 <sup>st</sup> Coupon Amount | Survivor's Option | Product Ranking        |
|--|--------------|------------------|---------------|-------------------|--------------|-------------|-------------|------------------|---------------|-----------------------------|-------------------------------|-------------------|------------------------|
| 74348YGH8  | US74348YGH80 | \$ 100.000%      |               | 1.750%            | \$           | Fixed       | 5.500%      | Semi-Annual      | 9/15/2020     | 3/15/2014                   | \$ 27.96                      | Yes               | Senior Unsecured Notes |
| <b>Redemption Information: Callable at 100.000% on 9/15/2014 and every coupon date thereafter.</b> |              |                  |               |                   |              |             |             |                  |               |                             |                               |                   |                        |

| CUSIP Number   | ISIN Number  | Principal Amount | Selling Price | Gross Concessions | Net Proceeds | Coupon Type | Coupon Rate | Coupon Frequency | Maturity Date | 1 <sup>st</sup> Coupon Date | 1 <sup>st</sup> Coupon Amount | Survivor's Option | Product Ranking        |
|--|--------------|------------------|---------------|-------------------|--------------|-------------|-------------|------------------|---------------|-----------------------------|-------------------------------|-------------------|------------------------|
| 74348YGJ4  | US74348YGJ47 | \$ 100.000%      |               | 3.650%            | \$           | Fixed       | 6.000%      | Semi-Annual      | 9/15/2033     | 3/15/2014                   | \$ 30.50                      | Yes               | Senior Unsecured Notes |
| <b>Redemption Information: Callable at 100.000% on 9/15/2015 and every coupon date thereafter.</b> |              |                  |               |                   |              |             |             |                  |               |                             |                               |                   |                        |

| CUSIP Number | ISIN Number | Principal Amount | Selling Price | Gross Concessions | Net Proceeds | Coupon Type | Coupon Rate | Coupon Frequency | Maturity Date | 1 <sup>st</sup> Coupon Date | 1 <sup>st</sup> Coupon Amount | Survivor's Option | Product Ranking |
|--------------|-------------|------------------|---------------|-------------------|--------------|-------------|-------------|------------------|---------------|-----------------------------|-------------------------------|-------------------|-----------------|
|--------------|-------------|------------------|---------------|-------------------|--------------|-------------|-------------|------------------|---------------|-----------------------------|-------------------------------|-------------------|-----------------|

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74348YGK1 US74348YGK10 \$ 100.000% 3.800% \$ Fixed 6.500% Semi-Annual 9/15/2043 3/15/2014 \$ 33.04 Yes Notes  
Senior  
Unsecured  
**Redemption Information: Callable at 100.000% on 9/15/2016 and every coupon date thereafter.**

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Trade Date: Monday, September 9, 2013 @ 12:00 PM ET  
Settle Date: Thursday, September 12, 2013  
Minimum Denomination/Increments: \$1,000.00/\$1,000.00  
Initial trades settle flat and clear SDFS: DTC Book Entry only

The Notes will be issued pursuant to the Indenture, dated as of February 16, 2012, as amended and supplemented by that certain One Hundred Fifty-Third Supplemental Indenture, One Hundred Fifty-Fourth Supplemental Indenture, One Hundred Fifty-Fifth Supplemental Indenture and One Hundred Fifth-Sixth, respectively, each dated as of September 12, 2013.

The date from which interest shall accrue on the Notes is Thursday, September 12, 2013. The "Interest Payment Dates" for the Notes shall be September 15 and March 15 of each year, commencing March 15, 2014; the interest payable on any Interest Payment Date, will be paid to the Person in whose name the Note (or one or more predecessor Notes) is registered at the close of business on the Regular Record Date (as defined in the Indenture) for such interest, which shall be September 1 or March 1, as the case may be, next preceding such Interest Payment Date.

The 2018 Notes, the 2020 Notes, the 2033 Notes, and the 2043 Notes will be redeemable in whole or in part at any time or from time to time, at the option of Prospect Capital Corporation, on or after September 15, 2014, September 15, 2014, September 15, 2015 and September 15, 2016, respectively, at a redemption price of \$1,000 per Note plus accrued and unpaid interest payments otherwise payable for the then-current semi-annual interest period accrued to, but excluding, the date fixed for redemption and upon not less than 30 days nor more than 60 days prior notice to the noteholder and the trustee, as described in the prospectus.

Prospect Capital Corporation is a financial services company that lends to and invests in middle market, privately-held companies. We are organized as an externally-managed, non-diversified closed-end management investment company that has elected to be treated as a business development company under the Investment Company Act of 1940. Prospect Capital Management LLC manages our investments and Prospect Administration LLC provides the administrative services necessary for us to operate.

This preliminary pricing supplement relates only to the securities described in the accompanying prospectus supplement and prospectus, is only a summary of changes and should be read together with the accompanying prospectus supplement and prospectus, including among other things the section entitled "Risk Factors" beginning on page S-9 of such prospectus supplement and page 11 of such prospectus. This preliminary pricing supplement and the accompanying prospectus supplement and prospectus contain important information you should know before investing in our securities. Please read it before you invest and keep it for future reference. We file annual, quarterly and current reports, proxy statements and other information about us with the Securities and Exchange Commission, or the "SEC." This information is available free of charge by contacting us at 10 East 40th Street, 44th Floor, New York, NY 10016 or by telephone at (212) 448-0702. The SEC maintains a website at [www.sec.gov](http://www.sec.gov) where such information is available without charge upon written or oral request. Our internet website address is [www.prospectstreet.com](http://www.prospectstreet.com). Information contained on our website is not incorporated by reference into this prospectus supplement or the accompanying prospectus and you should not consider information contained on our website to be part of this prospectus supplement or the accompanying prospectus.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or passed on the adequacy or accuracy of this preliminary pricing supplement. Any representation to the contrary is a criminal offense. Obligations of Prospect Capital Corporation and any subsidiary of Prospect Capital Corporation are not guaranteed by the full faith and credit of the United States of America. Neither Prospect Capital Corporation nor any subsidiary of Prospect Capital Corporation is a government-sponsored enterprise or an instrumentality of the United States of America.

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InterNotes® is a registered trademark of Incapital Holdings LLC.

**Recent Developments:** We and Priority Senior Secured Income Fund, Inc., Pathway Energy Infrastructure Fund, Inc., Prospect Capital Funding LLC, Prospect Capital Management LLC, Priority Senior Secured Income Management, LLC and Pathway Energy Infrastructure Management, LLC have submitted an exemptive application to the SEC to permit us to participate in negotiated co-investments with other funds managed by Prospect Capital Management LLC, Priority Senior Secured Income Management, LLC and Pathway Energy Infrastructure Management, LLC or affiliated advisers in a manner consistent with our investment objective, strategies and restrictions as well as regulatory requirements and other pertinent factors, subject to the conditions therein. However, there is no assurance that we will obtain such exemptive relief.

On August 30, 2013, we made a \$16.0 million follow-on investment in System One Holdings, LLC, a leading provider of professional staffing services.

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PROSPECTUS SUPPLEMENT  
(To Prospectus dated October 29, 2012)

## Prospect Capital Corporation

### Prospect Capital InterNotes®

We may offer to sell our Prospect Capital InterNotes® from time to time. The specific terms of the notes will be set prior to the time of sale and described in a pricing supplement. You should read this prospectus supplement, the accompanying prospectus and the applicable pricing supplement carefully before you invest. We may offer other debt securities from time to time other than the notes under our Registration Statement or in private placements.

We may offer the notes to or through agents for resale. The applicable pricing supplement will specify the purchase price, agent discounts and net proceeds of any particular offering of notes. The agents are not required to sell any specific amount of notes but will use their reasonable best efforts to sell the notes. We also may offer the notes directly. We have not set a date for termination of our offering.

The agents have advised us that from time to time they may purchase and sell notes in the secondary market, but they are not obligated to make a market in the notes and may suspend or completely stop that activity at any time. Unless otherwise specified in the applicable pricing supplement, we do not intend to list the notes on any stock exchange.

*Investing in the notes involves certain risks, including those described in the "Risk Factors" section beginning on page S-9 of this prospectus supplement and page 11 of the accompanying prospectus.*

This prospectus supplement and the accompanying prospectus contain important information you should know before investing in our securities. Please read it before you invest and keep it for future reference. We file annual, quarterly and current reports, proxy statements and other information about us with the Securities and Exchange Commission, or the "SEC." This information is available free of charge by contacting us at 10 East 40th Street, 44th Floor, New York, NY 10016 or by telephone at (212) 448-0702. The SEC maintains a website at [www.sec.gov](http://www.sec.gov) where such information is available without charge upon written or oral request. Our internet website address is [www.prospectstreet.com](http://www.prospectstreet.com). Information contained on our website is not incorporated by reference into this prospectus supplement or the accompanying prospectus and you should not consider information contained on our website to be part of this prospectus supplement or the accompanying prospectus.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or passed on the adequacy or accuracy of this prospectus supplement. Any representation to the contrary is a criminal offense.

Obligations of Prospect Capital Corporation and any subsidiary of Prospect Capital Corporation are not guaranteed by the full faith and credit of the United States of America. Neither Prospect Capital Corporation nor any subsidiary of Prospect Capital Corporation is a government-sponsored enterprise or an instrumentality of the United States of America.

We may sell the notes to or through one or more agents or dealers, including the agents listed below.

**Incapital LLC**

**BofA Merrill Lynch**  
Prospectus Supplement dated August 23, 2013.

**Citigroup**



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**FORWARD-LOOKING STATEMENTS**

This prospectus supplement and the accompanying prospectus may contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, or the "Exchange Act," which involve substantial risks and uncertainties. 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. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about our industry, our beliefs, and our assumptions. Words such as "intends," "intend," "intended," "goal," "estimate," "estimates," "expects," "expect," "expected," "project," "projected," "projections," "plans," "seeks," "anticipates," "anticipated," "should," "could," "may," "will," "designed to," "foreseeable future," "believe," "believes" and "scheduled" and variations of these words and similar expressions are intended to identify forward-looking statements. Our actual results or outcomes may differ materially from those anticipated. Readers are cautioned not to place undue reliance on these forward looking statements, which speak only as of the date the statement was made. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. These statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements, including without limitation:

our future operating results,

our business prospects and the prospects of our portfolio companies,

the impact of investments that we expect to make,

our contractual arrangements and relationships with third parties,

the dependence of our future success on the general economy and its impact on the industries in which we invest,

the ability of our portfolio companies to achieve their objectives,

difficulty in obtaining financing or raising capital, especially in the current credit and equity environment,

the level and volatility of prevailing interest rates and credit spreads, magnified by the current turmoil in the credit markets,

adverse developments in the availability of desirable loan and investment opportunities whether they are due to competition, regulation or otherwise,

a compression of the yield on our investments and the cost of our liabilities, as well as the level of leverage available to us,

our regulatory structure and tax treatment, including our ability to operate as a business development company and a regulated investment company,

the adequacy of our cash resources and working capital,

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the timing of cash flows, if any, from the operations of our portfolio companies,

the ability of our investment adviser to locate suitable investments for us and to monitor and administer our investments,

authoritative generally accepted accounting principles or policy changes from such standard-setting bodies as the Financial Accounting Standards Board, the SEC, Internal Revenue Service,

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the NASDAQ Global Select Market, and other authorities that we are subject to, as well as their counterparts in any foreign jurisdictions where we might do business, and

the risks, uncertainties and other factors we identify in "Risk Factors" and elsewhere in this prospectus supplement and the accompanying prospectus and in our filings with the SEC.

Although we believe that the assumptions on which these forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those assumptions also could be inaccurate. Important assumptions include our ability to originate new loans and investments, ability to obtain certain margins and levels of profitability and the availability of additional capital. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this prospectus supplement and the accompanying prospectus, respectively, should not be regarded as a representation by us that our plans and objectives will be achieved. These risks and uncertainties include those described or identified in "Risk Factors" and elsewhere in this prospectus supplement and the accompanying prospectus, respectively. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this prospectus supplement or the accompanying prospectus, as applicable. These forward-looking statements do not meet the safe harbor for forward-looking statements pursuant to Section 27A of the Securities Act of 1933, as amended, or the "Securities Act."

You should rely only on the information contained in this prospectus supplement, including any pricing supplement included hereto, and the accompanying prospectus. We have not, and the agent(s) or dealer(s) has not, authorized any other person to provide you with information that is different from that contained in this prospectus supplement, including any pricing supplement included hereto, or the accompanying prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the agents are not, making an offer of these securities in any jurisdiction where the offer is not permitted. You should assume that the information appearing in this prospectus supplement, including any pricing supplement included hereto, and the accompanying prospectus is accurate only as of their respective dates and we assume no obligation to update any such information. Our business, financial condition and results of operations may have changed since those dates. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we any make directly to you or through reports that we have filed with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

This prospectus supplement, including any pricing supplement included hereto, supersedes the accompanying prospectus to the extent it contains information that is different from or in addition to the information in that prospectus.



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**PROSPECTUS**

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**PROSPECTUS SUMMARY**

*This section summarizes the legal and financial terms of the notes that are described in more detail in "Description of Notes" beginning on page S-19. Final terms of any particular notes will be determined at the time of sale and will be contained in the pricing supplement, which will be included with this prospectus supplement, relating to those notes. The terms in that pricing supplement may vary from and supersede the terms contained in this summary and in "Description of Notes." In addition, you should read the more detailed information appearing elsewhere in this prospectus supplement, the accompanying prospectus and in that pricing supplement.*

*The terms "we," "us," "our" and "Company" refer to Prospect Capital Corporation; "Prospect Capital Management," "Investment Adviser" and "PCM" refer to Prospect Capital Management LLC; and "Prospect Administration" and the "Administrator" refer to Prospect Administration LLC.*

**The Company**

Prospect Capital Corporation is a financial services company that primarily lends to and invests in middle market privately-held companies. In this prospectus supplement and the accompanying prospectus, we use the term "middle-market" to refer to companies with annual revenues between \$50 million and \$2 billion. We are a closed-end investment company that has filed an election to be treated as a business development company under the Investment Company Act of 1940, or the 1940 Act. We invest primarily in senior and subordinated debt and equity of companies in need of capital for acquisitions, divestitures, growth, development and recapitalization. We work with the management teams or financial sponsors to seek investments with historical cash flows, asset collateral or contracted pro-forma cash flows.

We currently have seven origination strategies in which we make investments: (1) lending in private equity sponsored transactions, (2) lending directly to companies not owned by private equity firms, (3) control investments in corporate operating companies, (4) control investments in financial companies, (5) investments in structured credit, (6) real estate investments, and (7) investments in syndicated debt. We continue to evaluate other origination strategies in the ordinary course of business with no specific tops-down allocation to any single origination strategy.

**Lending in Private Equity Sponsored Transactions** We make loans to companies which are controlled by leading private equity firms. This debt can take the form of first lien, second lien, unitranche or mezzanine loans. In making these investments, we look for a diversified customer base, recurring demand for the product or service, barriers to entry, strong historical cash flow and experienced management teams. These loans typically have significant equity subordinate to our loan position. This strategy has represented approximately 50%-60% of our business.

**Lending Directly to Companies** We provide debt financing to companies owned by non-private equity firms, the company founder, a management team or a family. Here, in addition to the strengths we look for in a sponsored transaction, we also look for alignment with the management team with significant invested capital. This strategy often has less competition than the private equity sponsor strategy because such company financing needs are not easily addressed by banks and often require more diligence preparation. Direct lending can result in higher returns and lower leverage than sponsor transactions and may include warrants or equity to us. This strategy generally has comprised approximately 10%-15% of our business.

**Control Investments in Corporate Operating Companies** This strategy involves acquiring controlling stakes in non-financial operating companies. Our investments in these companies are generally structured as a combination of yield-producing debt and equity. We provide certainty of closure to our counterparties, give the seller personal liquidity and generally look for management to continue on in their current roles. This strategy has comprised approximately 10%-15% of our business.

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**Control Investments in Financial Companies** This strategy involves acquiring controlling stakes in financial companies, including consumer direct lending, subprime auto lending and other strategies. Our investments in these companies are generally structured as a combination of yield-producing debt and equity. These investments are often structured in a tax-efficient RIC-compliant partnership, enhancing returns. This strategy has comprised approximately 10%-15% of our business.

**Investments in Structured Credit** We make investments in Collateralized Loan Obligations ("CLOs"), generally taking a significant position in the subordinated interests (equity) of the CLOs. The CLOs include a diversified portfolio of broadly syndicated loans and do not have direct exposure to real estate, mortgages, sub-prime debt, or consumer based debt. The CLOs in which we invest are managed by top-tier collateral managers that have been thoroughly diligenced prior to investment. This strategy has represented 10%-20% of the portfolio.

**Real Estate Investments** We make investments in real estate through our wholly-owned tax-efficient real estate investment trust ("REIT"), American Properties Holdings Corp. ("APHC"). Our real estate investments are in various classes of fully developed and occupied real estate properties that generate current yields. We seek to identify properties that have historically high occupancy and steady cash flow generation. We partner with established property managers with experience in managing the property type to manage such properties after acquisition. This is a more recent investment strategy that has represented less than 5% of our business.

**Investments in Syndicated Debt** On an opportunistic basis, we make investments in loans and high yield bonds that have been sold to a syndicate of buyers. Here we look for investments with attractive risk-adjusted returns after we have completed a fundamental credit analysis. These investments are purchased with a long term, buy-and-hold outlook and we look to provide significant structuring input by providing anchoring orders. This strategy has represented approximately 5%-10% of the portfolio.

We invest primarily in first and second lien senior loans and mezzanine debt. First and second lien senior loans generally are senior debt instruments that rank ahead of subordinated debt of a given portfolio company. These loans also have the benefit of security interests on the assets of the portfolio company, which may rank ahead of or be junior to other security interests. Mezzanine debt and our investments in CLOs are subordinated to senior loans and are generally unsecured. Our investments have generally ranged between \$5 million and \$250 million each, although the investment size may be more or less than this range. Our investment sizes are expected to grow as our capital base expands.

We also acquire controlling interests in companies in conjunction with making secured debt investments in such companies. These may be in several industries, including industrial, service, real estate and financial businesses.

We are currently pursuing multiple investment opportunities, including purchases of portfolios from private and public companies, as well as originations and secondary purchases of particular securities. There can be no assurance that we will successfully consummate any investment opportunity we are currently pursuing. Motivated sellers, including commercial finance companies, hedge funds, other business development companies, total return swap counterparties, banks, collateralized loan obligation funds, and other entities, are suffering from excess leverage, and we believe we are well positioned to capitalize as potential buyers of such assets at attractive prices. If any of these opportunities are consummated, there can be no assurance that investors will share our view of valuation or that any assets acquired will not be subject to future write downs, each of which could have an adverse effect on our stock price.

As of June 30, 2013, we held investments in 124 portfolio companies. The aggregate fair value as of June 30, 2013 of investments in these portfolio companies held on that date is approximately

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\$4.2 billion. Our portfolio across all our performing interest-bearing investments had an annualized current yield of 13.6% as of June 30, 2013.

**Recent Developments**

***Dividends***

On August 21, 2013, we announced the declaration of monthly dividends in the following amounts and with the following dates:

\$0.110325 per share for January 2014 to holders of record on January 31, 2014 with a payment date of February 20, 2014;

\$0.110350 per share for February 2014 to holders of record on February 28, 2014 with a payment date of March 20, 2014;  
and

\$0.110375 per share for March 2014 to holders of record on March 31, 2014 with a payment date of April 17, 2014.

***Recent Investment Activity***

On July 1, 2013, Pre-Paid Legal Services, Inc. repaid the \$5.0 million loan receivable to us.

On July 9, 2013, Southern Management Corporation repaid the \$17.6 million loan receivable to us.

On July 12, 2013, we provided \$11.0 million of secured second lien financing to Water PIK, Inc., a leader in developing innovative personal and oral healthcare products.

On July 12, 2013, we provided \$11.0 million of secured second lien financing to Blue Coat Systems, Inc., a leading provider of web security and wide area network (WAN) optimization solutions.

On July 23, 2013, we made a \$2.0 million investment in Carolina Beverage Group, LLC ("Carolina Beverage"), a contract beverage manufacturer.

On July 24, 2013, we sold our \$2.0 million investment in Carolina Beverage and realized a gain of \$45.0 thousand on this investment.

On July 26, 2013, we made a \$2.0 million follow-on senior secured debt investment in Spartan Energy Services, Inc. ("Spartan"), a leading provider of thru tubing and flow control services to oil and gas companies.

On July 26, 2013, we made a \$20.0 million follow-on secured second lien investment in Royal Adhesives & Sealants, LLC ("Royal"), a leading producer of proprietary, high-performance adhesives and sealants.

On July 31, 2013, we made a \$5.1 million follow-on investment in Coverall North America, Inc. ("Coverall"), a leading franchiser of commercial cleaning businesses.

On July 31, 2013, Royal repaid the \$28.4 million subordinated unsecured loan receivable to us.

On July 31, 2013, Cargo Airport Services USA, LLC ("Cargo") repaid the \$43.4 million loan receivable to us.

On August 1, 2013, Medical Security Card Company, LLC repaid the \$13.2 million loan receivable to us.

On August 2, 2013, we made an investment of \$44.1 million to purchase 90% of the subordinated notes in CIFC Funding 2013-III, Ltd.



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On August 2, 2013, we funded a recapitalization of CP Energy Services, Inc. ("CP Energy") with \$81.3 million of debt and \$12.7 million of equity financing. Through the recapitalization, we acquired a controlling interest in CP Energy for \$73.0 million in cash and 1,918,342 unregistered shares of our common stock. After the financing, we received repayment of the \$19.0 million loan previously outstanding.

On August 12, 2013, we provided \$80.0 million in senior secured loans and a senior secured revolving loan facility, of which \$70.0 million was funded at closing, for the recapitalization of Matrixx Initiatives, Inc., owner of Zicam, a leading developer and marketer of OTC cold remedy products under the Zicam brand.

On August 15, 2013, we made a \$14.0 million follow-on investment in Totes Isotoner Corporation ("Totes"), a leading designer, distributor and retailer of high quality, branded functional accessories.

***Debt Issuance***

During the period from July 1, 2013 to August 21, 2013, we issued \$58.6 million in aggregate principal amount of our Prospect Capital InterNotes® for net proceeds of \$57.3 million. In addition, we sold \$7.7 million in aggregate principal amount of our Prospect Capital InterNotes® for net proceeds of \$7.5 million with expected closing on August 22, 2013.

On August 23, 2013, we amended the selling agent agreement for the Prospect Capital InterNotes® to increase the aggregate principal amount of notes that may be issued from time to time under such agreement from \$500.0 million to \$1.0 billion.

***Common Stock Issuance***

During the period from July 1, 2013 to August 21, 2013, we sold 9,818,907 shares of our common stock at an average price of \$10.97 per share, and raised \$107.7 million of gross proceeds, under our at-the-market offering program, or the "ATM Program." Net proceeds were \$106.8 million after commissions to the broker-dealer on shares sold and offering costs.

***Other Matters***

On August 14, 2013, we announced the revised conversion rate on the 2018 Notes of 82.8631 shares of common stock per \$1,000 principal amount of 2018 Notes, which is equivalent to a conversion price of approximately \$12.07.

On August 15, 2013, we announced an increase of \$15.0 million to our commitments to our credit facility. The commitments to the credit facility now stand at \$567.5 million.

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**The Offering**

|                                 |   |
|---------------------------------|---|
| <b>Issuer</b>                   | Prospect Capital Corporation  |
| <b>Purchasing Agent</b>         | Incapital LLC   |
| <b>Agents</b>                   | Citigroup Global Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated. From time to time, we may sell the notes to or through additional agents.   |
| <b>Title of Notes</b>           | Prospect Capital InterNotes®  |
| <b>Amount</b>                   | We may issue notes from time to time in various offerings up to \$1.0 billion, the aggregate principal amount authorized by our board of directors for notes. As of August 22, 2013, \$430.1 million aggregate principal amount of notes has been issued. There are no limitations on our ability to issue additional indebtedness in the form of Prospect Capital InterNotes® or otherwise other than under the 1940 Act and the marginally more restrictive 175% asset coverage requirement under our credit facility.  |
| <b>Denominations</b>            | The notes will be issued and sold in denominations of \$1,000 and multiples of \$1,000 (unless otherwise stated in the pricing supplement).   |
| <b>Status</b>                   | The notes will be our direct unsecured senior obligations and will rank equally with all of our other unsecured senior indebtedness from time to time outstanding.  |
| <b>Maturities</b>               | Each note will mature 12 months or more from its date of original issuance.   |
| <b>Interest</b>                 | <p>Notes may be issued with a fixed or floating interest rate; a floating interest rate note will be based on the London Interbank Offered Rate ("LIBOR").</p> <p>Interest on each fixed or floating interest rate note will be payable either monthly, quarterly, semi-annually or annually on each interest payment date and on the stated maturity date. Interest also will be paid on the date of redemption or repayment if a note is redeemed or repaid prior to its stated maturity in accordance with its terms.</p> <p>Interest on the notes will be computed on the basis of a 360-day year of twelve 30-day months, often referred to as the 30/360 (ISDA) day count convention.</p> |
| <b>Principal</b>                | The principal amount of each note will be payable on its stated maturity date at the corporate trust office of the paying agent or at any other place we may designate.   |
| <b>Redemption and Repayment</b> | Unless otherwise stated in the applicable pricing supplement, a note will not be redeemable at our option or be repayable at the option of the holder prior to its stated maturity date. The notes will not be subject to any sinking fund.   |



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**Survivor's Option**

Specific notes may contain a provision permitting the optional repayment of those notes prior to stated maturity, if requested by the authorized representative of the beneficial owner of those notes, following the death of the beneficial owner of the notes, so long as the notes were owned by the beneficial owner or his or her estate at least six months prior to the request. This feature is referred to as a "Survivor's Option." Your notes will not be repaid in this manner unless the pricing supplement for your notes provides for the Survivor's Option. If the pricing supplement for your notes provides for the Survivor's Option, your right to exercise the Survivor's Option will be subject to limits set by us on (1) the permitted dollar amount of total exercises by all holders of notes in any calendar year, and (2) the permitted dollar amount of an individual exercise by a holder of a note in any calendar year. Additional details on the Survivor's Option are described in the section entitled "Description of Notes Survivor's Option."

**Sale and Clearance**

We will sell notes in the United States only. Notes will be issued in book-entry only form and will clear through The Depository Trust Company. We do not intend to issue notes in certificated form.

**Trustee**

The trustee for the notes is U.S. Bank National Association, under an indenture dated as of February 16, 2012, as amended and as supplemented from time to time.

**Selling Group**

The agents and dealers comprising the selling group are broker-dealers and securities firms. Each of the Purchasing Agent and Merrill Lynch, Pierce, Fenner & Smith Incorporated entered into a Second Amended and Restated Selling Agent Agreement with us dated March 4, 2013 (as amended, the "Selling Agent Agreement"). Additional agents appointed by us from time to time in connection with the offering of the notes contemplated by this prospectus supplement will become parties to the Selling Agent Agreement. On April 15, 2013, Citigroup Global Markets Inc. entered into a joinder agreement to become a party to the Selling Agent Agreement. Dealers who are members of the selling group have executed a Master Selected Dealer Agreement with the Purchasing Agent. The agents and the dealers have agreed to market and sell the notes in accordance with the terms of those respective agreements and all other applicable laws and regulations. You may contact the Purchasing Agent at [info@incapital.com](mailto:info@incapital.com) for a list of selling group members.

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**SELECTED CONDENSED FINANCIAL DATA**

You should read the condensed consolidated financial information below with the Consolidated Financial Statements and notes thereto included in this prospectus supplement and the accompanying prospectus. Financial information below for the years ended June 30, 2013, 2012, 2011, 2010 and 2009 has been derived from the financial statements that were audited by our independent registered public accounting firm. Certain reclassifications have been made to the prior period financial information to conform to the current period presentation. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" starting on page S-31 for more information.

| <b>For the Year Ended June 30,</b>  |             |             |             |             |
|---|-------------|-------------|-------------|-------------|
| <b>2013</b>   | <b>2012</b> | <b>2011</b> | <b>2010</b> | <b>2009</b> |
| <b>(in thousands except data relating to shares, per share and<br/>number of portfolio companies)</b> |             |             |             |             |

**Performance Data:**