

PennantPark Floating Rate Capital Ltd.  
 Form 497  
 July 01, 2015  
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**Filed pursuant to Rule 497  
 Registration No. 333-204272**

**PENNANTPARK FLOATING RATE CAPITAL LTD.**

**MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

On April 29, 2015, PennantPark Floating Rate Capital Ltd., or PFLT, and MCG Capital Corporation, or MCG, announced that they have entered into a definitive agreement under which PFLT will acquire MCG in a stock and cash transaction currently valued at approximately \$175 million, or approximately \$4.75 per MCG share at closing. The \$4.75 consideration per MCG share represents a 15.8% premium to MCG's closing stock price of \$4.10 on April 28, 2015 and equals MCG's net asset value per share as of March 31, 2015. The Boards of Directors of both companies have each unanimously approved the transaction. This transaction is a strategic business combination in which a wholly-owned subsidiary of PFLT would merge with and into MCG with MCG continuing as the surviving corporation, followed immediately by the merger of MCG with and into a second wholly-owned subsidiary of PFLT that will continue as the surviving entity and a wholly-owned subsidiary of PFLT. The mergers are collectively referred to in this joint proxy statement and prospectus as the Merger.

If the Merger is completed, holders of MCG common stock, par value \$0.01 per share, or MCG Common Stock, will have a right to receive \$4.521 in shares of PFLT common stock, par value \$0.001 per share, or PFLT Common Stock, for each share of MCG Common Stock, held immediately prior to the Initial Merger, as well as \$0.226 in cash consideration (subject to upward adjustment based on the market price of PFLT Common Stock).

PFLT is incorporated in Maryland and MCG is incorporated in Delaware, and each has elected to be regulated as business development company under the Investment Company Act of 1940.

The market value of the consideration in the form of PFLT Common Stock will fluctuate with the market price of PFLT Common Stock. The following table shows the closing sale prices of PFLT Common Stock and MCG Common Stock as reported on the NASDAQ Global Select Market, or NASDAQ, on April 28, 2015, the last trading day before the public announcement of the Merger, and on June 29, 2015, the last trading day before the date of this joint proxy statement and prospectus.

	<b>PFLT</b>	<b>MCG</b>
	<b>Common Stock</b>	<b>Common Stock</b>
Closing Price at April 28, 2015	\$ 14.15	\$ 4.10
Closing Price at June 29, 2015	\$ 14.19	\$ 4.67

You should obtain current stock price quotations for PFLT Common Stock and MCG Common Stock. PFLT Common Stock trades on NASDAQ under the symbol PFLT. MCG Common Stock trades on NASDAQ under the symbol MCGC.

At a special meeting of PFLT stockholders, PFLT stockholders will be asked to vote on the approval of issuance of PFLT Common Stock pursuant to the Merger. The stock issuance proposal requires the approval of at least a majority of the votes cast by holders of PFLT Common Stock at a meeting at which a quorum is present. **Under the terms of the Merger Agreement, shares of PFLT Common Stock will be issued in the Merger at a price per share greater than or equal to then-current net asset value per share.**

At a special meeting of MCG stockholders, MCG stockholders will be asked to vote on the approval of the Merger and the Agreement and Plan of Merger, dated as of April 28, 2015, by and among PFLT, MCG, PFLT Panama, LLC, PFLT Funding II, LLC and PennantPark Investment Advisers, LLC, described in this joint proxy statement and prospectus. Approval of the Merger and the Merger Agreement requires the approval of at least a majority of the outstanding shares of MCG's outstanding shares entitled to vote on the matter. The Merger is expected to be a taxable event for MCG stockholders.

**After careful consideration, the board of directors of PFLT unanimously recommends that its stockholders vote FOR approval of the Merger and the Merger Agreement and FOR approval of the proposal to adjourn the PFLT special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the PFLT special meeting to approve the foregoing proposal.**

**This joint proxy statement and prospectus concisely describes the special meetings, the Merger, the documents related to the Merger and other related matters that a PFLT common stockholder ought to know before voting on the proposals described herein and should be retained for future reference. Please carefully read this entire document, including Risk Factors beginning on page 27, for a discussion of the risks relating to the Merger. You also can obtain information about PFLT and MCG from documents that each has filed with the Securities and Exchange Commission. See Where You Can Find More Information for instructions on how to obtain such information.**

Sincerely,

Arthur H. Penn

*Chairman of the Board of Directors*

*PennantPark Floating Rate Capital Ltd.*

**The Securities and Exchange Commission has not approved or disapproved the PFLT Common Stock to be issued under this joint proxy statement and prospectus or determined if this joint proxy statement and prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.**

The date of this joint proxy statement and prospectus is June 30, 2015 and it is first being mailed or otherwise delivered to PFLT stockholders on or about July 2, 2015.

*PennantPark Floating Rate Capital Ltd.*

590 Madison Avenue

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*MCG Capital Corporation*

1001 19<sup>th</sup> Street North

15<sup>th</sup> Floor

New York, NY 10022

(212) 905-1000

10<sup>th</sup> Floor

Arlington, VA 22209

(703) 247-7500

Table of Contents**MCG CAPITAL CORPORATION****MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

Dear Stockholder,

On April 29, 2015, PennantPark Floating Rate Capital Ltd., or PFLT, and MCG Capital Corporation, or MCG, announced that they have entered into a definitive agreement under which PFLT will acquire MCG in a stock and cash transaction currently valued at approximately \$175 million, or approximately \$4.75 per MCG share at closing. The \$4.75 consideration per MCG share represents a 15.8% premium to MCG's closing stock price of \$4.10 on April 28, 2015 and equals MCG's net asset value per share as of March 31, 2015. The Boards of Directors of both companies have each unanimously approved the transaction. This transaction is a strategic business combination in which a wholly-owned subsidiary of PFLT would merge with and into MCG with MCG continuing as the surviving corporation, followed immediately by the merger of MCG with and into a second wholly-owned subsidiary of PFLT that will continue as the surviving entity and a wholly-owned subsidiary of PFLT. The mergers are collectively referred to in this joint proxy statement and prospectus as the Merger.

If the Merger is completed, holders of MCG common stock, par value \$0.01 per share, or MCG Common Stock, will have a right to receive \$4.521 in shares of PFLT common stock, par value \$0.001 per share, or PFLT Common Stock, for each share of MCG Common Stock, held immediately prior to the Initial Merger, as well as \$0.226 in cash consideration (subject to upward adjustment based on the market price of PFLT Common Stock).

PFLT is incorporated in Maryland and MCG is incorporated in Delaware, and each has elected to be regulated as business development company under the Investment Company Act of 1940. Importantly, following completion of the Merger, you will continue to be an investor in a business development company and benefit from the protections of the Investment Company Act of 1940 associated with business development companies.

The market value of the consideration in the form of PFLT Common Stock will fluctuate with the market price of PFLT Common Stock. The following table shows the closing sale prices of PFLT Common Stock and MCG Common Stock as reported on the NASDAQ Global Select Market, or NASDAQ, on April 28, 2015, the last trading day before the public announcement of the Merger, and on June 29, 2015, the last trading day before the date of this joint proxy statement and prospectus.

	<b>PFLT</b>	<b>MCG</b>
	<b>Common Stock</b>	<b>Common Stock</b>
Closing Price at April 28, 2015	\$ 14.15	\$ 4.10
Closing Price at June 29, 2015	\$ 14.19	\$ 4.67

You should obtain current stock price quotations for PFLT Common Stock and MCG Common Stock. PFLT Common Stock trades on NASDAQ under the symbol PFLT. MCG Common Stock trades on NASDAQ under the symbol MCGC.

At a special meeting of PFLT stockholders, PFLT stockholders will be asked to vote on approval of the issuance of PFLT Common Stock pursuant to the Merger. The stock issuance proposal requires the approval of at least a majority of the votes cast by holders of PFLT Common Stock at a meeting at which a quorum is present. **Under the terms of the Merger Agreement, shares of PFLT Common Stock will be issued in the Merger at a price per share greater than or equal to then-current net asset value per share.**

At a special meeting of MCG stockholders, MCG stockholders will be asked to vote on the approval of the Merger and the Agreement and Plan of Merger, dated as of April 28, 2015, by and among PFLT, MCG, PFLT Panama, LLC, PFLT Funding II, LLC and PennantPark Investment Advisers, LLC, described in this joint proxy statement and prospectus. Approval of the Merger and the Merger Agreement requires the approval of at least a majority of the outstanding shares of MCG's outstanding shares entitled to vote on the matter. The Merger is expected to be a taxable event for MCG stockholders.

**After careful consideration, the board of directors of MCG unanimously recommends that its stockholders vote FOR approval of the Merger and the Merger Agreement and FOR approval of the proposal to adjourn the MCG special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the MCG special meeting to approve the foregoing proposal.**

**This joint proxy statement and prospectus concisely describes the special meetings, the Merger, the documents related to the Merger and other related matters that an MCG stockholder ought to know before voting on the proposals described herein and should be retained for future reference. Please carefully read this entire document, including Risk Factors beginning on page 27, for a discussion of the risks relating to the Merger. You also can obtain information about PFLT and MCG from documents that each has filed with the Securities and Exchange Commission. See Where You Can Find More Information for instructions on how to obtain such information.**

Sincerely,

Richard Neu

*Chairman of the Board of Directors*

*MCG Capital Corporation*

**The Securities and Exchange Commission has not approved or disapproved the PFLT Common Stock to be issued under this joint proxy statement and prospectus or determined if this joint proxy statement and prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.**

The date of this joint proxy statement and prospectus is June 30, 2015 and it is first being mailed or otherwise delivered to MCG stockholders on or about July 2, 2015.

*PennantPark Floating Rate Capital Ltd.*

590 Madison Avenue

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*MCG Capital Corporation*

1001 19<sup>th</sup> Street North

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New York, NY 10022

(212) 905-1000

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Arlington, VA 22209

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**PENNANTPARK FLOATING RATE CAPITAL LTD.**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON AUGUST 14, 2015**

To the Stockholders of PennantPark Floating Rate Capital Ltd.:

Notice is hereby given that PennantPark Floating Rate Capital Ltd., a Maryland corporation, or PFLT, will hold a special meeting of the stockholders of PFLT, or the PFLT special meeting, on August 14, 2015 at 10:00 a.m., Eastern Time, at the offices of Dechert LLP, 1095 Avenue of the Americas, New York, NY 10036, for the following purposes:

1. To consider and vote upon a proposal to approve the issuance of the shares of PFLT's common stock, \$0.001 par value per share, or PFLT Common Stock, to be issued pursuant to the Agreement and Plan of Merger, as such agreement may be amended from time to time, or the Merger Agreement, dated as of April 28, 2015, among PFLT, MCG Capital Corporation, or MCG, PFLT Panama, LLC and PFLT Funding II, LLC, each a wholly owned subsidiary of PFLT, and PennantPark Investment Advisers, LLC; and
2. To consider and vote upon a proposal to approve the adjournment of the PFLT special meeting, if necessary or appropriate, to solicit additional proxies, if there are not sufficient votes at the time of the PFLT special meeting to approve the foregoing proposal.

You have the right to receive notice of, and to vote at, the PFLT special meeting if you were a stockholder of record at the close of business on July 13, 2015. **Whether or not you expect to be present in person at the PFLT special meeting, we urge you to promptly fill out, sign and date the enclosed proxy card and return it promptly in the envelope provided or vote by telephone or through the Internet.** Instructions are shown on the proxy card.

You have the option to revoke the proxy at any time prior to the meeting or to vote your shares personally if you attend the meeting.

The PFLT board of directors has unanimously approved the Merger and the Merger Agreement and the issuance of the shares of PFLT Common Stock to be issued pursuant to the Merger Agreement and unanimously recommends that PFLT stockholders vote **FOR** approval of the issuance of the shares of PFLT Common Stock to be issued pursuant to the Merger Agreement and **FOR** approval of the proposal to adjourn the PFLT special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the PFLT special meeting to approve the foregoing proposal. **Under the terms of the Merger Agreement, shares of PFLT Common Stock will be issued in the Merger at a price per share greater than or equal to then-current net asset value per share.**

By Order of the Board of Directors,

Thomas J. Friedmann

*Secretary*

New York, New York

June 30, 2015

**This is an important meeting. To ensure proper representation at the PFLT special meeting, please complete, sign, date and return the proxy card in the enclosed self-addressed envelope. Even if you vote your shares prior to the PFLT special meeting, you still may attend the PFLT special meeting and vote your shares in person.**



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**MCG CAPITAL CORPORATION**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

To the Stockholders of MCG Capital Corporation:

Notice is hereby given that MCG Capital Corporation, a Delaware corporation, or MCG, will hold a special meeting of the stockholders of MCG, or the MCG special meeting, on August 14, 2015 at 10:00 a.m., Eastern Time, at Hyatt Arlington, 1325 Wilson Boulevard, Arlington, Virginia, 22209, to consider and vote on the following matters:

1. A proposal to approve the merger of PFLT Panama, LLC, a wholly owned subsidiary of PennantPark Floating Rate Capital Ltd., or PFLT, with and into MCG followed immediately and as a single integrated transaction by the Merger of MCG with and into PFLT Funding II, LLC, or the Merger, and to approve the Agreement and Plan of Merger, as such agreement may be amended from time to time, or the Merger Agreement; and
2. A proposal to approve the adjournment of the MCG special meeting, if necessary or appropriate, to solicit additional proxies, if there are not sufficient votes at the time of the MCG special meeting to approve the foregoing proposal.

You have the right to receive notice of, and to vote at, the MCG special meeting if you were a stockholder of record at the close of business on July 13, 2015. **Whether or not you expect to be present in person at the MCG special meeting, we urge you to promptly fill out, sign and date the enclosed proxy card and return it promptly in the envelope provided or vote by telephone or through the Internet.** Instructions are shown on the proxy card.

You have the option to revoke the proxy at any time prior to the meeting or to vote your shares personally on request if you attend the meeting.

The MCG board of directors has unanimously approved the Merger and the Merger Agreement and unanimously recommends that MCG stockholders vote **FOR** approval of the Merger and the Merger Agreement and **FOR** approval of the proposal to adjourn the MCG special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the MCG special meeting to approve the foregoing proposal.

By Order of the Board of Directors,

Tod K. Reichert

*Secretary*

Arlington, Virginia

June 30, 2015

**This is an important meeting. To ensure proper representation at the MCG special meeting, please complete, sign, date and return the proxy card in the enclosed, self-addressed envelope, vote your shares by telephone or vote via the Internet. Even if you vote your shares prior to the MCG special meeting, you still may attend the**

**MCG special meeting and vote your shares in person.**

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**ABOUT THIS JOINT PROXY STATEMENT AND PROSPECTUS**

This joint proxy statement and prospectus, which forms part of a registration statement filed with the Securities and Exchange Commission, or the SEC, by PFLT (File No. 333-204272), constitutes a prospectus of PFLT under Section 5 of the Securities Act of 1933, or the Securities Act, with respect to the shares of PFLT Common Stock to be issued to holders of MCG Common Stock as required by the Merger Agreement.

This joint proxy statement and prospectus also constitutes a joint proxy statement under Section 14(a) of the Securities Exchange Act of 1934, or the Exchange Act. It also constitutes a notice of meeting with respect to the special meetings of MCG stockholders, at which MCG stockholders will be asked to vote on a proposal to approve the Merger and the Merger Agreement, and PFLT stockholders, at which PFLT stockholders will be asked to vote on the issuance of PFLT Common Stock pursuant to the Merger. **Under the terms of the Merger Agreement, shares of PFLT Common Stock will be issued in the Merger at a price per share greater than or equal to then-current net asset value per share.**

You should rely only on the information contained in this joint proxy statement and prospectus. No one has been authorized to provide you with information that is different from that contained in this joint proxy statement and prospectus. This joint proxy statement and prospectus is dated June 30, 2015. You should not assume that the information contained in this joint proxy statement and prospectus is accurate as of any date other than that date. Neither the mailing of this joint proxy statement and prospectus to PFLT stockholders or MCG stockholders nor the issuance of PFLT Common Stock pursuant to the Merger will create any implication to the contrary.

This joint proxy statement and prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction.

Except where the context otherwise indicates, information contained in this joint proxy statement and prospectus regarding PFLT has been provided by PFLT and information contained in this joint proxy statement and prospectus regarding MCG has been provided by MCG.

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**QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETINGS AND THE MERGER**

The questions and answers below highlight only selected procedural information from this joint proxy statement and prospectus. They do not contain all of the information that may be important to you. You should carefully read this entire document to fully understand the Merger Agreement and the transactions contemplated thereby, including the Merger, and the voting procedures for the MCG and PFLT special meetings. Unless otherwise indicated in this joint proxy statement and prospectus or the context otherwise requires, throughout this joint proxy statement and prospectus refers to PennantPark Floating Rate Capital Ltd. and, where applicable, its consolidated subsidiary, PennantPark Floating Rate Funding I, LLC, or Funding I, as PFLT; PFLT's investment adviser, PennantPark Investment Advisers, LLC as the PFLT Investment Adviser; PFLT's administrator, PennantPark Investment Administration, LLC, as PFLT Administrator; MCG Capital Corporation and, where applicable, its consolidated subsidiaries as MCG; PFLT Panama, LLC, a wholly owned subsidiary of PFLT, as Sub One; PFLT Funding II, LLC, a wholly owned subsidiary of PFLT, as Sub Two; the merger of Sub One with and into MCG as the Initial Merger; the Merger of MCG with and into Sub Two as the Second Merger; the Initial Merger and Second Merger collectively as the Merger; the effective time of the Merger as the effective time; the Agreement and Plan of Merger, as may be amended from time to time, dated as of April 28, 2015, among PFLT, MCG, Sub One, Sub Two, and for limited purposes, the PFLT Investment Adviser as the Merger Agreement; Code refers to the Internal Revenue Code of 1986, as amended; RIC refers to a regulated investment company under the Code; 1940 Act refers to the Investment Company Act of 1940, as amended; BDC refers to a business development company under the 1940 Act; and Credit Facility refers to PFLT's secured revolving credit facility, as amended.

**Q: Why am I receiving these materials?**

**A:** MCG and PFLT are sending these materials to their respective stockholders to help them decide how to vote their shares of MCG Common Stock or PFLT Common Stock at their respective special meetings. At the MCG special meeting, MCG stockholders will be asked to vote on a proposal to approve the Merger and the Merger Agreement or approval to adjourn the MCG special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the MCG special meeting to approve the foregoing proposal. At the PFLT special meeting, PFLT stockholders will be asked to vote on the issuance of PFLT Common Stock pursuant to the Merger or approval to adjourn the PFLT special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the PFLT special meeting to approve the foregoing proposal. Information about these meetings and the Merger is contained in this joint proxy statement and prospectus.

The boards of directors of MCG has unanimously approved the Merger and the Merger Agreement as in the best interests of MCG and their stockholders. Please see the section entitled Reasons for the Merger for an important discussion of the Merger.

This joint proxy statement and prospectus summarizes the information regarding the matters to be voted upon at the special meetings of MCG and PFLT. However, you do not need to attend your special meeting to vote your shares. You may simply sign the enclosed proxy and return it promptly in the envelope provided or vote by telephone or through the Internet. Instructions are shown on the proxy card. **It is very important that you vote your shares at your special meeting. The Merger cannot be completed unless MCG stockholders approve the Merger and the Merger Agreement and PFLT stockholders approve the issuance of PFLT Common Stock pursuant to the Merger.**

If you hold some or all of your shares in a brokerage account, your broker will not be permitted to vote your shares unless you provide them with instructions on how to vote your shares. For this reason, you should provide your broker with instructions on how to vote your shares or arrange to attend your special meeting and vote your shares in person.

Stockholders are urged to vote by telephone or the Internet if their broker has provided them with the opportunity to do so. See your voting instruction form for details. If your broker holds your shares and



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you attend your special meeting in person, please bring a letter from your broker identifying you as the beneficial owner of the shares and authorizing you to vote your shares at the special meeting.

If you are an MCG stockholder and do not provide your broker with instructions or attend the MCG special meeting, it will have the same effect as a vote against approval of the Merger and the Merger Agreement.

### **Q: When and where is the MCG special meeting?**

**A:** The MCG special meeting will take place on August 14, 2015 at 10:00 a.m., Eastern Time, at Hyatt Arlington, 1325 Wilson Boulevard, Arlington, Virginia, 22209.

### **Q: When and where is the PFLT special meeting?**

**A:** The PFLT special meeting will take place on August 14, 2015 at 10:00 a.m., Eastern Time, at the offices of Dechert LLP, 1095 Avenue of the Americas, New York, NY 10036.

### **Q: What is happening at the MCG special meeting?**

**A:** MCG stockholders are being asked to consider and vote on the following matters at their special meeting:

a proposal to approve the Merger and the Merger Agreement; and

a proposal to approve the adjournment of the MCG special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the MCG special meeting to approve the foregoing proposal.

### **Q: What is happening at the PFLT special meeting?**

**A:** PFLT stockholders are being asked to consider and vote on the following matters at their special meeting:

a proposal to approve the issuance of the shares of PFLT Common Stock to be issued pursuant to the Merger Agreement; and

a proposal to approve the adjournment of the PFLT special meeting, if necessary or appropriate, to solicit additional proxies, if there are not sufficient votes at the time of the PFLT special meeting to approve the foregoing proposal.

### **Q: How does MCG's investment strategy differ from that of PFLT?**

**A:** Although both PFLT and MCG have substantially the same investment objective (current income and capital gains), PFLT's leveraged portfolio is invested primarily in Floating Rate Loans to U.S. middle market companies, while MCG's portfolio is unlevered and consists primarily of cash and cash equivalents. In addition, while the PFLT Investment Adviser had served as investment adviser to PFLT since its inception and will serve as investment adviser to the combined company following completion of the Merger, MCG has been internally managed by an investment

team whose employment is being terminated by MCG immediately prior to closing of the Merger.

**Q: What will happen in the Merger?**

**A:** Subject to the terms and conditions of the Merger Agreement, the transactions contemplated by the Merger Agreement will be accomplished in two steps. In the first step, Sub One will merge with and into MCG and the separate corporate existence of Sub One will cease. Immediately thereafter and as part of a single integrated transaction, MCG will merge with and into Sub Two and the separate corporate existence of MCG will cease. Sub Two will be the surviving entity and will continue as a wholly owned subsidiary of PFLT. The structure of the Merger was selected in order to optimize the U.S. federal income tax treatment of the Merger and simplify the treatment of the Merger with respect to certain potential contractual obligations of the parties.

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**Q: What will MCG stockholders receive in the Merger?**

**A:** Holders of MCG Common Stock (including shares of restricted MCG Common Stock which will vest upon the effective time) will have a right to receive \$4.521 in shares of PFLT Common Stock for each share of MCG Common Stock held immediately prior to the Initial Merger, as well as \$0.226 in cash consideration (subject to upward adjustment based on the market price of PFLT Common Stock). Based on the closing price of PFLT Common Stock on June 12, 2015 of \$14.08, holders of MCG Common Stock would have been entitled to receive an additional \$0.070 in cash consideration from PFLT Investment Adviser based on the adjustment mechanism for each share of MCG Common Stock held immediately prior to the Initial Merger.

On April 28, 2015, the last full trading day before the public announcement of the Merger, the closing price of PFLT Common Stock on the NASDAQ Global Select Market, or NASDAQ, was \$14.15. On June 29, 2015, the last trading day prior to the date of this joint proxy statement and prospectus, the closing price of shares of PFLT Common Stock on NASDAQ was \$14.19, and the closing price of MCG Common Stock on NASDAQ was \$4.67. Until the Merger is completed, the value of the shares of PFLT Common Stock to be issued in the Merger and the number of shares of PFLT Common Stock to be issued to MCG stockholders will continue to fluctuate.

**Q: Who is responsible for paying the expenses relating to completing the Merger, including the preparation of this joint proxy statement and prospectus and the solicitation of proxies?**

**A:** In general, MCG and PFLT will each be responsible for their own expenses incurred in connection with the completion of the transactions contemplated by the Merger Agreement. However, the costs and expenses of any regulatory filing, including the registration statement (of which this joint proxy statement and prospectus forms a part) will be paid by PFLT and all fees paid to prepare and mail this joint proxy statement and prospectus and the registration statement (of which this joint proxy statement and prospectus forms a part), and to conduct the special meetings of PFLT and MCG, will be borne equally by PFLT and MCG. The estimated transaction expenses of each of PFLT and MCG are \$2.4 million and \$8.3 million, respectively. The PFLT Investment Adviser will indirectly reimburse \$8.3 million of MCG related transaction costs through its payment of the cash consideration to MCG stockholders.

**Q: Are MCG stockholders able to exercise dissenters' rights?**

**A:** Yes. MCG stockholders will be entitled to exercise dissenters' rights. Under Section 262 of the Delaware General Corporation Law, or the DGCL, dissenting MCG stockholders are entitled to appraisal rights provided that such MCG stockholders meet the conditions under Section 262 of the DGCL. Dissenting MCG stockholders are entitled to have the fair value of their MCG Common Stock determined by the Delaware Court of Chancery and to receive payment based on that valuation. The ultimate amount dissenting MCG stockholders will receive in an appraisal proceeding may be less than, equal to or more than the amount such dissenting MCG stockholders would have received under the Merger Agreement. The text of the provisions of the DGCL pertaining to dissenters' rights is attached to this joint proxy statement and prospectus as *Annex D*.

**Q: Are PFLT stockholders able to exercise dissenters' rights?**

**A:** No. PFLT stockholders will not be entitled to exercise dissenters' rights with respect to any matter to be voted upon at their special meeting. Any PFLT common stockholder may abstain from voting or vote against any of such matters.

**Q: When do you expect to complete the Merger?**

**A:** While there can be no assurance as to the exact timing, or that the Merger will be completed at all, PFLT and MCG are working to complete the Merger in the third quarter of 2015. It is currently expected that the Merger will be completed promptly following receipt of the required stockholder approvals at the MCG and PFLT special meetings and satisfaction of the other closing conditions set forth in the Merger Agreement.

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**Q: Is the Merger expected to be taxable to MCG stockholders? What will be the effect of the Merger on MCG's capital loss carryforwards?**

**A:** Yes. The Merger is expected to be a taxable event for MCG stockholders. As of March 31, 2015, MCG had approximately \$233.9 million in capital loss carryforwards. PFLT had no capital loss carryforward as of March 31, 2015. Since PFLT had no capital loss carryforward, the Merger will not affect PFLT with respect to capital loss carryforward. MCG's capital loss carryforward is expected to be limited by Section 382 of the Code in the event of the Merger; however, certain transactions that may be undertaken after the Merger may further restrict or eliminate the usage of MCG's capital loss carryforward. See Certain Material U.S. Federal Income Tax Consequences of the Merger for a discussion of the tax implications of the Merger.

**Q: Is the Merger expected to be taxable to PFLT stockholders?**

**A:** No. The Merger is not expected to be a taxable event for PFLT stockholders.

**Q: What MCG stockholder vote is required to approve the Merger and the Merger Agreement?**

**A:** At least a majority of the outstanding shares of MCG Common Stock outstanding and entitled to vote on the matter is required to approve the Merger and the Merger Agreement. Stockholders who abstain or who fail to return their proxies, and do not instruct the proxy solicitor on how to cast their vote by calling the proxy solicitor or via the Internet pursuant to the instructions shown on the proxy card or vote at the MCG special meeting, will have the same effect as if they voted against the Merger Agreement and the Merger.

**Q: What PFLT common stockholder vote is required to approve the issuance of PFLT Common Stock pursuant to the Merger?**

**A:** Approval of the issuance of the shares of PFLT Common Stock to be issued pursuant to the Merger Agreement requires the vote of at least a majority of the votes cast by holders of shares of PFLT Common Stock at a meeting at which a quorum is present.

**Q: Does PFLT's board of directors recommend approval of the issuance of PFLT Common Stock pursuant to the Merger and the proposal to adjourn the PFLT special meeting if necessary?**

**A:** Yes. PFLT's board of directors, including its independent directors, unanimously approved the Merger and the Merger Agreement, including the issuance of PFLT Common Stock in connection therewith, and recommends that PFLT stockholders vote FOR approval of the issuance of PFLT Common Stock to be issued pursuant to the Merger Agreement and FOR approval of the proposal to adjourn the PFLT special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the PFLT special meeting to approve the foregoing proposal.

**Q: Does MCG's board of directors recommend approval of the Merger and the proposal to adjourn the MCG special meeting if necessary?**

**A:** Yes. MCG's board of directors, including its independent directors, unanimously approved the Merger and the Merger Agreement and recommends that MCG stockholders vote FOR approval of the Merger and the Merger Agreement and FOR approval of the proposal to adjourn the MCG special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the MCG special meeting to approve the proposal.

**Q: If I am a PFLT stockholder, how do I vote my shares?**

**A:** You may indicate how you want to vote on your proxy card and then sign and mail your proxy card in the enclosed return envelope as soon as possible so that your shares may be represented at the PFLT special meeting.

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You may also instruct the proxy solicitor on how to cast your vote by calling the proxy solicitor or via the Internet pursuant to the instructions shown on the proxy card. If you are a record stockholder, you may also attend the PFLT special meeting in person instead of submitting a proxy.

Unless your shares are held in a brokerage account, if you sign, date and send your proxy and do not indicate how you want to vote, your proxy will be voted FOR the approval of the issuance of PFLT Common Stock pursuant to the Merger and FOR approval of the proposal to adjourn the PFLT special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the PFLT special meeting to approve the foregoing proposal. If your shares are held in a brokerage account or in street name, please see the answer to the next question.

If you fail to (1) return your proxy card, (2) instruct the proxy solicitor on how to cast your vote by calling the proxy solicitor or via the Internet pursuant to the instructions shown on the proxy card or (3) vote at the PFLT special meeting, or if you abstain, there will be no effect on the vote for either proposal.

**Q: If I am an PFLT stockholder and some or all of my shares are held in a brokerage account, or in street name, will my broker vote my shares for me?**

**A:** No. With respect to the issuance of PFLT Common Stock pursuant to the Merger and the adjournment proposal, if you do not provide your broker with instructions on how to vote your street name shares, your broker will not be permitted to vote them.

For this reason, you should provide your broker with instructions on how to vote your shares or arrange to attend the PFLT special meeting and vote your shares in person. With respect to the proposal to approve the issuance of shares of PFLT Common Stock pursuant to the Merger, broker shares for which written authority to vote has not been obtained will not be treated as votes cast on the matter and will have no effect on the vote on such proposal. Stockholders are urged to vote by telephone or the Internet if their broker has provided them with the opportunity to do so. See your voting instruction form for details.

If your broker holds your shares and you attend the PFLT special meeting in person, please bring a letter from your broker identifying you as the beneficial owner of the shares and authorizing you to vote your shares at the PFLT special meeting.

**Q: If I am an MCG stockholder, how do I vote my shares?**

**A:** You may indicate how you want to vote on your proxy card and then sign and mail your proxy card in the enclosed return envelope as soon as possible so that your shares may be represented at the MCG special meeting. You may instruct the proxy solicitor on how to cast your vote by calling the proxy solicitor or via the Internet pursuant to the instructions shown on the proxy card. If you are a record stockholder, you may also attend the MCG special meeting in person instead of submitting a proxy.

Unless your shares are held in a brokerage account, if you sign, date and send your proxy and do not indicate how you want to vote, your proxy will be voted FOR the approval of the Merger and the Merger Agreement and FOR approval of the proposal to adjourn the MCG special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the MCG special meeting to approve the proposal. If your shares are held in a brokerage account, or in street name, please see the answer to the next question.

If you fail to (1) return your proxy card, (2) instruct the proxy solicitor on how to cast your vote by calling the proxy solicitor or via the Internet pursuant to the instructions shown on the proxy card or (3) vote at the MCG special

meeting, or if you abstain, it has the effect of a vote AGAINST the proposal to approve the Merger and the Merger Agreement but there will be no effect on the proposal to adjourn the meeting.



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**Q: If I am an MCG stockholder and some or all of my shares are held in a brokerage account, or in street name, will my broker vote my shares for me?**

**A:** No. With respect to the Merger and adjournment proposals, if you do not provide your broker with instructions on how to vote your street name shares, your broker will not be permitted to vote them.

For this reason, you should provide your broker with instructions on how to vote your shares or arrange to attend the MCG special meeting and vote your shares in person. If you do not provide your broker with instructions or attend the MCG special meeting, there will be no effect on the vote for either proposal. Stockholders are urged to vote by telephone or the Internet if their broker has provided them with the opportunity to do so. See your voting instruction form for details. If your broker holds your shares and you attend the MCG special meeting in person, please bring a letter from your broker identifying you as the beneficial owner of the shares and authorizing you to vote your shares at the MCG special meeting.

**Q: Whom can I contact with any additional questions?**

**A:** If you are a PFLT stockholder, you may call the PFLT proxy solicitor, AST Fund Solutions, at (877) 536-1560, with respect to any additional questions you may have. If you are an MCG stockholder, you may call the MCG proxy solicitor, MacKenzie Partners, Inc., at (212) 929-5500 or toll-free at (800) 322-2885 with respect to any additional questions you may have.

**Q: Where can I find more information about PFLT and MCG?**

**A:** You can find more information about PFLT and MCG in the documents described under the caption **Where You Can Find More Information**.

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**SUMMARY**

This summary highlights some of the information contained elsewhere in this joint proxy statement and prospectus. It is not complete and may not contain all of the information that you may want to consider. PFLT urges you to read carefully this entire document, including Risk Factors beginning on page 26, and the other documents to which PFLT refers you to for a more complete understanding of the Merger. See Where You Can Find More Information. Each item in this summary includes a page reference directing you to a more complete description of that item.

**The Parties to the Merger**

*PennantPark Floating Rate Capital Ltd.*

*PennantPark Investment Advisers, LLC*

*PFLT Panama, LLC*

*PFLT Funding II, LLC*

590 Madison Avenue

15<sup>th</sup> Floor

New York, NY 10022

(212) 905-1000

*MCG Capital Corporation*

1001 19<sup>th</sup> Street North

10<sup>th</sup> Floor

Arlington, VA 22209

(703) 247-7500

**Organization and Structure of PFLT**

PFLT, a Maryland corporation organized in October 2010, is a closed-end, externally managed, non-diversified investment company that has elected to be treated as a BDC under the 1940 Act. In addition, for federal income tax purposes PFLT has elected to be treated, and intends to qualify annually, as a RIC under the Code.

PFLT is a BDC whose objectives are to generate current income and capital appreciation by investing primarily in Floating Rate Loans and other investments made to U.S. middle-market companies. Floating Rate Loans or variable-rate investments pay interest at variable-rates, which are determined periodically, on the basis of a floating base lending rate such as the London Interbank Offered Rate, or LIBOR, with or without a floor plus a fixed spread.

PFLT believes that Floating Rate Loans to U.S. middle-market companies offer attractive risk adjusted returns due to a limited amount of capital available for such companies and the potential for rising interest rates. PFLT uses the term middle-market to refer to companies with annual revenues between \$50 million and \$1 billion. PFLT's investments are typically rated below investment grade. Securities rated below investment grade are often referred to as leveraged loans or high yield securities or junk bonds and are often higher risk compared to debt instruments that are rated above investment grade and have speculative characteristics. However, when compared to junk bonds and other non-investment grade debt, senior secured Floating Rate Loans typically have more robust capital-preserving qualities, such as historically lower default rates than junk bonds, represent the senior source of capital in a borrower's capital structure and often have certain of the borrower's assets pledged as collateral. PFLT's debt investments may generally range in maturity from three to ten years and are made to U.S. and, to a limited extent, non-U.S. corporations, partnerships and other business entities which operate in various industries and geographical regions.

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Under normal market conditions, PFLT generally expects that at least 80% of the value of its net assets plus any borrowings for investment purposes, or Managed Assets, will be invested in Floating Rate Loans and other investments bearing a variable-rate of interest. PFLT generally expects that senior secured loans, or first lien loans, will represent at least 65% of its overall portfolio. PFLT also generally expects to invest up to 35% of its overall portfolio opportunistically in other types of investments, including second-lien, high yield, mezzanine and distressed debt securities and, to a lesser extent, equity investments. PFLT's investment size may generally range between \$1 million and \$15 million, on average, although it expects that this investment size will vary proportionately with the size of its capital base.

PFLT's investment activity depends on many factors, including the amount of debt and equity capital available to middle-market companies, the level of merger and acquisition activity for such companies, the general economic environment and the competitive environment for the types of investments it makes. PFLT has used, and expects to continue to use, its Credit Facility, proceeds from the rotation of its portfolio and proceeds from public and private offerings of securities to finance its investment objectives.

Funding I, PFLT's wholly owned subsidiary and a special purpose entity, was organized in Delaware as a limited liability company in May 2011 and was formed in order to establish the Credit Facility.

Sub One and Sub Two are Delaware limited liability companies and newly formed wholly owned subsidiaries of PFLT. Sub One and Sub Two were formed in connection with and for the sole purpose of effecting the Merger.

## **Organization and Structure of MCG**

MCG was incorporated in Delaware in 1998. On March 18, 1998, MCG changed its name from MCG, Inc. to MCG Credit Corporation and, on June 14, 2001, to MCG Capital Corporation. MCG is an internally managed, non-diversified, closed-end investment company that has elected to be treated as a BDC under the 1940 Act. In addition, for federal income tax purposes it has elected to be treated, and intends to qualify annually, as a RIC under the Code.

MCG is a solutions-focused commercial finance company that provides capital and advisory services to lower middle-market companies throughout the United States. Generally, MCG's portfolio companies use MCG's capital investment to finance acquisitions, recapitalizations, buyouts, organic growth, working capital and other general corporate purposes.

MCG is an internally managed, non-diversified, closed-end investment company that has elected to be regulated as a BDC under the 1940 Act. As a BDC MCG must meet various regulatory tests, which include investing at least 70% of its total assets in private or thinly traded public U.S.-based companies and limitations on MCG's ability to incur indebtedness unless immediately after such borrowing MCG has an asset coverage for total borrowings of at least 200% (i.e., the amount of debt generally may not exceed 50% of the value of MCG's assets).

In addition, MCG has elected to be treated for federal income tax purposes as a regulated investment company, or RIC, under Subchapter M of the Code. In order to continue to qualify as a RIC for federal income tax purposes and obtain favorable RIC tax treatment, MCG must meet certain requirements, including certain minimum distribution requirements. If the company satisfies these requirements, MCG generally will not have to pay corporate-level taxes on any income it distributes to its stockholders as distributions, allowing MCG to substantially reduce or eliminate its corporate-level tax liability. From time to time, MCG's wholly owned subsidiaries may execute transactions that trigger corporate-level tax liabilities. In such cases, MCG recognizes a tax provision in the period when it becomes more likely than not that the taxable event will occur.



**Table of Contents****Merger Structure**

Pursuant to the terms of the Merger Agreement, in the Merger, Sub One will be merged with and into MCG and, immediately thereafter and as a single integrated transaction, MCG will be merged with and into Sub Two. Sub Two will be the surviving entity of the Merger as a wholly owned subsidiary of PFLT.

Based on the number of shares of PFLT Common Stock issued and outstanding at the closing of the Merger, or the Closing Date, it is expected PFLT stockholders will own approximately 56% of the outstanding PFLT Common Stock and MCG stockholders will own approximately 44% of the outstanding PFLT Common Stock. As a result of the Merger, PFLT will continue its operations as conducted before the Merger.

The Merger Agreement is attached as *Annex A* to this joint proxy statement and prospectus and is incorporated by reference into this joint proxy statement and prospectus. MCG and PFLT encourage their respective stockholders to read the Merger Agreement carefully and in its entirety, as it is the principal legal document governing the Merger.

**Consideration**

If the Merger is consummated, each share of MCG Common Stock outstanding immediately prior to the effective time (including shares of restricted MCG Common Stock which will vest upon the effective time) will be converted into the right to receive \$4.521 in shares of PFLT Common Stock, subject to the payment of cash instead of fractional shares, and cash in the amount of \$0.226 (subject to upward adjustment based on the market price of PFLT Common Stock). Based on the closing price of PFLT Common Stock on June 12, 2015 of \$14.08, holders of MCG Common Stock would have been entitled to receive an additional \$0.070 in cash consideration from PFLT Investment Adviser based on the adjustment mechanism for each share of MCG Common Stock held immediately prior to the Initial Merger.

**Comparative Market Price of Securities**

PFLT Common Stock trades on NASDAQ under the symbol PFLT. MCG Common Stock trades on NASDAQ under the symbol MCGC.

The following table presents the closing prices and most recently determined net asset values, or NAV, per share of PFLT Common Stock and MCG Common Stock on the last trading day before public announcement of the Merger and the last trading day prior to the date of this joint proxy statement and prospectus.

	<b>PFLT Common Stock</b>	<b>MCG Common Stock</b>
Closing Price at April 28, 2015	\$ 14.15	\$ 4.10
NAV per Share at March 31, 2015	\$ 14.30	\$ 4.75
Closing Price at June 29, 2015	\$ 14.19	\$ 4.67

The value of PFLT Common Stock to be received in the Merger will continue to fluctuate and, as a result, MCG stockholders will not know how many shares of PFLT Common Stock they will receive in the Merger at the time they vote.

**Reasons for the Merger**

***PFLT***

PFLT's board of directors met several times to formally discuss and consider matters relating to the proposed Merger and Merger Agreement. During the course of these meetings, and in informal discussions with PFLT management, PFLT's board of directors requested, received and discussed information from

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representatives of management, the PFLT Investment Adviser, as well as PFLT's financial, legal and other advisors, regarding the strategic rationale for the proposed Merger, the potential benefits and drawbacks of the proposed Merger and Merger Agreement, the potential benefits and costs of the proposed Merger and the duties of PFLT's board of directors in connection with the proposed Merger. PFLT's board of directors approved the proposed Merger and Merger Agreement at a meeting on April 28, 2015. In reaching its determination that the Merger is in PFLT's best interests and the best interests of PFLT's stockholders, the PFLT board of directors considered a number of factors presented at that meeting or at a prior meeting, including the following:

*Improved Scale.* The Merger is anticipated to enhance PFLT's ability to provide capital to financial sponsors and borrowers, which may expand PFLT's reputation in the marketplace. With the ability to make larger investments, PFLT expects to add more value to financial sponsors and borrowers and to negotiate better terms for its portfolio investments.

*Greater Diversification.* The Merger should provide PFLT with a substantially larger asset base initially comprised primarily of cash which may provide the PFLT Investment Adviser with greater investment flexibility and investment options for PFLT, including the potential for greater diversification of portfolio investments and flexibility to manage PFLT's leverage while maintaining an appropriate risk profile for PFLT stockholders.

*Increased Market Capitalization and Additional Market Coverage.* As the Merger is a synthetic equity offering that will almost double PFLT's market capitalization, there is the potential for greater secondary market liquidity for PFLT Common Stock, which may result in tighter bid-ask spreads and increased trading volume. In addition, a larger asset base and access to more financial sponsors could result in additional market coverage of PFLT and, potentially, an increased focus by current and potential investors on PFLT.

*Reduction in Expense Ratio.* As a result of the Merger, PFLT's fixed costs (e.g., printing and mailing of periodic reports and proxy statements, legal expenses, audit fees and other expenses) are anticipated to be spread across a larger asset base. As a result, the total annual operating expenses borne by PFLT stockholders is expected to be reduced.

*Dilution to PFLT Stockholders.* Although there will be no dilution to per share NAV as PFLT is not authorized to issue PFLT Common Stock at less than NAV, the proposed transaction is anticipated to result in some dilution to the earnings per share of PFLT Common Stock in the shorter-term, due to the period expected to be required to redeploy MCG's assets (primarily cash). The PFLT board of directors considered information provided by management and Keefe, Bruyette & Woods, Inc., or KBW, as to current expectations for when the MCG assets acquired in the Merger would be fully invested and the ability of PFLT to start returning to PFLT stockholders net investment income in excess of the dilution resulting from the Merger. The point at which PFLT stockholders will begin to receive income in excess of the dilution depends on a series of factors (the outcome of which is not yet knowable), including the rate of deployment of capital, market conditions, investment performance and leverage.



*Expected Costs of the Proposed Merger.* The PFLT board of directors considered the costs to be borne by PFLT, regardless of whether the Merger is consummated, including its legal and financial adviser fees. The PFLT board of directors considered the costs to be borne by PFLT in light of the potential benefits of the Merger and noted that the PFLT Investment Adviser anticipated that the projected costs of the consummated Merger may be recovered over time. The PFLT board of directors also considered the fact that the PFLT Investment Adviser would be paying \$0.226 in cash per share of MCG Common Stock and would also pay an additional amount in cash if the Merger share price is less than PFLT's NAV as calculated just prior to closing of the Merger. The cash consideration payable by the PFLT Investment Adviser is not subject to reimbursement by PFLT.

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*Distributions to PFLT Stockholders.* The Merger is not expected to reduce PFLT's earnings such that PFLT would not be able to maintain current distribution rates to its stockholders. As a result of additional investment opportunities and flexibility due to the increase in assets from the acquisition of MCG, PFLT is expected to be able to continue to pay steady distributions to its stockholders and, after the ramp up period to invest the cash received in the Merger, may be able to increase distributions paid to PFLT stockholders.

*Compliance with Regulatory Obligations.* The Merger should not affect the ability of PFLT to comply with its regulatory obligations, including its ability to maintain appropriate leverage and continue to operate in compliance with the asset coverage requirements set forth in the 1940 Act and to pay dividends required of RICs.

*Tax Considerations.* The taxable nature of the Merger is not expected to have a material effect on PFLT or its stockholders. MCG's capital loss carryforwards were not expected to be of material benefit to PFLT, so any restriction on the ability to utilize them as a result of the Merger was of limited importance.

*Opinion of PFLT's Financial Advisor.* The financial presentation, dated April 28, 2015, of KBW to the PFLT board of directors and the KBW Opinion, dated April 28, 2015, to the PFLT board of directors as to the fairness, from a financial point of view and as of the date of the opinion, to PFLT of the stock consideration in the Initial Merger, as more fully described below under Opinion of PFLT's Financial Advisor.

The foregoing list does not include all the factors that PFLT's board of directors considered in approving the proposed Merger and Merger Agreement and recommending that PFLT stockholders approve the issuance of PFLT Common Stock necessary to effectuate the proposed Merger. For a further discussion of the material factors considered by PFLT's board of directors, see The Merger Reasons for the Merger.

***MCG***

MCG's board of directors consulted with representatives of management, as well as MCG's financial and legal advisors and considered numerous factors, including the ones described below, and, as a result, determined that the Merger is in MCG's best interest and the best interests of MCG's stockholders.

Certain material factors considered by MCG's board of directors, including its independent directors, include, among others:

Thorough Review of Strategic Alternatives;

Value Provided by the PFLT Transaction;

Resumption of Dividend Payments;

Strategic and Business Considerations;

Diversity of PFLT's Portfolio;

Low Risk Profile of PFLT's Portfolio;

Compatibility with Existing Investments;

Favorable Capital Structure;

Consistency of Earnings;

Low Cost Structure; and

Compatible Stockholder Base.

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