

PROSPECT CAPITAL CORP  
Form 497  
July 29, 2013

**Prospect Capital Corporation**  
**Prospect Capital InterNotes®**

**5.000% Senior Notes due 2019 (the "2019 Notes")**

**5.750% Senior Notes due 2021 (the "2021 Notes")**

**6.125% Senior Notes due 2031 (the "2031 Notes")**

**6.625% Senior Notes due 2043 (the "2043 Notes")**

**and together with the 2019 Notes, the 2021 Notes and the 2031 Notes, the "Notes")**

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

Pricing Supplement Nos. 133, 134, 135 and 136 Dated Monday, July 29, 2013  
(To: Prospectus Dated October 29, 2012, and Prospectus Supplement Dated May 8, 2013)

CUSIP Number	ISIN Number	Principal Amount	Selling Price	Gross Concession	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
74348YFL0	US74348YFL02	\$3,820,000.00	100.000%	1.650%	\$3,756,970.00	Fixed	5.000%	Semi-Annual	2/15/2019	2/15/2014	\$26.94	Yes	Senior Unsecured Notes
<b>Redemption Information: Callable at 100.000% on 8/15/2014 and every coupon date thereafter.</b>													

CUSIP Number	ISIN Number	Principal Amount	Selling Price	Gross Concession	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
74348YFM8	US74348YFM84	\$1,996,000.00	100.000%	1.900%	\$1,958,076.00	Fixed	5.750%	Semi-Annual	2/15/2021	2/15/2014	\$30.99	Yes	Senior Unsecured Notes
<b>Redemption Information: Callable at 100.000% on 8/15/2014 and every coupon date thereafter.</b>													

CUSIP Number	ISIN Number	Principal Amount	Selling Price	Gross Concession	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
74348YFN6	US74348YFN67	\$804,000.00	100.000%	3.400%	\$776,664.00	Fixed	6.125%	Semi-Annual	8/15/2031	2/15/2014	\$33.01	Yes	Senior Unsecured Notes
<b>Redemption Information: Callable at 100.000% on 8/15/2015 and every coupon date thereafter.</b>													

CUSIP Number	ISIN Number	Principal Amount	Selling Price	Gross Concession	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
74348YFP1	US74348YFP16	\$1,552,000.00	100.000%	3.800%	\$1,493,024.00	Fixed	6.625%	Semi-Annual	8/15/2043	2/15/2014	\$35.70	Yes	Senior Unsecured Notes
<b>Redemption Information: Callable at 100.000% on 8/15/2016 and every coupon date thereafter.</b>													

Trade Date: Monday, July 29, 2013 @ 12:00 PM ET  
Settle Date: Thursday, August 1, 2013  
Minimum Denomination/Increments: \$1,000.00/\$1,000.00  
Initial trades settle flat and clear SDFS: DTC Book Entry only

## Edgar Filing: PROSPECT CAPITAL CORP - Form 497

The Notes will be issued pursuant to the Indenture, dated as of February 16, 2012, as amended and supplemented by that certain One Hundred Thirty-Third Supplemental Indenture, One Hundred Thirty-Fourth Supplemental Indenture, One Hundred Thirty-Fifth Supplemental Indenture and One Hundred Thirty-Sixth, respectively, each dated as of August 1, 2013.

The date from which interest shall accrue on the Notes is Thursday, August 1, 2013. The "Interest Payment Dates" for the Notes shall be August 15 and February 15 of each year, commencing February 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 August 1 or February 1, as the case may be, next preceding such Interest Payment Date.

The 2019 Notes, the 2021 Notes, the 2031 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 August 15, 2014, August 15, 2014, August 15, 2015 and August 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 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-7 of such prospectus supplement and page 11 of such prospectus. This 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 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.

---

## Edgar Filing: PROSPECT CAPITAL CORP - Form 497

InterNotes® is a registered trademark of Incapital Holdings LLC.

**Recent Developments:** On May 14, 2013, we provided \$4.0 million of senior secured financing to SourceHOV, LLC, a leading provider of business and knowledge process outsourcing.

On May 16, 2013, Out Rage, LLC repaid the \$11.8 million loan receivable to us.

On May 23, 2013, Snacks Holding Corporation repaid the \$15.8 million loan receivable to us.

On May 31, 2013, we made a follow-on senior secured second-lien debt investment of \$7.2 million in Injured Workers Pharmacy LLC, a specialty pharmacy services company.

On June 3, 2013, Nobel Learning Communities, Inc. repaid the \$15.2 million loan receivable to us.

On June 4, 2013, Springs Window Fashions, LLC repaid the \$35.0 million loan receivable to us.

On June 11, 2013, we provided \$115.0 million of first-lien senior secured financing to a third-party logistics company that services many of the largest shippers in the world.

On June 11, 2013, we provided \$7.0 million of secured second-lien financing to American Stock Transfer & Trust Company, LLC, a leading North American provider of share registry and associated value added services.

On June 12, 2013, we made a \$23.3 million follow-on investment in R-V Industries, Inc.

On June 14, 2013, we sold our \$10.0 million investment in Transaction Networks Services, Inc. and realized a gain of \$0.03 million on this investment.

On June 14, 2013, we sold our \$4.0 million investment in SourceHOV, LLC and realized a gain of \$0.08 million on this investment.

On June 18, 2013, we provided \$70.0 million senior secured financing, of which \$65.6 million was funded at closing, to a leading designer, marketer and distributor of wood pellet grills, flavored wood pellets and grill accessories.

On June 25, 2013, we made an investment of \$26.5 million to purchase 84.13% of the subordinated notes in LCM XIV Ltd.

On June 27, 2013, we made a follow-on secured debt investment of \$87.5 million to support the recapitalization of Progrexion Holdings, Inc ("Progrexion"). After the financing, we now hold \$241 million of senior secured debt of Progrexion.

On June 28, 2013, Sandow Media, LLC ("Sandow") repaid \$30.1 million of the loan receivable to us. After the repayment, we now hold \$24.9 million of senior secured debt of Sandow.

On June 28, 2013, we made a \$1.0 million follow-on investment in Ajax Rolled Ring & Machine, Inc.

On June 28, 2013, we made an \$18.0 million secured debt follow-on investment in New Star Metals, Inc., a provider of specialized processing services to the steel industry.

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 a leading provider of Web security and wide area network (WAN) optimization solutions.

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

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

On July 24, 2013, we sold our \$2.0 million investment in Carolina Beverage Group, LLC and realized a gain of \$0.045 on this investment.

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

## Edgar Filing: PROSPECT CAPITAL CORP - Form 497

During the period from May 23, 2013 to July 25, 2013, we issued \$116.2 million in aggregate principal amount of our Prospect Capital InterNotes® for net proceeds of \$113.2 million.

**Legal Matters:** In the opinion of Joseph Ferraro, General Counsel of Prospect Administration, administrator for Prospect Capital Corporation, a Maryland corporation (the "Company"), the certificate evidencing the Notes (the "Note Certificate") constitutes the valid and binding obligation of the Company, entitled to the benefits of the Indenture and enforceable against the Company in accordance with its terms under the laws of the State of New York subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, concepts of reasonableness and equitable principles of general applicability (including, without limitation, concepts of good faith, fair dealing and the lack of bad faith), provided that such counsel expresses no opinion as to the effect of fraudulent conveyance, fraudulent transfer or similar provision of applicable law on the conclusions expressed above. This opinion is given as of the date hereof and is limited to the law of the State of New York as in effect on the date hereof. In addition, this opinion is subject to the same assumptions and qualifications stated in the letter of Skadden, Arps, Slate, Meagher & Flom, LLP dated March 8, 2012, filed as Exhibit (1)(5) to the Company's registration statement on Form N-2 (File No. 333-176637) and to the further assumptions that (i) the Note Certificate has been duly authorized by all requisite corporate action on the part of the Company and duly executed by the Company under Maryland law, and (ii) it was duly authenticated by the Trustee and issued and delivered by the Company against payment therefor in accordance with the terms of the Amended and Restated Selling Agent Agreement and the Indenture. Capitalized terms used in this paragraph without definition have the meanings ascribed to them in the accompanying prospectus supplement.

Prospect Capital Corporation  
10 East 40<sup>th</sup> Street, 44<sup>th</sup> Floor  
New York, New York 10016

In the opinion of Venable LLP, as Maryland counsel to the Company, (i) the execution and delivery by the Company of the Indenture, dated as of February 16, 2012, as supplemented through the One Hundred Thirty-Third Supplemental Indenture, between the Company and American Stock Transfer & Trust Company, the One Hundred Thirty-Fourth Supplemental Indenture, between the Company and American Stock Transfer & Trust Company, the One Hundred Thirty-Fifth Supplemental Indenture, between the Company and American Stock Transfer & Trust Company, the One Hundred Thirty-Sixth Supplemental Indenture, between the Company and American Stock Transfer & Trust Company, and the global notes representing the Notes issued pursuant to each such Supplemental Indenture, and the performance by the Company of its obligations thereunder, have been duly authorized by the Company and (ii) the issuance of the Notes has been duly authorized by the Company. This opinion is given to the Company as of July 29, 2013 and is limited to the laws of the State of Maryland as in effect on July 29, 2013. In addition, this opinion is subject to the same assumptions, qualifications and limitations stated in the opinion letter to the Company of Venable LLP, dated March 8, 2012, filed as Exhibit (1)(4) to the Company's Registration Statement on Form N-2 (File No. 333-176637). Capitalized terms used in this paragraph without definition have the meanings ascribed to them in the accompanying prospectus supplement.

Very truly yours,

/s/ VENABLE LLP

---

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-7 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 May 8, 2013.

**Citigroup**



Table of Contents

**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,

Edgar Filing: PROSPECT CAPITAL CORP - Form 497

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,



Table of Contents

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.

**TABLE OF CONTENTS  
PROSPECTUS SUPPLEMENT**

<u>Prospectus Summary</u>	<u>S-1</u>
<u>Selected Condensed Financial Data</u>	<u>S-6</u>
<u>Risk Factors</u>	<u>S-7</u>
<u>Description of Notes</u>	<u>S-12</u>
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>S-24</u>
<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>S-66</u>
<u>Registration and Settlement</u>	<u>S-67</u>
<u>Supplement to Material U.S. Federal Income Tax Considerations</u>	<u>S-70</u>
<u>Certain Considerations Applicable to ERISA, Governmental and Other Plan Investors</u>	<u>S-77</u>
<u>Use of Proceeds</u>	<u>S-78</u>
<u>Senior Securities</u>	<u>S-78</u>
<u>Ratio of Earnings to Fixed Charges</u>	<u>S-80</u>
<u>Plan of Distribution</u>	<u>S-81</u>
<u>Legal Matters</u>	<u>S-83</u>
<u>Independent Registered Public Accounting Firm</u>	<u>S-83</u>
<u>Available Information</u>	<u>S-83</u>
<u>Index to Financial Statements</u>	<u>F-1</u>

**PROSPECTUS**

<u>About This Prospectus</u>	<u>1</u>
<u>Prospectus Summary</u>	<u>2</u>
<u>Selected Condensed Financial Data</u>	<u>10</u>
<u>Risk Factors</u>	<u>11</u>
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>36</u>
<u>Quantitative and Qualitative Disclosures about Market Risk</u>	<u>74</u>
<u>Report of Management on Internal Control Over Financial Reporting</u>	<u>75</u>
<u>Use of Proceeds</u>	<u>75</u>
<u>Forward-Looking Statements</u>	<u>76</u>
<u>Distributions</u>	<u>77</u>
<u>Senior Securities</u>	<u>80</u>
<u>Price Range of Common Stock</u>	<u>82</u>
<u>Business</u>	<u>84</u>
<u>Certain Relationships and Transactions</u>	<u>110</u>
<u>Control Persons and Principal Stockholders</u>	<u>111</u>
<u>Portfolio Companies</u>	<u>113</u>
<u>Determination of Net Asset Value</u>	<u>120</u>
<u>Sales of Common Stock Below Net Asset Value</u>	<u>121</u>
<u>Dividend Reinvestment Plan</u>	<u>125</u>
<u>Material U.S. Federal Income Tax Considerations</u>	<u>127</u>
<u>Description of Our Capital Stock</u>	<u>134</u>
<u>Description of Our Preferred Stock</u>	<u>141</u>
<u>Description of Our Debt Securities</u>	<u>141</u>
<u>Description of Our Subscription Rights</u>	<u>155</u>
<u>Description of Our Warrants</u>	<u>156</u>
<u>Description of Our Units</u>	<u>157</u>
<u>Regulation</u>	<u>158</u>
<u>Custodian, Transfer and Dividend Paying Agent and Registrar</u>	<u>163</u>
<u>Brokerage Allocation and Other Practices</u>	<u>164</u>
<u>Plan of Distribution</u>	<u>164</u>
<u>Legal Matters</u>	<u>166</u>
<u>Independent Registered Accounting Firm</u>	<u>166</u>
<u>Available Information</u>	<u>166</u>
<u>Index to Financial Statements</u>	<u>F-1</u>

Table of Contents

**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-12. 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 Advisor" 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 invest primarily in first and second lien senior loans and mezzanine debt, which in some cases includes an equity component. 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 is subordinated to senior loans and is generally unsecured. Our investments have generally ranged between \$5 million and \$75 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. In most cases, companies in which we invest are privately held at the time we invest in them. We refer to these companies as "target" or "middle market" companies and these investments as "middle market investments."

We seek to maximize total returns to our investors, including both current yield and equity upside, by applying rigorous credit analysis and asset-based and cash-flow based lending techniques to make and monitor our investments. Many of our investments to date have been in energy-related industries, which consist of companies in the discovery, production, transportation, storage and use of energy resources as well as companies that sell products and services to, or acquire products and services from, these companies.

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

Table of Contents

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 March 31, 2013, we held investments in 120 portfolio companies. The aggregate fair value as of March 31, 2013 of investments in these portfolio companies held on that date is approximately \$3.7 billion. Our portfolio across all our interest bearing investments had an annualized current yield of 13.9% as of March 31, 2013.

**Recent Developments**

**Dividends**

On May 6, 2013, we announced the declaration of monthly dividends in the following amounts and with the following dates:

\$0.110125 per share for May 2013 to holders of record on May 31, 2013 with a payment date of June 20, 2013;

\$0.110150 per share for June 2013 to holders of record on June 28, 2013 with a payment date of July 18, 2013;

\$0.110175 per share for July 2013 to holders of record on July 31, 2013 with a payment date of August 22, 2013; and

\$0.110200 per share for August 2013 to holders of record on August 30, 2013 with a payment date of September 19, 2013.

**Recent Investment Activity**

On April 1, 2013, we refinanced our existing senior secured loans to Ajax Rolled Ring & Machine, Inc., increasing the size of our debt investment to \$38.5 million.

On April 15, 2013, we entered into an Agent Joinder Letter with Citigroup Global Markets Inc. to appoint Citigroup Global Markets Inc. as an agent pursuant to the Second Amended and Restated Selling Agent Agreement dated March 4, 2013, among us, Prospect Capital Management LLC, Prospect Administration LLC, Incapital LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated.

On April 19, 2013, we made an investment of \$43.7 million to purchase 97% of the subordinated notes in Mountain View CLO 2013-I Ltd.

On April 22, 2013, we provided \$34.4 million of senior secured financing to support the carve-out acquisition of Pegasus Financial Services ("PFS") by investment funds managed by H.I.G. Capital. PFS is the world's largest processor of commissions paid by hotels to travel agencies.

On April 25, 2013, we made an investment of \$26.0 million to purchase 50.9% of the subordinated notes in Brookside Mill CLO Ltd.

On April 30, 2013, we made a \$21.2 million follow-on investment in APH Property Holdings, LLC ("APH"), to acquire Lofton Place Apartments and Vista at Palma Sola, residential properties located in Florida. We invested \$3.2 million of equity and \$18.0 million of debt in APH.

Table of Contents

On April 30, 2013, we sold our investment in Fischbein, LLC for net proceeds of \$3.2 million, recognizing a realized gain of \$2.3 million on the sale. In addition, there is \$0.3 million being held in escrow which will be recognized as additional gain when and if received.

On May 8, 2013, we made a \$6.1 million follow-on investment in APH, to acquire Arlington Park Marietta, LLC, a residential property located in Marietta, Georgia. We invested \$2.1 million of equity and \$4.0 million of debt in APH.

**Equity Issuance**

During the period from April 1, 2013 to May 3, 2013, we sold 4,477,037 shares of our common stock at an average price of \$10.93 per share, and raised \$48.9 million of gross proceeds, under the ATM Program. Net proceeds were \$48.6 million net of commissions to the broker-dealer on shares sold and offering costs.

On April 18, 2013, we issued 138,087 shares of our common stock in connection with the dividend reinvestment plan.

**Debt Issuance**

During the period from April 1, 2013 to May 3, 2013, we issued \$64.2 million in aggregate principal amount of our Prospect Capital InterNotes® for net proceeds of \$62.6 million.

On May 6, 2013, we sold an additional \$21.8 million in aggregate principal amount of our Prospect Capital InterNotes® with a settlement date of May 9, 2013 for net proceeds of \$21.2 million.

Table of Contents

**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 well as all other publicly-offered senior debt securities of the Company. As of May 7, 2013, \$263.6 million aggregate principal amount of notes has been issued and an additional \$21.8 million aggregate principal amount of notes will be issued on May 9, 2013. 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.

Table of Contents

<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.
<b>Survivor's Option</b>	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."
<b>Sale and Clearance</b>	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.
<b>Trustee</b>	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.
<b>Selling Group</b>	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 (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 <a href="mailto:info@incapital.com">info@incapital.com</a> for a list of selling group members.

Table of Contents

**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, 2012, 2011, 2010, 2009 and 2008 has been derived from the financial statements that were audited by our independent registered public accounting firm. The selected consolidated financial data at and for the three and nine months ended March 31, 2013 and 2012 has been derived from unaudited financial data. Interim results for the three and nine months ended March 31, 2013 are not necessarily indicative of the results that may be expected for the year ending June 30, 2013. 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-24 for more information.