PROSPECT CAPITAL CORP
Form 497
March 31, 2014

The information in this preliminary prospectus supplement is not complete and may be changed. A registration statement relating to these securities has been filed with and declared effective by the Securities and Exchange Commission. This preliminary prospectus supplement and the accompanying prospectus are not offers to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, dated March 31, 2014

Filed pursuant to Rule 497
File No. 333-190850

PROSPECTUS SUPPLEMENT
(To Prospectus dated October 15, 2013)

Prospect Capital Corporation

% Senior Notes due 2019

This is an offering by Prospect Capital Corporation of $ in aggregate principal amount of its % Senior Notes due 2019, which we refer to in this prospectus supplement as the Notes. The Notes will mature on July 15, 2019. We will pay interest on the Notes on January 15 and July 15 of each year, beginning July 15, 2014. The Notes will be issued in minimum denominations of $1,000 and integral multiples of $1,000 in excess thereof. We may offer other debt securities from time to time other than the Notes under our Registration Statement or in private placements.

The Notes will be our direct senior unsecured obligations and rank pari passu with all outstanding and future unsecured unsubordinated indebtedness issued by Prospect Capital Corporation.

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.

We previously issued $50,000,000 in aggregate principal amount of 4.75% Senior Notes due 2019 (the "Exchange Notes") pursuant to our Prospect Capital InterNotes® program that provides original holders of such Exchange Notes with the option of exchanging such Exchange Notes for any issue of additional notes by us of at least $250,000,000 in aggregate principal amount that are pari passu with such Exchange Notes. This option expires on May 21, 2014. In the event that this offering is greater than $250,000,000, holders of such Exchange Notes shall have the right to exchange their Exchange Notes for the Notes offered hereby. Our Board of Directors has approved the issuance of up to an additional $50,000,000 of Notes in the event that holders of Exchange Notes exercise such option.

Investing in the Notes involves risks. See "Risk Factors" beginning on page S-10 of this prospectus supplement and page 12 of the accompanying prospectus.

	Per Note	Total

Public offering price(1)	%	$
Underwriting discounts and commissions (sales loads)	%	$
Proceeds to Prospect Capital Corporation (before expenses)(2)	%	$

(1) The public offering price set forth above does not include accrued interest, if any.

(2) Expenses payable by us related to this offering are estimated to be $400,000.

THE NOTES ARE NOT DEPOSITS OR OTHER OBLIGATIONS OF A BANK AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY.

Delivery of the Notes in book-entry form only through The Depository Trust Company will be made on or about , 2014.

This prospectus supplement and the accompanying prospectus contain important information you should know before investing in our securities. Please read this prospectus supplement and the accompanying prospectus 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 where such information is available without charge upon written or oral request. Our internet website address is 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 or the accompanying prospectus. Any representation to the contrary is a criminal offense.

Barclays **Goldman, Sachs & Co.** **RBC Capital Markets** **UBS Investment Bank**

BNP PARIBAS

BMO Capital Markets

Prospectus Supplement dated April , 2014

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,
- 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, 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 underwriters have 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 underwriters 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

Prospectus Summary	S-1
Selected Condensed Financial Data	S-9
Risk Factors	S-10
Management's Discussion and Analysis of Financial Condition and Results of Operations	S-15
Quantitative and Qualitative Disclosures About Market Risk	S-59
Description of Notes	S-60
Registration and Settlement	S-71
Supplement to Material U.S. Federal Income Tax Considerations	S-75
Certain Considerations Applicable to ERISA, Governmental and Other Plan Investors	S-81
Use of Proceeds	S-82
Capitalization	S-83
Senior Securities	S-84
Ratio of Earnings to Fixed Charges	S-86
Underwriting	S-87
Legal Matters	S-89
Independent Registered Public Accounting Firm	S-89
Available Information	S-89
Index to Financial Statements	F-1

PROSPECTUS

About This Prospectus	1
Prospectus Summary	2
Selected Condensed Financial Data	10
Risk Factors	12
Management's Discussion and Analysis of Financial Condition and Results of Operations	44
Quantitative and Qualitative Disclosures about Market Risk	94
Report of Management on Internal Control Over Financial Reporting	95
Use of Proceeds	95
Forward-Looking Statements	96
Distributions	97
Senior Securities	100
Price Range of Common Stock	102
Business	104
Certain Relationships and Transactions	132
Control Persons and Principal Stockholders	133
Portfolio Companies	135
Determination of Net Asset Value	149
Sales of Common Stock Below Net Asset Value	150
Dividend Reinvestment Plan	154
Material U.S. Federal Income Tax Considerations	156
Description of Our Capital Stock	164
Description of Our Preferred Stock	171
Description of Our Debt Securities	171
Description of Our Subscription Rights	185
Description of Our Warrants	186
Description of Our Units	187
Regulation	188
Custodian, Transfer and Dividend Paying Agent and Registrar	193
Brokerage Allocation and Other Practices	194
Plan of Distribution	194
Legal Matters	196
Independent Registered Accounting Firm	196
Available Information	196
Index to Financial Statements	F-1

PROSPECTUS SUMMARY

This summary highlights some of the information contained elsewhere in this prospectus supplement and the accompanying prospectus. It is not complete and may not contain all of the information that you may want to consider. You should read carefully the more detailed information set forth under "Risk Factors" in this prospectus supplement and in the accompanying prospectus and the other information included in this prospectus supplement and the accompanying prospectus.

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

The Company

We are 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 of less than $750 million and enterprise values of less than $1 billion. We are a closed-end investment company that has filed an election to be treated as a business development company under the Investment Company Act of 1940, or the "1940 Act." We invest primarily in senior and subordinated debt and equity of companies in need of capital for acquisitions, divestitures, growth, development and recapitalization. We work with the management teams or financial sponsors to seek investments with historical cash flows, asset collateral or contracted pro-forma cash flows.

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

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

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

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

Control Investments in Financial Companies This strategy involves acquiring controlling stakes in financial companies, including consumer direct lending, subprime auto lending and other strategies.

Our investments in these companies are generally structured as a combination of yield-producing debt and equity. These investments are often structured in a tax-efficient RIC (as defined below) -compliant partnership, enhancing returns. This strategy has comprised approximately 10%-15% of our business.

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

Real Estate Investments We make investments in real estate through our three wholly-owned tax-efficient real estate investment trusts ("REITs"), American Property Holdings Corp., National Property Holdings Corp. and United Property Holdings Corp. Our real estate investments are in various classes of fully developed and occupied real estate properties that generate current yields. We seek to identify properties that have historically high occupancy and steady cash flow generation. We partner with established property managers with experience in managing the property type to manage such properties after acquisition. This is a more recent investment strategy that has comprised approximately 5%-10% of our business.

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

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 and our investments in CLOs are subordinated to senior loans and are generally unsecured. We invest in debt and equity positions of CLOs which are a form of securitization in which the cash flows of a portfolio of loans are pooled and passed on to different classes of owners in various tranches. Our CLO investments are derived from portfolios of corporate debt securities which are generally risk rated from BB to B depending on the tranche.

We also acquire controlling interests in companies in conjunction with making secured debt investments in such companies. These may be in several industries, including industrial, service, real estate and financial businesses. In most cases, companies in which we invest are privately held at the time we invest in them.

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. 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. We also regularly evaluate control investment opportunities in a range of industries, and some of these investments could be material to us. There can be no assurance that we will successfully consummate any investment opportunity we are currently pursuing. 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 December 31, 2013, we held investments in 130 portfolio companies. The aggregate fair value as of December 31, 2013 of investments in these portfolio companies held on that date is approximately $4.9 billion. Our portfolio across all our performing interest-bearing investments had an annualized current yield of 12.9% as of December 31, 2013.

Recent Developments

Recent Investment Activity

On January 7, 2014, we made a $2.0 million investment in NPH Property Holdings, LLC ("NPH"), to support the peer-to-peer lending initiative. We invested $0.3 million of equity and $1.7 million of debt in NPH.

On January 8, 2014, we made a $161.5 million follow-on investment in Broder Bros., Co., a distributor of imprintable sportswear and accessories in the United States.

On January 13, 2014, we made a $2.0 million follow-on investment in NPH. We invested $0.3 million of equity and $1.7 million of debt in NPH.

On January 14, 2014, we made a $2.0 million follow-on investment in NPH. We invested $0.3 million of equity and $1.7 million of debt in NPH.

On January 17, 2014, we made a $2.0 million follow-on investment in NPH. We invested $0.3 million of equity and $1.7 million of debt in NPH.

On January 17, 2014, we made a $6.6 million follow-on investment in APH Property Holdings, LLC ("APH") to acquire the Gulf Coast II Portfolio, a portfolio of two multi-family residential properties located in Alabama and Florida. We invested $1.1 million of equity and $5.5 million of debt in APH.

On January 31, 2014, we made a $4.8 million follow-on investment in NPH to acquire Island Club, a multi-family residential property located in Jacksonville, Florida. We invested $0.8 million of equity and $4.0 million of debt in NPH.

On February 4, 2014, we made a secured debt investment of $25.0 million in Ikaria, Inc., a biotherapeutics company focused on developing and commercializing innovative therapies designed to meet the unique and complex medical needs of critically ill patients.

On February 5, 2014, we sold $8.0 million of our investment in a consumer products company.

On February 5, 2014, we made an investment of $32.4 million to purchase 94.27% of the subordinated notes in ING IM CLO 2014-I, Ltd.

On February 7, 2014, we made an investment of $23.1 million to purchase 63.64% of the subordinated notes in Halcyon Loan Advisors Funding 2014-I, Ltd.

On February 10, 2014, the SEC granted our exemptive application to permit us to participate in negotiated co-investments with our funds managed by Prospect Capital Management LLC, Priority Senior Secured Income Management, LLC or Pathway Energy Infrastructure Management, LLC or affiliated advisers in a manner consistent with our investment objective, strategies and restrictions as well as regulatory requirements and other pertinent factors, subject to the conditions therein.

On February 11, 2014, we made a $7.0 million follow-on investment in Interdent, Inc. to fund an acquisition.

On February 11, 2014, we made a secured debt investment of $10.0 million in TriMark USA LLC, a foodservice equipment and supplies distributor and provider of custom kitchen design services.

On February 12, 2014, we made a $2.0 million follow-on investment in NPH to support the peer-to-peer lending initiative. We invested $0.3 million of equity and $1.7 million of debt in NPH.

On February 19, 2014, we provided $17.0 million of secured floating rate financing to support the acquisition of Keane by Lovell Minnick Partners. Keane provides unclaimed property services to many

of the nation's largest financial institutions including transfer agents, mutual funds, banks, brokerages and insurance companies.

On February 21, 2014, we sold $6.5 million of our investment in a consumer products company.

On March 7, 2014, we provided $78.0 million of senior secured floating rate debt to support the continued growth of Tolt Solutions, Inc., a retail-focused information technology services company, providing customized network architecture solutions, installation, deployment, maintenance, and customer support to retailers nationwide.

On March 12, 2014, we made a secured debt investment of $10.0 million in Tectum Holdings, Inc., a manufacturer of aftermarket accessories for the lite-truck market.

On March 18, 2014, we made a $28.3 million follow-on investment in LaserShip, Inc., of which $22.3 million was funded at closing, to finance an acquisition.

On March 20, 2014, New Star Metals, Inc. repaid the $50.5 million loan receivable to us.

On March 25, 2014, we made a secured debt investment of $28.5 million in a provider of contract and permanent placement staffing services, with a strategic focus on the information technology segment.

On March 26, 2014, Material Handling Services, LLC repaid the $64.5 million loan receivable to us.

On March 28, 2014, we provided $277.5 million of secured floating rate debt to support the refinancing of Instant Web, LLC, a provider of direct marketing solutions to direct marketers for acquisition and loyalty programs in the United States.

Credit Facility

On January 15, 2014, we expanded the accordion feature of our credit facility from $650.0 million to $1.0 billion. On January 15, 2014, February 28, 2014 and March 28, 2014, we increased the commitments to the credit facility by $62.5 million, $45.0 million and $35.0 million, respectively. The commitments to the credit facility now stand at $792.5 million. As of March 28, 2014, we had $629.0 million outstanding under the credit facility.

Debt Issuance

During the period from January 1, 2014 to March 28, 2014, we issued $168.4 million in aggregate principal amount of our Prospect Capital InterNotes for net proceeds of $165.8 million.

Common Stock Issuance

During the period from January 1, 2014 to March 28, 2014 (with settlement through April 2, 2014), we sold 29,721,167 shares of our common stock at an average price of $11.13 per share, and raised $330.8 million gross proceeds, under our at-the-market offering program, or the "ATM Program." Net proceeds were $327.6 million after commissions to the broker-dealer on shares sold and offering costs.

On January 23, 2014, February 20, 2014 and March 20, 2014, we issued 109,087, 88,112 and 93,735 shares of our common stock in connection with the dividend reinvestment plan, respectively.

Dividends

On February 3, 2014, we announced the declaration of monthly dividends in the following amounts and with the following dates:

$0.110475 per share for July 2014 to holders of record on July 31, 2014 with a payment date of August 21, 2014;

$0.110500 per share for August 2014 to holders of record on August 29, 2014 with a payment date of September 18, 2014; and

$0.110525 per share for September 2014 to holders of record on September 30, 2014 with a payment date of October 22, 2014.

SPECIFIC TERMS OF THE NOTES AND THE OFFERING

This prospectus supplement sets forth certain terms of the Notes that Prospect Capital Corporation is offering pursuant to this prospectus supplement and supplements the accompanying prospectus that is attached to the back of this prospectus supplement. This section outlines the specific legal and financial terms of the Notes. You should read this section together with the more general description of the Notes under the heading "Description of the Notes" in this prospectus supplement and in the accompanying prospectus under the heading "Description of Our Debt Securities" before investing in the Notes. Capitalized terms used in this prospectus supplement and not otherwise defined shall have the meanings ascribed to them in the accompanying prospectus or in the indenture governing, or the supplemental indenture establishing, the terms of the Notes (collectively, the indenture and the supplemental indenture is referred to as the "Indenture").

Issuer	Prospect Capital Corporation
Title of securities	% Senior Notes due 2019
Initial aggregate principal amount being offered	$
Initial public offering price	% of the aggregate principal amount of Notes.
Principal payable at maturity	100% of the aggregate principal amount; the principal amount of each Note will be payable on its stated maturity date at the office of the Paying Agent, Registrar and Transfer Agent for the Notes or at such other office in The City of New York as we may designate.
Type of Note	Fixed rate note
Interest rate	% per year
Original issue date	, 2014
Stated maturity date	July 15, 2019
Date interest starts accruing	, 2014
Interest payment dates	Every January 15 and July 15, commencing July 15, 2014. If an interest payment date falls on a non-business day, the applicable interest payment will be made on the next business day and no additional interest will accrue as a result of such delayed payment.
Interest periods	The initial interest period will be the period from and including , 2014, to, but excluding, the initial interest payment date, and the subsequent interest periods will be the periods from and including an interest payment date to, but excluding, the next interest payment date or the stated maturity date, as the case may be.
Specified currency	U.S. Dollars
Place of payment	New York City

Ranking of Notes	The Notes will be our general, unsecured obligations and will rank equal in right of payment with all of our existing and future senior, unsecured indebtedness (including, but not limited to, our $150 million in aggregate principal amount of 6.25% Convertible Senior Notes due 2015 (the "2015 Notes"), our $167.5 million in aggregate principal amount of 5.5% Convertible Senior Notes due 2016 (the "2016 Notes"), our $130 million in aggregate principal amount of 5.375% Senior Convertible Notes due 2017 (the "2017 Notes"), our $200 million aggregate principal amount of 5.75% Convertible Senior Notes due 2018 (the "2018 Notes"), our $200 million aggregate principal amount of 5.875% Convertible Senior Notes due 2019 (the "2019 Notes"), our $100 million aggregate principal amount of 6.95% Senior Notes due 2022 (the "2022 Notes"), our $250 million aggregate principal amount of 5.875% Senior Notes due 2023 (the "2023 Notes") and the Prospect Capital InterNotes®) and senior in right of payment to any of our subordinated indebtedness. As a result, the Notes will be effectively subordinated to our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness and structurally subordinated to any existing and future liabilities and other indebtedness of our subsidiary. As of March 28, 2014, we and our subsidiary had approximately $2,642 million of senior indebtedness outstanding, $2,013 million of which was unsecured indebtedness.
Denominations	We will issue the Notes in denominations of $1,000 and integral multiples of $1,000 in excess thereof.
Business day	Each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in New York City are authorized or required by law or executive order to close.
Sinking fund	The Notes will not be subject to any sinking fund.
Repayment at option of Holders	Holders will not have the option to have the Notes repaid prior to the stated maturity date unless we undergo a fundamental change (as defined in this prospectus supplement) or we decide at our option to redeem the Notes. See " Fundamental Change Repurchase Right of Holders" and " Optional Redemption."
Defeasance	The Notes are subject to defeasance by us.
Covenant defeasance	The Notes are subject to covenant defeasance by us.

Form of Notes	The Notes will be represented by global securities that will be deposited and registered in the name of The Depository Trust Company ("DTC") or its nominee. This means that, except in limited circumstances, you will not receive certificates for the Notes. Beneficial interests in the Notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Investors may elect to hold interests in the Notes through either DTC, if they are a participant, or indirectly through organizations which are participants in DTC.
Trustee, Paying Agent, Registrar and Transfer Agent	U.S. Bank National Association
Fundamental Change Repurchase Right of Holders	If we undergo a fundamental change (as defined in this prospectus supplement) prior to maturity, you will have the right, at your option, to require us to repurchase for cash some or all of your Notes at a repurchase price equal to 100% of the principal amount of the Notes being repurchased, plus accrued and unpaid interest to, but not including, the repurchase date. See "Description of the Notes Purchase of Notes by Us for Cash at the Option of Holders upon a Fundamental Change."
Optional Redemption	The Notes will be redeemable, in whole or in part, at any time, or from time to time, at the option of the Company at the redemption price (as defined in this prospectus supplement). See "Description of the Notes Optional Redemption."
Events of Default	If an event of default on the Notes occurs, the principal amount of the Notes, plus accrued and unpaid interest (including additional interest, if any) may be declared immediately due and payable, subject to certain conditions set forth in the Indenture. These amounts automatically become due and payable in the case of certain types of bankruptcy or insolvency events of default involving the Company as defined in the Indenture.
Other covenants	In addition to the covenants described in the prospectus attached to this prospectus supplement, the following covenants shall apply to the Notes:
	We agree that for the period of time during which the Notes are outstanding, we will not violate Section 18(a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act or any successor provisions.

	If, at any time, we are not subject to the reporting requirements of Sections 13 or 15(d) of the Exchange Act to file any periodic reports with the SEC, we agree to furnish to holders of the Notes and the Trustee, for the period of time during which the Notes are outstanding, our audited annual consolidated financial statements, within 90 days of our fiscal year end, and unaudited interim consolidated financial statements, within 45 days of our fiscal quarter end. All such financial statements will be prepared, in all material respects, in accordance with applicable United States generally accepted accounting principles.
No Established Trading Market	The Notes are a new issue of securities with no established trading market. The Notes will not be listed on any securities exchange or on any automated dealer quotation system. Although the underwriters have informed us that they intend to make a market in the Notes, they are not obligated to do so, and may discontinue any such market making at any time without notice. Accordingly, we cannot assure you that a liquid market for the Notes will develop or be maintained.
Global Clearance and Settlement Procedures	Interests in the Notes will trade in DTC's Same Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore, be required by DTC to be settled in immediately available funds. None of the Company, the Trustee or the paying agent will have any responsibility for the performance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.
Governing Law	The Notes and the Indenture shall be governed by, and construed in accordance with, the laws of the State of New York.
Exchange Notes	We previously issued $50,000,000 in aggregate principal amount of Exchange Notes pursuant to our Prospect Capital InterNotes® program that provides original holders of such Exchange Notes with the option of exchanging such Exchange Notes for any issue of additional notes by us of at least $250,000,000 in aggregate principal amount that are pari passu with such Exchange Notes. This option expires on May 21, 2014. In the event that this offering is greater than $250,000,000, holders of such Exchange Notes shall have the right to exchange their Exchange Notes for the Notes offered hereby. In the event any original holder of such Exchange Notes desires to exercise its exchange option, it must do so no later than 5:00 pm on the business day following the date of this preliminary prospectus supplement, unless otherwise extended by us. Our Board of Directors has approved the issuance of up to an additional $50,000,000 of Notes in the event that holders of Exchange Notes exercise such option.

SELECTED CONDENSED FINANCIAL DATA

You should read the condensed consolidated financial information below with the Consolidated Financial Statements and notes thereto included in this prospectus supplement and the accompanying prospectus. Financial information below for the years ended June 30, 2013, 2012, 2011, 2010 and 2009 has been derived from the financial statements that were audited by our independent registered public accounting firm. The selected consolidated financial data at and for the three and six months ended December 31, 2013 and 2012 has been derived from unaudited financial data. Interim results for the three and six months ended December 31, 2013 are not necessarily indicative of the results that may be expected for the year ending June 30, 2014. 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-15 for more information.

	For the Three Months Ended December 31,		For the Six Months Ended December 31,		For the Year Ended June 30,				
	2013	2012	2013	2012	2013	2012	2011	2010	2009
	(in thousands except data relating to shares, per share and number of portfolio companies)								
Performance Data:									
Interest income	$ 147,103	$ 116,866	$ 285,524	$ 195,176	$ 435,455	$ 219,536	$ 134,454	$ 86,518	$ 62,926
Dividend income	8,892	31,955	15,981	68,163	82,705	64,881	15,092	15,366	22,793
Other income	22,095	17,214	37,619	26,332	58,176	36,493	19,930	12,675	14,762