

PROSPECT CAPITAL CORP  
Form 497  
February 04, 2013

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**Prospect Capital Corporation**  
**Prospect Capital InterNotes®**  
**4.000% Senior Notes due 2020 (the "2020 Notes")**  
**4.500% Senior Notes due 2031 (the "2031 Notes")**  
**5.500% Senior Notes due 2043 (the "2043 Notes"**  
**and together with the 2020 Notes and the 2031 Notes, the "Notes")**

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

Pricing Supplement Nos. 53, 54 and 55 Dated Monday, February 4, 2013 (To: Prospectus Dated October 29, 2012, and Prospectus Supplement Dated November 13, 2012)

CUSIP Number	ISIN Number	Principal Amount	Selling Price	Gross Concession	Net Proceeds	Coupon Type	Coupon Rate	Coupon Frequency	Maturity Date	1st Coupon Date	1st Coupon Amount	Survivor's Option	Product Ranking
74348YCC3	US74348YCC30	\$592,000.00	100.000%	1.750%	\$581,640.00	Fixed	4.000%	Semi-Annual	2/15/2020	8/15/2013	\$20.89	Yes	Senior Unsecured Notes

**Redemption Information: Callable at 100.000% on 2/15/2014 and every coupon date thereafter.**

CUSIP Number	ISIN Number	Principal Amount	Selling Price	Gross Concession	Net Proceeds	Coupon Type	Coupon Rate	Coupon Frequency	Maturity Date	1st Coupon Date	1st Coupon Amount	Survivor's Option	Product Ranking
74348YCD1	US74348YCD13	\$280,000.00	100.000%	3.400%	\$270,480.00	Fixed	4.500%	Semi-Annual	2/15/2031	8/15/2013	\$23.50	Yes	Senior Unsecured Notes

**Redemption Information: Callable at 100.000% on 2/15/2015 and every coupon date thereafter.**

CUSIP Number	ISIN Number	Principal Amount	Selling Price	Gross Concession	Net Proceeds	Coupon Type	Coupon Rate	Coupon Frequency	Maturity Date	1st Coupon Date	1st Coupon Amount	Survivor's Option	Product Ranking
74348YCE9	US74348YCE95	\$978,000.00	100.000%	3.800%	\$940,836.00	Fixed	5.500%	Semi-Annual	2/15/2043	8/15/2013	\$28.72	Yes	Senior Unsecured Notes

**Redemption Information: Callable at 100.000% on 2/15/2016 and every coupon date thereafter.**

Trade Date: Monday, February 4, 2013 @ 12:00 PM ET  
Settle Date: Thursday, February 7, 2013  
Minimum Denomination/Increments: \$1,000.00/\$1,000.00  
Initial trades settle flat and clear SDFS: DTC Book Entry only

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The Notes will be issued pursuant to the Indenture, dated as of February 16, 2012, as amended and supplemented by that certain Fifty-Third Supplemental Indenture, Fifty-Fourth Supplemental Indenture and Fifty-Fifth Supplemental Indenture, respectively, each dated as of February 7, 2013.

The date from which interest shall accrue on the Notes is Thursday, February 7, 2013. The "Interest Payment Dates" for the Notes shall be February 15 and August 15 of each year, commencing August 15, 2013; 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 February 1 or August 1, as the case may be, next preceding such Interest Payment Date.

The 2020 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 February 15, 2014, February 15, 2015 and February 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-8 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.

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**Recent Developments:** On November 15, 2012, Renaissance Learning, Inc. repaid the \$6.0 million loan receivable to us.

On November 22, 2012, we issued 84,904 shares of our common stock in connection with the dividend reinvestment plan.

On November 26, 2012 we made a secured second lien investment of \$22.0 million in Petroleum Place, Inc., a provider of enterprise resource planning software focused on the oil & gas industry.

On November 30, 2012 we made a secured second lien investment of \$9.5 million to support the recapitalization of R-V Industries, Inc.

On December 3, 2012, VanDeMark Chemicals, Inc. repaid the \$29.7 million loan receivable to us.

On December 6, 2012, we made an investment of \$38.3 million, to purchase 90% of the subordinated notes in Apidos CLO XI, LLC.

On December 7, 2012, Hudson Products Holdings, Inc. repaid the \$6.3 million loan receivable to us.

On December 7, 2012, we announced the declaration of revised monthly dividends in the following amounts and with the following dates:

11.0000 cents per share for December 2012 (record date of December 31, 2012 and payment date of January 23, 2013); and

11.0025 cents per share for January 2013 (record date of January 31, 2013 and payment date of February 20, 2013).

These distributions replace the dividends for December 2012 and January 2013 that were previously announced on November 7, 2012.

On December 13, 2012, we completed a \$33.9 million recapitalization of CCPI, Inc. ("CCPI"), an international manufacturer of refractory materials and other consumable products for industrial applications. Through the recapitalization, we acquired a controlling interest in CCPI for \$28.3 million in cash and 467,928 unregistered shares of our common stock.

On December 14, 2012, we provided \$10.0 million of first-lien financing to support the recapitalization of Prince Mineral Holding Corp., a leading global specialty mineral processor and consolidator.

On December 14, 2012, we made a \$3.0 million follow-on investment in Focus Brands, Inc.

On December 17, 2012, we made a \$39.8 million first-lien investment in Coverall Health-Based Cleaning Systems, a leading franchiser of commercial cleaning businesses.

On December 17, 2012, we made a \$38.2 million first-lien secured follow-on investment in Material Handling Services, LLC, d/b/a/ Total Fleet Solutions, to support the acquisition of Miner Holding Company, Inc.

On December 17, 2012, we made a secured debt investment of \$30.0 million to support the recapitalization of BNN Holdings Corp. After the financing, we received payment of the \$26.2 loan that was previously outstanding.

On December 19, 2012, we provided \$17.5 million of senior secured second-lien financing to support the recapitalization of a retailer of food, beverages and general merchandise.

On December 19, 2012, we provided \$23.2 million of senior secured second-lien financing to support the recapitalization of TB Corp., a Mexican restaurant chain.

On December 19, 2012, we closed an increase of \$35.0 million to our commitments to our credit facility. The commitments to the credit facility now stand at \$552.5 million.

On December 20, 2012, we made a follow-on senior secured debt investment of \$19.5 million to support the recapitalization of Progexion Holdings, Inc. After the financing, we now hold \$154.5 million of senior secured debt of Progexion Holdings, Inc.

On December 20, 2012, we issued 100,552 shares of our common stock in connection with the dividend reinvestment plan.

On December 21, 2012, ST Products, LLC repaid the \$23.2 million loan receivable to us.

On December 21, 2012, SG Acquisition, Inc. repaid the \$83.2 million loan receivable to us.

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On December 21, 2012, we made a \$37.5 million senior secured first-lien investment in a leading provider of regional same day and next day distribution services for premier e-commerce and product supply businesses.

On December 21, 2012, we made a \$12.0 million senior secured first-lien follow-on investment in FPG, LLC.

On December 21, 2012, we made a \$10.0 million senior secured second-lien follow-on investment in Seaton Corp.

On December 21, 2012, we issued \$200.0 million in aggregate principal amount of 5.875% senior convertible notes due 2019 (the "2019 Notes") for net proceeds following underwriting and other expenses of approximately \$193.6 million. Interest on the 2019 Notes is paid semi-annually in arrears on January 15 and July 15, at a rate of 5.875% per year, commencing July 15, 2013. The 2019 Notes mature on January 15, 2019 unless converted earlier. The 2019 Notes are convertible into shares of common stock at an initial conversion rate of 79.7766 shares of common stock per \$1,000 principal amount of 2019 Notes, which is equivalent to a conversion price of approximately \$12.54 per share of common stock, subject to adjustment in certain circumstances. The conversion rate for the 2019 Notes will be increased when monthly cash dividends paid to common shares exceed the monthly dividend rate of \$0.110025 per share.

On December 24, 2012, we made a follow-on secured debt investment of \$5.0 million in New Star Metals, Inc.

On December 24, 2012, we made a \$7.0 million second-lien secured investment in Aderant North America, Inc., a leading provider of enterprise software solutions to professional services organizations.

On December 28, 2012, we made a \$9.5 million second-lien secured investment in Abbington Point, Inc., a multi-family property in Marietta, Georgia.

On December 28, 2012, we made a \$5.0 million second-lien secured investment in TransFirst Holdings, Inc., a payments processing firm.

On December 28, 2012, we completed a \$47.9 million recapitalization of Credit Central Holdings, LLC ("CCI") a branch-based provider of installment loans. Through the recapitalization, we acquired a controlling interest in CCI for \$33.5 million in cash and 897,906 unregistered shares of our common stock.

On December 28, 2012, we made a \$3.6 million follow-on secured debt investment in Ajax Rolled Ring & Machine, Inc.

On December 28, 2012, we made a \$30.0 million first-lien senior secured investment to support the recapitalization of Spartan Energy Services, LLC, a leading provider of thru tubing and flow control services to oil and gas companies.

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On December 31, 2012, we provided a \$32.0 million senior secured loan to support the acquisition of System One Holdings, LLC, a leading provider of professional staffing services, by investment funds managed by MidOcean Partners.

On December 31, 2012, we funded a recapitalization of Valley Electric Co. of Mt. Vernon, Inc. with \$52.1 million of combined debt and equity financing.

On December 31, 2012, we provided \$70.0 million of secured send-lien debt financing for the acquisition of Thomson Reuters Property Tax Services by Ryan, LLC.

On January 11, 2013, we provided \$27.1 million of debt financing to CHC Companies, Inc., a national provider of correctional medical and behavioral healthcare solutions.

On January 17, 2013, we provided \$30.4 million for the acquisition of Live Oaks, a multi-family residential property located in Tampa, Florida.

On January 24, 2013, we made an investment of \$24.3 million to purchase 56.14% of the subordinated notes in Cent 17 CLO Limited.

On January 24, 2013, we made an investment of \$25.7 million to purchase 50.12% of the subordinated notes in Octagon Investment Partners XV, Ltd.

On January 31, 2013, we funded an acquisition of the subsidiaries of Nationwide Acceptance Corporation, which operate a specialty finance business based in Chicago, Illinois, with \$25.2 million of combined debt and equity financing.

During the period from October 4, 2012 to January 31, 2013, we issued \$92.6 million in aggregate principal amount of our Prospect Capital InterNotes® for net proceeds of \$89.8 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 Fifty-Third Supplemental Indenture, between the Company and American Stock Transfer & Trust Company, the Fifty-Fourth Supplemental Indenture, between the Company and American Stock Transfer & Trust Company and the Fifty-Fifth 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 February 4, 2013 and is limited to the laws of the State of Maryland as in effect on February 4, 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

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PROSPECTUS SUPPLEMENT  
(To Prospectus dated October 29, 2012)

## Prospect Capital Corporation

### Prospect Capital InterNotes®

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

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

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

*Investing in the notes involves certain risks, including those described in the "Risk Factors" section beginning on page S-8 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 agent listed below.

### **Incapital LLC**

Prospectus Supplement dated November 13, 2012.



**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,



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

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

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

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

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

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

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

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**PROSPECTUS**

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**PROSPECTUS SUMMARY**

*This section summarizes the legal and financial terms of the notes that are described in more detail in "Description of Notes" beginning on page S-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, 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 have made no direct investments to date in the real estate or mortgage industries, and we do not intend currently to focus on such 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. There can be no assurance that we will successfully consummate any investment opportunity we are currently pursuing. Motivated sellers, including commercial finance companies, hedge funds, other business development companies, total return swap counterparties, banks, collateralized loan obligation funds, and other entities, are suffering from excess leverage, and we believe we are well positioned to capitalize as potential buyers of such assets at attractive prices. If any of these

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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 September 30, 2012, we held investments in 96 portfolio companies. The aggregate fair value as of September 30, 2012 of investments in these portfolio companies held on that date is approximately \$2.7 billion. Our portfolio across all our long-term debt had an annualized current yield of 13.3% as of September 30, 2012. The yield includes interest as well as dividends.

**Recent Developments**

**Dividends**

On November 7, 2012, we announced the declaration of monthly dividends in the following amounts and with the following dates:

\$0.101675 per share for November 2012 to holders of record on November 30, 2012 with a payment date of December 20, 2012;

\$0.101700 per share for December 2012 to holders of record on December 31, 2012 with a payment date of January 23, 2013; and

\$0.101725 per share for January 2013 to holders of record on January 31, 2013 with a payment date of February 20, 2013.

**Recent Investment Activity**

On October 3, 2012, we made a senior secured investment of \$21.5 million to support the acquisition of CP Well Testing, LLC, a leading provider of flowback services to oil and gas companies operating in Western Oklahoma and the Texas Panhandle.

On October 5, 2012, Northwestern Management Services, LLC repaid the \$15.1 million loan receivable to us and we sold our 50 shares of Northwestern common stock for total proceeds of \$2.2 million, realizing a gain of \$1.9 million.

On October 11, 2012, we made a secured second lien investment of \$12.0 million in Deltek, Inc., an enterprise software and information solutions provider for professional services firms, government contractors, and government agencies.

On October 12, 2012, we made a senior secured investment of \$42.0 million to support the acquisition of Gulf Coast Machine and Supply Company, a preferred provider of value-added forging solutions to energy and industrial end markets.

On October 16, 2012, Blue Coat Systems, Inc. repaid the \$25.0 million loan receivable to us.

On October 18, 2012, we made a follow-on equity investment of \$20.0 million to First Tower Holdings of Delaware LLC, to support seasonal growth in finance receivables due to increased holiday borrowing activity among its customer base.

On October 18, 2012, Hi-Tech Testing Service, Inc. and Wilson Inspection X-Ray Services, Inc. repaid the \$7.2 million loan receivable to us.

On October 19, 2012, Mood Media Corporation repaid the \$15.0 million loan receivable to us.

On October 24, 2012, we made an investment of \$7.8 million to acquire an industrial real estate property occupied by Filet-of-Chicken, a chicken processor in Georgia.

On October 31, 2012, Shearer's Foods, Inc. repaid the \$38.0 million loan receivable to us.



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On November 5, 2012, we made an investment of \$39.5 million to purchase 95.0% of the subordinated notes in ING IM CLO 2012-4, LTD.

On November 7, 2012, we redeemed our membership interests in Mistral Chip Holdings, LLC, Mistral Chip Holdings 2, LLC and Mistral Chip Holdings 3, LLC in connection with the sale of Shearer's Foods, Inc., receiving \$6.0 million of net proceeds and realizing a gain of approximately \$2.0 million on the redemption.

On November 8, 2012, Potters Holdings II, L.P. repaid the \$15.0 million loan receivable to us.

On November 9, 2012 we made a secured second lien investment of \$22.0 million to support the recapitalization of EIG Investors Corp. Concurrent with the financing, we received a repayment of the \$12.0 million loan previously outstanding.

### **Shelf Registration**

On October 29, 2012, our Registration Statement on Form N-2 was declared effective by the SEC. Under this Shelf Registration Statement, we can issue up to \$3.0 billion of additional securities.

### **Debt Issuance**

On October 4, 2012, we issued \$7.2 million in aggregate principal amount of Prospect Capital InterNotes® for net proceeds of approximately \$7.0 million.

### **Common Stock Issuances**

During the period from October 1, 2012 to October 9, 2012, we sold 1,245,655 shares of our common stock at an average price of \$11.53 per share, and raised \$14.4 million of gross proceeds, under our at-the-market offering program (the "ATM Program"). Net proceeds were \$14.2 million after 1% commission to the broker-dealer on shares sold and offering costs.

On October 24, 2012 we issued 83,200 shares of our common stock in connection with the dividend reinvestment plan.

On November 7, 2012, we issued 35,000,000 shares of our common stock at \$11.10 per share (or \$10.96 per share net proceeds excluding expenses), raising \$383.6 million of net proceeds.

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**The Offering**

<b>Issuer</b>	Prospect Capital Corporation
<b>Purchasing Agent</b>	Incapital LLC
<b>Agents</b>	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 \$500,000,000, 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 November 12, 2012, \$95,689,000 aggregate principal amount of notes has been issued. There are no limitations on our ability to issue additional indebtedness in the form of Prospect Capital InterNotes® or otherwise other than under the 1940 Act.
<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>Each note will bear interest from its date of original issuance at a fixed rate per year.</p> <p>Interest on each 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 repurchased 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.</p>
<b>Principal</b>	The principal amount of each note will be payable on its stated maturity date at the corporate trust office of the paying agent or at any other place we may designate.
<b>Redemption and Repayment</b>	Unless otherwise stated in the applicable pricing supplement, a note will not be redeemable at our option or be repayable at the option of the holder prior to its stated maturity date. The notes will not be subject to any sinking fund.
<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



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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. The right to exercise the Survivor's Option is 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" on page S-15.

**Sale and Clearance**

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

**Trustee**

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

**Selling Group**

The agents and dealers comprising the selling group are broker-dealers and securities firms. The Purchasing Agent entered into an Amended and Restated Selling Agent Agreement with us dated November 13, 2012 (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. Dealers who are members of the selling group have executed a Master Selected Dealer Agreement with the Purchasing Agent. The agents and the dealers have agreed to market and sell the notes in accordance with the terms of those respective agreements and all other applicable laws and regulations. You may contact the Purchasing Agent at [info@incapital.com](mailto:info@incapital.com) for a list of selling group members.

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**SELECTED CONDENSED FINANCIAL DATA**

You should read the condensed consolidated financial information below with the Consolidated Financial Statements and notes thereto included in this prospectus supplement and the accompanying prospectus. Financial information below for the years ended June 30, 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 months ended September 30, 2012 and 2011 has been derived from unaudited financial data. Interim results for the three months ended September 30, 2012 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-18 for more information.

<b>For the Three Months</b>		<b>For the Year/Period Ended June 30,</b>		
<b>Ended September 30,</b>		<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>2012</b>	<b>2011</b>			