

PROSPECT CAPITAL CORP

Form 497

August 14, 2017

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

Subject to completion

Preliminary Pricing Supplement dated

August 14, 2017

Prospect Capital Corporation

Prospect Capital InterNotes®

4.500% Notes due 2022 (the "2022 Notes")

5.000% Notes due 2025 (the "2025 Notes" and together with the 2022 Notes, the "Notes")

Filed under Rule 497, Registration Statement No. 333-213391

Preliminary Pricing Supplement Nos. 490 and 491 — Dated Monday, August 14, 2017

(To: Prospectus Dated November 3, 2016, and Prospectus Supplement Dated May 12, 2017)

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
74348YWG2	US74348YWG24	\$ 100.000		1.250%	\$	Fixed	4.500%	Semi-Annual	8/15/2022	2/15/2018	\$2

Redemption Information: Callable at 100.000% on 2/15/2018 and every business day thereafter ("Optional Redemption Date")

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
74348YWH0	US74348YWH07	\$ 100.000		1.900%	\$	Fixed	5.000%	Semi-Annual	8/15/2025	2/15/2018	\$2

Redemption Information: Callable at 100.000% on 2/15/2018 and every business day thereafter ("Optional Redemption Date")

Trade Date: Monday, August 21, 2017 @ 12:00 PM ET

Settle Date: Thursday, August 24, 2017

Minimum Denomination/Increments: \$1,000.00/\$1,000.00

Initial trades settle flat and clear SDFS: DTC Book Entry only

The Notes will be issued pursuant to the Indenture, dated as of February 16, 2012, as amended and supplemented by that certain Four Hundred Ninetieth and Four Hundred Ninety-First Supplemental Indenture dated as of August 24, 2017.

The date from which interest shall accrue on the Notes is Thursday, August 24, 2017. The "Interest Payment Dates" for the Notes shall be February 15 and August 15 of each year, commencing February 15, 2018; the interest payable on any Interest Payment Date, will be paid to the Person in whose name the Notes (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 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, 2018 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 5 days nor more that 60 days prior notice to the noteholder and the trustee, as described in the prospectus.

Except for Notes sold to level-fee accounts, Notes offered to the public will be offered at the public offering price set forth above. Agents purchasing Notes on an agency basis for client accounts shall purchase Notes at the public offering price. Notes sold by the Agents for their own account may be sold at the public offering price less the discount specified above. Notes purchased by the Agents on behalf of level-fee accounts may be sold to such accounts at the discount to the public offering price specified above, in which case, such Agents will not retain any portion of the sales price as compensation.

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 L.P. manages our investments and Prospect Administration LLC provides the administrative services necessary for us to operate.

This preliminary pricing supplement relates only to the securities described in the accompanying prospectus supplement and prospectus, is only a summary of changes and should be read together with the accompanying prospectus supplement and prospectus, including among other things the section entitled "Risk Factors" beginning on page S-8 of such prospectus supplement and page 10 of such prospectus. This preliminary pricing supplement and the accompanying prospectus supplement and prospectus contain important information you should know before investing in our securities. Please read it before you invest and keep it for future reference. We file annual, quarterly and current reports, proxy statements and other information about us with the Securities and Exchange Commission, or the "SEC." This information is available free of charge by contacting us at 10 East 40th Street, 42nd 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 preliminary pricing supplement. Any representation to the contrary is a criminal offense. Obligations of Prospect Capital Corporation and any subsidiary of Prospect Capital Corporation are not guaranteed by the full faith and credit of the United States of America. Neither Prospect Capital Corporation nor any subsidiary of Prospect Capital Corporation is a government-sponsored enterprise or an instrumentality of the United States of America.

InterNotes® is a registered trademark of Incapital Holdings LLC.

Recent Developments:

On May 12, 2017, Outerwall Inc. repaid the \$40.0 million loan receivable to us.

On May 1, 2017, Keystone Peer Review Organization Holdings, Inc. (“KEPRO”) repaid the \$45.0 million loan receivable to us. On May 18, 2017, we made a \$50.0 million second lien secured investment to support KEPRO’s refinancing and acquisition of Keystone Acquisition Corp.

We have provided notice to call on May 10, 2017 with settlement on June 15, 2017, \$6.7 million and \$22.2 million of our Prospect Capital InterNotes® maturing on December 15, 2017 and December 15, 2018, respectively.

During the period from April 25, 2017 to May 17, 2017, we sold our \$21.8 million debt investment in SITEL Worldwide Corporation.

On May 25, 2017, we issued \$1.8 million in aggregate principal amount of our Prospect Capital InterNotes® for net proceeds of \$1.8 million.

On June 2, 2017, Crosman Corporation repaid the \$98.1 million loan receivable to us.

During the period from May 10, 2017 through On June 9, 2017, Hollander Sleep Products, LLC repaid the \$21.9 million loan receivable to us.

On June 13, 2017, we made an investment of \$44.9 million to purchase 84.21% of the subordinated notes in Voya CLO 2017-3, Ltd. in a co-investment transaction with Priority Income Fund, Inc., a closed-end fund managed by an affiliate of Prospect Capital Management L.P.

The Investment Advisory Agreement, originally approved by our Board of Directors on June 23, 2004, was recently re-approved on June 13, 2017 for an additional one-year term expiring June 22, 2018.

On June 30, 2017, Vivid Seats LLC repaid the \$22.5 million loan receivable to us.

On July 19, 2017, we received \$17.9 million and \$22.2 million as a partial return of capital on our investments in Voya CLO 2012-2, Ltd. and Voya CLO 2012-3, Ltd., respectively.

On July 19, 2017, EZShield Parent, Inc. repaid the \$15.0 million Senior Secured Term Loan A and \$15.0 million Senior Secured Term Loan B receivable to us.

On July 28, 2017, Global Employment Solutions, Inc. repaid the \$48.1 million loan receivable to us.

On August 7, 2017, Water PIK, Inc. repaid the \$13.7 million loan receivable to us.

During the period from May 25, 2017 through August 10, 2017, we issued \$25.4 million in aggregate principal amount of our Prospect Capital InterNotes® for net proceeds of \$25.1 million.

During the period from May 25, 2017 through August 14, 2017, we received a partial repayment of \$14.4 million of our loans previously outstanding with National Property REIT Corp. (“NPRC”) and its wholly-owned subsidiaries, and \$13.7 million as a return of capital on our equity investment in NPRC.

Filed pursuant to Rule 497
File No. 333-213391

PROSPECTUS SUPPLEMENT

(To Prospectus dated November 3, 2016)

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 10 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, 42nd 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. 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 Citigroup RBC Capital Markets

Prospectus Supplement dated May 12, 2017.

®InterNotes is a registered trademark of Incapital Holdings LLC

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,” “projects,” “seeks,” “anticipates,” “anticipated,” “should,” “could,” “may,” “will,” “designed to,” “foreseeable future,” “believe,” “believe in,” “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

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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 may 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 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 Adviser” and “PCM” refer to Prospect Capital Management L.P.; 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. We are a closed-end investment company incorporated in Maryland. We have elected to be regulated as a business development company (“BDC”) under the Investment Company Act of 1940 (the “1940 Act”). As a BDC, we have elected to be treated as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986 (the “Code”). We were organized on April 13, 2004 and were funded in an initial public offering completed on July 27, 2004. We are one of the largest BDCs with approximately \$6.2 billion of total assets as of March 31, 2017.

We are externally managed by our investment adviser, Prospect Capital Management. Prospect Administration provides administrative services and facilities necessary for us to operate.

On May 15, 2007, we formed a wholly-owned subsidiary Prospect Capital Funding LLC (“PCF”), a Delaware limited liability company and a bankruptcy remote special purpose entity, which holds certain of our portfolio loan investments that are used as collateral for the revolving credit facility at PCF. Our wholly-owned subsidiary Prospect Small Business Lending, LLC (“PSBL”) was formed on January 27, 2014 and purchases small business whole loans on a recurring basis from online small business loan originators, including On Deck Capital, Inc. (“OnDeck”). On September 30, 2014, we formed a wholly-owned subsidiary Prospect Yield Corporation, LLC (“PYC”) and effective October 23, 2014, PYC holds our investments in collateralized loan obligations (“CLOs”). Each of these subsidiaries have been consolidated since operations commenced.

We currently have nine strategies that guide our origination of investment opportunities: (1) lending to companies controlled by private equity sponsors, (2) lending to companies not controlled by private equity sponsors, (3) purchasing control equity and lending to operating companies, (4) purchasing control equity and lending to financial services companies, (5) investing in structured credit, (6) investing in real estate, (7) investing in syndicated debt, (8) investing in online loans and (9) aircraft leasing. We may also invest in other strategies and opportunities from time to time that we view as attractive. We continue to evaluate other origination strategies in the ordinary course of business with no specific top-down allocation to any single origination strategy.

Lending to Companies Controlled by Private Equity Sponsors - We make agented loans to companies which are controlled by private equity sponsors. This debt can take the form of first lien, second lien, unitranche or unsecured loans. These loans typically have equity subordinate to our loan position. Historically, this strategy has comprised approximately 40%-60% of our portfolio.

Lending to Companies not Controlled by Private Equity Sponsors - We make loans to companies which are not controlled by private equity sponsors, such as companies that are controlled by the management team, the founder, a family or public shareholders. This origination strategy may have less competition to provide debt financing than the private-equity-sponsor origination strategy because such company financing needs are not easily addressed by banks and often require more diligence preparation. This origination strategy can result in investments with higher returns or lower leverage than the private-equity-sponsor origination strategy. Historically, this strategy has comprised up to approximately 15% of our portfolio.

Purchasing Control Equity and Lending to Operating Companies - This strategy involves purchasing yield-producing debt and control equity in non-financial-services operating companies. We can provide enhanced certainty of closure and liquidity to sellers and we look for management to continue on in their current roles. This strategy has comprised approximately 5%-15% of our portfolio.

Purchasing Control Equity and Lending to Financial Services Companies - This strategy involves purchasing yield-producing debt and control equity investments in financial services companies, including consumer direct lending, sub-prime auto lending and other strategies. These investments are often structured in tax-efficient partnerships, enhancing returns. This strategy has comprised approximately 5%-15% of our portfolio.

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Investing in Structured Credit - We make investments in CLOs, often taking a significant position in the subordinated interests (equity) of the CLOs. The underlying portfolio of each CLO investment is diversified across approximately 100 to 200 broadly syndicated loans and does not have direct exposure to real estate, mortgages, or consumer-based credit assets. The CLOs in which we invest generally are managed by established collateral management teams with many years of experience in the industry. This strategy has comprised approximately 10%-20% of our portfolio.

Investing in Real Estate - We make investments in real estate through our wholly-owned tax-efficient real estate investment trust (“REIT”) National Property REIT Corp. (“NPRC”), the surviving entity of the May 23, 2016 merger with American Property REIT Corp. (“APRC”) and United Property REIT Corp. (“UPRC”). Our real estate investments are in various classes of significantly developed and occupied real estate properties that generate current yields, including multi-family properties, student housing, and self-storage. We seek to identify properties that have historically significant occupancy rates and recurring cash flow generation. NPRC generally co-invests with established and experienced property management teams that manage such properties after acquisition. This investment strategy has comprised approximately 5%-10% of our business.

Investing in Syndicated Debt - On a primary or secondary basis, we purchase primarily senior and secured loans and high yield bonds that have been sold to a club or syndicate of buyers. These investments are often purchased with a long term, buy-and-hold outlook, and we often look to provide significant input to the transaction by providing anchoring orders. This strategy has comprised approximately 5%-10% of our portfolio.

Investing in Online Loans - We purchase loans originated by certain consumer loan and small-and-medium-sized business (“SME”) loan facilitators. We generally purchase each loan in its entirety (i.e., a “whole loan”). The borrowers are consumers and SMEs. The loans are typically serviced by the facilitators of the loans. This investment strategy has comprised up to approximately 8% of our portfolio.

Aircraft Leasing - We invest in debt as well as equity in aircraft assets subject to commercial leases to airlines across the globe. These investments can present attractive return opportunities due to cash flow consistency from long-lived assets coupled with hard asset residual value. We seek to deliver risk-adjusted returns with strong downside protection by analyzing relative value characteristics across a variety of aircraft types and vintages. This strategy historically has comprised less than 5% of our portfolio.

We invest primarily in first and second lien secured loans and unsecured debt, which in some cases includes an equity component. First and second lien secured loans generally are senior debt instruments that rank ahead of unsecured 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. 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.

We hold many of our control investments in a two-tier structure consisting of a holding company and one or more related operating companies for tax purposes. These holding companies serve various business purposes including concentration of management teams, optimization of third party borrowing costs, improvement of supplier, customer, and insurance terms, and enhancement of co-investments by the management teams. In these cases, our investment, which is generally equity in the holding company, the holding company’s equity investment in the operating company and any debt from us directly to the operating company structure represents our total exposure for the investment. As of March 31, 2017, as shown in our Consolidated Schedule of Investments, the cost basis and fair value of our investments in controlled companies were each \$1.9 billion. This structure gives rise to several of the risks described in our public documents and highlighted elsewhere in this prospectus supplement. We consolidate all wholly-owned and substantially wholly-owned holding companies formed by us for the purpose of holding our controlled investments in operating companies. There is no significant effect of consolidating these holding companies as they hold minimal assets other than their investments in the controlled operating companies. Investment company accounting prohibits the consolidation of any operating companies.

As of March 31, 2017, we had investments in 125 portfolio companies and CLOs. The aggregate fair value as of March 31, 2017 of investments in these portfolio companies held on that date is approximately \$6.0 billion. Our portfolio across all our performing interest-bearing investments had an annualized current yield of 12.3% as of March

31, 2017.

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Recent Developments

Investment Transactions

On April 7, 2017, we made an investment of \$19.4 million to purchase 50.48% of the subordinated notes in Carlyle Global Market Strategies CLO 2014-4, Ltd. in a co-investment transaction with Pathway Energy Infrastructure Fund, Inc., a closed-end fund managed by an affiliate of Prospect Capital Management.

On April 11, 2017, we announced the then current conversion rate on the 2020 Notes as 80.6670 shares of common stock per \$1 principal amount of the 2020 Notes converted, which is equivalent to a conversion price of approximately \$12.40.

On April 16, 2017, we announced the then current conversion rate on the 2017 Notes as 87.7516 shares of common stock per \$1 principal amount of the 2017 Notes converted, which is equivalent to a conversion price of approximately \$11.40.

On April 20, 2017, we made a \$15.0 million first lien senior secured investment to support a refinancing of RGIS Services, LLC, a provider of inventory, merchandising and staffing solutions.

On May 1, 2017, Broder Bros., Co. partially repaid the \$6.9 million Senior Secured Term Loan A and \$4.6 million Senior Secured Term Loan B receivable to us.

On May 2, 2017, Keystone Peer Review Organization Holdings, Inc. repaid the \$45.0 million loan receivable to us.

On May 4, 2017, we provided \$64.5 million of senior secured financing, of which \$62.5 million was funded at closing, to support the acquisition of RME Group Holdings Company, a provider of client acquisition and lead generation services to professional service firms.

Debt and Equity

On April 6, 2017, we repurchased \$114.6 million aggregate principal amount of the 2018 Notes at a price of 103.5% of face value, including commissions. As a result of this transaction, we recorded a loss in the amount of the difference between the reacquisition price and the net carrying amount of the 2018 Notes, net of the proportionate amount of unamortized debt issuance costs. The net loss on extinguishment of debt we recorded in the three months ending June 30, 2017 was \$4.7 million.

On April 6, 2017, we repurchased \$78.8 million aggregate principal amount of the 2017 Notes at a price of 102.0% of face value, including commissions. As a result of this transaction, we recorded a loss in the amount of the difference between the reacquisition price and the net carrying amount of the 2017 Notes, net of the proportionate amount of unamortized debt issuance costs. The net loss on extinguishment of debt we recorded in the three months ending June 30, 2017 was \$1.8 million.

On April 6, 2017, we issued \$225.0 million aggregate principal amount of convertible notes that mature on July 15, 2022 (the "4.95% 2022 Notes"), unless previously converted or repurchased in accordance with their terms. The 4.95% 2022 Notes bear interest at a rate of 4.95% per year, payable semi-annually on January 15 and July 15 each year, beginning July 15, 2017. Total proceeds from the issuance of the 4.95% 2022 Notes, net of underwriting discounts and estimated offering costs, were \$217.8 million.

During the period from April 1, 2017 through May 11, 2017 we issued \$15.9 million aggregate principal amount of Prospect Capital InterNotes® for net proceeds of \$15.7 million.

We have provided notice to call on May 11, 2017 with settlement on May 15, 2017, \$20.7 million of our Prospect Capital InterNotes® maturing on November 15, 2018.

Dividends

On May 9, 2017, we announced the declaration of monthly dividends in the following amounts and with the following dates:

\$0.08333 per share for May 2017 to holders of record on May 31, 2017 with a payment date of June 22, 2017.

\$0.08333 per share for June 2017 to holders of record on June 30, 2017 with a payment date of July 20, 2017.

\$0.08333 per share for July 2017 to holders of record on July 31, 2017 with a payment date of August 24, 2017.

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\$0.08333 per share for August 2017 to holders of record on August 31, 2017 with a payment date of September 21, 2017.

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The Offering Issuer	Prospect Capital Corporation
Purchasing Agent	Incapital LLC
Agents	Citigroup Global Markets Inc. and RBC Capital Markets, LLC. From time to time, we may sell the notes to or through additional agents.
Title of Notes	Prospect Capital InterNotes®
Amount	We may issue notes from time to time in various offerings up to \$1.5 billion, the aggregate principal amount authorized by our board of directors for notes. As of May 11, 2017, \$1.2 billion aggregate principal amount of notes has been issued. We have, from time to time, repurchased certain notes and, therefore, as of May 11, 2017, \$997.3 million aggregate principal amount of notes were outstanding, including repurchases of \$20.7 million with settlement on May 15, 2017. 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 asset coverage requirement under our credit facility.
Denominations	The notes will be issued and sold in denominations of \$1,000 and multiples of \$1,000 (unless otherwise stated in the pricing supplement).
Status	The notes will be our direct unsecured senior obligations and will rank equally in right of payment with all of our other unsecured senior indebtedness from time to time outstanding.
Maturities	Each note will mature 12 months or more from its date of original issuance.
Interest	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”). 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. 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.
Principal	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.
Redemption and Repayment	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.
Survivor’s Option	Specific notes may contain a provision permitting the optional repayment of those notes prior to stated maturity, if requested by the authorized representative of the beneficial owner of those notes, following the death of the beneficial owner of the notes, so long as the notes were owned by the beneficial owner or his or her estate at least six months prior to the request. This feature is referred to as a “Survivor’s Option.” Your notes will not be repaid in this manner unless the pricing supplement for your notes provides for the Survivor’s Option. If the pricing supplement for your notes provides for the Survivor’s Option, your right to exercise the Survivor’s Option will be subject to limits set by us

on (1) the permitted dollar amount of total exercises by all holders of notes in any calendar year, and (2) the permitted dollar amount of an individual exercise by a holder of a note in any calendar year. Additional details on the Survivor's Option are described in the section entitled "Description of Notes—Survivor's Option."

Sale and
Clearance

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

Trustee

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

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Selling
Group

The agents and dealers comprising the selling group are broker-dealers and securities firms. Each of the Purchasing Agent, Citigroup Global Markets Inc. and RBC Capital Markets, LLC entered into a Sixth Amended and Restated Selling Agent Agreement with us dated November 10, 2016 (as amended, the “Selling Agent Agreement”). Additional agents appointed by us from time to time in connection with the offering of the notes contemplated by this prospectus supplement will become parties to the Selling Agent Agreement. 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 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, 2016, 2015, 2014, 2013 and 2012 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, 2017 and 2016 has been derived from unaudited financial data. Interim results for the three and nine months ended March 31, 2017 are not necessarily indicative of the results that may be expected for the year ending June 30, 2017. 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-21 for more information.

	For the Three Months Ended March 31, 2017		For the Nine Months Ended March 31, 2017		For the Year Ended June 30,			2013
	2016	2016	2017	2016	2016	2015	2014	2013
	(in thousands except data relating to shares, per share and number of portfolio companies)							
Performance Data:								
Total interest income	\$ 161,711	\$ 178,992	\$ 508,152	\$ 556,798	\$ 731,618	\$ 748,974	\$ 613,741	\$ 435,000
Total dividend income	817	8,301	4,580	25,062	26,501	7,663	26,837	82,700
Total other income	8,504	2,200	21,612	17,075	33,854	34,447	71,713	58,170
Total Investment Income	171,032	189,493	534,344	598,935	791,973	791,084	712,291	576,300
Interest and credit facility expenses	(41,464)	(41,719)	(123,981)	(125,881)	(219,305)	(170,660)	(130,103)	(76,300)
Investment advisory expense	(48,819)	(52,883)	(151,328)	(165,652)	(167,719)	(225,277)	(198,296)	(151,000)
Other expenses	(7,669)	(7,265)	(22,631)	(27,641)	(33,821)	(32,400)	(26,669)	(24,000)
Total Operating Expenses	(97,952)	(101,867)	(297,940)	(319,174)	(420,845)	(428,337)	(355,068)	(251,000)
Net Investment Income	73,080	87,626	236,404	279,761	371,128	362,747	357,223	324,900
Net realized and change in unrealized (losses) gains	(53,588)	(12,118)	(34,666)	(271,556)	(267,766)	(16,408)	(38,203)	(104,000)
Net Increase in Net Assets from Operations	\$ 19,492	\$ 75,508	\$ 201,738	\$ 8,205	\$ 103,362	\$ 346,339	\$ 319,020	\$ 220,900
Per Share Data:								
Net Increase in Net Assets from Operations(1)	\$ 0.05	\$ 0.21	\$ 0.56	\$ 0.02	\$ 0.29	\$ 0.98	\$ 1.06	\$ 1.07

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Dividends declared per share	\$(0.25)	\$(0.25)	\$(0.75)	\$(0.75)	\$(1.00)	\$(1.19)	\$(1.32)	\$(1.2
Weighted average shares of common stock outstanding	359,402,527	355,779,088	358,468,092	355,994,927	356,134,297	353,648,522	300,283,941	207,0
Assets and Liabilities Data:								
Investments at Fair Value	\$6,024,766	\$6,005,105	\$6,024,766	\$6,005,105	5,897,708	\$6,609,558	\$6,253,739	\$4,1
Other Assets(4)	128,338	198,496	128,338	198,496	338,473	144,356	166,520	237,7
Total Assets(4)	6,153,104	6,203,601	6,153,104	6,203,601	6,236,181	6,753,914	6,420,259	4,410
Revolving Credit Facility	—	—	—	—	—	368,700	92,000	124,0
Convertible Notes(4)	910,782	1,072,863	910,782	1,072,863	1,074,361	1,218,226	1,219,676	827,2
Public Notes(4)	737,802	697,534	737,802	697,534	699,368	541,490	637,584	340,6
Prospect Capital InterNotes®(4)	991,345	882,653	991,345	882,653	893,210	811,180	766,781	353,5
Due to Prospect Administration and Prospect Capital Management	50,945	56,920	50,945	56,920	55,914	6,788	2,211	6,690
Other liabilities	70,062	71,215	70,062	71,215	77,411	104,481	83,825	102,0
Total Liabilities(4)	2,760,936	2,781,185	2,760,936	2,781,185	2,800,264	3,050,865	2,802,077	1,754
Net Assets	\$3,392,168	\$3,422,416	\$3,392,168	\$3,422,416	3,435,917	\$3,703,049	\$3,618,182	\$2,65
Investment Activity Data:								
No. of portfolio companies at period end	125	125	125	125	125	131	142	124
Acquisitions	\$449,607	\$23,176	\$1,266,294	\$685,064	\$979,102	\$1,867,477	\$2,933,365	\$3,10
Sales, repayments, and other disposals	\$302,513	\$163,641	\$1,061,839	\$955,415	\$1,338,875	\$1,411,562	\$767,978	\$931
Total return based on market value(2)	11.30	% 8.25	% 26.27	% 9.62	% 21.84	% (20.80)	% 10.90	% 6.20
Total return based on net asset value(2)	0.77	% 3.50	% 7.07	% 3.58	% 7.15	% 11.50	% 11.00	% 10.90
Weighted average annualized yield at end of	12.3	% 13.4	% 12.3	% 13.4	% 13.2	% 12.7	% 12.1	% 13.6

period(3)

(1) Per share data is based on the weighted average number of common shares outstanding for the period presented (except for dividends to shareholders which is based on actual rate per share).

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- Total return based on market value is based on the change in market price per share between the opening and ending market prices per share in each period and assumes that dividends are reinvested in accordance with our dividend reinvestment plan. Total return based on net asset value is based upon the change in net asset value per share between the opening and ending net asset values per share in each period and assumes that dividends are reinvested in accordance with our dividend reinvestment plan. For a period less than one year, the return is not annualized.
- (2)
- (3) Excludes equity investments and non-performing loans.
- We have changed our method of presentation relating to debt issuance costs in accordance with ASU 2015-03, Interest - Imputation of Interest (Subtopic 835-30). Unamortized deferred financing costs of \$40,526, \$44,140, \$57,010, \$37,607, and \$15,693 previously reported as an asset on the Consolidated Statements of Assets and Liabilities as of June 30, 2016, 2015, 2014, 2013, and 2012, respectively, and \$42,727 as of March 31, 2016 have been reclassified as a direct deduction to the respective Unsecured Notes. See Critical Accounting Policies and Estimates for further discussion.
- (4)

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RISK FACTORS

Your investment in the notes will involve certain risks. This prospectus supplement and the accompanying prospectus do not describe all of those risks.

You should, in consultation with your own financial and legal advisors, carefully consider the following discussion of risks before deciding whether an investment in the notes is suitable for you. The notes will not be an appropriate investment for you if you are not knowledgeable about significant features of the notes or financial matters in general. You should not purchase the notes unless you understand, and know that you can bear, these investment risks.

Our amount of debt outstanding will increase as a result of this offering. Our current indebtedness could adversely affect our business, financial condition and results of operations and our ability to meet our payment obligations under the notes and our other debt.

As of May 11, 2017, we and our subsidiaries had approximately \$2.7 billion of unsecured senior indebtedness outstanding and as our credit facility was undrawn, no secured indebtedness outstanding.