

PROSPECT CAPITAL CORP

Form 497

December 10, 2018

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

December 10, 2018

Prospect Capital Corporation

Prospect Capital InterNotes®

5.750% Notes due 2023 (the "2023 Notes")

6.000% Notes due 2025 (the "2025 Notes," and together with the 2023 Notes, the "Notes")

Filed under Rule 497, Registration Statement No. 333-227124

Preliminary Pricing Supplement Nos. 627 and 628 — Dated Monday, December 10, 2018

(To: Prospectus Dated October 31, 2018, and Prospectus Supplement Dated November 9, 2018)

CUSIP Number	ISIN Number	Principal Amount	Selling Price	Gross Concession	Net Proceeds	Coupon Type	Coupon Rate	Coupon Frequency	Maturity Date	1st Coupon Date	1st Am
74348YG21	US74348YG217	\$ 100.000		1.250%	\$	Fixed	5.750%	Semi-Annual	12/15/2023	6/15/2019	\$27

Redemption Information: Callable at 100.000% on 6/15/2019 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 Am
74348YG39	US74348YG399	\$ 100.000		1.750%	\$	Fixed	6.000%	Semi-Annual	12/15/2025	6/15/2019	\$29

Redemption Information: Callable at 100.000% on 6/15/2019 and every business day thereafter ("Optional Redemption Date")

Trade Date: Monday, December 17, 2018 @ 12:00 PM ET

Settle Date: Thursday, December 20, 2018

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 Six Hundred Twenty-Seventh and Six Hundred Twenty-Eighth Supplemental Indenture dated as of December 20, 2018.

The date from which interest shall accrue on the Notes is Thursday, December 20, 2018. The "Interest Payment Dates" for the Notes shall be June 15 and December 15 of each year, commencing June 15, 2019; 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 June 1 or December 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 June 15, 2019 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 12 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:

Pursuant to notice to call provided on October 12, 2018, we redeemed \$70.1 million of our Prospect Capital InterNotes® at par maturing between May 15, 2020 and November 15, 2020, with a weighted average rate of 4.92%. Settlement of the call occurred on November 15, 2018.

During the period from November 10, 2018 through November 29, 2018, we issued \$6.6 million in aggregate principal amount of our Prospect Capital InterNotes® for net proceeds of \$6.4 million.

On November 19, 2018, we increased total commitments to our revolving credit facility (“the Revolving Credit Facility”) for Prospect Capital Funding LLC, one of our GAAP consolidated subsidiaries, by \$80.0 million to \$910.0 million in the aggregate. On November 28, 2018, we further increased total commitments to the Revolving Credit Facility by \$55.0 million to \$965.0 million in the aggregate. On December 3, 2018, we further increased total commitments to the Revolving Credit Facility by \$25.0 million to \$990.0 million in the aggregate.

On December 4, 2018, we made a \$25.0 million Second Lien Term Loan investment in Global Tel*Link Corporation, a leading provider of integrated technology solutions used by inmates, investigators, and administrators in the U.S. corrections industry.

On November 28, 2018, we priced an underwritten public offering of \$50.0 million in aggregate principal amount of 6.875% unsecured notes due 2029 (the “2029 Notes”). The 2029 Notes settled on December 5, 2018 for total proceeds, net of underwriting discounts, of \$48.4 million. We have granted the underwriters a 30 day option to purchase up to an additional \$7.5 million in aggregate principal amount of the Notes.

On November 28, 2018, Rocket Software, Inc. fully repaid the \$50.0 million Second Lien Term Loan receivable to us. After the repayment, we made a new \$50.0 million Second Lien Term Loan investment in Rocket Software, Inc., a global provider of infrastructure software with over 16,000 global corporate customers across a variety of industries in over 80 countries.

On December 7, 2018, we made additional \$12.0 million of Senior Secured Term Loan A and \$12.0 million of Senior Secured Term Loan B investments in MRP Holdco, Inc. to support an acquisition.

On December 7, 2018, we made an investment of \$2.7 million to refinance and extend our 90.54% ownership of the subordinated notes in Symphony CLO XV, Ltd. In addition to the equity injection, we made an investment of \$11.4 million to purchase the single-B rated debt tranche of Symphony CLO XV, Ltd.

During the period from November 9, 2018 to December 7, 2018, we issued \$1.3 million in aggregate principal amount of our 2024 Notes for net proceeds of \$1.3 million and have issued \$0.6 million in aggregate principal amount of our 2028 Notes for net proceeds of \$0.6 million.

Filed pursuant to Rule 497
File No. 333-227124

PROSPECTUS SUPPLEMENT

(To Prospectus dated October 31, 2018)

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-9 of this prospectus supplement and page 12 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 or the accompanying prospectus. 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 November 9, 2018.

®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

(i)

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.

(ii)

TABLE OF CONTENTS

PROSPECTUS SUPPLEMENT	PAGE
<u>Prospectus Summary</u>	<u>S-1</u>
<u>Selected Condensed Financial Data</u>	<u>S-6</u>
<u>Risk Factors</u>	<u>S-8</u>
<u>Description of the Notes</u>	<u>S-12</u>
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>S-21</u>
<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>S-53</u>
<u>Registration and Settlement</u>	<u>S-54</u>
<u>Supplement to Material U.S. Federal Income Tax Considerations</u>	<u>S-57</u>
<u>Certain Considerations Applicable to ERISA, Governmental and Other Plan Investors</u>	<u>S-63</u>
<u>Use of Proceeds</u>	<u>S-64</u>
<u>Senior Securities</u>	<u>S-65</u>
<u>Plan of Distribution</u>	<u>S-68</u>
<u>Legal Matters</u>	<u>S-70</u>
<u>Independent Accounting Firms</u>	<u>S-70</u>
<u>Available Information</u>	<u>S-70</u>
<u>Index to Financial Statements</u>	<u>F-1</u>
PROSPECTUS	PAGE
<u>About This Prospectus</u>	<u>1</u>
<u>Prospectus Summary</u>	<u>2</u>
<u>Selected Condensed Financial Data</u>	<u>10</u>
<u>Risk Factors</u>	<u>12</u>
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>46</u>
<u>Quantitative and Qualitative Disclosures about Market Risk</u>	<u>83</u>
<u>Report of Management on Internal Control Over Financial Reporting</u>	<u>84</u>
<u>Use of Proceeds</u>	<u>85</u>
<u>Forward-Looking Statements</u>	<u>86</u>
<u>Distributions</u>	<u>87</u>
<u>Senior Securities</u>	<u>89</u>
<u>Price Range of Common Stock</u>	<u>92</u>
<u>Business</u>	<u>93</u>
<u>Certain Relationships and Transactions</u>	<u>114</u>
<u>Control Persons and Principal Stockholders</u>	<u>115</u>
<u>Portfolio Companies</u>	<u>116</u>
<u>Determination of Net Asset Value</u>	<u>128</u>
<u>Sales of Common Stock Below Net Asset Value</u>	<u>129</u>
<u>Dividend Reinvestment and Direct Stock Purchase Plan</u>	<u>133</u>
<u>Material U.S. Federal Income Tax Considerations</u>	<u>136</u>
<u>Description of Our Capital Stock</u>	<u>142</u>
<u>Description of Our Preferred Stock</u>	<u>148</u>
<u>Description of Our Debt Securities</u>	<u>149</u>
<u>Description of Our Subscription Rights</u>	<u>159</u>
<u>Description of Our Warrants</u>	<u>160</u>
<u>Description of Our Units</u>	<u>161</u>

<u>Regulation</u>	<u>162</u>
<u>Custodian, Transfer and Dividend Paying Agent and Registrar</u>	<u>167</u>
<u>Brokerage Allocation and Other Practices</u>	<u>168</u>
<u>Plan of Distribution</u>	<u>169</u>
<u>Legal Matters</u>	<u>171</u>
<u>Independent Accounting Firms</u>	<u>171</u>
<u>Available Information</u>	<u>171</u>
<u>Index to Financial Statements</u>	<u>F-1</u>

(iv)

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-13. 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.

Our \$101.6 million aggregate principal amount of 5.875% Senior Convertible Notes due 2019 are referred to as the “2019 Notes.” Our \$392.0 million aggregate principal amount of 4.75% Senior Convertible Notes due 2020 are referred to as the “2020 Notes.” Our \$328.5 million aggregate principal amount of 4.95% Convertible Notes due 2022 are referred to as the “2022 Notes” and, collectively with the 2019 Notes and the 2020 Notes, the “Convertible Notes.” Our \$320.0 million aggregate principal amount of 5.875% Senior Notes due 2023 are referred to as the “2023 Notes.” Our \$214.8 million aggregate principal amount of 6.25% Notes due 2024 are referred to as the “2024 Notes.” Our \$65.1 million aggregate principal amount of 6.25% Senior Notes due 2028 are referred to as the “2028 Notes.” Our \$100.0 million aggregate principal amount of 6.375% Notes due 2024 are referred to as the “6.375% 2024 Notes.” The 2023 Notes, 2024 Notes, 2028 Notes and the 6.375% 2024 Notes, are collectively referred to as the “Public Notes.” Any Prospect Capital InterNotes® issued pursuant to our medium term notes program are referred to as the “Prospect Capital InterNotes.” The Convertible Notes, the Public Notes and the Prospect Capital InterNotes are referred to as the “Unsecured Notes.”

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 September 30, 2018.

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 controlling equity positions and lending to operating companies, (4) purchasing controlling equity positions and lending to financial services companies, (5) purchasing controlling equity positions and lending to real estate companies, (6) purchasing controlling equity positions and lending to aircraft leasing companies, (7) investing in structured credit, (8) investing in syndicated debt and (9) investing in consumer and small business loans and asset-backed securitizations. 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.

S-1

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 Controlling Equity Positions and Lending to Operating Companies - This strategy involves purchasing yield-producing debt and controlling equity positions in non-financial-services operating companies. We believe that 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 Controlling Equity Positions and Lending to Financial Services Companies - This strategy involves purchasing yield-producing debt and controlling 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.

Purchasing Controlling Equity Positions and Lending to Real Estate Companies - We purchase debt and controlling equity positions in tax-efficient real estate investment trusts (“REIT” or “REITs”). National Property REIT Corp.’s (“NPRC”), an operating company and the surviving entity of the May 23, 2016 merger with American Property REIT Corp. (“APRC”) and United Property REIT Corp. (“UPRC”), real estate investments are in various classes of developed and occupied real estate properties that generate current yields, including multi-family properties, student housing, and self-storage. NPRC seeks 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. Additionally, NPRC purchases loans originated by certain consumer loan facilitators. It purchases each loan in its entirety (i.e., a “whole loan”). The borrowers are consumers, and the loans are typically serviced by the facilitators of the loans. This investment strategy has comprised approximately 10%-20% of our business.

Purchasing Controlling Equity Positions and Lending to Aircraft Leasing Companies - We invest in debt as well as equity in companies with aircraft assets subject to commercial leases to airlines across the globe. We believe that these investments can present attractive return opportunities due to cash flow consistency from long-term leases coupled with hard asset residual value. We believe that these investment companies 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.

Investing in Structured Credit - We make investments in CLOs, often taking a significant position in the subordinated interests (equity) and debt 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 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 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 Consumer and Small Business Loans and Asset-Backed Securitizations - We purchase loans originated by certain consumer and small-and-medium-sized business (“SME”) loan platforms. We generally purchase each loan in its entirety (i.e., a “whole loan”) and we invest in asset-backed securitizations collateralized by consumer or small business loans. The borrowers are consumers and SMEs and the loans are typically serviced by the platforms of the loans. This investment strategy has comprised up to approximately 0% of our portfolio.

Typically, we concentrate on making investments in companies with annual revenues of less than \$750 million and enterprise values of less than \$1 billion. Our typical investment involves a secured loan of less than \$250 million. 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.”

S-2

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 constantly 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 September 30, 2018, we had investments in 137 portfolio companies and CLOs. The aggregate fair value as of September 30, 2018 of investments in these portfolio companies held on that date is approximately \$5.9 billion. Our portfolio across all our performing interest-bearing investments had an annualized current yield of 13.5% as of September 30, 2018. Our annualized current yield was 10.8% as of September 30, 2018 across all investments.

Recent Developments

Investment Activity

On October 1, 2018, Fleetwash, Inc. fully repaid the \$21.5 million Senior Secured Term Loan B receivable to us.

On October 10, 2018, we made a \$25.0 million Second Lien Term Loan investment in 8th Avenue Food & Provisions, Inc., a private food brands provider and manufacturer of peanut and other nut butters, pasta and healthy snacks.

On October 12, 2018, we made a \$35.0 million Second Lien Term Loan investment in CCS-CMGC Holdings, Inc., a leading provider of outsourced correctional healthcare and behavioral healthcare solutions for government customers.

On October 18, 2018, ATS Consolidated, Inc. fully repaid the \$15.0 million Second Lien Term Loan receivable to us.

On October 25, 2018, we made a \$12.5 million Second Lien Term Loan investment in GlobalTranz Enterprises, Inc., a technology-enabled third-party logistics provider of transportation services, including full truckload, less-than-truckload, expedited (air), and intermodal services, along with logistics services and supply chain management solutions.

Debt and Equity

During the period from October 1, 2018 through November 8, 2018 we issued \$17.3 million aggregate principal amount of Prospect Capital InterNotes® for net proceeds of \$17.0 million.

During the period from October 1, 2018 through November 8, 2018, we issued \$2.8 million in aggregate principal amount of our 2024 Notes for net proceeds of \$2.8 million and issued \$1.7 million in aggregate principal amount of our 2028 Notes for net proceeds of \$1.7 million.

We have provided notice to call on October 12, 2018 with settlement on November 15, 2018, \$70.1 million of our Prospect Capital InterNotes® at par maturing between May 15, 2020 and November 15, 2020, with a weighted average rate of 4.92%.

On October 11, 2018, we increased total commitments to our revolving credit facility for Prospect Capital Funding LLC, one of our GAAP consolidated subsidiaries, by \$35.0 million to \$830.0 million in the aggregate.

On October 31, 2018, our Registration Statement on Form N-2 (File No. 333-227124) was declared effective by the SEC. Under this Shelf Registration Statement, we can issue up to an aggregate of \$5.0 billion in securities, including debt and equity, in the public market.

Dividends

On November 6, 2018, we announced the declaration of monthly dividends in the following amounts and with the following dates:

\$0.06 per share for November 2018 to holders of record on November 30, 2018 with a payment date of December 20, 2018.

\$0.06 per share for December 2018 to holders of record on January 2, 2019 with a payment date of January 24, 2019.

\$0.06 per share for January 2019 to holders of record on January 31, 2019 with a payment date of February 21, 2019.

S-3

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 November 8, 2018, approximately \$1.3 billion aggregate principal amount of notes has been issued. We have, from time to time, repurchased certain notes and, therefore, as of November 8, 2018, \$715.2 million aggregate principal amount of notes were outstanding, including intended repurchases of \$70.1 million on November 15, 2018. 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.

S-4

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 Seventh Amended and Restated Selling Agent Agreement with us dated November 9, 2018 (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.

S-5

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, 2018, 2017, 2016, 2015, and 2014 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, 2018 and 2017 has been derived from unaudited financial data. Interim results for the three months ended September 30, 2018 are not necessarily indicative of the results that may be expected for the year ending June 30, 2019. 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-22 for more information.

	For the Three Months Ended September 30,		For the Year Ended June 30,				
	2018	2017	2018	2017	2016	2015	2014
	(in thousands except data relating to shares, per share and number of portfolio companies)						
Performance Data:							
Total interest income	\$ 159,442	\$ 148,085	\$ 607,012	\$ 668,717	\$ 731,618	\$ 748,974	\$ 613,741
Total dividend income	14,927	544	13,046	5,679	26,501	7,663	26,837
Total other income	6,053	9,950	37,787	26,650	33,854	34,447	71,713
Total Investment Income	180,422	158,579	657,845	701,046	791,973	791,084	712,291
Interest and credit facility expenses	(37,908)	(41,035)	(155,039)	(164,848)	(167,719)	(170,660)	(130,103)
Investment advisory expense	(51,247)	(46,096)	(189,759)	(199,394)	(219,305)	(225,277)	(198,296)
Other expenses	(6,108)	(7,716)	(26,197)	(30,722)	(33,821)	(32,400)	(26,669)
Total Operating Expenses	(95,263)	(94,847)	(370,995)	(394,964)	(420,845)	(428,337)	(355,068)
Net Investment Income	85,159	63,732	286,850	306,082	371,128	362,747	357,223
Net realized and net change in unrealized (losses) gains	(1,364)	(51,759)	13,013	(53,176)	(267,766)	(16,408)	(38,203)
Net Increase in Net Assets from Operations	\$ 83,795	\$ 11,973	\$ 299,863	\$ 252,906	\$ 103,362	\$ 346,339	\$ 319,020
Per Share Data:							
Net Increase in Net Assets from Operations(1)	\$ 0.23	\$ 0.03	\$ 0.83	\$ 0.70	\$ 0.29	\$ 0.98	\$ 1.06
Dividends declared per share	\$(0.18)	\$(0.23)	\$(0.77)	\$(1.00)	\$(1.00)	\$(1.19)	\$(1.32)
Weighted average shares of common stock outstanding	364,783,137	360,171,834	361,456,073	358,841,714	356,134,297	353,648,522	300,283,941
Assets and Liabilities Data:							
Investments at Fair Value	\$ 5,936,683	\$ 5,687,117	5,727,279	\$ 5,838,305	\$ 5,897,708	\$ 6,609,558	\$ 6,253,739
Other Assets(4)	262,799	291,985	111,541	334,484	338,473	144,356	166,520
Total Assets(4)	6,199,482	5,979,102	5,838,820	6,172,789	6,236,181	6,753,914	6,420,259
Revolving Credit Facility	404,000						