Section 1: 497 (497)

Filed pursuant to Rule 497
File No. 333-227124

PROSPECTUS SUPPLEMENT
(To Prospectus dated October 31, 2018)

Prospect Capital Corporation

Up to $100,000,000 6.250% Notes due 2024
Up to $100,000,000 6.250% Notes due 2028
Up to $100,000,000 6.875% Notes due 2029

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.

We have entered into debt distribution agreements, originally dated July 2, 2018 and amended and restated on August 31, 2018 and February 7, 2019 with each of B. Riley FBR, Inc. ("B. Riley FBR") and BB&T Capital Markets, a division of BB&T Securities, LLC ("BB&T Capital Markets"), and debt distribution agreements, originally dated August 31, 2018 and amended and restated on February 7, 2019 with Comerica Securities, Inc. ("Comerica" and, together with B. Riley FBR and BB&T Capital Markets, the "Agents") pursuant to which we may offer for sale, from time to time, up to $100,000,000 in aggregate principal amount of our 6.250% Notes due 2024 (the "2024 Notes"), up to $100,000,000 in aggregate principal amount of our 6.250% Notes due 2028 (the "2028 Notes") and up to $100,000,000 in aggregate principal amount of our 6.875% Notes due 2029 (the "2029 Notes" and, together with the 2024 Notes and the 2028 Notes, the "Notes"). During the period from July 2, 2018 (the original date of the debt distribution agreements with B. Riley FBR and BB&T Capital Markets) through May 15, 2019, we sold $35,161,575 aggregate principal amount of the 2024 Notes through B. Riley FBR, BB&T Capital Markets and Comerica pursuant to their debt distribution agreements and as such, there is $64,838,425 aggregate principal amount of the 2024 Notes remaining that we may offer and sell through the Agents pursuant to the debt distribution agreements. During the period from July 2, 2018 (the original date of the debt distribution agreements with B. Riley FBR and BB&T Capital Markets) through May 15, 2019 we sold $15,760,750 aggregate principal amount of the 2028 Notes through B. Riley FBR, BB&T Capital Markets and Comerica pursuant to their debt distribution agreements and as such, there is $84,239,250 aggregate principal amount of the 2028 Notes remaining that we may offer and sell through the Agents pursuant to the debt distribution agreements. During the period from February 7, 2019 (the date of the most recent amended and restated debt distribution agreements with B. Riley FBR, BB&T Capital Markets and Comerica pursuant to which the 2029 Notes were initially offered) through May 15, 2019 we sold $19,169,950 aggregate principal amount of the 2029 Notes through B. Riley FBR, BB&T Capital Markets and Comerica pursuant to their debt distribution agreements and as such, there is $80,830,050 aggregate principal amount of the 2029 Notes remaining that we may offer and sell through the Agents pursuant to the debt distribution agreements.

Sales of the Notes, if any, may be made in negotiated transactions or transactions that are deemed to be "at the market offerings" as defined in Rule 415 under the Securities Act of 1933, as amended, or the "Securities Act", including sales made directly on the New York Stock Exchange, or "NYSE," or similar securities exchange or sales made to or through a market maker other than on an exchange at prices related to prevailing market prices or at negotiated prices. If any of the Notes are sold at prices above the par value of $25 per Note, the effective yield on such Notes to the purchasers may be less than 6.250% with respect to the 2024 Notes and the 2028 Notes, and less than 6.875% with respect to the 2029 Notes.

The Agents will receive a commission from us equal to up to 2.0% of the gross sales price of any Notes sold through the Agents under the debt distribution agreements. The Agents are not required to sell any specific principal amount of Notes, but will use commercially reasonable efforts consistent with their sales and trading practices to sell the Notes offered by this prospectus supplement and the accompanying prospectus. See "Plan of Distribution" beginning on page S-82 of this prospectus supplement.

The 2024 Notes will mature on June 15, 2024, the 2028 Notes will mature on June 15, 2028 and the 2029 Notes will mature on June 15, 2029. We will pay interest on the Notes on March 15, June 15, September 15 and December 15 of each year. Interest on the Notes will accrue from the most recent interest payment date immediately preceding the date of issuance of the Notes from time to time, except that, if you purchase Notes after the record dates noted below (or your settlement of a purchase of Notes otherwise occurs after such record date), your Notes will not accrue interest for the period from such purchase date to the interest payment date immediately following such record date. The interest payable on each interest payment date will be paid only to holders of record of the Notes at the close of business on March 1, June 1, September 1 and December 1 of each year, as the case may be, immediately preceding the applicable interest payment date. As a general matter, holders of the Notes will not be entitled to receive any payments of principal on the Notes prior to the stated maturity date. We may redeem (i) the 2024 Notes in whole or in part at any time or from time to time on or after December 15, 2018, (ii) the 2028 Notes in whole or in part at any time or from time to time on or after June 15, 2021 and (iii) the 2029 Notes in whole or in part at any time or from time to time on or after December 15, 2021, in each case, at the redemption price discussed under the caption "Specific Terms of the Notes and the Offering-Optional redemption" in this prospectus supplement. The Notes will be issued in minimum denominations of $25 and integral multiples of $25 in excess thereof. We may offer other debt securities from time to time other than the Notes under our Registration Statement or in private placements.

The 2024 Notes offered hereby will be a further issuance of, are fungible with, rank equally in right of payment with, and form a single series for all purposes under the indenture including, without limitation, waivers, amendments, consents, redemptions and other offers to purchase and voting, with $234,442,575 in aggregate principal amount of 6.25% Notes due 2024, initially issued by us in December 2015 with additional issuances by us from June 2016 through August 2016 and from July 2018 through May 2019 (the "Existing 2024 Notes"). The Existing 2024 Notes, as well as any newly issued 2024 Notes, will mature on June 15, 2024, and may be redeemed in whole or in part at any time or from time to time at the Company's option on or after December 15, 2018. The 2024 Notes will have terms identical to the Existing 2024 Notes and will have the same CUSIP number as, and will be fungible and vote together with, the Existing 2024 Notes immediately upon issuance.

The 2028 Notes offered hereby will be a further issuance of, are fungible with, rank equally in right of payment with, and form a single series for all purposes under the indenture including, without limitation, waivers, amendments, consents, redemptions and other offers to purchase and voting, with $70,760,750 in aggregate principal amount of 6.25% Notes due 2028, initially issued by us in June 2018 with additional issuances by us from July 2018 through May 2019 (the "Existing 2028 Notes"). The Existing 2028 Notes, as well as any newly issued 2028 Notes, will mature on June 15, 2028, and may be redeemed in whole or in part at any time or from time to time at the Company's option on or after June 15, 2021. The 2028 Notes will have terms identical to the Existing 2028 Notes and will have the same CUSIP number as, and will be fungible and vote together with, the Existing 2028 Notes immediately upon issuance.

The 2029 Notes offered hereby will be a further issuance of, are fungible with, rank equally in right of payment with, and form a single series for all purposes under the indenture including, without limitation, waivers, amendments, consents, redemptions and other offers to purchase and voting, with $69,169,950 in aggregate principal amount of 6.875% Notes due 2029, initially issued by us in December 2018 with additional issuances by us from February 2019 through May 2019 (the "Existing 2029 Notes," and together with the Existing 2024 Notes and the Existing 2028 Notes, the "Existing Notes"). The Existing 2029 Notes, as well as any newly issued 2029 Notes, will mature on June 15, 2029, and may be redeemed in whole or in part at any time or from time to time at the Company's option on or after December 15, 2021. The 2029 Notes will have terms identical to the Existing 2029 Notes and will have the same CUSIP number as, and will be fungible and vote together with, the Existing 2029 Notes immediately upon issuance.

Each of the Existing 2024 Notes, the Existing 2028 Notes and the Existing 2029 Notes are listed on the NYSE and trade on the NYSE under the symbol "PBB," "PBY" and "PBC," respectively. We intend to list the Notes offered hereby on the NYSE under the same respective trading symbol. The Notes are expected to trade "flat," which means that purchasers in the secondary market will not pay, and sellers will not receive, any accrued and unpaid interest on the Notes that is not reflected in the trading price. On May 15, 2019, there were 9,377,703 Existing 2024 Notes issued and outstanding, 2,830,430 Existing 2028 Notes issued and outstanding and 2,766,798 Existing 2029 Notes issued and outstanding. Further, as of May 15, 2019, the last reported sales price on the NYSE was $25.70 per Existing 2024 Note, $25.05 per Existing 2028 Note and $25.51 per Existing 2029 Note.

The Notes will be our direct unsecured obligations and rank pari passu, or equal in right of payment, with all outstanding and future unsecured unsubordinated indebtedness issued by us. We currently do not have any indebtedness outstanding that is subordinated to the Notes and currently have no intention of issuing any such subordinated indebtedness. The Notes will be effectively subordinated, or junior in right of payment, to our future secured indebtedness and structurally subordinated, or junior in right of payment, to all existing and future indebtedness and other obligations of any of our subsidiaries. In any liquidation, dissolution, bankruptcy or other similar proceeding, the holders of any of our existing or future secured indebtedness and any indebtedness of any future subsidiaries may assert rights of payment prior to the holders of the Notes. See the related disclosure in "Risk Factors" beginning on page S-11 of this prospectus supplement.

Investing in the Notes involves risks, including those described in the "Risk Factors" section beginning on page S-11 of this prospectus supplement and page 12 of the accompanying prospectus.

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

Delivery of the Notes in book-entry form only through The Depository Trust Company will be made on or about the second trading date following the date of the purchase.

This prospectus supplement and the accompanying prospectus contain important information you should know before investing in our securities. Please read this prospectus supplement and the accompanying prospectus before you invest and keep it for future reference. We file annual, quarterly and current reports, proxy statements and other information about us with the Securities and Exchange Commission, or the "SEC." This information is available free of charge by contacting us at 10 East 40th Street, 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.

B. Riley FBR **BB&T Capital Markets** **Comerica Securities**

Prospectus Supplement dated May 16, 2019.

FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus may contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, or the “Exchange Act,” which involve substantial risks and uncertainties. Forward-looking statements predict or describe our future operations, business plans, business and investment strategies and portfolio management and the performance of our investments and our investment management business. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about our industry, our beliefs, and our assumptions. Words such as “intends,” “intend,” “intended,” “goal,” “estimate,” “estimates,” “expects,” “expect,” “expected,” “project,” “projected,” “projections,” “plans,” “seeks,” “anticipates,” “anticipated,” “should,” “could,” “may,” “will,” “designed to,” “foreseeable future,” “believe,” “believes” and “scheduled” and variations of these words and similar expressions are intended to identify forward-looking statements. Our actual results or outcomes may differ materially from those anticipated. Readers are cautioned not to place undue reliance on these forward looking statements, which speak only as of the date the statement was made. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. These statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements, including without limitation:

- our future operating results,
- our business prospects and the prospects of our portfolio companies,
- the impact of investments that we expect to make,
- our contractual arrangements and relationships with third parties,
- the dependence of our future success on the general economy and its impact on the industries in which we invest,
- the ability of our portfolio companies to achieve their objectives,
- difficulty in obtaining financing or raising capital, especially in the current credit and equity environment,
- the level and volatility of prevailing interest rates and credit spreads, magnified by the current turmoil in the credit markets,
- adverse developments in the availability of desirable loan and investment opportunities whether they are due to competition, regulation or otherwise,
- a compression of the yield on our investments and the cost of our liabilities, as well as the level of leverage available to us,
- our regulatory structure and tax treatment, including our ability to operate as a business development company and a regulated investment company,
- the adequacy of our cash resources and working capital,
- the timing of cash flows, if any, from the operations of our portfolio companies,
- the ability of our investment adviser to locate suitable investments for us and to monitor and administer our investments,
- authoritative generally accepted accounting principles or policy changes from such standard-setting bodies as the Financial Accounting Standards Board, the SEC, Internal Revenue Service, the NASDAQ Global Select Market, the New York Stock Exchange 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 and the accompanying prospectus. We have not, and the Agents have not, authorized any other person to provide you with information that is different from that contained in this prospectus supplement 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 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 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 summary highlights some of the information contained elsewhere in this prospectus supplement and the accompanying prospectus. It is not complete and may not contain all of the information that you may want to consider. You should read carefully the more detailed information set forth under "Risk Factors" in this prospectus supplement and in the accompanying prospectus and the other information included in this prospectus supplement and the accompanying prospectus.

On December 10, 2015, we and U.S. Bank National Association, as trustee, entered into a supplemental indenture (the "Existing 2024 Notes Supplemental Indenture") to the Indenture referred to in the accompanying prospectus between us and U.S. Bank National Association (the "base indenture"), relating to the original issuance of our Existing 2024 Notes. We will issue the 2024 Notes offered hereby under the base indenture and an additional supplemental indenture that contains the same terms and conditions as the Existing 2024 Notes Supplemental Indenture.

On June 7, 2018, we and U.S. Bank National Association, as trustee, entered into a supplemental indenture (the "Existing 2028 Notes Supplemental Indenture") to the base indenture relating to the original issuance of our Existing 2028 Notes. We will issue the 2028 Notes offered hereby under the base indenture and an additional supplemental indenture that contains the same terms and conditions as the Existing 2028 Notes Supplemental Indenture.

On December 5, 2018, we and U.S. Bank National Association, as trustee, entered into a supplemental indenture (the "Existing 2029 Notes Supplemental Indenture") to the base indenture relating to the original issuance of our Existing 2029 Notes. We will issue the 2029 Notes offered hereby under the base indenture and an additional supplemental indenture that contains the same terms and conditions as the Existing 2029 Notes Supplemental Indenture.

We refer to the base indenture, the Existing 2024 Notes Supplemental Indenture, the Existing 2028 Notes Supplemental Indenture, the Existing 2029 Notes Supplemental Indenture and the additional supplemental indentures collectively as the "Indenture." The 2024 Notes offered hereby will be a further issuance of, are fungible with, rank equally in right of payment with, and form a single series for all purposes under the Indenture including, without limitation, waivers, amendments, consents, redemptions and other offers to purchase and voting, with the Existing 2024 Notes. The 2028 Notes offered hereby will be a further issuance of, are fungible with, rank equally in right of payment with, and form a single series for all purposes under the Indenture including, without limitation, waivers, amendments, consents, redemptions and other offers to purchase and voting, with the Existing 2028 Notes. The 2029 Notes offered hereby will be a further issuance of, are fungible with, rank equally in right of payment with, and form a single series for all purposes under the Indenture including, without limitation, waivers, amendments, consents, redemptions and other offers to purchase and voting, with the Existing 2029 Notes.

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 $248.7 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." Our $201.3 million aggregate principal amount of 6.375% Convertible Notes due 2025 are referred to as the "2025 Notes" and, collectively with the 2020 Notes and the 2022 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 $231.9 million aggregate principal amount of 6.250% Notes due 2024 are referred to as the "2024 Notes." Our $68.9 million aggregate principal amount of 6.250% Senior Notes due 2028 are referred to as the "2028 Notes." Our $69.2 million aggregate principal amount of 6.875% Notes due 2029 are referred to as the "2029 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, 2029 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 $5.8 billion of total assets as of March 31, 2019.

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 Rated Secured Structured Notes and Subordinated Structured Notes, collectively "collateralized loan obligations" or "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.

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"). The real estate investments of National Property REIT Corp. ("NPRC") 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."

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 March 31, 2019, we had investments in 137 portfolio companies and CLOs. The aggregate fair value as of March 31, 2019 of investments in these portfolio companies held on that date is approximately $5.7 billion. Our portfolio across all our performing interest-bearing investments had an annualized current yield of 12.8% as of March 31, 2019. Our annualized current yield was 10.4% as of March 31, 2019 across all investments.

Recent Developments

Investment Activity

On April 4, 2019, Memorial MRI & Diagnostic, LLC fully repaid the $36.4 million Senior Secured Term Loan receivable to us at par.

On April 11, 2019, Photonis Technologies SAS fully repaid the $12.9 million First Lien Term Loan receivable to us at par.

On May 10, 2019, PlayPower, Inc. fully repaid the $11.0 million Second Lien Term Loan receivable to us at par.

During the period from May 8, 2019 to May 14, 2019, we made First Lien Term Loan investments of $10.0 million in Sorenson Communications, LLC, a telecommunication technology services provider.

On May 15, 2019, we made a $12.5 million follow-on 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. In addition, GlobalTranz Enterprises, Inc. fully repaid the $12.5 million Second Lien Term loan receivable to us at par.

Debt and Equity

During the period from April 1, 2019 through May 15, 2019, we issued $63.0 million in aggregate principal amount of Prospect Capital InterNotes® for net proceeds of $62.0 million.

During the period from April 1, 2019 through May 15, 2019, we issued $2.6 million in aggregate principal amount of our 2024 Notes for net proceeds of $2.6 million and $1.9 million in aggregate principal amount of our 2028 Notes for net proceeds of $1.9 million.

Pursuant to notice to call provided on March 15, 2019, we redeemed $91.9 million of our Prospect Capital InterNotes® at par maturing between April 15, 2020 and October 15, 2021, with a weighted average rate of 4.99%. Settlement of the call occurred on April 15, 2019.

Pursuant to notice to call provided on April 15, 2019, we redeemed $15.3 million of our Prospect Capital InterNotes® at par maturing between May 15, 2021 and November 15, 2021, with a weighted average rate of 5.20%. Settlement of the call occurred on May 15, 2019.

We have provided notice to call on May 15, 2019, with settlement on June 15, 2019, $49.2 million of our Prospect Capital InterNotes® at par maturing between June 15, 2020 and December 15, 2021, with a weighted average rate of 4.86%.

During the period from April 17, 2019 through April 23, 2019, we repurchased $7.2 million aggregate principal amount of the 2020 Notes at a price of 101.0% of face value, including commissions. On May 7, 2019, we repurchased an additional $5.9 million aggregate principal amount of the 2020 Notes at a price of 101.125% of face value, including commissions. As a result of these transactions, we recorded a loss in the amount of the difference between the reacquisition prices and the net carrying amounts of the 2020 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, 2019 was $0.2 million.

Dividends

On May 8, 2019, we announced the declaration of monthly dividends in the following amounts and with the following dates:

- $0.06 per share for May 2019 to holders of record on May 31, 2019 with a payment date of June 20, 2019.
- $0.06 per share for June 2019 to holders of record on June 28, 2019 with a payment date of July 18, 2019.
- $0.06 per share for July 2019 to holders of record on July 31, 2019 with a payment date of August 22, 2019.
- $0.06 per share for August 2019 to holders of record on August 30, 2019 with a payment date of September 19, 2019.

Specific Terms of the Notes and the Offering

This prospectus supplement sets forth certain terms of the Notes that Prospect Capital Corporation is offering pursuant to this prospectus supplement and supplements the accompanying prospectus that is attached to the back of this prospectus supplement. The 2024 Notes offered hereby will be a further issuance of, are fungible with, rank equally in right of payment with, and form a single series for all purposes under the Indenture including, without limitation, waivers, amendments, consents, redemptions and other offers to purchase and voting, with the $234,442,575 in aggregate principal amount of 6.250% Notes due 2024, initially issued by us in December 2015. The 2028 Notes offered hereby will be a further issuance of, are fungible with, rank equally in right of payment with, and form a single series for all purposes under the Indenture including, without limitation, waivers, amendments, consents, redemptions and other offers to purchase and voting, with the $70,760,750 in aggregate principal amount of 6.250% Notes due 2028, initially issued by us in June 2018. The 2029 Notes offered hereby will be a further issuance of, are fungible with, rank equally in right of payment with, and form a single series for all purposes under the Indenture including, without limitation, waivers, amendments, consents, redemptions and other offers to purchase and voting, with the $69,169,950 in aggregate principal amount of 6.875% Notes due 2029, initially issued by us in December 2018. Unless otherwise indicated, the Notes offered hereby and the Existing Notes are collectively referred to herein as the "Notes." This section outlines the specific legal and financial terms of the Notes. You should read this section together with the more general description of the Notes under the heading "Description of the Notes" in this prospectus supplement and in the accompanying prospectus under the heading "Description of Our Debt Securities" before investing in the Notes. Capitalized terms used in this prospectus supplement and not otherwise defined shall have the meanings ascribed to them in the accompanying prospectus or in the Indenture.

Issuer	Prospect Capital Corporation		
Title of securities	6.250% Notes due 2024	6.250% Notes due 2028	6.875% Notes due 2029
Initial aggregate principal amount being offered	Up to $100,000,000. During the period from July 2, 2018 (the original date of the debt distribution agreements with B. Riley FBR and BB&T Capital Markets) through May 15, 2019, we sold $35,161,575 aggregate principal amount of the 2024 Notes through B. Riley FBR, BB&T Capital Markets and Comerica pursuant to their debt distribution agreements and as such, there is $64,838,425 aggregate principal amount of the 2024 Notes remaining that we may offer and sell through the Agents pursuant to the debt distribution agreements.	Up to $100,000,000. During the period from July 2, 2018 (the original date of the debt distribution agreements with B. Riley FBR and BB&T Capital Markets) through May 15, 2019, we sold $15,760,750 aggregate principal amount of the 2028 Notes through B. Riley FBR, BB&T Capital Markets and Comerica pursuant to their debt distribution agreements and as such, there is $84,239,250 aggregate principal amount of the 2028 Notes remaining that we may offer and sell through the Agents pursuant to the debt distribution agreements.	Up to $100,000,000. During the period from February 7, 2019 (the original date of the most recent amended and restated debt distribution agreements with B. Riley FBR, BB&T Capital Markets and Comerica pursuant to which the 2029 Notes were initially offered) through May 15, 2019, we sold $19,169,950 aggregate principal amount of the 2029 Notes through B. Riley FBR, BB&T Capital Markets and Comerica pursuant to their debt distribution agreements and as such, there is $80,830,050 aggregate principal amount of the 2029 Notes remaining that we may offer and sell through the Agents pursuant to the debt distribution agreements.
Manner of offering	"At the market" offering that may be made from time to time through the Agents, as sales agents, using commercially reasonable efforts or otherwise in negotiated transactions. See "Plan of Distribution."		
Principal payable at maturity	100% of the aggregate principal amount; the principal amount of each Note will be payable on its stated maturity date at the office of the Paying Agent, Registrar and Transfer Agent for the Notes or at such other office in The City of New York as we may designate.		
Type of Note	Fixed rate note		

Listing	The Existing 2024 Notes are traded on the New York Stock Exchange, or the "NYSE," under the trading symbol "PBB." We intend to list the 2024 Notes offered hereby on the NYSE under the same trading symbol.	The Existing 2028 Notes are traded on the NYSE under the trading symbol "PBY." We intend to list the 2028 Notes offered hereby on the NYSE under the same trading symbol.	The Existing 2029 Notes are traded on the NYSE under the trading symbol "PBC." We intend to list the 2029 Notes offered hereby on the NYSE under the same trading symbol.
Interest rate	6.25% per year. However, if any of the 2024 Notes or 2028 Notes are sold at prices above the par value of $25 per Note, the effective yield on such Notes to the purchasers may be less than 6.25%.		6.875% per year. However, if any of the 2029 Notes are sold at prices above the par value of $25 per Note, the effective yield on such Notes to the purchasers may be less than 6.875%.
Interest rate adjustment	None.	None.	The interest rate payable on the 2029 Notes will be subject to adjustment from time to time if an Interest Rate Adjustment Triggering Event occurs or, if following an Interest Rate Adjustment Triggering Event, Standard & Poor's Rating Service, a division of McGraw Hill, Inc. ("S&P") (or, if applicable, any Substitute Rating Agency), subsequently upgrades the debt rating assigned to the 2029 Notes, in each case in the manner described under "Description of the Notes - Interest Rate Adjustment for 2029 Notes."
Day count basis	360-day year of twelve 30-day months		
Issuance date	The second trading date following the date of the purchase of the Notes.		
Stated maturity date	June 15, 2024	June 15, 2028	June 15, 2029
Date interest starts accruing on Existing Notes	December 10, 2015	June 7, 2018	December 5, 2018
Interest payment dates	March 15, June 15, September 15 and December 15, commencing on the first applicable interest payment date following a given purchase of the Notes under this prospectus supplement. The interest payable on each interest payment date will be paid only to holders of record of the Notes at the close of business on the record date immediately preceding the applicable interest payment date. If Notes are purchased after a record date but before the interest payment date immediately following such record date, the applicable interest payment date for such Notes will be the interest payment date after the interest payment date immediately following such record date. If an interest payment date falls on a non-business day, the applicable interest payment will be made on the next business day and no additional interest will accrue as a result of such delayed payment.		
Interest periods	Interest periods will be the periods from and including an interest payment date to, but excluding, the next interest payment date or the stated maturity date, as the case may be. Interest on the Notes will accrue from the most recent interest payment date immediately preceding the date of issuance of the Notes from time to time, except that, if you purchase Notes after a record date (or your settlement of a purchase of Notes otherwise occurs after such record date), your Notes will not accrue interest for the period from such purchase date to the interest payment date immediately following such record date.		

Regular record dates for interest	March 1, June 1, September 1 and December 1 of each year, commencing with the first such date to follow a given purchase of the Notes under this prospectus supplement.
Specified currency	U.S. Dollars
Place of payment	New York City
Ranking of Notes	The Notes will be our general, unsecured obligations and will rank equal in right of payment with all of our existing and future senior, unsecured indebtedness (including the Unsecured Notes) and senior in right of payment to any of our subordinated indebtedness. As a result, the Notes will be effectively subordinated to our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness and structurally subordinated to any existing and future liabilities and other indebtedness of our subsidiaries. As of May 15, 2019 we and our subsidiaries had approximately $2.4 billion of senior indebtedness outstanding, $2.3 billion of which was unsecured indebtedness.
Denominations	We will issue the Notes in denominations of $25 and integral multiples of $25 in excess thereof.
Business day	Each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in New York City are authorized or required by law or executive order to close.
Optional redemption	Each of the 2024 Notes, 2028 Notes and 2029 Notes may be redeemed in whole or in part at any time or from time to time at our option on or after December 15, 2018, June 15, 2021 or December 15, 2021, respectively, upon not less than 30 days nor more than 60 days' with respect to the 2024 Notes and not less than 30 days nor more than 90 days' with respect to the 2028 Notes and 2029 Notes, written notice by mail prior to the date fixed for redemption thereof, at a redemption price of $25 per Note plus accrued and unpaid interest payments otherwise payable for the then-current quarterly interest period accrued to, but excluding, the date fixed for redemption. You may be prevented from exchanging or transferring the Notes when they are subject to a written notice of redemption issued by us even though the Notes are listed for trading on the NYSE. In case any Notes are to be redeemed in part only, the redemption notice will provide that, upon surrender of such Note, you will receive, without a charge, a new Note or Notes of authorized denominations representing the principal amount of your remaining unredeemed Notes. Any exercise of our option to redeem the Notes will be done in compliance with the 1940 Act, to the extent applicable. If we redeem only some of the Notes, the Trustee will determine the method for selection of the particular Notes to be redeemed, in accordance with the 1940 Act, to the extent applicable, and the rules of the NYSE, and any unredeemed Notes will have the same rights and be entitled to the same benefits that the Notes had prior to any such redemption. Unless we default in payment of the redemption price, on and after the date of redemption, interest will cease to accrue on the Notes called for redemption.
Sinking fund	The Notes will not be subject to any sinking fund (i.e., no amounts will be set aside by us to ensure repayment of the Notes at maturity). As a result, our ability to repay the Notes at maturity will depend on our financial condition on the date that we are required to repay the Notes.
Repayment at option of Holders	Holders will not have the option to have the Notes repaid prior to the stated maturity date unless we undergo a fundamental change (as defined in this prospectus supplement). See "-Fundamental change repurchase right of Holders."
Defeasance	The Notes are subject to defeasance by us. "Defeasance" means that, by depositing with a trustee an amount of cash and/or government securities sufficient to pay all principal and interest, if any, on the Notes when due and satisfying any additional conditions noted below, we will be deemed to have been discharged from our obligations under the Notes. We are under no obligation to exercise any such rights of defeasance.

Covenant defeasance	The Notes are subject to covenant defeasance by us. In the event of a “covenant defeasance,” upon depositing such funds and satisfying similar conditions discussed below we would be released from the restrictive covenants under the Indenture relating to the Notes. The consequences to the holders of the Notes is that, while they no longer benefit from the restrictive covenants under the Indenture, and while the Notes may not be accelerated for any reason, the holders of Notes nonetheless are guaranteed to receive the principal and interest owed to them. We are under no obligation to exercise any such rights of covenant defeasance.
Form of Notes	The Notes will be represented by global securities that will be deposited and registered in the name of The Depository Trust Company (“DTC”) or its nominee. This means that, except in limited circumstances, you will not receive certificates for the Notes. Beneficial interests in the Notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Investors may elect to hold interests in the Notes through either DTC, if they are a participant, or indirectly through organizations which are participants in DTC.
Trustee, Paying Agent, Registrar and Transfer Agent	U.S. Bank National Association
Fundamental change repurchase right of Holders	If we undergo a fundamental change (as defined in this prospectus supplement) prior to maturity, you will have the right, at your option, to require us to repurchase for cash some or all of your Notes at a repurchase price equal to 100% of the principal amount of the Notes being repurchased, plus accrued and unpaid interest to, but not including, the repurchase date. See “Description of the Notes-Purchase of Notes by Us for Cash at the Option of Holders upon a Fundamental Change.”
Events of default	If an event of default on the Notes occurs, the principal amount of the Notes, plus accrued and unpaid interest (including additional interest, if any) may be declared immediately due and payable, subject to certain conditions set forth in the Indenture. These amounts automatically become due and payable in the case of certain types of bankruptcy or insolvency events of default involving the Company as defined in the Indenture.
Other covenants	In addition to the covenants described in the prospectus attached to this prospectus supplement, the following covenants shall apply to the Notes: We agree that for the period of time during which the Notes are outstanding, we will not violate Section 18(a)(1)(A) as modified by Section 61(a) of the 1940 Act or any successor provisions. If, at any time, we are not subject to the reporting requirements of Sections 13 or 15(d) of the Exchange Act to file any periodic reports with the SEC, we agree to furnish to holders of the Notes and the Trustee, for the period of time during which the Notes are outstanding, our audited annual consolidated financial statements, within 90 days of our fiscal year end, and unaudited interim consolidated financial statements, within 45 days of our fiscal quarter end. All such financial statements will be prepared, in all material respects, in accordance with applicable United States generally accepted accounting principles.
Use of proceeds	We expect to use the net proceeds from the sale of the Notes initially to maintain balance sheet liquidity, involving repayment of debt under our credit facility, if any, and redemption of our debt, investments in high quality short-term debt instruments or a combination thereof, and thereafter to make long-term investments in accordance with our investment objective. We anticipate that substantially all of the net proceeds from the offering will be used for the above purposes within six months, depending on the availability of appropriate investment opportunities consistent with our investment objective and market conditions.
Global clearance and settlement procedures	Interests in the Notes will trade in DTC's Same Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore, be required by DTC to be settled in immediately available funds. None of the Company, the Trustee or the paying agent will have any responsibility for the performance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.
Governing law	The Notes and the Indenture shall be governed by, and construed in accordance with, the laws of the State of New York.

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 and nine months ended March 31, 2019 and 2018 has been derived from unaudited financial data. Interim results for the three and nine months ended March 31, 2019 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-15 for more information.

	For the Three Months Ended March 31,		For the Nine Months Ended March 31,		For the Year Ended June 30,				
	2019	**2018**	**2019**	**2018**	**2018**	**2017**	**2016**	**2015**	**2014**
	(in thousands except data relating to shares, per share and number of portfolio companies)								
Performance Data:									
Total interest income	$ 155,076	$ 145,862	$ 472,512	$ 447,329	$ 607,012	$ 668,717	$ 731,618	$ 748,974	$ 613,741
Total dividend income	4,524	6,287	32,717	7,157	13,046	5,679	26,501	7,663	26,837
Total other income	11,509	10,686	34,185	29,328	37,787	26,650	33,854	34,447	71,713
Total Investment Income	171,109	162,835	539,414	483,814	657,845	701,046	791,973	791,084	712,291
Interest and credit facility expenses	(38,946)	(37,479)	(117,510)	(117,861)	(155,039)	(164,848)	(167,719)	(170,660)	(130,103)
Investment advisory expense	(48,855)	(46,880)	(153,492)	(140,833)	(189,759)	(199,394)	(219,305)	(225,277)	(198,296)
Other expenses	(6,046)	(8,030)	(25,180)	(17,750)	(26,197)	(30,722)	(33,821)	(32,400)	(26,669)
Total Operating Expenses	(93,847)	(92,389)	(296,182)	(276,444)	(370,995)	(394,964)	(420,845)	(428,337)	(355,068)
Net Investment Income	77,262	70,446	243,232	207,370	286,850	306,082	371,128	362,747	357,223
Net realized and change in unrealized gains (losses)	11,933	(18,587)	(137,631)	(21,811)	13,013	(53,176)	(267,766)	(16,408)	(38,203)
Net increase in Net Assets from Operations	$ 89,195	$ 51,859	$ 105,601	$ 185,559	$ 299,863	$ 252,906	$ 103,362	$ 346,339	$ 319,020
Per Share Data:									
Net Increase in Net Assets from Operations(1)	$ 0.24	$ 0.14	$ 0.29	$ 0.51	$ 0.83	$ 0.70	$ 0.29	$ 0.98	$ 1.06
Dividends declared per share	$ (0.18)	$ (0.18)	$ (0.54)	$ (0.59)	$ (0.77)	$ (1.00)	$ (1.00)	$ (1.19)	$ (1.32)
Weighted average shares of common stock outstanding	366,590,492	361,759,954	365,648,290	360,794,837	361,456,075	358,841,714	356,134,297	353,648,522	300,283,941
Assets and Liabilities Data:									
Investments at Fair Value	$ 5,700,673	$ 5,719,804	$ 5,700,673	$ 5,719,804	5,727,279	$ 5,838,305	$ 5,897,708	$ 6,609,558	$ 6,253,739
Other Assets(4)	147,774	131,341	147,774	131,341	111,541	334,484	338,473	144,356	166,520
Total Assets(4)	5,848,447	5,851,145	5,848,447	5,851,145	5,838,820	6,172,789	6,236,181	6,753,914	6,420,259
Revolving Credit Facility	99,000	86,000	99,000	86,000	37,000	—	—	368,700	92,000
Convertible notes(4)	763,245	805,092	763,245	805,092	809,073	937,641	1,074,361	1,218,226	1,219,676
Public notes (4)	775,624	739,836	775,624	739,836	716,810	738,300	699,368	541,490	637,584
Prospect Capital InterNotes®(4)	742,752	743,729	742,752	743,729	748,926	966,254	893,210	811,180	766,781
Due to Prospect Administration and Prospect Capital Management	50,662	49,157	50,662	49,157	51,257	50,159	55,914	6,788	2,211
Other liabilities	85,349	80,935	85,349	80,935	68,707	125,483	77,411	104,481	83,825
Total Liabilities(4)	2,516,632	2,504,749	2,516,632	2,504,749	2,431,773	2,817,837	2,800,264	3,050,865	2,802,077
Net Assets	$ 3,331,815	$ 3,346,396	$ 3,331,815	$ 3,346,396	$ 3,407,047	$ 3,354,952	$ 3,435,917	$ 3,703,049	$ 3,618,182
Investment Activity Data:									
No. of portfolio companies at period end	137	134	137	134	135	121	125	131	142
Acquisitions	$ 35,711	$ 429,928	$ 516,605	$ 1,390,816	$ 1,730,657	$ 1,489,470	$ 979,102	$ 1,867,477	$ 2,933,365
Sales, repayments, and other disposals	$ 195,055	$ 116,978	$ 415,165	$ 1,468,998	$ 1,831,286	$ 1,413,882	$ 1,338,875	$ 1,411,562	$ 767,978

Total return based on market value(2)	6.16%	(0.20)%	5.21%	(12.00)%	(7.42)%	16.80%	21.84%	(20.84)%	10.88%
Total return based on net asset value(2)	3.42%	2.14 %	5.15%	8.04 %	12.39 %	8.98%	7.15%	11.47 %	10.97%
Weighted average yield on debt portfolio at period end(3)	12.8%	12.9 %	12.8%	12.9 %	13.0 %	12.2%	13.2%	12.7 %	12.1%
Weighted average yield on total portfolio at period end	10.4%	10.8 %	10.4%	10.8 %	10.5 %	10.4%	12.0%	11.9 %	11.9%

(1) Per share data is based on the weighted average number of common shares outstanding for the year/period presented (except for dividends to shareholders which is based on actual rate per share).
(2) 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 year/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 year/period and assumes that dividends are reinvested in accordance with our dividend reinvestment plan. For a period less than a year, the return is not annualized.
(3) Excludes equity investments and non-performing loans.
(4) 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, and $57,010 previously reported as an asset on the *Consolidated Statements of Assets and Liabilities* as of June 30, 2016, 2015, and 2014, respectively, have been reclassified as a direct deduction to the respective Unsecured Notes. See *Critical Accounting Policies and Estimates* for further discussion.
(5) Includes equity investments and non-performing loans.

RISK FACTORS

Investing in our Notes involves a high degree of risk. You should carefully consider the risks described below, together with all of the other information included in this prospectus supplement and the accompanying prospectus, before you decide whether to make an investment in the Notes. If any of the adverse events or conditions described below or in the accompanying prospectus occur, our business, financial condition and results of operations could be materially adversely affected. In such case, our net asset value, or NAV, and the value of the Notes and the trading price of our common stock could decline, and you may lose all or part of your investment.

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 15, 2019, together with our subsidiaries, we had approximately $2.3 billion of unsecured senior indebtedness outstanding and $104.0 million of secured indebtedness outstanding.

The use of debt could have significant consequences on our future operations, including:

- making it more difficult for us to meet our payment and other obligations under the Notes and our other outstanding debt;
- resulting in an event of default if we fail to comply with the financial and other restrictive covenants contained in our debt agreements, which event of default could result in substantially all of our debt becoming immediately due and payable;
- reducing the availability of our cash flow to fund investments, acquisitions and other general corporate purposes, and limiting our ability to obtain additional financing for these purposes;
- subjecting us to the risk of increased sensitivity to interest rate increases on our indebtedness with variable interest rates, including borrowings under our credit facility; and
- limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, the industry in which we operate and the general economy.

Any of the above-listed factors could have an adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations under the Notes and our other debt.

Our ability to meet our payment and other obligations under our debt instruments depends on our ability to generate significant cash flow in the future. This, to some extent, is subject to general economic, financial, competitive, legislative and regulatory factors as well as other factors that are beyond our control. We cannot assure you that our business will generate cash flow from operations, or that future borrowings will be available to us under our credit facility or otherwise, in an amount sufficient to enable us to meet our payment obligations under the Notes and our other debt and to fund other liquidity needs. If we are not able to generate sufficient cash flow to service our debt obligations, we may need to refinance or restructure our debt, including any Notes sold, sell assets, reduce or delay capital investments, or seek to raise additional capital. If we are unable to implement one or more of these alternatives, we may not be able to meet our payment obligations under the Notes and our other debt.

A downgrade, suspension or withdrawal of the rating assigned by a rating agency to us or the Notes, if any, could cause the liquidity or market value of the Notes to decline significantly.

Our credit ratings are an assessment by rating agencies of our ability to pay our debts when due. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of the Notes. These credit ratings may not reflect the potential impact of risks relating to the structure or marketing of the Notes. Credit ratings are not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization in its sole discretion. Neither we nor the Agents undertake any obligation to maintain the ratings or to advise holders of Notes of any changes in ratings.

The 2024 Notes and 2028 Notes will be rated by S&P and Kroll Bond Rating Agency, Inc., or “Kroll.” The 2029 Notes will be rated by S&P, Kroll and Egan Jones Ratings Co., or “Egan Jones.” There can be no assurance that their rating will remain for any given period of time or that such rating will not be lowered or withdrawn entirely by S&P, Kroll or Egan Jones, as applicable, if in their respective judgment future circumstances relating to the basis of the rating, such as adverse changes in our company, so warrant.

An increase in market interest rates could result in a decrease in the market value of the Notes.

The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future, which could have an adverse effect on the market prices of the Notes. In general, as market interest rates rise, debt securities bearing interest at fixed rates of interest decline in value. Consequently, if you purchase notes bearing interest at fixed rates of interest and market interest rates increase, the market values of those notes may decline. We cannot predict the future level of market interest rates.

The Notes will be effectively subordinated to any existing and future secured indebtedness and structurally subordinated to existing and future liabilities and other indebtedness of our subsidiaries.

The Notes are our general, senior unsecured obligations and rank equally in right of payment with all of our existing and future senior unsecured indebtedness, including without limitation, our Unsecured Notes. As a result, the Notes are effectively subordinated to our existing and future secured indebtedness (including indebtedness that is initially unsecured to which we subsequently grant security) to the extent of the value of the assets securing such indebtedness and structurally subordinated to any existing and future liabilities and other indebtedness of our subsidiaries. Effective subordination means that in any liquidation, dissolution, bankruptcy or other similar proceeding, the holders of any of our existing or future secured indebtedness and the secured indebtedness of our subsidiaries may assert rights against the assets pledged to secure that indebtedness in order to receive full payment of their indebtedness before the assets may be used to pay other creditors. Structural subordination means that creditors of a parent entity are subordinate to creditors of a subsidiary entity with respect to the subsidiary's assets. These liabilities may include indebtedness, trade payables, guarantees, lease obligations and letter of credit obligations. The Notes do not restrict us or our subsidiaries from incurring indebtedness, including senior secured indebtedness in the future, nor do they limit the amount of indebtedness we can issue that is equal in right of payment to the Notes. As of May 15, 2019, we had $104.0 million borrowings under our credit facility. Our credit facility is secured by certain of our assets and the indebtedness thereunder is therefore effectively senior to the Notes to the extent of the value of such assets.

Certain of our Unsecured Notes will be due prior to the respective maturities of the Notes. We do not currently know whether we will be able to replace any such notes upon their respective maturities, or if we do, whether we will be able to do so on terms that are as favorable as such notes. In the event that we are not able to replace such notes at the time of their respective maturities, this could have a material adverse effect on our liquidity and ability to fund new investments, our ability to make distributions to our stockholders, our ability to repay the Notes and our ability to qualify as a regulated investment company, or "RIC."

The Indenture under which the Notes will be issued will contain limited protection for holders of the Notes.

The Indenture under which the Notes will be issued offers limited protection to holders of the Notes. The terms of the Indenture and the Notes do not restrict our or any of our subsidiaries' ability to engage in, or otherwise be a party to, a variety of corporate transactions, circumstances or events that could have an adverse impact on your investment in the Notes. In particular, the terms of the Indenture and the Notes will not place any restrictions on our or our subsidiaries' ability to:

- issue securities or otherwise incur additional indebtedness or other obligations, including (1) any indebtedness or other obligations that would be equal in right of payment to the Notes, (2) any indebtedness or other obligations that would be secured and therefore rank effectively senior in right of payment to the Notes to the extent of the values of the assets securing such debt, (3) indebtedness of ours that is guaranteed by one or more of our subsidiaries and which therefore is structurally senior to the Notes and (4) securities, indebtedness or obligations issued or incurred by our subsidiaries that would be senior to our equity interests in our subsidiaries and therefore rank structurally senior to the Notes with respect to the assets of our subsidiaries, in each case other than an incurrence of indebtedness or other obligation that would cause a violation of Section 18(a)(1)(A) as modified by Section 61(a) of the 1940 Act or any successor provisions;

- pay dividends on, or purchase or redeem or make any payments in respect of, capital stock or other securities ranking junior in right of payment to the Notes;

- sell assets (other than certain limited restrictions on our ability to consolidate, merge or sell all or substantially all of our assets);

- enter into transactions with affiliates;
- create liens (including liens on the shares of our subsidiaries) or enter into sale and leaseback transactions;
- make investments; or
- create restrictions on the payment of dividends or other amounts to us from our consolidated subsidiaries.

Furthermore, except as set forth under “Description of the Notes - Interest Rate Adjustment for 2029 Notes” with respect to the 2029 Notes, the terms of the Indenture and the Notes do not protect holders of the Notes in the event that we experience changes (including significant adverse changes) in our financial condition, results of operations or credit ratings, as they do not require that we or our subsidiaries adhere to any financial tests or ratios or specified levels of net worth, revenues, income, cash flow, or liquidity other than certain limited restrictions on dividends and certain board structures or default provisions mandated by the 1940 Act.

Our ability to recapitalize, incur additional debt and take a number of other actions that are not limited by the terms of the Notes may have important consequences for you as a holder of the Notes, including making it more difficult for us to satisfy our obligations with respect to the Notes or negatively affecting the trading value of the Notes.

Certain of our current debt instruments include more protections for their holders than the Indenture and the Notes. In addition, other debt we issue or incur in the future could contain more protections for its holders than the Indenture and the Notes, including additional covenants and events of default. The issuance or incurrence of any such debt with incremental protections could affect the market for and trading levels and prices of the Notes.

We may be subject to certain corporate-level taxes which could adversely affect our cash flow and consequently adversely affect our ability to make payments on the Notes.

We may be subject to certain corporate-level taxes regardless of whether we continue to qualify as a RIC. Additionally, should we fail to qualify as a RIC, we would be subject to corporate-level taxes on all of our taxable income. The imposition of corporate-level taxes could adversely affect our cash flow and consequently adversely affect our ability to make payments on the Notes.

An active trading market for the Notes may not develop or be maintained, which could limit the market price of the Notes or your ability to sell them.

Although the Existing 2024 Notes are listed on the NYSE under the trading symbol “PBB,” the Existing 2028 Notes are listed on the NYSE under the trading symbol “PBY” and the Existing 2029 Notes are listed on the NYSE under the trading symbol “PBC,” we cannot provide any assurances that an active trading market will develop or be maintained for the Notes or that you will be able to sell your Notes. If the Notes are traded after their initial issuance, they may trade at a discount from their initial offering price depending on prevailing interest rates, the market for similar securities, our credit ratings, general economic conditions, our financial condition, performance and prospects and other factors. The sales agents have advised us that they intend to make a market in the Notes, but they are not obligated to do so. The sales agents may discontinue any market-making in the Notes at any time at their sole discretion. Accordingly, we cannot assure you that a liquid trading market will develop or be maintained for the Notes, that you will be able to sell your Notes at a particular time or that the price you receive when you sell will be favorable. To the extent an active trading market does not develop, the liquidity and trading price for the Notes may be harmed. Accordingly, you may be required to bear the financial risk of an investment in the Notes for an indefinite period of time.

We may choose to redeem the Notes when prevailing interest rates are relatively low.

Beginning December 15, 2018, June 15, 2021 or December 15, 2021, we may choose to redeem the 2024 Notes, 2028 Notes or 2029 Notes, respectively, from time to time, especially when prevailing interest rates are lower than the rate borne by such Notes. If prevailing rates are lower at the time of redemption, you would not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on the Notes. Our redemption right also may adversely impact your ability to sell the Notes.

The Indenture governing the Notes will not contain restrictive covenants and will provide only limited protection in the event of a change of control.

The Indenture under which the Notes will be issued will not contain any financial or operating covenants or any other restrictive covenants that would limit our ability to engage in certain transactions that may adversely affect you. In particular, the Indenture will not contain covenants that limit our ability to pay dividends or make distributions on or redeem our capital stock or that limit our ability to incur additional indebtedness, including in a highly leveraged transaction or other similar transaction. We will only be required to offer to repurchase the Notes upon a change of control in the case of the transactions specified in the definition of a "fundamental change" under "Description of the Notes-Purchase of Notes by Us for Cash at the Option of Holders upon a Fundamental Change."

Accordingly, subject to restrictions contained in our other debt agreements, we will be permitted to engage in certain transactions, such as acquisitions, refinancings or recapitalizations, that could affect our capital structure and the value of the Notes but would not constitute a fundamental change under the Notes.

We may be unable to repurchase the Notes following a fundamental change.

Holders of the Notes have the right to require us to repurchase the Notes prior to their maturity upon the occurrence of a fundamental change as described under "Description of the Notes-Purchase of Notes by Us for Cash at the Option of Holders upon a Fundamental Change." Any of our future debt agreements may contain similar provisions. We may not have sufficient funds or the ability to arrange necessary financing on acceptable terms at the time we are required to make repurchases of tendered Notes. In addition, our ability to repurchase the Notes may be limited by law or the terms of other agreements relating to our debt outstanding at the time, including our credit facility. If we fail to repurchase the Notes as required by the Indenture, it would constitute an event of default under the Indenture governing the Notes, which, in turn, would constitute an event of default under our credit facility.

Some significant restructuring transactions may not constitute a fundamental change, in which case we would not be obligated to offer to repurchase the Notes.

Upon the occurrence of a fundamental change, you have the right to require us to offer to repurchase the Notes. However, the fundamental change provisions will not afford protection to holders of the Notes in the event of certain transactions. For example, transactions such as leveraged recapitalizations, refinancings, restructurings or acquisitions initiated by us would not constitute a fundamental change event which may require us to repurchase the Notes. In the event of any such transaction, the holders would not have the right to require us to repurchase the Notes, even though each of these transactions could increase the amount of our indebtedness, or otherwise adversely affect our capital structure or any credit ratings, thereby adversely affecting the holders of the Notes.

Provisions of the Notes could discourage an acquisition of us by a third party.

Certain provisions of the Notes could make it more difficult or more expensive for a third party to acquire us. Upon the occurrence of certain transactions constituting a fundamental change event, holders of the Notes will have the right, at their option, to require us to repurchase all of their Notes or any portion of the principal amount of such Notes in integral multiples of $25. These provisions could discourage an acquisition of us by a third party.

Our most recent NAV was calculated on March 31, 2019 and our NAV when calculated effective June 30, 2019 and thereafter may be higher or lower.

Our NAV per share is $9.08 as of March 31, 2019. NAV per share as of June 30, 2019 may be higher or lower than $9.08 based on potential changes in valuations, issuances of securities, repurchases of securities, dividends paid and earnings for the quarter then ended. Our Board of Directors has not yet determined the fair value of portfolio investments at any date subsequent to March 31, 2019. Our Board of Directors determines the fair value of our portfolio investments on a quarterly basis in connection with the preparation of quarterly financial statements and based on input from independent valuation firms, the Investment Adviser, the Administrator and the Audit Committee of our Board of Directors.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(All figures in this item are in thousands except share, per share and other data.)

The following discussion should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere in this prospectus supplement and accompanying prospectus. Historical results set forth are not necessarily indicative of our future financial position and results of operations.

Overview

The terms "Prospect," "the Company," "we," "us" and "our" mean Prospect Capital Corporation and its subsidiaries unless the context specifically requires otherwise.

Prospect 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.

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 Rated Secured Structured Notes ("RSSN") and Subordinated Structured Notes ("SSN") (collectively referred to as "collateralized loan obligations" or "CLOs"). Each of these subsidiaries have been consolidated since operations commenced.

We consolidate certain of our wholly-owned and substantially wholly-owned holding companies formed by us in order to facilitate our investment strategy. The following companies are included in our consolidated financial statements and are collectively referred to as the "Consolidated Holding Companies": CP Holdings of Delaware LLC ("CP Holdings"); Credit Central Holdings of Delaware, LLC; Energy Solutions Holdings Inc.; First Tower Holdings of Delaware LLC ("First Tower Delaware"); MITY Holdings of Delaware Inc.; Nationwide Acceptance Holdings LLC; NMMB Holdings, Inc. ("NMMB Holdings"); NPH Property Holdings, LLC ("NPH"); SB Forging Company, Inc. ("SB Forging"); STI Holding, Inc.; UTP Holdings Group Inc. (f/k/a Harbortouch Holdings of Delaware Inc.); Valley Electric Holdings I, Inc.; Valley Electric Holdings II, Inc.; and Wolf Energy Holdings Inc. ("Wolf Energy Holdings").

We are externally managed by our investment adviser, Prospect Capital Management L.P. ("Prospect Capital Management" or the "Investment Adviser"). Prospect Administration LLC ("Prospect Administration"), a wholly-owned subsidiary of the Investment Adviser, provides administrative services and facilities necessary for us to operate.

Our investment objective is to generate both current income and long-term capital appreciation through debt and equity investments. We invest primarily in senior and subordinated debt and equity of private companies in need of capital for acquisitions, divestitures, growth, development, recapitalizations and other purposes. We work with the management teams or financial sponsors to seek investments with historical cash flows, asset collateral or contracted pro-forma cash flows.

We currently have 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.

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 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.

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"). The real estate investments of National Property REIT Corp. ("NPRC") 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.

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, 2019, as shown in our *Consolidated Schedule of Investments*, the cost basis and fair value of our investments in controlled companies was $2,331,616 and $2,394,716, respectively. This structure gives rise to several of the risks described in our public documents and highlighted elsewhere in this prospectus supplement and the accompanying prospectus. 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.

Third Quarter Highlights

Investment Transactions

We seek to be a long-term investor with our portfolio companies. During the three months ended March 31, 2019, we completed follow-on investments in existing portfolio companies totaling approximately $15,536, funded $9,818 of revolver advances, and recorded paid in kind ("PIK") interest of $10,357, resulting in gross investment originations of $35,711. During the three months ended March 31, 2019, we received full repayments totaling $12,773, sold or partially sold $103,122 of our investments, and received several partial prepayments and amortization payments, resulting in repayments of $195,055.

Debt Issuances and Redemptions

During the three months ended March 31, 2019, we increased total commitments to our revolving credit facility (the "Revolving Credit Facility") for PCF by $25,000 to $1,045,000 in the aggregate.

During the three months ended March 31, 2019, we redeemed $23,986 aggregate principal amount of Prospect Capital InterNotes® at par with a weighted average interest rate of 4.71%. In order to replace shorter maturity debt with longer-term debt, we repaid $2,009 aggregate principal amount of Prospect Capital InterNotes® at par in accordance with the Survivor's Option, as defined in the InterNotes® Offering prospectus. As a result of these transactions, we recorded a loss in the amount of the unamortized debt issuance costs. The net loss on the extinguishment of Prospect Capital InterNotes® in the three months ended March 31, 2019 was $194.

During the three months ended March 31, 2019, we issued $55,057 aggregate principal amount of Prospect Capital InterNotes® with a stated and weighted average interest rate of 5.95%, to extend our borrowing base. The newly issued notes mature between January 15, 2024 and March 15, 2029 and generated net proceeds of $54,154.

During the three months ended March 31, 2019, we issued $201,250 aggregate principal amount of senior convertible notes that mature on March 1, 2025 (the "2025 Notes"), unless previously converted or repurchased in accordance with their terms. The 2025 Notes bear interest at a rate of 6.375% per year, payable semi-annually on March 1 and September 1 each year, beginning September 1, 2019. Total proceeds from the issuance of the 2025 Notes, net of underwriting discounts and offering costs, were $198,674.

During the three months ended March 31, 2019, we repurchased an additional $129,798 aggregate principal amount of the 2020 Notes at a weighted average price of 101.4, including commission. As a result of these transactions, we recorded a net loss of $2,787 during the three months ended March 31, 2019, in the amount of the difference between the reacquisition price and the net carrying amounts of the 2020 Notes, net of the proportionate amount of unamortized debt issuance costs.

During the three months ended March 31, 2019, we repaid the outstanding principal amount of $101,647 of the 2019 Notes, plus interest for our convertible notes that matured on January 15, 2019 (the "2019 Notes"). No gain or loss was realized on the transaction.

In connection with follow-on programs for our unsecured Public Notes, we completed the following at-the market ("ATM") offerings of additional debt during three months ended March 31, 2019:

	Maturity	Rate	Principal	Net Proceeds
2024 Notes	6/15/2024	6.25%	$ 12,576	$ 12,428
2028 Notes	6/15/2028	6.25%	1,465	1,427
2029 Notes	6/15/2029	6.875%	19,169	18,523

Equity Issuances

On January 24, 2019, February 21, 2019, and March 21, 2019, we issued 654,382, 83,675, and 90,951 shares of our common stock in connection with the dividend reinvestment plan, respectively.

Investment Holdings

As of March 31, 2019, we continue to pursue our investment strategy. At March 31, 2019, we have $5,700,673, or 171.1%, of our net assets invested in 137 long-term portfolio investments and CLOs.

Our annualized current yield was 12.8% and 13.0% as of March 31, 2019 and June 30, 2018, respectively, across all performing interest bearing investments, excluding equity investments and non-accrual loans. Our annualized current yield was 10.4% and 10.5% as of March 31, 2019 and June 30, 2018, respectively, across all investments. Monetization of equity positions that we hold and loans on non-accrual status are not included in this yield calculation. In many of our portfolio companies we hold equity positions, ranging from minority interests to majority stakes, which we expect over time to contribute to our investment returns. Some of these equity positions include features such as contractual minimum internal rates of returns, preferred distributions, flip structures and other features expected to generate additional investment returns, as well as contractual protections and preferences over junior equity, in addition to the yield and security offered by our cash flow and collateral debt protections.

We are a non-diversified company within the meaning of the 1940 Act. As required by the 1940 Act, we classify our investments by level of control. As defined in the 1940 Act, “Control Investments” are those where there is the ability or power to exercise a controlling influence over the management or policies of a company. Control is generally deemed to exist when a company or individual possesses or has the right to acquire within 60 days or less, a beneficial ownership of 25% or more of the voting securities of an investee company. Under the 1940 Act, “Affiliate Investments” are defined by a lesser degree of influence and are deemed to exist through the possession outright or via the right to acquire within 60 days or less, beneficial ownership of 5% or more of the outstanding voting securities of another person. “Non-Control/Non-Affiliate Investments” are those that are neither Control Investments nor Affiliate Investments. As of March 31, 2019, we own controlling interests in the following portfolio companies: CP Energy Services Inc. (“CP Energy”); Credit Central Loan Company, LLC (“Credit Central”); Echelon Transportation, LLC (“Echelon”); First Tower Finance Company LLC (“First Tower Finance”); Freedom Marine Solutions, LLC (“Freedom Marine”); InterDent, Inc. (“InterDent”); MITY, Inc. (“MITY”); NPRC; Nationwide Loan Company LLC (f/k/a Nationwide Acceptance LLC) (“Nationwide”); NMMB, Inc. (“NMMB”); Pacific World Corporation (“Pacific World”); R-V Industries, Inc.; Universal Turbine Parts, LLC (“UTP”); USES Corp. (“USES”); Valley Electric Company, Inc. (“Valley Electric”); and Wolf Energy, LLC (“Wolf Energy”). As of March 31, 2019, we also own affiliated interests in Nixon, Inc. (“Nixon”), Targus Cayman HoldCo Limited (“Targus”), Edmentum Ultimate Holdings, LLC (“Edmentum”) and United Sporting Companies, Inc. (“USC”).

The following shows the composition of our investment portfolio by level of control as of March 31, 2019 and June 30, 2018:

	March 31, 2019				June 30, 2018			
Level of Control	Cost	% of Portfolio	Fair Value	% of Portfolio	Cost	% of Portfolio	Fair Value	% of Portfolio
Control Investments	$ 2,331,616	39.2%	$ 2,394,716	42.0%	$ 2,300,526	39.5%	$ 2,404,326	42.0%
Affiliate Investments	180,279	3.0%	91,042	1.6%	55,637	0.9%	58,436	1.0%
Non-Control/Non-Affiliate Investments	3,437,174	57.8%	3,214,915	56.4%	3,475,295	59.6%	3,264,517	57.0%
Total Investments	$ 5,949,069	100.0%	$ 5,700,673	100.0%	$ 5,831,458	100.0%	$ 5,727,279	100.0%

The following shows the composition of our investment portfolio by type of investment as of March 31, 2019 and June 30, 2018:

	March 31, 2019				June 30, 2018			
Type of Investment	**Cost**	**% of Portfolio**	**Fair Value**	**% of Portfolio**	**Cost**	**% of Portfolio**	**Fair Value**	**% of Portfolio**
Revolving Line of Credit	$ 38,433	0.6%	$ 38,381	0.7%	$ 38,659	0.7%	$ 38,559	0.7%
Senior Secured Debt	2,716,036	45.7%	2,504,237	43.9%	2,602,018	44.6%	2,481,353	43.3%
Subordinated Secured Debt	1,434,630	24.1%	1,343,067	23.5%	1,318,028	22.6%	1,260,525	22.0%
Subordinated Unsecured Debt	38,906	0.7%	26,422	0.5%	38,548	0.7%	32,945	0.6%
Small Business Loans	—	—%	—	—%	30	—%	17	—%
Rated Secured Structured Notes	44,783	0.7%	47,520	0.8%	6,159	0.1%	6,159	0.1%
Subordinated Structured Notes	1,099,133	18.5%	881,128	15.5%	1,096,768	18.8%	954,035	16.7%
Preferred Stock	91,094	1.5%	83,658	1.4%	92,346	1.6%	75,986	1.3%
Common Stock	292,113	4.9%	398,539	7.0%	445,364	7.6%	517,858	9.0%
Membership Interest	193,941	3.3%	283,160	5.0%	193,538	3.3%	257,799	4.5%
Participating Interest(1)	—	—%	91,361	1.6%	—	—%	101,126	1.8%
Escrow Receivable	—	—%	3,200	0.1%	—	—%	917	—%
Total Investments	$ 5,949,069	100.0%	$ 5,700,673	100.0%	$ 5,831,458	100.0%	$ 5,727,279	100.0%

(1) Participating Interest includes our participating equity investments, such as net profits interests, net operating income interests, net revenue interests, and overriding royalty interests.

The following shows our investments in interest bearing securities by type of investment as of March 31, 2019 and June 30, 2018:

	March 31, 2019				June 30, 2018			
Type of Investment	**Cost**	**%**	**Fair Value**	**%**	**Cost**	**%**	**Fair Value**	**%**
First Lien	$ 2,746,861	51.2%	$ 2,535,010	52.4%	$ 2,632,843	51.6%	$ 2,512,078	52.6%
Second Lien	1,442,238	26.8%	1,350,675	27.9%	1,325,862	26.0%	1,268,359	26.6%
Unsecured	38,906	0.7%	26,422	0.5%	38,548	0.8%	32,945	0.7%
Small Business Loans	—	—%	—	—%	30	—%	17	—%
Rated Secured Structured Notes	44,783	0.8%	47,520	1.0%	6,159	0.1%	6,159	0.1%
Subordinated Structured Notes	1,099,133	20.5%	881,128	18.2%	1,096,768	21.5%	954,035	20.0%
Total Interest Bearing Investments	$ 5,371,921	100.0%	$ 4,840,755	100.0%	$ 5,100,210	100.0%	$ 4,773,593	100.0%

The following shows the composition of our investment portfolio by geographic location as of March 31, 2019 and June 30, 2018:

	March 31, 2019				June 30, 2018			
Geographic Location	Cost	% of Portfolio	Fair Value	% of Portfolio	Cost	% of Portfolio	Fair Value	% of Portfolio
Canada	$ 5,975	0.1%	$ 6,000	0.2%	$ 16,809	0.3%	$ 17,816	0.3%
Cayman Islands	1,143,916	19.2%	928,648	16.3%	1,102,927	18.9%	960,194	16.8%
France	12,736	0.2%	12,872	0.2%	12,490	0.2%	12,334	0.2%
MidAtlantic US	627,232	10.5%	628,909	11.0%	410,644	7.0%	410,644	7.2%
Midwest US	401,463	6.7%	476,904	8.4%	395,622	6.8%	413,758	7.2%
Northeast US	592,138	10.0%	657,548	11.5%	677,204	11.6%	701,851	12.3%
Northwest US	111,012	1.9%	171,018	3.0%	103,906	1.8%	90,288	1.6%
Puerto Rico	79,332	1.3%	78,297	1.4%	84,713	1.5%	83,507	1.5%
Southeast US	1,181,940	19.9%	1,296,401	22.7%	1,243,430	21.3%	1,524,379	26.6%
Southwest US	706,556	11.9%	571,310	10.0%	723,038	12.4%	599,914	10.4%
Western US	1,086,769	18.3%	872,766	15.3%	1,060,675	18.2%	912,594	15.9%
Total Investments	$ 5,949,069	100.0%	$ 5,700,673	100.0%	$ 5,831,458	100.0%	$ 5,727,279	100.0%

The following shows the composition of our investment portfolio by industry as of March 31, 2019 and June 30, 2018:

	March 31, 2019				June 30, 2018			
Industry	Cost	% of Portfolio	Fair Value	% of Portfolio	Cost	% of Portfolio	Fair Value	% of Portfolio
Aerospace & Defense	$ 76,929	1.3%	$ 89,610	1.6%	$ 69,837	1.2%	$ 82,278	1.4%
Air Freight & Logistics	12,322	0.2%	12,704	0.2%	—	—%	—	—%
Auto Components	25,430	0.4%	25,430	0.4%	12,681	0.2%	12,887	0.2%
Building Products	19,836	0.3%	19,836	0.3%	9,905	0.2%	10,000	0.2%
Capital Markets	25,079	0.4%	25,222	0.4%	19,799	0.3%	20,000	0.3%
Commercial Services & Supplies	361,231	6.1%	283,813	5.1%	386,187	6.6%	330,024	5.8%
Communications Equipment	50,497	0.8%	50,497	0.9%	39,860	0.7%	40,000	0.7%
Construction & Engineering	69,515	1.2%	129,521	2.3%	64,415	1.1%	50,797	0.9%
Consumer Finance	476,524	8.0%	596,396	10.5%	485,381	8.3%	586,978	10.2%
Distributors	300,365	5.0%	208,971	3.7%	470,750	8.1%	402,465	7.0%
Diversified Consumer Services	146,125	2.5%	132,620	2.3%	173,695	3.0%	163,152	2.8%
Diversified Telecommunication Services	26,296	0.4%	26,296	0.5%	—	—%	—	—%
Electronic Equipment, Instruments & Components	12,736	0.2%	15,064	0.3%	54,805	0.9%	62,964	1.1%
Energy Equipment & Services	260,792	4.4%	173,028	3.0%	257,371	4.4%	170,574	3.0%
Entertainment	42,470	0.7%	42,580	0.7%	—	—%	—	—%
Equity Real Estate Investment Trusts (REITs)	496,440	8.4%	782,729	13.8%	499,858	8.6%	811,915	14.2%
Food Products	34,719	0.6%	34,818	0.6%	9,884	0.2%	9,886	0.2%
Health Care Equipment & Supplies	41,978	0.7%	40,462	0.7%	43,279	0.7%	43,279	0.8%
Health Care Providers & Services	475,887	8.0%	452,370	7.9%	421,198	7.2%	404,130	7.1%
Hotels & Personal Products	—	—%	—	—%	24,938	0.4%	24,938	0.4%
Hotels, Restaurants & Leisure	35,847	0.6%	35,847	0.6%	37,295	0.6%	37,295	0.6%
Household Products	24,750	0.4%	24,689	0.4%	—	—%	—	—%
Household Durables	40,158	0.7%	37,795	0.7%	42,539	0.7%	41,623	0.7%
Insurance	2,988	0.1%	2,945	0.1%	2,986	0.1%	2,986	0.1%
Interactive Media & Services	48,181	0.8%	48,181	0.8%	—	—%	—	—%
Internet & Direct Marketing Retail	—	—%	—	—%	39,813	0.7%	39,813	0.7%
Internet Software & Services	—	—%	—	—%	229,717	4.0%	229,791	4.0%
IT Services	303,451	5.1%	303,306	5.3%	182,183	3.1%	182,578	3.2%

Industry	March 31, 2019 Cost	% of Portfolio	Fair Value	% of Portfolio	June 30, 2018 Cost	% of Portfolio	Fair Value	% of Portfolio
Leisure Products	$ 40,242	0.7%	$ 40,287	0.7%	$ 45,531	0.8%	$ 45,626	0.8%
Machinery	35,488	0.6%	31,441	0.6%	35,488	0.6%	31,886	0.6%
Media	147,618	2.5%	148,063	2.6%	143,063	2.5%	140,365	2.4%
Online Lending	272,949	4.6%	174,585	3.1%	327,159	5.6%	243,078	4.2%
Paper & Forest Products	11,353	0.2%	11,353	0.2%	11,328	0.2%	11,226	0.2%
Personal Products	232,325	3.9%	130,451	2.3%	228,575	3.9%	165,020	2.9%
Pharmaceuticals	—	—%	—	—%	11,882	0.2%	12,000	0.2%
Professional Services	187,042	3.1%	190,817	3.3%	74,272	1.3%	76,991	1.3%
Real Estate Management & Development	41,160	0.7%	41,160	0.7%	41,860	0.7%	41,860	0.7%
Software	70,679	1.2%	71,189	1.2%	66,435	1.1%	67,265	1.2%
Technology Hardware, Storage & Peripherals	12,396	0.2%	12,396	0.2%	12,384	0.2%	12,500	0.2%
Textiles, Apparel & Luxury Goods	238,011	4.0%	252,172	4.4%	46,429	0.8%	60,220	1.1%
Tobacco	14,412	0.2%	14,500	0.3%	14,392	0.3%	14,392	0.3%
Trading Companies & Distributors	63,375	1.1%	30,777	0.5%	63,863	1.1%	56,199	1.0%
Transportation Infrastructure	27,557	0.5%	28,104	0.5%	27,494	0.5%	28,104	0.5%
Subtotal	$ 4,805,153	80.8%	$ 4,772,025	83.7%	$ 4,728,531	81.1%	$ 4,767,085	83.2%
Structured Finance(1)	$ 1,143,916	19.2%	$ 928,648	16.3%	$ 1,102,927	18.9%	$ 960,194	16.8%
Total Investments	$ 5,949,069	100.0%	$ 5,700,673	100.0%	$ 5,831,458	100.0%	$ 5,727,279	100.0%

(1) Our CLO investments do not have industry concentrations and as such have been separated in the table above.

Portfolio Investment Activity

Our origination efforts are focused primarily on secured lending to non-control investments to reduce the risk in the portfolio by investing primarily in first lien loans, though we also continue to close select junior debt and equity investments. During the nine months ended March 31, 2019, we acquired $209,041 of new investments, completed follow-on investments in existing portfolio companies totaling approximately $261,516, funded $16,385 of revolver advances, and recorded PIK interest of $29,663, resulting in gross investment originations of $516,605. Our originations were primarily comprised $441,408 of debt and equity financing to affiliate and non-controlled portfolio investments and $75,197 of debt and equity financing to controlled investments. The more significant of these transactions are briefly described below.

During the period from July 13, 2018 to July 16, 2018, we made follow-on first lien term loan investments of $105,000 in Town & Country Holdings, Inc., to support acquisitions. The first lien term loan bears interest at the greater of 10.00% or LIBOR plus 8.50% and has a final maturity of January 26, 2023.

On August 1, 2018, we purchased from a third party $14,000 of First Lien Senior Secured Term Loan A/B issued by InterDent, Inc. at par. On September 19, 2018, we made a $5,000 Senior Secured Term Loan D follow-on investment. The First Lien Senior Secured Term Loan A/B bears interest at the greater of 1.00% or LIBOR plus 0.25% and has a final maturity of September 5, 2020. The Senior Secured Term Loan D bears interest at 1.00% PIK interest and has a final maturity of September 5, 2020.

On August 6, 2018, we made a $17,500 senior secured investment in Halyard MD OPCO, LLC, a healthcare IT and advertising technology business that enables targeted advertising campaigns to healthcare providers and patients. Our investment is comprised of a $12,000 first lien term loan, a $2,000 unfunded revolving credit facility, and a $3,500 unfunded delayed draw investment. The first lien term loan bears interest at the greater of 10.00% or LIBOR plus 8.00% and has a final maturity of August 6, 2023. The unfunded revolving credit facility and delayed draw bear interest at the greater of 10.00% or LIBOR plus 8.00% and has a final maturity of February 6, 2020.

During the period from July 19, 2018 through December 31, 2018, we provided $10,206 of equity financing to NPRC for the acquisition of real estate properties and $1,377 of equity financing to NPRC to fund capital expenditures for existing real estate properties.

During the period from August 3, 2018 to September 6, 2018, we made follow-on second lien term loan investments of $10,000 in Janus International Group, LLC. The senior lien term loan bears interest at the greater of 8.75% or LIBOR plus 7.75% and has a final maturity of February 12, 2026.

During the period from August 14, 2018 to September 24, 2018, we made follow-on second lien term loan investments of $13,000 in K&N Parent, Inc. The second lien term loan bears interest at the greater of 9.75% or LIBOR plus 8.75% and has a final maturity of October 21, 2024.

On September 14, 2018, we made a $10,100 Senior Secured Term Loan A and a $10,100 Senior Secured Term Loan B debt investment in Centerfield Media Holding Company, a provider of customer acquisition and conversion services, to fund an acquisition. The Senior Secured Term Loan A bears interest at the greater of 9.00% or LIBOR plus 7.00% and has a final maturity of January 17, 2022. The Senior Secured Term Loan B bears interest at the greater of 14.50% or LIBOR plus 12.50% and has a final maturity of January 17, 2022.

On October 10, 2018, we made a $25,000 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. The second lien term loan bears interest at LIBOR plus 7.75% and has a final maturity of October 1, 2026.

On October 12, 2018, we made a $35,000 Second Lien Term Loan investment in CCS-CMGC Holdings, Inc., a leading provider of outsourced correctional healthcare and behavioral healthcare solutions for government customers. The second lien term loan bears interest at LIBOR plus 9.0% and has a final maturity of October 1, 2026.

On October 25, 2018, we made a $12,500 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. The second lien term loan bears interest at LIBOR plus 8.00% and has a final maturity of October 16, 2026.

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. The Second Lien Term Loan bears interest at LIBOR plus 8.25% and has a final maturity of November 29, 2026.

On December 7, 2018, we made a new $50,000 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. The Second Lien Term Loan bears interest at LIBOR plus 8.25% and has a final maturity of November 27, 2026.

On December 7, 2018, we made additional $12,000 of Senior Secured Term Loan A and $12,000 of Senior Secured Term Loan B investments in MRP Holdco, Inc. to support an acquisition. The Senior Secured Term Loan A bears interest at the greater of 6.50% or LIBOR plus 5.00% and has a final maturity of April 17, 2024. The Senior Secured Term Loan B bears interest at the greater of 10.50% or LIBOR plus 9.00% and has a final maturity of April 17, 2024.

On December 7, 2018, we made an investment of $2,655 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 $11,400 to purchase the single-B rated debt tranche of Symphony CLO XV, Ltd.

On December 10, 2018, Prospect purchased all of the voting stock of Universal Turbine Parts, LLC (“UTP”) and appointed a new Board of Directors to UTP, including three Prospect employees. As a result of the purchase, Prospect’s investment in UTP is classified as a control investment.

During the nine months ended March 31, 2019, we received full repayments of $117,213, sold or partially sold $103,122 of our investments, and received several partial prepayments and amortization payments, which resulted in $415,165 of repayments and net realized gains totaling $13,517. The more significant of these transactions are briefly described below.

On September 7, 2018, CURO Financial Technologies Corp. fully repaid the $10,896 Senior Secured Note receivable to us.

On October 1, 2018, Fleetwash, Inc. fully repaid the $21,544 Senior Secured Term Loan B receivable to us.

On October 18, 2018, ATS Consolidated, Inc. fully repaid the $15,000 Second Lien Term Loan receivable to us.

On November 28, 2018, Rocket Software, Inc. fully repaid the $50,000 Second Lien Term Loan receivable to us.

During the period from January 23, 2019 to February 28, 2019, we sold $76,000, or 39.13%, of the outstanding principal balance of the senior secured note investment in Broder Bros., Co.

On March 1, 2019, we sold our 94.59% common equity interest in CCPI, Inc. for $18,865 in net proceeds. Concurrently, CCPI Inc. fully repaid the $2,797 Senior Secured Term Loan A and the $17,566 Senior Secured Term Loan B receivable to us.

On March 5, 2019, PharMerica Corporation fully repaid the $12,000 Second Lien Term Loan receivable to us.

On March 27, 2019, we received a partial repayment of $33,000 of our Senior Secured Term Loan B outstanding with NPRC and its wholly-owned subsidiaries.

The following table provides a summary of our investment activity for each quarter within the three years ending June 30, 2019:

Quarter Ended	Acquisitions(1)	Dispositions(2)
September 30, 2016	347,150	114,331
December 31, 2016	469,537	644,995
March 31, 2017	449,607	302,513
June 30, 2017	223,176	352,043
September 30, 2017	222,151	310,894
December 31, 2017	738,737	1,041,126
March 31, 2018	429,928	116,978
June 30, 2018	339,841	362,287
September 30, 2018	254,642	56,608
December 31, 2018	226,252	163,502
March 31, 2019	35,711	195,055

(1) Includes investments in new portfolio companies, follow-on investments in existing portfolio companies, refinancings and PIK interest.

(2) Includes sales, scheduled principal payments, prepayments and refinancings.

Investment Valuation

In determining the range of values for debt instruments, except CLOs and debt investments in controlling portfolio companies, management and the independent valuation firm estimated corporate and security credit ratings and identified corresponding yields to maturity for each loan from relevant market data. A discounted cash flow technique was then prepared using the appropriate yield to maturity as the discount rate, to determine a range of values. In determining the range of values for debt investments of controlled companies and equity investments, the enterprise value was determined by applying earnings before interest, income tax, depreciation and amortization ("EBITDA") multiples, the discounted cash flow technique, net income and/or book value multiples for similar guideline public companies and/or similar recent investment transactions. For stressed debt and equity investments, a liquidation analysis was prepared.

In determining the range of values for our investments in CLOs, the independent valuation firm uses a discounted multi-path cash flow model. The valuations were accomplished through the analysis of the CLO deal structures to identify the risk exposures from the modeling point of view as well as to determine an appropriate call date (i.e., expected maturity). These risk factors are sensitized in the multi-path cash flow model using Monte Carlo simulations, which is a simulation used to model the probability of different outcomes, to generate probability-weighted (i.e., multi-path) cash flows for the underlying assets and liabilities. These cash flows are discounted using appropriate market discount rates, and relevant data in the CLO market and certain benchmark credit indices are considered, to determine the value of each CLO investment. In addition, we generate a single-path cash flow utilizing our best estimate of expected cash receipts, and assess the reasonableness of the implied discount rate that would be effective for the value derived from the corresponding multi-path cash flow model.

With respect to our online consumer and SME lending initiative, we invest primarily in marketplace loans through marketplace lending platforms. We do not conduct loan origination activities ourselves. Therefore, our ability to purchase consumer and SME loans, and our ability to grow our portfolio of consumer and SME loans, are directly influenced by the business performance and competitiveness of the marketplace loan origination business of the marketplace lending platforms from which we purchase consumer and SME loans. In addition, our ability to analyze the risk-return profile of consumer and SME loans is significantly dependent on the marketplace platforms' ability to effectively evaluate a borrower's credit profile and likelihood of default. If we are unable to effectively evaluate borrowers' credit profiles or the credit decisioning and scoring models implemented by each platform, we may incur unanticipated losses which could adversely impact our operating results.

The Board of Directors looked at several factors in determining where within the range to value the asset including: recent operating and financial trends for the asset, independent ratings obtained from third parties, comparable multiples for recent sales of companies within the industry and discounted cash flow models for our investments in CLOs. The composite of all these various valuation techniques, applied to each investment, was a total valuation of $5,700,673.

Our portfolio companies are generally lower middle market companies, outside of the financial sector, with less than $100,000 of annual EBITDA. We believe our investment portfolio has experienced less volatility than others because we believe there are more buy and hold investors who own these less liquid investments.

Control investments offer increased risk and reward over straight debt investments. Operating results and changes in market multiples can result in dramatic changes in values from quarter to quarter. Significant downturns in operations can further result in our looking to recoveries on sales of assets rather than the enterprise value of the investment. Equity positions in our portfolio are susceptible to potentially significant changes in value, both increases as well as decreases, due to changes in operating results and market multiples. Several of our controlled companies discussed below experienced such changes and we recorded corresponding fluctuations in valuations during the nine months ended March 31, 2019.

Credit Central Loan Company, LLC

Prospect owns 100% of the equity of Credit Central Holdings of Delaware, LLC (“Credit Central Delaware”), a Consolidated Holding Company. Credit Central Delaware owns 98.26% of Credit Central Loan Company, LLC (f/k/a Credit Central Holdings, LLC (“Credit Central”)) as of March 31, 2019 and June 30, 2018, with entities owned by Credit Central management owning the remaining 1.74% of the equity. Credit Central is a branch-based provider of installment loans.

The fair value of our investment in Credit Central decreased to $69,550 as of March 31, 2019, representing a premium of $4,230 to its amortized cost basis, compared to a fair value of $76,677 as of June 30, 2018, representing a premium of $15,450 to its amortized cost basis. The decrease in fair value was driven by a decline in Credit Central’s financial performance and in comparable company trading multiples.

First Tower Finance Company LLC

Prospect owns 100% of the equity of First Tower Holdings of Delaware LLC (“First Tower Delaware”), a Consolidated Holding Company. First Tower Delaware owns 80.1% of First Tower Finance Company LLC (f/k/a First Tower Holdings LLC) (“First Tower Finance”) as of March 31, 2019 and June 30, 2018. First Tower Finance owns 100% of First Tower, LLC (“First Tower”), a multiline specialty finance company.

The fair value of our investment in First Tower Finance increased to $477,958 as of March 31, 2019, representing a premium of $124,642 to its amortized cost basis, compared to a fair value of $443,010 as of June 30, 2018, representing a premium of $88,798 to its amortized cost basis. The increase in fair value was driven by an improvement in First Tower Finance’s historical and projected financial performance, partially offset by a decline in comparable company trading multiples.

InterDent, Inc.

Following assumption of control, Prospect exercised its rights and remedies under its loan documents to exercise the shareholder voting rights in respect of the stock of InterDent, Inc. (“InterDent”) and to appoint a new Board of Directors of InterDent, all the members of which are our Investment Adviser’s professionals. As a result, as of June 30, 2018, Prospect’s investment in InterDent is classified as a control investment.

The fair value of our investment in InterDent decreased to $222,529 as of March 31, 2019, representing a discount of $21,830 to its amortized cost basis, compared to a fair value of $197,621 as of June 30, 2018, representing a discount of $15,080 to its amortized cost basis. The decrease in fair value was driven by a decline in InterDent’s financial performance.

MITY, Inc.

As of June 30, 2018, MITY Holdings of Delaware Inc. (“MITY Delaware”), a consolidated entity in which we own 100% of the common stock, owns 95.58% of the equity of MITY, Inc. (f/k/a MITY Enterprises, Inc.) (“MITY”). Effective March 13, 2019, MITY Delaware’s equity ownership of MITY increased to 100%. MITY owns 100% of each of MITY-Lite, Inc. (“MITY-Lite”); Broda USA, Inc. (f/k/a Broda Enterprises USA, Inc.) (“Broda USA”); and Broda Enterprises ULC (“Broda Canada”). MITY is a designer, manufacturer and seller of multipurpose room furniture and specialty healthcare seating products.

The fair value of our investment in MITY decreased to $44,289 as of March 31, 2019, representing a discount of $21,785 to its amortized cost basis, compared to a fair value of $58,894 as of June 30, 2018, representing a discount of $5,847. The decrease in fair value was driven by a decline in MITY's financial performance.

National Property REIT Corp.

NPRC is a Maryland corporation and a qualified REIT for federal income tax purposes. NPRC is held for purposes of investing, operating, financing, leasing, managing and selling a portfolio of real estate assets and engages in any and all other activities that may be necessary, incidental, or convenient to perform the foregoing. NPRC acquires real estate assets, including, but not limited to, industrial, commercial, and multi-family properties. NPRC may acquire real estate assets directly or through joint ventures by making a majority equity investment in a property-owning entity. Additionally, through its wholly-owned subsidiaries, NPRC invests in online consumer loans. Effective May 23, 2016, APRC and UPRC merged with and into NPRC, to consolidate all of our real estate holdings, with NPRC as the surviving entity. As of March 31, 2019, we own 100% of the fully-diluted common equity of NPRC.

During the nine months ended March 31, 2019, we provided $10,206 of equity financing to NPRC for the acquisition of real estate properties and $1,377 of equity financing to NPRC to fund capital expenditures for existing real estate properties. In addition, we received partial repayments of $54,181 of our loans previously outstanding with NPRC and its wholly owned subsidiary and $15,000 as a return of capital on our equity investment in NPRC.

The online consumer loan investments held by certain of NPRC's wholly-owned subsidiaries are unsecured obligations of individual borrowers that are issued in amounts ranging from $1 to $50, with fixed terms ranging from 24 to 84 months. As of March 31, 2019, the outstanding investment in online consumer loans by certain of NPRC's wholly-owned subsidiaries was comprised of 33,478 individual loans and residual interest in four securitizations, and had an aggregate fair value of $187,706. The average outstanding individual loan balance is approximately $4 and the loans mature on dates ranging from April 1, 2019 to April 19, 2025 with a weighted-average outstanding term of 23 months as of March 31, 2019. Fixed interest rates range from 4.0% to 36.0% with a weighted-average current interest rate of 23.5%. As of March 31, 2019, our investment in NPRC and its wholly-owned subsidiaries relating to online consumer lending had a fair value of $174,585.

As of March 31, 2019, based on outstanding principal balance, 8.2% of the portfolio was invested in super prime loans (borrowers with a Fair Isaac Corporation ("FICO") score, of 720 or greater), 21.8% of the portfolio in prime loans (borrowers with a FICO score of 660 to 719) and 70.0% of the portfolio in near prime loans (borrowers with a FICO score of 580 to 659).

Loan Type	Outstanding Principal Balance	Fair Value	Interest Rate Range	Weighted Average Interest Rate*
Super Prime	$ 11,922	$ 11,560	4.0% - 24.1%	12.5%
Prime	31,963	30,272	4.0% - 36.0%	17.2%
Near Prime	102,417	95,099	6.0% - 36.0%	26.8%

*Weighted by outstanding principal balance of the online consumer loans.

As of March 31, 2019, our investment in NPRC and its wholly-owned subsidiaries had an amortized cost of $769,389 and a fair value of $957,314, including our investment in online consumer lending as discussed above. As of March 31. 2019, our investment in NPRC and its wholly-owned subsidiaries relating to the real estate portfolio had a fair value of $782,729. This portfolio was comprised of forty-three multi-families properties, twelve self-storage units, eight student housing properties and three commercial properties. The following table shows the location, acquisition date, purchase price, and mortgage outstanding due to other parties for each of the properties held by NPRC as of March 31, 2019.

No.	Property Name	City	Acquisition Date	Purchase Price	Mortgage Outstanding
1	Filet of Chicken	Forest Park, GA	10/24/2012	$ 7,400	$ —
2	Lofton Place, LLC	Tampa, FL	4/30/2013	26,000	20,012
3	Arlington Park Marietta, LLC	Marietta, GA	5/8/2013	14,850	—
4	NPRC Carroll Resort, LLC	Pembroke Pines, FL	6/24/2013	225,000	173,467
5	Cordova Regency, LLC	Pensacola, FL	11/15/2013	13,750	11,331
6	Crestview at Oakleigh, LLC	Pensacola, FL	11/15/2013	17,500	13,791
7	Inverness Lakes, LLC	Mobile, AL	11/15/2013	29,600	24,603
8	Kings Mill Pensacola, LLC	Pensacola, FL	11/15/2013	20,750	17,481

No.	Property Name	City	Acquisition Date	Purchase Price	Mortgage Outstanding
9	Plantations at Pine Lake, LLC	Tallahassee, FL	11/15/2013	18,000	14,037
10	Verandas at Rocky Ridge, LLC	Birmingham, AL	11/15/2013	15,600	10,165
11	Atlanta Eastwood Village LLC	Stockbridge, GA	12/12/2013	25,957	22,263
12	Atlanta Monterey Village LLC	Jonesboro, GA	12/12/2013	11,501	10,831
13	Atlanta Hidden Creek LLC	Morrow, GA	12/12/2013	5,098	4,636
14	Atlanta Meadow Springs LLC	College Park, GA	12/12/2013	13,116	12,751
15	Atlanta Meadow View LLC	College Park, GA	12/12/2013	14,354	12,805
16	Atlanta Peachtree Landing LLC	Fairburn, GA	12/12/2013	17,224	15,168
17	NPH Carroll Bartram Park, LLC	Jacksonville, FL	12/31/2013	38,000	26,778
18	Crestview at Cordova, LLC	Pensacola, FL	1/17/2014	8,500	7,648
19	Taco Bell, OK	Yukon, OK	6/4/2014	1,719	—
20	Taco Bell, MO	Marshall, MO	6/4/2014	1,405	—
21	23 Mile Road Self Storage, LLC	Chesterfield, MI	8/19/2014	5,804	4,350
22	36th Street Self Storage, LLC	Wyoming, MI	8/19/2014	4,800	3,600
23	Ball Avenue Self Storage, LLC	Grand Rapids, MI	8/19/2014	7,281	5,460
24	Ford Road Self Storage, LLC	Westland, MI	8/29/2014	4,642	3,480
25	Ann Arbor Kalamazoo Self Storage, LLC	Ann Arbor, MI	8/29/2014	4,458	3,345
26	Ann Arbor Kalamazoo Self Storage, LLC	Ann Arbor, MI	8/29/2014	8,927	6,695
27	Ann Arbor Kalamazoo Self Storage, LLC	Kalamazoo, MI	8/29/2014	2,363	1,775
28	Canterbury Green Apartments Holdings LLC	Fort Wayne, IN	9/29/2014	85,500	86,509
29	Abbie Lakes OH Partners, LLC	Canal Winchester, OH	9/30/2014	12,600	14,229
30	Kengary Way OH Partners, LLC	Reynoldsburg, OH	9/30/2014	11,500	15,927
31	Lakeview Trail OH Partners, LLC	Canal Winchester, OH	9/30/2014	26,500	28,952
32	Lakepoint OH Partners, LLC	Pickerington, OH	9/30/2014	11,000	14,480
33	Sunbury OH Partners, LLC	Columbus, OH	9/30/2014	13,000	15,356
34	Heatherbridge OH Partners, LLC	Blacklick, OH	9/30/2014	18,416	18,328
35	Jefferson Chase OH Partners, LLC	Blacklick, OH	9/30/2014	13,551	19,486
36	Goldenstrand OH Partners, LLC	Hilliard, OH	10/29/2014	7,810	11,886
37	Jolly Road Self Storage, LLC	Okemos, MI	1/16/2015	7,492	5,620
38	Eaton Rapids Road Self Storage, LLC	Lansing West, MI	1/16/2015	1,741	1,305
39	Haggerty Road Self Storage, LLC	Novi, MI	1/16/2015	6,700	5,025
40	Waldon Road Self Storage, LLC	Lake Orion, MI	1/16/2015	6,965	5,225
41	Tyler Road Self Storage, LLC	Ypsilanti, MI	1/16/2015	3,507	2,630
42	SSIL I, LLC	Aurora, IL	11/5/2015	34,500	26,450
43	Vesper Tuscaloosa, LLC	Tuscaloosa, AL	9/28/2016	54,500	43,103
44	Vesper Iowa City, LLC	Iowa City, IA	9/28/2016	32,750	24,825
45	Vesper Corpus Christi, LLC	Corpus Christi, TX	9/28/2016	14,250	10,800
46	Vesper Campus Quarters, LLC	Corpus Christi, TX	9/28/2016	18,350	14,175
47	Vesper College Station, LLC	College Station, TX	9/28/2016	41,500	32,058
48	Vesper Kennesaw, LLC	Kennesaw, GA	9/28/2016	57,900	48,634
49	Vesper Statesboro, LLC	Statesboro, GA	9/28/2016	7,500	7,480
50	Vesper Manhattan KS, LLC	Manhattan, KS	9/28/2016	23,250	15,415
51	JSIP Union Place, LLC	Franklin, MA	12/7/2016	64,750	51,800
52	9220 Old Lantern Way, LLC	Laurel, MD	1/30/2017	187,250	153,580
53	7915 Baymeadows Circle Owner, LLC	Jacksonville, FL	10/31/2017	95,700	76,560
54	8025 Baymeadows Circle Owner, LLC	Jacksonville, FL	10/31/2017	15,300	12,240
55	23275 Riverside Drive Owner, LLC	Southfield, MI	11/8/2017	52,000	44,044
56	23741 Pond Road Owner, LLC	Southfield, MI	11/8/2017	16,500	14,185
57	150 Steeplechase Way Owner, LLC	Largo, MD	1/10/2018	44,500	36,668
58	Laurel Pointe Holdings, LLC	Forest Park, GA	5/9/2018	33,005	26,400
59	Bradford Ridge Holdings, LLC	Forest Park, GA	5/9/2018	12,500	10,000
60	Olentangy Commons Owner LLC	Columbus, OH	6/1/2018	113,000	92,876

No.	Property Name	City	Acquisition Date	Purchase Price	Mortgage Outstanding
61	Villages of Wildwood Holdings LLC	Fairfield, OH	7/20/2018	46,500	39,525
62	Falling Creek Holdings LLC	Richmond, VA	8/8/2018	25,000	19,335
63	Crown Pointe Passthrough LLC	Danbury, CT	8/30/2018	108,500	89,400
64	Ashwood Ridge Holdings LLC	Jonesboro, GA	9/21/2018	9,600	7,300
65	Lorring Owner LLC	Forestville, MD	10/30/2018	58,521	47,680
66	Hamptons Apartments Owner, LLC	Beachwood, OH	1/9/2019	96,500	79,520
				$ 2,053,507	$ 1,695,483

The fair value of our investment in NPRC decreased to $957,314 as of March 31, 2019, representing a premium of $187,925 to its amortized cost basis, compared to a fair value of $1,054,976 as of June 30, 2018, representing a premium of $227,989. The decrease in fair value is primarily attributable to structuring fees, dividend distributions and royalty interests to PSEC, partially offset by a modest increase in property values driven by lower capitalization rates and an increase in net operating income.

NMMB, Inc.

Prospect owns 100% of the equity of NMMB Holdings, Inc. ("NMMB Holdings"), a Consolidated Holding Company. NMMB Holdings owns 89.40% and 91.52% of the fully-diluted equity of NMMB, Inc. (f/k/a NMMB Acquisition, Inc.) ("NMMB") as of March 31, 2019 and June 30, 2018, with NMMB management owning the remaining equity. NMMB owns 100% of Refuel Agency, Inc. ("Refuel Agency"). Refuel Agency owns 100% of Armed Forces Communications, Inc. ("Armed Forces"). NMMB is an advertising media buying business.

The fair value of our investment in NMMB increased to $25,047 as of March 31, 2019, representing a premium of $7,564 to its amortized cost basis, compared to a fair value of $18,735 as of June 30, 2018, representing a discount of $2,748 to its amortized cost basis. The increase in fair value was driven by improved financial performance, including revenue growth and higher gross profit and operating margins.

Pacific World Corporation

On May 29, 2018, Prospect exercised its rights and remedies under its loan documents to exercise the shareholder voting rights in respect of the stock of Pacific World Corporation ("Pacific World") and to appoint a new Board of Directors of Pacific World. As a result, as of June 30, 2018, Prospect's investment in Pacific World is classified as a control investment. Pacific World Corporation supplies nail and beauty care products to food, drug, mass, and value retail channels worldwide.

The fair value of our investment in Pacific World decreased to $130,451 as of March 31, 2019, representing a discount of $101,874 to its amortized cost basis, compared to a fair value of $165,020 as of June 30, 2018, representing a discount of $63,555 to its amortized cost basis. The decrease in fair value was driven by a deterioration in financial performance.

Universal Turbine Parts, LLC

On December 10, 2018, Prospect purchased all of the voting stock of Universal Turbine Parts, LLC ("UTP") and appointed a new Board of Directors to UTP, including three Prospect employees. As a result of the purchase, Prospect's investment in UTP is classified as a control investment.

The fair value of our investment in UTP decreased to $30,777 as of March 31, 2019, a discount of $32,598 from its amortized cost, compared to a fair value of $56,199 as of June 30, 2018, representing a discount of $7,664 to it amortized cost. The decrease in fair value was driven by a decline in financial performance resulting from increased market competition.

USES Corp.

On June 15, 2016, we provided additional $1,300 debt financing to USES Corp. ("USES") and its subsidiaries in the form of additional Term Loan A debt and, in connection with such Term Loan A debt financing, USES issued to us 99,900 shares of its common stock. On June 29, 2016, we provided additional $2,200 debt financing to USES and its subsidiaries in the form of additional Term Loan A debt and, in connection with such Term Loan A debt financing, USES issued to us 169,062 shares of its common stock. As a result of such debt financing and recapitalization, as of June 29, 2016, we held 268,962 shares of USES common stock representing a 99.96% common equity ownership interest in USES. As such, USES became a controlled company on June 30, 2016.

The fair value of our investment in USES decreased to $14,631 as of March 31, 2019, a discount of $56,038 from its amortized cost, compared to a fair value of $16,319 as of June 30, 2018, representing a discount of $50,850 to it amortized cost. The decrease in fair value was driven by a decline in financial performance resulting from the loss of a customer contract and cost pressures.

Valley Electric Company, Inc.

Prospect owns 100% of the common stock of Valley Electric Holdings I, Inc. (“Valley Holdings I”), a Consolidated Holding Company. Valley Holdings I owns 100% of Valley Electric Holdings II, Inc. (“Valley Holdings II”), a Consolidated Holding Company. Valley Holdings II owns 94.99% of Valley Electric Company, Inc. (“Valley Electric”), with Valley Electric management owning the remaining 5.01% of the equity. Valley Electric owns 100% of the equity of VE Company, Inc., which owns 100% of the equity of Valley Electric Co. of Mt. Vernon, Inc. (“Valley”), a leading provider of specialty electrical services in the state of Washington and among the top electrical contractors in the United States.

The fair value of our investment in Valley Electric increased to $129,521 as of March 31, 2019, a premium of $60,006 from its amortized cost, compared to a fair value of $50,797 as of June 30, 2018, representing a $13,618 discount to its amortized cost. The increase in fair value was driven by improved financial performance, including revenue growth and higher project and operating margins.

Our controlled investments, other than those discussed above, are valued at $87,142 below cost and did not experience significant changes in operating performance or value. This discount is primarily driven by our controlled investments in CP Energy and Freedom Marine, which are valued at a discount to amortized cost of $53,895 and $29,772, respectively. Overall, combined with those portfolio companies discussed above, our controlled investments at March 31, 2019 are valued at $63,100 above their amortized cost.

We hold four affiliate investments at March 31, 2019, which are valued at $89,237 below their amortized cost. This discount is primarily driven by our affiliate investment in USC, which is valued at a discount to amortized cost of $91,394. The decrease in fair value was driven by a decline in financial performance resulting from decline in the firearms industry. Excluding USC, our affiliate investments are valued at $2,157 above their amortized cost as of March 31, 2019.

With the non-control/non-affiliate investments, generally, there is less volatility related to our total investments because our equity positions tend to be smaller than with our control/affiliate investments, and debt investments are generally not as susceptible to large swings in value as equity investments. For debt investments, the fair value is generally limited on the high side to each loan’s par value, plus any prepayment premium that could be imposed. As of March 31, 2019, our CLO investment portfolio is valued at a $215,268 discount to amortized cost. Excluding the CLO investment portfolio, non-control/non-affiliate investments at March 31, 2019 are valued at $6,991 below their amortized cost and did not experience significant changes in operating performance or value.

Capitalization

Our investment activities are capital intensive and the availability and cost of capital is a critical component of our business. We capitalize our business with a combination of debt and equity. Our debt as of March 31, 2019 consists of: a Revolving Credit Facility availing us of the ability to borrow debt subject to borrowing base determinations; Convertible Notes which we issued in April 2014, April 2017 (with a follow-on issuance in May 2018), and March 2019; Public Notes which we issued in March 2013, December 2015 (and from time to time through our 2024 Notes Follow-on Program), June 2018 (and from time to time through our 2028 Notes Follow-on Program), October 2018, and December 2018 (and from time to time through our 2029 Notes Follow-on Program); and Prospect Capital InterNotes® which we issue from time to time. Our equity capital is comprised entirely of common equity.

The following table shows our outstanding debt as of March 31, 2019:

	Principal Outstanding	Unamortized Discount & Debt Issuance Costs	Net Carrying Value		Fair Value (1)		Effective Interest Rate	
Revolving Credit Facility(2)	$ 99,000	$ 8,386	$ 99,000	(3)	$ 99,000		1ML+2.20%	(6)
2020 Notes	248,702	1,480	247,222		250,918	(4)	5.52%	(7)
2022 Notes	328,500	7,201	321,299		325,511	(4)	5.71%	(7)
2025 Notes	201,250	6,526	194,724		198,265	(4)	6.63%	(7)
Convertible Notes	778,452		763,245		774,694			
2023 Notes	320,000	3,474	316,526		332,365	(4)	6.09%	(7)
2024 Notes	231,874	4,935	226,939		233,543	(4)	6.76%	(7)
2028 Notes	68,876	2,290	66,586		68,132	(4)	6.77%	(7)
6.375% 2024 Notes	100,000	1,080	98,920		98,066	(4)	6.62%	(7)
2029 Notes	69,170	2,517	66,653		68,893	(4)	7.39%	(7)
Public Notes	789,920		775,624		800,999			
Prospect Capital InterNotes®	754,721	11,969	742,752		768,659	(5)	5.42%	(8)
Total	$ 2,422,093		$ 2,380,621		$ 2,443,352			

(1) As permitted by ASC 825-10-25, we have not elected to value our Revolving Credit Facility, Convertible Notes, Public Notes and Prospect Capital InterNotes® at fair value. The fair value of these debt obligations are categorized as Level 2 under ASC 820 as of March 31, 2019.

(2) The maximum draw amount of the Revolving Credit facility as of March 31, 2019 is $1,045,000.

(3) Net Carrying Value excludes deferred financing costs associated with the Revolving Credit Facility. See *Critical Accounting Policies and Estimates* for accounting policy details.

(4) We use available market quotes to estimate the fair value of the Convertible Notes and Public Notes.

(5) The fair value of Prospect Capital InterNotes® is estimated by discounting remaining payments using current Treasury rates plus spread based on observable market inputs.

(6) Represents the rate on drawn down and outstanding balances. Deferred debt issuance costs are amortized on a straight-line method over the stated life of the obligation.

(7) The effective interest rate is equal to the effect of the stated interest, the accretion of original issue discount and amortization of debt issuance costs. For the 2024 Notes, the 2028 Notes, and the 2029 Notes, the rate presented is a combined effective interest rate of their respective original Note issuances and Note Follow-on Programs.

(8) For the Prospect Capital InterNotes®, the rate presented is the weighted average effective interest rate. Interest expense and deferred debt issuance costs, which are amortized on a straight-line method over the stated life of the obligation which approximates level yield, are weighted against the average year-to-date principal balance.

The following table shows the contractual maturities of our Revolving Credit Facility, Convertible Notes, Public Notes and Prospect Capital InterNotes® as of March 31, 2019:

	Payments Due by Period				
	Total	Less than 1 Year	1 – 3 Years	3 – 5 Years	After 5 Years
Revolving Credit Facility	$ 99,000	$ —	$ —	$ 99,000	$ —
Convertible Notes	778,452	—	248,702	328,500	201,250
Public Notes	789,920	—	—	420,000	369,920
Prospect Capital InterNotes®	754,721	4,402	296,001	166,640	287,678
Total Contractual Obligations	$ 2,422,093	$ 4,402	$ 544,703	$ 1,014,140	$ 858,848

The following table shows the contractual maturities of our Revolving Credit Facility, Convertible Notes, Public Notes and Prospect Capital InterNotes® as of June 30, 2018:

	Payments Due by Period				
	Total	Less than 1 Year	1 – 3 Years	3 – 5 Years	After 5 Years
Revolving Credit Facility	$ 37,000	$ —	$ 37,000	$ —	$ —
Convertible Notes	822,147	101,647	392,000	328,500	—
Public Notes	727,817	—	153,536	320,000	254,281
Prospect Capital InterNotes®	760,924	—	276,484	246,525	237,915
Total Contractual Obligations	$ 2,347,888	$ 101,647	$ 859,020	$ 895,025	$ 492,196

Historically, we have funded a portion of our cash needs through borrowings from banks, issuances of senior securities, including secured, unsecured and convertible debt securities, or issuances of common equity. For flexibility, we maintain a universal shelf registration statement that allows for the public offering and sale of our debt securities, common stock, preferred stock, subscription rights, and warrants and units to purchase such securities in an amount up to $5,000,000 less issuances to date. As of March 31, 2019, we can issue up to $4,644,211 of additional debt and equity securities in the public market under this shelf registration. We may from time to time issue securities pursuant to the shelf registration statement or otherwise pursuant to private offerings. The issuance of debt or equity securities will depend on future market conditions, funding needs and other factors and there can be no assurance that any such issuance will occur or be successful.

Each of our Convertible Notes, Public Notes and Prospect Capital InterNotes® (collectively, our “Unsecured Notes”) are our general, unsecured obligations and rank equal in right of payment with all of our existing and future unsecured indebtedness and will be senior in right of payment to any of our subordinated indebtedness that may be issued in the future. The Unsecured Notes are effectively subordinated to our existing secured indebtedness, such as our credit facility, and future secured indebtedness to the extent of the value of the assets securing such indebtedness and structurally subordinated to any existing and future liabilities and other indebtedness of any of our subsidiaries.

Revolving Credit Facility

On August 29, 2014, we renegotiated our previous credit facility and closed an expanded five and a half year revolving credit facility (the “2014 Facility”). The lenders had extended commitments of $885,000 under the 2014 Facility as of June 30, 2018. The 2014 Facility included an accordion feature which allowed commitments to be increased up to $1,500,000 in the aggregate. Interest on borrowings under the 2014 Facility is one-month LIBOR plus 225 basis points. Additionally, the lenders charged a fee on the unused portion of the 2014 Facility equal to either 50 basis points if at least 35% of the credit facility was drawn or 100 basis points otherwise.

On August 1, 2018, we renegotiated the 2014 Facility and closed an expanded five and a half year revolving credit facility (the “2018 Facility” and collectively with the 2014 Facility, the “Revolving Credit Facility”). The lenders have extended commitments of $1,045,000 under the 2018 Facility as of December 31, 2018. The 2018 Facility includes an accordion feature which allows commitments to be increased up to $1,500,000 in the aggregate. The 2018 Facility matures on March 27, 2024. It includes a revolving period that extends through March 27, 2022, followed by an additional two-year amortization period, with distributions allowed to Prospect after the completion of the revolving period. During such two-year amortization period, all principal payments on the pledged assets will be applied to reduce the balance. At the end of the two-year amortization period, the remaining balance will become due, if required by the lenders.

The 2018 Facility contains restrictions pertaining to the geographic and industry concentrations of funded loans, maximum size of funded loans, interest rate payment frequency of funded loans, maturity dates of funded loans and minimum equity requirements. The 2018 Facility also contains certain requirements relating to portfolio performance, including required minimum portfolio yield and limitations on delinquencies and charge-offs, violation of which could result in the early termination of the 2018 Facility. The 2018 Facility also requires the maintenance of a minimum liquidity requirement. As of March 31, 2019, we were in compliance with the applicable covenants.

Interest on borrowings under the 2018 Facility is one-month LIBOR plus 220 basis points. Additionally, the lenders charge a fee on the unused portion of the credit facility equal to either 50 basis points if more than 60% of the credit facility is drawn, or 100 basis points if more than 35% and an amount less than or equal to 60% of the credit facility is drawn, or 150 basis points if an amount less than or equal to 35% of the credit facility is drawn. The 2018 Facility requires us to pledge assets as collateral in order to borrow under the credit facility.

For the three and nine months ended March 31, 2019 and March 31, 2018, the average stated interest rate (i.e., rate in effect plus the spread) and average outstanding borrowings for the Revolving Credit Facility were as follows:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2019	2018	2019	2018
Average stated interest rate	4.7%	4.0%	4.5%	3.6%
Average outstanding balance	$ 295,511	$ 16,678	$ 256,409	$ 27,786

As of March 31, 2019 and June 30, 2018, we had $787,406 and $547,205, respectively, available to us for borrowing under the Revolving Credit Facility, with $99,000 and $37,000 outstanding as of March 31, 2019 and June 30, 2018, respectively. As additional eligible investments are transferred to PCF and pledged under the Revolving Credit Facility, PCF will generate additional availability up to the current commitment amount of $1,045,000. As of March 31, 2019, the investments, including cash, used as collateral for the Revolving Credit Facility had an aggregate fair value of $1,683,132, which represents 28.9% of our total investments, including cash. These assets are held and owned by PCF, a bankruptcy remote special purpose entity, and as such, these investments are not available to our general creditors. The release of any assets from PCF requires the approval of the facility agent.

In connection with the origination and amendments of the Revolving Credit Facility, we incurred $10,504 of new fees and $1,473 were carried over for continuing participants from the previous facility, all of which are being amortized over the term of the facility in accordance with ASC 470-50. As of March 31, 2019, $8,386 remains to be amortized and is reflected as deferred financing costs on the *Consolidated Statements of Assets and Liabilities.* During the nine months ended March 31, 2019, $325 of fees were expensed relating to credit providers in the 2014 Facility who did not commit to the 2018 Facility.

During the three months ended March 31, 2019 and March 31, 2018, we recorded $6,209 and $3,016, respectively, of interest costs, unused fees and amortization of financing costs on the Revolving Credit Facility as interest expense. During the nine months ended March 31, 2019 and March 31, 2018, we recorded $17,535 and $9,356, respectively, of interest costs, unused fees and amortization of financing costs on the Revolving Credit Facility as interest expense.

Convertible Notes

On April 16, 2012, we issued $130,000 aggregate principal amount of convertible notes that matured on October 15, 2017 (the “2017 Notes”). The 2017 Notes bore interest at a rate of 5.375% per year, payable semi-annually on April 15 and October 15 of each year, beginning October 15, 2012. Total proceeds from the issuance of the 2017 Notes, net of underwriting discounts and offering costs, were $126,035. On March 28, 2016, we repurchased $500 aggregate principal amount of the 2017 Notes at a price of 98.25, including commissions. The transaction resulted in our recognizing a $9 gain for the period ended March 31, 2016. On April 6, 2017, we repurchased $78,766 aggregate principal amount of the 2017 Notes at a price of 102.0, including commissions. The transaction resulted in our recognizing a $1,786 loss during the three months ended June 30, 2017. On October 15, 2017, we repaid the outstanding principal amount of $50,734 of the 2017 Notes, plus interest. No gain or loss was realized on the transaction.

On August 14, 2012, we issued $200,000 aggregate principal amount of convertible notes that matured on March 15, 2018 (the “2018 Notes”). The 2018 Notes bore interest at a rate of 5.75% per year, payable semi-annually on March 15 and September 15 of each year, beginning March 15, 2013. Total proceeds from the issuance of the 2018 Notes, net of underwriting discounts and offering costs, were $193,600. On April 6, 2017, we repurchased $114,581 aggregate principal amount of the 2018 Notes at a price of 103.5, including commissions. The transaction resulted in our recognizing a $4,700 loss during the three months ended June 30, 2017. On March 15, 2018, we repaid the outstanding principal amount of $85,419 of the 2018 Notes, plus interest. No gain or loss was realized on the transaction.

On December 21, 2012, we issued $200,000 aggregate principal amount of convertible notes that matured on January 15, 2019 (the “2019 Notes”). The 2019 Notes bore interest at a rate of 5.875% per year, payable semi-annually on January 15 and July 15 of each year, beginning July 15, 2013. Total proceeds from the issuance of the 2019 Notes, net of underwriting discounts and offering costs, were $193,600. On May 30, 2018, we repurchased $98,353 aggregate principal amount of the 2019 Notes at a price of 102.0, including commissions. The transaction resulted in our recognizing a $2,383 loss during the three months ended June 30, 2018. On January 15, 2019, we repaid the outstanding principal amount of $101,647 of the 2019 Notes, plus interest. No gain or loss was realized on the transaction.

On April 11, 2014, we issued $400,000 aggregate principal amount of convertible notes that mature on April 15, 2020 (the “2020 Notes”), unless previously converted or repurchased in accordance with their terms. The 2020 Notes bear interest at a rate of 4.75% per year, payable semi-annually on April 15 and October 15 each year, beginning October 15, 2014. Total proceeds from the issuance of the 2020 Notes, net of underwriting discounts and offering costs, were $387,500. On January 30, 2015, we repurchased $8,000 aggregate principal amount of the 2020 Notes at a price of 93.0, including commissions. As a result of this transaction, we recorded a gain of $332, in the amount of the difference between the reacquisition price and the net carrying amount of the 2020 Notes, net of the proportionate amount of unamortized debt issuance cost. During the three months ended December 31, 2018, we repurchased an additional $13,500 aggregate principal amount of the 2020 Notes at a price of 99.5, including commissions. As a result of this transaction, we recorded a loss of $41, in the amount of the difference between the reacquisition price and the net carrying amount of the 2020 Notes, net of the proportionate amount of unamortized debt issuance costs. During the three months ended March 31, 2019, we repurchased an additional $129,798 aggregate principal amount of the 2020 Notes at a weighted average price of 101.4, including commission. As a result of these transactions, we recorded a net loss of $2,787 during the three months ended March 31, 2019, in the amount of the difference between the reacquisition price and the net carrying amounts of the 2020 Notes, net of the proportionate amount of unamortized debt issuance costs. As of March 31, 2019, the outstanding aggregate principal amount of the 2020 Notes is $248,702.

On April 11, 2017, we issued $225,000 aggregate principal amount of convertible notes that mature on July 15, 2022 (the “Original 2022 Notes”), unless previously converted or repurchased in accordance with their terms. The Original 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 Original 2022 Notes, net of underwriting discounts and offering costs, were $218,010. On May 18, 2018, we issued an additional $103,500 aggregate principal amount of convertible notes that mature on July 15, 2022 (the “Additional 2022 Notes”, and together with the Original 2022 Notes, the “2022 Notes”), unless previously converted or repurchased in accordance with their terms. The Additional 2022 Notes were a further issuance of, and are fully fungible and rank equally in right of payment with, the Original 2022 Notes and bear interest at a rate of 4.95% per year, payable semi-annually on January 15 and July 15 each year, beginning July 15, 2018. Total proceeds from the issuance of the Additional 2022 Notes, net of underwriting discounts and offering costs, were $100,749. Following the issuance of the Additional 2022 Notes and as of March 31, 2019, the outstanding aggregate principal amount of the 2022 Notes is $328,500.

On March 1, 2019, we issued $175,000 aggregate principal amount of senior convertible notes that mature on March 1, 2025 (the “2025 Notes”), unless previously converted or repurchased in accordance with their terms. We granted the underwriters a 13-day over-allotment option to purchase up to an additional $26,250 aggregate principal amount of the 2025 Notes. The underwriters fully exercised the over-allotment option on March 11, 20l9 and we issued $26,250 aggregate principal amount of 2025 Notes at settlement on March 13, 2019. The 2025 Notes bear interest at a rate of 6.375% per year, payable semi-annually on March 1 and September 1 each year, beginning September 1, 2019. Total proceeds from the issuance of the 2025 Notes, net of underwriting discounts and offering costs, were $198,674. As of March 31, 2019, the outstanding aggregate principal amount of the 2025 Notes is $201,250.

Certain key terms related to the convertible features for the 2020 Notes, the 2022 Notes, and the 2025 Notes (collectively, the “Convertible Notes”) are listed below.

	2020 Notes	2022 Notes	2025 Notes
Initial conversion rate(1)	80.6647	100.2305	110.7420
Initial conversion price	$ 12.40	$ 9.98	$ 9.03
Conversion rate at March 31, 2019(1)(2)	80.6670	100.2305	110.7420
Conversion price at March 31, 2019(2)(3)	$ 12.40	$ 9.98	$ 9.03
Last conversion price calculation date	4/11/2018	4/11/2018	3/1/2019
Dividend threshold amount (per share)(4)	$ 0.110525	$ 0.083330	$ 0.060000

(1) Conversion rates denominated in shares of common stock per $1 principal amount of the Convertible Notes converted.

(2) Represents conversion rate and conversion price, as applicable, taking into account certain de minimis adjustments that will be made on the conversion date.

(3) The conversion price will increase only if the current monthly dividends (per share) exceed the dividend threshold amount (per share).

(4) The conversion rate is increased if monthly cash dividends paid to common shares exceed the monthly dividend threshold amount, subject to adjustment. Current dividend rates are at or below the minimum dividend threshold amount for further conversion rate adjustments for all bonds.

Upon conversion, unless a holder converts after a record date for an interest payment but prior to the corresponding interest payment date, the holder will receive a separate cash payment with respect to the notes surrendered for conversion representing accrued and unpaid interest to, but not including, the conversion date. Any such payment will be made on the settlement date applicable to the relevant conversion on the Convertible Notes.

No holder of Convertible Notes will be entitled to receive shares of our common stock upon conversion to the extent (but only to the extent) that such receipt would cause such converting holder to become, directly or indirectly, a beneficial owner (within the meaning of Section 13(d) of the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder) of more than 5.0% of the shares of our common stock outstanding at such time. The 5.0% limitation shall no longer apply following the effective date of any fundamental change. We will not issue any shares in connection with the conversion or redemption of the Convertible Notes which would equal or exceed 20% of the shares outstanding at the time of the transaction in accordance with NASDAQ rules.

Subject to certain exceptions, holders may require us to repurchase, for cash, all or part of their Convertible Notes upon a fundamental change at a price equal to 100% of the principal amount of the Convertible Notes being repurchased plus any accrued and unpaid interest up to, but excluding, the fundamental change repurchase date. In addition, upon a fundamental change that constitutes a non-stock change of control we will also pay holders an amount in cash equal to the present value of all remaining interest payments (without duplication of the foregoing amounts) on such Convertible Notes through and including the maturity date.

In connection with the issuance of the Convertible Notes, we recorded a discount of $4,025 and debt issuance costs of $22,857 which are being amortized over the terms of the Convertible Notes. As of March 31, 2019, $3,979 of the original issue discount and $11,228 of the debt issuance costs remain to be amortized and are included as a reduction within Convertible Notes on the *Consolidated Statement of Assets and Liabilities.*

During the three months ended March 31, 2019 and March 31, 2018, we recorded $10,460 and $12,664, respectively, of interest costs and amortization of financing costs on the Convertible Notes as interest expense. During the nine months ended March 31, 2019 and March 31, 2018, we recorded $33,352 and $39,323, respectively, of interest costs and amortization of financing costs on the Convertible Notes as interest expense.

Public Notes

On March 15, 2013, we issued $250,000 aggregate principal amount of unsecured notes that mature on March 15, 2023 (the “Original 2023 Notes”). The Original 2023 Notes bear interest at a rate of 5.875% per year, payable semi-annually on March 15 and September 15 of each year, beginning September 15, 2013. Total proceeds from the issuance of the Original 2023 Notes, net of underwriting discounts and offering costs, were $243,641. On June 20, 2018, we issued an additional $70,000 aggregate principal amount of unsecured notes that mature on March 15, 2023 (the “Additional 2023 Notes”, and together with the Original 2023 Notes, the “2023 Notes”). The Additional 2023 Notes were a further issuance of, and are fully fungible and rank equally in right of payment with, the Original 2023 Notes and bear interest at a rate of 5.875% per year, payable semi-annually on March 15 and September 15 of each year, beginning September 15, 2018. Total proceeds from the issuance of the Additional 2023 Notes, net of underwriting discounts, were $69,403. As of March 31, 2019, the outstanding aggregate principal amount of the 2023 Notes is $320,000.

On April 7, 2014, we issued $300,000 aggregate principal amount of unsecured notes that mature on July 15, 2019 (the “5.00% 2019 Notes”). Included in the issuance is $45,000 of Prospect Capital InterNotes® that were exchanged for the 5.00% 2019 Notes. The 5.00% 2019 Notes bear interest at a rate of 5.00% per year, payable semi-annually on January 15 and July 15 of each year, beginning July 15, 2014. Total proceeds from the issuance of the 5.00% 2019 Notes, net of underwriting discounts and offering costs, were $295,998. On June 7, 2018, we commenced a tender offer to purchase for cash any and all of the $300,000 aggregate principal amount outstanding of the 5.00% 2019 Notes. On June 20, 2018, $146,464 aggregate principal amount of the 5.00% 2019 Notes, representing 48.8% of the previously outstanding 5.00% 2019 Notes, were validly tendered and accepted. The transaction resulted in our recognizing a loss of $3,705 during the three months ended June 30, 2018. On September 26, 2018, we repurchased the remaining $153,536 aggregate principal amount of the 5.00% 2019 Notes at a price of 101.645, including commissions. The transaction resulted in our recognizing a loss of $2,874 during the nine months ended March 31, 2019.

On December 10, 2015, we issued $160,000 aggregate principal amount of unsecured notes that mature on June 15, 2024 (the “2024 Notes”). The 2024 Notes bear interest at a rate of 6.25% per year, payable quarterly on March 15, June 15, September 15 and December 15 of each year, beginning March 15, 2016. Total proceeds from the issuance of the 2024 Notes, net of underwriting discounts and offering costs, were $155,043. On June 16, 2016, we entered into an at-the-market (“ATM”) program with FBR Capital Markets & Co. through which we could sell, by means of ATM offerings, from time to time, up to $100,000 in aggregate principal amount of our existing 2024 Notes (“Initial 2024 Notes ATM”). Following the initial 2024 Notes ATM, the aggregate principal amount of the 2024 Notes issued was $199,281 for net proceeds of $193,253, after commissions and offering costs. On July 2, 2018, we entered into a second ATM program with B.Riley FBR, Inc. and BB&T Capital Markets, and on August 31, 2018 with Comerica Securities, Inc., through which we could sell, by means of ATM offerings, up to $100,000 in aggregate principal amount of the 2024 Notes (“Second 2024 Notes ATM”, and together with the Initial 2024 Notes ATM, the “2024 Notes Follow-on Program”). The 2024 Notes are listed on the New York Stock Exchange (“NYSE”) and trade thereon under the ticker “PBB.” During the nine months ended March 31, 2019, we issued an additional $32,593 aggregate principal amount under the second 2024 Notes ATM, for net proceeds of $32,283, after commissions and offering costs. As of March 31, 2019, the outstanding aggregate principal amount of the 2024 Notes is $231,874.

On June 7, 2018, we issued $55,000 aggregate principal amount of unsecured notes that mature on June 15, 2028 (the “2028 Notes”). The 2028 Notes bear interest at a rate of 6.25% per year, payable quarterly on March 15, June 15, September 15, and December 15 of each year, beginning September 15, 2018. Total proceeds from the issuance of the 2028 Notes, net of underwriting discounts and offering costs were $53,119. On July 2, 2018, we entered into an ATM program with B.Riley FBR, Inc. and BB&T Capital Markets, and on August 31, 2018 with Comerica Securities, Inc., through which we could sell, by means of ATM offerings, up to $100,000 in aggregate principal amount of our existing 2028 Notes (“2028 Notes ATM” or “2028 Notes Follow-on Program”). The 2028 Notes are listed on the NYSE and trade thereon under the ticker “PBY.” During the nine months ended March 31, 2019, we issued an additional $13,876 aggregate principal amount under the 2028 Notes ATM, for net proceeds of $13,675, after commissions and offering costs. As of March 31, 2019, the outstanding aggregate principal amount of the 2028 Notes is $68,876.

On October 1, 2018, we issued $100,000 aggregate principal amount of unsecured notes that mature on January 15, 2024 (the “6.375% 2024 Notes”). The 6.375% 2024 Notes bear interest at a rate of 6.375% per year, payable semi-annually on January 15 and July 15 of each year, beginning January 15, 2019. Total proceeds from the issuance of the 6.375% 2024 Notes, net of underwriting discounts and offering costs, were $98,985. As of March 31, 2019, the outstanding aggregate principal amount of the 6.375% 2024 Notes is $100,000.

On December 5, 2018, we issued $50,000 aggregate principal amount of unsecured notes that mature on June 15, 2029 (the “2029 Notes”). The 2029 Notes bear interest at a rate of 6.875% per year, payable quarterly on March 15, June 15, September 15, and December 15 of each year, beginning March 15, 2019. Total proceeds from the issuance of the 2029 Notes, net of underwriting discounts and offering costs, were $48,057. On February 9, 2019, we entered into an ATM program with B.Riley FBR, Inc., BB&T Capital Markets, and Comerica Securities, Inc., through which we could sell, by means of ATM offerings, up to $100,000 in aggregate principal amount of our existing 2029 Notes (“2029 Notes ATM” or “2029 Notes Follow-on Program”). The 2029 Notes are listed on the NYSE and trade thereon under the ticker “PBC.” During the three months ended March 31, 2019, we issued an additional $19,170 aggregate principal amount under the 2029 Notes ATM, for net proceeds of $18,523, after commissions and offering costs. As of March 31, 2019, the outstanding aggregate principal amount of the 2029 Notes is $69,170.

The 2023 Notes, the 2024 Notes, the 2028 Notes, the 6.375% 2024 Notes, and the 2029 Notes (collectively, the “Public Notes”) are direct unsecured obligations and rank equally with all of our unsecured indebtedness from time to time outstanding.

In connection with the issuance of the Public Notes we recorded a discount of $4,090 and debt issuance costs of $16,015, which are being amortized over the terms of the notes. As of March 31, 2019, $2,618 of the original issue discount and $11,678 of the debt issuance costs remain to be amortized and are included as a reduction within Public Notes on the *Consolidated Statement of Assets and Liabilities.*

During the three months ended March 31, 2019 and March 31, 2018, we recorded $12,272 and $11,054, respectively, of interest costs and amortization of financing costs on the Public Notes as interest expense. During the nine months ended March 31, 2019 and March 31, 2018, we recorded $35,102 and $33,143, respectively, of interest costs and amortization of financing costs on the Public Notes as interest expense.

Prospect Capital InterNotes®

On February 16, 2012, we entered into a selling agent agreement (the “Selling Agent Agreement”) with Incapital LLC, as purchasing agent for our issuance and sale from time to time of up to $500,000 of Prospect Capital InterNotes® (the “InterNotes® Offering”), which was increased to $1,500,000 in May 2014. Additional agents may be appointed by us from time to time in connection with the InterNotes® Offering and become parties to the Selling Agent Agreement.

These notes are direct unsecured obligations and rank equally with all of our unsecured indebtedness from time to time outstanding. Each series of notes will be issued by a separate trust. These notes bear interest at fixed interest rates and offer a variety of maturities no less than twelve months from the original date of issuance.

During the nine months ended March 31, 2019, we issued $124,643 aggregate principal amount of Prospect Capital InterNotes® for net proceeds of $122,592. These notes were issued with stated interest rates ranging from 5.00% to 6.25% with a weighted average interest rate of 5.78%. These notes mature between July 15, 2023 and March 15, 2029.

The following table summarizes the Prospect Capital InterNotes® issued during the nine months ended March 31, 2019:

Tenor at Origination (in years)	Principal Amount	Interest Rate Range	Weighted Average Interest Rate	Maturity Date Range
5	$ 57,751	5.00%–5.75%	5.48%	July 15, 2023 – March 15, 2024
7	31,499	5.50%–6.00%	5.93%	July 15, 2025 – March 15, 2026
8	385	5.75%	5.75%	July 15, 2026
10	35,008	6.00%–6.25%	6.13%	July 15, 2028 – March 15, 2029
	$ 124,643			

During the nine months ended March 31, 2018, we issued $69,428 aggregate principal amount of our Prospect Capital InterNotes® for net proceeds of $68,396. These notes were issued with stated interest rates ranging from 4.00% to 5.00% with a weighted average interest rate of 4.37%. These notes mature between July 15, 2022 and March 15, 2026.

The following table summarizes the Prospect Capital InterNotes® issued during the nine months ended March 31, 2018:

Tenor at Origination (in years)	Principal Amount	Interest Rate Range	Weighted Average Interest Rate	Maturity Date Range
5	$ 43,587	4.00%–4.75%	4.20%	July 15, 2022 – March 15, 2023
7	2,825	4.75%–5.00%	4.93%	July 15, 2024
8	23,016	4.50%–5.00%	4.62%	August 15, 2025 – March 15, 2026
	$ 69,428			

During the nine months ended March 31, 2019, we redeemed, prior to maturity, $123,418 aggregate principal amount of Prospect Capital InterNotes® at par with a weighted average interest rate of 4.83% in order to replace shorter maturity debt with longer-term debt. During the nine months ended March 31, 2019, we repaid $7,428 aggregate principal amount of Prospect Capital InterNotes® at par in accordance with the Survivor's Option, as defined in the InterNotes® Offering prospectus. As a result of these transactions, we recorded a loss in the amount of the unamortized debt issuance costs. The net loss on the extinguishment of Prospect Capital InterNotes® in the nine months ended March 31, 2019 was $905.

The following table summarizes the Prospect Capital InterNotes® outstanding as of March 31, 2019:

Tenor at Origination (in years)	Principal Amount	Interest Rate Range	Weighted Average Interest Rate	Maturity Date Range
5	$ 270,820	4.00% – 5.75%	5.04%	October 15, 2020 - March 15, 2024
5.2	2,618	4.63%	4.63%	September 15, 2020
5.3	2,601	4.63%	4.63%	September 15, 2020
5.5	37,816	4.25% – 4.75%	4.55%	June 15, 2020 - October 15, 2020
6	2,182	4.88%	4.88%	April 15, 2021 - May 15, 2021
6.5	38,637	5.10% – 5.25%	5.23%	December 15, 2021 - May 15, 2022
7	120,143	4.00% – 6.00%	5.32%	January 15, 2020 - March 15, 2026
7.5	1,996	5.75%	5.75%	February 15, 2021
8	24,660	4.50% – 5.75%	4.67%	August 15, 2025 - July 15, 2026
10	72,277	5.75% – 7.00%	6.17%	March 15, 2022 - March 15, 2029
12	2,978	6.00%	6.00%	November 15, 2025 - December 15, 2025
15	17,138	5.25% – 6.00%	5.36%	May 15, 2028 - November 15, 2028
18	19,451	4.13% – 6.25%	5.57%	December 15, 2030 - August 15, 2031
20	3,970	5.75% – 6.00%	5.89%	November 15, 2032 - October 15, 2033
25	32,110	6.25% – 6.50%	6.39%	August 15, 2038 - May 15, 2039
30	105,324	5.50% – 6.75%	6.24%	November 15, 2042 - October 15, 2043
	$ 754,721			

During the nine months ended March 31, 2018, we redeemed, prior to maturity $269,375 aggregate principal amount of Prospect Capital InterNotes® at par with a weighted average interest rate of 4.89% in order to replace debt with shorter maturity dates. During the nine months ended March 31, 2018, we repaid $4,883 aggregate principal amount of Prospect Capital InterNotes® at par in accordance with the Survivor's Option, as defined in the InterNotes® Offering prospectus. As a result of these transactions, we recorded a loss in the amount of the unamortized debt issuance costs. The net loss on the extinguishment of Prospect Capital InterNotes® in the nine months ended March 31, 2018 was $1,445.

The following table summarizes the Prospect Capital InterNotes® outstanding as of June 30, 2018:

Tenor at Origination (in years)	Principal Amount	Interest Rate Range	Weighted Average Interest Rate	Maturity Date Range
5	$ 228,835	4.00% – 5.50%	4.92%	July 15, 2020 - June 15, 2023
5.2	4,440	4.63%	4.63%	August 15, 2020 - September 15, 2020
5.3	2,636	4.63%	4.63%	September 15, 2020
5.5	86,097	4.25% – 4.75%	4.61%	May 15, 2020 - November 15, 2020
6	2,182	4.88%	4.88%	April 15, 2021 - May 15, 2021
6.5	38,832	5.10% – 5.25%	5.23%	December 15, 2021 - May 15, 2022
7	147,349	4.00% – 5.75%	5.05%	January 15, 2020 - June 15, 2025
7.5	1,996	5.75%	5.75%	February 15, 2021
8	24,720	4.50% – 5.25%	4.65%	August 15, 2025 - May 15, 2026
10	37,424	5.34% – 7.00%	6.19%	March 15, 2022 - December 15, 2025
12	2,978	6.00%	6.00%	November 15, 2025 - December 15, 2025
15	17,163	5.25% – 6.00%	5.35%	May 15, 2028 - November 15, 2028
18	20,677	4.13% – 6.25%	5.55%	December 15, 2030 - August 15, 2031
20	4,120	5.75% – 6.00%	5.89%	November 15, 2032 - October 15, 2033
25	33,139	6.25% – 6.50%	6.39%	August 15, 2038 - May 15, 2039
30	108,336	5.50% – 6.75%	6.24%	November 15, 2042 - October 15, 2043
	$ 760,924			

In connection with the issuance of Prospect Capital InterNotes®, we incurred $26,064 of fees which are being amortized over the term of the notes, of which $11,969 remains to be amortized and is included as a reduction within Prospect Capital InterNotes® on the *Consolidated Statement of Assets and Liabilities* as of March 31, 2019.

During the three months ended March 31, 2019 and March 31, 2018, we recorded $10,005 and $10,745, respectively, of interest costs and amortization of financing costs on the Prospect Capital InterNotes® as interest expense. During the nine months ended March 31, 2019 and March 31, 2018 we recorded $31,521 and $36,039, respectively, of interest costs and amortization of financing costs on the Prospect Capital InterNotes® as interest expense.

Net Asset Value

During the nine months ended March 31, 2019, our net asset value decreased by $75,232, or $0.27 per share. The decrease was primarily attributable to an increase in net realized and change in unrealized losses of $137,631, or $0.38 per weighted average share. This decrease was partially offset by net investment income of $243,232 exceeding dividends of $197,555, resulting in a net increase of $0.13 per weighted average share for the nine months ended March 31, 2019. Additionally, our net asset value decreased by $0.02 per share due to reinvestment of our dividends on behalf of our stockholders at current market prices. The following table shows the calculation of net asset value per share as of March 31, 2019 and June 30, 2018.

	March 31, 2019	June 30, 2018
Net assets	$ 3,331,815	$ 3,407,047
Shares of common stock issued and outstanding	366,884,974	364,409,938
Net asset value per share	$ 9.08	$ 9.35

Results of Operations

Operating results for the three and nine months ended March 31, 2019 and March 31, 2018 were as follows:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2019	2018	2019	2018
Investment Income	$ 171,109	$ 162,835	$ 539,414	$ 483,814
Operating Expenses	93,847	92,389	296,182	276,444
Net Investment Income	77,262	70,446	243,232	207,370
Net Realized Gains (Losses)	9,483	(14,218)	13,517	(18,454)
Net Change in Unrealized Gains (Losses) from Investments	5,430	(3,856)	(144,217)	(1,912)
Net Realized Losses on Extinguishment of Debt	(2,980)	(513)	(6,931)	(1,445)
Net Increase in Net Assets Resulting from Operations	$ 89,195	$ 51,859	$ 105,601	$ 185,559

While we seek to maximize gains and minimize losses, our investments in portfolio companies can expose our capital to risks greater than those we may anticipate. These companies typically do not issue securities rated investment grade, and have limited resources, limited operating history, and concentrated product lines or customers. These are generally private companies with limited operating information available and are likely to depend on a small core of management talents. Changes in any of these factors can have a significant impact on the value of the portfolio company.

Investment Income

We generate revenue in the form of interest income on the debt securities that we own, dividend income on any common or preferred stock that we own, and fees generated from the structuring of new deals. Our investments, if in the form of debt securities, will typically have a term of one to ten years and bear interest at a fixed or floating rate. To the extent achievable, we will seek to collateralize our investments by obtaining security interests in our portfolio companies' assets. We also may acquire minority or majority equity interests in our portfolio companies, which may pay cash or in-kind dividends on a recurring or otherwise negotiated basis. In addition, we may generate revenue in other forms including prepayment penalties and possibly consulting fees. Any such fees generated in connection with our investments are recognized as earned.

Investment income, which consists of interest income, including accretion of loan origination fees, prepayment penalty fees, dividend income and other income, including settlement of net profits interests, residual profits interests, overriding royalty interests and structuring fees, was $171,109 and $162,835 for the three months ended March 31, 2019 and March 31, 2018, respectively. Investment income increased $8,274 for the three months ended March 31, 2019 compared to the three months ended March 31, 2018 primarily due to an increase in interest income. Investment income was $539,414 and $483,814 for the nine months ended March 31, 2019 and March 31, 2018, respectively. Investment income increased $55,600 for the nine months ended March 31, 2019 compared to the nine months ended March 31, 2018 primarily due increases in interest income and dividend income.

The following table describes the various components of investment income and the related levels of debt investments:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2019	**2018**	**2019**	**2018**
Interest income	$ 155,076	$ 145,862	$ 472,512	$ 447,329
Dividend income	4,524	6,287	32,717	7,157
Other income	11,509	10,686	34,185	29,328
Total investment income	$ 171,109	$ 162,835	$ 539,414	$ 483,814
Average debt principal of performing interest bearing investments[1]	$ 5,607,632	$ 5,379,123	$ 5,537,934	$ 5,448,372
Weighted average interest rate earned on performing interest bearing investments[1]	11.07%	10.85%	11.21%	10.79%
Average debt principal of all interest bearing investments[2]	$ 6,206,684	$ 5,674,038	$ 6,064,501	$ 5,761,562
Weighted average interest rate earned on all interest bearing investments[2]	10.00%	10.28%	10.24%	10.20%

(1) Excludes equity investments and non-accrual loans.
(2) Excludes equity investments.

Average interest income producing assets increased from $5,379,123 for the three months ended March 31, 2018 to $5,607,632 for the three months ended March 31, 2019. The average interest earned on interest bearing performing assets increased from 10.85% for the three months ended March 31, 2018 to 11.07% for the three months ended March 31, 2019. The increase is primarily attributable to an increase in LIBOR above our floors amongst our interest bearing investments. In addition, the increase in cash-on-cash yields on our CLO investment portfolio due to a number of recent resets across the portfolio. Our interest bearing portfolio was also impacted by an increase in foregone interest from non-accrual loans, resulting in a decrease in the weighted average interest rate earned on all interest bearing investments from 10.28% for the three months ended March 31, 2018 to 10.00% for the three months ended March 31, 2019, respectively.

Average interest income producing assets increased from $5,448,372 for the nine months ended March 31, 2018 to $5,537,934 for the nine months ended March 31, 2019. The average interest earned on interest bearing performing assets increased from 10.79% for the nine months ended March 31, 2018 to 11.21% for the nine months ended March 31, 2019. The increase is primarily attributable to an increase in LIBOR above our floors amongst our interest bearing investments. In addition, the increase in cash-on-cash yields on our CLO investment portfolio due to a number of recent resets across the portfolio. Our interest bearing portfolio was also impacted by an increase in foregone interest from non-accrual loans, resulting in a less significant increase in the weighted average interest rate earned on all interest bearing investments from 10.20% for the nine months ended March 31, 2018 to 10.24% for the nine months ended March 31, 2019, respectively. See *Item 3. Quantitative and Qualitative Disclosures about Market Risk* for detailed disclosures with respect to the approximate annual impact on net investment income resulting from base rate changes in interest rate.

Investment income is also generated from dividends and other income which is less predictable than interest income. Dividend income decreased from $6,287 for the three months ended March 31, 2018 to $4,524 for the three months ended March 31, 2019. The $1,763 decrease in dividend income was primarily attributable to a $5,639 dividend received from our investment in NPRC during the three months ended March 31, 2018, which was generated from taxable earnings and profits in connection with the gain on the sales of NPRC’s St. Marin and Central Park properties. In comparison, we received a $1,000 dividend from our investment in NPRC during the three months ended March 31, 2019, which was generated from taxable earnings and profits in connection with the gain on the sale of NPRC’s Vinings Corner property. The decline in dividends received from NPRC was partially offset by a $2,612 dividend received from our investment in Valley Electric during the three months ended March 31, 2019. No dividends were received from Valley Electric for the three months ended March 31, 2018. The remaining decline was attributable to a $392 decrease in dividend income from our money market funds during the three months ended March 31, 2019 as compared to the three months ended March 31, 2018.

Dividend income increased from $7,157 for the nine months ended March 31, 2018 to $32,717 for the nine months ended March 31, 2019. The $25,560 increase in dividend income was primarily attributable to $21,000 in dividends received from our investment in NPRC, which were generated from taxable earnings and profits in connection with the gain on the sales of NPRC's Amberly, City West, Matthews Reserve, Atlantic Beach and Vinings Corner properties as compared to the $5,639 dividend received from our investment in NPRC during the three months ended March 31, 2018 discussed above. In addition, we received $10,112 and $659 in dividends from our investment in Valley Electric and Targus, respectively, during the nine months ended March 31, 2019. No dividends were received from Valley Electric or Targus for the nine months ended March 31, 2018. The increase was partially offset by a $572 decrease in dividend income from our money market funds during the nine months ended March 31, 2019 as compared to the nine months ended March 31, 2018.

Other income is comprised of structuring fees, advisory fees, royalty interests, settlement of net profits interests and settlement of residual profits interests. Income from other sources increased from $10,686 for the three months ended March 31, 2018 to $11,509 for the three months ended March 31, 2019. The $823 increase was primarily attributable to $8,922 in residual profits interests received from our investment in NPRC during the three months ended March 31, 2019 as compared to $1,678 in residual profits interests received from our investment in NPRC during the three months ended March 31, 2018. The increase in residual profits interests was partially offset by a $2,644 advisory fee received from our investment in First Tower Finance related to an acquisition and $1,222 of service fees received for a liquidation fee agreement related to our investment in Wolf during the three months ended March 31, 2018. In comparison, we received a $1,301 advisory fee during the three months ended March 31, 2019 for services rendered in connection with the sale of CCPI. The remaining difference was primarily attributable to a $3,414 decrease in structuring fees and amendment fees which are generated from new originations as well as from follow-on investments and amendments to existing portfolio companies for the three months ended March 31, 2019 as compared to the three months ended March 31, 2018.

Income from other sources was $29,328 and $34,185 for the nine months ended March 31, 2018 and March 31, 2019, respectively. The $4,857 increase was primarily attributable to $12,521 in residual profits interests received from our investment in NPRC during the nine months ended March 31, 2019 as compared to $3,256 in residual profits interests and $1,554 in royalty income received from our investment in NPRC during the nine months ended March 31, 2018. We received a $12,711 structuring fee from our investment in NPRC for services rendered in connection with the restructuring of our senior secured term loan during the nine months ended March 31, 2019. We received a $3,233 structuring fee from our investment in Pacific World for services rendered in connection with amending its revolving credit facility and a $3,065 structuring fee related to our investment in Broder Bros., Co. during the three months ended March 31, 2018. The increase in income from other sources was partially offset by a $2,644 advisory fee received from our investment in First Tower Finance related to an acquisition and $1,222 of service fees received for a liquidation fee agreement related to our investment in Wolf during the nine months ended March 31, 2018. In comparison, we received a $1,301 advisory fee during the nine months ended March 31, 2019 for services rendered in connection with the sale of CCPI. The remaining difference was primarily attributable to a $6,758 decrease in structuring fees and amendment fees which are generated from new originations as well as from follow-on investments and amendments to existing portfolio companies for the nine months ended March 31, 2019 as compared to the nine months ended March 31, 2018.

Operating Expenses

Our primary operating expenses consist of investment advisory fees (base management and income incentive fees), borrowing costs, legal and professional fees, overhead-related expenses and other operating expenses. These expenses include our allocable portion of overhead under the Administration Agreement with Prospect Administration under which Prospect Administration provides administrative services and facilities for us. Our investment advisory fees compensate the Investment Adviser for its work in identifying, evaluating, negotiating, closing and monitoring our investments. We bear all other costs and expenses of our operations and transactions.

The following table describes the various components of our operating expenses:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2019	2018	2019	2018
Base management fee	$ 29,540	$ 29,268	$ 92,684	$ 88,990
Income incentive fee	19,315	17,612	60,808	51,843
Interest and credit facility expenses	38,946	37,479	117,510	117,861
Allocation of overhead from Prospect Administration	2,084	3,195	11,091	5,899
Audit, compliance and tax related fees	680	1,130	3,462	4,084
Directors' fees	112	113	341	338
Other general and administrative expenses	3,170	3,592	10,286	7,429
Total Operating Expenses	$ 93,847	$ 92,389	$ 296,182	$ 276,444

Total gross base management fee was $29,540 and $29,422 for the three months ended March 31, 2019 and March 31, 2018, respectively. The Investment Adviser has entered into a servicing agreement with certain institutions who purchased loans with us, where we serve as the agent and collect a servicing fee on behalf of the Investment Adviser. We received payments of $154 from these institutions for the three months ended March 31, 2018 on behalf of the Investment Adviser, for providing such services under the servicing agreement. We were given a credit for these payments as a reduction of base management fee payable by us to the Investment Adviser resulting in net base management fees of $29,268 for the three months ended March 31, 2018. No such payments were received for the three months ended March 31, 2019.

Total gross base management fee was $92,794 and $89,543 for the nine months ended March 31, 2019 and March 31, 2018, respectively. The increase in total gross base management fee is directly related to an increase in average total assets combined with a $2,757 adjustment for fees earned in prior periods that were neither expensed nor paid to the Investment Adviser. The Investment Adviser has entered into a servicing agreement with certain institutions who purchased loans with us, where we serve as the agent and collect a servicing fee on behalf of the Investment Adviser. We received payments of $110 and $553 from these institutions for the nine months ended March 31, 2019 and March 31, 2018, respectively, on behalf of the Investment Adviser, for providing such services under the servicing agreement. We were given a credit for these payments as a reduction of base management fee payable by us to the Investment Adviser resulting in net base management fees of $92,684 and $88,990 for the nine months ended March 31, 2019 and March 31, 2018, respectively.

For the three months ended March 31, 2019 and March 31, 2018, we incurred $19,315 and $17,612 of income incentive fees, respectively. This increase was driven by a corresponding increase in pre-incentive fee net investment income from $88,058 for the three months ended March 31, 2018 to $96,577 for the three months ended March 31, 2019. No capital gains incentive fee has yet been incurred pursuant to the Investment Advisory Agreement.

For the nine months ended March 31, 2019 and March 31, 2018, we incurred $60,808 and $51,843 of income incentive fees, respectively. This increase was driven by a corresponding increase in pre-incentive fee net investment income from $259,213 for the nine months ended March 31, 2018 to $304,040 for the nine months ended March 31, 2019. No capital gains incentive fee has yet been incurred pursuant to the Investment Advisory Agreement.

During the three months ended March 31, 2019 and March 31, 2018, we incurred $38,946 and $37,479 respectively, of interest and credit facility expenses related to our Revolving Credit Facility, Convertible Notes, Public Notes and Prospect Capital InterNotes® (collectively, our “Notes”). During the nine months ended March 31, 2019 and March 31, 2018, we incurred $117,510 and $117,861, respectively, of interest expenses related to our Notes. These expenses are related directly to the leveraging capacity and the levels of indebtedness actually undertaken in those periods.

The table below describes the various expenses of our Notes and the related indicators of leveraging capacity and indebtedness during these years.

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2019	2018	2019	2018
Interest on borrowings	$ 34,081	$ 32,288	$ 102,064	$ 101,956
Amortization of deferred financing costs	2,356	2,949	8,699	9,168
Accretion of discount on unsecured debt	171	71	406	212
Facility commitment fees	2,338	2,171	6,341	6,525
Total interest and credit facility expenses	$ 38,946	$ 37,479	$ 117,510	$ 117,861
Average principal debt outstanding	$ 2,540,038	$ 2,427,516	$ 2,545,688	$ 2,561,834
Annualized weighted average stated interest rate on borrowings(1)	5.37%	5.32%	5.35%	5.31%
Annualized weighted average interest rate on borrowings(2)	6.13%	6.18%	6.15%	6.13%

(1) Includes only the stated interest expense.

(2) Includes the stated interest expense, amortization of deferred financing costs, accretion of discount on Public Notes and commitment fees on the undrawn portion of our Revolving Credit Facility.

Interest expense is relatively stable on a dollars basis for the three months ended March 31, 2019 as compared to the three months ended March 31, 2018. The weighted average stated interest rate on borrowings (excluding amortization, accretion and undrawn facility fees) increased from 5.32% for the three months ended March 31, 2018 to 5.37% for the three months ended March 31, 2019. This increase is primarily due to issuances of Public Notes at higher rates, partially offset by repurchases of our Convertible Notes and increased utilization of our Revolving Credit Facility, which bears a lower rate than our remaining debt.

Interest expense is relatively stable on a dollars basis for the nine months ended March 31, 2019 as compared to the nine months ended March 31, 2018. The weighted average stated interest rate on borrowings (excluding amortization, accretion and undrawn facility fees) increased from 5.31% for the nine months ended March 31, 2018 to 5.35% for the nine months ended March 31, 2019. This increase is primarily due to issuances of Public Notes at higher rates, partially offset by repurchases of our Convertible Notes and increased utilization of our Revolving Credit Facility, which bears a lower rate than our remaining debt.

The allocation of gross overhead expense from Prospect Administration was $2,691 and $4,104 for the three months ended March 31, 2019 and March 31, 2018, respectively. Prospect Administration received estimated payments of $607 and $909 directly from our portfolio companies, and certain funds managed by the Investment Adviser for legal, tax and portfolio level accounting services during the three months ended March 31, 2019 and March 31, 2018, respectively. We were given a credit for these payments as a reduction of the administrative services cost payable by us to Prospect Administration. Had Prospect Administration not received these payments, Prospect Administration’s charges for its administrative services would have increased by these amounts. Net overhead during the three months ended March 31, 2019 and March 31, 2018 totaled $2,084 and $3,195, respectively.

The allocation of gross overhead expense from Prospect Administration was $11,698 and $12,600 for the nine months ended March 31, 2019 and March 31, 2018, respectively. Prospect Administration received estimated payments of $607 and $6,701 directly from our portfolio companies, insurance carrier, and certain funds managed by the Investment Adviser for legal, tax and portfolio level accounting services during the nine months ended March 31, 2019 and March 31, 2018, respectively. We were given a credit for these payments as a reduction of the administrative services cost payable by us to Prospect Administration. Had Prospect Administration not received these payments, Prospect Administration’s charges for its administrative services would have increased by these amounts. Net overhead during the nine months ended March 31, 2019 and March 31, 2018 totaled $11,091 and $5,899, respectively.

Total operating expenses, excluding investment advisory fees, interest and credit facility expenses, and allocation of overhead from Prospect Administration (“Other Operating Expenses”), net of any expense reimbursements, were $3,962 and $4,835 for the three months ended March 31, 2019 and March 31, 2018, respectively. The $873 decrease was primarily attributable to decreases in legal fees and audit, compliance and tax related fees offset by increases in legal fees and valuation services fees.

Total operating expenses, excluding investment advisory fees, interest and credit facility expenses, and allocation of overhead from Prospect Administration (“Other Operating Expenses”), net of any expense reimbursements, were $14,089 and $11,851 for the nine months ended March 31, 2019 and March 31, 2018, respectively. The $2,238 increase was primarily attributable to increases in legal fees and other general and administrative expenses.

Net Investment Income

Net investment income represents the difference between investment income and operating expenses. Net investment income was $77,262 and $70,446 for the three months ended March 31, 2019 and March 31, 2018, respectively. The increase of $6,816 was primarily due to an increase in interest income of $9,214. Refer to above *Investment Income* discussion for detail.

Net investment income was $243,232 and $207,370 for the nine months ended March 31, 2019 and March 31, 2018, respectively. The increase of $35,682 was primarily due to an increase in interest income of $25,183, an increase in dividend income of $25,560 and an increase in other income of $4,857, respectively. This increase was partially offset by an increase in income incentive fees of $8,965 during the nine months ended March 31, 2019 compared to the nine months ended March 31, 2018. Refer to above *Investment Income* and *Operating Expenses* discussions for further detail.

Net Realized (Losses) Gains

Net realized gains (losses) from investments for the three months ended March 31, 2019 and March 31, 2018 were $9,483 and $(14,218), respectively. The $23,701 favorable increase was primarily a result of a $12,105 realized gain related to the sale of CCPI recognized during the three months ended March 31, 2019 compared to a realized loss of $14,197 related to the write-down of Nixon, Inc. upon restructuring during the three months ended March 31, 2018.

Net realized (losses) on extinguishment of debt for the three months ended March 31, 2019 and March 31, 2018 were $(2,980) and $(513), respectively. The $2,467 increase was primarily attributable to deferred financing write-offs related to the repurchases of our Convertible Notes during the three months ended March 31, 2019. No repurchases of our Convertible Notes occurred during the three months ended March 31, 2018.

Net realized gains (losses) from investments for the nine months ended March 31, 2019 and March 31, 2018 were $13,517 and $(18,454), respectively. This $31,971 favorable change was due to gains on investments coupled with lower levels of realized losses from investments in the current period. During the nine months ended March 31, 2019, net realized gains primarily resulted from the recognition of a $12,105 realized gain related to the sale of CCPI. In addition, we recognized $2,204 of escrow proceeds related to the sale of Gulf Coast. In comparison, during the nine months ended March 31, 2018, net realized losses from investments were primarily related to the write-down of Nixon, Inc. upon restructuring, resulting in a realized loss of $14,197. In addition, we recognized a net realized loss from the repayment of our investment in Primesport, for which we agreed to a payment less than the par amount and realized a loss of $3,019. Additionally, during the nine months ended March 31, 2018, we recognized a realized loss of $2,495 from our call of our investment in Apidos IX CLO.

Net realized (losses) on extinguishment of debt for the nine months ended March 31, 2019 and March 31, 2018 were $(6,931) and $(1,445), respectively. The $5,486 increase was primarily attributable to deferred financing write-offs related to the repurchases of our Public Notes and Convertible Notes during the nine months ended March 31, 2019. No repurchases of our Public Notes or Convertible Notes occurred during the nine months ended March 31, 2018.

Change in Unrealized Gains (Losses), Net

The following table reflects net change in unrealized gains (losses) for our portfolio for the three months ended and nine months ended March 31, 2019 and March 31, 2018, respectively:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2019	**2018**	**2019**	**2018**
Control investments	$ 11,686	$ 1,380	$ (22,129)	$ 46,898
Affiliate investments	(4,101)	12,952	(23,750)	19,678
Non-control/non-affiliate investments	(2,155)	(18,188)	(98,338)	(68,488)
Net change in unrealized (losses) gains	$ 5,430	$ (3,856)	$ (144,217)	$ (1,912)

The following table reflects net change in unrealized gains (losses) on investments for the three months ended March 31, 2019:

	Net Change in Unrealized Gains (Losses)
Valley Electric Company, Inc.	$ 39,763
First Tower Finance Company LLC	32,591
Other, net	7,093
R-V Industries, Inc.	6,771
Echelon Aviation LLC	(5,578)
Universal Turbine Parts, LLC	(5,892)
Pacific World Corporation	(6,079)
United Sporting Companies, Inc.	(7,273)
MITY, Inc.	(8,187)
Subordinated Structured Notes	(9,666)
CCPI Inc.	(11,968)
National Property REIT Corp.	(26,145)
Net change in unrealized gains	$ 5,430

The following table reflects net change in unrealized gains (losses) on investments for the three months ended March 31, 2018:

	Net Change in Unrealized Gains (Losses)
Nixon, Inc.	$ 14,197
First Tower Finance Company LLC	14,058
Other, net	5,346
Freedom Marine Solutions, LLC	(12,558)
Subordinated Structured Notes	(24,899)
Net change in unrealized (losses)	$ (3,856)

The following table reflects net change in unrealized gains (losses) on investments for the nine months ended March 31, 2019:

	Net Change in Unrealized Gains (Losses)
Valley Electric Company, Inc.	$ 73,624
First Tower Finance Company LLC	35,844
NMMB, Inc.	10,312
USES Corp.	(5,188)
CCPI Inc.	(6,105)
InterDent, Inc.	(6,750)
Engine Group, Inc.	(7,030)
Other, net	(10,068)
Credit Central Loan Company, LLC	(11,220)
MITY, Inc.	(15,938)
United Sporting Companies, Inc.	(23,109)
Universal Turbine Parts, LLC	(24,934)
Pacific World Corporation	(38,319)
National Property REIT Corp.	(40,064)
Subordinated Structured Notes	(75,272)
Net change in unrealized (losses)	$ (144,217)

The following table reflects net change in unrealized gains (losses) on investments for the nine months ended March 31, 2018:

	Net Change in Unrealized Gains (Losses)	
First Tower Finance Company LLC	$	55,842
PrimeSport, Inc.		23,741
Spartan Energy Services, Inc.		19,160
CP Energy Services Inc.		17,967
Nixon, Inc.		14,197
Credit Central Loan Company, LLC		10,489
Valley Electric Company, Inc.		8,285
Echelon Aviation LLC		7,983
National Property REIT Corp.		6,863
Targus International, LLC		6,814
Arctic Energy Services, LLC		6,077
Other, net		(2,132)
USES Corp.		(6,415)
CCPI Inc.		(5,844)
Universal Turbine Parts, LLC		(6,313)
Nationwide Loan Company LLC		(11,488)
Freedom Marine Solutions, LLC		(10,325)
MITY, Inc.		(14,389)
Edmentum Ultimate Holdings, LLC		(14,427)
United Sporting Companies, Inc.		(26,297)
Subordinated Structured Notes		(81,700)
Net change in unrealized (losses)	$	(1,912)

Financial Condition, Liquidity and Capital Resources

For the nine months ended March 31, 2019 and March 31, 2018, our operating activities provided $171,071 and $258,142 of cash, respectively. There were no investing activities for the nine months ended March 31, 2019 and March 31, 2018. Financing activities used $134,263 and $478,662 of cash during the nine months ended March 31, 2019 and March 31, 2018, respectively, which included dividend payments of $180,685 and $202,362, respectively. Our primary uses of funds have been to continue to invest in portfolio companies, through both debt and equity investments, repay outstanding borrowings and to make cash distributions to holders of our common stock.

Our primary sources of funds have historically been issuances of debt and equity. More recently, we have and may continue to fund a portion of our cash needs through repayments and opportunistic sales of our existing investment portfolio. We may also securitize a portion of our investments in unsecured or senior secured loans or other assets. Our objective is to put in place such borrowings in order to enable us to expand our portfolio. During the nine months ended March 31, 2019, we borrowed $912,154 and we made repayments totaling $850,154 under the Revolving Credit Facility. As of March 31, 2019, our outstanding balance on the Revolving Credit Facility was $99,000. As of March 31, 2019, we had, net of unamortized discount and debt issuance costs, $763,245 outstanding on the Convertible Notes, $775,624 outstanding on the Public Notes and $742,752 outstanding on the Prospect Capital InterNotes® (See “Capitalization” above).

Undrawn committed revolvers and delayed draw term loans to our portfolio companies incur commitment and unused fees ranging from 0.00% to 5.00%. As of March 31, 2019 and June 30, 2018, we had $15,645 and $29,675, respectively, of undrawn revolver and delayed draw term loan commitments to our portfolio companies. The fair value of our undrawn committed revolvers and delayed draw term loans was zero as of March 31, 2019 and June 30, 2018.

We have guaranteed $2,571 in standby letters of credit issued through a financial intermediary and $1,380 of equipment lease obligations on behalf of InterDent, Inc. (“InterDent”) as of March 31, 2019. Under these arrangements, we would be required to make payments to the financial intermediary or equipment lease provider, respectively, if InterDent was to default on their related payment obligations. As of March 31, 2019, we have not recorded a liability on the statement of assets and liabilities for these guarantees as the likelihood of default on the standby letters of credit or equipment lease is deemed to be remote.

Our shareholders’ equity accounts as of March 31, 2019 and June 30, 2018 reflect cumulative shares issued, net of shares repurchased, as of those respective dates. Our common stock has been issued through public offerings, a registered direct offering, the exercise of over-allotment options on the part of the underwriters, our dividend reinvestment plan and in connection with the acquisition of certain controlled portfolio companies. When our common stock is issued, the related offering expenses have been charged against paid-in capital in excess of par. All underwriting fees and offering expenses were borne by us.

As part of our Repurchase Program, we delivered a notice with our annual proxy mailing on September 25, 2018. We did not repurchase any shares of our common stock for the nine months ended March 31, 2019 or March 31, 2018.

On October 31, 2018, our registration statement on Form N-2 (File No. 333-227124) was declared effective by the SEC. The registration statement permits us to issue, through one or more transactions, up to an aggregate of $5,000,000 in securities, consisting of common stock, preferred stock, debt securities, subscription rights to purchase our securities, warrants representing rights to purchase our securities or separately tradeable units combining two or more of our securities. As of March 31, 2019, we have the ability to issue up to $4,644,211 in securities under the registration statement.

Off-Balance Sheet Arrangements

As of March 31, 2019, we did not have any off-balance sheet liabilities or other contractual obligations that are reasonably likely to have a current or future material effect on our financial condition, other than those which originate from 1) the investment advisory and management agreement and the administration agreement and 2) the portfolio companies.

Recent Developments

During the period from April 1, 2019 through May 8, 2019 we issued $55,195 aggregate principal amount of Prospect Capital InterNotes® for net proceeds of $54,315, with an additional $7,779 settling on May 9, 2019 for net proceeds of $7,659.

During the period from April 1, 2019 through May 8, 2019, we issued $2,569 in aggregate principal amount of our 2024 Notes for net proceeds of $2,571 and $1,885 in aggregate principal amount of our 2028 Notes for net proceeds of $1,856.

On April 4, 2019, Memorial MRI & Diagnostic, LLC fully repaid the $36,355 Senior Secured Term Loan receivable to us at par.

On April 11, 2019, Photonis Technologies SAS fully repaid the $12,872 First Lien Term Loan receivable to us at par.

Pursuant to notice to call provided on March 15, 2019, we redeemed $91,896 of our Prospect Capital InterNotes® at par maturing between April 15, 2020 and October 15, 2021, with a weighted average rate of 4.99%. Settlement of the call occurred on April 15, 2019.

We have provided notice to call on April 15, 2019, with settlement on May 15, 2019, $15,299 of our Prospect Capital InterNotes® at par maturing between May 15, 2021 and November 15, 2021, with a weighted average rate of 5.20%.

During the period from April 17, 2019 through April 23, 2019, we repurchased $7,235 aggregate principal amount of the 2020 Notes at a price of 101.0% of face value, including commissions. On May 7, 2019, we repurchased an additional $5,938 aggregate principal amount of the 2020 Notes at a price of 101.125% of face value, including commissions. As a result of these transactions, we recorded a loss in the amount of the difference between the reacquisition prices and the net carrying amounts of the 2020 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, 2019 was $211.

On May 8, 2019, we announced the declaration of monthly dividends in the following amounts and with the following dates:

- $0.06 per share for May 2019 to holders of record on May 31, 2019 with a payment date of June 20, 2019
- $0.06 per share for June 2019 to holders of record on June 28, 2019 with a payment date of July 18, 2019.
- $0.06 per share for July 2019 to holders of record on July 31, 2019 with a payment date of August 22, 2019.
- $0.06 per share for August 2019 to holders of record on August 30, 2019 with a payment date of September 19, 2019.

Critical Accounting Policies and Estimates

Basis of Presentation and Consolidation

The accompanying consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles ("GAAP") pursuant to the requirements for reporting on Form 10-Q, ASC 946, *Financial Services—Investment Companies* ("ASC 946"), and Articles 6, 10 and 12 of Regulation S-X. Under the 1940 Act, ASC 946, and the regulations pursuant to Article 6 of Regulation S-X, we are precluded from consolidating any entity other than another investment company or an operating company which provides substantially all of its services to benefit us. Our consolidated financial statements include the accounts of Prospect, PCF, PSBL, PYC, and the Consolidated Holding Companies. All intercompany balances and transactions have been eliminated in consolidation. The financial results of our non-substantially wholly-owned holding companies and operating portfolio company investments are not consolidated in the financial statements. Any operating companies owned by the Consolidated Holding Companies are not consolidated.

Reclassifications

Certain reclassifications have been made in the presentation of prior consolidated financial statements and accompanying notes to conform to the presentation as of and for the nine months ended March 31, 2019.

Use of Estimates

The preparation of the consolidated financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of income, expenses, and gains and losses during the reported period. Changes in the economic environment, financial markets, creditworthiness of the issuers of our investment portfolio and any other parameters used in determining these estimates could cause actual results to differ, and these differences could be material.

Investment Classification

We are a non-diversified company within the meaning of the 1940 Act. As required by the 1940 Act, we classify our investments by level of control. As defined in the 1940 Act, "Control Investments" are those where there is the ability or power to exercise a controlling influence over the management or policies of a company. Control is generally deemed to exist when a company or individual possesses or has the right to acquire within 60 days or less, a beneficial ownership of more than 25% of the voting securities of an investee company. Under the 1940 Act, "Affiliate Investments" are defined by a lesser degree of influence and are deemed to exist through the possession outright or via the right to acquire within 60 days or less, beneficial ownership of 5% or more of the outstanding voting securities of another person. "Non-Control/Non-Affiliate Investments" are those that are neither Control Investments nor Affiliate Investments.

As a BDC, we must not acquire any assets other than "qualifying assets" specified in the 1940 Act unless, at the time the acquisition is made, at least 70% of our total assets are qualifying assets (with certain limited exceptions). As of March 31, 2019 and June 30, 2018, our qualifying assets as a percentage of total assets, stood at 73.70% and 73.20%, respectively.

Investment Transactions

Investments are recognized when we assume an obligation to acquire a financial instrument and assume the risks for gains or losses related to that instrument. Specifically, we record all security transactions on a trade date basis. Investments are derecognized when we assume an obligation to sell a financial instrument and forego the risks for gains or losses related to that instrument. In accordance with ASC 325-40, *Beneficial Interest in Securitized Financial Assets*, investments in CLOs are periodically assessed for other-than-temporary impairment ("OTTI"). When the Company determines that a CLO has OTTI, the amortized cost basis of the CLO is written down to its fair value as of the date of the determination based on events and information evaluated and that write-down is recognized as a realized loss. Amounts for investments traded but not yet settled are reported in Due to Broker or Due from Broker, in the *Consolidated Statements of Assets and Liabilities*.

Foreign Currency

Foreign currency amounts are translated into US Dollars (USD) on the following basis:

i. fair value of investment securities, other assets and liabilities—at the spot exchange rate on the last business day of the period; and

ii. purchases and sales of investment securities, income and expenses—at the rates of exchange prevailing on the respective dates of such investment transactions, income or expenses.

We do not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in fair values of investments held or disposed of during the period. Such fluctuations are included within the net realized and net change in unrealized gains or losses from investments in the *Consolidated Statements of Operations.*

Investment Risks

Our investments are subject to a variety of risks. Those risks include the following:

Market Risk

Market risk represents the potential loss that can be caused by a change in the fair value of the financial instrument.

Credit Risk

Credit risk represents the risk that we would incur if the counterparties failed to perform pursuant to the terms of their agreements with us.

Liquidity Risk

Liquidity risk represents the possibility that we may not be able to rapidly adjust the size of our investment positions in times of high volatility and financial stress at a reasonable price.

Interest Rate Risk

Interest rate risk represents a change in interest rates, which could result in an adverse change in the fair value of an interest-bearing financial instrument.

Prepayment Risk

Many of our debt investments allow for prepayment of principal without penalty. Downward changes in interest rates may cause prepayments to occur at a faster than expected rate, thereby effectively shortening the maturity of the security and making us less likely to fully earn all of the expected income of that security and reinvesting in a lower yielding instrument.

Structured Credit Related Risk

CLO investments may be riskier and less transparent to us than direct investments in underlying companies. CLOs typically will have no significant assets other than their underlying senior secured loans. Therefore, payments on CLO investments are and will be payable solely from the cash flows from such senior secured loans.

Online Small-and-Medium-Sized Business Lending Risk

With respect to our online small-and-medium-sized business ("SME") lending initiative, we invest primarily in marketplace loans through marketplace lending platforms (e.g. OnDeck). We do not conduct loan origination activities ourselves. Therefore, our ability to purchase SME loans, and our ability to grow our portfolio of SME loans, is directly influenced by the business performance and competitiveness of the marketplace loan origination business of the marketplace lending platforms from which we purchase SME loans. In addition, our ability to analyze the risk-return profile of SME loans is significantly dependent on the marketplace platforms' ability to effectively evaluate a borrower's credit profile and likelihood of default. If we are unable to effectively evaluate borrowers' credit profiles or the credit decisioning and scoring models implemented by each platform, we may incur unanticipated losses which could adversely impact our operating results.

Foreign Currency

Investments denominated in foreign currencies and foreign currency transactions may involve certain considerations and risks not typically associated with those of domestic origin. These risks include, but are not limited to, currency fluctuations and revaluations and future adverse political, social and economic developments, which could cause investments in foreign markets to be less liquid and prices more volatile than those of comparable U.S. companies or U.S. government securities.

Investment Valuation

To value our investments, we follow the guidance of ASC 820, *Fair Value Measurement* ("ASC 820"), that defines fair value, establishes a framework for measuring fair value in conformity with GAAP, and requires disclosures about fair value measurements. In accordance with ASC 820, the fair value of our investments is defined as the price that we would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market in which that investment is transacted.

ASC 820 classifies the inputs used to measure these fair values into the following hierarchy:

Level 1: Quoted prices in active markets for identical assets or liabilities, accessible by us at the measurement date.

Level 2: Quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active, or other observable inputs other than quoted prices.

Level 3: Unobservable inputs for the asset or liability.

In all cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to each investment.

Our Board of Directors has established procedures for the valuation of our investment portfolio. These procedures are detailed below.

Investments for which market quotations are readily available are valued at such market quotations.

For most of our investments, market quotations are not available. With respect to investments for which market quotations are not readily available or when such market quotations are deemed not to represent fair value, our Board of Directors has approved a multi-step valuation process each quarter, as described below.

1. Each portfolio company or investment is reviewed by our investment professionals with independent valuation firms engaged by our Board of Directors.

2. The independent valuation firms prepare independent valuations for each investment based on their own independent assessments and issue their report.

3. The Audit Committee of our Board of Directors reviews and discusses with the independent valuation firms the valuation reports, and then makes a recommendation to the Board of Directors of the value for each investment.

4. The Board of Directors discusses valuations and determines the fair value of each investment in our portfolio in good faith based on the input of the Investment Adviser, the respective independent valuation firm and the Audit Committee.

Our non-CLO investments are valued utilizing a yield technique, enterprise value ("EV") technique, net asset value technique, liquidation technique, discounted cash flow technique, or a combination of techniques, as appropriate. The yield technique uses loan spreads for loans and other relevant information implied by market data involving identical or comparable assets or liabilities. Under the EV technique, the EV of a portfolio company is first determined and allocated over the portfolio company's securities in order of their preference relative to one another (i.e., "waterfall" allocation). To determine the EV, we typically use a market (multiples) valuation approach that considers relevant and applicable market trading data of guideline public companies, transaction metrics from precedent merger and acquisitions transactions, and/or a discounted cash flow technique. The net asset value technique, an income approach, is used to derive a value of an underlying investment (such as real estate property) by dividing a relevant earnings stream by an appropriate capitalization rate. For this purpose, we consider capitalization rates for similar properties as may be obtained from guideline public companies and/or relevant transactions. The liquidation technique is intended to approximate the net recovery value of an investment based on, among other things, assumptions regarding liquidation proceeds based on a hypothetical liquidation of a portfolio company's assets. The discounted cash flow technique converts future cash flows or earnings to a range of fair values from which a single estimate may be derived utilizing an appropriate discount rate. The fair value measurement is based on the net present value indicated by current market expectations about those future amounts.

In applying these methodologies, additional factors that we consider in valuing our investments may include, as we deem relevant: security covenants, call protection provisions, and information rights; the nature and realizable value of any collateral; the portfolio company's ability to make payments; the principal markets in which the portfolio company does business; publicly available financial ratios of peer companies; the principal market; and enterprise values, among other factors.

Our investments in CLOs are classified as Level 3 fair value measured securities under ASC 820 and are valued using a discounted multi-path cash flow model. The CLO structures are analyzed to identify the risk exposures and to determine an appropriate call date (i.e., expected maturity). These risk factors are sensitized in the multi-path cash flow model using Monte Carlo simulations, which is a simulation used to model the probability of different outcomes, to generate probability-weighted (i.e., multi-path) cash flows from the underlying assets and liabilities. These cash flows are discounted using appropriate market discount rates, and relevant data in the CLO market as well as certain benchmark credit indices are considered, to determine the value of each CLO investment. In addition, we generate a single-path cash flow utilizing our best estimate of expected cash receipts and assess the reasonableness of the implied discount rate that would be effective for the value derived from the multi-path cash flows. We are not responsible for and have no influence over the asset management of the portfolios underlying the CLO investments we hold, as those portfolios are managed by non-affiliated third party CLO collateral managers. The main risk factors are default risk, prepayment risk, interest rate risk, downgrade risk, and credit spread risk.

Valuation of Other Financial Assets and Financial Liabilities

ASC 825, *Financial Instruments*, specifically ASC 825-10-25, permits an entity to choose, at specified election dates, to measure eligible items at fair value (the "Fair Value Option"). We have not elected the Fair Value Option to report selected financial assets and financial liabilities. See Note 8 in the accompanying *Consolidated Financial Statements* for the disclosure of the fair value of our outstanding debt and the market observable inputs used in determining fair value.

Convertible Notes

We have recorded the Convertible Notes at their contractual amounts. We have determined that the embedded conversion options in the Convertible Unsecured Notes are not required to be separately accounted for as a derivative under ASC 815, *Derivatives and Hedging*. See Note 5 in the accompanying *Consolidated Financial Statements* for further discussion.

Revenue Recognition

Realized gains or losses on the sale of investments are calculated using the specific identification method.

Interest income, adjusted for amortization of premium and accretion of discount, is recorded on an accrual basis. Loan origination fees, original issue discount, and market discounts are capitalized and accreted into interest income over the respective terms of the applicable loans using the effective interest method or straight-line, as applicable, and adjusted only for material amendments or prepayments. Upon a prepayment of a loan, prepayment premiums, original issue discount, or market discounts are recorded as interest income.

Loans are placed on non-accrual status when there is reasonable doubt that principal or interest will be collected. Unpaid accrued interest is generally reversed when a loan is placed on non-accrual status. Interest payments received on non-accrual loans are either applied to the cost basis or interest income, depending upon management's judgment of the collectibility of the loan receivable. Non-accrual loans are restored to accrual status when past due principal and interest is paid and in management's judgment, is likely to remain current and future principal and interest collections when due are probable. Interest received and applied against cost while a loan is on non-accrual, and PIK interest capitalized but not recognized while on non-accrual, is recognized prospectively on the effective yield basis through maturity of the loan when placed back on accrual status, to the extent deemed collectible by management. As of March 31, 2019, approximately 3.3% of our total assets at fair value are in non-accrual status.

Some of our loans and other investments may have contractual payment-in-kind ("PIK") interest or dividends. PIK income computed at the contractual rate is accrued into income and reflected as receivable up to the capitalization date. PIK investments offer issuers the option at each payment date of making payments in cash or in additional securities. When additional securities are received, they typically have the same terms, including maturity dates and interest rates as the original securities issued. On these payment dates, we capitalize the accrued interest (reflecting such amounts in the basis as additional securities received). PIK generally becomes due at maturity of the investment or upon the investment being called by the issuer. At the point that we believe PIK is not fully expected to be realized, the PIK investment will be placed on non-accrual status. When a PIK investment is placed on non-accrual status, the accrued, uncapitalized interest or dividends are reversed from the related receivable through interest or dividend income, respectively. We do not reverse previously capitalized PIK interest or dividends. Upon capitalization, PIK is subject to the fair value estimates associated with their related investments. PIK investments on non-accrual status are restored to accrual status if we believe that PIK is expected to be realized.

Interest income from investments in Subordinated Structured Notes (typically preferred shares, income notes or subordinated notes of CLO funds) and "equity" class of security of securitized trust is recorded based upon an estimation of an effective yield to expected maturity utilizing assumed cash flows in accordance with ASC 325-40, *Beneficial Interests in Securitized Financial*

Assets. We monitor the expected cash inflows from our CLO and securitized trust equity investments, including the expected residual payments, and the effective yield is determined and updated periodically.

Dividend income is recorded on the ex-dividend date.

Other income generally includes amendment fees, commitment fees, administrative agent fees and structuring fees which are recorded when earned. Excess deal deposits, net profits interests and overriding royalty interests are included in other income. See Note 10 in the accompanying *Consolidated Financial Statements* for further discussion.

Federal and State Income Taxes

We have elected to be treated as a RIC and intend to continue to comply with the requirements of the Code applicable to regulated investment companies. We are required to distribute at least 90% of our investment company taxable income and intend to distribute (or retain through a deemed distribution) all of our investment company taxable income and net capital gains to stockholders; therefore, we have made no provision for income taxes. The character of income and gains that we will distribute is determined in accordance with income tax regulations that may differ from GAAP. Book and tax basis differences relating to stockholder dividends and distributions and other permanent book and tax differences are reclassified to paid-in capital.

If we do not distribute (or are not deemed to have distributed) at least 98% of our annual ordinary income and 98.2% of our capital gains in the calendar year earned, we will generally be required to pay an excise tax equal to 4% of the amount by which 98% of our annual ordinary income and 98.2% of our capital gains exceed the distributions from such taxable income for the year. To the extent that we determine that our estimated current year annual taxable income will be in excess of estimated current year dividend distributions from such taxable income, we accrue excise taxes, if any, on estimated excess taxable income. As of March 31, 2019, we do not expect to have any excise tax due for the 2019 calendar year. Thus, we have not accrued any excise tax for this period.

If we fail to satisfy the annual distribution requirement or otherwise fail to qualify as a RIC in any taxable year, we would be subject to tax on all of our taxable income at regular corporate income tax rates. We would not be able to deduct distributions to stockholders, nor would we be required to make distributions. Distributions would generally be taxable to our individual and other non-corporate taxable stockholders as ordinary dividend income eligible for the reduced maximum rate applicable to qualified dividend income to the extent of our current and accumulated earnings and profits, provided certain holding period and other requirements are met. Subject to certain limitations under the Code, corporate distributions would be eligible for the dividends-received deduction. To qualify again to be taxed as a RIC in a subsequent year, we would be required to distribute to our shareholders our accumulated earnings and profits attributable to non-RIC years. In addition, if we failed to qualify as a RIC for a period greater than two taxable years, then, in order to qualify as a RIC in a subsequent year, we would be required to elect to recognize and pay tax on any net built-in gain (the excess of aggregate gain, including items of income, over aggregate loss that would have been realized if we had been liquidated) or, alternatively, be subject to taxation on such built-in gain recognized for a period of five years.

We follow ASC 740, *Income Taxes* ("ASC 740"). ASC 740 provides guidance for how uncertain tax positions should be recognized, measured, presented, and disclosed in the consolidated financial statements. ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing our tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold are recorded as a tax benefit or expense in the current year. As of March 31, 2019, we did not record any unrecognized tax benefits or liabilities. Management's determinations regarding ASC 740 may be subject to review and adjustment at a later date based upon factors including, but not limited to, an on-going analysis of tax laws, regulations and interpretations thereof. Although we file both federal and state income tax returns, our major tax jurisdiction is federal. Our federal tax returns for the tax years ended August 31, 2015 and thereafter remain subject to examination by the Internal Revenue Service.

Dividends and Distributions

Dividends and distributions to common stockholders are recorded on the ex-dividend date. The amount, if any, to be paid as a monthly dividend or distribution is approved by our Board of Directors quarterly and is generally based upon our management's estimate of our future taxable earnings. Net realized capital gains, if any, are distributed at least annually.

Financing Costs

We record origination expenses related to our Revolving Credit Facility and the Unsecured Notes as deferred financing costs. These expenses are deferred and amortized as part of interest expense using the straight-line method over the stated life of the obligation for our Revolving Credit Facility. The same methodology is used to approximate the effective yield method for our Prospect Capital InterNotes®, our 2024 Notes Follow-on Program, and our 2028 Notes Follow-on Program. The effective interest method is used to amortize deferred financing costs for our remaining Unsecured Notes over the respective expected life or maturity. In the event that we modify or extinguish our debt before maturity, we follow the guidance in ASC 470-50, *Modification and Extinguishments* ("ASC 470-50"). For modifications to or exchanges of our Revolving Credit Facility, any unamortized deferred costs relating to lenders who are not part of the new lending group are expensed. For extinguishments of our Unsecured Notes, any unamortized deferred costs are deducted from the carrying amount of the debt in determining the gain or loss from the extinguishment.

Unamortized deferred financing costs are presented as a direct deduction to the respective Unsecured Notes (see Notes 5, 6, and 7 in the accompanying *Consolidated Financial Statements* for further discussion).

We may record registration expenses related to shelf filings as prepaid expenses. These expenses consist principally of SEC registration fees, legal fees and accounting fees incurred. These prepaid expenses are charged to capital upon the receipt of proceeds from an equity offering or charged to expense if no offering is completed. As of March 31, 2019 and June 30, 2018, there are no prepaid expenses related to registration expenses and all amounts incurred have been expensed.

Guarantees and Indemnification Agreements

We follow ASC 460, *Guarantees* ("ASC 460"). ASC 460 elaborates on the disclosure requirements of a guarantor in its interim and annual consolidated financial statements about its obligations under certain guarantees that it has issued. It also requires a guarantor to recognize, at the inception of a guarantee, for those guarantees that are covered by ASC 460, the fair value of the obligation undertaken in issuing certain guarantees.

Per Share Information

Net increase or decrease in net assets resulting from operations per share is calculated using the weighted average number of common shares outstanding for the period presented. In accordance with ASC 946, convertible securities are not considered in the calculation of net asset value per share.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), which amends the financial instruments impairment guidance so that an entity is required to measure expected credit losses for financial assets based on historical experience, current conditions and reasonable and supportable forecasts. As such, an entity will use forward-looking information to estimate credit losses. ASU 2016-13 also amends the guidance in FASB ASC Subtopic No. 325-40, *Investments-Other, Beneficial Interests in Securitized Financial Assets*, related to the subsequent measurement of accretable yield recognized as interest income over the life of a beneficial interest in securitized financial assets under the effective yield method. ASU 2016-13 is effective for financial statements issued for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted as of the fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. We are currently evaluating the impact, if any, of adopting this ASU on our consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* ("ASU 2016-15"), which addresses certain aspects of cash flow statement classification. One such amendment requires cash payments for debt prepayment or debt extinguishment costs to be classified as cash outflows for financing activities. ASU 2016-15 is effective for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The adoption of the amended guidance in ASU 2016-15 did not have a significant effect on our consolidated financial statements and disclosures.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which amends accounting guidance for revenue recognition arising from contracts with customers. Under the new guidance, an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services. In August 2015, the FASB also issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, which deferred the effective date of the standard for one year. As a result, the guidance is effective for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The application of this guidance did not have a material impact on our consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820)*: *Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. The standard will modify the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. ASU No. 2018-13 is effective for annual reporting periods beginning after December 15, 2019, including interim periods within that reporting period. Early adoption is permitted upon issuance of this ASU. We are currently evaluating the impact of adopting this ASU on our consolidated financial statements.

SEC Disclosure Update and Simplification

In August 2018, the SEC adopted the final rule under SEC Release No. 33-10532, *Disclosure Update and Simplification*, amending certain disclosure requirements that were redundant, duplicative, overlapping, outdated or superseded. The amendments are intended to facilitate the disclosure of information to investors and simplify compliance. The effective date for the SEC amendments was November 5, 2018; however, in light of the timing and proximity of effectiveness to the filing date for most filers' quarterly reports, the SEC Staff commented that it would not object if the first presentation of the changes in shareholders' equity is included in a filer's Form 10-Q for the quarter that begins after the effective date of the amendments. We have adopted the amendments for the fiscal quarter ended March 31, 2019.

Prior to adoption and in accordance with previous SEC rules, we presented distributable earnings (loss) on the *Consolidated Statements of Assets and Liabilities*, as three components: 1) accumulated overdistributed net investment income; 2) accumulated net unrealized gain (loss) on investments; and 3) accumulated net realized gain (loss) on investments. We also presented distributions from earnings on the *Consolidated Statements of Changes in Net Assets* as distributions from net investment income. In accordance with the SEC Release, distributable earnings and distributions from distributable earnings are shown in total on the *Consolidated Statements of Assets and Liabilities* and *Consolidated Statements of Changes in Net Assets*, respectively. The changes in presentation have been retrospectively applied to the prior period statements presented.

Tax Cuts and Jobs Act

On December 22, 2017, the President signed into law the Tax Cuts and Jobs Act (The "Tax Act"), which significantly changed the Code, including, a reduction in the corporate income tax rate, a new limitation on the deductibility of interest expense, and significant changes to the taxation of income earned from foreign sources and foreign subsidiaries. The Tax Act also authorizes the IRS to issue regulations with respect to the new provisions. We cannot predict how the changes in the Tax and Jobs Act, or regulations or other guidance issued under it, might affect us, our business or the business of our portfolio companies. However, our portfolio companies may or may not make certain elections under the Tax Act that could materially increase their taxable earnings and profits. Any such increase in the earnings and profits of a portfolio company may result in the characterization of certain distributions sourced from sale proceeds as dividend income, which may increase our distributable taxable income. During the three months ended March 31, 2019, we received $21,000 of such dividends from NPRC related to the gain on the sale of real estate properties.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are subject to financial market risks, including changes in interest rates and equity price risk. Interest rate sensitivity refers to the change in our earnings that may result from changes in the level of interest rates impacting some of the loans in our portfolio which have floating interest rates. Additionally, because we fund a portion of our investments with borrowings, our net investment income is affected by the difference between the rate at which we invest and the rate at which we borrow. As a result, there can be no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income. See "Risk Factors - Risks Relating to Our Business - Changes in interest rates may affect our cost of capital and net investment income."

Our debt investments may be based on floating rates or fixed rates. For our floating rate loans the rates are determined from the LIBOR, EURO Interbank Offer Rate, the Federal Funds Rate or the Prime Rate. The floating interest rate loans may be subject to a LIBOR floor. Our loans typically have durations of one to three months after which they reset to current market interest rates. As of March 31, 2019, 88.04% of the interest earning investments in our portfolio, at fair value, bore interest at floating rates.

We also have a revolving credit facility and certain Prospect Capital InterNotes® issuances that are based on floating LIBOR rates. Interest on borrowings under the revolving credit facility is one-month LIBOR plus 220 basis points with no minimum LIBOR floor and there is $99 million outstanding as of March 31, 2019. Interest on five Prospect Capital InterNotes® is three-month LIBOR plus a range of 300 to 350 basis points with no minimum LIBOR floor. The Convertible Notes, Public Notes and remaining Prospect Capital InterNotes® bear interest at fixed rates.

The following table shows the approximate annual impact on net investment income of base rate changes in interest rates (considering interest rate flows for floating rate instruments, excluding our investments in CLO residual interests) to our loan portfolio and outstanding debt as of March 31, 2019, assuming no changes in our investment and borrowing structure:

(in thousands) **Basis Point Change**	**Interest Income**	**Interest Expense**	**Net Investment Income**	**Net Investment Income (1)**
Up 300 basis points	$ 93,838	$ 46	$ 93,792	$ 75,034
Up 200 basis points	61,151	31	61,120	48,896
Up 100 basis points	28,465	15	28,450	22,760
Down 100 basis points	(38,595)	(43)	(38,552)	(30,842)

(1) Includes the impact of income incentive fees. See Note 13 in the accompanying *Consolidated Financial Statements* for more information on income incentive fees.

As of March 31, 2019, one and three month LIBOR were 2.50% and 2.60%, respectively.

We may hedge against interest rate fluctuations by using standard hedging instruments such as futures, options and forward contracts subject to the requirements of the 1940 Act. While hedging activities may insulate us against adverse changes in interest rates, they may also limit our ability to participate in the benefits of higher interest rates with respect to our portfolio of investments. During the quarter ended March 31, 2019, we did not engage in hedging activities.

DESCRIPTION OF THE NOTES

We will issue the 2024 Notes offered hereby under the base indenture and an additional supplemental indenture that contains the same terms and conditions as the Existing 2024 Notes Supplemental Indenture. We will issue the 2028 Notes offered hereby under the base indenture and an additional supplemental indenture that contains the same terms and conditions as the Existing 2028 Notes Supplemental Indenture. We will issue the 2029 Notes offered hereby under the base indenture and an additional supplemental indenture that contains the same terms and conditions as the Existing 2029 Notes Supplemental Indenture. We refer to the base indenture, the Existing 2024 Notes Supplemental Indenture, the Existing 2028 Notes Supplemental Indenture, the Existing 2029 Notes Supplemental Indenture and the additional supplemental indentures collectively as the "Indenture." The 2024 Notes offered hereby will be a further issuance of, are fungible with, rank equally in right of payment with, and form a single series for all purposes under the Indenture including, without limitation, waivers, amendments, consents, redemptions and other offers to purchase and voting, with the Existing 2024 Notes. The 2028 Notes offered hereby will be a further issuance of, are fungible with, rank equally in right of payment with, and form a single series for all purposes under the Indenture including, without limitation, waivers, amendments, consents, redemptions and other offers to purchase and voting, with the Existing 2028 Notes. The 2029 Notes offered hereby will be a further issuance of, are fungible with, rank equally in right of payment with, and form a single series for all purposes under the Indenture including, without limitation, waivers, amendments, consents, redemptions and other offers to purchase and voting, with the Existing 2029 Notes. Unless otherwise indicated, the Notes offered hereby and the Existing Notes are collectively referred to herein as the "Notes." The following description of particular terms of the Notes supplements the more general description of the debt securities contained in the accompanying prospectus. If there are any inconsistencies between the information in this section and the information in the accompanying prospectus, the information in this section controls. You should read this section together with the section entitled "Description of Our Debt Securities" in the accompanying prospectus.

Together with the "Description of Our Debt Securities" in the accompanying prospectus, the following description provides a summary of the material provisions of the Notes and the Indenture and does not purport to be complete. We urge you to read the Indenture (including the form of global note contained therein), because it, and not this description, defines your rights as a holder of the Notes.

Brief Description of the Notes

The 2024 Notes:

- will be limited to up to $100.0 million aggregate principal amount (and up to approximately $299.3 million inclusive of the Existing 2024 Notes). During the period from July 2, 2018 (the original date of the debt distribution agreements with B. Riley FBR and BB&T Capital Markets) through May 15, 2019, we sold $35.2 million aggregate principal amount of the 2024 Notes through B. Riley FBR, BB&T Capital Markets and Comerica pursuant to their debt distribution agreements and as such, there is $64.8 million aggregate principal amount of the 2024 Notes remaining that we may offer and sell through the Agents pursuant to the debt distribution agreements;

- will bear interest at a rate of 6.25% per year, payable every March 15, June 15, September 15 and December 15, commencing on the first applicable interest payment date following a given purchase of the Notes under this prospectus supplement, in each case having a record date of March 1, June 1, September 1 and December 1, commencing with the first such date to follow a given purchase of the Notes under this prospectus supplement, except that, if you purchase Notes after a record date (or your settlement of a purchase of Notes otherwise occurs after such record date), your Notes will not accrue interest for the period from such purchase date to the interest payment date immediately following such record date;

- will be issued in minimum denominations of $25 and integral multiples of $25 in excess thereof;

- may be redeemed in whole or in part at any time or from time to time at our option on or after December 15, 2018 upon not less than 30 days nor more than 60 days' written notice by mail prior to the date fixed for redemption thereof, at a redemption price of 100% of the principal amount of the Notes to be redeemed plus accrued and unpaid interest to the date of redemption. See the description under "-Optional Redemption" below;

- will be our general unsecured obligations, ranking equally with all of our other unsecured indebtedness (including, but not limited to, our Unsecured Notes) and senior in right of payment to any of our subordinated indebtedness, effectively subordinated in right of payment to our existing and future secured indebtedness and structurally subordinated to all existing and future debt of our subsidiaries;

- will be subject to repurchase by us at your option if a fundamental change occurs, at a cash repurchase price equal to 100% of the principal amount of the Notes, plus accrued and unpaid interest (including additional interest, if any) to, but not including, the repurchase date;

- are expected to be listed on the NYSE under the trading symbol "PBB"; and

- will be due June 15, 2024.

The 2028 Notes:

- will be limited to up to $100.0 million aggregate principal amount (and up to $155.0 million inclusive of the Existing 2028 Notes). During the period from July 2, 2018 (the original date of the debt distribution agreements with B. Riley FBR and BB&T Capital Markets) through May 15, 2019, we sold $15.8 million aggregate principal amount of the 2028 Notes through B. Riley FBR, BB&T Capital Markets and Comerica pursuant to their debt distribution agreements and as such, there is $84.2 million aggregate principal amount of the 2028 Notes remaining that we may offer and sell through the Agents pursuant to the debt distribution agreements;

- will bear interest at a rate of 6.25% per year, payable every March 15, June 15, September 15 and December 15, commencing on the first applicable interest payment date following a given purchase of the Notes under this prospectus supplement, in each case having a record date of March 1, June 1, September 1 and December 1, commencing with the first such date to follow a given purchase of the Notes under this prospectus supplement, except that, if you purchase Notes after a record date (or your settlement of a purchase of Notes otherwise occurs after such record date), your Notes will not accrue interest for the period from such purchase date to the interest payment date immediately following such record date;

- will be issued in minimum denominations of $25 and integral multiples of $25 in excess thereof;

- may be redeemed in whole or in part at any time or from time to time at our option on or after June 15, 2021 upon not less than 30 days nor more than 90 days' written notice by mail prior to the date fixed for redemption thereof, at a redemption price of 100% of the principal amount of the Notes to be redeemed plus accrued and unpaid interest to the date of redemption. See the description under "-Optional Redemption" below;

- will be our general unsecured obligations, ranking equally with all of our other unsecured indebtedness (including, but not limited to, our Unsecured Notes) and senior in right of payment to any of our subordinated indebtedness, effectively subordinated in right of payment to our existing and future secured indebtedness and structurally subordinated to all existing and future debt of our subsidiaries;

- will be subject to repurchase by us at your option if a fundamental change occurs, at a cash repurchase price equal to 100% of the principal amount of the Notes, plus accrued and unpaid interest (including additional interest, if any) to, but not including, the repurchase date;

- are expected to be listed on the NYSE under the trading symbol "PBY"; and

- will be due June 15, 2028.

The 2029 Notes:

- will be limited to up to $100.0 million aggregate principal amount (and up to $150.0 million inclusive of the Existing 2029 Notes). During the period from February 7, 2019 (the date of the most recent amended and restated debt distribution agreements with B. Riley FBR, BB&T Capital Markets and Comerica pursuant to which the 2029 Notes were initially offered) through May 15, 2019, we sold $19.2 million aggregate principal amount of the 2029 Notes through B. Riley FBR, BB&T Capital Markets and Comerica pursuant to their debt distribution agreements and as such, there is $80.8 million aggregate principal amount of the 2029 Notes remaining that we may offer and sell through the Agents pursuant to the debt distribution agreements;

- will bear interest at a rate of 6.875% per year, subject to adjustment, if applicable, as described below under "-Interest Rate Adjustment for 2029 Notes," payable every March 15, June 15, September 15 and December 15, commencing on the first applicable interest payment date following a given purchase of the Notes under this prospectus supplement, in each case having a record date of March 1, June 1, September 1 and December 1, commencing with the first such date to follow a given purchase of the Notes under this prospectus supplement, except that, if you purchase Notes after a record date (or your settlement of a purchase of Notes otherwise occurs after such record date), your Notes will not accrue interest for the period from such purchase date to the interest payment date immediately following such record date;

- will be issued in minimum denominations of $25 and integral multiples of $25 in excess thereof;

- may be redeemed in whole or in part at any time or from time to time at our option on or after December 15, 2021 upon not less than 30 days nor more than 90 days' written notice by mail prior to the date fixed for redemption thereof, at a redemption price of 100% of the principal amount of the Notes to be redeemed plus accrued and unpaid interest to the date of redemption. See the description under "-Optional Redemption" below;

- will be our general unsecured obligations, ranking equally with all of our other unsecured indebtedness (including, but not limited to, our Unsecured Notes) and senior in right of payment to any of our subordinated indebtedness, effectively subordinated in right of payment to our existing and future secured indebtedness and structurally subordinated to all existing and future debt of our subsidiaries;

- will be subject to repurchase by us at your option if a fundamental change occurs, at a cash repurchase price equal to 100% of the principal amount of the Notes, plus accrued and unpaid interest (including additional interest, if any) to, but not including, the repurchase date;

- are expected to be listed on the NYSE under the trading symbol "PBC"; and

- will be due June 15, 2029.

Neither we nor our subsidiaries will be subject to any financial covenants under the Indenture. In addition, neither we nor our subsidiaries will be restricted under the Indenture from paying dividends, incurring debt or issuing or repurchasing our securities. You are not afforded protection under the Indenture in the event of a highly leveraged transaction or a change in control of us, except to the extent described below under "-Purchase of Notes by Us for Cash at the Option of Holders upon a Fundamental Change."

No sinking fund is provided for the Notes and the Notes will be subject to defeasance.

The Notes will be represented by global securities that will be deposited and registered in the name of DTC or its nominee. This means that, except in limited circumstances, you will not receive certificates for the Notes. Beneficial interests in the Notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Investors may elect to hold interests in the Notes through either DTC, if they are a participant, or indirectly through organizations which are participants in DTC. For information regarding registration of transfer and exchange of the global note held in DTC, see "Registration and Settlement."

Interest Rate Adjustment for 2029 Notes

The interest rate payable on the 2029 Notes will be subject to adjustment from time to time if an Interest Rate Adjustment Triggering Event occurs or, if following an Interest Rate Adjustment Triggering Event, S&P (or, if applicable, any Substitute Rating Agency (as defined below)) subsequently upgrades the debt rating assigned to the 2029 Notes, in each case in the manner described below.

If at any time (i) S&P is not providing a rating on the 2029 Notes and (ii) we obtain or continue to have a rating on the 2029 Notes from Fitch Ratings Inc. ("Fitch") or Moody's Corporation ("Moody's"), Fitch or Moody's, as applicable, will be a "Substitute Rating Agency."

If an Interest Rate Adjustment Triggering Event occurs in relation to the 2029 Notes, the interest rate on the 2029 Notes will increase from the interest rate set forth on the cover page of this prospectus supplement with respect to the 2029 Notes by 0.50%. If S&P (or, if applicable, any Substitute Rating Agency) at any time subsequently increases its rating on the 2029 Notes to "BBB-" or higher (or the equivalent ratings of any Substitute Rating Agency) after S&P (or, if applicable, any Substitute Rating Agency) previously lowered the rating on the 2029 Notes to "BB+" or lower (or the equivalent ratings of any Substitute Rating Agency), the interest rate on the 2029 Notes will be decreased such that the interest rate on the 2029 Notes equals the interest rate set forth on the cover page of this prospectus supplement with respect to the 2029 Notes. In no event will (i) the interest rate on the 2029 Notes be reduced to below the interest rate set forth on the cover page of this prospectus supplement with respect to the 2029 Notes or (ii) the total increase in the interest rate on the 2029 Notes exceed 0.50% above the interest rate set forth on the cover page of this prospectus supplement with respect to the 2029 Notes.

Any interest rate increase or decrease, as described above, will take effect on the first day of the interest period commencing after the date on which (i) an Interest Rate Adjustment Triggering Event has occurred or (ii) S&P (or, if applicable, any Substitute Rating Agency) at any time subsequently increases its rating on the 2029 Notes to "BBB-" or higher (or the equivalent ratings of any Substitute Rating Agency) as described above. If S&P (or, if applicable, any Substitute Rating Agency) changes its rating on the 2029 Notes (including by withdrawal of its rating at the Company's request) more than once during any particular interest period, the last such change by S&P (or, if applicable, any Substitute Rating Agency) to occur will control for purposes of any increase or decrease in the interest rate with respect to the 2029 Notes. An interest period is the period commencing on an interest payment date and ending on the day preceding the next following interest payment date, provided that first interest period will commence on the day the 2029 Notes are delivered and will end on the day preceding the next following interest payment date.

If the interest rate on the 2029 Notes is increased as described above, the term "interest," as used with respect to the 2029 Notes, will be deemed to include any such additional interest, unless the context otherwise requires.

For purposes of the interest rate adjustment provisions relating to the 2029 Notes as set forth in this section, the following terms will be applicable:

"Adjustment Rating Event" means on any day during the Relevant Period (i) the rating on the 2029 Notes is lowered by S&P (or a Substitute Rating Agency) to "BB+" or lower (or the equivalent ratings of any Substitute Rating Agency) or (ii) a Rating Withdrawal Event has occurred; provided, in the case of subsection (i) above that an Adjustment Rating Event shall not be deemed to have occurred in respect of an Asset Coverage Reduction (and, thus, shall not be deemed an Adjustment Rating Event) if S&P (or, if applicable, any Substitute Rating Agency) in connection with its lowering of the rating on the 2029 Notes does not publicly announce or inform the Trustee in writing at its request that the lowering was the result, in whole or in part, of the Asset Coverage Reduction.

"Asset Coverage Reduction" means at any time prior to the maturity of the 2029 Notes, the Company discloses (in accordance with Section 61 (a)(2)(A) of the 1940 Act, which may include a filing with the Securities and Exchange Commission or a notice on the Company's website) its election to reduce its required minimum asset coverage (as defined in the 1940 Act) from 200% to 150%, either pursuant to the approval of such reduction (i) by the Company's board of directors in accordance with Section 61(a)(2)(D)(i)(I) of the 1940 Act or (ii) by the Company's stockholders pursuant to Section 61(a)(2)(D)(ii)(II) of the 1940 Act.

"Election Date" means the date on which the Company discloses the Asset Coverage Reduction pursuant to Section 61(a) (2)(A) of the 1940 Act.

"Interest Rate Adjustment Triggering Event" means the occurrence of either (i) both (1) an Asset Coverage Reduction and (2) an Adjustment Rating Event or (ii) a Rating Withdrawal Event at any time followed by an Asset Coverage Reduction.

"Rating Withdrawal Event" means S&P (or, if applicable, any Substitute Rating Agency) withdraws its debt rating assigned to the 2029 Notes at the request of the Company and the Company fails to continue to have or obtain a rating of the 2029 Notes from a Substitute Rating Agency of "BBB-" or higher (or the equivalent ratings of such Substitute Rating Agency).

"Relevant Period" means the period commencing on the Election Date of the Asset Coverage Reduction and ending 60 days following such date, whether or not such date is a business day, provided however, so long as the rating of the 2029 Notes is under publicly announced consideration for a possible downgrade by S&P (or, if applicable, any Substitute Rating Agency), the Relevant Period will be subject to extension until such time that S&P (or, if applicable, any Substitute Rating Agency) has completed its review.

Additional Notes

We may, without the consent of the holders of the Notes, increase the principal amount of the Notes by issuing additional Notes in the future on the same terms and conditions, except for any differences in the issue price and interest accrued prior to the issue date of the additional Notes and the original issue date; provided that such differences do not cause the additional

Notes to constitute a different class of securities than the Notes for U.S. federal income tax purposes. The Notes offered by this prospectus supplement and any additional Notes would rank equally and ratably and would be treated as a single class for all purposes under the Indenture. No additional Notes may be issued if any event of default has occurred with respect to the Notes.

Ranking

The Notes will be our general, unsecured obligations and will rank equal in right of payment with all of our existing and future unsecured indebtedness (including, but not limited to, our Unsecured Notes) and senior in right of payment to any of our subordinated indebtedness. As a result, the Notes will be effectively subordinated to our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness and structurally subordinated to any existing and future liabilities and other indebtedness of our subsidiaries. As of May 15, 2019, we and our subsidiaries had approximately $2.4 billion of indebtedness outstanding, $104.0 million of which was secured indebtedness and $2.3 billion of which was unsecured indebtedness.

Payment at Maturity

On the maturity date, each holder will be entitled to receive on such date $25 in cash for each $25 in principal amount of Notes, together with accrued and unpaid interest (including additional interest, if any) to, but not including, the maturity date. With respect to the global note, principal and interest (including additional interest, if any) will be paid to DTC in immediately available funds.

Optional Redemption

Each of the 2024 Notes, 2028 Notes and 2029 Notes may be redeemed in whole or in part at any time or from time to time at our option on or after December 15, 2018, June 15, 2021 or December 15, 2021, respectively, upon not less than 30 days nor more than 60 days' written notice, with respect to the 2024 Notes, and not less than 30 days nor more than 90 days' written notice, with respect to the 2028 Notes and 2029 Notes, by mail prior to the date fixed for redemption thereof, at a redemption price of $25 per Note plus accrued and unpaid interest payments otherwise payable for the then-current quarterly interest period accrued to, but excluding, the date fixed for redemption.

A holder of the Notes may be prevented from exchanging or transferring the Notes when they are subject to a written notice of redemption issued by us even though the Notes are listed for trading on the NYSE. In case any Notes are to be redeemed in part only, the redemption notice will provide that, upon surrender of such Note, the holder will receive, without a charge, a new Note or Notes of authorized denominations representing the principal amount of the holder's remaining unredeemed Notes.

Any exercise of our option to redeem the Notes will be done in compliance with 1940 Act, to the extent applicable.

If the Company redeems only some of the Notes, the trustee will determine the method for selection of the particular Notes to be redeemed, in accordance with the 1940 Act and the rules and regulations promulgated thereunder, to the extent applicable, and the rules of the NYSE, and any unredeemed Notes will have the same rights and be entitled to the same benefits that the Notes had prior to any such redemption. Unless the Company defaults in payment of the redemption price, on and after the date of redemption, interest will cease to accrue on the Notes called for redemption.

Purchase of Notes by Us for Cash at the Option of Holders upon a Fundamental Change

If a fundamental change (as defined below) occurs at any time prior to the maturity of the Notes, you will have the right to require us to repurchase, at the repurchase price described below, all or part of your Notes for which you have properly delivered and not withdrawn a written repurchase notice. The Notes submitted for repurchase must be $25 in principal amount or $25 integral multiples in excess thereof.

The repurchase price will be payable in cash and will equal 100% of the principal amount of the Notes being repurchased, plus accrued and unpaid interest (including additional interest, if any) to, but excluding, the repurchase date. However, if the repurchase date is after a record date and on or prior to the corresponding interest payment date, the interest (including additional interest, if any) will be paid on the repurchase date to the holder of record on the record date.

We may be unable to repurchase your Notes in cash upon a fundamental change. Our ability to repurchase the Notes in cash in the future may be limited by the terms of our then-existing borrowing agreements. In addition, the occurrence of a fundamental change could cause an event of default under the terms of our then-existing borrowing agreements. We cannot assure you that we would have the financial resources, or would be able to arrange financing, to pay the repurchase price in cash. See "Risk Factors-We may be unable to repurchase the Notes following a fundamental change" on page S-14 of this prospectus supplement.

A "fundamental change" will be deemed to have occurred upon the occurrence of both (a) a below investment grade ratings event (as defined below) and (b) any of the following events (each such events listed below shall be deemed a "fundamental change event"):

1. the consummation of any transaction (including, without limitation, any merger or consolidation other than those excluded under clause (3) below) the result of which is that any "person" becomes the "beneficial owner" (as these terms are defined in Rule 13d-3 and Rule 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of our capital stock that is at the time entitled to vote by the holder thereof in the election of our board of directors (or comparable body);

2. the adoption of a plan relating to our liquidation or dissolution; or

3. the consolidation or merger of us with or into any other person, or the sale, lease, transfer, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of our assets and those of our subsidiaries taken as a whole to any "person" (as this term is used in Section 13(d)(3) of the Exchange Act), other than:

   - any transaction that does not result in any reclassification, conversion, exchange or cancellation of all or substantially all of the outstanding shares of our capital stock;

   - any changes resulting from a subdivision or combination or a change solely in par value;

   - any transaction pursuant to which the holders of 50% or more of the total voting power of all shares of our capital stock entitled to vote generally in elections of directors immediately prior to such transaction have the right to exercise, directly or indirectly, 50% or more of the total voting power of all shares of capital stock of the continuing or surviving person immediately after giving effect to such transaction entitled to vote generally in elections of directors; or

   - any merger primarily for the purpose of changing our jurisdiction of incorporation and resulting in a reclassification, conversion or exchange of outstanding shares of common stock solely into shares of common stock of the surviving entity.

For purposes of determining the occurrence of a fundamental change, the term "below investment grade ratings event" means the Notes are downgraded below investment grade (as defined below) by each of the rating agencies (as defined below) on any date from the date of the public notice of an arrangement that results in the occurrence of a fundamental change event until the end of the 60-day period following public notice of the occurrence of a fundamental change event (which period shall be extended so long as any rating of the Notes is under publicly announced consideration for possible downgrade by a rating agency); *provided* that a downgrade contemplated by this paragraph otherwise arising by virtue of a particular reduction in a rating shall not be deemed to have occurred in respect of a particular fundamental change event (and thus shall not be deemed a downgrade as contemplated by this paragraph for purposes of the definition of fundamental change hereunder) if one of the rating agencies making a reduction in a rating to which this paragraph would otherwise apply does not announce or publicly confirm or inform the trustee in writing at its request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable fundamental change event (whether or not the applicable fundamental change event shall have occurred at the time of any downgrade contemplated by this paragraph). "Rating agencies" means, with respect to the 2024 Notes and 2028 Notes, S&P and Kroll or any successors thereto and, with respect to the 2029 Notes, S&P, Kroll and Egan Jones or any successors thereto, and "investment grade" means a rating of BBB- or better by the rating agencies (or if any such rating agency ceases to rate the Notes for reasons outside of the Company's control, the equivalent investment grade rating from any "nationally recognized statistical rating organization" as defined in Section (3)(a)(62) of the Exchange Act selected by the Company as a replacement for such rating agency).

The definition of "fundamental change" includes a phrase relating to the sale, lease, transfer, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of our assets and those of our subsidiaries taken as a whole. Although there is a developing body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Notes to require us to repurchase the Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of our assets and those of our subsidiaries taken as a whole to another person or group may be uncertain.

On or before the 30th calendar day after the occurrence of a fundamental change, we will provide to all record holders of the Notes on the date of the fundamental change at their addresses shown in the register of the registrar and to beneficial owners to the extent required by applicable law, the trustee and the paying agent, a written notice of the occurrence of the fundamental change and the resulting repurchase right. Such notice shall state, among other things, the event causing the fundamental change and the procedures you must follow to require us to repurchase your Notes.

The repurchase date will be a date specified by us in the notice of a fundamental change that is not less than 20 nor more than 35 calendar days after the date of the notice of a fundamental change.

To exercise your repurchase right, you must deliver, prior to 5:00 p.m., New York City time, on the repurchase date, a written notice to the paying agent of your exercise of your repurchase right (together with the Notes to be repurchased, if certificated Notes have been issued). The repurchase notice must state:

- if you hold a beneficial interest in a global Note, your repurchase notice must comply with appropriate DTC procedures; if you hold certificated Notes, the Notes certificate numbers;
- the portion of the principal amount of the Notes to be repurchased, which must be $25 or $25 integral multiples in excess thereof; and
- that the Notes are to be repurchased by us pursuant to the applicable provisions of the Notes and the Indenture.

You may withdraw your repurchase notice at any time prior to 5:00 p.m., New York City time, on the repurchase date by delivering a written notice of withdrawal to the paying agent. If a repurchase notice is given and withdrawn during that period, we will not be obligated to repurchase the Notes listed in the repurchase notice. The withdrawal notice must state:

- if you hold a beneficial interest in a global Note, your withdrawal notice must comply with appropriate DTC procedures; if you hold certificated Notes, the certificate numbers of the withdrawn Notes;
- the principal amount of the withdrawn Notes; and
- the principal amount, if any, which remains subject to the repurchase notice.

Payment of the repurchase price for Notes for which a repurchase notice has been delivered and not withdrawn is conditioned upon book-entry transfer or delivery of the Notes, together with necessary endorsements, to the paying agent, as the case may be. Payment of the repurchase price for the Notes will be made promptly following the later of the repurchase date and the time of book-entry transfer or delivery of the Notes, as the case may be.

If the paying agent holds on the business day immediately following the repurchase date cash sufficient to pay the repurchase price of the Notes that holders have elected to require us to repurchase, then, as of the repurchase date:

- the Notes will cease to be outstanding and interest (including additional interest, if any) will cease to accrue, whether or not book-entry transfer of the Notes has been made or the Notes have been delivered to the paying agent, as the case may be; and
- all other rights of the holders of Notes will terminate, other than the right to receive the repurchase price upon delivery or transfer of the Notes.

In connection with any repurchase, we will, to the extent applicable:

- comply with the provisions of Rule 13e-4 and any other tender offer rules under the Exchange Act that may be applicable at the time of the offer to repurchase the Notes;
- file a Schedule TO or any other schedule required in connection with any offer by us to repurchase the Notes; and
- comply with all other federal and state securities laws in connection with any offer by us to repurchase the Notes.

This fundamental change repurchase right could discourage a potential acquirer of the Company. However, this fundamental change repurchase feature is not the result of management's knowledge of any specific effort to obtain control of us by means of a merger, tender offer, solicitation or otherwise, or part of a plan by management to adopt a series of anti-takeover provisions. See "Risk Factors-Provisions of the Notes could discourage an acquisition of us by a third party" on page S-14 of this prospectus supplement.

Our obligation to repurchase the Notes upon a fundamental change would not necessarily afford you protection in the event of a highly leveraged or other transaction involving us that may adversely affect holders. We also could, in the future, enter into certain transactions, including certain recapitalizations, that would not constitute a fundamental change but would increase the amount of our (or our subsidiaries') outstanding debt. The incurrence of significant amounts of additional debt could adversely affect our ability to service our then existing debt, including the Notes. See "Risk Factors-Some significant restructuring transactions may not constitute a fundamental change, in which case we would not be obligated to repurchase the Notes" on page S-14 of this prospectus supplement.

Consolidation, Merger and Sale of Assets by the Company

The Indenture will provide that we may not, in a single transaction or a series of related transactions, consolidate with or merge with or into any other person or sell, convey, transfer or lease our property and assets substantially as an entirety to another person, unless:

- either (a) we are the continuing corporation or (b) the resulting, surviving or transferee person (if other than us) is a corporation or limited liability company organized and existing under the laws of the United States, any state thereof or the District of Columbia and such person assumes, by a supplemental indenture in a form reasonably satisfactory to the trustee, all of our obligations under the Notes and the Indenture;

- immediately after giving effect to such transaction, no default or event of default has occurred and is continuing; and

- we have delivered to the trustee certain certificates and opinions of counsel if so requested by the trustee.

In the event of any transaction described in and complying with the conditions listed in the immediately preceding paragraph in which the Company is not the continuing corporation, the successor person formed or remaining shall succeed, and be substituted for, and may exercise every right and power of, the Company, and the Company shall be discharged from its obligations, under the Notes and the Indenture.

This covenant includes a phrase relating to the sale, conveyance, transfer and lease of the property and assets of the Company "substantially as an entirety." There is no precise, established definition of the phrase "substantially as an entirety" under New York law, which governs the Indenture and the Notes, or under the laws of Maryland, the Company's state of incorporation. Accordingly, the ability of a holder of the Notes to require us to repurchase the Notes as a result of a sale, conveyance, transfer or lease of less than all of the property and assets of the Company may be uncertain.

An assumption by any person of the Company's obligations under the Notes and the Indenture might be deemed for U.S. federal income tax purposes to be an exchange of the Notes for new Notes by the holders thereof, resulting in recognition of gain or loss for such purposes and possibly other adverse tax consequences to the holders. Holders should consult their own tax advisors regarding the tax consequences of such an assumption.

Events of Default; Notice and Waiver

In addition to the events of default and the other information with respect to events of default, see "Description of Our Debt Securities-Events of Default" beginning on page 154 of the accompanying prospectus, the following will be events of default under the Indenture:

- we fail to pay the repurchase price payable in respect of any Notes when due;

- we fail to provide notice of the effective date or actual effective date of a fundamental change on a timely basis as required in the Indenture;

- we fail to perform or observe any other term, covenant or agreement in the Notes or the Indenture for a period of 60 calendar days after written notice of such failure is given to us by the trustee or to us and the trustee by the holders of at least 25% in aggregate principal amount of the Notes then outstanding;

- we fail to pay any additional interest (as discussed below) when such interest becomes due and payable, which failure continues for a period of 30 days;

- a failure to pay principal when due (whether at stated maturity or otherwise) or an uncured default that results in the acceleration of maturity, of any indebtedness for borrowed money of the Company or any of our "significant subsidiaries," (which term shall have the meaning specified in Rule 1-02(w) of Regulation S-X), other than subsidiaries that are non-recourse or limited recourse subsidiaries, bankruptcy remote special purpose vehicles and any subsidiaries that are not consolidated with us for GAAP purposes, in an aggregate amount in excess of $50,000,000 (or its foreign currency equivalent), unless such indebtedness is discharged, or such acceleration is rescinded, stayed or annulled, within a period of 30 calendar days after written notice of such failure is given to us by the trustee or to us and the trustee by the holders of at least 25% in aggregate principal amount of the Notes then outstanding; or

- certain events involving our bankruptcy, insolvency or reorganization of the Company.

We are required to notify the trustee promptly upon becoming aware of the occurrence of any default under the Indenture known to us. The trustee is then required within 90 calendar days of being notified by us of the occurrence of any default to give to the registered holders of the Notes notice of all uncured defaults known to it. However, the trustee may withhold notice to the holders of the Notes of any default, except defaults in payment of principal or interest (including additional interest, if any) on the Notes, if the trustee, in good faith, determines that the withholding of such notice is in the interests of the holders. We are also required to deliver to the trustee, on or before a date not more than 120 calendar days after the end of each fiscal year, a written statement as to compliance with the Indenture, including whether or not any default has occurred.

If an event of default specified in the last bullet point listed above occurs and continues, the principal amount of the Notes and accrued and unpaid interest (including additional interest, if any) on the outstanding Notes will automatically become due and payable. If any other event of default occurs and is continuing, the trustee or the holders of at least 25% in aggregate principal amount of the outstanding Notes may declare the principal amount of the Notes and accrued and unpaid interest (including additional interest, if any) on the outstanding Notes to be due and payable. Thereupon, the trustee may, in its discretion, proceed to protect and enforce the rights of the holders of the Notes by appropriate judicial proceedings.

After a declaration of acceleration, but before a judgment or decree for payment of the money due has been obtained by the trustee, the holders of a majority in aggregate principal amount of the Notes outstanding, by written notice to us and the trustee, may rescind and annul such declaration if:

- we have paid (or deposited with the trustee a sum sufficient to pay) (1) all overdue interest (including additional interest, if any) on all Notes; (2) the principal amount of any Notes that have become due otherwise than by such declaration of acceleration; (3) to the extent that payment of such interest is lawful, interest upon overdue interest (including additional interest, if any); and (4) all sums paid or advanced by the trustee under the Indenture and the reasonable compensation, expenses, disbursements and advances of the trustee, its agents and counsel; and

- all events of default, other than the non-payment of the principal amount and any accrued and unpaid interest (including additional interest, if any) that have become due solely by such declaration of acceleration, have been cured or waived.

For more information on remedies if an event of default occurs, see "Description of Our Debt Securities-Events of Default" beginning on page 154 of the accompanying prospectus.

Notwithstanding the foregoing and the description in the accompanying prospectus, the Indenture will provide, if we so elect, that the sole remedy for an event of default relating to the failure to comply with the reporting obligations in the Indenture, which are described below under the caption "-Reports," and for any failure to comply with the requirements of Section 314(a)(1) of the Trust Indenture Act (which also relates to the provision of reports), will, at our option, for the 365 days after the occurrence of such an event of default consist exclusively of the right to receive additional interest on the Notes at an annual rate equal to 0.50% of the principal amount of the Notes. In the event we do not elect to pay the additional interest upon an event of default in accordance with this paragraph, the Notes will be subject to acceleration as provided above. The additional interest will accrue on all outstanding Notes from and including the date on which an event of default relating to a failure to comply with the reporting obligations in the Indenture first occurs to but not including the 365th day thereafter (or such earlier date on which the event of default relating to the reporting obligations shall have been cured or waived). On such 365th day (or earlier, if the event of default relating to the reporting obligations is cured or waived prior to such 365th day), such additional interest will cease to accrue and the Notes will be subject to acceleration as provided above if the event of default is continuing. The provisions of the Indenture described in this paragraph will not affect the rights of holders of Notes in the event of the occurrence of any other event of default.

Waiver

The holders of a majority in aggregate principal amount of the Notes outstanding may, on behalf of the holders of all the Notes, waive any past default or event of default under the Indenture and its consequences, except that a holder cannot waive our failure to pay the repurchase price on the repurchase date in connection with a holder exercising its repurchase rights. For other exceptions to a holder's waiver of past default or event of default under the Indenture, see "Description of Our Debt Securities-Events of Default" beginning on page 154 of the accompanying prospectus.

Modification

Changes Requiring Approval of Each Affected Holder

The Indenture (including the terms and conditions of the Notes) may not be modified or amended without the written consent or the affirmative vote of the holder of each Note affected by such change to:

- reduce any amount payable upon repurchase of any Notes;
- to add to, delete from or revise the conditions, limitations, and restrictions on the authorized amount, terms, or purposes of issue, authentication and delivery of debt securities, as set forth in the Indenture;
- change our obligation to repurchase any Notes upon a fundamental change in a manner adverse to the rights of the holders; and
- change our obligation to maintain an office or agency in New York City.

For other changes requiring approval of each affected holder, see "Description of our Debt Securities-Modification or Waiver" on page 155 of the accompanying prospectus.

Changes Requiring Majority Approval

The Indenture (including the terms and conditions of the Notes) may be modified or amended, except as described above, with the written consent or affirmative vote of the holders of a majority in aggregate principal amount of the Notes then outstanding. For such changes requiring majority approval, see "Description of Our Debt Securities-Modification or Waiver" on page 155 of the accompanying prospectus.

Changes Requiring No Approval

The Indenture (including the terms and conditions of the Notes) may be modified or amended by us and the trustee, without the consent of the holder of any Notes, to, among other things:

- provide for our repurchase obligations in connection with a fundamental change in the event of any reclassification of our common stock, merger or consolidation, or sale, conveyance, transfer or lease of our property and assets substantially as an entity;
- secure the Notes;
- provide for the assumption of our obligations to the holders of the Notes in the event of a merger or consolidation, or sale, conveyance, transfer or lease of our property and assets substantially as an entirety;
- surrender any right or power conferred upon us;

- add to our covenants for the benefit of the holders of the Notes;
- cure any ambiguity or correct or supplement any inconsistent or otherwise defective provision contained in the Indenture;
- conform the provisions of the Indenture to the description of the Notes contained in this prospectus supplement;
- make any provision with respect to matters or questions arising under the Indenture that we may deem necessary or desirable and that shall not be inconsistent with provisions of the Indenture; provided that such change or modification does not, in the good faith opinion of our board of directors, adversely affect the interests of the holders of the Notes in any material respect;
- add guarantees of obligations under the Notes; and
- provide for a successor trustee.

Other

The consent of the holders of Notes is not necessary under the Indenture to approve the particular form of any proposed modification or amendment. It is sufficient if such consent approves the substance of the proposed modification or amendment. After a modification or amendment under the Indenture becomes effective, we are required to mail to the holders a notice briefly describing such modification or amendment. However, the failure to give such notice to all the holders, or any defect in the notice, will not impair or affect the validity of the modification or amendment.

Notes Not Entitled to Consent

Any Notes held by us or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with us shall be disregarded (from both the numerator and the denominator) for purposes of determining whether the holders of the requisite aggregate principal amount of the outstanding Notes have consented to a modification, amendment or waiver of the terms of the Indenture.

Reports

We shall deliver to the trustee, within 30 days after filing with the SEC, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may by rules and regulations prescribe) that we are required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act; provided, that any such information, documents or reports filed electronically with the SEC pursuant to Section 13 or 15(d) of the Exchange Act shall be deemed filed with and delivered to the trustee and the holders at the same time as filed with the SEC.

If, at any time, we are not subject to the reporting requirements of Sections 13 or 15(d) of the Exchange Act to file any periodic reports with the SEC, we agree to furnish to holders of the Notes and the Trustee, for the period of time during which the Notes are outstanding, our audited annual consolidated financial statements, within 90 days of our fiscal year end, and unaudited interim consolidated financial statements, within 45 days of our fiscal quarter end. All such financial statements will be prepared, in all material respects, in accordance with applicable United States generally accepted accounting principles.

Other Covenants

We agree that for the period of time during which the Notes are outstanding, we will not violate Section 18(a)(1)(A) as modified by Section 61(a) of the 1940 Act or any successor provisions. These provisions generally prohibit us from incurring additional borrowings, including through the issuance of additional securities, unless our asset coverage, as defined in the 1940 Act, equals at least 200% after such borrowings (or 150% after such borrowings if we were ever to elect to approve the reduced asset coverage requirements in accordance with the procedures set forth in Section 61(a)(2) of the 1940 Act, as amended by the Small Business Credit Availability Act).

Satisfaction and Discharge

The Indenture shall upon the written request or order signed in the name of the Company, or the "Company Request," cease to be of further effect with respect to any series of Notes specified in such Company Request (except as to any surviving rights of registration of transfer or exchange of Notes of such series expressly provided in the Indenture, any surviving rights of tender for repayment at the option of the holders and any right to receive additional amounts, as provided in the Indenture), and the trustee, upon receipt of a company order, and at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of the Indenture as to such series when:

(1) either:

(A) all Notes of such series theretofore authenticated and delivered and all coupons, if any, appertaining thereto (other than (i) coupons appertaining to bearer securities surrendered for exchange for registered securities and maturing after such exchange, whose surrender is not required or has been waived as provided in the Indenture, (ii) Notes and coupons of such series which have been destroyed, lost or stolen and which have been replaced or paid as provided in the Indenture, (iii) coupons appertaining to the Notes called for redemption and maturing after the relevant redemption date, whose surrender has been waived as provided in the Indenture, and (iv) Notes and coupons of such series for whose payment money has theretofore been deposited in trust with the trustee or any paying agent or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust), as provided in the Indenture have been delivered to the trustee for cancellation; or

(B) all Notes of such series and, in the case of (i) or (ii) below, any coupons appertaining thereto not theretofore delivered to the Trustee for cancellation

(i) have become due and payable, or

(ii) will become due and payable at their stated maturity within one year, or

(iii) if redeemable at the option of the Company, are to be called for redemption within one year under arrangements satisfactory to the trustee for the giving of notice of redemption by the trustee in the name, and at the expense, of the Company, and the Company, in the case of (i), (ii) or (iii) above, has irrevocably deposited or caused to be deposited with the trustee as trust funds in trust for such purpose, solely for the benefit of the holders, an amount in the currency in which the Notes of such series are payable, sufficient to pay and discharge the entire indebtedness on such Notes and such coupons not theretofore delivered to the trustee for cancellation, for principal (and premium, if any) and interest, if any, to the date of such deposit (in the case of Notes which have become due and payable) or to the stated maturity or redemption date, as the case may be;

(2) the Company has irrevocably paid or caused to be irrevocably paid all other sums payable under the Indenture by the Company; and

(3) the Company has delivered to the trustee an officers' certificate and an opinion of counsel, each stating that all conditions precedent in the Indenture provided for relating to the satisfaction and discharge of the Indenture as to such series have been complied with.

Notwithstanding the satisfaction and discharge of the Indenture, the obligations of the Company to the trustee and any predecessor trustee under the Indenture, the obligations of the Company to any authenticating agent under the Indenture and, if money shall have been deposited with the Trustee pursuant to subclause (B) of clause (1), the obligations of the trustee for application of the funds and the Notes deposited with the trustee and held in trust for payment shall survive any termination of the Indenture.

Governing Law

The Notes and the Indenture shall be governed by, and construed in accordance with, the laws of the State of New York.

Form, Denomination and Registration

The Notes will be issued:

- in fully registered form;
- without interest coupons; and

- in denominations of $25 principal amount and integral multiples of $25.

REGISTRATION AND SETTLEMENT

The Depository Trust Company

The Notes will be issued in book-entry only form. This means that we will not issue certificates for the Notes, except in the limited case described below. Instead, we will issue the global note in registered form. The global note will be held through DTC and will be registered in the name of Cede & Co., as nominee of DTC.

Accordingly, Cede & Co. will be the holder of record of the Notes. The Notes represented by the global note evidences a beneficial interest in the global note.

Beneficial interest in the global note will be shown on, and transfers are effected through, records maintained by DTC or its participants. In order to own a beneficial interest in the Notes, you must be an institution that has an account with DTC or have a direct or indirect account with such an institution. Transfers of ownership interests in the Notes will be accomplished by making entries in DTC participants' books acting on behalf of beneficial owners.

So long as DTC or its nominee is the registered holder of the global note, DTC or its nominee, as the case may be, will be the sole holder and owner of the Notes represented thereby for all purposes, including payment of principal and interest, under the Indenture. Except as otherwise provided below, you will not be entitled to receive physical delivery of certificated Notes and will not be considered the holder of the Notes for any purpose under the indenture. Accordingly, you must rely on the procedures of DTC and the procedures of the DTC participant through which you own your Note in order to exercise any rights of a holder of a Note under the indenture. The laws of some jurisdictions require that certain purchasers of Notes take physical delivery of such Notes in certificated form. Those limits and laws may impair the ability to transfer beneficial interests in the Notes.

The global note representing the Notes will be exchangeable for certificated notes of like tenor and terms and of differing authorized denominations in a like aggregate principal amount, only if (1) DTC notifies us that it is unwilling or unable to continue as depositary for the global note or we become aware that DTC has ceased to be a clearing agency registered under the Exchange Act and, in any such case we fail to appoint a successor to DTC within 60 calendar days, (2) we, in our sole discretion, determine that the global note shall be exchangeable for certificated notes or (3) an event of default has occurred and is continuing with respect to the Notes under the Indenture. Upon any such exchange, the certificated notes shall be registered in the names of the beneficial owners of the global note representing the Notes.

The following is based on information furnished by DTC:

DTC will act as securities depositary for the Notes. The Notes will be issued as fully-registered Notes registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered global note will be issued for all of the principal amount of the Notes.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments from over 100 countries that DTC's direct participants deposit with DTC.

DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between direct participants' accounts. This eliminates the need for physical movement of securities certificates. Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of direct participants of DTC and members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, as well as by The New York Stock Exchange, Inc., the American Stock Exchange LLC, and the Financial Industry Regulatory Authority, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. The DTC rules applicable to its participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

Purchases of the Notes under the DTC system must be made by or through direct participants, which will receive a credit for the Notes on DTC's records. The beneficial interest of each actual purchaser of the Notes is in turn to be recorded on the direct and indirect participants' records. Beneficial owners will not receive written confirmation from DTC of their purchase. Beneficial owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participant through which the beneficial owner entered into the transaction. Transfers of beneficial interests in the Notes are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their beneficial interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by direct participants with DTC will be registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the Notes; DTC's records reflect only the identity of the direct participants to whose accounts such Notes will be credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial owners of the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemption, tenders, defaults, and proposed amendments to the security documents. For example, beneficial owners of the Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to beneficial owners. In the alternative, beneficial owners may wish to provide their names and addresses to the registrar of the Notes and request that copies of the notices be provided to them directly. Any such request may or may not be successful.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a direct participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to us as soon as possible after the regular record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

We will pay principal and or interest payments on the Notes in same-day funds directly to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts on the applicable payment date in accordance with their respective holdings shown on DTC's records upon DTC's receipt of funds and corresponding detail information. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of these participants and not of DTC or any other party, subject to any statutory or regulatory requirements that may be in effect from time to time. Payment of principal and interest to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, is our responsibility, disbursement of such payments to direct participants is the responsibility of DTC, and disbursement of such payments to the beneficial owners is the responsibility of the direct or indirect participant.

We will send any redemption notices to DTC. If less than all of the Notes are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in such issue to be redeemed.

A beneficial owner, or its authorized representative, shall give notice to elect to have its Notes repaid by us, through its direct or indirect participant, to the trustee, and shall effect delivery of such Notes by causing the direct participant to transfer that participant's interest in the global note representing the Notes, on DTC's records, to the trustee. The requirement for physical delivery of the Notes in connection with a demand for repayment will be deemed satisfied when the ownership rights in the global note representing the Notes are transferred by the direct participants on DTC's records.

DTC may discontinue providing its services as securities depository for the Notes at any time by giving us reasonable notice. Under such circumstances, if a successor securities depositary is not obtained, we will print and deliver certificated Notes. We may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depositary). In that event, we will print and deliver certificated Notes.

The information in this section concerning DTC and DTC's system has been obtained from sources that we believe to be reliable, but neither we, the Agents nor any agent takes any responsibility for its accuracy.

Registration, Transfer and Payment of Certificated Notes

If we ever issue Notes in certificated form, those Notes may be presented for registration, transfer and payment at the office of the registrar or at the office of any transfer agent designated and maintained by us. We have originally designated U.S. Bank National Association to act in those capacities for the Notes. The registrar or transfer agent will make the transfer or registration only if it is satisfied with the documents of title and identity of the person making the request. There will not be a service charge for any exchange or registration of transfer of the Notes, but we may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the exchange. At any time, we may change transfer agents or approve a change in the location through which any transfer agent acts. We also may designate additional transfer agents for any Notes at any time.

We will not be required to: (1) issue, exchange or register the transfer of any Note to be redeemed for a period of 15 days after the selection of the Notes to be redeemed; (2) exchange or register the transfer of any Note that was selected, called or is being called for redemption, except the unredeemed portion of any Note being redeemed in part; or (3) exchange or register the transfer of any Note as to which an election for repayment by the holder has been made, except the unrepaid portion of any Note being repaid in part.

We will pay principal of and interest on any certificated Notes at the offices of the paying agents we may designate from time to time. Generally, we will pay interest on a note by check on any interest payment date other than at stated maturity or upon earlier redemption or repayment to the person in whose name the note is registered at the close of business on the regular record date for that payment. We will pay principal and interest at stated maturity or upon earlier redemption or repayment in same-day funds against presentation and surrender of the applicable Notes.

SUPPLEMENT TO MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following summary of U.S. federal income tax considerations supplements the discussion set forth under the heading "Material U.S. Federal Income Tax Considerations" in the accompanying prospectus and is subject to the qualifications and assumptions set forth therein.

The following is a general summary of U.S. federal income tax considerations generally applicable to the purchase, ownership and disposition of the Notes. This discussion is based upon the Code, Treasury Regulations and judicial decisions and administrative interpretations thereof, all as of the date hereof and all of which are subject to change or differing interpretations, possibly with retroactive effect. No ruling from the IRS has been or will be sought regarding any matter discussed herein. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax aspects set forth below.

This discussion applies only to a holder of the Notes that acquires the Notes for cash pursuant to this offering at the applicable public offering price and who holds the Notes as a capital asset (generally, property held for investment) under the Code. This discussion does not address any U.S. federal estate or gift tax consequences or any state, local or non-U.S. tax consequences. In addition, this discussion does not address all aspects of U.S. federal income taxation that may be applicable to investors in light of their particular circumstances, or to investors subject to special treatment under U.S. federal income tax law, including, but not limited to:

- banks, insurance companies or other financial institutions;
- pension plans or trusts;
- U.S. Noteholders (as defined below) whose functional currency is not the U.S. dollar;
- real estate investment trusts;
- regulated investment companies;
- persons subject to the alternative minimum tax;
- cooperatives;
- tax-exempt organizations;
- dealers in securities;
- expatriates;
- foreign persons or entities (except to the extent set forth below);
- persons deemed to sell the Notes under the constructive sale provisions of the Code; or
- persons that hold the Notes as part of a straddle, hedge, conversion transaction or other integrated investment.

If a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) is an owner of the Notes, the tax treatment of a partner in the partnership will depend upon the status of the partner and the activities of the partnership. Partners in a partnership that owns the Notes should consult their tax advisors as to the particular U.S. federal income tax consequences applicable to them.

We encourage investors to consult their tax advisors regarding the specific consequences of an investment in the Notes, including tax reporting requirements, the applicability of U.S. federal, state, local and non-U.S. tax laws, eligibility for the benefits of any applicable tax treaty and the effect of any possible changes in the tax laws.

Consequences to U.S. Noteholders

The following is a general summary of U.S. federal income tax consequences generally applicable to you if you are a U.S. Noteholder. U.S. federal income tax consequences generally applicable to non-U.S. Noteholders are described under

“Consequences to non-U.S. Noteholders” below. For purposes of this summary, the term “U.S. Noteholder” means a beneficial owner of a Note that is, for U.S. federal income tax purposes (i) an individual who is a citizen or resident of the U.S., (ii) a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, that is created or organized under the laws of the U.S., any of the States or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust (A) if a court within the U.S. is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all substantial decisions of such trust, or (B) that has made a valid election to be treated as a U.S. person for U.S. federal income tax purposes.

Qualified Reopening

We anticipate that the issuance of the Notes will be treated for U.S. federal income tax purposes as a "qualified reopening" of the Existing Notes. Debt instruments issued in a qualified reopening are deemed to be part of the same "issue" as the original debt instruments to which such reopening relates. Assuming the issuance of the Notes is so treated, the Notes would be treated as having the same issue date and the same issue price (100% of par) as the Existing Notes for U.S. federal income tax purposes. Accordingly, the Notes would be considered to be issued at 100% of par (and, subject to the discussion of interest rate adjustment below, not with original issue discount), even if the actual price paid by a U.S. Noteholder for a Note were to differ therefrom. See “Bond Premium” and “Market Discount” below for a discussion of the consequences to a U.S. Noteholder of paying a different price for its Notes. The remainder of this discussion assumes the issuance of the Notes is treated as a qualified reopening of the Existing Notes.

Interest on the Notes

Except as described below with respect to pre-issuance accrued interest and subject to the discussion of interest rate adjustment below, interest on the Notes will be taxable to a U.S. Noteholder as ordinary interest income at the time such Noteholder receives or accrues such amounts, in accordance with its regular method of accounting.

If the Notes are issued between an interest payment date and the next record date that follows such interest payment date, a portion of the price paid for the Notes will be allocable to interest that accrued between such interest payment date and the date the Notes are issued (the “pre-issuance accrued interest”). We intend to take the position that the portion of the interest received on the first interest payment date following the issuance of the Notes that equals the pre-issuance accrued interest is treated as a return of the pre-issuance accrued interest and not as a payment of interest on the Note. Under that characterization, amounts treated as a return of pre-issuance accrued interest should not be taxable when received but should reduce the holder’s adjusted tax basis in the Note by a corresponding amount. Prospective purchasers of the Notes are urged to consult their tax advisors with respect to pre-issuance accrued interest.

As discussed in “Description of the Notes - Interest Rate Adjustment for 2029 Notes,” the interest rate on the 2029 Notes may be adjusted in the event certain contingencies occur. We intend to take the position that the 2029 Notes are not subject to the rules for “contingent payment debt instruments” and are not issued with “original issue discount” for U.S. federal income tax purposes. Our determination is generally binding on all holders, other than a holder that discloses its differing position in a statement attached to its timely filed U.S. federal income tax return for the taxable year during which a 2029 Note was acquired. Our determination is not, however, binding on the IRS, and if the IRS were to challenge our determination, a holder that is subject to U.S. federal income taxation might be required to accrue ordinary interest income on the 2029 Notes at a rate that is higher than the otherwise applicable rate of stated interest or may have other adverse consequences. Please consult your tax advisor as to the tax effects to you of our position and the possible IRS re-characterization of the 2029 Notes with respect to the foregoing. The remainder of this discussion assumes our determination is respected.

Bond Premium

If the amount paid for a Note by a U.S. Noteholder (excluding the portion of such amount that is treated as allocable to pre-issuance accrued interest) exceeds the stated principal amount of the Note, the U.S. Noteholder would be considered to have ‘‘amortizable bond premium’’ equal to such excess. In this case, the U.S. Noteholder could elect to amortize the premium using a constant yield method over the term of the Note and thereby offset each payment or accrual of interest by the portion of the bond premium allocable to the payment. If such an election is made, it generally will apply to all debt instruments held at the time of the election, as well as any debt instruments subsequently acquired. The election may not be revoked without the consent of the IRS. A U.S. Noteholder who elects to amortize bond premium must reduce its tax basis in the Notes by the amount of the premium so amortized. If an election to amortize bond premium is not made and the Notes are held to maturity, then, in general, the bond premium will decrease the gain or increase the loss such holder would otherwise recognize on the disposition of the Note. Prospective purchasers of the Notes are urged to consult their tax advisors with respect to the rules relating to bond premium and the application of those rules to their particular circumstances.

Market Discount

In the case of Notes issued within six months of the date that the Existing Notes were issued (but, as a result of limitations under the qualified reopening rules, generally not Notes issued thereafter), such Notes could be considered to have “market discount” for U.S. federal income tax purposes, depending on the price at which they are issued. In particular, if the amount paid for a Note by a U.S. Noteholder (excluding the portion of such amount that is treated as allocable to pre-issuance accrued interest) is less than the stated principal amount of the Note by more than a statutorily defined de minimis threshold, the U.S. Noteholder generally would be considered to have market discount equal to the amount of such difference. In this case, the U.S. Noteholder would be subject to the market discount rules with respect to the market discount. Under the market discount rules, market discount generally must be accrued over the term of the Note, and any partial payment of principal on a Note, or any gain on the sale, exchange, redemption, retirement or other disposition of a Note, generally must be treated as ordinary income to the extent of the accrued market discount (unless the holder makes an election to include the market discount in income as it accrues). In addition, a holder of a Note with market discount may be required to defer, until the maturity of the Note or its earlier disposition in a taxable transaction, the deduction of all or a portion of the interest expense on any indebtedness incurred or continued to purchase or carry the Note. Prospective purchasers of the Notes are urged to consult their tax advisors with respect to the rules relating to market discount and the application of those rules to their particular circumstances.

Sale, exchange, redemption, retirement or other taxable disposition of the Notes

Subject to the rules described above under “Market Discount” and the discussion below regarding amounts attributable to accrued but unpaid interest, upon the sale, exchange, redemption, retirement or other taxable disposition of a Note, a U.S. Noteholder generally will recognize taxable capital gain or loss equal to the difference, if any, between the amount realized and the U.S. Noteholder’s adjusted tax basis in the Note at the time of such disposition. A U.S. Noteholder’s adjusted tax basis in a Note will generally equal the amount such U.S. Noteholder paid for the Note, reduced by the amount of interest payments received by the holder that are treated as a return of pre-issuance accrued interest (as described above under “Interest on the Notes”), increased by the amount of any market discount previously included in income (as discussed above under “Market Discount”) and reduced by any previously amortized bond premium (as discussed above under “Bond Premium”), as applicable. Such gain or loss will be long-term capital gain or loss if the U.S. Noteholder’s holding period with respect to the Note disposed of is more than one year. To the extent that amounts received are attributable to accrued but unpaid interest, such interest will not be taken into account in determining gain or loss, but will instead be taxable as ordinary interest income to the extent the U.S. Noteholder has not previously included such amounts in income. The deductibility of capital losses is subject to limitations.

Information reporting and backup withholding

Interest on, or the proceeds of the sale or other disposition of, a Note are generally subject to information reporting unless the U.S. Noteholder is an exempt recipient (such as a corporation). Such payments, along with principal payments on the Note, may also be subject to U.S. federal backup withholding at the applicable rate if the recipient of such payment fails to supply a taxpayer identification number, certified under penalties of perjury, as well as certain other information or otherwise fails to establish an exemption from backup withholding. Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against that U.S. Noteholder’s U.S. federal income tax liability provided the required information is furnished to the IRS.

Medicare tax

Certain U.S. Noteholders who are individuals, estates or trusts and whose income exceeds certain thresholds will be required to pay a 3.8% Medicare tax on all or a portion of their “net investment income,” which includes interest on the Notes and capital gains from the sale or other disposition of the Notes.

Consequences to non-U.S. Noteholders

The following is a general summary of U.S. federal income tax consequences generally applicable to you if you are a non-U.S. Noteholder. A beneficial owner of a Note that is not a partnership for U.S. federal income tax purposes or a U.S. Noteholder is referred to herein as a “non-U.S. Noteholder.”

Interest on the Notes

Subject to the discussion below under the heading "Other withholding rules," interest paid or accrued to a non-U.S. Noteholder generally will not be subject to U.S. federal income or withholding tax if the interest is not effectively connected with its conduct of a trade or business within the United States, and the non-U.S. Noteholder:

- does not own, actually or constructively, 10% or more of the total combined voting power of all classes of our stock entitled to vote;
- is not a "controlled foreign corporation" with respect to which we are, directly or indirectly, a "related person";
- is not a bank whose receipt of interest on the Notes is described in section 881(c)(3)(A) of the Code; and
- provides its name and address, and certifies, under penalties of perjury, that it is not a U.S. person (on a properly executed IRS Form W-8BEN or W-8BEN-E or other applicable form), or holds the Notes through certain foreign intermediaries and satisfies the certification requirements of applicable Treasury Regulations.

If a non-U.S. Noteholder does not qualify for an exemption under these rules, interest income from the Notes may be subject to withholding tax at the rate of 30% (or lower applicable treaty rate). Interest effectively connected with a non-U.S. Noteholder's conduct of a U.S. trade or business (and, if required by an applicable income tax treaty, which is attributable to a United States permanent establishment), however, would not be subject to a 30% withholding tax so long as the non-U.S. Noteholder provides us or our paying agent with an adequate certification (currently on IRS Form W-8ECI); such payments of interest generally would be subject to U.S. federal income tax on a net basis at the rates applicable to U.S. persons generally. In addition, if a non-U.S. Noteholder is a foreign corporation and the interest is effectively connected with its conduct of a U.S. trade or business, it may also be subject to a 30% (or lower applicable treaty rate) branch profits tax on its effectively connected earnings and profits for the taxable year, subject to adjustments. To claim the benefit of a tax treaty, a non-U.S. Noteholder must provide a properly executed IRS Form W-8BEN or W-8BEN-E (or other applicable form) to us or our paying agent before the payment of interest and may be required to obtain a U.S. taxpayer identification number and provide documentary evidence issued by foreign governmental authorities to prove residence in the foreign country.

Sale, exchange, redemption or other taxable disposition of the Notes

Any gain (including market discount) recognized by a non-U.S. Noteholder on the sale, exchange, redemption, retirement or other taxable disposition of the Notes (except with respect to accrued and unpaid interest, which would be taxed as described under "Consequences to Non-U.S. Noteholders-Interest on the Notes" above) generally will not be subject to U.S. federal income tax unless:

- the non-U.S. Noteholder's gain is effectively connected with its conduct of a U.S. trade or business (and, if required under an applicable income tax treaty, is attributable to a United States permanent establishment); or
- the non-U.S. Noteholder is a nonresident alien individual present in the U.S. for 183 or more days in the taxable year within which the sale, exchange, redemption or other disposition takes place and certain other requirements are met.

If a non-U.S. Noteholder is a holder described in the first bullet point above, the net gain derived from the sale, exchange, redemption, retirement or other taxable disposition of its Notes generally will be subject to U.S. federal income tax on a net basis at the rates applicable to U.S. persons generally. In addition, if such non-U.S. Noteholder is a foreign corporation, it may also be subject to a 30% (or lower applicable treaty rate) branch profits tax on its effectively connected earnings and profits for the taxable year, subject to adjustments. If a non-U.S. Noteholder is a holder described in the second bullet point above, it will be subject to a flat 30% U.S. federal income tax on the gain derived from the sale, exchange, redemption, retirement or other taxable disposition of its Notes, which may be offset by U.S. source capital losses, even though it is not considered a resident of the United States.

Non-U.S. Noteholders should consult any applicable income tax treaties that may provide for different rules. In addition, non-U.S. Noteholders are urged to consult their tax advisors regarding the tax consequences of the purchase, ownership and disposition of the Notes.

Information reporting and backup withholding

A non-U.S. Noteholder may be required to comply with certain certification procedures to establish that the holder is not a U.S. person in order to avoid backup withholding with respect to our payment of principal and interest on, or the proceeds of the sale or other disposition of, a Note. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against that non-U.S. Noteholder's U.S. federal income tax liability provided the required information is timely furnished to the IRS. In certain circumstances, the name and address of the beneficial owner and the amount of interest paid on a Note, as well as the amount, if any, of tax withheld, may be reported to the IRS. Copies of these information returns may also be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the non-U.S. Noteholder resides.

Other withholding rules

Withholding at a rate of 30% will be required on interest in respect of the Notes held by or through certain foreign financial institutions (including investment funds), unless such institution enters into an agreement with the Secretary of the Treasury to report, on an annual basis, information with respect to interests in, and accounts maintained by, the institution to the extent such interests or accounts are held by certain U.S. persons or by certain non-U.S. entities that are wholly or partially owned by United States persons and to withhold on certain payments. Accordingly, the entity through which the Notes are held will affect the determination of whether such withholding is required. Similarly, interest in respect of the Notes held by an investor that is a non-financial non-U.S. entity will be subject to withholding at a rate of 30%, unless such entity either (i) certifies to the applicable withholding agent that such entity does not have any "substantial U.S. owners" or (ii) provides certain information regarding the entity's "substantial U.S. owners," which we will in turn provide to the Secretary of the Treasury. An intergovernmental agreement between the United States and an applicable foreign country, or future guidance, may modify these requirements. Non-U.S. Noteholders are encouraged to consult with their tax advisors regarding the possible implications of these requirements on their investment in the Notes.

The discussion set forth herein does not constitute tax advice, and potential investors should consult their own tax advisors concerning the tax considerations relevant to their particular situation.

CERTAIN CONSIDERATIONS APPLICABLE TO ERISA, GOVERNMENTAL AND OTHER PLAN INVESTORS

A fiduciary of a pension plan or other employee benefit plan (including a governmental plan, an individual retirement account or a Keogh plan) proposing to invest in the Notes should consider this section carefully.

A fiduciary of an employee benefit plan subject to the Employee Retirement Income Security Act of 1974, as amended (commonly referred to as "ERISA"), should consider fiduciary standards including the prudence and diversification requirements under ERISA in the context of the particular circumstances of such plan before authorizing an investment in the Notes. Such fiduciary should also consider, among other things, whether the investment is in accordance with the documents and instruments governing the plan.

In addition, ERISA and the Code prohibit certain transactions (referred to as "prohibited transactions") involving the assets of a plan subject to ERISA or the assets of an individual retirement account or plan subject to Section 4975 of the Code (each referred to as an "ERISA plan"), on the one hand, and persons who have certain specified relationships to the plan ("parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of the Code), on the other. If we (or an affiliate) are considered a party in interest or disqualified person with respect to an ERISA plan, then the investment in Notes by the ERISA plan may give rise to a prohibited transaction, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the U.S. Department of Labor has issued prohibited transaction class exemptions ("PTCEs") that may apply to the acquisition and holding of the notes by an ERISA plan. These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting transactions involving insurance company pooled separate accounts, PTCE 91-38 respecting transactions involving bank collective investment funds, PTCE 95-60 respecting transactions involving life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers. In addition, the statutory exemption under Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provides relief from the prohibited transaction provisions of ERISA and Section 4975 of the Code for certain transactions between an ERISA plan and a person who is a party in interest or disqualified person solely as a result of providing services to such ERISA plan (or as a result of being related to person who provides services to such ERISA plan). This relief applies only if neither the party in interest or disqualified person nor any of its affiliates (directly or indirectly) have or exercise any discretionary authority or control or render any investment advice with respect to the assets of the ERISA plan involved in the transaction and the ERISA plan receives no less, and pays no more, than adequate consideration in connection with the transaction. Each of the above-noted exemptions contains conditions and limitations on its application. Fiduciaries of ERISA plans considering acquiring and/or holding the notes in reliance on these or any other exemption should carefully review the exemption to assure it is applicable. There can be no assurance that all of the conditions of any such exemptions will be satisfied, or that any exemption will cover all possible transactions involving Notes.

By purchasing and holding the Notes (including any interest in a Note), the fiduciary making the decision to invest on behalf of an ERISA plan is representing that the purchase and holding of the Notes will not result in a non-exempt prohibited transaction under ERISA or the Code. Therefore, an ERISA plan should not invest in the Notes unless the plan fiduciary acquiring Notes on behalf of the ERISA plan determines that neither we nor an affiliate is or (at any time during the term of the investment) will become a party in interest or a disqualified person and that no other prohibited transaction under ERISA or Section 4975 of the Code would occur in connection with the ERISA plan's investment in Notes or, alternatively, that an exemption from the prohibited transaction rules is available. If an ERISA plan engages in a prohibited transaction, the transaction may require "correction" and may cause the ERISA plan fiduciary to incur certain liabilities and the parties in interest or disqualified persons to be subject to excise taxes. There can be no assurance that any exemption would be available with respect to any particular ERISA plan's investment in the Notes.

Employee benefit plans that are governmental plans and non-U.S. plans, and certain church plans, are not subject to ERISA requirements. However, non-U.S., federal, state or local laws or regulations governing the investment and management of the assets of such plans may contain fiduciary and prohibited transaction requirements similar to those under ERISA and Section 4975 of the Code discussed above. By purchasing and holding the Notes (including any interest in a Note), the person making the decision to invest on behalf of any such plan is representing that the purchase and holding of the Notes will not violate any law or regulation applicable to such plan that is similar to the prohibited transaction provisions of ERISA or the Code. Neither we nor the underwriters nor any of our or their respective affiliates, has provided, and none of them will provide, impartial investment advice and or any advice in a fiduciary capacity, in connection with the ERISA plan's investment in the Notes.

A fiduciary of an employee benefit plan, whether or not subject to ERISA, that proposes to invest in the Notes with the assets of such employee benefit plan, should consult its own legal counsel for further guidance. The sale of Notes (or any interest in a Note) to an employee benefit plan is in no respect a representation by us, the underwriters or any other person that such an investment meets all relevant legal requirements with respect to investments by employee benefit plans generally or any particular plan or that such an investment is appropriate or recommended for employee benefit plans generally or any particular plan.

Additionally, each purchaser that is acquiring the Notes (or any interest in a Note with the assets of any ERISA plan, at any time when regulation 29 C.F.R. Section 2510.3-21 is applicable, represents, warrants and acknowledges that a fiduciary is making the decision to invest in the Notes on its behalf and that such fiduciary (a) is (1) a bank, insurance company, registered investment adviser, broker-dealer or other person with financial expertise, in each case as described in 29 C.F.R. Section 2510.3-21(c)(1)(i); (2) an independent plan fiduciary within the meaning of 29 C.F.R. Section 2510.3-21; (3) capable of evaluating investment risks independently, both in general and with regard to particular transactions and investment strategies; and (4) responsible for exercising independent judgment in evaluating the transaction and (b) acknowledges and agrees that (1) no fee or other compensation will be paid directly to us, an underwriter or any of our or their respective affiliates, for the provision of investment advice (as opposed to other services) in connection with the ERISA plan's acquisition of, or holding of an interest in the Notes; (2) neither we nor the underwriters or other persons that provide marketing services, nor any of our or their respective affiliates, has provided, and none of them will provide, impartial investment advice and neither we nor they are providing or will provide advice in a fiduciary capacity, in connection with the ERISA plan's investment in the Notes and (3) it has received and understands the disclosure of the existence and nature of the financial interests contained in this offering and related materials. The above representations in this paragraph are intended to comply with the Department of Labor's regulation Sections 29 C.F.R. 2510.3-21(a) and (c)(1) as promulgated on April 8, 2016 (81 Fed. Reg. 20,997), and if these regulations are revoked, repealed or no longer effective, these representations shall be deemed to be no longer required or in effect.

USE OF PROCEEDS

We expect to use the net proceeds from the sale of the Notes initially to maintain balance sheet liquidity, involving repayment of debt under our credit facility, if any, and redemption of our debt, investments in high quality short-term debt instruments or a combination thereof, and thereafter to make long-term investments in accordance with our investment objective. We anticipate that substantially all of the net proceeds from the offering will be used for the above purposes within six months, depending on the availability of appropriate investment opportunities consistent with our investment objective and market conditions.

As of May 15, 2019, we had $104.0 million in outstanding borrowings under our credit facility and, based on the assets currently pledged as collateral on the facility, a total of approximately $725.4 million was available to us for borrowing under our credit facility net of outstanding borrowings. Interest on borrowings under the credit facility is one-month LIBOR plus 2.20%, with no minimum LIBOR floor. Additionally, the lenders charge a fee on the unused portion of the credit facility equal to either 50 basis points if more than 60% of the credit facility is drawn, or 100 basis points if more than 35% and an amount less than or equal to 60% of the credit facility is drawn, or 150 basis points if an amount less than or equal to 35% of the credit facility is drawn.

SENIOR SECURITIES

Information about our senior securities is shown in the following table as of each fiscal year ended June 30 for the fiscal years ended June 30, 2009 through June 30, 2018 and as of March 31, 2019. *(All figures in this item are in thousands except per unit data.)*

	Total Amount Outstanding(1)	Asset Coverage per Unit(2)	Involuntary Liquidating Preference per Unit(3)	Average Market Value per Unit(4)
Credit Facility(15)				
Fiscal 2019 (as of March 31, 2019, unaudited)	$ 99,000	$ 58,105	—	—
Fiscal 2018 (as of June 30, 2018)	37,000	155,503	—	—
Fiscal 2017 (as of June 30, 2017)	—	—	—	—
Fiscal 2016 (as of June 30, 2016)	—	—	—	—
Fiscal 2015 (as of June 30, 2015)	368,700	18,136	—	—
Fiscal 2014 (as of June 30, 2014)	92,000	69,470	—	—
Fiscal 2013 (as of June 30, 2013)	124,000	34,996	—	—
Fiscal 2012 (as of June 30, 2012)	96,000	22,668	—	—
Fiscal 2011 (as of June 30, 2011)	84,200	18,065	—	—
Fiscal 2010 (as of June 30, 2010)	100,300	8,093	—	—
Fiscal 2009 (as of June 30, 2009)	124,800	5,268	—	—
2015 Notes(5)				
Fiscal 2015 (as of June 30, 2015)	$ 150,000	$ 44,579	—	—
Fiscal 2014 (as of June 30, 2014)	150,000	42,608	—	—
Fiscal 2013 (as of June 30, 2013)	150,000	28,930	—	—
Fiscal 2012 (as of June 30, 2012)	150,000	14,507	—	—
Fiscal 2011 (as of June 30, 2011)	150,000	10,140	—	—
2016 Notes(6)				
Fiscal 2016 (as of June 30, 2016)	$ 167,500	$ 36,677	—	—
Fiscal 2015 (as of June 30, 2015)	167,500	39,921	—	—
Fiscal 2014 (as of June 30, 2014)	167,500	38,157	—	—
Fiscal 2013 (as of June 30, 2013)	167,500	25,907	—	—
Fiscal 2012 (as of June 30, 2012)	167,500	12,992	—	—
Fiscal 2011 (as of June 30, 2011)	172,500	8,818	—	—
2017 Notes(7)				
Fiscal 2017 (as of June 30, 2017)	$ 50,734	$ 118,981	—	—
Fiscal 2016 (as of June 30, 2016)	129,500	47,439	—	—
Fiscal 2015 (as of June 30, 2015)	130,000	51,437	—	—
Fiscal 2014 (as of June 30, 2014)	130,000	49,163	—	—
Fiscal 2013 (as of June 30, 2013)	130,000	33,381	—	—
Fiscal 2012 (as of June 30, 2012)	130,000	16,739	—	—
2018 Notes(8)				
Fiscal 2017 (as of June 30, 2017)	$ 85,419	$ 70,668	—	—
Fiscal 2016 (as of June 30, 2016)	200,000	30,717	—	—
Fiscal 2015 (as of June 30, 2015)	200,000	33,434	—	—
Fiscal 2014 (as of June 30, 2014)	200,000	31,956	—	—
Fiscal 2013 (as of June 30, 2013)	200,000	21,697	—	—

	Total Amount Outstanding(1)	Asset Coverage per Unit(2)	Involuntary Liquidating Preference per Unit(3)	Average Market Value per Unit(4)
2019 Notes(16)				
Fiscal 2018 (as of June 30, 2018)	$ 101,647	$ 56,604	—	—
Fiscal 2017 (as of June 30, 2017)	200,000	30,182	—	—
Fiscal 2016 (as of June 30, 2016)	200,000	30,717	—	—
Fiscal 2015 (as of June 30, 2015)	200,000	33,434	—	—
Fiscal 2014 (as of June 30, 2014)	200,000	31,956	—	—
Fiscal 2013 (as of June 30, 2013)	200,000	21,697	—	—
5.00% 2019 Notes(10)				
Fiscal 2018 (as of June 30, 2018)	$ 153,536	$ 37,474	—	—
Fiscal 2017 (as of June 30, 2017)	300,000	20,121	—	—
Fiscal 2016 (as of June 30, 2016)	300,000	20,478	—	—
Fiscal 2015 (as of June 30, 2015)	300,000	22,289	—	—
Fiscal 2014 (as of June 30, 2014)	300,000	21,304	—	—
2020 Notes				
Fiscal 2019 (as of March 31, 2019, unaudited)	$ 248,702	$ 23,130	—	—
Fiscal 2018 (as of June 30, 2018)	392,000	14,678	—	—
Fiscal 2017 (as of June 30, 2017)	392,000	15,399	—	—
Fiscal 2016 (as of June 30, 2016)	392,000	15,672	—	—
Fiscal 2015 (as of June 30, 2015)	392,000	17,058	—	—
Fiscal 2014 (as of June 30, 2014)	400,000	15,978	—	—
6.95% 2022 Notes(9)				
Fiscal 2014 (as of June 30, 2014)	$ 100,000	$ 63,912	—	$ 1,038
Fiscal 2013 (as of June 30, 2013)	100,000	43,395	—	1,036
Fiscal 2012 (as of June 30, 2012)	100,000	21,761	—	996
2022 Notes				
Fiscal 2019 (as of March 31, 2019, unaudited)	$ 328,500	$ 17,511	—	—
Fiscal 2018 (as of June 30, 2018)	328,500	17,515	—	—
Fiscal 2017 (as of June 30, 2017)	225,000	26,828	—	—
2023 Notes(11)				
Fiscal 2019 (as of March 31, 2019, unaudited)	$ 318,794	$ 18,044	—	—
Fiscal 2018 (as of June 30, 2018)	318,675	18,055	—	—
Fiscal 2017 (as of June 30, 2017)	248,507	24,291	—	—
Fiscal 2016 (as of June 30, 2016)	248,293	24,742	—	—
Fiscal 2015 (as of June 30, 2015)	248,094	26,953	—	—
Fiscal 2014 (as of June 30, 2014)	247,881	25,783	—	—
Fiscal 2013 (as of June 30, 2013)	247,725	17,517	—	—
2024 Notes				
Fiscal 2019 (as of March 31, 2019, unaudited)	$ 231,874	$ 24,808	—	$ 996
Fiscal 2018 (as of June 30, 2018)	199,281	28,872	—	1,029
Fiscal 2017 (as of June 30, 2017)	199,281	30,291	—	1,027
Fiscal 2016 (as of June 30, 2016)	161,364	38,072	—	951

		Total Amount Outstanding(1)		Asset Coverage per Unit(2)	Involuntary Liquidating Preference per Unit(3)		Average Market Value per Unit(4)
6.375% 2024 Notes(11)							
Fiscal 2019 (as of March 31, 2019, unaudited)	$	99,713	$	57,690	—		—
2025 Notes							
Fiscal 2019 (as of March 31, 2019, unaudited)	$	201,250	$	28,583			
2028 Notes							
Fiscal 2019 (as of March 31, 2019, unaudited)	$	68,876	$	83,518	—	$	967
Fiscal 2018 (as of June 30, 2018)		55,000		104,611	—		1,004
2029 Notes							
Fiscal 2019 (as of March 31, 2019, unaudited)	$	69,170	$	83,163		$	960
Prospect Capital InterNotes®(13)							
Fiscal 2019 (as of March 31, 2019, unaudited)	$	754,721	$	7,622	—		—
Fiscal 2018 (as of June 30, 2018)		760,924		7,561	—		—
Fiscal 2017 (as of June 30, 2017)		980,494		6,156	—		—
Fiscal 2016 (as of June 30, 2016)		908,808		6,760	—		—
Fiscal 2015 (as of June 30, 2015)		827,442		8,081	—		—
Fiscal 2014 (as of June 30, 2014)		785,670		8,135	—		—
Fiscal 2013 (as of June 30, 2013)		363,777		11,929	—		—
All Senior Securities(11)(12)(13)(14)							
Fiscal 2019 (as of March 31, 2019, unaudited)	$	2,420,600	$	2,376	—		—
Fiscal 2018 (as of June 30, 2018)		2,346,563		2,452	—		—
Fiscal 2017 (as of June 30, 2017)		2,681,435		2,251	—		—
Fiscal 2016 (as of June 30, 2016)		2,707,465		2,269	—		—
Fiscal 2015 (as of June 30, 2015)		2,983,736		2,241	—		—
Fiscal 2014 (as of June 30, 2014)		2,773,051		2,305	—		—
Fiscal 2013 (as of June 30, 2013)		1,683,002		2,578	—		—
Fiscal 2012 (as of June 30, 2012)		664,138		3,277	—		—

(1) Except as noted, the total amount of each class of senior securities outstanding at the end of the year/period presented (in 000's).

(2) The asset coverage ratio for a class of senior securities representing indebtedness is calculated as our consolidated total assets, less all liabilities and indebtedness not represented by senior securities, divided by senior securities representing indebtedness. This asset coverage ratio is multiplied by $1,000 to determine the Asset Coverage Per Unit.

(3) This column is inapplicable.

(4) This column is inapplicable, except for the 6.95% 2022 Notes, the 2024 Notes, the 2028 Notes and the 2029 Notes. The average market value per unit is calculated as an average of quarter-end prices and shown as the market value per $1,000 of indebtedness.

(5) We repaid the outstanding principal amount of the 2015 Notes on December 15, 2015.

(6) We repaid the outstanding principal amount of the 2016 Notes on August 15, 2016.

(7) We repaid the outstanding principal amount of the 2017 Notes on October 15, 2017.

(8) We repaid the outstanding principal amount of the 2018 Notes on March 15, 2018.

(9) We redeemed the 6.95% 2022 Notes on May 15, 2015.

(10) We redeemed the 5.00% 2019 Notes on September 26, 2018.

(11) For the period ended March 31, 2019 and all fiscal years ended June 30th, the notes are presented net of unamortized discount.

(12) While we do not consider commitments to fund under revolving arrangements to be Senior Securities, if we were to elect to treat such unfunded commitments, which were $15,645 as of March 31, 2019 as Senior Securities for purposes of Section 18 of the 1940 Act, our asset coverage per unit would be $2,368.

(13) We have provided notice to call on March15, 2019 which settled on April 15, 2019, $91.9 million of our Prospect Capital InterNotes® at par maturing between April 15, 2020 and October 15, 2021, with a weighted average rate of 4.99%. We have provided notice to call on April 15, 2019 which settled on May 15, 2019, $15.3 million of our Prospect Capital InterNotes® at par maturing between May 15, 2021 and November 15, 2021, with a weighted average rate of 5.20%. In addition, we have provided notice to call on May 15, 2019, with settlement on June 15, 2019, $49.2 million of our Prospect Capital InterNotes® at par maturing between June 15, 2020 and December 15, 2021, with a weighted average rate of 4.86%.

(14) If we were to consider the additional issuance, repurchases and maturities subsequent to March 31, 2019 including all notices to redeem with settlements through June 15, 2019, our asset coverage per unit would be $2,435, or $2,426 including the effects of unfunded commitments.

(15) As of May 15, 2019, we had $104.0 million outstanding borrowings under our credit facility.

(16) We repaid the outstanding principal amount of the 2019 Notes on January 15, 2019.

PLAN OF DISTRIBUTION

B. Riley FBR, Inc., BB&T Capital Markets, a division of BB&T Securities, LLC, and Comerica Securities, Inc. (collectively, the "Agents") are acting as our sales agents in connection with the offer and sale of the Notes pursuant to this prospectus supplement and the accompanying prospectus. Upon written instructions from us, each Agent will use its commercially reasonable efforts consistent with its sales and trading practices to sell, as our sales agent, the Notes under the terms and subject to the conditions set forth in our amended and restated debt distribution agreements with each of the Agents dated February 7, 2019 (collectively, the "Debt Distribution Agreements"). We will instruct each Agent as to the amount of the Notes to be sold by it; provided, however, that any sales of Notes pursuant to the Debt Distribution Agreements will only be effected by or through only one of B. Riley FBR, Inc., BB&T Capital Markets, a division of BB&T Securities, LLC, and Comerica Securities, Inc. on any single given day, but in no event by more than one Agent. We may instruct the Agents not to sell the Notes if the sales cannot be effected at or above the price designated by us in any instruction. We will not instruct the Agents to sell the Notes if the sales cannot be effected at or above prices that will allow the Notes to be treated as "fungible" with the Existing Notes for U.S. federal income tax purposes. We or the Agents may suspend the offering of Notes upon proper notice and subject to other conditions.

Sales of the Notes, if any, under this prospectus supplement and the accompanying prospectus may be made in negotiated transactions or transactions that are deemed to be "at the market," as defined in Rule 415 under the Securities Act, including sales made directly on the NYSE or similar securities exchange or sales made to or through a market maker other than on an exchange at prices related to the prevailing market prices or at negotiated prices. If any of the Notes are sold at prices above par, the effective yield on such Notes to the purchasers may be less than 6.25% with respect to the 2024 Notes and the 2028 Notes, and less than 6.875% with respect to the 2029 Notes.

Each Agent will provide written confirmation of a sale to us no later than the opening of the trading day on the NYSE following each trading day in which the Notes are sold under the applicable Debt Distribution Agreement. Each confirmation will include the principal amount of Notes sold on the preceding day, the sales price of Notes sold, the aggregate gross sales proceeds of such Notes, the net proceeds to us and the compensation payable by us to the applicable Agent in connection with the sales.

Each Agent will receive a commission from us equal to up to 2.0% of the gross sales price of any Notes sold through the Agents under the Debt Distribution Agreements. We estimate that the total expenses for the offering, excluding compensation payable to the Agents under the terms of the Debt Distribution Agreements, will be approximately $500,000. This estimate includes the reimbursement by the Company of the reasonable fees and expenses of the Agents and one counsel for the Agents in connection with the transactions contemplated by the Debt Distribution Agreements, provided that such fees and expenses (i) will not exceed $40,000 in connection with the preparation of the Debt Distribution Agreements and the initial filing of this prospectus supplement and accompanying prospectus and (ii) will not exceed an aggregate amount of $15,000 on a quarterly basis thereafter.

Settlement for sales of the Notes will occur on the second trading day following the date on which such sales are made, or on some other date that is agreed upon by us and the applicable Agent in connection with a particular transaction, in return for payment of the net proceeds to us. There is no arrangement for funds to be received in an escrow, trust or similar arrangement.

We will report at least quarterly the principal amount of Notes sold through the Agents under the Debt Distribution Agreements, the net proceeds to us and the compensation paid by us to the Agents, if any.

In connection with the sale of the Notes on our behalf, each Agent may be deemed to be an "underwriter" within the meaning of the Securities Act, and the compensation of each Agent may be deemed to be underwriting commissions or discounts. We have agreed to provide indemnification and contribution to each Agent against certain civil liabilities, including liabilities under the Securities Act.

The offering of the Notes pursuant to the Debt Distribution Agreements will terminate upon the earlier of (i) the sale of the aggregate dollar amount of Notes subject to the Debt Distribution Agreements or (ii) the termination of the Debt Distribution Agreements. Each Debt Distribution Agreement may be terminated by us in our sole discretion under the circumstances specified in each Debt Distribution Agreement by giving notice to the applicable Agent. In addition, each Agent may terminate its Debt Distribution Agreement under the circumstances specified in such Debt Distribution Agreement by giving notice to us.

Other Relationships

The Agents and certain of their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The Agents and certain of their respective affiliates have, from time to time, performed, and may in the future perform, various commercial and investment banking and financial advisory services for the Company and our affiliates, for which they received or may in the future receive customary fees and expenses. In particular, affiliates of certain of the Agents are lenders under our credit facility and may receive a portion of the net proceeds from the offering made pursuant to this prospectus supplement and the accompanying prospectus through the repayment of any borrowings.

In the ordinary course of its various business activities, the Agents and certain of their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the Company or our affiliates. If the Agents or their respective affiliates have a lending relationship with us, they routinely hedge their credit exposure to us consistent with their respective customary risk management policies. The Agents and their respective affiliates may hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities or the securities of our affiliates, including potentially the Notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes offered hereby. The Agents and certain of their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The principal business address of B. Riley FBR, Inc. is 299 Park Avenue, 7th Floor, New York, New York 10171; the principal business address of BB&T Capital Markets, a division of BB&T Securities, LLC is 901 East Byrd Street, Suite 300, Richmond, Virginia 23219; and the principal business address of Comerica Securities, Inc. is 3551 Hamlin Road, Auburn Hills, MI 48326.

LEGAL MATTERS

The legality of the Notes offered hereby will be passed upon for the Company by Sean Dailey, our Vice President, Legal, and Skadden, Arps, Slate, Meagher & Flom LLP (“Skadden, Arps”), New York, New York. Venable LLP, as special Maryland counsel, Baltimore, Maryland, will pass on certain matters for the Company. Troutman Sanders LLP will pass on certain matters for the Agents. Skadden, Arps and Venable LLP each have from time to time acted as counsel for us and our subsidiaries and may do so in the future.

INDEPENDENT ACCOUNTING FIRMS

BDO USA, LLP is the independent registered public accounting firm of the Company and National Property REIT Corp. RSM US LLP is the independent registered public accounting firm of First Tower Finance Company LLC.

AVAILABLE INFORMATION

We have filed with the SEC a registration statement on Form N-2, together with all amendments and related exhibits, under the Securities Act, with respect to the Notes offered by this prospectus supplement and accompanying prospectus. The registration statement contains additional information about us and the Notes being registered by this prospectus supplement and accompanying prospectus. We file with or submit to the SEC annual, quarterly and current periodic reports, proxy statements and other information meeting the informational requirements of the Exchange Act. This information and the information specifically regarding how we voted proxies relating to portfolio securities for the period ended June 30, 2018, are available free of charge by contacting us at 10 East 40th Street, 42nd floor, New York, NY 10016 or by telephone at toll-free (888) 748-0702. The SEC maintains an Internet site that contains reports, proxy and information statements and other information filed electronically by us with the SEC which are available on the SEC’s Internet site at http://www.sec.gov.

No dealer, salesperson or other individual has been authorized to give any information or to make any representation other than those contained in this prospectus supplement and accompanying prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by us or the Agents. This prospectus supplement does not constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. Neither the delivery of this prospectus supplement and accompanying prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in our affairs or that information contained herein is correct as of any time subsequent to the date hereof.

INDEX TO FINANCIAL STATEMENTS

Financial Statements

PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES
(in thousands, except share and per share data)

	March 31, 2019	June 30, 2018
	(Unaudited)	(Audited)
Assets		
Investments at fair value:		
Control investments (amortized cost of $2,331,616 and $2,300,526, respectively)	$ 2,394,716	$ 2,404,326
Affiliate investments (amortized cost of $180,279 and $55,637, respectively)	91,042	58,436
Non-control/non-affiliate investments (amortized cost of $3,437,174 and $3,475,295, respectively)	3,214,915	3,264,517
Total investments at fair value (amortized cost of $5,949,069 and $5,831,458, respectively)	5,700,673	5,727,279
Cash	120,566	83,758
Receivables for:		
Interest, net	16,925	19,783
Other	985	1,867
Deferred financing costs on Revolving Credit Facility (Note 4)	8,386	2,032
Due from broker (Note 6)	539	3,029
Prepaid expenses	285	984
Due from Affiliate (Note 13)	88	88
Total Assets	5,848,447	5,838,820
Liabilities		
Revolving Credit Facility (Notes 4 and 8)	99,000	37,000
Convertible Notes (less unamortized debt issuance costs of $15,207 and $13,074, respectively) (Notes 5 and 8)	763,245	809,073
Public Notes (less unamortized discount and debt issuance costs of $14,296 and $11,007, respectively) (Notes 6 and 8)	775,624	716,810
Prospect Capital InterNotes® (less unamortized debt issuance costs of $11,969 and $11,998, respectively) (Notes 7 and 8)	742,752	748,926
Due to Prospect Capital Management (Note 13)	48,855	49,045
Interest payable	25,426	33,741
Due to broker	31,819	6,159
Dividends payable	22,013	21,865
Accrued expenses	5,478	5,426
Due to Prospect Administration (Note 13)	1,807	2,212
Other liabilities	613	1,516
Total Liabilities	2,516,632	2,431,773
Commitments and Contingencies (Note 3)		
Net Assets	$ 3,331,815	$ 3,407,047
Components of Net Assets		
Common stock, par value $0.001 per share (1,000,000,000 common shares authorized; 366,884,974 and 364,409,938 issued and outstanding, respectively) (Note 9)	$ 367	$ 364
Paid-in capital in excess of par (Note 9)	4,038,229	4,021,541
Total distributable earnings (loss)	(706,781)	(614,858)
Net Assets	$ 3,331,815	$ 3,407,047
Net Asset Value Per Share (Note 16)	$ 9.08	$ 9.35

See notes to consolidated financial statements.

PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share data)
(Unaudited)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2019	**2018**	**2019**	**2018**
Investment Income				
Interest income:				
Control investments	$ 51,078	$ 45,944	$ 161,206	$ 139,392
Affiliate investments	230	271	631	476
Non-control/non-affiliate investments	67,656	68,376	204,944	216,639
Structured credit securities	36,112	31,271	105,731	90,822
Total interest income	155,076	145,862	472,512	447,329
Dividend income:				
Control investments	3,612	5,639	31,277	5,639
Affiliate investments	659	—	659	—
Non-control/non-affiliate investments	253	648	781	1,518
Total dividend income	4,524	6,287	32,717	7,157
Other income:				
Control investments	10,799	6,188	29,331	12,317
Non-control/non-affiliate investments	710	4,498	4,854	17,011
Total other income (Note 10)	11,509	10,686	34,185	29,328
Total Investment Income	171,109	162,835	539,414	483,814
Operating Expenses				
Base management fee (Note 13)	29,540	29,268	92,684	88,990
Income incentive fee (Note 13)	19,315	17,612	60,808	51,843
Interest and credit facility expenses	38,946	37,479	117,510	117,861
Allocation of overhead from Prospect Administration (Note 13)	2,084	3,195	11,091	5,899
Audit, compliance and tax related fees	680	1,130	3,462	4,084
Directors' fees	112	113	341	338
Other general and administrative expenses	3,170	3,592	10,286	7,429
Total Operating Expenses	93,847	92,389	296,182	276,444
Net Investment Income	77,262	70,446	243,232	207,370
Net Realized and Net Change in Unrealized Gains (Losses) from Investments				
Net realized gains (losses)				
Control investments	11,507	2	14,309	13
Affiliate investments	—	(14,197)	—	(13,351)
Non-control/non-affiliate investments	(2,024)	(23)	(792)	(5,116)
Net realized gains (losses)	9,483	(14,218)	13,517	(18,454)
Net change in unrealized gains (losses)				
Control investments	11,686	1,380	(22,129)	46,898
Affiliate investments	(4,101)	12,952	(23,750)	19,678
Non-control/non-affiliate investments	(2,155)	(18,188)	(98,338)	(68,488)
Net change in unrealized gains (losses)	5,430	(3,856)	(144,217)	(1,912)
Net Realized and Net Change in Unrealized Gains (Losses) from Investments	14,913	(18,074)	(130,700)	(20,366)
Net realized losses on extinguishment of debt	(2,980)	(513)	(6,931)	(1,445)
Net Increase in Net Assets Resulting from Operations	$ 89,195	$ 51,859	$ 105,601	$ 185,559
Net increase in net assets resulting from operations per share	$ 0.24	$ 0.14	$ 0.29	$ 0.51
Dividends declared per share	$ (0.18)	$ (0.18)	$ (0.54)	$ (0.59)

See notes to consolidated financial statements.

PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
(in thousands, except share data)
(Unaudited)

	Common Stock				
Nine Months Ended March 31, 2019 (Unaudited)	**Shares**	**Par**	**Paid-in capital in excess of par**	**Distributable earnings (loss)(1)**	**Total Net Assets**
Balance as of June 30, 2018	364,409,938	$364	$ 4,021,541	$ (614,858)	$ 3,407,047
Net Increase in Net Assets Resulting from Operations:					
Net investment income				243,232	243,232
Net realized gains				6,586	6,586
Net change in net unrealized losses				(144,217)	(144,217)
Distributions to Shareholders:					
Distributions from earnings				(197,555)	(197,555)
Value of shares issued through reinvestment of dividends	2,475,036	3	16,719		16,722
Tax reclassifications of net assets (Note 12)			(31)	31	—
Total increase (decrease) for the nine months ended March 31, 2019	2,475,036	3	16,688	(91,923)	(75,232)
Balance as of March 31, 2019	366,884,974	$367	$ 4,038,229	$ (706,781)	$ 3,331,815

	Common Stock				
Nine Months Ended March 31, 2018 (Unaudited)	**Shares**	**Par**	**Paid-in capital in excess of par**	**Distributable earnings (loss)(2)**	**Total Net Assets**
Balance as of June 30, 2017	360,076,933	$360	$ 3,991,317	$ (636,725)	$ 3,354,952
Net Increase in Net Assets Resulting from Operations:					
Net investment income				207,370	207,370
Net realized losses				(19,899)	(19,899)
Net change in net unrealized losses				(1,912)	(1,912)
Distributions to Shareholders:					
Distributions from earnings				(211,733)	(211,733)
Value of shares issued through reinvestment of dividends	2,580,429	3	17,615		17,618
Tax reclassifications of net assets (Note 12)			772	(772)	—
Total increase (decrease) for the nine months ended March 31, 2018	2,580,429	3	18,387	(26,946)	(8,556)
Balance as of March 31, 2018	362,657,362	$363	$ 4,009,704	$ (663,671)	$ 3,346,396

(1) The following table provides the reconciliation of the components of distributable earnings (loss) to conform to the current period presentation:

	Overdistributed Net Investment Income	Realized gains (losses)	Net unrealized loss	Distributable earnings (loss)
Balance as of June 30, 2018	$ (45,186)	$ (465,493)	$ (104,179)	$ (614,858)
Net Increase in Net Assets Resulting from Operations:				
Net investment income	243,232			243,232
Net realized gains		6,586		6,586
Net change in net unrealized losses			(144,217)	(144,217)
Distributions to Shareholders:				
Distributions from net investment income	(197,555)			(197,555)
Tax reclassifications of net assets (Note 12)	31			31
Balance as of March 31, 2019	$ 522	$ (458,907)	$ (248,396)	$ (706,781)

(2) The following table provides the reconciliation of the prior year's components of distributable earnings (loss) to conform to the current period presentation:

	Overdistributed Net Investment Income	Realized gains (losses)	Net unrealized loss	Distributable earnings (loss)
Balance as of June 30, 2017	$ (54,039)	$ (439,435)	$ (143,251)	$ (636,725)
Net Increase in Net Assets Resulting from Operations:				
Net investment income	207,370			207,370
Net realized losses		(19,899)		(19,899)
Net change in net unrealized losses			(1,912)	(1,912)

Distributions to Shareholders:				
Distributions from net investment income	(211,733)			(211,733)
Tax reclassifications of net assets (Note 12)	(772)			(772)
Balance as of March 31, 2018	$ (59,174)	$ (459,334)	$ (145,163)	$ (663,671)

See notes to consolidated financial statements.

PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
(in thousands, except share data)
(Unaudited)

	Common Stock				
Three Months Ended March 31, 2019	**Shares**	**Par**	**Paid-in capital in excess of par**	**Distributable earnings (loss)(3)**	**Total Net Assets**
Balance as of December 31, 2018	366,055,966	$366	$ 4,032,761	$ (729,952)	$ 3,303,175
Net Increase in Net Assets Resulting from Operations:					
Net investment income				77,262	77,262
Net realized gains				6,503	6,503
Net change in net unrealized losses				5,430	5,430
Distributions to Shareholders:					
Distributions from earnings				(66,024)	(66,024)
Value of shares issued through reinvestment of dividends	829,008	1	5,468		5,469
Total increase (decrease) for the three months ended March 31, 2019	829,008	1	5,468	23,171	28,640
Balance as of March 31, 2019	366,884,974	$367	$ 4,038,229	$ (706,781)	$ 3,331,815

	Common Stock				
Three Months Ended March 31, 2018	**Shares**	**Par**	**Paid-in capital in excess of par**	**Distributable earnings (loss)(4)**	**Total Net Assets**
Balance as of December 31, 2017	360,980,752	$361	$ 3,998,406	$ (650,355)	$ 3,348,412
Net Increase in Net Assets Resulting from Operations:					
Net investment income				70,446	70,446
Net realized losses				(14,731)	(14,731)
Net change in net unrealized losses				(3,857)	(3,857)
Distributions to Shareholders:					
Distributions from earnings				(65,174)	(65,174)
Value of shares issued through reinvestment of dividends	1,676,610	2	11,298		11,300
Total increase (decrease) for the three months ended March 31, 2018	1,676,610	2	11,298	(13,316)	(2,016)
Balance as of March 31, 2018	362,657,362	$363	$ 4,009,704	$ (663,671)	$ 3,346,396

(3) The following table provides the reconciliation of the components of distributable earnings (loss) to conform to the current period presentation:

	Overdistributed Net Investment Income	Realized gains (losses)	Net unrealized loss	Distributable earnings (loss)
Balance as of December 31, 2018	$ (10,716)	$ (465,410)	$ (253,826)	$ (729,952)
Net Increase in Net Assets Resulting from Operations:				
Net investment income	77,262			77,262
Net realized gains		6,503		6,503
Net change in net unrealized losses			5,430	5,430
Distributions to Shareholders:				
Distributions from net investment income	(66,024)			(66,024)
Balance as of March 31, 2019	$ 522	$ (458,907)	$ (248,396)	$ (706,781)

(4) The following table provides the reconciliation of the prior year's components of distributable earnings (loss) to conform to the current period presentation:

	Overdistributed Net Investment Income	Realized gains (losses)	Net unrealized loss	Distributable earnings (loss)
Balance as of December 31, 2017	$ (64,446)	$ (444,603)	$ (141,306)	$ (650,355)
Net Increase in Net Assets Resulting from Operations:				
Net investment income	70,446			70,446
Net realized losses		(14,731)		(14,731)
Net change in net unrealized losses			(3,857)	(3,857)
Distributions to Shareholders:				
Distributions from net investment income	(65,174)			(65,174)
Balance as of March 31, 2018	$ (59,174)	$ (459,334)	$ (145,163)	$ (663,671)

See notes to consolidated financial statements.

PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands, except share data)
(Unaudited)

	Nine Months Ended March 31,	
	2019	**2018**
Operating Activities		
Net increase in net assets resulting from operations	$ 105,601	$ 185,559
Net realized losses on extinguishment of debt	6,931	1,445
Net realized (gains) losses on investments	(13,517)	18,454
Net change in net unrealized losses on investments	144,217	1,912
(Accretion of premiums) and amortization of discounts, net	(2,654)	17,706
Accretion of discount on Public Notes (Note 6)	406	212
Amortization of deferred financing costs	8,699	9,168
Payment-in-kind interest	(29,663)	(6,128)
Structuring fees	(3,434)	(9,135)
Change in operating assets and liabilities:		
Payments for purchases of investments	(483,508)	(1,375,555)
Proceeds from sale of investments and collection of investment principal	415,165	1,471,247
Increase (decrease) in due to broker	25,660	(25,914)
Decrease in due to Prospect Capital Management	(190)	(1,240)
Decrease (increase) in interest receivable, net	2,858	(19,952)
Decrease in interest payable	(8,315)	(9,042)
Increase (decrease) in accrued expenses	52	(60)
Decrease in due from broker	2,490	—
Decrease in other liabilities	(903)	(1,286)
Decrease in other receivables	882	88
Increase in due from Prospect Administration	—	(60)
Increase in due from affiliate	—	(74)
Decrease in prepaid expenses	699	559
(Decrease) Increase in due to Prospect Administration	(405)	238
Net Cash Provided by Operating Activities	171,071	258,142
Financing Activities		
Borrowings under Revolving Credit Facility (Note 4)	912,154	427,000
Principal payments under Revolving Credit Facility (Note 4)	(850,154)	(341,000)
Issuances of Public Notes, net of original issue discount (Note 6)	215,638	—
Redemptions of Public Notes (Note 6)	(153,536)	—
Redemptions of Convertible Notes, net (Note 5)	(246,670)	(136,153)
Issuance of Convertible Notes (Note 5)	201,250	—
Issuances of Prospect Capital InterNotes® (Note 7)	124,643	69,428
Redemptions of Prospect Capital InterNotes®, net (Note 7)	(130,846)	(293,851)
Financing costs paid and deferred	(26,057)	(1,724)
Dividends paid	(180,685)	(202,362)
Net Cash Used in Financing Activities	(134,263)	(478,662)
Net Increase (Decrease) in Cash	36,808	(220,520)
Cash at beginning of period	83,758	318,083
Cash at End of Period	$ 120,566	$ 97,563
Supplemental Disclosures		
Cash paid for interest	$ 116,720	$ 117,523
Non-Cash Financing Activities		
Value of shares issued through reinvestment of dividends	$ 16,722	$ 17,618
Cost basis of investments written off as worthless	$ 371	$ 20,235

See notes to consolidated financial statements.

PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS
(in thousands, except share data)

Portfolio Company	Industry	Investments(1)(44)	Acquisition Date(53)	March 31, 2019 (Unaudited) Principal Value	Amortized Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS							
Control Investments (greater than 25.00% voting control)(47)							
CP Energy Services Inc. (20)	Energy Equipment & Services	Senior Secured Term Loan (13.81% (LIBOR + 11.00% with 1.00% LIBOR floor), due 12/29/2022)(11)	12/29/2017	$ 35,048	$ 35,048	$ 35,048	1.1%
		Series B Convertible Preferred Stock (16.00%, 790 shares)(16)	10/30/2015		63,225	63,225	1.9%
		Common Stock (102,924 shares)(16)	8/2/2013		81,203	27,308	0.8%
					179,476	**125,581**	**3.8%**
Credit Central Loan Company, LLC(21)	Consumer Finance	Subordinated Term Loan (10.00% plus 10.00% PIK, due 6/26/2024)(14)(46)	6/24/2014	54,979	51,590	54,979	1.7%
		Class A Units (10,640,642 units)(14)(16)	6/24/2014		13,730	14,098	0.4%
		Net Revenues Interest (25% of Net Revenues)(14)(16)	1/28/2015		—	473	—%
					65,320	**69,550**	**2.1%**
Echelon Transportation, LLC	Aerospace & Defense	Senior Secured Term Loan (12.25% (LIBOR + 9.75% with 2.00% LIBOR floor) plus 2.25% PIK, due 3/31/2022)(13)(46)	3/31/2014	36,128	36,128	36,128	1.1%
		Senior Secured Term Loan (11.50% (LIBOR + 9.00% with 2.00% LIBOR floor) plus 1.00% PIK, due 12/7/2024)(13)(46)	12/9/2016	18,063	18,063	18,063	0.5%
		Membership Interest (100%)(16)	3/31/2014		22,738	35,419	1.1%
					76,929	**89,610**	**2.7%**
First Tower Finance Company LLC(23)	Consumer Finance	Subordinated Term Loan to First Tower, LLC (10.00% plus 10.50% PIK, due 6/24/2024)(14)(46)	6/24/2014	272,170	272,170	272,170	8.2%
		Class A Units (95,709,910 units)(14)(16)	6/24/2014		81,146	205,788	6.2%
					353,316	**477,958**	**14.4%**
Freedom Marine Solutions, LLC(24)	Energy Equipment & Services	Membership Interest (100%)(16)	10/1/2009		43,892	14,120	0.4%
					43,892	**14,120**	**0.4%**
InterDent, Inc.(52)	Health Care Providers & Services	Senior Secured Term Loan A/B (2.75% (LIBOR + 0.25% with 0.75% LIBOR floor), due 9/5/2020)(13)	8/1/2018	14,000	14,000	14,000	0.4%
		Senior Secured Term Loan A (8.00% (LIBOR + 5.50% with 0.75% LIBOR floor), due 9/5/2020)(13)	8/3/2012	77,994	77,994	77,994	2.3%
		Senior Secured Term Loan B (16.00% PIK, due 9/5/2020)(46)	8/3/2012	111,598	111,598	111,598	3.4%
		Senior Secured Term Loan C (18.00% PIK, in non-accrual status effective 10/1/2018, due 9/5/2020)	3/22/2018	39,095	35,766	18,937	0.6%
		Senior Secured Term Loan D (1.00% PIK, in non-accrual status	9/19/2018	5,027	5,001	—	—%

	effective 10/1/2018, due 9/5/2020)				
	Warrants (to purchase 99,900 shares of Common Stock, expires 9/19/2030)(16)	2/23/2018	—	—	—%
			244,359	**222,529**	**6.7%**

See notes to consolidated financial statements.

(in thousands, except share data)

				March 31, 2019 (Unaudited)			
Portfolio Company	Industry	Investments(1)(44)	Acquisition Date(53)	Principal Value	Amortized Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS							
Control Investments (greater than 25.00% voting control)(47)							
MITY, Inc.(25)	Commercial Services & Supplies	Senior Secured Note A (10.00% (LIBOR + 7.00% with 3.00% LIBOR floor), due 1/30/2020)(3)(11)	9/19/2013	$ 26,250	$ 26,250	$ 26,250	0.8%
		Senior Secured Note B (10.00% (LIBOR + 7.00% with 3.00% LIBOR floor) plus 10.00% PIK, due 1/30/2020)(3)(11)(46)	6/23/2014	25,918	25,918	18,039	0.5%
		Subordinated Unsecured Note to Broda Enterprises ULC (10.00%, due 1/1/2028)(14)	9/19/2013	5,515	7,057	—	—%
		Common Stock (42,053 shares)(16)	9/19/2013		6,849	—	—%
					66,074	**44,289**	**1.3%**
National Property REIT Corp.(26)	Equity Real Estate Investment Trusts (REITs) / Online Lending	Senior Secured Term Loan A (6.50% (LIBOR + 3.50% with 3.00% LIBOR floor) plus 5.00% PIK, due 12/31/2023)(11)(46)	12/31/2018	433,553	433,553	433,553	13.0%
		Senior Secured Term Loan B (5.00% (LIBOR + 2.00% with 3.00% LIBOR floor) plus 5.50% PIK, due 12/31/2023)(11)(46)	12/31/2018	172,000	172,000	172,000	5.2%
		Common Stock (3,110,101 shares)	12/31/2013		163,836	263,982	7.9%
		Residual Profit Interest (25% of Residual Profit)	12/31/2018		—	87,779	2.6%
					769,389	**957,314**	**28.7%**
Nationwide Loan Company LLC(27)	Consumer Finance	Senior Subordinated Term Loan to Nationwide Acceptance LLC (10.00% plus 10.00% PIK, due 6/18/2019)(14)(46)	6/18/2014	18,148	18,148	18,148	0.6%
		Class A Units (32,456,159 units)(14)(16)	1/31/2013		21,962	13,735	0.4%
					40,110	**31,883**	**1.0%**
NMMB, Inc.(28)	Media	Senior Secured Note (14.00%, due 5/6/2021)(3)	5/6/2011	3,714	3,714	3,714	0.1%
		Senior Secured Note to Armed Forces Communications, Inc. (14.00%, due 5/6/2021)(3)	6/12/2014	900	900	900	—%
		Series A Preferred Stock (7,200 shares)(16)	12/12/2013		7,200	11,432	0.4%
		Series B Preferred Stock (5,669 shares)(16)	12/12/2013		5,669	9,001	0.3%
					17,483	**25,047**	**0.8%**
Pacific World Corporation(40)	Personal Products	Revolving Line of Credit – $26,000 Commitment (9.75% (LIBOR + 7.25% with 1.00% LIBOR floor), due 9/26/2020)(13)(15)	9/26/2014	24,825	24,825	24,825	0.7%
		Senior Secured Term Loan A (7.75% PIK (LIBOR + 5.25% with 1.00% LIBOR floor), in non-accrual status effective 10/24/2018, due 9/26/2020)(13)	12/31/2014	99,214	96,000	99,214	3.0%
		Senior Secured Term Loan B	12/31/2014	106,881	96,500	6,412	0.2%

		(11.75% PIK (LIBOR + 9.25% with 1.00% LIBOR floor), in non-accrual status effective 5/21/2018, due 9/26/2020)(13)					
		Convertible Preferred Equity (100,000 shares)(16)	6/15/2018		15,000	—	—%
		Common Stock (6,778,414 shares) (16)	9/29/2017		—	—	—%
					232,325	**130,451**	**3.9%**
R-V Industries, Inc.	Machinery	Senior Subordinated Note (11.61% (LIBOR + 9.00% with 1.00% LIBOR floor), due 3/31/2022)(3)(11)	6/12/2013	28,622	28,622	28,622	0.8%
		Common Stock (745,107 shares) (16)	6/26/2007		6,866	2,819	0.1%
					35,488	**31,441**	**0.9%**

See notes to consolidated financial statements.

(in thousands, except share data)

Portfolio Company	Industry	Investments(1)(44)	Acquisition Date(53)	March 31, 2019 (Unaudited) Principal Value	Amortized Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS							
Control Investments (greater than 25.00% voting control)(47)							
Universal Turbine Parts, LLC(54)	Trading Companies & Distributors	Delayed Draw Term Loan – $5,000 Commitment (10.25% (LIBOR + 7.75% with 2.50% LIBOR floor), due 9/30/2020)(15)	2/28/2019	$ —	$ —	$ —	—%
		Senior Secured Term Loan A (8.56% (LIBOR + 5.75% with 1.00% LIBOR floor), due 7/22/2021)(11)	7/22/2016	30,875	30,875	30,080	0.9%
		Senior Secured Term Loan B (14.56% PIK (LIBOR + 11.75% with 1.00% LIBOR floor), in non-accrual status effective 7/1/2018, due 7/22/2021)(11)	7/22/2016	34,861	32,500	697	—%
		Common Stock (10,000 units)(16)	12/10/2018		—	—	—%
					63,375	**30,777**	**0.9%**
USES Corp.(30)	Commercial Services & Supplies	Senior Secured Term Loan A (9.00% PIK, in non-accrual status effective 4/1/2016, due 7/22/2020)	3/31/2014	43,134	35,101	14,631	0.4%
		Senior Secured Term Loan B (15.50% PIK, in non-accrual status effective 4/1/2016, due 7/22/2020)	3/31/2014	53,796	35,568	—	—%
		Common Stock (268,962 shares)(16)	6/15/2016		—	—	—%
					70,669	**14,631**	**0.4%**
Valley Electric Company, Inc.(31)	Construction & Engineering	Senior Secured Note to Valley Electric Co. of Mt. Vernon, Inc. (8.00% (LIBOR + 5.00% with 3.00% LIBOR floor) plus 2.50% PIK, due 12/31/2024)(3)(11)(46)	12/31/2012	10,430	10,430	10,430	0.3%
		Senior Secured Note (8.00% plus 10.00% PIK, due 6/23/2024)(46)	6/24/2014	32,881	32,881	32,881	1.0%
		Consolidated Revenue Interest (2.0%)(38)	6/22/2018		—	3,095	0.1%
		Common Stock (50,000 shares)	12/31/2012		26,204	83,115	2.5%
					69,515	**129,521**	**3.9%**
Wolf Energy, LLC(32)	Energy Equipment & Services	Membership Interest (100%)(16)	7/1/2014		—	—	—%
		Membership Interest in Wolf Energy Services Company, LLC (100%)(16)	3/14/2017		3,896	—	—%
		Net Profits Interest (8% of Equity Distributions)(4)(16)	4/15/2013		—	14	—%
					3,896	**14**	**—%**
				Total Control Investments (Level 3)	**$ 2,331,616**	**$2,394,716**	**71.9%**

See notes to consolidated financial statements.

(in thousands, except share data)

				March 31, 2019 (Unaudited)			
Portfolio Company	Industry	Investments(1)(44)	Acquisition Date(53)	Principal Value	Amortized Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS							
Affiliate Investments (5.00% to 24.99% voting control)(48)							
Edmentum Ultimate Holdings, LLC(22)	Diversified Consumer Services	Second Lien Revolving Credit Facility to Edmentum, Inc. – $7,834 Commitment (5.00% PIK, due 12/9/2021)(15)(46)	6/9/2015	$ 7,608	$ 7,608	$ 7,608	0.2%
		Unsecured Senior PIK Note (8.50% PIK, due 12/9/2021)(46)	6/9/2015	8,020	8,020	8,020	0.2%
		Unsecured Junior PIK Note (10.00% PIK, in non-accrual status effective 1/1/2017, due 12/9/2021)	6/9/2015	37,997	23,829	18,402	0.6%
		Class A Units (370,964 units)(16)	6/9/2015		6,577	—	—%
					46,034	**34,030**	**1.0%**
Nixon, Inc.(39)	Textiles, Apparel & Luxury Goods	Common Stock (857 units)(16)	5/12/2017		—	—	—%
					—	**—**	**—%**
Targus Cayman HoldCo Limited(33)	Textiles, Apparel & Luxury Goods	Common Stock (7,383,395 shares)	5/24/2011		7,154	21,315	0.6%
					7,154	**21,315**	**0.6%**
United Sporting Companies, Inc.(18)	Distributors	Second Lien Term Loan (13.49% (LIBOR + 11.00% with 1.75% LIBOR floor) plus 2.00% PIK, in non-accrual status effective 4/1/2017, due 11/16/2019)(13)	9/28/2012	160,922	127,091	35,697	1.1%
		Common Stock (218,941 shares)(16)	5/2/2017		—	—	—%
					127,091	**35,697**	**1.1%**
			Total Affiliate Investments (Level 3)		**$ 180,279**	**$ 91,042**	**2.7%**

See notes to consolidated financial statements.

PROSPECT CAPITAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED SCHEDULES OF INVESTMENTS (CONTINUED)
(in thousands, except share data)

				March 31, 2019 (Unaudited)			
Portfolio Company	**Industry**	**Investments(1)(44)**	**Acquisition Date(53)**	**Principal Value**	**Amortized Cost**	**Fair Value(2)**	**% of Net Assets**
LEVEL 3 PORTFOLIO INVESTMENTS							
Non-Control/Non-Affiliate Investments (less than 5.00% voting control)							
8TH Avenue Food & Provisions, Inc.	Food Products	Second Lien Term Loan (10.24% (LIBOR + 7.75%), due 10/1/2026)(3)(8)(13)	10/10/2018	$ 25,000	$ 24,823	$ 24,823	0.7%
					24,823	**24,823**	**0.7%**
ACE Cash Express, Inc.	Consumer Finance	Senior Secured Note (12.00%, due 12/15/2022)(8)(14)	12/15/2017	18,000	17,778	17,005	0.5%
					17,778	**17,005**	**0.5%**
AgaMatrix, Inc.	Health Care Equipment & Supplies	Senior Secured Term Loan (11.61% (LIBOR + 9.00% with 1.25% LIBOR floor), due 9/29/2022)(3)(11)	9/29/2017	34,510	34,510	33,260	1.0%
					34,510	**33,260**	**1.0%**
Apidos CLO IX	Structured Finance	Subordinated Structured Note (Residual Interest, current yield 0.00%, due 7/15/2023)(5)(14)(17)	7/11/2012	23,525	21	26	—%
					21	**26**	**—%**
Apidos CLO XI	Structured Finance	Subordinated Structured Note (Residual Interest, current yield 9.24%, due 10/17/2028)(5)(14)	1/17/2013	40,500 <font style			