

PROSPECT CAPITAL CORP

Form 497

March 06, 2014

Prospect Capital Corporation

Prospect Capital InterNotes®

4.75% Senior Notes due 2019 (the "Notes")

Filed under Rule 497, Registration Statement No. 333-190850

Pricing Supplement No. 283—Dated Thursday, March 6, 2014

(To: Prospectus Dated October 15, 2013, and Prospectus Supplement Dated February 3, 2014)

CUSIP Number	ISIN Number	Principal Amount	Selling Price(1)	Gross Concession	Net Proceeds(1)	Coupon Type	Coupon Rate	Coupon Frequency	Maturity Date	1st Da
74348YMA6US74348YMA63		\$10,000,000.00	100.000%	1.000%	\$9,900,000.00	Fixed	4.75%	Semi-Annual	8/15/2019	8/15/2019

(1) Plus accrued and unpaid interest from and including February 19, 2014 to but excluding the settle date, in the aggregate amount of \$1,000,000.00. Accrued interest will be paid on August 15, 2014 to holders of the Notes on the applicable record date along with interest accrued on August 15, 2014.

Trade Date: Thursday, March 6, 2014 @ 12:00 PM ET

Settle Date: Tuesday, March 11, 2014

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

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

The Notes offered hereby are a further issuance of the 4.75% Senior Notes due 2019 that we issued on February 19, 2014 in the aggregate principal amount of \$40,000,000 (the "existing 2019 Notes"). The Notes offered hereby will be treated as a single series with the existing 2019 Notes under the indenture and will have the same terms as the existing 2019 Notes. The Notes offered hereby will have the same CUSIP number and will be fungible and rank equally with the existing 2019 Notes. Upon the issuance of the Notes offered hereby, the outstanding aggregate principal amount of our 4.75% Senior Notes due 2019 will be \$50,000,000. Unless the context otherwise requires, references herein to the "Notes" or the "2019 Notes" include the Notes offered hereby and the existing 2019 Notes.

The Notes will be issued pursuant to the Indenture, dated as of February 16, 2012, as amended and supplemented by that certain Two Hundred Sixty-Seventh Supplemental Indenture, dated as of February 19, 2014, as supplemented by Supplement No. 1 thereto, dated as of March 11, 2014.

Prospect Capital Corporation is a financial services company that lends to and invests in middle market, privately-held companies. We are organized as an externally-managed, non-diversified closed-end management investment company that has elected to be treated as a business development company under the Investment Company Act of 1940. Prospect Capital Management LLC manages our investments and Prospect Administration LLC provides the administrative services necessary for us to operate.

This pricing supplement relates only to the securities described in the accompanying prospectus supplement and prospectus, is only a summary of changes and should be read together with the accompanying prospectus supplement and prospectus, including among other things the section entitled "Risk Factors" beginning on page PS-5 of this pricing supplement, page S-7 of such prospectus supplement and page 10 of such prospectus. This pricing supplement and the accompanying prospectus supplement and prospectus contain important information you should know before investing in our securities. Please read it before you invest and keep it for future reference. We file annual, quarterly and current reports, proxy statements and other information about us with the Securities and Exchange Commission, or the "SEC." This information is available free of charge by contacting us at 10 East 40th Street, 44th Floor, New York, NY 10016 or by telephone at (212) 448-0702. The SEC maintains a website at www.sec.gov where such information is available without charge upon written or oral request. Our internet website address is www.prospectstreet.com. Information contained on our website is not incorporated by reference into this prospectus supplement or the accompanying prospectus and you should not consider information contained on our website to be part of this prospectus supplement or the accompanying prospectus.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or passed on the adequacy or accuracy of this preliminary pricing supplement. Any representation to the contrary is a criminal offense. Obligations of Prospect Capital Corporation and any subsidiary of Prospect Capital Corporation are not guaranteed by the full faith and credit of the United States of America. Neither Prospect Capital Corporation nor any subsidiary of Prospect Capital Corporation is a government-sponsored enterprise or an instrumentality of the United States of America.

InterNotes® is a registered trademark of Incapital Holdings LLC.

Recent Developments:

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

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

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

On February 7, 2014, we made an investment of \$22.9 million to purchase 62.99% of the subordinated notes in Halcyon Loan Advisors Funding 2014-I, Ltd.

On February 10, 2014, the SEC granted our exemptive application to permit us to participate in negotiated co-investments with other funds managed by Prospect Capital Management LLC, Priority Senior Secured Income Management, LLC or Pathway Energy Infrastructure Management, LLC or affiliated

advisers in a manner consistent with our investment objective, strategies and restrictions as well as regulatory requirements and other pertinent factors, subject to the conditions therein.

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

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

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

On February 19, 2014, we provided \$17.0 million of secured floating rate financing to support the acquisition of Keane by Lovell Minnick Partners. Keane provides unclaimed property services to many of the nation's largest financial institutions including transfer agents, mutual funds, banks, brokerages and insurance companies.

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

During the period from February 13, 2014 to February 27, 2014, we issued \$72.6 million in aggregate principal amount of our Prospect Capital InterNotes® for net proceeds of \$71.6 million.

On March 3, 2014, we announced an increase of \$45.0 million to our commitments to our credit facility. The commitments to the credit facility now stand at \$757.5 million.

Legal Matters:

In the opinion of Joseph Ferraro, General Counsel of Prospect Administration, administrator for Prospect Capital Corporation, a Maryland corporation (the "Company"), the certificates evidencing the Notes (the "Note Certificates") constitute the valid and binding obligations of the Company, entitled to the benefits of the Indenture and enforceable against the Company in accordance with their terms under the laws of the State of New York subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, concepts of reasonableness and equitable principles of general applicability (including, without limitation, concepts of good faith, fair dealing and the lack of bad faith), provided that such counsel expresses no opinion as to the effect of fraudulent conveyance, fraudulent transfer or similar provision of applicable law on the conclusions expressed above. This opinion is given as of the date hereof and is limited to the law of the State of New York as in effect on the date hereof. In addition, this opinion is subject to the same assumptions and qualifications stated in the letter of Skadden, Arps, Slate, Meagher & Flom, LLP dated March 8, 2012, filed as Exhibit (1)(5) to the Company's registration statement on Form N-2 (File No. 333-176637) and to the further assumptions that (i) the Note Certificates have been duly authorized by all requisite corporate action on the part of the Company and duly executed by the Company under Maryland law, and (ii) they were duly authenticated by the Trustee and issued and delivered by the Company against payment therefor in accordance with the terms of the Third Amended and Restated Selling Agent Agreement and the Indenture. Capitalized terms used in this paragraph without definition have the meanings ascribed to them in the accompanying prospectus supplement.

Prospect Capital Corporation
10 East 40th Street, 44th Floor
New York, New York 10016

In the opinion of Venable LLP, as Maryland counsel to the Company, (i) the execution and delivery by the Company of the Indenture, dated as of February 16, 2012, as supplemented through the Two Hundred Sixty-Seventh Supplemental Indenture and Supplement No. 1 thereto, between the Company and American Stock Transfer & Trust Company, and the global note representing the Notes issued pursuant to such Supplemental Indenture, and the performance by the Company of its obligations thereunder, have been duly authorized by the Company and (ii) the issuance of the Notes has been duly authorized by the Company. This opinion is given to the Company as of March 6, 2014 and is limited to the laws of the State of Maryland as in effect on March 6, 2014. In addition, this opinion is subject to the same assumptions, qualifications and limitations stated in the opinion letter to the Company of Venable LLP, dated March 8, 2012, filed as Exhibit (1)(4) to the Company's Registration Statement on Form N-2 (File No. 333-176637). Capitalized terms used in this paragraph without definition have the meanings ascribed to them in the accompanying prospectus supplement.

Very truly yours,
/s/ Venable LLP

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SPECIFIC TERMS OF THE NOTES AND THE OFFERING

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

Issuer	Prospect Capital Corporation
Title of securities	4.75% Senior Notes due 2019
Initial aggregate principal amount being offered	\$10,000,000; provided that upon the issuance of the Notes offered hereby the outstanding aggregate principal amount of our 4.75% Senior Notes due 2019 will be \$50,000,000.
Initial public offering price	100% of the aggregate principal amount of Notes plus accrued and unpaid interest from and including February 19, 2014 to but excluding the settle date, in the aggregate amount of \$29,027.78. This pre-issuance accrued interest will be paid on August 15, 2014 to holders of the Notes on the applicable record date along with interest accrued on the Notes from the settle date to August 15, 2014.
Principal payable at maturity	100% of the aggregate principal amount; the principal amount of each Note will be payable on its stated maturity date at the office of the Paying Agent, Registrar and Transfer Agent for the Notes or at such other office in The City of New York as we may designate.
Type of note	Fixed rate note
Interest rate	4.75% per year
Original issue date	March 11, 2014
Stated maturity date	August 15, 2019
Date interest starts accruing	February 19, 2014
Interest payment dates	Every February 15 and August 15, commencing August 15, 2014. If an interest payment date falls on a non-business day, the applicable interest payment will be made on the next business day and no additional interest will accrue as a result of such delayed payment.
Interest periods	The initial interest period will be the period from and including February 19, 2014, to, but excluding, the initial interest payment date, and the subsequent interest periods will be the periods from and including an interest payment date to, but excluding, the next interest payment date or the stated maturity date, as the case may be.
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 pricing supplement). See "Description of the Notes—Purchase of Notes by Us for Cash at the Option of Holders upon a Fundamental Change."
Defeasance	The Notes are subject to defeasance by us.
Covenant defeasance	The Notes are subject to covenant defeasance by us.
Optional redemption	We may redeem some or all of the Notes at any time, or from time to time, at a redemption price equal to the greater of (1) 100% of the principal amount of the Notes to be redeemed or (2) the sum of the present values of the remaining

scheduled payments of principal and interest (exclusive of accrued and unpaid interest to the date of redemption) on the Notes to be redeemed, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) using the applicable Treasury Rate plus 50 basis points, plus, in each case, accrued and unpaid interest to the redemption date.

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Fundamental change repurchase right of holders	<p>If we undergo a fundamental change (as defined in this pricing supplement) prior to maturity, Holders will have the right, at their option, to require us to repurchase for cash some or all of their 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."</p>
Option to exchange upon subsequent company offering	<p>In the event we (i) issue additional notes which are pari passu with the Notes sold pursuant to this pricing supplement, whether in a publicly registered or privately placed debt offering, including without limitation any offering pursuant to Regulation S, Rule 144A, or other similar rule or regulation under the Securities Act, of at least \$250,000,000 in an aggregate principal amount (the "Debt Offering"), during the period of 90 calendar days following the issuance date of the Notes (the "Exchange Period"), or (ii) issue additional Notes on terms similar to these Notes but at any discount to the face value of the Notes, during the period of 90 calendar days (the "Discount Exchange Period") following the issuance date of the Notes (the "Discount Offering") (the notes issued in connection with a Debt Offering and a Discount Offering collectively referred to as the "New Notes"), each original holder of the Notes may exchange all, and not part, of its Notes for New Notes (the "Exchange Right"). The option to exchange Notes for any New Notes will apply only to the original holders of the Notes who purchase the Notes in this offering and who continue to hold the Notes as of the date of issuance of the New Notes (the "Applicable Noteholders"). Any subsequent holders of the Notes who acquire Notes during the Exchange Period or the Discount Exchange Period, as applicable, from Applicable Noteholders will not be permitted to exchange Notes for New Notes. See "Description of the Notes—Option to Exchange upon Subsequent Company Offering."</p>
Events of default	<p>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 us as defined in the Indenture.</p> <p>In addition to the covenants described in the prospectus attached to this pricing supplement, the following covenants shall apply to the Notes:</p> <p style="padding-left: 40px;">We agree that for the period of time during which the Notes are outstanding, we will not violate Section 18(a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act or any successor provisions.</p>
Other covenants	<p>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.</p>
No established trading market	<p>While a trading market may have developed after issuing the existing 2019 Notes, we cannot assure you that an active and liquid market for the Notes will</p>

develop or be maintained. The Notes are not listed on any securities exchange or on any automated dealer quotation system and we do not intend to apply for a listing of the Notes on any securities exchange or any automated dealer quotation system. Although the agents have informed us that they may make a market in the Notes, they are not obligated to do so, and may discontinue any such market making at any time without notice.

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For a general discussion of material U.S. federal income tax consequences relevant to the purchase, ownership and disposition of the Notes, see "Supplement to U.S. Federal Income Tax Considerations" in the accompanying prospectus supplement. In addition, the following U.S. federal income tax considerations are applicable to the Notes.

Tax consequences

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 2019 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 will have the same issue date and the same issue price (100% of par) as the existing 2019 Notes for U.S. federal income tax purposes. Accordingly, the Notes will be considered to be issued at par. The portion of the price paid for the Notes that exceeds the par amount of the Notes will be allocable to interest that accrued between the date the existing 2019 Notes were issued and the date the Notes will be issued (the "pre-issuance accrued interest"). A portion of the interest received on the first interest payment date equal to the pre-issuance accrued interest should be treated as a return of the pre-issuance accrued interest and not as a payment of interest on the Note. 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.

The tax consequences to a holder of Notes upon an exchange of Notes for New Notes pursuant to the Exchange Right may depend on, among other things, the maturity date, "issue price," interest payment terms, and other features of the New Notes, and, depending on the circumstances, it is possible that such exchange could be a taxable transaction to holders of the Notes or that the New Notes received in such exchange could be treated as having "original issue discount" for U.S. federal income tax purposes. Holders of Notes are urged to contact their tax advisors regarding the federal, state, local, and foreign tax consequences of exchanging Notes for New Notes pursuant to the Exchange Right and of owning and disposing of any New Notes received pursuant to such exchange.

RISK FACTORS

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

You should, in consultation with your own financial and legal advisors, carefully consider the following discussion of risks before deciding whether an investment in the Notes is suitable for you. The Notes will not be an appropriate investment for you if you are not knowledgeable about significant features of the Notes or financial matters in general. You should not purchase the Notes unless you understand, and know that you can bear, these investment risks. 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 requiring 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, 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 \$1,000.

DESCRIPTION OF THE NOTES

The Notes will be issued under the Indenture referred to in the accompanying prospectus supplement and prospectus between us and U.S. Bank National Association, as trustee, and supplemental indentures establishing the terms of the Notes (collectively, the indenture and the supplemental indentures are referred to as the "Indenture"). The following description of particular terms of the Notes supplements the more general description of the debt securities contained in the accompanying prospectus supplement and prospectus. If there are any inconsistencies between the information in this section and the information in the accompanying prospectus supplement and prospectus, the information in this section controls. You should read this section together with the section entitled "Description of the Notes" in the accompanying prospectus supplement on page S-11 and the "Description of Our Debt Securities" in the accompanying prospectus beginning on page 133.

The \$10 million aggregate principal amount of Notes offered hereby are a further issuance of the existing 2019 Notes and will be treated as a single series with the existing 2019 Notes under the Indenture dated as of February 16, 2012, as amended, between us and U.S. Bank National Association, as trustee (the "Trustee"), as supplemented by that certain Two Hundred Sixty-Seventh Supplemental Indenture between us and the Trustee, dated as of February 19, 2014, as supplemented by Supplement No.1 thereto between us and the Trustee, dated as of March 11, 2014 (together, the "Indenture") and will have the same terms as the existing 2019 Notes. The Notes offered hereby will have the same CUSIP number and will be fungible and rank equally with the existing 2019 Notes. Unless the context otherwise requires, for all purposes of this "Description of Notes," references to the "Notes" or the "2019 Notes" include the Notes offered hereby, the existing 2019 Notes and any further additional Notes that may be issued from time to time under the Indenture.

Together with the "Description of the Notes" in the accompanying prospectus supplement and 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 Notes will:

- initially be limited to \$10 million aggregate principal amount; provided that upon the issuance of the Notes offered hereby, the outstanding aggregate principal amount of our 4.75% Senior Notes due 2019 will be \$50 million;
- bear interest at a rate of 4.75% per year, payable every February 15 and August 15, commencing on August 15, 2014, in each case having a record date of February 1 and August 1;
- be issued in minimum denominations of \$1,000 and integral multiples of \$1,000 in excess thereof;
- be our general unsecured obligations, ranking equally with all of our other unsecured senior indebtedness (including, but not limited to, the 2015 Notes, the 2016 Notes, the 2017 Notes, the 2018 Notes, 2019 Notes, the 2022 Notes, the 2023 Notes and all other outstanding Prospect Capital InterNotes®) 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 subsidiary;
- be subject to redemption at our option as described under "—Optional Redemption;"
- 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; and
- be due August 15, 2019.

Neither we nor our subsidiary will be subject to any financial covenants under the Indenture. In addition, neither we nor our subsidiary 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

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and exchange of the global note held in DTC, see "Registration and Settlement" on page S-57 of the accompanying prospectus supplement.

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 public offering 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 pricing 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. The \$10 million aggregate principal amount of Notes offered hereby will be issued as additional Notes under the Indenture.

Ranking

The Notes will be our general, unsecured obligations and will rank equal in right of payment with all of our existing and future senior, unsecured indebtedness (including, but not limited to, our 2015 Notes, 2016 Notes, 2017 Notes, 2018 Notes, 2019 Notes, 2022 Notes, 2023 Notes and any other outstanding Prospect Capital InterNotes®) and senior in right of payment to any of our subordinated indebtedness. As a result, the Notes will be effectively subordinated to our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness and structurally subordinated to any existing and future liabilities and other indebtedness of our subsidiary. As of February 21, 2014, we and our subsidiary had approximately \$1.9 billion of senior indebtedness outstanding, none of which was secured indebtedness and all of which was unsecured indebtedness.

Payment at Maturity

On the maturity date, each holder will be entitled to receive on such date \$1,000 in cash for each \$1,000 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

We may redeem some or all of the Notes at any time, or from time to time. If we choose to redeem any Notes prior to maturity, we will pay a redemption price equal to the greater of the following amounts, plus, in each case, accrued and unpaid interest to the redemption date:

• 100% of the principal amount of the Notes to be redeemed, or
• the sum of the present values of the remaining scheduled payments of principal and interest (exclusive of accrued and unpaid interest to the date of redemption) on the Notes to be redeemed, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) using the applicable Treasury Rate plus 50 basis points.

If we choose to redeem any Notes, we will deliver a notice of redemption to holders of Notes not less than 30 nor more than 60 days before the redemption date. If we are redeeming less than all of the Notes, the particular Notes to be redeemed will be selected in accordance with the applicable procedures of the trustee and, so long as the Notes are registered to DTC or its nominee, DTC; provided, however, that no such partial redemption shall reduce the portion of the principal amount of a Note not redeemed to less than \$1,000. Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Notes or portions of the Notes called for redemption.

For purposes of calculating the redemption price in connection with the redemption of the Notes, on any redemption date, the following terms have the meanings set forth below:

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield-to-maturity of the Comparable Treasury Issue (computed as of the third business day immediately preceding the redemption), assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date. The redemption price and the Treasury Rate will be determined by us.

"Comparable Treasury Issue" means the United States Treasury security selected by the Reference Treasury Dealer as having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of

selection and in accordance with customary financing practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes being redeemed.

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"Comparable Treasury Price" means (1) the average of the remaining Reference Treasury Dealer Quotations for the redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Quotation Agent obtains fewer than four such reference treasury dealer quotations, the average of all such quotations.

"Quotation Agent" means a Reference Treasury Dealer selected by us.

"Reference Treasury Dealer" means any primary U.S. government securities dealers selected by us (and their respective successors); provided, however, that if any such dealer selected by us shall cease to be a primary U.S. government securities dealer in the United States (a "Primary Treasury Dealer"), we shall select another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Quotation Agent by such Reference Treasury Dealer at 3:30 p.m. New York time on the third business day preceding such redemption date.

All determinations made by any Reference Treasury Dealer, including the Quotation Agent, with respect to determining the redemption price will be final and binding absent manifest error.

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 \$1,000 in principal amount or \$1,000 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 PS-5 of this pricing supplement.

A "fundamental change" will be deemed to have occurred upon the occurrence of both (i) a "below investment grade rating event" and (ii) any of the following events (each such event is referred to as 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); or
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 subsidiary 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.

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For purposes of determining the occurrence of a fundamental change, a "below investment grade event" means the Notes are downgraded below Investment Grade by the Rating Agency on any date from the date of the public notice of an arrangement that results in 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 the rating of the Notes is under publicly announced consideration for possible downgrade by the Rating Agency); provided that a downgrade contemplated by this paragraph otherwise arising by virtue of a particular reduction in 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 the Rating Agency making the reduction in 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). For purposes of this paragraph "Rating Agency" means Standard & Poor's Rating Service, a division of McGraw-Hill, Inc. or any successor thereto and "Investment Grade" means a rating of BBB- or better by the Rating Agency (or if such Rating Agency ceases to rate the Notes for reasons outside of our 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 us as a replacement for the 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 subsidiary 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 subsidiary taken as a whole to another person or group may be uncertain.

On or before the thirtieth 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 30 nor more than 60 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 \$1,000 or \$1,000 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:

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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 us. 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 PS-5 of this pricing 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 subsidiary's) 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 PS-5 of this pricing supplement.

Consolidation, Merger and Sale of Assets by Us

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 we are not the continuing corporation, the successor person formed or remaining shall succeed, and be substituted for, and may exercise every right and power of, us, and we 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 our property and assets "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, our 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 our property and assets may be uncertain.

An assumption by any person of our 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.

Option to Exchange upon Subsequent Company Offering

In the event we (i) issue additional notes which are pari passu with the Notes sold pursuant to this pricing supplement, whether in a publicly registered or privately placed debt offering, including without limitation any offering pursuant to Regulation S, Rule 144A, or other similar rule or regulation under the Securities Act, of at least \$250,000,000 in an aggregate

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principal amount (the "Debt Offering"), during the period of 90 calendar days following the issuance date of the Notes (the "Exchange Period"), or (ii) issue additional Notes on terms similar to these Notes but at any discount to the face value of the Notes, during the period of 90 calendar days (the "Discount Exchange Period") following the issuance date of the Notes (the "Discount Offering") (the notes issued in connection with a Debt Offering and a Discount Offering collectively referred to as the "New Notes"), each original holder of the Notes may exchange all, and not part, of its Notes for New Notes (the "Exchange Right"). The option to exchange Notes for any New Notes will apply only to the original holders of the Notes who purchase the Notes in this offering and who continue to hold the Notes as of the date of issuance of the New Notes (the "Applicable Noteholders"). Any subsequent holders of the Notes who acquire Notes during the Exchange Period or the Discount Exchange Period, as applicable, from Applicable Noteholders will not be permitted to exchange Notes for New Notes.

Any New Notes issued to Applicable Noteholders in connection with a Debt Offering will be for an equal aggregate principal amount of the Notes to be exchanged, will be issued without penalty to, or additional consideration provided by, Applicable Noteholders and will have such terms as agreed to by us in the Debt Offering pursuant to which the New Notes are issued.

Any New Notes issued to Applicable Noteholders in connection with a Discount Offering will be issued without penalty to, or additional consideration provided by, Applicable Noteholders and will have such terms as agreed to by us in the Debt Offering or the Discount Offering pursuant to which the New Notes are issued. The principal amount of the New Notes issued in connection with a Discount Offering will be increased proportionately to the discount offered in the Discount Offering.

During the Exchange Period or the Discount Exchange Period, as applicable, we will notify the Applicable Noteholders of a proposed Debt Offering or Discount Offering upon commencement of such Debt Offering or Discount Offering, as applicable, (the "New Offering Notice"). To exercise the Exchange Right, Applicable Noteholders must deliver, prior to 5:00 p.m., New York City time, on the first business day following receipt of the New Offering Notice, a written notice to us of the Applicable Noteholder's exercise of its Exchange Right. The exchange notice must state the full principal amount of the Notes to be exchanged, which must be \$1,000 or \$1,000 integral multiples in excess thereof. Settlement for the exchange of Notes for New Notes will be made on the date of issuance of the New Notes pursuant to the Debt Offering or the Discount Offering, as applicable.

In connection with any exchange of Notes for New Notes, we will:

reserve (i) up to \$50 million in aggregate principal amount of New Notes in an applicable Debt Offering or (ii) an amount equal to the proportionate increase in principal amount of the Notes with respect to the discount offered in the Discount Offering, in each case solely for purposes of the exchange by us of the Notes for New Notes;

provide to the Applicable Noteholders on the date of the commencement of the Debt Offering or the Discount Offering, as applicable, a copy of the preliminary prospectus supplement or pricing supplement, as applicable, relating to the New Notes to be offered and sold by us in the Debt Offering or Discount Offering, as applicable.

- comply with any exchange offer rules under the Securities Act that may be applicable to the exchange by us of any Notes for New Notes; and

comply with all other applicable federal and state securities laws in connection with any exchange by us of the Notes for New Notes.

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 138 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;
- 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 we 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

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\$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 us, including any related court orders or decrees that remain unstayed and in effect for a period of 90 days.

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 138 of the accompanying prospectus.

Notwithstanding the foregoing and the description in the accompanying prospectus supplement and 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 138 of the accompanying prospectus.

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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