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Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares of the registrant's common stock, \$0.001 par value, outstanding as of November 4, 2013 was 284,192,312.

**PROSPECT CAPITAL CORPORATION
FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2013
TABLE OF CONTENTS**

		<u>Page</u>
<u>PART I.</u>	<u>FINANCIAL INFORMATION</u>	3
<u>Item 1.</u>	<u>Financial Statements</u>	3
	<u>Consolidated Statements of Assets and Liabilities – September 30, 2013 (Unaudited) and June 30, 2013 (Audited)</u>	3
	<u>Consolidated Statements of Operations (Unaudited) – For the Three Months Ended September 30, 2013 and 2012</u>	4
	<u>Consolidated Statements of Changes in Net Assets (Unaudited) – For the Three Months Ended September 30, 2013 and 2012</u>	5
	<u>Consolidated Statements of Cash Flows (Unaudited) – For the Three Months Ended September 30, 2013 and 2012</u>	6
	<u>Consolidated Schedule of Investments – September 30, 2013 (Unaudited) and June 30, 2013 (Audited)</u>	7
	<u>Notes to Consolidated Financial Statements (Unaudited)</u>	42
<u>Item 2.</u>	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	67
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	97
<u>Item 4.</u>	<u>Controls and Procedures</u>	97
<u>PART II.</u>	<u>OTHER INFORMATION</u>	98
<u>Item 1.</u>	<u>Legal Proceedings</u>	98
<u>Item 1A.</u>	<u>Risk Factors</u>	98
<u>Item 2.</u>	<u>Unregistered Sales in Equity Securities and Use of Proceeds</u>	98
<u>Item 3.</u>	<u>Defaults Upon Senior Securities</u>	98
<u>Item 4.</u>	<u>Mine Safety Disclosures</u>	98
<u>Item 5.</u>	<u>Other Information</u>	98
<u>Item 6.</u>	<u>Exhibits</u>	98
	<u>Signatures</u>	106

PART I: FINANCIAL INFORMATION**Item 1. Financial Statements**

PROSPECT CAPITAL CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES
September 30, 2013 and June 30, 2013
(in thousands, except share and per share data)

	September 30, 2013 (Unaudited)	June 30, 2013 (Audited)
Assets (Note 4)		
Investments at fair value:		
Control investments (amortized cost of \$970,400 and \$830,151, respectively)	\$ 947,572	\$ 811,634
Affiliate investments (amortized cost of \$49,324 and \$49,189, respectively)	37,425	42,443
Non-control/Non-affiliate investments (amortized cost of \$3,622,564 and \$3,376,438, respectively)	3,568,139	3,318,775
Total investments at fair value (amortized cost of \$4,642,288 and \$4,255,778, respectively) (Note 3)	4,553,136	4,172,852
Investments in money market funds	151,995	143,262
Cash	10,399	59,974
Receivables for:		
Interest, net	21,470	22,863
Other	1,995	4,397
Prepaid expenses	382	540
Deferred financing costs	44,194	44,329
Total Assets	4,783,571	4,448,217
Liabilities		
Credit facility payable (Notes 4 and 8)	69,000	124,000
Senior convertible notes (Notes 5 and 8)	847,500	847,500
Senior unsecured notes (Notes 6 and 8)	347,762	347,725
Prospect Capital InterNotes® (Notes 7 and 8)	461,977	363,777
Due to broker	87,662	43,588
Dividends payable	29,916	27,299
Due to Prospect Administration (Note 12)	55	1,366
Due to Prospect Capital Management (Note 12)	1,734	5,324
Accrued expenses	3,000	2,345
Interest payable	18,687	24,384
Other liabilities	6,523	4,415
Total Liabilities	1,873,816	1,791,723
Net Assets	\$ 2,909,755	\$ 2,656,494
Components of Net Assets		
Common stock, par value \$0.001 per share (500,000,000 common shares authorized; 271,404,289 and 247,836,965 issued and outstanding, respectively) (Note 9)	\$ 271	\$ 248
Paid-in capital in excess of par (Note 9)	2,999,878	2,739,864
Undistributed net investment income	72,745	77,084
Accumulated realized losses on investments	(73,987)	(77,776)

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Unrealized depreciation on investments		(89,152)		(82,926)
Net Assets	\$	2,909,755	\$	2,656,494
Net Asset Value Per Share (Note 14)	\$	10.72	\$	10.72

See notes to consolidated financial statements.

PROSPECT CAPITAL CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
For The Three Months Ended September 30, 2013 and 2012
(in thousands, except share and per share data)
(Unaudited)

For The Three Months Ended September 30,

	2013	2012
Investment Income		
Interest income:		
Control investments	\$ 32,633	\$ 17,919
Affiliate investments	1,496	1,651
Non-control/Non-affiliate investments	78,112	45,027
CLO Fund securities	26,180	13,713
Total interest income	138,421	78,310
Dividend income:		
Control investments	7,075	33,250
Non-control/Non-affiliate investments	3	2,955
Money market funds	11	3
Total dividend income	7,089	36,208
Other income: (Note 10)		
Control investments	9,221	2
Affiliate investments	2	8
Non-control/Non-affiliate investments	6,301	9,108
Total other income	15,524	9,118
Total Investment Income	161,034	123,636
Operating Expenses		
Investment advisory fees:		
Base management fee (Note 12)	23,045	13,228
Income incentive fee (Note 12)	20,584	18,507
Total investment advisory fees	43,629	31,735
Interest and credit facility expenses	27,407	13,511
Legal fees	219	622
Valuation services	439	376
Audit, compliance and tax related fees	623	432
Allocation of overhead from Prospect Administration (Note 12)	3,986	2,184
Insurance expense	93	93
Directors fees	75	75
Excise tax	1,000	
Other general and administrative expenses	1,226	581
Total Operating Expenses	78,697	49,609
Net Investment Income	82,337	74,027
Net realized gain on investments (Note 3)	3,789	1,775
Net change in unrealized depreciation on investments (Note 3)	(6,226)	(28,553)

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Net Increase in Net Assets Resulting from Operations	\$	79,900	\$	47,249
Net increase in net assets resulting from operations per share (Notes 11 and 15)	\$	0.31	\$	0.29
Dividends declared per share	\$	0.33	\$	0.30

See notes to consolidated financial statements.

PROSPECT CAPITAL CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
For The Three Months Ended September 30, 2013 and 2012
(in thousands, except share data)
(Unaudited)

For The Three Months Ended September 30,

	2013	2012
Increase in Net Assets from Operations:		
Net investment income	\$ 82,337	\$ 74,027
Net realized gain on investments	3,789	1,775
Net change in unrealized depreciation on investments	(6,226)	(28,553)
Net Increase in Net Assets Resulting from Operations	79,900	47,249
Dividends to Shareholders:		
Distribution of net investment income	(86,676)	(51,380)
Distribution of return of capital		
Total Dividends to Shareholders	(86,676)	(51,380)
Capital Share Transactions:		
Proceeds from capital shares sold, net of underwriting costs	256,836	372,083
Less: Offering costs of public share offerings	(793)	(631)
Reinvestment of dividends	3,994	4,031
Net Increase in Net Assets Resulting from Capital Share Transactions	260,037	375,483
Total Increase in Net Assets	253,261	371,352
Net assets at beginning of period	2,656,494	1,511,974
Net Assets at End of Period	\$ 2,909,755	\$ 1,883,326
Capital Share Activity:		
Shares sold	21,293,338	33,161,977
Shares issued to acquire controlled investments	1,918,342	
Shares issued through reinvestment of dividends	355,644	355,871
Net increase in capital share activity	23,567,324	33,517,848
Shares outstanding at beginning of period	247,836,965	139,633,870
Shares Outstanding at End of Period	271,404,289	173,151,718

See notes to consolidated financial statements.

PROSPECT CAPITAL CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
For The Three Months Ended September 30, 2013 and 2012
(in thousands, except share data)
(Unaudited)

For The Three Months Ended September 30,

	2013	2012
Cash Flows from Operating Activities:		
Net increase in net assets resulting from operations	\$ 79,900	\$ 47,249
Net realized gain on investments	(3,789)	(1,775)
Net change in unrealized depreciation on investments	6,226	28,553
Amortization of discounts and premiums, net	9,954	(6,708)
Amortization of deferred financing costs	2,471	1,774
Payment-in-kind interest	(4,581)	(1,873)
Structuring fees	(8,660)	(8,959)
Change in operating assets and liabilities		
Payments for purchases of investments	(522,595)	(737,105)
Proceeds from sale of investments and collection of investment principal	164,167	158,123
Net increase of investments in money market funds	(8,733)	(63,789)
Decrease (increase) in interest receivable, net	1,393	(17,150)
Decrease in other receivables	2,402	10
Increase (decrease) in prepaid expenses	158	(458)
Increase in due to broker	44,074	101,213
Decrease in due to Prospect Administration	(1,311)	(348)
(Decrease) increase in due to Prospect Capital Management	(3,590)	3,822
Increase in accrued expenses	655	4,615
Decrease in interest payable	(5,697)	
Increase in other liabilities	2,108	1,393
Net Cash Used In Operating Activities	(245,448)	(491,413)
Cash Flows from Financing Activities:		
Borrowings under credit facility (Note 4)	96,000	58,000
Principal payments under credit facility (Note 4)	(151,000)	(154,000)
Issuance of Senior Convertible Notes (Note 5)		200,000
Issuance of Prospect Capital InterNotes® (Note 7)	98,200	67,879
Financing costs paid and deferred	(2,300)	(8,424)
Proceeds from issuance of common stock, net of underwriting costs	235,830	372,083
Offering costs from issuance of common stock	(793)	(631)
Dividends paid	(80,064)	(43,932)
Net Cash Provided By Financing Activities	195,873	490,975
Total Decrease in Cash	(49,575)	(438)
Cash balance at beginning of period	59,974	2,825
Cash Balance at End of Period	\$ 10,399	\$ 2,387
Cash Paid For Interest	\$ 30,165	\$ 6,983
Non-Cash Financing Activity:		

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Amount of shares issued in connection with dividend reinvestment plan	\$	3,994	\$	4,031
Amount of shares issued in conjunction with controlled investments	\$	21,006	\$	

See notes to consolidated financial statements.

PROSPECT CAPITAL CORPORATION AND SUBSIDIARY
CONSOLIDATED SCHEDULE OF INVESTMENTS
September 30, 2013 (Unaudited) and June 30, 2013 (Audited)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	September 30, 2013 (Unaudited)			% of Net Assets
			Principal Value	Cost	Fair Value(2)	
LEVEL 3 PORTFOLIO INVESTMENTS:						
Control Investments (greater than 25.00% voting control)(40)						
AIRMALL USA, Inc.(27)	Pennsylvania / Property Management	Senior Secured Term Loan (12.00% (LIBOR + 9.00% with 3.00% LIBOR floor), due 6/30/2015)(3), (4)	\$ 28,600	\$ 28,600	\$ 28,600	1.0%
		Senior Subordinated Term Loan (12.00% plus 6.00% PIK, due 12/31/2015)	12,500	12,500	12,500	0.4%
		Convertible Preferred Stock (9,919.684 shares)		9,920	8,920	0.3%
		Common Stock (100 shares)			1,391	0.1%
				51,020	51,411	51,411
Ajax Rolled Ring & Machine, Inc.	South Carolina / Manufacturing	Senior Secured Note Tranche A (10.50% (LIBOR + 7.50% with 3.00% LIBOR floor), due 3/30/2018) (4)	19,636	19,636	19,636	0.7%
		Subordinated Unsecured Term Loan (11.50% (LIBOR + 8.50% with 3.00% LIBOR floor) plus 6.00% PIK, due 3/30/2018)(4)	20,008	20,008	8,448	0.3%
		Convertible Preferred Stock Series A (6,142.6 shares)		6,057		0.0%
		Unrestricted Common Stock (6 shares)				0.0%
				45,701	28,084	28,084
APH Property Holdings, LLC(32)	Georgia / Real Estate	Senior Secured Note (6.00% (LIBOR + 4.00% with 2.00% LIBOR floor) plus 5.50% PIK, due 10/24/2020)(4)	127,374	127,374	127,374	4.4%
		Common Stock (148,951 shares)		26,648	26,648	0.9%
				154,022	154,022	154,022
AWCNC, LLC(19)	North Carolina / Machinery	Members Units Class A (1,800,000 units)				0.0%
		Members Units Class B-1 (1 unit)				0.0%
		Members Units Class B-2 (7,999,999 units)				0.0%
					0.0%	
Borga, Inc.	California / Manufacturing	Revolving Line of Credit \$1,150 Commitment (5.00% (PRIME + 1.75%) plus 3.00% default interest, in non-accrual status effective 03/02/2010, past due)(4), (25)	1,150	1,095	562	0.0%
		Senior Secured Term Loan B (8.50% (PRIME + 5.25%) plus 3.00% default interest, in non-accrual status effective	1,612	1,501		0.0%

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		03/02/2010, past due)(4) Senior Secured Term Loan C (12.00% plus 4.00% PIK plus 3.00% default interest, in non-accrual status effective 03/02/2010, past due)	9,839	707		0.0%
		Common Stock (100 shares)(21)				0.0%
		Warrants (33,750 warrants)(21)				0.0%
			3,303	562		0.0%
CCPI Holdings Inc.(33)	Ohio / Manufacturing	Senior Secured Note (10.00%, due 12/31/2017)(3)	17,550	17,550	17,550	0.6%
		Senior Secured Note (12.00% plus 7.00% PIK, due 6/30/2018)	7,933	7,933	7,933	0.3%
		Common Stock (100 shares)		8,581	8,012	0.3%
		Net Revenue Interest (4% of Net Revenue)			428	0.0%
			34,064	33,923		1.2%

See notes to consolidated financial statements.

PROSPECT CAPITAL CORPORATION AND SUBSIDIARY
CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
September 30, 2013 (Unaudited) and June 30, 2013 (Audited)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	September 30, 2013 (Unaudited)			
			Principal Value	Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS:						
Control Investments (greater than 25.00% voting control)(40)						
CP Holdings of Delaware LLC(38)	Oklahoma / Oil & Gas Production	Senior Secured Note (9.00% (LIBOR + 7.00% with 2.00% LIBOR floor) plus 9.00% PIK, due 8/2/2018) (4)	\$ 58,773	\$ 58,773	\$ 58,773	2.0%
		Senior Secured Note (11.00% (LIBOR + 9.00% with 2.00% LIBOR floor), due 8/2/2018) (4)	22,500	22,500	22,500	0.8%
		Common Stock (100 shares)		12,741	10,750	0.4%
				94,014	92,023	3.2%
Credit Central Holdings of Delaware, LLC (22), (34)	Ohio / Consumer Finance	Senior Secured Revolving Credit Facility \$60,000 Commitment (20.00% (LIBOR + 18.50% with 1.50% LIBOR floor), due 12/31/2022)(4), (25)	38,082	38,082	38,082	1.3%
		Common Stock (100 shares)		9,581	12,237	0.4%
		Net Revenue Interest (5% of Net Revenue)			3,040	0.1%
				47,663	53,359	1.8%
Energy Solutions Holdings, Inc.(8)	Texas / Energy	Junior Secured Note (18.00%, due 12/12/2016)	4,250	4,250	4,250	0.2%
		Senior Secured Note to Vessel Holdings LLC (18.00%, due 12/12/2016)	3,500	3,500	3,500	0.1%
		Subordinated Secured Note to Freedom Marine Holdings, LLC (12.00% (LIBOR + 6.11% with 5.89% LIBOR floor) plus 4.00% PIK, in non-accrual status effective 10/1/2010, past due) (4)	14,048	12,504	9,750	0.3%
		Senior Secured Debt to Yatesville Coal Holdings, Inc. (Non-accrual status effective 1/1/2009, past due)	1,449	1,449		0.0%
		Common Stock (100 shares)		8,318	6,090	0.2%
				30,021	23,590	0.8%
First Tower Holdings of Delaware, LLC (22), (29)	Mississippi / Consumer Finance	Senior Secured Revolving Credit Facility \$400,000 Commitment (20.00% (LIBOR + 18.50% with 1.50% LIBOR floor), due 6/30/2022)(4), (25)	264,760	264,760	264,760	9.1%
		Common Stock (83,729,323 shares)		43,193	34,937	1.2%
		Net Revenue Interest (5% of Net Revenue & Distributions)			13,976	0.5%

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			307,953	313,673	10.8%
The Healing Staff, Inc.(9)	North Carolina / Contracting	Secured Promissory Notes (15.00%, in non-accrual status effective 12/22/2010, past due)	1,688	1,686	0.0%
		Senior Demand Note (15.00%, in non-accrual status effective 11/1/2010, past due)	1,170	1,170	0.0%
		Common Stock (1,000 shares)		975	0.0%
				3,831	0.0%
Manx Energy, Inc.(12)	Kansas / Oil & Gas Production	Senior Secured Note (13.00%, in non-accrual status effective 1/19/2010, past due)	500	500	0.0%
		Preferred Stock (6,635 shares)		413	0.0%
		Common Stock (17,082 shares)			0.0%
				500	413

See notes to consolidated financial statements.

PROSPECT CAPITAL CORPORATION AND SUBSIDIARY
CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
September 30, 2013 (Unaudited) and June 30, 2013 (Audited)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	September 30, 2013 (Unaudited)			% of Net Assets
			Principal Value	Cost	Fair Value(2)	
LEVEL 3 PORTFOLIO INVESTMENTS:						
Control Investments (greater than 25.00% voting control)(40)						
MITY Holdings of Delaware Inc.(17)	Utah / Durable Consumer Products	Senior Secured Note (9.00% (LIBOR + 7.00% with 2.00% LIBOR floor) plus 9.00% PIK, due 9/19/2019)				
		(4)	\$ 22,792	\$ 22,792	\$ 22,792	0.8%
		Senior Secured Note (10.00% (LIBOR + 7.00% with 3.00% LIBOR floor), due 3/19/2019) (4)	18,250	18,250	18,250	0.6%
		Common Stock (100 shares)		6,943	6,943	0.2%
				47,985	47,985	1.6%
Nationwide Acceptance Holdings, LLC (22), (36)	Illinois / Consumer Finance	Senior Secured Revolving Credit Facility \$30,000 Commitment (20.00% (LIBOR + 18.50% with 1.50% LIBOR floor), due 1/31/2023)(4), (25)	21,308	21,308	21,308	0.7%
		Membership Units (100 shares)		3,843	3,843	0.1%
		Net Revenue Interest (5% of Net Revenue)			1,869	0.1%
				25,151	27,020	0.9%
NMMB Holdings, Inc. (24)	New York / Media	Senior Term Loan (14.00%, due 5/6/2016)	16,000	16,000	10,727	0.4%
		Senior Subordinated Term Loan (15.00%, due 5/6/2016)	2,800	2,800		0.0%
		Series A Preferred Stock (4,400 shares)		4,400		0.0%
				23,200	10,727	0.4%
R-V Industries, Inc.	Pennsylvania / Manufacturing	Senior Subordinated Note (10.00% (LIBOR + 9.00% with 1.00% LIBOR floor), due 6/12/2018)(3), (4)	32,750	32,750	32,750	1.1%
		Warrants (200,000 warrants, expiring 6/30/2017)		1,682	6,754	0.2%
		Common Stock (545,107 shares)		5,087	18,409	0.7%
				39,519	57,913	2.0%
Valley Electric Holdings I, Inc.(35)	Washington / Construction & Engineering	Senior Secured Note (9.00% (LIBOR + 6.00%, with 3.00% LIBOR floor) plus 9.00% PIK, due 12/31/2018)(4)	34,846	34,846	33,533	1.2%
		Senior Secured Note (8.00% (LIBOR + 5.00% with 3.00% LIBOR floor) plus 2.50% PIK, due 12/31/2017)(3), (4)	10,040	10,040	10,040	0.3%

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		Common Stock (50,000 shares)		9,526	3,139	0.1%
		Net Revenue Interest (5% of Net Revenue)			899	0.0%
				54,412	47,611	1.6%
Wolf Energy Holdings, Inc.(12), (37)	Kansas / Oil & Gas Production	Senior Secured Promissory Note secured by assets formerly owned by H&M (18.00%, in non-accrual status effective 4/15/2013, due 4/15/2018)	22,000		4,210	0.2%
		Appalachian Energy Holdings, LLC (AEH) Senior Secured First Lien Note (8.00%, in non-accrual status effective 1/19/2010, past due)	2,698	2,000	474	0.0%
		Appalachian Energy Holdings, LLC (AEH) Senior Secured First Lien Note (8.00%, in non-accrual status, past due)	52	50	52	0.0%
		Coalbed, LLC Senior Secured Note (8.00%, in non-accrual status effective 1/19/2010, past due)(6)	8,098	5,991		0.0%
		Common Stock (100 shares)				0.0%
		Net Profits Interest (8.00% payable on Equity distributions)(7)			520	0.0%
				8,041	5,256	0.2%
		Total Control Investments		970,400	947,572	32.6%

See notes to consolidated financial statements.

PROSPECT CAPITAL CORPORATION AND SUBSIDIARY
CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
September 30, 2013 (Unaudited) and June 30, 2013 (Audited)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	September 30, 2013 (Unaudited)			% of Net Assets
			Principal Value	Cost	Fair Value(2)	
LEVEL 3 PORTFOLIO INVESTMENTS:						
Affiliate Investments (5.00% to 24.99% voting control)(41)						
BNN Holdings Corp. (f/k/a Biotronic NeuroNetwork)	Michigan / Healthcare	Senior Secured Note (10.00% (LIBOR + 8.00% with 2.00% LIBOR floor), due 12/17/2017)(3), (4)	\$ 29,400	\$ 29,400	\$ 29,400	1.0%
		Preferred Stock Series A (9,925.455 shares)(13)		2,300	1,805	0.1%
		Preferred Stock Series B (1,753.64 shares)(13)		579	384	0.0%
				32,279	31,589	1.1%
Boxercraft Incorporated(20)	Georgia / Textiles & Leather	Senior Secured Term Loan A (10.00% plus 1.00% PIK, due 9/15/2015)	1,717	1,717	1,717	0.1%
		Senior Secured Term Loan B (10.00% plus 1.00% PIK, due 9/15/2015)	4,905	4,905	3,801	0.1%
		Senior Secured Term Loan C (10.00% plus 1.00% PIK, due 9/15/2015)	2,377	2,377		0.0%
		Senior Secured Term Loan (10.00% plus 1.00% PIK, due 9/15/2015)	8,346	8,046		0.0%
		Preferred Stock (1,000,000 shares)				0.0%
		Common Stock (10,000 shares)				0.0%
		Warrants (1 warrant, expiring 8/31/2022)				0.0%
				17,045	5,518	0.2%
Smart, LLC(14)	New York / Diversified / Conglomerate Service	Membership Interest			318	0.0%
					318	0.0%
				49,324	37,425	1.3%
Total Affiliate Investments						
Non-control/Non-affiliate Investments (less than 5.00% of voting control)						
ADAPCO, Inc.	Florida / Ecological	Common Stock (5,000 shares)				0.0%
						0.0%
Aderant North America, Inc.	Georgia / Software & Computer Services	Second Lien Term Loan (10.00% (LIBOR + 8.75% with 1.25% LIBOR floor), due 6/20/2019)(4)	7,000	6,904	7,000	0.2%
				6,904	7,000	0.2%
Aircraft Fasteners International, LLC	California / Machinery	Convertible Preferred Stock (32,500 units)		396	570	0.0%
				396	570	0.0%
ALG USA Holdings, LLC	Pennsylvania / Hotels, Restaurants & Leisure	Second Lien Term Loan (10.25% (LIBOR + 9.00% with 1.25% LIBOR floor), due 2/28/2020)(4)	12,000	11,772	12,000	0.4%

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Allied Defense Group, Inc.	Virginia / Aerospace & Defense	Common Stock (10,000 shares)		11,772	12,000	0.4%
				56		0.0%
				56		0.0%
American Broadband Holding Company and Cameron Holdings of NC, Inc.	North Carolina / Telecommunication Services	Senior Secured Term Loan B (11.00% (LIBOR + 9.75% with 1.25% LIBOR floor), due 9/30/2018) (4)	75,000	75,000	75,000	2.6%
				75,000	75,000	2.6%
American Gilsonite Company	Utah / Specialty Minerals	Second Lien Term Loan (11.50%, due 9/1/2017) Membership Interest in AGC/PEP, LLC (99.9999%)(15)	38,500	38,500	38,500	1.3%
					3,169	0.1%
				38,500	41,669	1.4%

See notes to consolidated financial statements.

PROSPECT CAPITAL CORPORATION AND SUBSIDIARY
CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
September 30, 2013 (Unaudited) and June 30, 2013 (Audited)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	Principal Value	September 30, 2013 (Unaudited)		% of Net Assets
				Cost	Fair Value(2)	
LEVEL 3 PORTFOLIO INVESTMENTS:						
Non-control/Non-affiliate Investments (less than 5.00% of voting control)						
Apidos CLO VIII, Ltd.(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	\$ 19,730	\$ 19,888	\$ 20,367	0.7%
				19,888	20,367	0.7%
Apidos CLO IX, Ltd.(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	20,525	19,194	20,073	0.7%
				19,194	20,073	0.7%
Apidos CLO XI, Ltd.(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	38,340	36,157	38,528	1.3%
				36,157	38,528	1.3%
Apidos CLO XII, Ltd.(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	44,063	43,710	41,339	1.4%
				43,710	41,339	1.4%
Apidos CLO XV, Ltd.(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	36,515	36,515	36,402	1.3%
				36,515	36,402	1.3%
Arctic Glacier U.S.A, Inc. (3), (4)	Minnesota / Food Products	Second Lien Term Loan (11.25% (LIBOR + 10.00% with 1.25% LIBOR floor), due 11/10/2019)	150,000	150,000	150,000	5.2%
				150,000	150,000	5.2%
Armor Holding II LLC(16)	New York / Diversified Financial Services	Second Lien Term Loan (10.25% (LIBOR + 9.00% with 1.25% LIBOR floor), due 12/26/2020) (3), (4)	7,000	6,864	6,864	0.2%
				6,864	6,864	0.2%
Atlantis Healthcare Group (Puerto Rico), Inc.(4)	Puerto Rico / Healthcare	Revolving Line of Credit \$7,000 Commitment (10.00% (LIBOR + 8.00% with 2.00% LIBOR floor), due 2/21/2014)(25), (26)	2,000	2,000	2,000	0.1%
		Senior Term Loan (10.00% (LIBOR + 8.00% with 2.00% LIBOR floor), due 2/21/2018)(3)	39,253	39,253	37,307	1.3%
				41,253	39,307	1.4%
Babson CLO Ltd 2011-I(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	35,000	35,301	35,724	1.2%
				35,301	35,724	1.2%
Babson CLO Ltd 2012-IA(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	29,075	25,083	28,208	1.0%
				25,083	28,208	1.0%
			27,850	28,403	28,571	1.0%

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Babson CLO Ltd 2012-IIA(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)		28,403	28,571	1.0%
Blue Coat Systems, Inc.(16)	Massachusetts / Software & Computer Services	Second Lien Term Loan (9.50% (LIBOR + 8.50% with 1.00% LIBOR floor), due 6/28/2020)(4)	11,000	10,893	10,893	0.4%
				10,893	10,893	0.4%

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARY
CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
September 30, 2013 (Unaudited) and June 30, 2013 (Audited)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	September 30, 2013 (Unaudited)			
			Principal Value	Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS:						
Non-control/Non-affiliate Investments (less than 5.00% of voting control)						
Broder Bros., Co.	Pennsylvania / Textiles, Apparel & Luxury Goods	Senior Secured Notes (10.75% (LIBOR + 9.00% with 1.75% LIBOR floor), due 6/27/2018)(3), (4)	\$ 99,000	\$ 99,000	\$ 99,000	3.4%
				99,000	99,000	3.4%
Brookside Mill CLO Ltd.(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	26,000	24,235	25,162	0.9%
				24,235	25,162	0.9%
Byrider Systems Acquisition Corp. (22)	Indiana / Auto Finance	Senior Subordinated Notes (12.00% plus 2.00% PIK, due 11/3/2016)(3)	10,972	10,972	10,855	0.4%
				10,972	10,855	0.4%
Caleel + Hayden, LLC (14), (31)	Colorado / Personal & Nondurable Consumer Products	Membership Units (13,220 shares) Escrow Receivable			147	0.0%
					89	0.0%
					236	0.0%
Capstone Logistics, LLC(4)	Georgia / Commercial Services	Senior Secured Term Loan A (6.50% (LIBOR + 5.00% with 1.50% LIBOR floor), due 9/16/2016) Senior Secured Term Loan B (11.50% (LIBOR + 10.00% with 1.50% LIBOR floor), due 9/16/2016)(3)	96,683	96,683	96,683	3.4%
			100,000	100,000	100,000	3.4%
				196,683	196,683	6.8%
Cargo Airport Services USA, LLC	New York / Transportation	Common Equity (1.6 units)		1,639	1,833	0.1%
				1,639	1,833	0.1%
Cent 17 CLO Limited(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	24,870	23,837	25,818	0.9%
				23,837	25,818	0.9%
CIFC Funding 2011-I, Ltd.(4), (22)	Cayman Islands / Diversified Financial Services	Secured Class D Notes (5.27% (LIBOR + 5.00%), due 1/19/2023) Unsecured Class E Notes (7.27% (LIBOR + 7.00%), due 1/19/2023)	19,000	15,096	16,144	0.5%
			15,400	12,680	13,176	0.5%
				27,776	29,320	1.0%
CIFC Funding 2013-III, Ltd. (22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	44,100	41,528	42,852	1.5%
				41,528	42,852	1.5%
Cinedigm DC Holdings, LLC (4)	New York / Software & Computer Services	Senior Secured Term Loan (11.00% (LIBOR + 9.00% with 2.00% LIBOR floor) plus 2.50% PIK, due	69,315	69,315	69,315	2.4%

3/31/2021)

69,315

69,315

2.4%

See notes to consolidated financial statements.

PROSPECT CAPITAL CORPORATION AND SUBSIDIARY
CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
September 30, 2013 (Unaudited) and June 30, 2013 (Audited)

(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	September 30, 2013 (Unaudited)			
			Principal Value	Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS:						
Non-control/Non-affiliate Investments (less than 5.00% of voting control)						
The Copernicus Group, Inc.	North Carolina / Healthcare	Escrow Receivable		\$	\$ 131	0.0%
					131	0.0%
Correctional Healthcare Holding Company, Inc.	Colorado / Healthcare	Second Lien Term Loan (11.25%, due 1/11/2020) (3)	\$ 27,100	27,100	27,100	0.9%
				27,100	27,100	0.9%
Coverall North America, Inc.	Florida / Commercial Services	Senior Secured Term Loan (11.50% (LIBOR + 8.50% with 3.00% LIBOR floor), due 12/17/2017)(3), (4)	44,122	44,122	44,122	1.5%
				44,122	44,122	1.5%
CRT MIDCO, LLC	Wisconsin / Media	Senior Secured Term Loan (10.50% (LIBOR + 7.50% with 3.00% LIBOR floor), due 6/30/2017)(3), (4)	70,731	70,731	70,731	2.4%
				70,731	70,731	2.4%
Deltek, Inc.	Virginia / Software & Computer Services	Second Lien Term Loan (10.00% (LIBOR + 8.75% with 1.25% LIBOR floor), due 10/10/2019)(4)	12,000	11,837	12,000	0.4%
				11,837	12,000	0.4%
Diamondback Operating, LP	Oklahoma / Oil & Gas Production	Net Profits Interest (15.00% payable on Equity distributions) (7)				0.0%
						0.0%
Edmentum, Inc. (f/k/a Archipelago Learning, Inc.)(4)	Minnesota / Consumer Services	Second Lien Term Loan (11.25% (LIBOR + 9.75% with 1.50% LIBOR floor), due 5/17/2019) (3)	50,000	48,271	50,000	1.7%
				48,271	50,000	1.7%
EIG Investors Corp.	Massachusetts / Software & Computer Services	Second Lien Term Loan (10.25% (LIBOR + 9.00% with 1.25% LIBOR floor), due 5/09/2020)(4), (16)	22,000	21,798	22,000	0.8%
				21,798	22,000	0.8%
Empire Today, LLC	Illinois / Durable Consumer Products	Senior Secured Note (11.375%, due 2/1/2017)	15,700	15,353	14,180	0.5%
				15,353	14,180	0.5%
Evanta Ventures, Inc. (11)	Oregon / Commercial Services	Subordinated Unsecured (12.00% plus 1.00% PIK, due 9/28/2018)	10,506	10,506	10,717	0.4%
				10,506	10,717	0.4%

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EXL Acquisition Corp.		South Carolina / Biotechnology		Escrow Receivable						14		0.0%
										14		0.0%

See notes to consolidated financial statements.

PROSPECT CAPITAL CORPORATION AND SUBSIDIARY
CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
September 30, 2013 (Unaudited) and June 30, 2013 (Audited)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	September 30, 2013 (Unaudited)			
			Principal Value	Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS:						
Non-control/Non-affiliate Investments (less than 5.00% of voting control)						
Fairchild Industrial Products, Co.	North Carolina / Electronics	Escrow Receivable		\$	\$ 135	0.0%
					135	0.0%
Fischbein, LLC	North Carolina / Machinery	Escrow Receivable			227	0.0%
					227	0.0%
Focus Brands, Inc. (4)	Georgia / Consumer Services	Second Lien Term Loan (10.25% (LIBOR + 9.00% with 1.25% LIBOR floor), due 8/21/2018)	\$ 18,000	17,742	18,000	0.6%
				17,742	18,000	0.6%
FPG, LLC	Illinois / Durable Consumer Products	Senior Secured Term Loan (12.00% (LIBOR + 11.00% with 1.00% LIBOR floor), due 1/20/2017)(4)	21,125	21,125	20,822	0.7%
		Common Stock (5,638 shares)		27	13	0.0%
				21,152	20,835	0.7%
Galaxy XII CLO, Ltd.(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	22,000	20,506	23,346	0.8%
				20,506	23,346	0.8%
Galaxy XV CLO, Ltd.(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	35,025	32,307	31,750	1.1%
				32,307	31,750	1.1%
Galaxy XVI CLO, Ltd.(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	22,575	20,945	20,484	0.7%
				20,945	20,484	0.7%
Grocery Outlet, Inc.	California / Retail	Second Lien Term Loan (10.50% (LIBOR + 9.25% with 1.25% LIBOR floor), due 6/17/2019)(4)	14,457	14,137	14,457	0.5%
				14,137	14,457	0.5%
GTP Operations, LLC (f/k/a CI (Transplace) Holdings, LLC)(4)	Texas / Software & Computer Services	Senior Secured Term Loan (10.00% (LIBOR + 5.00% with 5.00% LIBOR floor), due 6/11/2019) (3) ,(10)	114,425	114,425	114,425	3.9%
				114,425	114,425	3.9%
Gulf Coast Machine & Supply Company	Texas / Manufacturing	Senior Secured Term Loan (10.50% (LIBOR + 8.50% with 2.00% LIBOR floor), due 10/12/2017)(4)	41,213	41,213	12,998	0.4%
				41,213	12,998	0.4%
			23,188	21,685	23,596	0.8%

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Halcyon Loan Advisors Funding 2012-I, Ltd.(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)								
								21,685	23,596	0.8%
Halcyon Loan Advisors Funding 2013-I, Ltd.(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	40,400					42,890	39,564	1.4%
								42,890	39,564	1.4%

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARY
CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
September 30, 2013 (Unaudited) and June 30, 2013 (Audited)
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	September 30, 2013 (Unaudited)			
			Principal Value	Cost	Fair Value(2)	% of Net Assets
LEVEL 3 PORTFOLIO INVESTMENTS:						
Non-control/Non-affiliate Investments (less than 5.00% of voting control)						
Hoffmaster Group, Inc.(4)	Wisconsin / Personal & Nondurable Consumer Products	Second Lien Term Loan (11.00% (LIBOR + 9.50% with 1.50% LIBOR floor), due 1/3/2019)	\$ 20,000	\$ 19,837	\$ 19,122	0.7%
		Second Lien Term Loan (10.25% (LIBOR + 9.00% with 1.25% LIBOR floor), due 1/3/2019)	1,000	991	932	0.0%
				20,828	20,054	0.7%
ICON Health & Fitness, Inc.	Utah / Durable Consumer Products	Senior Secured Note (11.875%, due 10/15/2016)(3)	43,100	43,297	37,497	1.3%
				43,297	37,497	1.3%
IDQ Holdings, Inc.	Texas / Automobile	Senior Secured Note (11.50%, due 4/1/2017)	12,500	12,310	12,500	0.4%
				12,310	12,500	0.4%
ING IM CLO 2012-II, Ltd.(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	38,070	33,518	38,477	1.3%
				33,518	38,477	1.3%
ING IM CLO 2012-III, Ltd.(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	46,632	42,614	47,322	1.6%
				42,614	47,322	1.6%
ING IM CLO 2012-IV, Ltd.(22)	Cayman Islands / Diversified Financial Services	Income Notes (Residual Interest)	40,613	37,855	41,867	1.4%
				37,855	41,867	1.4%
Injured Workers Pharmacy LLC	Massachusetts / Healthcare	Second Lien Debt (11.50% (LIBOR + 7.00% with 4.50% LIBOR floor) plus 1.00% PIK, due 5/31/2019)(3), (4)	22,506	22,506	22,506	0.8%
				22,506	22,506	0.8%
Interdent, Inc.(4)	California / Healthcare	Senior Secured Term Loan A (8.00% (LIBOR + 6.50% with 1.50% LIBOR floor), due 8/3/2017)	53,131	53,131	53,131	1.8%
		Senior Secured Term Loan B (13.00% (LIBOR + 10.00% with 3.00% LIBOR floor), due 8/3/2017)(3)	55,000	55,000	55,000	1.9%
				108,131	108,131	3.7%
JHH Holdings, Inc.	Texas / Healthcare	Second Lien Debt (11.25% (LIBOR + 10.00% with 1.25% LIBOR floor) plus 0.50% PIK, due 3/30/2019)(3), (4)	35,000	35,000	35,000	1.2%

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							35,000		35,000		1.2%
LaserShip, Inc.(4)		Virginia / Transportation		Revolving Line of Credit \$5,000 Commitment (10.25% (LIBOR + 8.25% with 2.00% LIBOR floor), due 12/21/2014)(25)							0.0%
				Senior Secured Term Loan (10.25% (LIBOR + 8.25% with 2.00% LIBOR floor), due 12/21/2017)(3)	36,797		36,797		36,797		1.3%
							36,797		36,797		1.3%

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PROSPECT CAPITAL CORPORATION AND SUBSIDIARY
CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)
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Portfolio Company	Locale / Industry	Investments(1)	Principal Value	September 30, 2013 (Unaudited)		% of Net Assets
				Cost	Fair Value(2)	
LEVEL 3 PORTFOLIO INVESTMENTS:						
Non-control/Non-affiliate Investments (less than 5.00% of voting control)						
LCM XIV CLO Ltd.(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	\$ 26,500	\$ 26,161	\$ 25,732	0.9%
				26,161	25,732	0.9%
LHC Holdings Corp.	Florida / Healthcare	Revolving Line of Credit \$750 Commitment (8.50% (LIBOR + 6.00% with 2.50% LIBOR floor), due 5/31/2015)(4), (25), (26)				0.0%
		Senior Subordinated Debt (10.50%, due 5/31/2015)(3)	2,665	2,665	2,665	0.1%
		Membership Interest (125 units)		216	256	0.0%
				2,881	2,921	0.1%
Madison Park Funding IX, Ltd.(22)	Cayman Islands / Diversified Financial Services	Income Notes (Residual Interest)	31,110	26,061	27,703	1.0%
				26,061	27,703	1.0%
Material Handling Services, LLC (4)	Ohio / Business Services	Senior Secured Term Loan (10.50% (LIBOR + 8.50% with 2.00% LIBOR floor), due 7/5/2017) (3)	27,300	27,300	27,322	0.9%
		Senior Secured Term Loan (10.00% (LIBOR + 8.00% with 2.00% LIBOR floor), due 12/21/2017)	37,578	37,578	37,174	1.3%
				64,878	64,496	2.2%
Matrixx Initiatives, Inc. (4)	New Jersey / Pharmaceuticals	Revolving Line of Credit \$10,000 Commitment (10.00% (LIBOR + 8.50% with 1.50% LIBOR floor), due 2/9/2014)(25)	4,000	4,000	4,000	0.1%
		Senior Secured Term Loan A (7.50% (LIBOR + 6.00% with 1.50% LIBOR floor), due 8/9/2018)	35,000	35,000	35,000	1.2%
		Senior Secured Term Loan B (12.50% (LIBOR + 11.00% with 1.50% LIBOR floor), due 8/9/2018)	35,000	35,000	35,000	1.2%
				74,000	74,000	2.5%
Maverick Healthcare, LLC	Arizona / Healthcare	Preferred Units (1,250,000 units)		1,252	677	0.0%
		Common Units (1,250,000 units)				0.0%
				1,252	677	0.0%
Mountain View CLO 2013-I Ltd.(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	43,650	44,523	43,056	1.5%

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				44,523	43,056	1.5%
National Bankruptcy Services, LLC (4)	Texas / Diversified Financial Services	Senior Subordinated Term Loan (12.00% (LIBOR + 9.00% with 3.00% LIBOR floor) plus 1.50% PIK, due 7/17/2017)	18,755	18,755	11,004	0.4%
				18,755	11,004	0.4%
Naylor, LLC(4)	Florida / Media	Revolving Line of Credit \$2,500 Commitment (11.00% (LIBOR + 8.00% with 3.00% LIBOR floor), due 6/7/2017)(25)				