

PROSPECT CAPITAL CORP

Form PRE 14A

August 28, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

Prospect Capital Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
 - Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
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 - (3) Filing Party:
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PRELIMINARY PROXY STATEMENT-SUBJECT TO COMPLETION

PROSPECT CAPITAL CORPORATION

10 East 40th Street, 42nd Floor

New York, New York 10016

September __, 2015

Dear Stockholder:

You are cordially invited to attend the 2015 Annual Meeting of Stockholders, or the Annual Meeting, of Prospect Capital Corporation, a Maryland corporation (the "Company" or "we," "us" or "our"), to be held on Friday, December 4, 2015, at 10:30 a.m., Eastern Time, at the offices of the Company, 10 East 40th Street, 42nd Floor, New York, New York 10016.

The notice of Annual Meeting and proxy statement accompanying this letter provide an outline of the business to be conducted at the meeting. At the meeting, you will be asked to elect two directors of the Company and to consider and vote on a proposal to authorize the Company, with approval of its Board of Directors, to sell shares of the Company's common stock at a price or prices below the Company's then current net asset value per share in one or more offerings subject to certain limitations set forth in the accompanying proxy statement (including, without limitation, that the number of shares sold on any given date does not exceed 25% of the Company's outstanding common stock immediately prior to such sale).

It is important that you be represented at the Annual Meeting. Please complete, sign, date and return your proxy card to us in the enclosed, postage-prepaid envelope at your earliest convenience, even if you plan to attend the meeting. If you prefer, you can authorize your proxy through the Internet or by telephone as described in the proxy statement and on the enclosed proxy card. If you attend the meeting, you may revoke your proxy prior to its exercise and vote in person at the meeting. Your vote is very important to us. I urge you to submit your proxy as soon as possible.

If you have any questions about the proposals to be voted on, please call our solicitor, AST Fund Solutions, LLC, at (866) 387-0770.

Further, from time to time we may repurchase a portion of our common shares and are notifying you of our intention as required by applicable securities law.

Sincerely yours,

John F. Barry III

Chief Executive Officer

PRELIMINARY PROXY STATEMENT-SUBJECT TO COMPLETION

PROSPECT CAPITAL CORPORATION

10 East 40th Street, 42nd Floor
New York, New York 10016
(212) 448-0702

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON DECEMBER 4, 2015

To the Stockholders of Prospect Capital Corporation:

The 2015 Annual Meeting of Stockholders, or the Annual Meeting, of Prospect Capital Corporation, a Maryland corporation (the "Company" or "we," "us" or "our"), will be held at the offices of the Company, 10 East 40th Street, 42nd Floor, New York, New York 10016 on Friday, December 4, 2015, at 10:30 a.m., Eastern Time, for the following purposes:

1. To elect two Class II directors of the Company to serve until the Annual Meeting of Stockholders in 2018, in each case until his successor is duly elected and qualifies;
2. To authorize the Company, with approval of its Board of Directors, to sell shares of its common stock (during the next 12 months) at a price or prices below the Company's then current net asset value per share in one or more offerings subject to certain conditions as set forth in the accompanying proxy statement (including that the number of shares sold on any given date does not exceed 25% of its outstanding common stock immediately prior to such sale); and
3. To transact such other business as may properly come before the Annual Meeting and any adjournments, postponements or delays thereof.

You have the right to receive notice of and to vote at the Annual Meeting if you were a stockholder of record at the close of business on September 10, 2015. Please complete, sign, date and return your proxy card to us in the enclosed, postage-prepaid envelope at your earliest convenience, even if you plan to attend the Annual Meeting. If you prefer, you can authorize your proxy through the Internet or by telephone as described in the proxy statement and on the enclosed proxy card. If you attend the meeting, you may revoke your proxy prior to its exercise and vote in person at the meeting. In the event that there are not sufficient stockholders present for a quorum or sufficient votes to approve a proposal at the time the Annual Meeting is convened, the Annual Meeting may be adjourned from time to time in order to permit further solicitation of proxies by the Company.

If you have any questions about the proposals to be voted on, please call our solicitor, AST Fund Solutions, LLC, at (866) 387-0770.

By Order of the Board of Directors,
Brian H. Oswald
Chief Financial Officer,
Chief Compliance Officer, Treasurer and Secretary
New York, New York
September __, 2015

This is an important meeting. To ensure proper representation at the Annual Meeting, please complete, sign, date and return the proxy card in the enclosed, postage-prepaid envelope, or authorize a proxy to vote your shares by telephone or through the Internet. Even if you authorize a proxy prior to the Annual Meeting, you still may attend the Annual Meeting, revoke your proxy, and vote your shares in person.

PROSPECT CAPITAL CORPORATION

10 East 40th Street, 42nd Floor
New York, New York 10016
(212) 448-0702

PROXY STATEMENT

2015 Annual Meeting of Stockholders

This proxy statement, or this Proxy Statement, is furnished in connection with the solicitation of proxies by the Board of Directors of Prospect Capital Corporation, a Maryland corporation (the “Company” or “we,” “us” or “our”), for use at our 2015 Annual Meeting of Stockholders, or the Annual Meeting, to be held on Friday, December 4, 2015, at 10:30 a.m., Eastern Time, at our offices, 10 East 40th Street, 42nd Floor, New York, New York 10016, and at any postponements, adjournments or delays thereof. This Proxy Statement, the accompanying proxy cards and the Company’s Annual Report for the fiscal year ended June 30, 2015 are first being sent to stockholders on or about September 23, 2015. Unlike many companies where the majority of the outstanding shares are held by institutional investors, a majority of our stockholders are retail investors who generally hold smaller numbers of shares than institutional investors. As a result, it is important that every stockholder authorize a proxy so that we can achieve a quorum and hold the Annual Meeting. The presence at the Annual Meeting, in person or by proxy, of stockholders entitled to cast a majority of the votes entitled to be cast at the meeting will constitute a quorum for the transaction of business. If a quorum is not met, then we will be required to adjourn the meeting and incur additional expenses to continue to solicit additional votes. We have engaged a proxy solicitor, AST Fund Solutions, LLC, who may call you and ask you to vote your shares. The proxy solicitor will not attempt to influence how you vote your shares, but only ask that you take the time to cast a vote. You may also be asked if you would like to authorize your proxy over the telephone and to have your voting instructions transmitted to our proxy tabulation firm.

We encourage you to vote, either by voting in person at the Annual Meeting or by granting a proxy (i.e., authorizing someone to vote your shares). If you properly sign and date the accompanying proxy card or authorize a proxy to vote your shares by telephone or through the Internet, and we receive it in time for the Annual Meeting, the persons named as proxies will vote the shares registered directly in your name in the manner that you specified. If you give no instructions on the proxy card, the shares covered by the proxy card will be voted FOR the election of the nominees as directors and FOR the proposal to authorize the Company, with the approval of its Board of Directors, to sell shares of its common stock (during the next 12 months) at a price or prices below the Company’s then current net asset value per share in one or more offerings subject to certain conditions as set forth herein (including that the number of shares sold on any given date does not exceed 25% of its outstanding common stock immediately prior to such sale).

If you are a “stockholder of record” (i.e., you hold shares directly in your name), you may revoke a proxy at any time before it is exercised by notifying the Company’s Secretary in writing, by submitting a properly executed, later-dated proxy, or by voting in person at the Annual Meeting. Any stockholder of record attending the Annual Meeting may vote in person whether or not he or she has previously authorized a proxy.

If your shares are held for your account by a broker, trustee, bank or other institution or nominee, you may vote such shares at the Annual Meeting only if you obtain proper written authority from your institution or nominee and present it at the Annual Meeting. Please bring with you a legal proxy or letter from the broker, trustee, bank or other institution or nominee confirming your beneficial ownership of the shares as of the record date, September 10, 2015.

If your shares are registered in the name of a bank or brokerage firm, you may be eligible to vote your shares electronically via the Internet or by telephone.

For information on how to obtain directions to attend the Annual Meeting in person, please contact our solicitor, AST Fund Solutions, LLC, at (866) 387-0770.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON DECEMBER 4, 2015

The following materials relating to this Proxy Statement are available at <http://www.astportal.com/ast/13601/>:
this Proxy Statement;

- the accompanying Notice of Annual Meeting; and
- the Company's Annual Report for the fiscal year ended June 30, 2015.

Purpose of Annual Meeting

The Annual Meeting has been called for the following purposes:

1. To elect two Class II directors of the Company to serve until the Annual Meeting of Stockholders in 2018, in each case until his successor is duly elected and qualifies;
2. To authorize the Company, with approval of its Board of Directors, to sell shares of its common stock (during the next 12 months) at a price or prices below the Company's then current net asset value per share in one or more offerings subject to certain conditions as set forth herein (including that the number of shares sold on any given date does not exceed 25% of its outstanding common stock immediately prior to such sale); and
3. To transact such other business as may properly come before the Annual Meeting and any adjournments, postponements or delays thereof.

Voting Securities

You may vote your shares at the Annual Meeting only if you were a stockholder of record at the close of business on September 10, 2015 (the "Record Date"). There were shares of the Company's common stock outstanding on the Record Date. Each share of the common stock is entitled to one vote.

Quorum Required

Shares that are present at the Annual Meeting, but then abstain, including by reason of so called "broker non-votes," will be treated as present for purposes of establishing a quorum. A broker non-vote with respect to a matter occurs when a nominee holding shares for a beneficial owner is present at the meeting with respect to such shares, has not received voting instructions from the beneficial owner on the matter in question and does not have, or chooses not to exercise, discretionary authority to vote the shares on such matter.

If a quorum is not present at the Annual Meeting or if there are not sufficient votes to approve a proposal, the chairman of the Annual Meeting or, if a stockholder vote is called, the stockholders who are present at the Annual Meeting, may adjourn the Annual Meeting from time to time to permit further solicitation of proxies.

Vote Required

Proposal I. Election of Directors. The election of a director requires the affirmative vote of the holders of a majority of shares of stock outstanding and entitled to vote thereon. If you vote to "Withhold Authority" with respect to a nominee, your shares will not be voted with respect to the person indicated. Because directors are elected by vote of the holders of a majority of the outstanding shares, votes to "Withhold Authority," abstentions and broker non-votes will have the effect of a vote against a nominee.

Proposal II. Authorization of the Company, with Approval of its Board of Directors, to Sell Shares of its Common Stock (During the Next 12 Months) at a Price or Prices Below the Company's Then Current Net Asset Value Per Share in One or More Offerings Subject to Certain Conditions Described Herein (Including That the Number of Shares Sold on Any Given Date Does Not Exceed 25% of its Outstanding Common Stock Immediately Prior to Such Sale).

Approval of this proposal may be obtained in either of two ways. First, the proposal will be approved if the Company obtains the affirmative vote of (1) a majority of the outstanding shares of common stock entitled to vote at the Annual Meeting; and (2) a majority of the outstanding shares of common stock entitled to vote at the Annual Meeting that are not held by affiliated persons of the Company. For purposes of this alternative, the Investment Company Act of 1940, or 1940 Act, defines "a majority of the outstanding shares" as: (1) 67% or more

of the voting securities present at a meeting if the holders of more than 50% of the outstanding voting securities of such company are present or represented by proxy; or (2) 50% of the outstanding voting securities of a company, whichever is the less. Second, the proposal will also be approved if the Company receives approval from a majority of the number of the beneficial holders of its common stock entitled to vote at the Annual Meeting, without regard to whether a majority of such shares are voted in favor of the proposal. Abstentions and broker non-votes on Proposal II will have the effect of a vote against this proposal.

Additional Solicitation. If a quorum is not present or there are not enough votes to approve a proposal at the Annual Meeting, the chairman of the meeting or, if a stockholder vote is called, the stockholders who are present in person or by proxy, may adjourn the Annual Meeting with respect to any or all of the proposals, including to permit the further solicitation of proxies with respect to any proposal.

If a quorum is present, a stockholder vote may be called on one or more of the proposals described in this Proxy Statement prior to any such adjournment if there are sufficient votes for approval of such proposal(s).

Information Regarding This Solicitation

We will bear the expense of the solicitation of proxies for the Annual Meeting, including the cost of preparing, printing and mailing this Proxy Statement, the accompanying Notice of Annual Meeting of Stockholders and proxy card. If brokers, nominees, fiduciaries and other persons holding shares in their names, or in the name of their nominees, which are beneficially owned by others, forward the proxy materials to and obtain proxies from such beneficial owners, we will reimburse such persons for their reasonable expenses in so doing.

In addition to the solicitation of proxies by the use of the mails, proxies may be solicited in person and by telephone or facsimile transmission by directors, officers or employees of the Company, Prospect Capital Management L.P., or PCM, the Company's investment adviser, and/or Prospect Administration LLC, or Prospect Administration, the Company's administrator. PCM and Prospect Administration are located at 10 East 40th Street, 42nd Floor, New York, New York 10016. Certain other members of the affiliated companies of PCM and Prospect Administration are referred to as "Manager." No additional compensation will be paid to directors, officers or regular employees for such services.

The Company has also retained AST Fund Solutions, LLC to assist in the solicitation of proxies for the Annual Meeting for a fee of approximately \$562,000 plus out-of-pocket expenses.

Stockholders may provide their voting instructions by telephone or through the Internet. These options require stockholders to input the control number which is located on each proxy card. After inputting this number, stockholders will be prompted to provide their voting instructions. Stockholders will have an opportunity to review their voting instructions and make any necessary changes before submitting their voting instructions and terminating their telephone call or Internet link. Stockholders who authorize a proxy via the Internet, in addition to confirming their voting instructions prior to submission, will also receive an e-mail confirming their instructions upon request. Any proxy given pursuant to this solicitation may be revoked by notice from the person giving the proxy at any time before it is exercised. Any such notice of revocation should be provided in writing and signed by the stockholder in the same manner as the proxy being revoked and delivered to our proxy tabulator.

Security Ownership of Certain Beneficial Owners and Management

As of the Record Date, there were no persons that owned 25% or more of our outstanding voting securities, and no person would be deemed to control us, as such term is defined in the 1940 Act.

Our directors are divided into two groups - interested directors and independent directors. Interested directors are "interested persons" of the Company, as defined in the 1940 Act.

The following table sets forth, as of August 27, 2015, certain ownership information with respect to our common stock for those persons who may, insofar as is known to us, directly or indirectly own, control or hold with the power to vote, 5% or more of our outstanding common stock and the beneficial ownership of each current director, the nominees for director, the Company's executive officers, and the executive officers and directors as a group.

Ownership information for those persons, if any, who own, control or hold the power to vote, 5% or more of our shares of common stock is based upon Schedule 13D or Schedule 13G filings by such persons with the Commission and other information obtained from such persons, if available. Such information is as of the date of the applicable filing and may no longer be accurate.

Unless otherwise indicated, we believe that each person set forth in the table below has sole voting and investment power with respect to all shares of the Company's common stock he or she beneficially owns and has the same address as the Company. Our address is 10 East 40th Street, 42nd Floor, New York, New York 10016.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Class(1)	
5% or more holders			
None	—	—	
Interested Directors			
John F. Barry III(2)	5,766,142	1.6	%
M. Grier Eliasek(3)	322,196	*	
Independent Directors			
Andrew C. Cooper	—	—	
William J. Grempe	2,001	*	
Eugene S. Stark	28,000	*	
Executive Officers			
Brian H. Oswald	440,000	*	
Executive officers and directors as a group	6,558,339	1.8	%

*Represents less than one percent.

(1)Based on a total of 355,278,797 shares of our common stock issued and outstanding as of August 26, 2015.

(2)Mr. Barry also serves as the Chief Executive Officer of the Company.

(3)Mr. Eliasek also serves as the Chief Operating Officer of the Company.

The following table sets forth the dollar range of equity securities beneficially owned by each director and each nominee for election as a director of the Company as of August 27, 2015. Information as to beneficial ownership is based on information furnished to the Company by the directors. We are not part of a "family of investment companies" as that term is defined in the 1940 Act.

Name of Director	Dollar Range of Equity Securities Beneficially Owned(1)(2)(3)
Interested Directors	
John F. Barry III	Over \$100,000
M. Grier Eliasek	Over \$100,000
Independent Directors	
Andrew C. Cooper	None
William J. Grempe	\$10,001 - \$50,000
Eugene S. Stark	Over \$100,000

(1) Beneficial ownership has been determined in accordance with Rule 16a-1(a)(2) under the Securities Exchange Act of 1934, which requires pecuniary interest.

(2)The dollar ranges are: none, \$1-\$10,000, \$10,001-\$50,000, \$50,001-\$100,000, or over \$100,000.

(3) The dollar range of our equity securities beneficially owned is based on the closing price of \$7.50 on August 27, 2015 on the NASDAQ Stock Market.

Proposal I: Election of Directors

Pursuant to our Bylaws, our Board of Directors may change the number of directors constituting the Board, provided that the number thereof shall never be less than three nor more than eight. In accordance with the Bylaws, we currently have five directors on our Board of Directors. Directors are elected for staggered terms of three years each, with a term of office of one of the three classes of directors expiring at each annual meeting of stockholders. Each director will hold office for the term to which he or she is elected and until his or her successor is duly elected and qualifies.

Our Class II directors are standing for election this year.

A stockholder can vote for or withhold his or her vote from any nominee. In the absence of instructions to the contrary, it is the intention of the persons named as proxies to vote such proxy FOR the election of the nominees named below. If a

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nominee should decline or be unable to serve as a director, it is intended that the proxy will be voted for the election of such person as is nominated by the Board of Directors as a replacement. The Board of Directors has no reason to believe that any of the persons named below will be unable or unwilling to serve, and each such person has consented to being named in this Proxy Statement and to serve if elected.

The Board of Directors recommends that you vote FOR the election of the nominees named in this Proxy Statement.
Information about the Nominees and Directors

Certain information with respect to the Class II nominees for election at the Annual Meeting, as well as each of the other directors, is set forth below, including their names, ages, a brief description of their recent business experience, including present occupations and employment, certain directorships that each person holds, and the year in which each person became a director of the Company.

The 1940 Act and the NASDAQ rules require that the Company's Board of Directors consist of at least a majority of independent directors. Under the 1940 Act, in order for a director to be deemed independent, he or she, among other things, generally must not: own, control or hold power to vote, 5% or more of the voting securities or be an officer or employee of the Company or of an investment advisor or principal underwriter to the Company; control the Company or an investment advisor or principal underwriter to the Company; be an officer, director or employee of an investment advisor or principal underwriter to the Company; be a member of the immediate family of any of the foregoing persons; knowingly have a direct or indirect beneficial interest in, or be designated as an executor, guardian or trustee of an interest in, any security issued by an investment advisor or principal underwriter to the Company; be a partner or employee of any firm that has acted as legal counsel to Company or an investment advisor or principal underwriter to the Company during the last two years; or have certain relationships with a broker-dealer or other person that has engaged in agency transactions, principal transactions, lent money or other property to, or distributed shares on behalf of the Company. Under NASDAQ rules, in order for a director to be deemed independent, our Board of Directors must determine that the individual does not have a relationship that would interfere with the director's exercise of independent judgment in carrying out his or her responsibilities.

The Board of Directors, in connection with the 1940 Act and NASDAQ rules, has considered the independence of members of the Board of Directors who are not employed by PCM and has concluded that Andrew C. Cooper, William J. Grempe and Eugene S. Stark are not "interested persons" as defined by the 1940 Act and therefore qualify as independent directors under the standards promulgated by the 1940 Act and the NASDAQ rules. In reaching this conclusion, the Board of Directors concluded that Messrs. Cooper, Grempe and Stark had no relationships with PCM or any of its affiliates, other than their positions as directors of the Company and, if applicable, investments in us that are on the same terms as those of other stockholders.

Andrew C. Cooper and M. Grier Eliasek has each been nominated for election as a Class II director to serve until the Annual Meeting of Stockholders in 2018 and until his successor is duly elected and qualifies. Each of Mr. Cooper and Mr. Eliasek is not being proposed for election pursuant to any agreement or understanding with any other director or the Company. Each of Mr. Cooper and Mr. Eliasek has agreed to serve as a director if elected and has consented to be named as a nominee.

Nominees for Class II Directors—Term Expiring in 2018

Independent Director

The following director is not an “interested person” as defined in the 1940 Act.

Name, Address and Age	Position(s) Held with Company	Term at Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Funds in Fund Complex(2) Overseen by Director or Nominee for Director (including the Fund)	Other Directorships Held by Director or Nominee for Director
Andrew C. Cooper, 53(1)	Director	Class II Director since February 2009; Term expires 2015	Mr. Cooper is an entrepreneur, who over the last 15 years has founded, built, run and sold three companies. He is Co-Chief Executive Officer of Unison Energy, LLC, a company that develops, owns and operates, distributed combined heat and power co-generation solutions.	3	Priority Income Fund, Inc. since October 28, 2012(3), Pathway Energy Infrastructure Fund, Inc. since February 19, 2013(3)

(1) The business address of Mr. Cooper is c/o Prospect Capital Corporation, 10 East 40th Street, 42nd Floor, New York, New York 10016.

(2) The Fund Complex consists of the Company, Priority Income Fund, Inc. and Pathway Energy Infrastructure Fund, Inc.

(3) An investment company subject to the 1940 Act.

Interested Director

The following director is an “interested person” as defined in the 1940 Act.

Name, Address and Age	Position(s) Held with Company	Term at Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Funds in Fund Complex(3) Overseen by Director or Nominee for Director (including the Fund)	Other Directorships Held by Director or Nominee for Director
M. Grier Eliasek, 42(1)(2)	Director, President, Chief Operating	Class II Director since June 2004; Term expires 2015	President and Chief Operating Officer of the Company,	3	Priority Income Fund, Inc. since July 31, 2012(4)

Officer	Managing Director of PCM and Prospect Administration, President and CEO of Priority Income Fund, Inc., President and COO of Priority Senior Secured Income Management, LLC, President and CEO of Pathway Energy Infrastructure Fund, Inc., President and COO of Pathway Energy Infrastructure Management, LLC.	Pathway Energy Infrastructure Fund, Inc. since February 19, 2013(4)
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- (1) The business address of Mr. Eliasek is c/o Prospect Capital Corporation, 10 East 40th Street, 42nd Floor, New York, New York 10016.
- (2) Mr. Eliasek is an interested director due to his position as an officer of PCM.
- (3) The Fund Complex consists of the Company, Priority Income Fund, Inc. and Pathway Energy Infrastructure Fund, Inc.
- (4) An investment company subject to the 1940 Act.

Current Directors (not up for election at the Annual Meeting)

Class I Director—Term Expiring 2017

Independent Director

The following director is not an “interested person” as defined in the 1940 Act.

Name, Address and Age	Position(s) Held with Company	Term at Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Funds in Fund Complex(2) Overseen by Director or Nominee for Director (including the Fund)	Other Directorships Held by Director or Nominee for Director
William J. Grempp, 72(1)	Director	Class II Director from 2006 to 2009; Class I Director since April 2010; Term expires 2017	Mr. Grempp is responsible for traditional banking services, credit and lending, private equity and corporate cash management with Merrill Lynch & Co. from 1999 to present.	3	Priority Income Fund, Inc. since October 28, 2012(3) Pathway Energy Infrastructure Fund, Inc. since February 19, 2013(3)

(1) The business address of Mr. Grempp is c/o Prospect Capital Corporation, 10 East 40th Street, 42nd Floor, New York, New York 10016.

(2) The Fund Complex consists of the Company, Priority Income Fund, Inc. and Pathway Energy Infrastructure Fund, Inc.

(3) An investment company subject to the 1940 Act.

Current Directors (not up for election at the Annual Meeting)

Class III Directors—Terms Expiring 2016

Independent Director

The following director is not an “interested person” as defined in the 1940 Act.

Name, Address and Age	Position(s) Held with Company	Term at Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Funds in Fund Complex(2) Overseen by Director or Nominee for Director (including the Fund)	Other Directorships Held by Director or Nominee for Director
Eugene S. Stark, 57(1)	Director	Class III Director since September 2008; Term expires 2016	Principal Financial Officer, Chief Compliance Officer and Vice President—Administration	3	Priority Income Fund, Inc. since October 28, 2012(3)

of General American
Investors Company, Inc.
from May 2005 to
present.

Pathway Energy
Infrastructure
Fund, Inc. since
February 19,
2013(3)

- (1) The business address of Mr. Stark is c/o Prospect Capital Corporation, 10 East 40th Street, 42nd Floor, New York, New York 10016.
- (2) The Fund Complex consists of the Company, Priority Income Fund, Inc. and Pathway Energy Infrastructure Fund, Inc.
- (3) An investment company subject to the 1940 Act.

Interested Director

The following director is an “interested person” as defined in the 1940 Act.

Name, Address and Age	Position(s) Held with Company	Term at Office and Length of Time Served	Principal Occupation(s)	Number of Funds in Fund Complex(3) Overseen by Director or Nominee for Director (including the Fund)	Other Directorships Held by Director or Nominee for Director
John F. Barry III, 63(1)(2)	Director, Chairman of the Board, and Chief Executive Officer	Class III Director since April 2004; Term expires 2016	Chairman and Chief Executive Officer of the Company; Managing Director of PCM and Prospect Administration since June 2004.	1	None

(1) The business address of Mr. Barry is c/o Prospect Capital Corporation, 10 East 40th Street, 42nd Floor, New York, New York 10016.

(2) Mr. Barry is an interested director due to his position as an officer and control person of PCM.

(3) The Fund Complex consists of the Company, Priority Income Fund, Inc. and Pathway Energy Infrastructure Fund, Inc.

Committees of the Board of Directors

Our Board of Directors has established an Audit Committee and a Nominating, Corporate Governance and Compensation Committee. For the fiscal year ended June 30, 2015, our Board of Directors held 10 Board meetings, 8 Audit Committee meetings, and one Nominating, Corporate Governance and Compensation Committee meeting. All directors attended at least 75% of the aggregate number of meetings of the Board and of the respective committees on which they served. We require each director to make a diligent effort to attend all board and committee meetings, as well as each annual meeting of stockholders. Two directors attended last year’s annual meeting of stockholders in person.

The Audit Committee. The Audit Committee operates pursuant to a charter approved by the Board of Directors. The charter sets forth the responsibilities of the Audit Committee, which include selecting or retaining each year an independent registered public accounting firm, or independent accountants, to audit the accounts and records of the Company; reviewing and discussing with management and the independent accountants the annual audited financial statements of the Company, including disclosures made in management’s discussion and analysis, and recommending to the Board of Directors whether the audited financial statements should be included in the Company’s annual report on Form 10-K; reviewing and discussing with management and the independent accountants the Company’s quarterly financial statements prior to the filings of its quarterly reports on Form 10-Q; pre-approving the independent accountants’ engagement to render audit and/or permissible non-audit services; and evaluating the qualifications, performance and independence of the independent accountants. The Audit Committee is presently composed of three persons: Messrs. Cooper, Grempe and Stark, each of whom is not an “interested person” as defined in the 1940 Act and is considered independent under applicable NASDAQ rules, with Mr. Stark serving as chairman of the committee. The Board of Directors has determined that Mr. Stark is an “audit committee financial expert” as that term is defined under Item 407 of Regulation S-K. The Audit Committee may delegate its pre-approval responsibilities to one or more of its members. The member(s) to whom such responsibility is delegated must report, for informational purposes only, any pre-approval decisions to the Audit Committee at its next scheduled meeting. Messrs. Cooper, Grempe and Stark were

added to the Audit Committee concurrent with their election or appointment to the Board of Directors on February 12, 2009, April 1, 2010 and September 4, 2008, respectively.

The function of the Audit Committee is oversight. Our management is primarily responsible for maintaining appropriate systems for accounting and financial reporting principles and policies and internal controls and procedures that provide for compliance with accounting standards and applicable laws and regulations. The independent accountants are primarily responsible for planning and carrying out a proper audit of our annual financial statements in accordance with generally accepted accounting standards. The independent accountants are accountable to the Board of Directors and the Audit Committee, as representatives of our stockholders. The Board of Directors and the Audit Committee have the ultimate authority and responsibility to select, evaluate and, where appropriate, replace our independent accountants (subject, if applicable, to stockholder ratification).

In fulfilling their responsibilities, it is recognized that members of the Audit Committee are not our full-time employees or management and are not, and do not represent themselves to be, accountants or auditors by profession. As such, it is not the duty or the responsibility of the Audit Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures, to determine that the financial statements are complete and accurate and are in accordance with generally accepted accounting principles, or to set auditor independence standards. Each member of the Audit Committee shall be entitled to rely on (a) the integrity of those persons within and outside us and management from which it receives information; (b) the accuracy of the

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(a)(5)(lxxx) Motion to Expedite Proceedings (redacted) filed in the Court of Chancery of the State of Delaware, New Castle County on November 10, 2003.*(a)(5)(lxxxii) Notice of Motion, Motion for Preliminary Injunction and Proposed Order filed in the Court of Chancery of the State of Delaware, New Castle County on November 10, 2003.*(a)(5)(lxxxii) Notice of Motion, Motion for Leave to File Amended Complaint and Proposed Order filed in the Court of Chancery of the State of Delaware, New Castle County on November 10, 2003.*(a)(5)(lxxxiii) Amended Complaint for Declaratory and Injunctive Relief conditionally filed in the Court of Chancery of the State of Delaware, New Castle County on November 10, 2003.*(a)(5)(lxxxiv) Transcript of portion of presentation to Goldman Sachs Software Retreat pertaining to tender offer, held November 13, 2003.*

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(a)(5)(lxxxv)	Text of email message to present employees, dated November 17, 2003.*
(a)(5)(lxxxvi)	Text of press release issued by Parent on November 24, 2003.*
(a)(5)(lxxxvii)	Transcript of conference call held by Parent on November 24, 2003.*
(a)(5)(lxxxviii)	Text of information on Parent s website, posted November 25, 2003.*
(a)(5)(lxxxix)	Notice of Motion, Revised Motion for Leave to File Amended Complaint and Proposed Order filed in the Court of Chancery of the State of Delaware, New Castle County on December 8, 2003.*
(a)(5)(lxxxx)	Amended Complaint for Declaratory and Injunctive Relief conditionally filed in the Court of Chancery of the State of Delaware, New Castle County on December 8, 2003.*
(a)(5)(lxxxxi)	Second Amended Complaint (Redacted) filed in the Superior Court of the State of California, County of Alameda on December 12, 2003.*
(a)(5)(lxxxxii)	Text of press release issued by Parent on December 19, 2003.*
(a)(5)(lxxxxiii)	Transcript of portion of presentation to Soundview Investor Bus Tour pertaining to tender offer, held January 7, 2004.*
(a)(5)(lxxxxiv)	Text of press release issued by Parent on January 23, 2004.*
(a)(5)(lxxxxv)	Text of press release issued by Parent on February 4, 2004.*
(a)(5)(lxxxxvi)	Text of communication to customers dated February 4, 2004*
(a)(5)(lxxxxvii)	Text of information on Parent s website, posted February 4, 2004*
(a)(5)(lxxxxviii)	Form of summary advertisement dated February 5, 2004.*
(a)(5)(lxxxxix)	Demurrer filed in the Superior Court of the State of California, County of Alameda on January 20, 2004.*
(a)(5)(c)	Transcript of portion of Corporate Q&A at AppsWorld Financial Analyst Day pertaining to the tender offer, held January 28, 2004.*
(a)(5)(ci)	Text of press release issued by Parent on February 9, 2004.*
(a)(5)(cii)	Text of press release issued by Parent on February 10, 2004.*
(a)(5)(ciii)	Transcript of portion of comments to Merrill Lynch Computer Services and Software: CEO Conference 2004, held February 11, 2004.*
(a)(5)(civ)	Text of letter to PeopleSoft Stockholder dated February 17, 2004.*
(a)(5)(cv)	Text of letter to PeopleSoft Stockholder dated February 12, 2004; first distributed February 17, 2004.*
(a)(5)(cvi)	Investor Presentation by Parent, dated February 17, 2004.*
(a)(5)(cvii)	Text of press release issued by Parent on February 17, 2004.*
(a)(5)(cviii)	Text of information on Parent s website, posted February 17, 2004.*
(a)(5)(cix)	Investor Presentation by Parent, dated February 25, 2004.*
(a)(5)(cx)	Text of Editorial in The Wall Street Journal, published February 23, 2004; redistributed by Parent on February 25, 2004.*
(a)(5)(cxi)	Order entered by the Superior Court of the State of California, County of Alameda on February 25, 2004.*
(a)(5)(cxii)	Order entered by the Superior Court of the State of California, County of Alameda on February 25, 2004.*
(a)(5)(cxiii)	Text of press release by Parent, dated February 26, 2004.*
(a)(5)(cxiv)	Text of press release by Parent, dated February 26, 2004.*

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(a)(5)(cxv)	Complaint filed in the United States District Court for the Northern District of California, San Francisco Division on February 26, 2004.*
(a)(5)(cxvi)	Transcript of presentation to Quest User Group, held March 1, 2004.*
(a)(5)(cxvii)	Text of letter to J.D. Edwards customers, dated March 1, 2004.*
(a)(5)(cxviii)	Text of letter to J.D. Edwards customers, dated March 1, 2004.*
(a)(5)(cxviii)	Answer by Parent filed in the United States District Court for the Northern District of California, San Francisco Division on March 4, 2004.*
(a)(5)(cxix)	Text of email message to Parent employees dated March 5, 2004.*
(a)(5)(cxx)	Email statement to press issued by Parent, dated March 12, 2004.*
(a)(5)(cxxi)	Text of press release by Parent, dated April 15, 2004.*
(a)(5)(cxxii)	Transcript of portion of comments to JP Morgan Technology & Telecom Conference pertaining to the tender offer, held May 4, 2004.*
(a)(5)(cxxiii)	Text of press release issued by Parent on May 14, 2004.*
(a)(5)(cxxiv)	Transcript of portion of presentation to Merrill Lynch European Roadshow Conference pertaining to the tender offer, held April 27, 2004.*
(a)(5)(cxxv)	Text of information on Parent's website, revised June 7, 2004.*
(a)(5)(cxxvi)	Text of information on Parent's website, revised June 4, 2004.*
(a)(5)(cxxvii)	Text of information on Parent's website, revised June 4, 2004.*
(a)(5)(cxxviii)	Text of information on Parent's website, revised June 4, 2004.*
(a)(5)(cxxix)	Answer filed in the United States District Court for the Northern District of California, San Francisco Division on March 4, 2004.*
(a)(5)(cxxx)	Trial Memorandum filed in the United States District Court for the Northern District of California, San Francisco Division on June 1, 2004.*
(a)(5)(cxxxii)	List of witnesses intended to be called at trial, delivered March 22, 2004.*
(a)(5)(cxxxii)	Slides displayed during Parent's opening statement at trial, June 7, 2004.*
(a)(5)(cxxxiii)	Text of press release by Parent, dated July 12, 2004.*
(a)(5)(cxxxiv)	Conclusions of Law filed by Parent in the United States District Court for the Northern District of California, San Francisco Division on July 8, 2004.*
(a)(5)(cxxxv)	Finding of Fact (Redacted) filed by Parent in the United States District Court for the Northern District of California, San Francisco Division on July 8, 2004.*
(a)(5)(cxxxvi)	Corrected Post-Trial Brief filed by Parent in the United States District Court for the Northern District of California, San Francisco Division on July 12, 2004.*
(a)(5)(cxxxvii)	Transcript of portion of Parent's Financial Analyst Day presentation pertaining to tender offer, held July 14, 2004.*
(a)(5)(cxxxviii)	Slide presentation from Parent's Financial Analyst Day, held July 14, 2004.*
(a)(5)(cxxxix)	Slides displayed during Parent's closing statement at trial, July 20, 2004.*
(a)(5)(cxxxx)	Transcript of portion of Goldman Sachs Investor Dinner pertaining to tender offer, held July 26, 2004.*
(a)(5)(cxxxxi)	Transcript of portion of CIBC World Markets Annual Enterprise Software Conference presentation pertaining to tender offer, held August 12, 2004.*
(a)(5)(cxxxixii)	Text of press release issued by Parent on August 26, 2004.*
(a)(5)(cxliii)	Text of press release issued by Parent on September 9, 2004.*
(a)(5)(cxliv)	Text of press release issued by Parent on September 9, 2004.*

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(a)(5)(cxlv)	Text of press release issued by Parent on September 9, 2004.*
(a)(5)(cxlvi)	Findings of Fact, Conclusions of Law and Order entered by the United States District Court for the Northern District of California, San Francisco Division on September 9, 2004.*
(a)(5)(cxlvii)	Text of information on Parent's website, posted September 9, 2004.*
(a)(5)(cxlviii)	Text of letter to PeopleSoft Board of Directors, delivered September 9, 2004.*
(a)(5)(cxlix)	Partner Benefits Statement posted on Parent's website September 9, 2004.*
(a)(5)(cl)	Oracle Acquisition Success Story posted on Parent's website September 9, 2004.*
(a)(5)(cli)	Letter to PeopleSoft Customers posted on Parent's website September 9, 2004.*
(a)(5)(clii)	Oracle Support Statement posted on Parent's website September 9, 2004.*
(a)(5)(cliii)	PeopleSoft Customer Commitment posted on Parent's website September 9, 2004.*
(a)(5)(cliv)	PeopleSoft Frequently Asked Questions posted on Parent's website September 9, 2004.*
(a)(5)(clv)	Case Study posted on Parent's website September 9, 2004.*
(a)(5)(clvi)	Text of email to Parent employees, sent September 9, 2004.*
(a)(5)(clvii)	Text of information on Parent's website, posted September 9, 2004.*
(a)(5)(clviii)	Text of information on Parent's website, posted September 9, 2004.*
(a)(5)(clix)	Text of email to Parent employees, sent September 9, 2004.*
(a)(5)(clx)	Text of email to customers, sent September 10, 2004.*
(a)(5)(clxi)	Text of email to partners, sent September 10, 2004.*
(a)(5)(clxii)	Text of press release issued by Parent, dated September 21, 2004.
(b)(1)	Commitment letter described in Section 10, "Source and Amount of Funds" of the Offer to Purchase (the "Commitment Letter").*
(b)(2)	Side Letter to the Commitment Letter.*
(b)(3)	364-Day Revolving Credit Agreement described in Section 10, "Source and Amount of Funds" of the Offer to Purchase.*
(b)(4)	Corrected Schedule 2 to 364-Day Revolving Credit Agreement.*
(c)	Not applicable.
(d)	Not applicable.
(e)	Not applicable.
(f)	Not applicable.
(g)	Not applicable.
(h)	Not applicable.

* Previously filed