

WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORP  
 Form 4  
 February 27, 2014

**FORM 4**

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0287  
 Expires: January 31, 2015  
 Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
 Seitz David M.

2. Issuer Name and Ticker or Trading Symbol  
 WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORP [WAB]

5. Relationship of Reporting Person(s) to Issuer  
 (Check all applicable)

(Last) (First) (Middle)  
 1001 AIR BRAKE AVENUE  
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)  
 02/25/2014

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
 VP,Sr. Counsel/Asst. Secretary

WILMERDING, PA 15148

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 \_\_\_\_ Form filed by More than One Reporting Person

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)	
				(A) or (D)	Price			
				Code	V	Amount		
Common Stock - Direct	02/25/2014		A		8,800	A	\$ 0 37,007 <sup>(1)</sup>	D
Common Stock - Direct	02/26/2014		S		2,860	D	\$ 78.6135 34,147	D
Common Stock - Direct	02/27/2014		S		1,540	D	\$ 78.2763 32,607 <sup>(2)</sup>	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474  
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned (Instr. 5)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Seitz David M. 1001 AIR BRAKE AVENUE WILMERDING, PA 15148			VP, Sr. Counsel/Asst. Secretary	

## Signatures

David M. Seitz                      02/27/2014  
 \*\*Signature of                      Date  
 Reporting Person

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
  - \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) On June 11, 2013, Wabtec Corporation (WAB) effected a 2-for-1 stock split in the form of a 100% stock dividend to shareholders of record on June 3, 2013.
- The price reported in Column 4 is a weighted average price. The reporting person undertakes to provide to Westinghouse Air Brake Technologies Corporation ("Wabtec"), any security holder of Wabtec, or the staff of the Securities and Exchange Commission, upon request, full information regarding the number of shares sold at each separate price.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. nt>

Unless otherwise indicated in a pricing supplement for the notes, we expect to use the net proceeds from the sale of the notes initially to maintain balance sheet liquidity, involving repayment of debt under our credit facility, if any,

investments in high quality short-term debt instruments or a combination thereof, and thereafter to make long-term investments in accordance with our investment objective. We anticipate that substantially all of the net proceeds from each offering will be used for the above purposes within six months, depending on the availability of appropriate investment opportunities consistent with our investment objective and market conditions.

As of January 31, 2014, we had no borrowings under our credit facility and, based on the assets currently pledged as collateral on the facility, approximately \$601.1 million was available to us for borrowing under our credit facility. Interest on borrowings under the credit facility is one-month LIBOR plus 275 basis points, with no minimum Libor floor. Additionally, the lenders charge a fee on the unused portion of the credit facility equal to either 50 basis points if at least half of the credit facility is used or 100 basis points otherwise.

S-66

---

Table of Contents

## SENIOR SECURITIES

Information about our senior securities is shown in the following table as of each fiscal year ended June 30 since the Company commenced operations and as of December 31, 2013.

Credit Facility	Total Amount Outstanding(1)	Asset Coverage per Unit(2)	Involuntary Liquidating Preference per Unit(3)	Average Market Value per Unit(4)
2015 Notes				
Fiscal 2014 (as of December 31, 2013, unaudited)	—	N/A	—	—
Fiscal 2013 (as of June 30, 2013)	\$ 124,000	\$ 34,996	—	—
Fiscal 2012 (as of June 30, 2012)	96,000	22,668	—	—
Fiscal 2011 (as of June 30, 2011)	84,200	18,065	—	—
Fiscal 2010 (as of June 30, 2010)	100,300	8,093	—	—
Fiscal 2009 (as of June 30, 2009)	124,800	5,268	—	—
Fiscal 2008 (as of June 30, 2008)	91,167	5,712	—	—
Fiscal 2007 (as of June 30, 2007)	—	N/A	—	—
Fiscal 2006 (as of June 30, 2006)	28,500	4,799	—	—
Fiscal 2005 (as of June 30, 2005)	—	N/A	—	—
Fiscal 2004 (as of June 30, 2004)	—	N/A	—	—
2016 Notes				
Fiscal 2014 (as of December 31, 2013, unaudited)	\$ 150,000	\$ 33,515	—	—
Fiscal 2013 (as of June 30, 2013)	150,000	28,930	—	—
Fiscal 2012 (as of June 30, 2012)	150,000	14,507	—	—
Fiscal 2011 (as of June 30, 2011)	150,000	10,140	—	—
2017 Notes				
Fiscal 2014 (as of December 31, 2013, unaudited)	\$ 167,500	\$ 30,014	—	—
Fiscal 2013 (as of June 30, 2013)	167,500	25,907	—	—
Fiscal 2012 (as of June 30, 2012)	167,500	12,992	—	—
Fiscal 2011 (as of June 30, 2011)	172,500	8,818	—	—
2018 Notes				
Fiscal 2014 (as of December 31, 2013, unaudited)	\$ 200,000	\$ 25,137	—	—
Fiscal 2013 (as of June 30, 2013)	200,000	21,697	—	—
2019 Notes				
Fiscal 2014 (as of December 31, 2013, unaudited)	\$ 200,000	\$ 25,137	—	—
Fiscal 2013 (as of June 30, 2013)	200,000	21,697	—	—

Explanation of Responses:

2022 Notes

Fiscal 2014 (as of December 31, 2013, unaudited)	\$ 100,000	\$ 50,273	—	—
Fiscal 2013 (as of June 30, 2013)	100,000	43,395	—	—
Fiscal 2012 (as of June 30, 2012)	100,000	21,761	—	—

2023 Notes

Fiscal 2014 (as of December 31, 2013, unaudited)	\$ 247,814	\$ 20,287	\$—	—
Fiscal 2013 (as of June 30, 2013)	247,725	17,517	—	—

S-67

---

Table of Contents

## Prospect Capital InterNotes®

Fiscal 2014 (as of December 31, 2013, unaudited)	\$600,907	\$8,366	\$—	—
Fiscal 2013 (as of June 30, 2013)	363,777	11,929	—	—
Fiscal 2012 (as of June 30, 2012)	20,638	105,442	—	—

## All Senior Securities(5)

Fiscal 2014 (as of December 31, 2013, unaudited)	\$1,796,221	\$2,799	\$—	—
Fiscal 2013 (as of June 30, 2013)	1,683,002	2,578	—	—
Fiscal 2012 (as of June 30, 2012)	664,138	3,277	—	—
Fiscal 2011 (as of June 30, 2011)	406,700	3,740	—	—

(1) Total amount of each class of senior securities outstanding at the end of the period presented (in 000's).

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

(3) This column is inapplicable.

(4) This column is inapplicable, except for the 2022 Notes.

(5) On February 16, 2012, we entered into the Selling Agent Agreement and began offering notes (the "Prospect Capital InterNotes® Program"). On March 4, 2013, we entered into a Second Amended and Restated Selling Agent Agreement which continued the Prospect Capital InterNotes® Program on substantially similar terms and provides for our issuance of floating rate notes in addition to fixed rate notes. On October 15, 2013, we entered into a Third Amended and Restated Selling Agent Agreement on substantially similar terms to provide for such issuances under our current shelf registration statement. Through January 31, 2014, we have sold \$647.3 million aggregate principal amount of notes. Amounts sold under the Prospect Capital InterNotes® Program after December 31, 2013 are not reflected in the table above.

S-68

Table of Contents

## RATIO OF EARNINGS TO FIXED CHARGES

For the three and six months ended December 31, 2013 and the years ended June 30, 2013, 2012, 2011, 2010 and 2009, the ratios of earnings to fixed charges of the Company, computed as set forth below, were as follows:

	For the Three Months Ended December 31, 2013	For the Six Months Ended December 31, 2013	For the Year Ended June 30, 2013	For the Year Ended June 30, 2012	For the Year Ended June 30, 2011	For the Year Ended June 30, 2010	For the Year Ended June 30, 2009
Earnings to Fixed Charges <sup>(1)</sup>	3.95	3.95	3.89	5.95	7.72	3.34	6.78

For purposes of computing the ratios of earnings to fixed charges, earnings represent net increase in net assets resulting from operations plus (or minus) income tax expense including excise tax expense plus fixed charges. Fixed charges include interest and credit facility fees expense and amortization of debt issuance costs.

Earnings include the net change in unrealized appreciation or depreciation. Net change in unrealized appreciation or depreciation can vary substantially from year to year. Excluding the net change in unrealized appreciation or depreciation, the earnings to fixed charges ratio would be 3.99 for the three months ended December 31, 2013, 4.08 for the six months ended December 31, 2013, 4.91 for the year ended June 30, 2013, 6.79 for the year ended June 30, 2012, 7.29 for the year ended June 30, 2011, 2.87 for the year ended June 30, 2010 and 4.35 for the year ended June 30, 2009.

S-69

Table of Contents

PLAN OF DISTRIBUTION

Under the terms of the Third Amended and Restated Selling Agent Agreement dated October 15, 2013, which we refer to as the "Selling Agent Agreement," the notes will be offered from time to time by us to the Purchasing Agent for subsequent resale to agents, including Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and RBC Capital Markets, LLC and other dealers who are broker-dealers and securities firms. The agents, including the Purchasing Agent, and the additional agents named from time to time pursuant to the Selling Agent Agreement, are, or will be, parties to the Selling Agent Agreement. The notes will be offered for sale in the United States only. Dealers who are members of the selling group have executed a Master Selected Dealer Agreement with the Purchasing Agent. We also may appoint additional agents to sell the notes. Any sale of the notes through those additional agents, however, will be on the same terms and conditions to which the original agents have agreed. The Purchasing Agent will purchase the notes at a discount ranging from 0.4% to 3.8% of the non-discounted price for each note sold. However, we also may sell the notes to the Purchasing Agent at a discount greater than or less than the range specified above. The discount at which we sell the notes to the Purchasing Agent will be set forth in the applicable pricing supplement. The Purchasing Agent also may sell notes to dealers at a concession not in excess of the discount it received from us. In certain cases, the Purchasing Agent and the other agents and dealers may agree that the Purchasing Agent will retain the entire discount. We will disclose any particular arrangements in the applicable pricing supplement.

Following the solicitation of orders, each of the agents, severally and not jointly, may purchase notes as principal for its own account from the Purchasing Agent. Unless otherwise set forth in the applicable pricing supplement, these notes will be purchased by the agents and resold by them to one or more investors at a fixed public offering price. After the initial public offering of notes, the public offering price (in the case of notes to be resold at a fixed public offering price), discount and concession may be changed.

We have the sole right to accept offers to purchase notes and may reject any proposed offer to purchase notes in whole or in part. Each agent also has the right, in its discretion reasonably exercised, to reject any proposed offer to purchase notes in whole or in part. We reserve the right to withdraw, cancel or modify any offer without notice. We also may change the terms, including the interest rate we will pay on the notes, at any time prior to our acceptance of an offer to purchase.

Each agent, including the Purchasing Agent, may be deemed to be an "underwriter" within the meaning of the Securities Act. We have agreed to indemnify the agents against certain liabilities, including liabilities under the Securities Act, or to contribute to any payments they may be required to make in respect of such liabilities. We also have agreed to reimburse the agents for certain expenses.

No note will have an established trading market when issued. We do not intend to apply for the listing of the notes on any securities exchange. However, we have been advised by the agents that they may purchase and sell notes in the secondary market as permitted by applicable laws and regulations. The agents are not obligated to make a market in the notes, and they may discontinue making a market in the notes at any time without notice. Neither we nor the agents can provide any assurance regarding the development, liquidity or maintenance of any trading market for any notes. All secondary trading in the notes will settle in same-day funds. See "Registration and Settlement."

In connection with certain offerings of notes, the rules of the SEC permit the Purchasing Agent to engage in transactions that may stabilize the price of the notes. The Purchasing Agent will conduct these activities for the agents. These transactions may consist of short sales, stabilizing transactions and purchases to cover positions created by short sales. A short sale is the sale by the Purchasing Agent of a greater amount of notes than the amount the Purchasing Agent has agreed to purchase in connection with a specific offering of notes. Stabilizing transactions consist of certain bids or purchases made by the Purchasing Agent to prevent or retard a decline in the price of the notes while an offering of notes

is in process. In general, these purchases or bids for the notes for the purpose of stabilization or to reduce a syndicate short position could cause the price of the notes to be higher than it might otherwise be in the absence of those purchases or bids. Neither we nor the Purchasing Agent makes any representation or prediction as to the direction or magnitude of any effect that these transactions may have on the price of any notes. In addition, neither we nor the Purchasing Agent makes any representation that, once commenced, these transactions will not be discontinued



without notice. The Purchasing Agent is not required to engage in these activities and may end any of these activities at any time.

Some of the agents and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the agents and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities

S-70

---

Table of Contents

may involve securities and/or instruments of ours or our affiliates. The agents and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

S-71

---

Table of Contents

LEGAL MATTERS

The legality of the notes will be passed upon for the Company by Joseph Ferraro, our General Counsel, Skadden, Arps, Slate, Meagher & Flom LLP ("Skadden, Arps"), New York, New York, and Venable LLP, as special Maryland counsel, Baltimore, Maryland, will pass on certain matters for the Company. Troutman Sanders LLP will pass on certain matters for the agents. Skadden, Arps and Venable LLP each have from time to time acted as counsel for us and our subsidiaries and may do so in the future.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

BDO USA, LLP is the independent registered public accounting firm for the Company.

AVAILABLE INFORMATION

We have filed with the SEC a registration statement on Form N-2, together with all amendments and related exhibits, under the Securities Act, with respect to the notes offered by this prospectus supplement and accompanying prospectus. The registration statement contains additional information about us and the notes being registered by this prospectus supplement and accompanying prospectus. We file with or submit to the SEC annual, quarterly and current periodic reports, proxy statements and other information meeting the informational requirements of the Exchange Act. This information and the information specifically regarding how we voted proxies relating to portfolio securities for the period ended June 30, 2013, are available free of charge by contacting us at 10 East 40th Street, 44th floor, New York, NY 10016 or by telephone at toll-free (888) 748-0702. You may inspect and copy these reports, proxy statements and other information, as well as the registration statement and related exhibits and schedules, at the Public Reference Room of the SEC at 100 F Street NE, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at (202) 551-8090. The SEC maintains an Internet site that contains reports, proxy and information statements and other information filed electronically by us with the SEC which are available on the SEC's Internet site at <http://www.sec.gov>. Copies of these reports, proxy and information statements and other information may be obtained, after paying a duplicating fee, by electronic request at the following E-mail address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov), or by writing the SEC's Public Reference Section, Washington, D.C. 20549-0102.

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

S-72

---

Table of Contents

INDEX TO FINANCIAL STATEMENTS

Financial Statements

Consolidated Statements of Assets and Liabilities—December 31, 2013 (Unaudited) and June 30, 2013 (Audited) F-2

Consolidated Statements of Operations (Unaudited)—For the Three and Six Months Ended December 31, 2013 and 2012 F-3

Consolidated Statements of Changes in Net Assets (Unaudited)—For the Six Months Ended December 31, 2013 and 2012 F-4

Consolidated Statements of Cash Flows (Unaudited)—For the Six Months Ended December 31, 2013 and 2012 F-5

Consolidated Schedules of Investments—December 31, 2013 (Unaudited) and June 30, 2013 (Audited) F-6

Notes to Consolidated Financial Statements (Unaudited) F-40

F-1

---

Table of ContentsPROSPECT CAPITAL CORPORATION AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES

December 31, 2013 and June 30, 2013

(in thousands, except share and per share data)

	December 31, 2013 (Unaudited)	June 30, 2013 (Audited)
Assets (Note 4)		
Investments at fair value:		
Control investments (amortized cost of \$1,236,286 and \$830,151, respectively)	\$1,163,300	\$811,634
Affiliate investments (amortized cost of \$49,278 and \$49,189, respectively)	38,880	42,443
Non-control/Non-affiliate investments (amortized cost of \$3,690,790 and \$3,376,438, respectively)	3,683,840	3,318,775
Total investments at fair value (amortized cost of \$4,976,354 and \$4,255,778, respectively) (Note 3)	4,886,020	4,172,852
Investments in money market funds	220,850	143,262
Cash	25,154	59,974
Receivables for:		
Interest, net	14,184	22,863
Other	2,067	4,397
Prepaid expenses	277	540
Deferred financing costs	45,470	44,329
Total Assets	5,194,022	4,448,217
Liabilities		
Credit facility payable (Notes 4 and 8)	—	124,000
Senior Convertible Notes (Notes 5 and 8)	847,500	847,500
Senior Unsecured Notes (Notes 6 and 8)	347,814	347,725
Prospect Capital InterNotes® (Notes 7 and 8)	600,907	363,777
Due to broker	44,826	43,588
Dividends payable	33,229	27,299
Due to Prospect Administration (Note 12)	1,741	1,366
Due to Prospect Capital Management (Note 12)	48,108	5,324
Accrued expenses	3,624	2,345
Interest payable	26,753	24,384
Other liabilities	8,421	4,415
Total Liabilities	1,962,923	1,791,723
Net Assets	\$3,231,099	\$2,656,494
Components of Net Assets		
Common stock, par value \$0.001 per share (500,000,000 common shares authorized; 301,259,436 and 247,836,965 issued and outstanding, respectively) (Note 9)	\$301	\$248
Paid-in capital in excess of par (Note 9)	3,332,469	2,739,864
Undistributed net investment income	68,321	77,084
Accumulated realized losses on investments	(79,658	) (77,776 )
Unrealized depreciation on investments	(90,334	) (82,926 )
Net Assets	\$3,231,099	\$2,656,494

Net Asset Value Per Share (Note 15)	\$10.73	\$10.72
-------------------------------------	---------	---------

See notes to consolidated financial statements.

F-2

---

Table of ContentsPROSPECT CAPITAL CORPORATION AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF OPERATIONS

For the Three and Six Months Ended December 31, 2013 and 2012

(in thousands, except share and per share data)

(Unaudited)

	For the Three Months Ended		For the Six Months Ended	
	December 31,		December 31,	
	2013	2012	2013	2012
Investment Income				
Interest income:				
Control investments	\$ 37,086	\$ 33,239	\$ 69,719	\$ 51,158
Affiliate investments	1,399	1,694	2,895	3,345
Non-control/Non-affiliate investments	79,420	58,513	157,532	103,540
CLO fund securities	29,198	23,420	55,378	37,133
Total interest income	147,103	116,866	285,524	195,176
Dividend income:				
Control investments	8,877	31,717	15,952	64,967
Non-control/Non-affiliate investments	9	230	12	3,185
Money market funds	6	8	17	11
Total dividend income	8,892	31,955	15,981	68,163
Other income: (Note 10)				
Control investments	17,928	5,095	27,149	5,097
Affiliate investments	5	605	7	613
Non-control/Non-affiliate investments	4,162	11,514	10,463	20,622
Total other income	22,095	17,214	37,619	26,332
Total Investment Income	178,090	166,035	339,124	289,671
Operating Expenses				
Investment advisory fees:				
Base management fee (Note 12)	25,075	16,306	48,120	29,534
Income incentive fee (Note 12)	23,054	24,804	43,638	43,311
Total investment advisory fees	48,129	41,110	91,758	72,845
Interest and credit facility expenses	29,256	16,414	56,663	29,925
Legal fees	(42)	) 635	177	1,257
Valuation services	449	371	888	747
Audit, compliance and tax related fees	745	378	1,368	810
Allocation of overhead from Prospect Administration (Note 12)	3,986	2,139	7,972	4,323
Insurance expense	90	78	183	171
Directors' fees	75	75	150	150
Excise tax	1,000	4,500	2,000	4,500
Other general and administrative expenses	2,187	1,119	3,413	1,700
Total Operating Expenses	85,875	66,819	164,572	116,428
Net Investment Income	92,215	99,216	174,552	173,243
Net realized loss on investments (Note 3)	(5,671)	) (8,123)	) (1,882)	) (6,348)
Net change in unrealized depreciation on investments (Note 3)	(1,182)	) (44,604)	) (7,408)	) (73,157)
Net Increase in Net Assets Resulting from Operations	\$ 85,362	\$ 46,489	\$ 165,262	\$ 93,738
Net increase in net assets resulting from operations per share (Notes 11 and 16)	\$ 0.30	\$ 0.24	\$ 0.61	\$ 0.52

Explanation of Responses:

Dividends declared per share	\$0.33	\$0.31	\$0.66	\$0.62
------------------------------	--------	--------	--------	--------

See notes to consolidated financial statements.

F-3

---



Table of ContentsPROSPECT CAPITAL CORPORATION AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the Six Months Ended December 31, 2013 and 2012

(in thousands, except share data)

(Unaudited)

	For the Six Months Ended December 31,	
	2013	2012
Increase in Net Assets from Operations:		
Net investment income	\$ 174,552	\$ 173,243
Net realized loss on investments	(1,882 )	(6,348 )
Net change in unrealized depreciation on investments	(7,408 )	(73,157 )
Net Increase in Net Assets Resulting from Operations	165,262	93,738
Dividends to Shareholders:		
Distribution of net investment income	(183,315 )	(114,093 )
Distribution of return of capital	—	—
Total Dividends to Shareholders	(183,315 )	(114,093 )
Capital Share Transactions:		
Proceeds from capital shares sold, net of underwriting costs	563,578	770,252
Less: Offering costs of public share offerings	(1,019 )	(1,514 )
Proceeds from shares issued to acquire controlled investments	21,006	59,251
Reinvestment of dividends	9,093	7,027
Net Increase in Net Assets Resulting from Capital Share Transactions	592,658	835,016
Total Increase in Net Assets	574,605	814,661
Net assets at beginning of period	2,656,494	1,511,974
Net Assets at End of Period	\$ 3,231,099	\$ 2,326,635
Capital Share Activity:		
Shares sold	50,700,067	69,407,632
Shares issued to acquire controlled investments	1,918,342	5,507,381
Shares issued through reinvestment of dividends	804,062	624,527
Net increase in capital share activity	53,422,471	75,539,540
Shares outstanding at beginning of period	247,836,965	139,633,870
Shares Outstanding at End of Period	301,259,436	215,173,410

See notes to consolidated financial statements.

Table of Contents

PROSPECT CAPITAL CORPORATION AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Three and Six Months Ended December 31, 2013 and 2012  
(in thousands, except share data)  
(Unaudited)

	For the Six Months Ended December 31,	
	2013	2012
Cash Flows from Operating Activities:		
Net increase in net assets resulting from operations	\$ 165,262	\$ 93,738
Net realized loss on investments	1,882	6,348
Net change in unrealized depreciation on investments	7,408	73,157
Amortization of discounts and premiums, net	23,133	(11,422 )
Amortization of deferred financing costs	5,087	3,724
Payment-in-kind interest	(9,845 )	(4,048 )
Structuring fees	(15,533 )	(24,273 )
Change in operating assets and liabilities		
Payments for purchases of investments	(1,118,612 )	(1,432,490 )
Proceeds from sale of investments and collection of investment principal	419,405	507,392
Net increase of investments in money market funds	(77,588 )	(312,576 )
Decrease (increase) in interest receivable, net	8,679	(2,312 )
Decrease (increase) in other receivables	2,328	(1,636 )
Decrease in prepaid expenses	263	194
Increase (decrease) in due to broker	1,238	(6,242 )
Increase (decrease) in due to Prospect Administration	375	(285 )
Increase (decrease) in due to Prospect Capital Management	42,784	(5,894 )
Increase in accrued expenses	1,279	380
Increase in interest payable	2,369	6,516
Increase in other liabilities	4,006	7,487
Net Cash Used In Operating Activities	(536,080 )	(1,102,242 )
Cash Flows from Financing Activities:		
Borrowings under credit facility (Note 4)	96,000	99,000
Principal payments under credit facility (Note 4)	(220,000 )	(195,000 )
Issuance of Senior Convertible Notes (Note 5)	—	400,000
Issuance of Prospect Capital InterNotes® (Note 7)	238,780	144,355
Redemptions of Prospect Capital InterNotes® (Note 7)	(1,650 )	—
Financing costs paid and deferred	(6,139 )	(17,880 )
Proceeds from issuance of common stock, net of underwriting costs	563,578	770,252
Offering costs from issuance of common stock	(1,019 )	(1,514 )
Dividends paid	(168,290 )	(97,577 )
Net Cash Provided By Financing Activities	501,260	1,101,636
Total Decrease in Cash	(34,820 )	(606 )
Cash balance at beginning of period	59,974	2,825
Cash Balance at End of Period	\$ 25,154	\$ 2,219
Cash Paid For Interest	\$ 47,226	\$ 17,442
Non-Cash Financing Activity:		
Proceeds from shares issued in connection with dividend reinvestment plan	\$ 9,093	\$ 7,027
Proceeds from shares issued in conjunction with controlled investments	\$ 21,006	\$ 59,251

See notes to consolidated financial statements.

Explanation of Responses:

F-5

---

Table of ContentsPROSPECT CAPITAL CORPORATION AND SUBSIDIARY  
CONSOLIDATED SCHEDULES OF INVESTMENTSDecember 31, 2013 (Unaudited) and June 30, 2013 (Audited)  
(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	December 31, 2013 (Unaudited)			% of Net Assets
			Principal Value	Cost	Fair Value(2)	
<b>LEVEL 3 PORTFOLIO INVESTMENTS:</b>						
Control Investments (greater than 25.00% voting control)(42)						
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)	\$27,881	\$27,881	\$27,881	0.9%
		Senior Subordinated Term Loan (12.00% plus 6.00% PIK, due 12/31/2015)	19,698	19,698	19,698	0.6%
		Convertible Preferred Stock (9,919.684 shares)		9,920	1,888	0.1%
		Common Stock (100 shares)		—	—	—%
			57,499	49,467	1.6%	
Ajax Rolled Ring & Machine, Inc.	South Carolina / Manufacturing	Senior Secured Note (10.50% (LIBOR + 7.50% with 3.00% LIBOR floor), due 3/30/2018) (4)	19,536	19,536	19,536	0.6%
		Convertible Preferred Stock — Series B (25,000 shares)	—	25,000	5,045	0.2%
		Convertible Preferred Stock — Series A (6,142.6 shares)	—	6,057	—	—%
		Unrestricted Common Stock (6 shares)	—	—	—	—%
				50,593	24,581	0.8%
APH Property Holdings, LLC(32)	Florida / Real Estate	Senior Secured Note (6.00% (LIBOR + 4.00% with 2.00% LIBOR floor) plus 5.50% PIK, due 10/24/2020)(4)	161,662	161,662	161,662	5.0%
		Membership Units (100 shares)		32,240	32,240	1.0%
				193,902	193,902	6.0%
AWCNC, LLC(19)	North Carolina / Machinery	Members Units — Class A (1,800,000 units)	—	—	—	—%
		Members Units — Class B-1 (1 unit)	—	—	—	—%
		Members Units — Class B-2 (7,999,999 units)	—	—	—	—%
			—	—	—%	
Borga, Inc.	California / Manufacturing	Revolving Line of Credit — \$1,150 Commitment (5.00% (PRIME + 1.75%) plus	1,150	1,095	474	—%

Explanation of Responses:

		3.00% default interest, in non-accrual status effective 03/02/2010, past due)(4), (25)				
		Senior Secured Term Loan B (8.50% (PRIME + 5.25%) plus 3.00% default interest, in non-accrual status effective 03/02/2010, past due)(4)	1,612	1,501	—	—%
		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)	9,940	707	—	—%
		Common Stock (100 shares)(21)		—	—	—%
		Warrants (33,750 warrants)(21)		—	—	—%
				3,303	474	—%
CCPI Holdings, Inc.(33)	Ohio / Manufacturing	Senior Secured Note (10.00%, due 12/31/2017)(3)	17,437	17,437	17,437	0.5%
		Senior Secured Note (12.00% plus 7.00% PIK, due 6/30/2018)	8,075	8,075	8,075	0.2%
		Common Stock (100 shares)		8,581	13,790	0.4%
		Net Revenue Interest (4% of Net Revenue)		—	516	—%
				34,093	39,818	1.1%

F-6

Table of ContentsPROSPECT CAPITAL CORPORATION AND SUBSIDIARY  
CONSOLIDATED SCHEDULES OF INVESTMENTS-(CONTINUED)

December 31, 2013 (Unaudited) and June 30, 2013 (Audited)

(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	December 31, 2013 (Unaudited)			% of Net Assets
			Principal Value	Cost	Fair Value(2)	
<b>LEVEL 3 PORTFOLIO INVESTMENTS:</b>						
<b>Control Investments (greater than 25.00% voting control)(42)</b>						
		Senior Secured Note (9.00% (LIBOR + 7.00% with 2.00% LIBOR floor) plus 9.00% PIK, due 8/2/2018) (4)	75,773	75,773	75,773	2.3%
	Oklahoma / Oil & Gas Production					
CP Holdings of Delaware LLC(38)		Senior Secured Note (11.00% (LIBOR + 9.00% with 2.00% LIBOR floor), due 8/2/2018) (4)	22,400	22,400	22,400	0.7%
		Membership Units (100 shares)		15,228	20,955	0.6%
				113,401	119,128	3.6%
Credit Central Holdings of Delaware, LLC (22), (34)	South Carolina / 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	1.2%
		Membership Units (100 shares)		9,581	10,957	0.3%
		Net Revenue Interest (5% of Net Revenue)		—	2,207	0.1%
				47,663	51,246	1.6%
Energy Solutions Holdings, Inc.(8)	Texas / Energy	Senior Secured Note to Vessel Holdings LLC (18.00%, due 12/12/2016)	3,500	3,500	3,500	0.1%
		Senior Secured Debt to Vessel Holdings II, LLC (13.00%, in non-accrual status, due 11/25/2018)	13,000	13,000	11,928	0.4%
		Senior Secured Debt to Vessel Holdings III, LLC (13.00%, due 12/3/2018)	16,000	16,000	14,584	0.5%
		Senior Secured Debt to Yatesville Coal Holdings, Inc. (Non-accrual status effective 1/1/2009, past due)	1,449	1,449	—	—%
		Common Stock (100 shares)		8,318	3,539	0.1%

			42,267	33,551	1.1%	
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)	273,260	273,260	273,260	8.4%
		Membership Units (100 shares)		44,693	34,648	1.1%
		Net Revenue Interest (5% of Net Revenue & Distributions)		—	14,603	0.5%
				317,953	322,511	10.0%
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)	17,500	17,500	12,414	0.4%
		Convertible Preferred Stock — Series A (99,900 shares)		25,950	—	—%
				43,450	12,414	0.4%
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	—	—%
		Senior Demand Note (15.00%, in non-accrual status effective 11/1/2010, past due)	1,170	1,170	—	—%
		Common Stock (1,000 shares)		975	—	—%
				3,831	—	—%
Manx Energy, Inc.(12)	Kansas / Oil & Gas Production	Senior Secured Note (13.00%, in non-accrual status effective 1/19/2010, past due)	225	225	—	—%
		Preferred Stock (6,635 shares)		—	—	—%
		Common Stock (17,082 shares)		—	—	—%
				225	—	—%

F-7

Table of ContentsPROSPECT CAPITAL CORPORATION AND SUBSIDIARY  
CONSOLIDATED SCHEDULES OF INVESTMENTS-(CONTINUED)

December 31, 2013 (Unaudited) and June 30, 2013 (Audited)

(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	December 31, 2013 (Unaudited)			% of Net Assets
			Principal Value	Cost	Fair Value(2)	
<b>LEVEL 3 PORTFOLIO INVESTMENTS:</b>						
Control Investments (greater than 25.00% voting control)(42)						
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)	22,968	22,968	22,968	0.7%
		Senior Secured Note (10.00% (LIBOR + 7.00% with 3.00% LIBOR floor), due 3/19/2019) (3), (4)	18,250	18,250	18,250	0.6%
		Common Stock (100 shares)		6,943	6,943	0.2%
Nationwide Acceptance Holdings, LLC (22), (36)	Illinois / Consumer Finance	Senior Secured Note (10.00% (LIBOR + 7.00% with 3.00% LIBOR floor), due 3/19/2019) (3), (4)		48,161	48,161	1.5%
		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)		—	1,739	0.1%
NMMB Holdings, Inc. (24)	New York / Media	Senior Secured Note (14.00%, due 5/6/2016)	10,714	10,714	10,714	0.3%
		Series A Preferred Stock (8,086 shares)		12,486	453	—%
				23,200	11,167	0.3%
NPH Property Holdings, LLC (40)	Texas / Real Estate	Senior Term Loan (6.00% (LIBOR + 4.00% with 2.00% LIBOR floor) plus 5.50% PIK, due 10/24/2020)(4)	88,109	88,109	88,109	2.7%
		Membership Units (100 shares)		18,135	18,135	0.6%
				106,244	106,244	3.3%
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	1.0%

Explanation of Responses:



		Warrants (200,000 warrants, expiring 6/30/2017)		1,682	6,692	0.2%
		Common Stock (545,107 shares)		5,087	18,238	0.6%
				39,519	57,680	1.8%
UPH Property Holdings, LLC (41)	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)	18,855	18,855	18,855	0.6%
		Membership Units (100 shares)		3,707	3,707	0.1%
				22,562	22,562	0.7%
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)	35,648	35,648	28,163	0.9%
		Senior Secured Note (8.00% (LIBOR + 5.00% with 3.00% LIBOR floor) plus 2.50% PIK, due 12/31/2017)(3),(4)	10,054	10,054	10,054	0.3%
		Common Stock (50,000 shares)		9,526	—	—%
		Net Revenue Interest (5% of Net Revenue)		—	724	—%
				55,228	38,941	1.2%
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	—	4,043	0.1%
		Appalachian Energy Holdings, LLC (“AEH”) — Senior Secured First Lien Note (8.00%, in non-accrual status effective 1/19/2010, past due)	2,753	2,000	—	—%

F-8

Table of ContentsPROSPECT CAPITAL CORPORATION AND SUBSIDIARY  
CONSOLIDATED SCHEDULES OF INVESTMENTS-(CONTINUED)

December 31, 2013 (Unaudited) and June 30, 2013 (Audited)

(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	December 31, 2013 (Unaudited)			% of Net Assets
			Principal Value	Cost	Fair Value(2)	
LEVEL 3 PORTFOLIO INVESTMENTS:						
Control Investments (greater than 25.00% voting control)(42)						
		Appalachian Energy Holdings, LLC (“AEH”) — Senior Secured First Lien Note (8.00%, in non-accrual status, past due)	54	50	—	—%
		Coalbed, LLC — Senior Secured Note (8.00%, in non-accrual status effective 1/19/2010, past due)(6)	8,258	5,991	—	—%
		Common Stock (100 shares)		—	—	—%
		Net Profits Interest (8.00% payable on Equity distributions)(7)		—	520	—%
		Total Control Investments		8,041	4,563	0.1%
				1,236,286	1,163,300	36.0%

See notes to consolidated financial statements.

F-9

Table of ContentsPROSPECT CAPITAL CORPORATION AND SUBSIDIARY  
CONSOLIDATED SCHEDULES OF INVESTMENTS-(CONTINUED)

December 31, 2013 (Unaudited) and June 30, 2013 (Audited)

(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	December 31, 2013 (Unaudited)			% of Net Assets
			Principal Value	Cost	Fair Value(2)	
<b>LEVEL 3 PORTFOLIO INVESTMENTS:</b>						
Non-control/Non-affiliate Investments (less than 5.00% of voting control)						
Apidos CLO IX, Ltd.(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	\$20,525	\$18,932	\$20,196	0.6%
				18,932	20,196	0.6%
Apidos CLO XI, Ltd.(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	38,340	35,440	38,755	1.2%
				35,440	38,755	1.2%
Apidos CLO XII, Ltd.(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	44,063	42,873	41,681	1.3%
				42,873	41,681	1.3%
Apidos CLO XV, Ltd.(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	36,515	37,111	36,326	1.1%
				37,111	36,326	1.1%
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	4.6%
				150,000	150,000	4.6%
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	6,867	6,867	0.2%
				6,867	6,867	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) Senior Term Loan (10.00% (LIBOR + 8.00% with	2,000	2,000	2,000	0.1%
			39,155	39,155	33,589	1.0%

Explanation of Responses:

Edgar Filing: WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORP - Form 4

		2.00% LIBOR floor), due 2/21/2018)(3)		41,155	35,589	1.1%
Babson CLO Ltd 2011-I(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	35,000	34,723	35,978	1.1%
				34,723	35,978	1.1%
Babson CLO Ltd 2012-IA(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	29,075	24,535	28,339	0.9%
				24,535	28,339	0.9%
Babson CLO Ltd 2012-IIA(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	27,850	27,963	28,758	0.9%
				27,963	28,758	0.9%
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)(3), (4)	11,000	10,896	11,000	0.3%
				10,896	11,000	0.3%
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)	98,500	98,500	98,500	3.0%
				98,500	98,500	3.0%
Brookside Mill CLO Ltd.(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	\$26,000	\$23,291	\$25,347	0.8%
				23,291	25,347	0.8%

F-10

Table of ContentsPROSPECT CAPITAL CORPORATION AND SUBSIDIARY  
CONSOLIDATED SCHEDULES OF INVESTMENTS-(CONTINUED)

December 31, 2013 (Unaudited) and June 30, 2013 (Audited)

(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	December 31, 2013 (Unaudited)			% of Net Assets
			Principal Value	Cost	Fair Value(2)	
<b>LEVEL 3 PORTFOLIO INVESTMENTS:</b>						
Non-control/Non-affiliate Investments (less than 5.00% of voting control)						
Byrider Systems Acquisition Corp (22)	Indiana / Auto Finance	Senior Subordinated Notes (12.00% plus 2.00% PIK, due 11/3/2016)(3)	11,027	11,027	10,972	0.3%
				11,027	10,972	0.3%
Caleel + Hayden, LLC (14), (31)	Colorado / Personal & Nondurable Consumer Products	Membership Units (13,220 shares)		—	119	—%
		Escrow Receivable		—	91	—%
				—	210	—%
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)	95,466	95,466	95,466	3.0%
		Senior Secured Term Loan B (11.50% (LIBOR + 10.00% with 1.50% LIBOR floor), due 9/16/2016)(3)	100,000	100,000	100,000	3.1%
				195,466	195,466	6.1%
Cargo Airport Services USA, LLC	New York / Transportation	Common Equity (1.6 units)		1,639	1,971	0.1%
				1,639	1,971	0.1%
Cent CLO 17 Limited(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	24,870	23,120	25,977	0.8%
				23,120	25,977	0.8%
Cent CLO 20 Limited(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	40,275	39,876	39,731	1.2%
				39,876	39,731	1.2%
CIFC Funding 2011-I, Ltd.(4), (22)	Cayman Islands / Diversified Financial Services	Secured Class D Notes (5.24% (LIBOR + 5.00%), due 1/19/2023)	19,000	15,165	18,202	0.6%
		Unsecured Class E Notes (7.24% (LIBOR + 7.00%), due 1/19/2023)	15,400	12,724	15,264	0.5%

Explanation of Responses:

Edgar Filing: WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORP - Form 4

				27,889	33,466	1.1%
CIFC Funding 2013-III, Ltd. (22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	44,100	42,374	43,178	1.3%
				42,374	43,178	1.3%
CIFC Funding 2013-IV, Ltd. (22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	45,500	40,899	40,497	1.3%
				40,899	40,497	1.3%
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 3/31/2021)	69,150	69,150	69,150	2.1%
				69,150	69,150	2.1%
The Copernicus Group, Inc.	North Carolina / Healthcare	Escrow Receivable		\$ —	\$ 134	—%
				—	134	—%
Correctional Healthcare Holding Company, Inc.	Colorado / Healthcare	Second Lien Term Loan (11.25%, due 1/11/2020)(3)	\$ 27,100	27,100	27,100	0.8%
				27,100	27,100	0.8%
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)	43,841	43,841	43,841	1.4%
				43,841	43,841	1.4%
Crosman Corporation	New York / Manufacturing	Second Lien Term Loan (11.00% (LIBOR + 9.50% with 1.50% LIBOR floor), due 12/30/2019)(4)	40,000	40,000	40,000	1.2%

F-11

Table of ContentsPROSPECT CAPITAL CORPORATION AND SUBSIDIARY  
CONSOLIDATED SCHEDULES OF INVESTMENTS-(CONTINUED)

December 31, 2013 (Unaudited) and June 30, 2013 (Audited)

(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	December 31, 2013 (Unaudited)			% of Net Assets
			Principal Value	Cost	Fair Value(2)	
<b>LEVEL 3 PORTFOLIO INVESTMENTS:</b>						
Non-control/Non-affiliate Investments (less than 5.00% of voting control)						
				40,000	40,000	1.2%
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)	70,356	70,356	70,356	2.2%
				70,356	70,356	2.2%
Deltek, Inc.	Virginia / Software & Computer Services	Second Lien Term Loan (10.00% (LIBOR + 8.75% with 1.25% LIBOR floor), due 10/10/2019)(3), (4)	12,000	11,842	12,000	0.4%
				11,842	12,000	0.4%
Diamondback Operating, LP	Oklahoma / Oil & Gas Production	Net Profits Interest (15.00% payable on Equity distributions)(7)		—	—	—%
				—	—	—%
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	48,326	50,000	1.6%
				48,326	50,000	1.6%
Empire Today, LLC	Illinois / Durable Consumer Products	Senior Secured Note (11.375%, due 2/1/2017)	15,700	15,374	15,700	0.5%
				15,374	15,700	0.5%
EXL Acquisition Corp.	South Carolina / Biotechnology	Escrow Receivable		—	15	—%
				—	15	—%
Fischbein, LLC	North Carolina / Machinery	Escrow Receivable		—	233	—%
				—	233	—%
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	17,753	18,000	0.6%
				17,753	18,000	0.6%
FPG, LLC	Illinois / Durable Consumer Products	Senior Secured Term Loan (12.00% (LIBOR + 11.00% with 1.00% LIBOR floor),	20,573	20,573	20,341	0.6%

Explanation of Responses:

Edgar Filing: WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORP - Form 4

		due 1/20/2017)(4) Common Stock (5,638 shares)		27	16	—%
				20,600	20,357	0.6%
Galaxy XII CLO, Ltd.(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	\$22,000	\$20,230	\$20,436	0.6%
				20,230	20,436	0.6%
Galaxy XV CLO, Ltd.(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	35,025	30,880	32,067	1.0%
				30,880	32,067	1.0%
Galaxy XVI CLO, Ltd.(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	22,575	21,118	20,410	0.6%
				21,118	20,410	0.6%
Grocery Outlet, Inc.	California / Retail	Second Lien Term Loan (10.50% (LIBOR + 9.25% with 1.25% LIBOR floor), due 6/17/2019)(4)	14,456	14,146	14,456	0.5%
				14,146	14,456	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)	114,138	114,138	114,138	3.5%
				114,138	114,138	3.5%

F-12



Table of ContentsPROSPECT CAPITAL CORPORATION AND SUBSIDIARY  
CONSOLIDATED SCHEDULES OF INVESTMENTS-(CONTINUED)

December 31, 2013 (Unaudited) and June 30, 2013 (Audited)

(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	December 31, 2013 (Unaudited)			% of Net Assets
			Principal Value	Cost	Fair Value(2)	
<b>LEVEL 3 PORTFOLIO INVESTMENTS:</b>						
Non-control/Non-affiliate Investments (less than 5.00% of voting control)						
Halcyon Loan Advisors Funding 2012-I, Ltd.(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	23,188	21,328	23,749	0.7%
				21,328	23,749	0.7%
Halcyon Loan Advisors Funding 2013-I, Ltd.(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	40,400	41,027	39,773	1.2%
				41,027	39,773	1.2%
Harley Marine Services, Inc.	Washington/ Transportation	Second Lien Term Loan (10.50% (LIBOR + 9.25% with 1.25% LIBOR floor), due 12/20/2019)(4)	9,000	8,820	8,820	0.3%
				8,820	8,820	0.3%
Hoffmaster Group, Inc.(3), (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	19,842	19,842	0.6%
ICON Health & Fitness, Inc.	Utah / Durable Consumer Products	Senior Secured Note (11.875%, due 10/15/2016)(3)		1,000	992	—%
			43,100	43,283	38,790	0.6%
IDQ Holdings, Inc.	Texas / Automobile	Senior Secured Note (11.50%, due 4/1/2017)		20,834	20,834	0.6%
			12,500	12,322	12,500	1.2%
ING IM CLO 2012-II, Ltd.(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)		12,322	12,500	0.4%
			38,070	32,550	38,832	1.2%
			46,632	41,388	47,676	1.2%
						1.5%

Explanation of Responses:

Edgar Filing: WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORP - Form 4

ING IM CLO 2012-III, Ltd.(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)		41,388	47,676	1.5%
ING IM CLO 2012-IV, Ltd.(22)	Cayman Islands / Diversified Financial Services	Income Notes (Residual Interest)	\$40,613	\$36,867	\$42,105	1.3%
				36,867	42,105	1.3%
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)	22,564	22,564	22,564	0.7%
				22,564	22,564	0.7%
Interdent, Inc.(4)	California / Healthcare	Senior Secured Term Loan A (8.00% (LIBOR + 6.50% with 1.50% LIBOR floor), due 8/3/2017)	51,288	51,288	51,288	1.6%
		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	1.7%
				106,288	106,288	3.3%
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)	35,030	35,030	35,030	1.1%
				35,030	35,030	1.1%
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)	—	—	—	—%

F-13

Table of ContentsPROSPECT CAPITAL CORPORATION AND SUBSIDIARY  
CONSOLIDATED SCHEDULES OF INVESTMENTS-(CONTINUED)

December 31, 2013 (Unaudited) and June 30, 2013 (Audited)

(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	December 31, 2013 (Unaudited)			% of Net Assets
			Principal Value	Cost	Fair Value(2)	
<b>LEVEL 3 PORTFOLIO INVESTMENTS:</b>						
Non-control/Non-affiliate Investments (less than 5.00% of voting control)						
		Senior Secured Term Loan (10.25% (LIBOR + 8.25% with 2.00% LIBOR floor), due 12/21/2017)(3)	36,562	36,562	36,562	1.1%
				36,562	36,562	1.1%
LCM XIV CLO Ltd.(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	26,500	26,218	25,696	0.8%
				26,218	25,696	0.8%
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)	—	—	—	—%
		Senior Subordinated Debt (10.50%, due 5/31/2015)(3)	2,165	2,165	2,165	0.1%
		Membership Interest (125 units)		216	259	—%
				2,381	2,424	0.1%
Madison Park Funding IX, Ltd.(22)	Cayman Islands / Diversified Financial Services	Income Notes (Residual Interest)	31,110	25,601	27,903	0.9%
				25,601	27,903	0.9%
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)	27,160	27,160	27,160	0.8%
		Senior Secured Term Loan (10.00% (LIBOR + 8.00% with 2.00% LIBOR floor), due 12/21/2017)	37,387	37,387	37,387	1.2%
Matrixx Initiatives, Inc. (4)	New Jersey / Pharmaceuticals	Revolving Line of Credit — \$10,000 Commitment (10.00% (LIBOR + 8.50% with 1.50% LIBOR floor),	9,500	9,500	9,500	0.3%
				64,547	64,547	2.0%

Explanation of Responses:

35

		due 2/9/2014)(25) Senior Secured Term Loan A (7.50% (LIBOR + 6.00% with 1.50% LIBOR floor), due 8/9/2018)	34,562	34,562	34,105	1.1%
		Senior Secured Term Loan B (12.50% (LIBOR + 11.00% with 1.50% LIBOR floor), due 8/9/2018)(3)	35,000	35,000	33,452	1.0%
				79,062	77,057	2.4%
Maverick Healthcare, LLC	Arizona / Healthcare	Preferred Units (1,250,000 units)		\$1,252	\$366	—%
		Common Units (1,250,000 units)		—	—	—%
				1,252	366	—%
Mountain View CLO 2013-I Ltd.(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	\$43,650	42,534	43,056	1.3%
				42,534	43,056	1.3%
NCP Finance Limited Partnership(22), (23)	Ohio / Consumer Finance	Subordinated Secured Term Loan (11.00% (LIBOR + 9.75% with 1.25% LIBOR floor), due 9/30/2018) (3), (4), (16)	11,970	11,738	11,970	0.4%
				11,738	11,970	0.4%
New Century Transportation, Inc.	New Jersey / Transportation	Senior Subordinated Term Loan (12.00% (LIBOR + 10.00% with 2.00% LIBOR floor) plus 4.00% PIK, due 2/3/2018)(3), (4)	45,890	45,890	43,349	1.3%
				45,890	43,349	1.3%
New Star Metals, Inc.	Indiana / Metal Services & Minerals	Senior Subordinated Term Loan (11.50% (LIBOR + 8.50% with 3.00% LIBOR floor) plus 1.00% PIK, due 2/2/2018)(4)	50,534	50,534	49,586	1.5%
				50,534	49,586	1.5%

F-14

Table of ContentsPROSPECT CAPITAL CORPORATION AND SUBSIDIARY  
CONSOLIDATED SCHEDULES OF INVESTMENTS-(CONTINUED)

December 31, 2013 (Unaudited) and June 30, 2013 (Audited)

(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	December 31, 2013 (Unaudited)			% of Net Assets
			Principal Value	Cost	Fair Value(2)	
<b>LEVEL 3 PORTFOLIO INVESTMENTS:</b>						
Non-control/Non-affiliate Investments (less than 5.00% of voting control)						
Nixon, Inc.	California / Durable Consumer Products	Senior Secured Term Loan (8.75% plus 2.75% PIK, due 4/16/2018)(16)	13,862	13,625	13,625	0.4%
				13,625	13,625	0.4%
NRG Manufacturing, Inc.	Texas / Manufacturing	Escrow Receivable		—	1,068	—%
				—	1,068	—%
Octagon Investment Partners XV, Ltd. (22)	Cayman Islands / Diversified Financial Services	Income Notes (Residual Interest)	26,901	25,153	26,162	0.8%
				25,153	26,162	0.8%
Onyx Payments, Inc. (f/k/a Pegasus Business Intelligence, LP)(4)	Texas / Diversified Financial Services	Revolving Line of Credit — \$2,500 Commitment (9.00% (LIBOR + 7.75% with 1.25% LIBOR floor), due 4/18/2014)(25)	—	—	—	—%
		Senior Secured Term Loan A (6.75% (LIBOR + 5.50% with 1.25% LIBOR floor), due 4/18/2018)	15,531	15,531	15,531	0.5%
		Senior Secured Term Loan B (13.75% (LIBOR + 12.50% with 1.25% LIBOR floor), due 4/18/2018)	15,938	15,938	15,938	0.5%
Pelican Products, Inc.(16)	California / Durable Consumer Products	Subordinated Secured (11.50% (LIBOR + 10.00% with 1.50% LIBOR floor), due 6/14/2019)(3),(4)		31,469	31,469	1.0%
			15,000	14,745	15,000	0.5%
Photonix Technologies SAS(22)	France / Aerospace & Defense	First Lien Term Loan (8.50% (LIBOR + 7.50% with 1.00% LIBOR floor), due 9/18/2019) (4), (16)		14,745	15,000	0.5%
			10,500	10,198	10,203	0.3%
			10,000	10,198	10,203	0.3%
			10,000	9,824	10,000	0.3%

Explanation of Responses:

37

Edgar Filing: WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORP - Form 4

Pinnacle (US) Acquisition Co Limited(16)	Texas / Software & Computer Services	Second Lien Term Loan (10.50% (LIBOR + 9.25% with 1.25% LIBOR floor), due 8/3/2020)(4)		9,824	10,000	0.3%
PrimeSport, Inc.(4)	Georgia/ Hotels, Restaurants & Leisure	Revolving Line of Credit — \$15,000 Commitment (10.00% (LIBOR + 9.50% with 0.50% LIBOR floor), due 6/23/2014)(25)	\$ —	\$ —	\$ —	—%
		Senior Secured Term Loan A (7.50% (LIBOR + 6.50% with 1.00% LIBOR floor), due 12/23/2019)	43,700	43,700	43,700	1.4%
		Senior Secured Term Loan B (11.50% (LIBOR + 10.50% with 1.00% LIBOR floor) plus 1.00% PIK, due 12/23/2019)	43,700	43,700	43,700	1.4%
Prince Mineral Holding Corp.	New York / Metal Services & Minerals	Senior Secured Term Loan (11.50%, due 12/15/2019)	10,000	9,895	9,895	0.3%
				9,895	9,895	0.3%
Progrexion Holdings, Inc.(4),(28)	Utah / Consumer Services	Senior Secured Term Loan (10.50% (LIBOR + 8.50% with 2.00% LIBOR floor), due 9/14/2017)(3)	284,521	284,521	284,521	8.8%
				284,521	284,521	8.8%
Rocket Software, Inc.(3), (4)	Massachusetts / Software & Computer Services	Second Lien Term Loan (10.25% (LIBOR + 8.75% with 1.50% LIBOR floor), due 2/8/2019)	20,000	19,738	19,967	0.6%
				19,738	19,967	0.6%
Royal Adhesives & Sealants, LLC	Indiana / Chemicals	Second Lien Term Loan (9.75% (LIBOR + 8.50% with 1.25% LIBOR floor), due 1/31/2019) (4), (16)	20,000	19,619	19,619	0.6%

F-15

Table of ContentsPROSPECT CAPITAL CORPORATION AND SUBSIDIARY  
CONSOLIDATED SCHEDULES OF INVESTMENTS-(CONTINUED)

December 31, 2013 (Unaudited) and June 30, 2013 (Audited)

(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	December 31, 2013 (Unaudited)			% of Net Assets
			Principal Value	Cost	Fair Value(2)	
<b>LEVEL 3 PORTFOLIO INVESTMENTS:</b>						
Non-control/Non-affiliate Investments (less than 5.00% of voting control)						
				19,619	19,619	0.6%
Ryan, LLC(4)	Texas / Business Services	Subordinated Unsecured (12.00% (LIBOR + 9.00% with 3.00% LIBOR floor) plus 3.00% PIK, due 6/30/2018)	70,000	70,000	70,000	2.2%
				70,000	70,000	2.2%
Sandow Media, LLC	Florida / Media	Senior Secured Term Loan (12.00%, due 5/8/2018) (3)	25,143	25,143	24,403	0.8%
				25,143	24,403	0.8%
SESAC Holdco II LLC(3)	Tennessee / Media	Second Lien Term Loan (10.00% (LIBOR + 8.75% with 1.25% LIBOR floor), due 7/12/2019)(4), (16)	6,000	5,919	6,000	0.2%
				5,919	6,000	0.2%
Skillsoft Public Limited Company (22)	Ireland / Software & Computer Services	Senior Unsecured (11.125%, due 6/1/2018)	15,000	14,933	15,000	0.5%
				14,933	15,000	0.5%
Snacks Holding Corporation	Minnesota / Food Products	Series A Preferred Stock (4,021.45 shares)		56	56	—%
		Series B Preferred Stock (1,866.10 shares)		56	56	—%
		Warrant (to purchase 31,196.52 voting common shares, expires 11/12/2020)		479	484	—%
				591	596	—%
Spartan Energy Services, Inc. (3)	Louisiana / Energy	Senior Secured Term Loan (10.50% (LIBOR + 9.00% with 1.50% LIBOR floor), due 12/28/2017) (4)	\$36,225	\$36,225	\$36,225	1.1%
				36,225	36,225	1.1%
Speedy Group Holdings Corp.	Canada / Consumer Finance	Senior Unsecured (12.00%, due 11/15/2017)(22)	15,000	15,000	15,000	0.5%
				15,000	15,000	0.5%
		Escrow Receivable		—	401	—%

Explanation of Responses:

Edgar Filing: WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORP - Form 4

Sport Helmets Holdings, LLC(14)	New York / Personal & Nondurable Consumer Products			—	401	—%
Stauber Performance Ingredients, Inc. (3), (4)	California / Food Products	Senior Secured Term Loan (10.50% (LIBOR + 7.50% with 3.00% LIBOR floor), due 1/21/2016)	13,451	13,451	13,451	0.4%
		Senior Secured Term Loan (10.50% (LIBOR + 7.50% with 3.00% LIBOR floor), due 5/21/2017)	10,106	10,106	10,106	0.3%
				23,557	23,557	0.7%
Stryker Energy, LLC	Ohio / Oil & Gas Production	Subordinated Secured Revolving Credit Facility — \$50,300 Commitment (12.25% (LIBOR + 10.75% with 1.50% LIBOR floor) plus 3.75% PIK, in non-accrual status effective 12/1/2011, due 12/1/2015)(4), (25) Overriding Royalty Interests(18)	35,409	32,711	—	—%
				—	—	—%
				32,711	—	—%
Sudbury Mill CLO Ltd.(22)	Cayman Islands / Diversified Financial Services	Subordinated Notes (Residual Interest)	28,200	26,173	25,978	0.8%
				26,173	25,978	0.8%
Symphony CLO IX Ltd.(22)	Cayman Islands / Diversified Financial Services	LP Certificates (Residual Interest)	45,500	39,449	46,012	1.4%
				39,449	46,012	1.4%

F-16



Table of ContentsPROSPECT CAPITAL CORPORATION AND SUBSIDIARY  
CONSOLIDATED SCHEDULES OF INVESTMENTS-(CONTINUED)

December 31, 2013 (Unaudited) and June 30, 2013 (Audited)

(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	December 31, 2013 (Unaudited)			% of Net Assets
			Principal Value	Cost	Fair Value(2)	
<b>LEVEL 3 PORTFOLIO INVESTMENTS:</b>						
Non-control/Non-affiliate Investments (less than 5.00% of voting control)						
System One Holdings, LLC (3),(4)	Pennsylvania / Business Services	Senior Secured Term Loan (11.00% (LIBOR + 9.50% with 1.50% LIBOR floor), due 12/31/2018)	48,000	48,000	48,000	1.5%
				48,000	48,000	1.5%
TB Corp. (3)	Texas / Consumer Service	Senior Subordinated Note (12.00% plus 1.50% PIK, due 12/18/2018)	23,539	23,539	23,539	0.7%
				23,539	23,539	0.7%
Targus Group International, Inc. (16)	California / Durable Consumer Products	First Lien Term Loan (11.00% (LIBOR + 9.50% with 1.50% LIBOR floor) plus 1.0% PIK, due 5/24/2016)(3),(4)	22,374	22,110	22,110	0.7%
				22,110	22,110	0.7%
TGG Medical Transitory, Inc.	New Jersey / Healthcare	Second Lien Term Loan (11.25% (LIBOR + 10.00% with 1.25% LIBOR floor), due 6/27/2018)(4), (16)	13,000	12,741	13,000	0.4%
				12,741	13,000	0.4%
Totes Isotoner Corporation	Ohio / Personal & Nondurable Consumer Products	Second Lien Term Loan (10.75%, (LIBOR + 9.25% with 1.50% LIBOR floor), due 1/8/2018)(3), (4)	\$53,000	\$52,836	\$52,836	1.6%
				52,836	52,836	1.6%
Traeger Pellet Grills LLC(4)	Oregon / Durable Consumer Products	Senior Secured Term Loan A (6.50% (LIBOR + 4.50% with 2.00% LIBOR floor), due 6/18/2018)	29,550	29,550	29,550	0.9%
				29,850	29,850	0.9%
TransFirst Holdings, Inc.(4)	New York / Software & Computer	Senior Secured Term Loan B (11.50% (LIBOR + 9.50% with 2.00% LIBOR floor), due 6/18/2018) (3)		59,400	59,400	1.8%
			5,000	4,872	5,000	0.2%
		Second Lien Term Loan (11.00%, (LIBOR + 9.75% with 1.25% LIBOR floor),				

Explanation of Responses:

Edgar Filing: WESTINGHOUSE AIR BRAKE TECHNOLOGIES CORP - Form 4

	Services	due 6/27/2018)		4,872	5,000	0.2%
United Bank Card, Inc. (d/b/a Harbortouch)	Pennsylvania / Business Services	Senior Secured Term Loan (11.50% (LIBOR + 9.50% with 2.00% LIBOR floor), due 9/5/2018) (3), (4)	25,371	25,371	25,371	0.8%
				25,371	25,371	0.8%
United Sporting Companies, Inc.(5)	South Carolina / Durable Consumer Products	Second Lien Term Loan (12.75% (LIBOR + 11.00% with 1.75% LIBOR floor), due 5/16/2018) (3) ,(4)	160,000	160,000	160,000	5.0%
				160,000	160,000	5.0%
Water Pik, Inc. (16)	Colorado / Personal & Nondurable Consumer Products	Second Lien Term Loan (9.75% (LIBOR + 8.75% with 1.00% LIBOR floor), due 1/8/2021) (4)	11,000	10,584	10,584	0.3%
				10,584	10,584	0.3%
Wind River Resources Corporation(39)	Utah / Oil & Gas Production	Senior Secured Note (13.00% (LIBOR + 7.50% with 5.50% LIBOR floor) plus 3.00% default interest on principal, 16.00% default interest on past due interest, in non-accrual status effective 12/1/2008, past due)(4) Net Profits Interest (5.00% payable on Equity distributions)(7)	15,000	14,750	—	—%
				—	—	—%
				14,750	—	—%
	Total Non-control/Non-affiliate Investments (Level 3 Investments)			3,690,727	3,683,674	114.0%
	Total Level 3 Portfolio Investments			4,976,291	4,885,854	151.2%

F-17

Table of ContentsPROSPECT CAPITAL CORPORATION AND SUBSIDIARY  
CONSOLIDATED SCHEDULES OF INVESTMENTS-(CONTINUED)

December 31, 2013 (Unaudited) and June 30, 2013 (Audited)

(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	December 31, 2013 (Unaudited)		% of Net Assets
			Principal Value	Fair Value(2)	
LEVEL 1 PORTFOLIO INVESTMENTS:					
Non-control/Non-affiliate Investments (less than 5.00% of voting control)					
Dover Saddlery, Inc.	Massachusetts / Retail	Common Stock (30,974 shares)	\$63	\$166	—%
			63	166	—%
		Total Non-control/Non-affiliate Investments (Level 1 Investments)	63	166	—%
		Total Portfolio Investments	4,976,354	4,886,020	151.2%
SHORT TERM INVESTMENTS: Money Market Funds (Level 2 Investments)					
		Fidelity Institutional Money Market Funds — Government Portfolio (Class I)	179,468	179,468	5.6%
		Fidelity Institutional Money Market Funds — Government Portfolio (Class I)(3)	41,382	41,382	1.3%
		Victory Government Money Market Funds	—	—	—%
		Total Money Market Funds	220,850	220,850	6.9%
		Total Investments	\$5,197,204	\$5,106,870	158.1%

See notes to consolidated financial statements.

F-18

Table of ContentsPROSPECT CAPITAL CORPORATION AND SUBSIDIARY  
CONSOLIDATED SCHEDULES OF INVESTMENTS-(CONTINUED)

December 31, 2013 (Unaudited) and June 30, 2013 (Audited)

(in thousands, except share data)

Portfolio Company	Locale / Industry	Investments(1)	June 30, 2013 (Audited)			% of Net Assets
			Principal Value	Cost	Fair Value(2)	
<b>LEVEL 3 PORTFOLIO INVESTMENTS:</b>						
Control Investments (greater than 25.00% voting control)(44)						
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)	\$28,750	\$28,750	\$28,750	1.1%
		Senior Subordinated Term Loan (12.00% plus 6.00% PIK, due 12/31/2015)	12,500	12,500	12,500	0.5%
		Convertible Preferred Stock (9,919.684 shares)		9,920	9,920	0.4%
		Common Stock (100 shares)		—	3,478	0.1%
			51,170	54,648	2.1%	
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)(3), (4)	19,737	19,737	19,737	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)	19,700	19,700	19,700	0.7%
		Convertible Preferred Stock — Series A (6,142.6 shares)		6,057	—	—%
		Unrestricted Common Stock (6 shares)		—	—	—%
				45,494	39,437	1.4%
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)	125,892	125,892	125,892	4.8%
		Common Stock (148,951 shares)		26,648	26,648	1.0%
				152,540	152,540	5.8%
AWCNC, LLC(19)	North Carolina / Machinery	Members Units — Class A (1,800,000 units)		—	—	—%
		Members Units — Class B-1 (1 unit)		—	—	—%
		Members Units — Class B-2 (7,999,999 units)		—	—	—%
				—	—	—%

Explanation of Responses:

Borga, Inc.	California / Manufacturing	Revolving Line of Credit — \$1,150 Commitment (5.00% (PRIME + 1.75%) plus 3.00% default interest, in	1,150	1,095	586	—%	
		non-accrual status effective 03/02/2010, past due)(4), (25)					
		Senior Secured Term Loan B (8.50% (PRIME + 5.25%) plus 3.00% default interest, in	1,611	1,501	—	—%	
		non-accrual status effective 03/02/2010, past due)(4)					
		Senior Secured Term Loan C (12.00% plus 4.00% PIK plus 3.00% default interest, in	9,738	706	—	—%	
		non-accrual status effective 03/02/2010, past due)					
CCPI Holdings, Inc.(33)	Ohio / Manufacturing	Common Stock (100 shares)(21)		—	—	—%	
		Warrants (33,750 warrants)(21)		—	—	—%	
				3,302	586	—%	
		Senior Secured Note (10.00%, due 12/31/2017)(3)	17,663	17,663	17,663	0.7%	
		Senior Secured Note (12.00% plus 7.00% PIK, due	7,659	7,659	7,659	0.3%	
		6/30/2018)					
Common Stock (100 shares)		8,581	7,977	0.3%			
Net Revenue Interest (4% of Net Revenue)							