

PROSPECT CAPITAL CORP
Form 8-K
May 07, 2012

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **May 7, 2012 (May 1, 2012)**

Prospect Capital Corporation

(Exact name of registrant as specified in its charter)

MARYLAND
(State or other jurisdiction
of incorporation)

814-00659
(Commission File Number)

43-2048643
(IRS Employer
Identification No.)

10 East 40th Street, 44th Floor, New York, New York 10016

(Address of principal executive offices, including zip code)

(212) 448-0702

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

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- o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

 - o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

 - o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

 - o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement.

On May 1, 2012, Prospect Capital Corporation (the Company) and U.S. Bank National Association (the Trustee), entered into a Supplemental Indenture (the Supplemental Indenture) to the Indenture, dated February 16, 2012, between the Company and the Trustee (as supplemented by the Supplemental Indenture, the Indenture). The Supplemental Indenture relates to the Company's issuance, offer and sale of \$100,000,000 aggregate principal amount of its 6.95% senior notes due 2022 (the Notes) and up to an additional \$15,000,000 aggregate principal amount of Notes pursuant to an option granted to the underwriters.

The Notes will mature on November 15, 2022 and may be redeemed in whole or in part at the Company's option at any time or from time to time on or after May 15, 2015 at a redemption price of \$25 per security plus accrued and unpaid interest. The Notes bear interest at a rate of 6.95% per year payable quarterly on February 15, May 15, August 15 and November 15 of each year, commencing on August 15, 2012. The Notes are direct unsecured obligations of the Company.

The Company expects to use the net proceeds from the sale of the Notes initially to maintain balance sheet liquidity, including investments in high quality short-term debt instruments, and thereafter to make long-term investments in accordance with the Company's investment objective.

The Indenture, as supplemented by the Supplemental Indenture, contains provisions that provide note holders, upon the occurrence of a Fundamental Change (as defined in the Supplemental Indenture), the option to require the Company to repurchase all of a note holder's Notes, or any portion thereof that is a multiple of \$25 principal amount, at a repurchase price equal to one hundred percent of the principal amount of the Notes being repurchased, plus accrued and unpaid interest to, but not including, the repurchase date.

The Indenture, as supplemented by the Supplemental Indenture, also provides that the Company may not, in a single transaction or a series of related transactions, consolidate with or merge with or into any other person or sell, convey, transfer or lease its property and assets substantially as an entirety to another person, unless certain specified conditions set forth in the Supplemental Indenture are satisfied.

The Indenture, as supplemented by the Supplemental Indenture, contains certain covenants including covenants requiring the Company to comply with Section 18(a)(1)(A) as modified by Section 61(a)(1) of the Investment Company Act of 1940, as amended, and to provide financial information to the holders of the Notes and the Trustee if the Company should no longer be subject to the reporting requirements under the Securities Exchange Act of 1934. These covenants are subject to important limitations and exceptions that are described in the Indenture.

The Notes were offered and sold pursuant to a Registration Statement on Form N-2 (File No. 333-176637) and the preliminary prospectus supplement filed with the Securities and Exchange Commission on April 24, 2012. The transaction closed on May 1, 2012.

The foregoing descriptions of the Supplemental Indenture and the Notes do not purport to be complete and are qualified in their entirety by reference to the full text of the Supplemental Indenture and the Notes, respectively, each filed as exhibits hereto and incorporated by reference herein.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth under Item 1.01 of this Form 8-K is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

- 4.1 Supplemental Indenture dated as of May 1, 2012, by and between Prospect Capital Corporation and U.S. Bank National Association, as Trustee
- 4.2 Form of Global Note 6.95% Senior Note Due 2022 (included as part of Exhibit 4.1)
- 5.1 Opinion of Venable LLP
- 5.2 Opinion of Skadden, Arps, Slate, Meagher & Flom LLP
- 23.1 Consent of Venable LLP (contained in the opinion filed as Exhibit 5.1)
- 23.2 Consent of Skadden, Arps, Slate, Meagher & Flom LLP (contained in the opinion filed as Exhibit 5.2)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Current Report on Form 8-K to be signed on its behalf by the undersigned hereunto duly authorized.

Prospect Capital Corporation

| | |
|--------|-------------------------|
| By. | /s/ M. Grier Eliasek |
| Name: | M. Grier Eliasek |
| Title: | Chief Operating Officer |

Date: May 7, 2012

Index to Exhibits

| Exhibit Number | Description |
|---------------------------|--|
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