

Oxford Lane Capital Corp.
Form 497
January 23, 2014

Filed pursuant to Rule 497
File No. 333-189805

PROSPECTUS SUPPLEMENT
(to Prospectus dated August 22, 2013)

Oxford Lane Capital Corp.

**Up to 4,021,373 Shares of Common Stock Issuable
Upon Exercise of Rights to Subscribe for Such Shares**

We are a non-diversified, closed-end management investment company that has registered as an investment company under the Investment Company Act of 1940, or the 1940 Act. Our investment objective is to maximize our portfolio's total return. We have initially implemented our investment objective by purchasing portions of equity and junior debt tranches of collateralized loan obligation (CLO) vehicles. Structurally, CLO vehicles are entities that were formed to originate and manage a portfolio of loans. The loans within the CLO vehicle are limited to loans which meet established credit criteria and are subject to concentration limitations in order to limit a CLO vehicle's exposure to a single credit.

We are issuing non-transferable rights to our stockholders of record, or record date stockholders, as of 5:00 p.m., New York City time, on February 4, 2014, or the record date. The rights entitle holders of rights, or rights holders, to subscribe for an aggregate of up to 4,021,373 shares of our common stock. Record date stockholders will receive one right for each share of common stock owned on the record date. The rights entitle the holder to purchase one new share of common stock for every two rights held, which we refer to as the basic subscription right, and record date stockholders who fully exercise their rights will be entitled to subscribe, subject to certain limitations and pro-rata allocation, for additional shares that remain unsubscribed as a result of any unexercised rights.

The subscription price per share is expected to be between \$17.00 and \$18.00. The exact subscription price will be determined after the record date by an authorized committee of our board of directors and we will file a prospectus supplement with the exact subscription price. The rights will expire if they are not exercised by 5:00 p.m., New York City time, on March 3, 2014, the expiration date of this offering, unless extended. We, in our sole discretion, may extend the period for exercising the rights. You will have no right to rescind your subscription after receipt of your payment of the subscription price or a notice of guaranteed delivery except as described in this prospectus supplement or accompanying prospectus.

This offering will dilute the ownership interest and voting power of the common stock owned by stockholders who do not fully exercise their subscription rights. Stockholders who do not fully exercise their subscription rights will, upon completion of the offering, own a smaller proportional interest in us than before the offering. Further, because the net proceeds per share from the offering may be lower than our then current net asset value per share, the offering may reduce our net asset value per share.

Our common stock is traded on the NASDAQ Global Select Market under the symbol OXLC. On January 22, 2014, the last reported sales price on the NASDAQ Global Select Market for our common stock was \$17.76 per share.

We are required to determine the net asset value per share of our common stock on a quarterly basis. Our net asset value per share of our common stock as of September 30, 2013 was \$16.13.

An investment in our common stock is subject to risks and involves a heightened risk of total loss of investment. Common shares of closed-end investment companies frequently trade at a discount to their net asset value. In addition, the CLO securities in which we invest are subject to special risks. See Risk Factors beginning on page S-18 of this prospectus supplement and page 17 of the accompanying prospectus to read about factors you should consider, including the risk of leverage, before investing in our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Please read this prospectus supplement and the accompanying prospectus before investing in our securities and keep each for future reference. This prospectus supplement and the accompanying prospectus contain important information about us that a prospective investor ought to know before investing in our securities. We file annual, semi-annual and quarterly reports, proxy statements and other information with the Securities and Exchange Commission. This information is available free of charge by contacting us at 8 Sound Shore Drive, Suite 255, Greenwich, CT 06830 or by telephone at (203) 983-5275, or on our website at <http://www.oxfordlanecapital.com>. Information contained on our website is not incorporated by referenced into this prospectus supplement or the accompanying prospectus, and you should not consider information contained on our website to be part of this prospectus supplement or the accompanying prospectus. The Securities and Exchange Commission also maintains a website at <http://www.sec.gov> that contains information about us.

	Per Share	Total ⁽³⁾
Subscription Price	\$ 17.50	\$ 70,374,028
Estimated sales Load (Underwriting Discounts and Commissions) ⁽¹⁾	\$ 0.70	\$ 2,814,961
Proceeds, before expenses, to Oxford Lane Capital Corp. ⁽²⁾	\$ 16.80	\$ 67,559,067

In connection with this offering, Deutsche Bank Securities Inc. and Ladenburg Thalmann & Co. Inc., the dealer managers for this offering, will receive a fee for their financial advisory, marketing and soliciting services equal to (1) 4.0% of the subscription price per share for each share issued pursuant to the exercise of rights, including pursuant to the over-subscription privilege.

We estimate that we will incur offering expenses of approximately \$335,000 in connection with this offering. We (2) estimate that net proceeds to us after expenses will be \$67.2 million assuming all of the rights are exercised at the mid-point of the subscription price range set forth above.

(3) Assumes all rights are exercised at the mid-point of the subscription price range set forth above.

If you have any questions or need further information about this rights offering, please call Georgeson Inc., our information agent for the rights offering, at (866) 856-4733.

Deutsche Bank Securities

Ladenburg Thalmann & Co. Inc.

Prospectus Supplement dated January 23, 2014.

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ABOUT THIS PROSPECTUS SUPPLEMENT

We have filed with the Securities and Exchange Commission a registration statement on Form N-2 (file No. 333-189805) utilizing a shelf registration process relating to the securities described in this prospectus supplement, which registration statement was declared effective on August 22, 2013. This document is in two parts. The first part is the prospectus supplement, which describes the terms of this rights offering and also adds to and updates information contained in the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information and disclosure. To the extent the information contained in this prospectus supplement differs from or is additional to the information contained in the accompanying prospectus, you should rely only on the information contained in this prospectus supplement. Please carefully read this prospectus supplement and the accompanying prospectus together with the additional information described under the headings Available Information and Risk Factors included in this prospectus supplement and the accompanying prospectus, respectively, before investing in our common stock.

You should rely only on the information contained in this prospectus supplement and the accompanying prospectus. Neither we nor the dealer managers have authorized any dealer, salesman or other person to give any information or to make any representation other than those contained in this prospectus supplement or the accompanying prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or a solicitation of any offer to buy any security other than the registered securities to which they relate, nor do they constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction or to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The information contained in this prospectus supplement and the accompanying prospectus is accurate as of the dates on their respective covers. Our financial condition, results of operations and prospects may have changed since those dates. To the extent required by law, we will amend or supplement the information contained in this prospectus supplement and the accompanying prospectus to reflect any material changes subsequent to the date of this prospectus supplement and the accompanying prospectus and prior to the completion of any offering pursuant to this prospectus supplement and the accompanying prospectus.

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SUMMARY

The following summary contains basic information about this rights offering pursuant to this prospectus supplement and the accompanying prospectus. It is not complete and may not contain all the information that is important to you. For a more complete understanding of this rights offering pursuant to this prospectus supplement, we encourage you to read this entire prospectus supplement and the accompanying prospectus, and the documents to which we have referred in this prospectus supplement and the accompanying prospectus. Together, these documents describe the specific terms of this rights offering. You should carefully read the section entitled "Risk Factors" included in this prospectus supplement and the accompanying prospectus and the section entitled "Business" and our consolidated financial statements included in the accompanying prospectus.

Except where the context requires otherwise, the terms "Oxford Lane Capital," the "Company," "we," "us" and "our" refer to Oxford Lane Capital Corp.; "Oxford Lane Management" and "investment adviser" refer to Oxford Lane Management, LLC; and "BDC Partners" refers to BDC Partners, LLC.

The Rights Offering

The Offer

We are issuing to stockholders of record, or record date stockholders, on February 4, 2014, the record date, one non-transferable right for each share of our common stock held on the record date. Each holder of the rights, or rights holder, is entitled to subscribe for one share of our common stock for every two rights held (1 for 2), which we refer to as the primary subscription right. We will not issue fractional shares of our common stock upon the exercise of rights.

We completed a similar 1 for 2 non-transferable rights offering in February 2013.

The rights are non-transferable and will not be listed for trading on the NASDAQ Global Select Market or any other stock exchange. The rights may not be purchased or sold and there will not be any market for trading the rights. The shares of common stock to be issued pursuant to this offering will be listed for trading on the NASDAQ Global Select Market under the symbol "OXLC." See "The Offer."

Subscription Price

The subscription price per share is expected to be between \$17.00 and \$18.00. The exact subscription price will be determined after the record date by an authorized committee of our board of directors and we will file a prospectus supplement with the exact subscription price. See "The Offer" "The Subscription Price."

Over-Subscription Privilege

Record date stockholders who fully exercise all rights issued to them (other than those rights which cannot be exercised because they represent the right to acquire less than one share) are entitled to subscribe for additional shares of our common stock which were not subscribed for by other stockholders, which we refer to as the remaining shares.

If sufficient remaining shares of our common stock are available, all record date stockholders' over-subscription requests will be honored in full. Shares acquired pursuant to the over-subscription privilege are subject to certain limitations and pro rata allocations. See "The Offer" "Over-Subscription Privilege."

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Purpose of the Offer

Our Board of Directors has determined that it would be in the best interest of Oxford Lane Capital and its stockholders to increase the capital available for making additional investments, as well as to generally enhance our liquidity. In order to remain relevant in the market, we must have sufficient liquidity available to remain a credible source of capital. The offering will increase the capital available for us to make additional investments. We believe that we will have limited capital available for new investments in 2014 unless we increase our present capital resources. However, we expect to have sufficient resources available from investment income to pay our current expenses for the foreseeable future. This offering gives existing shareholders the right to purchase additional shares at a price that is expected to be below market, while providing us access to additional capital resources. In connection with the approval of this rights offering, our Board of Directors considered, among other things, the following factors:

the subscription price relative to the market price and to our net asset value per share, including the fact that the net proceeds per share from the offering may be below our then current net asset value per share and the resulting effect that the offering will have on our net asset value per share;

the increased capital to be available upon completion of the rights offering for us to make additional investments consistent with our investment objective;

the dilution in ownership and voting power to be experienced by non-exercising stockholders;

the dilutive effect the offering will have on the dividends per share we distribute subsequent to completion of the offering;

the terms and expenses in connection with the offering relative to other alternatives for raising capital, including fees payable to the dealer managers;

the size of the offering in relation to the number of shares outstanding;

the fact that the rights will not be listed on the NASDAQ Global Select Market;

the market price of our common stock, both before and after the announcement of the rights offering;

the general condition of the securities markets; and

any impact on operating expenses associated with an increase in capital, including an increase in fees payable to our investment adviser.

We cannot provide you assurance of the amount of dilution, if any, that a stockholder will experience, that the current offering will be successful, or that by increasing the amount of our available capital, our aggregate expenses and, correspondingly, our expense ratio will be lowered. In addition, our investment adviser's management fee is based upon our gross assets, which include any cash or cash equivalents that we have not yet invested in the securities of portfolio companies.

In determining that this offer is in our best interest and in the best interests of our stockholders, we have retained Deutsche Bank Securities Inc. and Ladenburg Thalmann & Co. Inc., the dealer managers for this offering, to provide us with financial advisory, marketing and soliciting services relating to this offer, including advice with respect to the structure, timing and terms of the offer. In this regard, our Board of Directors considered, among other things, using a fixed pricing versus variable pricing mechanism, the benefits and drawbacks of conducting a non-transferable versus a transferable rights offering, the effect on us if this offer is not fully subscribed and the experience of the dealer managers in conducting rights offerings.

Although we have no present intention to do so, we may, in the future and in our discretion, choose to make additional rights offerings from time to time for a number of shares and on terms which may or may not be similar to this offer, provided that our Board of Directors must determine that each subsequent rights offering is in the best interest of our stockholders. Any such future rights offering will be made in accordance with the 1940 Act.

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Non-Transferability of Rights

The rights are being issued in this offering only to holders of our common stock as of the record date and are non-transferable. Therefore, only the underlying shares of common stock, and not the rights, will be admitted for trading on the NASDAQ Global Select Market. See The Offer Non-Transferability of Rights.

Use of Proceeds

We intend to use the net proceeds from this offering for the origination of new investments in accordance with our investment objective, and for working capital and other general corporate purposes. See Use of Proceeds.

Dilutive Effects

Any stockholder who chooses not to participate in the offering should expect to own a smaller interest in us upon completion of the offering. The offering will dilute the ownership interest and voting power of stockholders who do not fully exercise their basic subscription rights. Further, because the net proceeds per share from the offering may be lower than our then current net asset value per share, the offering may reduce our net asset value per share. The amount of dilution, if any, that a stockholder may experience could be substantial.

Amendments and Termination

We reserve the right to amend the terms and conditions of this offering, whether the amended terms are more or less favorable to you. We will comply with all applicable laws, including the federal securities laws, in connection with any such amendment. In addition, we may, in our sole discretion, terminate the rights offering at any time prior to delivery of the shares of our common stock offered hereby. If this rights offering is terminated, all rights will expire without value and the subscription agent will return as soon as practicable all exercise payments, without interest.

How to Obtain Subscription Information

Contact your broker-dealer, trust company, bank or other nominee where your rights are held, or Contact the information agent, Georgeson Inc., toll-free at (866) 856-4733. Broker-dealers and nominees may call (212) 440-9800.

How to Subscribe

Deliver a completed subscription certificate and payment to the subscription agent by the expiration date of the rights offering, or

If your shares are held in an account with your broker-dealer, trust company, bank or other nominee, which qualifies as an Eligible Guarantor Institution under Rule 17Ad-15 of the Securities Exchange Act of 1934, as amended (the Exchange Act), have your Eligible Guarantor Institution deliver a notice of guaranteed delivery to the subscription agent by the expiration date of the rights offering.

Subscription Agent

Computershare, Inc. and Computershare Trust Company, N.A. will act as the subscription agent in connection with this offer.

Information Agent

Georgeson Inc. will act as the information agent in connection with this offer. You may contact Georgeson toll-free with questions at (866) 856-4733. Broker-dealers and nominees may call (212) 440-9800.

Distribution Arrangements

Deutsche Bank Securities Inc. and Ladenburg Thalmann & Co. Inc. will act as dealer managers for the offer. Under the terms and subject to the conditions contained in the dealer manager agreement, the dealer managers will provide financial advisory services and marketing assistance in connection with the offering and will solicit the

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exercise of rights and participation in the over-subscription privilege by our stockholders. The offer is not contingent upon any number of rights being exercised. We have agreed to pay the dealer managers a fee for their financial advisory, marketing and soliciting services equal to 4.0% of the subscription price per share for shares issued pursuant to the exercise of rights, including pursuant to the over-subscription privilege. The dealer managers may reallocate a portion of their fees to other broker-dealers that have assisted in soliciting the exercise of rights.

Important Dates to Remember

Record Date	February 4, 2014
Subscription Period	from February 4, 2014 to March 3, 2014 ⁽¹⁾
Expiration Date	March 3, 2014 ⁽¹⁾
Deadline for Delivery of Subscription Certificates and Payment for Shares ⁽²⁾	March 3, 2014 at 5pm EST ⁽¹⁾
Deadline for Delivery of Notice of Guaranteed Delivery ⁽²⁾	March 3, 2014 at 5pm EST ⁽¹⁾
Deadline for Delivery of Subscription Certificates and Payment for Shares pursuant to Notice of Guaranteed Delivery	March 5, 2014 at 5pm EST ⁽¹⁾
Confirmations Mailed to Participants	March 12, 2014 ⁽¹⁾
Final Payment for Shares	March 10, 2014 ⁽¹⁾

(1) Unless the offer is extended.

Participating rights holders must, by the expiration date of the offer (unless the offer is extended), either (i) deliver (2) a subscription certificate and payment for shares or (ii) cause to be delivered on their behalf a notice of guaranteed delivery.

Business Overview

We are a non-diversified closed-end management investment company that has registered as an investment company under the 1940 Act. Our investment objective is to maximize our portfolio's total return.

We have initially implemented our investment objective by purchasing portions of equity and junior debt tranches of collateralized loan obligation (CLO) vehicles. Substantially all of the CLO vehicles in which we may invest would be deemed to be investment companies under the 1940 Act but for the exceptions set forth in section 3(c)(1) or section 3(c)(7). Structurally, CLO vehicles are entities that were formed to originate and manage a portfolio of loans. The loans within the CLO vehicle are limited to loans which meet established credit criteria and are subject to concentration limitations in order to limit a CLO vehicle's exposure to a single credit. A CLO vehicle is formed by raising various classes or tranches of debt (with the most senior tranches being rated AAA to the most junior tranches typically being rated BB or B) and equity. The CLO vehicles which we focus on are collateralized primarily by senior secured loans made to companies whose debt is unrated or is rated below investment grade (Senior Loans), and generally have very little or no exposure to real estate, mortgage loans or to pools of consumer-based debt, such as credit card receivables or auto loans. Our investment strategy may also include warehouse facilities, which are financing structures intended to aggregate loans that may be used to form the basis of a CLO vehicle. We may also invest, on an opportunistic basis, in other corporate credits of a variety of types. We expect that each of our investments will range in size from \$2 million to \$15 million, although the investment size may vary consistent with the size of our overall portfolio.

Oxford Lane Management manages our investments and its affiliate arranges for the performance of the administrative services necessary for us to operate.

Distributions

In order to qualify as a regulated investment company, or RIC, and to eliminate our liability for corporate-level tax on the income we distribute to our stockholders, we are required, under Subchapter M of the Internal Revenue Code of 1986, as amended, or the Code, to distribute to our stockholders on an annual basis at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital gains, if any.

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The following table reflects the cash distributions, including dividends and returns of capital, if any, per share that we have declared on our common stock to date:

Date Declared	Record Date	Payment Date	Amount ⁽¹⁾
Fiscal 2014			
November 26, 2013	March 17, 2014	March 31, 2014	\$ 0.60
November 26, 2013	March 17, 2014	March 31, 2014	0.10 ⁽²⁾
November 6, 2013	December 17, 2013	December 31, 2013	0.55
July 24, 2013	September 16, 2013	September 30, 2013	0.55
May 22, 2013	June 14, 2013	June 28, 2013	0.55
Total (2014)			2.35
Fiscal 2013			
February 6, 2013	March 15, 2013	March 29, 2013	0.55
October 23, 2012	December 17, 2012	December 31, 2012	0.55
July 31, 2012	September 14, 2012	September 28, 2012	0.55
May 22, 2012	June 15, 2012	June 29, 2012	0.55
Total (2013)			2.20
Fiscal 2012			
January 25, 2012	March 16, 2012	March 30, 2012	0.55
October 24, 2011	December 16, 2011	December 30, 2011	0.50
July 22, 2011	September 16, 2011	September 30, 2011	0.50
April 6, 2011	June 16, 2011	June 30, 2011	0.50
Total (2012)			2.05
Fiscal 2011			
March 7, 2011	March 21, 2011	April 1, 2011	0.25
Total (2011)			0.25
			\$ 6.85

All of our cash distributions to date were funded from net investment income, except approximately \$0.07 per (1) share and \$0.40 per share of the distribution paid on June 29, 2012 and June 28, 2013, respectively, which was funded from long term capital gains.

(2) Represents a special dividend for the fiscal year ended March 31, 2014.

For fiscal year 2013, we paid \$459,228 in preferred dividends on the Series 2017 Term Preferred Shares; during the six month period ended September 30, 2013 we paid a total of \$672,041 in such dividends. During the second quarter of fiscal 2014, we paid a total of \$448,955 in preferred dividends on the Series 2023 Term Preferred Shares. During the third quarter of fiscal 2014, we paid a total of \$336,021 and \$956,491 in preferred dividends on the Series 2017 Term Preferred Shares and the Series 2023 Term Preferred Shares, respectively.

For accounting purposes the distributions declared on our common stock for the fiscal periods ended March 31, 2013, 2012 and 2011 were in excess of the reported earnings. However, as a RIC, earnings and distributions are determined on a tax basis. Furthermore, taxable earnings are determined according to tax regulations and differ from reported income for accounting purposes. For the fiscal periods ended March 31, 2013, 2012 and 2011, taxable earnings exceeded our distributions and there was no tax return of capital for these years. To the extent that taxable earnings for any fiscal year are less than the amount of the dividends paid during the year, there would be a tax return of capital to shareholders. Distributions in excess of current and accumulated taxable earnings and profits will generally not be taxable to the shareholders, because a tax return of capital represents a return of a portion of a shareholder's original investment in our common stock to the extent of a shareholder's basis in our stock. Generally, a tax return of capital

will reduce an investor's basis in our stock for federal tax purposes, which will result in the shareholder recognizing additional gain (or less loss) when the stock is sold. Assuming that a shareholder holds our stock as a capital asset, any such

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additional gain would be a capital gain. Shareholders should not assume that the source of all distributions is from our net profits and shareholders may periodically receive the payment of a dividend consisting of a return of capital. The tax character of any distributions will be determined after the end of the fiscal year. Tax matters are very complicated and the tax consequences to an investor of an investment in our shares will depend on the facts of its particular situation. We encourage investors to consult their own tax advisors regarding the specific consequences of such an investment, including tax reporting requirements, the applicability of federal, state, local and foreign tax laws, eligibility for the benefits of any applicable tax treaty and the effect of any possible changes in the tax laws.

Use of Proceeds From Prior Offerings

Since the closing of our initial public offering on January 25, 2011, three subsequent rights offerings on August 26, 2011, April 27, 2012 and February 15, 2013, three subsequent preferred stock offerings on November 28, 2012, June 21, 2013, and November 18, 2013 and a direct registered offering on January 9, 2014, through January 22, 2014 we have invested approximately \$226.5 million (including accrued interest) of the cumulative net proceeds we received from our initial public offering, subsequent rights offerings, common stock offerings and preferred stock offerings. Consistent with our investment objective, these investments were made in junior debt and equity tranches of CLOs.

Oxford Lane Management

Our investment activities are managed by Oxford Lane Management, which is an investment adviser that has registered under the Investment Advisers Act of 1940, or the Advisers Act. Under our investment advisory agreement with Oxford Lane Management, which we refer to as our Investment Advisory Agreement, we have agreed to pay Oxford Lane Management an annual base management fee based on our gross assets, as well as an incentive fee based on our performance. See Investment Advisory Agreement in the accompanying prospectus.

We expect to benefit from the proven ability of our investment adviser's team to identify attractive opportunities, conduct diligence on and value prospective investments, negotiate terms where appropriate, and manage and monitor a diversified portfolio although we do not intend to operate as a diversified investment company within the meaning of the 1940 Act. Our investment adviser's senior investment team members have broad investment backgrounds, with prior experience at investment banks, commercial banks, unregistered investment funds and other financial services companies, and have collectively developed a broad network of contacts to provide us with our principal source of investment opportunities.

Our investment adviser is led by Jonathan H. Cohen, our Chief Executive Officer and Saul B. Rosenthal, our President. Messrs. Cohen and Rosenthal are assisted by Darryl M. Monasebian and Hari Srinivasan, who serve as Executive Vice President and Managing Director for Oxford Lane Management, respectively. We consider Messrs. Cohen, Rosenthal, Monasebian and Srinivasan to be Oxford Lane Management's senior investment team.

Messrs. Cohen and Rosenthal, together with the other members of Oxford Lane Management's investment team, have developed an infrastructure that we believe provides Oxford Lane Capital with a competitive advantage in locating and acquiring attractive Senior Loans and CLO investments.

Charles M. Royce is a non-managing member of Oxford Lane Management. Mr. Royce has served as President since 1972, and a member of the Board of Managers since 2001, of Royce & Associates, LLC (Royce & Associates). He also serves as Royce & Associates' Co-Chief Investment Officer and manages or co-manages twelve of Royce & Associates' open- and closed-end registered funds. Mr. Royce currently serves on the Board of Directors of The Royce Funds and TICC Capital Corp. Mr. Royce is also a non-managing member of TICC Management, LLC, the

investment adviser for TICC Capital Corp. Mr. Royce, as a non-managing member of Oxford Lane Management, does not take part in the management or participate in the operations of Oxford Lane Management; however, Mr. Royce may be available from time to time to Oxford Lane Management to provide certain consulting services without compensation. Royce & Associates is a wholly owned subsidiary of Legg Mason, Inc.

In addition, we will pay BDC Partners, an affiliate of Oxford Lane Management, our allocable portion of overhead and other expenses incurred by BDC Partners in performing its obligations under an administration

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agreement by and among us and BDC Partners (the Administration Agreement), including rent, the fees and expenses associated with performing compliance functions, and our allocable portion of the compensation of our Chief Financial Officer, Chief Compliance Officer and any administrative support staff. These arrangements will create conflicts of interest that our Board of Directors must monitor.

Investment Focus

Our investment objective is to maximize our portfolio's total return. We have initially implemented our investment objective by investing principally in the equity and junior debt tranches of CLO vehicles, which are collateralized primarily by a diverse portfolio of leveraged corporate loans, and which generally have very little or no exposure to real estate or mortgage loans or to pools of consumer-based debt, such as credit card receivables or auto loans. Our investment strategy may also include warehouse facilities, which are financing structures intended to aggregate loans that may be used to form the basis of a CLO vehicle. We may invest in securities issued by foreign entities, including foreign CLO vehicles.

The CLO investments we currently hold in our portfolio generally represent either a residual economic interest, in the case of an equity tranche, or a debt investment collateralized by a portfolio of Senior Loans. The value of our CLO investments generally depend on both the quality and nature of the underlying portfolio it references and also on the specific structural characteristics of the CLO itself, both of which are described below.

CLO Structural Elements

Structurally, CLO vehicles are entities that were formed to originate and manage a portfolio of loans. The loans within the CLO vehicle are limited to loans which meet established credit criteria and are subject to concentration limitations in order to limit a CLO vehicle's exposure to a single credit.

A CLO vehicle is formed by raising multiple tranches of debt (with the most senior tranches being rated AAA to the most junior tranches typically being rated BB or B) and equity. As interest payments are received the CLO vehicle makes contractual interest payments to each tranche of debt based on their seniority. If there are funds remaining after each tranche of debt receives its contractual interest rate and the CLO vehicle meets or exceeds required collateral coverage levels (or other similar covenants) the remaining funds may be paid to the equity tranche. The contractual provisions setting out this order of payments are set out in detail in the CLO vehicle's indenture. These provisions are referred to as the priority of payments or the waterfall and determine any other obligations that may be required to be paid ahead of payments of interest and principal on the securities issued by a CLO vehicle. In addition, for payments to be made to each tranche, after the most senior tranche of debt, there are various tests which must be complied with, which are different for each CLO vehicle.

CLO indentures typically provide for adjustments to the priority of payments in the event that certain cashflow or collateral requirements are not maintained. The collateral quality tests that may divert cashflows in the priority of payments are predominantly determined by reference to the par values of the underlying loans, rather than their current market values. Accordingly, we believe that CLO equity and junior debt investments allow investors to gain diversified exposure to the Senior Loan market on a levered basis without being structurally subject to mark-to-market price fluctuations of the underlying loans. As such, although the current valuations of CLO equity and junior debt tranches are expected to fluctuate based on price changes within the loan market, interest rate movements and other macroeconomic factors, those tranches will generally be expected to continue to receive distributions from the CLO vehicle periodically so long as the underlying portfolio does not suffer defaults, realized losses or other covenant violations sufficient to trigger changes in the waterfall allocations. We therefore believe that an investment portfolio

consisting of CLO equity and junior debt investments of this type has the ability to provide attractive risk-adjusted rates of return.

The diagram below is for illustrative purposes only. The CLO structure highlighted below is only a hypothetical structure and structures among CLO vehicles in which we may invest may vary substantially from the hypothetical example set forth below.

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The Syndicated Senior Loan Market

We believe that the syndicated leveraged corporate loan market is relatively large and remains largely inaccessible to a significant portion of investors that are not lenders or approved institutions. The CLO market also permits exposure to syndicated Senior Loans, but this market is almost exclusively private and predominantly institutional.

The Senior Loan market is characterized by various factors, including:

Seniority. A Senior Loan typically ranks senior in a company's capital structure to all other forms of debt or equity. As such, that loan maintains the senior-most claim on the company's assets and cash flow, and, we believe should, all other things being equal, offer the prospect of a relatively more stable and lower-risk holding.

Floating rate instruments. A Senior Loan typically contains a floating versus a fixed interest rate, which we believe provides some measure of protection against the risk of interest rate fluctuation.

Frequency of interest payments. A Senior Loan typically provides for scheduled interest payments no less frequently than quarterly.

In the current environment, we believe the above attributes seem particularly desirable.

Investment Opportunity

Despite strength across the credit markets broadly, we believe that the market for CLO-related assets continues to provide us with the opportunity to generate attractive risk adjusted returns within our strategy. We believe that a number of factors support this conclusion, including:

We believe that the long-term and relatively low-cost capital that many CLO vehicles have secured, compared with current asset spreads and associated LIBOR floors, have created opportunities to purchase certain CLO equity and junior debt instruments that may produce attractive risk-adjusted returns. Although yields on Senior Loans have generally decreased since mid-2010, we believe that CLO equity and junior debt instruments still offer attractive risk-adjusted returns.

We believe that CLO equity and junior debt have generally become more liquid since mid-2009. From late 2007 through mid-2009, these assets traded less frequently. We believe that greater liquidity in this market has created more opportunities to select among various CLO debt and equity instruments.

¹ The par amount outstanding of the S&P/LSTA Leveraged Loan Index (which represents a significant amount of the syndicated leveraged corporate loan market) was approximately \$681.7 billion as of December 31, 2013.

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We believe that investing in CLO securities, and CLO equity instruments in particular, requires a high level of research and analysis. We believe that typically this analysis can only be adequately conducted by knowledgeable market participants since that analysis tends to be highly specialized.

We believe that a stronger credit market for Senior Loans has reduced the risk of collateral coverage test violations across many CLO structures, thereby reducing the risk that current cash distributions otherwise payable to junior debt tranches and/or equity will be diverted under the priority of payments to pay down the more senior obligations in various CLO structures.

We believe that the US CLO market is relatively large with total capital outstanding of approximately \$271 billion.⁽¹⁾

We estimate that the amount outstanding of the junior-most debt tranches (specifically the tranches originally rated BB and B) and equity tranches together are approximately \$46 billion.

In addition to reviewing the junior debt and equity tranches of pre-2008 vintage CLOs, we have analyzed post-2010 CLOs (in both the primary and secondary markets) given the recent increase in new CLO issuance. From January 1, 2013 to December 6, 2013, CLOs closed stood at approximately \$81 billion across 170⁽²⁾ deals (compared to approximately \$54 billion for 2012).⁽³⁾

While the post-2010 CLOs generally have a higher cost of capital (which may result in lower returns for the equity investors in those CLOs) compared to pre-2008 CLOs, they may offer certain attractive structural features (including, in certain cases, better credit enhancement and lower leverage) and stronger collateral packages. We believe there are currently a significant number of these investment opportunities to consider and we have and continue to make investments in post-2010 CLOs.

We continue to review a large number of CLO investment vehicles in the current market environment, and we expect that the majority of our portfolio holdings, over the near to intermediate-term, will continue to be focused on CLO debt and equity securities, with the more significant focus over the near-term on CLO equity securities.

Summary Risk Factors

The value of our assets, as well as the market price of our securities, will fluctuate. Our investments may be risky, and you may lose all or part of your investment in us. Investing in Oxford Lane Capital involves other risks, including the following:

We have a limited operating history as a closed-end investment company;

We are dependent upon Oxford Lane Management's key personnel for our future success;

Our incentive fee structure and the formula for calculating the fee payable to Oxford Lane Management may incentivize Oxford Lane Management to pursue speculative investments, use leverage when it may be unwise to do so, or refrain from de-levering when it would otherwise be appropriate to do so;

A general increase in interest rates will likely have the effect of making it easier for our investment adviser to receive incentive fees, without necessarily resulting in an increase in our net earnings due to the "catch up" feature of the incentive fee;

CLO vehicles are very highly levered (typically 10 - 14 times), and therefore the junior debt and equity instruments in which we invest are subject to a higher degree of risk of total loss;

Our portfolio of investments may lack diversification among CLO vehicles which may subject us to a risk of significant loss if one or more of these CLO vehicles experiences a high level of defaults on its underlying Senior Loans;

1. December 12, 2013. Source: RBS, Intex.
2. Source: J.P. Morgan CLO Weekly New Issue Datasheet - December 2013.

3. Source: Nomura Securities International, Inc.

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The Senior Loan portfolios of the CLO vehicles in which we will invest may be concentrated in a limited number of industries, which may subject those vehicles, and in turn us, to a risk of significant loss if there is a downturn in a particular industry in which a number of our CLO vehicles' investments are concentrated;

Our financial results may be affected adversely if one or more of our significant equity or junior debt investments in such CLO vehicles defaults on its payment obligations or fails to perform as we expect;

Investing in CLO vehicles and other high-yield corporate credits involves a variety of risks, any of which may adversely impact our performance;

A disruption or downturn in the capital markets and the credit markets could impair our ability to raise capital and negatively affect our business;

We may borrow money to leverage our portfolio, which would magnify the potential for gain or loss on amounts invested and may increase the risk of investing in us;

Our investment portfolio will be recorded at fair value, with our Board of Directors having final responsibility for overseeing, reviewing and approving, in good faith, its estimate of fair value and, as a result, there will be uncertainty as to the value of our portfolio investments;

We may experience fluctuations in our quarterly results;

We will become subject to corporate-level income tax if we are unable to qualify as a RIC under Subchapter M of the Code;

Common shares of closed-end management investment companies, including Oxford Lane Capital, have in the past frequently traded at discounts to their net asset values, and we cannot assure you that the market price of shares of our common stock will not decline below our net asset value per share;

Our common stock price may be volatile and may decrease substantially;

There is a risk that our stockholders may not receive distributions or that our distributions may not grow or may be reduced over time, including on a per share basis as a result of the dilutive effects of this offering;

Regulations governing our operation as a registered closed-end management investment company affect our ability to raise additional capital and the way in which we do so. The raising of debt capital may expose us to risks, including the typical risks associated with leverage.

The market price of our common stock may decline following this offering and our shares of common stock may continue to trade at significant discounts from net asset value.

We may terminate the rights offering at any time prior to delivery of the shares of our common stock offered hereby, and neither we nor the subscription agent will have any obligation to you except to return your subscription payments, without interest.

Your economic and voting interest in us may be substantially diluted as a result of this rights offering.

We may seek to conduct another equity offering in close proximity to the expiration of this rights offering.

Any amounts that we use to service our indebtedness or preferred dividends, or that we use to redeem our preferred stock, will not be available for distributions to our common stockholders.

Our common stock is subject to a risk of subordination relative to holders of our debt instruments and holders of our preferred stock.

Holders of our preferred stock have the right to elect two members of our Board of Directors and class voting rights on certain matters.

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See Risk Factors beginning on page S-18 of this prospectus supplement and page 17 of the accompanying prospectus. In addition, the other information included in this prospectus supplement and the accompanying prospectus contains a discussion of factors you should carefully consider before deciding to invest in our Preferred Stock.

Operating and Regulatory Structure

Oxford Lane Capital is a Maryland corporation that is a non-diversified closed-end management investment company that has registered as an investment company under the 1940 Act. As a registered closed-end fund, we are required to meet regulatory tests. See Regulation as a Registered Closed-End Investment Company. We may also borrow funds to make investments. In addition, we have elected to be treated for federal income tax purposes, and intend to qualify annually, as a RIC under Subchapter M of the Code. See Material U.S. Federal Income Tax Considerations.

Our investment activities are managed by Oxford Lane Management and supervised by our Board of Directors. Oxford Lane Management is an investment adviser that is registered under the Advisers Act. Under our Investment Advisory Agreement, we have agreed to pay Oxford Lane Management an annual base management fee based on our gross assets as well as an incentive fee based on our performance. See Investment Advisory Agreement. We have also entered into an administration agreement with BDC Partners, which we refer to as the Administration Agreement, under which we have agreed to reimburse BDC Partners for our allocable portion of overhead and other expenses incurred by BDC Partners in performing its obligations under the Administration Agreement, including furnishing us with office facilities, equipment and clerical, bookkeeping and record keeping services at such facilities, as well as providing us with other administrative services. See Administration Agreement.

BDC Partners also serves as the managing member of Oxford Lane Management. Messrs. Cohen and Rosenthal, in turn, serve as the managing member and non-managing member, respectively, of BDC Partners.

Recent Developments

Direct Registered Offering

On January 9, 2014, we sold 325,000 shares of our common stock at \$16.75 per share in a direct registered offering to an institutional investor. The net proceeds of the offering were approximately \$5.3 million. We did not retain any underwriter or placement agent, and did not pay any commission or underwriting discount in connection with this offering.

Dividend

On November 26, 2013, our Board of Directors declared a fourth fiscal quarter dividend of \$0.60 per common share, payable on March 31, 2014 to shareholders of record as of March 17, 2014. Additionally, our Board of Directors declared a special dividend of \$0.10 per common share, payable on March 31, 2014 to shareholders of record as of March 17, 2014.

On November 6, 2013, our Board of Directors declared a third fiscal quarter dividend of \$0.55 per share, which was paid on December 31, 2013 to shareholders of record as of December 17, 2013.

On November 6, 2013, our Board of Directors declared the dividends which are payable on the Series 2017 and Series 2023 Term Preferred Shares for the months of December 2013, January 2014 and February 2014.

Financial Results as of September 30, 2013

The Company's unaudited net asset value per share as of September 30, 2013 stood at \$16.13, based upon net assets of \$123.9 million.

The Company's total assets at September 30, 2013 were \$163.1 million, up from \$145.9 million at March 31, 2013. For the six month period, GAAP net investment income for reporting purposes was \$4.8 million, and its net increase in net assets from operations was \$8.0 million, including realized gains of \$6.1 million and unrealized depreciation of \$2.9 million.

The Company has accumulated taxable earnings in excess of its cash distributions since inception. For the years ended March 31, 2012 and 2013, respectively, the Company generated taxable earnings of

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approximately \$6.5 million and \$15.0 million (including net investment income and net realized capital gains) compared to dividend distributions of \$4.7 million and \$12.4 million, respectively.

The Company's dividend distribution policy is based upon its estimates of the ultimate taxable earnings for each respective period, which are based upon the cash flows for each investment. The final taxable amounts cannot be known until the tax return is filed, but the Company's experience has been that cash flows have historically represented a reasonable estimate of taxable earnings.

The Company estimates that its distributable net investment income for the six month period ended September 30, 2013 approximates \$8.0 million, calculated on a taxable basis, compared to dividend distributions of \$8.4 million.

There may be significant differences between the Company's GAAP earnings and its taxable earnings, particularly related to CLO equity investments where its taxable earnings are based upon distributable earnings and GAAP earnings are based upon an effective yield calculation. In general, the Company currently expects its taxable earnings to be higher than its reportable GAAP earnings.

GAAP Earnings vs. Taxable Earnings

<i>(FYE March 31, \$ in thousands)</i>	FY 2012	FY 2013
GAAP net investment income	\$ 2,631	5,925
GAAP realized gain on investments		2,374
Total GAAP earnings	\$ 2,631	\$ 8,299
Taxable net investment income	\$ 6,166	\$ 11,278
Taxable realized gain on investments	346	3,761
Total taxable earnings	\$ 6,512	\$ 15,039
Total dividends paid on common stock	\$ 4,736	\$ 12,415
<i>Excess of taxable earnings over common stock dividends</i>	<i>37%</i>	<i>21%</i>

Investment Portfolio Update

As of September 30, 2013, the Company's investment portfolio stood at \$146.8 million, at fair value, composed of 83% CLO equity across 23 different CLO structures and 17% CLO debt across 8 different CLO structures. The top 10 aggregate industry exposures of the CLO vehicles represent approximately 50% of combined investments as of September 30, 2013. The top 10 aggregate single obligor investments represent approximately 6% of combined investments as of September 30, 2013.

During the Company's ownership, each of its CLO investments has been and remains in compliance with those coverage tests necessary for undiverted payments to be made to their respective equity tranches. From inception through September 30, 2013, the Company has invested approximately \$175 million, has received cash flows (including sales) of approximately \$79 million and has current investments of approximately \$147 million at fair value.

The Company had approximately \$114.6 million of cash income producing securities, both debt and equity, which generated approximately \$7.2 million of distributions for the quarter ended September 30, 2013. The Company had approximately \$35.5 million of CLO equity securities which were not cash income producing for the quarter ended September 30, 2013 (due to the ramp up period for those investments), but all of which are currently projected to be cash income producing and to make their inaugural distribution payments no later than the quarter ended March 31,

2014.

From June 2009 through December 2013, the Company's management team has made over \$500 million of aggregate cash investments in over 125 CLO investments with aggregate par value over \$650 million (including investments made at affiliated entities).

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<i>(FYE March 31, \$ in millions)</i>	Q2-14	Q1-14	Q4-13	Q3-13	Q2-13
Cash income producing CLO equity at cost ⁽¹⁾	\$85.2	\$51.8	\$34.6	\$33.4	\$33.4
Non-cash income producing CLO equity at cost ⁽²⁾	35.5	36.9	46.1	4.7	
Total CLO Equity ⁽¹⁾	\$120.7	\$88.7	\$80.7	\$38.1	\$33.4
% CLO 2.0 Equity ⁽³⁾	80.9 %	69.6 %	65.3 %	26.5 %	16.0 %
% CLO 1.0 Equity ⁽³⁾	19.1 %	30.4 %	34.7 %	73.5 %	84.0 %

Breakdown of Non-cash Income Producing CLO Equity as of September 30, 2013⁽²⁾

<i>(\$ in millions)</i>	
Inaugural distribution payment by December 31, 2013	\$ 32.2
Inaugural distribution payment by March 31, 2014	3.3
Total non-cash income producing CLO equity at cost	\$ 35.5

Includes CLO equity investments which made a distribution payment to the Company during the quarter but were (1) sold before quarter end (approximately \$3.5 million for the quarter ended September 30, 2013 and approximately \$3.5 million for the quarter ended June 30, 2013).

Represents CLO equity investments which did not make a distribution payment to the Company during the quarter.

(2) It can generally take up to two quarters to receive the inaugural distribution payment from the time a CLO equity investment is purchased by the Company in the primary market.

(3) Percentage as of quarter end at cost.

At the Market Offering

We have entered into an equity distribution agreement, dated August 28, 2013, with Ladenburg Thalmann & Co. Inc. pursuant to which we may offer and sell shares of our common stock having an aggregate offering price of up to \$45,000,000 from time to time through Ladenburg Thalmann & Co. Inc., as our sales agent. Sales of our common stock, if any, under this equity distribution agreement may be made in negotiated transactions or transactions that are deemed to be at the market, as defined in Rule 415 under the Securities Act of 1933, as amended, including sales made directly on the NASDAQ Global Select Market or similar securities exchange or sales made to or through a market maker other than on an exchange, at prices related to the prevailing market prices or at negotiated prices.

Ladenburg Thalmann & Co. Inc. will receive a commission from us equal to 2.0% of the gross sales price of any shares of our common stock sold through Ladenburg Thalmann & Co. Inc. under the equity distribution agreement and we have agreed to reimburse Ladenburg Thalmann & Co. Inc. for its reasonable out-of-pocket expenses, including fees and disbursements of counsel, incurred by Ladenburg Thalmann & Co. Inc. in connection with the at the market offering; provided that such reimbursements shall not exceed \$50,000. As of January 22, 2014, we have not sold any shares through this at the market offering.

TABLE OF CONTENTS**FEES AND EXPENSES**

The following table is intended to assist you in understanding the costs and expenses that you will bear directly or indirectly. We caution you that some of the percentages indicated in the table below are estimates and may vary. Except where the context suggests otherwise, whenever this prospectus supplement and the accompanying prospectus contains a reference to fees or expenses paid by us or Oxford Lane Capital, or that we will pay fees or expenses, you will indirectly bear such fees or expenses as an investor in Oxford Lane Capital Corp.

Stockholder transaction expenses:		
Sales load (as a percentage of offering price)	4.00	% ⁽¹⁾
Offering expenses borne by us (as a percentage of offering price)	0.48	% ⁽²⁾
Dividend reinvestment plan expenses	None	⁽³⁾
Total stockholder transaction expenses (as a percentage of offering price)	4.48	%
Annual expenses (as a percentage of net assets attributable to common stock):		
Base management fee	3.68	% ⁽⁴⁾
Incentive fees payable under our investment advisory agreement	1.32	% ⁽⁵⁾
Interest payments on borrowed funds	0.00	% ⁽⁶⁾
Preferred Stock Dividend Payment	6.30	% ⁽⁷⁾
Other expenses (estimated)	1.31	% ⁽⁸⁾
Acquired fund fees and expenses (estimated)	5.55	% ⁽⁹⁾
Total annual expenses (estimated)	18.16	%

Example

The following example, required by the SEC, demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in us. In calculating the following expense amounts, we assumed we would maintain the current amount of leverage, that our operating expenses would remain at the levels set forth in the table above, that we pay the transaction expenses set forth in the table above, including a sales load of 4.0% paid by you (the commission to be paid by us with respect to common stock sold by us in this offering).

	1	3	5	10
	Year	Years	Years	Years
You would pay the following expenses on a \$1,000 investment, assuming a 5% annual return	\$ 207	\$ 470	\$ 668	\$ 976

The example and the expenses in the tables above should not be considered a representation of our future expenses, and actual expenses may be greater or less than those shown. While the example assumes, as required by the SEC, a 5.0% annual return, our performance will vary and may result in a return greater or less than 5.0%. The incentive fee under the Investment Advisory Agreement, which, assuming a 5.0% annual return, would either not be payable or would have an insignificant impact on the expense amounts shown above, is nonetheless included in the example. Also, while the example assumes reinvestment of all dividends at net asset value, participants in our dividend reinvestment plan will receive a number of shares of our common stock, determined by dividing the total dollar amount of the dividend payable to a participant by the market price per share of our common stock at the close of trading on the dividend payment date, which may be at, above or below net asset value. See Dividend Reinvestment Plan for additional information regarding our dividend reinvestment plan.

Oxford Lane Capital has agreed to pay the dealer managers a fee for their financial advisory, marketing and
(1) soliciting services equal to 4.0% of the aggregate subscription price for the shares issued pursuant to the offer. See
The Offer Distribution Arrangements.

(2) Amount reflects estimated offering expenses of approximately \$335,000, which assumes that the offer is fully
subscribed. This amount excludes the fee that we have agreed to pay to the subscription agent, but
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includes reimbursement for its out-of-pocket expenses related to the offer, estimated to be \$50,000. See The Offer Distribution Arrangements.

(3) The expenses of the dividend reinvestment plan are included in other expenses.

Assumes gross assets of \$237.8 million and \$106.6 million of leverage (including \$15.8 million of preferred stock with a preferred rate of 8.50% per annum issued in November 2012 and an aggregate of \$65.8 million of preferred stock with a preferred rate of 7.50% per annum issued in June, July and November 2013, and assumes an additional \$25 million in such preferred stock, and reflects the direct registered offering of 325,000 shares of common stock on January 9, 2014), and assumes net assets of \$123.9 million. The above calculation reflects our (4) base management fee as a percentage of our net assets. Our base management fee under the Investment Advisory Agreement, however, is based on our gross assets, which is defined as all the assets of Oxford Lane Capital, including those acquired using borrowings for investment purposes. As a result, to the extent we use leverage, it would have the effect of increasing our base management fee as a percentage of our net assets. See Investment Advisory Agreement in the accompanying prospectus.

Amount reflects the estimated annual incentive fees payable to our investment adviser, Oxford Lane Management, during the fiscal year following this offering. The estimate assumes that the incentive fee earned will be proportional to the fee earned during the fiscal six-month period ended September 30, 2013. Based on our current (5) business plan, we anticipate that substantially all of the net proceeds of this offering will be invested within three months depending on the availability of investment opportunities that are consistent with our investment objective and other market conditions. We expect that it will take approximately one to three months to invest all of the proceeds of this offering, in part because equity and junior debt investments in CLO vehicles require substantial due diligence prior to investment.

The incentive fee, which is payable quarterly in arrears, equals 20.0% of the excess, if any, of our Pre-Incentive Fee Net Investment Income that exceeds a 1.75% quarterly (7.0% annualized) hurdle rate, which we refer to as the Hurdle, subject to a catch-up provision measured at the end of each calendar quarter. The incentive fee is computed and paid on income that may include interest that is accrued but not yet received in cash. The operation of the incentive fee for each quarter is as follows:

no incentive fee is payable to our investment adviser in any calendar quarter in which our Pre-Incentive Fee Net Investment Income does not exceed the Hurdle of 1.75%;

100% of our Pre-Incentive Fee Net Investment Income with respect to that portion of such Pre-Incentive Fee Net Investment Income, if any, that exceeds the Hurdle but is less than 2.1875% in any calendar quarter (8.75% annualized) is payable to our investment adviser. We refer to this portion of our Pre-Incentive Fee Net Investment Income (which exceeds the Hurdle but is less than 2.1875%) as the catch-up. The catch-up is meant to provide our investment adviser with 20.0% of our Pre-Incentive Fee Net Investment Income, as if a Hurdle did not apply when our Pre-Incentive Fee Net Investment Income exceeds 2.1875% in any calendar quarter; and 20.0% of the amount of our Pre-Incentive Fee Net Investment Income, if any, that exceeds 2.1875% in any calendar quarter (8.75% annualized) is payable to our investment adviser (once the Hurdle is reached and the catch-up is achieved, 20.0% of all Pre-Incentive Fee Investment Income thereafter is allocated to our investment adviser).

No incentive fee is payable to our investment adviser on realized capital gains. For a more detailed discussion of the calculation of this fee, see Investment Advisory Agreement in the accompanying prospectus.

(6) Assumes that we maintain our current level of no outstanding borrowings as of September 30, 2013 other than preferred stock (we presently have \$15.8 million of preferred stock outstanding with a preferred rate equal to 8.50% per annum issued in November 2012, and an aggregate of \$65.8 million of preferred stock with a preferred rate of 7.50% per annum issued in June, July and November 2013), which may be considered a form of leverage. We may issue additional shares of preferred stock pursuant to the registration statement of which the accompanying prospectus forms a part. In the event we were to issue preferred stock, our borrowing costs, and correspondingly our total annual expenses, including our base management fee as a percentage of our net assets,

would increase. See also note 7 below.

(7) Assumes that we continue to have \$15.8 million of preferred stock outstanding with a preferred rate equal to 8.50% per annum issued in November 2012, and an aggregate of \$65.8 million of preferred

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stock with a preferred rate of 7.50% per annum issued in June, July and November 2013, and that we issue an additional \$25 million of such preferred stock.

(8) Other expenses (\$1.7 million) assumes that other expenses for the year will be proportional to other expenses incurred during the fiscal six-month period ended September 30, 2013.

Reflects the estimated annual collateral manager fees that will be indirectly incurred by us in connection with our investments in CLO equity tranches during the twelve months following the date of this prospectus supplement, assuming the CLO equity investments held as of September 30, 2013 and net assets of \$123.9 million. Collateral manager fees are charged on the total assets of the CLO vehicle, including the assets acquired with borrowed funds, but are assumed to be paid from the residual cash flows after interest payments to the senior debt tranches. Therefore, these collateral manager fees (which are generally 0.50% to 0.55% of total assets) are effectively much higher when allocated only to the equity tranches. The debt tranches that we hold generally are not deemed to pay any such collateral manager fees. The calculation does not include any other operating expense ratios of the CLO vehicles, as these amounts are not routinely reported to shareholders on a basis consistent with this methodology; however, it is estimated that additional operating expenses of approximately 0.5% to 1.0% could be incurred. As a result of our investments in such CLO equity investments, our stockholders will be required to pay two levels of fees and expenses in connection with their investment in our common stock, including fees payable under our Investment Advisory Agreement and fees and expenses charged to us on the CLO equity tranches in which we are invested.

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RISK FACTORS

Investing in our common stock involves a number of significant risks. Before you invest in our common stock, you should be aware of various risks, including those described below and those set forth in the accompanying prospectus. You should carefully consider these risk factors, together with all of the other information included in this prospectus supplement and the accompanying prospectus, before you decide whether to make an additional investment in our common stock. The risks set out below are not the only risks we face. Additional risks and uncertainties not presently known to us or not presently deemed material by us may also impair our operations and performance. If any of the following events occur, our business, financial condition, results of operations and cash flows could be materially and adversely affected. In such case, our net asset value and the trading price of our common stock could decline, and you may lose all or part of your investment. The risk factors described below, together with those set forth in the accompanying prospectus, are the principal risk factors associated with an investment in us as well as those factors generally associated with an investment company with investment objectives, investment policies, capital structure or trading markets similar to ours.

The market price of our common stock may decline following this offering and our shares of common stock may continue to trade at significant discounts from net asset value.

Shares of closed-end investment companies frequently trade at a market price that is less than the net asset value that is attributable to those shares. This characteristic of closed-end investment companies is separate and distinct from the risk that our net asset value per share may decline. Our common stock is currently trading below net asset value. It is not possible to predict whether any shares of common stock or rights will trade at, above, or below net asset value in the future. The risk of loss associated with this characteristic of closed-end investment companies may be greater for investors expecting to sell shares of common stock purchased in the offering soon after this offering.

We may terminate the rights offering at any time prior to delivery of the shares of our common stock offered hereby, and neither we nor the subscription agent will have any obligation to you except to return your subscription payments, without interest.

We may, in our sole discretion, terminate the rights offering at any time prior to delivery of the shares of our common stock offered hereby. If the rights offering is terminated, all rights will expire without value and the subscription agent will return as soon as practicable all exercise payments, without interest.

Your economic and voting interest in us may be substantially diluted as a result of this rights offering.

Stockholders who do not fully exercise their rights will, at the completion of the offer, own a smaller proportional interest in us, including with respect to voting rights, than would otherwise be the case if they fully exercised their rights. We cannot state precisely the amount of any such dilution in share ownership because we do not know at this time what proportion of the shares will be purchased as a result of the offer.

In addition, because the net proceeds per share from this offering may be less than our then current net asset value per

share, our stockholders may experience substantial immediate dilution of the aggregate net asset value of their shares as a result of the offer. This offering may also cause dilution in the dividends per share we are able to distribute subsequent to completion of the offering. In addition, our reported earnings per share may be retroactively adjusted to reflect any dilutive effects of this offering. See Dilution.

We may seek to conduct another equity offering in close proximity to the expiration of this rights offering.

This prospectus supplement forms a part of our shelf registration statement (333-189805), which relates to the offer, issuance and sale by us from time to time of up to \$250,000,000 of our securities in one or more offerings. After completion of this rights offering, we will have approximately \$89.4 million of securities available for sale under our shelf registration statement. If this rights offering is not fully subscribed, we may receive substantially less than the approximately \$67.2 million of net proceeds (assuming a subscription price of \$17.50 per share) that we would receive if this offering was fully subscribed. We may elect to undertake another follow-on equity offering, whether or not this rights offering is fully subscribed, at the same, or potentially higher or lower, price than the subscription price in this rights offering, which may be conducted in

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close proximity to the expiration of the subscription period for this rights offering. Any such offering would be required to be conducted at an offering price, less underwriting discounts and commissions, that is above our then current net asset value per share. In the event that we undertake an additional follow-on equity offering, your percentage ownership interest and relative voting rights in us will be diluted, potentially materially, even though such an offering may be accretive to our net asset value per share. Moreover, any such subsequent follow-on equity offering we undertake may be for an amount in excess of, or less than, the shortfall in net proceeds from the expiration of rights which are not subscribed.

Regulations governing our operation as a registered closed-end management investment company affect our ability to raise additional capital and the way in which we do so. The raising of debt capital may expose us to risks, including the typical risks associated with leverage.

Although we have no current intention to do so, we may in the future issue debt securities or additional shares of preferred stock and/or borrow money from banks or other financial institutions, which we refer to collectively as senior securities, up to the maximum amount permitted by the 1940 Act. Under the provisions of the 1940 Act, we will be permitted, as a registered closed-end management investment company, to issue senior securities representing indebtedness so long as our asset coverage ratio with respect thereto, defined under the 1940 Act as the ratio of our gross assets (less all liabilities and indebtedness not represented by senior securities) to our outstanding senior securities representing indebtedness, is at least 300% after each issuance of such senior securities. In addition, we will be permitted to issue additional shares of preferred stock so long as our asset coverage ratio with respect thereto, defined under the 1940 Act as the ratio of our gross assets (less all liabilities and indebtedness not represented by senior securities) to our outstanding senior securities representing indebtedness, plus the aggregate involuntary liquidation preference of our outstanding preferred stock, is at least 200% after each issuance of such preferred stock. If the value of our assets declines, we may be unable to satisfy these tests. If that happens, we may be required to sell a portion of our investments and, depending on the nature of our leverage, repay a portion of our indebtedness or redeem outstanding shares of preferred stock, in each case at a time when doing so may be disadvantageous. Also, any amounts that we use to service our indebtedness or preferred dividends would not be available for distributions to our common stockholders. Furthermore, as a result of issuing senior securities, we would also be exposed to typical risks associated with leverage, including an increased risk of loss. If we issue additional preferred stock, the preferred stock would continue to rank senior to common stock in our capital structure, preferred stockholders would continue to have separate voting rights on certain matters and might have other rights, preferences, or privileges more favorable than those of our common stockholders, and the issuance of additional shares of preferred stock could have the effect of delaying, deferring or preventing a transaction or a change of control that might involve a premium price for holders of our common stock or otherwise be in your best interest.

We are not generally able to issue and sell our common stock at a price below net asset value per share, other than in connection with a rights offering to our existing stockholders. We may, however, sell our common stock at a price below the then-current net asset value per share of our common stock if our Board of Directors determines that such sale is in the best interests of Oxford Lane Capital and our stockholders, and our stockholders approve such sale. In any such case, the price at which our securities are to be issued and sold may not be less than a price that, in the determination of our Board of Directors, closely approximates the market value of such securities (less any distributing commission or discount). If we raise additional funds by issuing more common stock, then the percentage ownership of our stockholders at that time will decrease, and you may experience dilution.

We may seek to conduct another equity offering in close proximity to the expiration of this rights offering. 37

We may borrow money and/or issue preferred stock to leverage our portfolio, which would magnify the potential for gain or loss on amounts invested and will increase the risk of investing in us.

The use of leverage magnifies the potential for gain or loss on amounts invested and, therefore, increases the risks associated with investing in our securities. We presently have \$15.8 million of preferred stock outstanding with a preferred rate equal to 8.50% per annum issued in November 2012, and an aggregate of \$65.8 million of preferred stock with a preferred rate of 7.50% per annum issued in June, July and November 2013. Although we have no current intention to do so, we may borrow from and issue senior securities, including additional shares of preferred stock, to banks, insurance companies and other lenders in the future.

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Holders of these senior securities will have fixed dollar claims on our assets that are superior to the claims of our common stockholders, and we would expect such lenders to seek recovery against our assets in the event of a default. If the value of our assets decreases, leveraging would cause net asset value to decline more sharply than it otherwise would have had we not leveraged. Similarly, any decrease in our income would cause net income to decline more sharply than it would have had we not borrowed. Such a decline could also negatively affect our ability to make dividend payments on our common stock. Leverage is generally considered a speculative investment technique. Our ability to service any debt that we incur will depend largely on our financial performance and will be subject to prevailing economic conditions and competitive pressures. Moreover, as the management fee payable to our investment adviser, Oxford Lane Management, will be payable based on our gross assets, including those assets acquired through the use of leverage, Oxford Lane Management will have a financial incentive to incur leverage which may not be consistent with our stockholders' interests. In addition, our common stockholders will bear the burden of any increase in our expenses as a result of leverage, including any increase in the management fee payable to Oxford Lane Management.

As a registered closed-end management investment company, we will generally be required to meet an asset coverage ratio with respect to our outstanding senior securities representing indebtedness, defined under the 1940 Act as the ratio of our gross assets (less all liabilities and indebtedness not represented by senior securities) to our outstanding senior securities representing indebtedness, of at least 300% after each issuance of senior securities representing indebtedness. In addition, we will generally be required to meet an asset coverage ratio with respect to our outstanding preferred stock, as defined under the 1940 Act as the ratio of our gross assets (less all liabilities and indebtedness not represented by senior securities) to our outstanding senior securities representing indebtedness, plus the aggregate involuntary liquidation preference of our outstanding preferred stock, of at least 200% immediately after each issuance of such preferred stock. If this ratio declines, we may not be able to incur additional debt or issue additional shares of preferred stock and could be required by law to sell a portion of our investments to repay some debt or redeem some preferred stock when it is disadvantageous to do so, which could have a material adverse effect on our operations, and we may not be able to make distributions. The amount of leverage that we employ will depend on our investment adviser's and our Board of Directors' assessment of market and other factors at the time of any proposed borrowing. We cannot assure you that we will be able to obtain credit at all or on terms acceptable to us.

In addition, any debt facility into which we may enter would likely impose financial and operating covenants that restrict our business activities, including limitations that could hinder our ability to finance additional loans and investments or to make the distributions required to maintain our status as a RIC under Subchapter M of the Code.

Uncertainty relating to the LIBOR calculation process may adversely affect the value of our portfolio of the LIBOR-indexed, floating-rate debt securities.

Concerns have been publicized that some of the member banks surveyed by the British Bankers' Association (BBA) in connection with the calculation of LIBOR across a range of maturities and currencies may have been under-reporting or otherwise manipulating the inter-bank lending rate applicable to them in order to profit on their derivatives positions or to avoid an appearance of capital insufficiency or adverse reputational or other consequences that may have resulted from reporting inter-bank lending rates higher than those they actually submitted. A number of BBA member banks have entered into settlements with their regulators and law enforcement agencies with respect to alleged manipulation of LIBOR, and investigations by regulators and governmental authorities in various jurisdictions are ongoing.

Actions by the BBA, regulators or law enforcement agencies may result in changes to the manner in which LIBOR is determined. Uncertainty as to the nature of such potential changes may adversely affect the market for LIBOR-based

Uncertainty relating to the LIBOR calculation process may adversely affect the value of our portfolio of the LIBOR-indexed

securities, including our portfolio of LIBOR-indexed, floating-rate debt securities. In addition, any further changes or reforms to the determination or supervision of LIBOR may result in a sudden or prolonged increase or decrease in reported LIBOR, which could have an adverse impact on the market for LIBOR-based securities or the value of our portfolio of LIBOR-indexed, floating-rate debt securities.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus contains forward-looking statements that involve substantial risks and uncertainties. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about our company, our current and prospective portfolio investments, our industry, our beliefs, and our assumptions. Words such as anticipates, expects, intends, plans, will, may, believes, seeks, estimates, would, could, should, targets, projects, and variations of these words and expressions are intended to identify forward-looking statements. The forward-looking statements contained in this prospectus supplement and the accompanying prospectus involve risks and uncertainties, including statements as to:

our future operating results;
our business prospects and the prospects of a CLO vehicle's portfolio companies;
the impact of investments that we expect to make;
our contractual arrangements and relationships with third parties;
the dependence of our future success on the general economy and its impact on the industries in which we invest;
the ability of a CLO vehicle's portfolio companies to achieve their objectives;
our expected financings and investments;
the adequacy of our cash resources and working capital; and
the timing of cash flows, if any, from our investments.

These statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements, including without limitation:

an economic downturn could impair the ability of a CLO vehicle's portfolio companies to continue to operate, which could lead to the loss of some or all of our investment in such CLO vehicle;
a contraction of available credit and/or an inability to access the equity markets could impair our investment activities;
interest rate volatility could adversely affect our results, particularly if we elect to use leverage as part of our investment strategy;
currency fluctuations could adversely affect the results of our investments in foreign companies, particularly to the extent that we receive payments denominated in foreign currency rather than U.S. dollars; and
the risks, uncertainties and other factors we identify in Risk Factors in the accompanying prospectus and elsewhere in this prospectus supplement, the accompanying prospectus and in our filings with the SEC.

Although we believe that the assumptions on which these forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those assumptions also could be inaccurate. Important assumptions include our ability to originate new loans and investments, certain margins and levels of profitability and the availability of additional capital. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this prospectus supplement or the accompanying prospectus should not be regarded as a representation by us that our plans and objectives will be achieved. These risks and uncertainties include those described or identified in Risk Factors in the accompanying prospectus and elsewhere in this prospectus supplement and the accompanying prospectus. You should not place undue reliance on these forward-looking statements, which apply only as of the respective dates of this prospectus supplement and the accompanying prospectus. However, we will update this prospectus supplement and the accompanying prospectus to reflect any material changes to the information contained herein. The forward-looking statements contained in this prospectus supplement and the accompanying prospectus are excluded from the safe harbor protection provided by Section 27A of the Securities Act of 1933, as amended, or the Securities Act.

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THE OFFER

Purpose of the Offer

Our Board of Directors has determined that it would be in the best interests of Oxford Lane Capital Corp. and its stockholders to increase the capital available for making additional investments, as well as to pay operating expenses and generally enhance our liquidity. We believe that we must have sufficient liquidity available to remain a credible source of capital. The offering will increase the capital available for us to make additional investments. The offering gives existing stockholders the right to purchase additional shares at a price that is expected to be below market without incurring any commission or charge, while providing us access to such additional capital resources. In connection with the approval of this rights offering, our Board of Directors considered, among other things, the following factors:

the subscription price relative to the market price and to our net asset value per share, including the likelihood that the net proceeds per share may be below our then current net asset value per share;

the increased capital to be available upon completion of the rights offering for us to make additional investments consistent with our investment objective;

the dilution to be experienced by non-exercising stockholders;

the dilutive effect, if any, the offering will have on the dividends per share we distribute subsequent to completion of the offering;

the terms and expenses in connection with the offering relative to other alternatives for raising capital, including fees payable to the dealer managers;

the size of the offering in relation to the number of shares outstanding;

the fact that the rights will not be listed on the NASDAQ Global Select Market during the subscription period;

the market price of our common stock, both before and after the announcement of the rights offering;

the general condition of the securities markets; and

any impact on operating expenses associated with an increase in capital, including an increase in fees payable to Oxford Lane Management.

We cannot assure you of the amount of dilution, if any, that a stockholder will experience, that the current offering will be successful, or that by increasing the size of our available equity capital, our aggregate expenses and, correspondingly, our expense ratio will be lowered. In addition, the management fee we pay to Oxford Lane Management is based upon our gross assets, which include any cash or cash equivalents that we have not yet invested in the securities of portfolio companies.

In determining that this offer was in our best interest and in the best interests of our stockholders, we have retained Deutsche Bank Securities Inc. and Ladenburg Thalmann & Co. Inc., the dealer managers for this offering, to provide us with financial advisory, marketing and soliciting services relating to this offering, including advice with respect to the structure, timing and terms of the offer. In this regard, our Board of Directors considered, among other things, using a fixed pricing versus variable pricing mechanism, the benefits and drawbacks of conducting a non-transferable versus a transferable rights offering, the effect on us if this offer is not fully subscribed and the experience of the dealer managers in conducting rights offerings.

Although we have no present intention to do so, we may, in the future and in our discretion, choose to make additional rights offerings from time to time for a number of shares and on terms which may or may not be similar to this offer, provided that our Board of Directors must determine that each subsequent rights offering is in the best interest of our stockholders. Any such future rights offering will be made in accordance with the 1940 Act.

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Terms of the Offer

We are issuing to record date stockholders non-transferable rights to subscribe for up to approximately 4,021,373 shares. Each record date stockholder is being issued one non-transferable right for each whole share owned on the record date. The rights entitle each holder, or rights holder, to acquire at the subscription price to be determined by an authorized committee of our board of directors one share for every two rights held (1 for 2), which we refer to as the primary subscription right. Rights may be exercised at any time during the subscription period, which commences on February 4, 2014, the record date, and ends at 5:00 p.m., New York City time, on March 3, 2014, the expiration date, unless extended by us. We completed a similar 1 for 2 non-transferable rights offering in February 2013.

The rights are non-transferable and will not be listed for trading on the NASDAQ Global Select Market or any other exchange. The shares of our common stock issued pursuant to an exercise of rights will be listed on the NASDAQ Global Select Market under the symbol OXLC. The rights will be evidenced by subscription certificates which will be mailed to stockholders, except as discussed below under Foreign Stockholders.

We will not issue fractional shares upon the exercise of rights; accordingly, rights may be exercised only in multiples of one.

Shares for which there is no subscription during the primary subscription will be offered, by means of the over-subscription privilege, to rights holders who fully exercise the rights issued to them pursuant to this offering (other than those rights that cannot be exercised because they represent in the aggregate the right to acquire less than one share) and who wish to acquire more than the number of shares they are entitled to purchase pursuant to the exercise of their rights. Shares acquired pursuant to the over-subscription privilege are subject to certain limitations and pro-rata allocations. See Over-Subscription Privilege below.

For purposes of determining the number of shares a record date stockholder may acquire pursuant to the offer, broker-dealers, trust companies, banks or others whose shares are held of record by Cede & Co. (Cede) or by any other depository or nominee will be deemed to be the holders of the rights that are issued to Cede or the other depository or nominee on their behalf.

There is no minimum number of rights which must be exercised in order for the offer to close.

Over-Subscription Privilege

Shares not subscribed for by rights holders, which we refer to as remaining shares, will be offered, by means of the over-subscription privilege, to rights holders who have fully exercised the rights issued to them and who wish to acquire more than the number of shares they are entitled to purchase pursuant to the basic subscription. Rights holders should indicate on the subscription certificate that they submit with respect to the exercise of the rights issued to them how many additional shares they are willing to acquire pursuant to the over-subscription privilege. If there are sufficient remaining shares, all right holders over-subscription requests will be honored in full. If rights holder requests for shares pursuant to the over-subscription privilege exceed the remaining shares available, the available remaining shares will be allocated pro-rata among rights holders who over-subscribe based on the number of shares held on the record date. The percentage of remaining shares each over-subscribing stockholder may acquire will be rounded down to result in delivery of whole shares. The allocation process may involve a series of allocations to assure that the total number of remaining shares available for over-subscriptions is distributed on a pro-rata basis. The formula to be used in allocating the remaining shares is as follows:

Stockholder s Record Date Position

Total Record Date Position of All Over-Subscribers

x Remaining Shares

However, if this pro-rata allocation results in any holder being allocated a greater number of shares than the holder subscribed for pursuant to the exercise of the over-subscription privilege, then such holder will be allocated only such number of shares pursuant to the over-subscription privilege as such holder subscribed for. Banks, brokers, trustees and other nominee holders of rights will be required to certify to the subscription agent, before any over-subscription privilege may be exercised with respect to any particular beneficial owner, as to the aggregate number of rights exercised pursuant to the primary subscription and the number of shares

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subscribed for pursuant to the over-subscription privilege by such beneficial owner and that such beneficial owner's primary subscription was exercised in full. We will not offer or sell in connection with this offer any shares that are not subscribed for pursuant to the primary subscription or the over-subscription privilege.

Subscription Price

The subscription price for the shares to be issued pursuant to the offer is expected to be between \$17.00 and \$18.00. The exact subscription price will be determined after the record date by an authorized committee of our board of directors and we will file a prospectus supplement with the exact subscription price. See **Payment for Shares** below. Rights holders who exercise their rights will have no right to rescind a purchase after receipt of their completed subscription certificates together with payment for shares by the subscription agent. We do not have the right to withdraw the rights or cancel this offer after the rights have been distributed.

Expiration of the Offer

The offer will expire at 5:00 p.m., New York City time, on March 3, 2014, the expiration date, unless extended by us. The rights will expire on the expiration date of the rights offering and may not be exercised thereafter.

Our Board of Directors may determine to extend the subscription period, and thereby postpone the expiration date, to the extent our Board of Directors determines that doing so is in the best interest of our stockholders. For example, our Board of Directors may elect to extend the subscription period in the event there is substantial instability or volatility in the trading price of our common stock on the NASDAQ Global Select Market at or near the expiration date, or if any event occurs which causes trading to cease or be suspended on the NASDAQ Global Select Market or the financial markets generally. The foregoing are not the only circumstances under which this offer may be extended, and our Board of Directors is free to extend the subscription period at its discretion, provided it determines that doing so is in the best interests of our stockholders.

Any extension of the offer will be followed as promptly as practicable by announcement thereof, and in no event later than 9:00 a.m., New York City time, on the next business day following the previously scheduled expiration date. Without limiting the manner in which we may choose to make such announcement, we will not, unless otherwise required by law, have any obligation to publish, advertise or otherwise communicate any such announcement other than by issuing a press release or such other means of announcement as we deem appropriate.

Dilutive Effects

Any stockholder who chooses not to participate in the offering should expect to own a smaller interest in us upon completion of the offering. The offering will dilute the ownership interest and voting power of stockholders who do not fully exercise their basic subscription rights. Further, because the net proceeds per share from the offering may be lower than our then current net asset value per share, the offering may reduce our net asset value per share. The amount of dilution, if any, that a stockholder may experience could be substantial.

Shares of closed-end investment companies have in the past frequently traded at discounts to their net asset values. This characteristic of closed-end investment companies is separate and distinct from the risk that our net asset value per share may decline. We cannot predict whether our shares will trade above, at or below our net asset value.

Amendments and Waivers; Termination

We reserve the right to amend the terms and conditions of the offering, whether the amended terms are more or less favorable to you. We will comply with all applicable laws, including the federal securities laws, in connection with any such amendment.

We will decide all questions as to the validity, form and eligibility (including times of receipt, beneficial ownership and compliance with other procedural matters) in our sole discretion, and our determination shall be final and binding. The acceptance of subscription certificates and the subscription price also will be

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determined by us. Alternative, conditional or contingent subscriptions will not be accepted. We reserve the right to reject any exercise if such exercise is not in accordance with the terms of the offering or not in proper form or if the acceptance thereof or the issuance of shares of our common stock thereto could be deemed unlawful. We, in our sole discretion, may waive any defect or irregularity, or permit a defect or irregularity to be corrected within such time as we may determine, or reject the purported exercise of any right. Subscriptions will not be deemed to have been received or accepted until all irregularities have been waived or cured within such time as we determine in our sole discretion. We will not be under any duty to give notification of any defect or irregularity in connection with the submission of subscription certificates or incur any liability for failure to give such notification.

We may, in our sole discretion, terminate the rights offering at any time prior to delivery of the shares of our common stock offered hereby by giving oral or written notice thereof to the subscription agent and making a public announcement thereof. If the offering is terminated, all rights will expire without value and we will promptly arrange for the refund, without interest, of all funds received from holders of rights. All monies received by the subscription agent in connection with the offering will be held by the subscription agent, on our behalf, in a segregated interest-bearing account at a negotiated rate. All such interest shall be payable to us even if we determine to terminate the offering and return your subscription payment.

Information Agent

Georgeson Inc. will act as the information agent in connection with the offering. The information agent will receive for its services a fee estimated to be approximately \$8,000 plus reimbursement of all out-of-pocket expenses related to the offering. Georgeson Inc. can be contacted at the below address:

Georgeson Inc.
480 Washington Blvd., 26th Floor
Jersey City, NJ 07310
Toll-free: (866) 856-4733
Broker-dealers and nominees may call (212) 440-9800

Subscription Agent

Computershare Inc. and Computershare Trust Company, N.A. will act as the subscription agent in connection with this offer. The subscription agent will receive for its administrative, processing, invoicing and other services a fee estimated to be approximately \$17,500 plus reimbursement for all out-of-pocket expenses related to the offer.

Completed subscription certificates must be sent together with full payment of the subscription price for all shares subscribed for in the primary subscription and pursuant to over-subscription privilege to the subscription agent by one of the methods described below. Alternatively, an Eligible Guarantor Institution may send notices of guaranteed delivery by facsimile to which must be received by the subscription agent at or prior to 5:00 p.m., New York City time, on the expiration date of the rights offering. Facsimiles should be confirmed by telephone at (781) 930-4900. We will accept only properly completed and duly executed subscription certificates actually received at any of the addresses listed below, at or prior to 5:00 p.m., New York City time, on the expiration date of the rights offering or by the close of business on the third business day after the expiration date of the rights offering following timely receipt of a notice of guaranteed delivery. See Payment for Shares below. In this prospectus supplement, close of business means 5:00 p.m., New York City time, on the relevant date.

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Subscription Certificate

Delivery Method	Address/Number
By Notice of Guaranteed Delivery:	Contact an Eligible Guarantor Institution, which may include a commercial bank or trust company, a member firm of a domestic stock exchange or a savings bank or credit union, to notify us of your intent to exercise the rights. Computershare Trust Company, N.A. Oxford Lane Capital Rights Offering Attn: Voluntary Corporate Actions P.O. Box 43011 Providence, RI 02940-3011 Computershare Trust Company, N.A. Oxford Lane Capital Rights Offering Attn: Voluntary Corporate Actions 250 Royall Street, Suite V Canton, MA 02021
By First Class Mail Only (Not Overnight /Express Mail):	
By Overnight Delivery:	

Delivery to an address other than one of the addresses listed above will not constitute valid delivery.

Any questions or requests for assistance concerning the method of subscribing for shares or for additional copies of this prospectus or subscription certificates or notices of guaranteed delivery may be directed to the information agent at its telephone number and address listed below:

Georgeson Inc.
480 Washington Blvd., 26th Floor
Jersey City, NJ 07310
Toll-free: (866) 856-4733
Broker-dealers and nominees may call (212) 440-9800

Stockholders may also contact their broker-dealers or nominees for information with respect to the offer.

Non-Transferability of Rights

The rights are not transferable and will not be listed for trading on the NASDAQ Global Select Market or any other stock exchange. The rights may not be purchased or sold and there will not be any market for trading the rights. The shares of common stock to be issued pursuant to this offering will be listed for trading on the NASDAQ Global Select Market under the symbol OXLC.

Methods for Exercising Rights

Rights are evidenced by subscription certificates that, except as described below under Foreign Stockholders, will be mailed to record date stockholders or, if a record date stockholder's shares are held by Cede or any other depository or

nominee on their behalf, to Cede or such depository or nominee. Rights may be exercised by completing and signing the subscription certificate that accompanies this prospectus and mailing it in the envelope provided, or otherwise delivering the completed and duly executed subscription certificate to the subscription agent, together with payment in full for the shares at the subscription price by the expiration date of the rights offering. Rights may also be exercised by contacting your broker, trustee or other nominee, who can arrange, on your behalf, to guarantee delivery of payment and delivery of a properly completed and duly executed subscription certificate pursuant to a notice of guaranteed delivery by the close of business on the third business day after the expiration date. A fee may be charged for this service. Completed subscription certificates and related payments must be received by the subscription agent prior to 5:00 p.m., New York City time, on or before the expiration date (unless payment is effected by means of a notice of guaranteed delivery as described below under "Payment for Shares") at the offices of the subscription agent at the address set forth above. Fractional shares will not be issued upon the exercise of rights.

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Exercise of the Over-Subscription Privilege

Record date stockholders who fully exercise all rights issued to them may participate in the over-subscription privilege by indicating on their subscription certificate the number of shares they are willing to acquire. If sufficient remaining shares are available after the primary subscription, all over-subscriptions will be honored in full; otherwise remaining shares will be allocated to record date stockholders, and the number of remaining shares issued to some or all rights holders participating in the over-subscription privilege may be reduced as described under Over-Subscription Privilege above.

Record Date Stockholders Whose Shares Are Held By a Nominee

Record date stockholders whose shares are held by a nominee, such as a bank, broker-dealer or trustee, must contact that nominee to exercise their rights. In that case, the nominee will complete the subscription certificate on behalf of the record date stockholder and arrange for proper payment by one of the methods set forth under Payment for Shares below.

Nominees

Nominees, such as brokers, trustees or depositories for securities, who hold shares for the account of others, should notify the respective beneficial owners of the shares as soon as possible to ascertain the beneficial owners' intentions and to obtain instructions with respect to the rights. If the beneficial owner so instructs, the nominee should complete the subscription certificate and submit it to the subscription agent with the proper payment as described under Payment for Shares below.

All questions as to the validity, form, eligibility (including times of receipt and matters pertaining to beneficial ownership) and the acceptance of subscription forms and the subscription price will be determined by us, which determinations will be final and binding. No alternative, conditional or contingent subscriptions will be accepted. We reserve the right to reject any or all subscriptions not properly submitted or the acceptance of which would, in the opinion of our counsel, be unlawful.

We reserve the right to reject any exercise if such exercise is not in accordance with the terms of this rights offering or not in proper form or if the acceptance thereof or the issuance of shares of our common stock thereto could be deemed unlawful. We reserve the right to waive any deficiency or irregularity with respect to any subscription certificate. Subscriptions will not be deemed to have been received or accepted until all irregularities have been waived or cured within such time as we determine in our sole discretion. We will not be under any duty to give notification of any defect or irregularity in connection with the submission of subscription certificates or incur any liability for failure to give such notification.

Foreign Stockholders

Subscription certificates will not be mailed to foreign stockholders. Foreign stockholders will receive written notice of this offer. The subscription agent will hold the rights to which those subscription certificates relate for these stockholders' accounts until instructions are received to exercise the rights, subject to applicable law. If no instructions have been received by the expiration date, such rights will expire.

Payment for Shares

Participating rights holders may choose between the following methods of payment:

(1) A participating rights holder may send the subscription certificate together with payment for the shares acquired in the primary subscription and any additional shares subscribed for pursuant to the over-subscription privilege to the subscription agent based on the subscription price of \$17.50 per share (the mid-point of the range set forth on the cover of this prospectus supplement). To be accepted, the payment, together with a properly completed and executed subscription certificate, must be received by the subscription agent at one of the subscription agent's offices set forth above, at or prior to 5:00 p.m., New York City time, on the expiration date.

(2) A participating rights holder may request an Eligible Guarantor Institution as that term is defined in Rule 17Ad-15 under the Exchange Act to send a notice of guaranteed delivery by facsimile or otherwise guaranteeing delivery of (a) payment of the full subscription price for the shares

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subscribed for in the primary subscription and any additional shares subscribed for pursuant to the over-subscription privilege and (b) a properly completed and duly executed subscription certificate. The subscription agent will not honor a notice of guaranteed delivery unless a properly completed and duly executed subscription certificate and full payment for the shares is received by the subscription agent at or prior to 5:00 p.m., New York City time, on, (or, if the offer is extended, by the close of business on the third business day after the extended expiration date).

All payments by a participating rights holder must be in U.S. dollars by money order or check or bank draft drawn on a bank or branch located in the U.S. and payable to Computershare Trust Company, N.A. The subscription agent will deposit all funds received by it prior to the final payment date into a segregated account pending pro-ration and distribution of the shares.

The method of delivery of subscription certificates and payment of the subscription price to us will be at the election and risk of the participating rights holders, but if sent by mail it is recommended that such certificates and payments be sent by registered mail, properly insured, with return receipt requested, and that a sufficient number of days be allowed to ensure delivery to the subscription agent and clearance of payment prior to 5:00 p.m., New York City time, on the expiration date or the date guaranteed payments are due under a notice of guaranteed delivery (as applicable). Because uncertified personal checks may take at least five business days to clear, you are strongly urged to pay, or arrange for payment, by means of certified or cashier's check or money order.

On a date within business days following the expiration date, the subscription agent will send to each participating rights holder (or, if rights are held by Cede or any other depository or nominee, to Cede or such other depository or nominee) a confirmation showing (1) the number of shares purchased pursuant to the primary subscription, (2) the number of shares, if any, acquired pursuant to the over-subscription privilege, (3) the per share and total purchase price for the shares, and (4) any additional amount payable to us by the participating rights holder or any excess to be refunded by us to the participating rights holder, in each case based on the subscription price as determined on the expiration date. Any additional payment required from a participating rights holder must be received by the subscription agent within ten business days after the confirmation date. Any excess payment to be refunded by us to a participating rights holder will be mailed by the subscription agent to the rights holder as promptly as practicable. No interest will be paid on any amounts refunded.

Whichever of the two methods described above is used, issuance of the shares purchased is subject to collection of checks and actual payment. If a participating rights holder who subscribes for shares pursuant to the primary subscription or over-subscription privilege does not make payment of any amounts due by the expiration date, the date guaranteed payments are due under a notice of guaranteed delivery or within ten business days of the confirmation date, as applicable, the subscription agent reserves the right to take any or all of the following actions: (1) reallocate the shares to other participating rights holders in accordance with the over-subscription privilege; (2) apply any payment actually received by it from the participating rights holder toward the purchase of the greatest whole number of shares which could be acquired by such participating rights holder upon exercise of the primary subscription and/or the over-subscription privilege; and/or (3) exercise any and all other rights or remedies to which it may be entitled, including the right to set off against payments actually received by it with respect to such subscribed for shares.

All questions concerning the timeliness, validity, form and eligibility of any exercise of rights will be determined by us, whose determinations will be final and binding. We in our sole discretion may waive any defect or irregularity, or permit a defect or irregularity to be corrected within such time as we may determine, or reject the purported exercise of any right. Subscriptions will not be deemed to have been received or accepted until all irregularities have been waived or cured within such time as we determine in our sole discretion. The subscription agent will not be under any duty to give notification of any defect or irregularity in connection with the submission of subscription certificates or incur any liability for failure to give such notification.

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Participating rights holders will have no right to rescind their subscription after receipt of their payment for shares by the subscription agent, except as provided below under Notice of Net Asset Value Decline.

Notice of Net Asset Value Decline

We will suspend the offer until we amend this prospectus supplement if, subsequent to the effective date of this prospectus supplement, our net asset value declines more than 15% from our net asset value as of that date. Accordingly, the expiration date would be extended and we would notify record date stockholders of the decline and permit participating rights holders to cancel their exercise of rights.

Delivery of Stock Certificates

Participants in our dividend reinvestment plan will have any shares that they acquire pursuant to the offer credited to their stockholder dividend reinvestment accounts in the plan. Stockholders whose shares are held of record by Cede or by any other depository or nominee on their behalf or their broker-dealers' behalf will have any shares that they acquire credited to the account of Cede or the other depository or nominee. With respect to all other stockholders, stock certificates for all shares acquired will be mailed after payment for all the shares subscribed for has cleared, which may take up to 15 days from the date of receipt of the payment.

Federal Income Tax Consequences of the Offer

For federal income tax purposes, neither the receipt nor the exercise of the rights by record date stockholders will result in taxable income to such stockholders, and no loss will be realized if the rights expire without exercise.

A record date stockholder's basis in a right will be zero unless either (1) the fair market value of the right on the date of distribution is 15% or more of the fair market value of the shares with respect to which the right was distributed or (2) the record date stockholder elects, in his or her federal income tax return for the taxable year in which the right is received, to allocate part of the basis of the shares to the right. If either of clauses (1) or (2) is applicable, then if the right is exercised, the record date stockholder will allocate his or her basis in the shares with respect to which the right was distributed between the shares and the right in proportion to the fair market values of each on the date of distribution.

The holding period of a right received by a record date stockholder includes the holding period of the shares with regard to which the right is issued. If the right is exercised, the holding period of the shares acquired begins on the date the right is exercised.

A record date stockholder's basis for determining gain or loss upon the sale of a share acquired upon the exercise of a right will be equal to the sum of the record date stockholder's basis in the right, if any, and the subscription price per share. A record date stockholder's gain or loss recognized upon a sale of a share acquired upon the exercise of a right will be capital gain or loss (assuming the share was held as a capital asset at the time of sale) and will be long-term capital gain or loss if the share is held for more than one year.

The foregoing is a general summary of the material U.S. federal income tax consequences of the offer under the provisions of the Code and Treasury regulations in effect as of the date of the prospectus that are generally applicable to record date stockholders who are U.S. persons within the meaning of the Code, and does not address any foreign, state or local tax consequences. The Code and Treasury regulations are subject to change or differing interpretations

by legislative or administrative action, which may be retroactive. Participating rights holders should consult their tax advisors regarding specific questions as to foreign, federal, state or local taxes.

ERISA Considerations

Stockholders who are employee benefit plans subject to the Employee Retirement Income Security Act of 1974, or ERISA (including corporate savings and 401(k) plans), Keogh or H.R. 10 plans of self-employed individuals and individual retirement accounts should be aware that additional contributions of cash to a retirement plan (other than rollover contributions or trustee-to-trustee transfers from other retirement plans) in order to exercise rights would be treated as contributions to the retirement plan and, when taken together with contributions previously made, may result in, among other things, excise taxes for excess or nondeductible

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contributions. In the case of retirement plans qualified under Section 401(a) of the Code and certain other retirement plans, additional cash contributions could cause the maximum contribution limitations of Section 415 of the Code or other qualification rules to be violated. It may also be a reportable distribution and there may be other adverse tax and ERISA consequences if rights are sold or transferred by a retirement plan.

Retirement plans and other tax exempt entities, including governmental plans, should also be aware that if they borrow in order to finance their exercise of rights, they may become subject to the tax on unrelated business taxable income under Section 511 of the Code. If any portion of an individual retirement account is used as security for a loan, the portion so used is also treated as distributed to the IRA depositor. ERISA contains fiduciary responsibility requirements, and ERISA and the Code contain prohibited transaction rules that may impact the exercise of rights. Due to the complexity of these rules and the penalties for noncompliance, retirement plans should consult with their counsel and other advisers regarding the consequences of their exercise of rights under ERISA and the Code.

Distribution Arrangements

Deutsche Bank Securities Inc. and Ladenburg Thalmann & Co. Inc., which are broker-dealers and members of the Financial Industry Regulatory Authority, will act as dealer managers for this offering. Each of Deutsche Bank Securities Inc. and Ladenburg Thalmann & Co. Inc. will be an underwriter within the meaning of Section 2(a)(11) of the Securities Act with respect to this offering. Under the terms and subject to the conditions contained in the dealer management agreement, the dealer managers will provide financial advisory and marketing services in connection with this offering and will solicit the exercise of rights and participation in the over-subscription privilege. This offering is not contingent upon any number of rights being exercised. We have agreed to pay the dealer managers a fee for their financial advisory, marketing and soliciting services equal to 4.0% of the aggregate subscription price for shares issued pursuant to this offering. In addition, we have agreed to reimburse the dealer managers an aggregate amount up to \$75,000 for their expenses incurred in connection with this offering.

The dealer managers will allow to other broker-dealers that have executed and delivered a soliciting dealer agreement and have solicited the exercise of rights, solicitation fees equal to 0.5% of the subscription price per share for each share issued pursuant to the exercise of rights as a result of their soliciting efforts, subject to a maximum fee based on the number of shares held by each broker-dealer through DTC on the record date. Fees will be paid by us to the broker-dealer designated on the applicable portion of the subscription certificates or, in the absence of such designation, to the dealer managers.

We have agreed to indemnify the dealer managers for, or contribute to losses arising out of, certain liabilities, including liabilities under the Securities Act. The dealer manager agreement also provides that the dealer managers will not be subject to any liability to us in rendering the services contemplated by the dealer manager agreement except for any act of bad faith, willful misfeasance, or gross negligence of the dealer managers or reckless disregard by the dealer managers of their obligations and duties under the dealer manager agreement. Because each of Deutsche Bank Securities Inc. and Ladenburg Thalmann & Co. Inc. will be an underwriter, each of Deutsche Bank Securities Inc. and Ladenburg Thalmann & Co. Inc. will be subject to the prospectus delivery requirements of the Securities Act and will be subject to certain statutory liabilities, including, but not limited to, under the Securities Act and the Exchange Act.

We have also agreed not to directly or indirectly sell, offer to sell, enter into any agreement to sell, or otherwise dispose of, any of our equity or equity related securities or securities convertible into such securities, other than the rights, the shares and the common stock issued in connection with the reinvestment of dividends or distributions, for a period of 90 days from the date hereof without the prior consent of the dealer managers.

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The principal business address of Deutsche Bank Securities Inc. is 60 Wall Street, New York, New York 10005.

The principal business address of Ladenburg Thalmann & Co. Inc. is 570 Lexington Avenue, 12th Floor, New York, New York 10022.

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Prior to the expiration of this offering, the dealer managers may independently offer for sale shares of our common stock at prices they set. The dealer managers may realize profits or losses independent of any fees described in this prospectus supplement.

This offering is being conducted in compliance with Rule 5110 of the Conduct Rules of the Financial Industry Regulatory Authority.

Additional Dealer Manager Compensation

The dealer managers and/or their affiliates have from time to time performed and may in the future perform various commercial banking, financial advisory and investment banking services for us and our affiliates for which they have received or will receive customary compensation.

Certain Effects of this Offer

Oxford Lane Management will benefit from this offer because a portion of the investment advisory fee we pay to Oxford Lane Management is based on our gross assets. See Management Investment Advisory Agreement in the accompanying prospectus. It is not possible to state precisely the amount of additional compensation Oxford Lane Management will receive as a result of this offer because it is not known how many shares will be subscribed for and because the net proceeds of the offer will be invested in additional portfolio securities, which will fluctuate in value. However, assuming (1) all rights are exercised, (2) the average value of our gross assets, excluding proceeds from this offer, remains at approximately \$212.8 million (which includes the issuance of preferred stock in November 2013 and common stock in a direct registered offering in January 2014), (3) the subscription price is \$17.50 per share (the mid-point of the range set forth on the cover of this prospectus supplement), and (4) all of the net proceeds from the offer are invested in additional portfolio companies, and after giving effect to dealer manager fees and other expenses related to this offer, Oxford Lane Management would receive additional annualized base advisory fees of approximately \$1.3 million, and the amount of the administrative fee received by Oxford Lane Management would not change. Two of our directors who voted to authorize this offer are interested persons of Oxford Lane Management. The other directors who approved this offer are not affiliated with Oxford Lane Management.

As a result of the terms of this offer, stockholders who do not fully exercise their rights will own, upon completion of this offer, a smaller proportional interest in us than they owned prior to the offer, including with respect to voting rights. In addition, because the net proceeds per share from this offering may be less than the net asset value per share, based on our current market price, the offering may result in an immediate dilution of net asset value per share for all of our stockholders. If the subscription price per share is substantially less than the then current net asset value per share, such dilution could be substantial. Any such dilution will disproportionately affect non-exercising stockholders. If the subscription price is less than our then current net asset value per share, then all stockholders will experience a decrease in the net asset value per share held by them, irrespective of whether they exercise all or any portion of their rights. This offering may also cause dilution in the dividends per share we are able to distribute subsequent to completion of the offering. See Dilution.

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USE OF PROCEEDS

Assuming this offer is fully subscribed at a subscription price of \$17.50 (the mid-point of the range set forth on the cover of this prospectus supplement), the net proceeds of the offer will be approximately \$67.2 million, after deducting dealer manager fees of approximately \$2.8 million and other expenses related to this offer payable by us estimated at approximately \$335,000. There can be no assurance that all the rights will be exercised in full, and our net proceeds could be substantially lower if only a portion of the rights are exercised.

We intend to use the net proceeds from the sale of our securities pursuant to this prospectus supplement for acquiring investments in accordance with our investment objective and strategies described in this prospectus supplement and for general working capital purposes. We may also pay operating expenses, including advisory and administrative fees and expenses, from the net proceeds of this offering.

We anticipate that substantially all of the net proceeds of this offering will be used for the above purposes within approximately three months from the consummation of this offering, depending on the availability of appropriate investment opportunities consistent with our investment objective and market conditions. We cannot assure you we will achieve our targeted investment pace.

Pending such investments, we will invest the net proceeds primarily in cash, cash equivalents, U.S. government securities and other high-quality investments that mature in one year or less from the date of investment. The management fee payable by us will not be reduced while our assets are invested in such securities. See Regulation as a Closed-End Investment Company Temporary Investments in the accompanying prospectus for additional information about temporary investments we may make while waiting to make longer-term investments in pursuit of our investment objective.

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Our common stock is traded on the NASDAQ Global Select Market under the symbol OXLC. The following table sets forth, for each fiscal quarter since our initial public offering, the net asset value (NAV) per share of our common stock, the high and low intraday sales prices for our common stock, such sales prices as a percentage of NAV per share and quarterly distributions per share.

	Price Range			Premium/Discount		Cash Distributions Per Share ⁽³⁾
	NAV ⁽¹⁾	High	Low	of High Sales Price to NAV ⁽²⁾	of Low Sales Price to NAV ⁽²⁾	
Fiscal 2014						
Fourth Quarter (through January 22, 2013)	*	\$ 18.76	\$ 17.10	*	*	\$ 0.70
Third Quarter	*	\$ 17.70	\$ 14.76	*	*	\$ 0.55
Second Quarter	\$ 16.13	\$ 16.75	\$ 14.95	4 %	(7 %)	\$ 0.55
First Quarter	\$ 15.71	\$ 18.56	\$ 15.15	18 %	(4 %)	\$ 0.55
Fiscal 2013						
Fourth Quarter	\$ 16.20	\$ 16.30	\$ 14.99	1 %	(7 %)	\$ 0.55
Third Quarter	\$ 17.41	\$ 16.80	\$ 14.70	(4 %)	(16 %)	\$ 0.55
Second Quarter	\$ 17.13	\$ 16.79	\$ 14.00	(2 %)	(18 %)	\$ 0.55
First Quarter	\$ 14.60	\$ 15.00	\$ 13.49	3 %	(8 %)	\$ 0.55
Fiscal 2012						
Fourth Quarter	\$ 17.05	\$ 16.50	\$ 13.30	(3 %)	(22 %)	\$ 0.55
Third Quarter	\$ 15.08	\$ 14.98	\$ 12.06	(1 %)	(20 %)	\$ 0.50
Second Quarter	\$ 15.14	\$ 18.74	\$ 13.05	24 %	(14 %)	\$ 0.50
First Quarter	\$ 17.44	\$ 20.00	\$ 17.61	15 %	1 %	\$ 0.50

Net asset value per share is determined as of the last day in the relevant quarter and therefore may not reflect the (1) net asset value per share on the date of the high and low sales prices. The net asset values shown are based on outstanding shares at the end of each period.

(2) Calculated as the respective high or low intraday sales price divided by NAV.

(3) Represents the cash distribution payable in the specified quarter.

* Not determinable at the time of filing.

On January 22, 2014, the last reported sales price of our common stock was \$17.76 per share. As of January 22, 2014, we had 76 shareholders of record of our common stock.

Shares of closed-end management investment companies may trade at a market price that is less than the value of the net assets attributable to those shares. The possibility that our shares of common stock will trade at a discount from net asset value or at premiums that are unsustainable over the long term are separate and distinct from the risk that our net asset value will decrease. Since our initial public offering, shares of our common stock have traded at a discount and at a premium to the net assets attributable to those shares. It is not possible to predict whether the shares offered

hereby will trade at, above, or below net asset value.

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To the extent that we have income available, we intend to distribute quarterly dividends to our stockholders. Our quarterly dividends, if any, will be determined by our Board of Directors. Any dividends to our stockholders will be declared out of assets legally available for distribution. The following table reflects the cash distributions per share that we have declared on our common stock to date:

Date Declared	Record Date	Payment Date	Amount ⁽¹⁾
Fiscal 2014			
November 26, 2013	March 17, 2014	March 31, 2014	\$ 0.60
November 26, 2013	March 17, 2014	March 31, 2014	0.10 ⁽²⁾
November 6, 2013	December 17, 2013	December 31, 2013	0.55
July 24, 2013	September 16, 2013	September 30, 2013	0.55
May 22, 2013	June 14, 2013	June 28, 2013	0.55
Total (2014)			2.35
Fiscal 2013			
February 6, 2013	March 15, 2013	March 29, 2013	0.55
October 23, 2012	December 17, 2012	December 31, 2012	0.55
July 31, 2012	September 14, 2012	September 28, 2012	0.55
May 22, 2012	June 15, 2012	June 29, 2012	0.55
Total (2013)			2.20
Fiscal 2012			
January 25, 2012	March 16, 2012	March 30, 2012	0.55
October 24, 2011	December 16, 2011	December 30, 2011	0.50
July 22, 2011	September 16, 2011	September 30, 2011	0.50
April 6, 2011	June 16, 2011	June 30, 2011	0.50
Total (2012)			2.05
Fiscal 2011			
March 7, 2011	March 21, 2011	April 1, 2011	0.25
Total (2011)			0.25
			\$ 6.85

All of our cash distributions to date were funded from net investment income, except approximately \$0.07 per (1) share and \$0.40 per share of the distribution paid on June 29, 2012 and June 28, 2013, respectively, which was funded from long term capital gains.

(2) Represents a special dividend for the fiscal year ended March 31, 2014.

For fiscal year 2013, we paid \$459,228 in preferred dividends on the Series 2017 Term Preferred Shares; during the six month period ended September 30, 2013 we paid a total of \$672,041 in such dividends. During the second quarter of fiscal 2014, we paid a total of \$448,955 in preferred dividends on the Series 2023 Term Preferred Shares. During the third quarter of fiscal 2014, we paid a total of \$336,021 and \$956,491 in preferred dividends on the Series 2017 Term Preferred Shares and the Series 2023 Term Preferred Shares, respectively.

For accounting purposes the distributions declared on our common stock for the fiscal periods ended March 31, 2013, 2012 and 2011 were in excess of the reported earnings. However, as a RIC, earnings and distributions are determined on a tax basis. Furthermore, taxable earnings are determined according to tax regulations and differ from reported income for accounting purposes. For the fiscal periods ended March 31, 2013, 2012 and 2011, taxable earnings exceeded our distributions and there was no tax return of capital for these years. To the extent that taxable earnings for any fiscal year are less than the amount of the dividends paid during the year, there would be a tax return of capital to shareholders. Distributions in excess of current and accumulated taxable earnings and profits will generally not be

taxable to the shareholders, because a tax return of capital represents a return of a portion of a shareholder's original investment in our common stock to

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the extent of a shareholder's basis in our stock. Generally, a tax return of capital will reduce an investor's basis in our stock for federal tax purposes, which will result in the shareholder recognizing additional gain (or less loss) when the stock is sold. Assuming that a shareholder holds our stock as a capital asset, any such additional gain would be a capital gain. Shareholders should not assume that the source of all distributions is from our net profits and shareholders may periodically receive the payment of a dividend consisting of a return of capital. The tax character of any distributions will be determined after the end of the fiscal year. Tax matters are very complicated and the tax consequences to an investor of an investment in our shares will depend on the facts of its particular situation. We encourage investors to consult their own tax advisors regarding the specific consequences of such an investment, including tax reporting requirements, the applicability of federal, state, local and foreign tax laws, eligibility for the benefits of any applicable tax treaty and the effect of any possible changes in the tax laws.

We have elected to be treated, and intend to continue to qualify annually, as a RIC under Subchapter M of the Code beginning with our 2011 taxable year. To maintain RIC tax treatment, we must, among other things, distribute at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. In order to avoid certain excise taxes imposed on RICs, we currently intend to distribute during each calendar year an amount at least equal to the sum of: (1) 98% of our ordinary income for the calendar year; (2) 98.2% of our capital gains in excess of capital losses for the one-year period ending on October 31 of the calendar year; and, (3) any ordinary income and net capital gains for preceding years that were not distributed during such years and on which we paid no federal income tax. In addition, although we currently intend to distribute realized net capital gains (i.e., net long term capital gains in excess of short term capital losses), if any, at least annually, we may in the future decide to retain such capital gains for investment and elect to treat such gains as deemed distributions to you. If this happens, you will be treated as if you had received an actual distribution of the capital gains we retain and reinvested the net after tax proceeds in us. In this situation, you would be eligible to claim a tax credit (or, in certain circumstances, a tax refund) equal to your allocable share of the tax we paid on the capital gains deemed distributed to you. See Material U.S. Federal Income Tax Considerations. We can offer no assurance that we will achieve results that will permit the payment of any cash distributions and, to the extent that we issue senior securities, we will be prohibited from making distributions if doing so causes us to fail to maintain the asset coverage ratios stipulated by the 1940 Act or if distributions are limited by the terms of any of our borrowings.

Our current intention is to make any distributions in additional shares of our common stock under our dividend reinvestment plan out of assets legally available therefore, unless you elect to receive your dividends and/or long-term capital gains distributions in cash. See Dividend Reinvestment Plan. If you hold shares in the name of a broker or financial intermediary, you should contact the broker or financial intermediary regarding your election to receive distributions in cash. We can offer no assurance that we will achieve results that will permit the payment of any cash distributions and, if we issue senior securities, we will be prohibited from making distributions if doing so causes us to fail to maintain the asset coverage ratios stipulated by the 1940 Act or if distributions are limited by the terms of any of our borrowings.

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The following table sets forth:

the actual capitalization of Oxford Lane Capital at September 30, 2013; and the adjusted capitalization of Oxford Lane Capital, reflecting (i) the sale of 1,767,770 shares of our Series 2023 Term Preferred Shares sold in November 2013, (ii) the issuance of 38,830 shares of common stock on December 31, 2013 pursuant to Oxford Lane Capital's dividend reinvestment plan and (iii) the sale of 325,000 shares of common stock in a direct registered offering on January 9, 2014; and the adjusted capitalization of Oxford Lane Capital, reflecting the sale of 4,021,373 shares of our common stock in this offering, assuming all rights are exercised at the subscription price of \$17.50 (the mid-point of the range set forth on the cover of this prospectus supplement) and our receipt of the estimated net proceeds from that sale.

This table should be read in conjunction with "Use of Proceeds" included in this prospectus supplement and our "Business" section and financial statements and notes thereto included in the accompanying prospectus.

	As of September 30, 2013		
	Actual	Pro Forma ⁽²⁾	As Adjusted ⁽³⁾
Assets:			
Total assets	\$ 163,113,835	\$ 208,847,073	\$ 276,071,139
Liabilities:			
Mandatory redeemable Preferred Stock, par value \$0.01 per share; 5,000,000 shares authorized, 1,494,450, 3,262,220 and 3,262,220 shares issued and outstanding, as adjusted, respectively ⁽¹⁾	37,361,250	77,136,075	77,136,075
Other liabilities	1,858,363	1,858,363	1,858,363
Total liabilities	39,219,613	78,994,438	78,994,438
Net Assets	\$ 123,894,222	\$ 129,852,635	\$ 197,076,701
Net Assets consist of:			
Paid in capital	112,894,857	118,853,270	186,077,336
Net realized gain on investments	8,135,142	8,135,142	8,135,142
Net unrealized appreciation on investments	14,819,062	14,819,062	14,819,062
Distributions in excess of net investment income	(11,954,839)	(11,954,839)	(11,954,839)
Total net assets	\$ 123,894,222	\$ 129,852,635	\$ 197,076,701

(1) Actual amount represents 632,450 shares of Series 2017 Term Preferred Shares and 862,000 Series 2023 Term Preferred Shares outstanding as of September 30, 2013.

Increase in assets in the "Pro Forma" column is due to cash from the proceeds of the sale of 1,767,770 shares of the Series 2023 Term Preferred Shares sold in November 2013 at a price of \$22.50 per share, shares of common stock (2) issued under Oxford Lane Capital's dividend reinvestment plan on December 31, 2013 (38,830 shares, net proceeds of \$639,663), and shares of common stock issued in a direct registered offering on January 9, 2014 (325,000 shares, net proceeds of \$5,318,750) (collectively, the "Pro Forma Adjustments").

(3) Increase in assets in the "As Adjusted" column is due to the Pro Forma Adjustments and the cash from the net proceeds of this offering.

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As of September 30, 2013, our net assets were \$123.9 million, or approximately \$16.13 per share. After giving effect to (i) the sale of 1,767,770 Series 2023 Term Preferred Shares in November 2013, (ii) the issuance of 38,830 shares of common stock on December 31, 2013 pursuant to Oxford Lane Capital's dividend reinvestment plan, (iii) the sale of 325,000 shares of common stock in a direct registered offering on January 9, 2014, and (iv) the sale of shares of our common stock in this offering, assuming all rights are exercised at the subscription price of \$17.50 per share (the mid-point of the range set forth on the cover of this prospectus supplement), and our receipt of the estimated net proceeds from that sale, our as adjusted net asset value would have been approximately \$197.1 million, or approximately \$16.34 per share, representing an immediate accretion of approximately \$0.21 per share to our existing stockholders.

The following table illustrates the accretive effect of this offering on net asset value per share, and the dilutive effects of this offering on net investment income, net increase in net assets resulting from operations and distributions on a per share basis, assuming all rights are exercised at the subscription price of \$17.50 per share (the mid-point of the range set forth on the cover of this prospectus supplement):

	As of September 30, 2013 (unaudited)		
	Actual	Pro Forma ⁽¹⁾	As Adjusted
Net asset value per common share	\$ 16.13	\$ 16.15	\$ 16.34

	Six Months Ended September 30, 2013 (unaudited)		
	Actual	Pro Forma ⁽¹⁾	As Adjusted
Net increase in net assets resulting from net investment income per common share	\$0.63 ⁽²⁾	\$ 0.60	\$ 0.40 ⁽³⁾
Net increase in net assets resulting from operations per common share	\$1.04 ⁽²⁾	\$ 1.00	\$ 0.67 ⁽³⁾
Distributions per common share	\$1.10	\$ 1.05	\$ 0.70 ⁽⁴⁾

Assumes that on April 1, 2013, the beginning of the indicated period, cash from the proceeds of the sale of 1,767,770 shares of the Series 2023 Term Preferred Shares sold in November 2013 at a price of \$22.50 per share,

(1) shares of common stock issued under Oxford Lane Capital's dividend reinvestment plan of December 31, 2013 (38,830 shares, net proceeds of \$639,663), and shares of common stock issued in a direct registered offering on January 9, 2014 (325,000 shares, net proceeds of \$5,318,750), were given effect.

(2) Basic and diluted, weighted average number of shares outstanding is 7,622,155.

Assumes that on April 1, 2013, the beginning of the indicated period, (a) all rights were exercised at the subscription price of \$17.50 per share (the mid-point of the range set forth on the cover of this prospectus supplement), and (b) 4,021,373 shares of our common stock were issued upon exercise of such rights.

(4) Assumes actual cash distributions divided by adjusted shares, including shares issued upon exercise of rights.

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LEGAL MATTERS

Certain legal matters in connection with the securities offered hereby will be passed upon for us by Sutherland Asbill & Brennan LLP, Washington, DC. Certain legal matters in connection with the offering will be passed upon for the dealer manager by Blank Rome LLP, New York, New York.

EXPERTS

The financial statements as of March 31, 2013 and for the year ended March 31, 2013 included in the accompanying prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

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. The registration statement contains additional information about us and the securities being offered by this prospectus supplement and the accompanying prospectus.

We are required to file with or submit to the SEC annual, semi-annual and quarterly reports, proxy statements and other information meeting the informational requirements of the Exchange Act. 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 1-800-SEC-0330. 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 website 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, or by writing to the SEC's Public Reference Section, Washington, D.C. 20549. This information is also available free of charge by contacting us at Oxford Lane Capital Corp., 8 Sound Shore Drive, Suite 255, Greenwich, CT 06830, by telephone at (203) 983-5275, or on our website at <http://www.oxfordlanecapital.com>.

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TABLE OF CONTENTS**OXFORD LANE CAPITAL CORP.****STATEMENT OF ASSETS AND LIABILITIES
(unaudited)**

	September 30, 2013
ASSETS	
Investments, at fair value (identified cost: \$131,992,427)	\$ 146,811,489
Cash and cash equivalents	11,058,914
Deferred offering costs	227,236
Dividend receivable	2,827,610
Deferred issuance costs on preferred stock	1,908,558
Interest receivable, including accrued interest purchased	266,381
Prepaid expenses and other assets	13,647
Total assets	163,113,835
LIABILITIES	
Mandatorily redeemable preferred stock	37,361,250
Investment advisory fee payable to affiliate	779,446
Incentive fees payable to affiliate	665,465
Directors' fees payable	27,500
Administrator expense payable	12,372
Accrued offering and deferred issuance costs	83,711
Accrued expenses	289,869
Total liabilities	39,219,613
NET ASSETS applicable to 7,678,916 shares of \$0.01 par value common stock outstanding	\$ 123,894,222
NET ASSETS consist of:	
Paid in capital	112,894,857
Net realized gain on investments	8,135,142
Net unrealized appreciation on investments	14,819,062
Distribution in excess of net investment income	(11,954,839)
Total net assets	\$ 123,894,222
Net asset value per common share	\$ 16.13
Market price per share	\$ 15.34
Market price premium/discount to net asset value per share	(4.90%)

See Accompanying Notes

TABLE OF CONTENTS**OXFORD LANE CAPITAL CORP.****SCHEDULE OF INVESTMENTS
SEPTEMBER 30, 2013
(unaudited)**

COMPANY ⁽¹⁾	INDUSTRY	INVESTMENT	PRINCIPAL AMOUNT	COST	FAIR VALUE ⁽²⁾	% of Net Assets
	<u>Collateralized Loan Obligation</u>	<u>Debt Investments</u>				
		CLO secured notes				
ACA CLO 2007-1A	structured finance	Class E ⁽³⁾⁽⁴⁾⁽⁵⁾ (5.02%, due June 15, 2022)	\$5,090,786	\$ 3,744,162	\$ 4,588,835	
		CLO secured notes				
AMMC CLO XII, Ltd.	structured finance	Class F ⁽³⁾⁽⁴⁾⁽⁵⁾ (5.31%, due May 10, 2025)	2,500,000	2,162,031	2,106,250	
		CLO secured notes				
Canaras Summit CLO 2007-1A	structured finance	Class E ⁽³⁾⁽⁴⁾⁽⁵⁾ (4.60%, due June 19, 2021)	750,000	540,068	693,450	
		CLO secured notes				
Carlyle Global Market Strategies CLO 2013-2, Ltd.	structured finance	Class F ⁽³⁾⁽⁴⁾⁽⁵⁾ (5.67%, due April 18, 2025)	6,000,000	5,122,563	5,247,000	
		CLO secured notes				
Emporia III, Ltd. 2007-3A	structured finance	Class E ⁽³⁾⁽⁴⁾⁽⁵⁾ (3.96%, due April 23, 2021)	3,594,000	2,875,388	2,886,341	
			4,500,000	3,871,563	4,175,550	

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Neuberger Berman CLO Ltd. 2012-13A	structured finance	CLO secured notes Class F ⁽³⁾⁽⁴⁾⁽⁵⁾ (6.76%, due January 23, 2024)				
PPM Grayhawk CLO 2007	structured finance	CLO secured notes Class D ⁽³⁾⁽⁴⁾⁽⁵⁾ (3.87%, due April 18, 2021)	1,869,138	1,452,908	1,623,346	
Sargas CLO I Ltd	structured finance	CLO secured notes Class D ⁽³⁾⁽⁴⁾⁽⁵⁾ (4.26%, due August 27, 2020)	4,500,000	3,370,078	4,243,050	
Total Collateralized Loan Obligation				23,138,761	25,563,822	20.63 %
<u>Collateralized Loan Obligation</u>						
Debt Investments						
Equity Investments						
ACA CLO 2007-1A	structured finance	CLO subordinated notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 31.20%, maturity June 15, 2022)	\$ 12,212,500	7,315,760	9,281,500	
ACAS CLO 2013-1A, Ltd.	structured finance	CLO subordinated notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 14.94%, maturity April 20, 2025)	4,000,000	3,346,366	3,840,000	
AMMC CLO XII, Ltd.	structured finance	CLO subordinated notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 14.01%, maturity May 10, 2025)	7,178,571	5,751,950	5,886,428	
APID 2013-14A	structured finance	CLO subordinated notes ⁽⁴⁾⁽⁶⁾ (Estimated	2,272,500	2,090,906	2,249,775	

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Ares XXV CLO Ltd.	structured finance	yield 15.23%, maturity April 15, 2025) CLO subordinated notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 10.50%, maturity January 17, 2024) CLO subordinated notes ⁽⁴⁾⁽⁶⁾	15,500,000	12,867,760	13,175,000
Ares XXVI CLO Ltd.	structured finance	(Estimated yield 12.35%, maturity April 15, 2025) CLO income notes ⁽⁴⁾⁽⁶⁾	7,500,000	6,000,056	6,675,000
Canaras Summit CLO 2007-1X	structured finance	(Estimated yield 59.41%, maturity June 19, 2021) CLO subordinated notes ⁽⁴⁾⁽⁶⁾	1,500,000	679,166	1,365,000
Carlyle Global Market Strategies CLO 2011-1X	structured finance	(Estimated yield 31.25%, maturity August 10, 2021) CLO subordinated notes ⁽⁴⁾⁽⁶⁾	6,000,000	4,493,043	6,480,000
Carlyle Global Market Strategies CLO 2013-2, Ltd.	structured finance	(Estimated yield 18.57%, maturity April 18, 2025)	9,250,000	7,818,037	8,972,500
Emerson Park CLO	structured finance	CLO subordinated notes ⁽⁴⁾⁽⁶⁾	12,250,000	10,411,787	10,136,875

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		(Estimated yield 13.56%, maturity July 15, 2025) CLO income notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 39.99%, maturity August 20, 2021)			
Gale Force 4 CLO 2007-4A	structured finance		1,500,000	638,984	1,005,000

(Continued on next page)

See Accompanying Notes

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TABLE OF CONTENTS**OXFORD LANE CAPITAL CORP.****SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2013
(unaudited)**

COMPANY ⁽¹⁾	INDUSTRY	INVESTMENT	PRINCIPAL AMOUNT	COST	FAIR VALUE ⁽²⁾	% of Net Assets
	<u>Collateralized Loan Obligation</u>	<u>Equity Investments</u>	(continued)			
GUGG2 2011-1A	structured finance	CLO subordinated notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 11.91%, maturity May 15, 2030)	\$4,000,000	\$4,318,515	\$4,960,000	
Harbourview CLO 2006-1	structured finance	CLO subordinated notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 55.84%, maturity December 27, 2019)	4,380,000	1,923,610	4,029,600	
Jersey Street CLO 2006-1A	structured finance	CLO income notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 21.46%, maturity October 20, 2018)	4,935,000	2,878,007	3,553,200	
Neuberger Berman CLO Ltd. 2012-13A	structured finance	CLO subordinated notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 9.09%, maturity January 23, 2024)	6,255,000	4,370,729	4,315,950	
North End CLO Ltd.			3,187,500	2,854,375	2,769,141	

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	structured finance	CLO subordinated notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 15.39%, maturity July 17, 2025)			
Ocean Trails 2013-4	structured finance	CLO subordinated notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 13.51%, maturity August 13, 2025)	4,000,000	3,356,485	3,280,000
Octagon XI CLO 2007-1A	structured finance	CLO income notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 50.53%, maturity August 25, 2021)	2,025,000	1,118,847	2,187,000
Octagon XV CLO 2013-1A	structured finance	CLO income notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 13.02%, maturity January 19, 2025)	2,000,000	1,941,182	2,020,000
Sheridan Square CLO Ltd.	structured finance	CLO subordinated notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 15.64%, maturity April 15, 2025)	1,279,070	1,122,596	1,240,698
Telos CLO 2013-3, Ltd.	structured finance	CLO subordinated notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 9.64%, maturity January 17, 2024)	4,666,667	4,622,714	4,060,000
			8,700,000	6,954,254	6,699,000

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Telos CLO 2013-4, Ltd.	structured finance	CLO subordinated notes ⁽⁴⁾⁽⁶⁾ (Estimated yield 17.17%, maturity July 17, 2024) CLO subordinated notes ⁽⁴⁾⁽⁶⁾				
Venture 2013-3A CLO, Limited	structured finance	(Estimated yield 13.54%, maturity June 10, 2025)	13,900,000	11,978,537	13,066,000	
Total Collateralized Loan Obligation Total Investments		Equity Investments		108,853,666	121,247,667	97.86 % 118.50%

We do not control and are not an affiliate of any of our portfolio companies, each as defined in the Investment Company Act of 1940 (the 1940 Act).

(1) In general, under the 1940 Act, we would be presumed to control a portfolio company if we owned 25% or more of its voting securities and would be an affiliate of a portfolio company if we owned 5% or more of its voting securities.

(2) Fair value is determined in good faith by the Board of Directors of the Company.

(3) Notes bear interest at variable rates.

(4) Cost value reflects accretion of original issue discount or market discount, and amortization of premium.

(5) The CLO secured notes generally bear interest at a rate determined by reference to LIBOR which resets quarterly.

For each CLO debt investment, the rate provided is as of September 30, 2013.

The CLO subordinated notes and income notes are considered equity positions in the CLO funds. Equity investments are entitled to recurring distributions which are generally equal to the remaining cash flow of the payments made by the underlying fund's securities less contractual payments to debt holders and fund expenses.

(6) The estimated yield indicated is based upon a current projection of the amount and timing of these recurring distributions and the estimated amount of repayment of principal upon termination. Such projections are periodically reviewed and adjusted, and the estimated yield may not ultimately be realized.

See Accompanying Notes

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OXFORD LANE CAPITAL CORP.

**STATEMENT OF OPERATIONS
(unaudited)**

	Six Months Ended September 30, 2013
INVESTMENT INCOME	
Interest income	\$ 9,297,303
EXPENSES	
Investment advisory fees	1,532,366
Incentive fees	850,450
Professional fees	292,781
Administrator expense	302,152
Directors' fees	82,000
General and administrative	121,423
Distributions on mandatorily redeemable preferred stock and amortization of offering costs	1,250,099
Insurance expense	18,300
Transfer agent and custodian fees	30,921
Total expenses	4,480,492
Net investment income	4,816,811
Net change in unrealized appreciation on investments	(2,941,019)
Net realized gain on investments	6,109,586
Net realized and unrealized gain on investments	3,168,567
Net increase in net assets resulting from operations	\$ 7,985,378

See Accompanying Notes

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TABLE OF CONTENTS**OXFORD LANE CAPITAL CORP.****STATEMENT OF CHANGES IN NET ASSETS
(unaudited)**

	Six Months Ended September 30, 2013	Year Ended March 31, 2013
Increase in net assets from operations:		
Net investment income	\$4,816,811	\$5,924,964
Net realized gain on investments	6,109,586	2,374,224
Net change in unrealized appreciation on investments	(2,941,019)	16,015,666
Net increase in net assets resulting from operations	7,985,378	24,314,854
Distributions from net investment income	(8,382,888)	(12,066,726)
Distributions from realized gain on investments		(348,668)
Distributions to shareholders	(8,382,888)	(12,415,394)
Capital share transaction:		
Issuance of common stock (net of underwriting fees and offering costs)		67,695,160
Reinvestment of dividends	1,152,009	1,665,902
Net increase in net assets from capital share transactions	1,152,009	69,361,062
Total increase in net assets	754,499	81,260,522
Net assets at beginning of period	123,139,723	41,879,201
Net assets at end of period (including distributions in excess of net investment income of \$11,954,839 and \$8,388,762)	\$ 123,894,222	\$ 123,139,723

See Accompanying Notes

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TABLE OF CONTENTS**OXFORD LANE CAPITAL CORP.****STATEMENT OF CASH FLOWS
(unaudited)**

	Six Months Ended September 30, 2013
CASH FLOWS FROM OPERATING ACTIVITIES	
Net increase in net assets resulting from operations	\$ 7,985,378
Adjustments to reconcile net increase in net assets resulting from operations to net cash used in operating activities:	
Amortization of discounts and premiums	(8,243,347)
Amortization of deferred issuance costs on preferred stock	129,102
Purchases of investments	(51,220,722)
Sales of investments	23,480,465
Repayments of principal and reductions to investment cost value	14,043,288
Net change in unrealized appreciation on investments	2,941,019
Increase in deferred offering costs	(199,529)
Net realized gain on investments	(6,109,586)
Increase in dividend receivable	(1,695,766)
Decrease in interest receivable	85,456
Decrease in prepaid expenses and other assets	18,300
Increase in investment advisory fee payable	185,224
Increase in incentive fee payable	200,769
Increase in administrator expense payable	444
Increase in accrued offering costs	19,919
Increase in accrued expenses	43,191
Net cash used in operating activities	(18,336,395)
CASH FLOWS FROM FINANCING ACTIVITIES	
Distributions paid (net of stock issued under dividend reinvestment plan of \$1,152,009)	(7,230,879)
Proceeds from the issuance preferred stock	21,550,000
Deferred issuance costs for the issuance of preferred stock	(1,096,328)
Net cash provided by financing activities	13,222,793
Net decrease in cash and cash equivalents	(5,113,602)
Cash and cash equivalents, beginning of period	16,172,516
Cash and cash equivalents, end of period	\$ 11,058,914

See Accompanying Notes

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OXFORD LANE CAPITAL CORP.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 1. ORGANIZATION

Oxford Lane Capital Corp. (OXLC , we or the Fund) was incorporated under the General Corporation Laws of the State of Maryland on June 9, 2010 as a non-diversified closed-end management investment company that has registered as an investment company under the Investment Company Act of 1940, as amended (the 1940 Act). In addition, the Fund has elected to be treated for tax purposes as a regulated investment company, or RIC under Subchapter M of the Internal Revenue Code of 1986, as amended (the Code). The Fund s investment objective is to maximize its portfolio s total return and seeks to achieve its investment objective by investing primarily in senior secured loans and the equity and junior debt tranches of collateralized loan obligation (CLO) vehicles.

OXLC s investment activities are managed by Oxford Lane Management LLC, (OXLC Management), a registered investment adviser under the Investment Advisors Act of 1940, as amended. BDC Partners LLC (BDC Partners) is the managing member of OXLC Management and serves as the administrator of OXLC.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which require management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

In the normal course of business, the Fund may enter into contracts that contain a variety of representations and provide indemnifications. The Fund s maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, based upon experience, the Fund expects the risk of loss to be remote.

CASH AND CASH EQUIVALENTS

The Fund considers all highly liquid debt instruments with a maturity of three months or less at the time of purchase to be cash equivalents.

INVESTMENT VALUATION

The most significant estimates made in the preparation of the Fund s financial statements are the valuation of investments and the effective yield calculation, as well as the related amounts of unrealized appreciation and depreciation of investments recorded. OXLC believes that there is no single definitive method for determining fair

value in good faith. As a result, determining fair value requires that judgment be applied to the specific facts and circumstances of each portfolio investment while employing a consistently applied valuation process for the types of investments that OXLC makes. The Fund is required to specifically fair value each individual investment on a quarterly basis.

The Fund complies with ASU 2011-04, *Fair Value Measurement: Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRs*. The amendments are of two types: (i) those that clarify the FASB's intent about the application of existing fair value measurement and disclosure requirements and (ii) those that change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. The amendments that change a particular principle or requirement for measuring fair value or disclosing information about fair value measurements relate to (i) measuring the fair value of the financial instruments that are managed within a portfolio; (ii) application of premium and discount in a fair value measurement; and (iii) additional disclosures about fair value measurements. OXLC has increased its disclosures related to Level 3 fair value measurements, in addition to other required disclosures. There were no related impacts on OXLC's financial position or results of operations.

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OXFORD LANE CAPITAL CORP.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

The Fund complies with ASC 820-10, *Fair Value Measurements and Disclosure*, which establishes a three-level valuation hierarchy for disclosure of fair value measurements. ASC 820-10 clarified the definition of fair value and requires companies to expand their disclosure about the use of fair value to measure assets and liabilities in interim and annual periods subsequent to initial recognition. ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820-10 also establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, which includes inputs such as quoted prices for similar securities in active markets and quoted prices for identical securities in markets that are not active; and Level 3, defined as unobservable inputs for which little or no market data exists, therefore requiring an entity to develop its own assumptions. The Fund has determined that due to the general illiquidity of the market for the Fund's investment portfolio, whereby little or no market data exists, all of the Fund's investments are valued based upon Level 3 inputs as of September 30, 2013. The Fund's Board of Directors determines the value of OXLC's investment portfolio each quarter. The prices used by the Fund to value securities may differ from the value that would be realized if the securities were sold, and these differences could be material to the Fund's financial statements.

OXLC has acquired a number of debt and equity positions in CLO investment vehicles, which are special purpose financing vehicles. In valuing such investments, OXLC considers indicative prices provided by a recognized industry pricing service as well as the indicative prices provided by the broker who arranges transactions in such investment vehicles, to the extent available, as well as any available information on other relevant transactions including trades, if any, and firm bids and offers in the market. In addition, OXLC considers the range of yields for such investments across the market, the operating metrics of the specific investment vehicle, including, but not limited to, net asset value, projected cash flows, compliance with collateralization tests, and defaulted and CCC-rated securities, if any. Using the pricing service's indicative price as a starting point, if the implied yield is outside the market range, the valuation may be adjusted to a point within the market range. However, the impact of other market information, such as broker prices, actual trades and firm bids and offers as well as operating metrics of such investment, may also affect the valuation. On occasion, an indicative price that results in an implied yield that is within the market range may also be adjusted, depending upon the reliability and volume of other market information. OXLC Management or the Valuation Committee may request an additional analysis by a third-party firm to assist in the valuation process of CLO investment vehicles. This information is presented to the Board for its determination of fair value of these investments.

The Fund may also invest directly in senior secured loans (either in the primary or secondary markets). In valuing such investments, OXLC Management will prepare an analysis of each loan, including a financial summary, covenant compliance review, recent trading activity in the security, if known, and other business developments related to the

portfolio company. Any available information, including non-binding indicative bids obtained from a recognized industry pricing service and agent banks which may not be considered reliable, will be presented to the Valuation Committee of the Board to consider in its determination of fair value. In some instances, there may be limited trading activity in a security even though the market for the security is considered not active. In such cases the Board will consider the number of trades, the size and timing of each trade and other circumstances around such trades, to the extent such information is available, in its determination of fair value. At September 30, 2013, the Fund did not have any direct investments in senior secured loans.

ASC 820-10-35, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly*, provides guidance on factors that should be considered in determining when a previously active market becomes inactive and

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TABLE OF CONTENTS**OXFORD LANE CAPITAL CORP.****NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013****NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

whether a transaction is orderly. In accordance with ASC 820-10-35, the Fund's valuation procedures specifically provide for the review of indicative quotes supplied by the brokers or agent banks that make a market for each security.

The Fund's assets measured at fair value on a recurring basis subject to the disclosure requirements of ASC 820-10-35 at September 30, 2013, were as follows:

Assets	Fair Value Measurements at Reporting Date			Total
	Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Other Significant Unobservable Inputs (Level 3)	
	(\$ in millions)	(\$ in millions)	(\$ in millions)	(\$ in millions)
CLO debt	\$	\$	\$ 25.6	\$ 25.6
CLO equity			121.2	121.2
Total	\$	\$	\$ 146.8	\$ 146.8

Significant Unobservable Inputs for Level 3 Investments

In accordance with ASU 2011-04, the following table provides quantitative information about the Fund's Level 3 fair value measurements as of September 30, 2013. The Fund's valuation policy, as described above, establishes parameters for the sources and types of valuation analysis, as well as the methodologies and inputs that the Fund uses in determining fair value. If the Valuation Committee or OXLC Management determines that additional techniques, sources or inputs are appropriate or necessary in a given situation, such additional work may be undertaken. The table, therefore, is not all-inclusive, but provides information on the significant Level 3 inputs that are pertinent to the Fund's fair value measurements. The weighted average calculations in the table below are based on principal balances for all CLO debt and equity investments.

Assets	Quantitative Information about Level 3 Fair Value Measurements			
	Fair Value as of September 30, 2013 (\$ in millions)	Valuation Techniques/Methodologies	Unobservable Input	Range/Weighted Average
CLO debt	\$25.6	market quotes	NBIB ⁽¹⁾	80.31% - 94.29%/88.75%
CLO equity	121.2	market quotes	NBIB ⁽¹⁾	67.0% - 124.0%/87.55%
Total Fair Value for Level 3 Investments	\$146.8			

The Fund generally uses prices provided by an independent pricing service or broker or agent bank non-binding indicative bid prices (NBIB) on or near the valuation date as the primary basis for the fair value determinations for CLO debt and equity investments. These bid prices are non-binding, and may not be determinative of fair value. (1) Each bid price is evaluated by the Valuation Committee in conjunction with additional information compiled by OXLC Management, including actual trades and firm bids and offers, if any, financial performance, recent business developments, and, in the case of CLO debt and equity investments, performance and covenant compliance information as provided by the independent trustee. Significant increases or decreases in any of the unobservable inputs in isolation may result in a significantly lower or higher fair value measurement.

TABLE OF CONTENTS**OXFORD LANE CAPITAL CORP.****NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013****NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

A rollforward of the fair value of investments for the six months ended September 30, 2013, utilizing significant unobservable inputs, is as follows:

(\$ in millions)	Collateralized Loan Obligation Debt Investments	Collateralized Loan Obligation Equity Investments	Total
Balance at March 31, 2013	\$ 42.5	\$ 84.7	\$ 127.2
Realized gains included in earnings	4.2	1.9	6.1
Unrealized appreciation included in earnings	(2.9)	0.0	(2.9)
Amortization of discounts and premiums	0.4	7.8	8.2
Purchases	2.2	43.5	45.7
Repayments, sales of principal and reductions to investment cost value	(20.8)	(16.7)	(37.5)
Transfers in and/or out of level 3			
Balance at September 30, 2013	\$ 25.6	\$ 121.2	\$ 146.8
The amount of total gains for the period included in earnings attributable to the change in unrealized gains or losses related to our Level 3 assets still held at the reporting date and reported within the net change in unrealized gains or losses on investments in our Statement of Operations	\$ 0.4	\$ 2.0	\$ 2.4

The Fund's policy is to recognize transfers in and transfers out of valuation levels as of the beginning of the reporting period. There were no transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2013.

PREFERRED STOCK

The Fund carries its mandatorily redeemable preferred stock at cost on the statement of assets and liabilities, and not fair value. For disclosure purposes, the fair value of the 8.50% Series 2017 Term Preferred Shares (the Series 2017 Shares) and 7.50% Series 2023 Term Preferred Shares (the Series 2023 Shares) are approximately \$16.6 and \$19.8 million, respectively, at September 30, 2013. The fair value of the Series 2017 Shares and Series 2023 Shares is based upon a closing price per share of \$26.25 and \$23.01, respectively, at September 30, 2013. The Fund considers its preferred stock to be a level 3 liability within the fair value hierarchy.

PREPAID EXPENSES

Prepaid expenses consist primarily of insurance costs.

INVESTMENT INCOME RECOGNITION

Interest income from debt positions in CLO investment vehicles is recorded on the accrual basis to the extent that such amounts are expected to be collected. Amortization of premium or accretion of discount is recognized on the effective yield method.

Interest income from investments in the equity class securities of CLO investment vehicles (typically income notes or subordinated notes) is recorded based upon an estimation of an effective yield to maturity utilizing assumed cash flows. The Fund monitors the expected cash flows from its CLO equity investments, including the expected residual payments, and effective yield is determined and updated periodically, as needed.

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OXFORD LANE CAPITAL CORP.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

FEDERAL INCOME TAXES

The Fund intends to operate so as to qualify to be taxed as a RIC under Subchapter M of the Internal Revenue Code and, as such, to not be subject to federal income tax on the portion of its taxable income and gains distributed to stockholders. To qualify for RIC tax treatment, OXLC is required to distribute at least 90% of its investment company taxable income, as defined by the Code.

Because federal income tax regulations differ from accounting principles generally accepted in the United States, distributions in accordance with tax regulations may differ from net investment income and realized gains recognized for financial reporting purposes. Differences may be permanent or temporary. Permanent differences are reclassified among capital accounts in the financial statement to reflect their tax character. Temporary differences arise when certain items of income, expense, gain or loss are recognized at some time in the future. Differences in classification may also result from the treatment of short-term gains as ordinary income for tax purposes.

The tax basis components of distributable earnings differ from the amounts reflected in the Statement of Assets and Liabilities due to temporary book/tax differences primarily arising from investments in equity CLOs and permanent book/tax differences attributable to non-deductible excise taxes. These amounts will be finalized before filing the federal tax return.

Aggregate gross unrealized appreciation for tax purposes is \$8,628,150; and aggregate gross unrealized depreciation of \$2,889,003. For tax purposes, the cost basis of the portfolio investments at September 30, 2013 was \$141,072,342.

DIVIDENDS AND DISTRIBUTIONS

Dividends from net investment income and capital gain distributions are determined in accordance with U.S. federal income tax regulations, which differ from GAAP. Dividends from net investment income, if any, are expected to be declared and paid quarterly. Net realized capital gains, unless offset by any available capital loss carry-forward, are typically distributed to shareholders annually. Dividends and distributions to shareholders are recorded on the ex-dividend date and are automatically reinvested in full and fractional shares of the Fund in accordance with the Fund's dividend reinvestment plan unless the shareholder has elected to have them paid in cash.

Amounts required to be distributed reflect estimates made by the Fund. Dividends paid by the Fund are subject to re-characterization for tax purposes.

CONCENTRATION OF CREDIT RISK

At September 30, 2013, the Fund maintained a cash balance with State Street Bank and Trust Co. The Fund is subject to credit risk arising should State Street Bank and Trust Co. be unable to fulfill its obligations. In addition, the Fund's portfolio may be concentrated in a limited number of investments in CLO vehicles, which will subject the Fund to a risk of significant loss if that sector experiences a market downturn.

SECURITIES TRANSACTIONS

Securities transactions are recorded on trade date. Realized gains and losses on investments sold are recorded on the basis of specific identification.

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OXFORD LANE CAPITAL CORP.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

DEFERRED OFFERING COSTS

Deferred offering costs consist principally of legal, accounting, filing and underwriting fees incurred through the balance sheet date that are related to an offering proposed by the Fund. The deferred offering costs will be charged to capital upon the completion of an offering or charged to expense if the offering is unsuccessful. Expenses related to shelf offerings are charged to capital as shares registered are issued.

NOTE 3. RELATED PARTY TRANSACTIONS

Effective September 9, 2010, the Fund entered into an Investment Advisory Agreement with OXLC Management, a registered investment adviser under the Investment Advisers Act of 1940, as amended. BDC Partners is the managing member of OXLC Management and serves as the administrator of OXLC. Pursuant to the Investment Advisory Agreement, the Fund has agreed to pay OXLC Management a fee for advisory and management services consisting of two components – a base management fee and an incentive fee. The base-management fee is calculated at an annual rate of 2.00% of the Fund's gross assets. For services rendered under the Investment Advisory Agreement, the base management fee is payable quarterly in arrears.

The base management fee is calculated based on the average value of the Fund's gross assets, which means all assets of any type, at the end of the two most recently completed calendar quarters, and appropriately adjusted for any share issuances or repurchases during the current calendar quarter. Base management fees for any partial month or quarter will be appropriately pro-rated.

The incentive fee is calculated and payable quarterly in arrears based on the pre-incentive fee net investment income for the immediately preceding calendar quarter. For this purpose, pre-incentive fee net investment income means interest income, dividend income and any other income (including any other fees, such as commitment, origination, structuring, diligence and consulting fees or other fees that are received from an investment) accrued during the calendar quarter, minus our operating expenses for the quarter (including the base management fee, expenses payable under the Administration Agreement to BDC Partners, and any interest expense and dividends paid on any issued and outstanding preferred stock, but excluding the incentive fee). Pre-incentive fee net investment income includes accrued income that the Fund has not yet received in cash. Pre-incentive fee net investment income does not include any realized or unrealized capital gains or losses, and the Fund could incur incentive fees in periods when there is a net decrease in net assets from operations. Pre-incentive fee net investment income, expressed as a rate of return on the value of the Fund's net assets at the end of the immediately preceding calendar quarter, is compared to a hurdle of 1.75% per quarter (7.00% annualized). Our undistributed net investment income used to calculate the incentive fee is

also included in the amount of the Fund's gross assets used to calculate the 2.00% base management fee. The incentive fee with respect to the Fund's pre-incentive fee net investment income in each calendar quarter is calculated as follows:

no incentive fee in any calendar quarter in which the Fund's pre-incentive fee net investment income does not exceed the hurdle of 1.75%;

100% of pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds the hurdle but is less than 2.1875% in any calendar quarter (8.75% annualized). The Fund refers to this portion of the pre-incentive fee net investment income (which exceeds the hurdle but is less than 2.1875%) as the catch-up. The catch-up is meant to provide the investment adviser with 20% of the pre-incentive fee net investment income as if a hurdle did not apply if the net investment income exceeds 2.1875% in any calendar quarter; and

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OXFORD LANE CAPITAL CORP.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 3. RELATED PARTY TRANSACTIONS (continued)

20% of the amount of pre-incentive fee net investment income, if any, that exceeds 2.1875% in any calendar quarter (8.75% annualized) is payable to OXLC Management (once the hurdle is reached and the catch-up is achieved, 20% of all pre-incentive fee net investment income thereafter is allocated to OXLC Management).

There is no offset in subsequent quarters for any quarter in which an incentive fee is not earned. For the six months ended September 30, 2013, the Fund accrued incentive fee expenses of approximately \$850,000. At September 30, 2013, the Fund has an incentive fee payable of approximately \$665,000.

Effective September 9, 2010 the Fund entered into an administration agreement with BDC Partners to serve as its administrator. Under the administration agreement, BDC Partners performs, or oversees the performance of, the Fund's required administrative services, which include, among other things, being responsible for the financial records which the Fund is required to maintain and preparing reports to the Fund's stockholders.

In addition, BDC Partners assists the Fund in determining and publishing the Fund's net asset value, oversees the preparation and filing of the Fund's tax returns and the printing and dissemination of reports to the Fund's stockholders, and generally oversees the payment of the Fund's expenses and the performance of administrative and professional services rendered to the Fund by others. Payments under the administration agreement are equal to an amount based upon the Fund's allocable portion of BDC Partners' overhead in performing its obligations under the administration agreement, including rent, the fees and expenses associated with performing compliance functions and the Fund's allocable portion of the compensation of the Fund's chief financial officer, chief compliance officer, controller and treasurer, and any administrative support staff. The administration agreement may be terminated by either party without penalty upon 60 days' written notice to the other party.

The independent directors receive an annual fee of \$35,000. In addition, the independent directors receive \$2,000 plus reimbursement of reasonable out-of-pocket expenses incurred in connection with attending each Board meeting, \$1,500 plus reimbursement of reasonable out-of-pocket expenses incurred in connection with attending each Valuation Committee meeting and \$1,000 plus reimbursement of reasonable out-of-pocket expenses incurred in connection with attending each Audit Committee meeting. The Chairman of the Audit Committee also receives an additional annual fee of \$5,000. No compensation will be paid to directors who are interested persons of the Fund as defined in the 1940 Act.

Certain directors, officers and other related parties, including members of OXLC Management, own 6.4% of the common stock of the Fund at September 30, 2013.

NOTE 4. OTHER INCOME

Other income includes closing fees, or origination fees, associated with investments in portfolio companies. Such fees

are normally paid at closing of the Fund's investments, are fully earned and non-refundable, and are generally non-recurring. The Fund had no such income for the six months ended September 30, 2013.

NOTE 5. SERIES 2017 TERM PREFERRED SHARES

The Fund has authorized five million preferred shares at a par value of \$0.01 per share. On November 28, 2012, the Fund completed an underwritten public offering of 600,000 shares of its newly designated 8.50% Series 2017 Term Preferred Shares (the Series 2017 Shares) at a public offering price of \$25 per share, less underwriting fees and offering costs. The Fund also granted the underwriters a 30-day option to purchase additional shares of Series 2017 Shares on the same terms and conditions to cover

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OXFORD LANE CAPITAL CORP.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 5. SERIES 2017 TERM PREFERRED SHARES (continued)

over-allotments. On December 10, 2012, the underwriters purchased an additional 32,450 shares of Series 2017 Shares. The total net proceeds to the Fund from the issuance of the Series 2017 Shares were approximately \$14.8 million.

The Fund is required to redeem all of the outstanding Series 2017 Shares on December 31, 2017 at a redemption price equal to \$25 per share plus an amount equal to accumulated but unpaid dividends, if any, to the date of the redemption. OXLC cannot effect any amendment, alteration, or repeal of the Fund's obligation to redeem all of the Series 2017 Shares on December 31, 2017 without the prior unanimous vote or consent of the holders of Series 2017 Shares. If the Fund fails to maintain an asset coverage ratio of at least 200%, the Fund will redeem a portion of the outstanding Series 2017 Shares in an amount at least equal to the lesser of (1) the minimum number of shares of Series 2017 Shares necessary to cause OXLC to meet our required asset coverage ratio, and (2) the maximum number of Series 2017 Shares that OXLC can redeem out of cash legally available for such redemption. At any time on or after December 31, 2014, at the Fund's sole option, the Fund may redeem the Series 2017 Shares at a redemption price per share equal to the sum of the \$25 liquidation preference per share plus an amount equal to accumulated but unpaid dividends, if any, on the Series 2017 Shares.

Deferred issuance costs represent fees and other direct incremental costs incurred in connection with the Fund's preferred stock offering. As of September 30, 2013, the Fund had deferred issuance costs of approximately \$842,000. In addition, the Fund pays monthly dividends on the preferred shares at an annual rate of 8.50% of the \$25 liquidation preference per share, or \$2.125 per year, on the last business day of each month. The deferred issuance costs are being amortized and included, along with the monthly dividend payment, in interest expense on mandatorily redeemable preferred stock in the statement of operations over the term of the Series 2017 Shares. Amortization expense for the six months ended September 30, 2013 was approximately \$99,000. The Fund also paid dividends for the six months ended September 30, 2013 on Series 2017 Shares of approximately \$672,000.

NOTE 6. SERIES 2023 TERM PREFERRED SHARES

The Fund has authorized five million preferred shares at a par value of \$0.01 per share. On June 21, 2013, the Fund completed an underwritten public offering of 800,000 shares of its newly designated 7.50% Series 2023 Term Preferred Shares (the Series 2023 Shares); at a public offering price of \$25 per share, less underwriting fees and offering costs. The Fund also granted the underwriters a 30-day option to purchase additional shares of Series 2023 Shares on the same terms and conditions to cover over-allotments. On July 10, 2013, the underwriters purchased an additional 62,000 shares of Series 2023 Shares. The total net proceeds to the Fund from the issuance of the Series 2023 Shares were approximately \$20.5 million.

The Fund is required to redeem all of the outstanding Series 2023 Shares on June 30, 2023 at a redemption price equal

to \$25 per share plus an amount equal to accumulated but unpaid dividends, if any, to the date of the redemption. OXLC cannot effect any amendment, alteration, or repeal of the Fund's obligation to redeem all of the Series 2023 Shares on June 30, 2023 without the prior unanimous vote or consent of the holders of Series 2023 Shares. If the Fund fails to maintain an asset coverage ratio of at least 200%, the Fund will redeem a portion of the outstanding Series 2023 Shares in an amount at least equal to the lesser of (1) the minimum number of shares of Series 2023 Shares necessary to cause OXLC to meet our required asset coverage ratio, and (2) the maximum number of Series 2023 Shares that OXLC can redeem out of cash legally available for such redemption. At any time on or after June 30, 2016, at the Fund's sole option, the Fund may redeem the Series 2023 Shares at a redemption price per share equal to the sum of the \$25 liquidation preference per share plus an amount equal to accumulated but unpaid dividends, if any, on the Series 2023 Shares.

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OXFORD LANE CAPITAL CORP.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 6. SERIES 2023 TERM PREFERRED SHARES (continued)

Deferred issuance costs represent fees and other direct incremental costs incurred in connection with the Fund's preferred stock offering. As of September 30, 2013, the Fund had deferred issuance costs of approximately \$1.0 million. In addition, the Fund pays monthly dividends on the preferred shares at an annual rate of 7.50% of the \$25 liquidation preference per share, or \$1.875 per year, on the last business day of each month. The deferred issuance costs are being amortized and included, along with the monthly dividend payment, in interest expense on mandatorily redeemable preferred stock in the statement of operations over the term of the Series 2023 Shares. Amortization expense for the six months ended September 30, 2013 was approximately \$30,000. The Fund also paid dividends for the six months ended September 30, 2013 on Series 2023 Shares of approximately \$449,000.

NOTE 7. PURCHASES AND SALES OF SECURITIES

Purchases and sales of securities, excluding short-term investments and prepayments, for the six months ended September 30, 2013, totaled approximately \$45.7 million and \$18.4 million, respectively.

NOTE 8. COMMITMENTS

In the normal course of business, the Fund enters into a variety of undertakings containing warranties and indemnifications that may expose the Fund to some risk of loss. The risk of future loss arising from such undertakings, while not quantifiable, is expected to be remote.

As of September 30, 2013, the Fund had not issued any commitments to purchase additional debt or equity investments from any portfolio companies.

NOTE 9. INDEMNIFICATION

Under the Fund's organizational documents, its officers and directors are indemnified against certain liabilities arising out of the performance of their duties to the Fund. In addition, in the normal course of business the Fund enters into contracts that contain a variety of representations which provide general indemnifications. The Fund's maximum exposure under these agreements cannot be known, however, the Fund expects any risk of loss to be remote.

TABLE OF CONTENTS**OXFORD LANE CAPITAL CORP.****NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013****NOTE 10. FINANCIAL HIGHLIGHTS**

Financial highlights for the six months ended September 30, 2013, the year ended March 31, 2013, the year ended March 31, 2012 and for the period January 25, 2011 (Commencement of Operations) to March 31, 2011 are as follows:

	Six Months Ended September 30, 2013	Year Ended March 31, 2013	Year Ended March 31, 2012	January 25, 2011 (Commencement of Operations) to March 31, 2011
Per Share Data				
Net asset value at beginning of period ⁽¹⁾	\$ 16.20	\$ 17.05	\$ 18.19	\$ 16.80
Net investment income ⁽²⁾	0.63	1.17	1.19	0.07
Net realized and unrealized capital gains ⁽³⁾	0.41	3.54	0.83	(0.03)
Total from investment operations	1.04	4.71	2.02	0.04
Less Distributions per share from net investment income	(1.10)	(2.20)	(2.05)	(0.25)
Less Distributions per share based on weighted average share impact	(0.01)	(0.28)	(0.10)	
Total distributions ⁽⁴⁾	(1.11)	(2.48)	(2.15)	(0.25)
Effect of shares issued, net of underwriting expense ⁽⁵⁾		(2.52)	(0.77)	1.79
Effect of offering costs ⁽⁵⁾		(0.56)	(0.24)	(0.19)
Effect of shares issued, net ⁽⁵⁾		(3.08)	(1.01)	1.60
Net asset value at end of period	\$ 16.13	\$ 16.20	\$ 17.05	\$ 18.19
Per share market value at beginning of period	\$ 15.98	\$ 14.60	\$ 18.75	\$ 20.00
Per share market value at end of period	\$ 15.34	\$ 15.98	\$ 14.60	\$ 18.75
Total return ⁽⁶⁾⁽⁷⁾	2.74 %	26.21 %	(10.75)%	(5.0)%
Shares outstanding at end of period	7,678,916	7,602,719	2,456,511	1,861,250
Ratios/Supplemental Data				
Net assets at end of period (000 s)	\$ 123,894	\$ 123,140	\$ 41,879	\$ 33,863
Average net assets (000's)	\$ 122,721	\$ 100,481	\$ 36,644	\$ 34,389
Ratio of net investment income to average daily net assets	7.85 % ⁽⁸⁾	5.90 %	7.18 %	3.51 % ⁽⁹⁾
Ratio of expenses to average daily net assets	7.30 % ⁽⁸⁾	5.65 %	6.50 %	4.79 % ⁽⁹⁾
Portfolio turnover rate	16.60 %	12.29 %	0.22 %	0.05 %

- (1) For period January 25, 2011 through March 31, 2011, represents the net asset value per share prior to commencement of operations.
- (2) Represents per share net investment income for the period, based upon average shares outstanding.
- (3) Net realized and unrealized capital gains and losses include rounding adjustments to reconcile change in net asset value per share.
- Management monitors available taxable earnings, including net investment income and realized capital gains, to determine if a tax return of capital may occur for the year. To the extent the Fund's taxable earnings fall below the
- (4) total amount of the Fund's distributions for that fiscal year, a portion of those distributions may be deemed a tax return of capital to the Fund's stockholders. The final determination of the nature of our distributions can only be made upon the filing of our tax return.
- (5) Based upon actual shares outstanding upon share issuance.
- (6) Total return based on market value is calculated assuming that shares of the Fund's common stock were purchased at the market price as of the beginning of the period, and that dividends, capital gains and
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OXFORD LANE CAPITAL CORP.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 10. FINANCIAL HIGHLIGHTS (continued)

other distributions were reinvested as provided for in the Fund's dividend reinvestment plan, and then total number of shares were sold at the closing market price per share on the last day of the period. The computation does not reflect any sales commission investors may incur in purchasing or selling shares of the Fund.

(7) Total return for the period January 25, 2011 through March 31, 2011 and for the period March 31, 2013 through September 30, 2013 was not annualized.

(8) Annualized.

(9) Annualized, after adjusting for certain periodic expenses recorded during the period January 25, 2011 through March 31, 2011.

NOTE 11. RISK DISCLOSURES

The U.S. capital markets have experienced periods of extreme volatility and disruption over the past four years. Disruptions in the capital markets tend to increase the spread between the yields realized on risk-free and higher risk securities, resulting in illiquidity in parts of the capital markets. The Fund believes these conditions may reoccur in the future. A prolonged period of market illiquidity may have an adverse effect on the Fund's business, financial condition and results of operations. Adverse economic conditions could also limit the Fund's access to the capital markets or result in a decision by lenders not to extend credit to the Fund. These events could limit the Fund's investment purchases, limit the Fund's ability to grow and negatively impact the Fund's operating results.

OXLC Management's investment team also presently manages the portfolios of TICC Capital Corp., a publicly-traded business development company that invests principally in the debt of U.S.-based companies, TICC CLO LLC, a subsidiary of TICC Capital Corp. 2011-1 Holdings, LLC, a direct subsidiary of TICC Capital Corp., the assets of which are included in the gross assets of TICC Capital Corp., TICC CLO 2012-1 LLC, a direct subsidiary of TICC Capital Corp., the assets of which are included in the gross assets of TICC Capital Corp., and T2 Income Fund CLO I Ltd., a CLO structured finance vehicle that invests in a diversified portfolio of Senior Loans. In certain instances, the Fund may co-invest on a concurrent basis with affiliates of its investment adviser, subject to compliance with applicable regulations and regulatory guidance and our written allocation procedures. Such co-investment may require exemptive relief from the SEC. If relief is sought, there can be no assurance when, or if, such relief may be obtained. No co-investments that would require exemptive relief have been made. The affiliated entities of the Fund are subject to a written policy with respect to the allocation of investment opportunities.

Given the structure of the Fund's Investment Advisory Agreement with OXLC Management, any general increase in interest rates will likely have the effect of making it easier for OXLC Management to meet the quarterly hurdle rate for payment of income incentive fees under the Investment Advisory Agreement without any additional increase in relative performance on the part of the Fund's investment adviser. In addition, in view of the catch-up provision applicable to income incentive fees under the Investment Advisory Agreement, the investment adviser could

potentially receive a significant portion of the increase in the Fund's investment income attributable to such a general increase in interest rates. If that were to occur, the Fund's increase in net earnings, if any, would likely be significantly smaller than the relative increase in the investment adviser's income incentive fee resulting from such a general increase in interest rates.

The Fund's portfolio consists of equity and junior debt investments in CLO vehicles, which involves a number of significant risks. CLO vehicles are typically very highly levered (10–14 times), and therefore the junior debt and equity tranches that the Fund invests in are subject to a higher degree of risk of total loss. In particular, investors in CLO vehicles indirectly bear risks of the underlying debt investments held by such CLO vehicles. The Fund generally has the right to receive payments only from the CLO vehicles, and generally does not have direct rights against the underlying borrowers or the entity that sponsored the CLO vehicle. While the CLO vehicles the Fund targets generally enable the investor to acquire interests in a pool

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OXFORD LANE CAPITAL CORP.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 11. RISK DISCLOSURES (continued)

of senior loans without the expenses associated with directly holding the same investments, the Fund generally pays a proportionate share of the CLO vehicles' administrative and other expenses. Although it is difficult to predict whether the prices of indices and securities underlying CLO vehicles will rise or fall, these prices (and, therefore, the prices of the CLO vehicles) will be influenced by the same types of political and economic events that affect issuers of securities and capital markets generally. The failure by a CLO vehicle in which we invest to satisfy financial covenants, including with respect to adequate collateralization and/or interest coverage tests, could lead to a reduction in its payments to us. In the event that a CLO vehicle fails certain tests, holders of debt senior to us may be entitled to additional payments that would, in turn, reduce the payments we would otherwise be entitled to receive. Separately, we may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting CLO vehicle or any other investment we may make. If any of these occur, it could materially and adversely affect our operating results and cash flows.

The interests the Fund has acquired in CLO vehicles are generally thinly traded or have only a limited trading market. CLO vehicles are typically privately offered and sold, even in the secondary market. As a result, investments in CLO vehicles may be characterized as illiquid securities. In addition to the general risks associated with investing in debt securities, CLO vehicles carry additional risks, including, but not limited to: (i) the possibility that distributions from collateral securities will not be adequate to make interest or other payments; (ii) the quality of the collateral may decline in value or default; (iii) the fact that the Fund's investments in CLO tranches will likely be subordinate to other senior classes of note tranches thereof; and (iv) the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the CLO vehicle or unexpected investment results. The Fund's net asset value may also decline over time if the Fund's principal recovery with respect to CLO equity investments is less than the price that the Fund paid for those investments. Further, to the extent income from the Fund's CLO equity investments (which the Fund expects to decline as those vehicles deleverage after the end of their respective reinvestment periods) declines or if the Fund transitions its portfolio into lower yielding investments, the Fund's ability to pay future dividends may be harmed.

OXLC Management anticipates that the CLO vehicles in which the Fund invests may constitute passive foreign investment companies (PFICs). If the Fund acquires shares in a PFIC (including equity tranche investments in CLO vehicles that are PFICs), the Fund may be subject to federal income tax on a portion of any excess distribution or gain from the disposition of such shares even if such income is distributed as a taxable dividend by the Fund to its stockholders. Certain elections may be available to mitigate or eliminate such tax on excess distributions, but such elections (if available) will generally require the Fund to recognize its share of the PFICs income for each year regardless of whether the Fund receives any distributions from such PFICs. The Fund must nonetheless distribute such income to maintain its status as a RIC.

If the Fund holds more than 10% of the shares in a foreign corporation that is treated as a controlled foreign corporation (CFC) (including equity tranche investments in a CLO vehicle treated as a CFC), the Fund may be treated

as receiving a deemed distribution (taxable as ordinary income) each year from such foreign corporation in an amount equal to the Fund's pro rata share of the corporation's income for the tax year (including both ordinary earnings and capital gains). If the Fund is required to include such deemed distributions from a CFC in the Fund's income, it will be required to distribute such income to maintain its RIC status regardless of whether or not the CFC makes an actual distribution during such year.

Legislation enacted in 2010 imposes a withholding tax of 30% on payments of U.S. source interest and dividends paid after December 31, 2013, or gross proceeds from the disposition of an instrument that produces U.S. source interest or dividends paid after December 31, 2016, to certain non-U.S. entities, including certain non-U.S. financial institutions and investment funds, unless such non-U.S. entity complies with certain reporting requirements regarding its United States account holders and its United States owners. Most CLO vehicles in which we invest will be treated as non-U.S. financial entities for this purpose, and therefore will

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OXFORD LANE CAPITAL CORP.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013**

NOTE 11. RISK DISCLOSURES (continued)

be required to comply with these reporting requirements to avoid the 30% withholding. If a CLO vehicle in which we invest fails to properly comply with these reporting requirements, it could reduce the amounts available to distribute to equity and junior debt holders in such CLO vehicle, which could materially and adversely affect our operating results and cash flows.

If the Fund is required to include amounts in income prior to receiving distributions representing such income, the Fund may have to sell some of its investments at times and/or at prices management would not consider advantageous, raise additional debt or equity capital or forgo new investment opportunities for this purpose. If the Fund is not able to obtain cash from other sources, it may fail to qualify for RIC tax treatment and thus become subject to corporate-level income tax. For additional discussion regarding the tax implications of a RIC, see Note 2. Summary of Significant Accounting Policies Federal Income Taxes.

The Fund's Series 2017 Shares and Series 2023 Shares pay dividends at a fixed dividend rate. Prices of fixed income investments vary inversely with changes in market yields. The market yields on securities comparable to the Series 2017 Shares and Series 2023 Shares may increase, which would likely result in a decline in the secondary market price of the Series 2017 Shares and Series 2023 Shares prior to the term redemption date. The Fund may be unable to pay dividends on the Series 2017 Shares and Series 2023 Shares under some circumstances. The terms of any future indebtedness OXLC may incur could preclude the payment of dividends in respect of equity securities, including the Series 2017 Shares and Series 2023 Shares, under certain conditions.

Given the seven-year and ten-year term and potential for early redemption of the Series 2017 Shares and Series 2023 Shares, respectively, see Note 5. Series 2017 Term Preferred Shares and Note 6. Series 2023 Term Preferred Shares, holders of such shares may face an increased reinvestment risk, which is the risk that the return on an investment purchased with proceeds from the sale or redemption of the Series 2017 Shares and Series 2023 Shares may be lower than the return previously obtained from the investment in such shares.

The Fund does not intend to have the Series 2017 Shares and Series 2023 Shares rated by any rating agency. Unrated securities usually trade at a discount to similar, rated securities. As a result, there is a risk that the Series 2017 Shares and Series 2023 Shares may trade at a price that is lower than they might otherwise trade if rated by a rating agency.

NOTE 12. SUBSEQUENT EVENTS

On November 6, 2013, the Board of Directors declared a distribution of \$0.55 per share for the fiscal third quarter, payable on December 31, 2013 to shareholders of record as of December 17, 2013.

On November 18, 2013, OXLC completed an offering of additional shares of its Series 2023 Shares in an

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underwritten public offering. The Fund sold 1,767,770 shares, including 142,770 shares sold pursuant to a partial exercise of a 30-day option granted to the underwriters to purchase up to 243,750 additional shares, at a public offering price of \$22.50 per share, raising gross proceeds of approximately \$39.8 million. The prospectus supplement, dated November 13, 2013, and accompanying prospectus, dated August 22, 2013, each of which has been filed with the Securities and Exchange Commission and are available on the Fund's website, contain a description of these matters and other important information about the Fund and this offering.

The Fund has evaluated events and transactions that occurred after September 30, 2013 and through the date that the financial statements were issued.

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\$250,000,000

Oxford Lane Capital Corp.

**Common Stock
Preferred Stock
Subscription Rights
Debt Securities**

We are a non-diversified, closed-end management investment company that has registered as an investment company under the Investment Company Act of 1940, or the 1940 Act. Our investment objective is to maximize our portfolio's total return. We have initially implemented our investment objective by purchasing portions of equity and junior debt tranches of collateralized loan obligation (CLO) vehicles. Structurally, CLO vehicles are entities formed to originate and manage a portfolio of loans. The loans within the CLO vehicle are limited to loans which meet established credit criteria and are subject to concentration limitations in order to limit a CLO vehicle's exposure to a single credit.

We may offer, from time to time, in one or more offerings or series, up to \$250,000,000 of our common stock, preferred stock, subscription rights to purchase shares of our common stock or debt securities, which we refer to, collectively, as our securities. The preferred stock and subscription rights offered hereby may be convertible or exchangeable into shares of our common stock. The securities may be offered at prices and on terms to be described in one or more supplements to this prospectus.

In the event we offer common stock, the offering price per share of our common stock less any underwriting discounts or commissions will generally not be less than the net asset value per share of our common stock at the time we make the offering. However, we may issue shares of our common stock pursuant to this prospectus at a price per share that is less than our net asset value per share (i) in connection with a rights offering to our existing stockholders, (ii) with the prior approval of the majority of our common stockholders or (iii) under such other circumstances as the Securities and Exchange Commission (SEC) may permit.

Our securities may be offered directly to one or more purchasers, or through agents designated from time to time by us, or to or through underwriters or dealers. Each prospectus supplement relating to an offering will identify any agents or underwriters involved in the sale of our securities, and will disclose any applicable purchase price, fee, discount or commissions arrangement between us and our agents or underwriters or among our underwriters or the basis upon which such amount may be calculated. See Plan of Distribution. We may not sell any of our securities through agents, underwriters or dealers without delivery of this prospectus and a prospectus supplement describing the method and terms of the offering of such securities.

Our common stock is traded on the NASDAQ Global Select Market under the symbol OXLC. On August 19, 2013, the last reported sales price on the NASDAQ Global Select Market for our common stock was \$16.03 per

share. We are required to determine the net asset value per share of our common stock on a quarterly basis. Our net asset value per share of our common stock as of June 30, 2013 was \$15.71.

This prospectus and any accompanying prospectus supplement contains important information about us that a prospective investor should know before investing in our securities. Please read this prospectus and any accompanying prospectus supplement before investing and keep it for future reference. We are required to file annual, semi-annual and quarterly reports, proxy statements and other information about us with the Securities and Exchange Commission, or the SEC. This information is available free of charge by contacting us by mail at 8 Sound Shore Drive, Suite 255, Greenwich, CT 06830, by telephone at (203) 983-5275 or on our website at <http://www.oxfordlanecapital.com>. The SEC also maintains a website at <http://www.sec.gov> that contains such information. Information contained on our website is not incorporated by reference into this prospectus, and you should not consider that information to be part of this prospectus.

An investment in our securities is subject to risks and involves a heightened risk of total loss of investment. Shares of closed-end investment companies frequently trade at a discount to their net asset value. In addition, the CLO securities in which we invest are subject to special risks. See Risk Factors beginning on page 17 to read about factors you should consider, including the risk of leverage, before investing in our securities.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This prospectus may not be used to consummate sales of our securities unless accompanied by a prospectus supplement.

The date of this prospectus is August 22, 2013.

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You should rely on the information contained in this prospectus or any accompanying prospectus supplement. We have not, and the dealer managers have not, authorized any other person to provide you with different information or to make representations as to matters not stated in this prospectus or any accompanying prospectus supplement. If anyone provides you with different or inconsistent information, you should not rely on it. We are offering to sell, and seeking offers to buy, securities only in jurisdictions where offers and sales are permitted. You should not assume that the information contained in this prospectus or any accompanying prospectus supplement is accurate as of any date other than the date on their respective cover pages. This prospectus and any accompanying prospectus supplement will be amended to reflect material changes to the information contained herein and therein.

OXFORD LANE CAPITAL CORP.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we have filed with the SEC, using the shelf registration process. Under the shelf registration process, we may offer, from time to time, in one or more offerings up to \$250,000,000 of our common stock, preferred stock, subscription rights to purchase shares of our common stock or debt securities, on terms to be determined at the time of the offering. The securities may be offered at prices and on terms described in one or more supplements to this prospectus. This prospectus provides you with a general description of the securities that we may offer. Each time we use this prospectus to offer securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in

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this prospectus. If there is any inconsistency between information in this prospectus and any accompanying prospectus supplement, you should rely only on the information contained in the prospectus supplement. Please carefully read this prospectus and the prospectus supplement together with any exhibits and the additional information described under the headings Available Information and Risk Factors before you make an investment decision.

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SUMMARY

The following summary contains basic information about this offering. It may not contain all the information that is important to an investor. For a more complete understanding of this offering, you should read this entire document and the documents to which we have referred.

Except where the context requires otherwise, the terms Oxford Lane Capital, the Company, we, us and our refer to Oxford Lane Capital Corp.; Oxford Lane Management and investment adviser refer to Oxford Lane Management, LLC; and BDC Partners refers to BDC Partners, LLC.

Overview

We are a non-diversified closed-end management investment company that has registered as an investment company under the 1940 Act. Our investment objective is to maximize our portfolio's total return.

We have initially implemented our investment objective by purchasing portions of equity and junior debt tranches of collateralized loan obligation (CLO) vehicles. Substantially all of the CLO vehicles in which we may invest would be deemed to be investment companies under the 1940 Act but for the exceptions set forth in section 3(c)(1) or section 3(c)(7). Structurally, CLO vehicles are entities formed to originate and manage a portfolio of loans. The loans within the CLO vehicle are limited to loans which meet established credit criteria and are subject to concentration limitations in order to limit a CLO vehicle's exposure to a single credit. A CLO vehicle is formed by raising various classes or tranches of debt (with the most senior tranches being rated AAA to the most junior tranches typically being rated BB or B) and equity. The CLO vehicles which we focus on are collateralized primarily by senior secured loans made to companies whose debt is unrated or is rated below investment grade (Senior Loans), and generally have very little or no exposure to real estate, mortgage loans or to pools of consumer-based debt, such as credit card receivables or auto loans. We may also invest, on an opportunistic basis, in other corporate credits of a variety of types. We expect that each of our investments will range in size from \$2 million to \$15 million, although the investment size may vary consistent with the size of our overall portfolio.

Oxford Lane Management manages our investments and its affiliate arranges for the performance of the administrative services necessary for us to operate.

Distributions

In order to qualify as a regulated investment company, or RIC, and to eliminate our liability for corporate-level tax on the income we distribute to our stockholders, we are required, under Subchapter M of the Internal Revenue Code of 1986, as amended, or the Code, to distribute to our stockholders on an annual basis at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital gains, if any.

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The following table reflects the cash distributions per share that we have declared on our common stock to date:

Date Declared	Record Date	Payment Date	Amount ⁽¹⁾
Fiscal 2014			
July 24, 2013	September 16, 2013	September 30, 2013	\$ 0.55
May 22, 2013	June 14, 2013	June 28, 2013	0.55
Total (2014)			1.10
Fiscal 2013			
February 6, 2013	March 15, 2013	March 29, 2013	0.55
October 23, 2012	December 17, 2012	December 31, 2012	0.55
July 31, 2012	September 14, 2012	September 28, 2012	0.55
May 22, 2012	June 15, 2012	June 29, 2012	0.55
Total (2013)			2.20
Fiscal 2012			
January 25, 2012	March 16, 2012	March 30, 2012	0.55
October 24, 2011	December 16, 2011	December 30, 2011	0.50
July 22, 2011	September 16, 2011	September 30, 2011	0.50
April 6, 2011	June 16, 2011	June 30, 2011	0.50
Total (2012)			2.05
Fiscal 2011			
March 7, 2011	March 21, 2011	April 1, 2011	0.25
Total (2011)			0.25
			\$ 5.60

- (1) All of our cash distributions to date were funded from net investment income, except approximately \$0.07 per share of the distribution paid on June 29, 2012, which was funded from long term capital gains.

For fiscal year 2013, we paid \$459,222 in preferred dividends on the 8.50% Series 2017 Term Preferred Stock (the Series 2017 Term Preferred Shares); for the first quarter of fiscal 2014 we paid or declared a total of \$336,021 in such dividends. During the first fiscal quarter of fiscal 2014, we declared a total of \$291,664 in preferred dividends on the 7.50% Series 2023 Term Preferred Stock (the Series 2023 Term Preferred Shares), which is payable during the second fiscal quarter of fiscal 2014.

For accounting purposes the distributions declared on our common stock for the fiscal periods ended March 31, 2013, 2012 and 2011 were in excess of the reported earnings. However, as a RIC, earnings and distributions are determined on a tax basis. Furthermore, taxable earnings are determined according to tax regulations and differ from reported income for accounting purposes. Therefore, for the fiscal periods ended March 31, 2011 and March 31, 2012 distributions were spilled-back for tax purposes in an amount equal to taxable earnings, and there was no tax return of capital for these years. Based on current estimates of taxable earnings for fiscal 2013, we do not expect that any portion of the above-referenced dividends will represent a tax return of capital to our stockholders; however, there can be no assurance that actual results will not differ materially from the projections and assumptions upon which the amount of such dividend was based. To the extent that taxable earnings for any fiscal year are less than the amount of the dividends paid during the year, there would be a tax return of capital to shareholders. Distributions in excess of current and accumulated taxable earnings and profits will generally not be taxable to the shareholders, because a tax return of capital represents a return of a portion of a shareholder's original investment in our common stock to the extent of a shareholder's basis in our stock. Generally, a tax return of capital will reduce an investor's basis in our stock for federal tax purposes, which will result in the shareholder recognizing additional gain (or less loss) when the stock

is sold. Assuming that a shareholder holds our stock as a capital asset, any such additional gain would be a capital gain. Shareholders should not assume that the source of all distributions is from our net profits and shareholders may periodically receive the payment of a dividend consisting of a return of capital.

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The tax character of any distributions will be determined after the end of the fiscal year. Tax matters are very complicated and the tax consequences to an investor of an investment in our shares will depend on the facts of its particular situation. We encourage investors to consult their own tax advisors regarding the specific consequences of such an investment, including tax reporting requirements, the applicability of federal, state, local and foreign tax laws, eligibility for the benefits of any applicable tax treaty and the effect of any possible changes in the tax laws.

Use of Proceeds From Prior Offerings

Since the closing of our initial public offering on January 25, 2011, three subsequent rights offerings on August 26, 2011, April 27, 2012 and February 15, 2013, and preferred stock offerings on November 28, 2012 and June 21, 2013, through August 19, 2013 we have invested approximately \$150 million of the cumulative net proceeds we received from our initial public offering, subsequent rights offerings and preferred stock offerings, representing full investment of those cumulative proceeds, and exclusive of proceeds from sales of investments. Consistent with our investment objective, these investments were made in junior debt and equity tranches of CLOs.

Oxford Lane Management

Our investment activities are managed by Oxford Lane Management, which is an investment adviser that has registered under the Investment Advisers Act of 1940, or the Advisers Act. Under our investment advisory agreement with Oxford Lane Management, which we refer to as our Investment Advisory Agreement, we have agreed to pay Oxford Lane Management an annual base management fee based on our gross assets, as well as an incentive fee based on our performance. See Investment Advisory Agreement.

We expect to benefit from the proven ability of our investment adviser's team to identify attractive opportunities, conduct diligence on and value prospective investments, negotiate terms where appropriate, and manage and monitor a diversified portfolio although we do not intend to operate as a diversified investment company within the meaning of the 1940 Act. Our investment adviser's senior investment team members have broad investment backgrounds, with prior experience at investment banks, commercial banks, unregistered investment funds and other financial services companies, and have collectively developed a broad network of contacts to provide us with our principal source of investment opportunities.

Our investment adviser is led by Jonathan H. Cohen, our Chief Executive Officer, and Saul B. Rosenthal, our President. Messrs. Cohen and Rosenthal are assisted by Darryl M. Monasebian and Hari Srinivasan, who serve as Executive Vice President and Managing Director for Oxford Lane Management, respectively. We consider Messrs. Cohen, Rosenthal, Monasebian and Srinivasan to be Oxford Lane Management's senior investment team.

Messrs. Cohen and Rosenthal, together with the other members of Oxford Lane Management's investment team, have developed an infrastructure that we believe provides Oxford Lane Capital with a competitive advantage in locating and acquiring attractive Senior Loans and CLO investments.

Charles M. Royce is a non-managing member of Oxford Lane Management. Mr. Royce has served as President since 1972, and a member of the Board of Managers since 2001, of Royce & Associates, LLC (Royce & Associates). He also serves as Royce & Associates' Co-Chief Investment Officer and manages or co-manages twelve of Royce & Associates' open- and closed-end registered funds. Mr. Royce currently serves on the Board of Directors of The Royce Funds and TICC Capital Corp. Mr. Royce is also a non-managing member of TICC Management, LLC, the investment adviser for TICC Capital Corp. Mr. Royce, as a non-managing member of Oxford Lane Management, does not take part in the management or participate in the operations of Oxford Lane Management; however, Mr. Royce

may be available from time to time to Oxford Lane Management to provide certain consulting services without compensation. Royce & Associates is a wholly owned subsidiary of Legg Mason, Inc.

In addition, we will pay BDC Partners, an affiliate of Oxford Lane Management, our allocable portion of overhead and other expenses incurred by BDC Partners in performing its obligations under an administration agreement by and among us and BDC Partners (the Administration Agreement), including rent, the fees and expenses associated with performing compliance functions, and our allocable portion of the compensation

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of our Chief Financial Officer, Chief Compliance Officer and any administrative support staff. These arrangements will create conflicts of interest that our Board of Directors must monitor.

Investment Focus

Our investment objective is to maximize our portfolio's total return. We have initially implemented our investment objective by investing principally in the equity and junior debt tranches of CLO vehicles, which are collateralized primarily by a diverse portfolio of leveraged corporate loans, and which generally have very little or no exposure to real estate or mortgage loans or to pools of consumer-based debt, such as credit card receivables or auto loans. We may invest in securities issued by foreign entities, including foreign CLO vehicles.

The CLO investments we currently hold in our portfolio generally represent either a residual economic interest, in the case of an equity tranche, or a debt investment collateralized by a portfolio of Senior Loans. The value of our CLO investments generally depend on both the quality and nature of the underlying portfolio it references and also on the specific structural characteristics of the CLO itself, both of which are described below.

CLO Structural Elements

Structurally, CLO vehicles are entities formed to originate and manage a portfolio of loans. The loans within the CLO vehicle are limited to loans which meet established credit criteria and are subject to concentration limitations in order to limit a CLO vehicle's exposure to a single credit.

A CLO vehicle is formed by raising multiple tranches of debt (with the most senior tranches being rated AAA to the most junior tranches typically being rated BB or B) and equity. As interest payments are received the CLO vehicle makes contractual interest payments to each tranche of debt based on their seniority. If there are funds remaining after each tranche of debt receives its contractual interest rate and the CLO vehicle meets or exceeds required collateral coverage levels (or other similar covenants) the remaining funds may be paid to the equity tranche. The contractual provisions setting out this order of payments are set out in detail in the CLO vehicle's indenture. These provisions are referred to as the priority of payments or the waterfall and determine any other obligations that may be required to be paid ahead of payments of interest and principal on the securities issued by a CLO vehicle. In addition, for payments to be made to each tranche, after the most senior tranche of debt, there are various tests which must be complied with, which are different for each CLO vehicle.

CLO indentures typically provide for adjustments to the priority of payments in the event that certain cashflow or collateral requirements are not maintained. The collateral quality tests that may divert cashflows in the priority of payments are predominantly determined by reference to the par values of the underlying loans, rather than their current market values. Accordingly, we believe that CLO equity and junior debt investments allow investors to gain diversified exposure to the Senior Loan market on a levered basis without being structurally subject to mark-to-market price fluctuations of the underlying loans. As such, although the current valuations of CLO equity and junior debt tranches are expected to fluctuate based on price changes within the loan market, interest rate movements and other macroeconomic factors, those tranches will generally be expected to continue to receive distributions from the CLO vehicle periodically so long as the underlying portfolio does not suffer defaults, realized losses or other covenant violations sufficient to trigger changes in the waterfall allocations. We therefore believe that an investment portfolio consisting of CLO equity and junior debt investments of this type has the ability to provide attractive risk-adjusted rates of return.

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The diagram below is for illustrative purposes only. The CLO structure highlighted below is only a hypothetical structure and structures among CLO vehicles in which we may invest may vary substantially from the hypothetical example set forth below.

The Syndicated Senior Loan Market

We believe that while the syndicated leveraged corporate loan market is relatively large, with Standard and Poor's estimating the total par value outstanding at approximately \$611 billion as of August 19, 2013, this market remains largely inaccessible to a significant portion of investors that are not lenders or approved institutions. The CLO market permits wider exposure to syndicated Senior Loans, but this market is almost exclusively private and predominantly institutional.

The Senior Loan market is characterized by various factors, including:

Seniority. A Senior Loan typically ranks senior in a company's capital structure to all other forms of debt or equity. As such, that loan maintains the senior-most claim on the company's assets and cash flow, and, we believe should, all other things being equal, offer the prospect of a relatively more stable and lower-risk holding.

Floating rate instruments. A Senior Loan typically contains a floating versus a fixed interest rate, which we believe provides some measure of protection against the risk of interest rate fluctuation.

Frequency of interest payments. A Senior Loan typically provides for scheduled interest payments no less frequently than quarterly.

In the current environment, we believe the above attributes seem particularly desirable.

Investment Opportunity

Despite strength across the credit markets broadly, we believe that the market for CLO-related assets continues to provide us with ongoing opportunities to generate attractive risk-adjusted returns within our strategy. We believe that a number of factors support this conclusion, including:

We believe that the long-term and relatively low-cost capital that many CLO vehicles have secured, compared with current asset spreads and associated LIBOR floors have created opportunities to purchase certain CLO equity and junior debt instruments that may produce attractive risk-adjusted returns. Although yields on Senior Loans have generally decreased since mid-2010, we believe that CLO equity and junior debt instruments still offer attractive risk-adjusted returns.

We believe that CLO equity and junior debt have generally become more liquid since mid-2009. From late 2007 through mid-2009, these assets traded less frequently. We believe that greater liquidity in this market has created more opportunities to select among various CLO debt and equity instruments.

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We believe that investing in CLO securities and CLO equity instruments in particular, requires a high level of research and analysis. We believe that typically this analysis can only be adequately conducted by knowledgeable market participants since that analysis tends to be highly specialized.

We believe that a stronger credit market for Senior Loans has reduced the risk of collateral coverage test violations across many CLO structures, thereby reducing the risk that current cash distributions otherwise payable to junior debt tranches and/or equity will be diverted under the priority of payments to pay down the more senior obligations in various CLO structures.

We believe that the US CLO market is relatively large with total assets under management of approximately \$268 billion.⁽¹⁾ We estimate that the amount outstanding of the junior-most debt tranches (specifically the tranches originally rated BB and B) and equity tranches together are approximately \$45 billion.

In addition to reviewing the junior debt and equity tranches of pre-2008 vintage CLOs, we have analyzed post-2010 CLOs (in both the primary and secondary markets) given the recent increase in new CLO issuance. From January 1, 2013 to August 12, 2013, CLO issuance stood at approximately \$53 billion across 111 deals (compared to approximately \$55 billion for 2012).⁽²⁾

1. As of August 20, 2013. Source: RBS, Intex.

2. As of August 12, 2013. Source: Nomura Securities International, Inc.

While the post-2010 CLOs generally have a higher cost of capital (which may result in lower returns for the equity investors in those CLOs) compared to pre-2008 CLOs, they may offer certain attractive structural features (including, in certain cases, better credit enhancement and lower leverage) and stronger collateral packages. We believe there are currently a significant number of these investment opportunities to consider and we have and continue to make investments in post-2010 CLOs.

We continue to review a large number of CLO investment vehicles in the current market environment, and we expect that the majority of our portfolio holdings, over the near to intermediate-term, will continue to be focused on CLO debt and equity securities, with the more significant focus over the near-term on CLO equity securities.

Summary Risk Factors

The value of our assets, as well as the market price of our securities, will fluctuate. Our investments may be risky, and you may lose all or part of your investment in us. Investing in Oxford Lane Capital involves other risks, including the following:

We have a limited operating history as a closed-end investment company;

We are dependent upon Oxford Lane Management's key personnel for our future success;

Our incentive fee structure and the formula for calculating the fee payable to Oxford Lane Management may incentivize Oxford Lane Management to pursue speculative investments, use leverage when it may be unwise to do so, or refrain from de-levering when it would otherwise be appropriate to do so;

A general increase in interest rates may have the effect of making it easier for our investment adviser to receive incentive fees, without necessarily resulting in an increase in our net earnings due to the "catch up" feature of the incentive fee;

CLO vehicles are very highly levered (typically 10-14 times), and therefore the junior debt and equity instruments in which we invest are subject to a higher degree of risk of total loss;

Our portfolio of investments may lack diversification among CLO vehicles which may subject us to a risk of significant loss if one or more of these CLO vehicles experiences a high level of defaults on its underlying Senior Loans;

The Senior Loan portfolios of the CLO vehicles in which we will invest may be concentrated in a limited number of industries, which may subject those vehicles, and in turn us, to a risk of

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significant loss if there is a downturn in a particular industry in which a number of our CLO vehicles' investments are concentrated;

Our financial results may be affected adversely if one or more of our significant equity or junior debt investments in such CLO vehicles defaults on its payment obligations or fails to perform as we expect;

Investing in CLO vehicles and other high-yield corporate credits involves a variety of risks, any of which may adversely impact our performance;

A disruption or downturn in the capital markets and the credit markets could impair our ability to raise capital and negatively affect our business;

We may borrow money to leverage our portfolio, which would magnify the potential for gain or loss on amounts invested and may increase the risk of investing in us;

Our investment portfolio will be recorded at fair value, with our Board of Directors having final responsibility for overseeing, reviewing and approving, in good faith, its estimate of fair value and, as a result, there will be uncertainty as to the value of our portfolio investments;

We may experience fluctuations in our quarterly results;

We will become subject to corporate-level income tax if we are unable to maintain our RIC status under Subchapter M of the Code;

Common shares of closed-end management investment companies, including Oxford Lane Capital, have in the past frequently traded at discounts to their net asset values, and we cannot assure you that the market price of shares of our common stock will not decline below our net asset value per share;

Our common stock price may be volatile and may decrease substantially;

There is a risk that our stockholders may not receive distributions or that our distributions may not grow or may be reduced over time, including on a per share basis as a result of the dilutive effects of this offering;

Regulations governing our operation as a registered closed-end management investment company affect our ability to raise additional capital and the way in which we do so. The raising of debt capital may expose us to risks, including the typical risks associated with leverage;

Any amounts that we use to service our indebtedness or preferred dividends, or that we use to redeem our preferred stock, will not be available for distributions to our common stockholders;

Our common stock is subject to the risk of subordination relative to holders of our debt instruments and holders of our preferred stock; and

Holders of our preferred stock have the right to elect two members of our Board of Directors and class voting rights on certain matters.

See Risk Factors beginning on page 17, and the other information included in this prospectus and any accompanying prospectus supplement, for additional discussion of factors you should carefully consider before investing in our securities.

Operating and Regulatory Structure

Oxford Lane Capital is a Maryland corporation that is a non-diversified closed-end management investment company that has registered as an investment company under the 1940 Act. As a registered closed-end fund, we are required to meet regulatory tests. See Regulation as a Registered Closed-End Investment Company. We may also borrow funds to make investments. In addition, we have elected to be treated for federal income tax purposes, and intend to qualify annually, as a RIC under Subchapter M of the Code. See Material U.S. Federal Income Tax Considerations.

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Our investment activities are managed by Oxford Lane Management and supervised by our Board of Directors. Oxford Lane Management is an investment adviser that is registered under the Advisers Act. Under our Investment Advisory Agreement, we have agreed to pay Oxford Lane Management an annual base management fee based on our gross assets as well as an incentive fee based on our performance. See Investment Advisory Agreement. We have also entered into an administration agreement with BDC Partners, which we refer to as the Administration Agreement, under which we have agreed to reimburse BDC Partners for our allocable portion of overhead and other expenses incurred by BDC Partners in performing its obligations under the Administration Agreement, including furnishing us with office facilities, equipment and clerical, bookkeeping and record keeping services at such facilities, as well as providing us with other administrative services. See Administration Agreement.

BDC Partners also serves as the managing member of Oxford Lane Management. Messrs. Cohen and Rosenthal, in turn, serve as the managing member and non-managing member, respectively, of BDC Partners.

Recent Developments

Preferred Stock Offering

On June 21, 2013, we completed an underwritten public offering of 800,000 shares of our newly designated 7.50% Series 2023 Term Preferred Shares at a public offering price of \$25 per share, raising \$20 million in gross proceeds. In connection with this offering, on July 10, 2013, the underwriters purchased an additional 62,000 shares of our newly designated 7.50% Series 2023 Term Preferred Shares at a public offering price of \$25 per share pursuant to the exercise of the overallotment option to purchase up to an additional 120,000 shares, raising an additional \$1.55 million in gross proceeds.

Dividend

On July 24, 2013, our Board of Directors declared a second fiscal quarter dividend of \$0.55 per share, payable on September 30, 2013 to shareholders of record as of September 16, 2013.

Recent Accounting Pronouncements

In June 2013, the Financial Accounting Standards Board issued guidance to change the assessment of whether an entity is an investment company by developing a new two-tiered approach that requires an entity to possess certain fundamental characteristics. The new approach requires an entity to assess all of the characteristics of an investment company and consider its purpose and design to determine whether it is an investment company. The guidance includes additional disclosure requirements about an entity's status as an investment company and financial support provided or contractually required to be provided by an investment company to its investees. The guidance is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2013. Earlier application is prohibited. We are in the process of evaluating the impact that this guidance will have on our financial statements.

Our Corporate Information

Our offices are located at 8 Sound Shore Drive, Suite 255, Greenwich, CT 06830, and our telephone number is (203) 983-5275.

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OFFERINGS

We may offer, from time to time, up to \$250,000,000 of our common stock, preferred stock, subscription rights to purchase shares of our common stock or debt securities, on terms to be determined at the time of the offering. We will offer our securities at prices and on terms to be set forth in one or more supplements to this prospectus. The offering price per share of our securities, less any underwriting commissions or discounts, generally will not be less than the net asset value per share of our securities at the time of an offering. However, we may issue shares of our securities pursuant to this prospectus at a price per share that is less than our net asset value per share (i) in connection with a rights offering to our existing stockholders, (ii) with the prior approval of the majority of our common stockholders or (iii) under such other circumstances as the SEC may permit. Any such issuance of shares of our common stock below net asset value may be dilutive to the net asset value of our common stock. See Risk Factors Risks Relating to an Investment in our Common Stock.

Our securities may be offered directly to one or more purchasers, or through agents designated from time to time by us, or to or through underwriters or dealers. The prospectus supplement relating to an offering will identify any agents or underwriters involved in the sale of our securities, and will disclose any applicable purchase price, fee, commission or discount arrangement between us and our agents or underwriters or among our underwriters or the basis upon which such amount may be calculated. See Plan of Distribution. We may not sell any of our securities through agents, underwriters or dealers without delivery of this prospectus and a prospectus supplement describing the method and terms of the offering of such securities.

Set forth below is additional information regarding offerings of our securities:

Use of Proceeds

We intend to use the net proceeds from the sale of our securities pursuant to this prospectus for acquiring investments in accordance with our investment objective and strategies described in this prospectus and for general working capital purposes. Each supplement to this prospectus relating to an offering will more fully identify the use of the proceeds from such offering. See Use of Proceeds.

NASDAQ Global Select Market symbols

OXLC (common stock)
OXLCP (Series 2017 Term Preferred Shares)
OXLCO (Series 2023 Term Preferred Shares)

Distributions

To the extent that we have income available, we intend to distribute quarterly dividends to our common stockholders. The amount of our dividends, if any, will be determined by our Board of Directors. Any dividends to our stockholders will be declared out of assets legally available for distribution. The specific tax characteristics of our dividends will be reported to shareholders after the end of each calendar year.

Taxation

We have elected to be treated for federal income tax purposes as a RIC under Subchapter M of the Code. As a RIC, we generally do not have to pay corporate-level federal income taxes on any ordinary income or capital gains that we distribute to our stockholders as dividends. To maintain our RIC tax treatment, we must meet specified source-of-income and asset diversification requirements and distribute annually at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. See Distributions and Material U.S. Federal Income Tax Considerations.

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Investment Advisory Fees

We pay Oxford Lane Management a fee for its services under the Investment Advisory Agreement consisting of two components – a base management fee and an incentive fee. The base management fee is calculated at an annual rate of 2.00% of our gross assets, which includes any borrowings for investment purposes. The incentive fee is calculated and payable quarterly in arrears and equals 20.0% of our pre-incentive fee net investment income for the immediately preceding quarter, subject to a preferred return, or hurdle, and a catch up feature. No incentive fees are payable to our investment adviser on any realized capital gains. See Investment Advisory Agreement.

Administration Agreement

We reimburse BDC Partners for our allocable portion of overhead and other expenses it incurs in performing its obligations under the Administration Agreement, including furnishing us with office facilities, equipment and clerical, bookkeeping and record keeping services at such facilities, as well as providing us with other administrative services. In addition, we reimburse BDC Partners for the fees and expenses associated with performing compliance functions, and our allocable portion of the compensation of our Chief Financial Officer, Chief Compliance Officer and any administrative support staff. See Administration Agreement.

Leverage

Other than our currently outstanding preferred stock, which may be considered a form of leverage, we do not currently anticipate incurring indebtedness on our portfolio or paying any interest during the twelve months following completion of this offering. However, we may issue additional shares of preferred stock pursuant to the registration statement of which this prospectus forms a part. Although we have no current intention to do so, we may borrow funds to make investments. As a result, we may be exposed to the risks of leverage, which may be considered a speculative investment technique. In addition, the CLO vehicles in which we invest will be leveraged, which will indirectly expose us to the risks of leverage. The use of leverage magnifies the potential gain and loss on amounts invested and therefore increases the risks associated with investing in our securities. In addition, the costs associated with our borrowings, including any increase in the management fee payable to our investment adviser, Oxford Lane Management, will be borne by our common stockholders. Under the 1940 Act, we are only permitted to incur additional indebtedness to the extent our asset coverage, as defined under the 1940 Act, is at least 300% immediately after each such borrowing. See Regulation as a Registered Closed-End Investment Company.

Trading

Shares of closed-end investment companies frequently trade at a discount to their net asset value. The risk that our shares may trade at a discount to our net asset value is separate and distinct from the risk that our net asset value per share may decline. We cannot predict whether our shares will trade above, at or below net asset value.

Dividend Reinvestment Plan

We have adopted an opt out dividend reinvestment plan. If your shares of common stock are registered in your own name, your distributions will automatically be reinvested under our dividend

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reinvestment plan in additional whole and fractional shares of common stock, unless you opt out of our dividend reinvestment plan so as to receive cash dividends by delivering a written notice to our dividend paying agent. If your shares are held in the name of a broker or other nominee, you should contact the broker or nominee for details regarding opting out of our dividend reinvestment plan. Stockholders who receive distributions in the form of stock will be subject to the same federal, state and local tax consequences as stockholders who elect to receive their distributions in cash. See Dividend Reinvestment Plan.

Certain Anti-Takeover Measures

Our charter and bylaws, as well as certain statutory and regulatory requirements, contain certain provisions that may have the effect of discouraging a third party from making an acquisition proposal for us. These anti-takeover provisions may inhibit a change in control in circumstances that could give the holders of our common stock the opportunity to realize a premium over the market price for our common stock. See Description of Securities.

Available Information

After the completion of this offering, we will be required to file periodic reports, proxy statements and other information with the SEC. This information will be available at the SEC's public reference room at 100 F Street, NE, Washington, D.C. 20549 and on the SEC's website at <http://www.sec.gov>. The public may obtain information on the operation of the SEC's public reference room by calling the SEC at (202) 551-8090. This information will also be available free of charge by contacting us at Oxford Lane Capital Corp., 8 Sound Shore Drive, Suite 255, Greenwich, CT 06830, by telephone at (203) 983-5275, or on our website at <http://www.oxfordlanecapital.com>.

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TABLE OF CONTENTS**FEES AND EXPENSES**

The following table is intended to assist you in understanding the costs and expenses that you will bear directly or indirectly. We caution you that some of the percentages indicated in the table below are estimates and may vary. Except where the context suggests otherwise, whenever this prospectus contains a reference to fees or expenses paid by us or Oxford Lane Capital, or that we will pay fees or expenses, you will indirectly bear such fees or expenses as an investor in Oxford Lane Capital Corp.

Stockholder transaction expenses:	
Sales load (as a percentage of offering price)	% ⁽¹⁾
Offering expenses borne by us (as a percentage of offering price)	% ⁽²⁾
Dividend reinvestment plan expenses	None ⁽³⁾
Total stockholder transaction expenses (as a percentage of offering price)	%
Annual expenses (as a percentage of net assets attributable to common stock):	
Base management fee	3.10 % ⁽⁴⁾
Incentive fees payable under our investment advisory agreement (20% of net investment income)	0.62 % ⁽⁵⁾
Interest payments on borrowed funds	1.67 % ⁽⁶⁾
Preferred stock dividend payment	2.47 % ⁽⁷⁾
Other expenses (estimated)	1.56 % ⁽⁸⁾
Acquired fund fees and expenses	4.44 % ⁽⁹⁾
Total annual expenses (estimated)	13.86 %

Example

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock. In calculating the following expense amounts, we have assumed that our annual operating expenses would remain at the levels set forth in the table above. See Note 6 below for additional information regarding certain assumptions regarding our level of leverage subsequent to this offering.

In the event that shares to which this prospectus relates are sold to or through underwriters, a corresponding prospectus supplement will restate this example to reflect the applicable sales load.

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a \$1,000 investment, assuming a 5% annual return	\$ 127	\$ 350	\$ 538	\$ 889

The example and the expenses in the tables above should not be considered a representation of our future expenses, and actual expenses may be greater or less than those shown. While the example assumes, as required by the SEC, a 5.0% annual return, our performance will vary and may result in a return greater or less than 5.0%. The incentive fee under the Investment Advisory Agreement, which, assuming a 5.0% annual return, would either not be payable or would have an insignificant impact on the expense amounts shown above, is not included in the example.

Also, while the example assumes reinvestment of all dividends at net asset value, participants in our dividend reinvestment plan will receive a number of shares of our common stock, determined by dividing the total dollar

amount of the dividend payable to a participant by the market price per share of our common stock at the close of trading on the dividend payment date, which may be at, above or below net asset value. See Dividend Reinvestment Plan for additional information regarding our dividend reinvestment plan.

- (1) In the event that the securities to which this prospectus relates are sold to or through underwriters, a corresponding prospectus supplement will disclose the applicable sales load and the Example will be updated accordingly.
- (2) The prospectus supplement corresponding to each offering will disclose the applicable offering expenses and total stockholder transaction expenses as a percentage of the offering price.

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- (3) The expenses of the dividend reinvestment plan are included in other expenses. Assumes gross assets of \$185.8 million and \$62.4 million of leverage (including \$15.8 million of preferred stock with a preferred rate of 8.5% per annum issued in November 2012, \$21.6 million of preferred stock with a preferred rate of 7.5% per annum issued in June and July 2013 and an assumed additional \$25.0 million in senior notes at a rate of 8.0%), and assumes net assets of \$120.0 million. The above calculation reflects our base
- (4) management fee as a percentage of our net assets. Our base management fee under the Investment Advisory Agreement, however, is based on our gross assets, which is defined as all the assets of Oxford Lane Capital, including those acquired using borrowings for investment purposes. As a result, to the extent we use leverage, it would have the effect of increasing our base management fee as a percentage of our net assets. See Investment Advisory Agreement.
- Amount reflects the estimated annual incentive fees payable to our investment adviser, Oxford Lane Management, during the fiscal year following this offering. The estimate assumes that the incentive fee earned will be proportional to the fee earned during the quarter ended June 30, 2013. Based on our current business plan, we
- (5) anticipate that substantially all of the net proceeds of any offerings conducted pursuant to this prospectus will be invested within three months depending on the availability of investment opportunities that are consistent with our investment objective and other market conditions. We expect that it will take approximately one to three months to invest all of the proceeds of any offerings conducted pursuant to this prospectus, in part because equity and junior debt investments in CLO vehicles require substantial due diligence prior to investment.
- The incentive fee, which is payable quarterly in arrears, equals 20.0% of the excess, if any, of our Pre-Incentive Fee Net Investment Income that exceeds a 1.75% quarterly (7.0% annualized) hurdle rate, which we refer to as the Hurdle, subject to a catch-up provision measured at the end of each calendar quarter. The incentive fee is computed and paid on income that may include interest that is accrued but not yet received in cash. The operation of the incentive fee for each quarter is as follows:
- no incentive fee is payable to our investment adviser in any calendar quarter in which our Pre-Incentive Fee Net Investment Income does not exceed the Hurdle of 1.75%;
- 100% of our Pre-Incentive Fee Net Investment Income with respect to that portion of such Pre-Incentive Fee Net Investment Income, if any, that exceeds the Hurdle but is less than 2.1875% in any calendar quarter (8.75% annualized) is payable to our investment adviser. We refer to this portion of our Pre-Incentive Fee Net Investment Income (which exceeds the Hurdle but is less than 2.1875%) as the catch-up. The catch-up is meant to provide our investment adviser with 20.0% of our Pre-Incentive Fee Net Investment Income, as if a Hurdle did not apply when our Pre-Incentive Fee Net Investment Income exceeds 2.1875% in any calendar quarter; and
- 20.0% of the amount of our Pre-Incentive Fee Net Investment Income, if any, that exceeds 2.1875% in any calendar quarter (8.75% annualized) is payable to our investment adviser (once the Hurdle is reached and the catch-up is achieved, 20.0% of all Pre-Incentive Fee Investment Income thereafter is allocated to our investment adviser).
- No incentive fee is payable to our investment adviser on realized capital gains. For a more detailed discussion of the calculation of this fee, see Investment Advisory Agreement.
- (6) Assumes that we issue \$25.0 million of senior notes in addition to our issued preferred stock, which may be considered a form of leverage.
- Assumes that we continue to have \$15.8 million of preferred stock outstanding with a preferred rate equal to 8.5% per annum and \$21.6 million of preferred stock outstanding with a preferred rate of 7.5% per annum. We may issue
- (7) additional shares of preferred stock pursuant to the registration statement of which this prospectus forms a part. In the event we were to issue additional shares of preferred stock, our borrowing costs, and correspondingly our total annual expenses, including our base management fee as a percentage of our net assets, would increase.
- (8) Other expenses (\$1.9 million) assumes that other expenses for the year will be proportional to other expenses incurred during the quarter year ended June 30, 2013.
- (9)

Reflects the estimated annual collateral manager fees that will be indirectly incurred by us in connection with our investments in CLO equity tranches during the twelve months following the date of this prospectus, assuming the CLO equity investments held as of June 30, 2013 and net assets of

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\$120.0 million. Collateral manager fees are charged on the total assets of the CLO vehicle, including the assets acquired with borrowed funds, but are assumed to be paid from the residual cash flows after interest payments to the senior debt tranches. Therefore, these collateral manager fees (which are generally 0.50% to 0.55% of total assets) are effectively much higher when allocated only to the equity tranches. The debt tranches that we hold generally are not deemed to pay any such collateral manager fees. The calculation does not include any other operating expense ratios of the CLO vehicles, as these amounts are not routinely reported to shareholders on a basis consistent with this methodology; however, it is estimated that additional operating expenses of approximately 0.5% to 1.0% could be incurred. As a result of our investments in such CLO equity investments, our stockholders will be required to pay two levels of fees and expenses in connection with their investment in our common stock, including fees payable under our Investment Advisory Agreement and fees and expenses charged to us on the CLO equity tranches in which we are invested.

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TABLE OF CONTENTS**FINANCIAL HIGHLIGHTS**

The financial highlights table is intended to help you understand our financial performance. Information is shown since the commencement of our operations on January 25, 2011. The financial data for the fiscal years ended March 31, 2013, March 31, 2012 and March 31, 2011 is derived from our financial statements which have been audited by PricewaterhouseCoopers LLP, our independent registered public accounting firm. The data should be read in conjunction with our financial statements and related notes thereto included in this prospectus.

	Year Ended March 31, 2013	Year Ended March 31, 2012	January 25, 2011 (Commencement of Operations) to March 31, 2011
<u>Per Share Data</u>			
Net asset value at beginning of period ⁽¹⁾	\$ 17.05	\$ 18.19	\$ 16.80
Net investment income ⁽²⁾	1.17	1.19	0.07
Net realized and unrealized capital gains ⁽³⁾	3.54	0.83	(0.03)
Total from investment operations	4.71	2.02	0.04
Less distributions per share from net investment income	(2.20)	(2.05)	(0.25)
Less distributions per share based on weighted average share impact	(0.28)	(0.10)	
Total distributions ⁽⁴⁾	(2.48)	(2.15)	(0.25)
Effect of shares issued, net of underwriting expense ⁽⁸⁾	(2.52)	(0.77)	1.79
Effect of offering costs ⁽⁸⁾	(0.56)	(0.24)	(0.19)
Effect of shares issued, net ⁽⁸⁾	(3.08)	(1.01)	1.60
Net asset value at end of period	\$ 16.20	\$ 17.05	\$ 18.19
Per share market value at beginning of period	\$ 14.60	\$ 18.75	\$ 20.00
Per share market value at end of period	\$ 15.98	\$ 14.60	\$ 18.75
Total return ⁽⁵⁾⁽⁷⁾	26.21 %	(10.75 %)	(5.0 %)
Shares outstanding at end of period	7,602,719	2,456,511	1,861,250
<u>Ratios/Supplemental Data</u>			
Net assets at end of period (000 s)	\$ 123,140	\$ 41,879	\$ 33,863
Ratio of net investment income to average daily net assets	5.90 %	7.18 %	3.51 % ⁽⁶⁾
Ratio of expenses to average daily net assets	5.65 %	6.50 %	4.79 % ⁽⁶⁾
Portfolio turnover rate	12.29 %	0.22 %	0.05 %

(1) For period January 25, 2011 through March 31, 2011, represents the net asset value per share prior to commencement of operations.

(2) Represents per share net investment income for the period, based upon average shares outstanding.

(3) Net realized and unrealized capital gains include rounding adjustments, if necessary, to reconcile change in net asset value per share.

- Management monitors available taxable earnings, including net investment income and realized capital gains, to determine if a tax return of capital may occur for the year. To the extent the Fund's taxable earnings fall below the total amount of the Fund's distributions for that fiscal year, a portion of those distributions may be deemed a tax return of capital to the Fund's stockholders.
- (4)
- (5) Total return based on market value is calculated assuming that shares of the Fund's common stock were purchased at the market price as of the beginning of the period, dividends, capital gains and other

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distributions were reinvested as provided for in the Fund's dividend reinvestment plan and then sold at the closing market price per share on the last day of the period. The computation does not reflect any sales commission investors may incur in purchasing or selling shares of the Fund.

(6) Annualized, after adjusting for certain periodic expenses recorded during the period January 25, 2011 through March 31, 2011.

(7) Total return for the period January 25, 2011 through March 31, 2011 was not annualized.

(8) Based upon actual shares outstanding upon share issuance.

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RISK FACTORS

Investing in our securities involves a number of significant risks. In addition to the other information contained in this prospectus and any accompanying prospectus supplement, you should consider carefully the following information before making an investment in our securities. The risks set out below are not the only risks we face. Additional risks and uncertainties not presently known to us or not presently deemed material by us might also impair our operations and performance. If any of the following events occur, our business, financial condition and results of operations could be materially and adversely affected. In such case, our net asset value and the trading price of our common stock could decline, and you may lose all or part of your investment.

Risks Relating to Our Business and Structure

We have a limited operating history as a closed-end investment company.

We are a non-diversified, closed-end management investment company with a limited operating history of only two years. As a result, we do not have significant financial information on which you can evaluate an investment in our company or our prior performance. We are subject to all of the business risks and uncertainties associated with any new business, including the risk that we will not achieve our investment objective and that the value of your investment could decline substantially or become worthless. We anticipate that it may take approximately one to three months to invest substantially all of the net proceeds of this offering in our targeted investments. During this period, we will invest in temporary investments, such as cash, cash equivalents, U.S. government securities and other high-quality debt investments that mature in one year or less, which we expect will earn yields substantially lower than the interest or other income that we anticipate receiving in respect of investments in CLO vehicles or other debt securities. As a result, our dividends may be substantially lower than the dividends that we expect to pay when the proceeds of this offering have been fully invested in accordance with our investment objective.

Our investment portfolio is recorded at fair value, with our Board of Directors having final responsibility for overseeing, reviewing and approving, in good faith, its estimate of fair value and, as a result, there will be uncertainty as to the value of our portfolio investments.

Under the 1940 Act, we are required to carry our portfolio investments at market value or, if there is no readily available market value, at fair value as determined by us in accordance with our written valuation policy with our Board of Directors having final responsibility for overseeing, reviewing and approving, in good faith, our estimate of fair value. Typically, there will not be a public market for the type of investments we target. As a result, we will value these securities quarterly at fair value based on relevant information compiled by our investment adviser, third-party pricing services (when available) and our Valuation Committee and with the oversight, review and approval of our Board of Directors.

The determination of fair value and, consequently, the amount of unrealized gains and losses in our portfolio, are to a certain degree subjective and dependent on a valuation process approved by our Board of Directors. Certain factors that may be considered in determining the fair value of our investments include available indicative bids or quotations, as well as external events, such as private mergers, sales and acquisitions involving comparable companies. Because such valuations, and particularly valuations of private securities, are inherently uncertain, they may fluctuate over short periods of time and may be based on estimates. Our determinations of fair value may differ materially from the

values that would have been used if an active public market for these securities existed. Our determinations of the fair value of our investments have a material impact on our net earnings through the recording of unrealized appreciation or depreciation of investments and may cause our net asset value on a given date to materially understate or overstate the value that we may ultimately realize on one or more of our investments. Investors purchasing our securities based on an overstated net asset value may pay a higher price than the value of our investments might warrant. Conversely, investors selling shares during a period in which the net asset value understates the value of our investments may receive a lower price for their shares than the value of our investments might warrant.

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Our financial condition and results of operations depend on our ability to effectively manage and deploy capital.

Our ability to achieve our investment objective depends on our ability to effectively manage and deploy capital, which depends, in turn, on our investment adviser's ability to identify, evaluate and monitor, and our ability to acquire, investments that meet our investment criteria.

Accomplishing our investment objective on a cost-effective basis is largely a function of our investment adviser's handling of the investment process, its ability to provide competent, attentive and efficient services and our access to investments offering acceptable terms, either in the primary or secondary markets. Even if we are able to grow and build upon our investment operations, any failure to manage our growth effectively could have a material adverse effect on our business, financial condition, results of operations and prospects. The results of our operations will depend on many factors, including the availability of opportunities for investment, readily accessible short and long-term funding alternatives in the financial markets and economic conditions. Furthermore, if we cannot successfully operate our business or implement our investment policies and strategies as described herein, it could negatively impact our ability to pay dividends.

We may face increasing competition for investment opportunities.

We may compete for investments with other investment funds (potentially including private equity funds, mezzanine funds and business development companies), as well as traditional financial services companies, which could include commercial banks, investment banks, finance companies and other sources of funding. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than us. For example, some competitors may have a lower cost of capital and access to funding sources that may not be available to us, including from federal government agencies through federal rescue programs such as the U.S. Department of Treasury's Financial Stability Plan (formerly known as the Troubled Asset Relief Program). In addition, some of our competitors may have higher risk tolerances or different risk assessments than we have. These characteristics could allow our competitors to consider a wider variety of investments, establish more relationships and offer higher pricing than we are willing to offer to potential sellers. We may lose investment opportunities if our competitors are willing to pay more for the types of investments that we intend to target. If we are forced to pay more for our investments, we may not be able to achieve acceptable returns on our investments or may bear substantial risk of capital loss. An increase in the number and/or the size of our competitors in our target markets could force us to accept less attractive investments. Furthermore, many of our competitors have greater experience operating under, or are not be subject to, the regulatory restrictions that the 1940 Act imposes on us as a closed-end management investment company.

We are dependent upon Oxford Lane Management's key personnel for our future success.

We depend on the diligence, skill and network of business contacts of Messrs. Cohen, Rosenthal and Monasebian, who serve as the investment committee of Oxford Lane Management, and who lead Oxford Lane Management's investment team. Messrs. Cohen, Rosenthal and Monasebian, together with the other investment professionals available to Oxford Lane Management, evaluate, acquire and monitor our investments. Our future success depends on the continued service of Messrs. Cohen, Rosenthal and Monasebian and the other members of Oxford Lane Management's investment team. We cannot assure you that unforeseen business, medical, personal or other circumstances would not lead any such individual to terminate his relationship with us. The loss of Mr. Cohen, Mr. Rosenthal or Mr. Monasebian, or any of the other investment professionals who serve on Oxford Lane Management's

Our financial condition and results of operations depend on our ability to effectively manage and deploy capital.

investment team, could have a material adverse effect on our ability to achieve our investment objective as well as on our financial condition and results of operations. In addition, we can offer no assurance that Oxford Lane Management will continue indefinitely as our investment adviser.

The members of Oxford Lane Management's investment team are and may in the future become affiliated with entities engaged in business activities similar to those intended to be conducted by us, and may have conflicts of interest in allocating their time. In particular, the members of Oxford Lane Management's investment team, including Messrs.

Cohen, Rosenthal and Monasebian, are currently actively involved in the management of the portfolios of TICC Capital Corp., a publicly-traded business development company that

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invests principally in the debt of U.S.-based companies, TICC CLO LLC and TICC CLO 2012-1 LLC, CLO structured finance vehicles that invest in a diversified portfolio of Senior Loans, the assets of which are included in the gross assets of TICC Capital Corp., and T2 Income Fund CLO I Ltd., a CLO structured finance vehicle that invests in a diversified portfolio of Senior Loans. Neither Messrs. Cohen, Rosenthal or Monasebian, or the investment team, is required to dedicate any specific portion of their time to the activities of Oxford Lane Capital; moreover, they are engaged in other business activities which divert their time and attention.

Our success depends on the ability of Oxford Lane Management to retain qualified personnel in a competitive environment.

Our success requires that Oxford Lane Management retain investment and administrative personnel in a competitive market. Its ability to attract and retain personnel with the requisite credentials, experience and skills depends on several factors including, but not limited to, its ability to offer competitive wages, benefits and professional growth opportunities. Many of the entities, including investment funds (such as private equity funds, mezzanine funds and business development companies) and traditional financial services companies, with which we compete for experienced personnel have greater resources than we have.

There are significant potential conflicts of interest which could impact our investment returns.

Oxford Lane Management's investment team presently manages the portfolios of TICC Capital Corp., a publicly-traded business development company that invests principally in the debt of U.S.-based companies, TICC CLO LLC and TICC CLO 2012-1 LLC, CLO structured finance vehicles that invest in a diversified portfolio of Senior Loans, the assets of which are included in the gross assets of TICC Capital Corp., and T2 Income Fund CLO I Ltd., a CLO structured finance vehicle that invests in a diversified portfolio of Senior Loans. In addition, our executive officers and directors, as well as the current and future members of our investment adviser, Oxford Lane Management, may serve as officers, directors or principals of other entities that operate in the same or a related line of business as we do. Accordingly, they may have obligations to investors in those entities, the fulfillment of which obligations may not be in the best interests of us or our stockholders. Each of TICC Capital Corp., TICC CLO LLC, TICC CLO 2012-1 LLC and T2 Income Fund CLO I Ltd., as well as any affiliated investment vehicle formed in the future and managed by our investment adviser or its affiliates may, notwithstanding different stated investment objectives, have overlapping investment objectives with our own and, accordingly, may invest in asset classes similar to those targeted by us. As a result, Oxford Lane Management's investment team may face conflicts in allocating investment opportunities between us and such other entities. Although Oxford Lane Management's investment team will endeavor to allocate investment opportunities in a fair and equitable manner, it is possible that, in the future, we may not be given the opportunity to participate in investments made by investment funds, including TICC Capital Corp., TICC CLO LLC, TICC CLO 2012-1 LLC, and T2 Income Fund CLO I Ltd., managed by our investment adviser or an investment manager affiliated with our investment adviser. In any such case, when Oxford Lane Management's investment team identifies an investment, it will be required to choose which investment fund should make the investment, although BDC Partners maintains an allocation policy to ensure the equitable distribution of such investment opportunities, consistent with the requirements of the 1940 Act.

In certain instances, we may co-invest on a concurrent basis with affiliates of our investment adviser, subject to compliance with applicable regulations and regulatory guidance and our written allocation procedures. Such co-investment may require exemptive relief from the SEC. If we elect to seek such relief, there can be no assurance when, or if, such relief may be obtained.

In addition, we will pay BDC Partners, an affiliate of Oxford Lane Management, our allocable portion of overhead and other expenses incurred by BDC Partners in performing its obligations under the Administration Agreement, including rent, the fees and expenses associated with performing compliance functions, and our allocable portion of the compensation of our Chief Financial Officer, Chief Compliance Officer and any administrative support staff.

These arrangements may create conflicts of interest that our Board of Directors must monitor. Oxford Lane Management will not be reimbursed for any performance-related compensation of its employees.

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Our incentive fee structure and the formula for calculating the fee payable to Oxford Lane Management may incentivize Oxford Lane Management to pursue speculative investments, use leverage when it may be unwise to do so, or refrain from de-levering when it would otherwise be appropriate to do so.

The incentive fee payable by us to Oxford Lane Management may create an incentive for Oxford Lane Management to pursue investments on our behalf that are riskier or more speculative than would be the case in the absence of such compensation arrangement. Such a practice could result in our investing in more speculative securities than would otherwise be the case, which could result in higher investment losses, particularly during economic downturns. The incentive fee payable to our investment adviser is based on our pre-incentive net investment income, as calculated in accordance with our Investment Advisory Agreement. In addition, our base management fee is calculated on the basis of our gross assets, including assets acquired through the use of leverage. This may encourage our investment adviser to use leverage to increase the aggregate amount of and the return on our investments, even when it may not be appropriate to do so, and to refrain from de-levering when it would otherwise be appropriate to do so. Under certain circumstances, the use of leverage may increase the likelihood of default, which would impair the value of our securities.

We may invest, to the extent permitted by law, in the securities and other instruments of other investment companies, including private funds, and, to the extent we so invest, will bear our ratable share of any such investment company's expenses, including management and performance fees. We will also remain obligated to pay management and incentive fees to Oxford Lane Management with respect to the assets invested in the securities and other instruments of other investment companies. With respect to each of these investments, each of our stockholders will bear his or her share of the management and incentive fee of Oxford Lane Management as well as indirectly bearing the management and performance fees and other expenses of any investment companies in which we invest.

In the course of our investing activities, we will pay management and incentive fees to Oxford Lane Management and reimburse Oxford Lane Management for certain expenses it incurs. As a result, investors in our common stock will invest on a gross basis and receive distributions on a net basis after expenses, resulting in a lower rate of return than an investor might achieve through direct investments.

A general increase in interest rates may have the effect of making it easier for our investment adviser to receive incentive fees, without necessarily resulting in an increase in our net earnings.

Given the structure of our Investment Advisory Agreement with Oxford Lane Management, any general increase in interest rates will likely have the effect of making it easier for Oxford Lane Management to meet the quarterly hurdle rate for payment of income incentive fees under the Investment Advisory Agreement without any additional increase in relative performance on the part of our investment adviser. In addition, in view of the catch-up provision applicable to income incentive fees under the Investment Advisory Agreement, our investment adviser could potentially receive a significant portion of the increase in our investment income attributable to such a general increase in interest rates. If that were to occur, our increase in net earnings, if any, would likely be significantly smaller than the relative increase in our investment adviser's income incentive fee resulting from such a general increase in interest rates.

Our investment adviser has the right to resign on 60 days notice, and we may not be able to find a suitable replacement within that time, resulting in a disruption in our operations that could adversely affect our financial condition, business and results of operations.

Our investment adviser has the right, under the Investment Advisory Agreement, to resign at any time upon 60 days written notice, whether we have found a replacement or not. If our investment adviser resigns, we may not be able to find a new investment adviser or hire internal management with similar expertise and ability to provide the same or equivalent services on acceptable terms within 60 days, or at all. If we are unable to do so quickly, our operations are likely to experience a disruption, our financial condition, business and results of operations as well as our ability to pay distributions are likely to be adversely affected and the market price of our shares may decline. In addition, the coordination of our internal management and investment activities is likely to suffer if we are unable to identify and reach an agreement with a single institution or group of executives having the expertise possessed by our investment adviser and its affiliates. Even if we are able to retain comparable management, whether internal or external, the integration of such

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management and their lack of familiarity with our investment objective may result in additional costs and time delays that may adversely affect our financial condition, business and results of operations.

Our investment adviser may not be able to achieve the same or similar returns as those achieved by Messrs. Cohen and Rosenthal while managing other portfolios.

Although Messrs. Cohen and Rosenthal have experience managing other investment portfolios, including those of TICC Capital Corp., a publicly traded business development company that invests principally in the debt of U.S.-based companies, TICC CLO LLC and TICC CLO 2012-1 LLC, CLO structured finance vehicles that invest in a diversified portfolio of Senior Loans, the assets of which are included in the gross assets of TICC Capital Corp., and T2 Income Fund CLO I Ltd., a CLO structured finance vehicle that invests in a diversified portfolio of Senior Loans, their track record and prior achievements are not necessarily indicative of future results that will be achieved by our investment adviser. We cannot assure you that we will be able to achieve the results realized by other vehicles managed by Messrs. Cohen and Rosenthal, including TICC Capital Corp., and T2 Income Fund CLO I Ltd.

Regulations governing our operation as a registered closed-end management investment company affect our ability to raise additional capital and the way in which we do so. The raising of debt capital may expose us to risks, including the typical risks associated with leverage.

We may in the future issue debt securities or additional preferred stock and/or borrow money from banks or other financial institutions, which we refer to collectively as senior securities, up to the maximum amount permitted by the 1940 Act. Under the provisions of the 1940 Act, we are permitted, as a registered closed-end management investment company, to issue senior securities in amounts such that our asset coverage ratio, defined under the 1940 Act as the ratio of our gross assets (less all liabilities and indebtedness not represented by senior securities) to our outstanding senior securities, of at least 300% after each issuance of senior securities. If the value of our assets declines, we may be unable to satisfy this test. If that happens, we may be required to sell a portion of our investments and, depending on the nature of our leverage, repay a portion of our indebtedness at a time when such sales may be disadvantageous.

Also, any amounts that we use to service our indebtedness would not be available for distributions to our common stockholders. Furthermore, as a result of having issued senior securities, we are exposed to typical risks associated with leverage, including an increased risk of loss. Our preferred stock ranks senior to common stock in our capital structure, preferred stockholders have separate voting rights on certain matters and have other rights, preferences, and privileges more favorable than those of our common stockholders, and our having issued preferred stock could have the effect of delaying, deferring or preventing a transaction or a change of control that might involve a premium price for holders of our common stock or otherwise be in your best interest.

We are not generally able to issue and sell our common stock at a price below net asset value per share, other than in connection with a rights offering to our existing stockholders. We may, however, sell our common stock at a price below the then-current net asset value per share of our common stock if our Board of Directors determines that such sale is in the best interests of Oxford Lane Capital and our stockholders, and our stockholders approve such sale. In any such case, the price at which our securities are to be issued and sold may not be less than a price that, in the determination of our Board of Directors, closely approximates the market value of such securities (less any distributing commission or discount). If we raise additional funds by issuing more common stock, then the percentage ownership of our stockholders at that time will decrease, and you may experience dilution.

Our investment adviser may not be able to achieve the same or similar returns as those achieved by Messrs. Cohen and Rosenthal while managing other portfolios.

We may borrow money and/or issue additional preferred stock to leverage our portfolio, which would magnify the potential for gain or loss on amounts invested and will increase the risk of investing in us.

The use of leverage magnifies the potential for gain or loss on amounts invested and, therefore, increases the risks associated with investing in our securities. Although we have no current intention to do so, we may borrow from and issue senior debt securities, including additional preferred stock, to banks, insurance companies and other lenders in the future. Holders of these senior securities will have fixed dollar claims on our assets that are superior to the claims of our common stockholders, and we would expect such lenders to seek recovery against our assets in the event of a default. If the value of our assets decreases, leveraging would cause net asset value to decline more sharply than it otherwise would have had we not

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leveraged. Similarly, any decrease in our income would cause net income to decline more sharply than it would have had we not borrowed. Such a decline could also negatively affect our ability to make dividend payments on our common stock. Leverage is generally considered a speculative investment technique. Our ability to service any debt that we incur will depend largely on our financial performance and will be subject to prevailing economic conditions and competitive pressures. Moreover, as the management fee payable to our investment adviser, Oxford Lane Management, will be payable based on our gross assets, including those assets acquired through the use of leverage, Oxford Lane Management will have a financial incentive to incur leverage which may not be consistent with our stockholders' interests. In addition, our common stockholders will bear the burden of any increase in our expenses as a result of leverage, including any increase in the management fee payable to Oxford Lane Management.

As a registered closed-end management investment company, we will generally be required to meet an asset coverage ratio, defined under the 1940 Act as the ratio of our gross assets (less all liabilities and indebtedness not represented by senior securities) to our outstanding senior securities, of at least 300% after each issuance of senior securities. If this ratio declines below 300%, we may not be able to incur additional debt and could be required by law to sell a portion of our investments to repay some debt when it is disadvantageous to do so, which could have a material adverse effect on our operations, and we may not be able to make distributions. The amount of leverage that we employ will depend on our investment adviser's and our Board of Directors' assessment of market and other factors at the time of any proposed borrowing. We cannot assure you that we will be able to obtain credit at all or on terms acceptable to us.

In addition, any debt facility into which we may enter would likely impose financial and operating covenants that restrict our business activities, including limitations that could hinder our ability to finance additional loans and investments or to make the distributions required to maintain our status as a RIC under Subchapter M of the Code.

We may experience fluctuations in our quarterly results.

We could experience fluctuations in our quarterly operating results due to a number of factors, including our ability or inability to make investments that meet our investment criteria, the interest rate payable on the debt securities we acquire, the level of portfolio dividend and fee income, the level of our expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which we encounter competition in our markets and general economic conditions. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods.

Our Board of Directors is authorized to reclassify any unissued shares of common stock into one or more classes of preferred stock, which could convey special rights and privileges to its owners.

Under Maryland General Corporation Law and our charter, our Board of Directors is authorized to classify and reclassify any authorized but unissued shares of stock into one or more classes of stock, including preferred stock. Prior to issuance of shares of each class or series, the Board of Directors will be required by Maryland law and our charter to set the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series. Thus, the Board of Directors could authorize the issuance of shares of preferred stock with terms and conditions which could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for holders of our common stock or otherwise be in their best interest. The cost of any such reclassification would be borne by our common stockholders. Certain matters under the 1940 Act require the separate vote of the holders of any issued and outstanding preferred stock. For example, holders of preferred stock would vote separately from the

holders of common stock on a proposal to cease operations as a registered closed-end management investment company. In addition, the 1940 Act provides that holders of preferred stock are entitled to vote separately from holders of common stock to elect two preferred stock directors. We have issued preferred stock and may issue additional shares of preferred stock in the future. These effects, among others, could have an adverse effect on your investment in our common stock.

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Our Board of Directors may change our operating policies and strategies without prior notice or stockholder approval, the effects of which may be adverse.

Our Board of Directors will have the authority to modify or waive our current operating policies, investment criteria and strategies, other than those that we have deemed to be fundamental, without prior notice and without stockholder approval. We cannot predict the effect any changes to our current operating policies, investment criteria and strategies would have on our business, net asset value, operating results and value of our stock. However, the effects might be adverse, which could negatively impact our ability to pay you dividends and cause you to lose all or part of your investment. See Regulation as a Registered Closed-End Management Investment Company Fundamental Investment Policies.

We will be subject to corporate-level income tax if we are unable to maintain our RIC status under Subchapter M of the Code.

Although we have elected to be treated as a RIC under Subchapter M of the Code beginning with our 2011 tax year and succeeding tax years, no assurance can be given that we will be able to continue to maintain RIC status. To obtain and maintain RIC tax treatment under the Code, we must meet the following annual distribution, income source and asset diversification requirements.

The annual distribution requirement for a RIC will be satisfied if we distribute to our stockholders on an annual basis at least 90% of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. Because we may use debt financing, we are subject to certain asset coverage ratio requirements under the 1940 Act and financial covenants under loan and credit agreements that could, under certain circumstances, restrict us from making distributions necessary to satisfy the distribution requirement. If we are unable to obtain cash from other sources, we could fail to qualify for RIC tax treatment and thus become subject to corporate-level income tax.

The income source requirement will be satisfied if we obtain at least 90% of our income for each year from dividends, interest, gains from the sale of stock or securities or similar sources.

The asset diversification requirement will be satisfied if we meet certain asset diversification requirements at the end of each quarter of our taxable year. Failure to meet those requirements may result in our having to dispose of certain investments quickly in order to prevent the loss of RIC status. Because most of our investments will be in CLO vehicles for which there will likely be no active public market, any such dispositions could be made at disadvantageous prices and could result in substantial losses.

If we fail to qualify for RIC tax treatment for any reason and remain or become subject to corporate income tax, the resulting corporate taxes could substantially reduce our net assets, the amount of income available for distribution and the amount of our distributions.

There is a risk that our stockholders may not receive distributions or that our distributions may not grow or may be reduced over time, including on a per share basis as a result of the dilutive effects of this offering.

We intend to make distributions on a quarterly basis to our stockholders out of assets legally available for distribution.

We cannot assure you that we will achieve investment results that will allow us to make a specified level of cash distributions or year-to-year increases in cash distributions. In addition, due to the asset coverage test applicable to us as a registered closed-end management investment company, we may be limited in our ability to make distributions.

See Regulation as a Registered Closed-End Management Investment Company.

We may have difficulty paying our required distributions if we recognize income before or without receiving cash representing such income.

For federal income tax purposes, we will include in income certain amounts that we have not yet received in cash, such as original issue discount or market discount, which may arise if we acquire a debt security at a significant discount to par. Such discounts will be included in income before we receive any corresponding cash payments. We also may be required to include in income certain other amounts that we will not receive in cash.

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Since, in certain cases, we may recognize income before or without receiving cash representing such income, we may have difficulty meeting the annual distribution requirement necessary to maintain RIC tax treatment under the Code.

In addition, since our incentive fee is payable on our income recognized, rather than cash received, we may be required to pay advisory fees on income before or without receiving cash representing such income. Accordingly, we may have to sell some of our investments at times and/or at prices we would not consider advantageous, raise additional debt or equity capital or forgo new investment opportunities for this purpose. If we are not able to obtain cash from other sources, we may fail to qualify for RIC tax treatment and thus become subject to corporate-level income tax. For additional discussion regarding the tax implications of a RIC, please see Material U.S. Federal Income Tax Considerations – Taxation as a Regulated Investment Company.

We may in the future choose to pay dividends in our own stock, in which case you may be required to pay tax in excess of the cash you receive.

We may distribute taxable dividends that are payable in cash or shares of our common stock at the election of each stockholder. Under certain applicable provision of the Code and the Treasury regulations, distributions payable in cash or in shares of stock at the election of stockholders are treated as taxable dividends. The Internal Revenue Service has issued private rulings indicating that this rule will apply even where the total amount of cash that may be distributed is limited to no more than 20% of the total distribution. Under these rulings, if too many stockholders elect to receive their distributions in cash, each such stockholder would receive a pro rata share of the total cash to be distributed and would receive the remainder of their distribution in shares of stock. If we decide to make any distributions consistent with these rulings that are payable in part in our stock, taxable stockholders receiving such dividends will be required to include the full amount of the dividend (whether received in cash, our stock, or combination thereof) as ordinary income (or as long-term capital gain to the extent such distribution is properly reported as a capital gain dividend) to the extent of our current and accumulated earnings and profits for United States federal income tax purposes. As a result, a U.S. stockholder may be required to pay tax with respect to such dividends in excess of any cash received. If a U.S. stockholder sells the stock it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our stock at the time of the sale. Furthermore, with respect to non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in stock. In addition, if a significant number of our stockholders determine to sell shares of our stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our stock.

Changes in laws or regulations governing our operations may adversely affect our business or cause us to alter our business strategy.

We, the CLO vehicles in which we intend to invest, and the portfolio companies whose securities are held by such CLO vehicles will be subject to applicable local, state and federal laws and regulations, including, without limitation, federal immigration laws and regulations. New legislation may be enacted or new interpretations, rulings or regulations could be adopted, including those governing the types of investments we are permitted to make, any of which could harm us and our stockholders, potentially with retroactive effect. Additionally, any changes to the laws and regulations governing our operations may cause us to alter our investment strategy in order to avail ourselves of new or different opportunities. Such changes could result in material differences to the strategies and plans set forth herein and may result in our investment focus shifting from the areas of expertise of our investment adviser's senior investment team to other types of investments in which the investment team may have less expertise or little or no experience. Thus, any such changes, if they occur, could have a material adverse effect on our results of operations and the value of your investment.

We may have difficulty paying our required distributions if we recognize income before or without receiving cash rep

We incur significant costs as a result of being a publicly traded company.

As a publicly traded company, we incur legal, accounting and other expenses, including costs associated with the periodic reporting requirements applicable to a company whose securities are registered under the

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Securities Exchange Act of 1934, as amended, or the Exchange Act, as well as additional corporate governance requirements, including requirements under the Sarbanes-Oxley Act of 2002, and other rules implemented by the SEC.

A disruption or downturn in the capital markets and the credit markets could impair our ability to raise capital and negatively affect our business.

We are a registered closed-end management investment company and we rely on our ability to raise additional capital for investment purposes. Without sufficient access to the capital markets or credit markets, our business operations may be limited or we may not be able to pursue new business opportunities. Since the middle of 2007, the capital markets and the credit markets have been experiencing volatility and disruption and, accordingly, there has been and may continue to be uncertainty in the financial markets in general. Ongoing disruptive conditions in the financial industry and the impact of new legislation in response to those conditions could restrict our business operations and could adversely impact our results of operations and financial condition. Further, a prolonged period of market illiquidity may have an adverse effect on our business, financial condition and results of operations.

If the fair value of our assets declines substantially, we may fail to maintain the asset coverage ratios imposed upon us by the 1940 Act. Any such failure would affect our ability to issue senior securities, including borrowings, and pay dividends, which could materially impair our business operations. Our liquidity could be impaired further by an inability to access the capital markets or to obtain debt financing. For example, we cannot be certain that we would be able to obtain borrowing facilities on commercially reasonable terms, if at all. Reflecting concern about the stability of the financial markets, many lenders and institutional investors have reduced or ceased providing funding to borrowers. This market turmoil and tightening of credit have led to increased market volatility and widespread reduction of business activity generally.

If we are unable to access the capital markets or obtain debt financing on commercially reasonable terms, our liquidity will be lower than it would have been with the benefit of those activities. If we are unable to repay amounts outstanding under any borrowing facility we may in the future obtain, and are declared in default or are unable to renew or refinance any such facility, we would not be able to initiate significant originations or to operate our business in the normal course. These situations may arise due to circumstances that we may be unable to control, such as inaccessibility to the credit markets, a severe decline in the value of the U.S. dollar, a further economic downturn or an operational problem that affects third parties or us, and could materially damage our business. Moreover, we are unable to predict when economic and market conditions may become more favorable. Even if such conditions improve broadly and significantly over the long term, adverse conditions in particular sectors of the financial markets could adversely impact our business.

We may be more susceptible than a diversified fund to being adversely affected by any single corporate, economic, political or regulatory occurrence.

We are classified as non-diversified under the 1940 Act. As a result, we can invest a greater portion of our assets in obligations of a single issuer than a diversified fund. We may therefore be more susceptible than a diversified fund to being adversely affected by any single corporate, economic, political or regulatory occurrence. We intend to continue to qualify as a RIC under Subchapter M of the Code, and thus we intend to satisfy the diversification requirements of Subchapter M, including its less stringent diversification requirements that apply to the percentage of our total assets that are represented by cash and cash items (including receivables), U.S. government securities, the securities of other regulated investment companies and certain other securities.

Terrorist attacks, acts of war or natural disasters may affect any market for our common stock, impact the businesses in which we invest and harm our business, operating results and financial condition.

Terrorist acts, acts of war or natural disasters may disrupt our operations, as well as the operations of the businesses in which we intend to invest. Such acts have created, and continue to create, economic and political uncertainties and have contributed to global economic instability. Future terrorist activities, military or

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security operations, or natural disasters could further weaken the domestic/global economies and create additional uncertainties, which may negatively impact the businesses in which we invest either directly or indirectly and, in turn, could have a material adverse impact on our business, operating results and financial condition. Losses from terrorist attacks and natural disasters are generally uninsurable.

Risks Related to Our Investments

Our equity investment distributions in CLO vehicles may be reduced if three month LIBOR increases.

An increase in LIBOR will increase the CLO vehicles financing costs. Since many of the collateral positions within the CLO investments have LIBOR floors, there may not be corresponding increases in investment income (if LIBOR increases but stays below the LIBOR floor rate of such investments) resulting in smaller distribution payments to the equity investors.

Our investments in CLO vehicles may be riskier and less transparent to us and our stockholders than direct investments in the underlying companies.

We have initially invested principally in equity and junior debt tranches issued by CLO vehicles. Generally, there may be less information available to us regarding the underlying debt investments held by such CLO vehicles than if we had invested directly in the debt of the underlying companies. As a result, our stockholders will not know the details of the underlying securities of the CLO vehicles in which we will invest. Our CLO investments will also be subject to the risk of leverage associated with the debt issued by such CLOs and the repayment priority of senior debt holders in such CLO vehicles.

The accounting and tax implications of such investments are complicated. In particular, reported earnings from the equity tranche investments of these CLO vehicles are recorded under generally accepted accounting principles based upon a constant yield calculation. Current taxable earnings on these investments, however, will generally not be determinable until after the end of the fiscal year of each individual CLO vehicle that ends within the Company's fiscal year, even though the investments are generating cash flow. In general, the tax treatment of these investments may result in higher distributable earnings in the early years and a capital loss at maturity, while for reporting purposes the totality of cash flows are reflected in a constant yield to maturity.

Our portfolio of investments may lack diversification among CLO vehicles which may subject us to a risk of significant loss if one or more of these CLO vehicles experience a high level of defaults on its underlying Senior Loans.

Our portfolio may hold investments in a limited number of CLO vehicles. Beyond the asset diversification requirements associated with our qualification as a RIC under the Code, we will not have fixed guidelines for diversification, we will not have any limitations on the ability to invest in any one CLO vehicle, and our investments may be concentrated in relatively few CLO vehicles. As our portfolio is less diversified than the portfolios of some larger funds, we are more susceptible to failure if one or more of the CLO vehicles in which we are invested experiences a high level of defaults on its underlying Senior Loans. Similarly, the aggregate returns we realize may be significantly adversely affected if a small number of investments perform poorly or if we need to write down the value of any one investment.

The Senior Loan portfolios of the CLO vehicles in which we invest may be concentrated in a limited number of industries or borrowers, which may subject those vehicles, and in turn us, to a risk of significant loss if there is a downturn in a particular industry in which a number of a CLO vehicle's investments are concentrated.

The CLO vehicles in which we invest may have Senior Loan portfolios that are concentrated in a limited number of industries or borrowers. A downturn in any particular industry or borrower in which a CLO vehicle is heavily invested may subject that vehicle, and in turn us, to a risk of significant loss and could significantly impact the aggregate returns we realize. If an industry in which a CLO vehicle is heavily invested suffers from adverse business or economic conditions, a material portion of our investment in that CLO vehicle could be affected adversely, which, in turn, could adversely affect our financial position and results of operations.

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The CLO vehicles in which we invest will incur, or will have already incurred, debt that ranks senior to our investment.

We intend to invest primarily in equity and junior debt tranches issued by CLO vehicles. As a result, the CLO vehicles in which we invest will issue and sell or have already issued and sold debt tranches that will rank senior to the tranches in which we invest. By their terms, such tranches may entitle the holders to receive payment of interest or principal on or before the dates on which we are entitled to receive payments with respect to the tranches in which we invest. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a CLO vehicle, holders of senior debt instruments would typically be entitled to receive payment in full before we receive any distribution. After repaying such senior creditors, such CLO vehicle may not have any remaining assets to use for repaying its obligation to us. In the case of tranches ranking equally with the tranches in which we invest, we would have to share on an equal basis any distributions with other creditors holding such securities in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant CLO vehicle. Therefore, we may not receive back the full amount of our investment in a CLO vehicle.

Failure by a CLO vehicle in which we are invested to satisfy certain tests will harm our operating results.

The failure by a CLO vehicle in which we invest to satisfy financial covenants, including with respect to adequate collateralization and/or interest coverage tests, could lead to a reduction in its payments to us. In the event that a CLO vehicle fails certain tests, senior debt holders may be entitled to additional payments that would, in turn, reduce the payments we would otherwise be entitled to receive. Separately, we may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants, with a defaulting CLO vehicle or any other investment we may make. If any of these occur, it could materially and adversely affect our operating results and cash flows.

Our financial results may be affected adversely if one or more of our significant equity or junior debt investments in such CLO vehicles defaults on its payment obligations or fails to perform as we expect.

Our portfolio will consist primarily of equity and junior debt investments in CLO vehicles, which involves a number of significant risks. CLO vehicles are typically very highly levered (10-14 times), and therefore the junior debt and equity tranches that we will invest in are subject to a higher degree of risk of total loss. In particular, investors in CLO vehicles indirectly bear risks of the underlying debt investments held by such CLO vehicles. We will generally have the right to receive payments only from the CLO vehicles, and will generally not have direct rights against the underlying borrowers or the entity that sponsored the CLO vehicle. While the CLO vehicles we have initially targeted generally enable the investor to acquire interests in a pool of Senior Loans without the expenses associated with directly holding the same investments, we will generally pay a proportionate share of the CLO vehicles' administrative and other expenses. Although it is difficult to predict whether the prices of indices and securities underlying CLO vehicles will rise or fall, these prices (and, therefore, the prices of the CLO vehicles) will be influenced by the same types of political and economic events that affect issuers of securities and capital markets generally.

The interests we intend to acquire in CLO vehicles will likely be thinly traded or have only a limited trading market. CLO vehicles are typically privately offered and sold, even in the secondary market. As a result, investments in CLO vehicles may be characterized as illiquid securities. In addition to the general risks associated with investing in debt securities, CLO vehicles carry additional risks, including, but not limited to: (i) the possibility that distributions from

collateral securities will not be adequate to make interest or other payments; (ii) the quality of the collateral may decline in value or default; (iii) the fact that our investments in CLO tranches will likely be subordinate to other senior classes of note tranches thereof; and (iv) the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the CLO vehicle or unexpected investment results.

Investments in structured vehicles, including equity and junior debt instruments issued by CLO vehicles, involve risks, including credit risk and market risk. Changes in interest rates and credit quality may cause significant price fluctuations. Additionally, changes in the underlying Senior Loans held by a CLO vehicle may cause payments on the instruments we hold to be reduced, either temporarily or permanently. Structured investments, particularly the subordinated interests in which we invest, are less liquid than many other types of securities and may be more volatile than the Senior Loans underlying the CLO vehicles we target.

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Investing in CLO vehicles, Senior Loans and other high-yield corporate credits involves a variety of risks, any of which may adversely impact our performance.

Investment Risk. An investment in our securities is subject to investment risk, including the possible loss of your entire investment. An investment in our securities represents an indirect investment in the portfolio of equity and junior tranches issued by CLO vehicles and other securities owned by us, and the value of these securities may fluctuate, sometimes rapidly and unpredictably. At any point in time an investment in our securities may be worth less than the original amount invested, even after taking into account distributions paid by us and the ability of shareholders to reinvest dividends. Because of their security features, we believe that certain Senior Loans that are experiencing, or are more likely to experience financial difficulty may represent attractive investment opportunities. We may invest in certain Senior Loans of borrowers that have filed for bankruptcy protection. Because of the security provided in certain Senior Loans, we believe that we may be able to recover more of our investment in certain defaulted Senior Loans than would be the case for some other types of defaulted debt securities. Nevertheless, there is no assurance that the sale of collateral (which was pledged against the Senior Loan) would raise enough cash to satisfy the borrower's obligation or that the collateral can or will be liquidated.

Market Risk. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and includes interest rate risk, foreign currency risk and other price risks, such as index price risk. We may use derivative instruments to hedge the investment portfolio against currency risks. Our investments in CLO vehicles typically have no significant assets other than the collateral. Accordingly, payments on the equity and junior debt instruments we intend to initially target are payable solely from the cash flows from the collateral, net of all management fees and other expenses. Quarterly distributions or interest payments to us as a holder of equity or junior debt instruments, respectively, will only be made after payments due on any outstanding senior debt tranches have been made in full for such quarter.

Rating Risk. Rating agencies, including Moody's and Standard and Poor's, have and may continue to downgrade the tranches of CLO vehicles that we are targeting and, therefore, these investments may be seen as riskier than they were previously thought to be. We cannot assure you that the CLO vehicles in which we invest, or the tranches of those CLO vehicles that we hold, will not experience downgrades. To the extent our portfolio experiences such downgrades, the value of our investments, and our ability to liquidate such investments, would likely be impaired. A significant impairment of any of our investments may have a material adverse effect on our financial results and operations.

Interest Rate Risk. Our investments have initially been focused on investments in equity and junior debt tranches issued by CLO vehicles. Our investments have some exposure to interest rate risk and our investments in equity tranches of CLO vehicles have dollar-for-dollar interest rate risk on the equity portion. We expect to have less significant interest rate-related fluctuations in our net asset value per share than investment companies investing primarily in fixed income securities. When interest rates decline, the value of a fixed income portfolio can normally be expected to rise. Conversely, when interest rates rise, the value of a fixed income portfolio can normally be expected to decline. Currently, LIBOR rates are at historic lows. Although the income available to us will vary, we expect that our acquisition of interests in CLO vehicles may minimize fluctuations in our net asset value resulting from changes in market interest rates.

However, because floating or variable rates only reset periodically, changes in prevailing interest rates can be expected to cause some fluctuations in our net asset value. Similarly, a sudden and significant increase in market interest rates may cause a decline in our net asset value. In addition, any debt instruments that allow the borrower to opt between LIBOR-based interest rates and interest rates based on bank prime rates may have an impact on our net

Investing in CLO vehicles, Senior Loans and other high-yield corporate credits involves a variety of risks, any of wh

asset value. A material decline in our net asset value may impair our ability to maintain required levels of asset coverage, to the extent we elect to use debt to finance investments.

Credit Risk. Credit risk is the risk that one or more investments in a portfolio will decline in price or fail to pay interest or principal when due because the issuer of the security experiences a decline in its financial condition. While a senior position in the capital structure of a corporate borrower may provide some protection to the CLO vehicles in which we invest, losses or other reductions in collateral may still occur in the portfolios of such CLO vehicles because the market value of such loans is affected by the creditworthiness

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of borrowers and by general economic and specific industry conditions. As we invest in equity and junior debt tranches of CLO vehicles, we are exposed to a greater amount of credit risk than a fund which invests in senior debt or investment grade securities. The prices of primarily non-investment grade securities are more sensitive to negative developments, such as a decline in a CLO vehicle's collateral or cash flows or a general economic downturn, than are the prices of more senior debt securities. Securities of below investment grade quality are predominantly speculative with respect to the issuer's capacity to pay interest and repay principal when due and therefore involve a greater risk of default. We will typically be in a first loss or subordinated position with respect to realized losses on the collateral of each investment we make in a CLO vehicle. The leveraged nature of the CLO vehicle, in particular, magnifies the adverse impact of collateral defaults. In addition, we may purchase participations in leveraged corporate loans. Such participations have rights that are more limited than the rights provided under assignments. In a participation the contractual relationship is typically with the lender selling the participation, but not with the borrower. As a result, a participant assumes the credit risk of the lender selling the participation in addition to the credit risk of the borrower. In the event of the insolvency of the lender selling the participation, a participant may be treated as a general creditor of the lender and may not have a senior claim to the lender's interest in the Senior Loan.

Liquidity Risk. Liquidity risk is defined as the risk that we may not be able to settle or meet our obligations on time or at a reasonable price. We may invest up to 100% of our portfolio in securities that are considered illiquid. Illiquid securities are securities which cannot be sold within seven days in the ordinary course of business at approximately the value used by us in determining our net asset value. We may not be able to readily dispose of such securities at prices that approximate those at which we could sell such securities if they were more widely-traded and, as a result of such illiquidity, we may have to sell other investments or engage in borrowing transactions to raise cash to meet our obligations. Limited liquidity can also affect the market price of securities, thereby adversely affecting our net asset value and ability to make dividend distributions. Some instruments issued by CLO vehicles may not be readily marketable and may be subject to restrictions on resale. Securities issued by CLO vehicles are generally not listed on any U.S. national securities exchange and no active trading market may exist for the securities in which we invest.

Although a secondary market may exist for our investments, the market for our investments may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods. As a result, these types of investments may be more difficult to value. In addition, we believe that ownership of CLO equity and junior debt instruments has generally been distributed across a wide range of holders, some of whom we believe may continue to face near- to intermediate-term liquidity issues. Further, we believe that larger institutional investors with sufficient resources to source, analyze and negotiate the purchase of these assets may refrain from purchases of the size that we are targeting, thereby reducing the prospective investor population, which would limit our ability to sell our position in a CLO vehicle if we choose to or need to do so. We have no limitation on the amount of our assets which may be invested in securities that are not readily marketable or are subject to restrictions on resale. Further, Senior Loans generally are not listed on any national securities exchange or automated quotation system and no active trading market exists for many Senior Loans. As a result, many Senior Loans are illiquid, meaning that we may not be able to sell them quickly at a fair price. The market for illiquid securities is more volatile than the market for liquid securities.

Investments in foreign securities may involve significant risks in addition to the risks inherent in U.S. investments.

Our investment strategy involves investments in securities issued by foreign entities, including foreign CLO vehicles. Investing in foreign entities may expose us to additional risks not typically associated with investing in U.S. issues. These risks include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater

price volatility. Further, we, and the CLO vehicles in which we invest, may have difficulty enforcing creditor's rights in foreign jurisdictions. In addition, the underlying companies of the CLO vehicles in which we invest may be foreign, which may create greater exposure for us to foreign economic developments.

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Although we expect that most of our investments will be U.S. dollar-denominated, any investments denominated in a foreign currency will be subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation, and political developments. We may employ hedging techniques to minimize these risks, but we can offer no assurance that we will, in fact, hedge currency risk, or that if we do, such strategies will be effective.

We may expose ourselves to risks if we engage in hedging transactions.

If we engage in hedging transactions, we may expose ourselves to risks associated with such transactions. We may utilize instruments such as forward contracts, currency options and interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of our portfolio positions from changes in currency exchange rates and market interest rates. Hedging against a decline in the values of our portfolio positions does not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of such positions decline.

However, such hedging can establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of such portfolio positions. Such hedging transactions may also limit the opportunity for gain if the values of the underlying portfolio positions increase. It may not be possible to hedge against an exchange rate or interest rate fluctuation that is so generally anticipated that we are not able to enter into a hedging transaction at an acceptable price. Moreover, for a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Any such imperfect correlation may prevent us from achieving the intended hedge and expose us to risk of loss. In addition, it may not be possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of factors not related to currency fluctuations.

Any unrealized losses we experience on our portfolio may be an indication of future realized losses, which could reduce our income available for distribution.

As a registered closed-end management investment company, we are required to carry our investments at market value or, if no market value is ascertainable, at the fair value as determined in good faith by our Board of Directors.

Decreases in the market values or fair values of our investments will be recorded as unrealized depreciation. Any unrealized losses in our portfolio could be an indication of an issuer's inability to meet its repayment obligations to us with respect to the affected investments. This could result in realized losses in the future and ultimately in reductions of our income available for distribution in future periods.

Our investments in CLO vehicles may be subject to special anti-deferral provisions that could result in us incurring tax or recognizing income prior to receiving cash distributions related to such income.

We anticipate that the CLO vehicles in which we invest may constitute passive foreign investment companies (PFICs). Because we acquire shares in PFICs (including equity tranche investments in CLO vehicles that are PFICs), we may be subject to federal income tax on a portion of any excess distribution or gain from the disposition of such shares even if such income is distributed as a taxable dividend by us to our stockholders. Certain elections may be available to mitigate or eliminate such tax on excess distributions, but such elections (if available) will generally require us to recognize our share of the PFIC's income for each year regardless of whether we receive any distributions

from such PFIC. We must nonetheless distribute such income to maintain our status as a RIC.

If we hold more than 10% of the shares in a foreign corporation that is treated as a controlled foreign corporation (CFC) (including equity tranche investments in a CLO vehicle treated as a CFC), we may be treated as receiving a deemed distribution (taxable as ordinary income) each year from such foreign corporation in an amount equal to our pro rata share of the corporation's income for the tax year (including both ordinary earnings and capital gains). If we are required to include such deemed distributions from a CFC in our income, we will be required to distribute such income to maintain our RIC status regardless of whether or not the CFC makes an actual distribution during such year.

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If we are required to include amounts in income prior to receiving distributions representing such income, we may have to sell some of our investments at times and/or at prices we would not consider advantageous, raise additional debt or equity capital or forgo new investment opportunities for this purpose. If we are not able to obtain cash from other sources, we may fail to qualify for RIC tax treatment and thus become subject to corporate-level income tax. For additional discussion regarding the tax implications of a RIC, see Material U.S. Federal Income Tax Considerations Taxation as a Regulated Investment Company.

If a CLO vehicle in which we invest fails to comply with certain U.S. tax disclosure requirements, such CLO may be subject to withholding requirements that could materially and adversely affect our operating results and cash flows.

Legislation enacted in 2010 imposes a withholding tax of 30% on payments of U.S. source interest and dividends paid after June 30, 2014, or gross proceeds from the disposition of an instrument that produces U.S. source interest or dividends paid after December 31, 2016, to certain non-U.S. entities, including certain non-U.S. financial institutions and investment funds, unless such non-U.S. entity complies with certain reporting requirements regarding its United States account holders and its United States owners. Most CLO vehicles in which we invest will be treated as non-U.S. financial entities for this purpose, and therefore will be required to comply with these reporting requirements to avoid the 30% withholding. If a CLO vehicle in which we invest fails to properly comply with these reporting requirements, it could reduce the amounts available to distribute to equity and junior debt holders in such CLO vehicle, which could materially and adversely affect our operating results and cash flows.

Risks Relating to an Investment in our Securities

Common shares of closed-end management investment companies, including Oxford Lane Capital, have in the past frequently traded at discounts to their net asset values, and we cannot assure you that the market price of shares of our common stock will not decline below our net asset value per share.

Common shares of closed-end management investment companies have in the past frequently traded at discounts to their net asset values and our stock may also be discounted in the market. This characteristic of closed-end management investment companies is separate and distinct from the risk that our net asset value per share may decline. We cannot predict whether shares of our common stock will trade above, at or below our net asset value. The risk of loss associated with this characteristic of closed-end management investment companies may be greater for investors expecting to sell shares of common stock purchased in the offering soon after the offering. In addition, if our common stock trades below its net asset value, we will generally not be able to sell additional shares of our common stock to the public at its market price without first obtaining the approval of our stockholders (including our unaffiliated stockholders) and our independent directors for such issuance.

Our common stock price may be volatile and may decrease substantially.

The trading price of our common stock may fluctuate substantially. The price of our common stock that will prevail in the market after this offering may be higher or lower than the price you pay, depending on many factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include, but are not limited to, the following:

If a CLO vehicle in which we invest fails to comply with certain U.S. tax disclosure requirements, such CLO may be

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price and volume fluctuations in the overall stock market from time to time;
investor demand for our shares;

significant volatility in the market price and trading volume of securities of registered closed-end management investment companies or other companies in our sector, which are not necessarily related to the operating performance of these companies;

changes in regulatory policies or tax guidelines with respect to RICs or registered closed-end management investment companies;

failure to continue to qualify as a RIC, or the loss of RIC status;

any shortfall in revenue or net income or any increase in losses from levels expected by investors or securities analysts;

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changes, or perceived changes, in the value of our portfolio investments;
departures of any members of Oxford Lane Management's senior investment team;
operating performance of companies comparable to us; or
general economic conditions and trends and other external factors.

In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. Due to the potential volatility of our stock price, we may become the target of securities litigation in the future. Securities litigation could result in substantial costs and divert management's attention and resources from our business.

We cannot assure you that we will be able to successfully deploy the proceeds of any offering conducted pursuant to this prospectus within the timeframe we have contemplated.

We currently anticipate that substantially all of the net proceeds of any offering conducted pursuant to this prospectus will be invested in accordance with our investment objective within approximately one to three months after the consummation of such offering. We cannot assure you, however, that we will be able to locate a sufficient number of suitable investment opportunities to allow us to successfully deploy substantially all of the net proceeds of any such offering in that timeframe. To the extent we are unable to invest substantially all of the net proceeds of any such offering within our contemplated timeframe after the completion of such offering, our investment income, and in turn our results of operations, will likely be materially adversely affected.

We will have broad discretion over the use of proceeds of any offering conducted pursuant to this prospectus and will use proceeds in part to satisfy operating expenses.

We will have significant flexibility in applying the proceeds of any offering conducted pursuant to this prospectus and may use the net proceeds from any such offering in ways with which you may not agree, or for purposes other than those contemplated at the time of such offering. We will also pay operating expenses, and may pay other expenses such as due diligence expenses of potential new investments, from net proceeds. Our ability to achieve our investment objective may be limited to the extent that net proceeds of any such offering, pending full investment, are used to pay operating expenses.

Your interest in us may be diluted if you do not fully exercise your subscription rights in any rights offering.

In the event we issue subscription rights to purchase shares of our common stock, stockholders who do not fully exercise their rights should expect that they will, at the completion of the offer, own a smaller proportional interest in us than would otherwise be the case if they fully exercised their rights. We cannot state precisely the amount of any such dilution in share ownership because we do not know at this time what proportion of the shares will be purchased as a result of the offer.

In addition, if the subscription price is less than our net asset value per share, then our stockholders would experience an immediate dilution of the aggregate net asset value of their shares as a result of the offer. The amount of any decrease in net asset value is not predictable because it is not known at this time what the subscription price and net asset value per share will be on the expiration date of the rights offering or what proportion of the shares will be purchased as a result of the offer. Such dilution could be substantial.

We cannot assure you that we will be able to successfully deploy the proceeds of any offering conducted pursuant to

If we issue preferred stock, the net asset value and market value of our common stock will likely become more volatile.

We cannot assure you that the issuance of preferred stock would result in a higher yield or return to the holders of the common stock. The issuance of preferred stock would likely cause the net asset value and market value of the common stock to become more volatile. If the dividend rate on the preferred stock were to approach the net rate of return on our investment portfolio, the benefit of leverage to the holders of the common stock would be reduced. If the dividend rate on the preferred stock were to exceed the net rate of return on our portfolio, the leverage would result in a lower rate of return to the holders of common stock than if we had not issued preferred stock. Any decline in the net asset value of our investments would be

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borne entirely by the holders of common stock. Therefore, if the market value of our portfolio were to decline, the leverage would result in a greater decrease in net asset value to the holders of common stock than if we were not leveraged through the issuance of preferred stock. This greater net asset value decrease would also tend to cause a greater decline in the market price for the common stock. We might be in danger of failing to maintain the required asset coverage of the preferred stock or of losing our ratings, if any, on the preferred stock or, in an extreme case, our current investment income might not be sufficient to meet the dividend requirements on the preferred stock. In order to counteract such an event, we might need to liquidate investments in order to fund a redemption of some or all of the preferred stock. In addition, we would pay (and the holders of common stock would bear) all costs and expenses relating to the issuance and ongoing maintenance of the preferred stock, including higher advisory fees if our total return exceeds the dividend rate on the preferred stock. Holders of preferred stock may have different interests than holders of common stock and may at times have disproportionate influence over our affairs.

Any amounts that we use to service our indebtedness or preferred dividends, or that we use to redeem our preferred stock, will not be available for distributions to our common stockholders.

Although we have no current intention to do so, we may in the future issue debt securities or additional shares of preferred stock and/or borrow money from banks or other financial institutions, which we refer to collectively as senior securities, up to the maximum amount permitted by the 1940 Act. Under the provisions of the 1940 Act, we will be permitted, as a registered closed-end management investment company, to issue senior securities representing indebtedness so long as our asset coverage ratio with respect thereto, defined under the 1940 Act as the ratio of our gross assets (less all liabilities and indebtedness not represented by senior securities) to our outstanding senior securities representing indebtedness, is at least 300% after each issuance of such senior securities. In addition, we will be permitted to issue additional shares of preferred stock so long as our asset coverage ratio with respect thereto, defined under the 1940 Act as the ratio of our gross assets (less all liabilities and indebtedness not represented by senior securities) to our outstanding senior securities representing indebtedness, plus the aggregate involuntary liquidation preference of our outstanding preferred stock, is at least 200% after each issuance of such preferred stock. If the value of our assets declines, we may be unable to satisfy these tests. If that happens, we may be required to sell a portion of our investments and, depending on the nature of our leverage, repay a portion of our indebtedness or redeem outstanding shares of preferred stock, in each case at a time when doing so may be disadvantageous. Any amounts that we use to service our indebtedness or preferred dividends, or that we use to redeem our preferred stock, would not be available for distributions to our common stockholders.

Our common stock is subject to a risk of subordination relative to holders of our debt instruments and holders of our preferred stock.

Rights of holders of our common stock are subordinated to the rights of holders of our indebtedness and to the rights of holders of our preferred stock. Therefore, dividends, distributions and other payments to holders of our common stock in liquidation or otherwise may be subject to prior payments due to the holders of our indebtedness or our preferred stock. In addition, under some circumstances the 1940 Act may provide debt holders with voting rights that are superior to the voting rights of holders of our equity securities.

Holders of our preferred stock have the right to elect members of our Board of Directors and class voting rights on certain matters.

Except as otherwise provided in our Articles of Amendment and Restatement, as amended by the Articles Supplementary, or as otherwise required by law, (1) each holder of our preferred stock is entitled to one vote for each share of preferred stock held by such holder on each matter submitted to a vote of our stockholders and (2) the holders of all outstanding preferred stock and common stock will vote together as a single class; provided that holders of preferred stock, voting separately as a class, will elect two of our directors and will be entitled to elect a majority of our directors if we fail to pay dividends on any outstanding shares of preferred stock in an amount equal to two full years of dividends and continuing during that period until we correct that failure. Preferred stock holders will also vote separately as a class on any matter that materially and adversely affects any preference, right or power of holders of preferred stock.

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Provisions of the Maryland General Corporation Law and of our charter and bylaws could deter takeover attempts and have an adverse impact on the price of our common stock.

The Maryland General Corporation Law and our charter and bylaws contain provisions that may discourage, delay or make more difficult a change in control of Oxford Lane Capital or the removal of our directors. We are subject to the Maryland Business Combination Act, subject to any applicable requirements of the 1940 Act. Our Board of Directors has adopted a resolution exempting from the Business Combination Act any business combination between us and any other person, subject to prior approval of such business combination by our Board of Directors, including approval by a majority of our independent Directors. If the resolution exempting business combinations is repealed or our Board of Directors does not approve a business combination, the Business Combination Act may discourage third parties from trying to acquire control of us and increase the difficulty of consummating such an offer. Our bylaws exempt from the Maryland Control Share Acquisition Act acquisitions of our stock by any person. If we amend our bylaws to repeal the exemption from the Control Share Acquisition Act, the Control Share Acquisition Act also may make it more difficult for a third party to obtain control of us and increase the difficulty of consummating such a transaction.

We have also adopted measures that may make it difficult for a third party to obtain control of us, including provisions of our charter classifying our Board of Directors in three classes serving staggered three-year terms, and authorizing our Board of Directors to classify or reclassify shares of our stock in one or more classes or series, to cause the issuance of additional shares of our stock, to amend our charter without stockholder approval and to increase or decrease the number of shares of stock that we have authority to issue. These provisions, as well as other provisions of our charter and bylaws, may delay, defer or prevent a transaction or a change in control that might otherwise be in the best interests of our stockholders.

You may not receive dividends or our dividends may decline or may not grow over time.

We cannot assure you that we will achieve investment results or maintain a tax status that will allow or require any specified level of cash distributions or year-to-year increases in cash distributions. In particular, our future dividends are dependent upon the investment income we receive on our portfolio investments. To the extent such investment income declines, our ability to pay future dividends may be harmed.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that involve substantial risks and uncertainties. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about Oxford Lane Capital Corp., our current and prospective portfolio investments, our industry, our beliefs, and our assumptions. Words such as anticipates, expects, intends, plans, will, may, continue, be estimates, would, could, should, targets, projects, and variations of these words and similar expressions are intended to identify forward-looking statements.

The forward-looking statements contained in this prospectus involve risks and uncertainties, including statements as to:

- our future operating results;
- our business prospects and the prospects of a CLO vehicle's portfolio companies;
- the impact of investments that we expect to make;
- our contractual arrangements and relationships with third parties;
- the dependence of our future success on the general economy and its impact on the industries in which we invest;
- the ability of a CLO vehicle's portfolio companies to achieve their objectives;
- our expected financings and investments;
- the adequacy of our cash resources and working capital; and
- the timing of cash flows, if any, from our investments.

These statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements, including without limitation:

- an economic downturn could impair the ability of a CLO vehicle's portfolio companies to continue to operate, which could lead to the loss of some or all of our investment in such CLO vehicle;
- a contraction of available credit and/or an inability to access the equity markets could impair our investment activities;
- interest rate volatility could adversely affect our results, particularly if we elect to use leverage as part of our investment strategy;
- currency fluctuations could adversely affect the results of our investments in foreign companies, particularly to the extent that we receive payments denominated in foreign currency rather than U.S. dollars; and
- the risks, uncertainties and other factors we identify in Risk Factors and elsewhere in this prospectus and in our filings with the SEC.

Although we believe that the assumptions on which these forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those assumptions also could be inaccurate. Important assumptions include our ability to originate new investments, certain margins and levels of profitability and the availability of additional capital. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this prospectus should not be regarded as a representation by us that our plans and objectives will be achieved. These risks and uncertainties include those described or identified in Risk Factors and elsewhere in this prospectus. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this prospectus. However, we will update this prospectus to reflect any material changes to the information contained herein. The forward-looking statements contained in this prospectus are excluded from the safe harbor protection provided by Section 27A of the Securities Act of 1933, as amended, or the Securities Act.

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USE OF PROCEEDS

We intend to use the net proceeds from the sale of our securities pursuant to this prospectus for acquiring investments in accordance with our investment objective and strategies described in this prospectus and for general working capital purposes. We may also pay operating expenses, including advisory and administrative fees and expenses, and may pay other expenses such as due diligence expenses of potential new investments, from the net proceeds of any offering conducted pursuant to this prospectus. We anticipate that substantially all of the net proceeds of any such offering will be used for the above purposes within approximately three months from the consummation of such offering, depending on the availability of appropriate investment opportunities consistent with our investment objective and market conditions. We cannot assure you we will achieve our targeted investment pace.

Pending such investments, we will invest the net proceeds primarily in cash, cash equivalents, U.S. government securities and other high-quality investments that mature in one year or less from the date of investment. The management fee payable by us will not be reduced while our assets are invested in such securities. See Regulation as a Closed-End Investment Company Temporary Investments for additional information about temporary investments we may make while waiting to make longer-term investments in pursuit of our investment objective. The supplement to this prospectus relating to an offering conducted pursuant to this prospectus will more fully identify the use of the proceeds from such offering.

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PRICE RANGE OF COMMON STOCK AND DISTRIBUTIONS

Our common stock is traded on the NASDAQ Global Select Market under the symbol OXLC. The following table sets forth, for each fiscal quarter since our initial public offering, the net asset value (NAV) per share of our common stock, the high and low intraday sales prices for our common stock, such sales prices as a percentage of NAV per share and quarterly distributions per share.

	Price Range			Premium/Discount		Cash Distributions Per Share ⁽³⁾
	NAV ⁽¹⁾	High	Low	of High Sales Price to NAV ⁽²⁾	of Low Sales Price to NAV ⁽²⁾	
Fiscal 2014						
Second Quarter (through August 19, 2013)	*	\$ 16.75	\$ 15.84	*	*	\$ 0.55
First Quarter	\$ 15.71	\$ 18.56	\$ 15.15	18 %	(4 %)	\$ 0.55
Fiscal 2013						
Fourth Quarter	\$ 16.20	\$ 16.30	\$ 14.99	1 %	(7 %)	\$ 0.55
Third Quarter	\$ 17.41	\$ 16.80	\$ 14.70	(4 %)	(16 %)	\$ 0.55
Second Quarter	\$ 17.13	\$ 16.79	\$ 14.00	(2 %)	(18 %)	\$ 0.55
First Quarter	\$ 14.60	\$ 15.00	\$ 13.49	3 %	(8 %)	\$ 0.55
Fiscal 2012						
Fourth Quarter	\$ 17.05	\$ 16.50	\$ 13.30	(3 %)	(22 %)	\$ 0.55
Third Quarter	\$ 15.08	\$ 14.98	\$ 12.06	(1 %)	(20 %)	\$ 0.50
Second Quarter	\$ 15.14	\$ 18.74	\$ 13.05	24 %	(14 %)	\$ 0.50
First Quarter	\$ 17.44	\$ 20.00	\$ 17.61	15 %	1 %	\$ 0.50

Net asset value per share is determined as of the last day in the relevant quarter and therefore may not reflect the (1) net asset value per share on the date of the high and low sales prices. The net asset values shown are based on outstanding shares at the end of each period.

(2) Calculated as the respective high or low intraday sales price divided by NAV.

(3) Represents the cash distribution declared in the specified quarter.

* Not determinable at the time of filing.

On August 19, 2013, the last reported sales price of our common stock was \$16.03 per share. As of August 19, 2013, we had 70 shareholders of record of our common stock.

Shares of closed-end management investment companies may trade at a market price that is less than the value of the net assets attributable to those shares. The possibility that our shares of common stock will trade at a discount from net asset value or at premiums that are unsustainable over the long term are separate and distinct from the risk that our net asset value will decrease. Since our initial public offering, shares of our common stock have traded at a discount and at a premium to the net assets attributable to those shares. It is not possible to predict whether the shares offered hereby will trade at, above, or below net asset value.

To the extent that we have income available, we intend to distribute quarterly dividends to our stockholders. Our quarterly dividends, if any, will be determined by our Board of Directors. Any dividends to our stockholders will be declared out of assets legally available for distribution. The following table reflects the cash distributions per share that we have declared on our common stock to date:

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Date Declared	Record Date	Payment Date	Amount ⁽¹⁾
Fiscal 2014			
July 24, 2013	September 16, 2013	September 30, 2013	\$ 0.55
May 22, 2013	June 14, 2013	June 28, 2013	0.55
Total (2014)			1.10
Fiscal 2013			
February 6, 2013	March 15, 2013	March 29, 2013	0.55
October 23, 2012	December 17, 2012	December 31, 2012	0.55
July 31, 2012	September 14, 2012	September 28, 2012	0.55
May 22, 2012	June 15, 2012	June 29, 2012	0.55
Total (2013)			2.20
Fiscal 2012			
January 25, 2012	March 16, 2012	March 30, 2012	0.55
October 24, 2011	December 16, 2011	December 30, 2011	0.50
July 22, 2011	September 16, 2011	September 30, 2011	0.50
April 6, 2011	June 16, 2011	June 30, 2011	0.50
Total (2012)			2.05
Fiscal 2011			
March 7, 2011	March 21, 2011	April 1, 2011	0.25
Total (2011)			0.25
			\$ 5.60

- (1) All of our cash distributions to date were funded from net investment income, except approximately \$0.07 per share of the distribution paid on June 29, 2012, which was funded from long term capital gains.

For fiscal 2013, we paid \$459,222 in preferred dividends on the Series 2017 Term Preferred Shares; for the first quarter of fiscal 2014 we paid or declared a total of \$336,021 in such dividends. During the first fiscal quarter of fiscal 2014, we declared a total of \$291,664 in preferred dividends on the Series 2023 Term Preferred Shares, which is payable during the second fiscal quarter of fiscal 2014.

For accounting purposes the distributions declared on our common stock for the fiscal periods ended March 31, 2013, 2012 and 2011 were in excess of the reported earnings. However, as a RIC, earnings and distributions are determined on a tax basis. Furthermore, taxable earnings are determined according to tax regulations and differ from reported income for accounting purposes. Therefore, for the fiscal periods ended March 31, 2011 and March 31, 2012 distributions were spilled-back for tax purposes in an amount equal to taxable earnings, and there was no tax return of capital for these years. Based on current estimates of taxable earnings for fiscal 2013, we do not expect that any portion of the above-referenced dividends will represent a tax return of capital to our stockholders; however, there can be no assurance that actual results will not differ materially from the projections and assumptions upon which the amount of such dividend was based. To the extent that taxable earnings for any fiscal year are less than the amount of the dividends paid during the year, there would be a tax return of capital to shareholders. Distributions in excess of current and accumulated taxable earnings and profits will generally not be taxable to the shareholders, because a tax return of capital represents a return of a portion of a shareholder's original investment in our common stock to the extent of a shareholder's basis in our stock. Generally, a tax return of capital will reduce an investor's basis in our stock for federal tax purposes, which will result in the shareholder recognizing additional gain (or less loss) when the stock is sold. Assuming that a shareholder holds our stock as a capital asset, any such additional gain would be a capital gain. Shareholders should not assume that the source of all distributions is from our net profits and shareholders may periodically receive the payment of a dividend consisting of a return of capital. The tax character of any distributions

will be determined after the end of the fiscal year. Tax matters are very complicated and the tax consequences to an investor of an investment in our shares will depend on the facts of its particular situation. We encourage investors to consult their own tax advisors regarding the specific consequences of such an investment, including tax reporting requirements, the applicability of federal, state, local and foreign tax laws, eligibility for the benefits of any applicable tax treaty and the effect of any possible changes in the tax laws.

We have elected to be treated, and intend to continue to qualify annually, as a RIC under Subchapter M of the Code beginning with our 2011 taxable year. To maintain RIC tax treatment, we must, among other things, distribute at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net

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long-term capital losses, if any. In order to avoid certain excise taxes imposed on RICs, we currently intend to distribute during each calendar year an amount at least equal to the sum of: (1) 98% of our ordinary income for the calendar year; (2) 98.2% of our capital gains in excess of capital losses for the one-year period ending on October 31 of the calendar year; and, (3) any ordinary income and net capital gains for preceding years that were not distributed during such years and on which we paid no federal income tax. In addition, although we currently intend to distribute realized net capital gains (i.e., net long term capital gains in excess of short term capital losses), if any, at least annually, we may in the future decide to retain such capital gains for investment and elect to treat such gains as deemed distributions to you. If this happens, you will be treated as if you had received an actual distribution of the capital gains we retain and reinvested the net after tax proceeds in us. In this situation, you would be eligible to claim a tax credit (or, in certain circumstances, a tax refund) equal to your allocable share of the tax we paid on the capital gains deemed distributed to you. See Material U.S. Federal Income Tax Considerations. We can offer no assurance that we will achieve results that will permit the payment of any cash distributions and, to the extent that we issue senior securities, we will be prohibited from making distributions if doing so causes us to fail to maintain the asset coverage ratios stipulated by the 1940 Act or if distributions are limited by the terms of any of our borrowings.

Our current intention is to make any distributions in additional shares of our common stock under our dividend reinvestment plan out of assets legally available therefore, unless you elect to receive your dividends and/or long-term capital gains distributions in cash. See Dividend Reinvestment Plan. If you hold shares in the name of a broker or financial intermediary, you should contact the broker or financial intermediary regarding your election to receive distributions in cash. We can offer no assurance that we will achieve results that will permit the payment of any cash distributions and, if we issue senior securities, we will be prohibited from making distributions if doing so causes us to fail to maintain the asset coverage ratios stipulated by the 1940 Act or if distributions are limited by the terms of any of our borrowings.

TABLE OF CONTENTS**SENIOR SECURITIES**

Information about our senior securities is shown in the following table as of the end of each fiscal year since our formation. The report of our independent registered public accounting firm covering the total amount of senior securities outstanding as of March 31, 2013 is attached as an exhibit to the registration statement of which this prospectus is a part. On June 21, 2013, we completed an underwritten public offering of 800,000 shares of our newly designated 7.50% Series 2023 Term Preferred Shares at a public offering price of \$25 per share, raising \$20 million in gross proceeds. In connection with this offering, on July 10, 2013, the underwriters purchased an additional 62,000 shares of our newly designated 7.50% Series 2023 Term Preferred Shares at a public offering price of \$25 per share pursuant to the exercise of the overallotment option to purchase up to an additional 120,000 shares, raising an additional \$1.55 million in gross proceeds. The 7.50% Series 2023 Term Preferred Shares are not included in the following table.

Year	Total Amount Outstanding Exclusive of Treasury Securities ⁽¹⁾	Asset Coverage Ratio Per Unit ⁽²⁾	Involuntary Liquidation Preference Per Unit ⁽³⁾	Average Market Value Per Unit ⁽⁴⁾
<u>Series 2017 Term Preferred Shares</u>				
2013	\$ 15,811,250	8.79	\$ 25	1.03
2012				
2011				

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

Asset coverage per unit is the ratio of the carrying value of our total consolidated assets, less all liabilities and (2) indebtedness not represented by senior securities, to the aggregate amount of senior securities. Asset coverage per unit is expressed in terms of dollar amounts per share.

(3) The amount to which such class of senior security would be entitled upon the voluntary liquidation of the issuer in preference to any security junior to it.

The Average Market Value Per Unit is calculated by taking the daily average closing price of \$25.87 for the period (4) December 4, 2012 (commencement of trading) through March 31, 2013 and dividing it by \$25 per share to determine a unit price per share consistent with Asset Coverage Per Unit.

TABLE OF CONTENTS**BUSINESS****Overview**

We are a non-diversified closed-end management investment company that has registered as an investment company under the 1940 Act. Our investment objective is to maximize our portfolio's total return. We have initially implemented our investment objective by purchasing portions of equity and junior debt tranches of CLO vehicles. Substantially all of the CLO vehicles in which we may invest would be deemed to be investment companies under the 1940 Act but for the exceptions set forth in section 3(c)(1) or section 3(c)(7). Structurally, CLO vehicles are entities formed to originate and manage a portfolio of loans. The loans within the CLO vehicle are limited to loans which meet established credit criteria and are subject to concentration limitations in order to limit a CLO vehicle's exposure to a single credit. A CLO vehicle is formed by raising various classes or tranches of debt (with the most senior tranches being rated AAA to the most junior tranches typically being rated BB or B) and equity. The CLO vehicles which we focus on are collateralized primarily by Senior Loans, and generally have very little or no exposure to real estate, mortgage loans or to pools of consumer-based debt, such as credit card receivables or auto loans. We may also invest, on an opportunistic basis, in other corporate credits of a variety of types. We expect that each of our investments will range in size from \$2 million to \$15 million, although the investment size may vary consistent with the size of our overall portfolio.

Distributions

The following table reflects the cash distributions per share that we have declared on our common stock to date:

Date Declared	Record Date	Payment Date	Amount ⁽¹⁾
Fiscal 2014			
July 24, 2013	September 16, 2013	September 30, 2013	\$ 0.55
May 22, 2013	June 14, 2013	June 28, 2013	0.55
Total (2014)			1.10
Fiscal 2013			
February 6, 2013	March 15, 2013	March 29, 2013	0.55
October 23, 2012	December 17, 2012	December 31, 2012	0.55
July 31, 2012	September 14, 2012	September 28, 2012	0.55
May 22, 2012	June 15, 2012	June 29, 2012	0.55
Total (2013)			2.20
Fiscal 2012			
January 25, 2012	March 16, 2012	March 30, 2012	0.55
October 24, 2011	December 16, 2011	December 30, 2011	0.50
July 22, 2011	September 16, 2011	September 30, 2011	0.50
April 6, 2011	June 16, 2011	June 30, 2011	0.50
Total (2012)			2.05
Fiscal 2011			
March 7, 2011	March 21, 2011	April 1, 2011	0.25
Total (2011)			0.25
			\$ 5.60

- All of our cash distributions to date were funded from net investment income, except approximately
- (1) \$0.07 per share of the distribution paid on June 29, 2012, which was funded from long term capital gains.

For fiscal 2013, we paid \$459,222 in preferred dividends on the Series 2017 Term Preferred Shares; for the first quarter of fiscal 2014 we paid or declared a total of \$336,021 in such dividends. During the first fiscal quarter of fiscal 2014, we declared a total of \$291,664 in preferred dividends on the Series 2023 Term Preferred Shares, which is payable during the second fiscal quarter of fiscal 2014.